

UfM Ministerial Conference on Energy

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Speech by

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Ministers, Excellencies, Ladies and Gentlemen,

I am delighted to be in Rome today to open this very important Euro-Mediterranean ministerial meeting on energy. It was already in Rome just two years ago that it was decided to give a new boost to our Euro-Mediterranean energy cooperation, and here we are, back in Rome today, to acknowledge the progress made.

First of all let me thank the Italian Government – and in particular the Honourable Paolo Gentiloni and Carlo Calenda – for hosting today's meeting in Palazzo della Farnesina. My thanks go also to the UfM Jordanian co-president, the Honourable Ibrahim Saif, for contributing to the preparation of the meeting, and to UfM Secretary-General Ambassador Fathallah Sijilmassi for the assistance the UfM Secretariat has provided. And last but by no means least I would like to thank you all for coming and for the contributions that you have made to the documents we will be discussing later.

We have worked together to put in place all that is needed to make this meeting a success.

A successful outcome today will help us strengthen further the special bond between the EU and its Mediterranean neighbours that reflects many decades of common economic and cultural ties.

This morning, I would like to convey to you two messages:

- 1) The EU's Energy Union strategy and our Euro-Mediterranean energy cooperation reinforce each other;
- 2) the three regional platforms that we have set up together are enabling instruments to bring our energy markets close together and boost investment, jobs and growth.

The Energy Union and our Euro-mediterranean energy cooperation reinforce each other

With the launch of the Barcelona Process in 1995, and its subsequent transformation into the Union for the Mediterranean in 2008, we have a unique, essential and indispensable framework in which we can enhance regional cooperation and dialogue in the Euro-Mediterranean region, bringing together the 28 European Union Member States and 15 countries from the southern and eastern shores of the Mediterranean.

Over the years, our energy cooperation has seen us engage in region-wide initiatives and projects to address regional energy security and socio-economic challenges. We have encouraged regional energy exchanges. And we have promoted sustainable development, as a further means of supporting our commitments to tackling the world's climate challenges.

And looking forward, in a time of remarkable changes and shifts in the international energy landscape, more than ever we need a dynamic energy policy to meet head-on the stiff challenges we face – tackling climate change, delivering energy security and creating jobs and growth, to name but a few.

Most of these challenges transcend national borders. It therefore makes perfect sense for us, close neighbours, to act and work together. We all need a secure and safe supply of energy for our countries. We all want this energy to be accessible to our households and our companies at affordable prices. We all want energy to be produced, transported and consumed in an environmentally sustainable way.

When it comes to energy, we all want the same thing.

The latest example of the European Union's efforts to work together on energy issues came only yesterday, when the European Commission adopted the so-called "Clean Energy for All" package of proposals on a whole range of issues, including a review of the Renewables Directive, a review of our legislation on energy efficiency, a new electricity market design with a central role for the consumer and a new governance for the Energy Union.

This major legislative package seeks to keep Europe on track to meet its agreed 2030 climate and energy targets while strengthening security of supply, boosting competitiveness, and ensuring sustainability. It also aims to further integrate the European energy market and keep costs for European consumers affordable.

These same issues were very much at the forefront when, here in Rome two years ago, we agreed on the importance of regional energy cooperation for a secure, affordable and sustainable energy supply that could underpin stability and shared prosperity in the Mediterranean. We then decided to step up our cooperation by establishing, in the context of the Union for the Mediterranean process, three thematic platforms: on gas, on electricity and on renewable energy and energy efficiency. This decision to focus our common efforts on these three areas has proved to be the right one.

The three regional platforms that we have set up together are enabling instruments for bringing closer our energy markets and boost investment.

When it comes to energy security, and in particular gas supply, North African and Eastern Mediterranean resources are very important for Europe and for the region as a whole; they can help diversify sources and routes and as such they offer huge opportunities. Developing them successfully, so that gas reaches consumers, clearly requires a regional approach. This presents producers and consumers alike with major challenges and major opportunities.

At the same time, the rapid changes in the global gas market, the huge growth in global LNG supplies and fluctuating prices on the world market bring challenges of their own.

Together we need to look at infrastructure and at how to create the regulatory, financial and contractual security that will pave the way for successful, secure and sound exploration and exploitation of those resources over the long term.

We need to encourage and support the major projects of common interest that are developing across the region.

The Mediterranean is also set to become a transit route for gas, either through pipelines from the south and the east, or through existing and future LNG terminals.

And the new sources of supply developing in the region, notably in the Eastern Mediterranean, offer new challenges and even greater opportunities to producers and consumers alike.

If we want to be ready to meet all these challenges and seize the many opportunities that lie ahead for us, we must continue to build mutual trust and confidence.

To this end, the UfM Gas Platform establishes a structured regional dialogue between producers, exporters and consumers of gas in the Mediterranean. This should allow for the gradual development of a Euro-Mediterranean gas market that will promote security, transparency and predictability of both demand and supply in a manner that fairly balances interests of producing and consuming countries. I want to make a particular mention to the important and excellent work that OME has done by acting as the secretariat of the Gas Platform.

Turning to electricity, we are witnessing fast-growing demand in the southern and eastern Mediterranean countries. As a result, huge investments in additional power generation and transmission capacity will be needed over the coming years.

This challenge is being addressed as a key priority by all governments in the region, and this is a promising development. A more regional approach allowing for a gradual increase in energy trading in the region is however still lacking and could do much to further national policies. To date, energy trading possibilities remain very low. In many cases, the cross-border infrastructure that could sustain regional energy exchanges is either underutilised or missing. The cost of energy system isolation, meanwhile, is an economic burden for society. Improving trade can lower costs, improve security, and be a driver for jobs and growth in the region.

To reap the benefits of integration, Euro-Mediterranean partner countries will therefore benefit from coordinating better their policies. Public and private stakeholders, institutions and industry need to work together to encourage and deliver investments for production facilities and grid infrastructure. The UfM Regional Electricity Market Platform has a key role to play here in facilitating the gradual integration of energy systems and energy markets in the UfM region and, in particular, the enhancement of electricity exchanges and interconnections.

But this will never be possible without the support and active involvement of energy regulators and transmission system operators. Let me praise, in this context, the key role and work of MEDREG, the Association of Mediterranean energy regulators, and Med-TSO, the Association of Mediterranean Transmission System Operators. They are key players in the electricity platform and their contribution in setting up and running the platform has been and will continue to be instrumental.

On financing, it is clear that the bulk of project financing will have to come from private investors. The European Union will continue to support leveraging private investment and risk-sharing with a view to making energy investments viable. Indeed, we are already using our Neighbourhood Investment Facility to provide grants that are "blended" with loans from financial institutions such as the European Investment Bank, the EBRD and other Financial Institutions.

This brings me to the great potential for renewables in the region. The reasons for focusing our attention primarily on promoting renewable energy are clear: it is a growth industry which can provide jobs and growth; and it can help both diversify energy supplies and reduce carbon emissions. Investing in renewables makes even more sense for Southern Mediterranean countries, given their abundant solar and wind resources. I very much welcome the fact that all of these countries have made a larger share of renewables a priority and have started to put in place ambitious strategies to this end. The EU will fully support these efforts and is willing to provide technical assistance and project financing within the framework of the European Neighbourhood policy.

But by themselves, the efforts of securing sustainable and affordable energy supplies through renewable resources will not be sufficient; they should be foremost and primarily coupled with reducing consumption through the more efficient use of energy. The cleanest and cheapest form of energy is the energy

we do not use; that is why Efficiency first is an important pillar of the EU's energy policy. And this is equally important for all Mediterranean countries where the potential for energy savings is huge.

With this in mind, the UfM Renewable Energy and Energy Efficiency Platform aims at promoting the gradual deployment of renewable energy and energy efficiency measures, to contribute to the establishment of investment-friendly regulatory regimes, and to initiate a process that shapes common approaches in the entire Euro-Mediterranean region.

Before I conclude I want to say a few words about our energy and climate goals. The Paris Agreement at COP21 created irresistible momentum, with the 195 countries adopting binding national action plans. The recent COP22 in Marrakech was rightly billed as a COP of action and implementation. Accelerating the energy transition is a must if we want to make the Paris agreement a success.

The EU has lost no time in putting the Paris Agreement into action. It has also committed to dedicate at least 20% of its spending between 2014 and 2020 to climate-related action. The European Neighbourhood Policy and its financial instruments have long since made climate mitigation and adaptation an integral part of our cooperation. The UfM Platform on Renewable Energy and Energy Efficiency will be an additional tool to adapt the energy systems in the Mediterranean region and make the energy transition a reality. Let me stress in this respect that the role of MEDENER and RECREEE in supporting the activities of this platform has been and will continue to be very valuable.

Alongside all of this I should also highlight the tremendous energy and climate efforts in which cities, businesses, financial organisations and other state and non-state actors are engaged. The new Global Covenant of Mayors for Climate and Energy, the Africa Renewable Energy Initiative and the Climate and Clean Air Coalition are just some of the initiatives with special relevance for the Mediterranean.

And so, Ministers, Ladies and Gentlemen, much work is underway, but much more remains to be done. Today we have before us a ministerial declaration and, linked to it, the Work Programmes for the thematic platforms for the next two

years. We have all worked hard to get to where we are today. I am convinced that these texts provide us with a solid basis on which we can act together towards our common energy policy targets.

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Let me conclude by saying that cooperation with our Mediterranean partners is at the top of the EU's agenda today and will remain so in the years to come. Our longstanding common endeavour has been to build a partnership that delivers and that helps make the Mediterranean the area of stability and shared prosperity that we all want to see. The best results will only be achieved when the EU and its Mediterranean partners work together to tackle their common energy challenges.

To that end, today's conference should take us even closer towards a partnership that gets things done. We have our vision. We have our goals. We have our governance structures. And now we have tangible work programmes to take us forward. The time has come to act, ladies and gentlemen. Let's get to work.

Thank you for your attention.