

European Union to boost energy coordination, but shy away from EU energy policy

That's a rational decision since Europe is not going to be able to agree on a policy which fits, for example, Germany and Slovenia, conditions are so different.

San Diego (AP)
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European Union leaders on Friday pledged greater cooperation to secure steady energy supplies, keep prices down and help make the EU more competitive globally.

Emerging from a two-day summit, they also instructed the EU's executive arm to draft legislation to open Europe's services market to cross-border competition.

They told the agency to take a cue from ideas put forward by the European Parliament toning down an initial law that was denounced as an invitation to companies to circumvent Europe's minimum social and labor rights.

German Chancellor Angela Merkel called that "a good, smart compromise."

Merkel told reporters the leaders had chosen not to opt for a formal energy policy – which would have meant more powers for the European Commission – but to achieve more coordination "regarding security of supply or in negotiations with our partners who provide energy in the shape of oil and gas."

Austrian Chancellor Wolfgang Schuessel, the summit chairman, said more energy cooperation would leave it up to each national government to choose a mix of energy.

"The question of the mix of the type of energy was left up to each nation itself," he said at a news conference. "It would be totally wrong to misunderstand energy policy to get everybody to do the same thing."

This would leave national governments free to pursue nuclear energy options, if they wanted, officials said.

The leaders recommitted to their goal of fully liberalizing the EU energy sector by 2007.

"That is extremely important," British Prime Minister Tony Blair said. "It will help consumers, it will help business, and it shows Europe moving in a reforming direction."

The leaders focused on closer cooperation to cope with high oil prices that threaten to scuttle six-year old pledges to improve Europe's lackluster economic growth prospects.

"We are on the right track in Europe," said European Commission President Jose Manuel Barroso. "There is no time to lose."

The leaders increased spending on research by an overall 100 billion euros (\$121 billion) a year, put more money into higher education, cut red tape to make it easier to set up small businesses and create 10 million new jobs by 2010 by making labor markets more flexible.

The summit was preceded by sniping over accusations some nations have pursued nationalist, protectionist policies, but Blair said these would not win the day.

"I think it would be somewhat bold to say that the argument for economic liberalism has been won everywhere," he told reporters. "On the other hand, I don't think there's any question about the direction of travel," which he said was toward ever-more liberalization.

Resistance to economic reforms and liberalization has been strongest in France, where a wave of student protest has greeted recent efforts to open up the labor market by making it easier for employers to hire and fire younger workers.

EU nations – especially France, Spain and Germany – have squabbled over measures to protect national energy sectors. French and Spanish efforts to create national energy champions have raised fears governments flout EU rules by keep foreign competitors out.

The leaders agreed to cut their dependence on imported oil and gas and to strike closer ties with energy suppliers such as Russia.

The call on the European Commission to draft a new services law ends a bitter dispute over the merit of economic liberalization that has divided EU nations for several years.

The aim is to create a single EU-wide services market making it easier for hairdressers, plumbers, architects, car rental companies and other suppliers of services to set up shop in another EU nation.

Opponents insist this could erode Europe's cherished social protections and bring a wave of cheap labor from the EU's newer eastern European members.

Services are the dominant economic sector in the 25-member EU, accounting for two-thirds of the bloc's economic output. Last year, 116 million people – nearly 70 percent of the EU's active work force – were employed in the service sector.