

# Sarkozy goes for 'non-carbon balance'

In June, France and her energetic leader Nicolas Sarkozy will take over the presidency of the European Union. Energy issues – focusing in particular on the climate and security of supply – will be among the most important concerns of the French government.



French President Nicolas Sarkozy during a press conference in Brussels, Belgium. Photo: Thierry Tronnel/Corbis

| by Yves de Saint Jacob in Paris and Hughes Belin in Brussels

President Sarkozy is no great lover of “renewables”. He had no hesitation in admitting as much to Chancellor Angela Merkel (‘no one imagines wind power could drive the whole of Europe’) just as he did to French ecologists (‘quite honestly, when I fly over certain European countries I can’t say I like the look of it – the wind turbines’). In this, he is not alone, as the majority of the French feel the same way (see story on page 12, “Nuclear French remain wary of green energy”).

Sarkozy has also warned against acting ‘too hastily’ when it comes to renewables, as may be the case with biofuels. But those who hope the French president is going to sabotage the European Commission’s

ambitious climate and energy policy will be disappointed. Paris will be fully loyal to the Commission’s aims. The Commission’s climate package will be presented in January and Sarkozy is determined to see it adopted.

## Talk with Berlin |

This is not to say that there won’t be any modifications. As far as Paris is concerned, there will always be a top priority goal, which is the reduction in carbon emissions. The goal of 20% renewable energy is, from a French perspective, an additional goal. The nuclear-minded French think it would have been better to leave member states free to find their own energy mix in order to reach the optimum non-carbon balance

– an expression used by Prime Minister François Fillon when he addressed the European Parliament that underlines that nuclear energy, even though clearly not from a renewable source, leads to a low level of CO<sub>2</sub> emissions.

Whatever modifications the French government might pursue, they will be careful to remain in line with Germany. Berlin faces an election campaign in the summer of 2009 and Paris is watching the energy debate in Germany very closely, especially concerning the recent setback over first generation biofuels and the revival of support for nuclear power, both within the industry and the government. Paris is acting very cautiously as Sarkozy’s

intentions, it is said in official circles, are 'to talk a lot with Berlin, 'to maintain confidence', 'to put the cards on the table' and 'to not propose anything that Germany could not accept'. At the same time, he will be waiting to see the outcome of the internal debate among the German coalition government.

Paris will also be very careful to not hurt the ability of European industry to compete in the global marketplace. The French government will be looking for ways to penalise imports from countries that do not limit their own CO<sub>2</sub> emissions. France's opinion is that the Commission is wrong to wait until 2011 to consider trade retaliation measures. As far as the United States is concerned, Paris is taking a simple gamble. No matter who is elected president, the next administration will be more open to action on climate change, and will therefore put national measures in place, with restrictions on imports to the United States. At that point, they will be prepared to enter into discussion on

reciprocal measures, as the Americans have always worked on the quid pro quo principle. As for India and China, it is going to boil down to a power struggle. What other way is there of dragging them to the negotiating table? According to the French, anyone who thinks that leading by example would work is deluding themselves.

### Power failures |

In addition to climate protection, Sarkozy will be concerning himself with an issue that is just as wide-ranging and significant as climate policy, namely the security of supply. For the French president, the major talking points on the Autumn 2008 agenda are what kind of energy will Europe be using in the next 20 years and how can we guarantee its security?

On this point, Paris will be relying heavily on a report the government has commissioned from Claude Mandil, the highly-respected former chairman of the International Energy Agency (see page 111). The European Commission has also put

security of supply at the top of its agenda. As the European Energy Commissioner Andris Piebalgs told EER earlier this year (see the interview in our March/April issue), it will be the subject of the second strategic review Brussels is preparing, which will appear in the second half of this year.

The French government will not only be looking at gas. It has also posed the question of whether Europe has enough electricity generation and transmission capacity to meet demand in the next 20 years. Paris believes that the time is ripe for tackling such a taboo subject after the major power failures of late 2006. But most importantly, Sarkozy will be trying to get the EU nations – for example, Germany and Poland – to settle their internal differences of opinion and present a common front to the outside world. As one French official put it: 'To talk about speaking with one voice is only empty words if we don't first of all have the courage to talk amongst ourselves.' ■

## EU leaders blow hot and cold on climate

The European Spring Council in Brussels on March 13-14 should have been the perfect occasion for EU leaders to confirm their 2020 climate targets. But enthusiasm wavered when it came to concrete actions. The Italian Council President, Romano Prodi, opened proceedings by expressing doubts about the biofuel targets saying it was 'necessary to proceed with caution'. The Slovenian Prime Minister, Janez Jansa, was forced to concede that he did not 'exclude that it may be necessary to review the objectives'. This concession could prove to be very costly for the biofuel sector. Vassilis Spiliopoulos, President of the European Union of Ethanol Producers (UEPA), warned that 'without binding objectives, there would be no investment'. Sustainability criteria for biofuels are now to be determined by an informal group of European Council ministers. Brussels, which is defending its biofuels target tooth and nail despite coming under attack from all sides, is desperate to avoid further controversy.

Energy efficiency, a goal strongly supported by politicians, failed to make a big impact at the summit. The European Council urged 'national governments and European institutions to set an example by making substantial progress

towards reducing energy use in their buildings and car fleets'. A noble aim but the truth is that twenty out of twenty-seven delegations rejected a previous draft that suggested a public sector target of 10% of energy efficiency. Many leaders looked none too pleased when discussing their renewable energy targets. It seems no member state is going to accept higher targets and allow another to contribute less.

On climate policy itself, energy-guzzling industry managed to get through to the heads of state and government. Industry was able to present many pressing issues during the debates, such as the choice of reference date for the revision of the European Emission Trading System (ETS), burden-sharing with the sectors that do not come under the ETS, and the proposed auctioning of 100% of CO<sub>2</sub> allocations for the energy sector.

And there is another problem looming. EU climate policy is based on a unilateral target of a 20% reduction in CO<sub>2</sub> emissions. But this is supposed to increase to 30% if an international post-Kyoto agreement is reached. In this context it is clear that some may benefit from a failure of the international negotiations for a post-Kyoto agreement. But this is something that no one in Brussels even wants to consider.