

G8 ARTICLE

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What is the purpose of the G8? This weekend the heads of the eight leading industrialized democracies, plus myself and Finnish Prime Minister Vanhanen on behalf of the EU, will meet at the G8 Summit in St Petersburg. However, with just the EU and eight countries out of nearly 200 sitting around the table, it is hardly representative. Nor is it a negotiating group. When its members reach a consensus, their decisions are not even legally binding.

But the G8 has one great strength. It gives the world's most powerful leaders the possibility to take personal responsibility for issues of worldwide importance; to make commitments, increasingly with the leaders of the developing industrial powerhouses, on global challenges that affect us all. This week's summit will be no different, and one issue in particular demands urgent attention: energy security.

The world has entered a new energy era, dominated by rising international energy demand, high and volatile oil and gas prices and the challenge of climate change. Take Europe – the figures tell the story of a transformation in our energy landscape. Gas and oil prices have nearly doubled in the last two years. Europe's import dependency is forecast to rise to 70 percent by 2030. There is under-investment along the whole global energy chain - over €16 trillion is needed over the next 20 years to meet expected energy demand and replace ageing infrastructure.

So I welcome President Putin's decision to put energy security at the top of the Russian G8 Presidency's agenda. The G8 includes most of the major energy consuming, producing and transiting countries. All should have an interest in promoting a secure and stable energy market and a level playing field.

But energy security is not achieved by patching up problems as they arise. We need to look at the entire energy chain from production to consumption. This encompasses issues like diversification of the energy mix - including renewables, and nuclear energy for those who want it - transit, energy efficiency, market opening, clean energy technologies and effective regulatory environments.

What we need is a framework of commonly agreed principles that helps to guide all the parties concerned, and which creates real interdependence, based on mutual trust. Such a framework would encourage the emergence of a secure and transparent investment climate in the world, and functioning and competitive markets. Both are essential if we are to unlock the massive investment needed in the energy sector over the coming decades.

The EU is taking a lead. Earlier this year, the European Commission proposed a new energy framework to Europe's governments. They responded positively, first inviting the European Commission to develop an energy policy for Europe at their summit in March, then last month agreeing a set of principles for external energy security, to ensure that the EU's external relations make a full contribution to Europe's energy goals. These principles formed the basis of the agreement at last month's EU/US Summit to reinforce the transatlantic

strategic energy co-operation, and launch a high level dialogue to address the serious and long-term challenge of climate change.

But the energy challenges of the 21st century do not stop at Europe's borders. Energy security is a global challenge that requires global solutions. That is precisely where the G8 is relevant, we must show the way and commit to a new framework of principles that will allow all nations to contribute to the common goal of reliable, affordable and sustainable energy.

In the focus on energy we should not lose sight of another long-term challenge for our world: ending extreme poverty. We must deliver on the key achievement at last year's G8 Summit in Gleneagles – a comprehensive package to accelerate Africa's progress towards meeting the Millennium Development Goals.

Here too, the EU took a central role, by agreeing to double aid by 2010 to provide 80% of the \$50 billion pledged to Africa at Gleneagles; and by the progressive delivery of our commitment to allow all products except arms from the world's poorest 50 countries to enter the EU without duties or quotas.

But we must continue to deliver on our promises. That is why Europe has pushed the development agenda this year, by pledging to make it easier for the poorest countries to access energy; by stepping up the fight against diseases like AIDS, tuberculosis and malaria, which fall with such disproportionate and deadly weight on Africa; by endorsing new forms of education co-operation between and among developing and developed countries. In doing this, G8 leaders will accelerate change, not just mark time. We will keep development at the centre of global concerns. Where it belongs.