



RAPORTY I ANALIZY

NR 3/09

**THE EU-US ENERGY COUNCIL:
WHAT REALLY MATTERS?**

Patryk Pawlak



Patryk Pawlak

THE EU-US ENERGY COUNCIL: WHAT REALLY MATTERS?

The European Union and the United States are currently discussing setting up of a new framework in the field of energy, the EU-US Energy Council (hereafter ‘Energy Council’ or ‘Council’). The intention is to provide the conditions for strengthening and streamlining the transatlantic dialogue on issues of mutual interest in the field of energy and, indirectly, climate change. However, the same reasons that make such an initiative compelling (i.e. growing interdependencies, implications for trade and environment, etc.) require that this step is preceded by reflection upon several issues.

This analysis focuses not on whether such a Council should be established as the minds of policymakers are already made. It aims to reflect on the implications stemming from the following aspects of this new network: function (what are the goals), thematic scope (what should be discussed), membership (who should participate in discussions), management (how should the new framework be organized) and leadership (who should lead the process). Taking into account past experiences at the transatlantic level, this paper identifies a series of issues that should be taken into account when deciding the set up of this new transatlantic framework.

HOW TO GET IT RIGHT?

Bilateral relations between the European Union and the United States were formalized mostly during the 1990s. The Transatlantic Declaration of 1990 established the foundations for EU-US cooperation by creating the system of summitry. The meetings between the heads of states were expanded in 1995 with the adoption of the New Transatlantic Agenda and Joint Action Plan, which created a new framework for cooperation by integrating to this structure high level policymakers and lower level officials (respectively getting together in Senior Level Groups and Task Forces). This architecture has been later broadened to include the Transatlantic Economic Partnership of 1998 and the Transatlantic Economic Council set up in 2007. In addition to these formal fora, we have seen the emergence of many informal networks, such as the High Level Political Dialogue on Border and Transportation or High Level Working Group on Data Protection. Consequently, discussions at the transatlantic level covered issues ranging from Romanian adoption laws to the most recent use of personal data for security purposes.

Each of these groups has been more or less successful, primarily owing to its design. Some of these networks have been quite efficient in coping with issues of low intensity but have proven to be powerless when confronted with problems requiring fast and flexible actions. For instance, the NTA framework has proven to be appropriate for dealing with foreign policy and trade issues but faced immense difficulties when confronted with issues such as homeland security and the fight against terrorism. Some of the shortcomings mentioned by the officials include the formality of the meetings and the inflexibility or lack of expertise on the part of some participants. At the same time, the informality, openness of discussions and competency seem to be universally appreciated characteristics.

What, then, should be taken into account in the discussion about the new EU-US Energy Council?

Several questions emerge at three levels:

- Global: How will the Energy Council integrate with other global efforts in this field? How will it cooperate with other international partners, third countries, international organisations?
- Transatlantic: How will the EU and US arrange their cooperation within the Energy Council? and
- Domestic: How will each side organise its work for the purpose of the Council?

The following sections offer some food for thought in this regard.

THINK LOCALLY, ACT GLOBALLY

The relations between the Energy Council and other existing international organisations and major actors will play a pivotal role in designing effective responses to problems at hand. Even though the EU and US are important players (biggest world economies, biggest energy consumers and biggest polluters) they cannot solve their problems without the involvement of other major actors both in the developed and developing world. Both sides need to make sure that links with other actors (i.e. the Major Economies Forum on Energy and Climate, Transatlantic Economic Forum or High Level Dialogue on Climate Change and Sustainable Development) are established and duplications avoided. At the same time, the Energy Council cannot give the impression of new division lines being created. This could result in hostility from other powers. In addition, the Council should not be seen as an instrument or a way for the EU and the US to ‘gang up’ against other actors. Both could create impressions which would undermine global efforts. Given the differences between various parts of the world, the external relations of the Council should take into account the local needs and specificities of particular regions. In that sense, there should be no ‘one size fits all’ approach but rather ‘think locally, act globally’.

KEEP THE DOORS OPEN

The scope of issues under the potential remit of the Energy Council – ranging from energy markets, research and development, and sustainability of energy resources to problems of non-proliferation – will mean accumulating knowledge in many areas. This will require defining who should participate in the process and on what conditions. There are many benefits of keeping the process closed and limited, i.e. more informality, less busy agendas, fewer people in the room and more time for substantiated discussions. However, policymakers should resist the temptation to limit access to the process and should instead focus on the modalities of engaging all stakeholders. Such move will help create a feeling of ownership and increase the legitimacy of the Council.

The issue of membership in the Energy Council needs to be addressed at least at three levels:

- Intergovernmental: focusing on the role of individual countries in the process, i.e. twenty seven member states of the EU plus the US,
- Transgovernmental: taking into account institutional affiliation of officials, their position and level of expertise, and
- Transnational: taking into account NGOs, think tanks and business.

Therefore, the Energy Council, to be successful, needs to create a multilayer system of communication between private and public actors, between branches of government (i.e. legislative and executive), and between policymakers at various levels. It should put policymakers in its centre with working groups, task forces and consultation bodies around. Existing networks such as the Transatlantic Business Dialogue and Transatlantic Consumers Dialogue should be involved. In addition, the Energy Council should also make efforts to reinvigorate the Transatlantic Environmental Dialogue which is currently suspended.

DO WHAT YOU CAN DO BEST

The agenda of the Energy Council is likely to range from technical and regulatory matters (i.e. energy efficiency) to political and geo-strategic issues (i.e. relations with Russia or the Caspian sea), which implies that the Council needs to be given an apt structure and frames of functioning. For instance, issues of high political importance and sensitivity require the involvement of high-level policymakers with the power to make binding commitments (like in the case of the Political Dialogue on Border and Transportation). On the other hand, technical issues require in-depth expertise in a given area and therefore should be discussed among experts in the field (like the Joint Customs Cooperation Council or Transportation Security Working Group).

In the case of the Energy Council, issues of political importance, like the diversification of energy sources or issues related to nuclear non-proliferation, should be discussed by officials with the necessary political support. At the same time, policy approaches to carbon capture and storage or smart grids cannot be addressed by high-level political appointees. Consequently, the Energy Council should be structured according to two related criteria: power to commit and expertise. This requires creating a web of networks that would connect

different levels of structure. It does not mean however that hierarchical dependencies should be created. To the contrary, by ensuring that people focus on what they can best, there will be no need for tiring control and supervision mechanisms.

PREPARE FOR CONFLICTS

In terms of policies, the Energy Council will have to embrace three related but thorny issues: energy, climate change and sustainability. Such setting will require broad expertise. It also points to potentially conflicting and politically sensitive interests. No doubt, none of these issues can be addressed in isolation but in light of potential conflicts (i.e. stemming from the implications of such policy instruments as cutting carbon emissions or introducing new taxes) both sides should be prepared to deal with them. This also implies that the number of actors with conflicting interests and distribution of competencies will be broad (i.e. among legislatives and executives on both sides) and means that conflict management or early warning tools should be included in the design.

INVEST IN RELATIONSHIPS

The amount of challenges ahead suggests that the scope of the Energy Council will be broad. This also indicates the Council will have to provide a variety of functions: advice, implementation, diffusion of information, etc. However, there are two functions that are often neglected but which play a crucial role in the functioning of any framework: relationship building and conflict management. Both are often disregarded for simple reasons. Relationship building is taken for granted, is time-consuming and with low potential for political profits. Conflict management, on the other hand, is ignored because any framework, if created, is based on the assumption of cooperation. However, such thinking is a short-term one. While some of the issues have been discussed on the transatlantic agenda in the past (i.e. the Energy Star agreement), many will be new. This also means that new people with varying backgrounds will be involved. This is even truer if we take into account changes in the US Administration and in the European Union (e.g. a new Commission and a new European Parliament). Hence, the policymakers involved in the Energy Council should take time to meet each other and talk, even if this cannot easily be shown as a 'deliverable'. This will allow for learning, socialisation and eventually build trust and relationships – the capital that should be never underestimated.

PEOPLE MATTER!

Last but not least, it needs to be said openly that many of the aspects addressed above depend on individuals. The number of tasks stemming from the management and functioning of the Council is significant. In such circumstances, there is no ideal institutional design. Therefore, the Energy Council will need a strong leadership and sound management mechanisms in order to ensure the commitment of its participants. There is also an important role for the leadership in building relationships and keeping participants interested in the dialogue. This implies that the appointment of people to lead the dialogue should be dictated by their convictions in value of discussions and belief in the objectives of the Council. In that sense



the appointment of officials with no particular affiliation but strong political back up would be desired. A good place for placing future chairpersons would be the Council or the Cabinet of the Commission President (on the EU side) and in the White House (on the US side).



CENTRUM STOSUNKÓW MIĘDZYNARODOWYCH
CENTER FOR INTERNATIONAL RELATIONS

ul. Emilii Plater 25

00-688 WARSZAWA

tel.: (+48 22) 646 52 67, 646 52 68

fax: (+48 22) 646 52 58

e-mail: info@csm.org.pl

www.csm.org.pl