

# Climate change, Russia, Inflation: The trilemma of EU Energy Policy

Exclusive Interview with Ms Maria da Graça Carvalho MEP  
by Keith Zahra

*The ushering of the war in Ukraine has accentuated a triple conundrum for European governments - the unenviable feat of seeking to balance the three diverse objectives of fighting climate change, keeping energy costs affordable and reducing external dependencies.*



**W**e agree to phase out our dependence on Russian gas, oil and coal”, EU leaders promised in a declaration at a meeting in Versailles a few days after the invasion of Ukraine.

Yet, getting there is a long, winding road ahead.

Rising energy costs were already putting significant pressure on European families, as post-pandemic inflation took its toll, threatening to hamper an already uneasy recovery.

Seeking answers, CDPRO sat down with Maria da Graça Carvalho, an experienced Portuguese MEP, on the margins of a European Parliament plenary session held in Strasbourg, to seek to dissect the current situation.

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Setting out to put our discussion in context, Ms Carvalho tells us that understanding the current predicament requires moving the clock back quite a few years. She recalls the centrality of energy in the post-WW2 European project, with the first six nations setting up the European Economic and Steel Community, the predecessor of today’s Union.

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heavily dependent on other countries and prices are high”, Carvalho says, noting how it was her fellow countryman, José Manuel Barroso, Commission President, who raised the issue again on the European agenda.

The MEP, who hails from the centre-right EPP Group and was formerly the Science and Higher Education Minister in her home country, explains that Barroso had pushed for a climate and energy strategy focusing on three important components: the fight against climate change, competitiveness and affordability of energy and the security of supply.

While Europe has slowly but surely made progress on two of these elements, that of keeping prices stable for a number of years thanks to liberalisation of markets as well as on climate change, progress on reducing dependences has not been achieved.

After the Russian annexation of Crimea back in 2014, Donald Tusk, former EU Council President, had starkly warned that “excessive dependence on Russian energy makes Europe weak”. In reality, despite EU investment in cross-border connections and new LNG plants, energy importation from Russia increased, with an Economist study estimating that Russian exports make up close to 38% of all fossil fuel consumed in Europe, a percentage which was actually meant to increase with the new Nordstream 2 project.

“During the pandemic, we started to realise how important being independent is”, Carvalho says, referring to medical and pharmaceutical products. Asked whether this means building trade walls around Europe, the MEP rejects such claims: “Our intention is not to close Europe but to reduce dependence on third countries and become strategically independent particularly in times of crises”.





Putin's reprehensible actions have now accentuated this situation. "The war has exposed our fragility on energy, exposing our dependence on Russian oil and gas", the MEP declared.

In her statement at the informal European Council in Versailles, European Parliament President Roberta Metsola called for a future of zero gas from Russia. "Ambitious but necessary" she told European leaders. Many European countries, especially in Central and Eastern Europe import almost 80% of their energy needs from the Russian Federation. So how do we get there?

The transition to sustainable energy is crucial, Carvalho argues, but it is impossible to do without gas for the foreseeable future and thus, diversification is required. She believes that this can take place through a multi-pronged strategy.

In the short-term, Europe should push the use of other sources of gas, including biogas and hydrogen, and make better utilisation of LNG terminals, which allow EU countries to import from anywhere. In this context, the biggest challenge is the lack of a complete internal market, she laments, a concept Barroso had long pushed for. As an example, she mentions the existence of some seven LNG terminals in the Iberian peninsula, a resource which cannot be maximised due to

lack of infrastructure connecting this to the rest of Europe.

She also calls for stronger relationships with third countries to take advantage of gas which exists in the neighbourhood, with Morocco and Israel being a possible example. In the medium to longer-term, the MEP cites further investment in renewables, making them affordable for European families and firms, as well as in energy efficiency. The latter is crucial given that while many associate the use of gas with the operation of power plants, its major use in Europe is actually for the heating of homes during the winter months.

Secondly, she calls for a common strategy on storage as well as on procurement, the latter having been successfully implemented by the Commission for Covid-19 vaccines. "I'd like to say yes to stopping Russian gas right now, but we need to make sure people can keep warm this winter and the next", Carvalho concludes. "All these elements are required to achieve a zero-gas policy from Russia."

*Ms Maria da Graça Carvalho is a Member of the European Parliament. Previously, she was a Minister for Science and Higher Education in Portugal and an adviser to Jose Manuel Barroso in his capacity of President of the European Commission.*