

# **THE SIGNIFICANCE OF THE ENERGY UNION FOR THE CITIZENS AND FUTURE OF THE EU**

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Mr Speaker, Ladies and Gentlemen,

I would like to start by thanking you for accepting the invitation to participate in this interparliamentary meeting organised by the Slovak Presidency of the Council of the EU. It is an honour to welcome you in the renovated premises of the Bratislava Castle Winter Horse Riding School.

The European community is going through one of the most critical periods in its history. From all corners of the Union we are hearing news about citizens' discontent with the state of its governance. There is an increasing interest in alternative solutions which often take on extremist dimensions. Traditional political parties are taking defensive stances, while populists, with their radical solutions, are becoming more popular.

That being said, I do not think that this is the first season of general confusion, unrest and quest for the way out of the darkness that Europe is facing. The western part of the post-war Europe is fairly familiar with left-wing extremism, bloodsheds caused by nationalists, problems with immigration, as well as the import of violence from the instable Middle East. Europe has also experienced economic crises, unemployment and disillusionment of the unemployed.

If there is something special about the times we live in, it is the fact that we often forget our historical context.

Of course, I understand the concerns of European citizens, considering that they are witnessing a shift of capital and job opportunities towards Eastern Asia. I understand the frustration caused by inequalities, often as a result of unfair redistribution of wealth. I understand the acute need to heighten security and stop the uncontrollable migration exodus into Europe. However, at the same time, I understand that the European Union must stand firmly behind the principles of liberal democracy, humanism and respect for human rights. In the light of that, let me add that our western respect also needs to be directed towards market economy and attributes upon which it is built: protection of private property, fair economic competition and state policies which improve the market and make it flourish instead of stifling it. I am seriously concerned that the key function of the free market in any healthy society has been almost forgotten and that regulation has become a new mantra. Here, it is important to emphasise that governments are striving to find solutions to problems caused by wrong regulation. This is not a victory of entrepreneurship, private initiative and talent. It is a victory of party politics and bureaucracy. Do not perhaps the roots of the current

challenges lie in our belief in the myth spread by central planners claiming that an enlightened state offers smarter solutions than the natural order of things?

No, I am not saying that there should be a completely unregulated free market, for that would be utopia. What I am saying is that we should humbly respect the ability of free market forces to satisfy our needs while being regulated to a reasonable extent.

I am convinced that now, more than ever, politicians at both the European and national levels need to show that they are here for their citizens and that their work is translated into concrete positive outcomes to the benefit of all Europeans.

One of the projects with a potential to significantly help fulfil such objective is undoubtedly the Energy Union project. It is the most ambitious project in its field, it has been built on robust and concrete pillars and an elaborate plan, and it has all the necessary tools available. The implementation of this project will strengthen the sovereignty and political position of the European Union by decreasing energy dependency on the external environment. It will make the Union more compact and thus also more effective in dialogue with third countries. It will emphasise the importance of solidarity and closer collaboration between individual regions and Member States. All of this should, of course be done, under a reasonable level of regulation, or else our initial optimism can be weakened by disillusionment from not having achieved the established objectives, which would lead to unforeseen negative consequences.

*Environmental reflection is a fundamental part of the Energy Union.*

Ladies and Gentlemen,

If I am speaking about the reasonable extent of regulation at both national and international levels, I am referring to the following alarming facts:

Electric energy is 1.8 times cheaper in Japan than in the EU and its price in the U.S. is 60% to 70% lower than in the EU. Gas is twice as cheap in the U.S. than in the EU.<sup>1</sup> Let me ask the following question: Is this not a result of bad regulation? Is it not the result of our European regulation slowing down market forces instead of creating conditions for their positive development?

In the context of building the Energy Union, it is also important to bear in mind the strengthening of the consumers' position and the enforcement of their rights. Together with achieving fair prices and increased transparency, this is an area where the EU can prove that it is able to have a positive impact on the conditions of its citizens through creating a reasonable energy policy.

Thanks to the Energy Union, EU citizens should benefit from a more efficient green public transport. Energy efficiency measures will also have a positive impact on household budgets.

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<sup>1</sup> EU Council. 2016. Communication from the Commission. Steel: Preserving sustainable jobs and growth in Europe

As you may already know, buildings currently consume approximately half of the supplied energy. That is why it is important to lower this number by supporting research and investments into the reconstruction and building of new low-energy and passive buildings, as well as into the development of smart networks through the application of modern technologies (e.g. smart consumption meters). These intentions are very important because their fulfilment will significantly decrease energy poverty in the EU which affects 11% of Europeans.<sup>2</sup>

Apart from these ambitious objectives, the Energy Union has another important task to perform. Together with the other projects aimed at increasing the citizens' living standards, it has to contribute towards regaining their trust in the EU- our home, the future of which also depends on the extent to which its citizens perceive the Energy Union project as their own and as something they can benefit from.

Even after saying all this I have been asking myself the question whether we don't expect too much from the Energy Union. I have a feeling that the EU sometimes establishes ambitious objectives with great ease, but tends to have problems when it comes to meeting them. This happens mostly when (in its best intentions) the EU applies disproportionate regulation schemes and complicated bureaucracy. In these cases it is no wonder that the distance between the EU and its citizens widens.

I would like to think that the Energy Union is not going to be a project which will widen the gap between the EU and its citizens, but that it will be the example of a project which can bring specific and tangible results to all EU citizens.

*At the same time, I would also like to believe that the Energy Union and discussions it is accompanied by, including our meeting, will show the advantages of having a common strategy within the single European market. Advantages for both, consumers and companies.*

Ladies and Gentlemen,

I would like to thank you for your attention and thank you again for coming to Bratislava. I wish us all a pleasant working day and substantive panel discussions.

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<sup>2</sup> <https://ec.europa.eu/energy/en/news/energy-poverty-may-affect-nearly-11-eu-population>