



**POSITION PAPER OF EREC AND ITS MEMBERS ON THE COMMUNICATION  
FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN  
PARLIAMENT “ENERGY COOPERATION WITH THE DEVELOPING  
COUNTRIES” COM(2002) 408 final**

EREC and its members, the leading European renewable energy industry and research associations

- EPIA (European Photovoltaic Industry Association),
- ESHA (European Small Hydropower Association),
- ESIF (European Solar Industry Federation),
- EUBIA (European Biomass Industry Association),
- EUREC Agency (European Renewable Energy Research Centres Agency) and
- EWEA (European Wind Energy Association)

welcome the focus this communication puts on energy matters in relation with developing countries as the energy topic was absent in the past in development cooperation, but is an essential element in achieving the Millennium Development Goals.

Currently more than 2 billion people do not have access to electricity with the resulting negative consequences on living standards and economic conditions, especially in peripheral urban and isolated rural areas.

EREC and its members therefore encourage to include energy as a sectorial priority of Community policy as a focus on Community support on energy projects for developing countries is absolutely needed and highly desirable.

EREC and its members fully support the proposed dialogue with developing countries to integrate energy in their priorities, as sustainable energy is a key element for their further development.

However, the mentioned communication lacks concrete orientation and direction, as it does not give any recommendations on how future energy demand should be met. It remains at describing the different energy sources and their underlying potential, but does not give any clear indication or prioritisation how the mentioned 2 billion people should receive electricity in the future. The communication just points out the problems related to the different energy carriers, such as:

- Further development of **nuclear** is problematic and undesirable due to the often unstable political and economic conditions in many developing countries.
- **Oil and gas** are mainly an option for the transport sector, being confronted with limited supply in medium term.
- There are big environmental implications related to the use of “**clean**” coal.
- **Renewable energy sources** represent too high costs to envisage their expansion in the short term.

The communication states that it would be a mistake to “believe that the solution to the expected increase in energy consumption in developing countries would primarily be found in renewable energies, whose cost is for many of them currently out of reach”.

EREC and its members completely disagree with this statement because of the following reasons:

- **Decentralised nature of renewable energy sources**  
Decentralised and diversified systems for energy generation such as renewable energy installations are less vulnerable to accidents (extreme weather conditions, terrorist attacks, etc.) and reduce transport needs and transmission costs.
- **Tremendous cost reductions of renewable energy technologies in the past**  
Recent cost developments for renewable energy technologies show a steady and steep decline in costs. This cost reduction can be mainly traced back to economies of scale in production, increased production capacities for renewable energy installations and improved efficiencies. The production cost of a kilowatt-hour of wind power, for example, is one fifth of what it was 20 years ago. Over the past 5 years alone, costs have been reduced by 20%. The cost of delivering a kWh of electricity from a “state of the art” wind turbine in optimal wind conditions is 3.7 eurocents (source: Wind Force 12, EWEA 2002). Unlike most conventional energy sources, the cost of producing energy from renewable energy sources will decrease dramatically in the future, given the necessary conditions.
- **Social and local dimension of renewable energy sources**  
Renewable energy sources are often implemented on local/regional level, thereby creating social welfare and improved living conditions. Furthermore, the safety and health risks of renewable energy installations are typically significantly smaller than that of conventional fuel installations (e.g. through oil tanker spills, leaking gas pipelines etc.). Renewable energy sources create local income and jobs, thereby increasing the wealth of the population. As they are often used in remote areas, which otherwise suffer from economic problems, they are an excellent option to increase the quality of life of the inhabitants of these areas.

Furthermore, the cost argument brought forward in connection with renewable energy sources as cited in the communication to be the main barrier for renewable energy development in developing countries is wrong as energy prices do not reflect the true costs – external costs are not yet internalised and given in energy prices. Furthermore, subsidies in large amounts are still flowing to the conventional energy industries.

In order to further promote renewable energy projects, appropriate financing mechanisms have to be developed which respect the nature of renewable energy projects, e.g. the fact that renewable energy projects are often much smaller than conventional energy projects and therefore unfamiliar to international financing institutions.

Another point where EREC and its members completely disagree with the communication are the cited figures in the Annex on renewable energy consumption and forecast for 2030 from the PRIMES and POLES models as they are in direct contradiction with the current developments of the renewable energy sector. The cited figure of 8 % is wrong, the PRIMES model constantly underestimates the RES development. EREC and its members would be happy to provide the Commission with the actual market figures for the different renewable energy sources.

**EREC and its members encourage the Commission to acknowledge the key role renewable energy sources have to play in energy cooperation with the developing countries and to assist in creating a favourable framework for renewable energy technologies in developing countries as they provide a valid means for sustainable development including clean water management.**

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