

EU unveils €300 billion plan to reduce its energy dependency on Russia

The European Union plans to invest up to €300 billion to reduce its dependence on Russian fossil fuels, the European Commission announced.

The European Union intends to mobilize up to €300 billion (\$316 billion) by 2030 to become independent of Russian energy imports, European Commission President Ursula von der Leyen said on Wednesday.

“We must now reduce as rapidly as possible our reliance on Russia in energy. We can,” von der Leyen said in a speech in Brussels, presenting the EU’s plan to break away from Russian energy imports dubbed “REPowerEU.”

The invasion of Ukraine by Russia, Europe’s largest gas supplier, has prompted the European Union to reconsider its energy policy.

Russia supplies 40% of the EU’s gas and 27% of its imported oil. Russia has already cut off EU member states Poland and Bulgaria after they refused to pay for natural gas in rubles.

An EU ban on coal from Russia is scheduled to come into effect in August, and the bloc has said it will try to cut demand for Russian gas by two-thirds by the end of the year.

However, EU countries are still struggling to agree sanctions on Russian oil, as Hungary and other landlocked countries oppose the move amid concerns about the costs of switching to alternative sources.

How to tackle the energy crisis

To reduce dependence on Russian fossil fuels, Brussels is offering a three-pronged plan including a shift to importing more non-Russian gas, faster adoption of renewable energy, and greater energy-saving efforts.

“REPowerEU will help us to save more energy, accelerate the phasing-out of fossil fuels and kick-start investments on a new scale. This will be speed-charging for

our European Green Deal," von der Leyen said.

The European Commission president mentioned energy savings as the quickest and cheapest way to tackle the current energy crisis. According to von der Leyen, the EU energy efficiency target for 2030 will be increased from 9% to 13%, and the 2030 target for EU renewable energy from 40% to 45%.

On the supply side, von der Leyen underscored diversifying energy imports away from fossil fuels and accelerating the clean energy transition. The EU 27 government leaders agreed to set up a platform for the joint purchase of gas, LNG and hydrogen, she said.

How much will it cost

The REPowerEU plan will cost up to €300 billion (\$316 billion). According to von der Leyen, the sum will include approximately €72 billion (\$76 billion) in grants and €225 billion in loans.

The investments will include up to €10 billion for gas infrastructure, such as missing links between member states and LNG terminals.

Up to €2 billion will be invested in oil infrastructure with a view to stopping the shipment of Russian oil.

All the rest of the financing will go into speeding and scaling up the clean energy transition, von der Leyen said.

dh/msh (dpa, Reuters)

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