

The full growth in energy demands in the European Union is planned to be satisfied by gas. It is a low carbon fuel, compared to alternative fossil fuels, and burning gas instead of oil and coal complies with the Union's carbon reduction targets.

In the long run, most of the gas needs to be imported. Taking into account the known reserves (which are one-quarter of all known deposits) and the existing pipeline infrastructure, the main supplier to many EU member states will continue to be Russia (and the heavily-indebted Gazprom).

Russia and Gazprom need foreign investments to develop energy resources. Oil fields have been ruthlessly exploited by the oligarchs without duly securing future investments, and gas fields are also being depleted. The current credit crunch does not allow Gazprom to exploit new fields without European partners, because the cost of constructing a new field (for instance in the Jamal peninsula) is about 145 billion euro. Such huge sums cannot be invested without securing buyers for the gas.

From the Finnish experience, Russia has been a reliable gas supplier. As a neighbouring country, we obtain gas without transiting through intermediary countries. Transiting through politically unstable countries creates a risk for the parties at both ends of the pipeline, and that was the root of the latest crisis. In the European Parliament, I have felt open hatred towards Russia by certain (Polish, Baltic) colleagues, and that will to isolate Russia must also be taken into account in planning pipelines. To minimise political risks, the European mainland needs both the North and South Stream pipelines as well as Nabucco.

LNG technologies will soon be a competitive alternative to the gas pipeline infrastructure (and will be the basis for all gas price formation). It will enable European countries to choose their suppliers, but inevitably many of the member states will trade with Russia. For them it is important to ensure that the transit is secured against vulnerability and disruption.

During the gas transit crisis in January, Russian gas reservoirs were full, and it would have been capable of supplying gas to the west. The problem was political. The Russians as suppliers did not behave in a predictable manner, and they lost part of their 100% credibility as a reliable supplier even if, as they claim, they played an innocent role in causing the crisis. They need to change their tone of argumentation and their PR consultants if they want to get their sincere message across.

The Commission's neutral position was well grounded and made it possible to act as an intermediary between the disputing parties. It should continue to play this kind of role in the future also.

The European Union should not be a gas pipeline entrepreneur and a first or last resort financier for such investments. Providing gas supplies must primarily be a task for energy companies and not for states (although the companies may be state-owned). The companies shall then charge gas consumers - and not taxpayers - for the investment costs needed to secure EU gas and energy supplies.

For emergency situations, the member states should secure storage capacity to guarantee a minimum of 30 days' consumption and build better interconnections with neighbouring countries.