

EURO-LATIN AMERICAN PARLIAMENTARY ASSEMBLY



RESOLUTION:

Opportunities and challenges of shale gas in Latin American and Caribbean countries (LAC) and EU Member States

based on the report by the Committee on Sustainable Development, the Environment, Energy Policy, Research, Innovation and Technology

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Opportunities and challenges of shale gas in Latin American and Caribbean countries (LAC) and EU Member States

The Euro-Latin American Parliamentary Assembly,

- having regard to Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons,¹
- having regard to Council Directive 92/91/EEC of 3 November 1992 concerning the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling,²
- having regard to Directive 2006/21/EC of the European Parliament and of the Council of 15 March 2006 on the management of waste from extractive industries and amending Directive 2004/35/EC,³
- having regard to Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment,⁴
- having regard to the conclusions of the European Council of 4 February 2011,⁵
- having regard to the European Parliament resolution of 21 November 2012 on the environmental impacts of shale gas and shale oil extraction activities,⁶
- having regard to Commission Recommendation of 22 January 2014 on minimum principles for the exploration and production of hydrocarbons (such as shale gas) using high-volume hydraulic fracturing,⁷
- having regard to the EuroLat Resolution on European Union and Latin American energy policies, approved in Lima on 1 May 2008, which highlights the opportunities that will result from bi-regional cooperation in the field of energy,
- having regard to ILO Convention 169 (1989), the Indigenous and Tribal Peoples Convention, on indigenous and tribal peoples' right to free prior informed consent where exploration and exploitation takes place on traditional land, as well as the United Nations

¹ OJ L 164, 30.1.2013, p. 3.

² OJ L 348, 28.11.1992, p. 9.

³ OJ L 102, 11.4.2006, p. 15.

⁴ OJ L 26, 28.1.2012, p. 1.

⁵ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119175.pdf

⁶ Texts adopted, P7_TA(2012)0443.

⁷ OJ L 39, 8.2.2014, p. 72.

Declaration on the Rights of Indigenous Peoples,

- having regard to the European Commission report AEA/R/ED57281 on ‘Support to the identification of potential risks for the environment and human health arising from hydrocarbons operations involving hydraulic fracturing in Europe,’
 - having regard to the European Commission 2014 impact assessment working document on ‘Exploration and production of hydrocarbons (such as shale gas) using high volume hydraulic fracturing in the EU,’
 - having regard to the 2050 Energy Roadmap,
 - having regard to the findings of the study published by the European Parliament Directorate-General for Internal Policies, Policy Department A: Economic and Scientific Policy entitled ‘Impacts of shale oil and shale gas extraction on the environment and on human health,’¹
 - having regard to the European Commission impact assessment study entitled ‘Exploration and production of hydrocarbons (such as shale gas) using high volume hydraulic fracturing in the European Union,’²
 - having regard to the human rights declarations of the Inter-American Human Rights System and to the Inter-American Commission on Human Rights (IACHR) resolutions on precautionary measures for human rights defenders related to conflicts generated by extractive industries,
 - having regard to the International Union for Conservation of Nature (IUCN) resolutions and recommendations regarding natural parks, extractive industries and indigenous people: REC 2.081, Mining concessions and protected areas in Mesoamerica; REC 2.082, Protection and conservation of biological diversity of protected areas from the negative impacts of mining and exploration; REC 3.082, The Extractive Industries Review; RES 4.084, Mining exploration and exploitation in and near Andean protected areas; RES 4.087, Impacts of infrastructure and extractive industries on protected areas; RES 4.090, Open-pit metal mining exploration and exploitation in Mesoamerica; REC 4.136, Biodiversity, protected areas, indigenous peoples and mining activities,
 - having regard to Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources,
- A. whereas shale gas represents a significant turn in the energy sector involving commercial potential and geopolitical and geo-economic interests for certain countries, and account needs to be taken of its consequences for the environment and public health and its long-

¹ Study by Policy Department A: Economic and Scientific Policy entitled Economic and Scientific Policy on ‘Impacts of shale gas and shale oil extraction on the environment and on human health’ (IP/A/ENVI/ST/2011; 7 June 2011; PE 464.425)
http://www.europarl.europa.eu/meetdocs/2009_2014/documents/envi/dv/shale_gas_pe464_425_final/_shale_gas_pe464_425_final_en.pdf

² Commission Staff Working Document, Executive Summary of Impact Assessment ‘Exploration and production of hydrocarbons (such as shale gas) using high volume hydraulic fracturing in the EU’ (COM(2014) 23 final; SWD(2014) 22 final),

term economic viability;

- B. whereas the unconventional exploration of hydrocarbons consists in the extraction of liquid and/or gaseous hydrocarbons by means of unconventional stimulation techniques used in deposits which are located in geological rock formations of shale, compact sandstone or layers of carbon, and/or which are generally characterised by the presence of rocks with a low permeability;
- C. whereas exploiting hydrocarbon deposits is becoming increasingly difficult as the most accessible and productive ones begin to run out; whereas, at the same time, advances in technology are being made in countries with large resources;
- D. whereas the profitability of the extraction of shale gas depends to a great extent on the development of the price for conventional energy sources, the geological conditions and the size of the resources;
- E. bearing in mind the potential, although as yet uncertain, shale gas resources in Europe and Latin America and the historical ties between the two regions, and the fact that Latin American countries do not have sufficient financial, technical and operating capacity to reach maximum potential, owing to a low level of investment in energy technologies, which means that efforts should be made to ensure investment across all types of energy technology;
- F. whereas the exploitation of hydrocarbons should have a direct positive impact on the society in which they are found, in terms of economic and social well-being, and this should be reflected in fair energy pricing for consumers;
- G. whereas the process of high-volume hydraulic stimulation (also known as ‘fracking’), which consists in pumping water, sand and chemicals at high pressure in order to enhance the permeability of reservoirs of conventional and unconventional hydrocarbons, is a prerequisite for the extraction of hydrocarbons in reservoirs in shale rock;
- H. whereas the hydraulic stimulation technique has caused concerns in society with regard to the contamination of bodies of water (whether underground or on the surface), the chemicals used in the process, public health and induced seismicity, and whereas this requires environmental impact studies to be conducted and technical cooperation aimed at ensuring the environment is protected;
- I. whereas greenhouse gas emissions also increase, principally through methane being released during the process; bearing in mind the European Union’s objective of a reduction of 80-95% in its greenhouse gas emissions by 2050 when compared to 1990 levels, which is the basis of the 2050 Energy Roadmap; and whereas the process must therefore be highly regulated;
- J. whereas shale gas extraction requires caution and a proper assessment of the scientific data: the necessary prior environmental and administrative guarantees have to be in place before hydraulic fracturing can be used to extract, for commercial production, oil and gas from shale or other ‘compact’ rock formations;
- K. whereas the heavy dependence of a good part of the EU (especially in the north and centre

of the continent) and some of its eastern neighbours on Russian gas for energy could become yet more acute with the crisis in Ukraine and worsening relations with Russia, but should not, in any event, be used to support a blind rush into the development of shale-gas exploration and production under present conditions;

- L. whereas the effect of increasing oil and gas production is to reduce the incentive for the transition towards renewable energy sources;
- M. whereas sustainable renewable energy projects, energy saving and energy efficiency policies would reduce fossil energy dependence and induce prosperity, and are a core element for the drafting and implementation of energy policies for diversification, the fight against climate change and security of supply;
- N. whereas the European Parliament resolution of November 2012 called for a framework to be implemented throughout the EU to manage the exploration and extraction of unconventional fossil fuels, with a view to legislation on health and the environment being harmonised in all EU Member States;
- O. whereas Latin America is a continent with huge biodiversity and global importance for CO₂ absorption, as well as possessing an as-yet unknown natural wealth of flora and fauna;
- P. whereas the Commission's recommendation of 22 January 2014 re-emphasises the importance of the Member States' ensuring that operators apply the best techniques available at all operational stages of projects for the exploration and production of hydrocarbons using high-volume hydraulic fracturing;
- Q. whereas there is not unanimity within the European Union or throughout the world about developing shale gas;
- R. bearing in mind existing national legislation of the countries of the Association and EU legislation in force on the granting of exploration and exploitation permits, environmental impact assessment, water protection, pollutant emissions, greenhouse gas emissions, corporate environmental responsibility, noise, waste management, use of chemicals, protected areas, accident prevention, and worker health and safety;
- S. bearing in mind that the existing environmental legislation in Europe should be adapted if the practice of high-volume hydraulic fracturing becomes widespread;
- T. bearing in mind that Recommendation 2014/70/EU, adopted by the Commission, gives rise to several interpretations and practices in the different Member States of the Union;
- U. whereas Latin America is a continent with great natural wealth and potential for economic growth in forthcoming years; whereas Latin American countries do not have sufficient financial, technical and operating capacity to reach maximum potential; whereas greater openness to the outside world could strengthen Latin America's already essential role on the world stage; bearing in mind, also, the diversity of its flora and fauna;
- V. whereas in Latin America there is little in the way of a regulatory framework or legislative developments vis-à-vis the exploration and exploitation of unconventional deposits, and

more extensive studies and research need to be conducted into the socio-economic and environmental impact of this activity;

- W. whereas the principles of subsidiarity and legislative independence in the energy sector give rise to different regulatory frameworks that allow oil and gas companies to operate with different standards from one continent to another and from one country to another;
- X. whereas the Grantham Institute estimates that 60-80% of publicly listed companies' coal, oil and gas reserves are 'unburnable' if the world is to have a chance of not exceeding global warming of 2°C, and are therefore 'stranded assets';
- Y. whereas players in the main financial centres in the energy industry, such as London, New York and Moscow, should substantially improve the information that they provide to shareholders and investors so that investments can be channelled into cost-effective, sustainable projects;
1. Emphasises that, in view of the estimated size of shale gas reserves in Europe and Latin America, the historical ties between the two regions and the shared willingness to defend the principles of sustainable development, it is vitally important for both that they cooperate closely to meet this challenge in order to promote energy safety and independence, create appropriate conditions to attract investment, overcome financial and technical limitations and establish bases for sustainable wealth creation;
 2. Draws attention to the fact that, while it may be important to create appropriate conditions to attract investment, overcome financial and technical limitations and establish bases for sustainable wealth creation, it is crucial not to do it at the expense of health and environmental protection;
 3. Underscores the importance of establishing criteria and rules on greenhouse gas emissions, especially methane, in the natural gas and oil production chain, which would promote innovation and investment in research with a view to developing much cleaner technologies; calls for the technique known as 'reduced emissions completions', which involves recapturing methane released during the final stages of hydraulic fracturing, thereby considerably reducing methane leaks, to be used as a reference;
 4. Calls for it to be borne in mind that the development of regulatory frameworks on the exploitation of unconventional deposits requires the setting-up of institutions to ensure compliance therewith prior to any type of exploration and exploitation, constantly monitor the impact of hydraulic fracturing on the environment and people's health and publicly disseminate the results observed;
 5. Considers that fossil fuel and mineral extraction, especially the extraction of shale gas, brings with it potential risks to human health and the environment; underlines the importance of commitments established by the EU and Latin America to clean and renewable energies;
 6. Notes that the European Commission believes the main matters of concern in relation to shale gas extraction (whether by hydraulic fracturing or through other techniques yet to be developed) are already covered by EU legislation in force; also recognises, however, that this legislation was drafted before hydraulic fracturing was common practice;

7. Emphasises that it is essential that the precautionary and ‘polluter-pays’ principles are applied to any future decisions about the exploitation of fossil fuel resources, taking into account potential repercussions at all stages of the exploration and exploitation process, ensuring the least impact possible and studying alternatives, and via the implementation of damage mitigation and repair policies;
8. Emphasises the importance of preserving natural wealth, and calls upon Latin American countries, with the support of the EU, to ensure frameworks are in place for the responsible management of natural wealth;
9. Acknowledges Recommendation 2014/70/EU, adopted by the European Commission to give a general overview of all the aspects to be taken into account by a Member State should it decide to permit fracking; emphasises that this is a first step towards greater harmonisation in the EU, which should be deepened in future law making, and considers that this recommendation makes it possible for all legislative requirements to be observed prior to exploitation;
10. Points out that the countries in this Association have the right to exploit their own energy resources in accordance with their national sovereignty and in accordance with the relevant international agreements, above all as regards health and security; looks forward to the European Commission's review of experience gained from the implementation of the Recommendation; points out that a binding health, safety and environmental regime would contribute to greater security for companies which seek to invest in shale gas exploitation and greater protection for health and the environment; to that end, calls on Partnership nations to refer to the health and safety recommendations of the ILO as a base point, unless more stringent national rules exist;
11. Calls on the Latin American integration parliaments to draw up, jointly with specialist bodies, regulatory frameworks on fracking to be used as a reference for legislative developments in the Member States;
12. Reiterates its commitment to making progress in the framework of the Assembly, which takes account of legislative developments in the two regions that may be submitted for consideration by the countries of the Bi-Regional Strategic Association;
13. Calls on the energy companies active in the field of unconventional fossil fuel (UFF) extraction to comply with international and regional transparency and participation requirements, comply with international and regional environment and human health regulations and invest in research into improving the environmental performance of technology in this field;
14. Calls on all European and Latin-American State members of the IUCN to prohibit by law all exploration and extraction of mineral resources in protected areas corresponding to IUCN Protected Areas Management Categories I to IV;
15. Calls on the European Commission to encourage and promote research and development into and the exploitation of the best long-term energy solutions, within the framework of Horizon 2020 and the European Fund for Strategic Investments, reinforcing its commitment to the LAC countries;

16. Calls for the promotion, under the framework of the Bi-Regional Strategic Association, of the transfer of scientific knowledge and technology to foster better practices in the use of fracking and the extraction of unconventional hydrocarbons, such as measuring impact to create public policies;
17. Draws attention to the European Parliament resolution of 21 November 2012 on the environmental impacts of shale gas and shale oil extraction activities (2011/2308(INI)), in which the Parliament ‘considers that exploration and exploitation of fossil fuel sources, including unconventional sources, must not be subsidised from public funds’;
18. Urges European and Latin American companies to comply scrupulously with the regulations in force when investing in Latin America, avoiding double standards, to respect the customs of local communities, reduce their environmental impact, display exemplary management and, in short, help to bring about an enhanced climate of understanding, mutual trust and cooperation between the two regions; urges governments to ensure free prior informed consent according to the United Nations Declaration on the Rights of Indigenous Peoples;
19. Instructs its Co-Presidents to forward this resolution to the Presidency of the EU-LAC Summit, the Council of the European Union and the European Commission, and to the parliaments of the Member States of the European Union and all the countries of Latin America and the Caribbean, the Latin American Parliament, the Central American Parliament, the Andean Parliament and the Mercosur Parliament, the Secretariat of the Andean Community, the Committee of Permanent Representatives of Mercosur, the Permanent Secretariat of the Latin American Economic System and the Secretaries-General of the Organisation of American States and the Union of South American Nations;
20. Urges the states of Europe and Latin America to implement a sustainable energy-security strategy, diversifying their potential energy sources rather than depending exclusively on fossil fuels, conventional or otherwise, and promoting energy efficiency and renewable energy;