

**International Conference on
the Role of Governments and International Organisations
in promoting Energy Security**

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Presentation on the OSCE Energy Security Information Mission

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Mr. Minister,
Mr. Chairman of the Energy Charter Secretariat,
Mr. Secretary General of the Energy Charter Secretariat,
Mr. Deputy Executive Director of the International Energy Agency,
Excellencies,
Ladies and Gentlemen,

I have been asked to give you during this lunch a brief presentation on the energy security information mission the OSCE Secretariat, more specifically my Office, has been conducting in the course of 2006 , at the request of the OSCE Chairman-in-Office, H.E. Karel De Gucht, Minister of Foreign affairs of Belgium. I would like to thank him for the confidence placed in the OSCE Secretariat and in myself for the execution of this important mission.

Perhaps, I ought first to explain again what makes the originality of the OSCE among international organisations and how energy security fits into its broad mandate of fostering co-operation among its participating States in view of achieving a greater level of security.

The OSCE's core business is to be a platform for political dialogue among its participating States on problems and issues, generally of a cross-border nature, that may affect their security and/or that of their citizens. Among those problems and issues, special emphasis is put on conflict prevention and conflict resolution. Another characteristic of the OSCE is that it seeks to achieve consensus among its participating States. As Minister De Gucht said this morning, it contributes to a convergence of views and a growing awareness of common interests in the three dimensions of its security concept, namely the politico-military dimension , the human dimension and , not to be forgotten, the economic and environmental dimension . It is a very inclusive organisation . Its very broad membership makes the OSCE the largest regional security organisation. , encompassing 56 countries and a huge area going from Vancouver to Vladivostok, including among others the Central Asia and Caucasus regions. The OSCE is the only pan-European organisation where a subject such as energy security can be discussed at the political level among representatives of Ministers of Foreign Affairs. When discussing energy security matters , the OSCE has the advantage of including energy producing countries (the Russian Federation , Azerbaijan, Kazakhstan, Turkmenistan,

etc.), energy consuming countries (many of which are members of the IEA) and transit countries (Ukraine, Belarus, Turkey, Georgia, etc)

The OSCE has adopted a comprehensive concept of security and it is therefore not surprising that it takes a keen interest in energy security. Specific principles on energy policies, specifying what a high degree of energy security requires, are included in the Strategy Document for the OSCE Economic and Environmental Dimension adopted at the Ministerial Council of Maastricht in 2003. However, when approaching a subject as complex and sensitive as energy security, the OSCE seeks a partnership, as exemplified by to-day's conference, with agencies that have the required technical expertise and an explicit mandate to promote international co-operation in the energy sector such as the Energy Charter Secretariat and the International Energy Agency (IEA).

So very briefly, what was the objective of the mission my Office was asked to conduct on energy security for the OSCE Chairman-in-Office? My Office was asked to gather relevant information on energy security and to make suggestions on renewed international dialogue on energy security within the OSCE.

When I received this mission, I immediately established contacts with the Energy Charter Secretariat and with the IEA , which have a clear energy security mandate. I also developed contacts with the International energy Forum, a model platform for energy security dialogue at global level. I visited also other international organisations such as the UNECE, the European Commission and the World Bank, which, although they have much broader mandates, have done very interesting work on energy security issues in the OSCE area. Myself and members of my team have paid visits to a dozen of OSCE participating States that place a high importance on this aspect of their security. We also attended a number of interesting conferences on this subject.

And what did we find out?

First of all, that there is a strong link between energy security and other problems dealt with by the OSCE such as conflict prevention, protection of critical infrastructure against terrorism and other accidents, transportation of dangerous products, environmental security and sustainability and, last but not least, governance, fight against corruption , money laundering and other forms of organised trans-national crime.

Second, we found out that there was a significant evolution in the risks and challenges to energy security in the OSCE area due, among others, to

- The increasing imbalance at the global level between demand (including from Asia) and supply of hydro-carbon products;
- The continued dominance of fossil fuels in global energy use;
- The increasing dependence on a more limited number of producing countries;
- The key fact that converting the world's energy reserves into available supplies will require massive investments along the entire value added chain;
- The uncertainties on key parameters and the need for more transparent data and for a more secure and reliable legal and regulatory framework;
- The vulnerability of critical energy infrastructure to terrorism, natural disasters and other threats;

- The worrying environmental impact of most forms of energy; and
- The persistent problem of energy poverty in many countries, including some OSCE countries.

Of course, these evolving risks and challenges are already being discussed and addressed in a number of fora and frameworks such as again the Energy Charter, the IEA, the International Energy Forum, the EU and its several structured frameworks for energy relations or energy dialogue with the countries of South Eastern Europe (the Energy Community created further to the Athens Treaty of last year), the Russian Federation, the countries of the Black Sea , the Caspian Sea and Central Asia (Baku Process) , etc. Regional groupings such as the Black Sea Economic Co-operation (BSEC) or EURASEC have also set up working groups on energy issues.

More recently, however, in the framework of the G-8 that , under the chairmanship of the Russian Federation , a significant agreement was reached on a number of key principles to reinforce energy security at the global level. The conclusions of the Saint Petersburg Summit and the associated Action Plan on Global Energy Security represent, no doubt , a very significant breakthrough in developing a consensus on a number of complex and sensitive issues.

This breakthrough among eight countries (seven of which are OSCE participating States) could pave the way for a **political** dialogue within the OSCE, among representatives of Ministries of Foreign Affairs , complementing and not interfering with or substituting for existing functional dialogues; this political dialogue would promote a co-operative management of energy interdependence and could bear on key aspects of energy security such as :

- The promotion of a broader concept of energy security, encompassing all stages of the value added chain and involving countries of origin, transit and destination, involving also public and private stakeholders as well as the civil society;
- The need for more secure legal and regulatory frameworks, both at national and international levels, to make possible the huge investments required along the value added chain;
- The inescapable diversification of sources of energy and supply routes as well as of markets and routes to access these markets ;
- Energy efficiency and energy conservation to ensure environmental sustainability; and
- The protection of critical infrastructures against terrorism, natural disasters and other accidents, again along the entire value added chain.

The OSCE could be a platform not only for political dialogue on these issues but also to promote the implementation of the already existing processes that , in more technical frameworks, address energy security issues, which , in the last instance, are of a political nature.

The use of the OSCE platform of political dialogue to discuss such matters is in the hands of the OSCE Chairmanship and participating States. The Secretariat stands ready, if requested, to underpin this dialogue and to provide elements ,inspired from the G-8 Action Plan and from material presented at this conference, that could complement, enrich and

elaborate on the already existing commitments on energy security embodied in the 2003 Maastricht Strategy.

To-day's conference provides an excellent starting point for such an endeavour, which could take many forms and would in any case associate closely the Secretariat of the Energy Charter and the IEA , which embody the most respected technical expertise on energy security matters and to which I would like to express my utmost appreciation for their leading role in the preparation of this conference.

I thank you for your attention.