

International Odessa Forum
Promoting Energy Security and Investment in the Black Sea Area:
The Role of Multilateral Cooperation

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Opening Statement by Amb. André Mernier
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Your Excellencies, Ladies and Gentlemen,

I would like to welcome you to the Energy Charter's annual Policy Conference entitled *Promoting Energy Security and Investment in the Black Sea Area: The Role of Multilateral Cooperation*. I am delighted to be here in Odessa and in this wonderful and historic hall for our conference today. I would like to thank the authorities of Ukraine, and in particular the city authorities for providing us with such excellent facilities and for their assistance in the organisation of this important conference on Black Sea energy security issues.

Ukraine is today at the centre of one of the most important regions in the world for energy. This is indeed the core reason for us to gather here today. This region is a crucial for European gas security and also vital to the energy producers of Eurasia as a transit zone. There is enormous potential in this region and the successful exploitation and transit of energy resources is in the interest all: producing, transiting and consuming countries.

As events over recent years have underlined, the issue of energy is a vital part of the relationship between the countries in this region – indeed perhaps a defining element. This is especially true in respect to the gas sector. Finding ways to manage the energy relationship that would benefit all sides is therefore a priority.

This certainly involves not only the important issues of investment, ensuring good technical cooperation and the smooth operation of sound commercial agreements, but it also necessitates promoting stronger political relationships built upon trust and transparency.

The Energy Charter has focused on energy issues in Central and Eastern Europe and the Black Sea from its inception. In the last decade we have evidenced that energy issues have emerged as one of the key issues in the area. These changes are linked to local and regional factors, and perhaps even more importantly, are the result of the changing position of this region within the fast evolving global energy markets.

As we look at the region today it is clear that there is a growing dynamism in the energy sector. In the near future, we are likely to witness a further rise in the importance of the region for Europe's energy security as the Black Sea strengthens its position as a major transit route for energy supplies from the Caspian, and perhaps even from the Middle East.

There are interesting and exciting prospects for the exploitation of energy resources in the region, this includes conventional hydrocarbons but also unconventional gas, as well as renewable sources. There is also an enormous potential for energy efficiency improvements across the region. Developments in these areas could go some considerable way to improving the energy security for countries of the region, which would also have a positive impact on this region's energy relations with the EU.

In order to achieve a positive outcome of this complex energy relationships, I believe all efforts have to be made to ensure that geopolitics do not result in a negative or destabilising influence. The indicators are clear that the international community needs to coordinate all efforts for exposing the best way forward in terms of energy policy in the region.

Obviously, energy issues within the region require constant and intense bilateral contacts. But there is no doubt that multilateral arrangements can produce great benefits to all parties involved. Here I would like to stress the role of multilateral organisations in assuring a positive outcome from complex energy relationships. The Energy Charter Treaty is well placed to make a substantial contribution to ensuring that energy relations in the region operate on the basis of international law and are cooperative. The Treaty can also encourage much needed investment in the energy sector and promote the secure and reliable transit to global markets.

Recent developments have refocused international attention on how best to manage energy relations in positive and cooperative ways. This includes the proposal of the President Medvedev of the Russian Federation – “Conceptual Approach to the New Legal Framework for Energy Cooperation”, launched in April last year. The Energy Charter’s response to this proposal is very positive. And within the Energy Charter constituency considerable thinking is underway about it as part of a process of modernisation.

The Energy Charter is uniquely equipped to accommodate new challenge to enhance multilateral cooperation and bring significant value added to the energy affairs in Central-Eastern Europe and the Black Sea region.

A key challenge is to ensure that the Treaty includes the main new energy actors in the world. Today the energy markets of Eurasia and Europe are increasingly tied to countries in the Middle East, North Africa and Asia. This suggests that if there is to be genuine cooperative energy relations based on the principles of the Energy Charter, then it will be essential to build a broader geographical framework for the Treaty.

At this important times, it is crucial that we work together to build the political will that can enable energy to return to its rightful role as a pillar supporting peaceful and cooperative relations around the globe. Much can be done within existing international frameworks but the real benefits of a multilateral approach will only come with the careful development of new relationships and capacities that coincide with the key issues that face the countries of the area.

This is one of the central challenges that stand before us today in respect to this region. I am convinced that the Energy Charter can play a leading role in offering solutions to these issues, but we will need to take a constructive and flexible approach and above all we will need the good will of all of the actors in the energy sectors of the region.

With this, I would like to thank you for your interest in this important and timely forum and encourage your active participation. I wish all participants a successful and fruitful day.

Thank you very much for your attention.