3rd Annual Forum of EU Strategy for the Adriatic and Ionian Region

"Developing Connectivity in the Adriatic-Ionian Macro-Region"

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Your Excellences, distinguished guests, Ladies and Gentlemen!

It is my pleasure to participate in the 3rd Annual Forum of EU Strategy for the Adriatic and Ionian Region. I would like to thank the Italian Presidency for this opportunity.

The topic of our discussion today is very important, touching upon both internal and external dimensions of the European Union's energy security. I have a pleasure of sharing this panel with Ms. Megan Richards, who is in a much better position to speak about the EU energy policy objectives such as EU internal market, its competitiveness and sustainability. Let me focus in my address on the issues of external dimension due to the nature of the organisation I represent.

Adriatic and Ionian Region is playing an important role in diversifying supply sources and routes in Europe. This role will be even bigger once all infrastructure projects of the Southern Gas Corridor are completed. This new route will provide a new source of gas for decades to come and will change the energy landscape on a global scale. The Southern Gas Corridor is an example of the extremely complex interlinks between cross-border transportation and transit, encompassing countries of the International Energy Charter.

The interconnection of the extension of the South Caucasus Pipeline, Trans Anatolian Pipeline (TANAP) and Trans Adriatic Pipeline (TAP) will contribute to the energy security of the European Union and its neighborhood. Starting at the gas field of Shah Deniz in Azerbaijan, the project stretches through the territories of Georgia, Turkey, Greece and Albania to finally reach Italy. Extending TAP to Ionian Adriatic Pipeline would reinforce connectivity in the region by integrating Croatia, Montenegro and possibly Bosnia and Herzegovina.

Another important corridor to strengthen regional interconnections and market integration between the Baltic, Adriatic and Aegean Seas, the eastern Mediterranean Sea and the Black Sea is North-South Gas Interconnection. This corridor will increase diversification and security of the supply in the Adriatic and Ionian Region. Market transformations are also ongoing in the electricity industry as well. Electricity markets in South East Europe are fragmented and in different stage of development in terms of ownership and regulatory frameworks. The pathway to market coupling between countries towards a regional market of South East Europe is even more complicated by the challenge of decarbonization and energy transition.

Coming back to a bigger picture in Eurasia, a missing link over the Caspian Sea would make Turkmenistan to be another reliable supplier of natural gas to Europe. With all existing interconnections of Central Asia with China, and its forth gas pipeline being under construction, these gas pipelines and electricity projects would already form the basis of "Belt and Road" initiative. I should also mention the developments of the pipelines in the other direction - from North to South. Many experts were quite skeptical about the concept of Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline. However, despite security challenges TAPI Consortium is moving ahead, starting practical implementation of the project on the territory of Afghanistan.

The magnitude of these developments is quite impressive. All countries along this route are members or observers to the Energy Charter Treaty which is the only multilateral Treaty that provides binding rules on energy transit and investments. It has played its positive role in unlocking the potential of the Caspian region and facilitating those pipeline projects, including the Southern Gas Corridor. This is

documented in many Intergovernmental and Host Government Agreements that refer to the Energy Charter Treaty.

Discussions on secure and reliable transportation and transit energy corridors has started in 2017 under the Chairmanship of Turkmenistan in the Energy Charter Conference. The Conference has mandated the Secretariat to prepare the grounds for the developments of a set of soft law instruments on energy transit. I look forward to continuation of our work on transit under the Chairmanship of Albania in 2019. The Government of Albania hosted one of our expert meetings in 2016 under the UN General Assembly's Resolution "On reliable and stable transit of energy and its role in ensuring sustainable development and international cooperation" adopted on 17 May 2013. So, I am confident that Albania, as a key transit country, will provide necessary contribution and guidance to the work of the International Energy Charter in 2019.

Europe as well as Adriatic and Ionian Region is looking at various options to ensure its security of supply and environmental sustainability. The countries of the Caspian region, South Caucasus and Central Asia are already playing an important role in European energy security. All of these countries are already fully covered by the Treaty's legal regime. The process of the ECT modernisation opens a window of opportunity to expand Energy Charter regime to other regions, such as North Africa, the Middle East and Sub-Saharan Africa, where emerging producers may contribute to the energy security of Adriatic and Ionian Region.

MENA region, which is just across the sea from us now, is not only an important area for hydrocarbon reserves, but also for transit of energy supplies. For example, Morocco and Tunisia are important transit countries for the EU for Algerian gas, via the Maghreb–Europe Gas and Trans-Mediterranean Pipelines. Algeria is

already supplying natural gas to Spain and could be further considered as the source of supply for diversification purposes. Green Stream pipeline connecting Sicily to Libya, despite being disrupted due to security challenges, is still worth mentioning as an energy corridor. No doubt that legal frameworks and cooperation platforms are essential in facilitating energy exports from Africa to Europe, including electricity exports from abundant renewable sources.

In the era of global energy transformation, the role of international cooperation is crucial. International community should align its efforts to address the issues of growing energy demand, global warming and sustainable growth. We all know that enormous investments are needed to achieve Sustainable Development Goals. As the Secretary General of the International Energy Charter, I am pleased and proud to be part of this very important Forum today, which raises issues going far beyond the Adriatic and Ionian Region. I would like to take this opportunity to reiterate that the Energy Charter, as a unique multilateral instrument for international cooperation, is ready to play a proactive role in facilitating energy investments, cross-border energy trade and transit both on regional and global levels.

Thank you for your attention and I look forward to the interesting discussions.