

The Statement of H.E. Secretary General of the Economic Cooperation Organization at the 19th OSCE Economic and Environmental Forum: “Promotion of Common Actions and Co-operation in the OSCE area in the fields of development of sustainable energy and transport”

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Special Session III: Regional and sub-regional co-operation on sustainable energy and transport, 16 September 2011

Honorable Mr. Chairman

Distinguished Delegates

Esteemed Guests

Today, the world is facing multiple challenges in the field of the development of energy and transportation. Over the past decade, due to rapid industrialization globally, energy consumption has been increasing up the ascending scale. The rise of per capita income in developing countries and the pace of high tech growth in advanced economies induce further increase of energy consumption. With forecasted 9 to 10 percent annual GDP growth rates in India and China during the post-crisis period, these economies is likely to double in size every seven years from now on, while their population will account to nearly 40 percent of that of the world.

We will almost certainly face the need for serious and costly reductions in energy use. This will undoubtedly involve sharp cuts in consumption of fossil fuels, bolstered by restrictive regulations and potentially taxes. At the same time, there are concerns that energy production will peak soon not because of unavailability of energy reserves but due to obstacles to investment, access to energy reserves and policy constraints.

Given presently varying patterns in global consumption and production of energy, likewise, the forefront of nuclear and innovative energy technologies as well as policy efforts are undergoing changes as well. In a post-Fukushima world, some advanced countries have been considering the review of policies in regard to nuclear power and the near future extensive use of natural gas which well displaces environmentally unfriendly coal. Such considerations in national economies necessitate most needed updates in policies on energy at regional and sub-regional levels, especially in the wake of price escalations on extreme energy resources. Similarly, formulation of present realistic solutions on real time pricing and potential policy reviews on renewable energy, including on wind, geothermal, biomass power, ethanol production, grid-connected solar photovoltaic panels, among other sources, have long been

awaited by the OSCE regions and sub-regions in their upstream towards greater energy efficiency during world's transition to a truly green economy.

Having said this, esteemed participants, I may have echoed the aspirations of many the sub-regional organizations present here in their quest for brainstorming on ways to effectively encounter current global energy challenges by using this important platform of the 19th Economic and Environmental Forum so generously provided by the OSCE. From the regional and sub-regional perspective, it would be useful to hear from the OSCE clear updates on policy guidelines in regard to the current pressing issues in the development of energy and transport.

Excellencies

The momentum is right in here for us to share our initiatives, experiences, and best practices on sustainable energy and transport in OSCE sub-regions. Before starting our discussion, we might perhaps need to fine tune our thinking to the true meaning of sustainability in energy and transport. Over the past decade, the two concepts, namely, sustainability and security – have proved to be inseparable. Therefore, these should be considered in their integrity. Not only that these binary phenomena are closely interconnected, but they surely entail further extension of the energy security concept, to include security of demand, and security of transit, and energy efficiency. In this context, the role of the OSCE, as world's unique organization which pursues economic aspects of security, acquires special importance under the current global circumstances of the post-crisis period. For this reason, the OSCE is indispensable in providing a useful platform for other regional actors under the commonly agreed objective, which is to dialogue and co-operate.

In acknowledgment of the need to share our views on how we further strengthen the OSCE's effectiveness as the platform for co-operation, we need to find smart answers on what synergies we should develop between the OSCE and regional partners to further develop energy and transport.

Potential solutions to the above quests may stem from sub-regional experiences. In this connection, when it comes to practices of the Economic Cooperation Organization (ECO), we have adopted a new Plan of Action on Energy/Petroleum Corporation for the period 2011-2015 for the ECO region. So far, we have been able to come up with important decisions such as on Energy Efficiency & Conservation, Renewable Energy, Regional Energy Trade, and Hydropower Plants' Development. To implement the Plan of Action, we have initiated a new project on energy trade arrangements. Through ECO-IDB cooperation, we are looking forward to introduce effective energy trade exchange at regional scale. If the OSCE has an interest in such initiative, we would see, in close consultations with our member states, how we could accommodate it through the feasibility study which is about to start. For technical details of the project proposal, interaction between ECO and OSCE may be arranged at expert level in line with approaches practiced in OSCE.

Further along this line, we are ready to carry out project implementation arrangements under the OSCE platform. To this effect, we invite the OSCE effort in potentially complementing the above mentioned ECO initiative. We are cognizant that such complimentary action will surely be in line with the decisions of the 15th OSCE Ministerial Council meeting. ON the benefit side, the OSCE effort will have the potential to acquire much greater amplitude across the ECO region, especially if to take into account that seven of the ten ECO countries have already direct involvement in OSCE activities.

Esteemed Delegates

In our continuous effort to add to multilaterally beneficial exchange of experiences and initiatives at sub-regional level, we maintain close working contacts with OPEC. We use this network in order to disseminate intra-and-inter-regional best practices in dealing with international petroleum markets. Similarly, with the 3.5 % of world's total electricity generated in the ECO region, we co-operate with ESCAP, ASEAN, SAARC and PIF through the regional power trade and inter-connection programme.

Likewise, we co-operate with the World Bank on exploring economic opportunities for energy exchange in the ECO region. Specific focus has been placed on Financing Options, Risk Management and Governance. We expect that the outcomes of the ECO and World Bank co-operation will enable developing a road map on energy trade in the ECO region through such international collaborative effort.

Necessitated by a common international strive for greater regional operability on current global challenges, we recognize the comparative advantage of the OSCE as a platform for broad dialogue. Its increasing role in promoting energy security dialogue is in line with aspirations of our region. From this stance, we note that regional and sub-regional actors are being granted a unique advantage to avail of the OSCE's effort in complementing the existing bilateral and multilateral activities.

In this context, robust public policy in the ECO region with over 400 million people coupled with rapid progress in technology to be derived from OSCE participating countries may potentially result in multiplying effects in ECO region from OCSE's ongoing energy security enhancement efforts. We expect that the benefits from such concerted action would reach out far beyond the OSCE framework onto its regions, including the ECO, which embraces countries of the Middle East, TransCaucasus, South and Central Asia and Turkey. The region is well-endowed with energy resources at around 30 quadrillion Btu, accounting to 6.1 % of world's primary energy production. Overall regional crude oil production stands at 8.3 % of that of the world. We consider inter-regional and intra-regional trade to be economically lucrative path to unlock the genuine value of significant energy reserves whilst equitable balance is maintained to meet energy shortages with essential surpluses within the region.

Excellencies

To support regional initiatives with action, we need to develop synergies so much required at regional and sub-regional levels in order to obtain actionable and results-based outcomes on energy and transport. Consistent single policy and superior technology would essentially strengthen energy security partnerships, which have been initiated by OSCE. Based on the constructive dialogue between producers, consumers, transit countries in OSCE regions of which one example is ECO, the synergies at regional and sub-regional level will effectively add value to consolidating the OSCE partnerships. Therefore, synergies are indispensable in order to attain greater development effectiveness of OSCE operations on the whole.

In this regard, we recognize that one of potential solutions towards greater development effectiveness of the OSCE, as the platform for dialogue and co-operation, is convergence of sub-regional policies on energy and transport under the OSCE framework. Such measure is most critical especially in view of the changing global energy environment. We offer to discuss this subject matter on convergence of energy policies. Such synergy is a current urgency given the changing global macroeconomic environment. For this matter, we propose to include the issue of convergence of regional and sub-regional OSCE policies on energy and transport into the agenda of the upcoming meeting of ECO energy ministers in 2012. If the proposal is in principle agreeable by OSCE, we will consult the detailed agenda with our member states.

Excellencies

Expanding on the issue of the interdependence on energy between producing, consuming, and transit countries, we may not but mention the OSCE's effectiveness in long addressing this issue. In this regard, however, not only the convergence of regional and sub-regional policies on energy should be considerably strengthened but equally importantly the process of integration of the combined effort of all regional partners on policy convergence under the OSCE platform should take place. To that effect, the ECO region, with 50 percent of its members being net oil producers has the potential to facilitate the OSCE's effort in further strengthening the trilateral link between producers, consumers and transit countries. The ultimate goal of utilizing such potential, if in joint co-operation with the OSCE, will be to further enhance global energy security through a concerted approach at both, regional and sub-regional levels.

We invite the OSCE to delegate its representative to our high level expert meetings where we will specifically discuss joint co-operation between ECO and OSCE on energy and transport. The OSCE representative will be able to see to the opportunities currently available in the ECO region for joint action. Such co-operative initiative will undoubtedly add greater value to the process of further strengthening OSCE's trilateral partnerships between producers, consumers and transit in energy and transport.

As one of suggested practical steps and, out of understanding of the acute nature of the issues related to security of demand and diversity of energy supply, we offer to develop, in cooperation with the OSCE, new project proposals on the above subject matter to jointly

materialize concrete deliverable actions in the ECO region. At outcome, the newly initiated projects, to be supported by ECO and OSCE, could manifest the level of effectiveness of energy security partnerships in OSCE regions and sub-regions, in general. The OSCE's presence in ECO projects is necessitated by the need to test the potentiality of obtaining high levels of energy security under real time situations as may appear in OSCE sub-regions and regions with the ECO being one of them. We would expect that such joint actions may result in predictable, reliable, economically viable, commercially sound and environmentally friendly energy supplies.

Esteemed Delegates

In discussing vital issues of energy and transport, we cannot ignore environment concerns entailed by increased energy production and transport congestion. Much has been done in the ECO region in regard to the environment dimension. We have recently established the ECO Institute for Environment Sciences and Technology. This month, we are organizing the training program for the ECO member countries on Environment Management. There is an opportunity for the OSCE to nominate its resource team to our future training exercises. We would be willing to incorporate OSCE's involvement in our training programs. Because the issues of the diversified energy mix are of prime importance for the ECO region, we offer the OSCE to actually jointly design the training programs, in close consultations with our member states, in a manner enabling us to raise greater awareness in the ECO region about ways to implement the OSCE Strategy Document for Economic and Environmental Dimension and Clean Energy and Sustainable Development.

Excellencies

Positive economic and social benefits of increasing transport flows result in the generation of social and economic wealth. However, it may also result in energy scarcity, air pollution, and traffic congestion. Necessity of moving is unquestionable, but we should move in a sustainable way without greater damage to positive economic benefits.

To support renewed international dialogue on transport and, to this effect, on energy security under the OSCE platform, the ECO is actively co-operating in this area with regional actors such as UNECE, ESCAP, IRU, OTIF, IDB, among others. We have signed over 30 international agreements with regional partners. From this perspective, the approach taken on by the OSCE in implementation of existing international instruments on fair and balanced handling of transport and energy issues for participating states is of particular importance for the ECO for the simple reason that specific focus in these instruments is on transit countries as well as the countries, most vulnerable to disruptions in their access to energy. In this context, the ECO is interested in close co-operation with the OSCE on countries such as Afghanistan, Tajikistan and Pakistan, where access to energy is yet a challenge. Already, we are co-operating with the IRU to connect transit countries of the ECO region. Specifically, we are reviving the Great Silk Road on-land routes. Our proposal to OSCE in this regard would be to incorporate the OSCE's

principles and approaches focusing on transit countries into ECO's current policies regarding the revival of the Great Silk transit route.

We have to work out timely solutions to a variety of issues on effectiveness of regional transport links. The most pressing issues in the ECO region on transport are promoting good governance at border crossings, improving the security of land transportation and facilitating international transport by road and rail. We recognize that secure transportation networks and multifaceted transport development are prerequisites for the enhanced regional economic cooperation and stability. In this respect, sub-regional and cross border co-operation as well as the stimulation of trade, investment and development of infrastructure are critical.

We advocate for the enhancement of innovation and technologies for environmentally-friendly transportation choices. We are willing to undertake the facilitation of international land, and maritime transport and aviation as well as the integration of these transport networks in the ECO through the OSCE area. These would be our objectives in co-operating and dialoging through the OSCE platform.

Excellencies

Afghanistan is a partner country of the OSCE. It is also in the core focus of the ECO. A number of reconstruction projects are now being carried out in this country by the ECO in cooperation with TIKA of Turkey. These target construction of bridges, schools, hospitals. The ECO is active in the overall process initiated by the Regional Economic Cooperation Conference on Afghanistan. We offer our full support to the OSCE's efforts in co-operating with Afghanistan as its partner. In this regard, the ECO is open for potential proposals from the OSCE, to initiate further and complete reconstruction action in this country.

Distinguished Delegates

I would like to conclude my intervention at this special session by saying that the Economic Cooperation Organization is active in co-operating with regional and sub-regional organizations, including EC, UNECE, ESCAP, CICA, SCO, SAARC, ASEAN, RECCA, Colombo Plan and others. Likewise, we will eagerly join new and ongoing OSCE's initiatives. We are looking for long term co-operation. It is our strong belief that this session will take effective use of the momentum created for further deepening our cooperation in regions and sub-regions under the OSCE platform. I wish you all every success.

Thank you.