



**Organization for Security and Co-operation in Europe**

**Ministerial Conference “Meeting the Challenge of Sustainable Energy”**

Dialogue Session on “Energy Security, Regional Trade & Infrastructure”

**Address by OSCE Secretary General Lamberto Zannier**

Astana, 11 June

Mr Chairman,  
Ministers,  
Excellencies,  
Ladies and Gentlemen,

It is a pleasure for me to address this Ministerial Conference on sustainable energy.

Before I proceed, let me take this opportunity to tell you how impressed I am by the efforts of Kazakhstan to promote sustainable energy in the region, and in particular, by EXPO 2017 “Future Energy” which has got off to a great start.

These efforts clearly come at the right time and within a context that is challenging but also full of opportunities. We are in the midst of an energy transition, if not an incipient energy revolution.

Paradoxically perhaps, we are living in an age of energy abundance, with the availability of energy resources at an all-time high. Some of the factors at play include fresh discoveries of large oil and gas deposits, the U.S. shale revolution and new advanced extraction methods (consider the recent news on the potential for exploiting “flammable ice” in the South China Sea). In addition, renewable energy is booming despite overall lower energy prices. It has become part of the “mainstream” and, within the context of climate change, is now a “must-have” rather than an optional “extra”.

We are also about to witness further significant technical breakthroughs, for example in battery storage systems, heralding a new era of electric mobility that will prove highly

transformative, not least in places like China and India. And on top of this, rapid adoption of digital technologies is creating a raft of opportunities for us to become more energy efficient while lowering costs and increasing connectivity.

Admittedly, this all sounds rather promising and positive. But, as always, change is never easy and carries considerable risks that need to be managed well.

The unprecedented opportunities of digitalization do not come for free. If we embrace them, we will also have to accept a new set of challenges and vulnerabilities never seen before. The biggest challenge is managing the exposure of our critical energy infrastructure to criminal and terrorist cyber-attacks.

At the same time, we know from experience that continuously low prices for oil and gas, for all their benefits to consumers, usually result in falling investments in the energy industry. This in turn creates risks of price spikes in the medium term. In addition, low prices, as we have seen in recent years, can create significant budgetary constraints in countries that are heavily dependent on hydrocarbon exports, leading to lower investments in the wider economy and potentially to social fragmentation.

These are just some of the factors impacting energy security today. To ensure the safety of energy flows, we need to consider the entire energy value chain, including energy distribution, transmission and supply. As we adapt to and encourage a more diversified energy mix that favours low-carbon alternatives, we need to build new and more resilient energy infrastructure that will also allow us to increase regional energy trade and benefit co-operation and connectivity.

All of these changes come with significant challenges and are taking place against the background of an increasingly problematic security setting. Along with the growing complexity, scale and interconnectedness of numerous transnational threats and challenges, we are witnessing renewed geopolitical competition and even confrontation. At the same time, current security challenges demand co-operation more than ever. We must be pragmatic and define areas of co-operation that can create a win-win situation for all. This fully applies to energy security.

In this context, let me mention a few relevant ways the OSCE is currently contributing to a more conducive framework for enhancing energy security.

One concerns **cyber security**. This is an area where the OSCE, as the first among regional security organizations, is beginning to set standards. Over the past three years, we have developed a set of confidence building measures (CBMs) between the OSCE's 57 participating States to reduce the risks of conflict stemming from the use of information and communication technology.

It is against the backdrop of this effort that we are also beginning to invest in developing more effective responses to cyber-attacks targeting critical energy networks. To improve resilience, we are, for example, conducting national table top exercises that simulate a cyber-attack. They complement our established workshops on protecting energy networks from natural hazards.

**Fostering good economic governance** is another area of OSCE engagement that matters in the context of energy security, in particular as we consider the massive need for investment to finance an effective energy transition. In most countries, but in particular in developing countries, this means attracting sufficient international financing. While funding would in principle be available, in many cases, international banks and the donor community cite a lack of "bankable projects" as a major barrier for investments in the sector. The usual reason for a lack of bankable projects is an investment environment that is perceived as being too risky. This is why we need to improve economic good governance to address these concerns.

In promoting good economic governance, the OSCE has made preventing and combating corruption and money laundering key priorities of its work. We support the development and implementation of more effective anti-corruption mechanisms in line with international standards and provide tailored capacity-building for government officials, the private sector and civil society. In the area of anti-money laundering we support participating States with national risk assessments by which they examine the vulnerability of their financial systems and their ability to prevent and intercept specific types of illicit financial activity.

The OSCE is also directly involved in **promoting the transition towards a sustainable energy future**, where it is important that we develop solutions tailored to individual countries and their needs. The OSCE supports participating States in exchanging best practices, building public-private partnerships and the transfer of technology related to energy efficiency and renewable energy.

As a regional security organization, we are naturally inclined to foster regional co-operation. For the OSCE, a key concept to support regional co-operation is **connectivity**. It is based on the conviction that increasing regional trade and investment through new roads, energy interconnectors, railroad lines and people-to-people exchanges will be conducive to economic growth, stability and good neighbourly relations, creating a win-win situation. Increasing energy connectivity within Central Asia and across the wider region offers significant economic and security benefits to all of us. The more interconnectors we build, the more energy we trade among each other, the more energy security we will obtain.

However, significant challenges remain. Efforts to foster economic co-operation and the development of trade too often fall victim to bureaucracy and administrative and procedural burdens, preventing us from making full use of the potential of regional co-operation. That is why, together with the UNECE, we remain fully committed to promoting predictability, transparency and accountability of customs, administrative and regulatory processes. I am greatly looking forward to intensifying this relationship and to deepen our co-operation with UNECE and with other regional and international organizations and the private sector in the fields of energy security, sustainable energy and connectivity, keeping in mind the importance of SDG 7 and the wider goals of the 2030 global agenda for sustainable development.

Let me also mention, and within the context of the present EXPO 2017 put due emphasis on, the OSCE's commitment to supporting the Government of Kazakhstan in promoting regional green growth, including through our support to initiatives such as the Green Bridge Partnership and the planned Centre of Excellence for Green Technology and Investment.

Ladies and Gentlemen,

The future of energy security relies on effective co-operation that is mutually beneficial and that is based on solid, reliable, and rules-based partnerships.

Let us start today, together.

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