

**NINETEENTH
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”

FIRST PREPARATORY MEETING

“Development of Sustainable Energy”

Vienna, 7 - 8 February 2011

CONSOLIDATED SUMMARY

OFFICE OF THE CO-ORDINATOR OF OSCE ECONOMIC AND ENVIRONMENTAL ACTIVITIES
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http://www.osce.org/event/19th_eef

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PLEASE NOTE:

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https://www.osce.org/event/19th_eef**

835th Plenary Meeting

PC Journal No. 835, Agenda item 5

**DECISION No. 959
THEME, AGENDA AND MODALITIES FOR THE
NINETEENTH ECONOMIC AND ENVIRONMENTAL FORUM**

The Permanent Council,

Pursuant to Chapter VII, paragraphs 21 to 32, of the Helsinki Document 1992; Chapter IX, paragraph 20, of the Budapest Document 1994; Ministerial Council Decision No. 10/04 of 7 December 2004; Ministerial Council Decision No. 4/06 of 26 July 2006; and Permanent Council Decision No. 743 of 19 October 2006,

Relying on the OSCE Strategy Document for the Economic and Environmental Dimension (MC(11).JOUR/2), the OSCE Border Security and Management Concept (MC.DOC/2/05), Ministerial Council Decision No. 11/06 on future transport dialogue in the OSCE and Ministerial Council Decision No. 9/08 on follow-up to the Sixteenth Economic and Environmental Forum on maritime and inland waterways co-operation, Ministerial Council Decision No. 12/06 on energy security dialogue in the OSCE, and Ministerial Council Decision No. 6/09 on strengthening dialogue and co-operation on energy security in the OSCE area,

Building on the outcomes of past Economic and Environmental Forums, as well as on the results of relevant OSCE activities, including follow-up activities,

Taking into account the closing statement by the Chairperson of the Eighteenth Meeting of the Economic and Environmental Forum,

Decides that:

1. The theme of the Nineteenth Economic and Environmental Forum will be: Promotion of common actions and co-operation in the OSCE area in the fields of development of sustainable energy and transport;
2. The Nineteenth Economic and Environmental Forum will consist of three meetings, including two preparatory meetings, one of which will take place outside of Vienna. The concluding meeting will be held from 14 to 16 September 2011 in Prague. These arrangements shall not set a precedent for future Economic and Environmental Forums. The Office of the Co-ordinator of OSCE Economic and Environmental Activities, under the guidance of the 2011 OSCE Chairmanship, will organize the above-mentioned meetings;

3. The agenda of the Forum will focus on the following topics:

- Dialogue on the promotion of sustainable transport, including integration of transport networks through reduction of barriers and simplification of border-crossing procedures; improvement of energy efficiency in transport area; and the role of clean technologies;
- Dialogue on the promotion of sustainable energy, including new and renewable as well as traditional energy sources; good governance and transparency in the energy field; energy efficiency; low-carbon energy technologies; and fostering of multi-stakeholder dialogue and co-operation between energy producers, consumers and transit countries;
- Regional and subregional co-operation on sustainable energy and transport, and sharing of best practices and exchange of experiences in these fields;

4. The agendas of the Forum meetings, including timetables and themes of working sessions, will be proposed and determined by the 2011 OSCE Chairmanship, after being agreed upon by the participating States in the Economic and Environmental Committee;

5. Moreover, having a view to its tasks, the Economic and Environmental Forum will review the implementation of OSCE commitments in the economic and environmental dimension. The review, to be integrated into the agenda of the Forum, will address OSCE commitments relevant to the theme of the Nineteenth Economic and Environmental Forum;

6. The discussions of the Forum should benefit from cross-dimensional input provided by other OSCE bodies and by relevant meetings and deliberations in various international organizations;

7. Moreover, having a view to its tasks, the Economic and Environmental Forum will discuss current and future activities for the economic and environmental dimension, in particular the work in implementation of the OSCE Strategy Document for the Economic and Environmental Dimension;

8. The participating States are encouraged to be represented at a high level, by senior officials responsible for shaping international economic and environmental policy in the OSCE area. The participation in their delegations of representatives from the business and scientific communities and of other relevant actors of civil society would be welcome;

9. As in previous years, the format of the Economic and Environmental Forum should provide for the active involvement of relevant international organizations and encourage open discussions;

10. The following international organizations, international organs, regional groupings and conferences of States are invited to participate in the Nineteenth Economic and Environmental Forum: Asian Development Bank; Barents Euro-Arctic Council; Organization of the Black Sea Economic Co-operation; Central European Initiative; Collective Security Treaty Organization; Commonwealth of Independent States; Conference on Interaction and Confidence-Building Measures in Asia; Council of Europe; Council of the Baltic Sea States; Economic Cooperation Organization; Energy Charter Treaty; Energy Community; Eurasian Economic Community; European Bank for Reconstruction and Development; European Environment Agency; European Investment Bank; Intergovernmental Commission TRACECA (Transport Corridor Europe-Caucasus-Asia); Gas Exporting Countries Forum (GECF); Intergovernmental Organisation for International Carriage by Rail; International Atomic Energy Agency; International Energy Agency; International Energy Forum; International Renewable Energy Agency (IRENA); International Fund for Saving the Aral Sea; International Labour Organization; International Maritime Organisation;

International Monetary Fund; International Partnership for Energy Efficiency Cooperation (IPEEC); International Rail Transport Committee; International Road Transport Union; International Road Federation; International Union of Railways; International Transport Forum; North Atlantic Treaty Organization; Organization of the Petroleum Exporting Countries; Organization for Cooperation of Railways; Organisation for Economic Co-

operation and Development; Organization for Democracy and Economic Development – GUAM; Organization of the Islamic Conference; Regional Cooperation Council; Southeast European Cooperative Initiative; Secretariat of the United Nations Framework Convention on Climate Change; Shanghai Cooperation Organisation; United Nations Conference on Trade and Development; United Nations Development Programme; United Nations Economic Commission for Europe; United Nations Economic and Social Commission for Asia and the Pacific; United Nations Environment Programme; United Nations Industrial Development Organization; United Nations Special Programme for the Economies of Central Asia; World Bank Group; World Customs Organization; World Trade Organization; Secretariat of the Extractive Industries Transparency Initiative; and other relevant organizations;

11. The Partners for Co-operation are invited to participate in the Nineteenth Economic and Environmental Forum;

12. Upon request by a delegation of an OSCE participating State, regional groupings or expert academics and business representatives may also be invited, as appropriate, to participate in the Nineteenth Economic and Environmental Forum;

13. Subject to the provisions contained in Chapter IV, paragraphs 15 and 16, of the Helsinki Document 1992, the representatives of non-governmental organizations with relevant experience in the area under discussion are also invited to participate in the Nineteenth Economic and Environmental Forum;

14. In line with the practices established over past years with regard to meetings of the Economic and Environmental Forum and their preparatory process, the Chairperson of the Nineteenth Economic and Environmental Forum will present summary conclusions and policy recommendations drawn from the discussions at the 2011 Meeting, as stipulated by Permanent Council Decision No. 958, which will complement the Forum process. The Economic and Environmental Committee will further include the conclusions of the Chairperson and the reports of the rapporteurs in its discussions so that the Permanent Council can take the decisions required for appropriate policy translation and follow-up activities.

**INTERPRETATIVE STATEMENT UNDER
PARAGRAPH IV.1(A)6 OF THE RULES OF PROCEDURE
OF THE ORGANIZATION FOR SECURITY
AND CO-OPERATION IN EUROPE**

By the delegation of Azerbaijan:

“Mr. Chairperson,

We would like to make the following interpretative statement with regard to paragraph 3, third subparagraph, of document PC.DD/38/10/Rev.1.

Azerbaijan attaches importance to co-operation on sustainable energy and transport, and sharing of best practices and exchange of experiences in these fields. However, when it comes to the regional and subregional contexts, the issue of the existence of appropriate conditions should be taken duly into account, in view of the well-known situation in the regions affected by armed conflict.

While joining the consensus on the present document, we would like once again to register this unchanged position of our delegation.

I request that this statement be appended to the journal of the present meeting.

Thank you, Mr. Chairperson”.

Vienna, 4 February 2011

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”

FIRST PREPARATORY MEETING (DEVELOPMENT OF SUSTAINABLE ENERGY)

Vienna, 7-8 February 2011

ANNOTATED DRAFT AGENDA

Monday, 7 February

09.30 – 10.30 Opening Session

Welcoming remarks:

- **Mr. Egidijus Meilunas**, Vice Minister of Foreign Affairs of Lithuania, 2011 OSCE Chairmanship
- **Ambassador Marc Perrin de Brichambaut**, OSCE Secretary General
- **Mr. Goran Svilanovic**, Co-ordinator of OSCE Economic and Environmental Activities

Statements by Delegations

10.30 – 11.00 Coffee/Tea break (Press Conference)

11.00 – 13.00 Session I – Energy Challenges in the 21st century

Selected topics:

- Recent global developments in the energy markets
- The linkages between energy, the environment and climate change
- The role of energy in underpinning economic development
- Protection of critical energy infrastructure

Selected issues proposed for discussion:

What have been the recent global developments in the energy markets? What are the linkages between energy, the environment and climate change? What is the role of energy in underpinning economic development? What are the key challenges related to the protection of critical energy infrastructure?

It has been projected that fossil fuels will remain an important part of the energy mix for the foreseeable future. The “peak oil” theory holds that there will be a point in time that the maximum rate of global petroleum extraction will be reached, after which production will go into decline. Given the predictions of “peak oil”, what are the environmental consequences of failing to transition to renewable energy sources? How can the OSCE assist participating States to best facilitate this transition?

How can small-scale renewable energy sources help to alleviate energy poverty in particular in remote areas? What are most successful examples of such OSCE supported projects?

Governments and private companies tend to look at the security question differently. What can be done to harmonize the public-private approach to energy security, and what role does the OSCE have in facilitating this harmonization?

Moderator: **Ambassador Viacheslav Kniazhnytskyi**, Ambassador-at-large for Energy Security, Ministry for Foreign Affairs of Ukraine

Rapporteur: **Ms. Elif Çalışkan**, Permanent Mission of Turkey to the OSCE

Presentations followed by discussion:

- **Dr. Thomas B. Johansson**, Co-Chair, Global Energy Assessment, International Institute for Applied Systems Analysis (IIASA), Austria; Professor, Lund University, International Institute for Industrial Environmental Economics, Sweden
- **Dr. Frank Umbach**, Senior Associate and Head of the International Energy Security Programme, Centre for European Security Strategies (CESS GmbH), Munich-Berlin, Germany; Associate Director, European Centre for Energy and Resource Security (EUCERS), King's College, London, United Kingdom
- **Mr. Julijus Grubliauskas**, Officer, Energy Security Section, Emerging Security Challenges Division, North Atlantic Treaty Organization (NATO)
- **Ambassador Audrius Brūzga**, CEO of Energy Security Centre, Lithuania

13.00 – 14.30 Lunch break

14.30 – 16.00 Session II – Energy efficiency and sustainable use of traditional and new energy sources

Selected topics:

- Promoting energy efficiency through technological innovation
- Developing cleaner and renewable energy sources
- Diversification of the energy mix
- Examples of best practices from various energy sectors (oil, gas, hydropower, renewable and alternative sources, etc.)

Selected issues proposed for discussion:

On the background of ongoing international efforts, public and private, what is the OSCE role in promoting energy efficiency through technological innovation, developing cleaner and renewable energy sources, and diversification of the energy mix?

Looking at different renewable energy sources, why is it that in many countries wind has taken the lead over other types of sources, such as solar?

What are the most relevant examples of best practices from various energy sectors (oil, gas, hydropower, renewable and alternative sources, etc.)? What is being done to “export” best practices in energy efficiency to developing countries? How can the OSCE help to facilitate the exchange of best practices?

The transition from fossil fuels to renewable sources of energy is not just about proposing investment plans; there is a geopolitical aspect as well. The production of certain rare earth minerals - used in batteries and other technical innovations needed to tap renewable energy sources - tends to be geographically concentrated. Some Participating States and Partners for Co-operation are reported to have sizable deposits of rare earth elements. Given this context, what is the role for the OSCE?

Price fluctuations in one type of energy (for example natural gas) impact the development of renewable sources of energy. What would be the best way to facilitate price stability - and therefore provide a more stable investment climate: would it be best to stabilize the long-term natural gas price, or to use other mechanisms to smooth out pricing? Or should market forces exclusively be allowed to “pick” winners and losers?

Moderator: Mr. Marc Baltés, Deputy Co-ordinator / Head, Environmental Activities, OCEEA/OSCE Secretariat

Rapporteur: Ms. Katalin Móder, Permanent Mission of Hungary to the OSCE

Presentations followed by discussion:

- **Mr. Gianluca Sambucini**, Secretary of the Committee on Sustainable Energy, Sustainable Energy Division, United Nations Economic Commission for Europe (UNECE)
- **Dr. Pradeep Monga**, Director, Energy and Climate Change Branch, PTC Division, United Nations Industrial Development Organization (UNIDO)
- **Dr. Karin Kneissl**, Energy Expert, Lecturer at the Webster University, Vienna, Austria
- **Mr. Oswaldo Tapia**, Head, Energy Studies Department, Organization of Petroleum Exporting Countries (OPEC)

16.00 – 16.30 Coffee/Tea break

16.30 – 18.00 Session II - continued

Moderator: Mr. Boyko Nitzov, Director of Programs, Dinu Patriciu Eurasia Center, the Atlantic Council, United States

Rapporteur: Ms. Nana Baramidze, Environmental Officer, OSCE Office in Tajikistan

Presentations followed by discussion:

- **Mr. Miroslav Tesic**, Chief Technical Officer, Turbina IPD, Bosnia and Herzegovina

- **Dr. Thomas Jung**, Vice-President, Strategic Analyses and Concepts, E.ON Ruhrgas AG, Germany
- **Mr. Andrea Marroni**, Programs, Capacity Building and Outreach, International Renewable Energy Agency (IRENA)
- **Mr. Slavtcho Neykov**, Director, The Energy Community

18.00 Reception hosted by the Lithuanian 2011 OSCE Chairmanship (Wintergarten, Hofburg)

Tuesday, 8 February

09.30 – 11.00 Session III – Effective national policies for sustainable energy

Selected topics:

- Public-private dialogue and co-operation for sustainable energy and energy efficiency
- Attracting investment in the energy sector, including in development of renewable sources
- Dissemination of and access to new and clean energy technologies
- Research and development and scientific co-operation
- Examples of national efforts towards effective energy policies

Selected issues proposed for discussion:

What type of policies can effectively stimulate research and development, scientific co-operation, and dissemination of and access to new and clean energy technologies? How can the public-private dialogue and co-operation for sustainable energy and energy efficiency be supported?

Nothing operates in a vacuum. When the price of any single fuel source falls (see natural gas in North America), it tends to change consumption patterns. This in turn tends to change the economics of developing other fuel sources. Within this context, how can participating States minimize potential disruptions in the development of renewable energy sources?

The attraction of investment capital and development of new energy industries is often held back due to the lack of a supportive legislative base or legal framework. Should a developing country update its energy legislation completely on its own, or should the legislative base of other jurisdictions be copied or adopted?

In some countries, renewable energy projects are being undertaken by both “green start-up” companies, as well as by carbon-energy (coal and oil) companies which are expanding the energy mix of their portfolios. This energy mix expansion is likely due to anticipated offsets in tradable carbon credits. What is the most effective stimulus for renewable energy projects: tax credits, tradable carbon credits, carbon taxes, mandates for a renewable portion of electricity by a distributor, direct subsidy, or some other policy?

Moderator: **Mr. Sigurd Heiberg**, Chairperson, UNECE Committee on Sustainable Energy; Advisor, Strategic Advisory Council, Statoil ASA, Norway

Rapporteur: **Mr. Viet-Luan Nguyen**, Permanent Representation of France to the OSCE

Presentations followed by discussion:

- **Mr. Patrice Geoffron**, Professor of Economics, Director, LEDa-CGEMP Laboratory of Economics, Dauphine Center for Geopolitics of Energy, University of Paris-Dauphine, France
- **Dr. Vladimir Kouzmitch**, General Director, CJSC "Belvneshenergo", Republic of Belarus
- **Mr. Furkat Kadyrov**, Director of the Tajik-Norwegian Centre for Small Hydro Power Development, Tajikistan
- **Mr Bojan Kovacic**, Director of the Energy Efficiency Agency of the Republic of Serbia

11.00 – 11.30 Coffee/Tea break

11.30 – 13.00 Session IV – Good governance and transparency in the energy field

Selected topics:

- Promoting good governance in the energy sector
- Corporate responsibility and the environment
- Transparency of policies and projects, including Extractive Industries Transparency Initiative (EITI)

Selected issues proposed for discussion:

Within the OSCE area, what are the recent developments regarding good governance in the energy sector, transparency of policies and projects? What are specific country experiences, success stories, as well as areas for improvement related to EITI implementation?

The last decade saw several examples of corporate malfeasance in developed countries. In response, governments imposed rules which mandated more structured corporate governance and the introduction of documented internal controls. When promoting “good governance” in the energy sector, to what degree would an emphasis on enhanced internal controls with an organization’s operations be helpful?

Which best practices pertaining to corporate responsibility and the environment currently in use are “exportable” to other OSCE area countries?

Moderator: **Mr. Anthonius De Vries**, Coordinator, UNECE & OSCE economic and environmental issues, European External Action Service

Rapporteur: **Mr. Robert Mangham**, Economic and Environmental and Regional Officer, OSCE Presence in Albania

Presentations followed by discussion:

- **Mr. Shahmar Movsumov**, Executive Director of State Oil Fund of the Republic of Azerbaijan
- **Mr Jürgen Reitmaier**, Senior Advisor, Extractive Industries Transparency Initiative (EITI) International Secretariat
- **Mr. Nokolai Kravtsov**, Expert-consultant, Administration of the President of the Kyrgyz Republic
- **Ms. Isabel Munilla**, Director, Publish What You Pay, United States of America

13.00 – 14.30 Lunch break

14.30 – 16.00 **Session V – Regional and sub-regional co-operation on sustainable energy in the OSCE area**

Selected topics:

- Examples of co-operation
- Sharing of best practices

Selected issues proposed for discussion:

What is the role of regional organizations and arrangements in the area of sustainable energy in the OSCE area? How can they best achieve synergies in this area?

Given the wealth of information, research papers and other materials related to energy issues available internationally, what can the OSCE do to facilitate the transfer of expert knowledge from experts to policy makers?

Various forms of co-operation at regional and sub-regional level, addressing various energy related aspects, have been developed across the OSCE area. What can be done to improve the exchange of information on these examples of co-operation and to facilitate the sharing of best practices?

Moderator: **Ambassador Vytautas Naudužas**, Ambassador-at-Large for Energy and Transport Policy Issues, Economic Security Policy Department, Ministry of Foreign Affairs of the Republic of Lithuania, 2011 OSCE Chairmanship

Rapporteur: **Mr. William Hanlon**, Economic and Environmental Officer, OSCE Office in Yerevan

Presentations followed by discussion:

- **Ms. Thea Khitarishvili**, Senior Expert, Energy Charter Secretariat
- **Ambassador Traian Chebeleu**, Deputy Secretary General, Organization of the Black Sea Economic Co-operation
- **Dr. Bulat Yessekin**, Special Representative for the “Green Bridge Partnership Program”, Ministry of Environmental Protection, Kazakhstan

16.00 – 16.30 Coffee/Tea break

16.30 – 17.30 **Concluding Debate - The role of the OSCE in promoting sustainable energy solutions**

Facilitator: **Dr. Karin Kneissl**, Energy Expert, Lecturer at the Webster University, Vienna, Austria

Rapporteur: **Mr. Richard Wheeler**, Special Adviser, OCEEA/OSCE Secretariat

17.30 – 18.00 **Closing Statements**

- **Mr. Goran Svilanovic**, Co-ordinator of OSCE Economic and Environmental Activities
- **Mr. Andrius Krivas**, Deputy Permanent Representative, Permanent Mission of the Republic of Lithuania to the OSCE, Lithuanian OSCE Chairmanship

Opening Statement

by **H. E. Egidijus Meilūnas**

Vice Minister of Foreign Affairs of Lithuania

Thank you Mr. Chairman.

Mr. Secretary General, Excellencies, Ladies and Gentleman,

I am very pleased having the opportunity to open the first event in the 19th OSCE Economic and Environmental Forum under the Chairmanship of Lithuania. I am also very glad that this event is devoted to discussions on sustainable energy.

It is a very timely topic on the OSCE agenda. The Astana Summit has left a meaningful mark on the Lithuanian Chairmanship of the OSCE. Heads of the OSCE participating States stressed in the Astana Declaration the significance of implementing OSCE commitments in all three OSCE dimensions and highlighted the importance of enhancement of the energy security dialogue.

Lithuania has been constantly supporting strengthening of energy security within the OSCE domain. Therefore, Lithuania intends during its OSCE Chairmanship to proceed with effective and pragmatic activities oriented towards ensuring continuity in the Economic and Environmental Dimension, and with shaping of the OSCE role in the energy security field.

In this regard I have to note that a great deal has been done in this field during previous chairmanships – a number of documents and decisions have been adopted and I would like to mention just a few of them – Athens ministerial decision on Strengthening Dialogue and Cooperation on Energy Security in 2009, followed by Special Expert Meeting on Energy Security in Vilnius during Kazakh Chairmanship last year and Report by the OSCE Secretary General Concerning the Complementary Role of the OSCE in the Field of Energy Security.

I would like to use this opportunity to thank Mr. Secretary General Ambassador Marc Perrin de Brichambaut, and the Co-ordinator of OSCE Economic and Environmental Activities Mr. Goran Svilanovic for their excellent work in preparing the Report.

This document reflects the main ideas and issues discussed during the Special Expert meeting and presents several recommendations for the way forward. I would like to highlight some of them:

- ability of the OSCE to play a complementary role in the field of energy security, especially bearing in mind its unique pan-European and trans-Atlantic platform allowing facilitation of the dialogue on energy issues, processes and topics in long term perspective;
- the OSCE's capability to promote energy dialogue as a factor for peace and cooperation, as well as the necessity for the organisation to search for win-win solutions;
- (and) possibility for the OSCE to promote dialogue on energy security issues by using its unique framework that involves the main energy producers, consumers and transit countries.

We are of the opinion that the suggestions made in the Report could be a very good basis for further discussion on a clearer mandate for the OSCE in energy security field.

The main theme of today's meeting, which is sustainable energy, is closely related to energy security. To our mind, long-term energy security largely depends upon the sustainable production

and consumption of energy. In this light, we take a holistic view on energy security. A thorough analysis is required in order to find the best solutions on how to diversify sources, routes and technologies in energy production, guarantee protection of critical energy infrastructure and to promote transparency and good governance in this field. However, we strongly believe that the interrelated challenges - such as climate change, sustainable resources management and energy efficiency - must be effectively addressed at the same time in order to help us to facilitate the long-term goals of energy security.

I am particularly glad to note that such a high number of distinguished participants along with the meaningful agenda of the meeting signify the importance of the event. Topics that will be discussed today and tomorrow, such as energy efficiency, effective national policies, good governance and transparency, regional cooperation - these are all key elements in the discussion on sustainable energy.

Let me finish by wishing you all success in your discussions and common work and by inviting you and your colleagues to the second preparatory meeting which will be held in Druskininkai, Lithuania's premier spa resort, in the beginning of April. Also, we would be very glad to welcome you in the Forum meeting which will take place in Prague in September.
Thank you.

Opening Remarks

by H.E. Marc Perrin de Brichambaut

Secretary General of the OSCE

Vice Minister Meilunas,
Excellencies,
Ladies and Gentlemen,

It is an honour to address this opening session of the First Preparatory Meeting of the 19th OSCE Economic and Environmental Forum.

I am pleased to welcome so many government officials and experts from OSCE participating and Partner States, representatives of international and regional organizations, civil society representatives, business people and academics.

I take this broad participation as a sign of confidence in what the OSCE has to offer in the economic and environmental dimension, in particular in the field of energy.

This year's Forum is the logical continuation of an ongoing dialogue on energy issues in the OSCE framework. In recent years, we have conducted and co-organized conferences on "Strengthening Energy Security in the OSCE Area" (in July 2009 in Bratislava), "Strengthening Regional Cooperation in Central Asia for Promoting Stable and Reliable Energy within Eurasia" (in May 2010 in Ashgabat), and "Assessing the OSCE's Future Contribution to International Energy Security Cooperation" (last September in Vilnius).

The outcomes and recommendations of these meetings, in particular those stemming from the Vilnius Conference, as well as the results of our consultations with various partners, were incorporated into my Report "Concerning the Complementary Role of the OSCE in the Field of Energy Security." This report was a concrete task assigned by the 2009 Athens Ministerial Council.

Let me briefly recall some of the main conclusions of the report.

First, energy security is a multidimensional concept, which includes both internal and external actors and actions. It is more than sustainability, competitiveness and security of demand, supply and transport. Economic, political and security measures have to be applied in combination to generate essential synergies. From this perspective, the OSCE is well placed to address energy issues through an integrated approach, aiming at inclusiveness, and combining all aspects of energy security. The OSCE can and should engage at the multilateral level, at the regional and sub-regional level, and at the national level. I would like to stress that the usefulness of the OSCE as a platform for political dialogue on energy security issues has been widely recognized.

Secondly, in order to bring real added value, the OSCE should maintain and further develop relations with specialized partner organizations and rely on their expertise, in particular with regard to technical aspects. The OSCE can and should play a complementary role.

Finally, the OSCE can and should engage in a number of thematic areas, such as:

- Good governance and transparency;

- Critical energy infrastructure – an issue that will become increasingly important when we consider that an estimated 33 trillion USD will be spent on energy-supply infrastructure by 2035;
- Confidence-building and development of early warning mechanisms;
- Promotion of sustainable energy solutions, which include cleaner energy, energy efficiency, and renewable energy sources; and
- Increased awareness of linkages between energy security and climate change.

Ladies and Gentlemen,

Today's Meeting on the Development of Sustainable Energy will aim to address many of these conclusions and thematic areas.

The need for sustainable energy solutions is quite urgent. Substantial investments will be required – as I mentioned a few moments ago – especially in developing countries, and it makes sense to invest wisely. Energy production is also an important source of carbon emissions worldwide. In addition, although CO₂ emissions in the OECD countries are expected to decrease by about 20 percent, emissions from developing countries are expected to drive global growth in emissions by about 21 percent by 2035. As our participating States include both developed and developing countries, the OSCE has an opportunity to facilitate the exchange of best practices related to sustainable energy. This is what we will do today and tomorrow.

In our discussion, we shall explore possibilities for the OSCE to promote regional and sub-regional co-operation on sustainable energy, identify examples of successful co-operation and facilitate sharing of best practices. A discussion on effective national policies for sustainable energy is also foreseen on our agenda. Good governance and transparency, as well as critical energy infrastructure, are also high on our agenda.

In gathering together this week some of the leading experts from academia, NGOs, international organizations and governments, the OSCE is fulfilling its potential as a platform for dialogue and exchange of ideas with regard to energy issues. We are continually developing our relations with specialized partner organizations, and as you can see, many of them are represented here in Vienna this week.

Today's Meeting on the Development of Sustainable Energy is the first energy-related event to be held since the issuance of my report "Concerning the Complementary Role of the OSCE in the Field of Energy Security." The encouragement of sustainable energy is certainly an integral part of energy security, and it is my sincere hope that there will be concrete, practical and attainable outcomes and recommendations from today's meeting, which will allow us to further implement the provisions of past Ministerial Council Decisions and to transform into concrete action the guidelines we received from the Astana Summit in December 2010.

Excellencies,
Ladies and Gentlemen,

Before concluding, I would like to thank those who contributed to the preparations for this Meeting – the Lithuanian OSCE Chairmanship and the Office of the Co-ordinator of OSCE Economic and Environmental Activities.

I wish you an interesting and fruitful dialogue! Thank you for your attention.

Opening Remarks

by Mr. Goran Svilanovic

Co-ordinator of OSCE Economic and Environmental Activities

Ladies and Gentlemen,

By adopting last year the PC Decision No 959 regarding the 19th Economic and Environmental Forum, the 56 participating States accepted the challenge of discussing *the promotion of common actions and co-operation in the fields of development of sustainable energy and transport*. Some of these issues have been addressed separately in previous Forum meetings or other conferences and activities. But today it is for the first time we approach them in an inclusive, interrelated and comprehensive fashion through this year's high level Forum process. By doing so, not only do we confirm our strong interest towards them, we create new opportunities for dialogue and co-operation

I would like to commend the Lithuanian Chairmanship for placing these extremely relevant areas so high on our agenda and for keeping this very valuable continuity in our work. Indeed, as mentioned in the *Report on the Future Orientation of the Economic and Environmental Dimension of the OSCE* (CIO.GAL/97/09), the Economic and Environmental Forum should take advantage of both the knowledge acquired and the networks established in previous years. I am convinced it will be the case throughout this year's Forum process.

I would also like to note that this year the Forum process has a new structure. I am convinced that the synchronization of the EEF process with the Chairmanship year will enhance the quality and better define the results of this meeting.

Ladies and Gentlemen,

Today, experts from participating States, representatives of governments, state institutions and international organizations, together with members of the business sector, civil society and the academic community are meeting here for the First Preparatory Meeting of the 19th Economic and Environmental Forum. As the Secretary General highlighted, one of our main added values lies in the involvement of such a wide range of participants. Please, allow me to warmly welcome all of you. I am convinced that by joining our efforts and sharing our expertise, we will reach a holistic and productive approach on the topic proposed by the Lithuanian Chairmanship. I strongly encourage you to engage in dynamic and constructive discussions.

As indicated in the agenda for this First Preparatory Meeting, during this two-day event, the presentations and debates should focus on a number of key issues related to the development of sustainable energy.

The pertinence of the topic is undeniable for all of us. The world is currently facing interrelated challenges such as energy scarcity, degradation of the environment and economic downturn. We cannot deny the risk this reality entails for the security and stability in our region. This is one side of the coin but coins always have two faces. This critical situation can of course be perceived as a potential source of conflicts, but allow me to rather consider it as a golden opportunity for co-operation. It is in our interest to focus on responding to these challenges in such a manner that may benefit all of us. To this end, dialogue among all of us and sharing of experiences and best practices

is fundamental. I am confident that our Forum offers a perfect framework to establish a fruitful collaboration.

Ladies and Gentlemen,

The last World Energy Outlook 2010 of the International Energy Agency indicates that, assuming no changes in the current governments' policies, world primary energy demand is projected to increase by 1.4% per year over the period 2008-2035. Taking into account the uncertainty of energy reserves and the issues we have faced in the past in terms of energy management, we urgently need to join efforts in order to find a way to secure our future.

Some of the activities the OSCE has supported or promoted so far reflect the importance participant States attach to this situation. Beside the regional conferences mentioned by the Secretary General, let me also refer to a number of national and field level activities. Recently, in Azerbaijan, training programmes have been conducted on the topic of *diversification and non-oil sector development*, as well as *on international best practices for the legal and regulatory framework for renewable energy*. Furthermore, we have contributed in Belarus to the *Workshop on Policies and Tariffs for Alternative Energies*. So did we in Georgia for the *9th Georgian International Oil, Gas, Energy and Infrastructure Conference*. In Armenia, we promoted the application of the *Kyoto Protocol's Clean Development Mechanisms* in the Syunik region. In Serbia we supported a *Conference on "Social Corporate Responsibility and Energy Efficiency"*. And in Turkmenistan we contributed to the organisation of a seminar on *Solar and Wind Systems Sustainability*.

All these activities were developed and implemented through the tireless efforts of the Economic and Environmental Officers working in the OSCE field presences. I would like to take this opportunity to warmly thank them and commend their dedication.

In 2011, the OCEEA will continue to implement the MC Decision No. 12/06 and the MC Decision No. 6/09 on energy security dialogue in the OSCE area. My Office will be actively involved in different activities related to energy issues. Allow me to announce that we are working together with the OSCE Centre in Ashgabat and Turkmen authorities to develop a training event in Ashgabat during spring 2011 on the subject of Energy Diplomacy.

We stand ready to provide support to other initiatives of the Chairmanship or the participating States and provide support to organising regional events, such as a proposed meeting of heads of energy agencies in the OSCE area.

We also intend to further deepen our co-operation and creating synergies with partner organizations. My Office will continue to work with the UNECE Sustainable Energy Division, the Energy Charter Secretariat in Brussels, the organizations which make up the Vienna Energy Club: Energy Community Secretariat, IAEA, IIASA, IRENA, OFID, OPIC, UNIDO, REEEP or with regional organizations such as BSEC.

These past, ongoing and planned activities show that the OSCE can bring added value and contribute to enhancing co-operation in the field of sustainable energy and energy security. However, there still is a long way to go. We have to be aware of our responsibilities towards future generations. Quoting the Nobel Peace Prize winner Al Gore "*What we take for granted might not be here for our children*". Indeed, it is in our hand to guarantee future generations with a secure and sustainable world. We cannot postpone taking action. Dealing now with the development of sustainable energy, we mitigate the consequences of previous errors – and thus - prevent potential economic and environmental risks.

I am confident that the discussions and debates that will be initiated today will help us to better cooperate and reach this final goal. We should be able throughout this collective process to reach consensus on practical and balanced recommendations.

Ladies and Gentlemen

I would like to conclude by thanking the Lithuanian OSCE Chairmanship for their important contribution in the preparation of the Economic and Environmental Forum.

I wish you all a vivid and fruitful meeting.

Thank you.

REPORTS OF THE RAPPORTEURS

SESSION I – ENERGY CHALLENGES IN THE 21ST CENTURY

Moderator: Ambassador Viacheslav Kniazhnytskyi, Ambassador-at-large for Energy Security, Ministry for Foreign Affairs of Ukraine

Rapporteur: Ms. Elif Çalıřkan, Permanent Mission of Turkey to the OSCE

The Moderator, Ambassador Kniazhnytskyi, at the outset, pointed out the three pillars of the EU energy strategy, namely, security of supply, nondiscriminatory access to energy sources and the protection of the consumer and he emphasized the central role of the consumer in this respect.

Dr. Thomas B. Johansson, Co-Chair, Global Energy Assessment, International Institute for Applied Systems Analysis (IIASA), Austria; Professor, Lund University, International Institute for Industrial Environmental Economics, Sweden, began his presentation by drawing attention to the dramatic rise in the use of energy in the last decades and cited the challenges requiring actions, such as the growth of population and economies, access to modern forms of energy, affordability of energy services, security of supply, environmental issues including deforestation, urban air, acidification, as well as the climate change mitigation, and the ancillary risks of food security and the proliferation of nuclear weapons. He concluded that, in order to meet these challenges, major energy system changes are needed and this cannot solely be left to what is convenient and least expensive in the market. A Global Energy Assessment (GEA) is being conducted on these issues, with the support of several international organizations, countries, corporations and foundations, which will be culminated in a final report, comprising the challenges, resources and technology options, ways for sustainability and relevant policies. The report is to be presented to the Vienna Energy Conference in June. The speaker went on presenting various examples of efficient use of energy and he added that, huge amount of subsidies, mostly towards fossil fuels, are not compatible with the concerns on the issue of climate change. In addition to energy technology, an integrated approach is needed which also takes into account urban and transportation planning, material and land use, as well as consumption patterns. The GEA will also demonstrate that economic growth, poverty alleviation and climate change mitigation are possible at the same time. The speaker underlined the critical role of policies and institutions and worldwide capacity development, as well as the use of renewable energies and allocation of subsidies and research and development, in the process of transformative changes on energy issue.

Dr. Frank Umbach, Senior Associate and Head of the International Energy Security Programme, Centre for European Security Strategies (CESS GmbH), Munich-Berlin, Germany; Associate Director, European Centre for Energy and Resource Security (EUCERS), King's College, London, United Kingdom, stressed that energy resources are not only economic, but also strategic goods and are dependent on political environment as well. He provided an overview of the critical factors of uncertainties; comprising those on economic recovery, unconventional gas revolution, climate change mitigation, insensitivity of oil demand and supply, China's impact on energy dynamics, role of public energy policy as well as geopolitical risks and threats to energy infrastructure. He continued by explaining the components of energy security, namely the security of supply, economic competitiveness and sustainability / environment / climate policies, which should be given a balanced approach. These factors become more complicated by the technological-industrial policies, especially with regard to the renewables and rare earth resources. Furthermore, future concentration of oil and gas resources in fewer countries and unstable regions, transportation security of these resources as well as the huge population without access to electricity are other risk factors and challenges that should be taken into account. Protection of the critical energy infrastructure has become more and more important with the advent of the new forms of attacks such as cyber threats, in addition to the traditional ones including

attacks by terrorist groups, transnational crime organizations, individual hackers and natural disasters. The speaker emphasized that the trend of renationalization of energy sectors were leading to insufficient investment and more aggressive policies and drew attention to the energy subsidies, which involves the risk of undermining energy efficiency. He concluded that, to meet all these challenges, there is a need for new integrated concepts, i.e. “networked energy security”, similar to the comprehensive security concept of the OSCE.

Mr. Julijus Grubliauskas, Officer, Energy Security Section, Emerging Security Challenges Division, North Atlantic Treaty Organization (NATO), summarized the relevant points of the NATO Strategic Concept on energy security. He pointed out the fact that, in their attacks to the critical energy infrastructure, terrorists, pirates and cyber criminals adapt to new protection systems and change their tactics as well, therefore, success lies in constant adaptation of and flexibility in the protection policies. Inclusion of the maritime routes to the concept of protection of energy infrastructure is an indication of this adaptation. The speaker concluded that, since ensuring reliability and resilience of energy infrastructures is a priority for the owners, operators, industries and governments; promotion of public-private partnership and good governance in this area is of utmost benefit. He also suggested that increased energy efficiency reduces pressure on infrastructure and saves efforts needed to protect overloaded energy infrastructure installations. Another way to ease the protection of critical energy infrastructure is to diversify, not only energy routes and suppliers, but also sources. Energy infrastructures of renewable energy sources are much more dispersed, they do not need complex and critical connections, therefore are less vulnerable to attacks.

Ambassador Audrius Brūzga, CEO of Energy Security Centre, Lithuania, similar to the previous speakers, reiterated that the prospects for sustainable energy and economic growth remain uncertain. In addition to energy resources, prices of basic commodities are unprecedentedly rising, which cause further pressure on people especially in developing countries. Therefore more cooperation is needed between governments, international institutions and non-governmental actors and confidence building is of critical importance in this respect. He continued stating that, as a small step towards ensuring energy security, the Lithuanian Government has established the Energy Security Center, which conducts activities in the areas of risks and threats to energy security, protection of critical energy infrastructure, early warning systems, maritime security issues and civilian-military cooperation on energy security.

After the presentations, **the Moderator, Ambassador Kniazhnytskyi**, elaborated on few issues which had not been touched upon during presentations, namely the competition in the energy market, how the market mechanism adapted to the needs of consumers and the companies, as well as the creation of a unified market of gas and electricity in the EU; after which he opened the floor for discussion.

Ms. Anita Orban, Ambassador-at-Large from the Energy Security Secretariat of Hungary, speaking also on behalf of the EU, summarized the conclusions of the thematic European Council Meeting of 5 February 2011 on energy security and emphasized the work on the enhancement of the internal market, which is to be completed by 2014.

A representative from Poland explained that the price of oil, is not determined by demand and supply, or by the producers and the consumers, but the financial markets, whereas the price of gas is determined by the consumers and producers, which means that it is not vulnerable to short term disruptions. What complicates the situation is that, there is another price for gas, which is drawn from the pipelines and based on the price of oil. This diversification of the price of gas leads to distortions in the market.

Mr. Umbach, replied that, as opposed to oil, there is no global gas price. The recent changes in the gas price are results of economic crisis as well as the oversupply in the USA, where the LNG tanks

could not find sufficient markets for their products. He suggested that the delinking of oil and gas prices will last beyond 2020.

A representative from Kazakhstan, mentioned the Kazakh proposal of an Energy Charter to be signed with the EU, with the aim of ensuring sustainable supplies in terms of energy security. He focused on the security risks in the Caspian region and the inadequate mechanisms to address these threats and said that a European-Eurasian partnership project “Green Bridges Program” was launched in this respect.

A representative from the Russian Federation commented that despite the slackening of demand, there seems to be an increase in the oil prices; however there is no mechanism in place to address this issue. As a result of the slackening of demand, more and more contracts, primarily on LNG, are drawn up, at virtually any price. In the gas sector, there is no mechanism to regulate the supply side, where there is currently tremendous volume of gas. He also focused on the LNG versus pipeline price of gas and suggested that the quality of the product also needs to be taken into account.

A representative from Belarus, emphasizing the increasing interdependence between countries in the energy sphere, stressed the importance of cooperation in the area of critical energy infrastructure protection and suggested that the OSCE, with its comprehensive concept of security, as opposed to other technical organizations, is a suitable platform for pursuing activities in this area.

The following key suggestions were presented during the session:

- Enhancing political stability, energy efficiency, good governance and protection of critical energy infrastructure, to achieve a sustainable energy environment.
- Addressing the issue of misallocation of energy subsidies, which might undermine energy efficiency.
- Developing new integrated energy concepts, in other words "networked energy security", similar to the OSCE's comprehensive concept of security.
- In the field of protection of critical energy infrastructure, promoting good governance and public-private partnerships, as well as diversification of the energy sources, in addition to the routes and supplies, since renewable energy infrastructures are more dispersed and less complex, therefore less vulnerable to attacks.
- In addition to technical aspects of energy security, increasing cooperation on political level, including regional cooperation; focusing more on confidence building in the area, and enhancing cooperation and coordination among relevant international organizations.
- OSCE can facilitate the process of partnerships among different regions and countries, by encouraging formation of databases on energy issues, as well as assisting in developing the rules to be applied by all the actors.
- OSCE can help the Governments in the issue of "energy mix", whereby the flexibility in the price mechanism would be addressed.

SESSION II – ENERGY EFFICIENCY AND SUSTAINABLE USE OF TRADITIONAL AND NEW ENERGY SOURCES (FIRST PART)

Moderator: Mr. Marc Baltés, Deputy Co-ordinator / Head, Environmental Activities, OCEEA/OSCE Secretariat

Rapporteur: Ms. Katalin Móder, Permanent Mission of Hungary to the OSCE

Mr. Gianluca Sambucini, Secretary of the Committee on Sustainable Energy, Sustainable Energy Division, United Nations Economic Commission for Europe (UNECE), provided an overview on the UNECE Financing Energy Efficiency Investments for Climate Change Mitigation

(FEEI) Project. Focusing on South-Eastern Europe, Eastern Europe and Central Asia, the project aims at promoting energy efficiency in transitional economies by means of improving capacities and networking, helping policy reforms and assisting the realization of targeted investments in the field of energy efficiency. The speaker underlined the necessity of self-sustainable, demand and supply driven energy efficiency markets. He identified a number of barriers to the emergence of energy efficiency markets and also suggested adequate measures to overcome them. He concluded by stating that a holistic approach is needed to overcome barriers to energy efficiency market formation, and that such an approach is to be reflected in the “Global Strategy for Energy Efficiency Market Formation”, the first draft of which is to be presented in April 2011.

Dr. Pradeep Monga, Director, Energy and Climate Change Branch, PTC Division, United Nations Industrial Development Organization (UNIDO), emphasized the importance of energy efficiency in industry, given the fact that over 50% of the CO₂ emissions reduction potential in industry can be derived from smarter and more efficient means of using energy. Within the framework of the UNIDO Industrial Energy Efficiency Programme, the organization advocates for the implementation of policy-driven, market-based tools and mechanisms, such as Energy Management System Standards, in order to promote energy efficiency in industry. Energy system optimization in industry requires system based approach, realizing that the use of energy-efficient equipment in itself does not guarantee energy savings if the equipment operates in an inefficient system. Only integrated energy solutions can lead to significant energy savings. The speaker further highlighted main elements of the UNIDO Renewable Energy Programme and offered examples of best practices for boosting local capacity building. He reminded that renewable energy is a viable option for enhancing access to energy, in particular in rural and on/off-grid areas. He also stressed the importance of reducing energy poverty that constitutes the number one global challenge related to energy.

Dr. Karin Kneissl, Energy Expert, Lecturer at the Webster University, Vienna, Austria, explored the geopolitical context of the transition to renewable energy sources. According to Ms. Kneissl, “innocent” forms of energy are non-existent and consequently it is advisable that attempts to transform the energy mix take into account the geopolitical dimension of certain commodities. For instance, as demand for renewable energy increases, a growing demand for rare earth elements can be expected, raising questions of access to, control and extraction of commodities needed by the renewable energy industry. Dr. Kneissl continued by explaining the importance of price as a critical element in the transformation of the energy mix. Due to the large number of factors that have an influence on oil and gas prices (such as supply and demand, geopolitics, weather conditions, stocks, legal constraints, taxes and subsidies, etc.) commodity markets have become increasingly unpredictable. In addition, growing price volatility can be witnessed due to the even more frequent distorting effects of the financial markets. The speaker underlined that cheap and easily available natural gas affects investments in renewable energy, suggesting that current gas glut could be a major barrier to the transformation of the energy mix.

Mr. Oswaldo Tapia, Head, Energy Studies Department, Organization of Petroleum Exporting Countries (OPEC), explained that in a 10 to 20 years perspective energy use is expected to grow considerably and all types of energy supplies will be required to meet this demand. While oil and natural gas continue to play the most prominent role, there is every prospect of unconventional sources of gas and coal retaining importance in the energy mix. The use of renewable sources will also grow fast but starting from a lower base, thus their contribution to the energy mix will remain limited. Increase of energy consumption is expected to go in parallel with the improvement of energy efficiency in traditional energy sectors. Technological development and changes in transportation habits (e.g. the use of electro-hybrid vehicles) will result in lower figures of energy intensity. The speaker further noted that despite the fact that the rise in energy use is predictable, the actual volume of oil demand is subject to many uncertainties. Among the causes of demand uncertainty he referred to policy makers sending confused signals to investors, as it was the case of the overly ambitious targets for the use of bio fuels. As regards sustainable use of traditional energy

sources, Mr. Tapia drew attention to the expertise the oil industry has in promoting energy efficiency through technological innovation. He mentioned carbon capture and storage (CCS) as an example of clean development mechanisms.

During the ensuing discussion, a delegate expressed concern that divergent energy market forecasts puzzle decision makers and underlined the need to have a clear picture on which scenario is most likely to prevail. Mr. Tapia responded that the problem of contradicting forecasts is also a pertaining concern for OPEC and referred to the OPEC-IEA-IEF Symposium on Energy Outlooks held recently in Riyadh, an event dedicated to examine differences in energy outlooks. He promised to inform international community on the findings of the debate as evident progress can be identified in the dialogue.

Another contribution from the floor by the representative of NATO suggested to have a closer look at the complex problem of rare earth elements, minerals and metals that are critically important for key renewable technologies.

The session presented many suggestions as to where the OSCE can play a greater role:

- Serve as a platform for discussion and assist in promoting the UNIDO agenda (Industrial Energy Efficiency Programme);
- Raise awareness on energy poverty (gender aspects can also be included);
- Engage in co-operation and promote initiatives aimed at de-linking oil/gas prices from paper markets, thus enabling real market forces to prevail in the sector;
- Serve as an example for standard setting, *inter alia* by assisting in the elaboration of codes of conduct in fields such as concessions, mining or rare earth extraction methods;
- Assist in raising awareness of the multifaceted nature of rare elements management, also considering possible military, economic and environmental implications.

SESSION II – ENERGY EFFICIENCY AND SUSTAINABLE USE OF TRADITIONAL AND NEW ENERGY SOURCES (SECOND PART)

Moderator: Mr. Boyko Nitzov, Director of Programs, Dinu Patriciu Eurasia Center, the Atlantic Council, United States

Rapporteur: Ms. Nana Baramidze, Environmental Officer, OSCE Office in Tajikistan

The moderator introduced the topic of the session and emphasized the main focus should be on energy efficiency, new technologies, diversification, pricing, price stability and the relationship between price and value.

In his presentation **Mr. Miroslav Tesic, Chief Technical Officer, Turbina IPD, Bosnia and Herzegovina** outlined the main aspects of how his company is contributing to the energy efficiency through wind energy solution. After giving general context information, he spoke about climate change, political goals and the energy profile of Bosnia and Herzegovina. He noted that power generation in Bosnia and Herzegovina is exclusively associated with domestic energy resources - coal and hydropower. However, there are capacities and potential for other energy sources such as biomass, solar energy, etc. The presenter also addressed the innovative tools Turbina is bringing on the market in the field of wind energy generation and talked about the advantages of their technology, such as: safety, silence and integrity to the infrastructure, etc. In the end, he presented some new projects including Green Telecommunication Power Supply and Zero Energy Street Light, outlining their cost efficiency and effectiveness.

The next presenter, **Dr. Thomas Jung, Vice-President, Strategic Analyses and Concepts, E.ON, Ruhrgas AG, Germany**, discussed natural gas as a cleaner and better energy for the future. Mr. Jung stressed that the European gas market has significant potential and can also contribute to ensuring both secure and climate-friendly energy supplies. Decarbonisation of European economy is challenging natural gas as a green energy of the future. Further diversification of routes and

sources (e.g. Nord Stream) is needed. Long term contracts should remain the basis for future gas supplies to Europe, ensuring efficient production and trading of large volumes, and thus the security of investments in upstream and transport sectors. Traditional long term contracts pricing needs to be adjusted to new market conditions. The presenter stated that E.ON Ruhrgas is committed to cleaner and better gas supplies, to market development and integration of power and gas systems and considers the natural gas as a clean energy.

Mr. Andrea Marroni, Programs, Capacity Building and Outreach, International Renewable Energy Agency (IRENA), talked about renewable energy and energy security through promotion of common actions and co-operation. He gave some general information on IRENA and mentioned that IRENA, as a new Organization, with a clear mandate, has the capacity to enhance international efforts to re-balance the global energy mix, thus improving energy security, in particular by promoting diversity, efficiency and flexibility within the energy sector and expanding international co-operation with all global players in the energy market. Mr. Marroni also talked about the potential for renewable energy development and provided data with regard to the sector's power generation capacity, as well as investments. He stated there is already a positive trend for renewable energy generation, which accounts for an increasing proportion of total capacity. This rate of growth has accelerated since 2006. Worldwide, hydroelectricity and wind provide the largest shares of the projected increase in total renewable generation. In OECD nations, the majority of hydroelectric resources already have been developed. With the exception of Canada and Turkey, there are few large-scale hydroelectric power projects planned for the future. Instead, most renewable energy growth in OECD countries is expected to come from non-hydroelectric sources. Many European countries have government policies, including feed-in tariffs and market-share quotas, that encourage the construction of wind and solar facilities.

The last presenter of the session II, **Mr. Slavtcho Neykov, Director, The Energy Community**, outlined a number of aspects related to energy efficiency and renewable energy as part of sustainability. He also provided information on his Organization, its Acquis, as established by the founding Treaty of 2006, the results achieved so far, as well as the next planned actions. Mr. Neykov addressed a number of challenges such as existing implementation gaps, regional vs. national interests, and adequately involving all stakeholders. Further on, the speaker called for a balanced and realistic approach on renewable technologies solution. He also said that further to the prices there are other stimulus options towards energy efficiency investments, such as common regional approaches and promoting regional investments. There is a need to overcome national thinking and focus on regional approach. As well, it is important that all stakeholders - state actors, the businesses, NGOS, trade unions, etc., should be actively involved.

After the three presentations the Moderator opened the floor for the Forum participants.

A representative of the Lithuanian Chairmanship emphasized that energy security requires a predictable, reliable, economically acceptable, commercially sound and environmentally friendly energy supply. He also noticed the uniqueness of every country with regard to the energy mix and stated all these national experiences bring in substantial value. He also referred to the need for comprehensiveness of all the available means such as renewable, energy efficiency and energy conservation. He also stressed the importance of co-operation, and of sharing and applying good practices and knowledge. Particular attention should be devoted to enhancing political will to strengthen co-operation, including through voluntary, non-binding mechanism and exchange of good practices. It is essential that the energy dialogue is based on more intense regional and sub-regional co-operation. Such energy collaboration is functioning well in the Baltic Sea region. The OSCE should be seen as a functional organization where renewable energy usage, energy efficiency and energy savings can generate examples of successful co-operation.

Another participant asked Mr. Marroni if IRENA had already developed any data-bank of best practices and if those could be exchanged. Also, he requested additional information regarding the

non-signatory countries of the IRENA and the plans on how to approach them. Mr. Marroni stated that there are 148 signatory countries; however there are countries which did not sign IRENA yet. Various countries and groups are currently at different stages of the ratification process. He also expressed interest in co-operating on collecting and exchanging experiences.

A further question was addressed to Mr. Jung, on how his company saw the future of oil, since it has huge political impact, and how to assess the role of oil in economy and politics. Mr. Jung responded that he is not the expert on oil, but, from a personal perspective, oil would remain an important energy resource.

During the session, a number of **Key Suggestions** for follow-up were brought up by speakers and participants:

- Strengthen the focus on **energy efficiency, new technologies, diversification, pricing and price stability**. The OSCE should promote examples of successful cooperation and best practices with regard to renewable, energy efficiency and energy savings.
- Support **regional co-operation**, not just at institutional level, but also at business sector level. OSCE has the means to **bring together all the relevant stakeholders and provide a forum for discussion and exchange of views**.
- Promote renewable energy and energy security through **common actions** and co-operation in the OSCE area. Energy dialogue should be based on more intense **regional and sub-regional energy cooperation**.
- Act to limit the existing implementation gaps.

SESSION III: EFFECTIVE NATIONAL POLICIES FOR SUSTAINABLE ENERGY

Moderator: Mr. Sigurd Heiberg, Chairperson, UNECE Committee on Sustainable Energy; Advisor, Strategic Advisory Council, Statoil ASA, Norway

Rapporteur: Mr. Viet-Luan Nguyen, Permanent Representation of France to the OSCE

The moderator, Mr. Sigurd Heiberg, Chairperson of the UNECE Committee on sustainable energy and advisor to the Strategic advisory Council of Statoil, introduced the 3rd session and highlighted the key role of effective national policies for the development of sustainable energy.

Mr. Patrice Geoffron, Director of the CGEMP and Professor at the University Paris Dauphine, underscored the potential of smart grids. The latter were being developed in the context of an increase in electricity demand in OECD and non-OECD countries and of a soaring share of intermittent and variable energy sources. He then defined a smart grid as an electricity network able to co-ordinate the needs and capabilities of generators, operators and end users in such a way that it could minimize both costs and environmental impacts. Mr. Geoffron enumerated the factors explaining the soaring resort to smart grids: the climate change legislations in the EU and the US were forcing companies to implement smart technology; furthermore, low carbon technologies could not be technically integrated with the current kind of networks. He then referred to the potential benefits of governance which created opportunities for GDP uplift and green-collar jobs and was a source of improvement of the security and reliability of energy supply. Mr. Geoffron concluded that public authorities had a specific role to play to reduce the economic uncertainties perceived by private investors. He added that the OSCE could promote the exchange of best practices on those issues.

Dr. Vladimir Kouzmitch, General Director of CJSC “BelvnesheNERGO” of the Republic of Belarus, stated that the structure of energy sources consumption in Belarus was changing with a

growing share of renewable energy sources. The government of Belarus had defined an energy policy for the period up to the year 2020. He referred to several key documents including “the Strategy for the development of the energy potential of Belarus”. The Belarusian government was encouraging the use of local fuel, non-traditional sources of energy and biogas. He suggested that international organizations could help the Belarusian authorities to further develop a legislative framework to encourage the use of renewable energies.

Mr. Kadyrov, Director of the Tajik Norwegian Small Hydro Power Development Center stressed the potential of hydropower resources in Tajikistan. He underlined the fact that Tajikistan was the 2nd country in the world by its per capita hydro power resources. He added that his country had experienced in the past several major electricity shortages but that the establishment of small hydropower stations (SHP) in mountain area contributed to reduce this phenomenon. The speaker nonetheless pointed out that the access to finance for SHP projects was not easy and referred to the establishment of the SHP Development Center in September 2010 to support the implementation of such projects. Mr. Kadyrov suggested that the OSCE could play a role in providing a platform for dialogue and the exchange of best practices on hydropower.

Mr. Bojan Kovasic, acting Director of the Serbian Energy Efficiency Agency (SEEA), then took the floor to highlight the initiatives taken by the government of Serbia to develop energy efficiency.

Mr. Tigran Gnuni, Alternate General Director of the Scientific Research Institute of Energy, Armenia, informed that the conditions for intensive implementation of the domestic renewable energy resources as well as mechanisms for stimulating the use of renewable energy resources had been developed in Armenia. He furthermore underlined that Armenia was paying special attention to its integration into regional energy markets.

Mr. Alisher Fayziev, Deputy Chairman of the Uzbekenergo company, stated that the Uzbek authorities intended to increase the development of alternative and renewable sources of energy such as thermal, solar and wind energy projects. He added that Uzbekistan considered that the construction of hydroelectric facilities in neighboring countries should not be harmful to the environment of the region and should be submitted to the analysis of objective experts.

Mr. Reuf Hadzibegic, Assistant Minister of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina underlined that many international organizations and institutions had launched activities and initiatives in his country which aim are to develop and promote sustainable energy policies, pursue energy efficiency and renewable strategies and reduce greenhouse gas emissions.

At the end, the moderator, Mr. Sigurd Heiberg, underlined the importance of effective national policies to promote energy affordability and sustainability.

The key suggestions for follow-up brought up by speakers and participants were:

- OSCE has a specific advantage and should organise discussions between participating States on the possibilities of transfer of experience concerning smart grids and should facilitate international coordination on the framework level (standards, norms on this issue);
- OSCE could help participating States in adapting their national legislation and legal framework to create positive investment climate, in order to promote investments in the fields of renewable energy;
- OSCE could provide a platform for dialogue concerning exchange of best practices and technical assistance on the issue of renewable energy sources;
- OSCE could support a dialogue initiative between countries of the same region, notably on small hydropower projects. It could help participating States to integrate small hydropower projects in their national systems.

REPORT ON SESSION IV – GOOD GOVERNANCE AND TRANSPARENCY IN THE ENERGY FIELD

Moderator: **Mr. Anthonius De Vries**, Coordinator, UNECE & OSCE economic and environmental issues, European External Action Service

Rapporteur: **Mr. Robert Mangham**, Economic and Environmental and Regional Officer, OSCE Presence in Albania

Mr. Shahmar Movsumov, Executive Director of the State Oil Fund of the Republic of Azerbaijan, focused his presentation upon Azerbaijan's experience with implementing the Extractive Industries Transparency Initiative (EITI) with respect to its relevant industries, particularly the oil sector. Under EITI, companies are required to disclose their payments to government, and in turn government is required to declare its receipts from companies. An independent auditor validates the declarations and looks into discrepancies, and reports to a multi-party stakeholder group comprising of government, private sector and civil society representatives. Azerbaijan is one of only five countries fully compliant with EITI standards. The process has resulted in numerous benefits: more accountable extractive sector; greater public trust; an upgraded status by rating agencies; and an improved international image.

Mr. Jurgen Reitmaier, Senior Advisor, Extractive Industries Transparent Initiative (EITI) International Secretariat, provided a perspective on EITI from the International Secretariat. EITI was introduced with the goal to establish global standards for the extractive industries. Half a billion people now have access to information from 33 EITI participating States. Transparency in the sector plays a pivotal role in energy security and is part of the solution for its attainment. EITI provides a platform also for broader dialogue among multi party stakeholders and provides them with a potential advisory role. The following key aspects of EITI were emphasized: country ownership; voluntary accession; multi stakeholders; mandatory disclosure; independent reconciliation; dissemination of reports; independent validation of EITI compliance; and international recognition by UN, G8, etc. It was also stressed that countries are free to extend the process to other sectors e.g. agriculture in Liberia.

Mr. Nikolay Kravtsov, Expert-consultant, Administration of the President of the Kyrgyz Republic, highlighted the context of the country's large hydropower potential and limited natural reserves of oil, gas and coal. The presentation outlined the main challenges in the energy sector as a backdrop to the need for greater transparency and accountability to improve performance: a reduction in power generation in recent years; regular power cuts; poor energy quality; high losses; few commercial consumers; etc. Greater transparency in the sector was called for by the President in 2010. The Energy Fuel Transparency Initiative (FESTI) also covers power distribution aspects of the electricity industry. A Supervisory Board comprises of government, civil society, and energy company representatives.

Ms. Isabel Munilla, "Publish What You Pay", United States of America, started by introducing her organization, which is a global coalition of 600 organizations in 70 resource rich countries with a focus on oil, gas and mining revenues. The approach is both mandatory and voluntary. Mandatory includes national laws, stock market listings, regulations, accounting standards, bank lending policies, etc. In US there are 32 member organizations. Special focus is given to countries/companies supplying energy to the USA. A new "Energy Security Through Transparency" Act will require the annual disclosure of country-by-country payments to foreign governments, as well as project-level detail. It will also complement, not compete with, the EITI. Events such as the BP accident have also spurred interest in the topic in recent months. Companies in the USA supporting greater transparency initiatives represent funds worth 12 billion USD.

During the **Discussion**, a representative of the OSCE Centre in Astana referred to the OSCE support in this area provided to his host country which included training on EITI for government, civil society and private sector stakeholders, in the Caspian Sea region of Kazakhstan. A Working Group has been established also to discuss revenue distribution in the Caspian area. The Working Group has received observer status by the National Council.

A representative of the OSCE Mission in Bosnia and Herzegovina posed a question regarding the risk of prices volatility in the respective industries both with regard to the willingness of companies to participate in transparency initiatives and the practical difficulties of monitoring revenue flows. Panel members responded that EITI provides a suitable forum for discussions to take place between the different parties on these issues and this was a basis for tackling such challenges.

A Delegation pointed out that whilst transparency is important it might present the possibility of adding to distrust if the information provided to the public was misinterpreted or not fully understood. A question was posed as to whether EITI would be applied to the transiting of gas through Ukraine once it has met the relevant criteria for EITI adoption.

Action Points suggested:

- OSCE should engage more, including through its field presences and via other available means in facilitating greater adoption of, and compliance with, EITI;
- OSCE should consider supporting “best practice” events such as regional meetings and exchange visits to bolster the capacities of Supervisory Bodies and related stakeholder groups.

SESSION V – REGIONAL AND SUB-REGIONAL CO-OPERATION ON SUSTAINABLE ENERGY IN THE OSCE AREA

Moderator: **Ambassador Vytautas Naudužas**, Ambassador-at-Large for Energy and Transport Policy Issues, Economic Security Policy Department, Ministry of Foreign Affairs of the Republic of Lithuania, 2011 OSCE Chairmanship

Rapporteur: **Mr. William Hanlon**, Economic and Environmental Officer, OSCE Office in Yerevan

The Moderator, **Ambassador Vyatautas Nauduzas**, the Lithuanian Ambassador-at-Large for Energy and Transport Issues, opened the session by outlining the challenges to energy security. Energy demand and the supply of energy are increasing and this creates new challenges. He further emphasized the role of regional partnerships to support sustainable energy development and he stressed the importance of the international institutions in supporting and co-ordinating regional energy initiatives.

Ms. Thea Khitarishvili, Senior Expert, Energy Charter, began by addressing the importance of the secure transport of energy. She stated that the insecurity of the energy markets have emphasized the need for sustainable energy transport which is achieved through policies and legislation which can ensure safe, secure and sustainable energy transport. She notes that the Energy Charter Treaty is an effective method of ensuring energy security and is promoting regional co-operation. There are 47 countries signatory to the treaty, 46 of which are OSCE participating States. This multilateral energy co-operation instrument contains common rules and promotes transparency, which is important for regional and sub-regional co-operation.

Among its many activities, the Energy Charter is working on promoting regional co-operation in South East Asia, developing cross-boarder frameworks on trade in electricity and other energy

supplies. It is working in Central Asia to develop regional energy co-operation and through a meeting in Bishkek it began to develop a framework for regional co-operation. It is also working to develop ties with North East Asia and is moving to strengthen co-operation of the transport of coal. Ms. Khitarishvili further noted that the Energy Charter works closely with other international organizations, such as the OSCE, UNECE, BSEC and the IAEA, and specifically noted the co-operation with the OSCE presence in Tajikistan as an example.

Ambassador Traian Chebelu, Deputy Secretary General of the Organization of the Black Sea Economic Co-operation (BSEC) stated that the energy issue in the Black Sea region is gaining increased attention and is becoming a major focus of co-operation. Specifically, he noted that a finalized 2020 energy strategy has been used by BSEC countries to develop policies on sustainable energy transport, energy efficiency, conservation and clean energy development. He further noted that green energy has become particularly important and that a task force has been developed to explore green growth policies, explore green energy investments and facilitate a network of bodies involved in the issue. Moreover, BSEC has financial instruments to develop green energy including a grant programme that provides up to 30,000 EUR per project and the Hellenic Development Fund that has 400,000 EUR to promote energy efficiency.

Ambassador Chebeleu outlined BSEC's partnerships with other organizations. He stated that BSEC is working with GIZ in developing a legal framework for a green economy. BSEC is also working closely with the Energy Charter on energy security and investment. Furthermore, they are working closely with JICA and TICA and with many other organizations including the EU and the OSCE. BSEC further supports platforms for training and discussions on energy related issues. They sponsored the Black Sea Energy and Economy Forum in 2009, with the Atlantic Council. BSEC also sponsored a regional forum on renewables and have set up a Black Sea Centre of Excellence on renewable energy. This year, on 26 November, BSEC will again sponsor the Black Sea Business Forum which will focus on development of the green energy sector.

The speaker concluded by saying that BSEC and other organizations have a great potential to push regional cooperation. This is necessary to co-ordinate action and avoid duplications and to explore the general theme of supporting sustainable economic growth. Much can be learned from each other in this regard and the OSCE can be supportive of these efforts.

Dr. Bulat Yessekin, Special Representative for the "Green Bridge Partnership Program", Ministry of Environmental Protection, Kazakhstan, provided information on the "Green Bridge" initiative. He stated there are many various types of green development programmes in Central Asia but they generally lack a comprehensive approach. Furthermore, he stressed that not all approaches are relevant to Central Asia as many countries still have old fashioned energy standards in force, which provide little impetus to save energy. Nevertheless, there are many opportunities in Central Asia to support green economic development. The potential for renewable energy development is large. For example the rivers in the region offer large hydropower development potential. However, the development of these systems has to be done carefully, as ecosystems, such as the Caspian Sea and Lake Balkhash, could be put at risk.

In order to promote greener regional development, the Green Bridge Partnership Program (GBPP) was initiated by Kazakhstan and adopted by the 6th Ministerial Conference on Environment and Development in Asia and the Pacific. It is aimed at bridging policies and best practices in the European and the Asia/Pacific regions, ensuring access to green technologies and developing framework mechanisms to stimulate partnership and investments. The objectives are to facilitate the transition to a green economy in both developing and developed nations by encouraging co-operative trans-boundary technology and knowledge transfers, mobilizing funds sufficient to compete with "dirty" investments and through the use of innovative measures which promote transparency and accountability in development. The GBPP would be created as an implementing mechanism to reach these objectives and would serve to develop packages of green investment

projects that would be supported by international institutions, as well as financial mechanism which would form the basis of a green economy. It is planned that countries will begin to sign the partnership agreement this year.

After the three presentations, **Ambassador Vyatautas Naudužas** opened the floor for discussions. A representative of Uzbekistan noted that a conference was held in conjunction with the UN, in Tashkent, on the issue of saving the Aral Sea. Its conclusions suggested that 1.5 billion USD are needed to address the problem. He further noted that Uzbekistan is working to diversify its agriculture base and that both cotton and rice cultivation, both water intensive crops, are being decreased. He also noted that water usage from the rivers flowing into the Aral Sea has decreased and that new technologies, such as drip irrigation, are being employed.

A representative of the OSCE Centre in Astana stated that they work with several regional energy and environmental related initiatives in Kazakhstan in order to support regional efforts. They highlighted projects related to oil spill planning and response, the Pollutant Release and Transfer Register (PRTR) and civil society development in these fields as examples.

A representative of Slovakia added that Slovakia was impacted by gas disruptions in 2009 and has since been working with Hungary, the Czech Republic and Poland to develop energy security initiatives. He suggested that securing regional energy supplies requires a common approach and political will in order to move ahead, and he suggested that the OSCE could serve as a platform for supporting good governance, promoting transparency, act as an early warning mechanism and promote regional development in the field of energy security.

CONCLUDING DEBATE: THE ROLE OF THE OSCE IN PROMOTING SUSTAINABLE ENERGY SOLUTIONS

Facilitator: Dr. Karin Kneissl, Energy Expert, Lecturer at Webster University, Vienna, Austria.

Rapporteur: Mr. Richard Wheeler, Senior Programme Officer for Energy Security, OCEEA/OSCE Secretariat.

The Moderator, Dr. Karin Kneissl, emphasized that discussing and dealing with energy related issues require a multi-agency, multi-disciplinary and multi-lateral approach, as such issues entail both political and economic significance. From this perspective, the OSCE, as political organization with a comprehensive mandate and a wide membership, would offer some comparative advantages and the approach taken by the Forum meeting was adequate. As follow-up, it might be useful if the OSCE and its participating States, in partnership with relevant specialized organizations, would create an inventory of best practices with regard to various energy topics and take steps towards facilitating the exchange of such best practices.

Although the meeting touched upon a wide range of topics, which would all merit further discussion, Dr. Kneissl considered the OSCE should focus on four general themes she felt were more relevant for the Organization.

First, while the potential OSCE added value in the field of energy security is widely recognized, the OSCE should attempt to better define the role it can play with regard to political and security aspects. Secondly, from an economic perspective, the role of field projects and the contribution of the OSCE field presences should be emphasized, as well as the exchange of best practices and standards. Thirdly, as energy issues and energy co-operation are sometimes of a technical theme, the OSCE should team up with other multilateral organizations possessing expertise in this field to facilitate the interconnection of best practices. In that regard, an electronically-based knowledge base or an electronic platform could be envisaged. Finally, with regard to legal aspects, the OSCE

could, *inter alia*, be involved in promoting standards or codes of conduct and in providing assistance on the national level, on a locally-driven basis, in improving legislation. Dr. Kneissl suggested that these four broad themes could be explained in greater detail by the OSCE in a paper to be reviewed and discussed by the Delegations. This could take the form of a “White Paper” or long-term programmatic plan.

Dr. Kneissl also stated that the subject of energy security was a fragmental topic, often with no clear cut hierarchy of national institutions dealing with this issue, leading to complex governance on this subject. Since this is a multi-faceted subject, there are no clear-cut solutions for any single country. Thus, facilitating an effective dialogue on energy security would rather be done on a step-by-step basis, over a gradual process. As part of the exchange of best practices, it would also be greatly beneficial to create an inventory of specialized international organizations to ascertain which organization does what in regards to energy security.

During the **discussion**, a representative of the European Union agreed that energy security is a multi-faceted subject, and said there was already a division of labour amongst the specialized international organizations. He suggested that the OSCE should have a complementary role in the area of energy security, as it is important for organizations to “sing off of the same sheet, even if they are not necessarily singing the same song”. He suggested the creation of a living document on Energy Security.

The Co-ordinator of OSCE Economic and Environmental Activities stressed the importance of the ideas set forth in the Report by the OSCE Secretary General concerning the complementary role of the OSCE in the field of energy security, and mentioned that his Office is also required to implement the Ministerial Council Decisions related to Energy Security. Further on, he referred to confidence-building workshop planned by the Chairmanship for May-June 2011, which, accordance with the suggestions put forward during the Corfu process, will examine the role the EED and the OCEEA could play with regard to confidence-building, as well as if an extension of the mandate in this area would be required. Highlighting the importance of good governance he mentioned that he was planning to attend the EITI meeting in Paris on 3-4 March. As regards EITI, the most important principle is transparency, and not necessarily an increase in EITI signatory nations. An important concept is nations’ responsibility to their neighbors and to each other. The CoEEA also mentioned that good governance is an overarching theme of all Second Dimension activities, and announced that the OCEEA had recently drafted and would soon present a long-term plan for its activities related to good governance and transparency.

A representative of Canada referred to good governance and transparency, including the promotion of EITI principles, as key areas where the OSCE can add value. As well, he highlighted the importance of the protection of Critical Energy Infrastructure.

Discussion also focused on issues linked to legislation, regulations and standard setting, technical and legal aspects as regards energy security, principles and values, their link with good governance as well as the possible OSCE contribution, as well as the co-operation between various international organizations involved in energy security.

A representative of the United States said that each nation – producer, transit and consumer – has its own definition of energy security. Further, energy security includes the concepts of energy efficiency, energy affordability and energy availability, and all of these concepts are benefited by transparency and good governance. He further mentioned the need to accelerate the transition to sustainable energy sources. He mentioned that energy poverty is an issue, that there should be transparency in the cost of energy, and expressed hope that OSCE participating States could endorse the principles of EITI, although such endorsement does not necessarily mean joining the EITI. The delegate also commended the work of the OSCE field presences.

A representative of the OSCE Office in Tajikistan mentioned a number of ongoing projects which support the development small hydropower. This creates added value in the field because it provides a platform for existing policy dialogue, is demand-driven, and involves host-country stakeholders. He stressed that confidence-building created at the national level can be leveraged at the regional level and that such projects provide concrete results. He also asserted that targeted technical assistance can include the exchange of best practices from other countries and other regions. He mentioned that specialists from Armenia, which is also a developing mountainous country, have rendered assistance to Tajikistan in the area of small hydropower. He expressed hope that participating States are willing to further render support to such processes.

A representative of the OSCE Centre in Ashgabat exemplified the OSCE contribution by referring to a Conference on “Strengthening regional co-operation in Central Asia for promoting stable and reliable energy within Eurasia”, organized on 3-4 May 2010 in Ashgabat, with support from the OSCE, as well as the planned Energy Diplomacy training scheduled for March 2011. She mentioned that in both cases the OSCE does not provide technical assistance but rather acts as a bridge, connecting the recipients in Turkmenistan with experts and organizations providing training and international standards of governance.

A representative of Germany expressed appreciation to the open approach to the discussion and thanked the Lithuanian Chairmanship and the OCEEA for organizing the meeting, which contributed significantly to deepening and widening the understanding of the subject of energy security in the OSCE context. He stated that it is clear that there is no magic formula, and that it is very important to be aware of the opportunities and risk inherent in the energy topic, and that these challenges must be meet jointly. He also saw that this Meeting was in continuity with the recent European Council Meeting on energy issues, held on 4 February 2011.

A representative of Belarus also thanked the Chairmanship and the Secretariat considered the meeting contributed to advancing dialogue on Energy Security. He noticed that some issues require further discussion and valued the OSCE as a forum for dialogue on general principles of co-operation. He called on all participating States to help deepen the dialogue on energy security, and mentioned that the following subjects would be fruitful for debate: critical energy infrastructure protection, transparency, or a holistic discussion of protecting energy transit, energy consumers and energy producers.

This Session was followed by Closing Statements by Mr. Goran Svilanovic, Co-ordinator of OSCE Economic and Environmental Activities and Mr. Andrius Krivas, Deputy Permanent Representative of the Republic of Lithuania to the OSCE, Lithuania, 2011 OSCE Chairmanship.

Closing Statement

by Mr. Goran Svilanovic

Co-ordinator of OSCE Economic and Environmental Activities

Dear Ambassador,
Dear Participants,
Ladies and Gentlemen,

Having reached the end of this First Preparatory Meeting of the 19th OSCE Economic and Environmental Forum, dedicated to the very topical issue of 'Development of Sustainable Energy', allow me to voice my satisfaction with regard to the positive spirit of our deliberations, the wide range of issues we have touched upon, the quality of our speakers' presentations, as well as to the results we have achieved.

I believe this meeting has confirmed once again the usefulness of the OSCE engagement in promoting dialogue and co-operation in energy issues. We should continue in building upon the outcomes of our previous engagements, the conferences we have organized so far, the work done by the Economic and Environmental Officers in the field and the discussions we have held in the framework of the Economic and Environmental Committee. These activities and events represent a solid basis for our future endeavours. Let me also note that the Report of the OSCE Secretary General *Concerning the Complementary Role of the OSCE in the Field of Energy Security* has provided us with a useful starting point for discussions in some of the Forum's sessions. I am very much looking forward to further discussing the recommendations of this report in the Permanent Council.

Of course, the results we have reached through this Preparatory Meeting, the conclusions we can draw at this point, have a preliminary character. We have to refine them and further define the concrete role the OSCE can play in promoting co-operation in the field of energy. But they represent without any doubt a promising beginning.

Ladies and Gentlemen,

Some of the questions raised during this two-day meeting have received an appropriate answer, some have been only partially addressed, while others have just been formulated and require further debate. But, all in all, I think that we have started under good auspices and I am confident that by the Concluding Meeting in Prague and thereafter, ahead of the Ministerial Council, we would have achieved concrete and positive results.

This would be indeed extremely important as the challenges we currently face are real and urgent. As one speaker stated, *this is a time of energy transition and transformation*. Our collective action and our political will should ensure the correct evolution of these processes. The outcome must be beneficial to all of us. In this regard, we should bear in mind that access to energy is a pre-requisite for development, for poverty reduction, for the achievements of the Millennium Development Goals.

Many participants have referred to the complexity of energy issues in the contemporary world and therefore to the need of developing new and integrated energy approaches and concepts, such as, "networked energy security". I think that due to its comprehensive concept of security, the OSCE is

well placed to further contribute in this direction. The development of sustainable energy is a key aspect of energy security and requires a climate of political stability and co-operation.

Let me also underline the key importance of good governance in the energy field. A set of rules and codes of conducts should guide the behavior of all the stakeholders involved in the energy field. In this respect, I should also emphasize the role of partnership and co-operation between the governments, the private sector and the civil society.

Ideas such as diversifying energy sources, the "energy mix", developing renewable energy solutions and increasing energy efficiency have been on everybody's lips over the last two days. These issues are quite high on the agenda of many regional and international organizations and represent a constant preoccupation for all participating States.

There is a lot of expertise and know-how available. In this regard, we have to continue in enhancing co-operation and coordination with relevant international organizations, such as the UNECE, UNIDO, IRENA, etc.

The OSCE should be seen as a platform for sharing experiences and best practices. Indeed, the OSCE can facilitate partnerships among different regions and countries. More concretely, some proposals have been made in this direction, such as the formation of databases on good practices and sustainable energy issues, and the organization of discussions among Participant states on further possibilities of transfer of experience.

Moreover, during the debate it has been underlined that energy dialogue should be based in more intense regional and sub-regional energy co-operation, not just at institutional or state level, but also at business sector level. In this respect, some suggestions for regional events and activities have been also mentioned.

Ladies and Gentlemen,

My Office will compile the Consolidated Summary of this meeting which will be made available to all of you during the next weeks. It should also serve as a basis for discussions in the framework of the Economic and Environmental Committee here in Vienna.

We will also continue the preparation of the Second Preparatory Meeting of the 19th OSCE Economic and Environmental Forum, which will focus on 'Development of Sustainable Transport' and will take place on 4-5 April in Druskininkai, Lithuania.

Before closing this meeting, I would like to thank all those who contributed to its success, the Lithuanian Chairmanship, the Moderators, Speakers and Rapporteurs, the interpreters, the conference service staff, as well as the colleagues from my Office.

I also want to thank all of you, dear participants, for your active contribution, and to wish you a safe trip back home. I am looking forward to seeing you soon in our next meetings.

Closing Statement

by Mr. Andrius Krivas

Deputy Permanent Representative of the Republic of Lithuania to the OSCE

Distinguished colleagues,
Ladies and gentlemen,

Today we conclude the first part of the Economic and Environmental Forum. I am very pleased to observe the deep interest demonstrated by all participants in sharing expertise and joining efforts to enhance the development of energy sustainability.

As the country currently chairing the OSCE, we sincerely thank all speakers, moderators, rapporteurs and participants of the first preparatory meeting of the 19th OSCE Economic and Environmental Forum. And of course, my very special thanks go to our colleagues from the Office of the Co-ordinator of Economic and Environmental Activities. Your valuable contribution is the biggest asset of this event.

OSCE is an excellent platform for keeping the dialogue alive, for discussing different, even sensitive issues, for raising concerns and exchanging views. The preparatory meeting which we are closing has clearly stated this.

Yesterday and today we have comprehensively covered half of the theme of this year's EEF. We have been able to analyze and assess the challenges we currently face in energy sustainability and efficiency; the possibilities for the regional and sub-regional cooperation in this area; the sustainable use of traditional and new energy sources; the effective national policies for sustainable energy; and the role of good governance and transparency in the energy field.

I am convinced that the valuable interventions made by participants, together with the proposals that have arisen during this 1st Preparatory Meeting, will set up a fruitful basis for further discussions during the Concluding Meeting in Prague.

Let me also emphasize that energy related issues will continue to be high on our agenda. Discussions are expected to continue, in a substantial way, in various frameworks. The Economic and Environmental Committee in Vienna will convene a thematic meeting later in May which will focus on discussing the findings and recommendations of the OSCE Secretary General's report *Concerning the Complementary Role of the OSCE in the Field of Energy Security*.

I am confident that our 1st Preparatory Meeting provided useful food for thought for Delegations, Economic and Environmental Officers from the OSCE field presences, for all the participants, so that other initiatives or concrete proposals could be envisaged or expected in the near future.

The results of all these deliberations shall be duly taken in account when preparing for the Concluding Meeting of the 19th EEF in September in Prague. I am looking forward to the continuation and evolution of the Economic and Environmental Forum process. I am convinced it will be a successful one.

Ladies and gentlemen,

As you know, the Second Preparatory Meeting will take place in April, 4-5, in Druskininkai, beautiful town of Lithuania. There, participants will have the opportunity to discuss issues related to the development of sustainable transport.

Several OSCE decisions and documents (or documents such as the OSCE Strategy Document for the Economic and Environmental Dimension (MC(11).JOUR/2), the OSCE Border Security and Management Concept (MC.DOC/2/05), Ministerial Council Decision No. 11/06 on future transport dialogue in the OSCE and Ministerial Council Decision No. 9/08 on follow-up to the Sixteenth Economic and Environmental Forum on maritime and inland waterways co-operation), as well as the selection of the topics of previous EEFs, reflect the importance that our organisation attaches to *Transport*. During previous years, especially Kazakstan chairmanship, we have already reached a valuable expertise on this sector. I am confident that basing our work in acquired experiences and new motivations, we will proceed further in an effective manner. Druskininkai event will be devoted to the special aspect of Transport – sustainable transport, we are inviting all participants to continue to engage in stimulating and productive debates on this theme.

The Lithuanian Chairmanship is confident that at the end of the EEF Process participants will be able to define and establish effective measures and recommendations to further promote common actions and cooperation in the fields of sustainable energy and transport.

We regard this event as an important component of our Chairmanship, one of the key elements of which is to maintain and strengthen the OSCE as the largest regional forum for security and dialogue on an equal basis.

Once again, I would like to thank you all for your participation and I would like to wish you all the best.

Thank you.