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Chairmanship Conference for High-Level Officials

“Strengthening Energy Security in the OSCE area”

(Bratislava, 6 - 7 July 2009)

Background paper

Access to affordable and reliable energy and an efficient energy sector is a necessary condition for the economic growth and sustainable development of all countries of the OSCE region. Questions of “energy security” are therefore highly relevant for the Organization’s signature concept of comprehensive security.

The OSCE Strategy Document for the Economic and Environmental Dimension, adopted by the Ministerial Council in December 2003, mentions the security of energy transport routes in its section on “Challenges and threats in the economic and environmental dimension“. In the section on the OSCE response and action to face the challenges through co-operation to enhanced development, security and stability, a special paragraph (2.1.12) is dedicated to energy and reads as follows:

“We recognize that a high level of energy security requires a predictable, reliable, economically acceptable, commercially sound and environmentally friendly energy supply, which can be achieved by means of long term contracts in appropriate cases. We will encourage energy dialogue and efforts to diversify energy supply, ensure the safety of energy routes, and make more efficient use of energy resources. We will also support further development and use of new and renewable sources of energy“.

The 2006 Brussels Ministerial Council adopted MC Decision 12/06 on energy security dialogue in the OSCE, noting, *inter alia*, that the increasing energy interdependence between producing, consuming and transit countries needs to be addressed through co-operative dialogue enabling them to benefit fully from this interdependence and to further promote global energy security with due regard to the interests of all stakeholders. In this decision, the OSCE Ministerial Council took note of efforts to diversify energy supply and demand, energy sources and transportation routes, and to increase the flexibility of energy transport systems through multiple supply routes or optimal, including direct, transport interconnections between suppliers and consumers, as appropriate, and to make more efficient use of energy resources, paying due respect to environmental considerations.

A lot of attention has been paid in recent years to the impact of the increase in the price of oil and other energy products on other economic sectors, and ultimately upon consumers, particularly in energy importing countries. In this connection, the need for more stable and predictable prices and the advantage of long term contracts has been stressed. However, long-term energy security goes well beyond the stability and the predictability of prices and of contractual arrangements.

The OSCE gathers participating States which are among the world’s main energy consumers, producers and transit countries. There is a growing interdependence among OSCE participating States in the energy sphere, a common interest in reliability and stability in the energy supply chain.

The Greek Minister of Foreign Affairs, in her capacity of OSCE Chairperson-in-Office, has counted energy security among her priorities in the second dimension of the OSCE. In this context, a meeting of the Economic and Environmental Committee was held on 5 May 2009 to identify “ways and means for improving energy security in the OSCE area“. The meeting’s deliberations demonstrated high importance for the OSCE of further dialogue among participating States in this area.

The conclusions and follow-up of the international conference on the “reliable and stable transit of energy” held in Ashgabat under the auspices of the United Nations and the Turkmen Government on 23-24 April 2009, attended by OSCE Secretary General, provide further food for thought on possible OSCE involvement in the field of energy security.

Since 2006, the OCEEA has contributed to the implementation of MC Decision 06/12 through numerous activities in collaboration with specialized international organizations. It may now be timely to take stock of lessons learned during this period and to explore the possibility of more concrete steps, *inter alia*, in the following areas:

- **Legal frameworks** binding the energy market, including those related to the transit phase. Participating States might explore the development/adoption of efficient legal mechanisms acceptable to all stakeholders.
- **Security of delivery**, including examination of the capacity of existing distribution networks to deliver required quantities of energy to end users.
- **Prevention of disruptions** in the energy supply (due to technical failure, terrorist attack, commercial dispute, or natural disaster).
- **Storage capacity** and management of this capacity.
- **Energy efficiency**, including measures to promote conservation and lower the energy intensity of economic development, thereby contributing to a healthier environment through decreased emission of greenhouse gases and pollutants.

The Chairmanship Conference on “Strengthening Energy Security in the OSCE Area” will aim to develop the existing dialogue on energy security, while taking account of the future evolution of the energy market (e.g., expected dominance of fossil fuels for the next decades, development of the liquefied natural gas, ways to promote wider use of renewable energy sources).

The Conference should seek to strengthen existing channels for exchanging information (including on best practices) and producing recommendations to strengthen energy security throughout the OSCE area. At the same time, the Conference can increase awareness of energy security challenges and help motivate the political will necessary to identify and implement relevant initiatives, under the auspices of the OSCE and in co-operation with other organizations.