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**STATEMENT BY MR. SERHIY SHEVCHUCK, MEMBER OF THE
UKRAINIAN PARLIAMENT AND RAPPORTEUR OF THE
COMMITTEE ON ECONOMIC AFFAIRS OF THE OSCE
PARLIAMENTARY ASSEMBLY, AT THE OSCE SPECIAL EXPERT
MEETING ON ASSESSING THE OSCE'S FUTURE CONTRIBUTION
TO INTERNATIONAL ENERGY SECURITY CO-OPERATION**

Vilnius, 13 and 14 September 2010

**Session I: Existing energy arrangements and mechanisms, and other
initiatives in energy security**

Allow me to express my gratitude for the invitation to participate in this conference and for your attention to the parliamentary dimension of the OSCE, in particular, to the resolutions by the OSCE Parliamentary Assembly on this pressing problem being considered today.

This year marks the 20th anniversary of the creation of the OSCE Parliamentary Assembly in accordance with the Charter of Paris of 1990. During this period, around 16,000 parliamentarians have participated in various events in the OSCE region, such as conferences, election observation missions, negotiations on conflict resolution and prevention, and so on. Almost 40 countries have been involved in the organization of these important events held under the aegis of the Parliamentary Assembly, an OSCE body operating on a genuinely democratic basis. On several occasions, Vilnius – the capital city of the Republic of Lithuania – has hosted these events.

Five years ago in Washington, the OSCE Parliamentary Assembly adopted a declaration entitled: “30 Years since Helsinki: Challenges Ahead”. My task today is to present to you, distinguished participants, the common position of the selected team of parliamentarians from the 56 countries of the OSCE region, naturally taking into account the specific features of the parliamentary approach, with which you are undoubtedly familiar. Parliamentarians express the views of their electorate. They did this, for instance, during a bitterly cold winter when the inhabitants of a dozen European countries were forced to go on what one might refer to as a “gas-free diet” as a result of the so-called “gas conflict” between Russia and Ukraine. They also speak out if rising energy prices make it impossible for families to heat their homes, or when man-made disasters occur as a result of oil or gas extraction. Parliamentarians voice the indignation of their electorate and adopt appropriate decisions.

Thus, five years ago in the Washington Declaration entitled “30 Years since Helsinki: Challenges Ahead” the Parliamentary Assembly differentiated between “new” and traditional

“old” threats. Energy security naturally cannot be compared to the threat to security posed by terrorism, organized crime, trafficking in human beings or illegal migration. However, the concept of a “new” global potential threat has been supplemented by new facts encountered in real life and new fears. Some authors have even compared the effects of one country’s use of energy blackmail to a large-scale weapon.

The Washington Declaration of 2005 also noted that, on the one hand, integration processes in Europe widen the possibilities for the movement of capital and co-operation in the energy sphere. On the other hand it was acknowledged that developing economies are more vulnerable than developed economies to the effects of restricted access to energy supplies, which contribute to the further widening of disparities between States and have certain consequences. The document urges participating States to strengthen their co-operation in combating new challenges to security. The OSCE Parliamentary Assembly also called upon participating States to increase co-operation in the sphere of the environment and the management of natural resources.

A year later, in 2006, the OSCE Parliamentary Assembly devoted considerably more attention to energy security issues. The Brussels Declaration (2006) confirmed the indisputable fact that “energy security is linked to a reliable, predictable and sufficient energy supply”. This is virtually alone in making a very clear demand on the supplier country: reliability as a characteristic of a partner, predictability in its actions in the future and sufficiency of supplies in keeping with the consumer’s needs. It was also pointed out that ensuring a balance between supply and demand in world markets for natural resources is one of the prerequisites for preventing possible tension between States.

This OSCE Parliamentary Assembly declaration also stresses the importance of unimpeded transit and the safe transport of natural resources and, most importantly, the fact that energy security should be based on and encompass mutual interests of suppliers and consumers. To this end, the parliamentarians recommended that their national governments should:

- Favour free and open trade in the energy sector;
- Sign long-term contracts for their energy supplies;
- Develop energy infrastructure taking into account environmental threats in areas designated as particularly sensitive.

The Brussels Declaration (2006) underlined the need to reconcile the imperatives of economic growth and energy resources with protection of the environment. The OSCE Parliamentary Assembly strongly urged the participating States to attach great importance to development and broader utilization of environmentally friendly, alternative and renewable energy sources. It also called on them to develop research policies in the area of energy technology and, most importantly, to encourage consumers to save energy.

This declaration urges the international community to assist with the plans to build a new “sarcophagus” for the Chernobyl plant. However, either this appeal was made with a weak voice or the “international community” is hard of hearing, for the work to protect against the effects of the largest nuclear incident of the twentieth century is dragging on without any justification.

The Kyiv Declaration of the OSCE Parliamentary Assembly (2007) contains a separate section entitled “Energy Security”. This section consists of 32 points. Each point is full of meaning and contains proper recommendations to governments, and even specific tasks, for example, to increase the use of renewable energy sources in European Union countries to 12 per cent by 2010 and to 20 per cent by 2020.

However, I have no desire to talk about this integral document of such high quality. There is one reason for this. After the adoption of the Kyiv Declaration of the OSCE Parliamentary Assembly, the very next winter a “gas conflict” erupted between a supplier country and a transit country. Putting aside the question “Who is guilty?”, I should like in this connection to touch on another issue regarding the effectiveness of OSCE Parliamentary Assembly resolutions. It is clear that in the OSCE region there are countries in which the supreme legislative body is secondary to executive authorities, which ignore the resolutions of this inter-parliamentary organization. The “breakthrough” element in the Kyiv Declaration stating that, and I quote, “energy security is not merely intergovernmental but a truly transnational issue” proved to be prophetic in the short term.

In 2009, the annual session of the OSCE Parliamentary Assembly took place in Vilnius. Vilnius rectified the situation as regards unresolved issues in the area of energy security. Additional items were included on the session’s agenda. The first item was the role of the OSCE in strengthening security in its region. The resolution on this question mentioned the special responsibility of the OSCE as a key instrument for early warning, conflict prevention, crisis management and post-conflict rehabilitation in the region from Vancouver to Vladivostok. The reference here was not only to civilian or even military conflicts but also to conflicts in the sphere of energy security, whether concerned with gas, oil or water. Overcoming this mistrust is possible only through dialogue and equal account being taken of the interests of all participating States.

The second additional item considered at the Vilnius session was entitled “Energy Security”. The resolution on this subject contained provisions on responding to potential crises, specifically:

- Diversification of energy supply sources, markets and transit routes;
- Renewable energy sources;
- Development of liquefied natural gas technologies.

Perhaps for the first time in a number of years the OSCE Parliamentary Assembly referred in the Vilnius Declaration to the importance of further development of peaceful nuclear energy in line with the provisions of international conventions on nuclear safety, security, safeguards and verification.

The Vilnius Declaration also encourages participating States to invest in environmentally friendly industries, including the development of energy efficiency and renewable energies, and condemns attempts by some countries to respond to the global financial crisis with protectionist and economic nationalist measures.

In conclusion, allow me to touch on one further related topic considered by the OSCE Parliamentary Assembly. I am referring to corruption and international crime in energy supplies.

As long ago as 2008, an OSCE Parliamentary Assembly resolution was adopted in Astana on “Encouraging transparency in the extractive industries”. It referred, still in a very careful manner, to the fact that a lack of transparency in the oil, gas and mining industries, especially in countries that depend heavily on income from these sectors, often goes hand-in-hand with government corruption.

Recognizing that two thirds of the world’s poorest people live in resource-rich countries, the resolution warns that corruption siphons off funds into the hands of the few, leaving the many mired in poverty.

The Astana Declaration encourages governments and regulatory agencies to introduce mandatory revenue transparency reporting for the operations of companies at home and abroad, and to introduce regulations that require all companies operating on their territories to make public information relevant to revenue transparency.

This year the Parliamentary Assembly’s annual session was held in Norway. With the usual determination of that country, the phenomena of corruption in the energy sphere and other areas were linked to transnational crime. In its 2010 declaration, the OSCE Parliamentary Assembly not only strengthened the provisions on transparency in the extractive industries, but also provided for a number of specific measures:

- Proper oversight over the work of governmental institutions and protection of persons that expose violations;
- Procedures for waiving parliamentary immunities;
- Introduction of mandatory registers of individuals and organizations involved in lobbying;
- Change in the rules governing offshore banking centres with a view to the recovery of stolen assets and the elimination of “safe havens” for illegally acquired funds.

Lastly, the OSCE Parliamentary Assembly called on participating States to apply the provisions of the Convention of the Organisation for Economic Co-operation and Development on Combating Bribery of Foreign Public Officials in International Business Transactions.

In 2011 it will be Lithuania that chairs the OSCE. We are fully convinced that such an important issue as energy security will be given maximum attention with respect to all aspects of this problem.