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Strengthening regional co-operation in Central Asia
for promoting stable and reliable energy within Eurasia
Ashgabat, 3-4 May 2010

Concept paper

The 2006 OSCE Ministerial Council in Brussels adopted MC Decision 12/06 on energy security dialogue in the OSCE. This noted, 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.

Efforts have been made to diversify energy supply and demand, energy sources and transportation routes, as well as to increase the flexibility of energy transport systems through multiple supply routes or transport interconnections between suppliers and consumers.

The energy security dialogue developed within the OSCE area covers several aspects: security of supply, security of demand, security of transit, and security of the distribution network up to the final consumer. The legal framework and its capacity to protect the rights of the parties also contributes to energy security.

In July 2009, an OSCE conference organized in Bratislava identified the fields of co-operation between the various parties at all stages of the energy chain.

This conference, gathering together two-thirds of the OSCE participating States, underlined in particular the strong and growing interdependence between energy producers and energy consumers, providing a specific role for the energy transit countries in this process.

The OSCE is in a position to bring together the main energy producers, energy consumers and energy transit countries.

The development of energy flows, both for the primary energy sources (oil and gas) and for the secondary one (electricity) has made these countries more and more interdependent.

For the next twenty years, fossil fuels will continue to dominate global energy use, accounting for some 85% of the increase in primary world demand. Oil will remain the single largest fuel, even though its percentage share will fall marginally. Demand for natural gas will grow for the immediate future. A strong increase in the interregional trend is developing all over the world, particularly with the development of liquefied natural gas (LNG).

This evolution will increase the role of the transit of energy in this global process and the vital role of the energy hubs.

For this reason, within the framework of the 63rd Session of the UN General Assembly, Turkmenistan successfully initiated a Resolution underlining the importance of reliable and stable transit of energy in ensuring sustainable development and international co-operation.

The first step in implementation of this Resolution was the High Level International Conference held in Ashgabat, 23-24 April 2009. This event opened the path for considering the ways and means to develop the relevant international legal instruments enabling reliable and stable transit of energy, especially bearing in mind the role of Central Asia.

This approach would be made in a timely manner, when wide consultations have been launched regarding the possible evolution of this legal framework.

The regional consolidation of the electricity grid and the expansion of this network towards the neighbouring countries, under the auspices of the Asian Development Bank, deserve particular attention and remain sensitive issues whose consequences are vital for the countries concerned.

The huge investments needed by the energy sector will require a foreseeable and stable legal framework for the entire added value chain, in order to secure investors.

For the above reasons, the development of principles and fair and balanced legal rules appears particularly relevant and has been requested by the countries concerned, in order to ensure the development of a reliable energy trade.

Turkmenistan has demonstrated its willingness to host such an initiative.

This event will address:

- the prospects for the development of energy in Central Asia,
- the common basis for energy transport principles acceptable to producers, transit and consumers countries,
- the potential emergence of a regional energy market in Central Asia, including for the secondary energy sources (electricity),
- the legal framework to be designed for a reliable and stable energy chain.

This conference will gather together representatives of the OSCE participating States in Eurasia in charge of energy, energy companies operating in the OSCE region and international organizations involved with energy security (the United Nations Economic Commission for Europe, the International Energy Agency, the Energy Charter Secretariat and the European Commission).

This conference should contribute to elaborate the legal instrument(s) aimed at ensuring a more reliable and stable energy transport process on a multilateral basis.