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ENERGY SECURITY AND NATO: EMERGING CHALLENGES TO CRITICAL ENERGY INFRASTRUCTURE

Ladies and Gentlemen,

It gives me great pleasure to address this OSCE Special Expert Meeting. NATO and the OSCE have long pursued complementary policies in their quest to make the vision of a Europe whole, free and secure a reality. This meeting is another opportunity to explore how both organizations can work more closely together on a subject that is likely to become a defining issue in this century: energy security.

In about two months' time, NATO Heads of State and Government will meet at their Summit in Lisbon, where they are expected to agree a new Strategic Concept for the Alliance. This document will define NATO's roles and missions in a globalised security environment. The process of preparing this document has been unusually transparent. NATO did not only seek the views of Allies, but also of partner countries, including Russia, and of the academic community.

Our deliberations thus far indicate that the new Strategic Concept is likely to emphasise the importance of energy security, along with other non-traditional risks and threats that have gained salience over the past decade, such as cyber attacks and the proliferation of weapons of mass destruction.

Clearly, a reference to energy security as an Alliance concern does not automatically translate into a comprehensive NATO policy on energy security. Given the complexity of that subject, such a policy is not likely to emerge anytime soon. And, as we have heard over the course of yesterday's deliberations, there already exist a large number of institutional frameworks – both formal and informal – that deal with energy security in one way or another. In this respect, the question for NATO is not entirely unlike the question that the OSCE is currently grappling with: how to add value to a policy area that already features many different actors and interests.

Developments over the past years, however, have led to a clearer picture as to NATO's role in energy security. We have witnessed the emergence of new challenges that have moved energy security from the periphery to the

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centre of many nations' security concerns. Moreover, these new challenges interact in ways that we are just beginning to fully understand:

- The global financial and economic downturn with its impact on energy price volatility;
- The threat of environmental change with its consequences for the extraction of energy resources, for energy infrastructure and reliable energy supply;
- Growing energy imports from increasingly unstable regions;
- The terrorist threat to an increasingly complex and vulnerable global energy infrastructure;
- Piracy as a challenge to energy transportation routes;
- Cyber attacks as a means to disrupt energy infrastructure, in particular smart grids.

Why are NATO countries concerned about these developments? The answer is fairly simple: most NATO member countries are critically dependent on energy imports.

Collectively, NATO countries own only 6% of all proven global oil reserves (Canadian oil sands are not included in this statistics, because it is difficult to estimate how much of them can be converted into crude oil). Oil production in NATO states is also very small, constituting just 18% of the global production. Since NATO nations account for about 39% of the global oil consumption, these nations are highly dependent on crude oil imports from non-NATO countries.

The picture is roughly the same when it comes to natural gas, where NATO countries own a mere 7% of the global reserves, although they manage to account for 34% of global gas production. Again, NATO nations account for almost half of the global natural gas consumption.

Developments in gas shale and renewable energy may change these statistics over time. For the time being, however, it is evident that a robust energy infrastructure which allows for stable and reliable energy imports, is of key importance for NATO nations.

NATO's job is to safeguard the security of its member countries – 28 states with a population of almost 900 million people. As energy security becomes

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a true security concern, it is only logical that the member states examine how NATO could contribute to meeting this emerging challenge.

In 2008, at NATO's Bucharest Summit, a report on "NATO's Role in Energy Security" detailed the areas where NATO can add value:

- Information and intelligence fusion and sharing;
- Projecting stability;
- Advancing international and regional cooperation;
- Supporting consequence management; and
- Supporting the protection of critical infrastructure.

What does this list mean in concrete terms?

First, NATO is an effective forum for dialogue and cooperation – among Allies, but also with partner countries. Indeed, NATO's partnerships are one of the Alliance's most valuable assets. Through the Euro-Atlantic Partnership Council, the Mediterranean Dialogue and the Istanbul Cooperation Initiative, NATO has established various fora that bring together energy producers, transit countries and consumers. Consequently, several individual cooperation programmes with partner countries also contain energy security as an area for dialogue and cooperation.

Second, NATO provides a tried-and-tested forum for the exchange of information, best practices, and responses to energy security-related risks and threats. For example, we are currently preparing a workshop scheduled for early November on best practices in critical energy infrastructure protection. Such kinds of events serve to strengthen our common expertise in an area that affects us all.

Third, NATO can, on request, support the protection of Allies' critical energy infrastructure and provide advice on key risks regarding this infrastructure. For instance, this could come as support to national communication and intelligence networks or aerial and maritime patrols. NATO could also play a preventive role in the security of critical energy infrastructure in its respective operational theatres and in the maritime environment.

Fourth, NATO can coordinate disaster relief or consequence management efforts through a dedicated mechanism – the Euro-Atlantic Disaster Response Coordination Centre (EADRCC). This mechanism has been

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employed in mitigating the consequences of natural disasters, but it could also be activated in an energy-related accident.

Fifth, NATO is enhancing its cyber defence capabilities. Given the risk of cyber attacks on energy grids, these enhanced capabilities will also benefit energy security.

Last but not least, military operations. NATO's naval anti-terrorist patrols in the Mediterranean, as well as the anti-piracy mission off the coast of Somalia, have an energy-security dimension, albeit indirectly. These operations demonstrate NATO's contribution to maintain security at sea and thus ensure the passage of vital energy supplies.

Energy security is a challenge that does not fit neatly into traditional categories. The same is true for terrorism, cyber-attacks, and the proliferation of weapons of mass destruction. To better address these non-traditional challenges, NATO has just created a new Division in its International Staff. This "Emerging Security Challenges Division" features, for the first time ever, a Section that deals specifically with energy security.

The Energy Security Section will act as a focal point for NATO's work on this topic, including with partner countries and the academic community. But it will also provide a focal point for dialogue and cooperation with other international organisations in the area of energy security. This includes, for example, the International Energy Agency and the European Union. It should, over time, also include the private sector. And, quite naturally, it includes the OSCE, with which NATO has a long-standing relationship, and – as today's conference demonstrates once again – is also raising its profile in this important area.

What role for the OSCE in energy security? For a representative of an organisation that is itself still finding its feet on this issue, it may appear presumptuous to attempt an answer. However, since the overarching aim of this conference is to determine the OSCE's contribution, here are three personal suggestions:

First, transparency. If the lack of transparency creates risks to a stable energy supply and to a reliable energy infrastructure, the OSCE clearly has a role to play in promoting transparency in energy sector development.

Second, environmental security. The OSCE is often referred to as the "conscience of Europe". It thus has a role to play in promoting "cleaner" energy.

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Third, transport security. The OSCE could perhaps utilise its experience in transport security to add value to the the debate about supply chain security.

Ladies and Gentlemen,

In closing, let me briefly touch upon a question that we are frequently encountering: is NATO the proper institution to address energy security issues? Or is NATO going to unduly “militarise” an issue that is predominantly non-military in nature? The answer has been given by NATO’s Secretary General. As he recently put it, energy security “is not a call to arms”. Rather, energy security – particularly the protection of critical infrastructure – should be seen as a challenge that warrants new, creative approaches.

A good example for such a creative approach is our host country, Lithuania. It is among the most active supporters of a robust role for NATO in the field of energy security. As a small country with limited energy resources Lithuania has a major stake in secure energy supplies and a reliable energy infrastructure. Not surprisingly, therefore, Lithuania’s plans to establish a national Energy Security Centre of Excellence have attracted considerable interest among NATO Allies.

To conclude, NATO has the institutional framework and the experience for making a valuable contribution to meeting the common challenge of energy security. The OSCE should be a natural partner in this endeavour. And, given the recent reforms in NATO’s International Staff, the stage is set for closer cooperation.

Thank you.