

Conference on  
**“Strengthening Regional Cooperation in Central Asia for Promoting Stable and Reliable  
Energy within Eurasia”**

**Organized by OSCE and Government of Turkmenistan**

[Transcript of Speech]  
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Excellencies Members of the Turkmenistan Government, Mr. Chairman, Dear Participants!

It is a pleasure to address you in this splendid and timely event jointly organized by OSCE and the Turkmenistan government.

There is no doubt that secure, adequate, affordable and reliable supply of energy is a precondition for sustainable development and continued well being of nations.

The geographical mismatch between centers of energy reserves and heavy consumption drives ever more expanding need for energy trade, thus increasing mutual dependence among countries and regions. Security of supply and demand, and as well as transit have always been an added consideration in these trade relationships. Emergence of new supplies bring new supply routes into scene and stimulate integration of energy markets by prompting new ways and configurations of energy policy cooperation and coordination at different levels among involved parties.

### **Turkey's Energy Profile and Prospects**

Regarding its own energy needs with a rapidly growing economy, Turkey has become one of the fastest growing energy markets in the world, experiencing rapid demand growth in all segments of the energy sector for decades. Discounting the effects of recent transitory toll stemming from the current global economic crisis, energy demand forecasts indicate robust growth rates of 6-8 % per year to prevail for years to come. The primary energy

consumption, which reached around 92 million tons of oil equivalent in 2006 is expected to more than double, reaching over 220 million tons of oil equivalent in 2020.

Given the limitations of Turkey's domestic energy sources in light of its growing energy demand, dependency on energy imports have been on rise, in which oil and gas have a primary place even after factoring in all resource diversification plans and energy efficiency initiatives.

Hence Turkey attaches utmost priority to further diversification of hydrocarbon imports at source, in addition to intensifying its own exploration and production activities in this context.

Turkish energy policy has made impressive progress after the Helsinki Summit of 1999 where Turkey was declared a candidate for accession to the EU. Turkey attaches great importance to more efficient and rational functioning of the energy sector for promoting the competitiveness of the national economy. Substantial progress has been achieved in restructuring and liberalizing the Turkish electricity and gas markets in pursuance with the EU Directives for the purpose of integration with the EU Internal Energy Market since the enactments of the Electricity and Natural Gas Market Laws in 2001. With the further issuance of Petroleum and LPG Market Laws, scale and scope of competition oriented mechanisms have proven to be the basic institutional setup and the direction on which energy sector is undergoing change.

An important element of the energy sector reform process was the institution of an independent market regulator, The Energy Market Regulatory Authority (EMRA) with a mandate to be in charge of regulation and supervision of the electricity, gas, petroleum and LPG markets. Besides, significant steps to incorporate nuclear and substantial renewable potential as new forms in the national energy mix, and energy efficiency measures as well as measures towards mitigating adverse environmental impacts, are on top of the government agenda.

Turkey lies adjacent to or in close proximity with the countries and regions possessing some 72 % of the world's proven gas reserves and 73 % of oil reserves, including in

particular those in the Middle East and the Caspian basin. It thus, forms a natural energy bridge between the source countries and consumer markets and stands as a key country in ensuring energy security through diversification of supply sources and routes, considerations that have heavily weighed on the agenda of this very platform for discussions because of their ever increasing significance in respective parts of energy geography.

Turkey's importance lies in its willingness and ability to develop major trading systems for oil and gas thus enabling hydrocarbon resources to access world markets by pipelines from such diverse regions as the Caspian, Central Asia, East Mediterranean, Middle East, and north of Black Sea. Underlying this very willingness is a stance to turn into reality projects, like Nabucco, architected on novel ways in providing access to solvent, stable, reliable and top growing world gas markets, based on long term balanced, diversified and secure sales portfolios, to be carried out through international investments, and bringing in best know-how transfer and technology diffusion prospects to involved supplier countries.

Attracting energy world's attention to Turkey's this unique geo-strategic location and its repositioning to avail major projects that can create best value among alternatives to involved parties will serve for optimally carrying energy resources of these regions to high quality end-markets of Europe and further beyond, via safe, cost effective and environmentally conscious ways, thereby leading to the formation and consolidation of East-West Energy Corridor.

As a sound result of these efforts, Turkey is spearheading a number of projects in close cooperation with relevant parties to realize most viable routes for safe and uninterrupted flow of hydrocarbon sources in east-west as well as north-south directions, catering for energy security needs of sources and end-markets, thereby providing direction and reach to some of the landlocked countries waiting with their resources to be monetized at most economically rewarding terms.

Hence a virtuous cycle that will originate along realization of these projects will turn into potent and tangible instruments in strengthening the basis of peaceful, sustainable, and

balanced development, and opening broad avenues for furthering economic integration on strong and mutually beneficial terms in the region.

### **Elaboration on Current Pipeline Projects Involving Turkey**

- The East-West Energy Corridor was elaborated in this respect. The Corridor essentially aims at transporting the Caucasian and Central Asian energy resources to the Western markets through safe and alternative routes.
- The first component of the East-West Energy Corridor, namely the Baku-Tbilisi-Ceyhan oil pipeline was successfully completed and became operational in 2006. As of November 2008, some amount of Kazakh oil also started to flow to the world markets through this pipeline. The second component of the Corridor, the Baku-Tbilisi-Erzurum natural gas pipeline followed suit and started operation in 2007.
- For moving gas further towards the Central European markets, efforts are also underway to realize the Nabucco natural gas pipeline project. The project is also very important for both source and end markets as a real option for genuinely security enhancing diversification perspectives.
- The signing of the Nabucco Intergovernmental Agreement and its approval by the national Parliaments of all the State Parties have encouraged the source countries to show more active interest in exporting their natural gas to European markets.
- Being another component of the Southern Gas Corridor, the Turkish-Greek Gas Interconnector has become operational in November 2007. We hope that the Greece-Italy connection will also be completed in due course. We believe that the potential interconnection of Bulgaria as well as Albania and Macedonia at a later stage to the Turkey-Greece-Italy Interconnector will increase the strategic value of this pipeline.
- These projects will definitely enhance regional and global energy supply security through source and route diversification and assist Turkey in becoming the fourth artery of the EU for natural gas in the years to come.

- Turkey also attaches great importance to the North-South axis and aims to act as a transit country on this route as well. In this context, plans in place focus on realization of the Samsun-Ceyhan By-Pass Oil Pipeline Project, a project assessed to be highly economically and environmentally viable and preferable.
- Turkish government fully supports this project and is pleased to observe that there has been a growing interest for it. With the signing of the recent deals between Turkey and the Russian Federation, Russia has decided to take part in the project. Since then, discussions are underway between the Samsun-Ceyhan consortium and the Russian companies Transneft and Rosneft.
- Studies on exploring ways to extend the Samsun-Ceyhan by-pass Oil Pipeline to further south to Israel, and thereafter a seaborne connection to India, as constituents of this Energy Corridor, are underway.
- Taking into account the capacities of the BTC, the Iraqi-Turkish Oil Pipeline and Samsun-Ceyhan by-pass pipeline which is under development, as well as the oil transported through the Turkish Straits, it is expected that 6 to 7 per cent of global oil supply will transit Turkey in the near future and that Ceyhan will become the largest oil outlet terminal in the Eastern Mediterranean. Moreover, following the construction of an oil refinery and an LNG terminal, Ceyhan is expected to become significant “energy hub” of the region.

**Thank you all very much for your kind attention.**