



Organization for Security and Co-operation in Europe

High-level International Conference

“Reliable and Stable Transit of Energy and its role in ensuring sustainable development and international cooperation”

Ashgabat 23-24 April 2009

Opening Remarks

OSCE Secretary General Marc Perrin de Brichambaut

Mr. President,

Allow me to congratulate Turkmenistan on the success of its initiative to put forward a resolution on reliable and stable transit of energy and its role in ensuring sustainable development and international co-operation which was welcomed unanimously by the UN General Assembly, and to thank you, Mr. President, for calling this Conference on ensuring the follow-up of this resolution and giving it a strong impulse by your statement.

Mr. President,

Excellencies,

Distinguished guests,

I am especially pleased to be here today, because the Organization for Security and Co-operation in Europe has solid foundations to contribute to this discussion.

Our starting point is the agreement between the 56 participating States on a comprehensive approach to security. For the OSCE, security requires not only politico-military co-operation between States, but also healthy economic and environmental governance, and the protection of the rule of law, democratic

government, and fundamental freedoms. This cross-dimensional approach to security remains relevant to the security challenges of the 21st century, and it remains the OSCE's signature strength.

As early as 1975, with the *Helsinki Final Act*, the participating States agreed on the importance of the economy and environment for the lasting security of societies, States and regions.

In 2003, the 56 participating States agreed to the *OSCE Strategy Document for the Economic and Environmental Dimension*, where they inscribed energy security as a key element of OSCE deliberations in this Dimension.

In the Maastricht Document, the participating States agreed on basic principles and determined lines for action. The Document starts by affirming that “energy security requires a predictable, reliable, economically acceptable, commercially sound and environmentally friendly energy, which can be achieved by means of long term contracts in appropriate cases.” I believe these words remain valid today.

In addition, at the Brussels Ministerial Council of December 2006, participating States adopted a Decision on “Energy Security Dialogue in the OSCE”, expressing support for the principles and objectives that were agreed in this area at the G-8 Summit in St. Petersburg in 2006, and tasking the OSCE to promote dialogue on energy security, including at expert level, involving producing, transit and consuming countries.

These commitments constitute the framework for OSCE debate and action in the area of energy security.

The OSCE can serve as a forum for broadening the dialogue begun in the G-8 and extending it throughout the entire OSCE region.

Together with the United Nations Economic Commission for Europe (UNECE), which does excellent work through its Committee on Sustainable Energy, the OSCE is the only pan-European and Asian structure where representatives of energy producing countries, energy consuming countries and transit countries can discuss energy security issues openly and on an equal basis.

The Resolution "Reliable and Stable Transit of Energy", adopted by the 63rd session of the United Nations General Assembly, calls for extensive international co-operation in ensuring reliable transportation of energy to international markets. It is very much in harmony with the principles developed in the OSCE.

Mr. President,
Excellencies,

Energy is a core element of all economies and is vital for the development of modern societies. By all accounts, the demand for energy over the longer term is set to increase in line with rising needs of the global economy. It is also the case that energy resources currently most in demand are situated in regions that are not always in proximity to existing centres of high energy use. Hence, the development and production of energy, its transportation and distribution require significant capital outlays over the long term. Reference projections point to the doubling of net energy interregional trade by 2030.

Rising demand and deepening trade will also be accompanied by the increase of risks and the consequences of possible disturbances, such as disruptions of supply networks caused by natural disasters, technical problems or malevolence, including violent terrorist attacks. The environmental consequences of such events have to be considered seriously.

In this context, to use the words of the UNGA Resolution, "promoting international co-operation in determining ways of ensuring reliable transportation of energy to international markets" requires a number of specific policy

approaches from public and private actors. Among these approaches, I would highlight the following:

- ♦ First, the need to make strategic choices in ways that provide predictability to investors, public and private, who must commit significant resources over the long term -- whatever the current state of markets. This requires solid commitments and stable, trust-based relationships between all concerned actors at all stages of the production-transportation-distribution cycle. Among States, the private sector and individual actors, bargaining may be hard, but the need for good faith is always vital.
- ♦ Second, the need to ensure transparency and fairness between relevant actors at each of these stages. This is where the importance of a solid framework of contracts operating within functioning markets regulated by the rule of law becomes so essential. International organizations are well placed to provide advice on possible reinforcements of the legal and regulatory frameworks at the national and international levels.
- ♦ Third, the improvement of energy efficiency and conservation, the prevention of and the remediation to pollution and other environmental concerns have also to be considered integral parts of this framework. May I remind you in this respect that the OSCE organized in Ashgabat in March 2008 a conference as part of its 16th Economic and Environmental Forum, which devoted particular attention to maritime co-operation and environmental protection in the Caspian Sea. In the same month, the OSCE organized in Turkmenbashi a workshop on “Oil Spills Response and Remediation: Status of regional co-operation in the Caspian Sea and exchange of best practices from the OSCE region”.

Mr. President,
Excellencies,

Turkmenistan is well placed to address all of these dimensions. Its geographic location allows it to relate to some of the largest and fastest growing markets. Ample reserves of critical hydrocarbons provide it with great potential in production and export. The country is demonstrating leadership in the context of the United Nations.

This High Level Conference is an important step on the path to developing stronger international governance for global energy supply, on the basis of clearly identified legal norms and mechanisms. This process will take time and it is important that the requisite expertise and will is gathered from all actors to move this forward. In the meantime, immediate steps are possible, for instance, in the shape of exemplary contractual arrangements and the development and exchange of good practices.

Over the medium term, clarifying appropriate legal norms can help to underpin processes for harmonising the interests of energy consumers and suppliers, transit States and transnational companies. As the participants of the EU-Central Asia Forum noted last September, such harmonisation is important indeed for guaranteeing international energy stability. I also note the important proposals presented recently by President Medvedev. Altogether these references provide solid starting points.

In the longer term, forging a common legal space for international co-operation in the production, transit and consumption of energy resources can be an objective of strategic importance.

By drawing on all of the instruments available in the rich toolbox that the international community and the energy industry have developed over time to

address complex needs, we can move to elaborate a new approach in line with the objectives set forth in the UNGA Resolution.

Under the current Chairmanship of Greece and in view of the upcoming Chairmanship of Kazakhstan, the OSCE stands ready to make a practical contribution to this process.

Mr. President,
Excellencies,

Times are not easy. The global economic and financial crisis has serious consequences on the energy sector. International co-operation is vital for building the conditions for sustainable and healthy development and continuing to prepare the future. Greater transparency and predictability in energy sector is key part of this picture. This is what this Conference is about, the presence of a high-level group of participants bears witness to its timeliness and potential for the future, and the responses elicited by the initiative of Turkmenistan are encouraging.

I thank the Turkmen Government for this promising initiative and look forward to our discussions. Thank you for your attention.