



International Conference
“2nd South East Europe Energy Dialogue”

Thessaloniki, 21 - 22 May, 2008
Makedonia Palace Hotel

Wednesday 21st MAY 2008, 9.00 – 11.30

SESSION I -Plenary-Introductory

Introductory Remarks by
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Chairman of IENE
Chairman of the Conference Organizing Committee
(Draft)

On behalf of the Institute and of the Conference Organizing Committee I would like to welcome and thank you all for your presence.

Special thanks to Mr. Gerald Doucet, Secretary General of the World Energy Council. We are grateful that Mr. Doucet has accepted our invitation. We are proud that our Conference is being organized in partnership with the World Energy Council.

Also, special thanks to the Secretary General of the Greek Ministry for Development, Mr. Moussouroulis. The Minister Mr. Folias, who will address the Conference tonight, has accepted the proposal of the Secretary General for Energy Mr. Moussouroulis and has put the Conference under the auspices of the Ministry. We thank both for their valuable moral and financial assistance.

Let me also present our thanks to all our Sponsors, to the Technical Chamber of Greece and many others, to you the participants,

Coordinators of Sessions, Speakers, Panelists, audience. Your partnership in this International Conference is encouraging and we feel a heavy responsibility to satisfy your expectations.

S.E.Europe geopolitical landscape and Energy challenges

Last year, in the inaugural meeting of the 1st S.E. Europe Energy Dialogue, I tried to analyze the difficult and unstable geopolitical landscape of S. E. Europe:

- The major unsolved political problems and uncertainties of the region.
- The need for more democracy, modernization, liberalization and opening of the political, economic and social structures.
- The need for change, development, better quality of life.
- The need for investment, growth, infrastructures.
- The external influences which are – as always - complicating the evolutions in the region.

One year later there is not much change. No need to reanalyze the situation, I would simply remark that there are hard realities to overcome. At this point I would like to stress that the expected development of the S. E. European countries can not happen unless the energy security of their constantly increasing energy demand is assured.

Energy security can not than coincide with large investments in the energy sector. Power plants, refineries, oil and gas terminals, storage capacities, electricity lines and interconnections, pipelines and distribution networks have to be built, to be modernized, to be more efficient and less pollutant.

S.E. European countries are not simply net energy importers. Their energy balances are fully dependent on imports. Thus, the energy dimension of their economies is extremely important.

Interdependences

Security and stability in the energy sector are factors directly influencing any effort for progress and growth.

And vice versa, competitive and open economies, predictability and transparency of the markets, attractive investment environment, secure

energy supplies at reasonable prices, sustainability and environmental awareness are key factors for energy security and stability.

Unfortunately, nowadays we are confronted by an open list of changes of national priorities and geopolitical balances associated with unreasonable, inexplicable price rising which creates market unpredictability and instability.

Simultaneously, the world has to face huge environmental concerns, new environmental priorities. The climate change “wake-up call” reminds us the complexity of the problems of Energy and Environment interdependence. We all realize that nothing is autonomous in the evolution of our economies, of our societies.

Our energy decisions are influenced by a long list of positive and negative factors which is becoming longer and more complex with the “globalization” of our economies and of our problems on Earth.

Our energy decisions have to take into consideration all these factors with their appropriate relative weight, in order to be consistent, coherent, sustainable.

Moreover, we have to pay attention to a newer “wake up call”: our energy decisions must also be influenced by the rapidly progressing poverty, the steadily increasing percentage of starving human beings as a result of the imbalances of the food / alimentation chain. Our energy decisions have huge implications on the water utilization, on the food production chain, on the quality of life of billions of human beings. Not only on the quality of their life – on their existence.

These implications tend to become much more serious as commercialization and markets prevail and try to impose their interests above all other considerations without clear political guidance and control.

To face this situation coherent, consistent, sustainable strategies have to be developed, accepted and implemented. Stable multidimensional policies, based on more pragmatism, on global considerations and on consensus are indispensable, if not the various conflicts and instabilities will harm the life of future generations.

The need for consensus of energy and environment communities is a first priority. A consensus not only of developed, wealthy and prosperous but also of the less privileged, those who have not access to the energy

goods, those who may suffer more by our efforts to save the environment by reducing GHG emissions.

Back to our Region

This extremely heavy, complicated and difficult to face global juncture aggravates our regional S.E. European energy problems.

Some have expected that the emergence in the region of the European Union could play a major role in the process of putting priorities, securing stability and regulating markets. The major initiative of the establishment of the "S. E. Europe Energy Community" was a very encouraging signal.

It is undeniable that a clear, long-term common European energy strategy would be on one hand extremely useful for protecting the interests of the Member countries of the Union and on the other hand – through the establishment of Regional "Energy Communities" - would assure political guidance, active influence in the restructuring of the regional energy affairs, transfer of European practices at the national and regional levels.

Unfortunately, the way for a common European energy strategy is long and uncertain. There is a visible progress these last few years, hopefully the Energy Chapter in the new Treaty will contribute, but the way to a common energy strategy seems to me long and difficult. I think this is the main reason why the practical advantages of the establishment of the "S.E. Europe Energy Community" remain to be seen.

But, it is also undeniable that the creation of regional synergies could be a unique opportunity for the establishment of cooperation, for the promotion of common goals and practices, for the search of ways towards growth, better quality of life, no conflicts and that regional synergies in the energy sector could strengthen the process of growth and enhance the perspectives of energy and environment security.

Fortunately, nowadays, there are some signs that a kind of regional energy cooperation is in perspective in S.E. Europe. Not as a result of common efforts of governments in the region. Not as a fruit of the European Union influence and the establishment of the S.E. Europe Energy Community. Surprisingly, neither as an achievement of the local markets and their need for integration.

The emergence of S.E. Europe as the "south gate" for energy supplies of

the European markets imposes the regional cooperation.

A large number of potential new routes for energy, mainly gas pipelines, but also oil pipelines, major electricity interconnections are either in progress or thoroughly examined.

Many projects are on the table. Some may be proven unrealistic or incompatible to other present or projected routes, or, simply extremely expensive and commercially not viable projects.

What is absolutely certain is the construction in medium term of a considerable number of new oil and gas pipelines, new energy routes to Europe, which will cross the frontiers of many S.E. European countries. The reinforcing of existing and the construction of new electricity interconnections is also certain.

As the new energy routes will transit through some S.E. European countries, they will contribute to the improvement of the energy security, diversification and supply at reasonable cost of their energy balances.

They will also bring direct advantages to their economies and to their stability. They will attract new investment; they will create new employment opportunities; they will create synergies with neighboring countries. Projects of common interest will impose regional cooperation.

It is certain that a S.E. European "energy bridge" will radically contribute to the development of the region and to the increase of the geopolitical importance of the countries in the region.

The "Energy Dialogue" process

In this context, I think that our Conference has to discuss some major questions:

- The actual evolutions are the result of markets considerations or of "geopolitical" factors?
- What is more important, markets or geopolitical influence and control of strategic infrastructures?
- Is it possible to see reasonable market decisions and supplies diversification in the region and in the Union as long as gas from Iran, Irak, Gulf countries is excluded from our energy potential sources?
- The geopolitical dimension, the clear divergence of political goals

and commercial interests of U.S. and Russia, their fight for influence in the region and for control of the Caspian and Middle East energy sources how and for how long will affect the routes of energy, the energy dependence of Europe and consequently the energy supplies of S.E. Europe?

To face the major energy security problems, the energy and environment, energy and development, energy and external dependence balances and many other problems linked with the energy dimension of our economies we need realistic debate. We need consensus through debate. We need reasonable compromises. We need a common ground for development, energy, environment, climate change.

Such a debate is essential in order to see the emergence of a global strategy. Then, national policies adapted to local conditions, local factors and local priorities could be adopted.

In the Institute we strongly believe that a high-level "Energy Dialogue" process is a "must" not only at our regional level, not only between E.U. and producing countries, not only amongst governments and officials, but also at the level of the Industry and market players.

This Conference offers a valuable opportunity to stress the need for such a debate and to open a Dialogue at a level of distinguished and influential personalities of the energy sector in S.E. Europe and not only.

The Institute through the "Energy Dialogue" process initiated last year - and expected to continue and be complemented with other initiatives in the coming years - is trying to offer a modest contribution to a process we believe has major importance.

What we are trying to achieve is to create the floor for a productive Energy Dialogue environment in order to:

- o study the basic energy structure and energy prospects of the region.
- o identify the key energy challenges and opportunities of the broader region through a procedure of open and unofficial exchange of views.
- o create an open forum, of knowledgeable and influential personalities of the academic, public and private energy field, from all S.E. Europe countries.

The creation of an unofficial but effective network of energy experts at international and regional level in S.E. Europe and the organization of the "Dialogue" on an ongoing basis are for the Institute major objectives.

Thank you for your attention.