

Welcome Remarks by Mr. Costis Stambolis,
Executive Director of IENE.

Your Excellencies,

Dear Delegates,

Dear Speakers,

Especially those of you who have traveled long distances to be here among us today. On behalf of the Conference's organizing committee and IENE let me first of all welcome you to the "2nd South East Europe Energy Dialogue".

Before going any further let me introduce our panel. On my right is the Chairman of IENE Mr. Constantinos Maniatopoulos and on his right is Mr. Gerald Doucet, Secretary General of WEC and further to his right is the Deputy Chairman of IENE Mr. Spyros Paleoyannis.

Almost a year after the first such meeting which was organised by IENE in this very place, the 2nd SE Europe Dialogue is convened at a very opportune moment as extremely important developments, cataclysmic in some ways, are taking place both regionally and internationally. As for the regional developments related to energy these will be fully addressed in the various sessions of the conference and thanks to the more than 70 speakers, session chairmen and panelists who have gathered here today representing more than 20 countries and 7 international organizations.

Apart from the presentations in each session this meeting is putting a lot of emphasis in discussion, both within each session, but more importantly across the board, hence the "Dialogue" term we use to underline the orientation of this meeting. Because, we at IENE, firmly believe that it is only through an open, frank, and without preconditions Dialogue that we may begin to understand and appreciate our region's true position, which is the first step towards solving problems and moving forward in the development process.

As for the international developments one cannot fail to observe that this conference is being organised in a very opportune moment as oil prices continue to skyrocket in what appears to be uncharted territory. Just yesterday oil at NYNEX hit \$129 per barrel with further price hikes predicted by most analysts. This unprecedented rise in international oil prices affects almost everybody as it has very serious price repercussions in other sectors such as gas and electricity. It affects directly countries such as the ones in SE Europe, which as you all know, and which we shall clearly see during the conference, are net oil and gas importers.

The decision by Saudi Arabia to boost oil output by the recent production increase of just 300.000 barrels proved completely inefficient to halt the price rise as other factors at play exert a far more decisive influence in the global oil balance. It appears that the emergence of new and dynamic oil consuming centres has not been adequately understood nor is the impact of oil prices in global economic growth. The impact of oil price on economic growth is obviously not the same as in the 70's and 80's, (it is

much smaller) nor is the dollar the absolute currency at world level, two facts which help explain the steady price rise of the last 5 years. The inexorable price rise of oil from \$20 to \$130 in less than six years makes both governments and consumers look powerless. The prognosis is that the price will rise further before a new balancing point is reached. The oil price is causing financial dislocation as trade surpluses rise for exporters and deficits for importers.

In order to meet this enormous challenge which lies ahead, it is quite clear to me that we, as consumer countries, must pursue new policies along three main lines:

- (a) encourage energy efficiency and new energy sources.
- (b) reduce future oil demand.
- (c) promote investment in ⁽ⁱ⁾ new oil and gas supplies and hydrocarbon resources, and ⁽ⁱⁱ⁾ in new oil and gas routes.

All three tasks could be more easily tackled with international, and in our case, regional co- operation and there are enough shared interests to make a worthwhile deal possible. We at IENE believe that this Dialogue has something to contribute towards this direction, and myself firmly believe that there is a need to strengthen this process, which we started here in Thessaloniki a year ago.

Before asking the chairman Mr. Maniatopoulos to take the floor I wish to thank all of our sponsors and supporters for enabling us to organise this meeting without whose valuable help and contribution we would not have been able to put this event together.