

Your Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

In a world thirsty for energy, we have to deal with:

- 1) **The rising cost of energy, in combination with the increase of global demand.** As the world is changing and new economic powers seek energy, a frustrating uncertainty rises. China, India, Russia and other countries have a part in the game, as their economies are growing rapidly. Thus, the upcoming question is: how will they cover their needs without causing the destabilization of the world's energy system? According to the reports of the International Energy Agency, in the medium term the world will primarily rely on fossil fuels. However, the consumption is expected to increase tremendously and developing countries will account for the largest part of it. Regardless of how efficiently we consume coal, gas and oil, in the end, it won't be enough. Hence, it's inevitable that we need to expand and exploit other energy sources.

2) **The uncertainty concerning energy security.**

Whether as producers of hydrocarbons, actual or potential producers of renewable energies, transit countries, consumers, or all of the above, we are looking for security – security of supply or demand. This is the prerequisite for sustainable economic prosperity in the years to come. Moreover, transport networks have not yet been established and the basic principles of the economics of networks that have been advanced as a concept by the EU are not today in accordance with the international standards. Therefore, insecurity becomes even more acute.

3) **The insecurity is also linked with the inevitable interconnection between energy and political goals.**

Many countries in the world still view energy as more of a political issue and consider it as a major part of their wider geopolitical strategy.

4) **The Climate change,** which already affects the cost of energy, will continue to do so in the future, as we are coming closer to an international agreement

concerning the environmental cost of hydrocarbons. Many energy people, for a long time, viewed climate change as a side issue. This is no longer so. Climate change is real and it is coming faster than anticipated. Moreover, there is a growing uncertainty, concerning the quantity of water that is necessary for the production of water made energy.

5) **Technological changes**, which could jeopardize major energy investments. Today, there is a serious political risk, involving all investments that are based on a low carbon tax hypothesis. Although significant funds have been invested in r & d concerning the development of new energy schemes, surprises cannot be excluded. And by this I mean implications of technical nature, often occurred after major projects had been elaborated. In today's precarious world, no one can risk safe predictions regarding energy. The living proof of that is Stern's Review which estimated that oil price would not exceed 60\$ per barrel by the end of 2050.

In other words, the main question is what we can do in order to cope with these problems. Despite the above

mentioned uncertainties, I am convinced that the challenges we face, no matter how daring they might be, they offer our countries tremendous opportunities that are not to be missed. Greece looks forward to working with the other neighboring countries, building on our common interests and further enhancing our partnership for the benefit of us all. There is a growing global consensus that the energy issues can only be tackled collectively. Indeed, the countries of SE Europe, should take advantage of the global momentum to address these challenges – ensuring access to energy sources, enhancing energy security and developing greater regional cooperation in order to secure sustainable economic growth, in an environmentally friendly manner.

At this point, allow me to outline the most important elements of the Greek energy policy. Our main target is to contribute to the creation of a better energy market, which will cover our national needs and our neighboring countries' demands as well.

Sharing European Union's objectives for an integrated energy policy, the Greek government applies a national energy strategy, based on the following main keystones:

1. The first one refers to the liberalization of the regional energy market. This entails the encouragement of investments, required for new establishments, networks and interconnections. In this context, we strongly promote the extension and the enhancement of energy cooperation with our neighboring countries. Greece has played a leading role in the foundation of an Energy Community among the countries of South-East Europe, aiming at the creation of a strong, free and secure regional market.

Taking into account the small size of the South East European markets, because of which they do not offer opportunities for optimized major investments, in the field of energy, we also promote regional cooperation, as a means of attracting large scale projects. Economies of scale are crucial if we are going to have optimal energy investments and cheap energy in the region.

The establishment of the Energy Community should also serve as a model either through its expansion in the Mediterranean and the Black Sea basins or with the creation of new regional markets, in the framework of the Euro-Mediterranean Partnership and the European Neighborhood Policy.

2. Diversification of supply. Greece, in full accordance with the European principles of energy security and diversification of energy supply, supports a range of projects, namely:

- The Interconnection TGI natural gas pipeline, starting from Baku and going through Turkey and Greece to Italy.
- The Bourgas-Alexandroupolis oil pipeline, as another secure corridor for Eurasian oil to reach western markets.
- The South-Stream natural gas pipeline
- The supply of Algerian gas
- The interconnection of the electricity networks of Greece, Turkey and Bulgaria

3. Speeding up the investments in the field of renewable energy. We are convinced that renewable energies, as part of a sustainable, forward-looking energy supply, offer a number of unparalleled advantages:

- **Renewable energies increase security of supply.** It is estimated that during the following years, the EU might be by seventy percent (70%) dependent on energy imports. At the same time, traditional energy supply structures are becoming increasingly insecure and expensive due to the scarcity of resources. SE European countries enjoy excellent weather conditions as far as sunshine and wind is concerned. Our cooperation in developing and exploiting renewable energies is a valuable investment for the future.
- **Renewable energies create jobs and spark technical innovations,** but above all,
- **Renewable energies promote the global economic growth in an environmentally friendly manner.**

Greece tries to be a leader in this effort: In this context, Hellenic Aid, the development branch of the Greek Ministry of Foreign Affairs, has designated the implementation of renewable energy projects as a priority goal, and has already funded related projects in several countries of SE Europe. Moreover, Hellenic Aid and USAID are to sign tomorrow a Memorandum of Understanding (MoU) in the field of energy. The cooperation concerns the acceleration of investments in renewable sources of energy and energy-saving in a number of member states of the Energy Community, i.e., Albania, Bosnia-Herzegovina, Georgia, Croatia, Montenegro, Moldova, Ukraine, FYROM, and Serbia. The total budget of the project amounts to €8 million and the proposed agencies for its implementation are the International Resources Group (IRG) for the United States and the Centre for Renewable Energy Sources for Greece, with a fifty-fifty cost allocation. This is a particularly important development programme, which will help strengthening the

region's economies, by promoting a model of sustainable development.

To sum up, I would like, for one more time, to point out the importance of cooperation. The promotion of regional cooperation, in a more or less unified energy market should be our basic objective. It is imperative that we build up relations with our strategically important neighbors on the basis of mutually beneficial and transparent agreements. We are looking for Win-Win solutions and the way to achieve them passes through a well functioning market, on the basis of an Energy Community that will help us address the major demands of our time.