

Introductory Remarks

by Mr. Costis Stambolis, Executive Director, IENE

Dear Mr. Maksimovic,

Dear Mr. Stefanovic,

Dear Colleagues,

Ladies and Gentlemen,

First of all I would like to convey to the leadership of AERS and to all of you present today the warm personal regards of our chairman Dr. John Desypris who although he was planning to attend, he has been detained in Athens as a result of the privatisation programme, which is now moving again, following his company's (Mytilineos Holding) strong interest in it. And of course I wish to convey greetings to all of you from my colleagues at IENE's executive committee who are all well informed and supportive of today's event. This gathering would not have been possible at all without the strong interest and commitment of the Energy Agency of the Republic of Serbia (AERS) who right from the start responded positively to IENE's proposal. Equally supportive was and is Greece's Public Gas Cooperation (DEPA) which provided the necessary funding for the meeting and to whom we are grateful.

As plans are currently underway for the gradual political integration of most of the countries in the region of West Balkans to the European Union, and these prospects now look better than ever before, the functioning and development of energy markets in an open and competitive way is becoming a priority. And although considerable effort has already been made by several players towards this direction there is still a lot more to be done. At this point I have to mention the excellent work undertaken over the last five or so years by the Energy Community Secretariat in Vienna by the various Regulators and TSO's and of course market players, national electricity companies and independent power producers alike, natural gas companies, operators of all types and of course energy traders.

And yet despite all these efforts and the not insignificant investments by the private and public sector companies over the last decade, in both electricity and gas infrastructure projects, the market as you will hear today is not functioning as well as it should. There are admittedly problems with electricity interconnections across national borders, with cross border transfer capacities, transmission limits, hoarding, capacity congestion, while in the gas sector we have a clear deficit in country to country interconnectors which prevent the wider distribution of gas, let alone the development of a liquid market. This lack of adequate gas capacity and associated supply problems became evident in a very tragic way during the latest cold spell in our region.

We have to remember though that as we are pursuing the free and open development of our energy markets whether in electricity, gas, oil or coal, that until very recently the energy market in our region was strictly controlled by governments at central level. And of course the move over to a market driven competitive type open system, to which all countries in the region are committed, cannot take place overnight. Therefore the title of today's seminar "Opening Up the West Balkans Energy Market" is I feel most relevant and it is indicative of the difficult task ahead.

So let me welcome you all again to today's gathering and may I now call Mr. Maksimovic to take the floor.