



Ad hoc Energy Forum of Igman Initiative
REGIONAL ENERGY SECURITY AND SOLIDARITY– CHALLENGES
AND PERSPECTIVES

Belgrade, January 23rd 2009

CONCLUSIONS AND RECOMMENDATIONS

On January 23rd 2009, Igman Initiative organized the ad hoc Energy Forum on the subject: “Regional energy security and solidarity – challenges and perspectives”. The meeting took place in Belgrade, with representatives of this regional network of non-governmental organizations from Bosnia and Herzegovina, Montenegro, Croatia and Serbia (list of participants attached)

- Igman Initiative represents a form of regional cooperation between non-governmental sectors whose main goal is to renew the cooperation and normalize intergovernmental relations. Organization of this ad hoc Energy Forum comes out of a desire to emphasize the fact that renewal of regional cooperation also includes an inevitable dimension of instigating political dialogs and cooperation in the field of energy supply, which is one of the key areas of contemporary international relations. Cooperation in the field of energy supply is an inevitable precondition for sustainable development and progress of all countries of this region. Immediate motivation was the unprecedented energy crisis in the region after supply of natural gas from Russia was terminated. In spite of the fact that it was a consequence of a Russian – Ukrainian conflict, it was the countries of Southeast Europe that received the hardest hit. In fact, regional energy insecurity became evident. Countries of the region are highly dependable on Russian supply of natural gas; Bosnia and Herzegovina depend on it completely; 90% of Serbia depends on it, while Croatia enjoys a bit better position thanks to the high percentage of national production. Only Montenegro does not use natural gas in industry, remote heating systems and as a crude material. Energy interdependence is a fact that needs to be additionally valorized through the promotion of regional cooperation.
- Participants of the meeting have agreed that the gas crisis requires a solution on the national and regional level. Because, crisis is over but problem remains unsolved. New energy policy is needed both on national and regional levels, as well as on a broader scale, which should include a better anticipation of energy security, interdependence and solidarity. Obviously, in terms of short and middle term projections, energy security in the field of natural gas, an energy material of future for its ecological features and amount of global reserves, is in danger. Energy crisis

coincides with the global financial crisis and recession in a Eurozone crucial for the region, which might slow down and impede realization of plans for construction of energy supply facilities.

- On the national level, energy security in the field of natural gas supply, secures only improvements to energy efficiency, development of renewable source and market regulation. Externally, diversification of sources and pipelines for natural gas supply is essential. Market for crude oil and natural gas in the region is small and divided and therefore very sensitive to crisis in supply. Regional and cross-border cooperation in the field of oil and gas supply is inadequate. In regard to infrastructure, it all comes down to pipelines from Rijeka to Pancevo and Serbian pipeline to Sarajevo. Situation is better in electric energy sector.
- Institutional framework of cooperation in this quadrangle was set upon creation of Energy Community of Southeast Europe, which helped the whole region to become practically integrated in EU energy market as a “sector”. Energy Community is a framework that secures energy security and solidarity for all countries in this region. Therefore, it is absolutely essential to enforce all agreed rules, as well as to develop new forms of cooperation that stay in keeping with changes in European Union. EU identified the need for coordination of energy policy in this region’s countries and for development of mechanism to fight this kind of crisis. Firstly, EU priorities will be put on diversification of sources of gas supply for suppliers and for pipelines. A whole range of additional measures with an emphasis on reinforcement of energy efficiency and renewable energy sources is currently being prepared. During the crisis, EU members have expressed solidarity, towards countries members of Energy Community as well. This is all about a positive, spontaneous activity, where mechanisms of structural solidarity are necessary, especially for crisis situations.
- Newly formed Regional Cooperation Council (Successor to the Stability Pact) based in Sarajevo, has put a focus on reinforcement of cooperation in the field of energy supply and made it one of their priorities, as it was set by the propositions of the Contract for establishment of Energy Community. Council’s reaction to the energy crisis was a message to the leaders of countries in dispute. However, initiative to organize an emergency meeting of relevant government bodies in the region hit by crisis was not realized. Idea of regional ownership is a basis upon which this Council develops regional cooperation and it creates a priority regional forum for disputes, initiatives, agreements and initiatives in this field.
- Mapped out or planned projects of gas infrastructure in the region (South stream pipeline, Adriatic pipeline, Nabuko, gas network NETS, regional gas ring) or crude oil pipeline (PEOP) offer a solution, but only in a long term projection. For now, these are only normative activities; larger investments are yet to be expected, as well as broader connection of energy infrastructure. Analyses carried out by International Energy Agency and by the Secretariate of Energy Community have identified region’s high demands for investments in the energy sector. At the same time, energy supply and energy security have a very prominent social dimension. Realization of projects will require good and stable overall political situation, substantial bilateral

relations and growing cross-border cooperation. That is why support for the coordinated approach to future infrastructure projects is necessary.

- Nuclear energy and its use in this region should not be a taboo or a topic accessible only to exclusive circles. Broad, argumentative and thorough discussion on this subject is required, especially because of its obvious cross-border influence in our region.
- There is a need for additional institutional upgrade of energy sector in accordance with principles set by EU and Energy Community, in the context of this region's integration into the pan-European energy market in making. That includes principles of transparency, competitiveness and antimonopoly approach, which are preconditions for development of this region's attractiveness to investments. Having in mind strong influence of politics still present in this region's energy sector, negatively reflected on the scale and dynamics of construction of new energy facilities and necessary infrastructure, importance of establishing independent bodies (agencies) focused on attracting investors was pointed out.
- As a network of NGOs dedicated to multidimensional regional cooperation in overcoming problems that resulted from the recent past, as well to all possibilities of regional development, stability, European and Euro-Atlantic integration, Igman Initiative has identified a need and its interest in motivation of public, governmental and non-governmental actors to seek solutions in regional cross-border cooperation and synergy. Energy security begins in one's own home, but it doesn't end there. In this sense, greater attention must be dedicated to adequate incitements to overcoming and abrogation of obstacles in the development of energy cooperation. Great potential for stronger cooperation lay in the field of energy efficiency improvements. Governments should put energy security and solidarity on the top of priority lists in their dialogs. It would be useful in many ways. Igman Initiative supports all signs of solidarity expressed in gas transit (gas supply for Bosnia and Herzegovina via Serbia). This example and its positive echoes have proved the significance of additional regional agreements in the field of energy security and solidarity through the construction of natural gas and crude oil storage deposits, as well as through gas and electricity interconnections.
- Participants of this meeting have expressed a unanimous opinion that Igman Initiative is able to contribute to the promotion and improvement of regional cooperation in the field of energy. It was noted that this meeting was initiated right on time and that additional promotion, bilateral and regional cooperation are necessary and desirable in the field of energy security and solidarity. Participants have also identified the need for additional tune-up of Igman Initiative's engagement in promotion and improvement of the regional cooperation in the energy sector. All political actors, the academic community and general public should learn from this gas crisis. Adequate lessons should be adopted and thoroughly analyzed, issues of energy security and solidarity should be legally and institutionally regulated.

- Summary of conclusions and proposals should be included in materials which are being prepared for the potential Summit meeting of West Balkan countries early this year, initiated by Igman Initiative. The idea is to evaluate the progress of this region's countries on their European path. It would be like a "second Thessaloniki meeting" of its own kind. During the Czech EU presidency, highest representatives of this region and EU should determine a platform for further European integration. In fact, cooperation in the field of energy security and solidarity, as well as in other fields, represents a test of readiness, ability and capacity of this region's countries for their faster integration in European Union.