



**Opening Remarks of Mr. Marek Belka
Executive Secretary
United Nations Economic Commission for Europe
to the 15th Session of the
Committee on Sustainable Energy**

**Distinguished Delegates,
Ladies and Gentlemen,**

It is my pleasure to open this meeting of the UNECE's Committee on Sustainable Energy devoted to the relationship between energy security and sustainable energy development. Today, both are crucial for every country and for the international community, and your attendance here is a welcome acknowledgement of this fact.

In fact, energy security and sustainable energy development are two sides of the same coin. While in principle the availability of secure energy at reasonable prices and the protection of the environment are fully compatible, at least in the longer run, in practice, friction can sometimes arise between the two, particularly in the short run when trade-offs might be unavoidable. The challenge therefore is to ensure that both objectives are compatible, not only in principle, but also in practice over time.

Fortunately, there can be a strong and mutually reinforcing coincidence between these two policy objectives.

It would not be an exaggeration to say that energy markets and the energy industries in the ECE region today are at a crossroads, experiencing profound change. They are being buffeted by the winds of change. The driving forces are many - public opinion, governments and the market itself.

The challenges are considerable:

- **Energy security has returned to the top of the economic agenda** – and for very good reasons.

Oil and natural gas demand is rising; prices are volatile; hydrocarbon reserves and resources are abundant but concentrated in a few geographic regions some of which are economically vulnerable and unstable; and problems are further aggravated by international tensions, terrorism and potential supply disruptions.

- Likewise, the **energy sector's ecological footprint is once again in the limelight.**

This was dramatically highlighted, just a few weeks ago, by the UK Stern Report on the Economics of Climate Change, which received considerable media attention and has provoked renewed debate and reflection on the consequences of climate change.

- In addition, **governments are busily opening up and liberalizing energy markets.**

This is contributing to a major restructuring and consolidation of the electricity and natural gas markets, in particular. Market liberalization would seem to be accelerating the race for greater size and even encouraging some governments to promote national champions.

It is clear, however, that the range, magnitude and complexity of the problems confronting the energy sector are daunting.

- Take, for example, **rising energy demand in developing countries.** If oil demand in China continues to rise at current rates, the additional oil imports needed by China 10 years from now will amount to the total oil output of Saudi Arabia today.
- But why speculate about the future? Consider **the sharp rise in oil and natural gas prices since 2003.** These increases have significantly affected many emerging and developing countries, and particularly the energy poor and more vulnerable groups in those countries.
- Yet another example is that of **global climate change.** If one considers that the complete elimination of CO₂ emissions in the United Kingdom would be offset by the incremental increase of emissions in China over just one to two years, the challenge to stabilize CO₂ concentrations in the atmosphere is indeed huge.

The changing market fundamentals, the energy sector restructuring and consolidation that is taking place, and concerns over energy security as well as over global governance regarding the environment and most notably climate change, are generating **uncertainty, apprehension and tension among market participants and governments alike.**

As all of you know, over the past 60 years, the UNECE has offered a forum to governments of the ECE region with different and sometimes conflicting interests, to meet and develop common understandings to resolve and move forward on international issues of mutual interest.

During your deliberations over the next few days, you will need to consider how this neutral ECE platform can continue to be used to address some of the current energy challenges and **how best to mitigate tensions among member States regarding energy**. Clearly, addressing the energy challenges will require a renewed commitment from ECE countries for a **broadly based intergovernmental dialogue** on the principles underlying energy relationships and trade, on energy security and on sustainable energy development.

Let me now say a few words about the programme of work of this Committee which you will be reviewing during this session. It is structured to promote international cooperation on the many issues confronting governments and the energy sector today.

For example,

- **Energy security** so vital to Member countries has been addressed through the Energy Security Forum that brought together high-level representatives of the energy industries and the financial sector under the auspices of the Committee. You will hear much more about the ESF later on this morning.
- **Energy reserves and resources** need to be classified and evaluated using a reliable, global common system, such as the UN Framework Classification, in order to increase transparency and knowledge, and to better manage these resources over time. This is the subject of much interest and work by one of the groups under the Committee.
- **Energy efficiency** can reduce import dependency for importing countries, free up additional resources for export in energy exporting countries and alleviate fuel poverty. Projects under both the ECE Energy Efficiency 21 Project and the Regional Advisory Services are aimed at promoting the financing of energy efficiency investments.
- **Coal**, one of the most secure sources of energy, can provide energy security as an indigenous fuel in many ECE countries so long as its production and use can be made environmentally acceptable by introducing clean coal and zero-emission technologies. This forms part of the Committee's work on Coal in Sustainable Development as well as a UN Development Account project.
- **Coal Mine Methane** can enhance energy security by providing opportunities for inter-fuel substitution and indigenous energy production while at the same time reducing emissions of methane to the atmosphere, a potent greenhouse gas, and improving mine safety. This is one of the newer lines of business under the Committee and is also supported by a technical assistance project.
- **Natural Gas**, today's fuel of choice and the so-called transition fuel providing the bridge between the present and a more environmentally benign energy

future, is an important activity of the Working Party on Gas and the UNECE Gas Centre.

- The **electricity** sector offers many opportunities for enhancing energy security and clean energy production.

You will be discussing these programme elements in much greater detail over the next three days. Indeed, under the ECE Reform, the Committee, its expert groups and projects will all need new mandates this year.

In closing, I would like to express my **thanks and appreciation** to all of you for your participation and contribution to ECE's programme of work on energy. My thanks are not only directed to government delegates but also to other international organizations, NGOs and the private sector.

I wish you every success in your work.

Thank you for your attention.