



Ministero degli Affari Esteri

Direzione Generale per la Cooperazione
Economica e Finanziaria Multilaterale

UN Economic Commission for Europe (UN-ECE)
Committee on Sustainable Energy
Energy Security Dialogue: Impact of the Financial Crisis on Energy Industries
(Plen. Minister Maurizio Zanini, Head of the Italian Delegation)

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1. Greetings.
2. The energy question is one of the most complex challenges of this century: unlike the model of development that began with the Industrial Revolution and continued virtually unchanged until today - based on the consumption of fossil fuels without considering their scarcity and non renewability - we are now confronted with the new challenge of energy consumption growth in parallel to a more sustainable and environmentally friendly scenario.
3. The need to consider jointly the issue of energy security and climate change is confirmed, with the support of data and empirical evidence, by all most recent and authoritative studies on the subject; the World Energy Outlook 2009 of the International Energy Agency; the Fourth Report of the Intergovernmental Panel on Climate Change about climate emergencies; the Stern Review on the economic effects of climate change.
4. The current global energy context is characterized by a growing demand trend in the medium and long period, a strong dependency of industrialized countries on the import of energy raw materials, the predominant role of fossil fuels and the concentration of such materials in a few geographical areas, but also the unpredictability of energy markets, the highly volatile oil and gas prices, the need to tackle climate change. To address all these issues we need to undertake resolute measures to assure steady, secure, cost-effective and environmentally sustainable energy supplies. These measures rest on investments for the development of strategic energy infrastructures and for the deployment of new technologies that are key for matching security, cost effectiveness and sustainability of energy supply. In this regard, Italy supports the efforts of the IEA to develop a platform concerning new methods of developing and implementing low carbon technologies. The need for a robust investments policy is highlighted especially in moments of economic uncertainty as the present one: there is specifically the danger that once the crisis is

over the insufficient energy offer might provoke a rising of prices and speculative effects with negative impacts on the security supply. The International Energy Agency estimates that in order to satisfy business-as-usual energy demand growth in this challenging context will require 26 trillion USD of cumulative investments in new infrastructure in the years 2007-2030. Yet, large scale, long time investments and new technology deployment can happen only if proper conditions are guaranteed by the institutions.

5. The Italian Government – I remember in this regard the last May meeting of Energy Ministers of a wide group of Countries during the Italian G8 Presidency - is ready to play its role in defining this new “energy paradigm” taking into account the fact that energy supply has become a strategic instrument in relations between producing and consuming countries and energy policy more and more has become one of the main priorities of foreign relations. Issues such as the use of energy sources, the supply system and its critical points, often geopolitical, are central to diplomatic efforts, in an attempt to ensure a more efficient and fair global governance. Under this light it has also to be seen the decision of the Italian Government to host the Conference on the Energy Chart, which will be held in Rome on December 9.

6. Of course, energy policies as a whole will have to be more compatible with environmental needs, and we underscore the vital role that new technologies can play in this field. Although fossil fuels will remain the main source of energy for the coming decades, it is nevertheless critical to develop new technologies, while traditional resources must be exploited more efficiently. In this context, the Italian Government is pursuing a new nuclear power energy program, which will help Italy fulfil its environmental targets while reducing energy price, among the highest in the EU as a consequence of an unbalanced fuel mix. Through nuclear energy of the last generation, it is foreseen that Italy will be able to reduce the share of oil and gas from the current 85 percent to 50 percent by 2030 and provide 25 percent of the Italian energy production (around 12.000 MW of installed capacity). The other 25% coming from renewable sources.

7. A critical aspect is the implementation of incisive energy saving and efficiency policies. Tangible results can be achieved in these sectors in the short and medium term that also contribute to increase security of supply and, at the same time, decrease emissions of greenhouse gases. An equally pressing priority is the diversification of the energy mix, a strategic necessity that must be pursued through the expanded use of renewable sources, without rejecting any option that may potentially contribute to environmental/energy security, such as, for example, nuclear power. In fact, not only the volatility in oil and gas prices makes nuclear power an increasingly attractive option but it also has a limited impact on climate change (zero greenhouse gas emissions). Furthermore, technological innovation (both in research and engineering), has substantially increased the safety of new generation nuclear reactors; international cooperation has provided a considerable improvement in operational safety and technology for the final disposal of nuclear fuel.

8. Let me finally thank UNECE for organizing this Dialogue, which is very timely, considering that some first positive and reassuring signs concerning the economical and financial crisis stress even more the need of a through discussion of the future of the European and global Energy Security policy.

Thank you