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ENERGY SECURITY - A JUSTIFIED ANXIETY?

As a result of the tightening of world energy markets, concern over energy availability and security of energy supplies has re-emerged as a pressing issue. It is once again uppermost in the minds of policy makers and the general public.



Availability and security

The heightened sense of concern over energy security is due to many factors: the continuing high crude oil prices and their volatility; the instability and continuing conflict in Iraq; the tensions in the Middle East; sabotage and terrorist attacks; the growing energy import dependence of major consuming countries; the recent disruption of natural gas supplies in Europe; infrastructure constraints, particularly in power generation, transmission and distribution as well as in oil refinery capacity; the corporate and policy failures, such as the Enron bankruptcy; and the 2003 electric power blackouts in

North America and Europe. All of these factors are contributing to anxieties regarding energy availability and over the security of energy supplies.

Old issues, new concerns

Indeed, it could be argued that the underlying long-run fundamentals of energy markets, which prevailed in the 1970s and early 1980s when energy supply and demand were tightly balanced and energy markets rocked by two sharp oil price rises, have reappeared. Needless to say, energy markets today are different from those that prevailed in the 1970s but recent energy market developments have revived the same issues and concerns that were prominent



in the 1970s and early 1980s though in a somewhat different environment.

As a result, UNECE countries will have to further strengthen their energy security by enhancing

energy conservation and efficiency, expanding the type and variety of energy sources available



to consumers, diversifying sources of supply, developing indigenous supplies, building-up and maintaining strategic stocks in some cases, encouraging the private sector to carry commercial stocks, and promoting research and development in new and alternate sources of energy.

It is also important to emphasize that strengthening international relations, economic cooperation and the international rule of law can be helpful in improving energy security. Likewise, low living standards, inadequate economic development and social, ethnic and political unrest can undermine energy security for all. Therefore, concerns about energy security cannot be fully separated from and resolved without addressing broader economic and social problems.

Coal and nuclear power: The debate

The renewed preoccupation with energy security will invariably affect the debate regarding coal and nuclear power and its future role in meeting the energy needs of countries. Likewise, decisions will soon have to be taken regarding the expansion as well as the replacement of existing nuclear and coal-fired electric power capacity that will be decommissioned in the foreseeable future.

Availability also a problem

In addition to energy security, energy availability is a problem in some UNECE countries. Individuals and households in the poorer and less developed UNECE countries as well as the poor in developed countries are not energy poor in an absolute sense; they tend to consume more energy per capita than the average use in developing countries. However, the problem is that energy costs represent a significant proportion of their disposable income. Furthermore, countries heavily dependent on imported energy can experience a significant deterioration in the terms-of-trade and consequently a fall in real national income if faced with significant increases in the cost of imported energy.

There are currently at least three programme elements within the UNECE sub-programme of work on sustainable energy that directly address issues raised by concerns over energy availability and security of supplies.



The Committee on Sustainable Energy, the main UNECE intergovernmental body in the field of energy, periodically examines issues related to energy security. In 2003, the Committee established the Energy Security Forum to assess, better understand, promote dialogue among governments, the private sector and relevant international organizations, and to propose options for reducing energy security risks. Likewise, the Working Party on Gas, the main UNECE intergovernmental body in the field of natural gas, frequently holds Roundtables on various issues, including on the security of natural gas supplies.

At its annual session in January 2007, the Working Party will hold a Roundtable on the security of natural gas supplies in the context of sustainable development. There are also three Task Forces under the UNECE Gas Centre addressing issues related to natural gas transportation and cross-border trade. Participants in those Task Forces are drawn from the twenty-four major European gas companies that support the Gas Centre financially and through their participation in its activities. In addition, there are other elements and activities of the sub-programme on energy that indirectly address issues related to energy security.

The growing concern of UNECE countries about energy availability and security of energy supplies might call for activities in this area to be strengthened. Issues could receive more focussed attention and some additional activities and events planned but within the existing UNECE programme of work in energy. ❄️

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