



Address by the First Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Serbia Ivica Dacic at the conference of the Euro Asian Energy Security Forum:

"Dear fellow Ministers,
Dear representatives of the Foreign and Energy Ministries from the participating States,
Members of the Diplomatic Corps,
Distinguished members of the international academic community and energy business circles,
Dear guests,

It is my distinct honour and pleasure to be able to open this Day 2 of the Euro Asian Energy Security Forum Multi-stakeholder Conference, hosted by Serbia, Belgrade, and co-organized by the Ministry of Foreign Affairs, Ministry of Mining and Energy of the Republic of Serbia, University of Belgrade Faculty of Security Studies and the Energy Pact Foundation. I am pleased to see our dear guests from many countries of Europe and Asia belonging to the governmental sector, business community, academic structures but also officials of international organizations to have gathered here in Belgrade, which makes our capital a unique place to discuss energy security issues, an important economic, development, foreign policy, geo-political but also issues of vital interest for the national security of each and every country not only from Euro Asia but the world at large.

The Ministry of Foreign Affairs has supported the idea to connect in an appropriate way many of the international stakeholders from the governmental sector to energy companies and academic community through a Forum that could be held in other Euro Asian countries in the future. In this way, an open and continuous dialogue on the current issues related to energy security and safety of energy infrastructure could be set up to give at the same time a push and new content to international cooperation at various levels. This will, no doubt, have a positive effect on stability at a broader international level.

The Government of Serbia and two of its Ministries have thus heeded calls from all useful and creative initiatives which should not necessarily come from the governmental sector itself, but

also that a synergy of ideas, know-how and practical proposals put forward by different stakeholders can make a qualitative step forward insofar as common interest is concerned. Like in many other circumstances and with regard to current issues, for us in Serbia the right track is that of an all-inclusive dialogue aimed at finding a solution that would meet in a certain way and to some extent the interests of all parties involved. This positioning is universal and Serbia is accordingly taking a similar position on all current issues concerning its international action: whether it concerns Kosovo and Metohija as its biggest security challenge, or in its relations with the neighbours, or in relations on a wider international plane or other matters including energy security and facing all security challenges.

Distinguished participants,

The issue of energy security is a matter of priority attention in many international fora and is closely related with the major geopolitical developments. As I already said, energy security is not only an economic issue, it is a matter of national security par excellence and with the lapse of time it will increasingly take more and more space in national security strategies. According to the International Energy Agency it is estimated that energy consumption will increase by 48 per cent between 2018 and 2040 and that the steepest rise will be in Asian countries such as China and India. It goes without saying that renewables and nuclear energy use will increase, but coal and oil consumption will not drop, either.

I would like to emphasize that we in Serbia will always look forward to any project promoting energy connectivity, especially in terms of our region, but we also wish other regions to make progress and achieve safe energy supply, because that affects stability, a precondition for economic and any other prosperity. All this plays a crucial role in the promotion of overall regional cooperation, which I have always strongly advocated for personally and on behalf of my country. Serbia exactly wishes to see the region interconnected with infrastructural projects, including energy, and simultaneously to see the region connected with the wider environment. Energy infrastructure and sustainable supplies are the key factor to economic progress not only for individual countries, like Serbia, but also for the region as a whole.

Earlier economic crises have been more or less of a national or regional nature. With the emergence of globalisation, the crisis may spread from one nucleus geometrically progressing to affect very quickly all corners of the world, as manifest in the early 21st century but also before. Against the backdrop of the globalisation of the international economy, the crisis has assumed multiple meanings and effects. Every crisis at the beginning of the 21st century hides an economic prefix in it, and increasingly so an energy one. The linkage of an economic crisis caused by political factors is best reflected in the case of Ukraine, which has largely raised a number of issues of gas supply in Europe. In this case, the issue of supplying Europe with Russian gas was raised. Since Serbia is part of Europe, it is in our interest that stable and regular gas supply be maintained, i.e. that political developments do not threaten the energy supply of one part of Europe because of confrontation on some other political issues.

Is an economy safe if there is no safe, secure, effective and qualitative energy and energy resource supply of it and the established conditions for the safe, secure operation and sustainable development of energy systems and an energy sector as a whole? So is the world

on a global scale safe taking into account the sum total of the economies in a state of crisis – political, economic or energy? Generally, the answer is negative, but I am sure that we are going to try at this event to deal with these crucial issues in a responsible manner, to understand the point of view of others in an effort to find answers in a frank and open dialogue, approaching these answers as much as possible.

The Euro Asian region is a complex geo-political and geo-economic region, the processes in which greatly affect global trends, as well. The region of Euro Asia is where many integrative processes interconnect and where various integration initiatives (European Union, Euroasian Customs Union, Euroasian Economic Area and Union, China Silk Road) are taking place. Even though these processes are separate, with specific objectives and dynamics, reflecting the current East-West relationship, they need not be confrontational. Energy issues, because of their interdependence and the interest of all parties to make energy supply sustainable, can set an example for joint action.

Energy security is among EU priorities. Therefore, the European Commission in recent years has devoted much attention to the strengthened energy security of the EU, given that the Union is highly dependent on natural gas imports. The European Union imports natural gas through pipelines from 3 major countries or regions: the Russian Federation accounts for almost 40 per cent of all its gas imports; Norway 32 per cent and Northern Africa 12 per cent. Liquefied natural gas accounts for the rest of EU gas imports. Energy policy priorities of the EU are focused on resource and supply route diversification to ensure supplies from alternative routes with transportation of LNG to new terminals in the EU, as well as connecting energy markets through smaller regional pipelines and two-way gas interconnectors.

I am going to mention some of the projects like the Euroasian Interconnector or the interconnector between the electricity networks of Greece, Cyprus and Israel, which is an important interest for the EU since it connects Asia with Europe and contributes to the social and economic prosperity of the Euro Asian populations. Moreover, last year Greece, Italy and Cyprus signed an agreement on the construction of Eastmed pipeline which will be 2,100 kilometres long and which should stabilize gas supply of European countries. Of an enormous importance is the Nord Stream project or its expansion Nord Stream 2, which will double the transport of gas to Germany by building two additional sections of the pipeline across the Baltic Sea. These are only a few projects aiming to overcome energy and subsequent economic and political crises. The entire Euroasian region and our region as its part and, finally, the Republic of Serbia need advanced ways of energy supply that should secure sustainability of the energy sector.

The Republic of Serbia is examining very attentively all projects which can ensure its stable energy supplies, primarily gas supplies, and more particularly projects in which our country is not the end-user but a transit one for other countries in the region, with the aim of securing energy stability.

I believe that on Day 1 my distinguished colleague, Minister Antic gave you a detailed account of Serbia's gas supply, the amount of domestic output and the current issues related to our gas infrastructure including the importance of interconnection with neighbouring countries. I also

take it that you have been acquainted with our projects aimed at strengthening domestic transmission capacities and the capacity of the regional electric energy corridor via transmission network as well as our efforts to integrate the Republic of Serbia's energy market in that of the region, i.e. of the European Union in order to improve supply security by creating a stable investment climate which would promote ties with gas reserve regions. In our endeavours to achieve our national priorities regarding energy policy, we wish to cooperate with all, which is Serbia's principled position at the international scene regarding other issues as well.

On this occasion too, I wish to point out that due to the prevailing constellation and priority of certain political issues, it was unfortunately not possible for Serbia to obtain its gas supplies through the South Stream as planned. It was the best option to us and not to the detriment of others since it would resolve the issue of gas infrastructure construction (through transit tariffs). At the same time, such solution would also be beneficial to the wider region and the EU. Regrettably, even though the EU has assured us that the project was feasible and agreed, it has not been implemented so far. On the other hand, the reality is that the Nord Stream could have been exempted from the Third Energy Package while the South Stream could not. It was Serbia and other countries in the region favouring the South Stream that paid the price.

In the end, I would like to underline that Serbia is advocating that all options for the promotion of energy security in the region and beyond including the ways to ensure safe and sustainable energy supplies, natural gas in particular, be considered by combining forces, ideas and commitment. By actively participating in the international fora and meetings devoted to the importance of energy security, like our meeting today, Serbia seeks to make its contribution to the energy security. In that process we need the participation of the Government but also of academic and business sector of the entire Euro-Asian region in terms of new ideas, proposals and creative approach.

Serbia will continue to actively follow developments at the Euro-Asian map and initiate projects ensuring its energy security. We support the priorities of the Energy Community in a number of projects of importance to the region as a whole. New opportunities including new risks are opening up in the energy sector for all stakeholders which requires our joint efforts if we are to resolve the most important equation of the globalized world – ensuring adequate quantities of energy in an economical, energy and environmentally acceptable manner. Let this conference make a contribution to these joint efforts.

Thank you."