



Statement by First Deputy Prime Minister and Minister of Foreign Affairs Ivica Dacic at the Berlin Energy Transition Dialogue Panel "Mission Possible! Challenges and Solutions for Energy Transition"

"Fellow Ministers,  
Distinguished participants,  
Ladies and gentlemen,

It is my distinct honour and pleasure to have been invited to participate in this prestigious meeting for which I most sincerely thank our hosts – the Federal Government of Germany and the institutions and organizations involved in its organization.

The topic of energy security and transition today figures high on the agenda of international fora with particular emphasis on the challenges faced in this context at geo-strategic, economic, foreign policy and development levels. This issue is also subject of serious discussions at the bilateral level since it is of crucial importance to states' national security.

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It is estimated that between 2018 and 2040 energy consumption will increase by 48 per cent with largest increases occurring in states like China and India. Renewable sources of energy and nuclear energy will grow fastest while gas, oil and coal will not be less used, either. A legitimate question is being posed then as to whether the economy of a country can be safe and prosperous short of reliable and energy efficient supply while it is, at the same time, affected by recurring cycles of political and economic crises. Of course, the answer to that question is negative.

Integration processes and various initiatives for West-East and North-South correlations require that the actors involved seek common interests and thus promote the stability of both narrow and wider geographic areas. Hence the imperative that global actors demonstrate responsibility, mutual understanding and commitment to an open and sincere dialogue as the only way leading to a better and safer world in which we wish to live.

Energy security and energy transition represent one of the priorities for the EU to which the European Commission has devoted great attention over the past few years. Diversification of energy sources and supply routes and connections between energy markets have become the European Union's energy policy priorities in order to ensure a stable and long-term energy supply.

As an EU candidate country, the Republic of Serbia ratified the Energy Community Treaty aimed at faster integration of Serbia's energy market in the regional market and the EU and securing a stable investment climate. Back in 2014, the provisions of the EU Third Energy Package were incorporated into our legislation while the Energy Sector Development Strategy of the Republic of Serbia by 2025 with projections until 2030, set out key priorities for energy development: ensuring energy security, development of energy market and transition towards a sustainable energy sector.

Allow me now to say a few words about the challenge that we in Serbia face in terms of securing a stable energy supply. Domestic gas production currently meets 20 per cent of the needs with an anticipated downward trend. At the same time, the transport system for natural gas in Serbia is of a linear nature with just one entry point (from Hungary) and of limited capacity, insufficient from the point of view of energy security and market development. Development of the sector in the first place requires that gas infrastructure be ensured throughout the country and connected to that of neighbouring countries. The announced disruption of gas deliveries from Ukraine raises concern for Serbia. That is why it is with great attention that we follow all projects that could secure stable energy products supply to Serbia, first and foremost natural gas, and particularly the energy projects where Serbia is not an end-user but a transiting country contributing to energy stability of the region.

Currently, Serbia is focused on the construction of a two-way gas interconnector with Bulgaria and on strengthening the capacity of Banatski Dvor gas storage facility but we also expect the south gas corridor as well as the Turk Stream project to make an opportunity for Serbia to provide sustainable gas supply and to contribute, as the transit country, to energy security of its partners in the immediate proximity and wider surrounding areas.

Political differences should not be the reason for disrupting projects which bring benefits to a larger group of countries and regions. The example of the South Stream project suspension, which is highly unfavourable to Serbia, is exactly the kind of example which prevented Serbia and many other countries of the region, but also some from the European Union to resolve the issues related to their energy security. For Serbia, gas does not have a nationality and we only wish to find a rational way of ensuring our gas supplies.

South Stream pipeline project was the best option for Serbia, an option which was not to the

detriment of others, since in this way we would have built a gas infrastructure (thanks to collection of transit fees) and, at the same time, such a solution would be in the interest of the wider region and the EU.

Regrettably, even though the EU has reassured us that the project is feasible and that it has been agreed on, it has not yet seen the light of day. On the other hand, the reality is that it was possible to exempt Nord Stream 2 but not South Stream from the third party access rules under the Third Energy Package. The price was paid by Serbia and the other regional countries which gave preference to the South Stream.

Due to its gas undersupply, Serbia is forced to use coal and other solid fossil fuels, thus compensating for the lack of other power sources, deeply aware of the fact that in this way it significantly pollutes the environment. That is why it is Serbia's strategic priority to make for an energy transition enabling usage of "clean technologies" and a larger share of renewables. This requires enormous financial means, but I believe that only with good-quality programmes and projects, through joint action and solidarity among all will we be able to translate this challenge into development and an investment opportunity.

To illustrate a successful cooperation on this level, I am going to mention the fact that Serbia has a diversified cooperation with the Federal Republic of Germany and that the "Remote Heating System Rehabilitation in Serbia", has been implemented since 2001 with the aim of advancing energy efficiency and improving environmental protection, to which around EUR 120 million has been invested so far. Implementation of this project has significantly improved energy efficiency, services quality offered by heating plants to the customers, reduced production and distribution losses and related costs as well as the harmful gas emissions (carbon-dioxide by 60 thousand tonnes annually). Other projects are also under way, aimed at improving energy efficiency, increasing renewables use, biomass market development, etc.

Ladies and gentlemen,

Energy security, economic development and environmental protection are interrelated and that is why no country can claim today that it has an "absolute energy security". New opportunities are created for all players in the energy sector, but also new and high risks along with the main question of how to provide sufficient quantities of energy in an economical, energy and environment friendly way. Energy security nowadays, as one of the fundamental conditions for sustainability of contemporary society and state policy, and the cooperation on international level must find ways of safe supply.

Contemporary societies are characterized by increasing inter-dependence between national economies and international trends. Individual economies are connected in a multi-dimensional network of economic, social and political ties. All countries are seeking the balance between a certain level of independence and a level of integration in international trends, but there is an increasing number of issues a national economy cannot successfully deal with alone, which inevitably calls for joint efforts on international level. Serbia has made efforts and will continue to do so in order to contribute to overcoming these problems through creative solutions and insistence on a constructive dialogue. My answer to the question from this Panel's topic: "Mission Possible", would be "I am convinced it is possible", but its feasibility depends on all of

us, on our wisdom and solidarity to share ideas and experiences, to respect interests of others and to jointly contribute to each country to find its own way of improving its energy security. I am convinced that this Forum, including other meetings with the same topic and goal, will contribute to a better understanding of each other and to devoting efforts aimed at defining a true response to these challenges.

Thank you."