

Spain Turkey Seminar

“Energy Security in Europe and the Mediterranean: An Hispanic-Turkish Reflection”

**Maria Teresa Costa
President of the CNE**

It is an honor for me, as President of the National Energy Commission (CNE), to participate in this working lunch in the framework of Spain-Turkey Seminar: “Energy Security in Europe and the Mediterranean: An Hispanic- Turkish Reflection”.

First of all, I wish to express my gratitude to the organizers: the Institute of International Affairs and Foreign Policy (INCIPE), the Centre for European Studies (CES) and the Foundation CIDOB with a special thanks to its President Narcis Serra.

The theme of the session is crucial in its economic aspects as well as its social and geopolitical aspects as we find ourselves before a new scenario for energy which affects the global marketplace.

This is a scenario marked by a series of serious management challenges such as volatile prices in gas and oil, strong growth in the demand for energy on a worldwide level, growing instability of supply markets, still few advances in issues of energy efficiency

and the use of renewable energy or the insufficient coordination on energy issues which impedes achieving a single European market.

This is a new scenario on a European level for which it is necessary to develop a new energy policy which fulfils three fundamental objectives: security of supply, competition and environmental sustainability, all this with the goal of achieving a model of sustainable economic development.

Guarantee of energy supply, savings and energy efficiency, emissions control, the move toward cutting edge technologies through sources of renewable energy, among others, are questions to which energy regulation undoubtedly can and should respond.

Within a globalized context, as is that of energy, the search for solutions on an individual level, on the part of each of the different countries, is no longer a guarantee for success.

It is absolutely essential to look for supranational solutions, especially through working together among different countries aiming for the creation of a single real energy market.

Measures must be taken and actions directed to promote the integration of common regional markets as the regional market of the Mediterranean could be.

The integration of energy markets is not an objective which concerns solely the countries of the Mediterranean but is, without a doubt, the great challenge the European Union faces in order to

ensure the supply of energy, full liberalization of markets and competition of the sector.

To achieve this, the promotion of effective integration of regional markets is necessary. The step prior to this objective is the physical integration of energy markets, which means having adequate interconnections so that energy can be imported and exported as happens with any other commodity.

The culmination of current projects for the infrastructure of connection must increase the exportation of natural gas and electricity from countries of middle and western Mediterranean to Europe.

These infrastructure of connection will surely strengthen security, continuity and economic efficiency in energy supply on both shores of the Mediterranean.

And it is within all of this context where Turkey also plays a role as protagonist.

The Nabucco Pan-European project constitutes an excellent example of the leading role that is played and should be played by Turkey in the future, although questions may be raised about its future following the recent signing of an agreement by Russian president Vladimir Putin, Kazakhstan president Nursultán Nazarbáyev, and Turkmenistan Gurbangulí Berdimujammédov about the construction of a gas pipeline from the Caspian Sea .

The Nabucco project consists in connecting natural gas from the Caspian Sea with Europe through Turkey, passing through Bulgaria, Romania, Hungary, and ending in Austria.

With an extension of more than 3,300 kilometers and an estimated cost of 4.6 billion dollars, this is a project of a strategic nature for the security of supply on a European level.

Its future depends on the success of the Trans-Caspian gas pipeline, still in negotiation stages, which will connect through the Caspian Sea, central Asian gas fields with Azerbaijan and with the Baku-Tbilisi-Erzerum pipes in Turkey.

The outcome will be resolved in the coming months once the position of Turkmenistan is cleared up, whose president Berdimujammédov gave hope to the project when he stated that the Trans-Caspian “is still on the agenda of the day.”

Nevertheless, the subject of physical infrastructures takes on a significant relevancy, its achievement is not enough to guarantee the creation of real integrated markets in the Mediterranean basin.

Undoubtedly, regulation, and more specifically, the regulation by means of cooperation among different countries, is a second variable of a strategic nature.

The establishment of a coherent, balanced regulatory framework similar in all the countries of the Mediterranean area must be promoted which encourages investment and which strives for

maximum benefits for energy consumers in the Mediterranean basin.

More than ten years after the Declaration of Barcelona, the collaboration in the energy sector among different regulatory bodies of the Mediterranean basin takes on strategic importance.

Uncertainties regarding security of supply and the need to diversify energy sources demands sound agreements. In the meeting in Rome on May 29, 2006 regulatory authorities of energy of the Euro Mediterranean area agreed to forming a Mediterranean Work Group on Regulation of electricity and gas, MEDREG:

This group establishes, among its other objectives, the exchange of information, knowledge and experiences in issues of energy regulation, the promotion of balanced, transparent, non-discriminatory norms for the marketplace, as well as the promotion of Euro-Mediterranean regional markets of electricity and gas.

This work should facilitate the progressive integration of these markets of MEDREG.

Certainly, there remains before us hard work but this is a given when advancing toward regulation by means of cooperation. In this context, Turkey plays an outstanding role as Vice President of MEDREG.

A broad range of opportunities for collaboration and bilateral cooperation on regulatory issues opens up before us. And you can



Comisión
Nacional
de Energía

be certain that work days such as today help to carry out this important task.

My thanks for your attention and best wishes for a fruitful day.