

Session 2

Possible Intervention from B.H

Fall Meeting of OSCE PA, Dubrovnik 2011

"Regional Development in South-East Europe: Challenges, Opportunities and Prospects"

Address of Mirza Kušljagić, member of B&H delegation

Mr. President, Dear colleagues,

My discussion is related to a specific theme of the Session 2, related to challenges and opportunities in the area of network energy sector. In this context I consider the SEE area to cover countries which are signatories of Energy Community Treaty (ECT).

First, regarding challenges let me comment on general nature of cooperation in this area. I am firmly convinced that different initiatives in this area are initiated and have been driven by so called "the international factors". Structurally, ownership of this cooperation' initiatives, including ECT, by the participating countries is lacking. To my opinion national governments mainly participate or "simulate" participation since regional cooperation is one of the conditions for integration with the EU. That is why, in mine opinion, activities of these organizations, so far have achieved only limited results.

Why I stress cooperation in the energy sector. Different international organizations' reports' on the subject (i.e. WB; USAID; EU) point that shortage of energy could be major impeding factor for expected economic recovery of the region. More specifically, shortage of network energy (e.g. electric and gas) in the mid term could limit economic recovery of the region. Regional and systematic approach is the only one way to provide a framework for a solution, based on creating market large enough to attract investment in the sector. Individual energy markets are not enough for this. In spite of this recognized factor individual state in the region develop their national strategies which are not related to regional reality in this sector.

Since energy security more and more is becoming important factor in security in general (as was mentioned in Belgrade OSCE session this summer) this could be a specific area for more active role of OSCE in the region. Especially considering fact that precedence of individual/national approach versus regional is mainly based on the decision of national political institutions.

Back to possible solutions:

- Practical steps are necessary to confirm readiness for regional cooperation in this sector. I here underline only two.
- Exploitation of the remaining hydro potential, namely of Drina, Neretva and Trebišnjica rivers. Only regional approach will secure necessary investment in project in this area. Integrated management of these international rivers (which will include B&H, Serbia, Montenegro and Croatia) is the only way to start planning "joint" investment in the projects in this promising area, of green energy.
- Second subject is related to investment which will provide so called basic energy. At the moment production of basic electric energy is the countries in the region is based on thermal power plants using lignite as a primary energy source. The

future of this technology, especially regarding EU Directives, is very challenging, especially after January the first 2018, when all members of ECT will be obligated to implement so called Large Combustion Plants EU directives. In addition, just to spice the discussion, I will shortly mention conflicting plans for numerous international corridors of natural gas through the region. Here also, in my opinion only regional approach will solve the problem.

These specific items, and many other, could be both challenges and opportunities for the region. If OSCE is developing its Energy and Environment area activities it could be involved in solution of the mentioned challenges "creating innovative approaches", which will be more based on "ownership by participating parties/countries". Our delegation intends to elaborate these subjects in more detail with the OSCE Secretariat. We invite the delegations of other countries concerned with the issues to join our initiative.

Dear Colleagues thank you for your attention.