

The 'Energy Arena 2013' regional conference was held in Belgrade, on Wednesday, October 23. The conference was organized under the auspices of the Prime Minister of Serbia on the occasion of Serbia's Presidency of the Ministerial Council of the SEE Energy Community. The 6th Energy Arena focused on the energy sector in the countries of Southeast Europe and their road towards EU membership.

At the conference, Serbian Prime Minister Ivica Dačić outlined that the investment process should not slow down due to administrative procedures. According to him, Serbia is not going to sacrifice its energy sector for political relations or politicization. The prime minister also said that we should discuss ways to fund projects with the view of not exceeding the country's debt ceiling. „Our aim is to stop the growth of borrowing by 2016. All pending projects are currently financed through loans and we need to explore other funding methods like concessions or the private sector,” Dačić added. He also underlined that plans have been put in place (with some even at an advanced stage) whose funding, when added, would make up to twice the amount that Serbia could realistically borrow. Dačić also said that in the following period, the state must set national priorities as well as define long-term projects, including projects which were meant to be funded from sources other than loans. The PM pointed out that energy was the primary economic branch which had been recording growth, and added that the government had projected that growth, currently at 1% or 2%, should rise to between 3% and 5% by 2015 or 2016. Dačić also underlined that new energy projects had to have a regional character in order for Serbia to be considered a respected factor in Europe.

The prime minister underlined the importance of regional cooperation and emphasized the fact that Serbian government had been supporting all regional projects which contribute to energy development, higher regional competitiveness and the future integration of gas, crude oil, and electricity markets. „Joint projects should take on a new format in the future, and the Serbian energy sector is fully prepared for the future, namely for the integration of the subsystems in Serbia with those in Europe, Russia and China,” Dačić said. He also underlined that none of the regional countries had every type of energy resources, and that Serbia wanted the EU's support and help in the implementation of energy projects which were also environmental ones. The prime minister also stressed the importance of the South Stream gas pipeline and added that the pipeline was a project of regional importance, saying that no one should doubt Serbia's resolve to become an EU member, not because EU membership would put an end to all of the country's problems, but because the Serbian people would like to live in a community in the way they deserve and be respected while having its national interests protected. „We are playing in overtime, and I am confident that, during this overtime, we are going to score the golden goal and surpass those countries that have surpassed us on their way to the EU,” Dačić added.

„Everything in existence - from renewable energy sources to oil shale and coal - should be

utilized,” said Serbian Energy Minister Zorana Mihajlović at the conference. She added that although a lot had been said about shutting down the coal-fired power plants that was not an issue for Serbia, and outlined that, before those plants were shut down, the countries had to achieve energy stability. She explained that if, for instance, Serbia had brown coal deposits, it should build thermal power plants, and if the country had oil shale from which synthetic oil could be generated, then that’s what the country should do. The Energy Minister also said that, in this way, the state would grow stronger and more stable which was certainly not the case with importing energy.

Mihajlović underlined that, in the last year and a half Serbia had established a good regulatory framework primarily in the segment of renewable energy resources which, according to her, was proven by the arrival of many investors. The minister also said that Serbia had to adopt an energy development strategy covering the period from 2025 to 2030, which was supposed to happen following a public debate. Speaking about Serbia’s energy potential, the energy minister said that the country should use the most from its geographical position in the centre of the Balkan region.

Mihajlović added that Serbia had to become a transit corridor for both energy and energy products. „Our vision is for Serbia to export electricity and become a transit state, as well as providing storage, for energy and energy products. We would also like to become a country which has managed to accomplish a high level of energy security and sustainability required for fast economic development,” the Minister said. She recalled that plans were in place for construction of two hydro-power plants - Bistrica and Đerdap 3, as well as the South Stream gas pipeline.

Deputy Director General of DG Energy at the European Commission Fabrizio Barbaso pointed out that the Commission was considering the guidelines and directives on exploiting and utilizing oil shale since, as he put it, „these are very precious resources, characteristic to Europe.” He added that the proposal would encompass measures involving the protection of waters and land and specific demands in terms of environmental protection in exploitation of oil shale.

According to Barbaso, Serbian energy regulations are harmonized with the EU one for the most part, but it is important for the country to open its energy market further. Competition in the energy sector should be tougher in order to avoid having a single monopolist which controls the situation, Barbaso pointed out. „This means that the Serbian energy market should be integrated with regional and EU markets,” he added, pointing out that, according to EU legislation, each country was free to choose its own energy supply format. Barbaso also said that the situation in Serbia was somewhat unbalanced since the country, for the most part, depends on coal-generated energy and a single gas supplier.

„That’s why we would like to encourage Serbia to invest in the renewable energy sector and infrastructure which is very important for establishing links within the energy market, as

well as to give chance to alternative energy sources," he said. Barbaso also added that he was aware that changing from coal-generated energy to other forms of energy supply couldn't be done over night, and he urged more investments to be made in alternative energy sources.

Director General of Petroleum Industry of Serbia (NIS) Kirill Kravchenko said that, through its recently established Science and Technological Centre for the utilization of unconventional reserves, the company has been considering several projects including exploitation of oil shale. „We are waiting for the state to reveal the principles on which it should partner in exploitation of oil shale," Kravchenko said. He also added that NIS would definitely consider getting involved in energy projects which bolster Serbia's energy independence. He outlined that up to €60 billion should have been invested in energy in the Balkan region by 2030 and that, if we compared the energy efficiency and economic capacity of the Balkans to Central Europe, they could double in the next ten years. „Energy is the driving force of Balkan economies considering that eight out of the ten biggest regional companies are energy companies, that this sector has the biggest investments, and that it employs the highest number of people," Kravchenko said.