Ministerial Council Meeting
Bečići, 29 June 2007

Dr. Aleksandar Popović, Minister of Mining and Energy of the Republic of Serbia

Yours Excellencies,

Ladies and gentlemen,

Honourable Chairmanship,

It is my great honour and pleasure to participate for the first time in this distinguished gathering intended to the effective implementation of the Treaty establishing the Energy Community. Treaty implementation is crucial not only for the energy sector reform but also for the overall European integration of the region.

Energy, as a vital precondition and the catalyst of the economic development, living standard improvement, alongside the need to meet global requirements imposed by the sustainable energy development concept primarily in relation to the efficient use of energy resources and application of clean energy technologies and renewables, is acquiring the more and more strategic importance.

Permit me to take this opportunity to thank the organizer for their kind invitation and our host for an excellent stay in Bečići.

Today, in accordance with the Treaty establishing the Energy Community requirements, we will reach common understanding and adopt relevant documents that will enable and facilitate effective functioning of the Energy Community. In spite of the numerous differences between the Parties, many of the obligations foreseen by the Treaty concerning the adoption of the Acquis on Energy and the List of Generally Applicable Standards, the preparation of the Security of Supply Statements and the Plans for
implementation of the Acquis on Renewables, were accomplished by the Contracting Parties. I would like to use this opportunity and express sincere gratitude to the Energy Community Secretariat (ECS) for backing our efforts in meeting the Treaty obligations. Further support of the ECS and the EC is vital for the identification and overcoming the gaps in the legislative, institutional and regulatory framework of the Contracting Parties. As the incoming Presidency we will do our best in order to ensure effective implementation of the Treaty.

I am very pleased with the growing interest in the Energy Community expressed throughout the Europe and even on the wider level, and very supportive to the further energy integration.

In this direction, I would like to assure you that during the upcoming Serbian Presidency, we shall do our best that this growing interest is further justified. Certainly, on the ground of the accumulated experience and the common agreement among the Parties to the Treaty, we shall gladly contribute as Presidency towards launching new initiatives in parallel to the ongoing monitoring process on the fulfilment of the current Treaty obligations. We realise that our Presidency will face some concrete challenges – thus, e.g., still there are needed steps on the implementation of the acquis, the 1st January 2008 is a date we have to face to start opening the market etc. However, following the decision of the Ministerial Council and relying on the joint efforts of all Energy Community institutions, we are looking forward towards concrete positive results.

Allow me, on behalf of the incoming Serbian Presidency, further to elaborate on some important topics of mutual interest, which are in line with the development of the Energy Community.

Creation of the regional energy market and energy integration in general is tied to serious economic, political and social implications. In spite of the excellent work that has been performed by the Energy Community Secretariat and the involved Parties so far, establishment of the really
functional national level and then regional level energy markets is a huge challenge for all Contacting Parties.

Taking into account that energy sector reform leading to creation of the energy market inevitable requests cost-reflective energy prices as well as restructuring and substantial improvement of economic performance of state energy undertakings it is necessary to support the most vulnerable social groups endangered by the energy sector reform. Otherwise it would be very hard to provide comprehensive support for the transition process. On the other hand economic level of energy prices would be strong incentive for improving energy efficiency and energy saving. That is why we strongly support signing of the Memorandum of Understanding on the Social Dimension of the Energy Community and the establishment of the Social Forum that should make this Memorandum fully operational.

Security of energy supply is the essence of the each state energy strategy and the very important topic for the Energy Community. The most important national measures Serbia performs to improve security of energy supply are: reduction of primary energy consumption through energy efficiency improvements in the overall energy chain from the energy production to its final consumption, diversification of the energy consumption structure through increased use of competitive domestic local energy sources and renewables, diversification of energy supply routes, rehabilitation and new construction of energy facilities and ensuring the access to energy for all the consumer categories.

Enhancement of the energy interconnections and other energy facilities construction are very important technical precondition for regional energy market development and security of energy supply improvement. To that end, Serbia participates in the analyses to foster electricity, gas and oil interconnections with the neighbouring countries. Establishment of appropriate financing mechanisms is essential, taking into consideration the fact that energy investments request huge financing.
Bearing in mind that energy efficiency projects have favourable economic, energy and environmental indicators and following the Article 35 of the Treaty we would like to stress the need for dealing more with the energy efficiency issues and to point out the necessity for reactivating earlier national initiatives including the own one to establish the legal framework for dealing with the sustainable energy development issues under the umbrella of the Energy Community. In addition, we would like to suggest inclusion of the oil issues in the scope of the Energy Community what has been already recognised during the last South East Europe Energy Cooperation Process meeting.

Expressing full commitment of the Serbian Government, incoming Presidency, to give its contribution in the process of the regional energy market creation and its integration into the internal energy market of the EU, I would like to thank you for your kind attention.