

First International Energetics Forum EU-Russia held: „These are the first steps of the dialog with Russia“

First International Energetics Forum EU-Russia: Possibilities in the field of energetics in Southeastern Europe was held on Thursday, September 28th in Split. It was organized by the Institute for European and Globalization Studies. The conference room in hotel Cornaro was filled to the last place and many eminent people from academic community, energetics industry, politics, other institutions and companies gathered at the same place. Well known foreign and Croatian experts for energetics and economy were taking part as speakers at this Forum, all to understand the problematic in relation of EU-Russia as well as possibilities of investments in Croatia.

Estimated guests confirmed that this Forum is very important and they gave their full support. They state that this Forum is not only important for Croatian energetics future, but as well as for the European one.

- This is not only European, but international conference and that is its strength. It is really important for us to have intensive political dialog with Russia and that we have started warming our relations once again. For Croatia, it is very important to have smart energetics strategy that will ensure energy sources for us that are the key to develop Croatian economy – said **Miro Kovač**, Chairman of the parliamentary Foreign Policy Committee.

Anvar Azimov, Russian ambassador in Croatia emphasized the importance of this gathering:

- We have been supplying Croatia with gas for 25 years now. It's really strange we haven't talked about this topic already and this is why we appreciate this initiative. Croatia can buy gas in other places too, but it will never find a partner that it can rely on like it can on Russia that invests over two billion euros. We consider Croatia as our traditional close partner and friend and we hope Russia will play a significant role in providing your beautiful country with energy sources – said ambassador Azimov.

Participants were also greeted by **Blaženko Boban**, the head of Split-Dalmatia County, who thank the organizer for choosing Split for this conference, as well as the Assistant Foreign and European Affairs Minister **Joseph Gene Petrić** who mentioned who Croatian position is suitable for better connection of EU countries in energetics senses and how more work on infrastructure should be done. Professor **Anđelko Milardović**, the organizer of the Forum was pleased with the succes of the first Forum:

- This is the first and the founding Energetics Forum EU-Russia and I believe we will be seeing each other next year same time and place, but with different topics. The main idea is to make this Forum better every year and to put in on the map of important events in Europe. Big thanks to all institutions and to the President of Republic of Croatia, Kolinda Grabar Kitarović, that gave their full support to this Forum – Milardović concluded.

Conclusions from the panels:

1. *Europe in global trends and challenges of the 21. century*

MATTHIAS DORNFELDT, professor of political science, researcher, Centre for Caspian Region Studies (Berlin, DE):

- I don't expect any changes in politics towards Russia after the elections in Germany. There surely won't be any compromises regarding the sanctions. I do believe that in the near future, sanctions will be removed and that we will be able to develop the project in Barents, trilateral project, that will produce fossil fuel.

Dr. JACK SHARPLES, Specialised Lecturer in Energy Politics and Energy Law at the European University of St Petersburg, Russia, and Author of the EGF Gazprom Monitor Monthly Reports (London, UK):

- Russia is absolutely the strategic market and EU is the one setting the rules on the market. we are witnesses of decarbonisation of the transport that is in its beginning phase and development can be dramatic so we have to think about that. In 10 years from now, we will be talking very differently about some things at this Forum.

Mr. DAVOR ŠTERN, Trade Consulting d.o.o., former Minister of Economy, Labor and Entrepreneurship in the Croatian Government (Zagreb, CRO):

- The electricity is cheaper today but when the State starts taking from it as it takes today from the oil, the same will happen as with the car gas. The State will always take part from the energy product that is being used.

Russia has always been a friendly country and has treated us that way; I remember that from the time I worked in INA. I believe that the possibility of our future cooperation lies in the exhaustion of old oilfields, where INA's experts are excellent, and Russian oil companies do not have time to deal with it.

While we have the energy available from Russia there is no need to use the LNG, but we do need to have another direction because of the strategy. If Adriatic would be declared as a clear zone, then LNG could be used as a station for supplying the ships. This would give us additional points on the European "green" map. I see the future in LNG.

Mr. VASILY POSPELOV, from The Ministry of Foreign Affairs of the Russian Federation:

- This here could be a historical event because our reality right now is that we don't have dialogs regarding energetics with the EU. Maybe we are witnessing the first steps of that dialog. A production drop is happening in Europe, and that means potential growth in Russia. We are ready to fill in the gap. This conference can be a small step in making the situation better.

2. Current situation in energy sector in Southeast Europe

Mr. SLAVTCHO NEYKOV, the Chairman of the board of managers, Energy management Institute (Sofia, BG):

- We share the same goals and we have the same problems, not only because of our historical political situations but because Bruxelles forgets that Sofia and Zagreb are not Bruxelles and that national interests exist. Sanctions against Russia are counterproductive and should be reconsidered.

One of the greatest problems is also the treat of energetics terrorism and his question already emerged, even an attempt with the nuclear plant in Belgium. Sanctions are destructive and we have to focus on real challenges on EU level.

Ms. SANJA TEPAVČEVIĆ, from Budapest business university (Budapest, HU):

- There is a lack of dialog between EU and Russia when energetics is in question. A liberal market is trying to be formed, but in Russia there is a different process. This is a situation where you have two monologs that occur in parallel and do not meet anywhere and that is the main problem. This region can have a huge role in these relations, here you have a beautiful sea and you can use the energy of the waves. Then you have the mountains, the wind and also the sun. All of that could be used in the future.

Mr. AUGUSTIN KREŠIĆ, NIS representative in Croatia (Belgrade, RS, Zagreb, CRO):

- We are neglecting home production. If you take a country like Croatia where you had research fields, the potential exists. We have the potential to be independent which is the best strategy. The easiest thing is to cut down the costs of the research, but the consequences will be felt. The potential exists in all countries, especially in countries that are rich with hydrocarbons like in Southeastern Europe.

3. Investment and business opportunities in Croatian energy sector

Mr. MIRKO ZELIĆ, Fellow of the Croatian academy of sciences and arts, retired professor at Faculty of mining, geology and engineering, University of Zagreb (Zagreb, CRO)

- Low oil price resulted with a lot of loss of oil companies. If it lasts until 2030-2035 we will have crisis in energetics, which will lead to economic crisis and then we know what happens. Prices could rise very high in that case.

Today, Croatia consumes nine million tons of equivalent oil and produces four. Reserves are dropping, new sources do not exist and in few years, Croatia could be 90 percent dependent on import.

Phd. IGOR DEKANIĆ, Professor at Faculty of mining, geology and engineering, University of Zagreb (Zagreb, CRO)

- The modern world rests on energy at affordable prices, and energy becomes one of the most complex policies and activities of all. When energy is in question, you plan for a long period and if

you make a mistake, you pay for that mistake for 20-30 years, and you are not even aware of that. Europe today is consuming less and less energy. Europe is the only one from the continents that reduced energy consumption, 12 percent of the world's total consumption, and Croatia consumes half a percent of European energy consumption.

Mr. HRVOJE GLAVAŠ, INA Director of Strategy Development and Evaluations and Advisor to the President of the Management Board (Zagreb, CRO):

- In my vision, technology is so fast that things will happen faster than they did in the past. Research and production and retail are healthy parts of INA, and refinery business is a sort of problem that we have to solve.

In 2010 we were in a financially difficult situation. Restructuring happened, financial consolidation, we invested a lot, reduced the debt and today we have a stable financial basis ready for new challenges. We understand what we need to do.