

RISK MANAGEMENT LEADERS IN ENERGY-2018

International Conference, Istanbul, 15-16 May 2018

Plenary Session

“Risks in the modern world energy and governing them”

- Ladies and Gentlemen, allow me first of all to **congratulate** the organizers of today’s important and very timely event and, also, to **thank them** for inviting me to address this distinguished gathering of specialists in Energy matters.
- I have the honor to represent the Organization of *the Black Sea Economic Cooperation* (BSEC), a regional international entity, which for the last 26 years promotes mainly the economic cooperation – in the widest sense of the term – among its Member States and beyond.
- BSEC is today the oldest and institutionally the most mature intergovernmental vehicle for the promotion of economic dialogue and coordination in a, **certainly**, very volatile region of our small world. Yet, certainly it is **also** one of the most **geostrategic** regions, straddling three continents – Europe, Asia and Africa – and serving as a very significant Transport and Energy hub.
- Given the above, it may not come as a surprise to you that BSEC deals **also** with issues closely connected to Energy, yet, **I have to admit** that the risk factor and risk-management in the Energy sector did – and do not – figure in the agenda of our deliberations and joint endeavors very often.
- BSEC is interested and involved more in what I would call “**light Energy issues**”, that is we mostly deal with Energy conservation, Energy efficiency and alternative sources of Energy. The “high-politics” concerning the production, transport and distribution of oil or natural gas, for example, are beyond the interests of the BSEC Working Groups dealing with Energy matters.
- So, you might be asking yourself why the Secretary General of a similar Organization should be **even invited** to participate in today’s event, **let alone**, why **offer** him the honor of addressing one of the opening speeches!
- Well, this is a question I have asked myself also and the only answers I found are that a) I was invited because BSEC’s role as a vehicle of understanding and cooperation in the wider Black Sea region is highly appreciated and, b) because Energy risk management, industrial, informational and ecological safety are issues that highly affect the every-day life of the average citizen in our Member States and beyond; so, it is perhaps **high time** that we involve our Organization in the overall

discussions of these matters, since with the **experience** we have gained on the ground, and with the “**culture of dialogue**” that we were able to establish in the region, we could offer valuable support to the solution of some of these problems.

- In this sense, I am glad that many representatives of BSEC Member States participate in this International Conference, which aims to provide a **valuable platform** for an in-depth exchange of useful **experiences** and for a much-needed introduction of **best practices**, in what concerns the Energy risk management, a term with **such** a wide-ranging content.
- During the next 2 days you will deliberate on the models, methods and applications of risk assessment and risk management in energy systems, as well as risks associated with business, finance, and life safety itself.
- It is obvious that for each type of energy production, transportation and consumption there is a “**risk**”, which could be defined as the **incidental chance or probability** for the occurrence of accidents and various other kinds of dangerous situations. These “risks” can be considered as part of the “**social cost**” of energy production, of its transportation and consumption, which includes the environmental pollution, land abuse, the depletion of natural resources, tension among states and many other factors.
- For example, the peaking of world oil production presents us with an **unprecedented** risk management problem: the price volatility increased dramatically, and, without timely mitigation, the economic, social, and political costs can become intolerable.
- **But**, I will not venture any more in a terrain I feel very insecure to walk in. Let me **only** say that for the BSEC Organization one of the most **appropriate and important** topic for discussion, proposed by the organizers, is the issue of “***Inter-regional integration process and prospects for developing energy markets***”.
- As I mentioned before, BSEC, as a unique organization of regional economic cooperation, tries to find common approaches, elaborate joint projects and plans for the benefit of its Member States; so, one could argue that, **even if** we are not actively involved in Energy “**risk management**”, we are **certainly** very much committed in “**risk prevention**”!
- It is perhaps a happy coincidence that, exactly, today, this very hour, the BSEC Working Group on Energy holds its regular meeting at the BSEC Headquarters, here in Istanbul. Among other, we expect that participants can hopefully finalize and adopt the “*Green Energy Strategy paper*”, elaborated with the contribution of BSEC Member States. Also, concrete projects on how to mitigate the consequences of

climate change, provoked by damaging Energy practices, will be discussed and hopefully finalized. We expect that, with the help of the *Black Sea Project Promotion Facility*, which was recently set-up with the initiative of the Russian Federation, we will be able to fund the **implementation** of these projects, for the benefit of our Member States.

- Ladies and Gentlemen, I wish you every success in your deliberations and I hope that some of the issues you will be touching upon could be valuable **food for thought and action** also in the framework of the regular BSEC activities in the Energy sector. After all – and forgive me for saying this! - Energy Safety and risk management are **too serious** issues to be left **only** in the hands of the sector’s “**specialists**”, that is you!
- Jokes apart, we are all looking forward to the conclusions and possible recommendations you will be arriving at during this Conference, because in our today’s ever more confusing world, with **asymmetrical threats** and new dangers like **Cyber and Technology risks**, we are all obliged to be vigilant, attentive and inspired in our efforts to manage the overall volatile Energy situation.
- Thank you again for your kind attention.