

**Remarks of European Commissioner for Energy  
Günther H. Oettinger  
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*Session: Opening welcome address*

*Speech delivered directly after Prime Minister Karim Massimov*

Dear Prime Minister Massimov, Chairman Kulibayev, Distinguished Delegates, Ladies and Gentlemen,

I am delighted to be here today in Astana. It is truly a pleasure to visit this impressive, modern, and growing capital in the heart of Central Asia.

I would like to express my gratitude to the government of Kazakhstan and to Kazenergy for their kind invitation to address this forum. The wide international participation is clearly testimony to the progress which Kazakhstan has achieved since independence and the key role which Kazakhstan plays in the international energy field.

For the European Union, Kazakhstan is a key partner in the region. The visit of President Nazarbayev to Brussels last October created a positive momentum and we are closer partners today than ever before.

In fact, the EU has put Energy and relations with Central Asia among its top political priorities as reflected in the meetings of the European Council of Heads of State and government.

Against this background, we very much welcome the focus of this conference on new horizons for investment and sustainable co-operation.

Today, I would like to make three points:

**First, it is important to recall that the EU is the single biggest investor in Kazakhstan**, accounting for more than half of the country's total foreign direct investment. Two thirds of this investment goes to energy extraction and mining.

EU companies have been at the forefront in working side-by-side with their Kazakhstan counterparts to develop Kazakhstan's resources, including of course

in the Caspian Sea. This has enabled the use and transfer of unique skills, expertise and technological innovation.

Moreover, besides oil and gas, EU investments are also directed to a large range of sectors, including agriculture, food-processing, engineering, construction, banking, and transport.

We also represent a dynamic and growing market for Kazakhstan. The EU is the largest single regional energy market in the world. It brings together more than half a billion consumers, and will in time, link energy supply networks from Eurasia in the East, the Arctic in the North, the Sahara in the South, and the Atlantic in the West.

All of this translates into solid business opportunities and a strong mutual interest to maintain and cultivate a favourable investment climate, as well as ensure a stable and predictable framework for energy supply flows.

**Second, we approach issues related to the development of energy resources in the Caspian and wider Central Asian region with the firm belief that it is in the energy security interest of all of us to promote the sustainable development of energy resources and the diversification of export routes.**

Kazakhstan has an interest, as do other partners in the region, to widen its market opportunities and enhance its ability to obtain internationally competitive prices.

For the EU, our prosperity and competitiveness rest on getting all the elements of a successful economy right. Sufficient, reliable, and affordable energy supply is a major element.

Our energy supplies are dominated by fossil fuels. The EU imports over 80% of its oil and over 60% of its gas. Moreover, Europe's own production of fossil fuels is declining. It is also clear that despite the current economic crisis, and no matter how successful EU countries are in boosting renewable energy and energy savings, our level of import dependence will grow over the next decades.

As you know, a primary focus of EU energy policy efforts in the region has been the establishment of a Southern Gas Corridor. Its importance has been explicitly recognized by all EU Heads of State at their Energy Summit of 4 February 2011.

The EU is strongly committed to the opening of the Southern Corridor which will allow for Caspian gas to reach the EU market. The Commission supports various pipeline projects linking the Caspian region to Europe. Nabucco, a dedicated gas pipeline from Azerbaijan to the heart of Europe, would have the largest capacity among them. Together with it, or other options, we also support regional pipeline solutions across the Caspian. We are committed to putting in place a generic and welcoming regime for investment in these regions and in the transit routes to Europe, and we will pave the way for companies involved to have a stable, long-term perspective to enter the EU market.

In conclusion, we are committed to working with our partners in the region to making the Southern Corridor a reality. Europe is offering a stable long-term market with good prices and the best customers in the world.

In this sense, I am pleased to announce that a major step forward has recently been achieved to create an export route for countries on the eastern shore of the Caspian Sea. Only a few weeks ago all 27 EU Member States of the European Union gave the authorisation to the European Commission to negotiate a legally binding treaty between the EU, Azerbaijan and Turkmenistan to build a Trans-Caspian Pipeline System. For the European Union, a Trans-Caspian gas Pipeline will be an important contribution to the development of the Southern Corridor.

Not many people are aware that this is the first time the European Union has proposed a treaty in support of an infrastructure project. This demonstrates how important this project and co-operation with the region is for the European Union and all of its 27 EU Member States. We are also convinced that a Trans-Caspian Pipeline will enhance stability and prosperity in the region. We will support the highest level of environmental standards. The EU has a strong record of legislating to protect the environment. It is a core part of our legislative process. No energy infrastructure project can escape an impact assessment to the highest environmental standards.

We welcomed the participation of Kazakhstan in the Budapest Nabucco Summit as well as the Prague Southern Corridor Summit and we would welcome Kazakhstan's further participation in the Southern Corridor as appropriate.

I should add that we do not forget the importance of oil evacuation from the Caspian region, particularly with expected increasing oil export volumes from Kazakhstan's offshore developments. These are some of the largest and most complex industrial projects in the world. They can also make a significant contribution to increasing the diversity of oil and gas supplies. Parties must work together to successfully deliver these projects to the mutual benefit of all stakeholders.

**Third, our energy co-operation with Kazakhstan rests on solid foundations, but we can do more.**

We benefit from the EU-Kazakhstan Memorandum of Understanding on Co-operation in the field of Energy, discussions on energy in the Partnership and Co-operation framework, a series of EU-Kazakhstan nuclear co-operation agreements, energy assistance projects, including via the INOGATE programme, as well as co-operation in the areas of clean coal, energy efficiency, and renewables.

The intensity of these relations should not come as a surprise to any of us. It is a reflection of well understood mutual interest.

However, we have an opportunity during the negotiations, next week in Astana, on a new post-partnership and co-operation Agreement to deepen our energy co-operation further in a legally binding agreement. I look forward to the outcome of the talks.

Ladies and Gentlemen, I do not intend to make a long intervention today; you are the specialists in the oil and gas world. My task is to help creating the conditions for an efficient private sector. I look forward to working with you to make this a reality.

I wish you a successful conference.