



DELEGATION OF THE EUROPEAN UNION TO THE REPUBLIC OF KAZAKHSTAN

Remarks of Ambassador Aurélie Bouchez, Head of the European Union Delegation to the Republic of Kazakhstan, at the 21st Kazakhstan International Oil & Gas Conference KIOGE 2013

2 October 2013, Almaty

Honourable Minister,

Excellencies,

Distinguished guests,

It is a great pleasure for me to speak at the opening of KIOGE 2013. I congratulate the organisers on their work, which builds on the achievements of previous years.

This year marks the 20th anniversary of the establishment of diplomatic relations between Kazakhstan and the European Union. We greatly value our close bilateral relationship. Kazakhstan is an increasingly important strategic partner for the EU, especially in the field of energy. This point was emphasized by President Barroso during his visit to Astana last June. Together with our Kazakhstan counterparts, we are now working on the text of a new EU-Kazakhstan Enhanced Partnership and Cooperation Agreement, which should open further opportunities to enhance our co-operation, including in the energy sector.

I would like to make three main points.

Firstly: The EU, through its Member States, is the single biggest investor in Kazakhstan. EU Member States account for more than half of Kazakhstan's total foreign direct investment, EU investors see Kazakhstan as an attractive place to invest.

The EU is also Kazakhstan's largest trading partner, accounting for 40% of total external trade. Last year bilateral trade amounted to €31 bn of which a full three quarters were Kazakhstan's exports to the European Union. Our trade balance is very strongly in Kazakhstan's favour.

Oil and oil products account for most of Kazakhstan's exports to the EU, and provide over 5% of total EU oil imports. EU companies work with Kazakhstan counterparts to develop this country's natural resources, for example in Kashagan. This cooperation has resulted in a steady, mutually beneficial transfer of skills and expertise. It has also brought key technical innovations to Kazakhstan.

We want this partnership to continue. We believe that Kazakhstan and the EU have a strong mutual interest in maintaining and cultivating close cooperation on major investment projects.

We have a mutual interest in ensuring a favourable investment climate, and a stable and predictable framework for long-term energy investments. We are very grateful for the good

dialogue we have with the Kazakhstan authorities in this respect, and will continue to collaborate on further improvement of the economic and investment climate in Kazakhstan.

Secondly: It makes good sense to promote energy security through diversification of export routes. Alternative export routes mean wider market opportunities for Kazakhstan, and will enhance your ability to obtain internationally competitive prices.

Hence, the importance of oil evacuation from the Caspian region, particularly in the context of expected increases in export volumes from Kazakhstan's offshore developments. We look forward to progress in developing a Trans-Caspian oil corridor between Kazakhstan and Azerbaijan.

In recent years, the EU has expressed its support for the establishment of a Southern gas supply route. The realisation of a Southern Gas Corridor has been a focus of our efforts. Two key developments took place in this respect in 2013: the decision in June to in favour of the Trans-Adriatic Pipeline, and the signature in September by the Shah Deniz II Consortium of the long-term sales agreements.

We are now confident that the entire Southern Corridor will be completed by 2018, and that the first gas from the Caspian Sea will be delivered to Europe by early 2019 at the latest. This is a major achievement for all parties concerned and will contribute significantly to the diversification of gas supplies to Europe.

We will work to expand the Southern Gas Corridor, and are currently in discussions with Azerbaijan and Turkmenistan on constructing the Trans-Caspian gas pipeline (TCP).

Thirdly: Kazakhstan's increasing wealth from oil and mineral resources has brought awareness of greater responsibilities, for current and future generations.

Kazakhstan has taken important steps in the direction of international energy governance, notably through President Nazarbayev's strategy for a Green Economy.

Kazakhstan has also decided to join the Extractive Industries Transparency Initiative (EITI), to ensure that revenues from mineral extraction are used for the economic development of the country. These are far-seeing initiatives, and examples for others to follow.

The EU welcomes Kazakhstan's active international engagement, for example in relation to the international Energy Charter Treaty. In the current economic context, stable energy prices can help to relaunch global economic growth. Kazakhstan's contribution to global energy governance is therefore highly appreciated.

Ladies and gentlemen, in these short remarks, I have sought to address EU-Kazakhstan co-operation, the progress made so far, and the opportunities ahead.

Let us move forward with confidence, with the support of industry and of our Kazakhstan partners.

I wish you a very successful conference.