
The Baltic Sea Region Business Forum's first plenary session in Riga today sparked discussions revolving around issues of energy security in the Baltic Sea region. The presentations and brief panel discussion mapped out the need for an integrated regional approach and further cooperation in solving key issues related to energy security in the region.

"The demand for energy and infrastructure projects are of major importance for Baltic Sea region businesses," said Kaspars Gerhards, Latvia's Minister of Economy and moderator for the first panel discussion. He went on to outline several key issues and projects in the Baltic states regarding the energy market, including the need for a common electricity market and increased power production capacities, as well as the Nord Stream natural gas pipeline and potential liquefied natural gas infrastructure in the Baltics.

The EU's Energy Commissioner Andris Piebalgs noted that since the current European Commission was appointed in 2004, the energy sector is the one to have undergone the most significant changes: "Many paradigms that existed in the field of energy have changed over these years," he said, mentioning energy price issues as a key factor.

On the positive side, the Commissioner said that the energy sector has developed well for investors seeking stable business opportunities with significant profits. "The sector is now open for competition," he said, giving reference to the liberalisation process of the EU's energy sector.

Nevertheless, efficiency in energy consumption is crucial and also a significant business opportunity, said Piebalgs, as is the need for increased renewable energy sources and accessible infrastructure to promote the development of new and more flexible businesses operating in these fields.

As for the EU and Baltic Sea region energy market's ties to Russian supplies, the Commissioner said: "We should really try to embark on the opportunities for more EU investments in the Russian energy sector," adding that the supply and demand tension that exists does not change the aspect of interdependence between the EU and Russia.

Hans Enocson, President and CEO of GE Nordic Region & Baltic states, gave a presentation on the corporation's energy efficiency strategy and results achieved so far, stressing the need for technology diversification and strategic relationships for research and development.

A presentation by Mario Nullmeier, the Baltic representative for E.ON explained how one of the key Baltic energy sector shareholders sees the current market situation. He underlined the need for solving primary power production capacities in the Baltic
"We live in a triangle of environmental factors, security of supplies and affordability," he said, adding that a diverse range of solutions will be needed to overcome the many challenges the energy sector faces.

Paul Corcoran, Financial Director for the Nord Stream underwater natural gas pipeline to link Russia with Germany, presented the project, which he says will become a driving force for further industrial and economic growth in Europe, providing around 25% of the region's natural gas deficit. "Nord Stream will bring a third route for natural gas supplies from Russia to Europe, which is why the project has a significant dimension to the Baltic region's energy security issues," he said.

Floor panelists including Arvid Grundekjon of Norway's Statkraft, Anicetas Ignotas of Lithuania's Ministry of Economy, Karlis Mikelsons of Latvia's Latvenergo and Ernst Schwanhold of BASF took discussions further covering the need for increased cooperation in the region.

"The concept of a Baltic Ring energy market is clearly still high on the agenda," said Mr Grundekjon, admitting that movement has so far been slow in this area, but perspective should not be lost. "A Nordic region electricity transmission system operator could further enhance such a common market," he said.

This idea was further backed by Latvenergo's Karlis Mikelsons, who called for a common regulator policy for the Baltic states and increased energy bridge capacities between the Baltic states and Nordic countries.

Regional cooperation for a common energy policy, especially in regards to supplies from Russia was also addressed in the session. "Energy supply is a key issue for the competitiveness of EU companies," said BASF's Mr Schwanhold, adding that solutions between both the EU and Russia must be part of the solution to promote Europe as the driving force for economic development in the world.

The EU's Energy Commissioner concluded by saying: "It is clear that the energy sector in the Baltic Sea Region is not sleeping," adding that the discussion has brought upon a few issues he will be addressing to the region's governments in the nearest future.

Many issues and challenges exist for the Baltic Sea region's energy sector and further discussions, particularly focusing on renewable energy sources, during the Forum's second plenary session today should further promote dialogue and cooperation in the region.

The first Baltic Sea Region Business Forum, an event gathering government and business leaders from 11 countries on the Baltic Sea rim is being held in Riga on the 3rd and 4th of June 2008. This is the first time such an event is being staged and it has been timed to coincide back-to-back with the Summit of the Council of Baltic Sea States, gathering government leaders from the Baltic rim countries in Riga to mark the end of Latvia's two-year presidency of the council.

Participants in the Business Forum will be discussing business topics in several
plenary sessions focusing on energy sources and energy security, global financial markets in the context of challenges and opportunities for the Baltic Sea region and the future development of transport and logistics systems in the region.