

### **Atlantic Council Energy & Economic Summit**

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On November 18-20, the seventh annual Atlantic Council Energy & Economic Summit took place in Turkey's Istanbul. The conference, sponsored by the U.S. think tank Atlantic Council, was a large international meeting in which more than 500 people from more than 40 countries and regions participated. High-level participants in the opening session included not only President Recep Tayyip Erdogan of Turkey as the host country for the conference but also the president of Croatia, the prime minister of Albania, senior U.S. State Department officials and European energy ministers. In the following, I would like to summarize particularly impressive points at the conference.

First, participants in the conference were conscious of the importance of Turkey. Located in the nexus between Europe, the Middle East, Russia and Central Asia, Turkey is in a very geographically important position. Turkey's presence in the international energy market as well as overall international relations has increased as the country serves as a gate for energy flow to Europe and has expanded its own energy demand through robust economic growth. The reason the Atlantic Council has sponsored the summit in Turkey in consideration of the country's strategic importance is that the United States gives priority to Turkey in its national strategy. At a time when the Middle Eastern energy situation has been fluid with Russia-Ukraine-EU relations thrown into confusion, Turkey's presence and stability have become very important for international energy security and energy geopolitics.

In this respect, particularly, natural gas supply through Turkey holds one of the keys to the European Union's diversification of energy supply sources and its reduction of dependence on Russia to enhance its energy security. It was impressive that many views about this point were presented at the summit. Participants in the conference vigorously discussed the economic efficiency and economic security contributions of the Southern Gas Corridor project to provide gas from Azerbaijan to Southern Europe via Turkey. Discussions in various sessions of the summit also touched on problems and significance of the Turkish Stream project that Russia, conscious of Turkey's importance, has devised to export gas via Turkey, as well as the Nord Stream 2 project linking Russia to the northwestern European gas market including Germany via the Baltic Sea. While these competing gas export projects exist, Turkey is likely to grow more important as a future

gateway to the European market. Turkey's presence is increasing for Russia, Central Asian and Caspian Sea countries, and the United States.

Second, it was impressive that participants in the latest conference were very conscious of energy security. In a sense, I was surprised to see many policymaking officials participating in the conference, indicating energy security as a key component of national security. A factor behind such indication may be the terrorist attacks in Paris that highlighted the importance of security problems for Europe and the entire world just before the conference.

Representative energy problems for Europe might have seemingly been related to climate change measures for the single European market. But the recent international energy situation, including developments regarding the Russia-Ukraine problem, has indicated the importance of energy security problems for Europe. In the conference, policymaking participants clearly described energy security as national security, emphasizing that each European country or the entire EU should give policy priority to infrastructure investment and the diversification of energy supply sources. I thus saw energy security emerging as the top priority in Europe.

At the same time, however, energy problems are market or business problems. Whether plans for enhancing energy security have sufficient economic viability acceptable for the market would be very important when their feasibility is considered. Industrial or business people might have to consider how to survive the new business environment represented by crude oil price plunges and how to enhance global warming and energy security policies based on the results of the 21st Conference of Parties to the U.N. Framework Convention on Climate Change, or COP21. The cost for enhancing energy security may eventually raise energy costs for consumers. In this sense, the pursuit of pure economic efficiency may occasionally trade off with energy security and global warming measures. Basically important is the balanced pursuit of the 3Es -- economic growth, energy security and environmental protection. But the pursuit of the 3Es is very challenging for European countries, Japan and many other countries.

At the conference, International Energy Agency Executive Director Fatih Birol emphasized that any country must steadily address the essentially important issue of energy security irrespective of whether crude oil and other energy prices are high or low. He also pointed out that current low crude oil prices, while benefitting oil consuming countries or consumers at present, could have negative effects on them by weakening incentives for energy conservation and cutting energy investment to affect long-term energy security. In the international energy situation that is growing more complex, government and industry people in each country will have to implement policy and business strategies based on a cooler situational analysis and judgement than ever.

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