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(intervento Min. M. Zanini)

Thank you Mr. Chairman,

The Italian Government is designing new principles guiding national energy policies towards national, international and European (and, particularly, Central and Eastern European) energy security, by strengthening three key concepts: **diversification, interdependence and energy hub.**

Let me talk about the Italian vision and elaborate some concepts on this.

1. Energy security as a global concern and global good.
The debate on energy security is at the moment mainly focused on the concept of energy dependence and on competition among consumer countries, to get access to resources; among producers, to increase their share in the world markets. Moreover, two big shifts are occurring in the world energy system: first, the demand of energy will come more and more from emerging-market economies; second, the environmental impact of energy use will lead to more and more risks.

Taking this into account, we should progressively shift towards a concept of energy security as a global good, whose general availability is also dependent, among other factors, on the policies designed and implemented at the international level. In this sense, Italy has recently boosted international cooperation on energy price transparency, and promoted the creation of an international platform for low-carbon technologies as well as actions against energy poverty in Africa (G8 L'Aquila Summit). Italy also supports the process launched by the International Energy Agency (IEA) to establish an Energy Partnership Forum to jointly foster energy security and energy sustainability.

2. Concerning energy security in the European Union, energy dependence is mostly discussed in conjunction with natural gas, as reliance on imports of gas is expected to increase from 57% to 84% by 2030. Since 1990, Europe has considerably diversified its sources of gas imports: 80% of the growth in these imports has originated from countries such as Norway, Algeria, Nigeria and Middle Eastern countries. Therefore, Russia's share of EU overall gas imports has declined sharply, from 75% in 1990 to just over 40% today, but with a very wide differentiation, ranging from 100% of gross inland gas consumption in some countries such as Slovakia, Finland, Lithuania and Estonia, to 0% in Spain and Portugal. Development of alternative sources (nuclear, renewables, etc.) to produce energy for domestic needs will certainly be very relevant in the long run; but in the short term it will not significantly affect our energy needs, due to the large relevance that imported hydrocarbons still have, and will continue to have for at least a few decades. This is one of the main reasons why Italy attaches so much importance and supports initiatives that are fostering cooperation between energy producing and consuming countries.

3. Coming to Italian energy needs and constraints, according to the International Energy Agency (IEA), Italy's total primary energy supply shall rise from its current level of 174.5 Mtoe in 2008 to 230 Mtoe by 2030. Today, more than 90% of this supply is covered by imports. Similarly to other EU countries, Italy has two major "external constraints" in energy policy: the reliance on fossil fuels and the implementation, in accordance with the Kyoto Protocol, of the EU "Climate and Energy package" which prescribes, by 2020, a 20% reduction in greenhouse gases (compared to 1990 levels) and to lift the average renewables share across the EU to 20%.

In this framework, the Italian Government is designing new principles guiding national energy policies with the aim of a more balanced energy mix: 50% from fossil fuels, 25% from renewable sources and 25% from nuclear. Concerning the renewables, according to IEA, Italy has made substantial progress. In fact, at the end of 2008, the installed capacity from renewable sources reached 18.2% of the electricity production, thanks also to the incentive schemes for renewable energy implemented by the government (e.g. the so-called Green Certificates, devised to offset the higher costs of these sources and to attract new investments), and all that allowed Italy to rank 5th within the EU in terms of energy production from renewable sources. Another cornerstone of Italy's National Energy Policies is the resumption of nuclear generation. The Italian nuclear power programme, aiming at building nuclear capacity to generate electricity for approximately 12 GW, envisaged that the construction of the first new nuclear power plant is expected to start by 2013, while operations should begin in 2020. Obviously, by diversifying its power production to a 25% nuclear share, Italy will shift its fuel needs to uranium and its dependence to exporters such as Canada and Australia.

4. Diversification. While the differentiation of the energy mix will bring about tangible results in the long run, in the short and medium term the only way to downsize European and Italian energy dependence is **diversification of a) supplying countries; b) transit countries (routes);c) storage and flows.**

Concerning the diversification of energy suppliers, Italy has developed a diversified portfolio of sources. Consequently nowadays Italian energy needs are relatively diversified. More precisely, Italy's oil supply originates from 30 countries, although almost half of total supply comes from Libya and the former Soviet Union countries. Italian imports of gas, covering around 90% of domestic consumption, come from a wider array of suppliers. The primary gas provider is Algeria (33%), followed by Russia (29%), the Netherlands (12%), Libya (10%), Norway (7%), Nigeria, Egypt and others.

The relation between Italy and supplying countries is based on a model of interdependence which balances the supply of natural resources with export of other products and technology transfers and investments, that are necessary to its partners especially to improve their upstream capacity. This permits Italy to strengthen its negotiating position as a potential energy "hub" and to create a mutually beneficial relationship between energy companies on the two sides.

To strengthen energy security and safety, **transit routes** are as important as the origin of energy products. Therefore, diversification should apply not only to suppliers of oil and gas, but also to pipelines and transport routes. At the moment Italy is engaged in increasing the capacity of existing pipelines, notably the existing Greenstream pipeline that supplies gas from Lybia, and of the connections from both Algeria and Austria.

Besides, it is worth mentioning important pipelines projects, such as:

- **ITGI.** The ITGI pipeline project – Interconnector between Turkey, Greece and Italy - has been planned over the last decade to supply Italy, within a few years, with gas from Azerbaijan.
- **GALSI**. Another important project in order to further diversify gas imports is Galsi, linking the Italian peninsula directly to Algeria through the island of Sardinia. A branch from Sardinia to Corsica is also being planned.
- **NABUCCO, SOUTH STREAM and TAP**. These South-East corridor pipeline projects are in a less advanced stage. They should rather be seen as strategic investments in view of developing new fields and improving the upstream capacity of the potential suppliers, as well as of further extending cooperation to Central Asia and to the Middle East. This is why South Stream cannot be seen as an alternative project competing with Nabucco, as it is demonstrated by the interest that many Central and Eastern European countries have lately shown for both projects. Furthermore, considering that Italy doesn't need additional gas from Russia, the implementation of the South Stream project would turn mainly into a diversification of gas transport routes in order to secure Russian gas to Europe.

Finally, in the medium and short term, it is essential to invest in **interconnectors, reverse flows and storing capacity** to make the European market and network fully integrated, in order to protect our population in Europe from sudden cuts and to create a model for gas distribution and consumption that could be valid also in other regions.

5. In line with ensuring and implementing energy security, a true common European energy market is still to be built. Instead of considering "stand alone" national solution, it is worth drawing an integrated European gas market through the construction of gas storage and interconnectors, the harmonization of European regulations, the creation of an independent European Gas Authority (EGA) and of an integrated transport system run by an independent operator.

In conclusion, taking into consideration the factors I mentioned before and the fact that Italy's current import capacity is already by far larger than its yearly consumption, it is important to stress that Italy plays now and in the future an increasing role of "energy hub" between Africa, Central and Eastern Europe and Asia, thus enhancing the whole concept of energy security for Europe and the Mediterranean Basin.

Thank you for your attention