

**NATO-RUSSIA
PARLIAMENTARY
COMMITTEE**

132 NRPC 06 E
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NATO Parliamentary Assembly

SUMMARY

of the

Meeting of the NATO-Russia Parliamentary Committee
Salle Paris, Palais des Congrès, Paris, France

Tuesday 30 May 2006

ATTENDANCE LIST

President	Pierre Lellouche (France)
Vice-Presidents	Pierre Claude Nolin (Canada) Bert Koenders (Netherlands) José Lello (Portugal) Jozef Banáš (Slovakia) Vahit Erdem (Turkey)
Secretary General	Simon Lunn

MEMBERS AND ALTERNATE MEMBERS

Bulgaria	Nikolai Kamov
Canada	Jane Cordy
Estonia	Sven Mikser
France	Pierre Lellouche
Greece	Sofia Kalantzakou
Iceland	Össur Skarphédinsson
	Magnus Stefánsson
Latvia	Guntis Berzins
Lithuania	Juozas Olekas
	Rasa Juknevičienė
Luxembourg	Marc Angel
Netherlands	Jos van Gennip
Norway	Per Ove Width
	Marit Nybakk
Poland	Marian Pilka
Romania	Mihail Lupoi
Russian Federation	Victor A. Ozerov
	Lubov Sliska
	Mikhail Kapura
	Oleg Tolkachev
	Bato-Zhargal Zhambalimbuev
	Vladimir Zhirinovskiy
Spain	Jordi Marsal
	Alejandro Muñoz-Alonso
Turkey	Vahit Erdem
United Kingdom	Bruce George
	Peter Viggers
Chairman of the Committee on the Civilian Dimension of Security	Michael Clapham
Chairman of the Science and Technology Committee	Michael Mates

SECRETARIES OF DELEGATION

Bulgaria
Canada
Estonia
France

Germany
Greece
Italy
Iceland
Latvia
Lithuania
Netherlands
Norway
Poland
Slovenia
Spain
Russian Federation
Turkey
United Kingdom

Borislav Penchev
Denis Robert
Tanja Espe
Frédéric Taillet
Etienne Sallenave
Rainer Büscher
Roxani Xeplati
Cristina De Cesare
Stigur Stefansson
Sandra Paura
Snieguole Ziukaite
Leo van Waasbergen
Marit Gjelten
Natalia Jaskiewicz
Tamara Gruden-Pecan
Mercedes Araújo
Viacheslav Kolotvin
Yesim Uslu
Libby Davidson

International Secretariat

Andrius Avizius
Roberta Calorio
Andrea Cellino
Paul Cook
Valérie Geffroy
Christine Heffinck
David Hobbs
Susan Millar
Jacqueline Pforr
Ruxandra Popa
Steffen Sachs
Zachary Selden
Svitlana Svyetova

Minutes Writers

Tracy Garratty
Stephen Mark

The meeting opened on Tuesday 30 May 2006 at 1.40 pm with Pierre Lellouche, President of the NATO PA, in the Chair.

1. Opening of the proceedings

The President welcomed delegates. The Committee was the counterpart to the NATO-Russia Council and provided parliamentarians with an opportunity to engage in dialogue about matters of common concern. He suggested the Committee consider internal matters at the end of the agenda.

2. Adoption of the Draft Agenda [016 NRPC 06 E]

The draft agenda [016 NRPC 06 E] was adopted.

3. Adoption of the minutes of the meeting of the NATO-Russia Parliamentary Committee held in Copenhagen, Denmark, on Friday 11 November 2005 [236 NRPC 05 E]

The Minutes [236 NRPC 05 E] were adopted.

4. Presentations on *Energy Security* by Claude Mandil, Executive Director, International Energy Agency, and Christophe-Alexandre Paillard, Head of industrial and technological trends, French Ministry of Defence, Strategic Affairs Directorate

The President introduced the subject as one which was extremely topical for the European Union, the United States and the Russian Federation. He welcomed the two guest speakers, Mr Mandil and Mr Paillard, whose presentations were bound to lead to useful discussion.

Mr Mandil started by explaining the role of the International Energy Agency (IEA), which managed strategic oil stocks on behalf of its member states and advised member states and other nations on efficiency, consistency and environmental friendliness in energy policy. Economic growth, environment protection and energy security were the three bases for its policy. He described likely energy trends in a business-as-usual scenario over the next 25 years. Oil, coal and natural gas would continue to make up the majority of energy supply and demand. The IEA did not believe that these energy sources would be exhausted in the near term. Market price fluctuations were key to this. However, the perception of the long-term price of oil was linked to concerns over possible lack of investment in the industry. There was increasing reliance on Middle Eastern and North African countries and nations of the former Soviet Union for oil and gas. This had implications for energy security, with most shipments using only three maritime routes, a potentially unsustainable situation.

Russia had for the last thirty years been a very reliable supplier of gas to the West. Despite concern and comments over security of supply, Russian gas resources were an asset for Europe, not a liability, and needed to be seen as such. Domestic demand within the Russian Federation was growing steadily. Three-quarters of the gas produced in Russia was for internal consumption. Low domestic prices led to inefficiency in the use of this gas. International demand was also growing. Production from existing fields could not meet these two sources of demand. There were possible ways of increasing supply, partly through new exploration but also partly by managing existing wastage through flared gas and network losses.

New sources of demand were also emerging. China in particular was increasingly reliant on imports. Energy and poverty was a last point of security concern. One person in four in the world did not currently have access to electricity. By 2030 the IEA expected the situation to be the same

in the Indian subcontinent and to have worsened in Africa, and he predicted that the same number of people, 1.5 billion, would be without power.

A resolution regarding energy matters at the 2005 G8 meeting in Scotland showed that world leaders recognised the problems. The 2006 G8 session in Russia would be mainly dedicated to energy security. Dialogue between OPEC and IEA countries had dramatically improved in the last 20 years, and there now needed to be a similar improvement to the dialogue between producers and consumers. The IEA emergency collective action plan, which prescribed that each member country should keep an agreed amount of strategic stocks, was still needed. The emergency plan had last been utilised in 2005 after the hurricane in the Gulf of Mexico, with the result that oil prices had been largely stable after initial panic buying.

The President thanked Mr Mandil, and informed delegates that Mr Mandil was one of the foremost energy experts in France. He invited Mr Paillard, Head of industrial and technological trends at the French Ministry of Defence, to speak.

Mr Paillard said that he would be brief in his remarks. His speech would concern France's perception of NATO and energy, and then Iran. The Technical Group of NATO had held a conference regarding NATO and energy in Prague in February. As well as discussing fossil fuels the conference had considered the way that natural resources, such as water and wood, were utilised, and the importance of ensuring that supply and demand were in step.

While there was a perception that oil prices had escalated, in fact today's oil prices were not as high as those experienced in 1979. Coal, oil and gas were predicted to remain the world's major energy sources. Oil reserves were mainly located in the unstable Middle East region. Gas reserves were concentrated in Russia and the Middle East. Many developing countries especially in China and Asia would increasingly become energy consumers.

Trade in oil and gas was growing fast, meaning that it was important to remember that production in OECD countries would decrease sharply and was predicted to increase in non-OECD countries, such as in Russia. The challenge was to ensure energy security, and free trade of supplies. There was some distrust between Russia and its neighbours in the NATO alliance: Russia felt surrounded and the Baltic States saw gas as a potential weapon for Russia. The reality of the situation was that NATO countries would inevitably come to increasingly rely on other countries for their energy supplies, and an important question for NATO was should the protection of fuel lines be one of NATO's priorities? The Washington NATO Treaty did not mention energy, and the Alliance needed to consider whether it was possible or desirable for NATO to build a common energy policy.

Mr Paillard concluded his remarks by presenting a possible scenario as to how energy issues could lead to NATO becoming involved in Iran. There was uncertainty as to whether Iran was developing a nuclear military programme. If this proved to be the case and Iran refused to desist then this could cause major instability in the Middle East and threaten energy supply. The President of Iran has already said that he was prepared to use oil as a weapon. An oil and gas embargo would send prices rocketing. Economic sanctions could not prevent Iran from becoming a nuclear power.

Energy prices would stay high for the foreseeable future, and mutual dependence was increasing. NATO countries would need to take appropriate measures in response to these circumstances.

The President opened the floor to questions.

Mrs Kalantzakou (GR) asked which countries met the 90-day storage requirements in reality and asked whether pipelines represented an increased security risk. She also highlighted energy efficiency as an increasing trend and asked for comment.

Mrs Sliska (RU) noted the number of different interest groups operating in the energy security field but the lack of links between them. Programmes needed to be created, and alternatives to traditional fossil fuels needed to be found, including nuclear power to help deal with the lack of energy resources. Pipelines planned by the Russian Federation were not directed against other countries' interests. Selling and buying gas was a purely economic affair, not a political one. Russia had been a stable supplier for more than thirty years. There was no intention to use energy supply as a political tool. Problems with gas supply to Georgia had been a technical accident; problems with supply to Ukraine were due to non-payment by Ukraine and that country's theft of Russian gas. Energy security would be a key subject at the G8.

Mr Tolkachev (RU) thanked the speakers for their presentations and said that Mr Mandil had been right to suggest that domestic consumption of gas and domestic prices would rise. He asked if NATO member states intended to adopt the energy strategy being presented at the G8 summit in St Petersburg, rather than indulging in speculation and supporting marginal undemocratic regimes who stole Russian gas.

The President asked to which countries Mr Tolkachev was referring in his last comment.

Mr Tolkachev (RU) said that he was referring to Ukraine.

Mr George (UK) thanked the speakers, said that Mrs Sliska's speech had been reassuring about Russian intentions at the moment, about which he had no anxieties. He was, however, concerned about action that might be taken by a future government. According to a report, on thirty occasions Russia had used its energy resources as a weapon against other states. This was very much an issue for NATO. Deals struck by individual countries could not be in the best interests of the Alliance as a whole.

Mr Viggers (UK) welcomed the dialogue with the Russian Federation on this subject and asked to what extent Russia was prepared to agree long-term supply programmes. He also asked the speakers what the effect would be on world markets of losing one of the larger suppliers and who would suffer most from such a loss.

Mr Paillard said that France nationally had had no supply problems dealing with Russia, but individual French companies had encountered difficulties. He suggested that the G8 summit at St Petersburg would be a good opportunity for different points of view to be expressed and examined. Mr Paillard was more concerned about the Middle East than Russia. For the time being, Europe was Russia's major export customer. Any blackmail could be returned in kind.

The President invited Mr Mandil to respond to the questions.

Mr Mandil began by answering the question from Mrs Kalantzakou. Nearly all the IEA members had 115 days of reserve supplies. Before taking military action against Iran it should be remembered that these IEA strategic stocks could offset the lack of supply from Iran for 4 years. Pipelines could not be guaranteed to be secure, as shown in Iraq, but transportation by sea was no safer. The key was diversity: to have several suppliers, and more than one transportation method.

The environment and global warming was one of the main challenges for the future. There needed to be worldwide increases in energy efficiency, and this would be achieved both by governments and individual consumers. More use of renewable energy was important, and research and development was needed to bring the costs down. Nuclear energy and fossil fuels would also be increasingly used, and more research needed to be carried out into methods of carbon offset.

It had to be recognised that Russia had been a reliable supplier of energy for the last thirty years. But the IEA had not seen that suitable investment in the energy infrastructure was taking place in Russia. This was also the case in some other countries. The proposed Baltic pipeline between Russia and Germany was essential for the future of energy supplies, but it was to be regretted that it was currently not being made available to all gas producers in Russia. Third party access to such resources was the basis for diversity and therefore security of supply.

The President thanked both speakers for the lively debate. He commented that it was entirely appropriate to talk about energy in a strategic framework such as NATO. Energy supply had political as well as commercial implications. Given the huge state monopoly of gas supply in Russia and recent events in the Ukraine questions as to the security of energy supply from Russia could be asked without meaning that the questioner was anti-Russian.

5. Future arrangements for the NATO-Russia Parliamentary Committee

The President said that there had been increasing frustration from both sides with current arrangements for dialogue. Two days previously, just before Mrs. Sliska had arrived, he had initiated a working lunch with the Russian delegation led by Mr. Ozerov and there had been a very constructive exchange of views on how to improve the dialogue. He then referred to the Assembly's Working Group on reforming Assembly procedures and activities which had also been asked to look at the framework for cooperation between the NATO PA and the Russian Parliament. He had invited Mr Pierre Claude Nolin to attend the meeting to explain the working group's proposals for the NATO-Russia Parliamentary Committee.

Mr Nolin (CA) said that the proposals had already been discussed at the meeting of the Standing Committee, so he would direct his remarks to the Russian colleagues. Almost all delegations had expressed the wish to enhance the dialogue with Russia. The working group felt that the key to this was to increase the importance of the meeting at 27. Two meetings a year of an hour and a half each were not adequate. There were two proposals: first to have one meeting of the 27 in Russia annually, at a location to be decided by the Russian delegation and taking place over two days. The Russian delegation should have a broader participation. The second proposal was to hold a meeting in Brussels or another NATO country of 10 representatives from the Standing Committee and 10 representatives from Russia. This would permit more focused discussion.

The President reinforced the view that a short meeting at the end of a session was not enough, and that he hoped that there would be support for the concept of a meeting in Russia and one elsewhere each year. He invited reactions from the Russian delegation.

Mrs Sliska (RU) thanked the President for his proposal. She hoped it would be possible to discuss matters today but not to come to a conclusion. She explained that she needed to consult colleagues in Russia regarding the proposals. Mrs Sliska commented that this was the first time that the NATO-Russia meeting had been held at the end of a session. Previously it had been held at the beginning, allowing draft texts to be adopted and forwarded to the Assembly for consideration. The Russian delegation proposed that this meeting should be retained and be complemented with the meetings proposed by the working group.

The President clarified that the meeting was exceptionally taking place at this late point in the Session, because of the addition, at his initiative, of an opening plenary to the Assembly's programme.

Mr Ozerov (RU) was sorry that Mrs Sliska had been unable to participate in the earlier discussions which he considered had been productive. He tended to agree with her that it was necessary to retain a NATO-Russia Parliamentary Committee meeting as part of the full session as well as

creating the possibility for additional meetings in Moscow and Brussels. The NATO-Russia Committee should have its place in spring and autumn sessions along with the other Assembly Committees.

Mr Nolin (CA) reminded the Committee that the working group he had chaired had had a broad remit, looking not just at the NATO-Russia Committee but at the work of the Assembly as a whole. It would be difficult to continue organising NATO-Russia Committee meetings at Spring and Annual sessions as in the past, because of the other changes being recommended. An hour and a half was in any case insufficient time to hold discussions with colleagues from the Russian Federation.

The President supported Mr Nolin in his comments. For example, the current time constraints had regrettably prevented any discussion on Iran with the Russian delegation at this Session.

Mr Zhirinovskiy (RU) supported Mrs Sliska's comments. Additional discussions were more than welcome, but existing traditions should be preserved. The Assembly was not according enough importance to the Russian Federation, which sought only equality. More time and attention were given to less important, less democratic neighbouring countries. If care was not taken, dialogue might be undermined. More meetings should be held.

The President assured Mr Zhirinovskiy that the Assembly and NATO viewed the Russian Federation as a friendly country. The Cold War was over and exchanges should move beyond the kind of inflammatory rhetoric used by Mr Zhirinovskiy. The President would seek to find a solution and timetable for meetings acceptable to the Russian delegation as a whole, and would try to find space for a meeting at the Annual Session in Quebec.

Mr Ozerov (RU) asked the President to clarify a reference he, the President, had made during the first day's plenary to a resolution by the Russian parliament on Crimean independence. Could he provide more information?

The President said that he had not received the necessary information, which was why he had not been more forthcoming previously. A letter would be sent to all delegations once the correct information was at hand. The President thanked delegates and staff who had helped to organise the Session.

The meeting was closed at 3.33 p.m.
