

Andres Sutt: Emerging energy markets – key issues

Introductory remarks by Mr Andres Sutt, Deputy Governor of Eesti Pank (Bank of Estonia), at the GIC/MKM/Eesti Bank Conference on emerging energy markets, Tallinn, 21 August 2008.

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Mister Minister, Excellencies, Ladies and Gentlemen,
Dear Guests,

It is a great honor to welcome you here in Tallinn.

The issues of our conference on emerging energy markets are of great importance in today's world. We are very lucky to have an excellent lineup of highly distinctive speakers from both the public and the private sector, so our discussions will no doubt be interesting and useful. I also have to admit that that interest in the conference exceeded the organizers' most optimistic expectations.

Energy issues and related policy choices have come forward forcefully and en masse for policy makers and public at large. Indeed, there is hardly any other area where choices that are made today will have a direct impact on the way of life of the generations to come. In this regard, I would like to briefly outline the key issues that will be discussed also today.

First and foremost, human activity and energy consumption are, in all likelihood, having a direct impact on climate and, ultimately, on living conditions on the Planet Earth. While the direct effects of climate change on growth and prosperity vary, it is beyond any doubt that the challenges ahead are formidable. Rich countries can and will adjust more smoothly to these challenges, but it will be the poor in the developing world who are going to have to bear the heaviest burden. Naturally, changes in energy production and consumption as well as in energy markets structure have a special contribution to global action for coping with climate change.

Second, surging energy demand worldwide makes us see the issues of energy security from a new perspective. A frantic search for energy sources by Asia's emerging economies, and the increasing concentration of production in the hands of sometimes unpredictable regimes, has deep ramifications for energy security in the advanced world, including and most notably in the European Union. Here, a forceful united approach is called for, based on integrated and well-functioning markets and European solidarity.

Third, high and volatile energy prices constitute a challenge for macroeconomic management. Energy price developments have pushed up inflation in the advanced world with adverse effect on private demand and growth. On the other hand, windfall due to high energy prices poses challenges to fiscal, monetary and exchange rate management in the countries exporting energy.

I am happy that the excellent list of speakers allows us to touch upon all these key challenges today.

Ladies and gentlemen, before giving the floor to Mr. David Kotok from the Global Interdependence Center, the co-organizer of today's event, I would like to speak briefly about our cooperation with the Global Interdependence Center. The GIC is a Philadelphia-based nonprofit think tank with the mission to "encourage the expansion of global dialogue and free trade in order to improve cooperation and understanding among nation states, with the goal of reducing international conflicts and improving worldwide living standards." This is indeed a noble goal in today's changing world full of new challenges and, unfortunately too often also conflict. Eesti Pank is honored to have been included in the GIC list of cooperating institutions for a number of years already. Our people have participated in GIC events both as speakers and members of the GIC delegation. We have first-hand experience in how dedicated the GIC is in fostering the cause of free markets, cooperation and liberty.

Ladies and gentlemen, thank you once again for coming here today. I am now most pleased to invite David to say a few words of welcome on the behalf of the GIC.