

Reality pushes energy egotism away

Russian Nuclear policy

RIA Novosti
March 20, 2006

Global energy security is a cause of concern for everyone as it incorporates certain threats to international peace. Civilization's fast economic development is escalating the conflict between energy demand and the current possibilities of energy production. Simultaneously, another conflict is unfolding between intensive energy consumption and the consequences of this process in the form of industrial impact on the environment. As a result, greenhouse gases are threatening to increase global warming and climate change.

There are two ways to solve the global energy problem. The first is energy egotism. One cannot but agree with President Vladimir Putin, who described it as "a road to nowhere". This scenario means that the Group of Eight industrialized nations, the so-called "golden billion", are isolating themselves, leaving the rest of the world to survive on its own. But this isolation would require military unions, fleets, etc., leading to big trouble, generating international conflicts at different levels and escalating terrorism. So trying to shut out those in trouble is akin to an ostrich burying his head in the sand. Only a policy that is realistic, uniform and long-term can be productive. Only such policy can ensure the crisis-free and self-sustaining economic development of the world.

On the one hand, global energy consumption is enormous, but on the other hand, two billion people in the world do not have access to electricity at all. Not all countries have natural sources of energy; in the G8, Russia and, to a certain extent, Canada, are the only ones that have them. This means that Russia can influence the energy situation in the world. President Putin, who recently outlined the agenda of the forthcoming G8 summit in St. Petersburg and made energy security a priority, earlier repeatedly pointed to the importance of the issue. Six years ago at the Millennium Summit in New York, the Russian leader proposed considering measures to stabilize the global situation. His constant attention to the issue is not just a pacifist call, but an understanding that peace is global.

The situation with energy resources in the world keeps deteriorating. It is enough to recall soaring oil prices. For many countries, where oil is the main source of energy, this is a catastrophe threatening bankruptcy. History has seen cases when some stressful political events or wars sent prices jiggering, but then they calmed down. Quite recently, about 15–20 years ago, energy was very cheap. But the situation has changed and, most probably, forever. This should be the premise for assessing energy issues and the proposals President Putin made in his article published in Western mass media on behalf of Russia as the holder of the rotating G8 Presidency. New aspects of this topic were raised at the meeting of G8 energy ministers held in Moscow last week.

It is important that we realize that the energy crisis is not a temporary notion and start thinking on a larger-scale. What is a crisis? It means that events unfold as a nuclear chain reaction when your chain reaction is not enough. You take spontaneous measures and close up holes, but developments are wanton and you are swept off your feet. All this leads to an explosive critical situation.

Based on this understanding of a crisis, we should choose necessary measures. An important step, as President Putin has underlined, is search for ways to improve energy

efficiency with the help of new technology. Taking Russia as an example, we should admit that we burn gas inefficiently, lose too much heat when heating homes and often waste electricity for lighting.

Another key task is to stabilize, expand and reinforce markets of main fossil fuels, i.e. oil and gas. Markets should be more predictable and manageable, with metering reserves and greater accessibility and transparency. I would like to stress the importance of a large gas task where Russia may play a significant part. Gas is mainly pumped via pipelines; unlike oil, it cannot be shipped by tankers to any place in the world. To increase mobility, it is necessary to shift to liquefied gas. Russia's huge gas reserves on the Arctic shelf can dominate the global LNG market. A large LNG shipment route needs to be established between Russia and Europe, which we are going to build. The project requires international participation and financial support, but circumstances require that it be launched immediately.

Today we can no longer expect a major increase in the use of coal, although its global reserves are still significant. This type of fuel generates huge shipment and environmental problems. For example, coal burnt in China affects the environment in Japan. Aerosol sprays and acid rains do not make life better.

To solve environmental problems and expand the possibilities of energy consumption, we need to give a new lease of life to nuclear power engineering that could become an important factor capable of influencing the crisis. Of course, there are many alternative energy sources that should be developed, such as the sun, wind, water and biomass. But their scale and pace cannot influence the dynamics of the energy crisis.

In Russia, natural resources are state property, but are developed jointly by the state and private business. The sector cannot be stabilized with the taxpayers' money alone. The state should develop and gain benefit while private businesses should receive profits. Investment into the energy sector is linked with risks that vary greatly. Just imagine what will happen if a 150,000-ton tanker sinks or a nuclear power plant breaks down. Losses in both cases will be huge, and a private company will never be able to bear such risks. This is why it is very important to divide risks and determine which will be carried by the state and which by its partner. For example, the world needs about \$16 trillion to spend on the development of power generating facilities until 2030. But for businessmen to be willing to invest, they should be confident that they will not lose the money, but rather return it at a profit.

Significant success has been achieved in large international projects. The United States, Europe, Japan, Russia, China, India and South Korea have agreed to share the expenses and risks of building the world's first international thermonuclear experimental reactor, ITER, in France. The agreement is almost ready and is expected to be signed in the run-up to the G8 summit in St. Petersburg in June. Investments are currently being made, but the construction of the reactor will not be completed until 2030. In the long-term, thermonuclear power plants will have a huge influence on the global energy sector. After all, this extremely powerful energy source has been dubbed the "terrestrial sun" for a good reason. In fact, ITERs will be serving future generations. Such projects are the backbone of the global energy architecture that President Putin wants to leave to our children to save them from an energy collapse and energy conflicts.