



Economic Commission for Europe

ENERGY DEVELOPMENTS IN CENTRAL & EASTERN EUROPE: MARKET OPPORTUNITIES

**DOE/UN International Conference and
Workshop on Hybrid Power Systems**

Charlotte, North Carolina

16-17 April 2002



ECE Sustainable Energy Division

CONTENTS

- **Economic performance**
- **Political/economic reforms**
- **Energy situation**
- **ECE activities**
- **Conclusions**

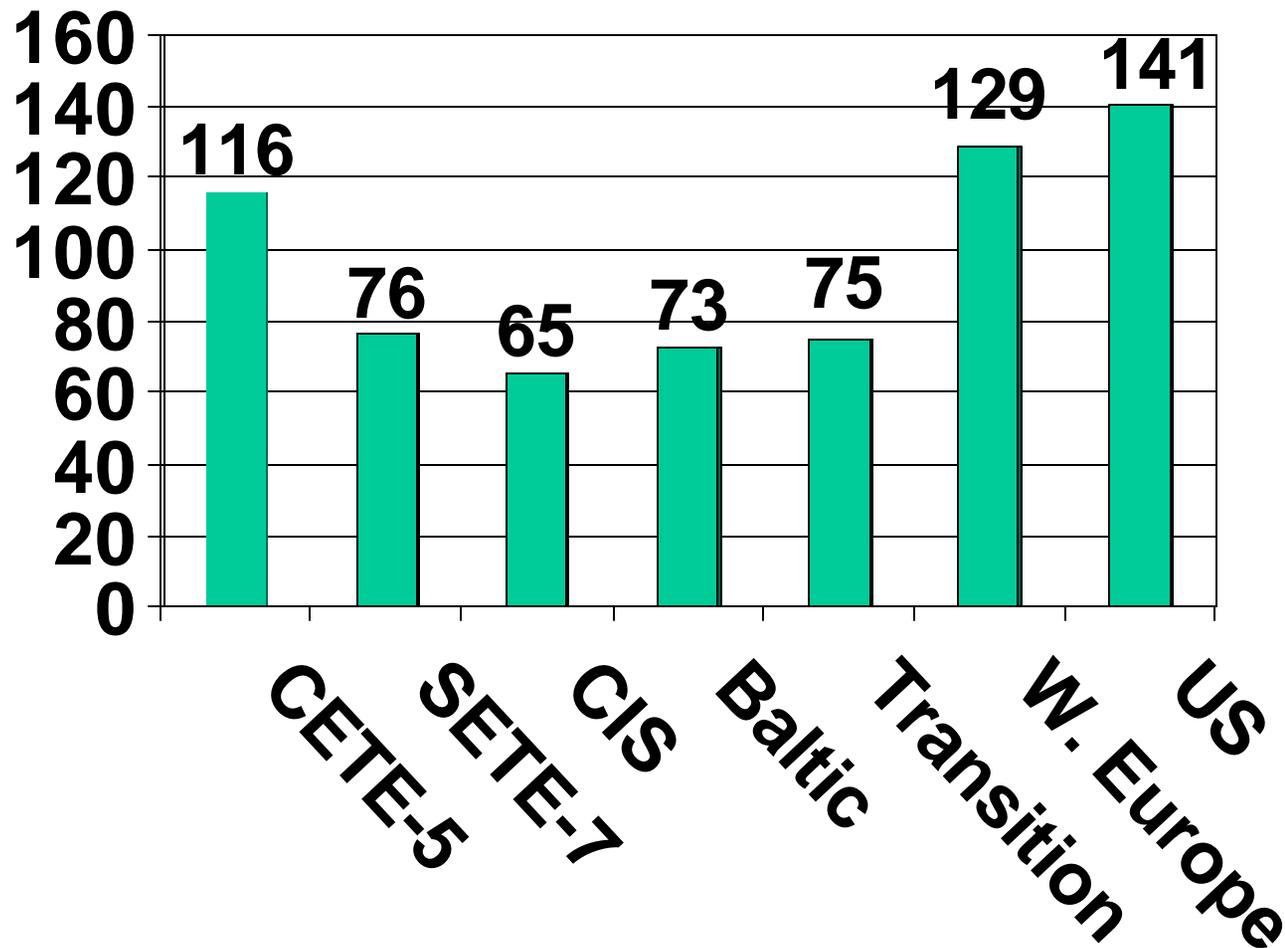


TRANSITIONAL ECONOMIES: SUB-REGIONS

- **CETE-5**
 - central European countries
- **Baltic**
 - Estonia, Latvia, Lithuania
- **SETE-7**
 - southeast European countries (Balkans)
- **CIS**
 - former Soviet Union excluding Baltic republics

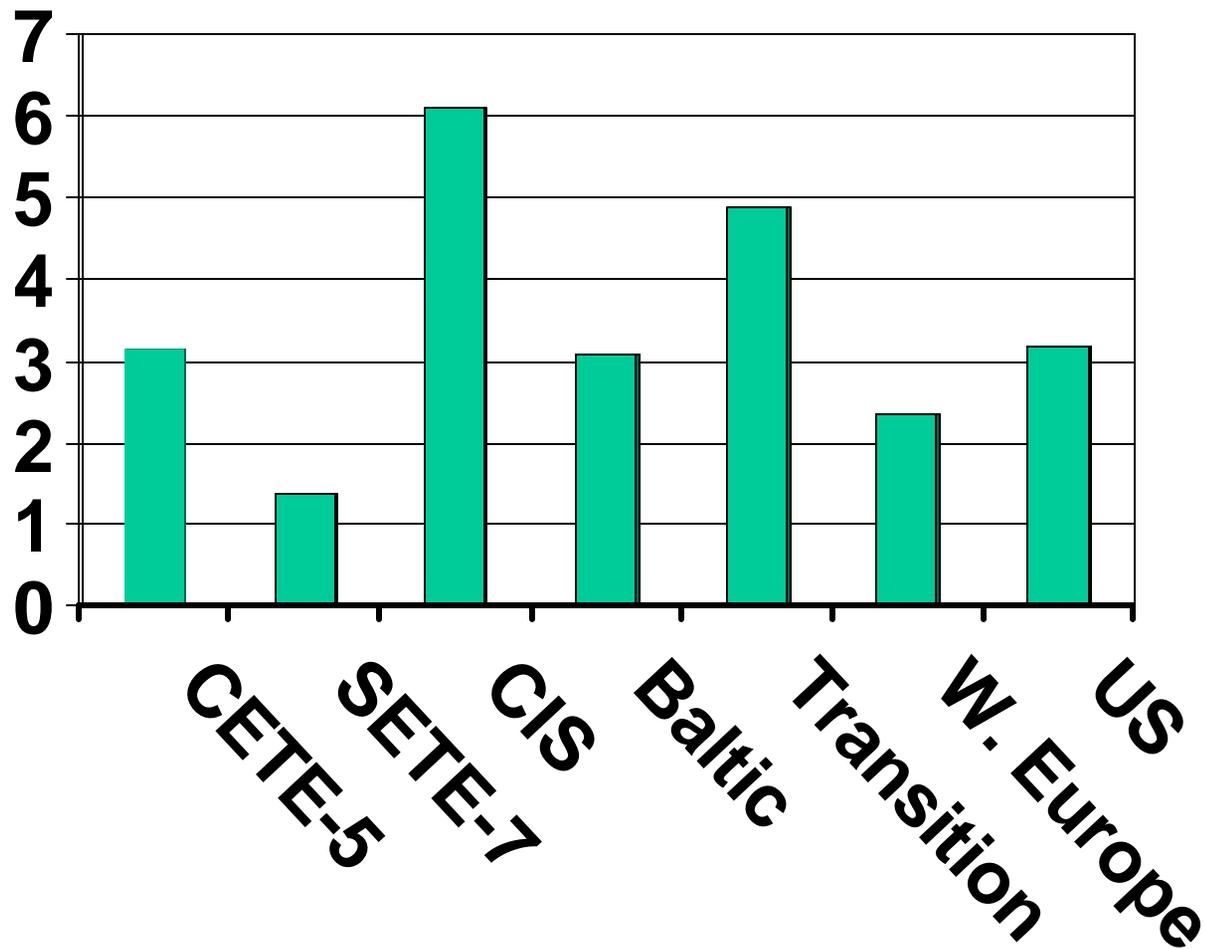


ECONOMIC ACTIVITY 2001 vs 1989=100



ECONOMIC ACTIVITY

Average annual growth rate%
1998-2001



STATE OF REFORMS

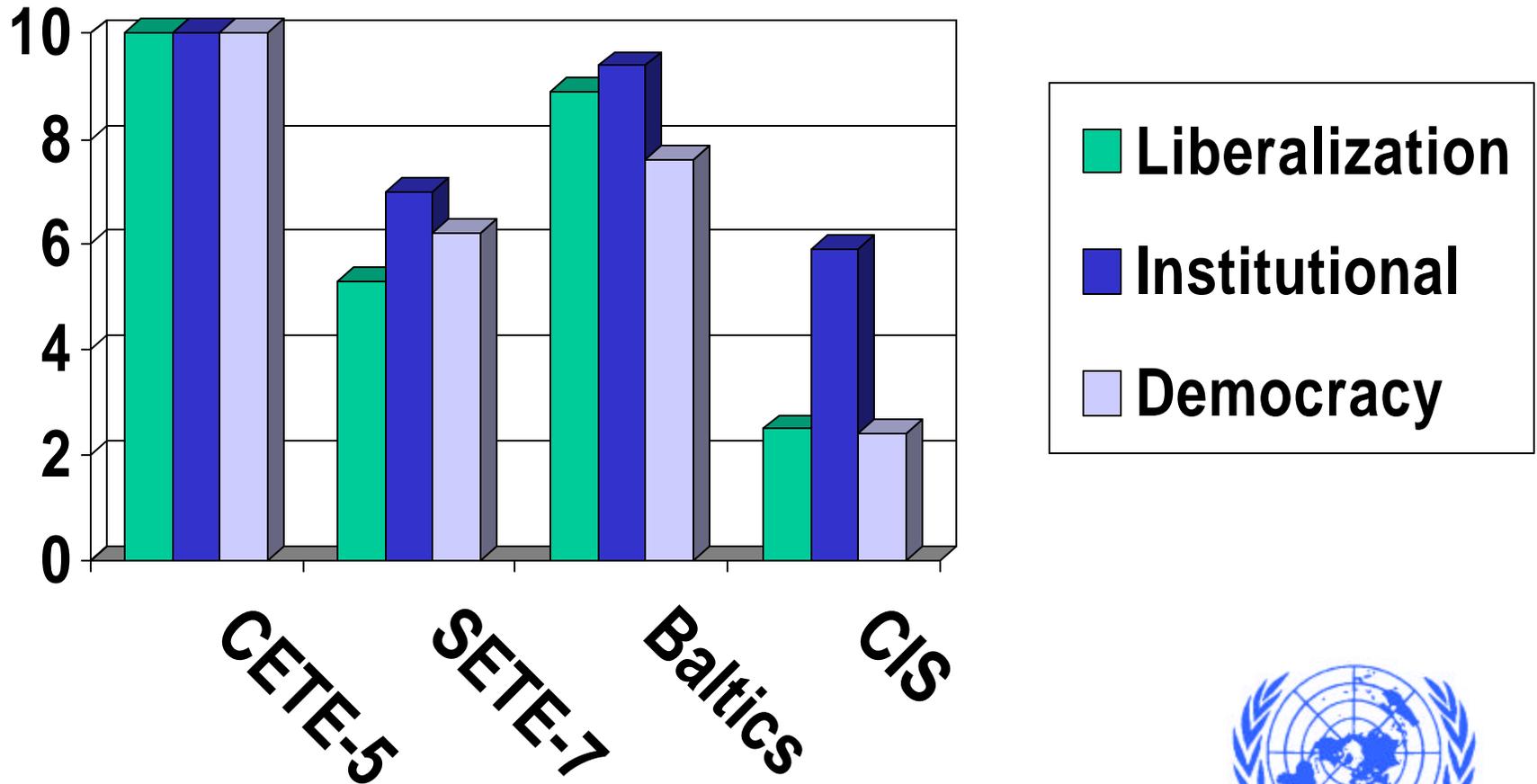
Three categories of countries

- **Transition nearly completed**
 - pluralistic democracies
 - sustained market-based reforms
 - 2nd generation reforms to be addressed
- **Stuck in partial reform equilibrium**
 - Concentrated/entrenched corporate and political elite
 - critical reform threshold not reached
- **Nonreformers**
 - centralized political power
 - state administered economy



STATE OF REFORMS

CETE-5 = 10



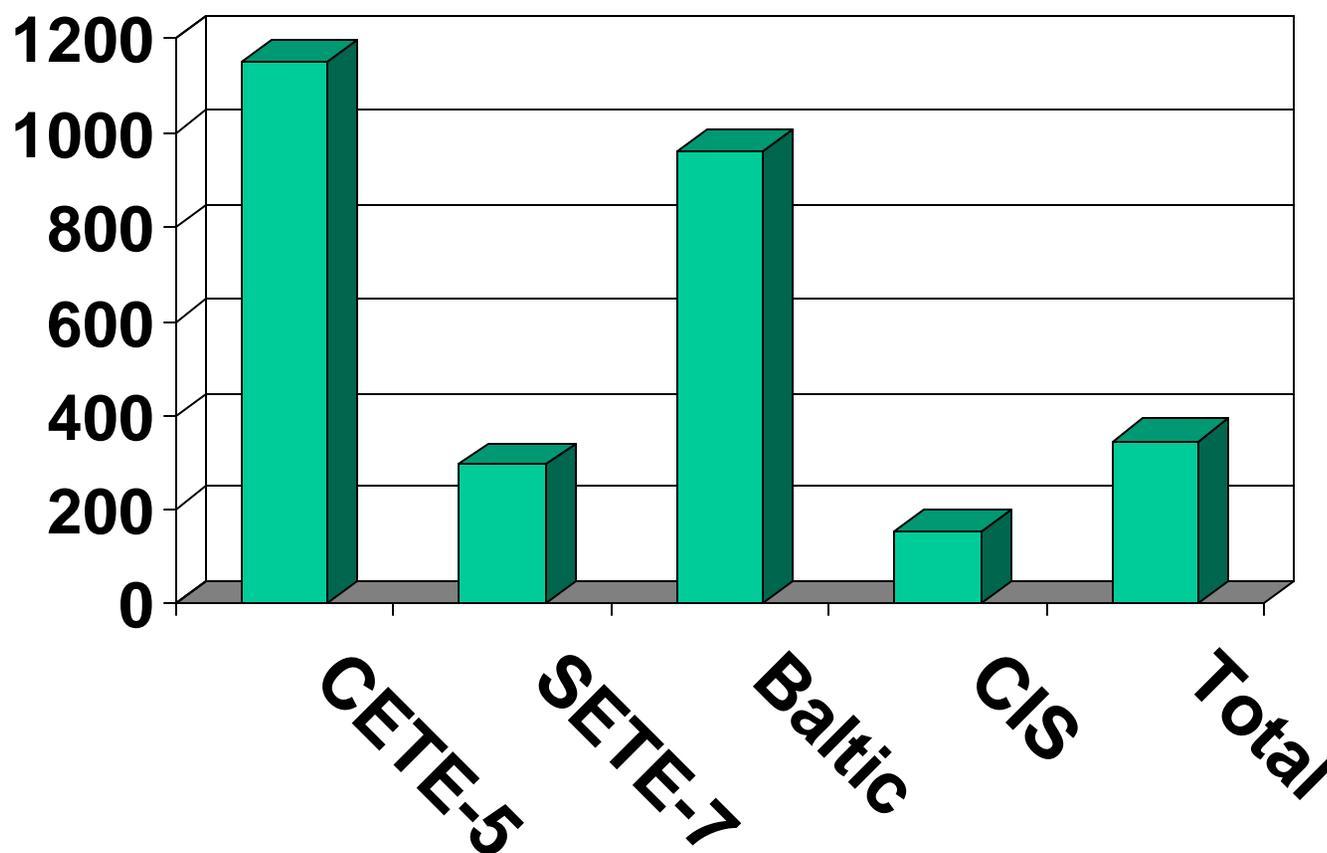
Source: EBRD



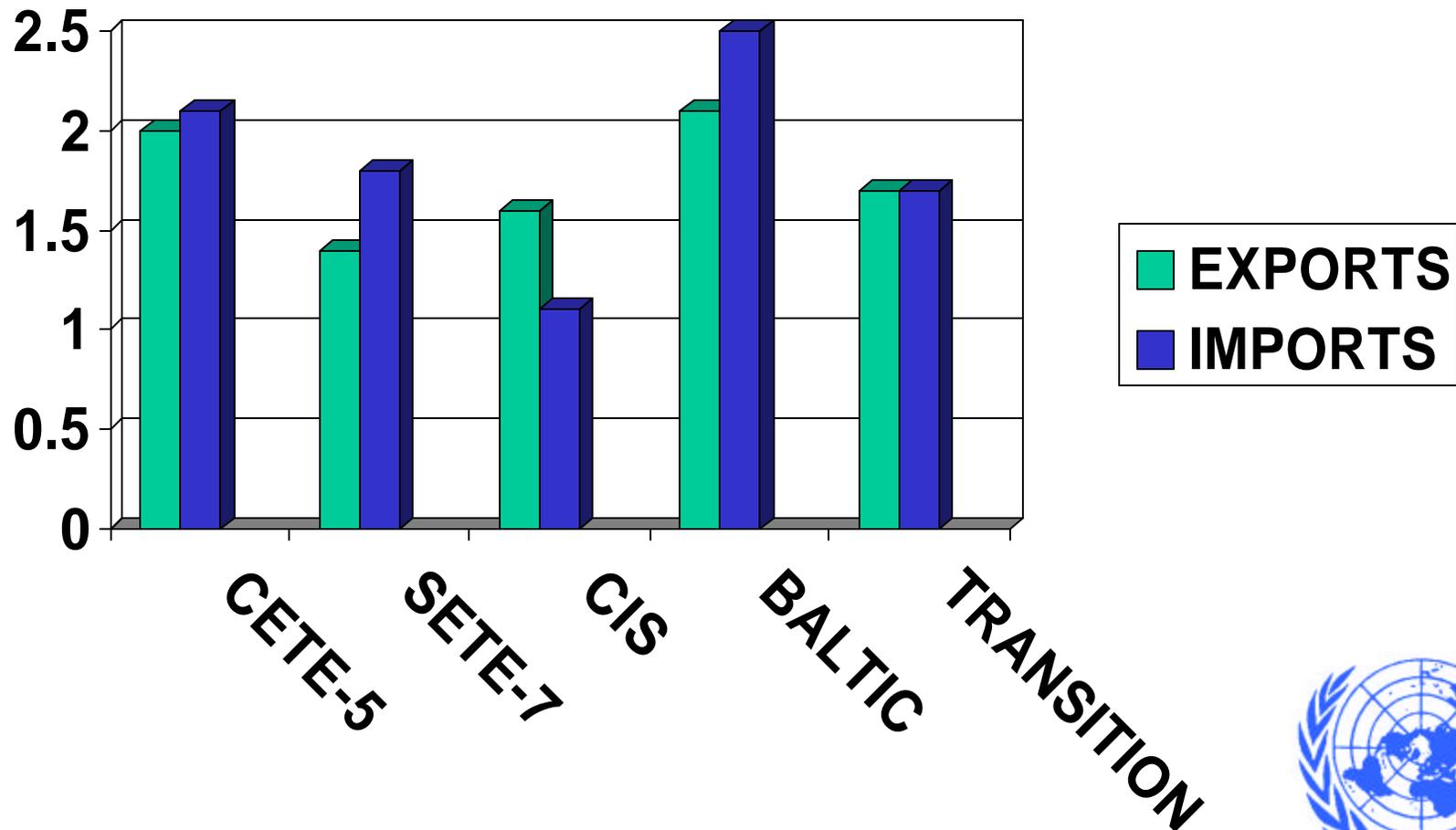
FOREIGN DIRECT INVESTMENT

INVESTMENT

Cumulative dollars per capita
1992 to 2000

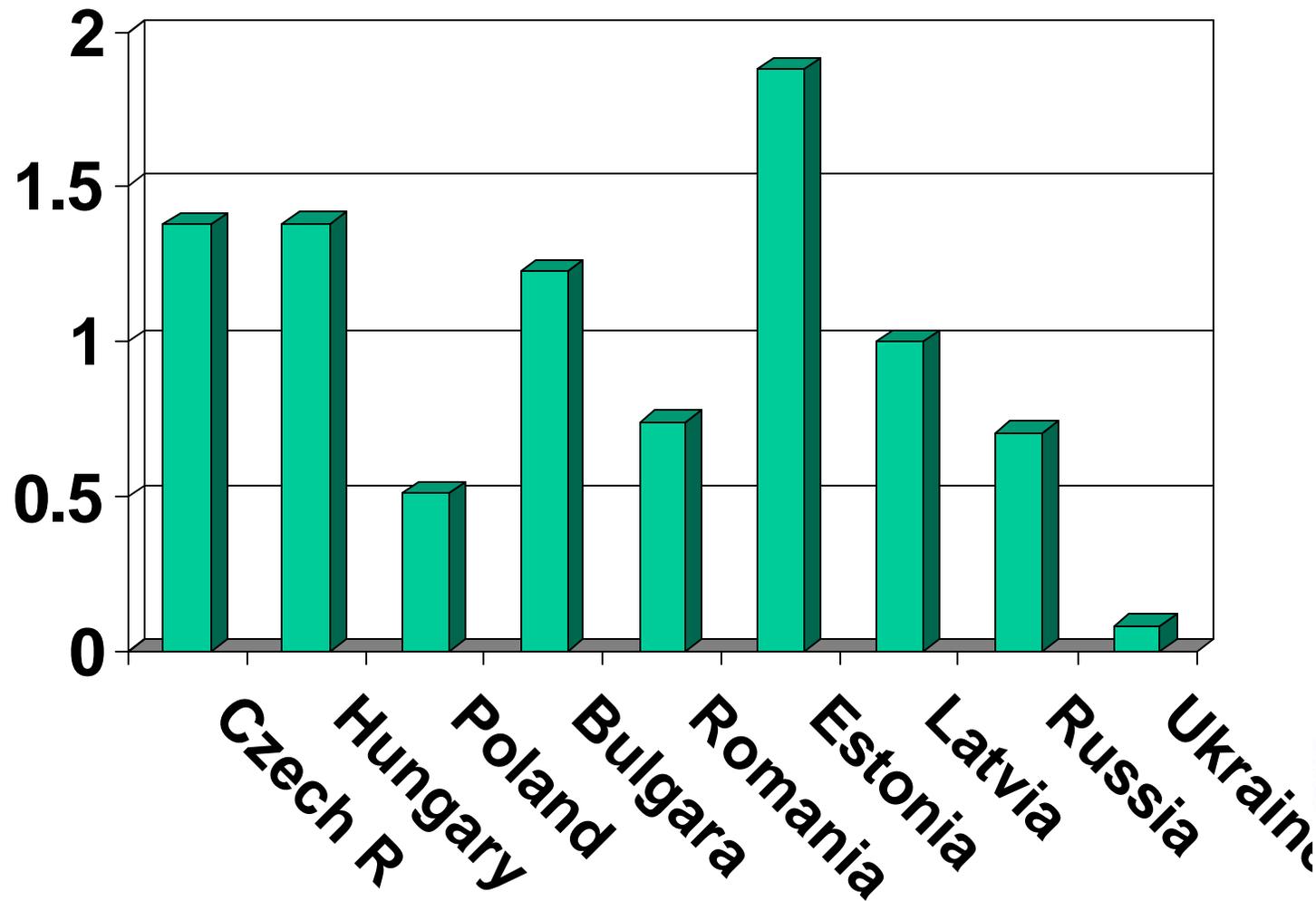


MERCHANDISE EXPORTS & IMPORTS 2000 over 1994



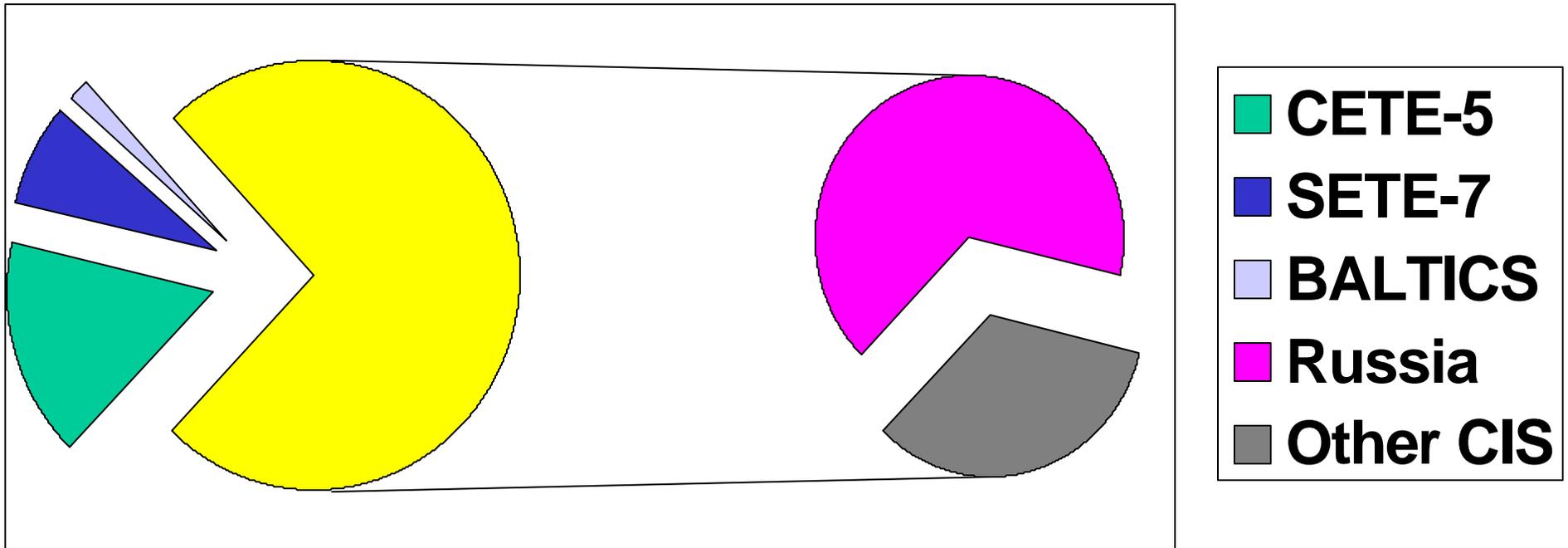
OPENNESS OF ECONOMY

Trade as % of GDP





SHARE OF ENERGY CONSUMPTION



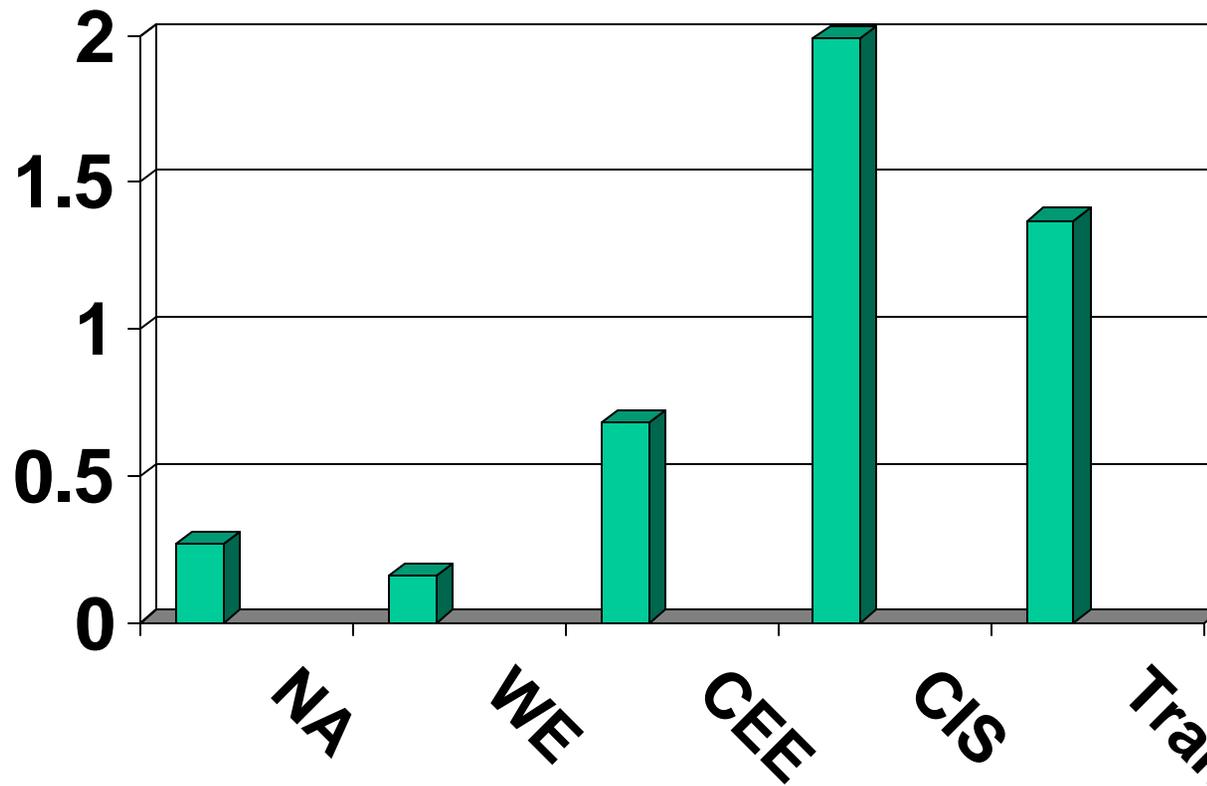
Transition countries: 13% of world consumption

ENERGY PROBLEMS

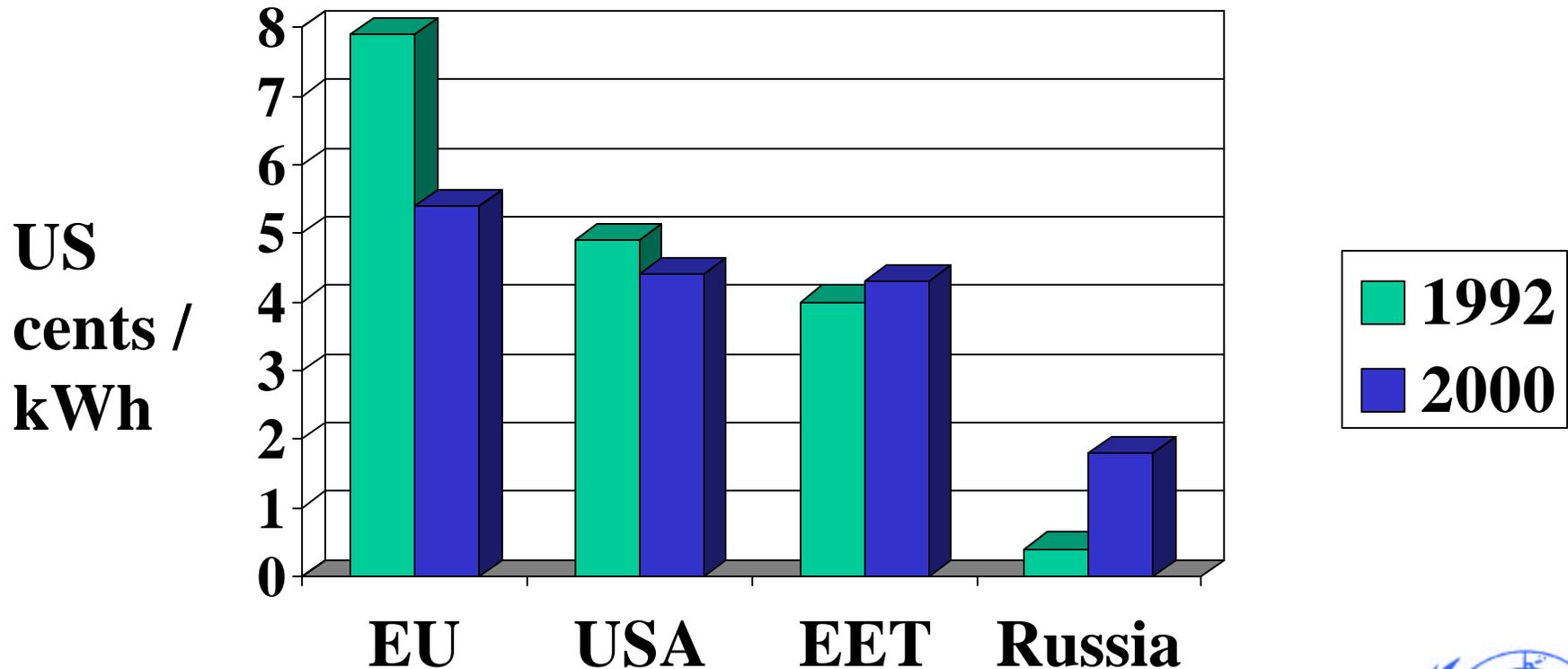
- **Energy intensity high**
- **Energy prices low**
- **Ageing and damaged infrastructure**
- **Rupture of traditional links**
- **Monopolistic structures**
- **Restructuring/privatization incomplete**
- **Infant regulatory framework**



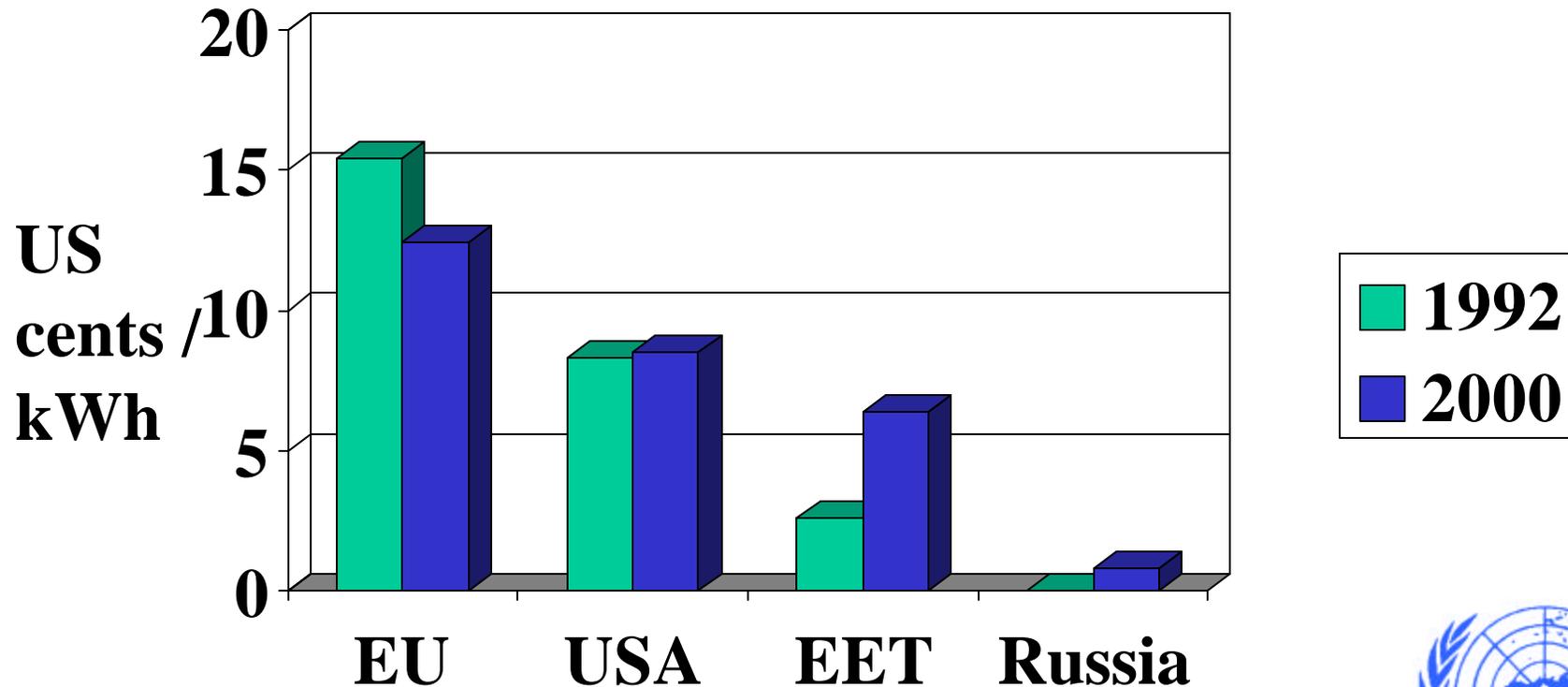
ENERGY INTENSITY (TPES/GDP)



INDUSTRIAL ELECTRICITY PRICES 1992 & 2000

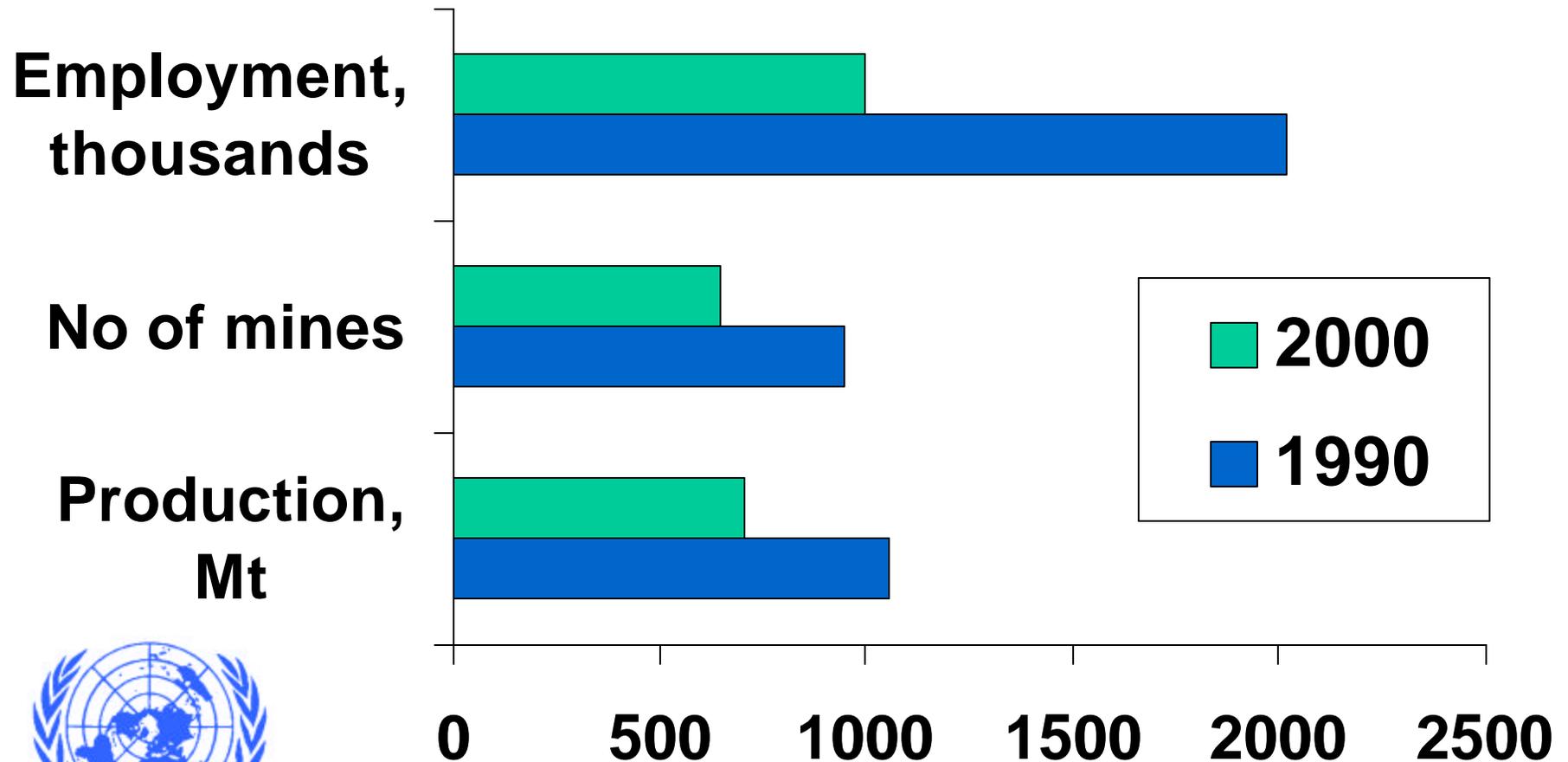


HOUSEHOLD ELECTRICITY PRICES 1992 & 2000



COAL INDUSTRY RESTRUCTURING

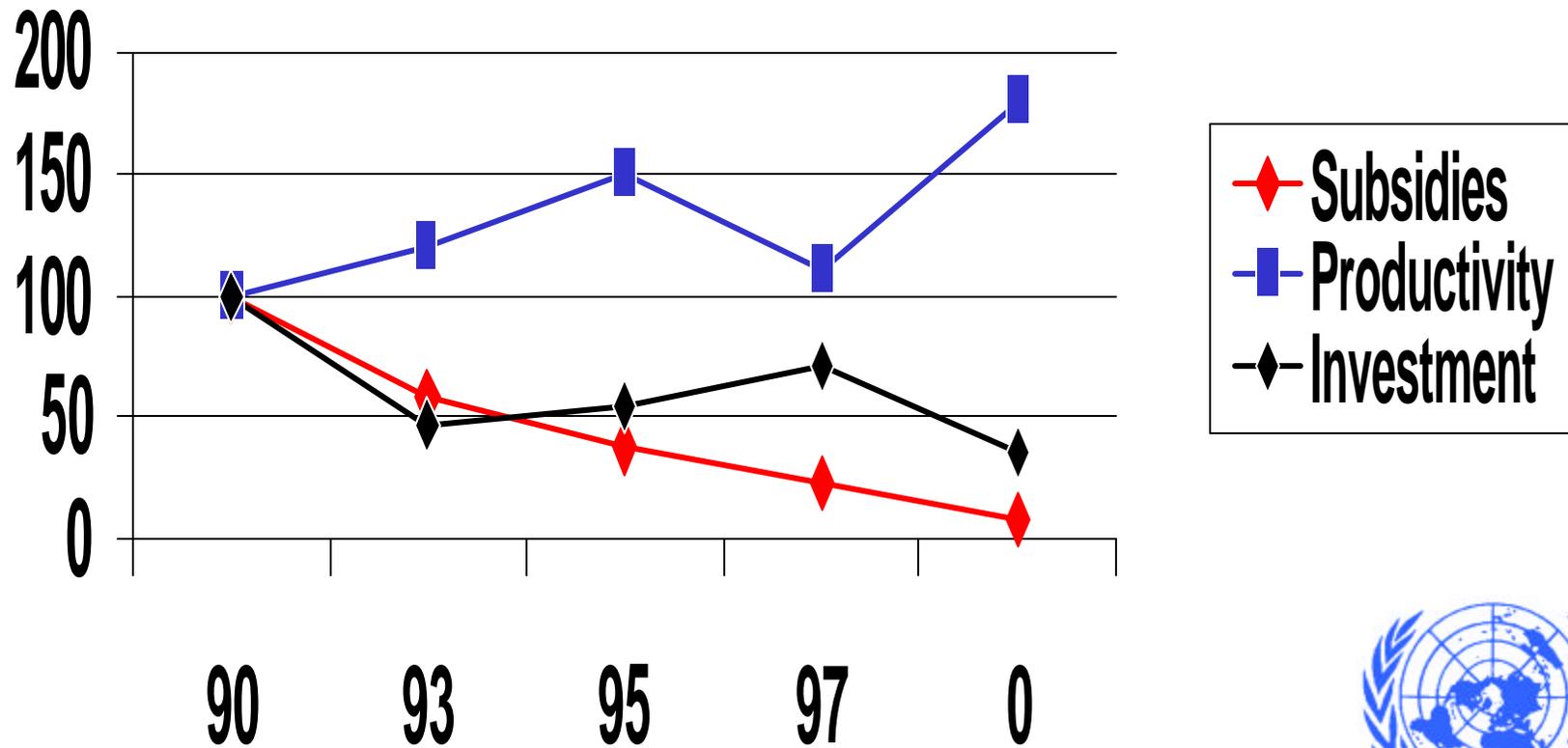
(12 economies in transition)



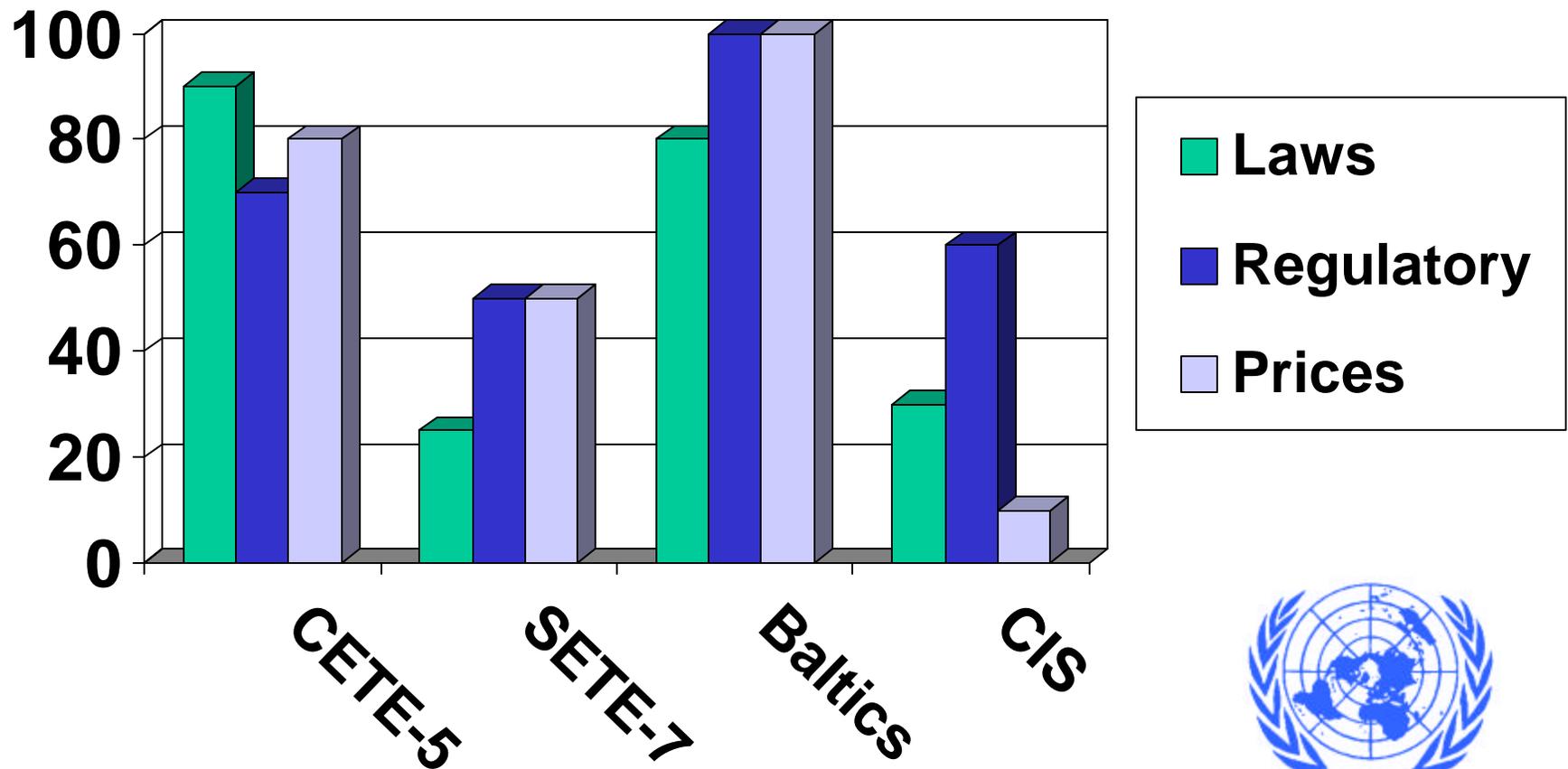
COAL INDUSTRY RESTRUCTURING

(12 economies in transition)

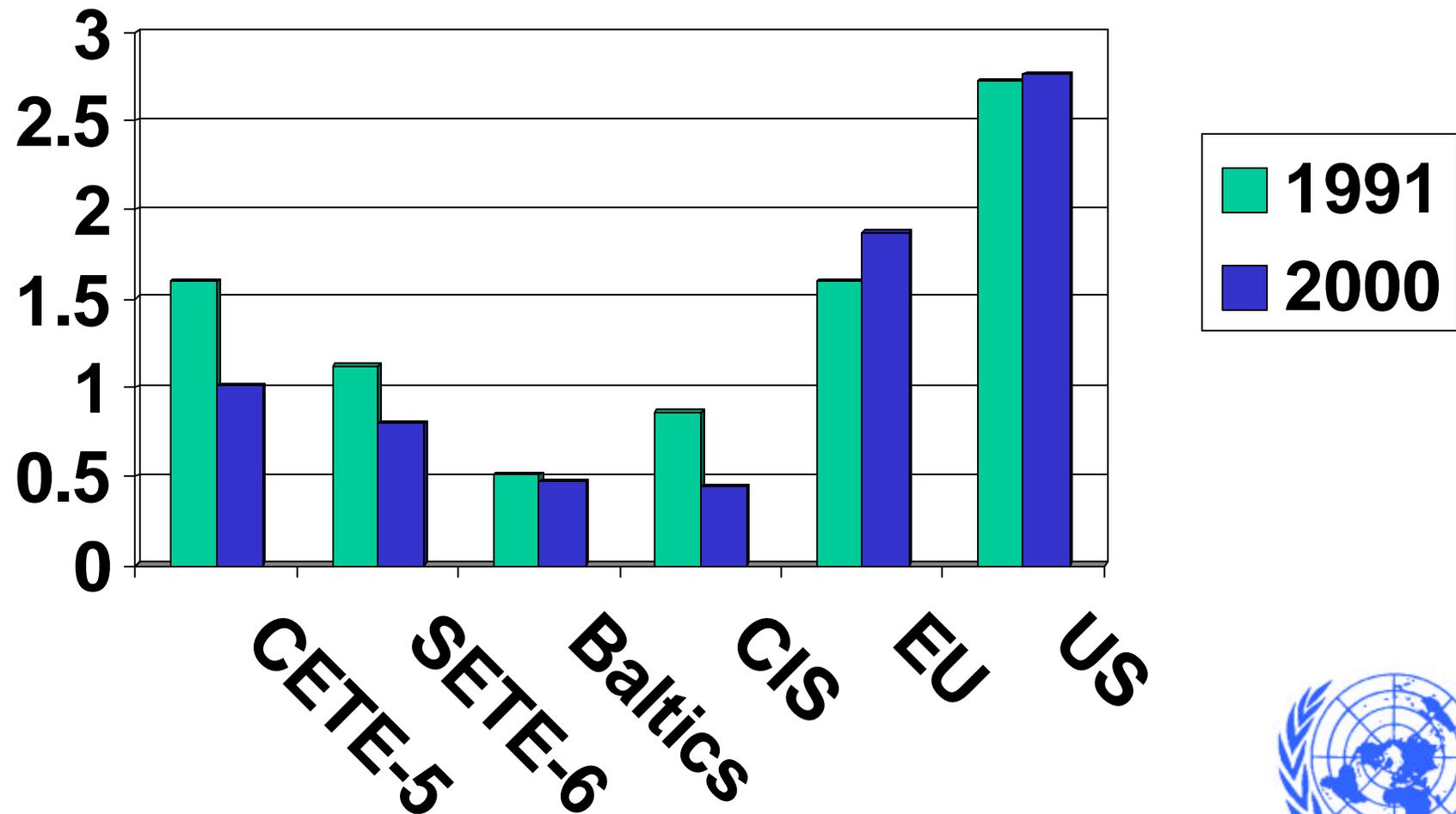
1990=100



IMPLEMENTATION OF REFORMS IN GAS SECTOR



R & D INTENSITY GERD as % of GDP



CONTINUING PROGRESS

- **Property rights**
- **Commercial law**
- **Regulatory reform**
- **Corporatization of state- owned enterprises**
- **Privatisation/FDI**
- **Energy prices**
- **Competitive markets**



ECE - WHO WE ARE

- **One of 5 UN Regional Commissions**
- **55 member countries**
- **Western, central & eastern Europe, central Asia, Canada, USA & Israel**
- **Mission: promote economic cooperation and better relations**



ECE FIELDS OF ACTIVITY

- **Environment**
- **Transport**
- **Statistics**
- **Trade**
- **Timber**
- **Sustainable Energy**
- **Human settlements**
- **Economic analysis**
- **Industry & enterprise**



PROGRAMME OF WORK

Activities

- Energy strategies & policies
- Energy efficiency
- Natural gas
- Coal & thermal power
- Electricity

Objectives

- Sustainability
- Integration of energy systems & networks (technical assistance)



ECE ACTIVITIES FOR **ECONOMIES IN TRANSITION**

- **Capacity building/institutional strengthening (training)**
- **Market formation activities/reforms**
- **Project preparation**
- **Regional cooperation/networking**
- **Technical assistance**



CONCLUDING REMARKS

- **“Winds of change” sweeping Europe**
- **Structural transformation underway**
- **Significant progress made**
- **Some challenges remain**
- **Foundations being laid for future growth**

