

Greening the Economy and the Role of the Energy Sector
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Intervention by
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When I look at current situation, two words come to mind: Perfect Storm. We are affected by a complex set of crises and challenges that have developed independently from one another, but then collided and are now mutually reinforcing each other. To the dismay of governments, companies and every single one of us.

Russian aggression and invasion on Ukraine, geopolitical shifts, challenges of post-pandemic recovery, economic uncertainties, food and energy insecurity and impact of climate changes are taking the toll and have led to significant changes in our way of thinking.

Energy efficiency, green transition, economy

Europe is in the midst of the energy crisis and the near future is uncertain. In such conditions, achieving ambitious long-term climate goals and economic growth and prosperity at the same time seems to be difficult. But at the same time, there are opportunities for profound and rapid transformation from dependence on environmentally damaging energy sources and from the import dependence.

In the next decade, the need for energy sources will continue to rise, as will the need for stability and reliability of energy supply. Long-term strategies for the transition to sustainable energy should not change due to the current energy and political crisis. On the contrary, the green transition of Europe is in fact being accelerated.

Energy security is directly linked to the green transformation. In this process, electricity distribution networks will need to be upgraded and long-term energy storage systems or technologies and renewable hydrogen production should be further developed

without delay. With the transition to a more energy-efficient economy, we are also accelerating the development of innovative technological solutions.

In a way, we can see today's energy crisis as a powerful final push. There is a parallel with the process of developing COVID vaccines – the knowledge and new technologies were there, and as the world was facing the disastrous pandemics, the combined pool of science, industry and resources brought the results in much less than a year.

On the business side, green transition attracts investments. Studies show that strategies to advance the economy that are aligned with climate goals can have a much greater impact on increasing GDP than conventional approaches. They bring significant long-term benefits in terms of emissions reduction, sustainable economic growth, job creation and competitiveness.

Slovenia

Slovenia has tripled its climate funding in the last 5 years and remains committed to financial commitments in accordance with the Paris Agreement.

We are streamlining our finances to meet our climate goals, as a part of the EU commitment for a 55% reduction of greenhouse gas emissions by 2030 as a precondition to achieve climate neutrality by 2050. By 2030, Slovenia aims to have renewable energy make up at least 27% of total energy usage and to be climate neutral by 2050.

Slovenia ranks 17th among 127 countries in the 2021 Energy Trilemma Index. The Energy Trilemma Index assesses countries in coordinating three areas of a successful energy system – energy security, energy equity – meaning access to energy for domestic and business use - and environmental sustainability.

In the long term, Slovenia has the greatest potential in the field of solar energy, but there is also potential in the field of wind energy, hydropower, geothermal energy, and energy from biomass and biogas. With increased investments in solar power plants and energy storage, the role of nuclear energy will also be important to cover the growing domestic electricity needs.

Circular Economy

Slovenia is one of the forerunners in transitioning to a circular economy. We are one of the first countries to recognize the necessity to change from a linear developmental model to a regenerative circular model in which resource use is decoupled from economic growth.

Circular economy has become an intrinsic part of Slovenia's strategic development agenda and remains a key element of our post-Covid green recovery program.

Raw materials

In addition to energy challenges, we are witnessing dramatic increase of the prices of industrial raw materials. The reason lies in the global economic growth, the geologically uneven distribution of natural resources, protectionist policies, and vulnerability of global supply chains.

Trends in the demand for raw materials will continue to increase. For example, European demand for lithium batteries is estimated to go up by 40% annually by 2030. This can seriously hinder green transition, most notably in the field of transport.

Similar to what is happening in the case of energy, there is also a growing trend of geopoliticization in the field of raw materials. How do we challenge that? First, we need to significantly increase investments in innovations creating alternatives to rare earths, materials and products. Second, we must speed up the transition to circular economy, and third, we need rules-based efficient global green energy markets.

A good case to start is the green hydrogen market. More than 19 countries have already adopted national strategies on hydrogen, among them several EU MS.

Right to Healthy Environment

This brings me to the importance of international cooperation and effective multilateralism. Energy efficiency and climate action will simply not happen outside multilateral framework.

Last October, upon initiative of Slovenia, Costa Rica, the Maldives, Morocco and Switzerland, who have worked on the issue for years, the Human Rights Council in Geneva adopted a resolution, recognizing a right to clean, healthy and sustainable environment as human right. As a follow-up, in July, the UN General Assembly adopted the resolution, which declares this same right on a global level.

Both resolutions were passed without a single vote against. So clearly, the political will for joint global engagement is there. Let's be optimistic and work on this promising foundation.