

SPECIAL FEATURE by WEC Secretary General, Dr Christoph Frei

Cartagena, Colombia: a historic site for a historic moment Cartagena is a picturesque harbour city in the Colombian Caribbean: a place which the Spanish used in the 15th century for their gold exports from Latin America to Europe; a place where in the 16th century Sir Francis Drake made his ambivalent reputation by stealing some of that gold from the Spanish; and on July 2, 2010 the place where President Álvaro Uribe Vélez, after receiving a standing ovation by 1000 business and government representatives, gave an emotionally loaded farewell speech to Colombia's private sector after eight years of strong leadership, at an event where the World Energy Council was honoured with a keynote address.



José A. Vargas Lleras, President of WEC Colombian MC & President of ANDESCO Board of Directives;
Christoph Frei, WEC Secretary General; **Alvaro Uribe Velez**, President of Colombia

When asking Colombian business and government representatives about his leadership, it was described with affection as micro-management with a strong sense for the big picture and the country's immediate needs; leadership that was dedicated to the democratisation of security, to the building of trust with investors, and to the improvement of prosperity across all social levels; leadership that built on empathic people skills and courage to take tough choices for a country that needed them; and leadership that left institutions weakened but that the Colombian people reward with an 80% approval rate at the completion of his second term and mandate as President.

The country looks different now than in 2002 when the Uribe government took office. The World Economic Forum's 2009/10 Global Competitiveness report states that "the country has achieved significant advances in macroeconomic stabilization and civil pacification and can count on a rather extensive market size and sophisticated business sector, successfully absorbing technology from abroad and with a fairly high innovation potential." However, the poor institutional is among the factors listed as hindering Colombia's competitive potential going forward.

The slogan of a rapidly growing tourism industry is that the only risk in Colombia is that you don't want to leave anymore. In his speech, President Uribe challenged the business leaders that the time was ripe to shift from an inward focus to international expansion. Meanwhile, Colombia suffers from having lost Venezuela as a major export market and also from the financial crisis, leaving Colombia's growth rate under a percent over the past year.

Latin America's integration is the key to greater regional development and opportunities for the less dominant economies in the region, but remains embryonic and suffers from "politics instead of policy" as put by a senior government representative. In such a context, a pragmatic agenda focused on a limited number of like-minded countries may achieve more than a visionary big picture approach and Colombia has certainly displayed a constructive attitude towards this agenda over the past years - as an important step, Colombia, Peru and Chile have agreed to establish a joint stock market.

Colombia's power sector is a matter of national pride and has proven robustness in a very dry period, which for a country with 70% hydro, is not without risk, as can be observed in neighbouring countries. Similar dependencies and growing electricity demand coinciding with under-investment, has led to water shortage and several serious blackouts in the past years. Not so in Colombia, where about 40 producers compete to supply electricity and where big international companies with solid pockets have taken over some of the large domestic companies.

The natural gas issue is more complex. The country is left with 18 years of reserves at current production rates and the critical question is whether to build the internal transportation and distribution infrastructure with such a limited time horizon, after which, import dependency may turn into a political risk. Natural gas is used for peak supply in the power sector, which makes it a take-and-pay commodity in the perspective of the power sector (in which the buyer is neither constrained to take a delivery nor to pay if he doesn't) and unattractive for exploration and production companies. How to get out of this deadlock? A gas market reform has been negotiated with the private sector over the past months and shall pave the way to a more efficient development and use of the country's natural gas resources.

Much dynamics is seen in the liquids sector, which has doubled crude production to one mbd over the past four years. The industry invests in technology, from deep-water to biofuels, where it set as objective to reach 10% of the overall liquids market by 2020, up from 7% today.

Climate change is not a frontrunner issue in Colombia. It is still a reality here that coal plants are easier to build than hydro projects, in spite of substantial unexploited hydro potential. The conservation of the local environment is given more weight than climate change and the possibility of a future carbon price is discounted. **READ MORE ONLINE:** http://www.worldenergy.org/news_events/latest_information/2820.asp

Congress Update

IMPORTANT DATES AND DEADLINES...

Future Energy Leaders Programme

FELP registrations are still being accepted so hurry and apply for your place! Please make sure that you leave enough time to finalise your visa and travel plans.

FELP Technical Tours

All FELP delegates are automatically registered for the free FELP technical tours that will take place on Sunday. FELP participants should therefore plan to arrive in Montreal on Saturday and must advise of their participation to the tours upon arrival.

General registration

From July 16 the late registrations and/or on site registrations rate will be in effect for non WEC members. The other category rates remain unchanged and anybody can register up until the start of the Congress. Again, please note that sufficient time must be allowed for visas to be processed. There is no fast-track for the visa application procedure - payment must be received before WEC Montreal can issue letters of invitation.

General participants technical tours

Final details and costs of the technical tours will be announced shortly on the official Congress website.

WEC Agenda

We invite you to attend the following events:

September 10-12; Montreal, Canada

-WEC Executive Assembly (WEC members only)
-Contact: info@worldenergy.org

September 12-16; Montreal, Canada

-21st World Energy Congress
-View: www.wecmontreal2010.ca
-Contact: info@worldenergy.org

September 14; Montreal, Canada

-World Energy Leaders Summit: Welcome Breakfast, Chairs-Ministers Roundtable, Energy Leaders Networking Reception (By invitation)
-Contact: hague@worldenergy.org

September 15; Montreal, Canada

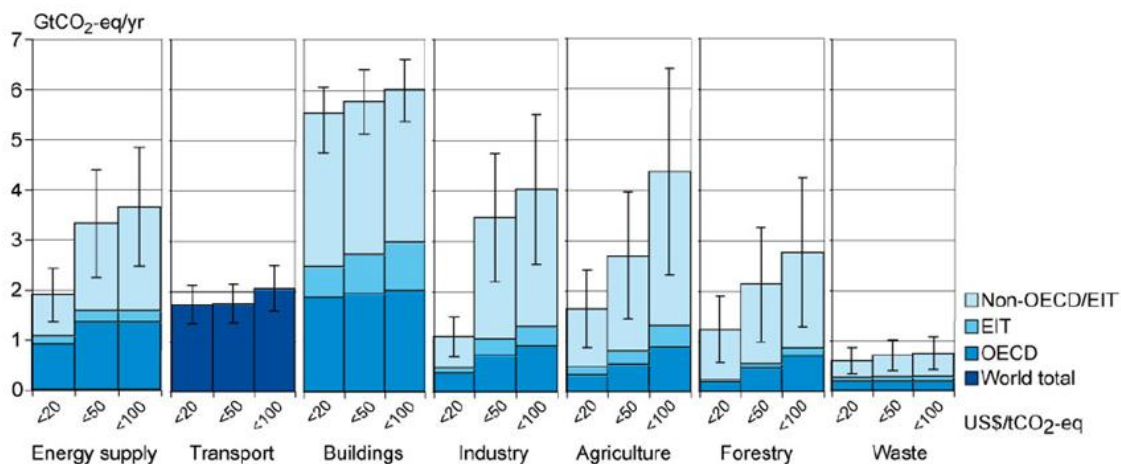
-FT-WEC Energy Leaders Question Time (By invitation. Session to be broadcast to Congress delegates)
-View: <http://www.ftconferences.com/leadersdebate>
-Contact: hedberg@worldenergy.org

For further events and more details, please check the Events page on the WEC website...

Inside Insight

Energy efficiency potentials

Energy efficiency improvements in buildings represent a high potential opportunity to reduce GHG emissions. Buildings can also deliver large reductions at negative costs. Key areas are: insulation (40%), appliances (30%), and lighting (10%).



'Cost curve of GHG abatement' (Source: IPCC, 2007)

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