

# Energy Market and Current Crisis

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# Regional Energy Market

- Is primarily the function of national energy policies
- The latter are not necessarily market oriented
- Also, they are not synchronized
- As a consequence, prices are distorted and there are persistent shortages

# National Policies

- For the most part, prices for energy are still controlled and are partly a means to subsidise consumers
- There is not enough competition even when, which is not often the case, there has been some privatization
- Lack of policy coordination in general leads to market distortions in trade and investments

# Crisis and Prospects

- Deflationary tendencies are very strong and have had significant impact on prices of traded goods
- Even if there is no wave of protectionist measures, the volume of foreign trade will decline
- Most countries will introduce fiscal stimuli
- However, that will be more difficult in countries with high foreign trade deficits

# A Different Environment

- The strategy of transition through foreign investments may have to be reconsidered
- The alternative policy of export led growth may have to wait for after crisis recovery
- Further regional liberalization and policy coordination may help
- Especially if, as it is likely, EU integration slows down even more