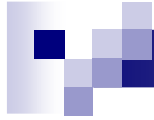


The Energy Charter Treaty: Unique legally binding multilateral tool for energy cooperation.

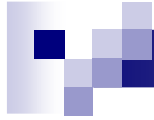
Patrice Dreiski
Senior Expert
Energy Charter Secretariat
patrice.dreiski@encharter.org

64 th UNECE Session
Geneva , 30th March 2011

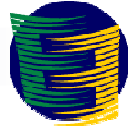


Outline

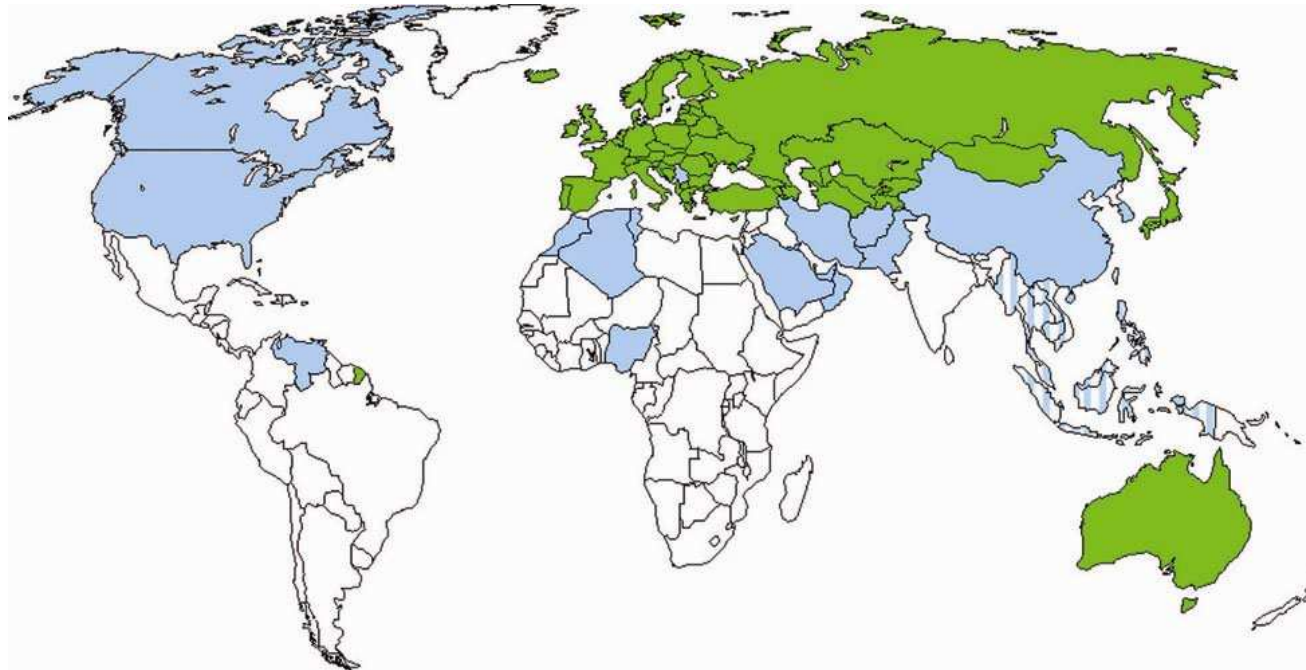
- I. The Energy Charter Declaration and the Energy Charter Treaty**
- II. New challenges in the energy sector**
- III. The Energy Charter :Cooperation, Modernization and Expansion**



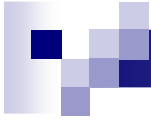
The Energy Charter Declaration and Treaty



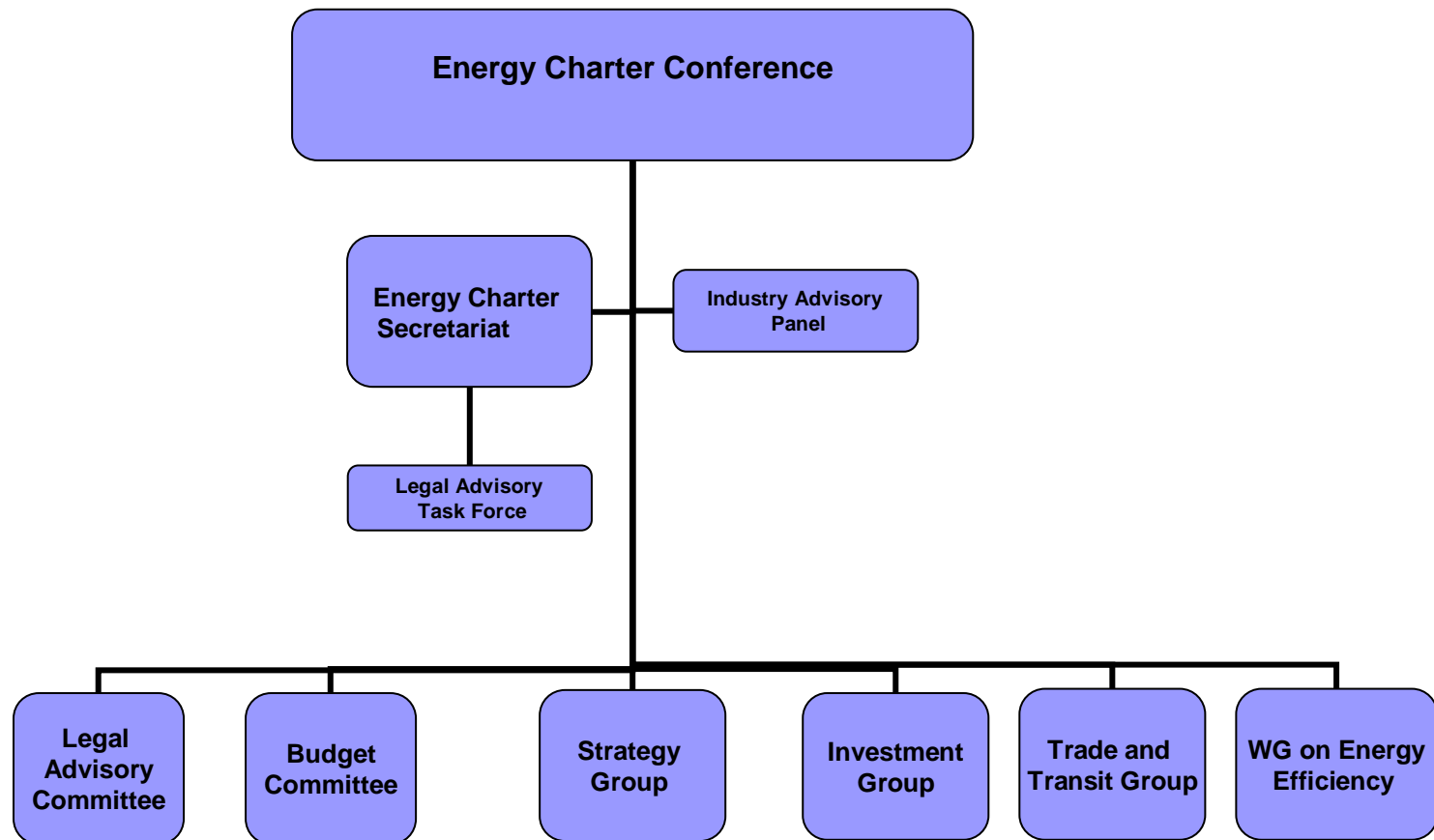
Energy Charter Process

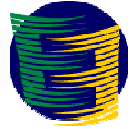


- **51 Countries (green) represent:**
 - **Around 40% of global GDP**
 - **Around 40% of global gas production**
 - **Around 25% of global oil production**



Energy Charter Institutions





What is the Energy Charter Process?

1. Energy Charter Treaty

- Strengthening rule-of-law on energy issues
- Reducing risk for energy investments and trade
- Promoting energy efficiency
- Dispute resolution mechanism

2. Forum

- Government, industry, other stakeholders
- Discuss policies, strategies and instruments

3. Series of Activities

- Evolvement of additional provisions to the existing framework (Trade and Transit, PEERA)
- To implement framework with the help of subsidiary working groups of the Energy Charter Conference and of the Industry Advisory Panel



Four Pillars of the Energy Charter Treaty

1. Trade

- Promotes international energy trade through WTO-based guidelines

2. Transit

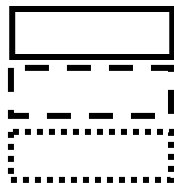
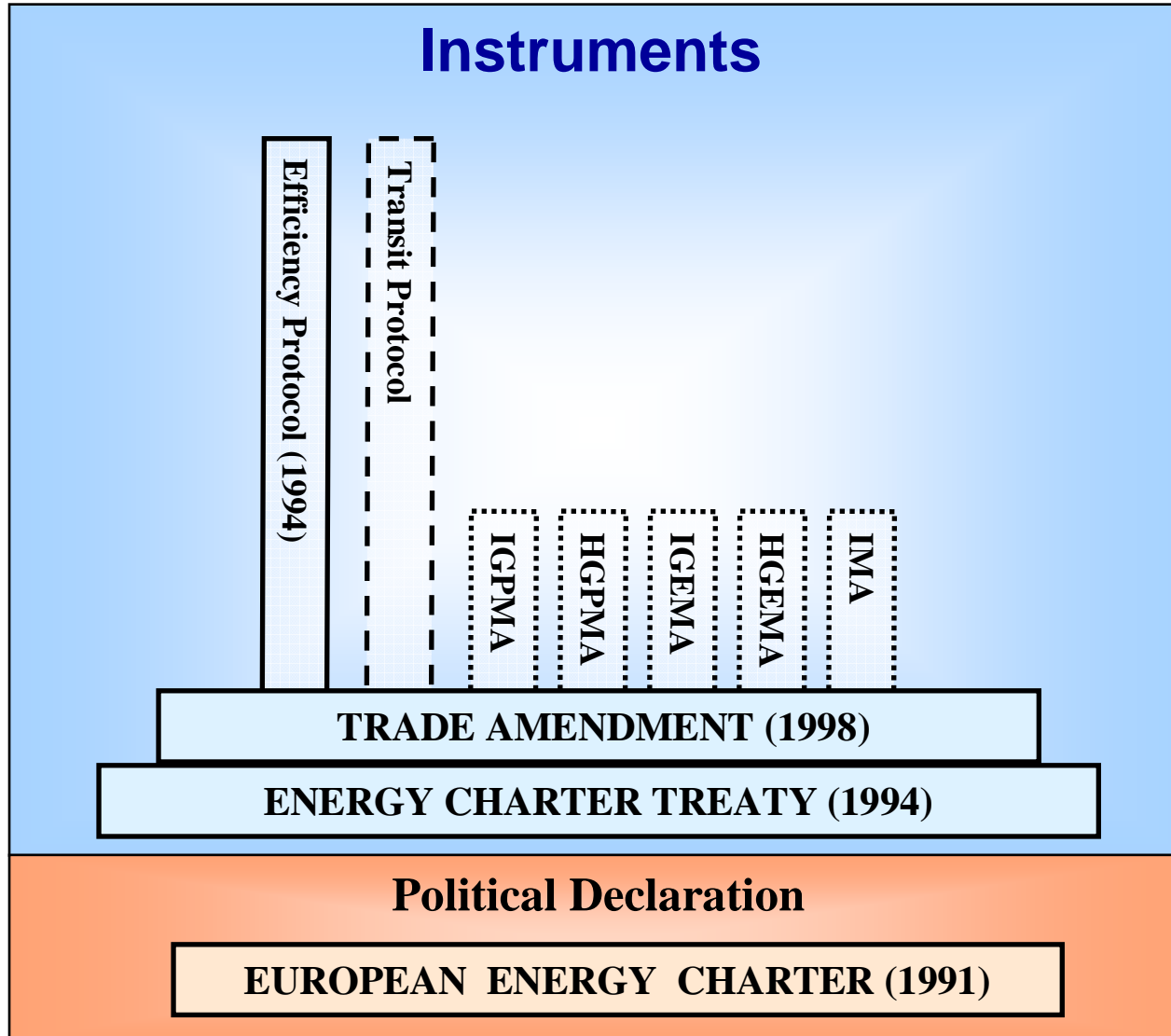
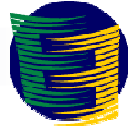
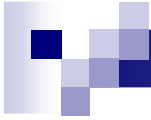
- Facilitates cross-border grid-bound energy flows using infrastructure

3. Investments

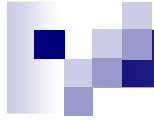
- Protects existing investments and endeavours the creation of a favourable investment climate for new investments

4. Energy Efficiency

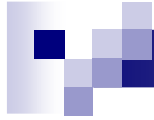
- Encourages international cooperation in developing and implementing energy efficiency strategies and policies



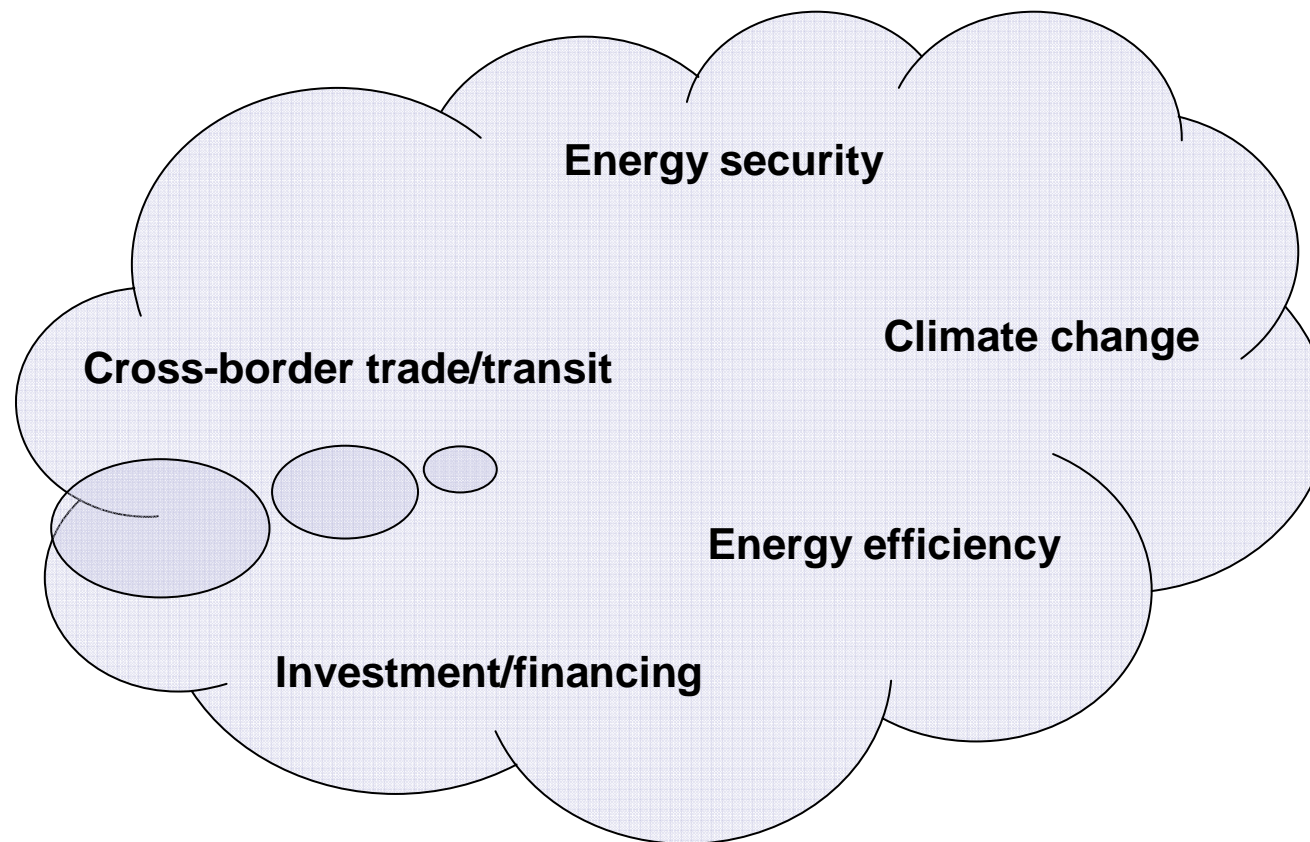
- adopted and in force
- ongoing negotiations
- model agreements (MA)

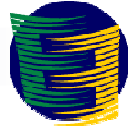


New challenges in the energy sector



Global challenges

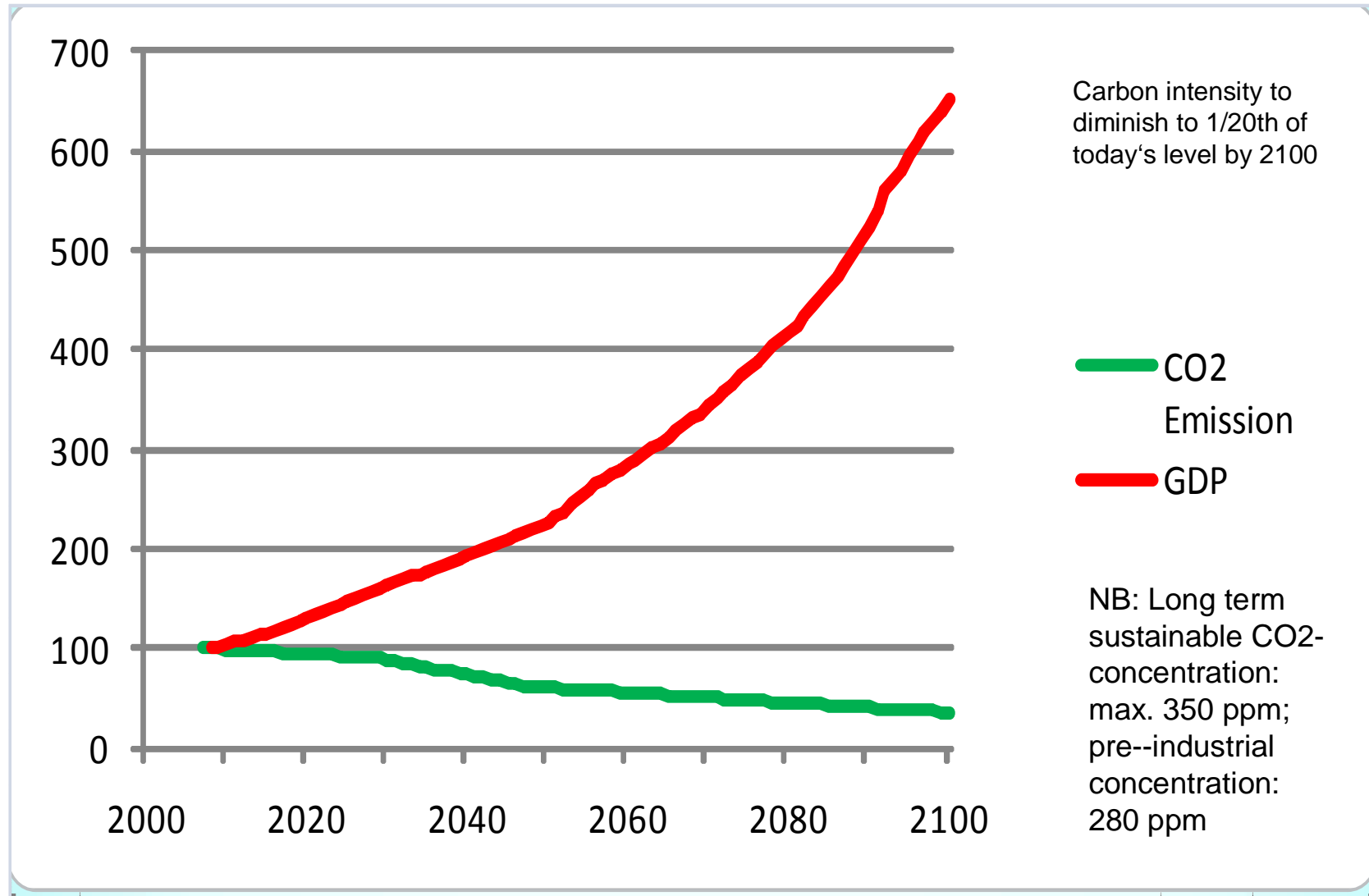




Climate Change vs. GDP Growth

Making global economic growth (e.g. 2%) compatible with the max. temperature increase of +2°C (e.g. 450 ppm CO₂) until 2100

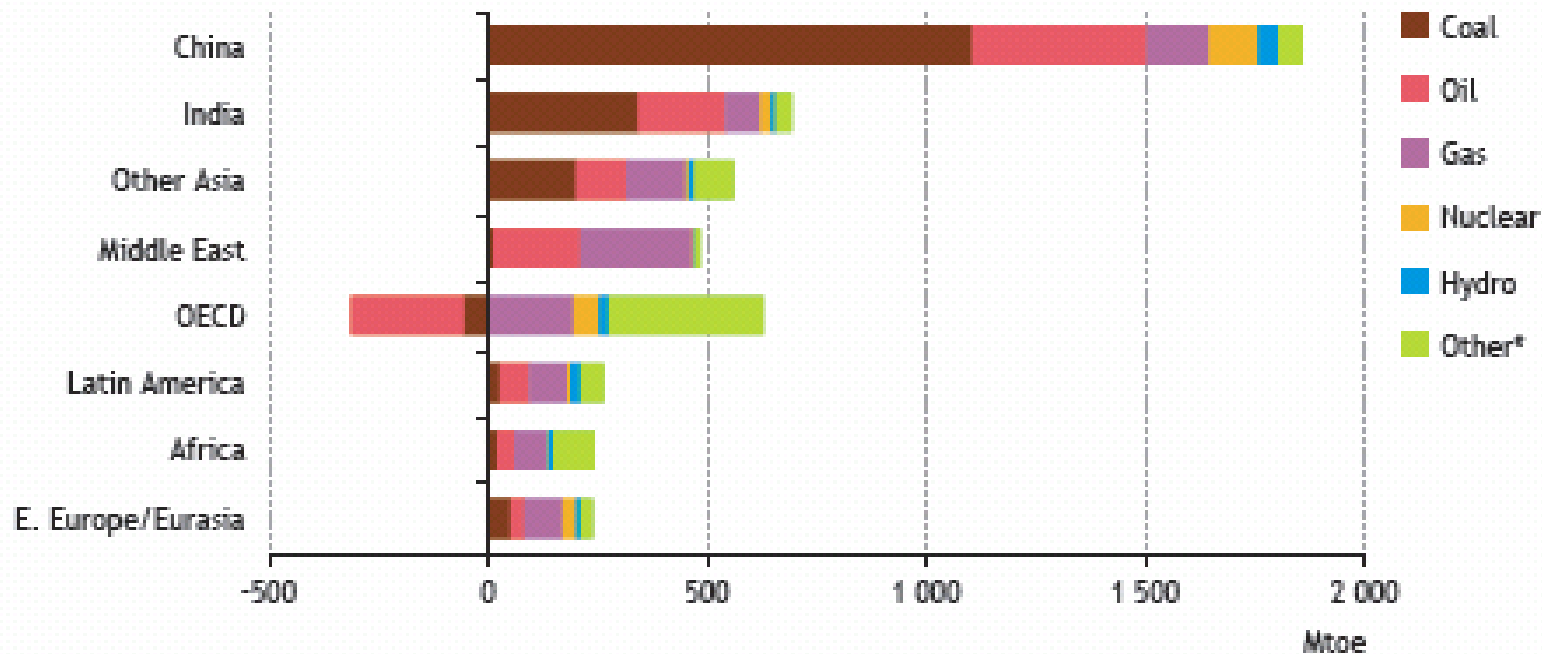
Index 2010 = 100





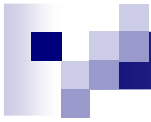
Energy Demand Increase by 2030

Figure 1.2 • Incremental primary energy demand by fuel and region in the Reference Scenario, 2007-2030



* Includes biomass and waste, wind, geothermal, solar, and tide and wave.

Source: IEA



Increasing Import Dependence

Figure 2.3 • Dependence on net imports of oil by major country/region in the Reference Scenario

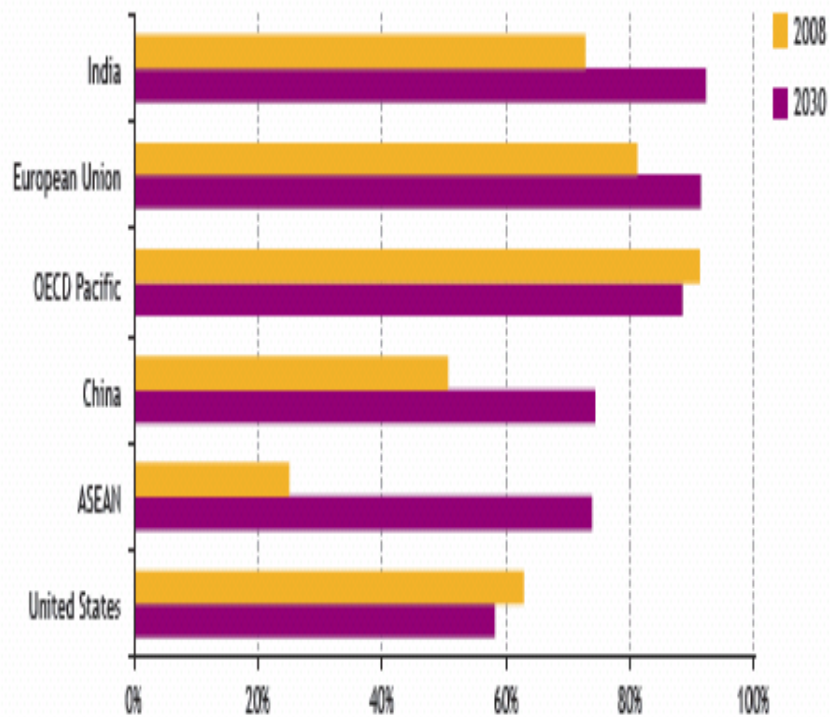
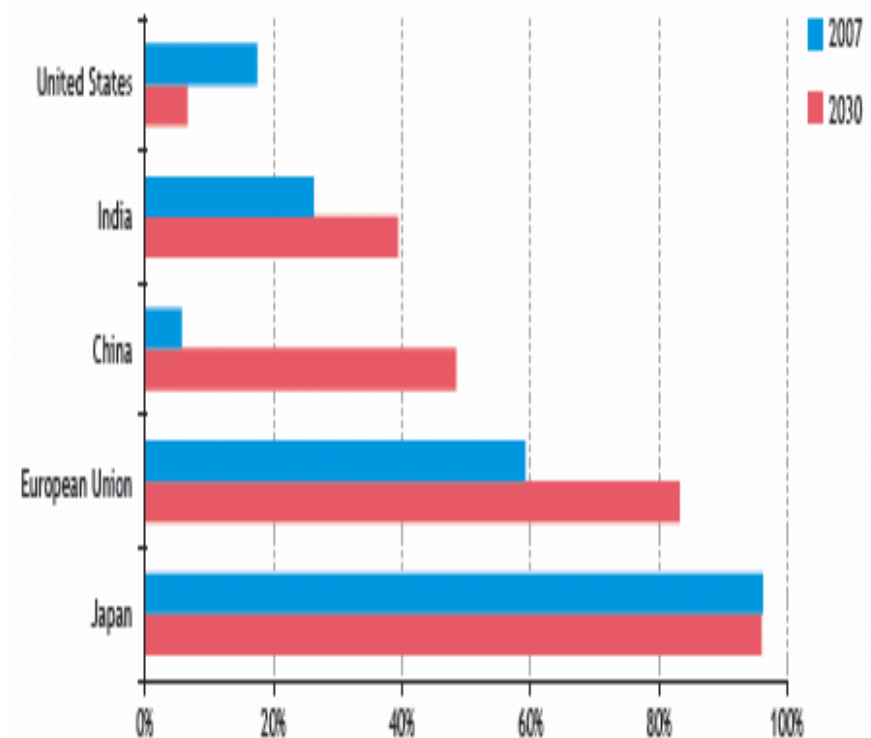
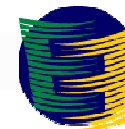


Figure 2.4 • Dependence on net imports of natural gas by country/region in the Reference Scenario

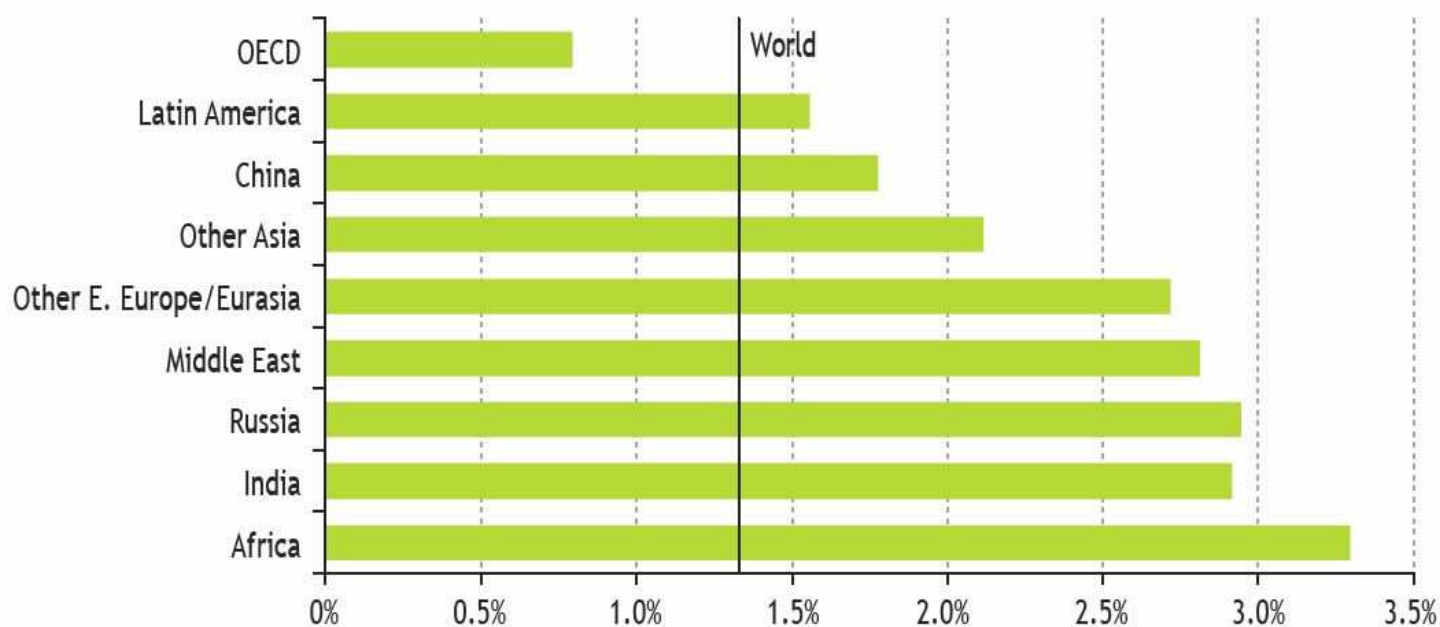


Source: IEA



Investment and Financing

Figure 1.21 • Share of energy investment in GDP by region in the Reference Scenario, 2008-2030



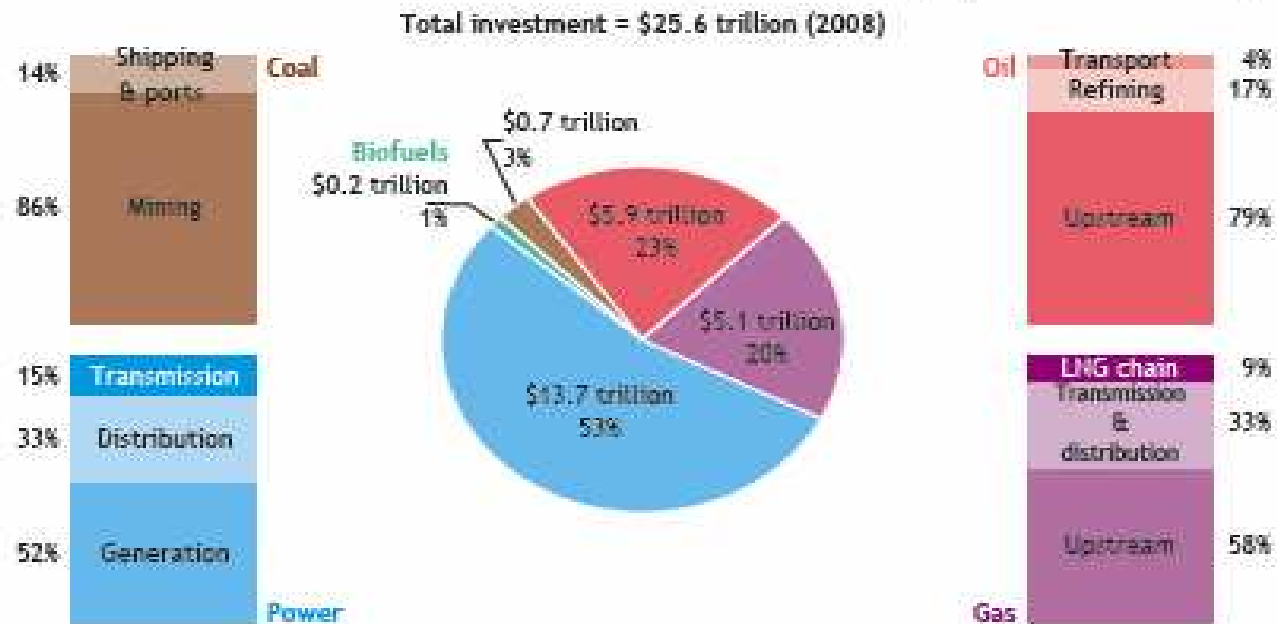
Note: GDP expressed in year-2008 dollars at market exchange rates.

Source: IEA WEO 2010



Investment

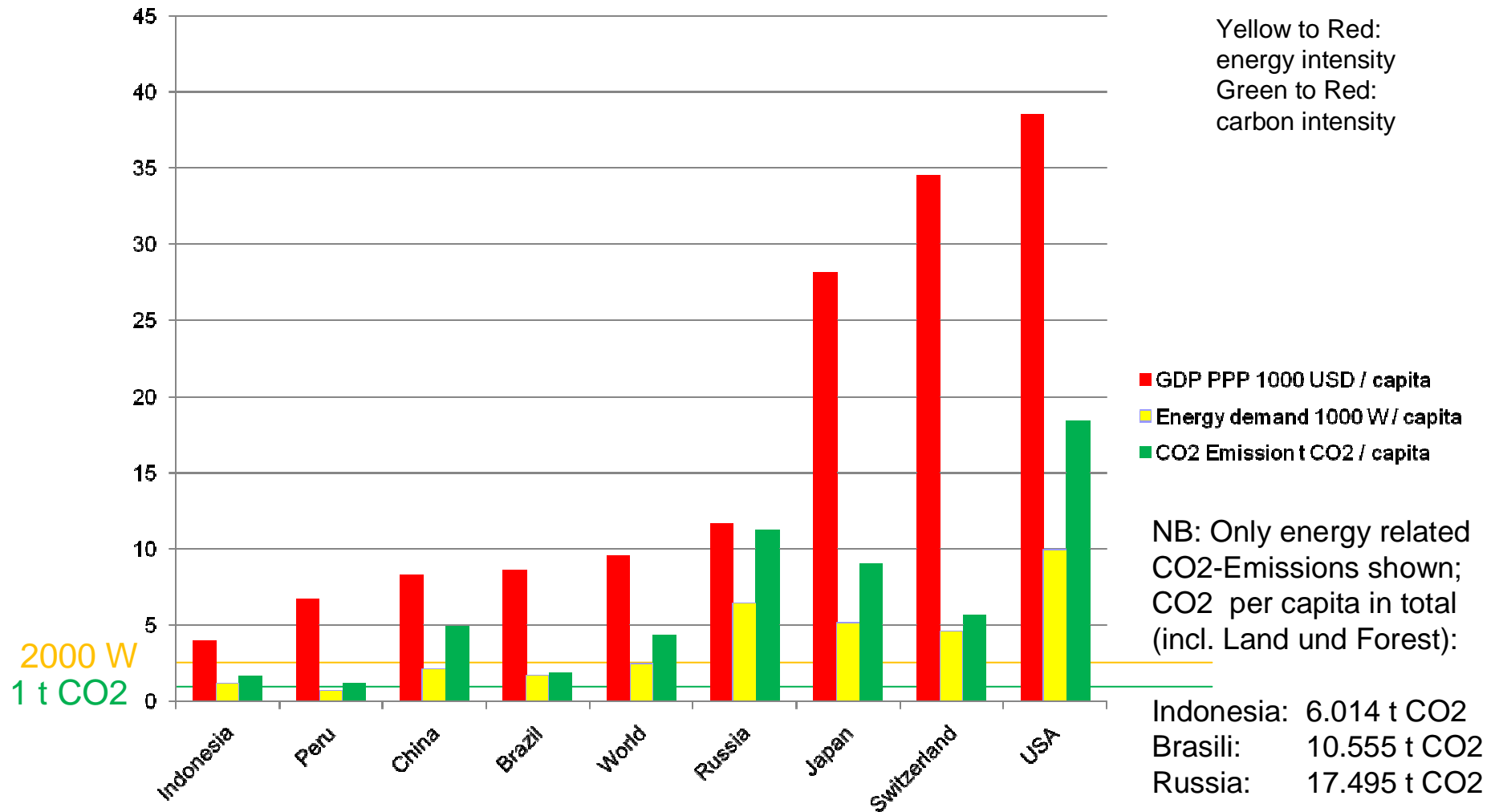
Figure 1.20 • Cumulative investment in energy-supply infrastructure in the Reference Scenario, 2008-2030 (in year-2008 dollars)



Source: IEA



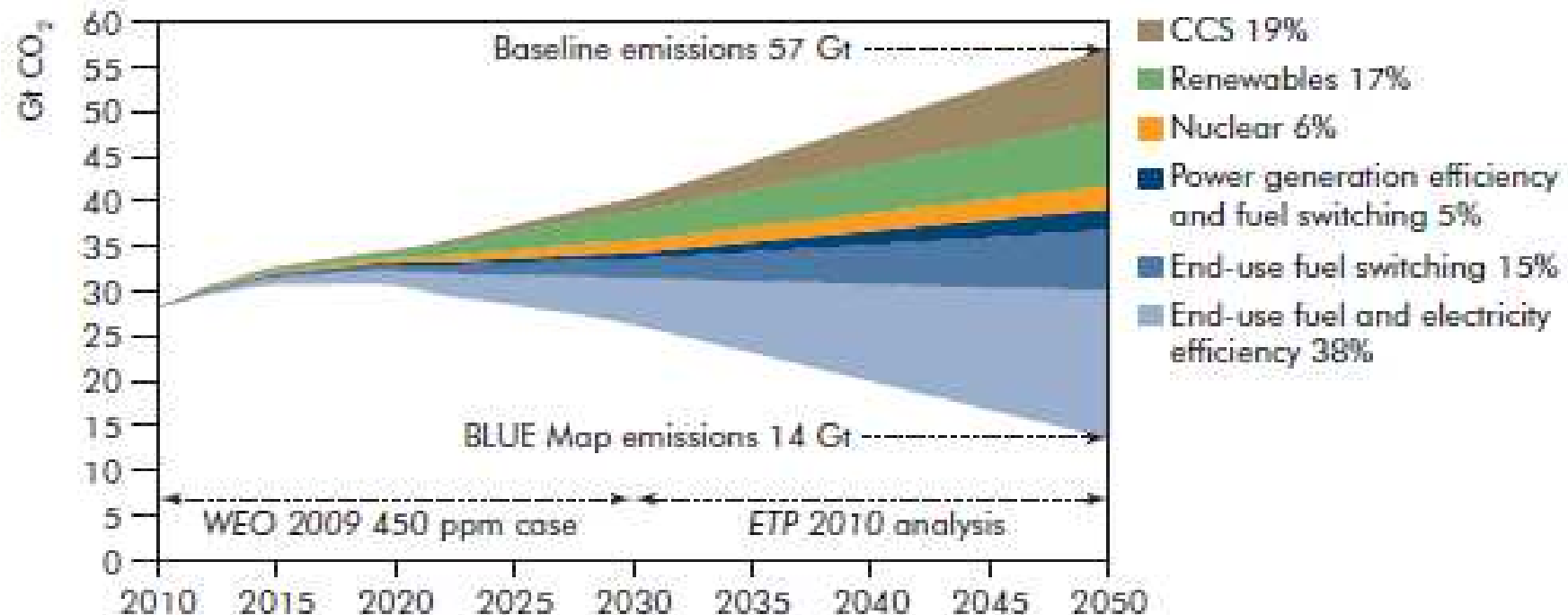
Energy Efficiency Disparities

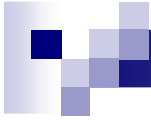




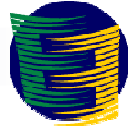
How to address climate change

- Energy efficiency to bring 58% of CO₂ savings by 2050 (IEA ETP 2010)
- CCS: 19%, Renewables: 17%, Nuclear: 6%

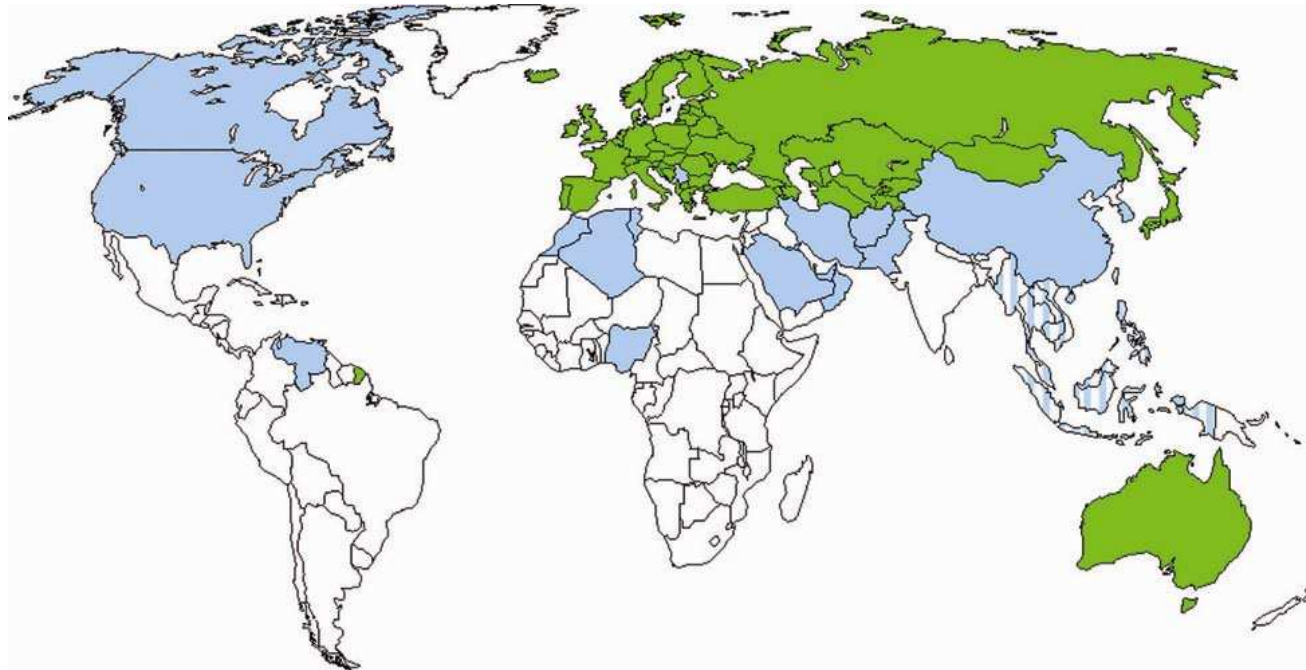




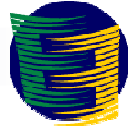
Energy Charter: Cooperation, Modernization and Expansion



Energy Charter Process



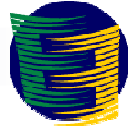
- **51 Signatory Countries (green)**
- **24 Observers Countries**
- **10 International Organizations as Observers**



Promotion of the Energy Charter

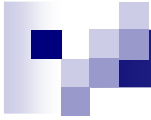
- Targeted expansion and consolidation of the Energy Charter Treaty's geographical scope ;
- -Mediterranean Basin ,
- Mashrek
- Gulf countries
- Central Asia
- Asia

- Similar frameworks ? ECOWAS - MERCOSUR ?
- A complementary role of the Energy Charter in relation to other organizations



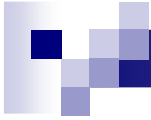
A genuine and global Instrument

- ✓ **Fostering trade of energy across borders and to facilitate transit**
- ✓ **Increasing transparency, predictability and stability of global energy markets**
- ✓ **Promoting and protecting investments**
- ✓ **Contributing to address sustainable development and climate change**
- ✓ **Promoting energy efficiency**
- ✓ **Contributing to overcome emergency situations**



Conclusion

- The Energy Charter remains of political actuality and valid as a legal framework
- New challenges in the energy sector are being recognized
- New prospects to consolidate the constituency and to enhance co-operation with outreach partners
- International Energy Cooperation more than ever necessary .



Thank you for your attention

patrice.dreiski@encharter.org



Energy Charter Secretariat

www.encharter.org