



## SEEKING AN EFFECTIVE SYSTEM OF GLOBAL ENERGY GOVERNANCE

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**G**lobal energy dialogue is an increasingly important activity, and one that is all the more necessary in the context of the challenges of this second decade of the 21st century. Those challenges are both political and economic, but most strikingly relate to energy security. The 15th IEF Ministerial in Algiers, on the 25th anniversary of the IEF, is a significant forum for such dialogue, and will involve many of the more than 80 member states of the International Energy Charter.

The adoption of the International Energy Charter, the revised political declaration, in May 2015 is a clear demonstration that the Energy Charter Process is inclusive, that it is non-discriminatory and that it is open to any country willing to share those principles. The Energy Charter has been taken from its Eurasian context and brought to a global level. This was best illustrated by the fact that countries such as Bangladesh and China were among the signatories to the new Charter, and also by Iran's active participation in the negotiations and subsequent adoption of the updated declaration. As a result, the Energy Charter Conference and its member states are now to be known as the International Energy Charter.

The more balanced wording of the International Energy Charter identifies current and future energy challenges. By giving life to the International Energy Charter, the constituency has acknowledged the changing energy landscape and the need to revise the Energy Charter Process. There is a recognition of the evolving definition of energy security: security/predictability of demand, security of supply, security of transit/transportation, and the absence of energy poverty. The principle of national sovereignty of over energy resources enshrined in the Energy Charter Treaty is, of course, respected.

The International Energy Charter calls for stable and transparent trade in energy; promotes an open and competitive market for energy products, materials, equipment and services; aims at providing transparency for all segments of international energy markets (production/export, transit, consumption/import), removal of technical, administrative and other barriers to trade in energy and associated equipment, technologies and energy-related services. The development of trade in energy should, where applicable, be consistent with major relevant multilateral agreements, such as those of the World Trade Organisation and its related instruments. On the issue of transit, the International Energy Charter recognises that

transit of energy products through a country's territory is essential for the liberalisation of trade in energy products.

The event of great significance in 2015 was the global agreement on climate change achieved by the 195 Parties to the UN climate conference (COP 21) in December in Paris. The Paris Agreement implies a global transition to a low-carbon economy and to a sustainable energy model. Moreover it is a milestone in the achievement of a long-term vision for international cooperation and multilateral systems. Much more investment will be needed over the coming decades in energy, particularly when considering the Paris COP21 agreement initiatives. These investments will not be achieved without mobilising private investors and capital.

These global climate and energy objectives can and should benefit from the International Energy Charter's unique framework in the areas of investment, trade and transit. The concepts of stability, transparency and predictability which are at the core of the International Energy Charter provide the basis that investors, business and policy makers require to enable confident investment decisions in cleaner technologies and energy efficiency. Accession to the Energy Charter Treaty allows for more foreign energy investment and expertise to flow into the domestic energy industry. Importantly, accession to the Energy Charter Treaty can also make a clear contribution to the sustainable development of the domestic economy and society in the long run.

### Count on the International Energy Charter

The importance of the energy dialogue being conducted by the IEF cannot be underestimated. However the challenge for the Energy Charter is how to bring such dialogue to a form of energy governance. This is the essence of the modernisation of the Energy Charter. Greater international participation in the Energy Charter process will build trust and confidence in the energy industry and in that way contribute to the objectives of the Paris Agreement.

These are considerations that I urge participants at the 15th IEF Ministerial in Algiers in September to take into account. The relevance and the potential of the International Energy Charter in the development of a system of global energy governance should be at the core of those discussions. An effective system of global energy governance requires an accepted set of rules which are legally binding and supported by a strong political will. For that there is no need to look beyond the International Energy Charter with its new impetus and mandate. ■