



**INTERNATIONAL ENERGY CHARTER  
MINISTERIAL CONFERENCE  
&  
HIGH-LEVEL BUSINESS EVENT  
20-21 MAY 2015 THE HAGUE, THE NETHERLANDS  
“Investing in Energy”**

**CHAIR’S SUMMARY**

## ***Introduction***

On 20 and 21 May 2015 the Ministerial Conference on the International Energy Charter, which included a High-level Business Event, was held in The Hague, the Netherlands. At the conference 75 countries, the European Union, the European Atomic Energy Community and the Economic Community of West African States (ECOWAS) adopted the new International Energy Charter, which modernises the 1991 European Energy Charter. Moreover, several countries also announced that they would start the procedure for accession to the Energy Charter Treaty.

The Ministerial Conference and the High-level Business Event brought together 35 government ministers and vice ministers, around 300 other government officials, 25 representatives of international organisations and 75 CEOs and other representatives of the world's largest energy and financial companies, to discuss the theme of 'Investing in Energy'. The International Energy Agency (IEA) estimates that over the period to 2035, some \$48 trillion in investment is needed to meet the world's growing energy demand. During the Ministerial Conference and the High-Level Business Event the theme was elaborated in four break-out sessions: Securing Universal Access to Energy, Greening the Energy Supply, Investment Promotion and Protection, and Energy Innovation. The conference was hosted and chaired by Dutch Minister of Economic Affairs Henk Kamp, in collaboration with the Minister of Foreign Affairs, Bert Koenders, and the Minister for Foreign Trade and Development Cooperation, Mrs. Lilianne Ploumen. The conference welcomed ministers from countries that have not previously been involved in the Energy Charter process, including Nuer Baikeli from China, Foumakoye Gado from Niger and Simon D'Ujanga from Uganda.

## ***International Energy Charter***

The International Energy Charter is a political declaration which widens the scope of the original European Energy Charter to a global level. Given the globalisation of the energy market and the prevailing turbulence in the world's economy, geopolitics and demography, the new International Energy Charter, with its present support from 75 countries coming from five continents, is an important tool to help secure the required energy investments. The original 1991 European Energy Charter has been modernised and adapted to the reality of the 21st century.

Important principles of the International Energy Charter remain the efficient functioning of energy markets, investment protection, free transit of energy resources, promoting trade in energy and energy-related goods, and cooperation in energy policy development, including

energy efficiency and environmental protection. Key new points are the recognition of the importance of access to modern energy for all and the growing share of low-carbon and renewable energy. The International Energy Charter thus reflects the continued importance of energy security for all producing, consuming and transit countries in a carbon-constrained world.

### ***Investing in Energy***

'Investing in Energy' was the overarching theme and challenge of the Ministerial Conference on the International Energy Charter and the High-level Business Event. Over the period to 2035 the global investment bill will amount to more than \$48 trillion. These investments are vital for meeting the world's growing energy demand, enabling the world's growing population to live, learn and develop, and reducing poverty and sharing prosperity. More than 80% of that total amount will be needed for investments in energy supply, more than half of which is required to offset declining production from existing oil and gas fields and to replace power plants and other assets having reached the end of their productive lives. About \$16 trillion goes directly to increasing production capacity, a large share of which will be invested in renewable energy. \$8 trillion will need to be invested in improving energy efficiency, and 90% of that amount will be spent in the transport and building sectors. These investments are a prerequisite for improving access to energy and greening the energy supply.

### ***Thematic sessions***

To give focus to the debate, the delegates discussed the key issues of 'Investing in Energy' in four thematic sessions.

#### ***1. Securing Universal Access to Energy***

Access to energy is not spread equally among countries or within countries. In 2012 the number of people living without access to electricity was 1.3 billion (hampering education and economic development) and the number of people without access to clean cooking and heating fuels stood at 2.9 billion and without further action this number is expected to grow to 4.4 billion in 2030 (causing healthcare issues for mainly women and children). This lack of access remains overwhelmingly concentrated in South Asia, Sub-Saharan Africa and East Asia and in rural areas. A group of 20 countries accounts for 84% of the global access deficit. The countries with the largest numbers of people without access to energy are India and China (778 and 607 million, respectively), followed by Bangladesh and Nigeria with 138 million and 127 million, respectively.

During the thematic session ministers shared their experiences with effective measures to reduce energy poverty and discussed ways in which better-connected and more liberalised energy markets can contribute to overcoming this challenge.

## **2. *Greening the Energy Supply***

Ministers and companies are well aware that meeting the growing energy demand has to be achieved in a carbon-constrained world. During the session they acknowledged that renewable energy and carbon capture and storage (CCS) will contribute towards lower energy-related carbon dioxide (CO<sub>2</sub>) emissions and help prevent a build-up of atmospheric CO<sub>2</sub> concentration beyond 450 parts per million (ppm), which is the widely accepted threshold for limiting global temperature rise by the year 2100 to 2°C above pre-industrial levels. At global level, scenarios limiting the concentration to 450 ppm CO<sub>2</sub>-equivalent are characterised by more rapid improvement of energy efficiency and a tripling – almost quadrupling – of the share of zero- and low-carbon energy supply. In addition fossil fuels with CCS have to play an important role. Most countries are already taking action and investment in renewables is rising substantially: from \$55 billion in 2004 to \$214 billion in 2014. It was highlighted that cooperation in the context of the International Energy Charter and taking part in the Energy Charter Treaty helps to create a favourable environment for investing in renewable energy and CCS. Ministers and companies also stressed the opportunities this transition would offer in terms of economic growth and employment.

## **3. *Investment Promotion and Protection***

Promotion and protection of investments have been at the heart of the Energy Charter from the very beginning. The importance of these issues is precisely why the 1991 European Energy Charter was established and why the modernised International Energy Charter has been adopted and signed at the Ministerial Conference by countries from five continents.

Delegates discussed the present challenges facing the energy sector: the required switch from fossil to renewable energy sources while at the same time dealing with political and economic instability in large parts of the world. Vast amounts of investment will be needed in all countries to maintain and enhance production and distribution of energy. These investments are not only needed in hardware, but also in human capital.

Delegates noted that a growing lack of well educated people, in energy engineering for instance, is becoming a bottleneck for efficiently implementing energy projects. Although capital for energy investments seems to be widely available, it has to be competed for with other sectors. Investors in energy want governments to provide a stable environment and, moreover, rule of law. The conclusion was that the International Energy Charter has an important role to play in the promotion and protection of investments. Delegates also stressed that a properly functioning systems of mediation and arbitration are important elements in the protection of long-term investments.

#### **4. *Energy Innovation***

The required energy transition in a climate-constrained world requires new technologies to be implemented on a massive scale. There are a wide variety of instruments that governments can use to stimulate innovation. Research programmes are available, cooperation between research institutes, universities and companies is stimulated, and incentives are offered for market introduction. Many countries have national innovation programmes. The session discussed how the International Energy Charter could play a role in exchanging knowledge on a global scale. Patents, among other things, play an important role by offering protection of intellectual ownership, thus allowing companies to benefit from the R&D investments they have created. But there is also a huge knowledge base already available, in the form of the nearly 2 million patent documents that can be freely used, and other results of research in the public domain. Delegates concluded that it would be helpful if relevant authorities and patent offices would explicitly promote the use of knowledge and innovations that are free for anyone to use, especially small and medium-sized enterprises.

#### **High-level Business Event**

The High-level Business Event resulted in a declaration by the Industry Advisory Panel of the Energy Charter. The declaration underlines the importance of the International Energy Charter and the Energy Charter Treaty. It is expected that from now on the Industry Advisory Panel will include companies from the five continents of the Energy Charter constituency.