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*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

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I am very pleased to speak here today at this Ministerial Conference which addresses a very important topic: global energy governance. We are witnessing a rapid evolution in the international energy domain, and these developments will shape our political and economic environment for decades to come.

I would like to share some thoughts with you on these developments, on the EU's response to them and on the need to address these issues at a global level.

### **Developments**

Whether we are energy producing countries, energy consuming countries or transiting countries, we are all affected by the profound changes which the international energy sector is undergoing.

Low cost hydro carbon reserves are dwindling, while at the same time the growth of demand in emerging economies is spectacular.

High and volatile gas and oil prices, and technological developments have enabled the emergence of non-conventional sources of gas and oil. The growing availability of LNG and unconventional gas is making gas markets more and more global and increases market flexibility.

In many parts of the world very significant investments are needed in order to update and upgrade ageing energy infrastructure. The economic situation affects the availability of resources for such investments, and also the ability of governments to sustain certain policy measures (for instance to support renewable energy or energy consumption subsidies).

Energy poverty remains an acute concern for substantial parts of the world population, including in emerging and even in developed economies.

New concerns have arisen on safety of fossil fuels exploration (after the accident at the Deep Water oil rig in Mexican Gulf) and on the place of nuclear energy in the future low carbon energy mix (after Fukushima).

All of these developments take place against a backdrop of continuous unsustainable growth of fossil fuel use, and the related deep concerns about climate change.

## EU response

In the EU, we are trying to understand the course we want to follow over the coming decades, considering the challenges we face. Our course will also have important implications for our international energy relations, whether for our suppliers, foreign investors or even the policies which other governments pursue.

The medium term framework is already clearly set by the EU's 2020 agenda. It focuses on completion of the internal market, security of supply and the reduction of CO2 emissions and we are making good progress towards meeting our objectives.

But what about the longer term?

None of us knows what the next two, three or even four decades will bring. But one thing is certain. The shape our energy world takes will depend on the decisions we make in the next months and years.

I already described some of the challenges we are facing: aging infrastructure; a credit and financial crisis which has shocked the world; energy prices which have shocked consumers; energy demand growth which has – probably - shocked analysts. And meanwhile our greenhouse gas emissions keep rising, despite our efforts to bring them down.

But the developments in our energy sector also bring new opportunities. New jobs, businesses, technology markets and skills for our people. A more resilient and stable economy. More rational consumers, using more intelligent technology.

But, whether we are dealing with the challenges or the opportunities – the key question we need to face is this: *What about our energy investments?*

The EU has recently developed a Roadmap for 2050, to address this question. This Roadmap outlines scenarios for the coming decades (up to 2050) on the path towards a low carbon economy - and I would recall that the EU has committed itself to reducing greenhouse gas emissions by at least 80% by 2050. The Roadmap will also help to build certainty for the longer term – which is what investors need and what our supply countries ask of us.

The Roadmap is part of a process to **shape a common view** in Europe on how we can achieve the transformation of our energy system, meeting the objectives

of decarbonisation, energy security and competitiveness. On the basis of a number of theoretical scenarios the Roadmap looks for “no regrets” policy options, by which I mean options that make sense in every possible path towards 2050.

Let me name four:

1. Energy efficiency is a key instrument in all scenarios. In fact the EU has just adopted a new Energy Efficiency directive, aimed at further improving the conditions for promotion of energy efficiency and setting an indicative target for each Member State. It will not only help us achieve our 2020 goals, it will also set us on the right path towards a low carbon economy.

2. Our future energy security depends on investment. And I am talking about billions of euros of investments in the EU alone, both private and public. We need investments in our networks to replace or upgrade aging infrastructure. We also need to improve our interconnections in order to make our single European energy market a reality. We will also certainly need more gas in the future and as EU supplies are falling, we need to develop our plans for import and the related infrastructure.

3. We need to modernise our networks and technologies. Our networks must be smart and resilient in order to cope with the increasing uptake of renewable energy and to empowerment the consumers. We also need more investments in capital goods, such as energy efficiency equipment, active energy housing and electric vehicles. The pay-off will be that we will spend less on fuel costs.

4. We need to complement our internal EU policy with a strong external dimension. The 2050 Roadmap is not just about Europe. It is about global issues - energy security, economic stability and climate change. And it is looking for solutions which work not only for Europe, but internationally!

Between now and 2050, energy could become one of the greatest geopolitical challenges, not just for Europe, but for the world. We need to be prepared.

We need a broader and more coordinated approach to energy relations: upgraded partnerships with key players, transparency on Member State intergovernmental agreements on supply projects. We have to make sure that we continue the process of "Europeanisation" and produce a convincing external energy policy.

## **International cooperation**

As I said, we are all looking at ways to reconcile and address the challenges related to decarbonisation, energy security and competitiveness in our countries/regions. We need to acknowledge that policies that are being implemented to address these issues have important implications also externally. It would be an illusion to think that countries or even regions can address these challenges on their own. As the IEA put it in its recent World Energy Outlook: there is no immunity from global markets.

It would also be an illusion to think that addressing these challenges would be a 'zero-sum game', in which countries can win or lose the battle over scarce resources. The key will be to look for mutually beneficial international energy cooperation.

I would underline here the importance of a market-based approach. The question we need to ask ourselves is how we can establish an international environment in which energy markets can prosper and supply energy in the quantities that will be needed and at affordable prices, in a sustainable manner?

This will require institutional cooperation on issues ranging from development of production and export capacities in supplier countries, to promoting investment conditions conducive to energy trade, to increasing transparency of markets, to improving the level of energy safety and security internationally.

In many of these areas it makes sense to cooperate, beyond the exchange of best practices:

We need to cooperate on emergency preparedness and crisis response. In times of geopolitical uncertainty this is particularly important. The IEA oil stock mechanism is still important; but with the IEA representing a smaller oil consumption today than 35 years ago, we need also cooperation of other consumers and suppliers.

Research & Development: it makes sense to pool resources and combine efforts, particularly on large-scale and costly demonstration projects related to low carbon technologies.

There is at this moment no single international organisation which addresses all these issues in one place and no single organisation with a wide enough

constituency to include all major stakeholder countries. Rather we see a patchwork of organisations and initiatives which usually address one specific topic: International Partnership for Energy Efficiency Cooperation – IPEEC; International Renewable Energy Agency – IRENA; Global CCS Institute, Clean Energy Ministerial, and so on. The work of international organisations and initiatives overlaps in some cases, while at the same time there are certain gaps.

I think we can all agree that there is a need for global energy governance. This issue has in recent years been brought up in G8 and G20 context and by several important political leaders.

Let's be clear: I am not advocating a single energy organization worldwide which would cover all topics. In fact there are merits to having different organizations able to reflect various regional interests or to specialize on certain topics.

I am also not interested in a 'beauty contest' among the energy organizations. What matters are the key principles of energy governance worldwide. The energy governance discussion is a discussion about principles, not primarily about organizations.

And here I come to the Energy Charter Treaty. It does actually possess a number of assets that put it in a very good position to provide an important contribution in the discussion on global energy governance.

The Energy Charter Treaty covers key aspects of international energy relations: investments; trade; transit; the promotion of energy efficiency. It sets legally binding and enforceable standards and provides dispute resolution mechanisms. In short, it helps to create an environment in which international energy markets can function effectively.

The Constituency is already rather impressive, with 51 countries having signed the Treaty. Although there is a clear regional focus in membership for the moment, there are no geographical limitations to the Treaty.

The ECT at this moment is somewhat reminiscent of Sleeping Beauty: full of potential, but she needs to be reinvigorated. A few years ago we have committed to modernising the Energy Charter process. This is a challenging task, which needs to focus both on consolidating the cooperation between the existing members, and on engaging new and important countries.

Today we are embarking on an important leg of this trip: the modernization of the 1991 Political Declaration.

I would call upon all countries, present here today or otherwise concerned, to engage in agreeing an up-to-date Declaration and expressing our support for the core objective of the Energy Charter process: to promote a global model for energy cooperation in the long term within the framework of a market economy and based on mutual assistance and the principle of non-discrimination.

The more countries subscribe to these principles, the more they will effectively set the standard for our international energy relations on a global basis.

In a later stage we will hopefully be able to transfer the global commitment to these principles into legal obligations. I realize that this is probably not for tomorrow, but since I outlined an EU vision for the longer term – I wish to look further ahead for our international cooperation as well.

Thank you for your attention!