

24th Meeting of the Energy Charter Conference

“15 Years (1998-2013) of Investment Promotion and Protection under Energy Charter Treaty”

5th December 2013, Nicosia, Cyprus

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*Dear Ministers and Deputy Director-General,
Secretary General,
Dear Ladies and Gentlemen,*

It is my pleasure to address you at the occasion of this Ministerial session.

This is already the 24th Meeting of the Energy Charter Conference, thus let me **express my satisfaction**, on behalf of the Lithuanian Presidency of the Council of the European Union, **with the progress made so far in the Energy Charter activities**.

Let me begin by stressing once again **the fundamental aim of the Energy Charter Treaty – that is to strengthen the rule of law on energy**, by creating a level playing field of rules to be observed by all participating governments. This milestone goal is mitigating the risks associated with energy-related investment and trade.

Foreign direct investments are of great importance for the **EU as a source of technology and know-how**. Policymakers have witnessed how knowledge brought by foreign investors can spill over to local firms, bolster skills in the local workforce, and thus increase the overall competitiveness of the EU's economies.

The EU does not stand alone here. The objectives of **reduction of investment risk, creation of a stable and transparent investment climate and foreign investments attraction mechanisms are major challenges** in many countries. To address them, Governments are seeking to create a favourable business environment, actively promoting foreign investment in infrastructure and providing information on business conditions and opportunities.

The ECT is of great importance in delivering these objectives. Let us not forget that it is the first binding multilateral agreement on the promotion and protection of foreign investment. It covers all important investment issues and provides high standards of protection, including a fully developed dispute settlement mechanism.

What we need is to fully exploit the Charter's potential. For that, we must ensure **compliance of signatories with their commitments. We maintain that it is essential.** Therefore, a very important challenge for the EU is to identify the existing instances of non-compliance with agreed principles and urge the ECT signatories to abolish non-conforming practices which infringe upon their obligations under the ECT.

In this context, let me express our **support for the preparation of a questionnaire for a comprehensive review of the Blue Book**. It would allow entry conditions for foreign investors to be improved and contribute to the establishment of a level playing field in the energy sector.

For the EU, it is important to continue the reforms aimed at creating favourable business conditions. That is, to make priorities on terms of investments, further develop the EU internal energy market infrastructure and renewable energy sources, reduce state interference in business process and stimulate investments by eliminating technical and legal barriers to trade.

Let me touch upon the consultations on the benefits of a **non-binding Declaration and/or interpretative notes on promoting low-carbon investment within the framework of the ECT** that were conducted in 2013. It may be considered that adoption of these documents would in turn reduce the normative and political risk of investors and the amount of investment related litigation. Also let me recall that **ECT groups should develop further proposals for the reduction of inefficient subsidies and encourage investment sources diversification from different sectors.**

There are **ECT arbitration cases** initiated against developed countries and economies in transition related to the withdrawal of support of low-carbon investment by host states.

Furthermore, a **further enhancement of the already existing good cooperation between host states and investors** must be a priority. The EU looks forward to a further deepening of host states and investors relations.

On behalf of the Lithuanian Presidency let me reiterate that **it is in the EU's strategic interest to build and enhance comprehensive and long-term partnerships with private and foreign investors, as well as major consumer countries and emerging economies.**

The various challenges and uncertainties call for **reinforced cooperation among all energy actors worldwide.**

The EU and the ECT need to strengthen their forces to find a mutually beneficial solution – meeting our needs for investment promotion and protection to support sound economic growth.

Thank you very much for your kind attention.