

24th Meeting of the Energy Charter Conference
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Statement by Mr. Ed Stafford
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- Firstly, I should thank Minister Yiorgos Lakkotrypis for hosting this annual conference of the ECT in Cyprus. We very much welcome this opportunity to discuss the critically important topic of energy investment promotion and protection.
- Global energy demand across fuels is likely to grow by a third by 2035, and we have a shared need for our energy mix to adapt to the challenge of avoiding dangerous climate change. These pressures give us a need for massive levels of investment in energy infrastructure to ensure our continued energy security, and that the energy sector maximises its support for economic growth and reducing carbon emissions.
- According to the IEA, the projected trends in gas demand imply a need for cumulative investment along the gas-supply chain of almost \$8.5 Trillion up to 2035. For upstream oil activities, \$9.4 trillion is needed over the same period. And for renewables, \$6.5 trillion is required.
- To secure levels of investment on this scale we need to ensure that our energy markets are attractive to foreign investment.
- This means having the right incentives in place for energy investment. In the UK we are embarking on the biggest reform of our electricity market for decades to encourage the \$300 billion of investment we need over the next decade.
- It is also essential that we have the right framework for encouraging energy investment. Our energy markets need to be, and be seen to be, open for overseas financing of the energy infrastructure we need.
- And we need to promote investor confidence through predictable, transparent investment regimes based on the rule of law, which is where the Energy Charter Treaty is so important.
- I want to make three points on the role of the ECT.
- Firstly, we consider investment protection as the unique and most valuable aspect of the ECT, and it is our view that building wider support for the ECT will be dependent on clear analysis and evidence the investment protection benefits it affords. We therefore very much welcome the Secretariat's commitment, in the 2014 work plan, to undertake work to assess the effectiveness of investment promotion and protection under the Treaty.

- My second point is that the EC Secretariat should continue to avoid temptation to stray into energy governance areas beyond its core strengths of investment protection, trade and transit. From the perspective of today's energy challenges, no one would have designed the current international energy architecture quite the way it is and we recognize that the operation and membership of individual institutions will need amendment to be fully effective. However, we believe there is reasonable coherence in the roles of different existing energy organisations without obvious gaps.
- Thirdly, I want to recognise 2014 as a particularly important year for the ECT. It is right that we work to remove out of date references from the Energy Charter, alongside conversations with potential future members of the Energy Charter Treaty. And I would like to say a particular thank you to Secretary General Urban Rusnák for his role in prioritising the focus on updating the Energy Charter.
- We very much look forward to our continued co-operation on these important issues over the coming year.