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## Henk Kamp

Minister van Economische Zaken

### **Toespraak van minister Kamp (EZ) bij de 25ste bijeenkomst van the Energy Charter Conference in Astana, Kazachstan, 27 November 2014. De tekst is alleen in het Engels beschikbaar.**

Your Excellencies, Ladies and gentlemen,

I would like to begin by thanking Kazakhstan for holding the first Political Chairmanship of the Energy Charter Conference, and especially its active role in developing the Astana Declaration.

Ladies and gentlemen,

The mission of the Energy Charter is at least as important today as it was in 1991, when the Charter was signed in the Netherlands. The Berlin Wall had just fallen, and there was a call in Europe for more coöperation between East and West. The world was seeking a new conception of how to do business in the energy sector, adapted to the new geopolitical reality. Renewed confidence was needed. The Charter provided a way forward.

In the over 20 years since then, worldwide demand for energy has increased sharply. Gas consumption has risen from 2 trillion cubic metres a year to 3.5 trillion. Oil consumption from 66 to 89 million barrels a day. Emerging economies account for a steadily growing share of demand for energy: the share of non-OECD countries in global gas demand has risen from 49% to 52%, and for oil there's a sharp increase from 35% to 50%. While demand from OECD countries has steadily levelled off. And these trends will probably continue in the future.

The growing demand for energy from Asia and other emerging markets has led to more energy transport, not only between countries but increasingly between continents. According to IEA's last Energy Outlook Interregional trade in gas will increase by 80 per cent between now and 2035. For oil – already a widely traded global commodity – an additional increase in trade by 20 per cent is expected.

So the energy market is increasingly a world market. From the shale gas revolution in the US and the gas crises in Ukraine to the rise of African energy suppliers and the unrest in the Middle East, regional events have an impact on global supply and demand. In this uncertain business climate, investors need rules and an anchor of stability. The Energy Charter helps to provide this.

As the energy world is changing, the Energy Charter has to change as well. Our mission is to keep the Charter functional in today's and tomorrow's context. Officials and diplomats have been negotiating in Brussels for a year-and-a half over how to modernise this document. Today we are building on their work. It is up to us ministers to confirm the text of the new International Energy Charter.

The new Charter reflects the globalisation of the energy market by enlarging its own base. At this moment 65 countries are parties to it. This means it is still far from universal. Fortunately, at least 15 other countries are taking part in the ongoing talks to join the new International Energy Charter. The new text makes the Charter more attractive to other countries, so I hope they will join us.

The scope of the new Charter is broader as well. The text deals with future energy challenges, like making energy supplies more sustainable. It also focuses more on the two billion people who still lack access to electricity. Because we can only solve these problems by making massive investments in energy generation, transport and distribution.

To satisfy the steadily growing demand for energy, major investments are needed. The IEA states that between now and 2035, some 24 trillion US dollars will be required just to keep the energy system producing at today's levels. Not only because the extraction of new oil and gas involves harder to reach sources – like deep-water drilling, heavy oil and shale gas. But also because we need to replace power plants that are shutting down and equipment that is reaching the end of its operational life. On top of that, a massive 16 trillion US dollars in investment is needed to accommodate the growing demand for energy.

Private sector investments play a key role in ensuring that future energy demand is met. A good business climate in the energy industry is therefore vital to the prosperity and wellbeing of future generations. By joining the International Energy Charter, and eventually the Energy Charter Treaty, governments can promote principles like legal certainty, a level playing field and open markets in the world of energy.

Countries that join the Treaty will be able to attract more investment than countries that do not. The example of Turkey illustrates that. In the four years after Turkey ratified the Treaty in 2001, foreign direct investment in the country increased by 400 per cent. Not only as a result of the Energy Charter Treaty, but nevertheless.

Ladies and gentlemen,

The Netherlands is offering to host a special ministerial conference on 20 and 21 May 2015 in The Hague, to sign the new International Energy Charter. All the energy ministers of countries that express support in the months to come will be invited. Signing the International Energy Charter will be the first step in a broader process of modernisation. I hope this process also will lead to more countries signing and ratifying the Treaty. Because the need for renewed confidence is at least as great today as it was in 1991.

Thank you.