



ENERGY CHARTER SECRETARIAT
СЕКРЕТАРИАТ ЭНЕРГЕТИЧЕСКОЙ ХАРТИИ

The Energy Union Conference

“The Five Dimensions of the European Energy Union Session” session

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Ministers, Ambassadors and Heads of Delegation,

As Secretary General of the Energy Charter, I greatly appreciate the opportunity to address you today in Riga.

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This morning in this session I have listened to an outline of the five dimensions of the European Energy Union. I believe that the Energy Charter is relevant to these.

I will first briefly outline the history of the Charter. Back in 1991 at the end of the Cold War, and the great political changes then underway, Mr. Ruud Lubbers, the then Prime Minister of The Netherlands put forward the idea of the “European Energy Community” The objective was to stimulate energy cooperation between East and West, between the great energy resources of the East and the industrial strength and investment funds of the West. Following his proposal a political declaration, the European Energy Charter, was signed in The Hague 1991. The Energy Charter Treaty was signed in Lisbon in 1994 and came into force in 1998.

Here in Riga, we are discussing the strategy for the Energy Union. The Energy Union is intended as a means to secure energy supply, competitiveness and sustainability, with some focus on regional cooperation. That was exactly the vision of Mr. Lubbers back in 1990 which took shape in the form of the Energy Charter.

With regard to the five dimensions outlined earlier;

1) The Energy Charter is compatible with proposals of Jacques Delors and Jerzy Buzek on the European Energy Community of 2010. **Therefore I would argue that the foundation for the external policy of an Energy Union has already**

been laid by the establishment of the Energy Charter. The Energy Charter is an integral part of the *acquis communautaire* since 1998.

The Energy Charter Treaty remains unique as the only internationally binding agreement on energy trade, transit, promotion and protection of investment as well as energy efficiency.

The Treaty provides for a set of rules which European Union, along with twenty eight member states of the European Union share with the rest of the fifty four members of the Energy Charter Treaty. The Energy Charter has been well tried and tested over more than a quarter of a century of its existence. Nonetheless the need to modernise the process has been well recognised in recent years.

Among the countries that signed and adopted the Treaty were the countries of Caspian Region who today are of ever growing importance to the energy needs of the European Union via the Southern Corridor. The development of the energy resources of those countries would have been much more slower without the Energy Charter Treaty. The essence of the Energy Charter Treaty, which covers all form of energy, is how it protects and promotes investment, set rules for trade and transit as well as creates an interface for regional energy cooperation.

2) The Energy Union we are discussing today will have an internal and an external dimension. The value and potential of the Energy Charter lies in the external dimension of the proposed strategy. There is a recognition that the European Union is in effect an energy deficient island. The EU's dependence on imported energy will not go away. **Therefore I believe that energy strategy should be built on shared basic rules with external partners.**

The Energy Charter Treaty's legal framework and platform for cooperation provide strong support for the diversification of sources and routes of supply. The

countries of the Caspian region and Turkey are already fully covered by the Treaty's legal regime. There is now a window of opportunity to expand this legal regime to countries in other regions such as North Africa, the Middle East and Sub-Saharan Africa, where emerging producers may contribute to Europe's energy security.

We are living in challenging times. Those challenges make the need for energy cooperation greater than ever. The phenomenon of globalisation means that those challenges require global solutions. International institutions must adapt to the new realities of a globalised world. Governments can hardly attempt to control key global challenges in energy like price volatility, technological changes and disruptive innovation. The only variables which they can manage are regulations and rules. Asia, Africa, Latin America and the entire region of the Pacific Rim are rapidly developing, and actively seeking a framework for universal energy cooperation.

3) It is important that China and other emerging economies who are already G20 members should be encouraged to play a greater role in international institutions. Based on my recent meetings hold in Beijing I believe that China is moving with determination in the direction of the Energy Charter. **A rules based global system for energy cooperation is in everyone's interest. That is what the Energy Charter attempts to do.** And this is something that was endorsed by the Astana Declaration in November 2014 at the 25th Meeting of the Energy Charter Conference.

To facilitate the global expansion of the Energy Charter, to make the language of the Charter more relevant to the 21st century, the 2015 International Energy Charter has come into existence. This is a direct result of the Warsaw Process.

Massive investments are required world wide into energy exploration, generation and transportation to meet growing energy demand. Europe will not be successful in building the Energy Union without due consideration of global trends. The Energy Charter Treaty reflects European values and principles such as non-discrimination, transparency, open and integrated markets, and reliable regulatory frameworks, with respect to sovereignty over natural resources. The Treaty provides investors with the necessary comfort to carry out the long-term investments needed.

As Secretary General of the Energy Charter it is my task to promote the Charter and its potential. My efforts are now focused on the International Energy Charter of 2015. The questions you must ask yourselves are: How can countries of the European Union enhance their cooperation on energy issues beyond EU itself? What are the instruments for cooperation? What are the instruments for energy governance which are available?

4) I would reply to you that is why you must look to the Energy Charter; the Treaty and the Process and now to the International Energy Charter of 2015. I constantly argue that what the Energy Charter requires is political will to utilise and support it. **The Energy Charter can only function effectively when the political will is there to use it and to make it relevant.**

5) The adoption of the Energy Charter at the Ministerial Conference in The Hague in May will be a critical event. **The Ministerial Conference on the International Energy Charter in the Hague in May 2015 (to be known as The Hague II) is the European Union's great opportunity to start building the global energy architecture and developing it in the coming decade.** In the current geopolitical

circumstances, it should not be assumed that international energy relations will evolve according to the European wishes and agreed principles.

The EU needs to engage globally in order to build a level playing field on which it can nondiscriminatory compete. Making the Energy Charter Treaty part of Global Energy Architecture is therefore at the heart of EU's interest. The political support of the European Union and each of its member states is critical to the success of The Hague II. The International Energy Charter will then become a vital component of implementing the strategy for the Energy Union.