



**EUROPEAN
INVESTMENT
BANK**

**ENERGY
CHARTER
SECRETARIAT**



ENSURING INVESTMENT IN SECURE AND SUSTAINABLE ENERGY: BENEFITS OF MULTILATERAL ACTION

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HEADQUARTERS OF EUROPEAN INVESTMENT BANK, LUXEMBOURG

Conference Report

Foreword

In September 2008, when we started organising our 2009 Policy Conference by focusing on Investment Issues, the financial and Economic crisis had not yet fully come into play.

Namely, the inter-sectoral effects between the housing, finance, economy and social life, the cross-country domino-linkages and the contagion from the United States of America to Europe and the rest of the world had yet to fully unravel its enormity.

Therefore, the organising committee of the Conference, equally represented by the Energy Charter Secretariat and the European Investment Bank, has decided to analyze the new facets of investment issues in the global energy world which called for taking new measures. This would foremost involve acting in a multilateral framework that would embrace international energy cooperation and interaction with the industry and all market players and monitoring the appropriateness of traditional tools in financing projects in this capital intensive sector.

As time went by and the parameters and ramifications of the financial and economical crisis gradually became clearer, the organising committee of the Conference adapted its strategies and goals keeping in mind the ongoing discussions on the financial crisis as a new set of boundary conditions related to the three above-mentioned concerns.

Three different sessions were held in order to:

- compare bilateral to multilateral agreement, advantages to disadvantages;
- listing the risks associated with investments in different segments of the energy chain by inviting speakers from the Industry; and
- reviewing the different financial mechanisms, methods and tools currently employed in financing energy projects.

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These three sessions were preceded by a keynote address speech and the outcome of all these three shaped the final round table discussion.

The 2009 Policy Conference agenda reflected priorities established by the member states through the Charter's subsidiary bodies and the Member State Conference. The Energy Charter Secretariat works with a variety of international partners to ensure efficiency and realize synergies. The 2009 Policy Conference was organized in cooperation with the European Investment Bank (EIB). The EIB also hosted the meeting which was held, at its headquarters in Luxembourg on 28 May 2009.



The EIB is playing a strong and increasing international role in financing sustainable energy activities and helping to develop global sustainable energy strategies. The Bank has enhanced its activities in developing an energy and climate change strategy. The strategy is intended to strengthen further the Bank's commitment to energy security

and climate change mitigation. This decision to act in partnership with a prominent international financial institution enabled us to improve the quality of the discussions and was especially welcome given the current volatility in the global financial markets.

"Investments in the energy sector and sound legal and regulatory frameworks are required in order to ensure timely and reliable energy supply."

**Plutarchos Sakellaris,
Vice President, EIB**



Conference overview

The main theme of the 2009 Policy conference was the need to ensure continued provision of sustainable and secure energy, with special emphasis on energy investments during the financial and economic crisis experienced by major economies around the world.

The Conference enjoyed broad participation by various world energy stakeholders, including:

- delegations from more than 30 countries representing a diverse geographic scope,
- industry experts from almost all segments of the energy business,

- international financial institutions and academics.



This brochure contains a concise summary of the Conference's findings and general recommendations, without necessarily attempting to attribute views to specific authors unless indicated otherwise. Copies of selected individual presentations are publicly available on the Energy Charter Secretariat's website.

Challenges of the energy sector

The Conference agreed that one of the urgent challenges faced by the energy industry today is the need to convert rapidly to a low carbon economy. According to the fourth assessment report of the Intergovernmental Panel on Climate Change (2007) the energy sector is responsible for 80% of greenhouse gas emissions in the atmosphere, the primary cause of global warming.



"Increased access to adequate, affordable and sustainable energy services, coupled with appropriate attention to regional and global environmental concerns, will be the compelling drivers for greater emphasis on sustainable energy development in the future."

**Ambassador André Mernier,
Secretary General, ECS**

The speakers outlined that energy efficiency and "green" energy production are the most critical factors in controlling emissions in the fight against climate change. Addressing global warming and satisfying future energy demand will require large investments to develop new technologies and make traditional energy sources cleaner. Substantial financing will also be required to ensure the wide dissemination of new technologies.



In the discussion, it was noted that the world has experienced an almost unprecedented economic crisis, which has had a profound impact on the energy sector. On the one hand, the contracting global economy has reduced energy demand and thus altered investment plans, which were conceived during the once-booming economy. On the other hand, the global credit crunch associated with the ailing major international commercial banks created a scarcity of available finance for energy investments. Even when finance has been available, it is with very high margins that have undermined the financial viability of many projects. Commercial banks have

drastically reduced credit while spreads are widening and loan governance is becoming tighter.

There was general agreement among speakers from financial institutions and the private sector that increased macroeconomic uncertainty is clearly hampering new investments, which are down by 20% in upstream and 30% in overall energy investments.

The reduced demand for energy, coupled with contracting economic activity, has resulted in lower prices for fossil fuels. Major oil companies around the world have recently reported significant decreases in quarterly net incomes. This situation is doubly difficult because lower income for energy companies means delays in capital intensive investments. All these developments have had a clear negative impact on investment in the energy sector. Some speakers believe that, because of low oil prices, conventional energy projects are likely to gain preference over renewable energy sources.



In contrast, a number of delegates concluded that recent stimulus funding by governments and international financial institutions has accelerated the implementation of key infrastructure and technology projects with a special focus on renewable energy and energy efficiency.



"Renewables will be the major domestic energy products in the near future due to a decreasing domestic hydrocarbon production in many countries."

Christian Cleutinx,
Euratom Supply Agency

The international legal framework for energy investments

Delegates agreed that the increasing reality of globalization and the new challenges faced by the energy sector require strong, consistent and transparent multilateral and bilateral regimes to address the needs of all the stakeholders. It would be a serious error if we were now to postpone the investment in energy, namely in the upstream phase. It could provoke the explosion of oil prices and accelerate the causes of the climate change problems. The protectionism and the distortion of the competition would be the worst consequence of the crisis. If all governments were to decide to participate in the energy business, we could no longer speak about the energy market. The response to the crisis can only be found with international coordination and cooperation, which should lead to an international governance within the energy sector.

"The key issue is not the BITs versus multilateral or, in other words global governance versus national governments. It is to strengthen each other in order to achieve the comprehensive regime to self-guard investments."

Dario CHELLO
Energy Charter Secretariat

Given the current uncertainties and turmoil in financial markets, many important projects risk a lack of sufficient funding. A remedy to this situation could be an international legal framework for energy investments which would reduce political uncertainties and decrease associated risk premiums.

The Energy Charter Process was recognized as a unique tool providing a minimum set of international rules for energy trade, investment, transit and efficiency. While the Energy Charter is a clear example of how difficult is the task of bringing together a large and diverse group of countries around a legally binding international framework, it was recently requested by the Russian Federation for modernization. Surely, it is always possible to enhance an existing process and to improve its terms toward better governance, but it is not a viable option to start from zero each time.

"We have no options but to take multilateral actions."

Joan MacNaughton CB,
Senior Vice President, ALSTOM



Outside the energy sector, the absence of a set of multilateral rules governing international investment relations has led to an uncoordinated, multilayered and multifaceted network of bilateral investment treaties (BITs) and other agreements dealing with investments.



According to UNCTAD estimates, as of today there are more than 2,600 BITs, covering generally all sectors of economic activity, including energy. Each of these agreements can present a step towards increasing the predictability and stability of an open investment framework. On the other hand, the BITs illustrate widely divergent approaches that inevitably lead to gaps, overlaps and potential/actual? incoherence. This complexity poses challenges for governments and the private sector in dealing with international investment relations and points to the need to a multilateral coordination and cooperation, in order to promote sustainable foreign direct investments.

Delegates discussed the need to overcome the shortcomings of the current patchwork of bilateral, regional, and multilateral rules on investment in order to provide international investors with a system of transparent, stable and predictable rules to facilitate investment flows. Speakers outlined the difficulties

of constructing multilateral instruments, whether binding or non-binding, in the area of foreign investment.



"A multilateral legal framework is extremely useful, and the Energy Charter Treaty is indispensable in order to better move forward."

**Howard Chase, Director,
BP European Government Affairs**

Delegates noted that the ECT carries the equivalent legal force of a unified network of bilateral investment protection treaties. The Treaty is an instrument of international law that establishes fundamental principles. The delegates emphasized the importance of ensuring the stable and secure transit of energy materials among other emerging issues that require multilateral consensus. It was observed that international investment regimes, including the ECT, should and can be adapted for a changing world.

"There is currently no appetite for a new treaty: a new development on the transit issue, yes; but, not a new treaty."

**Peter Cameron,
Professor, University of Dundee**

Identification of investment needs, opportunities and risks

The Conference further discussed aspects of risk management and the continued need for large investments in the energy sector to meet future demand.

Specific reference was made to a recent statement by the G8 Energy Ministers where it was concluded that "the current financial and economic crisis must not delay investment and programmed energy projects which are essential to economic recovery and sustainable prosperity". Intensive discussions concluded that in the long term countries must shift away from traditional carbon-intensive technologies and embrace new low-carbon ones.

The conference also discussed the current status of the nuclear sector, which represents a source of energy with low carbon levels and relatively stable costs. This combination of qualities has increasingly been viewed as being attractive from the viewpoint of security of supply and fighting climate change.





"There might be a nuclear renaissance due to recent developments, especially given that the electricity demand growth is disproportionately higher than that of overall energy demand."

Massimo Garribba,
Euratom coordination, EU

However, there was uncertainty over the future of nuclear power given public concerns and cost uncertainties. It was not clear whether a nuclear industry "rebirth" was really underway as the total number of committed projects remains relatively low.

Delegates underlined the need to ensure that upstream investments would add new fossil fuel resources which are increasingly found in smaller fields, which are generally more complex and costly to develop. A further difficulty is the development of resources situated in challenging climates and difficult geographic conditions. In the framework of security of supply, substantial investments are required to replace and update existing energy infrastructure to avoid any technical failure or accidents.

Modalities in energy finance: new financial products

One of the overall goals of the Energy Charter Treaty is to catalyze investments from public and private sources and thereby to increase access to energy, while employing cleaner technologies that protect the environment.

This goal is shared by international financial institutions (IFIs) that are exploring new financial approaches to accelerate investment in clean, sustainable, cost-effective and efficient energy.

Delegates from a number of IFIs shared their extensive experience of providing financing for the energy sector and developing new financial products.

"The Investment equation is: consistency plus clarity equals credibility."

Peter D. Thomson,
*Sustainable Development Department,
World Bank*



In order to counter the current challenges faced by the energy sector, the EIB has responded by integrating energy into the key objectives of its corporate operational plan, by widening the range of financial instruments available and by substantially stepping up its energy lending. Among the major EIB initiatives in the energy sector are: the European Clean Transport Facility; participation in the development and creation of the Global Energy Efficiency and Renewable Energy Fund; and establishment of carbon funds jointly with the European

Bank for Reconstruction and Development (EBRD), World Bank and Kreditanstalt für Wiederaufbau (KfW).



One of the new financial instruments was outlined to the Conference participants by the EBRD. This sustainable energy financing facility is a credit line, through local participating banks in different countries, for lending to encourage investments for energy efficiency and renewable energy projects. This facility is further complemented by

technical assistance funds for borrowers and seeks to involve local financial institutions as well.

A representative of the World Bank also outlined the Bank's approach to financing energy projects. Given the overall broad scope of investment needs in the sector, the World Bank both provides financing and works on attracting other sources of financing. It does this by working with the International Finance Corporation to facilitate private sector investments, with other IFIs to expand public sector funding, or with financial intermediaries to facilitate further financing both for public and private sectors. The focus of the World Bank lending is on 'green' energy, promoting projects in energy efficiency, use of renewable energies and any other investments that would reduce carbon emissions, such as reductions of gas flaring.

Finally, speakers at the Conference underlined that a combination of public and private sector financing would be crucial to reach projected investment levels.



Conference main conclusions

The following position statement summarizes the key characteristics of the government policies and actions necessary to ensure investment in secure and sustainable energy. The Conference conclusions are based on consultation discussions among bankers, investors, financial experts, the private sector and public organizations.



The Conference confirmed the importance of the Energy Charter Treaty in that it provides a legally-established regulatory framework with broad implementation mechanisms providing the basis for long-term capital-intensive investments. In addition, the discussions held identified crucial matters for consideration by the finance sector, including issues in the areas of risk management, the introduction of new financial products and cooperation with other public and private institutions in the global fight against climate change.

- Multilateral cooperation is the path forward to increase international achievements in the energy sector aimed at fostering energy investments as well as facilitating cross border trade and transit of energy materials and products. The Energy Charter Treaty strengthens the rule of law on energy issues, by creating a level playing field based on shared rules, and thus minimizes the risks associated with energy related investments and trade.

- Continued support from the public sector is essential. This support should be aimed at mitigating the adverse consequences of climate change, involving targeted financing dedicated to renewable energy, energy efficiency, low carbon and R&D technologies.
- A partnership between the public and private sectors is critical for achieving successful results in climate change mitigation and adaptation. International financial institutions and governments shall continue supporting the private sector involvement through investment support, barrier removal, and maintaining competitive markets as sources of investment and providing possible solutions to these complex challenges.
- International financial institutions are encouraged to continue with the design and administration of new international financing facilities for co-financing new activities with strong development and environmental benefits, including assisting developing countries to transform into a low-carbon, climate-resilient growth path.



Programme Summary

Ensuring Investment in Secure and Sustainable Energy: Benefits of Multilateral Action

Welcome and Opening Statement



Professor Plutarchos SAKELLARIS
Vice President, European Investment Bank

Plutarchos. Sakellaris is Vice President of the European Investment Bank (EIB). His responsibilities include Management Committee, Economic and Financial Studies division and Bank's energy policy. Prior to joining the EIB, Mr. Sakellaris held the positions of Chairman of the Council of Economic Advisers at the Hellenic Ministry of Economy and Finance and Professor in the Department of Economics of the Athens. He has widely published and conducted research in the area of monetary policy, productivity and sources of growth, firm investment in physical capital, the industrial sector and education.



H.E. Mr. André MERNIER
Secretary General, Energy Charter Secretariat

Ambassador André Mernier became Secretary General of the Energy Charter Secretariat in January 2006. Prior to becoming Secretary General, he was Head of Energy Services in the Ministry of Foreign Affairs of Belgium. He has enjoyed a distinguished career in the Belgian foreign service, including appointments as Ambassador of Belgium in Korea, Geneva (1996-1999) and Moscow (2000-2004), having also been accredited to Belarus, Moldova, Armenia, Georgia, Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan.



Rémy JACOB
Director General Strategy & Corporate Centre,
European Investment Bank

Rémy Jacob is Director General of the Strategy and Corporate Centre. He is also the EIB Group Chief Information Officer and Financial controller. He is also member of the Board of the European Investment Fund, the venture capital and guarantee arm of the European Investment Bank. Mr Jacob, a French citizen, has a degree from the Ecole Supérieure de Commerce et d'Administration des Entreprises in Dijon, France. He is 59 and joined the EIB in 1973.

Key Note Address



Joan MACNAUGHTON, CB
Senior Vice President, Alstom Power Systems

Joan Macnaughton is Senior Vice President, Power and Environmental Policies, of the Alstom Power Systems since 2007. Previously, she was senior civil servant, including being Principal Private Secretary to the Deputy Prime Minister and Director General, Energy, at the UK Department of Trade and Industry. She led the preparation of the Government's 2003 Energy White Paper and the energy work at the heart of the Programme of Action agreed by the Gleneagles G8 Summit.

Session One: The international legal framework for energy investments: the Energy Charter Treaty and other international legal instruments



H.E. Mr. Takekazu KAWAMURA
Chairman, Energy Charter Conference

Ambassador Takekazu Kawamura is Chairman of the Energy Charter Conference since January 2007. He was previously Japan's Ambassador Extraordinary and Plenipotentiary to the European Union, to the Islamic Republic of Iran and for Arms Control and Scientific Affairs, amongst other senior posts. Between 1965 and 1982, he served in a variety of Foreign Office posts in different countries, including France, Switzerland, Iran and the USA. In December 1984, he was posted as Minister-Counsellor to the Japanese Embassy in Belgium and served in a variety of posts with increasing responsibility before being nominated Ambassador in August 1995.



Elizabeth TÜRK
Senior Investment Law Expert
United Nations Conference on Trade & Development

Elizabeth Türk is a senior Investment law expert in the Division on Investment & Enterprise at United Nations Conference on Trade and Development.



Peter CAMERON
Director, University of Dundee

Peter Cameron is the Director of Research at the University of Dundee's Graduate School of Natural Resources Law, Policy and Management and Professor at the School's Centre for Energy, Petroleum Mineral Law and Policy. Formerly he was Director of the International Institute of Energy Law at the University of Leiden. He is Fellow of the Chartered Institute of Arbitrators and Honorary Professorial Fellow, Law School, University of Edinburgh. He is the author of a dozen books and many articles on energy law matters.



Ralf DICKEL
Director Trade & Transit, Energy Charter Secretariat

Ralf Dickel joined the Energy Charter Secretariat in October 2004 where he holds the position of Director of Trade and Transit. From October 2001 he headed up the Energy Diversification Division at the International Energy Agency (IEA), the energy arm of the OECD in Paris, where he was responsible for Policy Analysis of Energy Markets and of Energy Market Reform. Prior to joining the IEA, he worked as a Senior Specialist for Oil and Gas Policy at the World Bank, following a long career with Ruhrgas, the largest German gas company, where he held various managing positions, both in the gas purchase and gas sales departments.

Session Two: Identification of investment needs, opportunities and risks across sectors



Christian CLEUTINX
Director General, Euratom Supply Agency

Christian Cleutinx is Director General of the Euratom Supply Agency at the European Commission. He is involved in energy negotiations with the Russian Federation. In early 2003, he became director within the Directorate General for Energy and Transport of the European Commission, being first in charge of “conventional energies” before moving to Luxemburg where he took over the Commission’s Nuclear Safeguards Directorate.



Philippe HOCHART
**Vice President Caspian Countries and Iran,
GDF Suez, Global Gas & LNG**

Philippe Hochart is in charge of Caspian countries and Iran at GDF Suez Global Gas and LNG division. From 1980 he held operational positions in the power and gas distribution sector. In 1984, he was given responsibility for pricing in the Commercial Division of Gaz de France. In 1990, he was appointed to the Supply Division, where he managed Russian and Dutch gas supply and transportation contracts. In 1992, he was appointed as the Gaz de France representative in Moscow. In 2001, he was appointed as the Gaz de France general representative for North America and President of GDF Quebec.



Yury LAVROV
Head of the Representation Office in Belgium, Lukoil Oil Company

Yury Lavrov is Present: Head of the Representative Office on Corporate Affairs Lukoil Belgium N.V. Prior, he was Head of Department Strategic Development Evaluation at LUKOIL EUROPE HOLDING, Ltd. (UK). During 90s he was Head of Analytic Division of the Council for Trade and Economic Cooperation (CIS-USA). He has widely published articles in the area of energy, investment and economy and international relation.



Massimo GARRIBBA
Head of Unit, Euratom

Massimo Garriba is Head of Unit of the Euroatom coordination, responsible for legal questions and international relations at Nuclear Energy Directorate, European Commission. He has a background as a research control engineer JET project (Culham, UK) the leading world nuclear fusion experiment, responsible for the plasma current and shape real time control system. He was a head of sector in charge of implementing the eContent programme, a 100 M€ community programme to support the production of digital content by small and medium size enterprises.



Jamie WILSON

Director, International Business Development, Rest of the World Division, Iberdrola Renovables SA

Jamie Wilson is Director of the Rest of the World business segment in IBERDROLA RENOVABLES SA, with responsibility for business development activities in all markets except for Spain, US and UK. Prior to joining IBERDROLA RENOVABLES in October 2007, from 2003 Mr. Wilson served as Commercial Development Director of Energy Wholesale UK at Scottish Power plc.

Session Three: Modalities in energy finance: new financial products



Grammatiki TSINGOU PAPADOPEITROU

Director General Projects Directorate, European Investment Bank

Grammatiki Tsingou is Director General of the Projects Directorate of the European Investment Bank. She started her professional life in the Greek Ministry of Public Works and served at the Greek Permanent Representation to the European Communities before joining the Bank in 1985. Her career in the Bank includes operational work in several geographical areas (Southern Africa, the Baltic Countries, Poland, Russia, Greece, Turkey and other countries), as well as policy work. She has also served as Alternate Director on the EBRD Board.



Gianpiero NACCI

Energy Efficiency and Climate Change, EBRD

Gianpiero Nacci joined the EBRD in 2003. He is responsible for developing sustainable energy solutions for corporate clients of the EBRD. Previously, Gianpiero worked in the private sector with international companies such as Enron and Fiat Engineering as a project engineer in the development of large industrial and power generation facilities in Italy, India and the UK. Mr. Gianpiero is a mechanical engineer who graduated from the Polytechnic of Turin and holds an MSc in renewable energy technologies from the University of Oldenburg, Germany.



Peter D. THOMSON

Director, Sustainable Development, Europe & Central Asia Region, World Bank

Peter Thomson is Director of the Sustainable Development Department of the Europe and Central Asia Region of the World Bank. Prior to joining the Bank, Mr. Thomson worked for 25 years in the private sector primarily with Mobil Corporation where he held a variety of management positions including the positions of Manager of the Corporate Economics Department, President and General Manager of the Mobil Companies in Turkey, Vice President, Accounting Finance and Systems for Mobil Europe, Head of Mobil Solar Inc, and Assistant Treasurer for Mobil Corporation.



Thomas C. BARRETT
Director, European Investment Bank (EIB)

Thomas BARRETT is the Director responsible for the EIB's Structured Finance and Advisory Activities throughout the European Union and for the EIB/EU Action for Growth Initiative. He is currently also the Director of the EIB's Centres of Expertise on Trans-European Networks (TENs) and Public Private Partnerships (PPPs); on Energy and Environment and on the Knowledge Economy/Lisbon Agenda.



Takeshi SAKAMOTO
Senior Representative, Japan Bank for International Cooperation

Mr. Sakamoto is the Senior Representative at the Japan Bank for International Cooperation (JBIC), in Paris. He joined The Export-Import Bank of Japan (later JBIC) in 1993. He has a wealth of experience in corporate finance and project finance at the JBIC. He was a representative in London from 2004 to 2006 and since 2007 he has been working in Paris.

Concluding Panel Discussion: the international legal framework for energy investments – the way forward



Dr. Dario CHELLO
Director Energy Efficiency & Investment, Energy Charter Secretariat

Doctor Dario Chello became Director of Energy Efficiency & Investment of the Energy Charter Secretariat in February 2007. Before becoming a Director at the Energy Charter Secretariat, Dario Chello was a specialist member in the technical secretariat of the General Directorate for Energy at the Italian Ministry of Industry. In 2004, he was appointed to coordinate international relations and energy planning with reference both to EU activities and to other international activities.



Howard CHASE
Director, European Government Affairs, BP Europe

Howard Chase is Director of European Government Affairs for BP Europe and is responsible for relationships between the company and the European Union. He has worked on many major oil and gas development projects worldwide. He held senior government affairs posts for BP in both Washington DC and in Moscow. In addition to his role as Chairman of the Industry Advisory Panel of the Energy Charter Treaty, he is Chairman of the Foreign Economic Relations Work Group of the European Round Table of Industrialists.



Christopher HURST
Director of Transport & Energy, European Investment Bank (EIB)

Christopher HURST is Director of the Transport and Energy Department of the EIB. He joined the bank in 1989 as an economist involved in the appraisal of infrastructure projects, firstly within the EU and then in Eastern Europe, Asia and Latin America. For five years from 1996 to 2001, he was Head of the Bank's Economic and Financial Studies Division and was responsible for studies covering a wide range of longer-term strategy issues. Before joining the EIB, Mr Hurst held academic positions in Economics and Management Science at the Universities of Oxford and London and worked as a management consultant



Sergio GARRIBBA
Counsellor for Energy Policies of the Minister of Economic Development of Italy

Sergio Garribba is the Special Representative for the Energy Charter review. He is adviser to the Minister and Government on national and international energy policy issues, programmes and developments. In 2008, he worked as a free-lance providing governments and companies with analysis and studies on energy market strategies, technology programmes and investments. He has occupied a number of high ranking positions in the energy sector over the last 30 years.

Speakers' presentations available on the Energy Charter website:
<http://www.encharter.org/index.php?id=465>

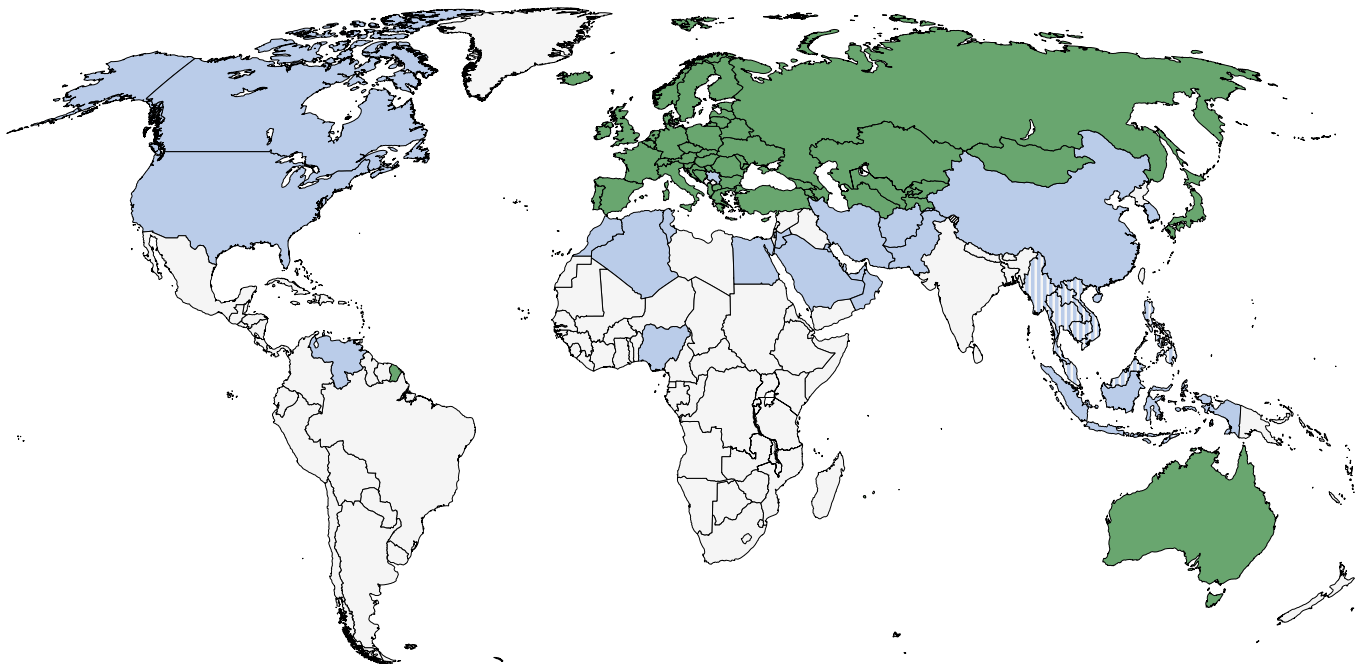


This report has been prepared by Mr Zafar Samadov with the help of his colleagues and the Director of Energy Efficiency and Investment. Special thanks to Mr Neil Melvin, Mrs Antigoni Daifotis and Mr Yves Rayeur for their precious assistance as well.

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The Energy Charter Treaty is a legally-binding multilateral instrument covering investment protection, liberalisation of trade, freedom of transit, dispute settlement and environmental aspects in the energy sector. The Energy Charter Treaty was signed in December 1994 and entered into force in April 1998. To date the Treaty has been signed or acceded to by fifty-one states plus the European Communities, representing nearly 40% of global GDP.¹ Twenty more states and ten international organisations have the status of observers to the Energy Charter.²

The Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) is a legally-binding instrument that was signed together with the Energy Charter Treaty and came into force in April 1998. It requires its signatories to formulate energy efficiency strategies and policy aims, to establish appropriate legal frameworks, and to develop specific programmes for the promotion of efficient energy usage and the reduction of harmful environmental practices in the energy sector. Implementation of PEEREA is kept under review and discussion by the Energy Charter Working Group on Energy Efficiency and Related Environmental Aspects.



¹ Albania, Armenia, Austria, Australia, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Communities, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Mongolia, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, the former Yugoslav Republic of Macedonia, Turkey, Turkmenistan, Ukraine, United Kingdom, Uzbekistan

² **States:** Afghanistan, Algeria, Bahrain, People's Republic of China, Canada, Egypt, Indonesia, Islamic Republic of Iran, Hashemite Kingdom of Jordan, Republic of Korea, Kuwait, Morocco, Nigeria, Oman, Palestinian National Authority, Pakistan, Qatar, Saudi Arabia, Serbia, Tunisia, United Arab Emirates, United States of America, Venezuela

International Organisations: ASEAN, EBRD, IEA, OECD, UN-ECE, World Bank, WTO, CIS Electric Power Council, BSEC, BASREC

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