Global energy governance and investment

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Current state of play

• Over 1 billion ppl w/o access to electricity (1 in 5)

- More than 95% of the people without access to modern energy services are either in Sub-Saharan Africa or developing Asia.

• ‘Electricity enables children to study after dark. It enables water to be pumped for crops, and foods and medicines to be refrigerated.’

- Source: UN
Is energy globally well governed today?

Depends on whose point of view... for some YES; for others, NO...

Large inequalities in per capita energy consumption across countries

Is the evolving energy governance system addressing inequalities?

Source: UNEP/GRID-Arendal
http://www.grida.no/graphicslib/detail/energy-consumption-per-capita-2004_5dca#
What is the current energy security governance system?

- FRAGMENTED
- DISJOINTED
- SELECTIVE MEMBERSHIP
- GUIDED BY SUBJECTIVE STATE INTERESTS
- “GES GOVERNANCE” DOES NOT EXIST
Inter-State governance over the global energy economy is neither global nor cohesive.

A cohesive GEG may lead to GES

• **Overview of the main institutions** involved in energy governance and their interaction in 5 key energy sub-sectors:

  - Trade, **Investment**, Climate change, Energy security,
  - Energy transit
5 key aspects of energy governance

Institutions involved are not responsible for GEG per se but should be considered due to their incidental involvement with WTO, PTAs, ECC, OPEC, GECP, IEA, IEF, WPC, G-8, G-20, MEF, UNFCCC, WTO, ECC, EU, NAFTA, ECC, WTO, BITs/MITs, ICSID.
2. Investment

No overarching framework for investment, let alone energy investment

**Investment**

- **ECC**
  - Facilitates energy exploration.
  - Obligation to respect & protect foreign investment.

- **WTO**
  - TRIMs, GATS have investment protection provisions that can be applied to energy.

- **BITs/MITs**
  - BITs/MITs add another layer of protection to foreign energy investments.

- **ICSID**
  - Dispute settlement, applicable to energy investment disputes.
Investment protection instruments in energy

- ECT = only multilateral investment treaty exclusively for energy
- Possibilities: bilateral/regional investment treaties and trade agreements with energy infrastructure chapters
- Ideal: one multilat/universal invsmt agmt (MAI)
Challenges to energy investment

- nationalism of energy producing countries => energy policies are influenced by national interests
- Decision-makers are caught between environmental, security and economic objectives
- Increasing difficulty in accessing natural resources
IEM and the Energy Community

- Greece no longer isolated in SE Europe
- IEM now one cohesive area