

ENERGY CHARTER TREATY AND ITS RELEVANCE FOR EU - GCC COOPERATION

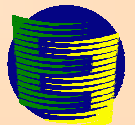
Dr. Andrei A. Konoplyanik
Deputy Secretary General,
Energy Charter Secretariat

EuroGulf Energy Forum
Kuwait, 2-3 April 2005

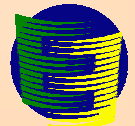
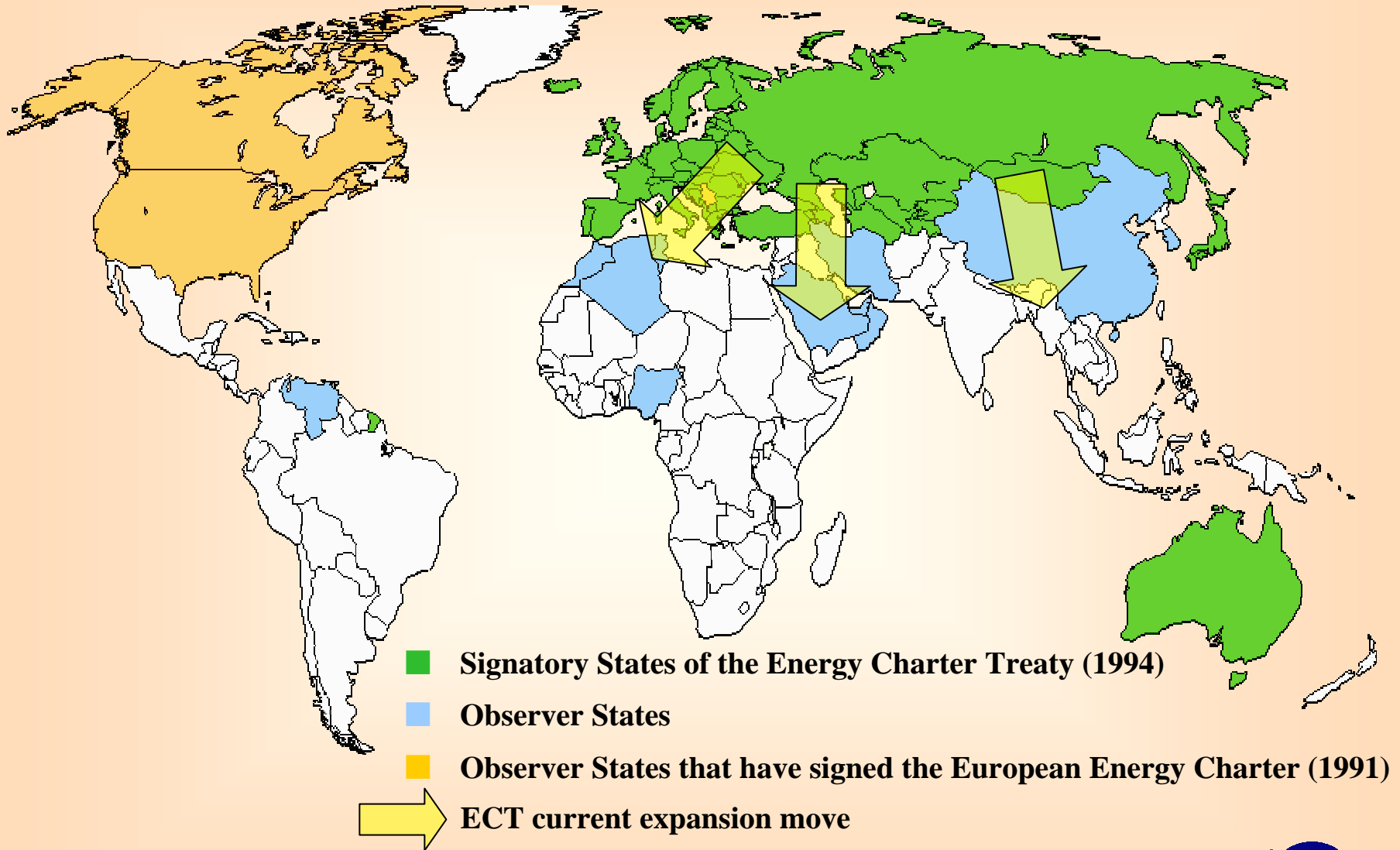
THE ENERGY CHARTER TREATY - A BALANCE OF INTEREST BETWEEN PRODUCERS AND CONSUMERS OF ENERGY

ECT Article 2

“This Treaty establishes a legal framework in order to promote long-term cooperation in the energy field, based on complementarities and mutual benefits”



ENERGY CHARTER PROCESS: GEOGRAPHICAL DEVELOPMENT



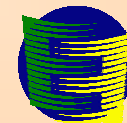
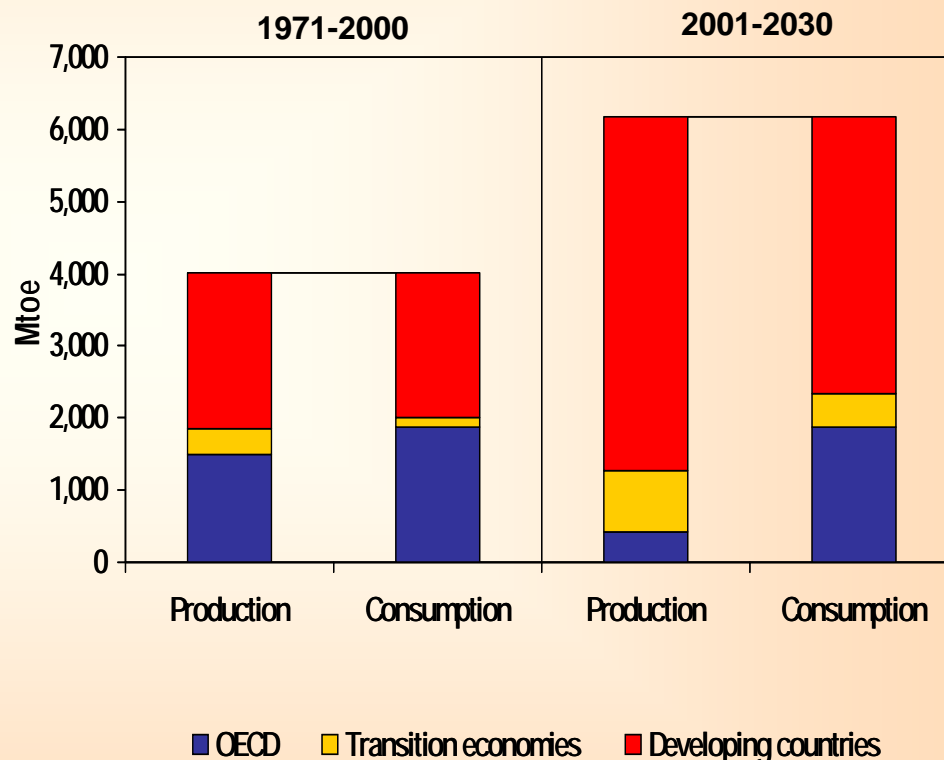
GLOBAL ENERGY TRENDS

2001-2030:

- Increase in energy production:
95% outside of OECD
- Increase in energy consumption:
70% outside of OECD
- Cumulative energy investment:
 - 50% from non-OECD to non-OECD markets, and
 - 10% from non-OECD to OECD markets

Increase in World Energy Production and Consumption

(Source: IEA WEIO 2003)



ECT AND SOVEREIGNTY OVER ENERGY RESOURCES

ECT Article 18 (1)

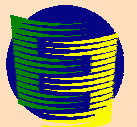
“The Contracting Parties recognise state sovereignty and sovereign rights over energy resources...”

ECT Article 18 (2)

“... the Treaty shall in no way prejudice the rules in Contracting Parties governing the system of property ownership of energy resources.”

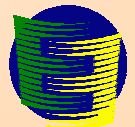
ECT Article 18 (3)

“Each state continues to hold in particular the rights to decide the geographical areas ... to be made available for exploration and development of its energy resources, the optimization of their recovery and the rate at which they may be depleted or otherwise exploited, to specify and enjoy any taxes, royalties or other financial payments payable by virtue of such exploration and exploitation ...”



ECT: THE FIRST MULTILATERAL INVESTMENT AGREEMENT

- **Binding guarantee of non-discriminatory treatment for post-establishment phase**
- **Protection against key political/regulatory risks:**
 - expropriation and nationalisation,
 - breach of individual investment contracts,
 - unjustified restrictions on the transfer of funds
- **Reinforced by access to binding international arbitration in case of dispute**



FOCUS OF INTERNATIONAL ORGANISATIONS (approximation)

