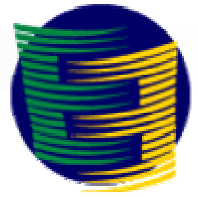


IEA/KEEI Conference on Northeast Asia Energy Cooperation, Seoul, 16-17 March 2004

Presentation by Dr Ria Kemper,
Secretary General, Energy
Charter Secretariat



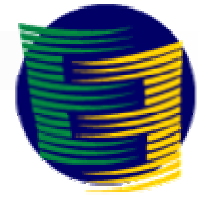
Focus of Presentation:

- Importance of inter-governmental cooperation for **reducing energy investment risks** in NE Asia
- Relevance of **Energy Charter process** for the NE Asian region



Energy Trade in NE Asia – Mutual Interests:

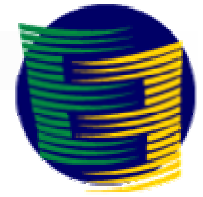
- Japan, Korea, PR China:
Diversification of energy supplies
- Russia: **New energy export markets** in Asia



But Major Investments Needed:

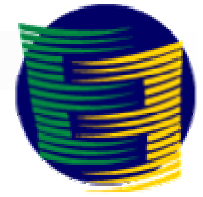
“More of the capital needed for energy projects will have to come from **private and foreign sources** than in the past... Private capital flows are very sensitive to macroeconomic conditions and to the **nature and stability of government policies.**”

*From IEA's World Energy Investment Outlook
2003*

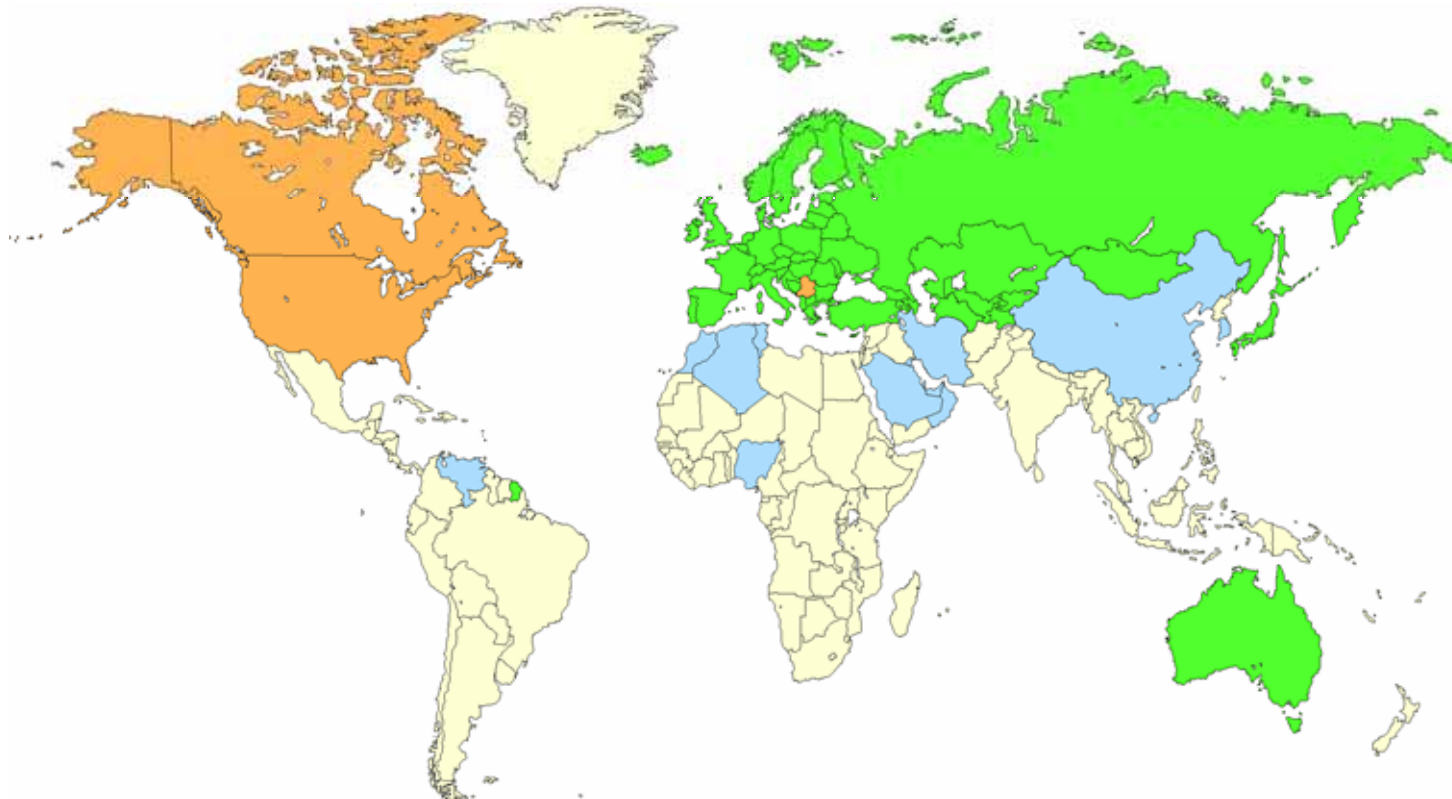


Key Tasks of Governments:

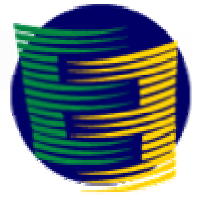
- To create a **stable climate for energy investments** in NE Asian region
- In doing so, to reduce the level of **non-commercial risk** associated with energy projects in NE Asia



The Energy Charter Process



- Map of the Energy Charter's constituency (*full members in green, enhanced observers in orange, other observers in blue*)



History of the Energy Charter:

- Created against background of **mutual interest in energy cooperation** in post-Soviet Eurasia
- OECD consumer states looking for **new supply sources**, Russia/CIS eager for **foreign investments and development of markets**



Key Features of the Energy Charter Treaty (ECT):

- Legally-binding rules for economic cooperation based on **transparency and non-discrimination**
- **Main areas of coverage:** trade, transit, investment, energy efficiency and dispute settlement procedures



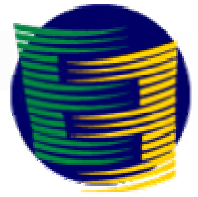
Relevance of ECT for Northeast Asia:

- ECT role in **stimulating investor confidence** in projects involving cross-border flows
- ECT: **most developed multilateral mechanism** for cooperation over energy transit



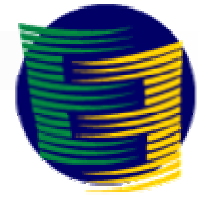
But – Energy Charter also faces challenges:

- Russia has **signed, but not yet ratified**, the Energy Charter Treaty
- Russian ratification **essential** if ECT is to realize its full potential



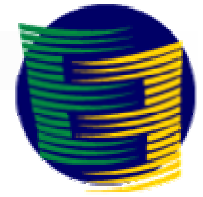
Energy Charter Transit Protocol:

- Aim: to create more **detailed regime** of energy transit rules, based on existing ECT
- Conclusion of Protocol postponed (December 2003), due to **EU-Russia differences**

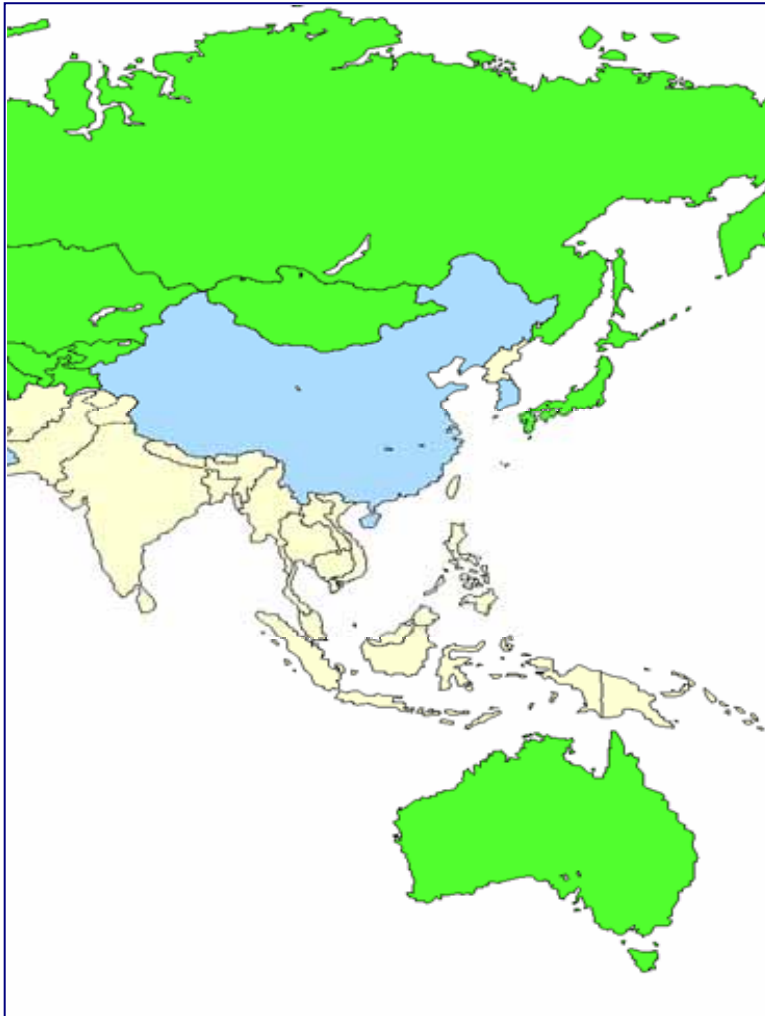


Conclusions:

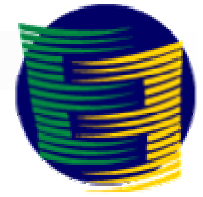
- Energy Charter's experience shows that **building multilateral energy cooperation is difficult**
- But in the long-term, rules of the ECT have key role in promoting **international energy security**



Energy Charter in Asia:



- Full members:
Australia, Japan,
Mongolia, Russia,
Central Asian
states
- Observer-states:
PR China, S. Korea
- Observer-
organization:
ASEAN



A North-East Asian Energy Charter?

- **Experience of the Energy Charter process** available as a reference-point for NE Asian region
- Possibility of **accession to ECT by NE Asian states**