



ICC's Commission on Environment and Energy

Business: Part of the solution

Energy security

Ensuring geographical and resource diversity of energy supplies strengthens economies and overall energy security through energy interdependence. Removing trade barriers, improving access to natural resources, and opening markets to free competition will help minimize potential disruptions. The most effective policies create a legal and regulatory framework that attracts investment, encourages technology transfer, stimulates open competition, and capitalizes on the force of the free markets. Advancements in technology will continue to improve global energy security and will also lessen the impact of energy-related activities on the environment.

Energy is an essential input for businesses of every size, whether domestic or international, for energy suppliers, the transport industries, energy-intensive industry and service providers. To business, energy security means confidence in its ongoing ability to access reliable and affordable energy wherever it operates. Secure and reliable energy supply and infrastructure impacts the feasibility and costs of doing business from perspectives of competitiveness and productivity. Energy security is a vital consideration, not only for day-to-day operations, but also for long-term investment. This document provides views of the international business community concerning energy security, both as regards the role of the private sector and the importance of sound governmental policy.

Key issues include:

- In today's globalized world, with a highly non-uniform distribution of energy resources and market demands, diversity of supply, open markets and political interdependence are essential for energy security at the global level.
- Energy security, economic growth and development are interwoven, so energy and development policies should be addressed in an integrated way.
- Governments should establish stable, long-term energy policy, recognizing the need for open, competitive markets supported by reliable legal, fiscal and regulatory frameworks to encourage energy investment and innovation that responds to and marshals market forces.
- Reliable infrastructure and transfer systems, such as electricity transmission networks and gas pipeline networks are indispensable to energy security.
- To meet growing demand, all energy options should be kept open. Public policy should establish criteria and guidelines for safe, cleaner energy supply and responsible use of resources.
- Policy should support market-based innovation to promote energy security through diversification of supply and introduction of more efficient supply and end-use technologies. Strong research, development and deployment policies and programmes must be fostered and maintained.



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- National and international governance infrastructure should enable a global open market trading system in energy, energy feedstock's, and energy intensive goods.
- In addition to governments' inter-relationships and policies, cooperation between governments and the private sector is important to energy in security

Challenges of energy security include:

- The increasing demand around the world to meet society's needs and aspirations. There is a compelling need to increase access to modern energy services for the two billion people without access today.
- International cooperation in a complex, inter-connected, increasingly globalized energy market to promote mutually reinforcing energy security and environmental protection.
- The impacts of international agreements such as UNFCCC and their national implementation.
- The diversity of energy resources, ownership and control and the economics of access and their impact on energy security are important.
- Technological advancements which will have a critical impact on which energy resources can be utilized.

Business' role in energy security

The private sector provides significant investment and produces, transports and distributes energy to end users, and is a significant energy user itself. Business' ability to generate economic growth and its associated benefits depends on access to reliable, affordable energy. Business provides solutions to energy security challenges through research and development of new energy-relevant technologies and subsequent commercialization, deployment and transfer.

Decades of investment may be required before new technologies can be implemented at a scale that significantly impacts the global energy base. Fostering diversity of supply and energy interdependence in open market economies across the world is the most effective and efficient way to marshal business investment to promote secure and reliable energy supplies.

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