



FINAL STATEMENT OF CLUB DE MADRID V GENERAL ASSEMBLY CHALLENGES OF ENERGY AND DEMOCRATIC LEADERSHIP

Madrid, October 21, 2006 – We, Members of the Club de Madrid, all democratic former Heads of State and Government, came to Madrid to discuss the urgent challenges the world faces regarding energy security, equity, and sustainability and to consider next steps for advancing our common agenda to promote democracy that delivers. Drawing on our personal experiences as political leaders and the insights of leading experts from governments, international organizations, academia, civil society and the private sector, we sought to identify the most critical energy issues facing democracies and to offer practical recommendations to advance an agenda of sustainable, affordable, secure energy for all.

The Coming Crisis and Present Urgency

The vulnerabilities of energy supply, the dramatic growth of energy demand, the indisputable phenomenon of global warming caused by human activity and the unacceptable levels of energy poverty combine to force us to reach a fundamental conclusion: we have reached a tipping point for humanity. We learned during our meetings about the diagnoses of these problems and a range of concrete responses to address them now and in the future. What is lacking is the political will of leaders and citizens to face up to these truths and take action.

We urge in the strongest possible terms that all responsible actors – leaders from politics, business, civil society, science and technology, finance and academia, as well as citizens from around the world – join forces now to construct a new energy vision for the survival of our planet.

How Democracies Can Deliver Sound Energy Policies

We are convinced that the ability of democracies to deliver a minimum quality of life for their citizens depends on an understanding that energy is a public good. As such, it is a central issue for democratic politics. It must be approached on the public agenda in an inclusive way, recognizing that we are all mutually dependent on the air we breathe, the water we drink and the energy we consume to survive.

Democratic leadership requires managing risks in a transparent and accountable way. It also demands strengthening checks and balances, operating within the rule of law, encouraging open debate and building consensus, all hallmarks of a democratic system. Democracies also value and practice dialogue and negotiation and therefore need leaders with the capacity to listen, to learn, and as necessary to change our point of view for the common good. These are the operating principles that lead to productive energy policies, stable and stronger economic growth, and a better life for our citizens and our environment.

Energy Security and International Governance

At current trends, the world's energy system is unsustainable. We face a range of vulnerabilities to energy supply and demand. If current policies do not change, non-renewable fossil fuels, the main contributor to global warming, will constitute 90% of the increase in energy demand between now and 2030. Supply is increasingly under the control of state authorities that do not operate with transparency or accountability. As oil and gas prices rise, political leaders are tempted to abuse the additional resources they control to suppress democratic development in their own countries and externally. We condemn this trend and call on democratic leaders to act with courage to support defenders of democracy and human rights in authoritarian societies.

While much progress has been made in advancing international dialogue among the main energy consumers and producers, much more work is needed to achieve common understandings and action. Specifically, we call on all countries to increase transparency of energy finance and revenues, strengthen the rule of law, diversify and liberalize energy markets, and develop a road map to enhance the predictability of energy supply and demand. Ratifying the Energy Charter Treaty and concluding negotiations for its Transit Protocol are key steps all eligible countries should take in this direction.

Managing Energy Resources Wisely

One of the greatest challenges all resource-rich countries face is how to manage their natural resources to ensure that the benefits reach all sectors of society. Too many governments and private companies have fallen into a trap of corruption and mismanagement, depriving citizens of the benefits of resource wealth instead of fighting poverty. Strong democratic institutions, a vibrant civil society and checks and balances are the best ways to address this problem.

We commend the establishment of the Extractive Industries Transparency Initiative as a positive example of cooperation among governments, civil society and the private sector and we call on all states to endorse and implement its standards as quickly as possible. We recognize that experiences of resource revenue management for the common good may differ according to the level of political and economic development. We believe that the establishment of an international mechanism to develop best practices for institutionalizing transparency and monitoring of resource revenue is an important next step in this field.

Alternative Energy and Climate Change

Given the reality of current trends of climate change and the increasing dependence on fossil fuels, we believe the world faces a stark choice: to act now to transform our energy systems or suffer the consequences of run-away global warming including massive flooding, catastrophic storms and spreading disease. This impending crisis demands bold political leadership and immediate action.



Since energy is a common good, governments have a unique role to play in designing incentives to encourage energy efficiency and dramatically scale up development of renewable energy, such as biofuels, hydropower, solar and wind energy. We acknowledge the need for greater public debate about the costs and benefits that nuclear energy offers to address future energy demands. As new energy systems are developed, it is essential to mainstream energy efficiency standards and thereby leapfrog to a more environmentally responsible energy system.

Access to Energy for All

Over 1.6 billion people in the world have no access to electricity. About 1.3 million people die each year from smoke-related sources of biomass energy for cooking and heating. This is an unacceptable situation and demands urgent attention to ensure that hundreds of millions of people can obtain affordable and clean energy in the next ten years. Sound public policies designed to provide appropriate subsidies, energy safety nets, local job creation, and stable investment frameworks are desperately needed. A significant infusion of new development aid and private investment is also required to bring energy to the hundreds of millions of people deprived of the basic elements so vital to human dignity.

Finally, we express our conviction that, while all of us are responsible for addressing our common energy challenges, a special responsibility falls to the highest consuming countries, most of which are democracies. It is time for exceptional political leadership, a serious public debate and concerted action to bring energy supply and consumption into a sustainable balance for the sake of our common humanity. The Club of Madrid intends to dedicate its own leadership capacities to call attention to these urgent problems and press for reforms at the national and international levels.