



Liechtenstein

Population ¹	37,800
Area (km ²) ¹	160
GDP per capita (USD) [*]	168,146.02
TPES (Mtoe) ²	N/A
Energy intensity (toe/10 ³ 2010 USD) ²	N/A
CO ₂ emissions - energy (MtCO ₂) ²	N/A

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

* 2015 data

Liechtenstein’s overall risk level against the assessed areas is **low**.

The risk of *breach of State obligations* remains the lowest, compared to 2018. It is followed by *discrimination between foreign and domestic investors*, which is also on the same level as last year. *Unpredictable policy and regulatory change* is again the highest risk area, though the level has decreased.

Liechtenstein has a very good performance on one EIRA indicator, and a good performance on two. It has a moderate performance on one indicator. *Regulatory environment* and *rule of law* received 81 and 79 points, as in 2018. On *management of decision-making processes* it has retained a good score of 67 points. The score on *foresight of policy and regulatory change* has gone up from 59 to 60.

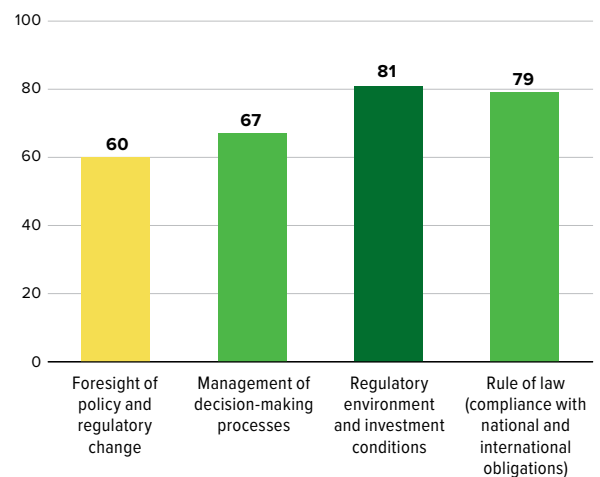
On a more detailed level, Liechtenstein’s overall sub-indicator performance is good. *Restrictions on FDI* is once again the highest-scoring sub-indicator with 100 points. On *respect for property rights* (83), *institutional governance* (75) and *management and settlement of investor-State disputes* (75) it has received the same score as last year. Liechtenstein improved its performance on *communication of vision and policies* (71) by two points. On *regulatory effectiveness* (61) and *transparency* (58), it has retained the scores from 2018. *Robustness of policy goals and commitments* is again the lowest-scoring sub-indicator with 48 points.

Liechtenstein provides attractive conditions for investors and is working in the right direction. Attention should be given to strengthening the robustness of the country’s policy goals and commitments.

RISK LEVEL



INDICATOR PERFORMANCE

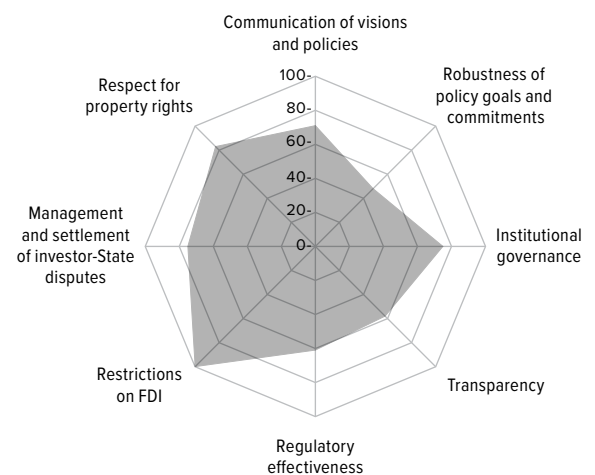


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	32	31
Discrimination between foreign and domestic investors	25	25
Breach of State obligations	21	21

INDICATORS	2018	2019
Foresight of policy and regulatory change	59	60
Management of decision-making processes	67	67
Regulatory environment and investment conditions	81	81
Rule of law	79	79

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The principal energy strategy document for Liechtenstein is the Energy Strategy 2020 (published in 2012).

Liechtenstein acts within the framework of the European Economic Area (EEA), which includes participation in the EU Emissions Trading System (ETS) and the EU's 2020 Climate and Energy strategy.

In June 2018, the Government published the Climate Change Adaptation Strategy. This Strategy contains a range of measures for several sectors, including energy infrastructure.

Liechtenstein has submitted its NDC and has committed to a forty per cent reduction of GHG by 2030, compared to base year 1990.

STRENGTHS

Security of supply, environmental sustainability and social acceptance are at the core of the Government's energy strategy. In August 2018, the Government launched consultations on the development of an Energy Vision 2050 and an Energy Strategy 2030, as a follow-up on the 2020 Energy Strategy and to comply with the EU 2030 goals. The aim is to adopt the Energy Strategy 2030 before the end of 2019. It is also expected that the current Emissions Trading Act 2012 will undergo a major revision in the course of 2020. In addition, the Government is preparing a Blockchain Act. This Act is expected to lower the costs of digital transactions and open new opportunities for all sectors, including energy.

The Office for Energy, under the Ministry for Infrastructure, Economic Affairs and Sport, monitors the implementation of the country's energy strategy. It keeps track of several categories of measures targeted at attaining the goals. In 2017, Liechtenstein published the Mid-term Review of the Energy Strategy 2020. The Office of Statistics publishes the countries' energy statistics on an annual basis and makes them available on the Government website.

AREAS FOR IMPROVEMENT

As recommended in 2018, the efforts towards developing and adopting the new Energy Vision 2050 and Energy Strategy 2030 should be pursued as the current strategy will soon expire. Balancing and aligning the long-term goals for 2050 and the medium-term goals for 2030 will enhance predictability for investors. In particular, the country's ambition to reduce energy dependency should be balanced with its goals to decarbonise whilst keeping energy transition affordable.

The objectives in the new Energy Strategy 2030 should be supported by binding action plans that will ensure its execution. The ambition to reduce GHG emissions by 2030 should be codified, as was announced in the country's NDC. Moreover, it is suggested that the expected share of emissions reduction from the energy sector should be specified in its next NDC.

Management of decision-making processes

QUICK FACTS

The Office for Energy, under the Department for Economy of the Ministry for Infrastructure, Economic Affairs and Sport, is responsible for developing, implementing and monitoring the country's energy policy.

The Department for Economy is in charge of investment-related issues. It is under the Ministry for Infrastructure, Economic Affairs and Sport.

Law no. 172.015/1999 "On Information for the Population" envisages the right to information.

STRENGTHS

The institutional set-up in Liechtenstein is strong. The legislative process is stipulated in the law. The right to initiate legislation lies with the Parliament and the Reigning Prince. The national Energy Commission is responsible for developing the energy sector policies. The Commission is supported by the Office for Energy, which prepares all energy policies. The Office for Energy also organises consultations for the Government and acts as single window for all enquiries regarding investment in the energy sector.

The Government makes all legal and regulatory documents available, electronically and in print. The Government has recently started publishing selected decrees and laws in English. Though it is not a legal requirement, in practice the Government organises public consultations on proposed policies and laws. The Law "On Information for the Population" entitles the public to receive information from Government authorities.

AREAS FOR IMPROVEMENT

The Government should consider reorganising the tasks of the Office for Energy, so that its responsibilities can be managed effectively. Its monitoring and regulatory functions should be transferred to bodies that are independent of the Government. The Government could consider establishing a one-stop shop for the energy sector, which approves investments and arranges licences. This could be set up as a joint operation of the different departments of the Department for Economy.

Transparency and consultative processes can be further enhanced. As was recommended in 2018, all regulatory decisions should be made available, preferably through an easily accessible online repository. Access to information on tariff methodology can improve the transparency in the regulatory framework. The Government should expedite its efforts to make all relevant laws and regulations available in a foreign language. This can contribute to attracting more investors in the energy sector. Though in practice the Government often conducts consultations, Liechtenstein should have legal provisions on consultation with stakeholders during the policy, law-making and regulatory processes, including a provision to make the results of such consultations available.

Regulatory environment and investment conditions

QUICK FACTS

The Commission for Energy Market Oversight regulates the electricity and gas markets, based on the Law no. 730.3/2002 “On the Electricity Market (Electricity Market Act)”, Law no. 733.2 “On the Gas Market (Gas Market Act)” and in alignment with the EU’s energy market directives.

Competition issues are dealt with by the Economic Department of the Ministry for Infrastructure, Economic Affairs and Sport.

Within the framework of the EEA agreement, Liechtenstein provides equal treatment to domestic and foreign investors.

STRENGTHS

The Commission for Energy Market Oversight is responsible for market supervision, the adoption of non-discriminatory price-setting mechanisms and the designation of transmission and distribution system operators. The Parliament and the Commissions for Company Oversight and Financial Oversight exercise public control on the Commission for Energy Market Oversight. The Commission has the right to levy fees and allocate its financial resources without prior approval from the Government.

The legal framework of Liechtenstein does not have any barriers to FDI. Screening of investment is limited to notification and is applied on a non-discriminatory basis. Foreign companies are allowed to hold a majority stake in energy projects and are not legally obliged to partner with State or local enterprises. Transfer of invested capital and related profits is fully permitted. There are no limits on the employment of foreign personnel. In addition, the EEA Agreement ensures free movement for workers in the EEA.

AREAS FOR IMPROVEMENT

To further strengthen the regulatory environment, the Government should consider granting more functional and organisational independence to the Commission for Energy Market Oversight. In particular, its Secretariat should be separated from the Office for Energy. The selection procedure of the Commission’s members should be open and transparent. Ideally, their mandate should be renewable only once. These measures would enhance the accountability and impartiality of the Commission as supervisory authority.

The transposition of the EU Electricity and Gas Market Directives 2009/72/EG and 2009/73/EG, which includes the role of the Commission for Energy Market Oversight as national regulator, is pending in Parliament. The Parliament may consider expediting the adoption of the relevant implementing acts.

The Government could consider opening up the ownership of the national public network entities for electricity and gas for private investors.

Rule of law

QUICK FACTS

Liechtenstein joined the WTO on 1 September 1995.

Liechtenstein ratified the Energy Charter Treaty in 1997.

Liechtenstein acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) in 2011.

Law no. 711.0/1887 “On the Procedure in Cases of Expropriation” determines the process for expropriation.

STRENGTHS

The procedure for hearing contractual disputes with foreign investors is stated in Law no. 272.0/1912 on Court Jurisdiction. Arbitration is included in Law no. 271.0/1912 “On the Legal Proceedings in Civil Cases (Code of Civil Procedure)”. Moreover, parties may apply arbitration rules prepared by the Liechtenstein Chamber of Commerce and Industry in 2012. The Regulation no. 730.311/2009 “On the Regulatory Authority and Arbitration under the Electricity Market Act and the Gas Market Act” also mandates the Commission for Energy Market Oversight to arbitrate. Liechtenstein encourages the amicable resolution of disputes and has adopted the Law no. 275.1/2004 “On Mediation in Civil Matters”.

Liechtenstein’s Constitution 1921 guarantees the inviolability of private property. The Civil Code of Procedure contains detailed provisions protecting property rights. Intellectual property is safeguarded by a variety of laws including the Law on Swiss Patent 1954 (as amended in 2012), as the countries have a unified territory of protection. The Constitution and Law no. 711.0/1887 “On the Procedure in Cases of Expropriation” explain in detail the process of expropriation. Expropriation may take effect only after the payment of appropriate compensation.

AREAS FOR IMPROVEMENT

The Government can take additional measures to improve domestic dispute resolution processes. An investment ombudsman could be established to address potential complaints of foreign investors. Also, a time limit for domestic courts and administrative tribunals to deliver final judgments may be enshrined in law.

Liechtenstein could consider becoming contracting party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ‘ICSID’ or ‘Washington’ Convention).

The Government should define the situations and circumstances under which expropriation may occur, as the Constitution and the Law on the Procedure in Cases of Expropriation do not set out the circumstances under which such expropriation would be justified. At present, only the case laws of the Liechtenstein State Court define the requirements for expropriation.