

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2005

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Related documents: Mess 578/05, Mess 581/05
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DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Terms of Reference for the merged Group on Trade and Transit

In message 578/05 of 21 March 2005, delegations received draft terms of reference for the merged Group on Trade and Transit, with a request for any comments and / or objections to be submitted by 25 April 2005. Since no comments were received, the draft terms of reference are considered as approved.

[Attached are the Terms of Reference as contained in Message 581 of 26 April 2005.]

Keywords: ToR, Terms of Reference, Group on Trade and Transit

Terms of Reference for the Group on Trade and Transit

I. Background

The review conducted under Article 34(7) of the Energy Charter Treaty recognised the continued need to address potential barriers to cross border energy flows, many of which relate to the grid bound nature of trade in electricity and in hydrocarbons, including issues of access to networks and management of transmission systems. A primary objective of the cooperation through the Energy Charter remains to facilitate the development of open, competitive and sustainable energy markets.

The review considered that a combined agenda for Charter activities in the areas of trade and transit could make a significant and more focused contribution to the facilitation of energy flows across the Charter constituency, which is central for enhancing energy trade and security.

The Charter Conference of 14 December 2004 therefore decided to merge as of 2005 the Groups on Trade and Transit in view of the converging agendas in these areas.

II. Composition

The Group on Trade and Transit consists of representatives of all Contracting Parties/Signatories to the Energy Charter Treaty. Observers are invited to participate in accordance with Rules 7 and 8 of the Rules of Procedure.

III. Tasks

The Group on Trade and Transit shall:

- assist the Energy Charter Conference in discharging its functions with respect to the implementation of trade and transit-related provisions of the Energy Charter Treaty and any related instrument;
- monitor and assist in the implementation of the Energy Charter Treaty and its related instruments on trade and transit and suggest recommendations on further steps to improve compliance;
- facilitate the discussion amongst the Charter constituency on promoting and securing cross border energy flows based on the principles and provisions of the Energy Charter Treaty and related instruments, including the elaboration of pertinent model agreements;
- analyse ways to facilitate the development of open, competitive and sustainable energy markets, and energy flows across the Charter constituency, with a view to removing potential obstacles to and improving access and transit, including

transportation conditions for energy materials and products and energy-related equipment;

- continue and, where appropriate, strengthen cooperation with other relevant international organisations, in particular the WTO and the IEA, to maximise synergies and avoid duplication;
- establish close contacts with the energy industry, in particular, through the Industry Advisory Panel in order to strengthen the interaction between the ECT constituency and industry for the effective implementation of the Treaty;
- deal with any trade or transit-related issue referred to it by the Energy Charter Conference or requested by Contracting Parties/Signatories in accordance with Rule 12 of the Rules of Procedure of the Energy Charter Conference.

IV Reporting to the Conference

The Group shall report to the Energy Charter Conference on its findings and proposed appropriate action in accordance with Rule 13 of the Rules of Procedure.