

**ENERGY CHARTER
SECRETARIAT**

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Related documents: CC 332, CC 334, CC 336, CC 338, CC 339, CC 342, CC 343, CC 347, RD 4 (ECC of 07 12 2007), RD 8 (ECC of 07 12 2007)
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DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Reports submitted to the 18th Meeting of the Energy Charter Conference held on 7 December 2007

- [*The Conference took note* of the Secretary General's Report on the Relations with Non-Member States as contained in document CC 332.]

The Secretary General noted the momentum that had developed in favour of the Energy Charter process in Asia and mentioned the intention of the Philippines government to become an observer to the Energy Charter as was communicated to him by the Philippines Secretary of Foreign Affairs; a request which the Energy Charter Conference granted by written procedure on 4 June 2007 (ECC 690/07). The Secretary General also noted the reference to the Energy Charter process by the ministers of foreign affairs of the ASEM Group who met in Hamburg on 28-29 May 2007. Contacts with India and China were maintained. The Secretary General noted and thanked Japan for its support to the visibility of the Energy Charter process in Asia and thanked Japan and Australia for their support in helping the Energy Charter Secretariat obtain Guest status within the APEC Energy Working Group.

The Secretary General reported on Pakistan's ratification process. During his meeting with the Prime Minister of Pakistan in May 2007 in Islamabad, the Secretary General was informed that the Pakistani government was conducting a legal review of the ratification process and that this would take some time. Because ratification usually involves vetting by parliament, the Secretary General reminded delegations of the lengthy nature inherent to any country's internal procedure of ratification/accession to an international binding instrument.

Keywords: Ratification Progress, Observer Status, UN, Follow-Up ICMS, Armenia, Blue Book

The Secretary General reported on closer communication with the OPEC Secretariat in Vienna and informed delegations about the signing of a memorandum of understanding between the Energy Charter Secretariat and International Energy Forum Secretariat to increase cooperation in areas of common interest to both organisations. The Secretary General also informed delegations of his visits to Qatar and Saudi Arabia in 2007 as part of a continuous dialogue that he hoped would be helpful in developing a closer working relationship with the countries of the Mashrek region in 2008. The Secretary General referred to a conference on cross-border pipelines that he hoped would take place in Damascus in the spring of 2008.

Following the decision of the Energy Charter Conference to apply for observer status to the General Assembly of the United Nations (ECC 685/07), the Secretary General informed delegations that the General Assembly of the United Nations had, on Thursday 6 December 2007, granted the Energy Charter Conference the status of observer to the General Assembly of the United Nations. The Secretary General was hopeful that this outcome would maximise synergies in areas of common interest to both organisations. The text of the Resolution was distributed as Room Document 8.

- [***The Conference took note*** of the Report on the work of the Ad Hoc Energy Charter Strategy Group in 2007 (as presented in document CC 334) and for the additional guidance this has given for the work of the Energy Charter. The Conference also welcomed the discussion in the Ad Hoc Energy Charter Strategy Group on new challenges and risks in the international energy markets and asked the Ad Hoc Energy Charter Strategy Group to continue consultations in 2008 in order (RD 4):
 - to identify these new challenges;
 - to consider in which way the Energy Charter process and its instruments can most efficiently respond to such challenges;
 - to report back to the next meeting of the Conference on the outcome of its discussions.]
- [***The Conference took note*** of the Report by the Chairman of the Investment Group as contained in document CC 336.]

[The Conference] took note of the work done on the follow-up ICMS report on Armenia. The report observed improvements in the country's legal framework (such as the adoption of a new Law on Energy), introduction of incentives for foreign investment, and general improvements in Armenia's microeconomic stability.

Several other items prepared by the Energy Charter Secretariat included:

- a report on 'Access to Technology' which focused on coal-to-liquids experience in Europe;
- a report on the highlights and main conclusions of the Conference on Investment Protection and the Energy Charter Treaty, organised by the Secretariat jointly with ICSID and the Arbitration Institute of the Stockholm Chamber of Commerce on 18 May 2007 in Washington DC;
- a report on the energy sector reform in Turkey presented by the Secretariat. The report reflected the country's liberalisation efforts, the changes in the status of the independent energy regulator, and Turkey's ambitious privatisation plans.

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Within the Risk Reduction Dialogue line of work, the Chairman highlighted several presentations, including those made by the EU Commission's Directorate General for Competition on ways to remove barriers remaining in the EU energy market, and by the Directorate General for Transport and Energy on the Commission's 'Third energy package' aimed at accelerating the opening up of European energy markets and increasing their efficiency.

The third general area of the Investment Group's activities reported by the Chairman was presentations by special guests. These included a presentation by Prof. Jung, Director of the Asia-Pacific Research Centre, on the market structure and investment initiatives in the Asia-Pacific region; and a presentation by Dr. Riley of the City University of London on the dynamics and future scenarios of market liberalisation in the European Union.

Finally, on the status of the 'Blue Book', the Chairman reported that there has been a decline in the number of registered exceptions, these went down to ninety. The Chairman noted that this was a good result but that the Investment Group will continue its work in this direction in order to have more impressive results achieved throughout 2008.

- [*The Conference took note* of the Report of the Chairman of the Trade and Transit Group as contained in document CC 338.]

Special highlights were the thorough discussions in the Group and in special seminars hosted by member governments of the Secretariat's book "Putting a Price on Energy". The Group continued its transparency initiative on ongoing cross-border oil and gas pipeline projects in Eurasia. In 2007 the Group started a discussion on increased electricity cooperation with the countries in Central Asia and South Asia, by holding two well-attended workshops in Bishkek and Kabul. A major development during 2007 was the reactivation of discussions on the draft Transit Protocol within the framework of the Trade and Transit Group.

- [*The Conference took note* of the Report of the Chairman of the Working Group on Energy Efficiency and Related Environmental Aspects as contained in document CC 339.]

The Secretariat also presented three reports prepared by the Energy Charter Secretariat in 2007, which were discussed by the Working Group on Energy Efficiency and Related Environmental Aspects:

- A report on Policy Developments and Challenges in Delivering Energy Efficiency, which was submitted to the Belgrade Ministerial Conference of the 'Environment for Europe' process;
- Energy Efficiency in Small and Medium-Sized Enterprises: SMEs have become increasingly important in many countries in terms of labour force employed, contribution to the GDP, and also in terms of energy consumption. The report analyses how a number of policy instruments for energy efficiency improvements can be applied to small and medium-sized enterprises, where specific barriers to energy efficiency exist. The report also discusses how energy efficiency can be successfully coordinated with the existing policies for supporting SMEs' development. The Secretariat thanked the government of Ireland for its support in the preparation of this report and for its voluntary contribution for this project;

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- Energy Efficiency in the Public Sector: this report prepared for the PEEREA Group looks at coordinated energy efficiency programmes and at policies and measures in four specific areas: procurement, buildings, energy management and capacity development. The report also includes case studies of selected policies. The report is expected to be released in 2008.
- [*The Conference took note* of the communication from the Industry Advisory Panel as contained in document CC 342.]

At its two meetings, in June and October 2007, the Panel discussed a proposal to expand its membership and to include companies that are involved in the production of energy producing equipment. On the subject of technology exchange and transfer, there was a proposal to set up a database accessible to all countries, notably countries aspiring to become members of the Energy Charter Treaty. Such openly accessible information could influence the countries' decision to join the Treaty and prove useful in their efforts to improve their energy markets, as well as to facilitate such countries' collaboration with ECT member countries.

[The Conference] welcomed the contribution of the Industry Advisory Panel to the work of the Energy Charter and asked the Secretariat to incorporate the findings of the panel in Energy Charter activities.

- The Conference took note of the Financial Statements and the Auditor's Report for 2006, as circulated in CC 343, and approved the recommendation of the Budget Committee to discharge the Secretary General from his management and administrative responsibility in respect of the 2006 Budget, in accordance with Article 32(4) of the Financial Rules.