

**ENERGY CHARTER  
SECRETARIAT**

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Related documents: CC 468
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Report on Policy on Consolidation, Expansion and Outreach (CONEXO) for 2013**

The Energy Charter Conference at its 24<sup>rd</sup> Meeting held on 5<sup>th</sup>/6<sup>th</sup> December 2013 **took note** of the Report on Policy, on Consolidation, Expansion and Outreach (CONEXO) for 2013 as contained in document CC 468 (attached hereto).

Keywords: Report, Policy, Consolidation, Expansion, Outreach, CONEXO

## **Report on Policy on Consolidation, Expansion and Outreach (CONEXO) for 2013**

In 2013, the Secretariat continued to implement the Policy on Consolidation, Expansion and Outreach (CONEXO) adopted in July 2012 (CC 431).

The key objectives of this CONEXO Policy are:

- consolidation of the Energy Charter Treaty among its original Signatories (COnsolidation);
- attraction of key energy players, who already has Observer status, to eventually accede to the Treaty (EXpansion);
- promotion of the Energy Charter Treaty and Process on a broader geographical level (Outreach).

Throughout 2013, the Secretariat worked in close **coordination** with the members of the Energy Charter Treaty and reported to the Conference Groups when appropriate.

The concept of the **Energy Charter Liaisons Embassies (ECLE)** was further developed and now countries expressed their readiness to participate in these diplomatic activities. Five ECLE Embassies have been established and five others are under consideration.

### ***Consolidation***

The Secretary General continued to take the lead on the Consolidation efforts with the five non-ratifying countries; Australia, Belarus, Iceland, Norway and the Russian Federation. In the course 2013, the Secretary General undertook two visits to the Russian Federation where at a political level he discussed Modernisation of the Energy Charter.

As regards Norway, the Secretary General conducted discussions at an appropriate level on the constitutional impediments to ratification. A mission was undertaken by the Senior Adviser on behalf of the Secretary General to Iceland thus completing the series of meetings in the capitals of the five non-ratifying countries. There were also ongoing consultations in Brussels with the representative of the five countries.

An integral part of the efforts of the Secretary General was the dissemination of the Non-paper on Consolidation of the Energy Charter Process. The second edition of this Non-paper is currently being considered with the broader constituency. The Secretary General briefed the Strategy Group throughout the year on his endeavours.

### **Projects and Activities**

## Projects:

- 1) In 2013 the Secretariat continued to implement the first phase of the project focused on the **Middle East and North Africa (“MENA Project”)**. The Secretariat conducted a number of missions to the targeted countries (in particular Morocco, Algeria, Tunisia, Libya, Egypt and Jordan), delegations from these countries participated in events and working meetings organised by the Secretariat in Brussels. The Kingdom of Morocco which was the pilot country for Phase One signed the Energy Charter Declaration at the end of 2012 and started the preparation of the accession reports.

Other targeted countries are in internal consultations to sign the Energy Charter Declaration. The Secretariat is in close contact and cooperation with the governments of these countries to assist and provide necessary assistance regarding the Energy Charter Process,

From 1 July 2013, the first Phase of the Project, financially supported by the government of Germany, has been concluded. The Secretariat initiated the second Phase of the project with financial support of the French Government. More time and financial support are necessary in order to reach the goals of the MENA Project. A proposal has been sent to the European Commission to develop the MENA Project through the next four years.

## Activities

- 2) **The Bali Energy Forum** which was co-organised by the Secretariat and the Indonesian Ministry of Energy and Mineral Resources on **19-20 September 2013**, marked the Charter’s first Policy Conference in the Asia-Pacific region. The event brought together 20 high-level speakers, more than 120 participants of various governmental, academic and professional backgrounds from 25 different countries around the world. During the two-day event and the various bilateral meetings on the sidelines, important energy challenges facing the region were discussed. Some of those challenges were identified by the speakers as previous episodes of high energy prices volatility, the need to secure sufficient and efficient energy investments and the region’s transition to a correct future energy. Recognising the linkage between energy investment, energy security and economic stability, the conference Concluding Declaration highlighted the Energy Charter Treaty’s core principles of non-discrimination, market-mechanisms, and open access, as the necessary basis for energy policy formulation in the region. In view of the region’s abundant cross-border energy projects, the importance of multilateral energy policy cooperation was also emphasised. The Secretariat was recognised by the conference participants as a potentially useful instrument for energy policy cooperation and investment promotion in the region. The conference also provided an opportunity to facilitate bilateral cooperation between the Secretariat and the government of the Republic of Indonesia.

### **Within the framework of the first phase of MENA Project**

- 3) The Energy Charter Secretariat and the Ministry of Energy and Mineral Resources of the Hashemite Kingdom of Jordan jointly held a **High-Level Meeting in Amman** on **3 July 2013** on the topic "Sustainable Energy in the Middle East and North Africa: Renewables, Efficiency and Regional Cooperation". The Meeting was held under the patronage of the Minister of Energy and Mineral Resources of Jordan Mr. Malek Kabariti. The event was attended by over seventy participants of various governmental, commercial, and professional backgrounds, as well as the expert community in the MENA region.

The High-Level Meeting focused on the Energy Charter's experience in facilitating regional energy cooperation as an effective instrument for building common views, coordinating policies and developing projects and partnerships.

### **Observer and Outreach Countries Meeting**

- 4) A total of thirty five participants representing twenty eight countries attended the Observer and Outreach Countries meeting, which was held at the Secretariat in Brussels on 10 October 2013. The Secretariat outlined recent developments in the Energy Charter Process and its modernisation, including the updating of the Energy Charter.

**Morocco** and **Indonesia** expressed support for the modernisation and expansion process. Both countries reiterated their requests for greater investment promotion activities in addition to investment protection. Delegates also called for more concrete statistical examples of the progress on investment climate and more attention to be shown to alternative energy sources, renewable energy and adapt activities to new energy trends like shale gas.

Algeria, Lebanon, Saudi Arabia, Palestine, South Sudan and Nigeria intervened during the meeting to show support for greater cooperation and involvement in the Energy Charter Process and to question some structural aspects of the organisation. **Myanmar, Sri Lanka and South Sudan** each made requests for relevant documents about the Energy Charter Declaration in order to explore the possibility of joining the Energy Charter Process.

### ***Expansion***

- (1) **Afghanistan:** On 20 June 2013 the Islamic Republic of Afghanistan having deposited the instruments of ratification became a Contracting Party to the Energy Charter Treaty and its 54<sup>th</sup> Member.
- (2) **Montenegro:** During the 23<sup>rd</sup> Energy Charter Conference held on 26-27 November 2012 in Warsaw, Montenegro Minister of Economy Mr. Vladimir Kavarić signed the 1991 Energy Charter Declaration.

Shortly after becoming the Energy Charter's newest Observer, the Ministry of Economy nominated a national expert to work in close cooperation with the Energy Charter Secretariat for the preparation of Accession Reports, which are now under Conference consideration.

- (3) **Jordan:** The Secretariat maintained contacts with the authorities of **the Hashemite Kingdom of Jordan**, whose Accession Reports were approved at the 20<sup>th</sup> Meeting of the Energy Charter Conference in 2009. The Secretariat undertook intensive efforts in 2013 to speed up the process of the ECT ratification by Jordan, including missions to the capital, meetings with the embassy in Brussels, participating in energy events, co-organising regional high level meetings. The Secretary General was engaged personally in facilitating the efforts towards Jordan including high level meetings in Amman with the Ministry of Energy, the Parliament, and Ministry of international cooperation on 3-4 July 2013.
- (4) **Pakistan** has been an Observer to the Energy Charter Conference since signing the Energy Charter in 2005. The Energy Charter Secretariat and the Government of Pakistan cooperated in the preparation of the Accession Reports in 2006. In November 2006 the Energy Charter Conference approved those Accession Reports and invited the Government of Pakistan to accede to the Energy Charter Treaty and Related Documents. Since then the process has been under consideration by the authorities of Pakistan.

In 2013, the Secretary General met twice with the former and the current Ambassador of Pakistan to Brussels, and held consultations with the representatives of the Government of **Pakistan** in many events in Central Asia. The purpose of those meetings and consultations was to update Pakistani authorities on the Energy Charter Process and to facilitate the ratification of the Energy Charter Treaty by the Parliament.

The Special Envoy of the Secretary General, Mr. Mehmet Ögütçü, visited Islamabad in September 2013. Mr. Ögütçü had a series of meetings in Islamabad on 2 September 2013 to discuss the ratification of the Energy Charter Treaty by Pakistan. The meetings with Federal Minister of Petroleum and Natural Resources and his Deputy, the Additional Foreign Secretary and the Foreign Ministry Director in charge of energy matters were very fruitful and were actively supported by the Embassy of Turkey – the Energy Charter Liaison Embassy (ECLE) in Islamabad.

- (5) **Indonesia:** in September on the sidelines of Bali Energy Forum the Secretariat held many high level meetings with the Indonesian authorities to accelerate the accession process of the country to the ECT. The meetings with the Minister of Energy and Mineral Resources, the Secretary General of the National Energy Council, the Chairman of the Energy Committee of the Parliament, and the Indonesian Energy companies resulted in a commitment from the Indonesian authority to be more active in the Energy Charter Process. Indonesia indicated its intention to finalise the Accession Reports as soon as possible and to work in very close cooperation with the Secretariat for the necessary steps forward. In the margins of the Conference and during the meetings with the Embassy of the Netherlands and the Embassy of Azerbaijan the Secretariat received proposals for ECLE in Indonesia from both countries.
- (6) **Morocco:** In view of Accession Reports preparation, the Kingdom of Morocco and the Energy Charter Secretariat launched an in-depth review of the country's energy investment climate and market structure as a step towards closer cooperation. For this review the Ministry of Morocco sent an expert as a secondee to the Secretariat in February 2013. Secretariat's experts conducted a special mission to Rabat between 30 September and 5 October 2013. The draft Investment Review of Morocco, together with the main findings and policy recommendations, were discussed at the meeting of the Energy Charter Investment Group on 22 October 2013. The final report and recommendations are being presented to the Energy Charter Conference.
- (7) **Yemen:** The Government of the Republic of Yemen recently submitted a request to the Energy Charter Secretariat to subscribe to the Energy Charter Declaration. This request will be dealt with at the 24<sup>th</sup> Meeting of the Energy Charter Conference in Nicosia. If approved this will be the first step towards the accession of Yemen to the Energy Charter Treaty. Yemen was granted observer status to the Energy Charter Conference by invitation of the Conference in Warsaw 2012. The Secretariat will continue to develop relations with the Government of Yemen to assist on the follow up steps.
- (8) **Tunisia:** The Republic of Tunisia has been an Observer to the Energy Charter Conference by invitation since 1995. In 2013, in coordination with the German Embassy in Tunisia (ECLE), the Secretariat discussed the signing of the Energy Charter Declaration by the government of Tunisia. The matter is now with the Ministry of Foreign Affairs
- (9) **China:** The People's Republic of China which was granted Observer status on 17 December 2001 continued to participate in certain Energy Charter Secretariat activities.

A Chinese delegation representing the country's **National Oil Reserve Centre of the National Energy Administration** visited the Energy Charter Secretariat on 13 September 2013. The delegation was headed by Mr. Xiangyi Liu, the Director of the Petroleum Reserve Management Division. Referring to the Energy Charter

Modernisation Process, the Chinese delegation emphasised the importance of the Treaty's geographic expansion, which would raise the relevance of the whole Charter Process. The delegation updated the Secretariat on the recent restructuring of China's National Energy Administration and provided a general overview of China's current energy policies. The Secretariat informed the Chinese delegation of its recent activities in the Asia-Pacific region. Both sides stressed the importance of developing the relations between the Charter and the People's Republic of China.

A delegation from the China National Petroleum Corporation (CNPC) led by the Head of International Cooperation Mr. Zhang Xin visited the Secretariat on **30 October 2013**. The meeting followed the Chinese delegation's participation in the Charter's Industry Advisory Panel meeting and the ECS Knowledge Centre's Training Programme the previous day. During the meeting the Secretary General outlined the main areas of the Energy Charter Secretariat's expertise and presented the Charter's approach towards modernisation and expansion.

The Secretary General visited Beijing on the 11-13 November 2013 and had a series of meeting with the **National Energy Administration**, major energy companies and the Ministry of Foreign Affairs.

- (10) **Republic of Korea** is an Observer to the Energy Charter Conferences since 2002. The Republic of Korea recently sent a strong positive signal about the Energy Charter Process. In an opening statement of the World Energy Congress 13-16 October 2013, the President of the Republic of Korea endorsed the Energy Charter as a suitable legal framework for international energy cooperation. The Secretariat is working in close cooperation with the Korean Embassy in Brussels to facilitate the signing of the Energy Charter Declaration as a first step towards the country's deeper involvement in the Energy Charter Process.

### ***Outreach***

- (1) **India:** The Secretary General visited New Delhi in January 2013 for a comprehensive set of meetings with the Government. Interest in the Energy Charter Process was expressed during those meetings as well as a positive consideration for signing the Energy Charter Declaration. The Secretariat has pursued contacts with New Delhi aimed at further development of cooperation and involvement of India in the Energy Charter Process. A Senior Expert of the Secretariat is now in New Delhi (4-5 December) by invitation of the Indian Chamber of Commerce.
- (2) **Libya:** In March 2013 the Secretariat conducted a mission to Tripoli by invitation of the Libyan authorities. The Secretariat experts held meetings with the officials from Prime Minister's Office, Ministry of Electricity and Renewable Energies, Ministry of Oil and Gas, Ministry of Foreign Affairs, as well as the embassies of the key countries of the ECT constituency. The Libyan authorities formed an

intergovernmental committee to evaluate the prospects of Libya is involvement in the Energy Charter Process.

- (3) **Lebanon:** As a follow up to initial contacts with the Lebanese Government in the end of 2012, the Secretariat conducted its first mission to the country in February 2013. A number of meetings were held in the Ministry of Energy, Ministry of Foreign Affairs, Energy Conservation Centre and the EU office. On 26 September 2013, in the opening statement to the Beirut Energy Forum, the Minister of Energy, Mr. Basil announced that Lebanon wished to be involved in the Energy Charter Process and sign the Energy Charter Declaration.
- (4) **Israel** is considering its engagement with the Energy Charter Process and approached the Secretariat officially for bilateral consultation. A Senior Expert of the Secretariat visited Israel for bilateral meetings in mid-November 2013.

### **Relations with Regional Organisations in order to promote Expansion and Outreach**

The Secretariat maintained close cooperation with Regional Organisations, particularly those working in the targeted regions and dealing with energy issues – the **League of Arab States**, **UN-ESCWA** (United Nations Social and Economic commission for West Asia) and **UFM** (Union for the Mediterranean).

In Asia Pacific, the Secretariat continued contacts with **ASEAN** (Association of Southeast Asian Nations) which is an Observer to the Energy Charter Conference. On 14 September 2013 the Secretary General organised a special briefing on recent developments in the Energy Charter Process for the **ASEAN** Ambassadors in Belgium. The Bali Policy Conference also strengthened ties with Asia-Pacific regional cooperation organisations.

The Energy Charter Secretariat and the **SAARC** (South-Asian Association for Regional Cooperation) are negotiating a Memorandum of Understanding for mutual observership.

The Secretariat was urged by the Gulf countries to establish closer cooperation with IEF and IRENA, which in their opinion can facilitate relations between the Gulf countries and the Energy Charter Secretariat.

**List of the Energy Charter Liaison Embassies (ECLE)**  
(as of November 2013)

<b>COUNTRY:</b>	<b>ECLE EMBASSY:</b>
Kingdom of Morocco	Kingdom of the Netherlands
Republic of Tunisia	Federal Republic of Germany
State of Libya	Republic of Poland
Islamic Republic of Pakistan	Republic of Turkey
Montenegro	Slovak Republic
Under consideration:	
Republic of Serbia	Republic of Austria
Republic of Korea	French Republic
Arab Republic of Egypt	EU Delegation in Cairo
Lebanese Republic	EU Delegation in Beirut
Republic of Indonesia	Kingdom of the Netherlands and the Republic of Azerbaijan