



CHARTER NEWS

A newsletter from the Energy Charter

DECISION TIME APPROACHES FOR TRANSIT TALKS

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Negotiations on an Energy Charter Protocol on Transit, designed to strengthen and expand on the Energy Charter Treaty's existing rules with relation to cross-border energy flows, appear to be finally approaching a conclusion. The talks have already been under way for over two years. Although their previously envisaged completion was not achieved, largely due to differences of interests and national energy sector structures between the participating states, Mrs Helga Steeg, Chairman of the Charter's Transit Working Group, believes that following the latest round of negotiations in March 2002, there is now a real chance to finalise the Protocol. "I think that member states realize the talks cannot continue for ever, and that a decision to finalise has to be taken soon," said Mrs Steeg. "Moreover, the unresolved issues are clearly delineated. It is now a question of establishing whether our members are ready to make the necessary compromises for a final solution. The next months should make it clear whether or not this is the case".



Mrs Helga Steeg chairing the negotiations within the Charter's Transit Working Group

The aim of the Protocol is to establish clear

rules under international law governing access to available capacity for transit in pipelines and grids, criteria to be used for setting transit tariffs, the prohibition of unlawful taking of energy in transit, and international dispute settlement. The importance of completing the Protocol has been underlined in particular by the European Union, including at the last EU-Russia Summit in October 2001, and by Russia, where the Duma has indicated that completion of the Protocol, taking into consideration Russia's concerns, is necessary for the ECT ratification procedure to be finalised in Russia.

The next round of negotiations is set to take place on 22-23 May. Depending on the outcome, Mrs Steeg expects that the next meeting of the Charter Conference on 20 June may be in a position to declare the negotiations completed, thus opening the way for the Protocol to be adopted and signed before the end of 2002. "But this cannot yet be guaranteed - a final decision has to be taken collectively by our member governments themselves," added Mrs Steeg.

IEA ON RUSSIAN RATIFICATION OF THE ECT



"Ratification of the Energy Charter Treaty and adoption of its energy-transit regime by Russia and neighbouring states would help de-politicize transit negotiations between FSU states... and would provide a common legal basis for gas transit from and through the CIS."

From the International Energy Agency's "Russia Energy Survey 2002", published March 2002

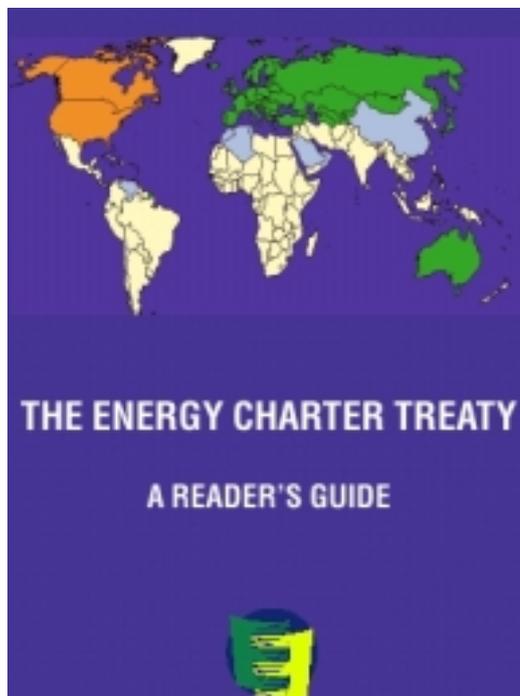
For more information, visit our web-site at www.encharter.org

For your comments: Info@encharter.org

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READER'S GUIDE TO THE ENERGY CHARTER TREATY PUBLISHED



Cover page of the ECT Reader's Guide

The Energy Charter Secretariat has published A Reader's Guide to the Energy Charter Treaty and Related Documents, designed to provide government officials, business representatives, academics and general readers with background information and a commentary on the Treaty's various provisions. The aim is to make the Treaty more "user-friendly" by increasing awareness and understanding of its content in relevant energy circles.

The Guide discusses the aims of the Treaty and explains its content with respect to the main key areas that it covers (trade, transit, energy efficiency, investments, and dispute settlement). The provisions of the 1998 Amendment to the Treaty's trade provisions, bringing them into line with contemporary WTO rules, and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) are also discussed.

The full text of the Reader's Guide will shortly be made available on the Energy Charter web site (<http://www.encharter.org>).

SEMINAR ON "ENERGY SECURITY IN ASIA" CONSIDERS ENERGY CHARTER'S EXPERIENCE

Secretary General Dr Ria Kemper visited Tokyo on 4 March where she addressed a Seminar on "Energy Security in Asia" hosted by the Foreign Ministry of Japan for the "ASEAN plus three" grouping of countries (member-states of the ASEAN organisation, plus Japan, P.R. China and South Korea). The initiative to hold this Seminar was proposed by Japanese Prime Minister Koizumi at the "ASEAN plus three" Summit in Brunei in November 2001.

In her presentation to the Seminar, Dr Kemper outlined the experience of the Energy Charter in creating an inter-governmental framework for cooperation between states on energy issues, and pointed to some conclusions that the Charter's experience might offer for the Asian region. During her visit, Dr Kemper took part also in informal consultations with the delegations of Japan, P.R. China (which recently became an Observer to the Energy Charter) and South Korea on energy cooperation in North-East Asia and the role that inter-governmental bodies can play in its promotion.



At the Seminar in Tokyo, 4 March

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ENERGY CHARTER TREATY TRANSLATED INTO ARABIC



Cover page of the Arabic Translation

The text of the Energy Charter Treaty and Related Documents has been translated into Arabic. This project, undertaken at the initiative of the government of Tunisia and with financial support from the European Union's MEDA Programme, has been implemented with the aim of increasing the familiarity of non-member states in the North African region with the Treaty, with a view to encouraging their closer involvement in the Energy Charter process – a goal which is stipulated as one of the objectives of the EU's EU-Mediterranean Partnership (the so-called "Barcelona process") in the area of energy cooperation.

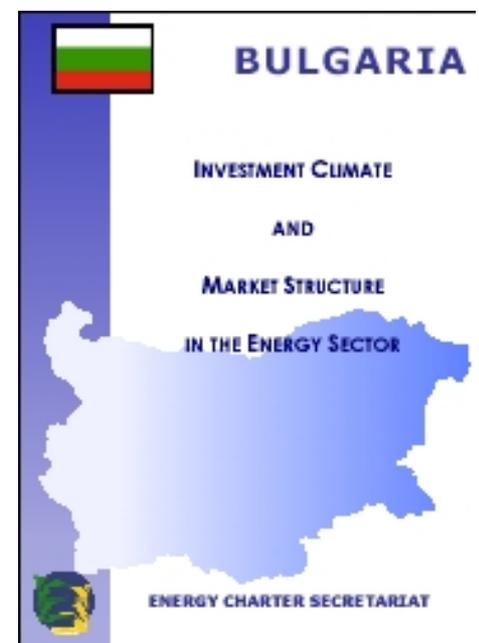
Three North African states (Algeria, Morocco and Tunisia) are presently Observers to the Energy Charter, and there is a growing interest on the part of the latter two states in the possibility of full accession to the ECT. The Arabic translation of the Treaty has been issued in advance of a Seminar on Energy Cooperation Strategies in the Euro-Mediterranean region, organized by the government of Tunisia in Tunis on 6-7 May, at which prospects for accession to the ECT by North African states will be discussed in more detail.

INVESTMENT CLIMATE AND MARKET STRUCTURE REVIEW OF BULGARIA

An Energy Charter Report on the Investment Climate and Market Structure in the Energy Sector of Bulgaria has been issued. The report, compiled in cooperation with the government of Bulgaria, is the first of a series being prepared by the Energy Charter's Investment Group, and was completed in the autumn of 2001. It provides a comprehensive overview of the legislative framework in Bulgaria for energy sector investments, and reviews the Bulgarian government's policy approach to restructuring the country's energy industries and creating a competitive environment.

At its last meeting in December 2001, the Energy Charter Conference noted the report's confirmation that a generally open investment climate exists in Bulgaria, and welcomed in particular the decision of Bulgaria to withdraw one of its remaining entries in the "Blue Book" (which lists all exceptions maintained by ECT Contracting Parties to the Treaty's provisions on non-discriminatory treatment for foreign investors in the pre-investment phase) concerning acquisition of land in border areas by foreign investors. At the same time, the Conference recommended that the Bulgarian government should consider a restructuring of the gas sector, including by privatising Bulgargaz EAD, reconsider the "single buyer" model presently operating in its electricity sector in order to improve competition, and place greater policy emphasis on promoting use of natural gas and renewable energy sources.

The full text of the Report can be obtained from the Secretariat (see contact details on p.1).



Cover page of the Bulgaria Country Report



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NEW DEPUTY SECRETARY GENERAL APPOINTED

Professor Andrei Konoplianiuk of Russia has been appointed as Deputy Secretary General of the Energy Charter Secretariat, replacing the previous incumbent Mr Valery Sorokin.

Prof. Konoplianiuk, who took up his new office in the Secretariat in March 2002, is an energy specialist by background (major professional areas - energy economics, energy & investment legislation, energy financing), and received his PhD (in 1978) and Dr. of Science (in 1995) in international energy economics. In the late 70's-80's he researched international energy issues in the Institute of World Economy & International Relations, USSR Academy of Sciences (IMEMO) and in the USSR State Planning Committee (Gosplan). He served as Deputy Minister of Fuel and Energy of the Russian Federation from 1991 to 1993 with particular responsibility for external economic relations and foreign investments and in that capacity headed the Russian delegation at the ECT negotiations. Since that time he has worked as an Adviser to a number of Ministries in the Russian government and to the State Duma, where he headed the drafting group preparing legislation on Production Sharing Agreements. In the mid-90's he also worked as an executive director of the Russian Bank for Reconstruction and Development. From 1999 to early 2002 he was President of the Moscow-based Energy and Investment Policy and Project Financing Development Foundation and in that capacity, and as an Adviser to the Russian Ministry of Energy, has contributed to the drafting of the Russian Energy Strategy to 2020.



Andrei Konoplianiuk

Prof. Konoplianiuk is a visiting lecturer at the State University of Management and a visiting chief research fellow at IMEMO (both Moscow-based). He is a honorary fellow at the Centre for Energy, Petroleum and Mineral Law & Policy, University of Dundee, and at the economic faculty of Aberdeen University (both Scotland), and is a member of the IBA, IAEE and AIPN.

SEMINAR ON THE ENERGY CHARTER TREATY HELD IN BELGRADE

On 28 February a Seminar on the Energy Charter Treaty and the activities conducted under its auspices was held in Belgrade. Addressing an audience of around seventy participants, drawn from the governments of the Federal Republic of Yugoslavia and of Serbia, as well as from the energy industry, representatives of the Energy Charter Secretariat presented the various obligations contained in the Treaty with regard to energy trade, transit, investments and energy efficiency, and outlined the activities conducted by the Energy Charter Conference and its Working Groups

aimed at promoting implementation of the Treaty by its member states.

The Seminar was held in the context of the process of the Federal Republic of Yugoslavia's accession to the Energy Charter Treaty, which began in May 2001, when its application to begin the accession process was accepted by the Energy Charter Conference. Yugoslavia, which currently enjoys observer status at the Energy Charter, is the only major European state that has not yet acceded to the Treaty.

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