

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2015

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Brussels, 3 December 2015

Related documents: CC 535

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Deputy Secretary General on CONEXO

The Energy Charter Conference at its 26th Meeting held on 3 December 2015 **took note** of the Report of the Deputy Secretary General on CONEXO as contained in document CC 535 (attached hereto).

Keywords: Report, Deputy Secretary General, CONEXO

Report by the Deputy Secretary General on CONEXO

This Report provides an overview of the CONEXO activities of the Energy Charter in 2015. The detailed information on CONEXO activities planned for 2016 is available in the Secretariat's Programme of Work for 2016.

1. There are a number of substantial CONEXO achievements to the credit of the Energy Charter in 2015. Despite a difficult international political situation, 2015 has been a year of significant achievement. Two countries became Contracting Parties: Iceland, one of the original signatories, ratified the Treaty, while Montenegro acceded to it. This brought the total number of new Contracting Parties to three since the adoption of the CONEXO Policy in 2012.
2. There have been significant developments on Expansion with a number of countries making progress in their accession procedures to the Energy Charter Treaty.
 - a. Mauritania and Morocco finalised their respective accession reports. Yemen and Niger started the preparation of their accession reports in 2015.
 - b. Three countries signed the *1991 European Energy Charter* in one year. Chad, Niger and Burundi became Signatories to the European Energy Charter and thus achieved observer status to the Conference.
 - c. Cambodia signed the *International Energy Charter* in October 2015 and has also achieved observer status. The Republic of Korea announced its decision to sign the new Charter in mid November 2015.
 - d. The Secretariat hosted secondees from Yemen, Niger and Burundi who worked on the preparation of their respective countries' accession reports.
 - e. The Islamic Republic of Pakistan signed the International Energy Charter and confirmed that the ratification of the ECT is still under review by relevant authorities.
 - f. Close contact has been maintained with the authorities in the Hashemite Kingdom of Jordan where the procedure of accession to the Treaty is also underway.
3. A large number of new countries have signed the *International Energy Charter* as a first step towards accession to the ECT. The new Charter has evidently given a boost to Expansion and Outreach by its demonstration of the willingness of the member states to go beyond the original geographical scope of the Charter and reach out to new regions. There are signatories from MENA, Latin American, African and South East Asian countries. This is a new development which was celebrated at The Hague Ministerial meeting.

4. Since a number of countries are completing their accession reports to the ECT (as indicated above), the Secretariat hopes to announce new accessions to the ECT in 2016. The Secretariat greatly appreciates the support of the Liaison Embassies from Contracting Parties, and from other institutions such as the External Action Service of the European Union. The continuation of this support in the period ahead will be relied upon by the Secretariat.
5. The countries that are engaged in the Energy Charter Process are clearly motivated by a desire to create a solid legal framework that will help attract foreign investment in their energy sectors. They see the Process as an instrument that will help them promote a suitable environment for Foreign Direct Investment. Some countries may use the observer status they have obtained as signatories to familiarise themselves with the workings of the organisation before advancing further in their relationship. Other countries may wish to proceed to rapid accession to the ECT. The Secretariat can provide support to these countries in their efforts to reform their energy sectors by helping them in shaping new rules and legislation. The expansion of the geographical scope of the ECT is clearly in the interest of the constituency and its investors. The efforts of the Secretariat and the Contracting Parties have ensured significant progress and results through new accessions and in new countries from different continents embarking in the Energy Charter Process.
6. 2015 was also the first time that the Energy Charter was invited to participate and to contribute to the G20 Energy Sustainability Working Group meetings and reports. The Energy Charter reiterated the importance of investment as the main tool to alleviate energy poverty, ensure energy access for all, scale up renewables and energy efficiency deployment worldwide.
7. However, in light of the Secretariat's budgetary situation, it is also evident that the burden cannot be borne without further financial support. One of the main costs of the CONEXO Policy are the secondees from acceding countries who prepare accession reports for their respective governments. Further financial support is required by the Secretariat for the secondment of officials from acceding countries. The DEVCO project of the European Commission has been invaluable in this respect by covering the cost of African officials seconded to the Secretariat. The Secretariat would hope for the extension of this project, and for other member countries to support similar schemes.

The efforts and involvement of the member states in the enlargement of the ECT constituency has contributed much to the success of the CONEXO Policy to date, and is vital to the future of the Policy.