DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Chairman of the Strategy Group

The Energy Charter Conference at its 26th Meeting held on 3 December 2015 took note of the Report by the Chairman of the Strategy Group as contained in document CC 537 (attached hereto).
ANNEX

Report by the Chairman of the Strategy Group

1. This report provides an overview of the activities of the Strategy Group of the Energy Charter (StG) in 2015. The Group convened several times in 2015, in its statutory format on 3 March, 9 June, and 22 October, and in an Ad Hoc Session (as per the request of the WG on Procedural Issues to discuss the need and nature of the position of the Deputy Secretary General) on 16 September.

2. The main activities of the Strategy Group in 2015 included discussions on (i) the implementation of the 2014 Review and the comprehensive review of the CONEXO policy, (ii) the forum for energy dialogue, (iii) the reappointment of the serving Secretary-General and (iv) several issues regarding the International Energy Charter.

A. Implementation of the 2014 Review and CONEXO review

3. The conclusions of the 2014 review (CCDEC2014 06) were considered as high priority with regard to several comprehensive reviews during 2015: (i) ICMS reports, at the Investment Group; (ii) Energy Efficiency in-depth reviews, at the PEEREA group; (iii) implementation of ECT provisions on transit, at the Trade and Transit Group. In preparation for the meetings of the relevant groups and to facilitate the discussion, the Strategy Group discussed and decided at its first meeting on 3 March on the structure, timeline and expected outcome of those reviews (based on document StG 78).

4. The Strategy Group has always been instrumental as a forum for discussing the basis for a comprehensive Policy on Consolidation, Expansion and Outreach (CONEXO). Such a policy was considered a priority in the 2010 Road Map for Modernisation in order to react to drastic changes that had occurred in global energy relations since the 1990s; it was finally approved by the Conference in 2012. The revitalisation of the Energy Charter Process and the adoption of the International Energy Charter are among the outcomes of the successful implementation of the Consolidation, Expansion and Outreach Policy. The policy has been reviewed further by the Strategy Group in 2015 in view of the goals to be achieved in the future and the current financial constraints for the Energy Charter Secretariat.

5. At the Strategy Group on 3 March 2015, the Secretariat presented an initial discussion paper to facilitate the comprehensive review of the CONEXO Policy (document StG 79) as required by the conclusions of the 2014 review (CCDEC2014 06). Based on the discussions at this meeting and at The Hague Conference on the International Energy Charter, the Secretariat prepared a more advanced report (StG 82 Rev) that was adopted by the Strategy Group at its meeting of 22 October. At that meeting the Strategy Group discussed and supported the draft conclusions of the
review (StG 88 Rev) that were later submitted to the Conference for approval by correspondence.

B. International Energy Charter

6. The Strategy Group discussed and approved the models (prepared by the Secretariat in consultation with The Netherlands as Depository) for signing or approving the International Energy Charter to be used with new Signatories (as contained in document StG 85). The Group also discussed and approved the official translations of the International Energy Charter into Arabic, Chinese, French, German, Italian, Russian and Spanish (contained in documents UEC 39-45) as required by the Final Provisions of the IEC.

7. In addition, the Group welcomed the offer made by The Netherlands for the use of the logo of the International Energy Charter. As explained by Dutch Minister of Economic Affairs, Henk Kamp at the opening of the Hague Conference, the logo is made up of five honeycombs, which symbolise the five continents working together to create a powerful energy partnership. The logo’s colours show the transition from traditional energy sources, in blue, by way of sustainable energy sources, in green, to the energy sources of the future, in yellow. The opening between the honeycombs symbolises the open market in energy that the Charter aims to promote. The logo leaves the former East-West context behind and sets out the tasks that lie ahead. There was a final consensus that if no delegation strongly opposed, 2016 would be a transition year, using both logos and preparing new official materials. Final decision was to be adopted at the 26th Meeting of the Conference in Tbilisi.

C. Forum for Energy Dialogue

8. During the year, delegations continued to make use of the Forum for Energy Dialogue, a policy forum within the Strategy Group to exchange information on important recent developments, e.g., national or multilateral energy strategies, developments with regard to the structure of domestic markets, and the creation of new institutions dealing with energy issues. Delegations also welcomed many new observers who had signed the 2015 International Energy Charter.

9. There were a number of presentations, including from Energy Charter Fellow Dr. Yufeng Yang (Energy Research Institute, National Development and Reform Commission, China) on the relevance of the International Energy Charter and the Energy Charter Treaty to China’s Silk Road Economic Belt. Energy Charter Secondees Mr. Salifou Gado (from Niger), Mr. Towfick Sufian (from Yemen) and Mr. Aloys Ndugaritse (from Burundi) spoke on the energy sector, investment opportunities and relevance of the Energy Charter Process to their respective countries. There was a presentation of the ‘Pre-Assessment Report of the Tanzanian Energy Sector in line with the Principles of the International Energy Charter and the Energy Charter Treaty’. Finally, the Turkish delegation did a presentation on the importance of energy in the G20 agenda for 2015.
D. The position of the Deputy Secretary-General

10. The Working Group on Procedural Issues requested the Strategy Group to convene an ad hoc meeting in mid September to discuss the need and nature of the position of the Deputy Secretary General. After some discussion on a paper prepared by the Secretariat (StG 84), there was a general consensus on the retention of the post of the DSG but on keeping the position vacant after expiration of the appointment of the current DSG (end of July 2016). In the future members of the Conference should be consulted before such position is filled. In addition, the WG on Procedural Issues should start working on the Rules for the appointment of DSG at a second stage in 2016.

E. Reappointment of the Secretary-General

11. Another relevant issue discussed by the Strategy Group was the re-appointment of the current Secretary-General, whose initial mandate expires on 31 December 2016. Following CCDEC 2000 (02) and previous practice, Message 1207/15 contained the letter of the Chairman of the Conference (H.E. Kakha Kaladze, Vice Prime Minister and Minister of Energy of Georgia), who welcomed the intention of the Secretary-General to apply for a second mandate of 5 years.

12. In keeping with the spirit of transparency, and in the interests of timely planning, in early May the Chairman of the Conference started an informal sounding on whether there was any potential objection to a second mandate of five years. The original deadline set by the Chair of the Conference was the 15 September. Discussions took place at the meetings of the Strategy Group.

13. As of 22 October 2015, the date of the last Strategy Group meeting, no objections had been received. On the contrary, 19 Members of the Conference expressly supported (in writing or at the meeting of the Strategy Group) the reappointment for a second five years term: Armenia, Australia, Austria, Azerbaijan, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyz Rep, Mongolia, The Netherlands, Norway, Slovakia, Switzerland, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan. The EU (through a letter signed by its Director-General for Energy, Mr. Ristori) confirmed on 6 November 2015 that there was no objection to the second mandate of the Secretary-General though the EU was still reflecting on the appropriate term for the second mandate.

14. The final decision is expected to be adopted at the 26th Meeting of the Conference in Tbilisi.