

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2000

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Brussels, 29 June 2000

Related documents: CC 173, RD 6 (ECC of 29 06 2000)

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: **Development of the Draft Recommendations on Non-Payment Problems**

[The Energy Charter Conference at its 5th Meeting held on 29 June 2000] took note of the draft recommendations contained in Room Document 6, and adopted the conclusions attached at [Annex], expressing the hope that in Contracting Parties facing serious non-payments problems full account would be taken of the initial recommendations, and inviting the Secretariat and the Investment Group to continue to work on the note on non-payments with a view to including in it further proposals based on discussions in the group, and to report back to Conference in December with a completed list of recommendations. Several delegations welcomed the development of the draft recommendations on how to deal with the non-payments issue and announced their intention to give the draft recommendations wide circulation within their relevant national governmental and industrial structures.

Keywords: Non-Payment Problems

**Conclusions concerning the development of Draft Recommendations
on non-payment problems**

[as adopted by the Energy Charter Conference
at its 5th Meeting held on 29 June 2000]

The Charter Conference,

Having heard the report from the Investment Group meeting on work towards reducing non-payment problems;

Having regard to the impact and importance of this issue;

Taking due note of Article 3 requiring Contracting Parties/Signatories to work towards promoting access to international markets on commercial terms, and generally to develop an open and competitive market, for Energy Materials and Products; and Article 34(3)(b) requiring the Conference to keep under review and facilitate the implementation of the principles of the Charter and of provisions of the Treaty.

NOTED

- a) that price is the cornerstone of the market allocation system, to which all Contracting Parties are committed. It balances supply and demand and is the means of allocating resources to maximise total welfare;
- b) that the market system fails in these tasks if prices do not have effect or if price formation is significantly distorted;
- c) that in countries with substantial non-payments or non-cash payments, prices lose their effect and price formation is significantly distorted;
- d) that reliance on electricity and gas utilities to meet social and industrial policy requirements imposes on them a need to take in a private and arbitrary manner decisions for which they have not the information or the responsibility. Decisions on industrial policy and social security are better taken by the constitutional authorities in Government and Parliament after open debate;
- e) that alternative solutions such as social security payments and degressive support, if warranted, for declining industries paid directly by public authorities to households and industry are preferable by far,

WELCOMED

the progress made in the Investment Group towards devising measures to reduce the problems of non-payments,

EXPRESSED THE HOPE

that in Contracting Parties facing serious non-payments problems full account would be taken of the initial recommendations in respect of the non-payments problem;

INVITED THE INVESTMENT GROUP AND THE SECRETARIAT

- a) to continue to work on the note on non-payments with a view to including in it further proposals based on discussions in the group;
- b) to report back to Conference in December with a completed list of recommendations.