

**ENERGY CHARTER  
SECRETARIAT**

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Brussels, 7 December 2000

Related documents: CC 182, CC 185
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject:      Recommendations on addressing Non-Payment Problems**

The Energy Charter Conference at its 6<sup>th</sup> Meeting held on 7 December 2000 *took note* of the Recommendations on Addressing Non-Payment Problems prepared by the Investment Group (CC 182), and *adopted* the Conclusions endorsing these Recommendations (*Annex*).

Keywords:      Non-Payment Problems

**Conclusions with respect to the Recommendations on Reducing  
Non-Payment Problems proposed by the Investment Group**

as adopted by the Energy Charter Conference  
at its 6<sup>th</sup> Meeting held on 7 December 2000

**The Charter Conference,**

Having taken note of the report from the Investment Group on Recommendations on 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 digressive support, if warranted, for declining industries paid directly by public authorities to households and industry are preferable by far.

**ENDORSED**

the proposed Recommendations on Reducing Non-Payment Problems.

**INVITED**

- a) Contracting Parties facing serious non-payments problems to take full account of the recommendations; and
- b) the Investment Group to report on any progress in reducing the non-payment problem to the Conference.