Subject: Conduct of the Review envisaged under Article 34(7) of the Energy Charter Treaty

[The Energy Charter Conference at its 13th Meeting held on 10 December 2003] approved the proposed Terms of Reference for the conduct of the Review envisaged under Article 34 (7) of the Treaty as proposed in CC 264, with the addition of a specific reference to the inclusion of resource considerations, including the budget, accounts and functioning of the Energy Charter Secretariat, its structure and staffing, as part of the Review process.

[The full text of the Terms of Reference is attached at Annex.]
Terms of Reference concerning the conduct of the Review envisaged under Article 34 (7) of the Energy Charter Treaty

as approved by the Energy Charter Conference
at its 13th Meeting on 10 December 2003

- The primary purpose of the Review is to assess the functions provided for in the Treaty, in the light of the extent to which its provisions, and those of PEEREA, have been implemented. It is understood that this task requires an assessment not only of relevant developments in Contracting Parties/Signatories in the area of national legislation, but also of the functioning of the Energy Charter process as a whole, in terms of its wider role as a forum for promoting international energy cooperation in accordance with the fundamental principles enshrined in the Treaty.

- It is therefore understood that the Review should aim to address in particular the following issues:
  - An overall assessment of the contribution of the Energy Charter process to fostering international cooperation and promoting open, competitive energy markets
  - How the Treaty, PEEREA and the Trade Amendment are being implemented, and what more could be done to ensure that energy cooperation among Contracting Parties/Signatories develops in line with their respective provisions
  - How to achieve completion of the process of ratification of the Treaty and the Energy Charter’s other legal instruments by all Signatory States
  - Consideration of the balance to be observed in the future work of the Energy Charter process between the development and completion of further legally binding instruments (e.g. Supplementary Treaty, Electricity Instrument) and the promotion of cooperation on the basis of developing policy dialogue and non-binding instruments (recommendations, best-practice guidelines, etc.), both in general and in relation to specific areas (e.g. electricity issues)
  - The potential for and direction of a further geographical expansion of the Energy Charter process
  - The functioning of the Energy Charter Conference and its subsidiary bodies, including consideration of their role in promoting policy dialogue regarding implementation of the Treaty’s principles in specific areas
  - The relationship of the Energy Charter process with other international organizations, and its interaction with the business community
  - Resource considerations, including the budget, accounts and functioning of the Energy Charter Secretariat, its structure and staffing.

The Review process should aim to develop specific conclusions with regard to the above points, which the Charter Conference will be invited to approve in December 2004. Such conclusions may inter alia deal with the future structure of the work of the Charter Conference and its subsidiary bodies, and also the future priorities to be pursued by the Secretariat in terms of resource allocation.