

**ENERGY CHARTER  
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Brussels, 14 December 2004

Related documents: CC 284, CC 285, CC 286, CC 288, CC 290, CC 294
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**DECISION OF THE ENERGY CHARTER CONFERENCE**

**Subject: Reports submitted to the 15<sup>th</sup> Meeting of the Energy Charter Conference held on 14 December 2004**

- The Conference *took note* of the Secretary General's oral report on ratification of the Treaty and relations with non-signatories.]

Regarding the important priority of ratification, the Secretary General informed the Conference that, in view of the tenth anniversary of the signature of the Treaty, the Secretariat had made a particular effort to clarify the status of this issue in the five countries where it remains outstanding [Russian Federation, Belarus, Norway, Iceland, Australia].

Turning to the question of relations with non-signatories, the Secretary General reported on positive steps in developing closer relations with the Islamic Republic of Iran, as witnessed by the presence of Mr Nejad Hossenian, the Iranian Deputy Minister of Petroleum, as a speaker at the Conference on Transit Issues organised by the Secretariat in October. As a result of contacts with the Iranian Government, the Secretary General felt that there is a strong appreciation within the Government about the benefits of accession to the Energy Charter Treaty.

Regarding other non-signatories, the Secretary General confirmed the natural focus of the Energy Charter process on the emerging Eurasian energy market, and the priority to develop the active association of existing observers, such as China, South Korea and the ASEAN group of countries, with the Charter process. At the same time, the Secretary General observed that the Charter's multilateral framework for investor protection and energy cooperation has created a benchmark that is stimulating interest in other parts of the world, and noted in this context interest from the countries and energy industry in South America.

The Chairman thanked the Secretary General for this report, and welcomed the particular efforts by the Secretariat to clarify the status of the ratification process. At the same time,

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the Chairman re-iterated his concern at the overall lack of progress towards ratification in the countries concerned, and strongly encouraged these countries to redouble their efforts in order to complete their national ratification processes.

- [The Conference *took note* of the Secretary General's oral report on Draft Energy Charter Protocol on Transit.]

The Secretary General introduced this item by informing delegations of the present status of the consultations between the Russian Federation and the European Union on the draft text of the Transit Protocol, following the decision of the Conference in June to resume these talks. A meeting at expert level on the three outstanding issues in the draft text took place, under the Chairmanship of the Conference Chairman, in Brussels on 15 October, and the Secretary General noted the broad and active participation of both sides, which was an encouraging signal of the willingness to pursue the dialogue.

The Chairman welcomed the fact that bilateral consultations have been renewed, and said that, in his opinion, it should be possible to resolve the three outstanding issues in the text if there is a political determination to do so.

- [The Conference *took note* of the report of the Chairman of the Trade Group circulated as document CC 284.]

The Conference took note of the Chairman's oral report (based on the written report of the Chairman of the Trade Group circulated as document CC 284) covering issues of trade in electricity, the interface between the trade provisions of the Treaty and measures in favour of environmental protection, the possibility to move to a binding tariff regime, and mechanisms for closer cooperation with the WTO.

In reacting to this report, one group of delegations indicated their support for close cooperation between the Charter process and the WTO, but noted that the idea of observer status for the Charter Conference in relevant WTO bodies raised a number of questions, and therefore proposed to explore this idea carefully in advance. On the issue of moving to a binding tariff regime, this delegation proposed that the expert group examining this issue should report to the relevant Group in the first instance.

- [The Conference *took note* of the report submitted by the Chairman of the Transit Group circulated as document CC 285.]

The Chairman indicated that the future priorities in this area would shift towards monitoring of the implementation of the Treaty provisions, with particular focus on the principle of non-discrimination, conditions for access to networks, and the legal and regulatory framework for the construction of new transport facilities. Transit tariffs and underlying methodologies are envisaged as another important area for discussion. The Conference Chairman concluded by thanking the Chairman of the Transit Group for his valuable contribution to the Charter process.

- [The Conference *took note* of the report from the Chairman of the Investment Group circulated as document CC 286.]

The Chairman highlighted the reviews conducted by the Group, in particular the in-depth report on Azerbaijan and the follow-up report on Bulgaria, and the way that the review mechanism itself is evolving in order to make the work of the Group more result-oriented. Regarding activities for 2005, it is envisaged to conduct an in-depth review of Uzbekistan and to invite Croatia, Kazakhstan and Ukraine to provide follow-up reports. The

Chairman repeated his plea to economically-advanced countries to volunteer for reviews so that all countries can learn from their experience.

- [The Conference *took note* of the report from the Chairman of the PEEREA Group circulated as document CC 288.]

[...] the Group had examined national energy trends and developments in energy efficiency in Bulgaria and Uzbekistan, and the follow-up to the 2002 In-depth Review of Romania. In addition, the Group hosted a panel discussion on the integration of energy efficiency and renewable policies, and a policy discussion on best practices for combined heat and power and district heating.

- The Conference took note of the Financial Statements and the Auditor's Report for 2003 (as circulated in document CC 290) and approved the recommendation of the Budget Committee to discharge the Secretary General from her management and administrative responsibility in respect of the 2003 Budget, in accordance with Article 32(4) of the Financial Rules.