Mr. Chairman, Mr. Chairman Elect, Secretary-General, Your Excellencies, Ministers, Distinguished Guests,

Let me begin by expressing my heartfelt congratulations to the Chairman elect, Ambassador Kawamura, for his designation as next Chairman of the Conference, and at the same time may I also express my sincerest thanks to Chairman Christophersen for all the work he has carried out over the last eight years to make the Energy Charter process a success.

Ladies and Gentlemen, I am particularly pleased to have this opportunity to speak to you today and to give you the views of the European Community on the Energy Charter process, and how it complements the European Union's own energy policy.

The Charter is very important to us, notably with respect to countries outside the Community, and in particular because the Charter process is based on a legally binding treaty.

Indeed such a multilateral treaty for commercial relations in energy is unique in the world, as are the detailed provisions it contains, including coverage of energy trade, transit, and investment. Moreover, the Energy Charter Treaty also provides extensive dispute settlement procedures for all these areas.

In addition to the Charter Treaty provisions, there is also the Protocol on Energy Efficiency and Related Environmental Aspects, and with climate change increasingly accepted as a major threat to mankind, this is a key area of work.

And as the Chairman has alluded to, if you look at the parts of the conclusions of the G8 Summit in St. Petersburg which deal with energy, you can see how much these conclusions were inspired by the provisions of the Energy Charter Treaty.

Let me now outline what constitutes European Energy Policy. As indicated in the Green Paper which the Commission put forward on the 8 March this year, this is summarised by the title of the document which is, "A European Strategy for Sustainable, Competitive and Secure Energy".

This means of course that our energy supply and use must be sustainable, including with respect to environmental impacts; our energy needs must be met efficiently and at acceptable price levels, notably through open and competitive markets; and last but not least, our energy supplies must be secure.

These are the fundamentals, and our Green Paper set out six broad Action Areas, giving specific actions required to achieve these objectives. I will not go into detail on
these action areas, but they include a more integrated approach to tackling climate change; making our single energy market effective and fully open to competition, and ensuring that our energy supplies are secure, through a diversified energy mix and diversified supply sources and routes.

The Commission services are now putting together a Strategic European Energy Review following the Green Paper process, which included extensive consultations, and this document will be adopted by the Commission in January and ultimately presented to the European Summit in March 2007, allowing an integrated and strengthened European energy policy to be developed.

Most actions in the energy field contribute to more than one of our objectives, and energy efficiency is the example par excellence of this, contributing to containing greenhouse gas emissions, reducing the cost of energy supply, and reducing the pressure on finite energy resources. Of course these considerations apply to all of us, including energy producing countries, since wasted energy both unnecessarily adds to climate change and could have been profitably sold elsewhere.

This underlines the usefulness of the work that the Charter process carries out under the Energy Efficiency and Related Environmental Aspects Protocol, allowing us to exchange energy efficiency policy options and measures as well as reviewing our policies and experiences. The Community attaches great importance to this area and on Thursday 23 November in the meeting of European Union Ministers responsible for energy we will start to discuss the Action Plan on Energy Efficiency that the Commission recently put forward as a basis for implementing reinforced policies, something we also want to see pursued on a global basis.

Coming back to the core Charter areas of trade and investment in the energy sector, we already have our own very open rules for this within the European Union, and indeed also covering the European Economic Area. Moreover, we are extending these rules further, through the Energy Community, and the Ministerial meeting last Friday in Skopje was in fact the political start of this Energy Community. The Energy Community already covers the countries of South East Europe and provides observer status and possible membership to Norway, Turkey, Ukraine and Moldova, and with other states requesting membership.

The Energy Charter Treaty complements this initiative, by providing additional rules to the Energy Community, notably on investment. More generally, the Treaty provisions are of major importance for countries where we have not yet established such integration, that is for countries outside the European Union and the European Economic Area and the Energy Community. Of course we also have our bilateral agreements with all these other countries, and the Energy Dialogues such as with the Russian Federation for example, and these are also very important.

We believe a more integrated approach, including common, legally binding rules on full, non-discriminatory network access, is essential in all countries for the most efficient production and supply of energy. This is because, together with non-discriminatory investment rules, they are necessary for investors in order to have access to markets for their production on fair terms, without which they will not
invest. And having competing investors, including foreign investors, is the best way to ensure diversity and thus security of production, as well as the use of best techniques available. With world energy investment needs up to 2030 estimated by the IEA at over 20 trillion Dollars, attractive investment conditions are essential for meeting our energy needs.

This does not however detract from sovereignty over national resources and from sovereignty over policy on their development, including the associated regulatory and fiscal policies, something which is fully recognised, inter alia in the Charter Treaty itself. But it does mean the most efficient development of resources and the best allocation of productive resources across our countries.

This is the vision we must work together to complete; convergent and effective rules, to promote the most efficient production and use of energy. This means open, non-discriminatory access to energy markets, networks and resources. It means the right regulatory framework and a level playing field, to ensure this access and to promote other objectives, such as environmental objectives.

This summarises our policy, and the Charter process, which is based on the same fundamental approach, has an important role for us in helping to achieve it. We therefore fully support the Charter process and its full implementation and extension across the pan-Eurasian continent and beyond.

Thank you for your attention.