

CHARTER NEWS

A newsletter from the Energy Charter



Energy Charter Hosts Round Table on Cross-Border Pipeline Issues

On 20 October the Energy Charter Secretariat hosted a Round Table on Cross-Border Pipeline Initiatives. This event was held in cooperation with the World Bank, whose specialists presented four case studies for discussion dealing with cross-border projects in various areas of the world. The aim of the Round Table, in which representatives of the European Commission, IEA, EBRD, UN-ECE and various oil & gas companies participated, was to promote synergies and information exchanges between the various actors involved in international initiatives relating to the regulation of trans-national energy flows. The Round Table's participants envisaged further meetings of this type under the Energy Charter's auspices in future.

New Director Joins Energy Charter Secretariat



Erik Ulfstedt

A new Director, Mr Erik Ulfstedt of Finland, joined the Energy Charter Secretariat on 1st September 2000, replacing Paul Vlaanderen of The Netherlands. Erik Ulfstedt comes to the Secretariat following a distinguished career in the Finnish diplomatic service, including a term of office as Ambassador of Finland to Moldova and Ukraine.

Following this appointment, the Secretariat's two Directorates have been restructured and renamed, with Mr Ulfstedt becoming head of the Directorate for Energy Efficiency and Investments, and Mr Leif Ervik (Norway) heading the Directorate for Transit and Trade.

Energy Charter Treaty to be Translated into Arabic

Plans are currently under discussion to arrange for the translation of the Energy Charter Treaty into Arabic. This proposal has been welcomed in particular by representatives of Tunisia and Morocco, both of whom currently enjoy observer status within the Energy Charter process and are interested in the possibility of full accession to the ECT.

The Energy Charter Secretariat intends to pursue the Arabic translation project in 2001. Secretary General Dr Ria Kemper, underlining that the Energy Charter is an open process, noted that making the Treaty available in Arabic would also allow other Mediterranean states to familiarize themselves more easily with the aims and objectives of the Charter.

Trade-related Activities

From 2-4 October a Seminar on the Energy Charter Treaty's dispute settlement mechanisms for trade-related disputes, which are based on WTO rules, was held in Brussels. Financed by a voluntary contribution from the government of Switzerland, the aim of the Seminar was to facilitate the process of capacity-building on international trade rules in ECT states that are not yet WTO members, thus assisting the process of accession of such states to the WTO.

During the Seminar, in which WTO Secretariat experts participated, presentations on the ECT's dispute settlement procedures were supplemented by inter-active exercises simulating the work of a panel involved in the settlement of a trade-related dispute. The Seminar was held in conjunction with a meeting of the Energy Charter's Trade Group on 5 October.

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Contents

Energy Charter Delegation in Moscow	Page 1
Next Charter Conference Meeting	Page 1
"RAO EES Rossii" visits Energy Charter	Page 2
In-depth Energy Efficiency Reviews Published	Page 2
Speeches by the Secretary General	Page 3
Transit Negotiations Update	Page 3
New Director joins Secretariat	Page 4
Arabic Translation of ECT Planned	Page 4
For more information, visit our web-site at www.encharter.org	
For your comments: Info@encharter.org	

RUSSIAN PARLIAMENT TO CONSIDER ENERGY CHARTER TREATY RATIFICATION IN JANUARY 2001

Ratification of the 1994 Energy Charter Treaty (ECT) has been scheduled for hearings in the Russian State Duma's Energy Committee in January 2001. This message was conveyed to a high-level delegation from the Energy Charter, an inter-governmental organisation promoting east-west energy cooperation in which 51 states participate, which visited Moscow from 31 October – 2 November at the invitation of the Russian government.

The primary aim of the visit was to promote ratification by Russia of the ECT, the legally-binding foundation for the Energy Charter's work. The delegation, headed by the Energy Charter Conference Chairman, former European Commission Vice-President Henning Christophersen, and the Secretary General of the Energy Charter Secretariat, Dr Ria Kemper, held talks with Deputy Duma Speaker Vladimir Lukin, representatives of the Duma's Energy Committee, and with senior officials from the Russian Energy Ministry and the Ministry for Economic Development and Trade. Meetings were also held to discuss

the Energy Charter's role in regulating inter-state energy transit issues with the management of Lukoil, Transneft, Gazprom and Itera.

More than 40 of the ECT's Signatories have completed its ratification, including



Dr Kemper and her Deputy Valery Sorokin in Moscow

all CIS states except Russia and Belarus. Deputy Minister for Economic Development and Trade Beletsky assured the Energy Charter delegation that

the Russian government is committed to achieving ratification of the ECT, and remains an active supporter of the Energy Charter process in general.

Speaking in Moscow, Mr Christophersen underlined that "Russia's full involvement in our work is vital to the success of the Energy Charter as a mechanism for east-west energy security." Dr Kemper noted that attracting foreign capital is a strategic priority for Russia, particularly in the energy sector. "Ratification of the ECT would help in this respect by endorsing Russia's commitment to the principle of non-discriminatory treatment for foreign energy investors," she underlined.

Next Meeting of the Energy Charter Conference

The 6th Meeting of the Energy Charter Conference will take place in Brussels on **Thursday 7th December** at the Borschette Building of the European Commission (*rue Froissart 36, 1040 Brussels*). **A press-conference on the results of the Conference meeting will be held on this occasion at the Borschette** - for further details contact the Charter Secretariat.

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Visits by the Secretary General

• On 25 September Dr Ria Kemper, Secretary General of the Energy Charter Secretariat, addressed the Forum on "Energy Problems relating to Poland's Accession to the European Union" organized by the Polish National Committee of the World Energy Council in Zakopane, Poland. During the same visit, Dr Kemper also held talks on the Energy Charter's current activities with the Polish Ministries of Economy and Foreign Affairs, and with the President of the Polish Oil & Gas Company.



Dr Kemper in Zakopane

• On 8 October, Dr Kemper addressed the 3rd EU-Russia Industrialists' Round-Table in Moscow on the subject of ratification by Russia of the Energy Charter Treaty as an important step towards improving the investment climate in Russia. The Round-Table adopted a conclusion noting the positive sign that ratification of the Treaty by Russia would send to the foreign investor community.

• On 4 November, Dr Kemper visited Kiev for talks with Ukrainian Energy Minister Yermilov, First Deputy Foreign Minister Chaly, and Chairman of the State Oil & Gas Company Kopylov.

• On 17 November, Dr Kemper delivered a presentation focusing on the Energy Charter's role in the area of energy transit in the Caspian and Black Sea regions to the Turkish International Oil & Gas Conference in Istanbul. Dr Kemper also held meetings with high-level officials from the Turkish Ministry of Energy and Natural Resources in the margins of the Conference.

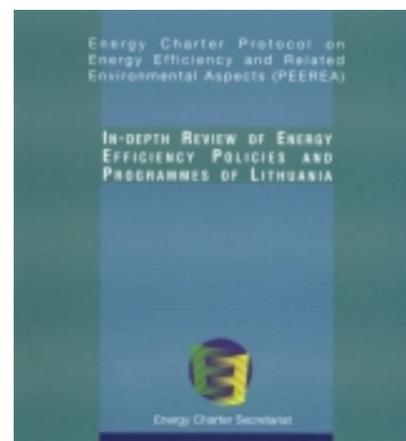
In-Depth Energy Efficiency Reviews Published

In the context of implementation of the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA), the Energy Charter is currently undertaking a series of In-Depth Reviews of the national Energy Efficiency strategies of individual member states. The aim of the reviews is to assess the progress made by such states in developing national energy efficiency policies and programmes, in accordance with their obligations under PEEREA, and to put forward recommendations where necessary concerning possible improvements to the given country's approach. The reviews are conducted by multi-national teams of experts from various parts of the Charter's constituency, with the support of the Energy Charter Secretariat.

The first two In-Depth Energy Efficiency Reviews, of the Slovak Republic and Lithuania, have now been issued as separate publications in English and Russian, thanks to a voluntary financial contribution for this purpose from the government of Denmark. Those wishing to

receive a copy of the reports should contact the Secretariat. The text of the two reports can also be viewed on the Energy Charter web-site (<http://www.encharter.org>).

The latest In-Depth Energy Efficiency Review, focusing on Poland, was conducted in September. The results of the review, and recommendations flowing from it, are due to be presented to the Energy Charter Conference on 7th December.



Cover of the Lithuania review

"RAO EES Rossii" at the Energy Charter

On 14 November Vyacheslav Sinyugin and Vladimir Dorofeev, Board Members of the Russian electricity company RAO EES Rossii, addressed the Energy Charter's Investments Group on RAO EES's plans for the restructuring of Russia's electricity sector. RAO EES, which generates 80% of all electricity in Russia, is planning a fundamental restructuring, under which its various functions will be "unbundled" and a range of private electricity distribution companies established. Sinyugin and Dorofeev outlined RAO EES's intention to submit its restructuring programme to the Russian government for approval within the next few months, and underlined the commitment of RAO EES to maximum transparency in the restructuring process, both for its shareholders and for the Russian public.



Mr Dorofeev and Mr Sinyugin

Secretary General Dr Ria Kemper noted that the Charter's Investments Group is developing Recommendations on best practices in the area of restructuring energy markets, based on the experience of various member-states, including several transition economies. "We are very pleased that RAO EES was able to share its proposals with the Group. RAO EES's plans for Russia's electricity sector are of direct relevance to the draft Recommendations on Market Restructuring – an exercise that has been widely welcomed by our member states in the CIS region in particular".

Update on Energy Charter Transit Protocol Negotiations

The 4th round of inter-governmental negotiations on an Energy Charter Transit Protocol, designed to enhance the Energy Charter Treaty's existing provisions on inter-state flows of energy in transit via pipelines and grids, took place in Brussels on 26-27 October. Speaking at a press-conference in the margins of the meeting, Dr Helga Steeg, Chairman of the Energy Charter's Transit Working Group, stated that the Group's revised target was to complete the negotiations within the first half of 2001.

"Although the Energy Charter Conference originally set us a time-frame of completion within 2000, the complexity of several of the items under discussion have meant that more time will be required than originally foreseen," said Mrs Steeg.

"However, we have managed to agree on text for a large part of the Protocol. Our task is now to focus on finding mutually-acceptable solutions on the key issues of regulating access to available capacity, tariff-setting and prevention of unlawful taking of energy in transit." The next meeting of the Working Group takes place on 4-5 December, following which Dr Steeg will present a full report to the Energy Charter Conference on 7th December concerning the status of the negotiations.

Dr Ria Kemper, Secretary General of the Energy Charter Secretariat, pointed out that the political significance of the Transit Protocol has been further underlined by the recent initiative to launch a "strategic energy partnership" between the EU and Russia. "Any long-

term supply agreements between the EU and Russia will need to be placed within a secure multilateral legal framework, in particular as regards the transit of oil and gas across third countries. Once the Transit Protocol is adopted, the Energy Charter will have created a comprehensive regime for the regulation of inter-state transit issues, which will be of clear strategic importance in this respect."

The parallel development by the Working Group of a series of non-binding Model Transit Agreements continues, drawing closely on input from governments and industry. A report on the Model Agreements will also be presented to the Energy Charter Conference on 7th December.