



Secretary General Visits Houston and New York

From 12-15 February Dr Ria Kemper, Secretary General of the Energy Charter Secretariat, visited Houston, Texas, for the 20th Annual Executive Conference organized by Cambridge Energy Research Associates. During her presentation to the Conference on "The Security of External Gas Supplies for Europe", Dr Kemper underlined in particular the strategic interest of the US in ensuring energy security in Eastern Europe and the CIS, and expressed the hope that the new US administration would feel able to play a more active role in the Energy Charter process (in which it currently participates as an Observer).



Dr Ria Kemper

On 16 February Dr Kemper visited New York for talks with senior officials from the Division for Sustainable Development at the United Nations. Discussions focused in particular on the relevance of the Energy Charter's activities in the areas of transit, trade, investments and energy efficiency for the work of the UN's Ad-Hoc Group on Energy & Sustainable Development.

Workshop on the Energy Charter Treaty Held for ECO Members

On 15-16 January 2001 a first Workshop on the Energy Charter Treaty was held in Ankara, Turkey, for member states of the Economic Cooperation Organization (ECO) and representatives of the ECO Secretariat. ECO is a regional inter-governmental cooperation body in which 10 states participate: seven existing members of the Energy Charter's constituency (the five states of Central Asia, Azerbaijan and Turkey), plus Iran, Pakistan and Afghanistan.

Experts from the Energy Charter Secretariat participated in the Workshop, which was hosted jointly by the Turkish Energy & Natural Resources Ministry and the Turkish Pipeline Corporation BOTAS, and presented the various areas covered by the Treaty's provisions. Representatives of those ECO states that are already Energy Charter members described the benefits they saw in the Treaty in terms of improving the investment climate in their respective energy sectors.

It was agreed that inter-institutional dialogue between ECO and the Energy Charter Secretariat should continue to develop. It is envisaged that individual ECO member states that are not signatories to the Energy Charter Treaty may also look to develop closer ties with the Charter process as a result of this event.

UPCOMING EVENTS

April 2-6	Latest Round of Negotiations on the Energy Charter Transit Protocol	June 7-8	Meeting of the Energy Charter Group on Trade
May 10-11	7th Meeting of the Energy Charter Conference	June 18-19	Meeting of the Energy Charter Working Group on Energy Efficiency
		June 27-29	Meeting of the Energy Charter Investment Group

Contents

News on Russian ratification Page 1

"Quote-Unquote" Page 1

Polish Energy Efficiency Review Page 2

Annual Report 2000 & Work Programme 2001 available Page 2

Recommendations on Non-Payments Page 3

Transit negotiations update Page 3

Secretary General visits the USA Page 4

ECT Workshop for ECO members Page 4

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RUSSIAN PARLIAMENT CONSIDERS RATIFICATION OF THE ENERGY CHARTER TREATY

Hearings took place in the Russian State Duma on 26th January 2001 on ratification of the Energy Charter Treaty (ECT). 51 states have signed the Treaty, and 44 have completed its ratification, including all CIS states except Russia and Belarus.

The hearings revealed that there is still no consensus in Russia on ratification. Whereas the Treaty's supporters, foremost the Russian government, see ratification as a step forward for Russia, its critics claim the ECT would be damaging to the country's economic interests. As a result, the Duma recommended that further analysis of the Treaty be carried out before its ratification is considered.

Commenting on the results of the hearings, Dr Ria Kemper, Secretary General of the Energy Charter Secretariat, said it was encouraging to read of the support for ratification voiced by the Russian government and leading Russian energy companies such as RAO EES Rossii and Transneft. "At the same time, it is disappointing that the Treaty was criticized without proper

justification," added Dr Kemper. "In particular, the views of those who claim that ratification would undercut Russia's position on European gas markets by forcing



Russia needs an enhanced legal framework to attract energy investments

Russia to open its network up to transport cheaper gas from Central Asia, are based on an incorrect reading of the Treaty's provisions, which specifically exclude mandatory Third Party Access."

Dr Kemper remains optimistic that the additional analysis commissioned by the Duma will make it

possible for ratification to be completed in Russia. "Any agreement among 51 states inevitably reflects an element of compromise from all sides concerned," she noted. "But I remain convinced that the benefits that the ECT offers for Russia far outweigh any possible shortcomings. Europe needs stable imports of oil and gas, while Russia needs major investments in order to maintain and develop its energy-production base. The ECT provides a legal framework within which both sides can pursue these interests to mutual benefit."

"Quote-Unquote":

"The whole world wants Russia to play her full part in the international community. That is why she should give priority to taking on new international commitments, including the World Trade Organization's rules and the Energy Charter Treaty"

Chris Patten, European Commissioner, addressing the Russian Diplomatic Academy in Moscow, January 2001

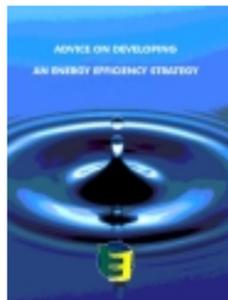
"Comparing all the pluses and minuses of ratification of the Energy Charter Treaty, one can confidently state that the benefits of such a step for Russia more than outweigh the losses."

Nikolai Tsvetkov, President of the Russian Financial Group "NIKoil", October 2000 Edition of "Investments in Russia"



New Energy Efficiency Publications

Three new Energy Charter publications in the area of energy efficiency and related environmental aspects have been issued this spring. Copies of all of them, in English and Russian, can be obtained from the Energy Charter Secretariat (see address on p. 1).



- **Advice on Developing an Energy Efficiency Strategy**

Without trying to offer a template, this brochure describes the steps to be taken in the process of developing an energy efficiency strategy and how to harmonise its objectives with other economic goals. The brochure was developed drawing on input from the Energy Charter's Working Group on Energy Efficiency and Related Environmental Aspects.

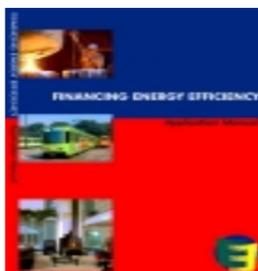
- **In-depth Energy Efficiency Review of Poland**

Based on a review undertaken in September last year, this report and the associated recommendations provided by the review team were endorsed by the Energy Charter Conference in December 2000. The Polish Government has accepted the recommendations and welcomed the report.



- **Financing Energy Efficiency – an Application Manual**

This publication was produced with the support of a voluntary contribution from the Dutch government, and was also discussed by the Energy Efficiency Working Group. It is aimed at assisting decision makers when selecting and implementing energy efficiency projects and for public authorities providing support to project sponsors.

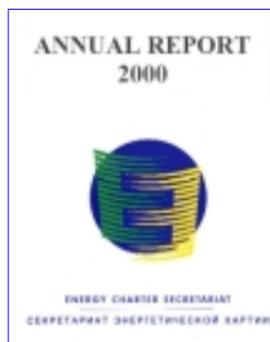


Annual Report for 2000 and Work Programme for 2001 Available

The Energy Charter Secretariat has issued an Annual Report for 2000, which was presented to the Energy Charter Conference on 7th December 2000. The Report covers the main areas of the Secretariat's activities over the last year in support of the aims and objectives of the Energy Charter Treaty.

The text of the Annual Report can be viewed on the Energy Charter web-site (<http://www.encharter.org>), or hard-copies can be obtained by contacting the Energy Charter Secretariat (see address on page 1).

The Energy Charter Conference approved on 7th December 2000 the Secretariat's Work Programme for 2001, the text of which can also be viewed on the Energy Charter web-site.



Cover page of the Annual Report

Energy Charter Adopts Recommendations on Non-Payments

At its last meeting on 7th December 2000, the Energy Charter Conference adopted a set of Recommendations on how transition economies can deal with the problem of non-payments for energy supplied to consumers. The Recommendations, which were developed by the Energy Charter's Investment Group during 2000, are designed to be of assistance to policy-makers and relevant public authorities in Energy Charter member countries with economies in transition. For many of such countries, the phenomenon of non-payments for energy supplied to industrial and domestic consumers is presently a serious obstacle to their attempts to move towards market-based structures in the energy sector.

The Recommendations focus on such issues as the importance of ensuring a clear delineation of government vs. company responsibilities, codes of practice to follow in cases of disconnection, coordinated public education campaigns to explain the need to eliminate non-payments, and so on. Case studies of the experiences of various CIS states in liberalising their energy markets formed the basis for the Recommendations. According to Secretary General Dr Ria Kemper, the adoption of the Recommendations demonstrates that steps are being taken at inter-governmental level to assist transition economies, in particular CIS countries, in tackling the issue of non-payments for energy. "The Recommendations also illustrate the Energy Charter's role as a forum where governments from east and west can exchange experiences and advice in tackling problems, such as non-payments, that arise during their transition to liberalised energy markets," adds Dr Kemper.



Cover page of the Recommendations

Transit Protocol Negotiations Approach Conclusion

Following the decision of the Energy Charter Conference to aim to complete negotiations on an Energy Charter Transit Protocol by May 2001, two further rounds of negotiations among the Charter's 51 member countries have been held since the beginning of the year. The aim of the Transit Protocol, negotiations on which began in early 2000, is to enhance the Energy Charter Treaty's existing provisions on transit issues and to create a common set of rules for energy transit via pipelines and grids throughout the Energy Charter's constituency.

Dr Helga Steeg, Chairman of the Charter's Transit Working Group, is optimistic that substantial progress has been made in the latest negotiating rounds, and confident that the negotiations can be completed as scheduled in May. "We still have some way to go in finding acceptable wording for all delegations on a number of open issues, and particularly on the question of access: more specifically, the conditions on which access may be

granted to available capacity for transit in national pipeline and grid systems," notes Dr Steeg. "But in spite of the different interests of our member states – who are, variously, energy exporters, importers, and transit countries – there is a readiness to find consensus solutions, and therefore the differences on this and other remaining issues are, I believe, reconcilable. Given that the whole of the Charter's constituency stands to benefit from the creation of a common set of rules on transit, I remain hopeful that our member states will show the necessary political will to conclude the negotiations in May as planned."

Once the negotiations are completed, linguistic and legal verification of the text in the Energy Charter's six official languages (English, French, German, Italian, Russian and Spanish) will take place, paving the way for the Transit Protocol to be formally adopted by its Signatory states before the end of 2001.