

# CHARTER NEWS

A newsletter from the Energy Charter



## SECRETARY GENERAL VISITS THE SOUTHERN CAUCASUS

Secretary General Dr Ria Kemper visited Armenia, Azerbaijan and Georgia in April 2001 to discuss the Energy Charter's present activities and the involvement in them of the states of the Southern Caucasus. Particular attention was paid to the ongoing development of an Energy Charter Transit Protocol and its relevance for energy projects involving inter-state transit through the Caucasus region. Dr Kemper was received by President Shevardnadze of Georgia, Prime Minister Rasizade of Azerbaijan and Prime Minister Markaryan of Armenia. She also held meetings with the Ministers responsible for energy in each country, as well as with local energy companies and regulatory bodies.



Dr Kemper meets with Armenian Prime Minister Markaryan in Yerevan

### IN BRIEF:

- **New Energy Charter Officers Appointed:** On 11<sup>th</sup> May the Energy Charter Conference approved the designation of new officers to head two of its subsidiary bodies:



Mr Steivan Defilla of Switzerland becomes Chairman of the Energy Charter's Trade Group.

Professor Argyrios Fatouros of Greece becomes Chairman of the Energy Charter's Investment Group.



Mr Miroslaw Duda of Poland becomes Vice-Chairman of the Energy Charter's Investment Group

- **Progress on Ratification:** Within the last few months, four Signatory states to the Energy Charter Treaty (Bosnia & Herzegovina, Malta, Poland and Turkey) have deposited their respective instruments of ratification with the government of Portugal, which acts as the Treaty's Depositary, and have thus completed the ratification process. This means that out of a total of 51 states that have signed or acceded to the Treaty, only 6 remain that have still to complete its ratification (Australia, Belarus, Iceland, Japan, Norway, Russia).
- **Secretary General Addresses APEC Energy Working Group:** Dr Ria Kemper attended the 21<sup>st</sup> Meeting of the Asia-Pacific Economic Cooperation (APEC) Energy Working Group (EWG) in Kuala Lumpur on 18-19 May, where she was invited to make a presentation on the Energy Charter and its relevance for energy cooperation in the APEC region. Dr Kemper noted the potential for synergies between the APEC EWG and the Energy Charter, many of whose activities are complementary. 3 APEC economies (Australia, Japan and Russia) are also Energy Charter members, and the Charter's Asian dimension is moving towards expansion, inter alia through the Secretariat's dialogue with China (see p. 1).

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## ENERGY CHARTER SYMPOSIUM HELD IN CHINA

The People's Republic of China is considering the possibilities to become more closely involved in the work of Energy Charter, an inter-governmental organization promoting co-operation on energy issues. This was discussed during a Symposium for Chinese government officials and industry representatives on the 1994 Energy Charter Treaty (ECT) and its potential relevance for the People's Republic of China, which took place in Beijing on 9-10 July. The ECT has been signed or acceded to by 51 states in Europe and Asia, and provides a legally-binding foundation for international cooperation on energy trade, transit, investments and energy efficiency.



During the Symposium in Beijing on 10 July

In parallel with the Symposium, Dr Ria Kemper, Secretary General of the Energy Charter Secretariat, held meetings in Beijing with senior officials from the Chinese State Development Planning Commission (SDPC) and Foreign Ministry, during which possibilities for closer Chinese involvement

in the Charter's work were discussed.

The Symposium on the ECT, hosted by the SDPC, was organized with financial support from the UK government. Senior officials from the Energy Charter Secretariat presented the various aspects of the ECT, and the Treaty's relevance in the context of China's national energy strategy was discussed.

Dr Kemper hopes that an enhanced dialogue between the Energy Charter and the Chinese authorities will result from the Symposium and her high-level meetings in Beijing. "The Asian dimension of the Energy Charter is an important part of our activities," noted Dr Kemper. "Japan, Russia, Mongolia and the states of Central Asia are already active participants in the Charter process, and China's closer involvement would be warmly welcomed by the Energy Charter's existing member states, particularly its neighbours in the Asian-Pacific region".

## YUGOSLAVIA TO JOIN THE ENERGY CHARTER

On 11 May the Energy Charter Conference approved an application from the Federal Republic of Yugoslavia to start the process of its accession to the Energy Charter Treaty (ECT). Yugoslavia is the only major European state that has so far not signed the Treaty.

On 22 June, the next step in the accession process was taken, when, by exchange of letters, the Yugoslav government signed the 1991 European Energy Charter, a political declaration that affirms the commitment of the Charter's member states to the principles of openness and non-discrimination as the basis for energy cooperation. Preparation for Yugoslavia's formal accession to the legally-binding ECT will now be initiated. In the meantime, the Federal Republic of Yugoslavia will be invited to participate in the work of the Energy Charter Conference and its subsidiary bodies as an Observer.



## DIALOGUE CONTINUES ON RUSSIAN RATIFICATION



Mr Yury Lipatov

Following the hearings that took place in the Russian State Duma in January 2001 on ratification of the Energy Charter Treaty by Russia, consultations over this issue have continued. In this context a delegation of Deputies from the Russian State Duma visited Brussels to participate in the work of the Energy Charter Conference meeting on 11<sup>th</sup> May, and to hold working-level discussions with the Energy Charter Secretariat. The delegation was headed by Mr Yury Lipatov, Deputy Chairman of the Duma's Committee on Energy, Transport and Communications.

Mr Lipatov said the visit had been useful in terms of increasing the deputies' familiarity with the specific content of the ECT's provisions. Concerning prospects for ratification of the Treaty by the Russian parliament, he noted that further consideration would be needed before the Duma returns to the issue formally.

"This is a serious international agreement, all the more so for a country like Russia, for whom the energy sector represents one of the main driving forces for the nation's economic development. The balance of interests for Russia in ratifying the ECT therefore needs to be weighed very carefully by the Duma before proceeding. In this context, it is important to have a full understanding of all aspects of the Treaty, and the expert-level dialogue conducted with the Energy Charter Secretariat during our visit to Brussels has undoubtedly been of assistance in this respect."

Mr Lipatov also underlined Russia's strong interest in the conclusion of the negotiations currently under way on an Energy Charter Transit Protocol, noting that a successful outcome of these negotiations would have a positive influence on the debate over ECT ratification in Russia.

Dr Ria Kemper, Secretary General of the Energy Charter Secretariat, described the visit of the delegation of Duma deputies to Brussels as "a welcome sign that substantial dialogue with interested parties in Russia over the ECT ratification issue is continuing to develop". Dr Kemper hopes that the discussions held with the delegation concerning the ECT's legal provisions will help to overcome the concerns of certain Russian industry circles regarding the possible consequences for Russia of ratification. "The whole of the Energy Charter's constituency wants to see Russia as a fully-fledged participant in the Charter's work, based on its full commitment to the rights and obligations of the ECT. Ratification of the Treaty by Russia is therefore of major interest for us, and I hope that our talks with Mr Lipatov and his colleagues have helped to bring us closer to this goal", said Dr Kemper.

## EU-RUSSIA SUMMIT UNDERLINES IMPORTANCE OF ECT RATIFICATION

"The ratification of the Energy Charter Treaty by Russia would help to create a more favourable environment for the support of International Financial Institutions and for international investments."

*From Joint Statement by Russian President Putin, Swedish Prime Minister Persson and European Commission President Prodi, issued on the occasion of the EU-Russia Summit in Moscow on 17 May 2001.*

## IN-DEPTH ENERGY EFFICIENCY REVIEW OF HUNGARY



The latest in the Energy Charter's series of In-Depth Reviews of the energy efficiency policies of member states took place in Hungary in April. Such reviews, conducted under the auspices of the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA), have previously been held in Lithuania, Slovakia and Poland. A team of experts from Norway, Ukraine, Latvia and Ireland, supported by the Charter Secretariat, held a wide range of meetings in Hungary with government departments and other relevant organisations in compiling the review.

The aim of the In-Depth Reviews is to assess progress made by countries in implementing their commitments under PEEREA to develop energy efficiency policies consistent with the aims of sustainable development. The implementation of recommendations to the country concerned regarding improvements to its strategy forms an essential part of the process. In the case of the Hungarian Review, the recommendations of the review team were discussed by the Charter's Energy Efficiency Working Group on 20-21 June, and will now be submitted to the Energy Charter Conference for approval.

Mr Peter Helmer Steen, Chairman of the Energy Charter's Energy Efficiency Working Group, is pleased that the review process is gaining momentum. "Countries increasingly recognize the benefits that "peer reviews" of this nature can offer, and the Energy Charter provides an excellent forum for this process, bringing together, as it does, so many countries".

## TRANSIT TALKS TO CONTINUE INTO OCTOBER

Talks between the Energy Charter's 51 governments on a legally-binding Protocol governing energy transit issues, which have been under way since February 2000 and were due to be completed in May, are set to continue further into 2001. The Energy Charter Conference, which met on 11 May to review progress in the negotiations, now aims to finalise the text of the Transit Protocol at its next meeting on 11 October, allowing for the Protocol to be formally adopted before the end of this year. The Protocol is designed to build on the existing transit-related provisions of the Energy Charter Treaty (ECT) by establishing a clear set of rules under international law in relation to inter-state flows of oil, gas and electricity via pipelines and grids.



At the Energy Charter Conference, 11 May

Energy Charter Conference Chairman Henning Christophersen expressed disappointment that the negotiations had not been completed in May. "We are in the hands of our member governments, and only when they have reached compromises on all the issues can the negotiations be closed. It should not be forgotten that the Transit Protocol will establish new rules under international law, and it is therefore only natural that negotiations on its text among 51 states take time," said Mr Christophersen. "Unfortunately, despite several rounds of talks this year, we have not been able to achieve our goal of finalization in May, as the Conference had intended. But I am now looking to our member states to redouble their efforts to reach compromises. If sufficient political will is shown, I remain confident that the Protocol can still be completed by the end of the year".

Among the provisions under negotiation in the Protocol are the obligation on states to ensure that energy flows in transit are not interrupted; to ensure that access to available capacity for transit is granted on a transparent and non-discriminatory basis; to ensure that tariffs for energy in transit are objective, reasonable and non-discriminatory; and to ensure that consideration is given to the energy supply needs of transit countries themselves.