

# CHARTER NEWS

A newsletter from the Energy Charter



## CHINA BECOMES OBSERVER TO THE ENERGY CHARTER



The People's Republic of China has become an observer to the Energy Charter Conference. China's application for observer status was approved at the last meeting of the Energy Charter Conference in Brussels on 17<sup>th</sup> December.

China's decision to apply for observer status at the Charter follows the successful holding in July this year of a Symposium on the Energy Charter in Beijing, organized jointly by the State Development Planning Commission of the People's Republic of China and the Energy Charter Secretariat. The Symposium focused on explanation of the organisation's legal foundation, the 1994 Energy Charter Treaty (ECT), which sets out legally-binding rules for cooperation among its member states on energy trade, transit, investments and dispute settlement.

Welcoming China's formal entry into the Energy Charter "family", Henning Christophersen, Chairman of the Energy Charter Conference, underlined that many of China's neighbours in the

north-east Asian region already participate in the Charter's work. "Having begun life primarily as a European body, the Energy Charter has long since become a truly Eurasian forum, with Japan, Australia, Russia, Mongolia and the states of Central Asia all participating actively in our work. China becoming an observer opens up encouraging prospects for developing further the Asian dimension of the Charter's activities".

Observership does not entail any formal obligations for the Chinese government. In time, however, Christophersen hopes that China may use its observer status in order to consider full accession to the ECT. "Accession would be warmly welcomed by international energy companies looking to invest in China," noted Christophersen. "It would also be fully consistent with the Chinese government's policy of greater integration into the world trading system, which took a major step forward earlier this year with China's accession to the WTO".

## TRAINING FOR NON-WTO STATES ON ENERGY CHARTER'S TRADE RULES

As part of the Energy Charter's efforts to promote the integration of all of its member states into the multilateral trading system, a Training Course on technical barriers to trade notifications under the ECT was held in Bern in November 2001, organised jointly with the World Trade Institute. This event, made possible by a voluntary financial contribution from Switzerland, was targeted in particular at the 11 non-WTO countries within the Charter's constituency, aiming to increase their familiarity with the WTO-based notification obligations imposed by the Treaty.

Steivan Defilla, Chairman of the Energy Charter's Trade Group, underlined the importance of this type of training exercise in terms of building capacity and expertise within the national administrations of non-WTO ECT states on the practical application of multilateral trade rules. This represents an important contribution to the preparations of these states for eventual WTO membership, noted Mr Defilla, adding that he was hopeful that further training exercises of this nature were planned under the Charter's auspices for 2002.



At the Training Course, Bern, November 2001

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For your comments: [Info@encharter.org](mailto:Info@encharter.org)

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## ENERGY CHARTER MARKS ITS TENTH ANNIVERSARY

The Energy Charter, an international forum promoting cooperation between governments on energy issues in which 51 states participate, celebrated the tenth anniversary of its foundation on 17 December 2001. This event was marked with a Special Session in Brussels of the organisation's governing body, the Energy Charter Conference, at which keynote addresses were delivered by Mr Olivier Deleuze, State Secretary for Energy and Sustainable Development of Belgium (on behalf of the EU Presidency), Mr Toshio Kojima, Parliamentary Secretary for Foreign Affairs of Japan, and Mr Fernando de Esteban, Deputy Director-General, DG Transport and Energy, European Commission.

ergy Charter process has achieved, and what should be its future priorities. "When the Charter first came into existence, many expected that the process of economic and legal transformation in Europe's post-Communist societies would be relatively smooth," said Christophersen. "The experience of the last decade has shown this not to be the case. This has inevitably impacted on the Charter's efforts to create a common legal foundation for east-west energy cooperation. In particular, as the Conference reaffirmed today, we still have important items of unfinished business on our agenda – such as ratification of the ECT by all Signatories, in particular Russia, and finalisation of the ongoing negotiations on an Energy Charter Protocol on Transit. But despite these setbacks, it is my firm belief that our member states remain committed to the Charter as a mechanism for promoting a more open system of east-west energy cooperation. Multilateral organisations like ours have a vital role to play in strengthening the rule of law as the basis for international economic relations, complementing bilateral channels for cooperation between states. I therefore believe that our work remains as relevant today as when the Energy Charter was first established a decade ago."



Olivier Deleuze, Belgian State Secretary for Energy and Sustainable Development, addressing the Special Session, together with Charter Conference Chairman Henning Christophersen

The Energy Charter Conference adopted a Declaration on this occasion, which underlines the importance of the Charter as a forum for policy dialogue among its member governments on issues of common concern, such as security of energy supplies, access to energy markets and efficiency of energy consumption and production. The Declaration also reaffirms the commitment of the Charter's member states to implementation of the Energy Charter Treaty (ECT), described as "one of the foundations for cooperation between us on energy policy issues".

Henning Christophersen, Chairman of the Energy Charter Conference, commented that the tenth anniversary provided a timely opportunity to assess what the En-

ergy Charter process has achieved, and what should be its future priorities. "When the Charter first came into existence, many expected that the process of economic and legal transformation in Europe's post-Communist societies would be relatively smooth," said Christophersen. "The experience of the last decade has shown this not to be the case. This has inevitably impacted on the Charter's efforts to create a common legal foundation for east-west energy cooperation. In particular, as the Conference reaffirmed today, we still have important items of unfinished business on our agenda – such as ratification of the ECT by all Signatories, in particular Russia, and finalisation of the ongoing negotiations on an Energy Charter Protocol on Transit. But despite these setbacks, it is my firm belief that our member states remain committed to the Charter as a mechanism for promoting a more open system of east-west energy cooperation. Multilateral organisations like ours have a vital role to play in strengthening the rule of law as the basis for international economic relations, complementing bilateral channels for cooperation between states. I therefore believe that our work remains as relevant today as when the Energy Charter was first established a decade ago."

The full text of the Declaration adopted by the Energy Charter Conference on the occasion of the Charter's tenth anniversary can be viewed on the Energy Charter web-site (<http://www.encharter.org>).



## PROMOTING ENERGY EFFICIENCY: FROM AARHUS TO KYIV

In 1998, Ministers responsible for Environmental Issues from across Europe held an "Environment for Europe" Conference in Aarhus under the auspices of the United Nations Economic Commission for Europe (UN-ECE), and committed themselves to specific actions to achieve the goals of increased sustainable development and protection of the environment. The UN-ECE's Committee on Environmental Policies later recommended that a report to the next UN-ECE "Environment for Europe" Ministerial (to be held in Kyiv in 2003) on the implementation of this commitment in the area of energy efficiency should be based on progress achieved within the Energy Charter process in implementing the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA). Under PEEREA, all of its signatory states are required to put in place national policy aims and strategies designed to pro-

mote energy efficiency.

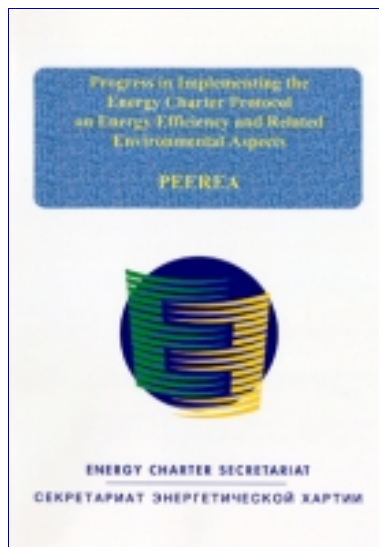
Since 1999, the process of reviewing implementation of PEEREA's commitments by its Signatory states has been under way. Within the Energy Charter's Working Group on Energy Efficiency, a cycle of reviews is being undertaken with the aim of completing by the end of 2002 an assessment of the national energy efficiency policies and programmes in place in all Energy Charter states. This cycle of regular reviews is complemented in selected countries by in-depth reviews of their energy efficiency policies and programmes, with resulting recommendations to the country concerned being submitted to the Energy Charter Conference for endorsement. Five such in-depth reviews have been conducted so far (Bulgaria, Hungary, Lithuania, Poland and Slovakia). Romania, Turkey and Estonia have volunteered to host in-depth reviews in 2002.

At its last meeting in December 2001, the Energy Charter Conference reviewed an Interim Report on implementation of PEEREA by all Signatories, designed to provide member states with an overview of progress made in achieving the Protocol's objectives prior to the compilation of the final report to be submitted to the UN-ECE Kyiv Ministerial in 2003. In welcoming the report, the Conference underlined the value of this comprehensive review process in terms of raising awareness within national administrations of PEEREA and its

obligations, and also as a means of exerting "peer pressure" on countries with regard to their implementation of their commitments under the Protocol.

Peter Helmer Steen, Chairman of the Energy Efficiency Working Group, believes that countries are increasingly recognizing the importance of developing national energy efficiency strategies, although he acknowledges that some states have made more progress than others in this area since PEEREA's adoption. "The review process undertaken within the Energy Charter is not aimed at developing a single model of an energy efficiency strategy applicable to all cases", underlined Mr Steen. "Rather, the objective is to give countries with economies in transition the opportunity to study in more detail the experience of traditional market economies in this area, particularly in terms of establishing the required institutional framework to promote energy efficiency, and also in terms of possible financing mechanisms that can be applied in this area. Naturally, different solutions may be appropriate in different cases, but the process of reviewing and comparing countries' experiences offers major potential benefits as an exercise in transferring advice on best practices."

The full texts of the interim Report on implementation of PEEREA and of all In-Depth Energy Efficiency Reviews is available from the Energy Charter Secretariat (see contact details on p. 1).



Cover page of the Progress Report on PEEREA's implementation

## NEW ENERGY CHARTER CONFERENCE VICE-CHAIRMAN APPOINTED



Gennady Ustyuzhanin

Gennady Ustyuzhanin, Deputy Minister of Energy of the Russian Federation, has been appointed for the duration of 2002 as one of the two Vice-Chairmen of the Energy Charter Conference, a 51-member inter-governmental organization promoting east-west energy cooperation. The appointment of Mr Ustyuzhanin was confirmed at the last meeting of the Conference in December 2001. The Conference's other Vice-Chairman for 2002 is Mr Hidenobu Sobashima, Director of the Energy Resources Division in the Foreign Ministry of Japan.

Welcoming Mr Ustyuzhanin's appointment, Energy Charter Conference Chairman Henning Christophersen assessed the decision of the Russian government to nominate a Deputy Minister for this position as a positive sign of its commitment to active involvement in the Energy Charter. "Hopefully, this commitment will be translated into progress during 2002 towards Russian ratification of our organisation's legal foundation, the Energy Charter Treaty (ECT), a step which is of key importance for the Charter process as a whole", added Christophersen. Russia signed the ECT in 1994, but remains one of only six out of the Treaty's fifty-one Signatory states that has yet to complete its ratification.

Gennady Ustyuzhanin has been Deputy Minister of Energy in the Russian government since 1999, prior to which he served as Deputy Chairman of Russia's Federal Energy Commission and in various posts within the management of the Russian gas company "Gazprom".

## EU AND JAPAN SUPPORT ENERGY CHARTER EXPANSION



"Other actions to be pursued in the area of Energy and Transport:

Strengthened cooperation in multilateral fora and processes, including to make a success of the 8th International Energy Forum in Osaka scheduled for September 2002 and to expand the membership of the Energy Charter Treaty, as well as in the context of the International Energy Agency."

*Extract from Action Plan adopted by EU Council President Guy Verhofstadt, EU Commission President Prodi, and Japanese Prime Minister Koizumi at the 10th EU-Japan Summit, Brussels, 8 December 2001*