



CHARTER NEWS

A newsletter from the Energy Charter

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For more information, visit our web-site at www.encharter.org

For your comments: Info@encharter.org

SEMINAR ON TRADE AND INVESTMENT IN THE EURASIAN POWER SECTOR HELD IN BRUSSELS

On 3rd October a Seminar organized by the Energy Charter Secretariat on "Liberalising Trade and Investment in the Eurasian Power Sector" took place in Brussels. This event, which attracted over 120 participants, was aimed at stimulating a dialogue between governments, industry and regulators from across the Charter's Eurasian constituency on how an integrated Eurasian electricity market can be achieved whilst ensuring economic efficiency and security of supply for the whole continent in an environmentally sustainable manner.

Among the main issues addressed were the role of market integration in reducing investment risks, the role of regulatory bodies in removing obstacles to trade and investments in the power sector, and the challenges of ensuring proper regulation of competitive electricity markets. Discussion also focused on the role of international legal instruments in removing barriers to inter-regional electricity trade, with a particular emphasis on the relevance of the Energy Charter Treaty, which extends WTO-based rules to electricity trade between all of its member states, including those that are not yet full members of the WTO.

Participants heard presentations from "RAO EES Rossii" Board member Anatoly Zelinsky on progress made in reforming Russia's electricity sector, from CIS Electric Power Council Executive Committee

Chairman Vladimir Djangirov on prospects for establishing synchronous operation of the electricity networks of eastern and western Europe, and from representatives of, among others, EURELECTRIC, the EBRD, OECD, IEA, UNCTAD and Electricite de France on the experience to date of operating regional electricity markets in Eurasia and the lessons learned in terms of obstacles to trade and investment.



Paul Bulteel, Secretary General of Eurelectric, and Anatoly Zelinsky, Board Member of "RAO EES Rossii", addressing the 3 October Seminar

The Seminar illustrates the Energy Charter's growing role as a forum for policy dialogue on east-west energy cooperation issues, involving both governments,

industry and other interested parties. "For many people, the Energy Charter is associated primarily with negotiations on legal texts – but ours is more than a negotiating body. Increasingly, our member states are coming to appreciate the Charter's potential in promoting dialogue between states on energy policy issues, given the broad constituency that it covers. Today's Seminar provides a good example of this", commented Secretary General Ria Kemper.

A summary report on the Seminar, together with the full texts of all presentations made, is now available on the Energy Charter web-site (<http://www.encharter.org>).

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CONSULTATIONS WITH OIL & GAS INDUSTRY ON MODEL TRANSIT AGREEMENTS

In parallel with the ongoing negotiations among the Energy Charter's member states on a legally-binding Transit Protocol, the Energy Charter Secretariat is presently working on a series of non-binding Model Transit Agreements. The aim is to create a set of models that reflect best-practices which governments and companies involved in specific transit projects can draw on for guidance.

It is envisaged that these Model Agreements will eventually be endorsed by the Energy Charter Conference, although their non-binding nature ensures that there will be no obligation on governments or companies to use them. Drafting work is now into its final stages on the first two Model Agreements that are to be developed under the Charter's auspices: an Inter-Governmental Model Agreement (IGA) and a Host-Government Model Agreement (HGA). The aim is now to finalise these two Models and publish them, together with a legal commentary on their content, in 2003.



The Secretariat is aiming to ensure that the Model Agreements are developed taking close account of the views of industry, as the potential "end-users" of these instruments. As part of the process of consultations on their content, the Secretariat's Head of Legal Affairs Adnan Amkham and Director for Trade and Transit issues Leif Ervik were invited on 2 October to present the Model Agreements to the Legal & Insurance Committee of the International Association of Oil & Gas Producers (OGP), which represents the world's major companies involved in hydrocarbons exploration and production. Discussions focused on the scope of the two draft Model Agreements, their potential applicability for individual projects involving cross-border transit of hydrocarbons, and the role that industry can play in ensuring that such Models continue to develop and be updated, in order to take account of ongoing developments in commercial practice.

EU-RUSSIA RELATIONS: DENMARK FOCUSES ON ENERGY CHARTER TREATY RATIFICATION



Denmark's Prime Minister, Foreign Minister and Europe Minister present the Danish EU Presidency Work Programme

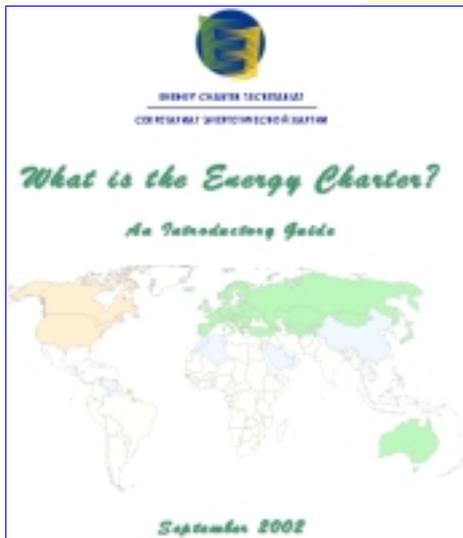
"The Presidency will attach importance to measures to consolidate democracy, human rights, and the principles of the Rule of Law in Russia..... **In cooperation with the Commission, the Presidency will promote Russia's ratification of the Energy Charter Treaty.**"

From Denmark's EU Presidency Work Programme for July-December 2002

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“WHAT IS THE ENERGY CHARTER?” - NEW INTRODUCTORY GUIDE ISSUED BY THE SECRETARIAT



Cover page of the brochure

The Energy Charter Secretariat has issued a new brochure for the general reader entitled “What is the Energy Charter? – An Introductory Guide”. The aim of the brochure, which was issued in September 2002, is to provide an overview of the Energy Charter process in a compact and user-friendly form. Included in the brochure are one-page summaries of the history of the Energy Charter process, the present membership of the Charter Conference, the provisions of the Energy Charter Treaty and its related documents (with regard to energy investments, trade, transit, dispute settlement and energy efficiency), the present activities conducted by the Charter Conference to ensure the Treaty's implementation, and the Charter's relations with non-member states. Organization charts of the Charter Conference and its subsidiary bodies and the Secretariat are also included, as is a full list of publications issued by the Secretariat in recent years.

Those wishing to obtain copies of the brochure are requested to contact the Secretariat (see contact details on page 1).

SECRETARY GENERAL ATTENDS INTERNATIONAL ENERGY FORUM IN OSAKA

Secretary General Ria Kemper attended the 8th International Energy Forum (previously known as the “producer-consumer” dialogue) in Osaka, Japan, on 21-23 September – the first occasion on which the Energy Charter Secretariat has been formally represented at this major gathering that brings together over seventy governments and international organizations to promote dialogue on energy policy issues.



In the margins of the Forum, Dr Kemper held discussions with representatives of several states not presently members of the Energy Charter process, with the aim of increasing their familiarity with the Charter and its activities. In particular, bilateral meetings were held with Mr Kook-Hwan Shin, Minister for Commerce, Industry and Energy of the Republic of Korea, and with Mr Bijan Zangeneh, Minister of Petroleum of the Islamic Republic of Iran. In both cases, discussions focused on the potential for closer involvement of these two non-member states in the work of the Energy Charter. As a follow up to the latter meeting, Dr Kemper has been invited by the Iranian government to visit Tehran before the end of the year in order to continue discussions on Iran's possible involvement in the Energy Charter process.

Dr Kemper also held a meeting in Osaka with Dr Alvaro Silva Calderón, Secretary General of OPEC, during which it was agreed that the development of a dialogue between the Energy Charter Secretariat and OPEC would be in the interests of both institutions.



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NEW DIRECTOR JOINS THE SECRETARIAT

Erik Sørensen (Denmark) has taken over as the Energy Charter Secretariat's Director responsible for investment issues, energy efficiency and relations with non-member countries. He joined the Secretariat at the beginning of September 2002, replacing Erik Ulfstedt, who has returned to the Finnish Diplomatic Service.

Prior to joining the Secretariat, Erik Sørensen has worked for the last decade in the area of energy research and consulting, firstly with DRI/McGraw-Hill and then as a Partner of the ECON consultancy group, where he headed the group's Paris office. In this capacity, he has managed several major studies on European gas and electricity issues, including a number of assignments dealing with energy sector restructuring in the transition economies of eastern Europe. Earlier in his career, he served as Head of Economic Analysis of the Danish state oil and gas company DONG, as Head of Division in the International Energy Agency, and as an adviser in the European Commission. An economist by background, Erik Sørensen is the holder of a Master's degree in macro-economics from the University of Copenhagen.



Erik Sørensen

ENERGY CHARTER TREATY BOOK PUBLISHED IN RUSSIA

In October 2002 the Moscow publishing house "International Relations" issued the Russian-language edition of "The Energy Charter Treaty – the Route to Investments and Trade for East and West", jointly edited by Professor Thomas Wälde (University of Dundee) and Andrei Konoplyanik (currently Deputy Secretary General of the Energy Charter Secretariat).

The book, which includes contributions from Russian and non-Russian specialists, contains a legal and economic analysis of the Treaty, reviews the history of its development, and discusses issues of current interest, notably the debate over ratification of the Treaty in Russia. It is aimed at a wide audience of managers and experts dealing with international energy markets and Russian energy policy, as well as academics specializing in legal, economic and financial matters.

Those interested in purchasing copies of the book should contact the Moscow-based Energy and Investment Policy and Project Financing Development Foundation (e-mail: book@enippf.ru).

