



PUBLIC COMMUNICATION ON THE SEVENTH NEGOTIATION ROUND OF THE MODERNISATION OF THE ENERGY CHARTER TREATY

On 28 September – 1 October 2021, the Seventh Negotiation Round on the modernisation of the Energy Charter Treaty (ECT) was held by videoconference.

The following topics were addressed:

- Remaining topic from the previous negotiation round
 - *Umbrella clause*
- Transit
 - *Definition of ‘transit’*
 - *Access to infrastructure (including denial of access and available capacities)*
 - *Definition and principles of tariff setting*
- *Sustainable development and corporate social responsibility*
- Dispute settlement
 - *Frivolous claims*
 - *Security for costs*
 - *Third party funding*
 - *Transparency*
 - *Valuation of damages*
- *Definition of Economic Activities in the Energy Sector*

The Modernisation Group discussed the aforementioned topics on the basis of the progress made in the previous Negotiation Rounds,¹ submissions and comments provided by the delegations during this Negotiation Round, as well as draft compromise proposals which were prepared on some of the topics.

Contracting Parties discussed the Umbrella Clause and agreed to continue the discussion together with other provisions.

After holding an informal workshop in the beginning of September, the Modernisation Group had a constructive discussion with respect to the topics pertaining to Transit. The Contracting Parties were able to further clarify available text proposals and expressed diverging positions, in particular regarding the broadening of the scope of the transit provisions. Consequently, the Secretariat was instructed to draft a compromise proposal for further discussions.

¹ For public communications with respect to the previous Negotiation Rounds, please consult <https://www.energychartertreaty.org/modernisation-of-the-treaty/>.

The Modernisation Group advanced the discussion on Sustainable Development and Corporate Social Responsibility. In this context, the Contracting Parties considered compromise drafts on possible references to international instruments and agreements in the field of sustainable development and responsible business conduct. Discussions also covered environmental impact assessments, a proposed amendment of the ECT provisions on transparency as well as a proposal on climate change and clean energy transition.

The discussions on dispute settlement topics (Frivolous claims, Security for costs, Third-Party Funding, Transparency and Valuation of damages) made progress on the basis of compromise proposals.

The Modernisation Group continued discussions on the definition of “Economic Activity in the Energy Sector”. In this context, Contracting Parties discussed draft provisions on options to bring about the flexibility considered necessary by individual Contracting Parties, taking into account their individual energy security and climate goals.

Taking into account the common goal of Contracting Parties to finalise negotiations expeditiously, the Modernisation Group will focus on the most advanced topics in the context of the Eighth Negotiation Round scheduled for the second week of November 2021.