

ENERGY CHARTER TREATY

The final text of the Energy Charter Treaty (ECT) was approved and opened for signature at the European Energy Conference held at Lisbon in December 1994. It has since been signed by fifty countries, and will come into force ninety days following the deposit of the thirtieth instrument of ratification with the government of Portugal.

The ECT has as its goal the establishment of the structural framework required to implement the principles enunciated in the European Energy Charter. The Charter, adopted at the Hague in December 1991 by representatives of Eastern and Western Europe, the Russian Federation and other members of the Former Soviet Union, the United States, Canada, Japan and Australia, resolved to promote a new model for energy co-operation in the long term in Europe and globally within the framework of a market economy, mutual assistance and the principle of non-discrimination.

The ECT is intended to catalyze economic growth by means of measures to liberalize investment and trade in energy products. The focus of this liberalization is on the promotion of East-West industrial cooperation, based on the provision of legal safeguards in the areas of investment, transit and trade. In respect of investment, the ECT contains provisions regarding the treatment of investment in the energy sector at the post-establishment phase.

Negotiations have commenced on a supplementary treaty regarding the application of non-discriminatory principles to the pre-establishment phase of investment activity, and the extension of ECT disciplines to trade in energy-related equipment. The current exercise also includes examination and adjustment of the ECT to take into account the results of the Uruguay Round of Multilateral Trade Negotiations completed in 1994.