

ENERGY CHARTER TREATY

Formal negotiations concluded in September 1994 on the text for an Energy Charter Treaty (ECT) which 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. The Treaty also contemplates the commencement of a second stage of negotiations regarding the application of non-discriminatory principles to the pre-establishment phase of investment activity. These negotiations could commence as early as January 1995.

At present, it is contemplated that the ECT will be adopted by the European Energy Conference at Lisbon in December 1994.

