

Minister Scajola, Ladies and Gentlemen,

### *Introduction*

It is my honour and pleasure to be asked to address important issues in this Dialogue today. I will share with you some thoughts on (1) the concept of “modernisation” of the Energy Charter process; on (2) the need to address the “Conceptual Approach” for a legal framework for energy as presented by President Medvedev; and on (3) the opportunity to build a broader constituency and to facilitate the accession of major energy producers, users, and transit states. We indeed need to consider these issues very carefully, as they will help shape the future we see for the Energy Charter Treaty and process. This Conference should therefore be the starting point of a more structural strategic debate on our orientations for the coming years.

I would like to start, however, by reaffirming the European Union’s full commitment to the existing Energy Charter Treaty and process. We are convinced that the ECT is a very useful instrument, facilitating cross border energy trade, investment, transit and its efficient use, helping to address the very considerable energy challenges we face today. We will need to ensure the full respect of the Energy Charter Treaty's provisions, which is essential for this instrument to be effective and maximised in all its fronts. We can therefore build our orientations for the future on a strong foundation, a Treaty of which the provisions can effectively be enforced.

There are calls to “modernise” the Energy Charter process, to build on the existing foundation to adapt it to changed circumstances and the new energy challenges of today. Indeed, the energy sector has fundamentally changed since the Treaty was signed and we face an unprecedented interdependence and complexity in our international energy relations. We are all dealing with similar challenges, and we shall all work towards stable, transparent, non-discriminatory and reliable energy markets while putting sustainability, competitiveness and security of supply at the heart of our EU energy policy.

We are convinced that the existing Energy Charter Treaty, and associated instruments, are very sound and provide the tools to face today’s challenges. The Treaty should therefore not be undermined or changed.

As I stressed before, one of the key ‘modernisation’ elements to consider, and of which we can probably all agree on its immediate value, is the conclusion of the agreement on the draft Transit Protocol.

We are open to explore what other new major initiatives could have a significant added value in the Charter context. We look forward to the continued work in the Charter forum, notably in the Strategy Group, on this area.

### *Medvedev Proposals*

The second issue I would like to address is the Russian proposal for a new legal framework on energy, the so-called Conceptual Approach. We welcome the fact that Russia is interested in strong legal frameworks addressing energy trade and investment. The proposed Conceptual Approach contains several important principles that the EU subscribes to (notably non-discrimination and transparency). We are happy that Russia shares these principles. Most of

these principles are already covered to a greater or lesser extent in other frameworks such as WTO and the Energy Charter Treaty, and are standard in any trade agreement. We should not undermine what has already been built up until now amongst energy partners that are bound by these frameworks. However, the EU is open to consider the Russian proposal further.

### *Enlargement*

Both the modernisation of the Treaty and the Conceptual Approach are also linked to the another important question that needs to be addressed. How can we ensure a broad constituency in the Energy Charter?

The EU continues to promote the line of focussed efforts on those countries which would give significant added value to the Charter process and the enhancing of international energy trade, investment, and efficient use. But there should also be a willingness of these potential member countries to accede to the Energy Charter Treaty and its associated instruments. One of the important tasks we see for the coming year is to agree on a strategy for targeted enlargement efforts. We need to identify a limited number of most promising potential new members of the Constituency on which to focus our efforts in a coordinated manner.

### *Consistency with other Fora*

Lastly chairman, it goes almost without saying that our future work under the Energy Charter process must take into account the work that is done in the other major international initiatives and fora relating to energy relations and associated issues.

### *Conclusion*

I would like to express the hope that 2010 will mark the beginning of a new era for the Charter, building on what has been achieved until now.

I, for one, already look forward to our meeting of next year, where we can take stock of the first results of the work that we are initiating today.

Thank you for your attention.