

ENERGY COMMUNITY MINISTERIAL COUNCIL

MEETING CONCLUSIONS

Montenegro, 29 June 2007

1. The Ministers of the Energy Community thanked the Montenegrin Minister and his authorities for their hospitality.
2. The A-points in Annex 1 were adopted.
3. The Ministerial Council recognized the Netherlands as a Participant pursuant to Article 95 of the Energy Community Treaty.
4. Pursuant to Conclusion 9 of the Skopje Ministerial of 17 November 2006, the European Commission made a report on the intentions of and state of play of discussions with Ukraine, Moldova, Norway and Turkey. With regard to Ukraine, Norway and Moldova, the European Commission recommended an early start to a formal accession process, and noted that Turkey has for some time been considered a qualified applicant. On that recommendation, the Ministerial requested the Commission to continue to co-ordinate the accession process with the four countries. However, the Ministerial, including the European Community, noted that, in this accession process, the relevant internal procedures of all existing Parties to the Treaty must be respected. The Ministerial desires a swift accession process with the intention that Ukraine, Norway and Moldova be admitted to the Treaty in 2007 provided that conditions are met and subject to the preceding proviso. The Ministerial invited Turkey to become a full member of the Energy Community with a view to achieving the same timetable¹. With regard to the accession process, the Ministerial noted the following issues:
 - The regional markets defined in Title III of the Energy Community Treaty must be consistent with the geographical and physical realities of the integration of the Contracting Parties into the Internal Gas and Electricity Markets of the European Community.
 - In an enlarged Energy Community, the necessity of dispute settlement mechanisms between private parties will have to be assessed. In addition, a formal process that exists at a level below the Ministerial will have to be considered for the issue of non-implementation of Treaty commitments by Treaty Parties.
5. The Energy Community Ministerial requests the Permanent High Level Group to draw up a list of priority infrastructure projects for the Contracting Parties using the criteria established in the European Unions Trans-European Networks – Energy (TEN-E) Programme. The Ministerial welcomes the upcoming Athens Conference on investments.

¹ See in Annex the Statement made by the Republic of Cyprus

6. The Ministers adopted the 1st Annual Report on the Activities of the Energy Community in accordance with Article 52 of the Energy Community Treaty, and authorized the Secretariat to submit it in the name of the Ministerial to the European Parliament and to the Parliaments of the Adhering Parties and of the Participants.
7. The Ministers reviewed the state of play of the implementation of the Treaty establishing the Energy Community. In this aspect, the Ministerial Council noted the progress which has been achieved as well as the challenges which the Contracting Parties face in the process of implementation. The importance of the monitoring process for following the obligations under the Treaty establishing the Energy Community was underlined again. The Ministerial agreed to review the situation in November and examine the opportunity to grant an additional period to allow those Parties that had not managed to fulfil all their commitments to bring their domestic legislation into line with the Energy Community Treaty. The Secretariat is required to focus on this issue until the next Ministerial and to submit a short report on the matter.
8. On the issue of security of supply, and pursuant to Article 100 (ii) of the Energy Community Treaty, the Ministerial agreed to implement the
 - Directive 2005/89/EC concerning measures to safeguard security of electricity supply and infrastructure investment; and
 - Directive 2004/67/EC concerning measures to safeguard security of natural gas supply; and
 - Regulation 1775/2005/EC on conditions of access to the natural gas transmission networks.

The PHLG is required to propose to the next Ministerial the appropriate amendments of Article 10 & 11 of the Energy Community Treaty and to establish timetables for implementation.

The European Commission is requested to examine appropriate means to ensure close co-ordination of the relevant bodies established under these Directives and Regulation within the European Community and the Energy Community and and/or the consolidation of these bodies.

With regard to the specific legal obligation under Art. 46 of the Energy Community Treaty, namely the adoption of a procedural act for the operation of the mutual assistance obligation, the Ministerial agreed that the time limit in Art. 46 Energy Community Treaty be extended to 3 years, pursuant to Art. 100 (i) of the Energy Community Treaty, in order to allow further reflection on this very technical and political provision.

The Permanent High Level Group is tasked to produce a report on Articles 44-46 for the next Ministerial reflecting the views of the Contracting Parties.

9. The Ministers thanked the current Presidency of the Energy Community and issued a welcome to the incoming Presidency, Serbia. The Ministers concluded that the priority for the incoming Presidency is to assure that the Parties successfully make steps along the Treaty from transposition to its effective implementation.
10. With regard to the Social Memorandum, the Ministerial Council expressed their agreement with the substance of this Memorandum. The latter will be then open for signatures as from October 2007. The Commission stated the readiness of the European Community to sign the Memorandum. The PHLG was asked to present to the next Ministerial Council meeting different options for the establishment of a forum in charge of addressing social issues.

These Conclusions are adopted.

For the Ministerial Council,

THE PRESIDENCY

29 jun 2007

Annex

- 1) The Ministerial adopts the Conclusions of the Permanent High Level Group for the period of the Presidency of the Government of Montenegro.
- 2) Pursuant to Article 74 of the Energy Community, the Ministerial adopts the budget proposal (with a budget ceiling of €2.032 million) presented to it and directs - pursuant to Article 47(c) of the Energy Community Treaty - the Permanent High Level Group (PHLG) to adopt the requisite Procedural Act before the end of August 2007.
- 3) The Ministerial, pursuant to Article III.3 of the Ministerial Council Decision of 17 November 2006 on adoption of rules of recruitment, working conditions and geographical equilibrium of the Secretariat's staff of the Energy Community (2006/02/MC-EnC), adopts the Organigramme of the Secretariat for the period July-December 2007.
- 4) The Director of the Energy Community is invited to submit the report in Article 75 for the period since entry into force of the Treaty until the commencement of the next budgetary period at the next Ministerial (July 2006 – November 2007).
- 5) Pursuant to Article 66 of the Energy Community Treaty, the Gas Forum shall meet at Maribor. The Ministerial directs - pursuant to Article 47(c) of the Energy Community Treaty - the Permanent High Level Group (PHLG) to adopt the requisite Procedural Act before the end of August 2007.
- 6) Pursuant to Article 21 of the Energy Community Treaty, the Ministerial adopts the list of generally applicable standards for gas and electricity. The Ministerial directs - pursuant to Article 47(c) of the Energy Community Treaty - the Permanent High Level Group (PHLG) to adopt the requisite Procedural Act before the end of August 2007.

Statement

Cyprus would like to underscore that Turkey continues to oppose the accession of the Republic of Cyprus to various regional and international organisations and mechanisms, in contravention to its European commitments. Moreover, Turkey has so far failed to implement its obligations emanating from the Ankara Protocol vis-à-vis the Republic of Cyprus, and continues to apply discriminatory measures against the interests of Cyprus. It should, further, be noted that since the beginning of the accession process with the EU, Turkey has not taken any steps towards the normalisation of its relations with the Republic of Cyprus and has not respected its unequivocal commitment to good neighbourly relations, both of which are necessary components of the accession process as prescribed in the Negotiating Framework.

Cyprus wishes to underline that the repeated conduct of exploration by a Turkish oceanographic vessel in the territorial waters north of Cyprus this year, without authorization from the government of the Republic of Cyprus, is contrary to the United Nations Charter and relevant United Nations Conventions. Furthermore, these and other hostile actions, such as frequent Turkish military exercises in the areas adjacent to the south-west territorial waters of Cyprus, where the government of Cyprus announced plans for oil and gas extraction in its Exclusive Economic Zone, could contribute to the escalation of tension and jeopardise security in the Eastern Mediterranean.

Cyprus also wishes to stress that, on a technical level, Turkey is far from fulfilling any of the conditions which are necessary prerequisites for the purposes and goals of the Energy Community Treaty. Any decision concerning the accession of Turkey to the Energy Community must be based on whether the country has fulfilled its commitments and met the relevant criteria. Cyprus expects that all EU Member States will be receiving full, timely and updated reports on the progress of Turkey towards meeting these criteria.

Cyprus anticipates that these legitimate concerns will be appropriately addressed and fully respected.