

ROME EURO - MEDITERRANEAN ENERGY PLATFORM

(Rome Euro-Mediterranean Energy Platform – REMEP)

ESTABLISHMENT AND STATUTE

Draft dated 15.10.2004

Ministry of Productive Activities

Decree nr.

Establishment of the “Rome Euro-Mediterranean Energy Platform” within the framework of Euro-Mediterranean Energy cooperation.

The Minister of Productive Activities

- Considering that the development of Euro-Mediterranean cooperation in the energy sector is one of the main priorities in the international, national and European Union economic relations with regard to both the security and diversification of energy supplies and in order to favor the creation of a Euro-Mediterranean energy market;
- considering the developments following the 1995 Barcelona Declaration, “Euro-Mediterranean Partnership”, within the framework of which energy cooperation is regarded as a strategic activity;
- considering that the historic enlargement of the European Union in May 2004 poses new opportunities and new challenges to every country of the “Euro-Mediterranean Partnership” in terms of a greater commitment to support Euro-Mediterranean cooperation in the energy sector;
- considering the guidance role played by the Euro-Mediterranean Forum within the framework of the “Euro-Mediterranean Energy Partnership”
- considering the conclusions drawn by the Energy Euro-Mediterranean Ministerial Conferences that took place in Athens on 21 May 2003 and in Rome on 2

December 2003, highlighting the Ministers' consensus to provide a logistic "ad hoc" support to the Euro-Mediterranean Energy Forum;

- considering the "Declaration of Intent", signed in Rome on 2 December 2003 by the representatives of the European Commission and of the governments of Algeria, Austria, Palestinian Authority, Belgium, Bulgaria, Cyprus, Egypt, France, Jordan, Israel, Italy, Lebanon, Morocco, Romania, Spain, Hungary, Tunisia and Turkey promoting and prompting the establishment of a "Rome Euro-Mediterranean Energy Platform" (Annex I);
- considering the declaration of the representatives of the governments of Syria and Greece showing the will of their own countries to take part in the "Rome Euro-Mediterranean Energy Platform", hereinafter called the "Platform";
- considering the commitment made by the Italian government on the occasion of the Euro-Mediterranean Conference on Energy held in Rome on 1 and 2 December 2003, to actively promote the establishment of the "Platform" by making available, for its startup phase and until the end of 2006, the premises and logistic support as well as the funding of its operational costs;
- considering the documents on the "Project for the arrangement of an ad hoc logistic support to the Euro-Mediterranean Energy Partnership" and the "Platform preliminary working program for 2004-2005", both of them being an integral part of the "Declaration of Intent", as outlined in Annex I to the present Decree;
- considering the proposal on the actual operation of the "Platform" submitted to the European Commission by the Italian government;
- considering the European Commission's proposal about the startup phase of the "Platform", debated during the first meeting of the Orientation Committee held in Brussels on 27 May 2004;

- given the urgent need to establish the “Platform” and ensure its operation within shortly, so as to support the implementation of cooperation priorities in 2003-2006, as approved by the Euro-Mediterranean Energy Forum on the occasion of the Ministerial Conference of Athens on 21 May 2003;
- given the significance of providing the “Platform” with a provisional legal status to enable its operation during the startup phase, i.e. until the end of 2006; after such date, participating countries shall decide upon its most appropriate legal status;

DECREE

Article 1 (Object)

1. The “Rome Euro-Mediterranean Energy Platform”, hereinafter called the “Platform” is hereby established, for the purpose of developing the Euro-Mediterranean cooperation in the energy sector in compliance with the policies set by the Euro–Mediterranean Energy Forum, within the framework of the “Euro-Mediterranean Partnership” established at community level and in compliance with the commitments made by the Italian government on the occasion of the Euro-Mediterranean Energy Ministerial Conference held in Rome on 1 - 2 December 2003.
2. The Platform is established as an executive agency of the Ministry of Productive Activities of Italy, pursuant to the Italian legislation currently in force.
3. The Platform works and operates within the framework of the Euro–Mediterranean Energy Partnership, set up in compliance with the conclusions of the Euro–Mediterranean Energy Ministerial Conference held in Trieste on 9 June 1996, gathering the countries participating in the Barcelona process. Such Partnership consists of:

- a Euro – Mediterranean Conference of Energy Ministers;
- an Energy Forum, consisting of the General Directors for Energy from Euro-Mediterranean partner countries and of the General Director for Energy and Transport from the Commission.

4. In this perspective, the Platform is an ad hoc logistic facility supporting the Forum for any exchange, cooperation and dissemination activities. Its catalyst role shall result from the mechanisms of cooperation and technical assistance programs in the field of energy and from the promotion of activities within the existing industry networks. It shall perform its activity at the sole service of the Euro – Mediterranean Energy Forum, to support the development of energy cooperation priorities as defined by the Forum itself.

5. During the startup phase, the Platform shall be led by an “Orientation Committee” consisting of representatives from the European Commission, the European Investment Bank and the governments that have accepted to become part of the Platform. The Orientation Committee is chaired by the European Commission.

It reports directly to the Euro-Mediterranean Energy Forum. The Orientation Committee shall guide, coordinate and supervise the Platform activities.

6. The member states of the European Union, the countries participating in the Barcelona process, including Libya as an observer, the European Union accession countries and the international organizations operating in the Mediterranean region can take part in the Platform.

7. On an exceptional basis, the participation of governments of other countries may be allowed, provided that these latter expressly submit their request by way of their interest in the Euro-Mediterranean cooperation in the energy sector. Such

participation is subject to a favorable vote unanimously expressed by the Platform Orientation Committee.

Article 2
(Platform objectives)

1. The objectives of the Platform are as follows:

- to implement the 2003-2006 priority actions established on the occasion of the Athens Ministerial Conference on 21 May 2003 (Annex 5) as well as to draft and submit to the Euro-Mediterranean Forum a multi-year working program from 2006 onwards.
- to support and coordinate with the Mediterranean partner countries the preparation of any proposed priority energy projects that may be considered within the framework of the financial and technical assistance instruments available currently or in the next future.
- to put in place the technical conditions required for the implementation of the recommendations concerning the Euro-Mediterranean region outlined in the Communication of the Commission: “Energy policy of the enlarged European Union, its neighbor and partner countries”, with particular reference to the interconnection projects of energy networks having a “Pan-European” interest”.
- To contribute to the evaluation and analysis of the safety, continuity and security of energy supplies in the Mediterranean region, with special regard to the energy supply networks and infrastructures.
- To act as a catalyst and coordinate the development of Euro-Mediterranean energy projects with international institutions, especially with the EIB.

2. The Platform shall also support more specific initiatives of the Euro-Mediterranean Partnership, upon request of the Euro-Mediterranean Energy Forum.

Article 3
(Platform tasks)

1. In line with the general objectives outlined under article 2, the Platform shall perform the following specific activities:

- it drafts the annual working program for the implementation of any actions identified within the framework of 2003 –2006 priorities.
 - it helps the Forum in defining the Euro-Mediterranean energy policy priorities after the initial 2003 – 2006 time period.
 - it contributes to the analyses on the future harmonization of energy policies across every Forum participating countries, with the purpose of fostering the sub-regional and Euro–Mediterranean integration of energy markets. In this respect, the Platform follows and promotes the approximation between the legislative and regulatory frameworks of Mediterranean partner countries and those of the European Union.
 - it gives advice on energy policy and strategies to the Mediterranean partners who are also members of the Euro-Mediterranean Energy Forum.
 - it collaborates with Mediterranean partners in any industry and thematic Forums to develop and promote a harmonized Euro–Mediterranean energy policy.
 - it sets up and employs information, observation and prospective analytical systems based on objective, dependable data to allow Euro-Mediterranean partners:
 - to promote and speed up reforms in the energy sector;
 - to harmonize their regulations and standards with those of the European Union;
 - to ensure the physical safety of supplies and the security and continuity of energy supplies (electricity, natural gas, oil and oil products).
 - it contributes to the promotion of energy cooperation at bilateral and regional level.
- In this context, the Platform, through working groups that are already functioning,

tries to follow up any initiatives taken during the Athens Ministerial Conference in order to facilitate:

- The integration of the Maghreb electricity market and its progressive harmonization with the European Union market;
- the identification of projects having a common interest for Israel and the Palestinian Authority and their integration with the Mashrek energy market;
- the progressive development of Euro-Mediterranean “loop” networks for electric power and natural gas;
- the integration of the Mashrek natural gas market and its gradual harmonization with the market of the European Union.

- it functions as the Secretariat of the Euro-Mediterranean Energy Forum in close collaboration and coordination with the services of the European Commission;

- It provides the Euro-Mediterranean Energy Forum with the information required to assess any progress made with respect to the Euro-Mediterranean energy cooperation and to any other initiative that may be possibly undertaken.

2. In performing such tasks, the Platform may avail itself of the collaboration of other bodies, particularly of the Mediterranean Observatory on Energy.

3. To promote the participation and support of the different countries participating in the Platform, a number of initiatives and activities may be realized in various Platform countries or at the premises of international organizations collaborating with the Platform. In such circumstances, the costs for the realization of such activities or initiatives shall be fully covered by the country or organization which requests to arrange them.

4. The Platform can collaborate with governments of countries not belonging to the Platform or with national and international organizations and associations

operating in the field of Euro-Mediterranean energy cooperation. The nature and terms of said collaboration shall be decided upon by the Orientation Committee. Such collaboration shall be approved by the Ministry of Productive Activities that will also ensure its compliance with the Italian and European legislation.

Article 4
(Terms of establishment)

1. The establishment of the Platform envisages two distinct phases to allow the gradual development of its activities.
2. The first phase, covering the 2004-2006 time period, is defined as the “startup phase”. During such phase, the working methods shall be defined and tested. Throughout this first phase, commencing on the date of entry into force of the present decree, the offices of the Platform shall be appropriately equipped and made available at the premises identified by the Ministry of Productive Activities. The Ministry of Productive Activities shall also arrange the secretarial support required for the performance of the Platform activities. The costs related to the secretariat, the Executive Director and the various Offices and Units of the Platform shall be covered, throughout the first phase, by the Ministry of Productive Activities.

The operation of the Platform shall be governed by an Internal Regulation to be unanimously adopted by the Orientation Committee.

During the startup phase, all governments member of the Platform shall specify the names of their own officials to the European Commission and any other contribution in kind that they wish to put at the disposal of the Platform. As far as the officials are

concerned, they shall be designated and seconded at the Platform for a minimum of one year and a maximum of three years.

The Executive Director of the Platform shall designate the officials seconded at the Platform and define their tasks; he/she shall select them from a list of candidates recommended by participating countries and approved by the "Orientation Committee". The designation of officials shall be based on their expertise and the Platform operational requirements. Consideration shall also be given to a balanced participation of all Platform member countries in such designation process.

During this first phase, a high level Reflection Group may be established in close co-operation with the European Commission. The task of this Group will be to elaborate proposals concerning the political perspectives of the Euro-Mediterranean energy co-operation, including the future of REMEP at institutional level.

3. The second phase shall commence in 2007. It shall be detailed at a later time and submitted to the European Commission by the Platform Orientation Committee for the Euro-Mediterranean Energy Forum subsequent review.

Article 5 (Structure and organization)

1. On the occasion of its first meeting following the entry into force of the present Decree, the Orientation Committee shall appoint an "Executive Director" elected by a majority of two thirds of the votes cast by the Orientation Committee members, from a list of candidates submitted by the various members or proposed by the Committee itself.

2. The Executive Director shall be in charge of the Platform ordinary operations. He/she shall report to the Orientation Committee. The Executive Director avails himself/herself of the collaboration of employees and officials with respect to the Platform' external relations, communication and relationships with the press as well as for the financial and human resources management of the Platform. The costs related to the Executive Director's activities shall be covered by the country seconding the Director to the Platform.

3. The Platform organizational chart consists of Offices and Units. The following are envisaged for the startup phase:

- The "Office for the safety and security of Euro-Mediterranean energy supplies", consisting of two units:

§ The "Energy Infrastructures and Monitoring System" Unit, with the task of supporting the development of "priority projects" identified by the Orientation Committee, following the evolution of Euro-Mediterranean energy networks and acting as a catalyst to facilitate their realization. Such Unit shall also help the "regional working groups" in their activities, should these be set up by the Euro-Mediterranean Energy Forum. Finally, such Unit shall develop a database for the safety and security monitoring of energy supplies in the Mediterranean region.

§ The "Energy Policies" Unit follows the evolution of energy policies in the Euro-Mediterranean zone by analyzing markets in this region, supporting the various initiatives agreed upon by the Euro-Mediterranean Energy Forum and by making proposals to facilitate the integration of regional and sub-regional energy markets, as well as for the development of the harmonization and liberalization processes in such markets. The "Energy Policies" Unit drafts its reports on the development of Euro-Mediterranean energy policies to be subsequently approved by the Orientation

Committee and forwarded to the Euro-Mediterranean Energy Forum. The “Energy Policies” Unit shall also create a database to monitor the evolution of legislative and regulatory frameworks in the energy sector within the Euro-Mediterranean region, with the goal of promoting their progressive harmonization and integration with Community regulations.

- The “Office for Investment Financing” shall be responsible for assisting the regional and sub-regional initiatives identified by the Euro-Mediterranean Energy Forum to facilitate investments in the Euro-Mediterranean energy sector. This Office shall also analyze any issues related to the investment financing in the Euro-Mediterranean region, by making proposals for the optimization of the existing instruments and the possible creation of new funding schemes.

Also, it supports any specific projects aimed at creating a liaison among the actions of governments, private and public financial institutions as well as international financial institutions, especially the European Investment Bank and the World Bank.

- The “Office for sustainable development and the promotion of renewable energy sources” follows the initiatives defined by the Euro-Mediterranean Energy Forum aimed at promoting sustainable development and the production of energy from renewable sources. This Office is also responsible for energy efficiency policy support; also, it supports the development of industry policies defined by the Euro-Mediterranean Energy Forum, as well as the realization of specific projects and analyses within the framework of the “flexible mechanisms” of the Kyoto Protocol and the European market of emissions.

4. To ensure an appropriate liaison with those operating in the energy sector as well as with the World Bank, the organizational structure of the Platform also envisages:

- one person in charge of relations with the Mediterranean Observatory on Energy (O.M.E.) gathering the major industrial groups in the energy sector within the Mediterranean region. This figure shall take care of coordinating the activities performed by the Platform and by OME and shall be designated by the association with the approval of the Platform Orientation Committee. Any costs related to its activities shall be fully covered by O.M.E.;
- one person in charge of relations with the World Bank, ensuring the coordination of the Platform activities with the initiatives developed by such organization within the Mediterranean region. This figure shall be designated by the above mentioned organization with the approval of the Platform Orientation Committee. The costs related to its activities shall be fully covered by the World Bank.

5. An Advisory Committee shall also be set up: it will include representatives from businesses in the energy sector, operating in the Mediterranean region or with an interest in Euro-Mediterranean energy cooperation. Participation shall be on a voluntary basis. Such Committee shall meet regularly to keep an ongoing dialogue between businesses in the energy sector and the Platform. Any costs related to the activities of the Committee members shall be fully covered by the participating businesses, to the exception of the secretarial and logistic support provided by the Platform.

Article 6 (Financing)

1. The Platform budget shall make a distinction between costs for the “operation of the structure” and costs for “seconded” staff”.
2. Any costs related to the “operation of the structure” shall be covered by the Ministry of Productive Activities throughout the startup phase. This budget item

includes, amongst others, the costs for the equipped offices put at the disposal of the Platform, their maintenance and management, consumables and basic services (stationery, office equipment, computers with software license, electricity, telephone lines, fax and internet), any administrative and secretarial costs, as well as the professional fees due to the members of the Board of Auditors.

3. Any costs regarding the seconded staff from the administrations of the governments of the Platform member countries or from international organizations and associations, shall fully and exclusively be covered by each respective Administration or seconding entity, including any costs for missions outside the Platform premises.
4. The Platform may receive financial contributions or contributions in kind, on a voluntary basis, from the governments of the member countries or from European and international institutions in order to fund some of its activities, such as the organization of meetings, seminars, conferences, research work and studies and more. Said contributions may also be employed to finance any other initiative outlined in the Platform's working program.
5. The internal regulation of the Platform describes the control procedures for the management of contributions, as outlined in the previous section. Specific control procedures may be defined within the framework of the financing agreements between the Platform and donors.
6. The Platform may equally receive financial contributions or contributions in kind from private businesses on account of any activities aimed at the dissemination of the results of any initiatives developed by the Platform or for training activities as well as for the organization of international conferences

and cultural events. The terms for granting such contributions shall be defined by the Platform Orientation Committee. Said contributions shall not try and influence the Platform's activities in any way whatsoever or be linked to political or operational considerations regarding the various initiatives and activities of the Euro-Mediterranean energy partnership, or create a potential conflict of interest for the Platform itself.

7. The accounting and economic management of the Platform shall be reviewed and audited by a Board of Auditors appointed by the Orientation Committee upon proposal of the Executive Director. The number of Auditors shall not be greater than three. Auditors attend the Orientation Committee meetings. They can stay in office for two years. Their office can be renewed. Auditors shall check the appropriateness of the budget and the accounting. On an annual basis, they shall draft a specific report including any remarks on the budget itself.
8. The Platform financial year commences on 1 January and ends on 31 December.

Article 7
(Place of business)

1. The Platform's place of business is in Rome, at the premises made available by the Italian public Administration throughout the startup phase.
3. At the end of the startup phase, the Platform's place of business shall be agreed upon within the Euro-Mediterranean Energy Forum.

Article 8
(General)

1. The working languages of the Platform are French, English and Italian.

2. The Orientation Committee, on its first meeting after the entry into force of the present decree, shall issue the internal Regulation of the Platform as under article 4, section 2. Such Regulation shall comply with the principles and the spirit of the Euro-Mediterranean Partnership and the Italian national legislation. Said Regulation shall be unanimously approved by the Platform participants.
3. The staff seconded by the governments of the Platform member countries or by international organizations, on the terms and conditions outlined in article 4, may enjoy a diplomatic status with all the privileges and immunity granted by the Italian legislation to diplomats.
4. In all its initiatives and activities, the Platform shall operate according to the spirit of the Euro-Mediterranean Partnership established by the Declaration of Barcelona in November 1995; it shall try and contribute to the general aims of this latter and ensure a proper visibility to the Euro – Mediterranean Energy Partnership

Article 9
(Final provisions)

1. The Platform is legally established from the date of issuance of the present decree.
2. The financial commitments of the Italian public administration shall terminate by the end of the Platform startup phase as under article 4, i.e. on 31 December 2006.

Rome, xx xxxx 2004

THE MINISTER

DECLARATION OF INTENT

ON THE ESTABLISHMENT OF THE ROME EURO-MEDITERRANEAN ENERGY PLATFORM

“REMEP”

Rome – 2 December 2003

Under the auspices and respecting the principles of the Barcelona Process that has, as its core, the need to strengthen regional co-operation amongst the states and nations of the Mediterranean region and, in particular, the principles and priorities agreed during the 2003 energy ministerial meetings of Athens and Rome;

Considering the pivotal role of energy in the implementation of the Euro-Mediterranean Partnership and the need to intensify the dialogue in the field of energy policies, as well as to encourage the introduction of general conditions that are conducive to investments and the activities of energy companies;

Considering the Athens Ministerial meeting of 21 May 2003 which adopted the priorities of the Euro-Mediterranean Energy Forum for the period 2003-2006 and which confirmed the priority given to the establishment of an appropriate logistical support to the energy Forum;

Considering the important regional initiatives in the energy sector already undertaken both on a bilateral and on a multilateral basis between Euro-Mediterranean countries and on the necessity of a continuous monitoring and technical support for these initiatives, as well as for the other actions of common interest defined in the 2003–2006 priorities, in order to make concrete, quantifiable progress in the development and implementation of the Euro-Mediterranean energy policy;

Considering the Rome Ministerial declaration and in particular the recommendations of the Euro-Mediterranean Energy Forum held in Brussels on the 20th November, 2003;

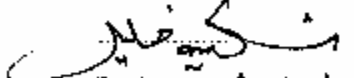
THE UNDERSIGNED RESOLVE TO DEVOTE THEIR BEST ENDEAVOURS TO ACHIEVE THE FOLLOWING:

- 1) To participate in the activities of Rome Euro-Mediterranean Energy Platform (“REMEP”).
- 2) To nominate, in written form addressed to the European Commission, their respective representatives to the “**REMEP orientation committee**” as detailed in the modalities of the organisation of the logistical support for the Euro-Mediterranean Energy Partnership (annex 1 to this declaration).
- 3) To cover the cost of the participation of their representatives in the REMEP activities as well as in the regional working groups established in the framework of the Athens and Rome Energy ministerial conferences.
- 4) To approve the principles of the draft preliminary work programme of REMEP for 2004-2005 (annex 2 to this Declaration) that will be further developed during the first meeting of the REMEP orientation committee scheduled for February 2004.

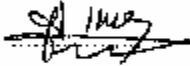
In addition, the undersigned thank Italy for offering the premises and for covering the running costs for the REMEP during its start-up phase and welcome any voluntary contribution in kind which may contribute to the development and sustainability of the REMEP.

Done in Rome on 2/12/2003.

For Algeria


For ~~Greece~~ AUSTRIA
For ~~Austria~~ GREECE

For Morocco



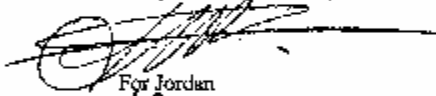
For Palestinian Authority



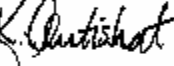
For France



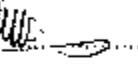
For BELGIUM



For Jordan



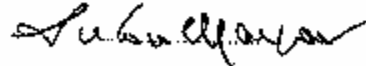
For ROMANIA



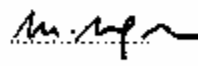
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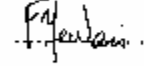
For Italy



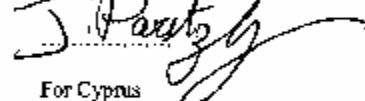
For Turkey



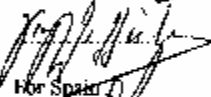
For Tunisia



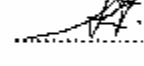
For Israel



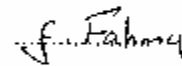
For Cyprus



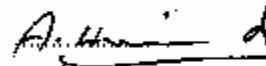
For Spain



For Egypt



For Lebanon



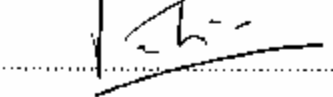
For Bulgaria



For

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For the European Commission



Note

Annex 2

DRAFT PROPOSAL OF THE LOGISTICAL SUPPORT ORGANISATION FOR THE EURO-MEDITERRANEAN ENERGY PARTNERSHIP: REMEP

INTRODUCTION

The purpose of this document, elaborated by the Forum secretariat, is to define the preliminary rules for the establishment and functioning of the logistical support for the Euro-Mediterranean Energy Partnership in conformity with the decisions of the Athens Ministerial Conference on 21 May 2003, in particular paragraph 2.10 of the Ministerial Declaration, which states:

"Ministers agree with the importance of providing the Euro-Mediterranean Forum, in accordance with the proposals made in the Forum's communication 'Priorities for 2003-2006 of the Euro-Mediterranean Energy Forum', with an ad hoc logistical support structure for monitoring the implementation of a Euro-Mediterranean energy policy. Ministers instruct the Secretariat of the Euro-Mediterranean Energy Forum to present a contribution at the Rome Ministerial Conference in December 2003 specifying the conditions for the establishment and operation of this logistical support."

For reasons related to its scope of activities and in view of linguistic simplification, the ad hoc logistical support, the creation of which was decided in principle during the ministerial conference of Athens and whose preliminary content defined has been defined in the framework of the regional support group for the organisation of the Rome conference of the 1st and 2nd December 2003, will be known as a "**REMEP**" for "**Rome Mediterranean Energy Platform**".

REMEP is conceived as an instrument of cooperation, exchange and diffusion of information between member countries of the Euro Mediterranean Partnership in support of the implementation of the 2003-2006 Priorities defined during the Athens conference. REMEP has a flexible and light structure which enables it to play a role of catalyst, to make profit from the existing mechanisms and programmes, to reactivate cooperation networks and maintain already operational working groups.

The following chapters define the principles of its conception:

- | | |
|-------------|--|
| Chapter I | Background and rationale |
| Chapter II | Place of REMEP within the existing structures of the Euro-Mediterranean Energy Partnership |
| Chapter III | Structure and operation |

Chapter I: BACKGROUND AND RATIONALE

- 1 The Athens Conference enabled important regional and subregional energy initiatives to be launched on which progress will not be possible without a continuity of dialogue and cooperation. This concerns, among other things, particularly ;
- the integration of the Maghreb electricity market and its future harmonisation with the EU market,
 - the identification and development of common energy projects between Israel and Palestinian Authority and their integration, when the conditions permit, into the projects and energy market of the Euro Mashrek region. This will take into consideration the already signed agreements and the interest of the companies developing energy projects in the Mashrek region,
 - the growing importance of cooperation for the safety, security and continuity of energy supply (electricity crisis, safety of maritime transport as compared with transportation by oil pipelines),
 - the gradual achievement of the new south-north and south-south infrastructures which, over time, will contribute to the completion of the Mediterranean electricity and gas rings,
 - the strategic gas interconnections for the interregional integration of the Mediterranean and Balkan energy markets such as, for example, interconnection of the gas networks between Italy, Greece and Turkey.
- 2 The continuous monitoring and technical support for these initiatives and for the other actions of common interest defined in the 2003–2006 priorities are essential in order to make concrete, quantifiable progress in the development and implementation of the Euro-Mediterranean energy policy.
- 3 The development of the Euro-Mediterranean Energy Partnership has been based until now on exclusive financial support from the Community through Meda technical assistance projects¹, under which actions are limited to the lifetime of the projects. This arrangement does not allow for the continuity needed to establish an energy policy. For example, since the Athens conference which put an end to the Ad hoc Working Groups, the Forum's activities have continued to be developed only thanks to the support of the Commission and the Italian Presidency. This has been achieved through the ad hoc regional working group in charge of preparing for the Rome conference, to which some 20 representatives of Member states and Partner Countries have accepted to participate.
- 4 The 2003-2006 priorities adopted during the Athens Conference, however, include not only actions whose lifetime may be defined and limited (achievement of energy interconnections and infrastructures, for example), but also major cross-cutting, continuous actions that do not have a time limit (safety, security and continuity of energy supplies, harmonization and approximation of laws in the framework of reforms). While ad hoc Community or bilateral funding can cover actions with time limits, cross-cutting actions, which require continuous Euro-Mediterranean cooperation, will call for a funding arrangement that guarantees continuity. It will be necessary, therefore, in the medium term, to consider voluntary contributions from the Member States and Mediterranean Partners countries interested in participating in REMEP.
- 5 The development of REMEP must therefore be considered in two phases: a start-up phase for the implementation of the 2003-2006 Priorities and a development phase. This document covers the start-up phase only. In view of defining the modalities of its future development, the Commission will conduct the necessary consultations with the Members States and Mediterranean Partners Countries potentially interested by the development of REMEP in view of defining the modalities of its future status and in this context will take

¹ Décision 96/706/CE du Conseil, du 6 décembre 1996, concernant l'adoption d'orientations pour les programmes indicatifs relatifs à des mesures d'accompagnement financières et techniques de la réforme des structures économiques et sociales dans le cadre du partenariat euro-méditerranéen (Meda) (JO L 325 du 14.12.1996, p. 20). Règlement (CE) n° 2698/2000 du Conseil, du 27 novembre 2000, modifiant le règlement (CE) n° 1488/96 relatif à des mesures d'accompagnement financières et techniques (Meda) à la réforme des structures économiques et sociales dans le cadre du partenariat euro-méditerranéen (JO L 311 du 12.12.2000)

account of the Commission communications « Energy Policy of the EU board-based, its neighboring countries and partners » and « Wider Europe » in particular with regard to the interconnection projects of the energy networks of interest « Pan-European » and the new proximity instrument under development.

Chapter II

PLACE OF THE TECHNICAL PLATFORM WITHIN THE EXISTING STRUCTURES OF THE EURO-MEDITERRANEAN ENERGY PARTNERSHIP

1. The Euro-Mediterranean Energy Partnership, which brings together the partner countries of the Barcelona Process, is structured around:
 - (a) a Conference of the Euro-Mediterranean Energy Ministers
 - (b) an Energy Forum consisting of the Directors-General for Energy of the partner countries and the Director-General for Energy and Transport of the European Commission
 - (c) REMEP
2. The Conference of Ministers is co-chaired by the Member State which holds the Presidency of the European Union and a partner Mediterranean country which is not a member of the European Union. It meets once every two years. Organisational arrangements are dealt with by the Member State which holds the Presidency of the European Union.
3. The Energy Forum is chaired by the European Commission. It meets once a year. The European Commission organizes these meetings through REMEP.
4. REMEP has a light and flexible structure for exchange, cooperation and dissemination, a structure which enables it to play a role of catalyst, to make use of the mechanisms and programs of cooperation and of technical support in the energy sector, to revitalize the cooperation networks and to support the regional Working Parties in place or future. REMEP assists the Commission in the determination of the activities of the Euro Mediterranean Energy Forum.

Chapter III:

STRUCTURE AND OPERATION OF THE TECHNICAL PLATFORM

1 OBJECTIVES

REMEP objectives are the followings :

- 1.1 To implement the 2003-2006 priority actions adopted at the Athens Ministerial Conference of 21 May 2003 to define a multiannual work programme and to propose it to the Euro-Mediterranean Forum as from 2006.
- 1.2 To assist in the definition, and to coordinate with the Mediterranean Partners countries, the preparation of priority energy project proposals to be submitted for consideration in the framework of existing and future Community instruments for technical and financial assistance.
- 1.3 To implement the technical requirements needed to make a reality of the recommendations concerning the Euro-Mediterranean region set out in the Commission Communication "*Energy policy for the enlarged European Union, its neighbors and partner countries*", in particular as regards the energy network interconnection projects of pan-European interest
- 1.4 To contribute to evaluate and analyze the situation as regards the safety, continuity and security of energy supplies within and around the Mediterranean, in particular as regards the energy supply networks and infrastructures.
- 1.5. To play the role of catalyst and to coordinate with the IFI's, and in particular with the EIB, for the development of Euro Mediterranean energy projects.

2 TASKS

For the above aims to be achieved, REMEP may carry out the following tasks:

- 2.1 It will develop the annual work programme for the implementation of the actions adopted in the framework of the 2003-2006 priorities.
- 2.2 It will assist the Forum for the definition of Mediterranean energy euro policy priorities beyond the period 2003-2006.
- 2.3 It will contribute to analyses with a view to the harmonisation of the energy policies of the countries participating in the Forum in order to promote the subregional and Euro-Mediterranean integration of energy markets. In this framework, REMEP will support the approximation of the laws and regulations of the Mediterranean Partner countries with those of the EU.
- 2.4 It will provide the countries participating in the Euro-Mediterranean Energy Forum and the Commission with the necessary technical and scientific assistance and advice on energy policies and strategies.
- 2.5 It will cooperate with the Mediterranean Partners in the framework of thematic and sectoral forums on the development and promotion of a harmonised Euro-Mediterranean energy policy.
- 2.6 It will develop and utilise any information, observation and prospective analysis system based on objective, reliable data to enable the Euro-Mediterranean partners:
 - (a) to promote and speed up the reforms in the energy sector,
 - (b) to harmonise norms and standards with those of the EU,
 - (c) to ensure the safety, security and continuity of energy supply (gas, electricity, oil, oil products).
- 2.7 It will contribute to the promotion of energy cooperation at bilateral and regional level. In this context, REMEP contribute, through the existing working groups, to the continuity of the initiatives adopted during the Athens Ministerial Conference in order to facilitate:
 - the integration of the Maghreb electricity market and its gradual harmonisation with that of the EU;
 - the identification of projects of common interest between Israel and the Palestinian Authority and their integration, when the conditions permit, into the projects and energy market of the Euro Mashrek region. This will take into consideration the already signed agreements and the interest of the companies developing energy projects in the Mashrek region.
 - the gradual development of the Euro-Mediterranean electricity and gas rings.

as well as any new initiative that may be developed.

3 STRUCTURE AND FUNCTIONING

- 3.1 During its start-up phase, REMEP will take the form of an Orientation Committee, constituted in the framework of the Forum of Directors-General for Energy of the Member States and Mediterranean Partners countries ("Euro Mediterranean Energy Forum").
- 3.2 It is composed by representatives of General Directors for Energy as well as a representative of the EIB responsible for the FEMIP, all as members. The Orientation Committee is chaired by the Commission. REMEP is hosted in Rome within an entity under the responsibility of the Italian Ministry of Productive Activities. It is endowed with a coordinator and a secretariat in charge of livening up the working groups already in place in the framework of the Euro Mediterranean Energy Forum. REMEP can install new regional sub groups.
- 3.3 REMEP, which respond to the Euro Mediterranean Energy Forum, draw up a yearly work programme. It examines, in the framework of the preparation of the work programme, the requests for technical assistance,

analysis and studies and for participation in thematic and sectoral forums and seminars that have been received from the participating countries.

4 OPERATIONAL MODALITIES

- 4.1 During its starting phase and for the implementation of the 2003-2006 priorities, the operation of REMEP will be ensured through :
- personnel made available by the European community and the Mediterranean partners,
 - possible contributions in kind.
- 4.2 REMEP can call upon independent experts recognised for their competence and may also benefit from the results of studies conducted in the framework of Community technical assistance projects to the Euro Mediterranean energy cooperation, and this in compliance with the Community regulation.
- 4.3 The financing of the personnel mentioned in point 4.1. cannot be supported by Community technical assistance funds. The human resources from Member States and partners wishing to participate to REMEP activities will be funded by their governments and without financial incidence on the Community budget.
- 4.4 The REMEP starting phase having to be launched immediately after the Rome Conference, i.e. beginning 2004.
- 4.5 The work Programme for 2004 will be adopted by REMEP at its first meeting. On this occasion, it will define the technical activities of the REMEP which can benefit from the support of the technical support of the MEDA regional program 2004 for the energy sector in order to submit them for consideration to the Commission.

Annex 3

**MINISTERIAL DECLARATION
OF THE EURO-MEDITERRANEAN ENERGY FORUM**

**adopted together with its annexes
by participants at the conference in Athens on 21 May 2003**

THE EUROPEAN COMMISSION, ALGERIA, GERMANY, AUSTRIA, BELGIUM,
CYPRUS,
DENMARK, EGYPT, SPAIN, FINLAND, FRANCE, GREECE, IRELAND, ISRAEL,
ITALY,
JORDAN, LEBANON, LUXEMBOURG, MALTA, MOROCCO, THE NETHERLANDS,
THE
PALESTINIAN AUTHORITY, PORTUGAL, THE UNITED KINGDOM, SWEDEN,
SYRIA,
TUNISIA AND TURKEY,

Taking part in the Euro-Mediterranean Ministerial Conference on Energy, held in Athens on 21

May 2003;

Considering the Declaration of the Barcelona Euro-Mediterranean Conference of 27 and 28 November 1995;

Considering the pivotal role of energy in the implementation of the Partnership, as confirmed by the

Euro-Mediterranean Ministers of Foreign Affairs at the Malta Conference on 15 and 16 April 1997,

and therefore the need to strengthen cooperation and to intensify the dialogue in the field of energy

policies, as well as to encourage the introduction of general conditions conducive to investments

and the activities of energy companies;

Considering the first Euro-Mediterranean Conference of Energy Ministers, which was held in

Trieste on 7 and 8 June 1996, and which agreed that the Euro-Mediterranean Energy Forum could

ensure the continuity of the dialogue between all the Partners, at a political as well as an expert

level, and could promote projects of regional interest;

Considering the opinion expressed during the first meeting of the Euro-Mediterranean Energy

Forum, which was held in Brussels on 13 May 1997 and which envisages the development of an

action plan of the Euro-Mediterranean Energy Forum;

Considering the second Brussels Ministerial Conference on Energy (1998), which identified the

priority objectives of security of supply, competitiveness of the energy industry and protection of

the environment, and which adopted a medium-term action plan for the Euro-Mediterranean Energy Partnership which expired in 2002;

Considering the meeting of the Euro-Mediterranean Energy Forum in Grenada (May 2000), which established as priorities: the reform of the legislative and regulatory framework for the energy sector of the Mediterranean Partners, restructuring of the energy industry of the Mediterranean Partners, convergence of the energy policies of the European Union and the Mediterranean Partners, integration of the Mediterranean energy markets, the development of interconnections, in particular South-South when appropriate, and the promotion of renewable energy sources in the framework of sustainable development;

Considering the setting up of the European Investment Bank's new Facility for Euro-Mediterranean Investment and Partnership (FEMIP), which was inaugurated on 18 October 2002 in Barcelona;

Considering the work of the three *ad hoc* working groups on *interconnection, energy policy and economic analysis* set up by the Brussels ministerial meeting (1998) and launched by the meeting of the Valencia Forum (2002), the coordination of which has been entrusted to the Commission and to which industry, the EIB and the World Bank have been invited;

Considering the conclusions and recommendations of the *ad hoc* groups and the communication from the Euro-Mediterranean Energy Forum on the *Priorities for 2003-2006 of the Euro-Mediterranean Energy Forum* for creating the conditions required for the establishment of a genuine Euro-Mediterranean energy policy cooperation,

HAVE AGREED ON THE FOLLOWING:

1. Energy policy objectives

1.1 Ministers recall the importance of cooperation in the field of energy and stress the central role of the energy sector in the achievement of the objectives defined at the Barcelona Conference of 27 and 28 November 1995; they reaffirm their continuing mutual interest in the establishment of a genuine Euro-Mediterranean energy policy. Ministers reaffirm the essential role of the Euro-Mediterranean Energy Forum in the development of a Euro-Mediterranean Energy Partnership and its contribution to economic and social development.

1.2 Ministers recall that the establishment of the Euro-Mediterranean Energy Partnership must be based on the objectives of security of supply, competitiveness and transparency of markets as well as protection of the environment, and reaffirm that the gradual establishment of a Euro-Mediterranean energy policy to contribute fully to the future free trade area must be based on the definition of energy policy activities of a regional nature and the implementation of infrastructure projects of common interest. They underline in this context that the consolidation of existing interconnections and

progressive implementation of new interconnection network projects must in due time aim to complete the Mediterranean electricity and natural gas links

1.3 For the implementation of this objective, the Ministers underline the necessity:
of the establishment of mechanisms, within the framework of existing community and other resources, to facilitate the funding of projects of common interest and the development of industrial cooperation in this respect;
of ad hoc logistical support to the Forum for monitoring the implementation of a Euro-Mediterranean energy policy based on the priorities for 2003-2006.

2. Euro-Mediterranean Energy Forum - Priorities for the period 2003 – 2006

2.1 Ministers adopt the priorities of the Euro-Mediterranean Energy Forum for the period 2003-2006. These priorities are based on enhanced cooperation at all levels: political, administrative, industrial, financial and institutional as well as scientific and technological.

2.2 Ministers confirm that, in view of recent accidents involving the maritime transportation of hydrocarbons and the particular sensitivity and vulnerability of the Mediterranean Sea for this type of transport, it is important to consider the advisability of reducing the maritime transportation of hydrocarbons in the Mediterranean by the development of oil pipelines if these are shown to be technically, economically and environmentally feasible. In this context, the further development of double-hull technology for tankers for the transport of oil and oil products is also welcomed. They take note of the Italian initiative at the Ministerial Conference "*Promotion of Investment and Financing of Infrastructures*" in Rome in December 2003 to present the results of an analysis on this subject.

2.3 Ministers reaffirm the interest they attach to the reform of the energy sector and to the need to substantially increase the role of energy efficiency and renewable energy in the perspective of an energy sustainable future as recommended at the last Summit in Johannesburg (WSSD). They welcome the offer of Germany to host an International conference for renewable energies in June 2004 in Bonn. In this context, they invite countries that have not joined the Johannesburg renewable Energy coalition on the "The way Forward on renewable Energy" to consider doing so.

2.4 Ministers welcome the important initiative taken by Algeria, Morocco and Tunisia, in cooperation with the European Commission, to work towards the gradual establishment of the conditions necessary for the development of a Maghrebian electricity market and its future integration into the European Union's internal electricity market. This initiative, aiming at the eventual creation of a Euro Maghrebian electricity market, marks important progress in the Euro-Mediterranean energy partnership.

2.5 Ministers stress that, within the objective of establishing a future Euro Mediterranean energy market which is fully integrated and interconnected, the progressive implementation of Trans Euro Mediterranean and South-south networks such as those presented in the 2003-2006 priorities, must have as a priority the eventual completion of Mediterranean electricity and natural gas links. In this context, they welcome the cooperation and commercial agreements implemented at company level to launch feasibility studies financed under the Trans European Energy Networks of interconnection of gas networks between Greece and Turkey and its construction which will be completed at the end of 2005. They also took note of current discussions for the development of the interconnection between Greece and Italy for the Euro

Mediterranean gas ring and confirm the importance of the three gas interconnection projects Greece - Italy - Turkey, Turkey - Austria via Bulgaria - Romania - Hungary, and Greece - FYROM - Serbia - Montenegro - Bosnia -Herzegovina - Croatia - Slovenia - Austria for the security of supply and the competitiveness of the future integrated Euro Mediterranean gas market and the Balkans regional market.

2.5bis Ministers take note of the European Commission proposals, taken on the initiative of its vice President Mrs Loyola de Palacio and developed in its Communication (COM (2003)262), aiming at the development of an energy policy for the enlarged European Union, its neighbouring countries and partners. They confirm their full support for its Euro Mediterranean dimension.

2.6 Ministers stress the political and economic importance of the active participation of all the countries in the Barcelona Process and invite them to take part regularly and constructively in the Euro-Mediterranean Forum. They welcome Libya's participation as an observer at this Conference and their willingness to be actively engaged in this cooperation.

2.6bis Ministers take note of the intention of Israel and the Palestinian Authority to cooperate in the framework of a Technical Working Group including Israel, the Palestinian Authority and the European Commission with a view to identifying and promoting interconnections projects of common interest to be integrated into the framework of the Euro Mediterranean cooperation process. Other Mediterranean partners are invited to join this Technical Working Group.

2.7 Ministers invite all the actors involved (Mediterranean Partners, Member States of the European Union, European institutions, industry, financial institutions, etc.) to take appropriate measures to implement all of the priorities for 2003-2006.

2.8 Ministers welcome the establishment of the FEMIP by the EIB and ask the Forum to conduct an analysis, in collaboration with the EIB and other financial organisations such as MIGA, on the development of new Euro Mediterranean financial products with regional character in which the IFIs, the States and the private financial sector of the Mediterranean Partners and the EU could participate, for the realisation of important energy infrastructure projects and of regional projects of common interest. They ask the results of this analysis to be presented to the Rome Ministerial Conference in December 2003.

2.9 Ministers recall that the funding of energy projects is principally a matter for the private sector, reaffirm their political support for the projects of common interest and regional activities identified in the Forum's communication "*Priorities for 2003-2006 of the Euro-Mediterranean Energy Forum*", and request that these projects be considered as priorities for EIB financial support under the FEMIP.

2.10 Ministers agree on the importance of providing the Euro-Mediterranean Forum, in accordance with the proposals made in the Forum's communication *Priorities for 2003-2006 of the Euro-Mediterranean Energy Forum*, ad hoc logistical support for the specific purpose of monitoring the implementation of an Euro-Mediterranean energy policy. Ministers instruct the Secretariat of the Euro-Mediterranean Energy Forum to present a contribution to the Rome Ministerial Conference in December 2003 specifying the conditions for the establishment and operation of this logistical support.

2.11 Ministers commend the efforts made by the Member States of the European

Union, the Mediterranean Partners and the Commission as regards technical assistance under the MEDA programme and urge them to increase the importance of energy on a bilateral cooperation basis and improve the coordination of future activities under this programme by means of the Forum's logistical support structure and to concentrate their efforts on the preparation of priority activities and projects of a regional nature.

2.12 Ministers underline that this is the first Euro-Mediterranean Ministerial Conference to which the Accession countries joining the Barcelona Process on 1 May 2004 had been invited, and they welcome them to this event.

2.13 Ministers congratulate the Greek Presidency for this significant Ministerial Meeting and agree that, in accordance with the decision taken at the Valencia Conference of Ministers of Foreign Affairs in 2002, future meetings of the Forum and ministerial meetings will be co-chaired by the Presidency of the EU and a Mediterranean partner country.

Attachment : List of Participants and Annexes:

1. Communication from the Euro-Mediterranean Forum to the 2003 Athens Ministerial Conference on Energy
2. Document *Euro-Mediterranean Energy Forum - Priorities for 2003-2006*.
3. Document of the Forum meeting of 29/04/2003 "Conclusions and recommendations from the Ad-Hoc Working Groups".

LIST OF PARTICIPANTS

The **European Union Member States** and the **Mediterranean Partners** were represented by:

- For Algeria:** Chakib Khelil, Minister of Energy and Mines
For Austria: Michael Stern, Attaché, Federal Ministry for Economic Affairs and Labour
For Belgium: Claude Rijmenans, Ambassador, Embassy of Belgium in Greece
For Cyprus: Yiorgos Lillikas, Minister of Commerce, Industry and Tourism
For Denmark: Hans Jorgen Koch, Deputy Permanent Secretary, Ministry of Economic and Business Affairs
For Egypt: Sameh Fahmy Amin, Minister of Petroleum
For Finland: Taisto Turunen, Director General Energy, Ministry of Trade and Industry
For France: Nicole Fontaine, Minister of Industry, Ministry of Economy, Finance and Industry
For Germany: Guenter Brandes, Director General Energy, Ministry of Economics and Labour
For Greece: Apostolos Athanassios Tsohatzopoulos, Minister of Development
For Ireland: Martin Brennan, Director General for Energy, Department of Communications, Marine and Natural Resources
For Israel: Joseph I. Paritzky, Minister of Natural Infrastructures of Israel
For Italy: Antonio Marzano, Minister of Production Activities
For Jordan: Khaldoun Qutishat, Secretary General, Ministry of Energy and Mineral Resources
For Lebanon: Ayoub Hemayed, Minister of Energy and Water
For Luxembourg: Carlo Bartocci, Commissaire du Gouvernement a l'Energie, Ministry of Economy
For Malta: Ninu Zammit, Minister of Resources and Infrastructure

For Morocco: Mohammed Boutaleb, Minister of Energy and Mines
For the Netherlands: Noe Van Hulst, Director General for Competition and Energy,
Ministry of
Economic Affairs
For the Palestinian Authority: Azzam Shawwa, Minister of Energy and Natural Resources
For Portugal: Jorge Borrego, Director General, Ministry of Economic Affairs, Directorate
General
for Energy
For Spain: Jose Folgado, Secretary of State for Energy
For Sweden: Marten Grunditz, Ambassador, Embassy of Sweden in Greece
For Syria: Ibrahim Haddad, Minister of Petroleum and Mineral Resources
For Tunisia: Mohamed Bachrouch, Ambassador, Embassy of Tunisia in Greece
For Turkey: Hilmi Guler, Minister of Energy
For the United Kingdom: Loraine Dawson, Head International Energy, Department of
Trade and
Industry
The **European Commission** was represented by:
Loyola de Palacio, Vice President of the European Commission
The **observer countries** were represented by:
For Libya: Hadoud A. Hadud, General Manager, GECOL
The **accession countries** were represented by:
For Lithuania: Petras Cesna, Minister of Economy
For Slovenia: Janez Kopac, Minister of the Environment, Spatial Planning and Energy
For Hungary: Gabor Szalay – Berzeviczy, State Secretary Ministry of Economy and
Transport
For Poland: Jacek Piechota, Secretary of State, Ministry of Economy, Labour and Social
Policy
For Czech Republic: Jan Poucek, Ministry of Industry and Trade
The **countries invited by the Greek Presidency** were represented by:
For Bulgaria: Milko Kovachev, Minister of Energy and Energy Resources

Annex 4

COMMUNICATION FROM THE EURO-MEDITERRANEAN ENERGY FORUM TO THE 2003 MINISTERIAL ENERGY CONFERENCE IN ATHENS Brussels, 29 April 2003

The ad hoc groups have met three times and their work has made it possible to:

take stock of the energy situation and harmonise the data and characteristics of each of the Mediterranean Partners of the EU,

carry out the analyses required with a view to the establishment of a Euro-Mediterranean energy policy based on security of supply, competitiveness and protection of the environment,

agree on recommendations for the priority actions to be envisaged for the period 2003-2006.

The work carried out by the ad hoc working groups was presented and discussed at the Euro-Mediterranean Energy Forum meeting held in Brussels on 29 April 2003. In its conclusions,

the Forum proposes to the Ministers regional activities aiming to concretise the objectives of a

Euro-Mediterranean energy policy and the implementation of infrastructure projects of common

interest contributing to the integration of the Euro Mediterranean energy markets.

To achieve this objective, the Forum recommends:

the establishment of mechanisms to facilitate the funding of projects of common interest and

the development of industrial cooperation in this respect;

the development of ad hoc logistical support for the Forum for the specific purpose of monitoring the implementation of a Euro-Mediterranean energy policy based on the priorities for 2003-2006.

The Forum stresses that:

due to the political situation, it has not been possible up to now to analyse all the activities covering certain countries. The Forum hopes it will be possible in future to carry out a detailed

analysis of the activities of all Partners. The Forum took note of all partners intention to participate in regional oil, gas and electricity interconnection projects.

all the analyses of the regional actions and projects, and in particular the interconnection projects (Mediterranean gas and electricity rings), have shown the need for the effective participation of Libya;

the priority given to the South-South interconnection projects, when appropriate, has shown the

need for better cooperation with the countries of Africa and the Middle East, whose resources

could in the short term supply the Euro-Mediterranean energy market and the market of southeastern Europe;

the recent accidents involving the maritime transport of hydrocarbons close to the Mediterranean basin, which is particularly vulnerable due to the numerous straits and canals which are very heavily used by vessels transporting hydrocarbons, have led the ad hoc groups to consider whether the carriage of hydrocarbons by sea in the Mediterranean should be reduced - and safety enhanced - by developing oil pipelines, provided this last is found to be technically, economically and environmentally feasible. The further development of double-hull technology for oil tankers is also welcomed in this respect. Further, they take note of the Italian initiative to present the results of an analysis on this subject to the Ministerial Conference in Rome in December 2003. The Forum requests the ministerial meeting of 21 May 2003 to adopt the priorities for the period 2003-2006 appearing in the Annex 2 and to consider the points emphasised above.

Annex 5

EURO-MEDITERRANEAN ENERGY FORUM PRIORITIES FOR 2003-2006

The priorities for 2003-2006 of the Euro-Mediterranean Energy Partnership were adopted by the Energy Forum at its meeting in Brussels on 29 April 2003.

These priorities tie in with:

the *fields of cooperation* on energy identified by the Trieste Ministerial Conference (1996), which also agreed to set up the Euro-Mediterranean Energy Forum;

the *objectives defined* at the Brussels Ministerial Conference (1998) as regards:

security of supply, through the development and diversification of energy resources and through closer international cooperation, taking account of the complementarity between producer, transit and consumer countries in the Mediterranean basin and their mutual benefits;

competitiveness, in particular with a view to the free trade area which it is proposed to create by 2010 and through greater industrial cooperation, taking account of the different economic and social conditions from one country to another;

protection of the environment, while ensuring safe and clean production, transportation and use of energy and encouraging energy efficiency and renewable energy.

the *priorities agreed* at the meeting of the Grenada Forum (2000), in particular:

reform of the legislative and regulatory energy sector frameworks of the Mediterranean Partners;

restructuring of the energy industry of the Mediterranean Partners;

convergence of the energy policies of the European Union and the Mediterranean Partners;

integration of the Mediterranean energy markets and strengthening competition;

the development of interconnections, in particular South-South;

the promotion of renewable energy sources in the framework of sustainable development.

the *medium-term action plan* adopted by the Brussels Ministerial Conference (1998) which is due to expire in 2002;

the work of the three ad-hoc working groups on interconnection, energy policy and economic

analysis set up by the Brussels Ministerial Meeting (1998) and launched by the Granada meeting (2000), the coordination of which was entrusted to the Commission and in which industry, the EIB and the World Bank were invited to take part;

the conclusions and recommendations of the ad hoc groups presented in Annex 3 which aim to

create the conditions necessary for the establishment of a genuine cooperation for Euro-Mediterranean energy policy aiming to implement energy policy activities of a regional nature and infrastructure projects of common interest in the energy sector;

the recommendations of the ad hoc groups with respect to

the establishment of mechanisms to facilitate the funding of projects of common interest and the development of industrial cooperation in this respect;

the development of logistical support for the Forum for monitoring the implementation of a Euro-Mediterranean energy policy on the basis of the priorities for 2003-2006.

The priorities 2003-2006 are detailed in the following chapters.

1. Infrastructure projects of common interest

In order to establish a Euro-Mediterranean energy policy based on security of supply, competitiveness and protection of the environment, the Euro-Mediterranean Partners will have to face up to three major challenges in which interconnections play a major part. Priority will have to be given to:

- the construction of a fully integrated and interconnected Euro-Mediterranean electricity and natural gas market,
- improving the security and safety of infrastructures, and
- reducing the risks associated with the carriage of oil and gas by sea in the Mediterranean basin.

Efficient, interconnected energy oil and gas transportation networks are a prerequisite for the economic development and the proper functioning of the future Euro-Mediterranean free trade area.

In order to strengthen the security of supply around the Mediterranean basin and consolidate the Euro-Mediterranean energy market, it is essential for the European Union and the Mediterranean Partners to have reliable, diversified energy links. Furthermore, the energy distribution system between Mediterranean Partners is still limited and the gradual introduction of a fully integrated Euro-Mediterranean energy market requires the development of South-North and South-South interconnections, when appropriate, to increase energy exchanges in the region. This objective requires the consolidation of the existing interconnections and the development of new ones.

A certain number of gas infrastructures connect the areas of production in the Mediterranean to the centres of consumption in Europe and pass through Mediterranean countries. These are in particular the Maghreb Europe gas pipeline which originates in Algeria, crosses Morocco and serves Spain and Portugal, and the gas pipeline originating in Algeria which passes through Tunisia and serves Italy. Optimal exploitation of these infrastructures is conditional to their modernisation as well as to the improvement of their energy efficiency and competitive utilisation conditions. The same applies to the already integrated electricity interconnections within the Maghreb and the Mashrek which need to be harmonised with those on the northern shore of the Mediterranean basin and whose operational safety needs to be improved.

The gradual implementation of new network interconnection projects should over time include the

completion of the Mediterranean electricity and natural gas ring networks. To this must be added

Concretisation of energy policy actions of a regional nature and the implementation of infrastructure projects of common interest in the energy sector the importance of exploiting the transit potential of the Mediterranean region for supplying the Euro-Mediterranean area with resources from neighbouring countries, such as those from the Caspian Sea basin, the Middle East and Africa.

For oil, recent accidents involving the safety of tankers make it necessary to consider the advisability of transferring some of the volume carried by tankers to oil pipelines. The further development of double-hull technology for oil tankers is also welcomed in this respect. In line with these objectives, the *ad hoc* working group on *interconnections* has made an assessment of the state of the gas and electricity networks and of the new projects. In addition to consolidating the existing networks, this has made it possible to identify a list of new priority projects for the security of supply and the consolidation of the future, integrated Euro-Mediterranean energy market.

1.1. Gas interconnections

In order to complete the Euro-Mediterranean gas ring network, to strengthen security of supply, and without prejudging any priority between them, the following projects have been identified as being of common interest for the convergence of Euro Mediterranean markets:

For the Maghreb region:

- reinforcement of transit and existing networks for the integration of the Euro-Mediterranean Gas Market,
- a gas pipeline supplying Spain and France from Algeria,
- a gas pipeline supplying Italy and France from Algeria (transit possible through Sardinia and Corsica),
- a gas pipeline from Libya to supply Italy (routed via Malta),

and in a general manner gas pipelines supply EU from the Maghreb region.

For the Mashrek region:

- an Arabian gas pipeline from Egypt and supplying Jordan, Syria, Lebanon and Turkey onshore or via Cyprus offshore,

For the Maghreb-Mashrek interconnections:

- the development of the gas interconnection between Egypt, Libya and Tunisia:

For the South European and East Mediterranean basin region:

- the gas interconnection Turkey – Greece – Italy;
- the gas pipeline Turkey – Bulgaria – Rumania – Hungary – Austria;
- the gas pipeline Greece – FYROM – Serbia and Montenegro – Bosnia-Herzegovina – Croatia – Slovenia – Austria

These three gas interconnection project will enable the transportation of gas originating from the Caspian and Middle East regions to transit Turkey and the connection to the EU. In addition, it will be necessary to ensure that the Euro-Mediterranean market and the internal market of the enlarged EU including the accession countries are able to benefit from the potential of LNG from Egypt as well as Algeria.

1.2 Electricity interconnections

In the electricity sector, the existing interconnections and the planned North-South and South-South interconnections (when appropriate) and without prejudging any priority will help to strengthen the Mediterranean electricity ring network with a view to an integrated Euro-Mediterranean electricity market. It should in particular be emphasised that the electricity interconnections in the Mashrek and the Maghreb are operational, but require harmonisation at a different level. In addition, a particular effort should be paid to interconnecting the Maghreb and Mashrek subrings through Libya and to verifying the operational safety of the ring network once it has been closed. In addition, it will be necessary to note that Euro Mediterranean electricity ring operations lead to additional flux of electricity, necessitating the reinforcement of networks in the Balkans for reasons of safety.

In order to complete the Euro-Mediterranean electricity ring network and to strengthen security of supply, the following projects have been identified as being of common interest and as priorities:

Upgrading the Maghreb subring:

Morocco - Algeria;
Algeria - Tunisia;

Upgrading the Mashrek subring:

Egypt - Jordan;
Jordan - Syria;
Syria - Lebanon.

Integration of the Maghreb - Mashrek subrings:

Upgrading and harmonising the Tunisia - Libya interconnection ;
Upgrading and harmonising the Egypt - Libya interconnection.

New South-North interconnection:

Algeria - Spain interconnection;
Italy - Tunisia interconnection.

Boosting South-North interconnection capacity and integration of the Euro-Mediterranean

electricity markets and the south-eastern European market (currently being developed):

Morocco - Spain;

Greece - Turkey;

Syria - Turkey (under discussion within the UCTE)

1.3 Oil interconnections

In 2001, the maritime trade (imports and exports) in oil and oil products in the Mediterranean between the EU and its twelve Mediterranean Partners totalled some 63 million tonnes.¹

However,

if all the oil and oil products imported into the Euro-Mediterranean area are included, this total

increases to 395 million tonnes, which is transported in some 800 tankers which are continuously

moving. This is particularly intensive traffic for an enclosed sea, which is environmentally highly

fragile.

For the Euro-Mediterranean area in general, it is necessary to stress that in view of recent accidents

involving the maritime transportation of hydrocarbons and the particular vulnerability of the straits

and canals at the inlets of the Mediterranean for this type of transport, it is fundamental to significantly reduce this traffic by transferring the volumes transported by water to oil pipelines

which constitute a much safer method of energy transport and respects the environment, provided

technical, economic and environmental feasibility of the latter are confirmed.

For the Bosphorous Strait it should be stressed that following the break-up of the former Soviet

Union and the resulting development of the resources of the Caspian Sea basin, the carriage of oil

by sea through the Black Sea has increased significantly. Figures for 2002 indicate that a total of

122 million tonnes of oil were carried through the Bosphorous in 7400 tankers. In this respect the

development of hydrocarbon land transport projects such as the Burgas - Alexandroupolis and the

Constantza – Trieste oil pipelines should be supported. In addition, the Baku - Tbilissi - Ceyhan

pipeline project under construction, will also contribute to relieving maritime oil transport in this

region.

With relation to other Mediterranean nevralgic points, these oil pipelines which would enable the

Euro-Mediterranean oil market to be supplied with resources from Algeria, Libya and Syria as well

as from Saudi Arabia and Iraq (with transit through Egypt, Turkey, Lebanon and Morocco) could

also be envisaged.

¹ EUROSTAT. programme Medstat.

Finally, the development of these oil networks should in the future, following the pattern of the electricity and gas networks, constitute an important axis of cooperation in the Euro-Mediterranean dialogue. Initially, it would be necessary to conduct feasibility studies to assess the cost of construction of new oil pipelines as compared with the cost of carriage by sea, together with an estimate of the safety cost.

2. Energy policy activities of a regional nature

The development of a Euro-Mediterranean energy policy is inconceivable without specific activities covering reform of the energy sectors of the partner countries, efficient energy demand management, efficient use of energy, the development of renewable energy sources, integration of the regional energy markets, the security of energy supply, safety in the carriage of hydrocarbons by sea, the harmonisation of information and statistical systems and a common policy within the multilateral organisations which directly or indirectly deal with energy issues. In this framework, on the basis of the work of the ad hoc group on energy policy, the Forum confirms and adopts the following priorities:

a) *cooperation between the Mediterranean countries and the EU on gradual reform in the energy*

sector with a view to opening up the gas and electricity markets. This requires in particular:

the development of common rules for the establishment of a harmonised legal framework for reforms in the energy sector;

the gradual reduction of fossil fuel and other subsidies which hamper the efficient use of energy;

the establishment of rules for transparent energy charging so that energy tariffs reflect costs;

the setting of rules for energy regulation and transmission system operation;

b) *promotion of the regional electricity and gas market (including NG, LNG and LPG) by :*

as a first step, creating a regional energy market within the Maghreb based on the rules governing the EU internal market, including Morocco, Algeria and Tunisia, and possibly Libya, depending on its progress in taking part in the Barcelona Process. To this end, an agreement between these countries and the EU could be considered quite quickly provided that specific commitments on the adoption of common rules and standards are given by the countries concerned. The Memorandum of Understanding on cooperation for the regional electricity market of southeastern Europe could serve as a basis for the Euro-Maghreb electricity market. As a second step, this process could be extended to cover the other countries engaged in the Barcelona process;

cooperation for the standardisation of common rules for the electricity and gas markets reflecting the principles of reciprocity, competition, safety and security.

c) *promoting security of supply and the safety of hydrocarbons carried by sea by:*

strengthening cooperation between the European Union and its Mediterranean Partners regarding security of supply;

Euro-Mediterranean cooperation on the prevention of pollution due to the carriage of

hydrocarbons by sea, in particular in the context of the measures taken by the EU following the “Prestige” accident, such as the further development of the double-hull technology;

encouraging the use of indigenous fuel sources where economic, and consideration of alternative fuels in the transport sector.

d) *support for the development of energy efficiency policies*, based on European experience and

with a view to energy conservation, in particular by:

informing economic and development policy makers about the long and medium term environmental concerns, the associated economic and social costs, the prospects of a policy to limit energy demand growth and the sources of funding available from the GEF and the clean development mechanisms provided for in the Kyoto Protocol;

supporting reforms and the application of the legislative and regulatory framework, in particular in the fields of buildings and transport, following the example of EU legislation;

carrying out awareness campaigns and providing fiscal and administrative incentives for the general public aimed in particular at residential dwellings and governmental and semi-governmental buildings;

encouraging the creation of Energy Service Companies (ESCs) and targeted fiscal measures to encourage industry to reduce its energy needs;

introducing emission control measures for vehicles and urban transport vehicles and optimising public transport policies and traffic flows;

optimising electricity production, transmission and distribution (identification of production yield losses and line losses during transmission and distribution as well as yield improvement);

disseminating information about more efficient technologies and management methods.

e) *the promotion of renewable energy and new technologies* on the southern shore of the Mediterranean by:

increasing the use of renewable energy sources such as wind, solar, hydro, geothermal and biomass in the Mediterranean Partners' energy balance;

carrying out studies on the potential and requirements for introducing or extending the use of renewable energy sources, the definition and promotion of incentives, in particular fiscal measures, and the identification of obstacles to the opening up and development of markets for this type of energy;

increasing the use of clean and environment-friendly technologies with particular reference to clean coal;

the possible establishment of new and specific funding mechanisms to promote the use of renewable energy sources.

f) *enhanced Euro-Mediterranean cooperation within the international institutions* which directly

or indirectly deal with energy issues, such as:

the Energy Charter, which promotes trade in energy and investments;

the Convention on Climate Change (UNFCCC) and the Kyoto flexibility mechanisms, especially CDM, where appropriate;

the Coalition of the Willing (Johannesburg);

the IMO for issues relating to safety of the carriage of hydrocarbons by sea.

3. Regional economic activities

Based on the proven reserves of oil and gas in the Mediterranean basin, it seems that the region will become a net importer in 2020 from a net exporter at present, which could have significant implications for the Euro-Mediterranean energy policy. Natural gas will partially substitute oil, mainly for electricity generation. The region has significant renewable energy sources potential which will be exploited substantially (hydroelectric plants, wind plants, geothermal and solar systems). However, these preliminary ideas are based on fragmented, non-harmonised data. In view of the importance of these prospects for Euro-Mediterranean security of supply and the importance of the harmonious economic development of all Mediterranean countries, whether they are producer, transit or consumer countries, particular attention needs to be paid to the prospective models which govern long-term investments in the energy sector. Furthermore, the introduction of new technologies should also be promoted upstream of the Mediterranean producer countries to improve exploration rates and the recovery of resources.

In this context, against the background of energy prospects and economic assessment and on the basis of the analysis and recommendations of the ad hoc group on *economic analysis*, the Forum confirms:

- the importance of cooperation on harmonising the data which is used for the analysis of energy policy and balance on the basis of models developed and used within the EU;
- the promotion of Euro-Mediterranean cooperation around Eurostat;
- support for energy planning and actions to encourage energy investments not involving interconnections;
- the development of a consistent training activity for economic analysis to improve demand management on the basis of the EU policy in this area.

1. Mechanisms to facilitate the financing of projects of common interest

In order to meet concerns about the security and diversification of supply over the next 20 years and the creation of a fully integrated and interconnected Euro-Mediterranean market, several tens of billions of euros will need to be invested in the EU's Mediterranean partner countries, the political character of which and the slowness of the reforms in which not only discriminate against Mediterranean operators vis-à-vis European operators with regard to access to international financing but also makes it more difficult to attract private European investors to the region. Furthermore, investment in the energy sector and in particular in oil and gas requires enormous volumes of financing which bring the Mediterranean region into strong competition with the other main producing regions in the world. In this context, the legitimate concern of operators to cover this costly investment through long-term contracts legitimised by European legislation is understandable. However, in addition to the commercial risk involved in long-term contracts, there

is also the question of the financial coverage of the non-commercial risk.

The importance of carrying out an analysis, in collaboration of the EIB, on the development of new financial products or of products currently not very available, for the strengthening of the own funds of the companies, such as participative or conditional loans, subordinated loans or guarantee funds, intended to facilitate the concretisation of the regional projects of common interest is therefore priority, while keeping in mind that the financing of the infrastructures pertains initially to the private sector and that there is a certain restricted number of public or private financial organisations giving credit insurance for account of State. In addition, it is also important that a legal framework conducive to private investment should be rapidly introduced in all the Mediterranean countries. Lastly, all the private and public sources of financing available should be utilised and combined to the best effect. In this context, the recent creation of a regional capital risk fund for the Mediterranean countries through an alliance between the EIB and European deposit and saving funds, destined to help SMEs in Mediterranean countries constitutes notable progress. A similar initiative, in the framework of the FEMIP, designed to help companies on the southern shores of the Mediterranean to participate in energy projects of common interest identified within the framework of the Forum deserves analysis.

Accordingly, the Forum confirms the following actions to support the financing of infrastructure projects of common interest:

Promotion of private energy investment and infrastructure financing through modern financial mechanisms and funding schemes, including the new Facility for Euro-
Establishment of mechanisms to facilitate the funding of projects of common interest and

the development of industrial cooperation in this respect

Mediterranean Investment and Partnership (FEMIP) of the European Investment Bank (EIB);²

Conducting an analysis, in collaboration with the EIB and other financial organisations such as MIGA, on the development of new Euro Mediterranean financial products with regional character in which the IFIs, the States and the private financial sector of the Mediterranean Partners and the EU could participate, for the realisation of important energy infrastructure projects and of regional projects of common interest. They ask the results of this analysis to be presented to the Rome Ministerial Conference in December 2003.

Development, where necessary, of attractive legislation ensuring better protection for private investors on both shores of the Mediterranean for projects of common interest;

Making the best use of the Community assistance offered by the MEDA programme for the technical, economic, environmental and financial preparation of these projects. The energy

sector should therefore be given greater financial support under the MEDA programme for both bilateral and regional projects.

2. Development of industrial cooperation

Private industry is the driving force behind a genuine Euro-Mediterranean energy policy. The construction of an integrated and interconnected market ensuring freedom of competition, consumer interests, security of supply, infrastructure safety, competitiveness and environmental protection is inconceivable without close collaboration with industry.

On the basis of the analyses of the three ad hoc groups, the Forum confirms the following priorities:

- industrial cooperation between European companies and companies of the Mediterranean Partners, in particular for the transfer of technology in the energy sector and notably modern technologies:

- for upstream oil and gas prospecting and production to identify resources and improve their recovery;

- in the field of the transport and storage of hydrocarbons;

- in the refining industry, with a view to adapting it to international oil product specifications;

- in the petrochemical industry;

² EIB loans in the Mediterranean largely focus on the energy sector, the amount of current EIB loans in the sector totalling some EUR 1 500 million.

- for the production of electricity, in particular using co-generation technology;

- for network security, safety and reliability;

- for the production of electricity from coal (clean technologies);

- to improve energy efficiency and energy conservation and develop alternative energy in the buildings and transport sector;

- for the development of renewable energy sources.

- with regard to cross-investment, the removal of all regulatory obstacles to the right of establishment of companies from the countries of both shores of the Mediterranean, and the facilitation of joint ventures in the energy sector,

- with regard to promoting renewable energy sources the production costs of which remain high, the facilitation of financial support from the EU and the countries participating in the Euro-Mediterranean Partnership,

- with regard to network safety and security, the European GALILEO³ satellite navigation project can in future play an important role in improving the safety and security of fixed and mobile energy production and transport infrastructure. It would be beneficial to develop now, ahead of the operational implementation of GALILEO, dialogue between the EU and the Mediterranean countries on promoting and using future practical applications of the system in the energy sphere, in particular concerning the construction and maintenance of energy infrastructure (gas pipelines, oil pipelines, storage facilities, high-voltage lines), the monitoring of tankers at sea, and of lorries and tanker wagons transporting hazardous products.

³ GALILEO should be fully operational as from 2008.

The Brussels Conference held in 1998 set up three ad hoc groups to monitor the development of the 1998-2002 action plan in which industry and the international financial institutions participated. Each meeting of the groups brought together over a hundred experts.

The 1998-2002 action plan and the work of the groups necessitated a Community financial outlay of a dozen million euros, to which should be added the co-financing provided by the Mediterranean Partners for the following regional MEDA technical assistance projects:

- Support for the ad hoc groups of the Euro-Mediterranean Energy Forum
- Reform of the energy companies
- Reform of the legal and institutional frameworks
- Applications of thermal solar energy
- Mediterranean Electricity Ring
- Energy and urban environment
- Mediterranean Energy Policy Training Network

Not all these projects were totally completed for various reasons concerning the large number of players involved and the organisational complexities which will need to be overcome with a view to closer coordination and more effective monitoring of the implementation of the 2003-2006 priorities.

With regard to support from the MEDA programme, the funds allocated so far by the EU and the energy cooperation partner companies are insignificant given the reform and investment needs⁴ in this key sector of Euro-Mediterranean cooperation. There are four national projects in addition to the seven regional projects mentioned above involving a total amount of 49 million euros, which should be compared with the overall MEDA budget for the period 2000-2006 (5.35 billion euros), i.e. less than 1% for such an important sector in the context of the future free trade area.

⁴ Investment needs in the Mediterranean Partners' energy sector over the next 20 years are estimated

at between 350 and 500 billion euros, taking into account their economic development prospects.

Source: study carried out by the economic analysis group of the Euro-Mediterranean Energy Forum.

Development of logistical support to the Forum to monitor the implementation of a Euro-Mediterranean energy policy on the basis of the priorities for 2003 – 2006

In addition, the regional programming for 2002-2004 only provides for a small budget for energy (4 million euros) and energy is completely absent from the national indicative programming for the same period.

Taking these considerations into account and on the basis of the analyses carried out by the ad hoc groups, the Forum stresses the importance of:

- ensuring synergy between the priorities for 2003-2006, with a view to the gradual establishment of a genuine Euro-Mediterranean energy policy;
- optimising the use of Community resources and those from the Mediterranean Partners by focusing them on concrete actions for 2003-2006;
- capitalising on the technical assistance work prepared under the 1998-2002 action plan which constitutes a major data base for the future;
- active and direct quasi-permanent participation of the authorities of the Euro-Mediterranean Partners for more effective implementation of the priorities and concrete actions for 2003-2006.

The Forum confirms that, with regard to the implementation of priorities for 2003-

2006, considering that the ad hoc groups have attained their objectives and concluded their work, it is important to give the Euro-Mediterranean Energy Partnership logistical support to the Forum through which the representatives of the Euro-Mediterranean Partners would be directly involved.

This non-institutionalised support would remain an emanation of the Forum – and report to it. Its principal role would be to ensure the implementation of the 2003-2006 priorities decided upon and to regularly report to the Forum. The working modalities of this support should be studied without delay in order to ensure the continuation of the Euro-Mediterranean Energy Forum activities and will be the subject of a proposal which will be presented by the Forum Secretariat during the Ministerial meeting in Rome in December 2003.