
**Towards an Energy Community of South Eastern Europe (ECSEE)
Conference for SEE Parliamentarians, Social Partners and NGOs**

Bucharest, 11-12 October 2004

Draft Chairman's Conclusions

Parliamentarians, Social Partners and non-governmental organisations (NGOs) from South-Eastern Europe (SEE) met in Bucharest on 11-12 October at the invitation of the Romanian Chairmanship-in-Office of the South Eastern Europe Cooperation Process (SEECF). The Conference was organised with the support of the European Commission and the Stability Pact for South Eastern Europe. Appreciation was expressed by all participants for the excellent hospitality extended by the Romanian Government and Parliament.

The Conference was opened by welcoming remarks, among others, by Mr. Valentin Zoltán Puskás, Vice President of the Romanian Senate, Mr. Dan Ioan Popescu, Minister of State, Minister of the Economy and Trade, of Romania, and Mr. Bogdan Aurescu, State Secretary of the Romanian Ministry of Foreign Affairs on behalf of the Romanian Chairmanship-in-Office of the SEECF, as well as by Mr. Jonathan Scheele, Head of the EU Delegation in Romania.

In the first session, the representative of the European Commission, (DG TREN) explained how the proposed ECSEE would extend the benefits of the internal energy market to South Eastern Europe. She outlined the important political commitments already undertaken by the countries of the region in the framework of the two "Memoranda of Understanding" and the progress already achieved under the so-called "Athens Process." The representative from the World Bank confirmed the strong support that multilateral and bilateral donors in the international community were willing to extend to the ECSEE project, in the form of both financial and technical assistance.

The second sessions provided the opportunity for Parliamentarians, Social Partners and NGOs to express points of view on the benefits and costs of the proposed transformation and regional integration of the SEE energy sector, and the challenges faced by their countries and the solutions that had been found.

The third session on issues of tariff reform and affordability showed clearly that a cost reflective tariff was necessary for sustainable energy. A representative from the EBRD presented the results from the EBRD-financed SEE affordability study, showing how such a cost reflective tariff would impact households and underlined the necessity of applying well justified Public service obligation to ensure the

access to quality services. A representative from the Albanian Ministry of Energy and Industry explained how Albania had been able to substantially enhance discipline in energy and tariff payments. The impact of renewable energy and environmental measures on tariffication was stressed. In the general debate several constructive suggestions were made on how to adapt general principles to the specific conditions of SEE.

The fourth session concentrated on the restructuring in the SEE energy sector that would result from the proposed transformation and regional integration process and from the ensuing change and diversification in the mix of primary energy sources. It was shown that the restructuring was needed in any case “to keep the lights on” and that it would take place in a less costly manner if it was part of a regional strategy. It was shown that changes in the conditions of work and in labour relations linked with new technological developments could also be positive, in terms of human resource development, greater flexibility and changes in salary structure. Specific restructuring experiences were discussed and the positive role was shown of re-training and regional development programmes to mitigate the redundancies resulting from restructuring. Appropriate sequencing of the reform was seen as crucial for the sustainability of the reform process. The Representative of the European Federation of Public Services Unions drew attention to the importance of the public service dimension of utilities and the need for social dialogue and the social dimension to accompany the development of the ECSEE. He argued that a prudent and gradual process was needed, as well as greater transparency and involvement of the stakeholders.

In the first session on the second day, presentations were made on the infrastructure, particularly in generation and transmission, necessary for the creation of a fully integrated electricity and gas market in SEE and the donors coordination process. The World Bank representative explained the work underway towards defining investment prioritisation and the savings in investment requirements resulting from the regional integration process. The representatives of the major international financial institutions (World Bank, European Investment Bank and EBRD) stated that the fulfilment of the commitments under the Athens Process were the key condition for their lending; they provided information on their financing for energy infrastructure in SEE, while the representative of USAID gave an overview of training and capacity building in support of the ECSEE provided by bilateral and multilateral donors. It was also stressed that the stable and harmonised legal framework provided by the ECSEE would be crucial in attracting foreign private investors in the SEE energy sector.

In the last session, a brief outline of the Treaty provisions was given. This allowed, in particular Parliamentarians, to familiarise themselves with the prospective key features of the Treaty, under negotiation. When the Treaty is concluded, it is most likely that national Parliaments will be invited to ratify it in line with prevailing constitutional arrangements in each negotiating party.

Parliamentarians expressed the wish to maintain informal links among themselves in view of developing coordination among their respective Parliaments and the committees likely to discuss the proposed ECSEE Treaty

ahead of its ratification. Parliamentarians expressed the wish to receive further information on aspects of EU legislation and other matters related to the ECSEE.

Social Partners stressed the importance of social dialogue involving also governments and regulators (trialogue) for the success of the reforms and of the difficult restructuring process. Engaging social partners was seen as important also for the success of foreign investors.

The crucial importance of the environmental dimension of ECSEE was recognised. NGO representatives encouraged the SEE governments and utilities to make use of the established environmental NGOs, centers, networks in interaction with the efforts of multilateral and bilateral donors.

The concluding session was honoured by the presence, among others, of Mr. Valer Dorneanu, President of the Chamber of Deputies of Romania, Mr. Mircea Geoana, Minister of Foreign Affairs of Romania, Chairman-in-Office of the SEECF, Dr. Erhard Busek, Special Coordinator of the Stability Pact, and Director General, Dr. Bruno Zluwa, Head of the Directorate General, Energy and Mining, Federal Ministry of Economic Affairs and Labour of Austria, who currently holds the chair of the Athens Process.