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INFORMATION NOTE

From: General Secretariat of the Council
To: Council

Subject: Any other business
Recent developments in the field of external energy relations
- Information from the Commission

Delegations will find attached factual information on recent and upcoming events and developments relating to the item "Recent developments in the field of external energy relations" on the agenda of the TTE (Energy) Council on 4 December 2019.

a) EU-US Energy Council

The next meeting of the EU-US Energy Council is expected to take place in Washington in the early part of 2020, when the 10th anniversary is likely to be celebrated and the achievements to date acknowledged. Following the success of the May 2019 EU-US Energy Council Business to Business Energy Forum on Liquefied Natural Gas in Brussels, the US are very keen for this to be repeated in 2020 and for business-to-business forums to become a permanent fixture under the EU-US Energy Council.

On 22 October 2019, an EU-US High-Level Industrial Forum on Small Modular Reactors (SMR) was held in Brussels. This examined the challenges and opportunities associated with using Small Modular Reactors technologies as part of the future energy systems.

Working level meetings of the EU-US Energy Council also discussed the energy security situation with respect to Ukraine, gas security of supply in Europe, cybersecurity in the energy sector and the Partnership for Transatlantic Energy Cooperation (P-TEC).

During September and October 2019, the Commission services worked very closely together with EU Member State experts, the US Departments of State and Energy, a US National Laboratory, Natural Resources Canada and Ukraine on developing a new Winter Action Plan for Ukraine.

b) Ukraine including trilateral gas talks

Several rounds of trilateral gas talks at Senior Officials' level with Ukraine and Russia on the terms of gas transit through Ukraine post-2019 took place during the last months. Trilateral talks at Ministerial level took place on 28 October. The intense discussions focused on the proposal from the Commission for a framework agreement, an interconnection agreement between Russia and Ukraine and transport capacity booking system, a non-disclosure agreement (NDA), longer-term transit agreements, extension of the current contract by one year, updates on the certification procedure, bookings and tariff setting on the side of Ukraine.

c) **China**

The eighth EU-China Energy Dialogue was held between Commissioner Miguel Arias Cañete and Zhang Jianhua, the Administrator of the National Energy Administration on 9 April 2019, back to back with the **EU-China Summit**.

At this occasion, the energy cooperation has been significantly widened and deepened with the signing of a Joint Statement on the Implementation of the EU-China Cooperation on Energy in the margins of the **EU-China Summit**. The Joint Statement identified nine comparative report that should be submitted to the next Energy Dialogues in 2020 and 2021. At the Summit, President Juncker, President Tusk and Premier Li underlined their strong commitment to implement the Paris Agreement and endorsed the start of the implementation of the EU-China Energy Cooperation Platform, which is the main tool to operationalise our cooperation.

d) **Japan**

Commissioner Arias Cañete met the Japanese Minister Seko in the margins of the G20 Energy Ministerial Meeting in Karuizawa (Japan) in June 2019, where they issued a joint statement. The statement lists the areas of cooperation that Japan and the EU will address in the coming months in the frame of the energy dialogue.

Cooperation on the global LNG market (enhancing its flexibility and liquidity) continues, as well as the exchanges on electricity market reform. Joint EU – Japan workshops on hydrogen are being planned and we will also set up a technical-level dialogue on offshore wind energy.

Other areas of interest in this cooperation include: energy research and innovation, the role of the euro in international energy trade and investment in sustainable energy infrastructure in Asia.

The next energy dialogue meeting is planned to take place in Brussels in May 2020.

e) Iran

On 5 November, Iranian President Rouhani announced the resumption of uranium enrichment activities at a facility in Fordow as the 4th step decreasing nuclear commitments under the JCPoA. This step has potentially severe proliferation implications and represents an acceleration of Iran's disengagement from its JCPoA commitments.

On 11 November, the E3 and the HRVP published a joint statement expressing concern by the announcements that Iran is restarting uranium enrichment activities at the Fordow facility, and urging Iran to reverse all measures inconsistent with the JCPoA, including exceeding the maximum allowed low enriched uranium stockpile and the maximum allowed enrichment limits, and not respecting the limits set by the JCPoA on nuclear R&D activities. The statement underlined the importance of the full and effective implementation of the JCPoA by all sides and confirmed E3 and EU's determination to continue all efforts to preserve the agreement, which is in the interests of all. It also affirmed readiness to consider all mechanisms in the JCPoA, including the dispute resolution mechanism, to resolve the issues related to Iran's implementation of its JCPoA commitments.

In September and October, the Commission organized a visit of a nuclear plant in decommissioning in Bulgaria, a one week school of nuclear law in Tehran, and a workshop on nuclear emergency preparedness and response in Luxembourg. The Commission also performs capacity building activities for the Nuclear Safety Centre in Iran and provides assistance in the preparation of nuclear stress tests in Buser.

f) Turkey

On 15 July, in the light of Turkey's continued and new illegal drilling activities in the Eastern Mediterranean, FAC decided to adopt a number of measures, incl. the suspension of the Association Council and further meetings of the EU-Turkey high-level dialogues (also on energy) for the time being. It also endorsed the Commission's proposal to reduce the pre-accession assistance to Turkey for 2020 and invited the European Investment Bank to review its lending activities in Turkey, notably with regard to sovereign-backed lending. On 11 November, following the October **European Council** and FAC conclusions, the EU Foreign Ministers adopted a framework for restrictive measures against Turkey. The framework will make it possible to sanction individuals or entities responsible for or involved in unauthorised drilling activities of hydrocarbons in the Eastern Mediterranean. The sanctions will consist of a travel ban to the EU and an asset freeze for persons, and an asset freeze for entities. In addition, EU persons and entities will be forbidden from making funds available to those listed.

g) Argentina

The first EU-Argentina High Level Energy Dialogue took place in Brussels on 9 and 10 July 2019. The main objective of this first edition was to work out an ambitious agenda encompassing a broad exchange of information and highlighting opportunities for developing joint action and other cooperation schemes. Both sides agreed to work on the following priority actions: i) implementation of the ongoing € 4.5 million Energy Efficiency project, ii) reinforced cooperation in the field of promotion of renewable energy sources and iii) promoting the involvement of the private sector in different formats. Cooperation in additional fields is under examination.

h) Africa

On 12 November, at the Africa Investment Forum 2019 in Johannesburg, the Africa-Europe High level platform for sustainable energy investment presented its report of recommendations to a large audience of stakeholders.

Fifty organisations, representing the public and private sectors, financing institutions, international organisations, academia and the civil society, participated in the 2019 Platform's work coordinated by Mr. Kandeh Yumkella, former United Nations Undersecretary-General for Sustainable Energy. In 2019, the Platform met on four occasions to discuss business and finance models, policy and regulatory frameworks and initiatives to develop Africa-Europe partnerships on sustainable energy, including energy efficiency and the challenge of clean cooking solutions.

The recommendations aim to accelerate public and private investments with impact on access to sustainable energy and on skills and jobs. In the coming months, the report will be disseminated among political, financial and private sector leaders from both continents, including to the new European Commission. It will guide the formulation of the EU actions in the energy sector under the next MFF.

i) Energy Community

The Energy Community Treaty is currently subject to a complex reform process, which aims to make the Energy Community more efficient and better adapted to the changing world. The main elements of the reforms under negotiations are: i) a strong reference to the Paris Agreement; ii) strengthening the enforcement mechanism by means of a system of penalties in cases of non-compliance with the Energy Community Treaty; iii) transparency in the State aid sector and iv) integrating European Union and Energy Community markets even closer by means of a system of mutual rights and obligations between the EU and its Member States on the one hand, and the Energy Community Contracting Parties on the other (so called "reciprocity mechanism").

The negotiations between the Commission and the Energy Community Contracting Parties are ongoing and are expected to be initialled by all Parties at the Ministerial Council in Moldova on 13 December 2019. Thereafter, the Energy Community Treaty amendment text would be submitted to the Council and European Parliament for approval in accordance with the procedure under the TFEU (Article 218 (5) and (6)). This esteemed committee of the European Parliament will thus be seized with the matter and we are looking forward to working with you on this file. Once this procedure is completed, the Ministerial Council of the Energy Community will be able to vote in mid-2020 by unanimity on the approved text.

In November 2018, the Ministerial Council adopted General Policy Guidelines on 2030 energy and climate targets for the Contracting Parties. According to these Guidelines, the 2030 targets should be “in line with the EU targets for 2030, represent an equal ambition for the Contracting Parties and take into account relevant socio-economic differences, technological developments and the Paris Agreement on Climate Change”. Targets will be proposed in early 2021, based on the results of a new modelling study to be carried out in 2020. It would give the process a further push if a road map committing the Energy Community to a 2050 climate neutrality could be adopted at the Chisinau Ministerial Council on 13 December.

j) Energy Charter

The 30th meeting of the Energy Charter Conference meeting will take place on 10-11 December, in Tirana, Albania. During the Statutory session on 10 December, the Contracting Parties and Signatories of the Energy Charter Treaty will discuss the Modernisation of the Energy Charter Treaty, Review under Article 34(7) and the Programme of Work and Budget for 2020-21. On 11 December the Ministerial Session will discuss the main topic of the Ministerial 'Facilitating Investment in Renewables, Diversification and Efficiency'.

The newly created Modernisation Group will report to the Conference meeting in 2020 on the progress made in fulfilling the negotiations mandate. The first negotiation meeting will take place on 12 December with the aim of organising the implementation of the negotiation process. The main interest of the European Union during these negotiations will be to align the ECT investment protection provisions with modern standards of investment protection and to facilitate a transition to a low-carbon, more digital and consumer-centric energy system. This in turn will allow the ECT Contracting Parties to strengthen their institutional capabilities, public policies and legislative frameworks in the energy sector.

The five-yearly Review under Article 34(7) of the ECT functions was conducted in 2019, including also the Mid-term performance review of the performance of the Secretary General and implementation of his Vision-Plan 2017-2021. ECT Members agreed to carry out in parallel an International Public Audit to provide finding and recommendations to be integrated in the Conclusions of the Review. The audit report draws clear recommendations for necessary changes inside the Secretariat as well as in terms of governance, respect of rules, human resources, work atmosphere and management.

It is expected that the Conference will take note of the Review Report under Article 34(7) and the Independent Public Auditor's Report and adopt its Conclusions by written procedure before the Ministerial meeting. The proposed Conference Decision mandates the existing Subsidiary Bodies for the implementation of the recommendations under their competence and establishes a new group on Governance which is mandated to implement the rest of the recommendations. Furthermore, the new Governance Group will address any other remaining issue which was not covered by the Independent Public Audit, in line with its Terms of Reference, due to time constraints.

The Conference will also adopt the Programme of Work and Budget for 2020-21 under written procedure before the Ministerial. The Budget for 2021 will be a preliminary budget pending the implementation of the Review Conclusions in 2020.