

Brussels, 14 December 2004

## EU and South East Europe countries create a new Energy Community

***Meeting in Athens today, Ministers and representatives from the 25 EU member states and 11 countries<sup>1</sup> of South East Europe, including Turkey, agreed on the basic principles contained in a text of a Treaty to formally establish an Energy Community between them. The Energy Community will create a single regulatory space for energy in the European peninsula. It will serve the interests of both parties in terms of reinforced security of supply. It will also help South East European countries to address energy poverty issues with the aim of providing power supply to all citizens at an affordable price. Whilst a number of more detailed issues remain to be resolved, it was expected by all delegations that it will be possible to formally sign the Treaty by next summer. The Treaty will clearly give a strong political signal to South East Europe for further EU integration of other sectors.***

*"The progressive integration of South-East Europe, including Turkey, into the European Union energy markets, on reciprocal conditions in terms of trade and environment, benefits the whole of Europe. A lot of work has been done since the Athens Conference in 2002 and this represents a major step forward in bringing lasting stability and growth to the region, as well as its progressive integration into the European Union",* said Commissioner Andris Piebalgs, responsible for energy issues.

From the EU viewpoint, the Energy Community will provide energy interconnections with South East Europe and through it to the Middle East and the Caspian region. It will end the network isolation of Greece and provide a platform to diversify sources of supply for the EU. For South Eastern European countries that have become dependent on external energy sources following the fall of the soviet era, the Community will establish stronger regional mechanisms and mutual assistance measures.

In South East Europe, problems with energy supply can also have dramatic consequences for the population. In this region, the mortality rates are substantially higher over the winter months compared to the EU. The aim should be to supply power to all citizens at an affordable price. It will mean shifting electricity and fuel price subsidies to targeted assistance to vulnerable groups. Such a shift is possible through the concept of the Public Service Obligations defined in the key electricity and gas EU legislation.

The Treaty establishing the Energy Community will be a first step. Success in the energy sector will pave the way to expanding the scope of this treaty into critical infrastructure of all kinds, such as transport and telecommunications, and in other areas.

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<sup>1</sup> Albania, Bosnia Herzegovina, Bulgaria, Croatia, FYROM, Moldova, Montenegro, Romania, Serbia, Turkey, UNMIK-Kosovo