



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR RESEARCH
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FACTSHEET

CYPRUS

Chapter 14 - Energy

1. The acquis¹

The energy acquis represents the body of all energy related EU law, regulations and policies. Implementing the acquis requires not only adequate legislation but also properly functioning institutions (for example a regulatory body, as required in the electricity and gas directives, a nuclear safety authority etc.).

In view of the energy acquis, candidate countries need notably to:

- decide on an overall energy policy with clear timetables for restructuring the sector;
- prepare for the internal energy market (the Gas and Electricity directives; the Directive on electricity produced from renewable energy sources);
- improve energy networks in order to create a real European market;
- prepare for crisis situations, particularly through the constitution of 90 days of oil stocks;
- address the social, regional and environmental consequences of the restructuring of mines;
- waste less energy and increase the use of renewable energies such as wind, hydro, solar and biomass in their energy balance;
- improve the safety of nuclear power plants in order to ensure that electricity is produced according to a high level of nuclear safety;
- ensure that nuclear waste is handled in a responsible manner; and prepare for the implementation of Euratom Safeguards on nuclear materials.

Candidate countries have made considerable progress in the last few years and the above-mentioned issues are applicable to them in varying degrees. However, more is necessary, and this will evidently require large amounts of investment funding. Although the EU will continue to assist with pre-accession aid, the bulk will have to be financed by candidate countries themselves. Private investments have an important role to play in this context and require a stable investment climate.

¹ Information largely drawn from the European Commission, DG Enlargement
<http://www.europa.eu.int/comm/enlargement/negotiations/chapters/index.htm>

As regards the issue of nuclear energy, the European Union has repeatedly emphasised the importance of a high level of nuclear safety in candidate countries. In June 2001, the Council of the European Union took note of a [Report on Nuclear Safety in the Context of Enlargement](#). This Report contains recommendations to all candidate countries to continue their national safety improvement programmes, including the safe management of spent fuel and radioactive waste, and regarding the safety of their research reactors.

All candidate countries have responded to these recommendations. During the first half of 2002, a special Peer Review on nuclear safety assessed the progress made by candidate countries in implementing all recommendations. This exercise under the auspices of the Council resulted in a [Status Report](#), which was published in June 2002. It comes to the general conclusion that all candidate countries are clearly committed to fulfil the recommendations. The EU has insisted on the early closure of certain types of nuclear power units.

2. The negotiations

The chapter has been closed with ten countries and provisionally closed with Bulgaria, while it remains open with Romania. Generally, in the energy chapter, negotiations concentrate, depending on the country concerned, on the constitution of emergency oil stocks, the internal energy market (gas and electricity directives) and nuclear safety.

Transitional arrangements have been granted to all the countries which have closed the chapter so far, except Hungary, allowing them longer periods in which to build oil stocks up to the required level. The Czech Republic has been granted a transitional period up to the end of 2004 to implement the Gas Directive and Estonia has been allowed until the end of 2008 to implement the Electricity Directive.

Chapter opened: second half of 1999

Status: Closed December 2002 (provisionally closed in first half of 2001)

Transitional periods: build up of oil stocks to required level, until the end of 2007.

3. Latest Assessment by the European Commission¹

In its 1998 Regular Report, the Commission concluded that the vast majority of the *acquis* still needed to be transposed, although Cyprus had institutional structures and capacities to implement the *acquis* in this field. The Commission further noted the national regulatory energy objectives remained to be incorporated in the legal framework for energy and that special attention needed to be paid to the alignment and subsequent enforcement of the *acquis* on the Internal Energy Market, energy efficiency and oil stocks.

Since 1998, some progress has been made, especially concerning electricity and security of supply, at a moderate pace. Legislative alignment and implementation of the energy *acquis* is limited to date.

Negotiations on this chapter have been provisionally closed. Cyprus has been granted a transitional arrangement regarding the building up of oil stocks (until 31 December 2007).

¹ European Commission, Regular Report on Cyprus 2002, pp. 85 & 86:
http://www.europa.eu.int/comm/enlargement/report2002/cy_en.pdf

Cyprus is meeting the majority of the commitments it has made in the accession negotiations in this field. However, delays have occurred on the legal alignment as regards oil stocks and the alignment with the electricity Directive.

In order to be ready for membership, Cyprus's efforts now need to focus on adopting outstanding legislation and ensuring its full and timely application, in particular with regard to the internal energy market (electricity). Concerning oil stocks, Cyprus needs to make arrangements to ensure the finance to build up oil stocks and monitor the actual relocation of oil stocks sites. In addition, it needs to develop administrative capacities (energy regulator, oil stocks body). Preparatory work to design legislation in order to align with the internal energy market *acquis* is proceeding. As regards oil stocks, a draft bill establishing the oil stocks authority has been finalised. A decision has been taken on the site where storage capacity for oil stocks will be built. Negotiations regarding stockage of oil reserves on behalf of Cyprus by companies in Member States, for the period of construction of storage capacity in Cyprus, are ongoing. These efforts should be continued without delay.

January 2003