



PARLIAMENTARY ASSEMBLY OF THE BLACK SEA ECONOMIC COOPERATION
P A B S E C

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The Twenty First Plenary Session of the PABSEC General Assembly

Recommendation 68/2003*

on “Cooperation in the Field of Energy”

1. The efficient functioning of the energy sector is of vital importance for any economy as energy is a substantial element in each final product of the industry and services. On this ground, the development and implementation of a strategy for an economically efficient and reliable energy supply consistent with the environmental protection requirements is a fundamental precondition for the fulfilment of the national goals for a considerable and stable economic growth.
2. The member states of the BSEC differ largely in terms of their economic and energy potential, availability of energy resources, diversity of energy supply patterns and degree of development of domestic energy markets and infrastructure. All types of energy are present in the member countries, from coal, oil and gas to nuclear and renewable energies, including hydroelectric energy.
3. The weight of the BSEC area in the world energy market has been increasing particularly taking into account the promising oil and natural gas exploitation in the Caspian Sea basin. The development of prospective projects require the coordination of activities in the energy sector among the Member States and whenever possible the formulation of common strategies.
4. The BSEC countries share the same concerns regarding the stability of energy markets, the reliability and growth of imports and exports, the need to modernise the energy sector, to improve energy savings and reduce environmental pollution due to energy production and use.
5. Within framework, the Parliamentary Assembly of the Black Sea Economic Cooperation, recalls the Recommendation 39/1999 on Public Utilities, the Resolutions of the Council of Foreign Affairs of the BSEC on the field of energy as well as the *BSEC Economic Agenda* adopted by the Moscow Council in April 2001 that stress the need to set priorities and objectives in the energy sector.
6. The Assembly stresses, in this respect, the importance of the work conducted by the BSEC Working Group on Energy, the Black Sea Energy Centre of the European Union as well as the role of the Black Sea Trade and Development Bank in financing energy related projects of significant development impact on the region.

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Assembly debate on 11 June 2003 (see Doc.GA21/EC20/REP/03, Report of the Economic, Commercial, Technological and Environmental Affairs Committee on “COOPERATION IN THE FIELD OF ENERGY”, discussed in Baku on 11 March 2003; Rapporteur: Mr. Ali Alirzayev, (Azerbaijan).

Text adopted by the 21st General Assembly in Chisinau, on 11 June 2003

7. The Assembly shares the view that the energy sector has to be considered as a part of the dynamically integrating energy market and not as a closed system; it thus stresses that the long term aims of a regional approach in the field of energy that meet the needs of the BSEC countries and are universal consist of: reliable energy supply, energy efficiency, environmental protection and nuclear safety.

I. The Parliamentary Assembly therefore calls on the National Parliaments and the Governments of the BSEC Member States:

A. General Energy Policy

i. *to improve* the legal framework for energy sector operations taking into consideration the international and European requirements regarding the establishment of independent regulatory bodies, tariff setting, state ownership and privatisation as well as the regulations of contract negotiations with investors;

ii. *to undertake* or *speed up* institutional, regulatory and structural reforms aimed at the liberalisation of the energy market in order to improve production efficiency and the quality of services;

iii. *to devise* incentive measures for assisting and attracting investors in the energy sector aimed primarily at simplifying administrative and licensing procedures, which are essential preconditions for boosting investment in the sector;

iv. *to reflect* the real costs in energy prices, while taking consumer affordability and the inefficiencies of energy systems into consideration;

v. *to tackle* the environmental problems arising from the exploitation of energy sources by integrating environmental concerns and sustainability into the energy policies; to sign and ratify the relevant international Conventions and Agreements, which set out special targets regarding greenhouse gas emissions as well as a timetable for their implementation;

vi. *to focus* in their general research effort on the development of clean and renewable energies with the view of ensuring safe, sustainable and efficient energy supply;

vii. *to ensure* respect of all the provisions of the Energy Charter Treaty, and resolve any problems standing in the adherence to its Protocols, with a view to finding a better solution to export/import or transit difficulties;

B. Sectoral Energy Policy

i. *to encourage* the increased use of natural gas, in particular with a view to replacing coal and oil for electricity production, and the implementation of modern environmental protection systems in coal, oil or oil-shale power plants;

ii. *to support* the further development of renewable energy sources (biomass, wind, solar, thermal, enhanced efficiency of existing hydropower) with a view to increasing their contribution to the global energy production;

iii. *to gradually reduce* the nuclear-related risks in the whole Black Sea region, whilst encouraging international co-operation in order to maximise nuclear safety;

iv. *to ensure* better coordination of energy infrastructure development and to increase investment in the infrastructure necessary for regional energy co-operation by:

a. *supporting* the development of the Black Sea Ring project on electrical interconnection, with a view to creating a common electricity market in the BSEC region

b. *encouraging* at the same time the development of an integrated gas grid in the BSEC region;

v. *to work* towards inter-state co-operation with respect to improving and interconnecting their oil and gas pipeline networks and linking them to the trans-European energy networks and to support joint venture activities in oil and gas exploration and production with BSEC Countries;

C. Regional Cooperation

i. *to enhance* political and economic co-operation in the energy sphere in the Black Sea region, with the goal of identifying common objectives and projects of common interest and establishing mechanisms for regional co-ordination by involving national authorities, energy entities, private sector companies, regional structures and other participants;

ii. *to share* experience and facilitate reforms of national policies, institutions and structures with a view to an increased harmonisation of legal, institutional and economic frameworks and to ensure better regional co-ordination of energy development by producing jointly strategic standards seeking an optimised utilisation of local resources in a sustainable environment;

iii. *to improve* the gathering, dissemination and exchange of energy-related information by fully involving the BSEC related structures and to encourage co-operation and exchange of experiences among scientists and technicians in the BSEC region;

iv. *to coordinate* their actions in searching for technical assistance to be provided by the international community given the fact that technological prospects in the energy field have an important role to play in the integration process in the region;

v. *to exchange* information on steps undertaken to motivate private local and foreign investment in the energy sector and to assure a balanced distribution of funds for energy-related projects in all the countries of the BSEC region;

vi. *to collaborate* in seeking financial support of their efforts to adapt swiftly their energy infrastructures to international standards;

vii. *to open up* an EU-BSEC energy dialogue as the EU provides the most inclusive partner which is needed for oil/gas exploration and transportation in the region and to further exploit existing initiatives undertaken by the international community, including the TRACECA and INOGATE, the two regional programs of the EU for transport and energy;

viii. *to study* the possibilities for common implementation of energy projects such as setting up an energy management system in industries of the BSEC region, in particular by drawing up a catalogue of such projects in BSEC area; in this endeavour to utilise the financial support by the BSTDB and the Black Sea Development Fund;

ix. *to undertake* initiatives ensuring the physical security of transport and energy networks such as the development of a regional satellite monitoring system for accident prevention and leak detection for oil and gas infrastructures;

x. *to ensure* that multiple routes for the oil and gas exports from the Caspian to the Mediterranean as well as to Central and Southeastern Europe contribute to improving security of supply and reducing energy dependency for the countries of the region and for Europe as a whole while addressing environmental concerns;

xi. *to place* emphasis on trading energy on the ground of regionally co-coordinated energy systems and services with respect to economic recovery and growth, environmental protection and regional stability; with this aim to elaborate a Plan of Action for Developing a Regional Energy Market within the BSEC Region with particular reference to electricity and gas markets.

II. **The Parliamentary Assembly invites** the Council of Ministers of Foreign Affairs of the Organisation of the BSEC to consider this Recommendation.