



ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION

Permanent International Secretariat

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**REPORT OF THE
MEETING OF THE BSEC
WORKING GROUP ON ENERGY**

Istanbul, BSEC Headquarters, 13-14 November 2012

1. The Meeting of the BSEC Working Group (WG) on Energy was held in Istanbul, at the BSEC Headquarters, on 13-14 November 2012.
2. The Meeting was chaired by Ambassador Bozkurt ARAN, National Coordinator of the Turkish Chairmanship-in Office, Director of Center for Multilateral Trade Studies, Economic Policy Research Foundation of Turkey (TEPAV).
3. The following BSEC Member States attended the Meeting:
 - Republic of Armenia
 - Republic of Azerbaijan
 - Republic of Bulgaria
 - Hellenic Republic
 - Russian Federation
 - Republic of Serbia
 - Republic of Turkey
 - Ukraine
4. The following BSEC Observers attended the Meeting:
 - Czech Republic
 - United States of America
 - Energy Charter Secretariat
5. The following Guests attended the Meeting:
 - Office of the Coordinator of Economic and Environmental Activities, Organization for Security and Cooperation in Europe (OSCE) Secretariat
 - Energy Policy and Development Centre (KEPA), National and Kapodistrian University of Athens

The List of Participants is attached as Annex I.

6. The Draft Agenda of the Meeting was discussed, amended and adopted. The Agenda, as adopted by the Working Group, is attached as Annex II.

IMPLEMENTATION OF THE RESOLUTIONS, DECISIONS, RECOMMENDATIONS OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS AND THE FOLLOW-UP OF THE DECLARATIONS AND JOINT STATEMENT ADOPTED BY THE MEETINGS OF THE MINISTERS IN CHARGE OF ENERGY

7. The participants took note of the information provided by the BSEC PERMIS in the context of this item.

IMPLEMENTATION OF THE PROVISIONS OF THE “BSEC ECONOMIC AGENDA: TOWARDS AN ENHANCED BSEC PARTNERSHIP”

8. The participants took note of the information provided by the BSEC PERMIS on the BSEC Economic Agenda, as a major document for guiding the cooperation in the BSEC framework in the years to come. Particular reference was made to the Goal 4 regarding the Sustainable Energy and the Development of the Black Sea Energy Market, and the Chapter 1 setting General Guidelines of Action for the Organization, especially its Section 3 concerning the Cooperation with International and Regional Organizations and Institutions, and the Chapter 3 envisaging areas of action for strengthening the Organization.

EXCHANGE OF INFORMATION ON RECENT DEVELOPMENTS IN THE FIELD OF ENERGY IN THE BSEC MEMBER STATES

9. The representative of the Republic of Turkey presented a general overview of the energy sector in Turkey. The presentation is attached as Annex III.

10. The representative of the Republic of Armenia presented information on recent activities in the energy sector in Armenia, emphasizing in particular the importance of regional integration.

11. The Director of the Energy Policy and Development Centre (KEPA), National and Kapodistrian University of Athens presented information on the EU - FP7 PROMITHEAS-4 project of regional impact on energy and climate change, conducted under the coordination of KEPA.

12. The participants discussed the presentations highlighting the importance of the exchange of information on the recent developments in the field.

STEPS TO BE UNDERTAKEN IN ORDER TO ADVANCE TOWARDS THE GOAL OF ESTABLISHING OF AN INTEGRATED BLACK SEA ENERGY MARKET

13. The representative of the BSEC PERMIS recalled the Working Paper presented by the BSEC PERMIS at the previous meeting of the Working Group (Istanbul, 3-4 April 2012) containing proposals regarding the legal framework and other steps for developing an integrated energy market in the BSEC Region.

14. The representative of the Energy Charter Secretariat briefed the participants on the expertise acquired by the Energy Charter in this field, particularly in elaborating legal instruments, and the opportunity to cooperate with the BSEC PERMIS regarding the legal framework for development of an integrated Black Sea Energy Market.

15. The participants took note of the information presented and asked the BSEC PERMIS to get in contact with the Secretariat of the Energy Charter in order to explore the possibilities of cooperation in elaborating the concept of the BSEC regional energy market.

16. The Working Group agreed to continue examining this issue at its next meeting.

COOPERATION OF THE BSEC MEMBER STATES IN DEVELOPING ELECTRICAL INTERCONNECTIONS AMONG THEM

17. The representative of the Republic of Turkey presented information on electrical interconnection projects in the BSEC Region which is attached as Annex IV.

COOPERATION OF THE BSEC MEMBER STATES IN EXPLORATION AND EXTRACTION OF HYDROCARBON RESOURCES OF THE BLACK SEA

18. The representative of the Republic of Turkey presented information on the activities of the Turkish Petroleum Corporation (TPAO) that could be of interest for the regional cooperation in the exploration and extraction of hydrocarbon resources of the Black Sea.

COOPERATION OF THE BSEC MEMBER STATES IN THE ENHANCEMENT OF THE GAS INFRASTRUCTURE DEVELOPMENT

19. The representative of the BSEC PERMIS informed that this item was included on the agenda in implementation of the Declaration of the Ministers in charge of Energy of the BSEC Member States (Belgrade, 11 April 2012) on the Enhancement of the Gas Infrastructure Development and highlighted the main provisions in the operative part of the Declaration.

20. The participants exchanged views on steps to be taken in implementation of the above-mentioned Declaration. In particular, they agreed to invite the interested Member States to inform, through the BSEC PERMIS, on their policies and on the projects they undertook or envisage for exploring their shale gas potential, the development of shale gas industry and the use of shale gas for electricity production.

IMPROVEMENT OF INVESTMENT OPPORTUNITIES IN THE ENERGY SECTOR OF THE BSEC MEMBER STATES FOR UPGRADING INFRASTRUCTURE AND PROMOTING ENERGY EFFICIENCY IN THE BSEC REGION

21. The representative of the BSEC PERMIS informed that this item is included on the agenda as a follow-up of paragraph 5 of the Declaration of the Ministers in charge of Energy of the BSEC Member States (Belgrade, 11 April 2012), stating that the Ministers had agreed to “explore possibilities for improvement of investment opportunities in the energy sector of the BSEC Member States for upgrading infrastructure and promoting energy efficiency in the BSEC Region”.

22. The participants took note of the information by the BSEC PERMIS on the proposal to study the possibility of establishing a Regional Energy Infrastructure Fund, launched at the Ministerial Meeting in Sofia in January 2010. The proposal will be taken up at the next meeting of the Working Group, considering as well the inputs by the BSEC Related Bodies on the issue.

STRENGTHENING COOPERATION BETWEEN BSEC AND OTHER INTERNATIONAL ORGANISATIONS AND AGENCIES IN THE FIELD OF ENERGY

23. The representative of the Office of the Coordinator of OSCE Economic and Environmental Activities made a presentation on the OSCE's approach to energy security and cooperation, emphasizing the added value the OSCE can bring in fostering regional cooperation and the readiness of the OSCE to continue its cooperation with BSEC, inter alia, in the context of next year's OSCE Economic and Environmental Forum process. The presentation is attached as Annex V.

24. The representative of the Energy Charter Secretariat presented information on the process of modernization of the Energy Charter, the know-how and expertise acquired over the years, in particular in developing legal instruments governing international cooperation in energy sector and the potential to further develop the cooperation relationships between the Energy Charter Secretariat and the BSEC Organization by joint activities beneficial to all States in the BSEC Region.

25. The Director of the Energy Policy and Development Centre (KEPA), National and Kapodistrian University of Athens made several proposals of cooperation activities for consideration by the BSEC Member States. A summary of these proposals is attached as Annex VI.

26. The participants took note of the presentations and expressed interest in the development of cooperation of BSEC Organization and the OSCE and the Energy Charter. They asked the BSEC PERMIS to continue the working contacts with the secretariats of these organizations and to explore the possibilities for developing the relationships between BSEC Organization and other international and regional organizations and agencies with the view to identifying and implementing projects and activities that respond to the cooperation needs of the Member States.

27. The participants also asked the BSEC PERMIS to continue to follow international initiatives and processes related to the international cooperation in the field of energy and, to the extent possible, participate in the events organized by other international organizations and institutions regarding energy issues.

REPORT OF THE MEETING OF THE GREEN ENERGY DEVELOPMENT TASK FORCE (ISTANBUL, 12 NOVEMBER 2012)

28. The participants took note of the Report of the Meeting of the Green Energy Development Task Force (Istanbul, 12 November 2012).

PROJECT DEVELOPMENT FUND: PROJECT APPLICATIONS IN THE FIELD OF ENERGY

29. The participants took note of the information provided by the Project Coordinator of the BSEC Project Development Fund (PDF) about projects financed by the PDF in the field of energy.

IMPLEMENTATION OF THE BSEC PUBLIC COMMUNICATION STRATEGY

30. The participants took note of information provided by the BSEC PERMIS Executive Manager in charge of media and public relations regarding the newly adopted BSEC Public Communication Strategy.

ANY OTHER BUSINESS

31. No issue was raised under this agenda item.

DATE AND VENUE OF THE NEXT MEETING

32. The date and venue of the next meeting of the Working Group will be communicated to the Member States through BSEC PERMIS.

ADOPTION OF THE REPORT

33. The participants adopted the present Report for its submission to the BSEC Committee of Senior Officials and the Council of Ministers of Foreign Affairs for their consideration.
