



BS/EN/WG/R(2004)2

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

Istanbul, BSEC Headquarters, 1-2 June 2004

1. The Meeting of the BSEC Working Group on Energy was held in Istanbul at the BSEC Headquarters, on 1-2 June 2004.
2. The Meeting was chaired by Mr. Archil SOKHADZE, International Economic Relations Department, Ministry of Foreign Affairs of Georgia.
3. The Meeting was attended by the following Member States of the BSEC:

Republic of Armenia
Republic of Azerbaijan
Georgia
Hellenic Republic
Russian Federation
Serbia & Montenegro
Republic of Turkey
Ukraine
4. The representative of the State of Israel attended the Meeting as Observer.
5. The Meeting was also attended by the representatives of the Parliamentary Assembly of the BSEC (PABSEC), the BSEC Business Council (BSEC BC) and the International Centre for Black Sea Studies (ICBSS).

The list of participants of the Meeting is attached as Annex I.

6. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted by the Working Group, is attached as Annex II.

LIST OF STRATEGIC OBJECTIVES FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE ‘BAKY DECLARATION ON ENERGY COOPERATION IN THE BSEC REGION’, ADOPTED BY THE MINISTERS OF ENERGY OF THE BSEC MEMBER STATES ON 19 SEPTEMBER 2003

7. The Working Group undertook extensive deliberations and enriched the list of strategic objectives for the implementation of the “BAKY DECLARATION ON ENERGY COOPERATION IN THE BSEC REGION”, initially drafted during the previous Meeting of the Working Group. The Working Group decided that the list will be further elaborated in its next Meeting.
8. The Russian and the Hellenic delegations believe that in the documents distributed by BSEC only the names used in the Montreux Convention of 1936 must be used, such as the Bosphorus Strait, the Marmara Sea and the Dardanelles Strait.
9. The Turkish delegation opposed to change the wording which was accepted by the Committee of Senior Officials and the Council of Ministers on 28-29 and 30 April 2004 respectively, and underlined the fact that the Working Group is not authorised to amend the above decisions. Therefore the term ‘...Strait of Istanbul, the Sea of Marmara and the Strait of Çanakkale’ should be used, as it was accepted by consensus during the Meeting of the Committee of Senior Officials. The Turkish side underlined the fact that this term is used in international platforms and the IMO documents as well.
10. The revised list of strategic objectives is attached as Annex III.

PROJECT PROPOSALS FOR THE BSEC PROJECT DEVELOPMENT FUND

11. The PERMIS made a presentation regarding the recently adopted ‘*Manual of Operations of the BSEC Project Development Fund*’, outlining its main provisions in project financing.
12. The Working Group decided to forward the project proposal by institutions of Greece (lead partner), Azerbaijan, Bulgaria, Moldova, Romania and Ukraine entitled ‘*Development of the EU-BSEC Network for Energy Policy and Research*’ to the Committee of Senior Officials for endorsement. The Russian delegation expressed some doubts concerning the title and the participating countries of the above project.
13. During the meeting the Russian Federation submitted a project proposal by ‘*RAO- Unified Energy Systems of Russia*’ for the project ‘*Reconstruction and development of the electricity network infrastructure necessary for expansion and power exchange diversification between Russia, Azerbaijan, Georgia and Turkey*’.
14. The proposal is attached as Annex IV.
15. The Delegation of the Republic of Turkey provided information on the USAID-financed ‘*Black Sea Region Transmission Project*’ in relation to the above mentioned Russian project proposal. Detailed information is attached as Annex V to the Report. The Turkish and the Armenian delegations believe that it will be beneficial to follow up this project while evaluating the possibilities of the implementation of the project proposal of the Russian Federation.

16. The Turkish delegation also drew attention to its ongoing project for UCTE connection and the UCTE rules regarding the interconnection of the Turkish power system with third countries which are not connected to the UCTE power system.

17. The Working Group considered the abovementioned Russian proposal and the proposal previously submitted by Turkey, entitled '*Practical Energy Conservation Training for Industry*', as interesting and it was agreed to continue the exchange of views on these issues in the next meeting of the Working Group, moreover inviting the project applicants to ensure the proposals' compliance vis-à-vis the stipulations of the '*Manual of Operations of the BSEC Project Development Fund*'.

18. Additionally the Working Group elaborated on the '*List of Projects for the BSEC Project Development Fund*' initiated during its previous Meeting and updated this List taking into account new project ideas submitted by the Member States.

19. The revised list of project proposals is attached as Annex VI.

20. The Member States were invited to submit additional project proposals aiming at facilitating regional cooperation in the energy sector.

INFORMATION PROVIDED BY THE BSEC PERMIS ON THE:

- a) **ROUND TABLE 'OIL AND GAS INVESTMENT OPPORTUNITIES IN INOGATE COUNTRIES', ORGANISED BY THE EUROPEAN COMMISSION AND INOGATE IN BRUSSELS ON 31 MARCH 2004**
- b) **WORKSHOP ON 'BEST PRACTICES FOR RESTRUCTURING AND PRIVATISATION IN THE ENERGY SECTOR', ORGANISED BY THE ENERGY CHARTER IN BRUSSELS ON 12 MAY 2004**

21. The BSEC PERMIS provided information about these events.

ANY OTHER BUSINESS

22. No issue was raised under this heading.

DATE AND VENUE OF THE NEXT MEETING

23. The Working Group agreed that the date and venue of its next meeting would be communicated to the Member States through the BSEC PERMIS.

ADOPTION OF THE REPORT

24. The Working Group adopted the present report for submission to the Committee of Senior Officials and the Eleventh Meeting of the Council of Ministers of Foreign Affairs to be held in Tbilisi on 29 October 2004.