

Concept of the Caspian - Black Sea – Baltic Energy Transit Space

1. Euro - Asian energy market trends

The formation of an integrated system of energy supply in Euro-Asian space is currently characterized by the following major trends:

- increasing strategic interest of the world community in establishing reliable mechanisms of ensuring energy security on a global scale, regional and national levels, which allows to minimize all kinds of risks, including political ones;
- consistently forming the unified energy policy of the European Union, based on mutual complementarities of national energy strategies, fair competition and diversification of resource bases and routes of energy transportation;
- increasing interest of Western countries and companies in expanding access to energy resources of Caspian - Black Sea region and to relevant transit routes;
- increasing interest of countries and companies of Caspian - Black Sea regions in getting access to European energy markets and assets;
- rapid development of mutually beneficial cooperation of Caspian - Black Sea region's countries;
- expanding dialogue of the member states of the European Union with countries of Caspian and Black Sea regions;
- strong requirements for countries and companies to ensure guaranteed supplies and transit of energy at national and international markets.

The above-mentioned trends predetermined the process of searching for new ways and mechanisms of interaction of suppliers, consumers and transit countries of energy resources based on the principles and in the spirit of mutually beneficial and non-discriminatory international cooperation strengthened in the Energy Charter Treaty and other international acts.

A very meaningful manifestation of this process is The Initiative of International Interaction at the State and Corporate Levels launched at the Energy Summit in Krakow by the Presidents of the Republic of Azerbaijan, Georgia, the Republic of Lithuania, the Republic of Poland, Ukraine and representative of Kazakhstan aimed at setting-up cooperation of these countries in the area of energy security.

Within the framework of Krakow Initiative an evident progress in implementation of Euro-Asian Oil Transport Corridor was achieved jointly on the basis of the Ukrainian oil pipeline "Odessa-Brody", which is being established with the support of European Commission.

2. The idea and basic goals

Facilitating the formation of Single Energy Space initiated by the European Union,

Viewing for further development and improvement of organizational aspects of international cooperation which was launched at the Energy Summits in Krakow in May, 2007 and in Vilnius in October, 2007,

Aiming at strengthening of the achieved results and developing joint projects, improving mechanisms of joint use of the existing and emerging technical, financial and other possibilities; searching for new forms and mechanisms of international cooperation at the Caspian - Black Sea - Baltic space to secure production, transit and supplies of hydrocarbons from the countries of Caspian region to international (including European) markets, which provides for mutually beneficial balance of interests of all participating parties as well as for minimization of political and other risks in implementation of concrete projects.

It is proposed to form and develop Caspian - Black Sea - Baltic Energy Transit Space (hereinafter referred to as "the Space") as an open alliance of interested countries of the **Caspian - Black Sea - Baltic** region for joint activities on supporting and creating favourable conditions for reliable, transparent and secure hydrocarbons supplies and transit from Caspian and other regions while providing for mutually beneficial balance of interests between producers, consumers and transit countries in accordance with the provisions and the spirit of the Energy Charter Treaty and other international documents.

3. The implementation of the idea

Inter-State Working Group should be established to fulfil the following tasks:

- (a) generalization of proposals of the interested parties on developing of the Concept;
- (b) working out concrete recommendations on mutually acceptable mechanisms and principles of forming and developing of the Space;
- (c) agreeing elaborated recommendations and the Concept with the relevant authorities of the interested states and the European Commission;
- (d) presentation of the results of this work at the next Energy Summit.