

4th International Meeting of Experts on Reliable and Stable Transit of Energy

Opening remarks by Dr. Urban Rusnák, Secretary General, Energy Charter

Dear Mr. Prime Minister, dear Minister Gjirkuri, dear Ladies and Gentlemen,

I am very pleased to welcome you, on behalf of the International Energy Charter, to the 4th International Meeting of Experts on Reliable and Stable Transit of Energy. First of all, I would like to express my sincere gratitude to the Government of Albania for hosting this meeting together with the Union for the Mediterranean and the Energy Charter. A warm welcome to all distinguished participants.

Over the last decade, a number of international initiatives acknowledged the importance of transportation of energy resources. One of them is the United Nations General Assembly Resolution “On reliable and stable transit of energy and its role in ensuring sustainable development and international cooperation” adopted on 17 May 2013. This resolution was sponsored by Turkmenistan and supported by 72 other UN members. The Resolution recognises the need for extensive international cooperation for promoting reliable transportation of energy to international markets through pipelines and other transportation systems.

Under this Resolution, Turkmenistan committed to host an international meeting of experts. Today’s meeting comes as the fourth in the series, following previous events which were held in Ashgabat in December 2014, Brussels in April 2015 and Beijing in November 2015, just last year. The objective of these expert Meetings is to provide a platform for an exchange of best practices and lessons learned in the field of international energy cooperation and to develop joint responses to the contemporary challenges facing reliable and stable transportation of energy resources.

Since the very beginning, the Energy Charter, has pursued the objective of ensuring secure, efficient, uninterrupted and unimpeded transit, to promote more efficient use of the infrastructure, and to facilitate its construction and modification. The draft Transit Protocol was negotiated to make the transit-related provisions of the Energy Charter Treaty more operational, and to avoid potential legal disputes. Indeed, the formal draft which was finalised in 2003 included provisions which further set out and developed the obligations and conditions contained in Article 7 of the ECT.

As you all are well aware, energy production chain requires transportation of energy resources over long distances often crossing the territory of several states. Long-distance oil and gas pipelines, high voltage electricity lines and LNG facilities are extremely capital intensive. They require long-term financial commitments by multiple actors. Recent developments in energy markets have resulted in increasing volumes of energy traded across borders, and often involving transit. The major challenge in this context is probably the development of new supplies of hydrocarbons and electricity in North-East Asia and China, and the transportation of hydrocarbons from the Caspian region and Central Asia to world markets. Many countries of Latin America and Africa also demonstrate a strong demand for investments in well-needed regional interconnectors.

I greatly appreciate the invitation of the Government of Albania to host this meeting on transit. Albania now plays a key role in the implementation of the concept of the Southern Gas Corridor. The Southern Gas Corridor is an example of the extremely complex interlinks between cross-border transportation and transit. The interconnection of the extension of the South Caucasus Pipeline, TANAP and Trans-Adriatic pipeline (TAP) is one the biggest project to diversify supply sources for Europe. Further interconnection of TAP to Ionia Adriatic Pipeline is also under consideration.

The Energy Charter Treaty is the only multilateral Treaty providing binding rules on energy transit and investments. Undoubtedly, it has played a positive role in facilitating pipeline projects, including the projects of the Southern Gas Corridor. This is documented in many Intergovernmental and Host Government Agreements that refer to the Energy Charter Treaty.

Nevertheless, the Energy Charter process needs to adapt to new realities and expand its membership towards global coverage. In order to fulfil these goals, the Modernisation of the Charter was launched in late 2009. The International Energy Charter (IEC) adopted in May 2015 provides for the geographical expansion of the Energy Charter process and has engaged new countries from Africa, Asia and Latin America in the process.

We are now at the second stage of modernisation process. This is designed to improve the implementation of the ECT provisions. From this perspective, the need for a new transit instrument has not diminished – on the contrary, potential new members of the Charter process have expressed growing interest in such a framework. New options for gas transportation, new electricity projects and increasing regional integration in various parts of the world offer new roles for the Energy Charter. The need for a multilateral agreement on

energy transit was confirmed by the Contracting Parties of the Treaty and Signatories of the International Energy Charter.

Work on a Multilateral Framework Agreement on Energy Transit, an instrument which will address the needs of the Constituency and new members has been initiated. A new Agreement is the next step for cooperation in transit and cross-border transport and to reflect the changes in energy markets. The main objective of the Agreement is to provide the rules for facilitating and securing transit, to facilitate the construction, expansion and modernisation of infrastructure, and to provide a detailed dispute settlement and emergency mechanisms.

I hope that discussions today will help us to move forward with this initiative.

Ladies and Gentlemen,

the Energy Charter Secretariat appreciates the opportunity to host this meeting together with our partners from the Ministry of Energy and Industry of Albania and the Union for the Mediterranean. Today's discussion will allow us to reflect on the common benefits of international energy cooperation, and to develop joint responses to the challenges we are facing now. The International Energy Charter is ready to play an active role.

I welcome you all again, and look forward to the discussion.

Thank you very much for your attention.