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**'I/A' ITEM NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: The Fourth Ministerial Meeting of the Southern Gas Corridor Advisory Council, Baku 15 February 2018 - Joint Declaration  
= Approval  
= Decision to make use of the written procedure

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1. On 25 January 2018, the Commission gave a presentation to the Energy Working Party regarding the draft Joint Declaration for the fourth Ministerial Meeting of the Southern Gas Corridor Advisory Council taking place on 15 February 2018 in Baku.
2. It is envisaged that the Joint Declaration will be endorsed on 15 February by representatives of the Republic of Azerbaijan, the Republic of Albania, the Republic of Bulgaria, Georgia, the Hellenic Republic, the Italian Republic, the Republic of Turkey, and the Republic of Croatia, Montenegro, Romania, [etc., as the case may be], the United Kingdom, the United States of America, and the European Union.
3. The draft text of the Joint Declaration is found in the Annex to this note.

4. In view of the above and the fact that the next Council meeting is held on 15 February, the Permanent Representatives Committee (Part 1) is invited:
- to approve the Joint Declaration as set out in the Annex to this note and to authorise the Commission to sign it on behalf of the Union, and
  - considering the urgency, to decide to make use of the written procedure for the approval and the authorisation as set out in the preceding indent.

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The Fourth Ministerial Meeting of the Southern Gas Corridor Advisory Council

JOINT DECLARATION

BAKU, 15 FEBRUARY 2018

We, the participants of the Fourth Ministerial Meeting of the Southern Gas Corridor Advisory Council, held in Baku on the 15th February 2018:

*Reaffirming* our strategic partnership based on the shared goals of improving the security and prosperity of our citizens and the protection of the environment;

*Emphasizing* the importance of establishing an integrated European energy system in accordance with the Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy for achieving the transition to a low-carbon, secure and competitive economy;

*Noting* the contribution of natural gas to reduction of air pollution and carbon emissions and its compatibility as a standby fuel for power generation from renewable energy sources;

*Recognizing* the importance of the diversity of energy sources, supplies and energy transportation routes and of undistorted trade in achieving such diversification;

*Building on* the recognition of the fact that the Southern Gas Corridor, which brings diversification of natural gas supply, is of strategic importance for the European Union;

*Welcoming* the fact that the Southern Gas Corridor is nearing completion, with substantial progress in all the relevant segments, and the first flow of gas will take place this year;

*Reaffirming* the importance of continued political support to the implementation of the Southern Gas Corridor;

*Recognizing* the strategic role of the Republic of Azerbaijan as a key enabler of the Southern Gas Corridor in the efforts to deliver secure, sustainable, competitive and affordable energy to consumers in Georgia, the Republic of Turkey and Europe and in appreciation of the investments of the Republic of Azerbaijan and International Energy Companies in the components of the Southern Gas Corridor, including in Europe itself;

*Recognizing* that significant untapped gas resources in the Republic of Azerbaijan can provide additional gas supplies to Europe and recognizing the decision of the Republic of Azerbaijan and investing companies to facilitate development of Absheron, Umid, Babek, Karabakh, Dan Ulduzu, Ashrafi, Shah Deniz III and other fields in the course of the next stage of development of the Southern Gas Corridor;

*Welcoming* the extension to 2048 of the Production Sharing Agreement (PSA) on the development of the Shah Deniz field and extension to 2050 of the PSA for development of the Azeri-Chirag-Gunashli (ACG) fields, which underline the long-term presence of the international oil and gas companies in the energy sector of the Republic of Azerbaijan;

*Appreciating* the Republic of Azerbaijan's observance of sanctity of contracts, which encourages long term foreign investment and cooperation in its energy sector;

*Emphasizing* the crucial role of the Republic of Turkey and Georgia in assuring the successful operation of the energy projects and transportation corridors from the Caspian Region to Europe on their territories;

*Appreciating* the key role of the Republic of Turkey in the successful implementation of the Trans-Anatolian Natural Gas Pipeline Project;

*Noting* the progress recently achieved in the construction of the Trans-Adriatic Pipeline, while acknowledging the remaining challenges;

*Appreciating* the fundamental role of the Hellenic Republic, the Republic of Albania and the Italian Republic in the progress on the implementation of the Trans-Adriatic Pipeline;

*Highlighting* the ongoing efforts to proceed with the establishment of the Gas Interconnector Greece-Bulgaria;

*Welcoming* the initiative of the Republic of Turkey and the Republic of Bulgaria to enable bi-directional flow between their gas systems.

*Highlighting* the initiative of the Western Balkan countries to realise the Ionian Adriatic Pipeline;

*Recognizing* the importance of the continuing support of the United States of America in developing the Southern Gas Corridor;

*Welcoming* the participation of delegations of the Republic of Croatia, Republic of Montenegro, [further participants as the case may be] in the Ministerial Meeting of the Southern Gas Corridor Advisory Council;

*Appreciating* the continuous support expressed by Romania for the implementation of the Southern Gas Corridor and its contribution to connecting Central Europe and the Southern Gas Corridor;

*Recognizing* the valuable and active support of the European Union and welcoming the inclusion of the SCP, TANAP and TAP projects in the 3<sup>rd</sup> list of EU Projects of Common Interest, which is a prerequisite for applications for funding under the Connecting Europe Facility (CEF) programme;

*Noting* the significant role of the International, European and national Financial Institutions in contributing to the provision of loan capital to realise the Southern Gas Corridor;

*Recognizing* that the Southern Gas Corridor is designed and eager to welcome additional sources of natural gas from the Caspian Basin, Central Asia, the Middle East and the Eastern Mediterranean Basin<sup>1</sup> and the potential resources from the Black Sea for transmission to Europe, and that the Southern Gas Corridor Infrastructure can be available for use by multiple suppliers;

Hereby declare the following:

1. We remain determined to continue deepening the long term strategic relationship among the stakeholder countries of the Southern Gas Corridor and between transporters, suppliers, and consumers of the energy resources, to secure reliable and sustainable supply of gas from the Republic of Azerbaijan to Georgia, the Republic of Turkey and further to European countries;
2. We welcome the substantial progress achieved in the implementation of the Southern Gas Corridor since the previous Ministerial meetings held in Baku on 12 February 2015, 29 February 2016 and 23 February 2017;
3. We support the efforts of the relevant countries in completing the remaining regulatory and legal prerequisites and procedures related to permitting and authorizations, as well as other measures necessary for the construction of the Southern Gas Corridor to be completed without undue delays;

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<sup>1</sup> In line with the definition of the Southern Gas Priority Corridor in the TEN-E Guidelines Regulation (EU 347/2013), Annex I (2)(7)

4. We will continue to promote the expansion of the Southern Gas Corridor to further markets, including outside the borders of the European Union, such as the Energy Community countries in the Balkans, through assessing technical and commercial opportunities to cooperate with existing and planned infrastructure owners including within the framework of the Central and South Eastern Europe Gas Connectivity (CESEC). We maintain our interest in the Interconnector Greece – Bulgaria; the Ionian Adriatic Pipeline; the bi-directional connection between the gas systems of the Republic of Turkey and the Republic of Bulgaria, including, but not limited to the potential offered by the bi-directional connection between Bulgaria and Romania;
5. We will continue our efforts to end the energy isolation of countries in Europe and to increase their energy security;
6. We welcome the confidence of international financial institutions, which have provided access to affordable financing for projects within the framework of the Southern Gas Corridor and we support further efforts to engage national, European and regional financial institutions, notably by maintaining and developing further the transparent, predictable and stable regulatory environment with its appropriate monitoring mechanisms; and we invite the international financial institutions to further deepen their support for the Southern Gas Corridor;
7. We continue to promote strategic energy partnership in the region and beyond in order to address the implementation issues of the Southern Gas Corridor with the continuous support of the European Union, in particular through the implementation of the Energy Union Framework Strategy;

8. We maintain our firm intention to continue developing bilateral and multilateral cooperation to open the Southern Gas Corridor to possible future participants in their capacities as suppliers and/or transit countries, and to continue working level consultations to address, in the most practical and timely way, relevant legal, regulatory, safety and security matters, which may emerge during the realization of any future expansion of the Southern Gas Corridor;
9. We welcome the interest of potential additional suppliers of natural gas from the Caspian Basin, Central Asia, the Middle East, the Eastern Mediterranean Basin and the Black Sea to use the Southern Gas Corridor to further diversify natural gas supplies to Europe and to other countries; and encouraging discussions to ship additional gas supplies to Europe;
10. We declare that the Southern Gas Corridor has achieved significant progress and we will maintain our effort to ensure its timely completion so that natural gas can flow to Europe in 2020.

This Joint Declaration was endorsed by representatives of the Republic of Azerbaijan, the Republic of Albania, the Republic of Bulgaria, Georgia, the Hellenic Republic, the Italian Republic, the Republic of Turkey, and the Republic of Croatia, Montenegro, Romania, [etc., as the case may be], the United Kingdom, the United States of America, and the European Union.