Annex: Draft text of the "Joint Declaration".

The Third Ministerial Meeting of the Southern Gas Corridor Advisory Council

JOINT DECLARATION
BAKU, 23 FEBRUARY 2017

We, the participants of the Third Ministerial Meeting of the Southern Gas Corridor Advisory Council, held in Baku on the 23rd of February 2017

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

Emphasizing the importance of the establishment of 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 use of natural gas in reducing air pollution and carbon emissions and its compatibility as a back-up fuel for power generation with renewable energy sources;

Recognizing the importance of diversity of energy sources, supply security and the security of energy transportation routes;

Building on the recognition of the Southern Gas Corridor as a European Union strategic project that brings diversification of natural gas sources to Europe;

Noting that the Southern Gas Corridor is in its construction stage and has made very good progress of implementation in most parts: near completion of the segment of the project in Azerbaijan and Georgia, midpoint of construction of TANAP in Turkey and the commencement of construction of TAP in Albania, Greece and Italy;

Reaffirming the importance of political support to the implementation of the Southern Gas Corridor and recalling the decision of the European Union to promote a more coherent EU foreign and energy policy action and engage further on energy diplomacy;

Emphasizing the importance of the Southern Gas Corridor in the context of the reviewed European Neighbourhood Policy;

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, Turkey and Europe, and in appreciation of the Azerbaijani and International Energy Companies investments in the components of the Southern Gas Corridor in Europe itself;
Recognizing that significant untapped gas resources in Azerbaijan can provide additional gas supplies to Europe and the decision of Azerbaijan and investing companies to facilitate development of Absheron, Umid, Babek, Karabakh, Dan Ulduzu, Ashrafi, Shah Deniz III and other projects in the course of the next stage of development of the Southern Gas Corridor;

Noting 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 that long-term presence of the International Oil and Gas Companies in the Azerbaijani energy sector is welcome;

Appreciating Azerbaijan’s strategic approach to sanctity of contracts that encourages long term foreign investment and cooperation in its energy sector;

Emphasizing the special role of the Republic of Turkey and of Georgia in assuring successful functioning 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 ongoing successful implementation of the Trans Anatolian Natural Gas Pipeline Project;

Noting the official start of the Trans Adriatic Pipeline construction phase marked by the ground-breaking ceremony celebrated in May 2016 in Thessaloniki;

Appreciating the special role of the Republic of Albania in the progress of the implementation of the Trans Adriatic Pipeline and underlining the key roles of the Hellenic Republic and the Italian Republic in the ultimate completion of the Trans Adriatic Pipeline;

Underscoring the ongoing efforts to proceed with the construction of the Gas Interconnector Greece-Bulgaria;

Welcoming the initiative of Turkey and Bulgaria to develop the Interconnector Turkey-Bulgaria project as well as the initiative of the Western Balkan countries to realise the Ionian Adriatic Pipeline;

Recognizing the importance of continuing support of the United States of America in developing the transportation corridor from the Caspian to Europe, the Southern Gas Corridor and the overall security in the Caspian region;

Welcoming the participation of delegations of the Republic of Croatia, of Montenegro, Serbia, Czech Republic, Poland and NNN in the meeting as observers;

Welcoming the inaugural participation of a delegation from ....... in the Ministerial Meeting of the Southern Gas Corridor Advisory Council as observers;

Welcoming the inclusion of SCP, TANAP and TAP projects into the EU Projects of Common Interest list, which is a prerequisite for applications for funding under the Connecting Europe Facility (CEF) program;
Noting the significant role of the International, European and national Financial Institutions in contributing to provision of means 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\(^1\) for transmission to Europe, and that the Southern Gas Corridor Infrastructure can be available for use by multiple suppliers of such gas without any discrimination based on their origin or destination.

Hereby declare the following:

1. We are determined to continue and deepen the long term strategic relationship among the stakeholder countries to the Southern Gas Corridor and between transporters, suppliers, and consumers of energy resources, to secure reliable and sustainable supply of gas from Azerbaijan to Georgia, Turkey and further European countries;

2. We welcome the substantial progress achieved in the implementation of the Southern Gas Corridor since the First and Second Ministerial meetings held in Baku on 12 February 2015 and 29 February 2016;

3. We support further efforts of the relevant countries in finalizing the necessary regulatory and legal prerequisites, as well as the procedures related to permitting and authorizations, for the construction of the Southern Gas Corridor to be completed without delays;

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; Ionian Adriatic Pipeline and Interconnector Turkey-Bulgaria projects;

5. We will strive to end energy isolation of countries in Europe to increase their energy security;

6. We welcome the confidence of international financial institutions to enable access to affordable financing for projects within the framework of the Southern Gas Corridor and we support further efforts to increase our cooperation and the efficiency of mechanisms to engage national, European and regional financial

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\(^1\) In line with the definition of the Southern Gas Priority Corridor in the TEN-E Guidelines Regulation (EU 347/2013), Annex I (2)(7)
institutions, notably by creating transparent, predictable and stable regulatory conditions; and we invite the international financial institutions to deepen their support for the Southern Gas Corridor

7. We 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 through the implementation of the Energy Union Framework Strategy;

8. We reiterate 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 the working level consultations to address in the most practical and timely way relevant matters of legal, regulatory, environment, safety and security concern, which may emerge during the realization of any future expansion of the Southern Gas Corridor;

9. We welcome the interest of additional potential suppliers of natural gas from the Caspian Basin, Central Asia, the Middle East and the Eastern Mediterranean Basin to Europe to utilize the Southern Gas Corridor to further diversify natural gas supplies to Europe and to other countries; and encouraging the expedient launching of discussions to ship additional gas supplies to Europe;

10. We declare that as we have reached the implementation stage of the Southern Gas Corridor, we now start the assessments of Southern Gas Corridor further development, including future volumes, new interconnectors and extensions into additional markets.

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, , NNN, NNN, the United Kingdom, the United States of America, and the European Union.