

1st Meeting of the CBSS Energy Ministers (Stavanger, 30 Nov. - 1 Dec. 1998)

## BALTIC SEA REGION ENERGY CO-OPERATION

Ministers of Energy of the Member States of the Council of the Baltic Sea States and a representative of the European Commission met in Stavanger on 30 November – 1 December 1998 at the invitation of the Norwegian Minister for Petroleum and Energy, Ms. Marit Arnstad. The meeting follows the recommendation of the Baltic Sea States summit in Riga on 22-23 January 1998 and the decision of the first meeting of the Baltic Energy Task Force underlining the importance of strengthening co-operation in the field of energy. The ministers adopted the following declaration:

### **The Baltic Sea Region – our vision**

Dynamic economic development, increasing integration, and international co-operation characterise the Baltic Sea Region. Guided by a common vision of the Baltic Sea Region as an area of democracy, stability, and open, interacting economies, we are committed to making energy co-operation a key vehicle in generating further progress. It is our conviction that energy should remain a focal point in the co-operation activities of the Baltic Sea Region. Our energy co-operation in the Baltic Sea Region may serve as a model for other areas.

Energy – a key factor in promoting political stability, economic growth and sustainable development. The case for international co-operation.

- National economies are becoming increasingly interdependent. This is evident in the Baltic Sea Region, which comprises both major energy producers and major consumers. Lying at an important European crossroad, the Baltic Sea Region is favourably suited through geographical proximity, historical ties, and the possibility of interconnecting with the larger European energy network, for building a reliable and comprehensive energy system. Regional energy co-operation should be encouraged on all relevant levels.

- Supply of energy is fundamental for economic growth. In the Baltic Sea Region the preconditions for satisfying energy needs are to a large degree present. It is our responsibility to ensure that energy is used in an effective and environmentally sound way.

- The supply, transmission, distribution, and use of energy must be dealt with in an economically viable and environmentally sound way. To achieve this, industry and utilities must play a key role. In paving the way for the integration of energy markets in the Baltic Sea Region, it is our responsibility as energy ministers to provide the framework and set the rules needed in an effective way.

- An energy supply system in the Baltic Sea Region must meet the criteria of sustainable development. Only if it measures up to high environmental standards as laid down in regional and international agreements will an integrated Baltic Sea Region energy network become truly successful. Particular attention must be paid to the relationship between energy and global climate.

### **The Challenge**

While committed to moving forward towards an effective and more integrated Baltic Sea Region energy system, we are aware of the scope and complexity of the task. We recognise that the Baltic Sea States have varying preconditions and that they differ considerably with regard to energy policies and infrastructure. Our aim is to develop a framework and undertake joint action within this context. This framework should be the vehicle for our common responsibility to secure adequate and reliable supplies of energy by creating stable and sufficiently favourable conditions for the energy markets to develop in a sound manner. The energy system must have the least possible supplies detrimental effect to the environment and health. Declarations and agreements, reports and analyses, as well as programmes such as the Second Baltic Sea Summit in Riga, January 1998, the Aarhus Declaration, adopted by the Ministers of Environment of the region of the UN/ECE in June 1998, Baltic Agenda 21, adopted by the Ministers of Foreign Affairs at the 7<sup>th</sup> session of the CBSS in June 1998, the Energy Charter Treaty, the Fifth Barents Euro-Arctic Council in January 1998, the Bergen report of the Nordic Ministers of Energy, Baltic Ring, Nordic Gas Grid, studies initiated by the Baltic Energy Task Force and the IEA, and the proposed EU Northern Dimension Policy provide an important context for initiating joint action programmes. We are resolved to move from clarifying the premises for co-operation to laying the foundation for concrete measures.

Concerted action for a better future – shaping the agenda for Baltic Sea Region energy co-operation in the 21<sup>st</sup> century. We have agreed to co-operate on facilitating the production of economically viable and more environmentally sound energy sources in the Baltic Sea Region, to further the development of infrastructure across the borders, to develop further a stable framework for the energy sector, i.a. by encouraging public and private investment and to ensure a level playing field for competition between energy sources. Among other measures energy taxes should stimulate an effective use of energy and a transition to more environmentally sound energy sources. As has been demonstrated up to now, exchange of information constitutes the basis for successful co-operation. We are convinced that increased integration of the electricity market as well as gas market in the Region is necessary for more efficient and environmentally sound use of electricity and gas.. We also recognise that a precondition for increased integration is that steps are taken towards harmonisation, adaptation, and realisation of environmental and trading rules and regulations. Public-private collaboration on energy issues is needed as well as a dialogue on investment opportunities. The required framework calls for active participation by industry. Research into renewables and energy efficiency is essential to stimulate innovation and new developments in the energy sector. The elaboration and implementation of plans and projects for energy co-operation in the Baltic Sea Region should focus on the following areas:

- Strengthening the co-operation between the energy authorities in the respective countries and between the authorities and other actors in the energy sector
- Harmonisation of regulations governing energy trading and environmental requirements
- Further development of a stable framework for i.a. public and private investment in the energy sector
- Encouraging public and private investments in energy infrastructure across the borders
- Transition to more environmentally sound energy sources i.a. increasing the utilization of renewable energy sources
- Producing, distributing and using energy more efficiently i.a. increasing the production of combined heat and power
- Development of efficient electricity and gas networks in the region that support a sustainable supply and use of energy

## **Nuclear sector**

Recognising the fact that nuclear power constitutes a substantial part of the energy supply in several Baltic Sea States, we emphasise the importance of a high level safety of nuclear installations. We therefore urge all states that have not yet done so to adhere to the 1994 Nuclear Safety Convention and to work in accordance with other existing multilateral provisions. We also stress the necessity of finding lasting solutions to spent fuel and radioactive waste management and invite all states to adopt the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management. An open exchange of views and information and the implementation of projects on comparison of safety levels in nuclear power plants are helpful means towards a uniform safety regime. Regional information exchange and co-operation in research and technological development of the waste should be encouraged. Issues of decommissioning of nuclear facilities in the region can also benefit from regional collaboration. The EU's Accession Partnership addresses energy policy issues in all energy sectors, including nuclear energy and nuclear safety. Nuclear energy and nuclear safety are elements of the Partnership and Co-operation Agreement between EU and Russia. These agreements and related EU programmes should be seen as part of the framework of regional collaboration in nuclear energy in the Baltic Sea region.

## **The road ahead**

Energy co-operation is an important driving force in the development of the Baltic Sea Region. We agree that the co-operation should be strengthened and better coordinated on a number of levels and areas – between governments and authorities, companies and organisations. We agree that further work should be implemented within the framework of the co-operation between the Member States of the CBSS and should be co-ordinated with other relevant on-going activities. We therefore see the conference in Stavanger as an important step in a co-operative process where the Member States of the CBSS continue to consult each other and to develop joint measures in the field of energy. Joint work over the past years in the Nordic Council of Ministers and recent co-operation between the CBSS countries have shown that good results can be achieved and that mutual benefits are possible from such joint action. We note that the practice of focused seminars like those organised in preparation for our meeting has proved to be of great value. Such seminars should continue to serve as an important instrument of co-ordination. We have agreed to meet again at ministerial level in Finland in autumn 1999. By then we should evaluate the work accomplished by the Working Groups as well as the Baltic Energy Task Force as stipulated in our work programme for 1999. It should be our aim at that time to integrate the energy collaboration within the framework of the CBSS.