



Resolution 1324 (2003)¹

Europe and the development of energy resources in the Caspian sea region

Parliamentary Assembly

1. The Caspian Sea region – whose coastal states include not only Council of Europe member states Russia and Azerbaijan, but also Kazakhstan, Turkmenistan and Iran – is increasingly central to European energy security and prosperity owing to its rich human potential and its significant oil and gas resources. Against the prospect of increasingly tight supplies of these raw materials worldwide, it is vital for the countries in the region in particular, and for Europe and the world community in general, to pursue efforts to ensure maximum exploitation of these resources through the most fruitful and co-operative exploitation possible.
2. Against this background, the Parliamentary Assembly encourages the countries in the Caspian Sea region:
 - 2.1. to overcome the remaining obstacles to such co-operation and to reach an overall agreement on the legal status of the Caspian Sea, as well as on the division of the Caspian seabed and the rights of exploitation of energy resources;
 - 2.2. to improve legal and regulatory regimes and to ensure transparent state administration in order to encourage investment, enhanced competition and energy use efficiency;
 - 2.3. to reduce political tensions between them that negatively affect the construction of transport routes for oil and gas supplies to international markets;
 - 2.4. to improve the protection of the Caspian Sea environment, both by remedying past pollution and ensuring the ecological quality of present and future Caspian Sea region projects.
3. The Assembly welcomes the successful implementation of production-sharing agreements in a number of states in the coastal region involving national and foreign companies, and the holding of a first regional summit in 2002 to discuss the resolution of outstanding issues. Notwithstanding the limited results obtained at the summit, the participating countries are strongly encouraged to try anew, with the support of the international community, building, inter alia, on the example set by the bilateral agreements recently reached between Russia and Kazakhstan, Azerbaijan and Russia, and Azerbaijan and Kazakhstan, on the delimitation of exploitation rights in the northern part of the Caspian Sea.
4. The Assembly also welcomes the planned East-West energy supply routes, which will enable the transportation of oil and gas resources from the Caspian region to the West, and the strong co-operation between all the countries concerned. In this respect, the European Union has stressed the importance of the transportation of Caspian oil and gas for the diversification and security of its energy resources in Europe.
5. Council of Europe member states can usefully assist in lowering the still excessively high price of Caspian Sea region oil and gas production by pursuing the liberalisation of their own markets for energy, notably via European Union efforts, and by ensuring the diversification of energy sources, by type and geographical location. The Assembly in this context recalls the importance of the 1994 Energy Charter Treaty for the secure transport of Caspian Sea oil and gas to European markets, and refers to its own [Resolution 1131 \(1997\)](#), in which it called the treaty's application “a matter of urgency, if major investments are to be

1. Assembly debate on 2 April 2003 (13th Sitting) (see [Doc. 9635](#), [Doc. 9635](#), report of the Committee on Economic Affairs and Development, rapporteur: Mr Schreiner). Text adopted by the Assembly on 2 April 2003 (13th Sitting).



made". It is particularly important that the Russian Federation ratify the charter as soon as possible. The Assembly also hopes that negotiations for a supplementary agreement to the charter, on transit, can soon be concluded.

6. The Assembly encourages the countries in the region to use oil and gas revenue to pursue economic reform in areas of importance for long-term development, such as education, public health, transport networks, infrastructure, environmental protection and social programmes. It asks the Council of Europe to step up assistance in its fields of competence to member states in the region and hopes that the latter will soon be in a position to join the Council of Europe Development Bank. The Assembly resolves to work in favour of greater support to these areas by international institutions with which it has privileged relations, such as the European Union, the European Bank for Reconstruction and Development, the Council of Europe Development Bank, the World Bank and the International Monetary Fund.

7. The Assembly draws attention to the extremely precarious situation of the Caspian Sea environment and to the need to devote more resources to environmental protection in connection with oil and gas exploitation and transport. It shares the concerns of Turkey and other countries over the major environmental risks arising from the disregard of the existing environmental safety norms for oil and gas tanker shipments, especially in the Turkish straits, and supports the tightening of the environmental safety norms for economic activities in the Caspian Sea and for the shipment of Caspian hydrocarbons to international markets, as well as the development of alternative transport routes.