



**COUNCIL OF
THE EUROPEAN UNION**

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INFORMATION NOTE

from : General Secretariat of the Council
to : Delegations
Subject : Nabucco Summit (Budapest, January 2009)
- Information from the Hungarian delegation

Delegations will find attached an information note from the Hungarian delegation.

Hungary would like to inform the delegations about the results of the Nabucco Summit held in Budapest on the 26-27th of January 2009.

1. The summit was initiated by the Prime Minister of Hungary Mr. Ferenc Gyurcsány in July 2008. Highest level representatives of the Nabucco countries, the source countries, the European Union and other international stakeholders, the European Investment Bank and the European Bank of Reconstruction and Development, as well as a delegation of the Nabucco International Pipeline GmbH were invited.
2. The Budapest Nabucco Summit followed three main goals:
 - To demonstrate the strong and very high level political and financial support of the governments and institutions attending the summit to the Nabucco pipeline project.
 - To further strengthen the commitment of the participants to the realization of Nabucco as well as to the creation of a robust energy cooperation between the European Union and the source countries of the Caspian region and the Middle-East.
 - To create an opportunity to discuss the challenges the project is facing and exchange views on the modalities of solving the pending issues and of providing the necessary gas sources for the pipeline.
3. Participants demonstrated a stronger than ever support to Nabucco and a clear commitment to its realization. They considered Nabucco an innovative, viable and robust priority project which is of particular importance for the energy security of the EU in general and for the energy security and the security of supply of the Central and East European Member States in particular. The security policy importance of Nabucco which had been further strengthened by the recent Russia-Ukraine gas crisis was also highlighted.
4. The messages by the representatives of the source countries were encouraging. It was clear that Azerbaijan was ready to deliver gas through Nabucco but it expected faster progress in the realization of the project. Turkmenistan indicated her expectation that, after putting the Turkmenistan-China gas pipeline into operation, the next gas market Turkmen gas could reach would be the EU. Egypt was ready to cooperate with Nabucco and Iraq considered to ship gas to Europe in the medium-term.

5. The President of EIB announced that the bank might be able to finance 25% of the CAPEX of the pipeline while the President of EBRD promised that the bank would be a constructive supporter of the project when time would come to define its contribution to the financial package.

At the same time it was underlined that Nabucco, being not only an energy infrastructure project but also the backbone of the Southern Energy Corridor and an important tool of strengthening the energy security of the EU, also needs financial support from community funds. PM Gyurcsány indicated that in the first stage it might require an amount of 2-300 million EUR and later another amount of up to 2 billion EUR.

6. All participants agreed that cooperation between the consumer and producing countries should not mean commercial ties only but it should lead to the creation of an effective partnership among the European Union, its Member States, Turkey, Georgia, the countries of the Caspian Sea region and the Middle East. This should encourage foreign direct investment in the source and transit countries as well as the transfer of know-how and technology. The EU-Central Asia Strategy and the European Neighbourhood Policy were considered important frameworks for enhancing these relations.
7. There was a consensus on the major tasks of the first half of 2009:
 - Nabucco should be placed among the European Union's priority energy projects during the upcoming European Council to be held on 19-20 March 2009.
 - The intergovernmental agreement should be signed as soon as possible but not later than the end of June.
 - Efforts should be made to help provide the necessary financial sources for the project and reduce the risks of the investors.
 - Significant steps were needed to conclude preliminary contracts with the potential suppliers.

8. In order to further strengthen coordination and provide a multilateral forum to maintain the necessary political support Nabucco needs PM Ferenc Gyurcsány, not questioning the role of the already existing institutions, proposed to establish an “International Nabucco Board” and expressed the readiness of Hungary to be the host country of its Executive Secretariat.
9. A document called “The Budapest Declaration” which reflected the participants’ strong support of the project was adopted and released on January 27, 2009. (see attachment)
10. The Budapest Nabucco Summit provided unprecedented publicity for Nabucco. The feedback shows that the summit achieved its goals and made an important step towards the realization of the Nabucco project.
11. Hungary wishes to express its thanks and appreciation to all participating delegations for their contribution to the success of the summit and for their constructive participation in the discussions which took place in Budapest.

**Declaration
of the Budapest Nabucco Summit**

We, the participants of the Nabucco Summit held in Budapest on the 27th of January 2009,

Attaching great importance to the diversification of hydrocarbon sources, markets and routes of delivery based on the principles of market economy, transparency, reliability, predictability, free competition and mutual benefits, as well as to the uninterrupted and secure supply of natural gas for the domestic markets of all countries at competitive prices and conditions,

Considering that the harmonisation of the interests of energy consumers, suppliers, transit countries and energy companies is a prerequisite of the overall energy security, which will also contribute to the economic development and prosperity of the countries concerned,

Underlining that the growing interdependence between energy producing, consuming and transit countries requires a strengthened partnership among all stakeholders with a view to enhancing energy security,

Emphasising, against the background of growing energy supply concerns in the transit and consumer countries, the viability of additional energy supply projects, complementing deliveries from existing routes and suppliers,

Bearing in mind in this context the EU-Central Asia Strategy and the European Neighbourhood Policy, as important frameworks for enhancing relations of the European Union and countries of the Caspian Sea region and the Middle East in the field of energy security,

Aware of the necessity to create a new energy corridor (the Southern Energy Corridor) linking the European Union, Turkey and Georgia to the Caspian Sea region and the Middle East,

Considering Nabucco an innovative, viable and robust priority project to directly connect the natural gas suppliers of the Caspian Sea region and the Middle East to the European Union, Turkey and Georgia, and encouraging the upcoming European Council to be held on 19-20 March 2009 to place Nabucco among the Union's priority energy projects,

Reiterating the importance of the Ministerial Statement on the Nabucco Gas Pipeline project signed in Vienna on 26 June 2006,

Acknowledging the progress achieved in the preparation of this project due *inter alia* to the efforts made by the countries party to the project, the European Commission, the Nabucco International Ltd. and other stakeholders to further accelerate the early implementation phase, to secure the necessary volumes of natural gas for the pipeline, to complete the legal framework (intergovernmental agreement and project support agreements), and to exempt the project from the EU Gas Directive according to the provisions of Article 22,

Welcoming all endeavours aimed at increasing the natural gas production in the countries of the Caspian Sea region and the Middle East, in particular the efforts the Republic of Azerbaijan makes to develop Shah Deniz and other gas fields, as well as the efforts of other interested partners to transport gas through the Caspian Sea to the consumer countries, which fit well with the goals of the Nabucco pipeline project,

Highly appreciating the results of the Baku Energy Summit of the 14th of November 2008, particularly concerning the Nabucco project,

Reiterating our strong commitment to the Nabucco pipeline project,

Deciding to further expand the mutually beneficial cooperation among the producer, transit and consumer countries, international institutions and energy companies to create the necessary political, legal, economic and financial conditions for the successful and prompt realization of the Nabucco pipeline project,

We express our willingness to

- support the development of a clear, transparent and cost-based transmission regime along the entire length of the Nabucco pipeline;
- strongly encourage foreign direct investment in the source and transit countries, as well as the transfer of know-how and technology, which require active participation of energy companies;
- foster cooperation among the European Union, its Member States, Turkey, Georgia, the countries of the Caspian Sea region and the Middle East, aiming at the creation of an effective energy partnership including reliable ways of meeting the domestic needs of producing countries, transit countries and European markets;
- actively support all initiatives and proposals that would secure the above objectives, *inter alia*
 - the proposal of the European Commission and Turkey to establish the Caspian Development Corporation, a concerted sector initiative to combine political, legal and commercial resources to build a strong link across the Caspian Sea;
 - Turkmenistan's intention to hold a high-level conference in 2009 based on the Resolution of the 63rd Session the United Nations General Assembly on the Reliable and Stable Transit of Energy and Its Role in Ensuring the Sustainable Development and International Cooperation initiated by Turkmenistan;
 - the Sofia Energy Summit "Natural Gas for Europe: Security and Partnership" to take place on 24-25 April 2009;
 - the "Southern Corridor Summit" to be organized by the Czech Presidency of the Council of the European Union on 7 May 2009;
 - the closing event of the Nabucco Intergovernmental Conference and signing of the agreement in the first half of 2009 in Turkey.

Budapest, January 27, 2009