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Espoo Convention ruling on Bystroe Canal

On 10 July, a UNECE Inquiry Commission headed by Professor Joos Terwindt, an independent Dutch academic, with two scientific experts, one each from Romania and Ukraine, ruled that a controversial Ukrainian construction project, known as the Bystroe Canal, running along the Ukraine-Romania border will have "significant adverse transboundary effects."



Professor Terwindt

The Inquiry Commission, which is the first ever convened under the UNECE Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention)

delivered its report in a session attended by UNECE Executive Secretary Marek Belka, as well as the Ambassador of Ukraine and the Deputy Permanent Representative of Romania. Both Ukraine and Romania are Parties to the Convention.

Under the Espoo Convention, States must notify and consult each other on all planned major projects that are likely to have a significant negative environmental impact



across a national border. The current dispute arose when Ukraine began construction on Phase I of its Bystroe Canal Project without notifying Romania. Disagreeing with the Ukrainian position that the project had no transboundary effects, in August 2004 Romania requested an inquiry under the guidelines of the Espoo Convention.

Consultation and cooperation

As a result of the ruling, Ukraine is expected

to send a notification about the canal to Romania and, from this point forward, both countries should engage in consultation and cooperation as the project moves ahead. According to the Convention the affected party, Romania in this case, must be allowed to comment on and, when necessary, object to future construction decisions. At the time of the ruling, Ukraine had completed almost all of its Phase I construction plans and had suspended Phase II pending the results of the Commission.

While he wouldn't speculate on how this report would affect the political negotiations between the two countries, Professor



Terwindt explained that his scientific study provided objective results that will function as an indisputable baseline for future political discussion and negotiation.

International attention

Construction on the canal has garnered international attention from many countries, NGOs, and other environmental advocates because of its location on the Danube Delta, which is home to UNESCO Biosphere Reserves and a World Natural Heritage site.

To evaluate the effects of the Bystroe project, a team was assembled with experts from both countries and from many professions including: NGO staff persons, scientists, private consultants, and government researchers. In conducting its assessment, the Commission identified 24 possible detrimental effects of the construction project. In many cases, a lack of sufficient data prevented the Commission from making definitive causal links. However, the research team was able to identify six transboundary effects



UNECE Energy Security

Forum Report for G8 Summit



The Energy Security Forum, under the auspices of the UNECE, recently submitted the findings of its Study on Emerging Energy Security Risks and Risk Mitigation in a Global Context to the Government of the Russian Federation in preparation for the G8 Summit in St. Petersburg.

Prepared in response to the request of the Special Envoy of President Vladimir Putin on International Energy Cooperation during the 2005 annual meeting of the Energy Security Forum, the report provides conclusions and recommendations on global energy security issues.

Global energy security risks...

The report concludes that global energy security risks have increased sharply because of steeply rising oil import demand in developing countries; the narrowing margin between oil supply and demand that has driven up prices; the volatility of oil prices arising from international tensions, terrorism and the potential for supply disruptions; the concentration of known hydrocarbon reserves and resources in a limited number of the world's subregions; and the restricted access to oil and gas companies to the development of hydrocarbon reserves in some countries.

...can be mitigated

It recommends that governments in producing and consuming countries can mitigate these risks significantly by promoting investment in the energy sector in order to meet future demand by providing the legal frameworks, regulatory environments, tax incentives together with fair and transparent processes to foster the public-private partnerships needed to promote and protect investments in new oil and natural gas supplies and enhance the secondary recovery of hydrocarbons.





cont.

that were likely to be significant and adverse.

Among these effects were: long-term and large scale impacts on fish due to repeated maintenance-dredgings of the canal, loss of habitat for birdlife and fish, and increased turbidity of the marine waters at the mouth of the canal.

Suggested refinements to the process

This Inquiry Commission was the first ever to be convened under the mandate of the Espoo Convention, and the final report suggested a few refinements to the Commission process. Firstly, it recommended that before a Commission is established, a budget should be agreed upon and funds should be deposited into a trust. The other recommendations were for the Commission to conduct a site visit to the area in question and for an extension to the four-month time limit allotted for delivery of the final report.

To ameliorate political tensions surrounding the decision and to address some of the "gaps in knowledge" that the research team encountered, the Inquiry Commission also recommended the creation of a bi-national research programme to focus on evaluating the proposed navigation route and mitigation measures. The Commission suggested that funds for this recommended programme should be organized via the secretariat of the Espoo Convention.

For more information contact [Wiek Schrage \(eia.conv@unece.org\)](mailto:Wiek.Schrage@eia.conv@unece.org).

Energy Security Forum Report (cont.)

Producer-consumer dialogue

As a first step in this process, the Energy Security Forum recommends that G-8 governments launch a new multilateral producer-consumer dialogue. It should be based on the interdependent interests of energy producing and consuming nations and the need for reciprocal relations between them within the framework of the UNECE. The dialogue should be between representatives of governments, energy industries, the financial community and

relevant international organizations in the following areas: a) data and information sharing and increased transparency, b) infrastructure investment and financing, c) legal, regulatory and policy framework, d) harmonization of standards and practices, e) research, development and deployment of new technologies and f) investment/transit safeguards and burden sharing.

For more information visit <http://www.unece.org/ie> or contact [Alexandre Chachine \(alexandre.chachine@unece.org\)](mailto:Alexandre.Chachine@unece.org).

Payments for ecosystem services

Forest or cropland? Is it more profitable to keep a parcel of forest or to convert it into agricultural use? And what are the consequences for water management? These are the questions the new Code of

Conduct on payments for ecosystem services (PES) in integrated water resources management will help answer.

The Code assists decision-makers in finding the most efficient solutions to water management problems taking into account environmental, economic and social concerns. It indicates the measures to apply to integrate into development policies the value of services provided by water related ecosystems – e.g. forests and wetlands – and to provide a compensation for such



The Code reflects good practices and lessons learned in the implementation of payments for such services. It recommends the steps to be taken to establish and implement the payments – from how to identify the value of the ecosystem services, to the legal and institutional requirements,

the need for stakeholder participation and public awareness, as well as monitoring and research.

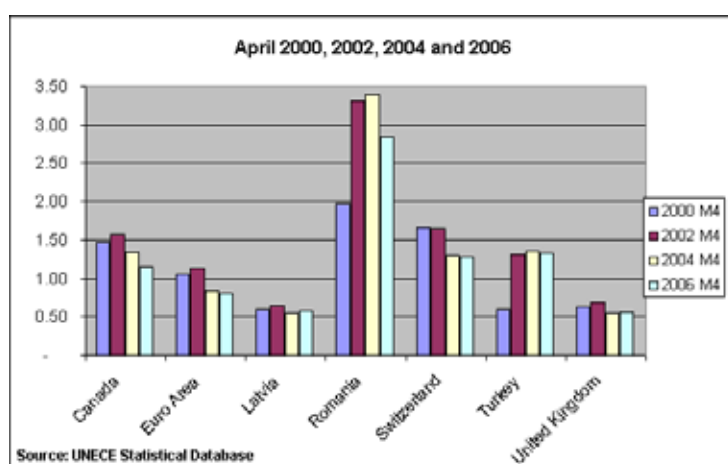
This is a pioneering policy instrument as it the first example of international guidance for the establishment of PES, not only at the local and national levels, but also at the transboundary level.

Drafted by experts from different backgrounds (economists, lawyers, forestry, water and conservation experts) from national authorities, international organizations and NGOs, the Code will be submitted to the Parties to the Water Convention for adoption at their fourth meeting (Bonn, Germany, 20-22 November 2006). To support its implementation, capacity building activities, technical guidance and pilot projects are planned within the framework of the Convention's work plan for 2007-2009.

For more information contact [Francesca Bernardini \(water.convention@unece.org\)](mailto:Francesca.Bernardini@water.convention@unece.org).

Facts and figures

Exchange rates of selected national currencies per US\$



Where currency has been devaluated during the selected period, normalised values are shown.

The above graph shows monthly average exchange rates of selected national currencies per 1 United States Dollar (US\$) for April 2000, April 2002, April 2004 and April 2006. Comparing April 2006 with April 2000, the US\$ depreciated against 5 of the 7 selected currencies. The US\$ depreciated 23% against the Euro and the Swiss Franc. Furthermore US\$ depreciated 22% against the Canadian Dollar, 10% against the United Kingdom Pound and 4% against the Latvian Lat. During the same period the US\$ appreciated against the Turkish New Lira and the Romanian New Lei, 123% and 44% respectively.

For further information please contact:

Information Service
UN Economic Commission for Europe (UNECE)
CH - 1211 Geneva 10, Switzerland

Tel: +41(0)22 917 44 44
Fax: +41(0)22 917 05 05
E-mail: info.ece@unece.org
Website: <http://www.unece.org>