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MAIN DIRECTIONS OF THE PRINCIPLE OF INTERNATIONAL
LEGAL COOPERATION IN THE FIELD OF OIL EXPORT

Statement of the problem and its relevance. Today the world is facing the need to create a new order, to form a system of interstate political and economic relations, ensuring equal, mutually beneficial economic cooperation of all states. One of the most important principles in the regulation of international economic relations is the principle of economic cooperation, which is considered fundamental to the principle of international legal cooperation in the field of oil exports. The legal nature of the principle of cooperation in international economic law, in a sense, may seem controversial. So, according to I.I. Lukashuk, this principle is largely in the nature of an idea that permeates the rest of the principles. All principles and norms should be applied in accordance with the principle of cooperation⁶. However, the principle of international cooperation, reflected in the UN Charter, forms the fundamental basis of this universal organization and relations between states. This principle obliges states to cooperate with each other regardless of the differences in their political, economic and social systems.

The purpose of the article is to substantiate the principle of international legal cooperation in the field of oil exports as an integral part of the principle of international economic cooperation.

Analysis of research and publications. In the doctrine of international law, the substantiation of some important areas of the principle of international legal economic cooperation, as well as cooperation in the field of oil exports, is considered in the works of A.I. Sadigov^{8,9}, M. Ramady⁷, D. Galushko⁵, R. Bejesky² and others.

Presentation of the main article. Articles 55-56 of the UN Charter define the obligation of states to cooperate in order to solve economic, social and cultural problems. The content of this principle, which, along with the UN Charter, is indicated in the Declaration on the Principles of International Law (1970), in the Charter of Economic Rights and Duties of States (1974), in the Seoul Declaration on the Progressive Development of the Principles of Public International Law relating to the new international economic order (1986) can be stated as follows: the right to participate in any form of economic cooperation, in accordance with the principles and goals expressed in the UN Charter; the right of states to participate in universal and regional international economic organizations; the right to freely determine partners in international economic relations; the right to mutual concessions and assistance from states in the liberalization of international trade, by protecting the interests of developing countries and countries in transition⁸.

Also, it should be noted that attracting foreign investments in the energy sector, in particular in the exploitation of oil resources, ensuring environmental safety is considered impossible without international cooperation. The principle of international cooperation in the exploitation of energy resources was also firmly enshrined in the Energy Charter Treaty, in the Protocol on Energy Efficiency and Related Environmental Aspects, etc.⁹ International cooperation in the exploitation of energy resources is aimed at the following issues: energy efficiency and environmental protection; determination of liability for damage caused in connection with ensuring environmental safety; creation of an appropriate legal framework; financing to ensure energy efficiency; creation of framework conditions for the most economical use of energy by producers and consumers in determining market prices for energy resources, taking into account environmental costs; exchange of new waste-free technology; protection of intellectual property rights; transparency of legal and regulatory acts; removing barriers to energy efficiency and related investment.

Article 9 of the Protocol to the Energy Charter defines that cooperation between the Contracting Parties may take place in any necessary form, which are listed in the Annex of this Protocol. These include: Development of energy efficiency programs, including identification of barriers and potential opportunities in energy efficiency, and development of energy labels and performance standards; Assessment of the Environmental Impact of the Energy Cycle; Development of economic, legislative and regulatory measures; Technology transfer, technical assistance and industrial joint ventures subject to an international property rights regime and other applicable international agreements; Scientific research and experimental design work; Education, training, information and statistics; Identifying and evaluating measures such as fiscal or other market-based means, including chargeable permits to account for external, especially environmental, costs and benefits; Analysis and development of energy policy; Evaluation of economic measures for Increasing Energy Efficiency and achieving environmental goals; Analysis of energy efficiency in the field of processing, transformation and transportation and distribution of hydrocarbons.

It is difficult to imagine the dynamic development of economic cooperation and integration processes without the creation of a reliable international legal mechanism. Formation and development of economic cooperation is carried out on an international legal basis at the bilateral, subregional and interregional levels and is manifested in such forms as mutual support in order to establish sovereignty over natural resources; the creation of a number of bodies

for cooperation in industry, science, technology, education, trade, transport, maritime transport, credit and currency and financial transactions, etc. Thus, a number of non-governmental organizations have been created and are operating, which play a prominent role in world energy policy. These are the world oil and gas congresses – they consider the problems of the development of the oil and gas industries; International Association of Oil and Gas Producers – deals with the interaction of large oil and gas companies and the coordination of their collective efforts on a number of global problems¹¹. I.S. Zhukova notes that conferences are an important form of negotiation mechanism, following which international political documents in the field of energy cooperation are adopted: declarations, memoranda, statements, communiqués, charters, etc. In addition to political documents, international treaties are signed, many of which are subject to ratification by their signatories¹².

It is clear that the principle of international economic cooperation also determines the main directions of international legal cooperation in the field of energy trade, in particular the oil economy. This cooperation covers different levels, such as cooperation between oil exporting countries, cooperation between OPEC (Organization of Petroleum Exporting Countries) member states and non-OPEC members, cooperation between oil exporting countries and oil importing countries.

In addition to OPEC, the most important international organizations in the field of energy also play a significant role in the international legal regulation of cooperation in the use of energy resources, in particular oil sector. Such international intergovernmental organizations allow collective actions to be taken to protect diverging national energy interests, mainly aimed at ensuring energy security⁵. In 1974, the International Energy Agency (IEA) was created. From the very beginning, the Agency's activities were aimed at coordinating energy policy. One of the first steps of the Organization was the conclusion of the Agreement on the International Energy Program. It included provisions for emergency self-sufficiency for the Member States. Article 2 of the Agreement provided that the Participating Countries shall establish a common emergency self-sufficiency in oil supplies. To this end, each Participating Country shall maintain emergency reserves sufficient to sustain consumption for at least 60 days with no net oil imports. Both consumption and net oil imports shall be reckoned at the average daily level of the previous calendar year. The term "emergency reserve commitment" means the emergency reserves equivalent to 60 days of net oil imports.

The energy crisis gave a powerful impetus to the development of economic cooperation between oil exporting countries and oil importing countries in the 1970s. The rapid rise in oil prices has significantly increased the financial potential of exporting countries, which has created opportunities, on the one hand, to expand imports of goods and services, and on the other, to export financial 'surpluses'. At the same time, the rising cost of oil imports required other countries to at least partially balance their payments with OPEC countries by increasing exports of goods and services, as well as labor¹⁰. Large agreements of this kind were concluded in 1986 by India with Saudi Arabia, Kuwait, Qatar and the UAE¹⁰.

As already noted, the decisive role in the field of international legal cooperation in the oil economy is played by the cooperation of states within the framework of OPEC. The necessity for the development of closer cooperation became more apparent in 1959, when the First Arab Petroleum Congress took place in Cairo, Egypt. The Congress adopted a resolution calling to oil companies to consult with the governments of the oil-producing states before unilaterally taking any decision on oil prices. Other decision was interrelated with the signing of a general agreement on the establishment of the Oil Consulting Commission³.

OPEC is a voluntary intergovernmental economic organization, the task and main goal of which is to coordinate and unify the oil policy of its member states. In an effort to intensify the struggle against oil monopolies, developing exporter-countries of liquid fuels came to the conclusion that it was necessary to join forces and oppose the monopoly organizations with their own. In 1960, in Baghdad, the main suppliers of oil to the world market – Venezuela, Iraq, Iran, Kuwait and Saudi Arabia – founded OPEC. Today OPEC members are: Algeria, Angola, Congo, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates, Venezuela. Also, some other oil exporting countries in different periods were also members of OPEC: Ecuador (1973–1992; 2007–2020), Indonesia (1962–2009, January 2016 – November 2016), Qatar (1961–2019)¹³. This list shows that not all exporting countries are OPEC members. Only the founding states and those countries whose applications for admission have been approved by the supreme body of OPEC – the Conference – can be full members of OPEC. However, any other country that exploits crude oil to a significant extent and has interests that are fundamentally similar to those of the OPEC member states can become a full member.

OPEC, ever since its early founding years, has professed cooperation between its members and non-OPEC producers. Article 2 of the 1960 OPEC statute lists, among other objectives, the following: Due regard shall be given at all times to the interests of the producing nations and to the necessity of securing a steady income to the producing countries; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on their capital to those investing in the petroleum industry. The non-OPEC cooperation of the early establishment period involved resolving differences and wresting national rights from multinational oil companies, but from the mid-1970s, OPEC turned its attention to everincreasing non-OPEC oil supplies. Contacts began with a host of non-OPEC countries, notably Mexico, Malaysia, Brunei, the UK, Norway, Russia, and Brazil⁷.

The period prior to 1973 and the first Arab oil embargo was a very stable period in the history of the oil market as illustrated earlier, thanks to the role played by the IOCs and the structure of cooperation the seven major companies, the Seven Sisters, put together. The companies, while competing against each other in the downstream, were able to cooperate both vertically and horizontally in the upstream. OPEC countries were never able to reach that level of cooperation among member countries since the organization's inception⁷. However, the great influence of OPEC on international cooperation in the field of legal regulation of the oil market throughout the entire era of its development is undeniable. The instruments of legal and economic regulation of the oil market, first of all, are the

adoption of joint decisions, the establishment of quotas and, as a consequence, the change in prices. By maneuvering quotas and prices, the OPEC countries regulated supply and demand in the market.

Recently, cooperation within the framework of OPEC + has also played a large role in international legal cooperation in the field of oil exports, which covers such exporting states as Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan. However, according to some authors, countries with higher levels of production are able to affect the production of other countries¹. Accordingly, full international cooperation in the field of legal regulation in the field of oil exports between all oil exporting countries within the framework of OPEC is still unrealistic. This is due to the attitude of such oil powers as the United States towards OPEC. According to R. Bejesky, it is not clear that OPEC's behavior has been unreasonably opportunistic for the past thirty years. As for American politicians transfixed on expedient explanations for American economic downturns and high oil and gasoline prices, they should search for answers beyond OPEC heuristics².

It should also be noted that since 2016, within the framework of OPEC, meetings of OPEC member countries and countries that are not members of this organization, i.e. OPEC + member countries, are held. The result of the first meeting was the adoption of the Declaration on Cooperation between the participants of the two blocks. A meeting was convened at the OPEC Secretariat on 10 December 2016 in Vienna, Austria, to take into account current oil market conditions and short- to medium term prospects. The Ministers recognized the need for joint cooperation of the oil exporting countries, to achieve a lasting stability in the oil market in the interest of oil producers and consumers. According to the Declaration, the desire of Azerbaijan, the Kingdom of Bahrain, Brunei Darussalam, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, the Sultanate of Oman, the Russian Federation, the Republic of Sudan, and the Republic of South Sudan, as well as other non-OPEC producers, to achieve oil market stability in the interest of all oil producers and consumers was recognized. In this regard, the aforementioned countries proposed to adjust their oil production, voluntarily or through managed decline, starting from 1 January 2017 for six months, extendable for another six months, to take into account prevailing market conditions and prospects. Countries participating in the Declaration of Cooperation decided to strengthen their cooperation, including through joint analyses and outlooks, with a view to ensuring a sustainable oil market, for the benefit of producers and consumers and to regularly review at the technical and ministerial levels the status of their cooperation³. Further, each time in subsequent meetings the provisions of this Declaration on oil prices were changed. On April 12, 2020, twenty-three oil-producing countries, following the results of video consultations in the OPEC + format, signed a new Declaration of Cooperation in order to reduce daily oil production in the world, which will remove its surplus from the market, which affected the strongest drop in oil prices⁴.

Another area of international legal cooperation in the field of oil export is the conclusion of international agreements in the field of oil transportation. Although there is no comprehensive international treaty for the construction of a pipeline or the transportation of oil through it, there are a number of international treaties of general application that provide support for the general legal framework supporting the pipeline project. For example, the ability to seamlessly transport oil and gas from one country to another through one or more other countries will be important. This right is provided for in a number of international treaties such as the General Agreement on Tariffs and Trade, the Barcelona Convention of 1921 and the Statute on Freedom of Transit. The Energy Charter Treaty is a multinational agreement that deals more specifically with the transit of energy and materials. At present, the signatories are countries mainly located in Europe and Central Asia. Thus, the Treaty is most applicable to the Trans-Caspian and Caucasian pipelines, which are a feature of this region⁴.

Conclusions. In the conclusion of the above study, it can be concluded that the principle of international legal cooperation in the field of oil export is an integral part of the principle of international economic as well as energy cooperation. The conclusion of the Energy Charter Treaty has become an important milestone in the development of international legal regulation of the use of energy resources. It laid the foundations for the creation of a global energy space and universal principles for all participants in international trade, norms and rules for cooperation in the energy sector. The Energy Charter Treaty is a legally binding multilateral international agreement, the only treaty regulating issues of interstate cooperation in the field of energy.

Article 9 of the Protocol to the Energy Charter, as well as the Annex of this Protocol, define a list of the main directions of international energy cooperation, which is a priority for all Participating States of this agreement. Despite the fact that since the establishment of the Organization, the OPEC countries have not been able to achieve the highest level of cooperation, today the meetings between the OPEC Member States and the OPEC+ Member States play an important role in observing the principle of international legal cooperation in the field of oil export. This experience between the OPEC and OPEC+ countries indicates that the principle of international legal cooperation in the field of oil export can become a key norm for achieving the common goals of the organization and international society as a whole.

¹ Al Rousan S., Sbiba R., Tas B.K. A dynamic analysis of the world oil market: analysis of OPEC and non-OPEC members. *Energy Economics*. 2018. Vol. 75, P. 28–41. P. 38.

² Bejesky R. Geopolitics, oil law reform and commodity market expectations. *Oklahoma Law Review*. 2011. Vol. 63. P. 193–277. P. 276.

³ Chitadze N. The role of the OPEC in the international energy market. *Journal of Social Sciences*. 2015. Vol. 1. P. 5–12. P. 5.

⁴ Dulaney M., Merrick R. Legal issues in cross-border oil and gas pipelines. *Journal of Energy and Natural Resources Law*. 2015, Vol. 23 (3), P. 247–265. P. 249–250.

⁵ Galushko D. Some aspects of development of international legal regulation of the energy sphere. *INTEREULAWEST*. 2014. Vol. 1(1), P. 51–65. P. 58.

⁶ Lukashuk I.I. International Law. General part. Textbook. 3rd edition, rev. and add. Moscow, Volters Kluwer, 2005, 432 p. P. 320 [in Russian]

⁷ Ramady M., Mahdi W. OPEC in a shale oil world. Where to next? New York, Springer, 2015, 269 p. P. 60, 40.

⁸ Sadigov A.I. International Economic Law. Textbook. Baku, Baku University Publishing, 2008, 396 p. P. 82–83 [in Azeri].

⁹ Sadigov A.I. International Energy Law. Textbook. Baku, Adventa Group Publishing, 2013, 312 p. P. 70–71 [in Azeri].

¹⁰ Seyfulmulyukov I.A. OPEC countries in the developing world. Moscow, Nauka, 1989, 190 p. P. 141, 80 [in Russian].

¹¹ Zhiznin S. Energy Diplomacy of Russia: economy, politics and practice. Moscow, Ist Bruk Publishing, 2005, 638 p. P. 68 [in Russian].

¹² Zhukova I.S. On international energy law as a branch of international law. *Bulletin of the Orenburg State University*. 2010. Vol. 2 (108). P. 47–55. P. 68 [in Russian].

¹³ https://www.opec.org/opec_web/en/about_us/25.htm

¹⁴ https://www.opec.org/opec_web/static_files_project/media/downloads/press_room/Statement%20-%2011th%20OPEC%20and%20non-OPEC%20Ministerial%20Meeting.pdf

¹⁵ https://www.opec.org/opec_web/static_files_project/media/downloads/publications/Declaration%20of%20Cooperation.pdf

Резюме

Панахов А. Основні напрями принципу міжнародно-правового співробітництва в галузі експорту нафти.

Мета: необхідність вивчити принцип міжнародно-правового співробітництва в галузі експорту нафти як складова частина принципу міжнародного економічного співробітництва.

Методи: аналіз і вивчення міжнародно-правових документів та наукових робіт, що містять в собі положення про принцип економічного співробітництва.

Результати: визначено принцип міжнародно-правового співробітництва в галузі експорту нафти як складова частина принципу міжнародного економічного співробітництва. Було прийнято ряд міжнародно-правових документів, які визначають основні напрями співробітництва держав у галузі використання енергоресурсів. Поряд із правовими документами діяльність міжнародних організацій і різних форумів слід визначити як здійснення даного принципу. Аналізуючи основні міжнародні документи, діяльність відповідних міжнародних організацій, а також наукові роботи в даному напрямі, що принцип міжнародно-правового співробітництва в галузі експорту нафти може стати ключовою нормою для досягнення загальних цілей організації та міжнародного суспільства в цілому.

Обговорення: визначення принципу міжнародно-правового співробітництва в галузі експорту нафти як складова частина принципу міжнародного економічного співробітництва.

Ключові слова: принцип міжнародного економічного співробітництва, принцип міжнародно-правового співробітництва в галузі експорту нафти, країни-експортери, Договір до Енергетичної Хартії, Міжнародне Енергетичне Агентство, ОПЕК.

Резюме

Панахов А. Основные направления принципа международно-правового сотрудничества в области экспорта нефти.

Цель: необходимость изучить принцип международно-правового сотрудничества в области экспорта нефти как составная часть принципа международного экономического сотрудничества.

Методы: анализ и изучение международно-правовых документов и научных работ, содержащих в себе положения о принципе экономического сотрудничества.

Результаты: определен принцип международно-правового сотрудничества в области экспорта нефти как составная часть принципа международного экономического сотрудничества. Был принят ряд международно-правовых документов, которые определяют основные направления сотрудничества государств в области использования энергоресурсов. Наряду с правовыми документами деятельность международных организаций и различных форумов следует определить как осуществление данного принципа. Анализируя основные международные документы, деятельность соответствующих международных организаций, а также научные работы в данном направлении, что принцип международно-правового сотрудничества в области экспорта нефти может стать ключевой нормой для достижения общих целей организации и международного общества в целом.

Обсуждение: определение принципа международно-правового сотрудничества в области экспорта нефти как составная часть принципа международного экономического сотрудничества.

Ключевые слова: принцип международного экономического сотрудничества, принцип международно-правового сотрудничества в области экспорта нефти, страны-экспортеры, Договор к Энергетической Хартии, Международное Энергетическое Агентство, ОПЕК.

Summary

Anar Panahov. Main directions of the principle of international legal cooperation in the field of oil export.

Goal: the need to study the principle of international legal cooperation in the field of oil export as an integral part of the principle of international economic cooperation.

Methods of research: analysis and study of international legal documents and scientific works containing provisions on the principle of economic cooperation.

Results: the principle of international legal cooperation in the field of oil export as an integral part of the principle of international economic cooperation has been defined. A number of international legal documents were adopted, which define the main directions of cooperation between states in the field of energy resources use. Along with legal documents, the activities of international organizations and various forums should be defined as the realization of this principle. Analyzing the main international documents, the activities of relevant international organizations, as well as scientific work in this direction, we consider that the principle of international legal cooperation in the field of oil export can become a key norm for achieving the common goals of the organization and international society as a whole.

Discussion: defining the principle of international legal cooperation in the field of oil export as an integral part of the principle of international economic cooperation.

Key words: the principle of international economic cooperation, the principle of international legal cooperation in the field of oil export, exporting countries, the Energy Charter Treaty, the International Energy Agency, OPEC.