
Georgia Shows Interest In Iran Armenia Gas Pipeline.

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EurasiaNet, NY

12/4/2007

The Iran-Armenia gas pipeline, officially opened on March 19 by Iranian President Mahmoud Ahmadinejad and Armenian President Robert Kocharian, has quickly emerged as a source of speculation about regional energy alliances. A trip to Armenia by Georgian President Mikheil Saakashvili two days after the pipeline's opening provided plenty of fuel for conjecture.

According to Armenian presidential spokesperson Viktor Soghomonian, Saakashvili's March 21-24 "private" trip was "only for skiing." The Georgian president stayed in the ski resort town of Tsaghkadzor, about 55 kilometers from Yerevan, where he met with Armenian President Robert Kocharian. Later, the Georgian and Armenian foreign ministers, Gela Bezhuashvili and Vardan Oskanian, joined the discussions.

Neither Georgian nor Armenian officials issued a statement on the nature of the talks. Even so, Armenian political analysts and opposition members reject the notion that the trip was for relaxation only. Rather, they link Saakashvili's visit - at least indirectly -- to the opening of the Iran-Armenia gas pipeline.

"True, the presidential office did not explain why Saakashvili came to Armenia. However, it is clear that there was a serious topic for discussion, and the most urgent of such topics in the region is the Iran-Armenia gas pipeline," said parliamentarian Shavarsh Kocharian, head of the National Democratic Party. "If the two countries' leaders met, it is impossible that such a serious issue as the gas pipeline should not have been touched upon."

The 140-kilometer-long pipeline is projected to supply Armenia with up to 1.1 billion cubic meters (bcm) of gas per year until 2019, when that supply target is expected to rise to 2.3 bcm annually.

Economist Eduard Aghajanov notes that Georgia's desire to reduce its dependence on Russia for gas supplies could have prompted Saakashvili to explore import possibilities with Armenian officials, as he has done already with the leadership of Armenia's neighbor, Azerbaijan.

[For background see the Eurasia Insight archive].

The \$235 per 1,000 cubic meters of gas price that Georgia pays to Russian energy giant Gazprom is the highest rate among members of the Commonwealth of Independent States. [For details, see the Eurasia Insight archive.]

"[I]f there is a possibility to receive gas from a third source, then a reasonable politician would not miss that opportunity by any means, not to remain hanging on Russian gas," Aghajanov said.

Currently, Georgia receives some 2.3 million cubic meters per day come from Azerbaijan, including some 1 million cubic meters from the recently opened Shah-Deniz gas pipeline, Energy Minister Nika Gilauri told reporters in March. Russia supplies roughly 3.3 million cubic meters per day, whether via purchases from Gazprom or as transit fees for the export of Russian gas to Armenia via Georgia.

Some doubt persists in Tbilisi about whether tapping into the Iran-Armenia pipeline would reduce the country's energy dependency on Russia. In June 2006, Gazprom signaled its clear intention to acquire Armenia's stake in the pipeline, and posted a press release on its website stating that it had already made the purchase. Armenian authorities neither denied nor confirmed report of the sale, saying that such discussions were premature. [For additional information see the Eurasia Insight archive].

Beyond geopolitical considerations, technical obstacles appear to diminish the chances that the Iran-Armenia pipeline could immediately benefit Georgia. The pipeline's current capacity stands at only about 300-400 million cubic meters of gas, the Russian news agency Regnum reported. Its diameter of 770 millimeters - half of its original size - is not seen as sufficient for exporting gas to Georgia or other markets.

"No doubt, the Georgian government knows that at the present moment Armenia has no possibility to export Iranian gas," commented independent political analyst Sevak Sarukhanian. But that capacity could change, he added. "[I]f Armenia cannot perform the function of a transit country at the moment exporting Iranian gas to Georgia, then in the future it is quite possible. And Georgia would like to use that opportunity in every possible way."

The notion of Georgia importing Iranian gas via the Iran-Armenia pipeline is not a new one. Former foreign minister Salome Zourabichvili raised the issue during an official visit to Yerevan in 2004; talks on the topic have also reportedly been held between Georgian and Armenian government officials, including the late Prime Minister Andranik Markarian.

Georgian officials have previously stated that Georgia will not need to import Iranian gas if supplies from the Baku-based Shah-Deniz pipeline, which crosses into Turkey via Georgia, remain adequate. The Islamic Republic provided emergency supplies during Georgia's January 2006 gas crisis. At the time, the United States reacted warily to the prospect of having its closest Caucasus ally, Georgia, forge any kind of enduring energy relationship with Iran.

Editor's Note: Marianna Grigoryan is a reporter for the ArmeniaNow Online weekly in Yerevan
