

---

# Georgia : Pipeline Routes On A Powder Keg

ISN / Switzerland - 20/8/2008

---

The crisis in Georgia came as a reminder of the vulnerability of important Europe-bound energy supply routes and apparent western inability to secure them.

Image: European CommunityBy Sergei Blagov in Moscow for ISN Security Watch (19/08/08)

Even before the dust settled over the conflict in the breakaway region of South Ossetia, hostilities between Russia and Georgia served to cast doubts over the latter's role as a major transit nation to funnel oil and gas to Europe.

Crucial energy supply routes, notably the Baku-Tbilisi-Ceyhan (BTC) pipeline, cross Georgia having been designed to circumvent Russia: Georgia had hoped to serve as a bridge to funnel oil and gas from Azerbaijan and Central Asia, thus undermining Moscow's energy clout.

Georgian officials repeatedly complained the country had become victim to pipeline politics. President Mikhail Saakashvili reportedly claimed that the BTC oil pipeline was a major reason for the Russian assault.

But Russian military officials have denied claims that Russian aircraft targeted Georgia's pipelines. "We do not strike oil pipelines as such strikes could entail serious environmental repercussions," Russia's Deputy Chief of General Staff Anatoly Nogovitsyn announced.

The Russian military had no need to hit the pipelines indeed, because a mere demonstration of force apparently was enough to put tremendous psychological pressure on both suppliers and consumers. During the conflict, Russia's Black Sea Fleet patrolled Georgia's coast, apparently indicating that the task to transport crude oil from ports to international markets could become a challenging objective.

Russian strikes did not hit any of the international oil and gas pipelines or any oil ports in Georgia, but they apparently forced Azerbaijan's state-run oil company SOCAR and Kazakhstan's state-run oil giant KazMunaiGaz to consider re-routing crude oil previously exported via Georgia.

Oil company BP declared force majeure on the Baku-Supsa oil pipeline, which carries Caspian oil from Azerbaijan to the Black Sea, and shut it down as a precautionary measure citing security concerns.

Subsequently, Russia increased oil exports from Azerbaijan amid concerns about the Georgian crisis. Russia's oil pipeline monopoly Transneft announced it had doubled shipments of Azerbaijan's crude oil via the Baku-Novorossiisk oil pipeline through Russia from 83,000 tons a month up to 166,000 tons a month. Transneft also suggested raising shipments of Azerbaijan's crude up to 240,000 tons a month in September.

Although volumes of Azerbaijan's oil supplies through Russia remained limited, the re-routing served to indicate that the Caspian energy suppliers hardly had any viable choices in a time of crisis but return to Russia's sphere of influence. There have been concerns that Georgia's volatility may adversely affect the Odessa-Brody-Gdansk-Polotsk oil pipeline, designed to funnel Caspian crude via Ukraine to Poland.

The crisis also came as a reminder that alternative energy supply routes from Azerbaijan and Central Asia via Georgia happened to be extremely vulnerable during a crisis and needed better security arrangements than the Georgian government was able to provide.

The US, preoccupied with operations in Iraq, Afghanistan and other hotspots such as Iran and Pakistan, was understood to hardly have any appetite for committing forces of its own to secure the pipelines. Its European allies were also in no rush to consider dispatching their forces to protect energy supply routes. Therefore, the crisis in Georgia also served to demonstrate western guarantees for Georgia lacked substance, while Russian involvement was still needed in order to secure the pipelines.

It was hardly a coincidence that Turkish Prime Minister Recep Erdogan traveled to Moscow and Tbilisi amid the height of the Georgian crisis, apparently seeking security guarantees for Turkey-bound pipelines.

The conflict with Georgia was in no way a dicey game for Moscow as the Kremlin appeared to remain unconcerned with the potential response of the US or Europe. Western threats to block Russia's bid to join the World Trade Organization (WTO) or expel Russia from the G8 group of industrial nations apparently have limited potential to influence Moscow's policymaking.

The Kremlin might have calculated that the Europeans needed Russian oil and gas so desperately that they could tacitly accept destabilization of Georgia. Simultaneously, any potential Russian countermeasures in response to possible western sanctions, notably a review of Moscow's cooperation with the West on nuclear nonproliferation, could have devastating repercussions for global security.

Furthermore, Russia's allies made it clear that Georgia could be hit with new outbursts of separatism. Hostilities in South Ossetia may spark movements in other Georgian regions: Mengrelia, Kvemo-Kartli and in areas populated by Armenian and Azerbaijani minorities, Sergei Bagapsh, head of Russia-supported Abkhazia, announced in Moscow on 14 August.

Furthermore, any troubles between Armenian and Azerbaijani minorities in Georgia could potentially re-ignite a dormant conflict between Azerbaijan and Armenia over who controls the disputed Nagorno-Karabakh region. Such an eventuality may put an end to any plans of sustainable oil and gas supplies from Azerbaijan and Central Asia, circumventing Russia.

Therefore, the latest warnings that the powder keg in the Caucasus had blown up appear premature, as the volatile region appears to have much more explosive potential. And now Russia is better positioned to make its move in the Caucasus, an unlikely host region for stable energy supply routes.

<http://www.isn.ethz.ch/news/sw/details.cfm?ID=19324>

---