
Energy Transit, Georgia, Russia And The EU Policy Of Proximity

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Introduction

The European Union, with more than 450 million people and as one of the main economic and political centres of the developed world, has its own special international attachments and interests. Due to security, political and economic reasons, those countries neighbouring the EU have a special significance for the Union. In the opinion of the [European] Union, these countries should be supported in the development of their stability and their democratisation process for political and security reasons and they should enjoy fundamental ties with the EU from an economic point of view. In other words, this region plays a specific peripheral role for the Union.

This applies to the countries on the Mediterranean Sea, and also those republics which broke away from the former Soviet Union, in particular Ukraine, Moldavia and the three countries of Caucasia. The proximity policy of the EU regarding Georgia should also be seen in this way. Amongst the republics of the Caucasus, Georgia enjoys a geo-strategic and economic position, and because of its seriousness in carrying out democratic reforms, creating a free economy and its attempts to cooperate with and join NATO and even the EU, it enjoys a more superior position. Georgia presents an important lesson for Europe's proximity policy. It is a country whose geography, history and culture is European in many aspects. This country's role as a route for the transit of energy, its close proximity to Russia and the complex confrontations with Russia have given this country a special strategic importance. The present government in Georgia sees itself as committed to democracy and reforms, and has demonstrated an ever-increasing determination to become a part of the European club. However, due to domestic and foreign considerations and restrictions which come with accepting Georgia's membership in the EU under current conditions, instead of proposing talks, acquiring membership in Europe's proximity policy has been proposed as a shortcut for bringing countries such as Georgia in line with the EU. This policy, on the one hand, covers the interests and special considerations of the EU, and on the other secures the coordinated interests of the EU's neighbouring countries, including Georgia. This is despite the fact that countries like Georgia, and even Ukraine, have persistently called for the start of talks on membership of the EU.

With regard to neighbourhood proximity of Azerbaijan and Armenia with Iran, and the interests that Iran has in this region and its links to it, the future relations of Iran with this region will also be influenced by issues such as the security of energy, transport and communications. For this reason, the subject of this article may have more significance for the Iranian readers. The main question raised in this article concerns the challenges of the EU's proximity policy in Georgia, and in particular the energy policy. Consequently, the assumption of this study is the EU's energy policy in particular the Nabucco plan and project for the transfer of gas resources from the Caspian region and the Middle East to Europe, and the removal of Russian monopoly for supplying consumer gas to the EU.

Security challenges of Georgia, Russia

The increase in tension between Russia and Georgia in the years 1385, 1386 and 1387 [2006-07, 2007-08, 2008-09] arose from Russia's imposition of a trade war on Georgia and the counter accusations by the Georgian government that Russia was interfering in Georgia's internal affairs. In order to

exert pressure on Tbilisi, the Russian government banned the export of Georgian goods to the Russian market. In return, the Georgian government, in addition to criticising Russia for supporting the separatist republics of South Ossetia and Abkhazia, arrested a number of Russian officers residing in Georgia as spies, and eventually threw them out of Georgia.

These tensions over recent years brought about the confrontation in Mordad of last year [August 2008] between Russia and Georgia. It began with Georgia's attack on South Ossetia and Russia's response, and showed that the conflict of interest and the confrontation of the West with Russia in this region will continue, and both sides will try by using anything within their reach to broaden their own realm of influence and restrict that of their rival. In other words, instead of being a win-win situation, which can usually be managed peacefully, the game in South Ossetia became a win-lose situation with the algebraic outcome of zero. Georgia's punishment by Russia and, in return, America's threats to expel Russia from the G8, the worsening of relations between NATO and Russia and the announcement by the EU and America of solidarity with Georgia, in effect demonstrated that because of the security of energy supplies to the West, access to the energy sources of the Caspian Sea and, in an even wider perspective, competition with China, this strategic region is of vital importance to the West. Likewise, Russia is also trying to preserve at least some of its previous influence in the region by opposing the spread of NATO. In fact, the recent confrontations in South Ossetia and the reaction of both sides demonstrate the complexity of the political, economic and security environment of this region from domestic and international aspects, and it seems that with the kind of balance of power that exists between the West and Russia in the region, the current unstable situation is set to continue in the near future.

In fact, Russia's insistence on keeping its forces in Georgia and even Armenia is not only to preserve Russia's security interests, rather the matter of the oil and gas pipelines passing through Georgia to Europe and the reduction in Russia's dominance over these countries due to the decrease in their need to import energy from Russia will in the long term decrease to a minimum traditional Russian influence in the region and will instead greatly increase the influence of the EU and its strategic partner America. So Russia's opposition to the proposed trans-Caspian and Nabucco gas pipelines should be analysed from this point of view.

New political developments in Georgia, increasing tension in Russia-EU Relations.

One of the most important developments over recent months in Georgia's domestic and foreign politics has been the holding of early presidential elections in Georgia on 16th Dey 1386 [5th January 2008], which ended in victory for Mikheil Saakashvili. In fact these early elections were held one year before the scheduled time following pressure from the opposition and their widespread demonstrations in Aban 1386 [November 2007]. The Georgian government accused the opposition of working with Russia as an interfering force in Georgia.

Naturally, the Russian government wanted Saakashvili's opponents to win the elections. Yet, coming together of the interests of Russia and the opposition cannot be the reason for their affiliation with Russia because in any society the different social forces have different interests and likings and the policies of the governments cannot keep all of the social groups completely satisfied. So the policies of opening up the economy, fighting corruption, attracting foreign investment, calling for membership of NATO and joining the transatlantic institutions created some discontent amongst the people of Georgia, and whilst in the presidential elections of 1382 [2004] Saakashvili won 96 per cent of the votes, in the recent

elections he could garner only 53.47 per cent votes. In other words, in four years he had lost 43 per cent of his supporters. The low per capita income, the extent of the population living under the poverty line and the relative continuation of administrative corruption, which was inherited from the communist system, placed a considerable section of the Georgian people in opposition to Saakashvili's government despite the notable economic successes it had enjoyed.

It would appear that, in keeping with its proximity policies and in addition to its current economic assistance for implementing economic projects in Georgia, the EU needs to set aside more preferential tariffs for Georgian goods and invest further in that country. For one thing is unavoidable, the economic problems must be solved in order to prolong political stability and the political and economic reforms in Georgia. If the economic problems such as joblessness, poverty and low per capita income are not solved, it is possible that the stability required by the EU in Georgia will be destroyed, and this is not in keeping with the EU's proximity policies. For this reason, the victory of the supporters of the West in the elections of 16th Dey 1386 [5th January 2008] was another suitable opportunity for the EU's proximity policy in order to encourage democracy and current economic development in Georgia and prevent the return to power of Russia's supporters in Tbilisi. It should be mentioned that after the results of the recent presidential elections in Georgia had been announced, the opposition to the president under the leadership of Levan Gachechiladze [chairman of the newly founded New Right Party], who won 26 per cent of the votes, claimed that cheating had taken place in the elections and embarked on demonstrations in protest calling for a recount of the votes. These actions could have led to instability along the route of the energy pipeline to the EU. For this reason, current developments in Georgia are being carefully followed by the EU, America, Russia and even Georgia's neighbours. Saakashvili's victory and the continuation of democratic reforms in Georgia are in keeping with the EU's proximity policy and are supported by the Union. Also, observers from the Organization for Security and Co-operation in Europe described these elections as a positive step towards democracy, although it did not mean the complete approval of the way the elections were held. It should not be assumed that the results of these elections indicate a long-term guarantee for the continuation of stability in Georgia.

These developments came about at the same time as foreign relations between Georgia and Russia became strained, resulting in the expulsion of both Russian and Georgian diplomats. The recent presidential elections in Georgia ended in victory for Saakashvili, and Saakashvili's government once again described the opposition as elements supporting Russia. It is possible that this claim is not entirely true, but more important than this, are the indications of the internal struggle between the pro-Russian and pro-West leanings in the domestic and foreign policies of Georgia which became more evident in the recent war. Furthermore, the competition between Russia, the EU and America in the region and the Balkans intensified following Kosovo's proclamation of independence on 28th Bahman 1386 [17th February 2008] which had the complete backing of America and the EU but which brought about the dissatisfaction of Russia and Serbia as Russia's strategic ally in the Balkans. In return, Russia reacted to the West's move in the Balkans (Kosovo) by giving more support to the increasing relations between the two separatist regions of Abkhazia and South Ossetia. In Farvardin 1387 [March 2008], it announced that the Russian administration organizations would create more representatives in this region than there had been previously, and it would increase the number of Russian soldiers stationed on the borders of Georgia, South Ossetia and Abkhazia, who were there as peacekeeping forces, in order to support the Russian citizens living in these regions against threats from the Georgian military.

Furthermore, bearing in mind the recent war which resulted in the announcement by these two regions of their independence from Russia, these policies have added to the problems involved in finding a solution to these confrontations which have reached a deadlock. These actions by Russia were met with a harsh response from Georgia, the EU and America and led to the dispatch of American warships to the Black Sea.

New developments in Caucasus region focusing on energy issue

Another development which is closely linked to Europe's proximity policy is the operation and inauguration of the Baku-Tbilisi-Erzurum pipeline in 1386 [2007]. This gas pipeline runs parallel to the Baku-Tbilisi-Ceyhan oil pipeline and is the first gas pipeline to transfer gas from the Caspian Sea region to European markets through Georgia and Turkey. The importance of this line for the EU is that it can be the springboard for diversity in the supply of energy to Europe and also can prevent hegemonic control of the European gas market by the Russian Gazprom company. This pipeline came into operation in 1386 [2007] and has a capacity of 7.7bn cu. m. per year, and, according to Richard Pegg, an authority at British Petroleum (and the administrator of the project), in the second phase the capacity of this pipeline could be expanded to up to 20bn cu. m. a year.

In order to provide energy to Europe, the proposed Trans-Caspian pipeline is being followed through by America and the EU. According to this project, gas from the Central Asian countries will be transferred to Europe and the West under the Caspian Sea and through Azerbaijan, Georgia and Turkey. American Deputy Assistant Secretary of State [for European and Eurasian affairs] Matthew Bryza, in a visit to Azerbaijan in mid Khordad 1386 [May-June 2007], emphasised that the transfer of natural gas from Turkmenistan to the European markets through the Trans-Caspian pipeline will be 50 per cent cheaper than the proposed route of Turkmenistan-Kazakhstan-Russia. He believes that the realisation of the Trans-Caspian project will create diversity in supply, control prices, increase Europe's energy security and prevent Russia's monopoly of the EU's energy market. The importance of this pipeline in the competition between the great powers, including the EU, for access to the energy resources of the Caspian Sea was emphasized once again in 1386 [2007-08] by the signing of the contract for the transfer of gas from Turkmenistan and Kazakhstan to Russia through a pipeline running along the Caspian Sea in Ordibehesht 1386 [April-May 2007] by Putin, Nazarbayev and Berdymukhammedov. Turkmenistan's president Berdymukhammedov did note, however, that the signing of this agreement would not mean the cancellation of the Trans-Caspian pipeline project, because the Central Asian countries also want diverse pipelines for the export of gas and oil and do not want to be dependent on one country.

This issue also affects Iran's interests and its geo-economic position. Bearing in mind their strained relations with Iran, America and the EU do not want the Caspian Sea gas and oil pipelines to pass through Iran. Georgia's position as a transit state and the existing tension between Iran, the EU and America has meant that Georgia has become increasingly important for the West. The Nabucco gas pipeline project also, which is meant to transfer gas from the Caspian Sea region, Iran and even some of the countries in the Middle East to Turkey, Bulgaria, Romania, Hungary, Austria and then to western Europe, has not been unaffected by the tensions between Iran and the West. Some of the countries involved in the Nabucco project want to rely only on gas from the Caspian Sea region for the implementation of the project but others, noting Iran's huge resources of gas as the country with the second largest gas reserves in the world, stress the need to use Iran's gas alongwith that from the Caspian region in order to provide gas for the Nabucco pipeline. Be that as it may, as a country with energy reserves, and also bearing in mind its geo-strategic

and geo-economic situation, Iran can play a more active role in the future of Europe's energy market and be a serious rival for Gazprom in Europe.

In this regard on 15th Bahman 1386 [4th February 2008], in a new development, in addition to the five original partners involved in the Nabucco project, the German natural gas company officially joined the Nabucco project at a formal ceremony in Vienna attended by the original five partners and Turkey's minister of energy and natural resources Hilmi Guler. This development lent even greater importance to this project which will extend to western Europe. It is worth noting that a few days after this ceremony, in a meeting of the presidents of France and Romania; France's national [gas] company expressed its desire to join the project.

Conclusion

>From a general and historical perspective, the rivalry between Russia and the West in the Balkans, the Caucasus and Central Asia, which was known as the Great Game in the 19th century, has continued in another form following the break-up. In order to decrease the speed at which the influence of the West is gaining ground in this region, and particularly in Georgia, Russia is using the separatist regions as a tool to curtail Georgia's move towards the West and especially towards membership of NATO, a subject which was discussed at the summit in Romania by the NATO heads.

In this regard, the Shanghai Cooperation Organization, which Iran attends as an observer member, may be seen as an organization which can reduce the influence of the West in Central Asia and the Caspian Sea region. The competition over the construction of the energy pipeline from China to the east in Central Asia, the efforts of Russia to get these lines built across Russia to the West, and the efforts of the EU and America to undermine the influence of Russia and China in these regions, should be looked at from the point of view of the geo-political and geo-economic struggles of the big global and regional powers. Russia's attack on Georgia, and, in response, America's threat to expel Russia from G8, the worsening relations between NATO and Russia and the announcement of solidarity by the EU and America with Georgia, in effect demonstrate that this strategic region is of vital importance to the West because of the need to secure the supply of energy to the West and have access to the energy resources of the Caspian Sea region, and even in a broader perspective because of the rivalry with China. As was mentioned, Russia is trying to keep at least some of its former influence in the region by opposing the spread of NATO. The recent confrontations in South Ossetia and the reactions of both sides show the complexity of the political, economic and security environment of this region from both domestic and international aspects. It would seem that with the kind of balance of power that exists in the region between the West and Russia, the current instability is set to continue in the near future. Therefore, with this brief perspective of the rivalries existing in the region, it would be in Iran's long-term national interests to pay more attention to influencing these developments in line with its own interests.

The role of Georgia as a transit route for energy, its close proximity to Russia and the complex confrontations between them has lent a special importance to this country.

The present government in Georgia sees itself as committed to democracy and reforms and has demonstrated an ever-increasing determination to become part of the European club.
