
Energy Factor In South Caucasus In The Context Of The Latest Developments

Sevak Sarukhanyan

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Georgia's military operations against South Ossetia and Russia's tough counter attack may have serious influence on energy projects carried out in South Caucasus. Below are represented our observations about possible influence of the crisis on regional energy programs.

Baku-Ceyhan The issue of the utmost importance from the standpoint of energy policy, which began on August 8 after Georgia-Russia military clash, is connected with viability of Baku-Ceyhan oil pipe-line. In quite a strange way three days before the war (on the 5th of August) an explosion was set off in the Turkish segment of Baku-Ceyhan pipe-line. On the next day Kurdish Workers Party announced about their organizing the explosion and explained their step in the following way, "We think that suchlike operations are directed against Turkey's economic resources, and it is to be considered in the framework of the war waged by Turkey with the objective to do away the Kurdish nation."

It is noteworthy the fact that referring to its resources in Turkish police, Turkish TV channel NTV accentuates that the explosion was not caused by the terrorist act as there were obviously found some technical disorders. However, already on August 7 Turkish mass media appeared with an announcement about the version of the terrorist act which has not been denounced by the country's authorities.

However that may be, the matter is that three days before Russian-Georgian war the Azerbaijanis stopped transporting oil through Baku-Ceyhan pipe-line. It could have been a mere coincidence, however, it is not excluded that the explosion which had been set off under quite vague circumstances, stopped the pipe-line's work and provided a chance for Turkey and Azerbaijan to secure the pipe-line's work of military operations deployed in Georgia's territory.

It is also worth mentioning the circumstance that Russian armed forces, which the first days of the war struck a serious blow not only over Georgian military objects but also over economic infrastructures, did not strike to Baku-Ceyhan oil pipe-line, which is sure to be one of the most important sections of Georgia's economic power. This step of the Russian party is difficult to explain, however, more than even-tempered approach of the Turkish party to Russian-Georgian confrontation has come to prove that the two parties had an agreement on Baku-Ceyhan pipe-line's security in case of Moscow-Tbilisi possible collision. In this case the pipe-line's explosion on the territory of Turkey was possibly a step directed to ensuring security of the pipe-line as this very explosion in war-time stopped transporting of oil and excluded the possibility of committing any diversions to the oil pipe-line by the Georgian party because of which a charge would be brought against the Russian party.

Trans-Caspian and Baku-Erzurum gas pipe-lines Baku-Erzurum gas pipe-line was not damaged technically and physically in war-time and went on its stable

work. However, as a result of the war and instability in Georgia the gas pipeline may suffer serious losses in connection with realizing perspective programs of development. Let's mention that during the last half a year improvement of Turkish-Azerbaijani relations made quite a good ground for Turkmenistan to join the project of Trans-Caspian gas pipeline's construction works. Trans-Caspian gas pipeline is to make a part of "Nabucco" pipeline system through which big volumes of Caspian and Central Asian natural gas are to be transported to the EU countries - making a detour the territory of Russia and gas pipeline systems belonging to the Russian "Gazprom."

Russian President D. Medvedev's visit to Baku in July 2008 became remarkable by a new suggestion made by the Russian party to Azerbaijan in the sphere of energy. Russia expressed its readiness to buy the whole volume of Azerbaijani export gas by European prices if Baku decides to sell them to Russia. Russian President's suggestion may not only seem to be unexpected, but also quite strange. The matter is that Azerbaijan is already participating in realization of multi-billion "Nabucco" program. Baku-Tbilisi-Erzurum gas pipeline is practically working, and besides, energy factor has an important place in Azerbaijan-West strategic dialogue. Under such conditions it may not be quite perceptible why Azerbaijan must accept Russia's financial suggestion even if it is so tempting.

However, today the situation is quite different from the one of two months ago.

As a result of conflicting with Russia Georgia not only lost South Ossetia and Abkhazia, but also acquired the potential and status of long-lasting conflicting zone which is sure to be harmful for the energy policy carried out by Tbilisi. Today Russia's suggestion to Baku doesn't seem to be that strange.

The visit of the US Vice-President R. Cheney to Baku on September 4 has come to speak in favor of those suggestions: the latter one, according to Russian "Comersant" making a reference to its sources in the administration of Azerbaijan's president, has failed, as I. Aliyev refused participating in resuming works in energy projects isolating Russia.

And even if Azerbaijan doesn't accept Russia's suggestion, situation in Georgia will still give Russia feeling of positive attainments. The most important of them is more probably colder attitudes of Kazakhstan and Turkmenistan to energy transportation routes passing through the territory of South Caucasus. Manifestation of such coldness already makes itself known. On the 1st of September Kazakhstan's Prime Minister announced that his country would begin exporting oil through Baku-Ceyhan gas pipeline not beginning from 2009, as it had been planned, but from 2011-2012.

As for Trans-Caspian gas pipeline, the project of its construction becomes still more obscure.

As a result of Georgian events Iran also strengthened its position in the sphere of Caspian energy policy. The Turkmen party has agreed to resume gas cooperation with Iran as a result of which already this autumn will completely be resumed the export of gas to Iran, and later on to Turkey. Moreover, after the meeting of Turkmenistan's President and Turkey's Energy Minister in Ashgabat on September the 5th, the Minister Kh. Guler announced that Turkey was intending to construct several gas pipelines in Turkmenistan, where would be stored gas reserves to be exported to Iran and Turkey in winter.

Conclusions In that way the Georgian-Russian conflict becomes a factor which will have a serious influence on realization of regional energy projects and will result strengthening of Russian position in South Caucasus and the Caspian Sea basin.

It means failure of American achievements of the last few years and further strengthening of Russian position not only in that region but also in the EU " the main consumer of Caspian and Central Asian oil and gas resources.

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