

## Energy Policy in South Caucasus Region

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### Abstract

*One of the geopolitical importances of South Caucasus is energetic resources. By this way Western countries could decrease the dependence from Russia and Middle East. The stability in this region means access to the oil and gas of Caspian region without any restriction. Caspian region has 3-4% of world oil reserves, and 4-6% of world gas reserves. These resources are not efficient, but to have these resources could be an important alternative way. Controller of South Caucasus may have access not only to energetic resources, but also to the transport corridors. It is obvious that if we talk about oil and gas resources, we would emphasize Azerbaijan, which is only country that have hydrocarbon resources. Azerbaijan is in the 3rd place for its hydrocarbon reserve. Signed the Contract of Century in 1994 due to these resources and in 1997 gain from Azeri-Chirag-Guneshli were success in energy policy. In 1999 Baku-Supsa pipeline began to act. BTC began to realize its work in 2005 and it cross three states- Azerbaijan, Georgia, Turkey. The agreement about project of the building of Nabucco was signed in 2005. The opening of Baku-Tbilisi-Erzurum was the continuation of previous success. It is started in 2007.*

Energetic resources have tremendous impact on geopolitical importance of the South Caucasus region. By this way Western countries could decrease the dependence from Russia and Middle East. These countries in the region have several features: Azerbaijan has important and serious economic potential. Today Baku plays the role of "Green Corridor". Georgia is sea power. Armenia has not got both of these. The stability and security in this region means access to the oil and gas of Caspian region without any restriction. Caspian region has 3-4% of world oil reserves, and 4-6% of world gas reserves. These resources are not efficient, but to have these resources could be an important alternative way.<sup>1</sup>

Controller of South Caucasus may have access not only to energetic resources, but also to the transport corridors. It is obvious that if we talks about oil and gas resources in this region, we would emphasize Azerbaijan, which is only country that have hydrocarbon resources. Azerbaijan determined reserve of the energetic resources 1-6 billion ton, 0,5-4 trillion m3 gas.<sup>2</sup> Azerbaijan is in the 3rd place for its hydrocarbon reserve. The oil reserve of Azerbaijan in Caspian sector is 81 billion ton. There were signed the Contract of Century in 1994 due to this resources.<sup>3</sup> The gain from Azeri-Chirag-Guneshli was the other success in 1997. In 1999 Baku-Supsa pipeline began to act. In 1996 another agreement was signed about Shahdeniz. There were signed 26 agreements in Azerbaijan during 1996-2007. In 2005 the gain of Azeri oil reached to top (22, 2 million ton). The export increased to 50%. BTJ began to activate in 2005 and it cross three states, the length is 1768 km (443 in Azerbaijan, 249 in Georgia, and 1076 in Turkey). The opening of Baku-Tbilisi-Erzurum was the continuation of previous success. It is started in 2007. BTA is 970 km. ( 442 in Azerbaijan, 248 in Georgia, 280 in Turkey). The agreement about project of the building of NABUCCO was signed in 2005. 2006 June 26 the

declaration about NABUCCO was signed in Wien between Turkey, Bulgaria, Romania, Hungary and Austria.<sup>4</sup> In additional, Turkmenistan's independence from Russia and the cooperation with Azerbaijan could be considered the most important event in the Caspian and Caucasus of the first half of 2008. In additional, Turkmenistan's independence from Russia and the cooperation with Azerbaijan could be considered the most important event in the Caspian and Caucasus of the first half of 2008 years. Turkmenistan started the year with a gas price conflict with Iran and stopped the gas export, Turkmenistan became more free from Russia and signed a contract with Pakistan and Afghanistan on gas pipeline construction, continued the partnership with China. Uzbekistan signed a big gas contract with Russian Gazprom and Russia became a main actor in Uzbekistan gas sector.<sup>5</sup>

Furthermore, Azerbaijan, Romania, and Georgia interconnected in project which cold AGRI, in such way, LNG from Azerbaijan to the EU through Georgia and Romania. he deal has a preliminary cost of €2 - 4 billion and envisions the construction of two LNG terminals. The output is expected to be 7 billion m3/yr, with 2 billion m3/yr expected to got to Romania, allowing the rest to be distributed around the EU. The first stage of the project will be for a gas pipeline across the Caucasus to the Georgian port of Kalevi, where it will be liquefied and shipped across the Black Sea to a regasification terminal at the Romanian port of Constanta, from there it will be distributed across the EU via the Romanian gas grid.<sup>6</sup>

Overall, during 2005-2010. A lot of energetic projects in the South Caucasus completed. All these were results of collapse of USSR and creation of new secured energetic corridor. The energetic principles of this policy are noticed below:<sup>7</sup>

	Azerbaijan	Georgia	Armenia
Interests	To gain the oil and gas for world market beyond Russia and to engage the foreign companies and investigations to the oil-gas complexes	To achieve the economic flourishing by using geopolitical situation	To create the stability in transportation of resources
State refers to	The geographical nearness to the oil and gas resources of Kazakhstan and Turkmenistan and having energetic resources. The existence of Turkey as important partner.	The geopolitical nearness to Central Asia and Caspian sea, these resources conducting to west, the close of very good relations with Russia	The lack of energetic resources, closed borders with Azerbaijan and Turkey. The dependence on Georgia as a transit state. The dependence on Iran and Russia
Main partners	US, Turkey, Georgia and Western states	US, Turkey, Azerbaijan and Western states	Russia, Iran, US, and Western countries
The realization in the state	Realization of BTJ, BTE, and AGRI projects	Using geopolitical allocation, attendance in these energetic projects	Existence of AES, the dependence on the gas line from Russia

South Caucasus is an attentive military, economic, political, communicative region that creates relations between east-west. The region unites Black and Caspian Sea; and realizes energetic interests of Western states in the region. It is the bridge between cultures and civilizations. The region is embodiment of modernization beyond of East. The realization of such projects in the region indicates the significance of energetic security issues for South Caucasus, and it is way for achievement other Caspian Sea energy suppliers.

**Notes**

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2. Yujniy Kavkaz: tendnsii i problem razvitiya (1992-2008). Otv. Red., ruk, avt. kol. Guseynov V.A. p. 60-61



3. Eyvazov J. Bezopasnost Kavkaza in stabilnost razvitiya Azerbayjanskoy Respubliki. Baku: izdatelstvo "Nurlan", 2004, p.65
4. Marcel H. Geostrategy in the South Caucasus: Power play and energy security of states and organization-The Hague, Netherlands Institute of International Relations Clingendael, November 2006, p.14
5. [http://www.polsoz.fu-berlin.de/polwiss/forschung/systeme/ffu/veranstaltungen\\_downloads/08\\_salzburg/Sarukhanyan.pdf](http://www.polsoz.fu-berlin.de/polwiss/forschung/systeme/ffu/veranstaltungen_downloads/08_salzburg/Sarukhanyan.pdf)
6. [http://www.energyglobal.com/sectors/pipelines/articles/AGRI\\_project\\_could\\_sink\\_Nabucco\\_pipeline.aspx](http://www.energyglobal.com/sectors/pipelines/articles/AGRI_project_could_sink_Nabucco_pipeline.aspx)  
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