

# Dom Kaukaski

## Security Trends in the South Caucasus and their impact on the Euro-Atlantic Area

Nika Chitadze

Due to the convenient geopolitical location, South Caucasus Region is one of the most important area in the world and plays an extremely important role in the modern global security affairs.

As it is known, that the fundamental changes on the political map of the region took place at the end of 80s and the beginning of 90s of the last Century, which was interrelated with the starting of the national-liberating movements in all three South Caucasus Republics, disintegration of the USSR and gaining the national independence by the former soviet republics from the South Caucasus Region- Georgia, Armenia, Azerbaijan.

Today each state of the region has its own foreign policy and national security priorities.

### Positive Aspects in the Region

The post cold war period in the Region brought lots of positive results. Among those it is necessary to mention the following:

*Foundation of the Organization - Black Sea Economic Cooperation (BSEC) and joining to this organization all three countries of South Caucasus;*

*Joining to the NATO Program Partnership for Peace countries of the Region;*

*Joining to Council of Europe of the all three countries;*

*Foundation of GUAM with participation of the two countries of the Region;*

*"Rose revolution" in Georgia;*

*Starting the Intensive Dialogue process with NATO by Georgia and Individual Partnership Action Plan (IPAP) by Azerbaijan and Armenia;*

*Involvement of the three countries of the region to the EU neighborhood Initiative;*

*Beginning of the implementation of Global Economic projects with the participation of the two States of the Region;*  
1. Euro-Asian transport corridor 2. Caspian Oil Projects.

### Negative Aspect in the Region

Above-mentioned facts give us the reason to assume, that in the beginning of XXI Century, Region is more democratic and more secure. However, this part of the world still faces many problems and challenges, which have to be solved by the countries of the Region and on a global level by the International Community. Among those challenges it is necessary to mention the following issues:

**Terrorism** - terrorist groups still continue to carry out the terrorist acts. In this case first of all should be mentioned about terrorist groups in the Region, existence of the terrorist groups in North Caucasus, Abkhazia, Nagorno-Karabakh and South Ossetia.

Main reason of the expansion of terrorism is aggressive **separatism**. Separatist regions represent the uncontrolled territories and create very convenient conditions for the establishment of the terrorist camps, for example, we can mention here the cases of Abkhazia, South Ossetia and Chechnya. Separatist territories also represent a good base for illegal trade, especially illegal circulation of drugs. Besides, the biggest problems of separatism is the presence of illegal Armed formations, which are armed with the modern military equipment. In most of the cases the reason of separatist movement is the existence of some states in and outside of the Region, in which official Authorities encourage the separatist movements and terrorist groups in other states by providing de-facto authorities of separatist regions by weapons, financial support etc.

The most important problem, which hampers the development of cooperation in the Region is existence of confrontations between Russia and Georgia, Armenia and Azerbaijan, Armenia and Turkey.

Among the economic problems has to be mentioned the problem, regarding the weak social-economic development and energy security of the region.

### Perspectives of solution the security problems in the South Caucasus Region

In spite the existence of many problems in the Region, above mentioned latest positive events give us the reason to say that there are possibilities for solving security problems. First of all, the most important factor is the NATO enlargement and it's raising role in the world's global security environment.

After the fact the new members of Baltic and western coast of the Black Sea region joined NATO, the main strategy of the Alliance can now include more intensive cooperation with the former soviet republics from the Caucasus Region. First of all, it is necessary to mention about speech of former Secretary General of NATO in August of 2002 in Glasgow. He mentioned that 'New and energetic relations with the countries of Caucasus would be one of the symbol of NATO in 21st Century.' Certainly, it does not mean that very soon states of Caucasus, also Ukraine and Moldova will become

---

the plenipotentiary members of NATO, but active cooperation in terms of sharing NATO's experience in the field of security sector reform (civil-military relations), transition the Armed forces to the NATO standards, defense management, strengthening the democratic institutions, social-economic development and so forth, will play a positive role in the democratic processes in the Caucasus area by strengthening national independence and national security of this countries.

Economic aspects are very important for the solution of the security problems in the Region. Economic development can defeat separatism, because de-facto authorities and population of the separatist regions will be willing more to be integrated into the country, which they are separated from.

Among the economic aspects for solving security problems in the Region, implementation of international economic projects are key to mention. In these projects many states of Europe and Asia – including countries from Caucasus and Black Sea Region are engaged, which clearly demonstrates the process of Globalization. First of all, it is project of Euro-Asian Transport Corridor and revival of the 'Great Silk Road.' Starting from the 8-7 century B. C., states of Asia (China, India) had very close relations with antique Greek cities and later regions of Roman Empire through the territories of modern Turkey, Caucasus Region, western part of the Black Sea coast. The territory of the 'Great Silk Road' included several routes on the way between Europe and Asia but the most important territory represents Caucasus and Black Sea Region. .

In September of 1998, the International conference called 'Revival of the historical silk road' was held. The representatives of 32 states including of course states from the Caucasus Region and 13 International Organizations attended the conference. Participants signed an agreement on the beginning of the construction works for the creation communication and transport corridor of Eurasia. Today, the main coordinator of TRACECA (Transport Corridor Europe-Caucasus-Asia) is the European Union.

### **Energy Projects which are implemented in the Region**

Oil and Gas are the main sources of energy and their share is more than 60% in the world fuel economy and according to the forecast of experts, demand on oil will be increased about 25-30% for 2015. At the same time most of the countries of the Black Sea Region represent oil and gas importers. In this regard states of the region are trying to find the different alternative ways for the import of the energy resources. In this case one of the key role can play Caspian energy projects, where can be involved both-oil and gas-producers and oil and gas-importers of the Region.

Because of significant amount of oil and natural gas in Caspian Region – 200 Billion Barrels (32 Billion Tones) – Caspian Sea region has become the area of strategic interests of many leading Countries of the world. America and other democratic and economically developed states during the last several years are seriously considering extraction and exploration of

Caspian Oil and Natural gas, which is a very important political and economic factor. One of the priorities for western states is to avoid the dependence on politically unstable Middle East and Russia, to find the alternatives sources in the oil-rich regions and to allow their oil companies to explore oil fields there.

There are several main players in the in the Caucasus, which have their own strategic interests toward the energy projects. In this regard should be pointed out the following countries:

### **USA**

American government has three main interests in the region:

1) USA imports oil from the Persian Gulf and Latin America, which are politically unstable regions. Therefore, American government is looking for alternative sources for its oil import.

2) US Authorities have their commercial interests in the field of exploitation and transportation of oil. They hope that expansion of the American companies in the region will contribute to economic development in the countries of the Caucasus and Central Asia, and further integration of the region into the world economic system. Expansion of commercial activities of the American companies in Caucasus, important investments and installation of modern American technologies will bring the increasing of political influence of USA in the Caspian Sea Territory.

3) These projects will reduce foreign threat, support independence and territorial integrity of Black Sea and Caspian states. It will also promote development of the democratic institutions and principles of market economy in Caucasus and Central Asia. According to the opinion of western scientists, transportation of Caspian oil will be one of the main contributors to economic development and political stability in oil-rich Azerbaijan, Kazakhstan and also for Georgia, as a transit state.

### **EU**

In fact, the states of EU, have the same kind of interests in the region. However, European states are against the monopolistic position of the U.S. and they try to play more active role in on-going processes in the region. Last events, regarding the export of natural gas and oil from Russian Federation to Europe, and problems, which in this case have been emerged between Russia and Ukraine in January 2006, and Russia with Belarus in January 2007, has clearly shown, that EU needs to determine the new energy strategy for the providing its energy security. according to this, we can assume, that strategic interests of EU toward the Caspian energy projects and wide Black Sea region will increase and this factor will be positive reflected on the further development of the countries of the region.

### **Turkey**

Turkey is one of the key player in the energy projects. After the signing of the oil contracts with the world leading oil companies by Azerbaijan in 1994, Turkey has played an

---

active role to support Azerbaijan and Georgia during the negotiation processes regarding the final determination of the pipeline routes. Due to the very important positive role of the country, it was managed to sign Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum pipeline projects.

### **Russian Federation**

Among the conservative political circles of Russia, there is a fear that implementation of oil and gas projects in Caspian Region will result in loss of Russia's political influence in the region, and will decrease the volume of Russia's oil and gas exports. Additional volume of oil and gas will decrease the international prices on oil and gas, which subsequently will reduce incomes to the Russian state budget. However, democratic forces of Russia understand and support projects, because it is seen to bring stability in the region and create the convenient base for the development of friendly relations with the states of Caucasus and Central Asia. It's also worth mentioning that Russia itself is an active participant in these projects. Since 1997 an oil pipeline connecting Baku (Azerbaijan) to the Russian port of Novorossiysk has been put into operation (In January 2007, oil transportation from Azerbaijan has been stopped). Besides, two years ago the pipeline from Kazakhstan to Novorossiysk was also recovered. Russian Company 'Lukoil' represents the shareholder of International oil consortium which is engaged in oil projects on the territory of Azerbaijan.

With regard to China and Japan, they also have significant interests in the successful implementation of the projects. In China demand for oil exceeded 50 million tones and national oil company of this state conducts the active negotiations with the Kazakhstani government for building the alternative pipeline from Central Asia to China.

Japan, which is depended on the oil import for 100%, is also actively engaged in the Caspian Oil projects through Japanese oil company 'Itochy.'

There are some worries in the political circles of Iran and Arab States about mentioned projects. Certainly, additional volume of oil within the international oil market will decrease oil prices, which is not profitable for these states. In addition, they are against western expansion close to their borders. However, Iranian authorities are interested in stable Caucasus, which will enable them to use Black Sea ports to be easily connected with other regions of the world.

### **Involvement of Georgia in the Energy projects**

Due to the important geopolitical location between East and West and because of its foreign political orientation, Georgia was actively involved in the Caspian energy projects implementation process. In this case, this South Caucasian country can play very important role as a transit state in the providing Black Sea countries by oil and gas, which as it is known is transported and will be transported in the future from Azerbaijan and Central Asia. There are projects, which are already implemented and projects, which can be implemented.

Among the projects, which have started functioning are the following:

#### **Baku-Supsa oil pipeline:**

Implementation of the project started in April 17, 1999 and by this pipeline is transported more than 5 million tones of oil per year. Through the Georgian port Supsa, part of the oil by tankers is exported to the Bulgarian port of Burgas, Romanian port Constanta and Ukrainian port Odessa. There are conducting negotiations with Kazakstan by the Azerbaijan and Georgian authorities about supply this pipeline by additional resources of oil. If the negotiation process is finished successfully, transport capacity of this route can be increased till 10 million tone per year and this factor will raise the possibility to increase export of oil to the Bulgarian, Ukrainian and Romanian ports and further transportation of oil from this ports toward the Europe by the using existing pipelines in Eastern Europe. In this case, very important role can play oil refinery factory in Constanta, which can produce more than 35 million tones of oil products per year. Besides, there are perspectives of the oil transportation from the Supsa terminal to Odessa by tankers and later to pump "black gold" toward the pipeline "Drudzba".

#### **Baku-Tbilisi-Ceyhan oil pipeline:**

With regard of the Baku-Tbilisi-Ceyhan pipeline, agreement about construction of this pipeline was signed on 18 November, 1999 in Istanbul. As it is known, pipeline has already started its functioning. Since 2010, it will be possible to transport more than 50 million tones of oil toward the Turkish port Ceyhan for its further export to the west. If pipeline receives an additional volume of oil from the Kazakh port Aktay, capacity will be increased till 80 million tones per year.

#### **Kazakhstan Oil and Georgia:**

The important role in the Black Sea energy security can play oil, which is transported by railway from the territory of Kazakstan through the territory of Georgia till Georgian Black Sea port Batumi. Today the volume of the transported oil is about 4 million tones. Implementation of this project was started in 1997 and it should be pointed out, that according to the experts, volume of oil-producing in Kazakstan in 2012 can be reached 170-180 million tones per year but at the same time, oil-refinery factories of Kazakstan can produce no more than 20 million tones of oil. In this regard, will be very interesting to conduct negotiations about transportation of the additional quantity of oil from Kazakstan not only toward China and Russia, but also through territory of Georgia by pipeline and railway for its further transporting to the Black Sea ports. It is necessary to point out, that Georgian and Kazakh authorities conduct negotiations about building of the oil-refinery factory in Batumi, which should receive "black gold" from Kazakstan.

---

### **Baku-Tbilisi-Erzurum gas pipeline:**

Agreement about construction of the Baku-Tbilisi-Erzurum gas pipeline was signed in 2001 and at the beginning of 2007 gas transportation has been started. According to the plan, at the first stage pipeline will transport 8,4 billion cubic meter of natural gas and later volume will be increased till 16-18 billion cubic meters. Implementation of this project will improve the gas supply of Georgia and Turkey. This two countries which are mostly depended to the imported gas from Russia and particularly from Iran, will have an opportunity to receive alternative source of gas. Besides, it will create the convenient base for the further transportation of gas toward the other states of the Black Sea region.

Besides, of the above-mentioned projects, where Georgia plays a key role as transit state and which are already implemented, there are other projects and versions, which are being considered and can be implemented in the future by the using territory of Georgia.

### **EU Projects:**

Finding the alternative sources of gas import is actively considered among the political circles of EU. In the beginning of 2006, EU has founded a special commission, which should work out recommendations regarding the possible building of the Central Asia-Azerbaijan-Georgia-Turkey-Balkans gas pipeline. If the project starts, it is planned to connect pipeline with branch Ukraine-Moldova. According to the experts, for the project implementation will be necessary 6-7 years. Besides, exists other chance, by which will be possible the connection with Baku-Tbilisi-Erzurum pipeline branch from Central Asia, particularly from the gas fields of Turkmenistan and Kazakstan. In this case will be necessary to build 300 kilometer length pipeline via Caspian Sea. By this way will be possible to transport additionally 14-16 billion cubic meter of gas.

In January 2007, the issues regarding the EU future energy strategy were discussed during the meeting of the European Commission.

Together with other reasons, the necessity for the finding the alternative sources of gas import to Europe including the Black Sea Region is caused by the fact, that since 2007 Europe imports gas by higher prices. Main reason of it is that Russian "Gazprom" and Turkmenistan signed the contract, according to which "Gazprom" will be the exporter of Turkmen gas in Europe during the next

three years. With regard of the price, "Gazprom" will purchase 162 billion meter of gas from Turkmenistan by higher prices, particularly by 100 \$ for 1000 cubic meter.

### **Novorossiysk-Supsa**

Its role in the improvement of the Russia-Georgia relations can play the construction of the pipeline from the Russian port Novorossiysk to Supsa through the territory of Abkhazia. Necessity of the building of this pipeline is caused by the fact, that in the nearest future Russian port Novorossiysk will get an additional volume of oil from Kazakstan and due to the reason, that terminal of the port can transport no more than 30 million tones of oil per year, it will be need of the transporting part of oil to the other ports for its further transportation to the west including Black Sea ports. According to the specialists prognosis, by this way Russian budget income can be approximately 700 million US Dollars per year.

### **Karsi-Akhalkalaki Railway**

The determined role in the Black Sea energy security can play Kars (Turkey)-Akhalkalaki (Georgia) railway. Negotiations about starting the construction of the railway line were going on several years and in the beginning of 2007, representatives of Azerbaijan, Georgia and Turkey signed an agreement about project beginning in the second half of 2007. By this route will be possible to transport oil from Kazakstan and Azerbaijan toward the Turkish ports and oil-refinery stations with perspective of the further export of oil and oil products to the west including countries of Black Sea region. If the project is implemented, circulation of commodities by the "TRACECA" line will be increased on 20 million tones.

### **Conclusion**

21st century creates good prospects for cooperation among the states. The reason of it is democratization of the world including of course, Caucasus Region. It gives us the reason to say, that security, political and economic problems in the region including the energy security problems will be gradually solved.

Finally, It is necessary to pay attention to the opinion of the great German philosopher, Immanuel Kant, who has mentioned that humanity would get the common and eternal peace. Let's hope that this time will come very soon in all regions of the world, including South Caucasus Region.



**Dr. Nika Chitadze** Dean of the Faculty of Law at the Tbilisi Academy of Economy and Law and President of the George C. Marshall Alumni Union-Georgia, organized the roundtable. Marshall Center professor John Kriendler gave the keynote address, "NATO Crisis Management: A Key Aspect of Transformation." Col James Howcroft, USMC, gave a presentation on the "U.S. Marine Corps Rapid Response Planning Process: Lessons Learned." Georgian speakers included Dr. David Darchiashvili, Executive Director of the Open Society-Georgia Foundation, who spoke on "Security Sector Reform and Civil-Military Relations Before and After Revolution," and Dr. Chitadze, whose topic was "GUAM and New Geopolitical Realities."