

# Energy Cooperation Opportunities in the Caucasus

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## Abstract

*The paper deals with the design of the framework for the energy co-operation opportunities in the Caucasus, based on the paradigm of “pipelines harmonization.” Azerbaijan has a clear comparative advantage. It is rich in hydrocarbon resources and has a convenient geographic location, which promotes its use as a transport hub. Because of the special geographic features of the Caucasus, the use of Azerbaijan’s transport potential largely depends on other country in the region—Georgia. Georgia’s main comparative advantage is its geographic location on the restored Great Silk Road—the central corridor joining Europe and Asia. To intensify economic partnership between Azerbaijan and Georgia the new approach for the energy co-operation has to be developed. The energy resources located beyond Russian territory which, in principle, could be supplied to the West, have been modified by adjectives like “alternative.” The time has come to shift from the paradigm of “alternative pipelines” to an essentially new one; that is, the paradigm of “mutually supplementary pipelines” or “pipelines harmonization.” In that case, all those pipelines which have hitherto been considered as alternatives to each other will present themselves in quite a different context in which they will be regarded as distinct components of the same organic whole, a system of pipelines serving one common goal; that is, to provide an uninterrupted and consistent supply of energy resources to their customers.*

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The Caucasus has developed into a meeting place for all sorts of geopolitical and economic interests<sup>1</sup>, while the Central Caucasus<sup>2</sup> accumulates the entire range of regional problems. <sup>3</sup>The situation worsened after Russia invaded Georgia in August 2008 and recognized the independence of Abkhazia and South Ossetia.

The problem of instability in the Central Caucasus is also compounded by the fact that the conflict territories themselves are becoming a bastion of terrorism and refuge for criminals engaged in drug trafficking and drug trade, as well as zones for money laundering, kidnapping, and human trafficking.<sup>4</sup> Thus, the idea of achieving unity in the Central Caucasus (and in the Caucasus as a whole) can be considered an ideal the residents of this region should really be striving for.<sup>5</sup>

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1 For example, (Gachechiladze, 2002, Metreveli, 2001, Yalowitz and Cornell, 2004).

2 Generally, I am a proponent of such a concept of the Caucasus which embraces the Central Caucasus, consisting of Armenia, Azerbaijan and Georgia; the South Caucasus, consisting of northern provinces of Turkey and Iran, dwelt by the Caucasian ethnic groups; and the North Caucasus which is located in the south of Russia and is also dwelt by the Caucasian ethnic groups (Ismailov and Kengerli, 2003, Ismailov and Papava, 2008).

3 Nuriyev, Elkhan, 2007. *The South Caucasus at the Crossroads: Conflicts, Caspian Oil and Great Power Politics*. Berlin: LIT.

4 Yazikova, Alla, 2005. *Iuzhniy Kavkaz: uravnenie so mnogimi neizvestnymi* (Southern Caucasus: the Equation with Many an Unknown). *Vestnik analitiki* (Analytical Herald), No. 2 (20), pp. 57-67.

5 Gajiev, K. S., 2003. *Geopolitika Kavkaza* (Geopolitics of the Caucasus), Moscow: Mezhdunarodnye otnosheniya Publishers, p.92

## Difficulties of the Energy Cooperation

Of the Central Caucasian countries, Azerbaijan has a clear comparative advantage. It is rich in hydrocarbon resources <sup>6</sup> and has a, convenient geographic location, which promotes its use as a transport hub.<sup>7</sup> Because of the special geographic features of the Central Caucasus, the use of Azerbaijan's transport potential largely depends on other countries in the region—Georgia and Armenia. Georgia's main comparative advantage is its geographic location on the restored Great Silk Road the central corridor joining Europe and Asia.<sup>8</sup> Georgia has the potential to become a major transport link between Russia and Armenia and on to Iran. Armenia is also characterized by its potential transport function both in the West-East (Turkey-Armenia-Azerbaijan) and the North-South directions (Russia-Georgia-Armenia-Iran).<sup>9</sup> The West-South (Georgia-Armenia-Iran) transportation corridor that links the Black Sea with the Persian Gulf is particularly important for Armenia, just as it is for Georgia.

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6 For example, Aliiev, Ilkham, 2003. *Kaspiiskaia nefi Azerbaidzhana* (Caspian Oil of Azerbaijan). Moscow: Izvestia Publishers.

7 Escudero, Stanley, 2001. *Visions of Baku. Future Hub of the Caspian*. Azerbaijan International, No. 9.3

8 Shevardnadze, Eduard, 1999. *Great Silk Route. TRACECA-PETra. Transport Corridor Europe-Caucasus-Asia. The Eurasian Common Market. Political and Economic Aspects*. Tbilisi: Georgian Transport System.

9 For example, Mukhin and Mesamed, 2004.

It is not surprising that Azerbaijan's hydrocarbon resources and their transportation routes, routes of immense geostrategic importance<sup>10</sup>, have generated from the very beginning positive and negative effects for both this country and the entire region.<sup>11</sup> The positive effect is largely associated with the interest of Western countries in having as many alternative sources of oil and gas as possible. For such reasons, from day one, they have been extremely interested in developing Azerbaijani energy resources and creating alternative pipelines for their transportation. This, in turn, made possible a significant inflow of foreign direct investments into both Azerbaijan and other Caucasian states (Georgia and Turkey) where pipelines run. On the other side, the negative effects seem to be coming mainly from the involvement of regional rivals in the production and transportation of oil and gas. Russia and Iran have tried from the very beginning with all the means at their disposal to take control over the operation and particularly the transportation of Azerbaijani's hydrocarbon resources. In other words, the Caspian energy resources can not only be of benefit to the Central Caucasus but can also create a threat for the countries of this region as a consequence of Russia's

10 For example, Cornell, Tsereteli, and Socor, 2005

11 For example, O'Hara, 2004.

***“In other words, the Caspian energy resources can not only be of benefit to the Central Caucasus but can also create a threat for the countries of this region as a consequence of Russia's concern about the West's growing influence on the region, something that arguably endangers its national security and runs counter to its interests.”***

concern about the West's growing influence on the region, something that arguably endangers its national security and runs counter to its interests.<sup>12</sup>

Not only did the Russian side not want to develop a transportation corridor through Georgia or build pipelines in its territory, but it was willing to go far to prevent the implementation of such projects<sup>13</sup>. This evaluation of the Russian position with respect to the transportation of Caspian energy resources through Georgia was confirmed during the Russian-Georgian war in August 2008. The Russian aviation bombed the pipelines that pass through Georgia<sup>14</sup> located far from South Ossetia,

12 Rondeli, Alexander, 2002. Pipelines and Security Dynamics in the Caucasus. Insight Turkey, Vol. 4, No 1, p. 17

13 Levin, Steve, 2007. The Oil and the Glory: The Pursuit of Empire and Fortune on the Caspian Sea. New York: Random House.

14 For example, Jackson, 2008

the protection of which was supposedly the reason for the invasion. This cast doubt not only on the security of the transportation corridor via which pipelines pass through Georgian territory<sup>15</sup> but also increased the danger of Azerbaijan losing its economic independence. Fortunately, it did not take long to restore confidence in transporting energy resources through Georgia.<sup>16</sup> The fact that Moscow was unable to realize its goal of establishing control over these pipelines by military means,<sup>17</sup> and could not fully monopolize the transportation routes of energy resources from the former Soviet Union westerly, prompted Americans and Europeans to step up their efforts even more to find ways to develop alternative routes for transporting oil and gas by circumventing Russia.<sup>18</sup> So, Ankara, Brussels and Washington are particularly interested in enhancing the security of the existing pipeline system

in Azerbaijan and Georgia.<sup>19</sup> Kazakhstan is also very much interested in the security of the transportation corridor passing through Azerbaijan and Georgia, despite its close relations with Russia.<sup>20</sup> One way or another the Caucasian energy corridor is one of the main problems of the U.S. administration.<sup>21</sup> At the same time, many states interested in diversifying the pipeline network have also stepped up their efforts in this area.<sup>22</sup>

Another initiative to intensify economic partnership between Azerbaijan and Georgia as a “Caucasian tandem”<sup>23</sup>, as well as draw Turkey into this process, is putting the Kars-Akhalkalaki-Tbilisi-Baku rail system into operation.<sup>24</sup>

Of particular importance is the relationship between Azerbaijan and

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15 It should be noted that one of the goals of the Russian aggression was to create doubt in the security of the pipelines passing through Georgia. More detailed see: Hassner, Pierre, 2008. One Cold War Among Many? *Survival*, Vol. 50, No. 4, pp. 247-256

16 Socor, Vladimir, 2008. Business Confidence Returning to the South Caucasus Transport Corridor. *Eurasia Daily Monitor*, The Jamestown Foundation, Vol. 5, No. 186, September 29, [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=33978](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=33978).

17 Cohen, Ariel, and Lajos F. Szaszdi, 2009. Russia's Drive for Global Economic Power: A Challenge for the Obama Administration. The Heritage Foundation, Background No. 2235, <http://www.heritage.org/research/RussiaandEurasia/bg2235.cfm>.

18 Krastev, Ivan, 2008. Russia and the Georgia War: the Great-Power Trap. *Open Democracy News Analysis*, August 31, <http://www.opendemocracy.net/article/russia-and-the-georgia-war-the-great-power-trap>.

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19 Chicky, Jon, E., 2009. The Russian-Georgian War: Political and Military Implications for U.S. Policy. Policy Paper, February 2009. Washington, D.C.: Central Asia-Caucasus Institute, Johns Hopkins University-SAIS, <http://www.silkroadstudies.org/new/docs/Silkroadpapers/0902Chicky.pdf>, p. 12.

20 Kassenova, Nargis, 2009. Kazakhstan and the South Caucasus Corridor in the Wake of the Georgia-Russia War. EUCAM, EU-Central Asia Monitoring Policy Brief, No. 3, January 29, [http://shop.ceps.eu/BookDetail.php?item\\_id=1786](http://shop.ceps.eu/BookDetail.php?item_id=1786).

21 Cornell, Svante E., and S. Frederick Starr, eds., 2009. *The Guns of August 2008: Russia's War in Georgia*. New York: M.E. Sharpe.

22 Goble, Paul, 2009. Nabucco After Budapest: Old Problems, New Challenges and a Changed Role for Azerbaijan. *Azerbaijan Diplomatic Academy Biweekly*, Vol. 1, No. 3, February 1, <http://ada-edu-az.outsourceinformationssystem.com/biweekly/articles.aspx?id=110>.

23 Papava, Vladimir, 2009. Formation and Development of the “Caucasian Tandem.” *Azerbaijan Focus*, Vol. 1 (1), June-August, pp. 83-91.

24 Lussac, Samuel, 2008. The Baku-Tbilisi-Kars Railroad And Its Geopolitical Implications for the South Caucasus, *Caucasian Review on International Affairs*, Vol. 2 (4), pp. 34-46

Turkey. It's ethnic, cultural, and linguistic kinship with Turkey has generated unity in many international issues. Naturally, this had also a role to play in determining the oil and gas transportation routes. Despite the fact that the shortest route linking Azerbaijan to Turkey passes through Armenia and is potentially the best transportation route from the economic viewpoint, the strained relations between these countries and Armenia led to the rejection of that option. Azerbaijan's negative attitude toward use of Armenian territory as a transportation corridor reflects unequivocally the effects of three main events: the Armenian-Azerbaijani conflict over Nagorno-Karabakh; the occupation by Armenian armed forces of Azerbaijani territories beyond this conflict zone; and the disruption of Azerbaijan's rail communication with its autonomous exclave, Nakhichevan. Turkey, in turn, supported Azerbaijan by joining the embargo of the transportation routes to Armenia.

Armenia also has its complaints against Turkey with respect to the latter's refusal to recognize the massacres of Armenians in the Ottoman Empire as 'genocide.' Moreover, since Armenians frequently identify Azerbaijanis with Turks, Armenians also believe that Azerbaijanis were involved in this 'genocide'. This is a

graphic example of how the conflict relations that have developed between Armenia and these two countries have prevented Armenia from using its comparative advantage as the shortest route linking Azerbaijan to Turkey.<sup>25</sup>

In the summer of 2008, after Russia launched its military attack on Georgia, Turkey revived its efforts to devise and implement the Caucasus Stability Pact, also known as the Caucasus Alliance, the Caucasus Stability Forum, or the Caucasus Stability and Cooperation Platform. This idea was born in as early as 2000, although it was not duly approved at that time.<sup>26</sup> It is still debatable as a platform, since it presumes drawing Russia (but not the West) into the processes aimed at ensuring stability in the Caucasus. Such a vision can hardly be evaluated as productive after the war against Georgia, Moscow's unilateral recognition of the independence of Abkhazia and South Ossetia, and the Kremlin's plans for Abkhazia and South Ossetia's possible integration with Russia.<sup>27</sup>

At this point, Turkey and Russia continue to pursue different goals in the

25 For example, Aras and Foster, 1999, p. 236, Harutyunyan, 2004.

26 Kanbolat, Hasan, 2008. What is Caucasian Stability and Cooperation? What can Turkey do in the Caucasus? Today's Zaman, August 19, available at <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=150578>.

27 Allison, Roy, 2008. Russia Resurgent? Moscow's Campaign to 'Coerce Georgia to Peace.' International Affairs, Vol. 84, No. 6, pp. 1160-1161

region. Ankara is interested in strengthening its role in the region, while Moscow is trying its best to use ever newer ways of putting pressure on Georgia.<sup>28</sup> It is worth noting that from the economic point of view, instability in Georgia threatens Turkey more than the violation of Georgia's territorial integrity.<sup>29</sup> This fact could be a certain starting point for finding common ground on harmonizing Turkey's and Russia's ideas about the Caucasus, especially after Moscow recognized the independence of Abkhazia and South Ossetia. Still, the

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differences between Turkey and Russia with respect to the Caspian energy resource transportation projects through Georgia and Turkey are substantial.

28 Goble, Paul, 2008. Turkey Returns to a Transformed Transcaucasus. Azerbaijan Diplomatic Academy Biweekly, Vol. 1, No. 18, October 15, <http://www.ada.edu.az/biweekly/articles.aspx?id=84>.

29 Çelikpala, Mitat, 2008. The Latest Developments in the Caucasus, the Struggle for Global Hegemony and Turkey, ASAM, October 9, <http://www.asam.org.tr/tr/yazigoster.asp?ID=2891&kat2=2>.

Not only the differences are great but also the interests of the other regional countries and the world powers are not very conducive.

In this context, Turkey's initiative to implement the Caucasus Stability and Cooperation Platform for now looks very utopian.<sup>30</sup> That said, Turkish-Russian cooperation in establishing and maintaining stability in the Caucasus may help Armenia join the regional transportation corridor projects it has been isolated from. The question is what price Armenia would have to pay for such involvement. Yerevan would have to stop supporting the existing regime in Nagorno-Karabakh, withdraw its genocide recognition policy toward Turkey, and renounce its territorial claims on Turkey. With such cost, it appears very doubtful that Armenia would have any chance of joining the regional transportation projects in the near future.<sup>31</sup> That is why, the agreement to establish diplomatic relations and open the borders, signed by the presidents of Turkey and Armenia in the beginning of October 2009, unfortunately, is far from optimism.<sup>32</sup> In this

30 Mamaev, Shamsudin, 2008. Turtsiia pristupaet k'aktivnomu stoianiiu' na Kavkaze (Turkey is Beginning to Take an 'Active Stance' in the Caucasus). Politicheskii zhurnal (Political Journal), No. 10 (187), 30 September, <http://www.politjournal.ru/index.php?POLITSID=778ffdc756a47c92a40696e325b8727f&action=Articles&dirid=40&tek=8240&issue=221>.

31 Ter-Sahakyan, Karine, 2008. Armenia should Make it Clear what the U.S., Russia, Turkey and Even the EU Promise Her for "Model Behaviour." PanARMENIAN Network, October 4, available at <http://www.panarmenian.net/details/eng/?nid=935>.

32 For example, Lobjakas, 2009, Robinson and Villelabeitia,

state of affairs, it is particularly important to stress that Moscow is not simply interested in isolating Armenia from the regional transportation projects.<sup>33</sup> Moreover, it is promoting in every way possible the “Kalinin-gradization” of Armenia<sup>34</sup>, that is, implementing the State under Siege concept.<sup>35</sup> With a glance of situation, when mostly all large scale enterprises are under control of Russian capital, the attempts to create the necessary economic foundations for Armenia to break free of Moscow can basically be described as virtual.<sup>36</sup> The Armenian economy has essentially been entirely absorbed by Russia’s Liberal Empire.<sup>37</sup>

The absence of official, including economic, relations between Armenia and Azerbaijan in no way exclude the existence of illegal trade relations (although in relatively small amounts). They are carried out via transit through Georgia. Despite the demands of the Azerbaijani side to prohibit the shipment of goods from Azerbaijan to Armenia through Georgia, the Georgian side, referring to the fact that Georgia and Armenia are members of the WTO, does not always fulfill these

2009).

33 Minassian, Gaidz, 2008. Armenia, a Russian Outpost in the Caucasus? Russie.Nei.Visions, No.27, February 15, [http://www.ifri.org/files/Russie/ifri\\_RNV\\_minassian\\_Armenie\\_Russie\\_ANG\\_fevr2008.pdf](http://www.ifri.org/files/Russie/ifri_RNV_minassian_Armenie_Russie_ANG_fevr2008.pdf), p.9

34 Minassian, p. 13

35 Minassian, p.18

36 For example, Grigoryan, 2008

37 Minassian,p.9

***“The Armenian economy has essentially been entirely absorbed by Russia’s Liberal Empire.”***

demands. This is also creating certain difficulties in Azerbaijani-Georgian relations.<sup>38</sup>

It should be pointed out that Russia not only took Armenia’s side in the Armenian-Azerbaijani conflict from the very beginning, but also rendered it military assistance.<sup>39</sup> Due to its direct and open support for the separatist movements in Abkhazia and South Ossetia, not to mention the direct war, Russia set itself also against Georgia. On this account, it is normal that one of the vectors of Moscow’s subversive activity in the post-Soviet expanse points to putting pressure on Georgia and Azerbaijan in order to destabilize the situation in these countries.<sup>40</sup>

Armenia got the status of Russia’s outpost in the Caucasus, not an entirely flattering image for a sovereign state.<sup>41</sup> Since Russia obviously has the advantage in bilateral relations, Armenia is gradually being downgraded

38 Alkhazashvili, Malkhaz, 2006. Armenia-Azerbaijan: Trade Relations via Georgia. The Messenger, January 24, No. 015 (1035), p. 3.

39 Utkin, A. I., 2000. Amerikanskaia strategija dlja XXI veka (American Strategy for the 21st Century). Moscow: Logos Publishers, p.110

40 Brzezinski, Zbigniew, 2007. The Geostrategic Triad: Living with China, Europe, and Russia. Washington, D.C.: The CSIS Press. p. 62

41 For example, Cameron and Domański, 2005, Liloyan, 2004).

from partner to vassal.<sup>42</sup> And this stands to reason if we keep in mind that Moscow sees only vassals or enemies at its borders.<sup>43</sup> Nevertheless, after Russia raised the price of gas it delivered to Armenia in April 2006, and closed the Verkhniy Lars checkpoint on the Russian-Georgian border (Armenia's only road connection with Russia), even the most pro-Russian politicians questioned the reliability of Russia's policy towards its most devoted partners, in this particular case Armenia.<sup>44</sup>

Exclusion of the Armenian oil and gas transportation route from Azerbaijan to the West helped increase the expediency of using the Georgian route<sup>45</sup>, which was in fact the one implemented. Geopolitically, Georgia occupies a key position in the Central Caucasus, especially considering the conflict between Armenia and Azerbaijan. Georgia has to perform the function of the region's link, that is, a regional hub in the Cauca-

sus. Both Russian<sup>46</sup> and Iranian<sup>47</sup> experts emphasize that some of Russia's and Iran's interests in the region coincide considerably<sup>48</sup>, especially with respect to the Caspian's energy resources, among other things. On top of that, Russian experts think Russia is waging an energy war against several of the former Soviet republics, Georgia and Azerbaijan being cases in point.<sup>49</sup>

### New Vision for the Energy Sector Cooperation

The growth of the EU's dependence upon Russian energy resources has been exploited by the Russian leadership as an effective tool for putting political pressure not only upon EU members but also upon the countries whose territories are traversed by the energy transportation routes such as Belarus and the Ukraine.

In this context, searching for and the development of all potential (i.e. not

42 Minassian, 2008, pp. 4, 6. This stands to reason if we keep in mind that Moscow sees only vassals or enemies at its borders (Krašteev, 2008).

43 Krašteev, Ivan, 2008. Russia and the Georgia War: the Great-Power Trap. Open Democracy News Analysis, August 31, <http://www.opendemocracy.net/article/russia-and-the-georgia-war-the-great-power-trap>.

44 Grigoryan, Stepan, 2007. Yuzhniy Kavkaz i mezhdunarodnoe soobshchestvo. Mesto Armenii v sovremennom mire (The Southern Caucasus and the World Community. Armenia's Place in the Contemporary World). Evropa, zhurnal pol'skogo instituta mezhdunarodnykh del (Europe, journal of the Polish Institute of International Affairs), Vol. 7, No. 3, pp. 98-99

45 Croissant, Michael P. 1999. Georgia: Bridge or Barrier for Caspian Oil? In *Oil and Geopolitics of the Caspian Sea Region*, eds. Michael P. Croissant, and Bülent Aras. Westport: Praeger.

46 For example, Gajiev, 2003, pp. 432, 434-439, Malysheva, 2000

47 For example, Maleki, 2003/2004

48 Cornell, Svante E., 2001. Iran and the Caucasus: The Triumph of Pragmatism over Ideology. *Global Dialogue*, Vol. 2, No. 3, pp. 85-88.

49 Druzhilovskiy, S. B., 2006. K voprosu ob alternativnoy strategii Rossiyskoy Federatsii v sfere energeticheskoy politiki (On the Question of the Russian Federation's Alternative Strategy in Energy Policy. In *Sredizemnomor'e—Chernomor'e—Kaspiy: mezhdru Bolshoy Evropy i Bol'shoy Blizhnim Vostokom (The Mediterranean—Black Sea—Caspian: Between Greater Europe and the Greater Middle East)*, ed. by N. P. Shmelev, V. A. Guseynov, and A. A. Yazkova. Moscow: Izdatelskiy dom "Granitsa", pp. 77-82.

only Russian) sources of oil and natural gas and ways for their supply to EU countries has become an issue of particular importance.<sup>50</sup> One of the most significant deposits of hydrocarbons is those located in the Caspian region and in countries such as Azerbaijan, Kazakhstan and Turkmenistan. It is important to note that any energy resources located beyond the Russian territory, which in principle could be supplied to the West, have been modified by adjectives like “alternative.” This kind of language, consciously or unconsciously, presents a reflection of confrontation between Russia and the rest of the world in energy-related issues. This very controversy became a starting point for the emergence of “*pipeline confrontation*” or, even, of “*pipeline cold war*” between different countries of the EU and Russia and even between different countries of the EU.

By means of stereotypical mentality, this very idea of alternativeness has also been extended to the pipelines. In relation to the Russian pipelines of the western direction, the label of “alternative pipelines” have been attached to those which cross the territories of Azerbaijan, Georgia and Turkey – the pipelines Baku-Tbilisi-Supsa (BTS), Baku-Tbilisi-Ceyhan

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(BTC) and the South Caucasian Pipeline (SCP). The accuracy of such an evaluation, however, becomes questionable if one takes into account the fact that the quantity of oil transported through those pipelines does not make up more than ten percent of the oil exports from Russia. With respect to the natural gas transported through the SCP, the situation is even worse. Its capacity accounts for just two percent of the Russian natural gas exports. Consequently, neither the BTS and the BTC pipelines nor the SCP could be regarded as a good alternative to the Russian pipelines. Russia has done a lot for inciting the “Pipeline Cold War” and its motivation is more than apparent. Russia has been trying to maintain and strengthen its monopolistic position in a number of directions and, most of all, in relationships with EU countries.

The time has come to shift from the paradigm of “alternative pipelines” to an essentially new one; that is, the

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<sup>50</sup> Papava, et al. 2009

paradigm of “*mutually supplementary pipelines*” or “*pipelines harmonization*”.<sup>51</sup> In that case, all those pipelines which have hitherto been considered as alternatives to each other will present themselves in quite a different context in which they will be regarded as distinct components of the same organic whole, a system of pipelines serving one common goal; that is, to provide an uninterrupted and consistent supply of energy resources to their customers.

The purpose of the “pipelines harmonization” is to develop a partnership mechanism to facilitate and harmonize energy suppliers’ support in response to countries’ identified needs. The harmonization of routes is about resolving alternative plans through respectful dialogue. It is about taking into account each country’s concerns and coming up with plans and solutions which deal fairly with all those concerns. It is about reaching a consensus for multiple pipelines.

Within the framework of this new paradigm of “pipelines harmonization,” the issue of the transportation of the Caspian energy resources to the West could also be reconsidered in a new context. Specifically, the BTC and SCP could play an important role in the harmonization of oil and natural gas

supplies to the EU countries in addition to the Russian pipelines.

The issue of the harmonization of gas supply to Europe requires the EU to take all possible efforts for the realization of the Trans-Caspian and the Nabucco projects which, together with the other existing and potential gas pipelines, will lead to the substantial mitigation (if not removal) of the problem of the monopolistic gas supplier and also ensure a stable and balanced flow of natural gas to EU countries.

## **Conclusion**

The great challenge of the modern times is to design the framework for the economic and energy cooperation opportunities in the Caucasus.

Azerbaijan’s hydrocarbon resources and their transportation routes, routes of immense geostrategic importance, have generated from the very beginning positive and negative effects for both this country and the entire region. The positive effect is largely associated with the interest of Western countries in having as many alternative sources of oil and gas as possible. The negative effects seem to be coming mainly from the involvement of regional rivals in the production and transportation of oil and gas.

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51 Papava and Tokmazishvili, 2008, 2009.

In the summer of 2008, after Russia launched its military attack on Georgia, Turkey revived its efforts to devise and implement the Caucasus Stability and Cooperation Platform. It is still debatable as a platform, since it presumes drawing Russia (but not the West) into the processes aimed at ensuring stability in the Caucasus. Such a vision can hardly be evaluated as productive after the war against Georgia.

Turkish-Russian cooperation in establishing and maintaining stability in the Caucasus may help Armenia join the regional transportation corridor projects it has been isolated from. Yerevan would have to stop supporting the existing regime in Nagorno-Karabakh, withdraw its genocide recognition policy toward Turkey, and renounce its territorial claims on Turkey. With such cost, it appears very doubtful that Armenia would have any chance of joining the regional transportation projects in the near future. It is particularly important to stress that Moscow is not simply interested in isolating Armenia from the regional transportation projects.

It must be noted that any energy resources located beyond Russian territory which, in principle, could be supplied to the West, have been modified by adjectives like “alternative.”

This kind of language, consciously or unconsciously, presents a reflection of confrontation between Russia and the rest of the world in energy-related issues.

In relation to the Russian pipelines of the western direction, the label of “alternative pipelines” has been attached to those which cross the territories of Azerbaijan, Georgia and Turkey. The time has come to shift from the paradigm of “alternative pipelines” to an essentially new one; that is, the paradigm of “mutually supplementary pipelines” or “pipelines harmonization.” In that case, all those pipelines which have hitherto been considered as alternatives to each other will present themselves in quite a different context in which they will be regarded as distinct components of the same organic whole, a system of pipelines serving one common goal; that is, to provide an uninterrupted and consistent supply of energy resources to their customers. The purpose of the “pipelines harmonization” is to develop a partnership mechanism to facilitate and harmonize the support of energy suppliers in response to the identified needs of particular countries.