



IMPORTANCE OF GEORGIA OVER ENERGY ROUTES

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Georgia, one of the countries that appeared on the world stage after the collapse of the Soviet Union, is in the south; Türkiye, Armenia and Azerbaijan are located at the crossing point of the South Caucasus, with Russia in the north and the Black Sea in the west. From a broader perspective, it is considered one of the most important transition points between Asia and Europe on the east-west axis. Georgia, which has an important transportation network due to its geostrategic location, is considered as a strategic partner for both western countries and regional states and earns an important income.¹

¹ Ali Asker-Aysegül Aydingün, "Gürcistan: De Jure Üniter, De Facto Parçalı", *AKM*, http://ulkunet.com/UcuncuSayfa/Gurcistan_-_Aysegul_Aydingun_ve_Ali_Asker_4863.pdf, [Date of Accession: 19.05.2022].

Georgia's unique geographical location and proximity to hydrocarbon resources form the center of its national strategies shaped in the economic field. In 2014, the geographical location was referred to in many titles of the "Georgia 2020 Socio-Economic Development Strategy Document"² prepared by the Government of Georgia. Due to its location, Georgia has significant opportunities for international trade, cargo transportation, access to global markets and the passage and security of energy routes.

² "Social-Economic Development Strategy of Georgia 'Georgia 2020'", *Government of Georgia*, <https://www.adb.org/sites/default/files/linked-documents/cps-geo-2014-2018-sd-01.pdf>, [Date of Accession: 19.05.2022].

Figure 1: Location of Georgia

The fact that the energy required by production and development is indispensable for states puts Georgia in a strategic position in the eyes of energy-producing and consuming states. In addition to the security of demand of the resourced state and the security of supply of energy-deprived states, route security, which is a forgotten issue, constitutes Georgia's strategic playing card. Because Georgia, which has both sea and land options, is one of the prominent states in this sense.

Georgia, which is an important energy route for Europe and a rival alternative route for Russia, is seen as the western end of the New Silk Road for China thanks to its advantageous location between the Black Sea and the Caspian Seas.³ Especially after Russia's intervention in Ukraine on February 24, 2022, energy security has become critical for many countries, especially European countries.

Russia's use of the energy card for its political interests in its relations with Europe has led Europe to seek different energy supplies. While the hydrocarbon resources in the Caspian Sea are seen as a potential area that can meet Europe's needs; In this context, Georgia has risen

to the position of an important actor. While the most important feature of Georgia's geographical location in the eyes of Western countries is known as being located at the center of the Europe-Caspian energy corridor; Georgia has defined its geostrategic goals and national interests accordingly. Undoubtedly, another indispensable country in this line is Türkiye

Georgia, which has seen itself in the Western alliance since gaining its independence, has also remained in a geographical dilemma due to Russia's presence in the region and its interference in its internal affairs from time to time. This challenge allows Georgia to advocate policies that will preserve regional and global cooperation; it has made its economy transparent and put it in a position open to foreign investments. Energy is seen as a sector that stands out among these investments.

Today, energy is seen as the main source of development and economic growth. Robert D. Kaplan, known for his research on geopolitics and geography, wrote in an article for Forbes magazine in 2014, "The basis of every international order is a source of energy."

The locomotive power behind the Industrial Revolution, which began in the 17th century and brought England to the level of the "Empire Where the Sun Never Sets"; while steam and coal; The new source of power of the United States of America (USA) era, which began after the First World War, was oil and natural gas.

³ Andrew Kuchins-Jeffrey Mankoff-Oliver Backes "Georgia in a Reconnecting Eurasia: Foreign Economic and Security Interests", CSIS, s.5.

Since then, energy routes that secure energy and energy supply have been essential for the dominant countries. In the new order, the basis of the economic development of both Europe and the United States is based on oil and natural gas. For this reason, the importance of geographies that hold oil and natural gas and dominate energy routes is increasing.⁴

Today, energy from one country to another is realized using three different paths. These; are land transport, sea transport and pipelines. Although the investment cost of pipelines is high, it is known as the first choice of countries due to both the reliability of the energy supply and the low operational costs.

While 0.4% of the energy carried by hydrocarbons during the transportation of hydrocarbons by pipelines is used; this rate is 1% in train transportation and 3.2% in energy transported by land tankers. At the same time, unlike pipelines, vehicles used in land and sea transport return empty, which increases costs.⁵ The preference of pipelines has made the countries located at transit points come to the forefront. At this point, Georgia, which is located at the transition point of Europe in need of energy with the energy-rich Caspian Basin, has undertaken important tasks in international energy projects.

Trans Anatolian Natural Gas Pipeline (TANAP)

Russia is the most important exporting country supplying natural gas to European countries. Apart from the economic benefit, Russia also uses this power as a tool of political pressure from time to time. For this reason, Europe has started to look for alternative sources and has turned to ways to reduce dependence on Russia. Europe, which produced the concept of the Southern Gas Corridor, has developed some pipeline projects in this context. Among these projects, the most important project is the Trans-Anatolian Natural Gas Pipeline (TANAP) and the successor Trans-Adriatic Pipeline (TAP).

The TANAP Project, for which the legal infrastructure was provided in 2012, was started in 2015 and the first gas flow from the project was provided in 2018.⁶ In this project, Georgia delivers gas coming through Azerbaijan to Türkiye via the South Caucasus Pipeline. Due to the problems that Türkiye and Azerbaijan have with Armenia; Georgia plays a key role in the transfer of energy from the Caspian to Türkiye.⁷ Georgia receives 5% of the gas supplied by the TANAP project as a right of passage. Georgia, which obtained 300 million m³ of gas⁸ in 2019, is expected to increase its revenue because of new natural gas resources to be added to the project.⁹

⁴ Robert Kaplan, "The Geopolitics of Energy", *Forbes*, <https://www.forbes.com/sites/stratfor/2014/04/04/the-geopolitics-of-energy/?sh=3ae17ed13b39>, [Date of Accession: 19.05.2022].

⁵ John Kennedy, "Oil and Gas Pipeline Fundamentals", PennWell Books, 1993,

⁶ "TANAP Hakkında", *TANAP*, <https://www.tanap.com/tanap-projesi>, [Date of Accession: 19.05.2022].

⁷ Armenia was a problematic country in the South Caucasus at the start and end of TANAP. Georgia was seen as the only country that could transport Caspian gas to Europe via Turkey. However, the Second Karabakh War and Azerbaijan's victory initiated a process of rapprochement between Turkey-Azerbaijan-Armenia and raised the possibility of a new line through the Zangezur corridor. In such a situation, it is possible to assume that Georgia's geopolitical importance will relatively decrease.

⁸ "Benefits of TANAP to Georgia", *Report.Ge*, <https://report.ge/en/economics/benefits-of-tanap-to-georgia/>, [Date of Accession: 19.05.2022].

⁹ "Ham Petrol | BOTAŞ Boru Hatları ile Petrol Taşıma Anonim Şirketi.", *BOTAŞ*, <https://www.botas.gov.tr/Sayfa/ham-petrol/13>, [Date of Accession: 19.05.2022].

Figure 2: Trans-Anatolian Natural Gas Pipeline and Trans-Adriatic Pipeline



Baku-Tbilisi-Ceyhan Oil Pipeline (BTC)

Baku-Tbilisi-Ceyhan (BTC) Crude Oil Pipeline is a pipeline built to transport the oil to be produced in the Caspian Region, especially Azerbaijani oil, to Ceyhan through Azerbaijan, Georgia in a safe, economical, and environmentally appropriate manner and from there to the world markets by tankers.¹⁰ The total length of the line, which has been operating since 2006, is 1776 kilometers. Crude oil loaded in the period from the moment it was put into operation to the present day has reached 3 billion 522 million 209 thousand 875 barrels.¹¹ The last stop of the line on Türkiye is the Eastern Mediterranean region.

As it is known, in recent years, the Eastern Mediterranean has been a region where conflicts of interest have been experienced. The efforts of non-regional actors to dominate the mentioned area have brought with them tension. The Eastern Mediterranean, which came to the agenda with its energy dimension, was intended to be transformed into an

energy geopolitics that excluded Türkiye for a long time and centered on Greece and the Greek Cypriot Administration of Southern Cyprus (Greek Cypriot Administration). However, this project, which is referred to as EastMed, has engaged the public even though it is known to be unfeasible due to its costs. The reasons such as Russia's invasion of Ukraine and the beginning of the energy crisis led to the completion of the project and proved that Türkiye-centered geopolitics is indispensable. The current BTC line is already functioning and has not encountered any problems so far, and it is an important example of the projects planned to be carried out in the future period.

Figure 3: Baku-Tbilisi-Ceyhan Oil Pipeline Route



Baku-Supsa Pipeline

The oil extracted from the Azeri-Chirag-Gunashli Oil Field in the Caspian Sea is exported from Azerbaijan to the world market through the Baku-Supsa Western Route Export Pipeline (WREP)

¹⁰ "Bakü-Tiflis-Ceyhan'dan 14 Yılda 3,5 Milyar Varil Petrol Aktı", *TRT Haber*, <https://www.trthaber.com/haber/ekonomi/baku-tiflis-ceyhandan-14-yilda-35-milyar-varil-petrol-akti-520045.html>, [Date of Accession: 19.05.2022].

¹¹ Davit Kachkachishvili, "Bakü-Supsa Boru Hattı Kismen Rus Ordusunun Kontrolünde", *Anadolu Ajansı*, <https://www.aa.com.tr/dunya/baku-supsa-boru-hatti-kismen-rus-ordusunun-kontrolunde/26497>, [Date of Accession: 19.05.2022].

through the terminal in the Supsa region, the Black Sea region of Georgia. The line, which was put into operation in 1999 and established to reach an annual capacity of 7 million tons, exports 4-5 million tons of oil annually. Oil transported by tankers from the Baku-Supsa Oil Pipeline is transported to Europe through the Dardanelles Strait. The limited capacity of the Bosphorus restricts the capacity of the Baku-Supsa line. While this line, which stretches from the Black Sea to Europe, serves Georgia's goal of the east-west line through the Black Sea, there is tension with the Russians at the points where the line passes from time to time.¹²

Figure 4: Baku-Supsa Oil Pipeline Route



Planned New Power Lines

White Stream (WS) Project

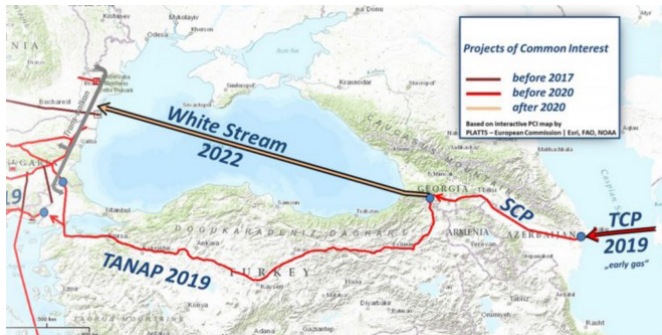
This line, which is evaluated within the scope of energy supply security of European countries and seen within the Southern Gas Corridor, foresees the transportation of Turkmenistan's gas to Europe through the Caspian Sea.

One of the important countries of this planned line is Georgia. Giorgi Vashakmadze, Director of the White Stream Project, announced in October 2009 that "while the Georgia-Ukraine route was initially considered for the White Stream, the Georgia-Romania route directly to the EU was preferred, and then an additional branch could be built to reach Ukraine." The White Stream Natural Gas Pipeline Project runs through the South Caucasus Pipeline in Tbilisi and is planned to reach the port city of Supsa by going 133 km within Georgia.

During a meeting of the Foreign Affairs Committee of the European Parliament in 2008, then-Ukrainian Prime Minister Yulia Tymoshenko proposed to the European Union (EU) to build this pipeline, which bypassed the Kremlin. The White Stream Project, which is planned to extend to Europe through Tbilisi through the Black Sea and is led by the company White Stream Pipeline Company-GUEU, which has its headquarters in the UK, is expected to reach 32 billion cubic meters of capacity because of the addition of Azeri gas initially and Ashgabat and Astana gas in the next two stages.¹³ The project, which has been waiting for many years, has not yet been realized. Considering the developments in the Black Sea, the realization of this project is not possible in the near term.

¹² Roberto Pirani, "A Priority Project of the EU and Integral Component of the Southern Gas Corridor", OSCE, <https://www.osce.org/files/f/documents/3/5/67922.pdf>, [Date of Accession: 19.05.2022].

¹³ Rauf Mammadov, "Azerbaijan and Turkmenistan Seek to Expand Cooperation on Caspian Energy Production", *The Jamestown Foundation*, <https://jamestown.org/program/azerbaijan-and-turkmenistan-seek-to-expand-cooperation-on-caspian-energy-production/>, [Date of Accession: 19.05.2022].

Figure 5: White Stream Project Route

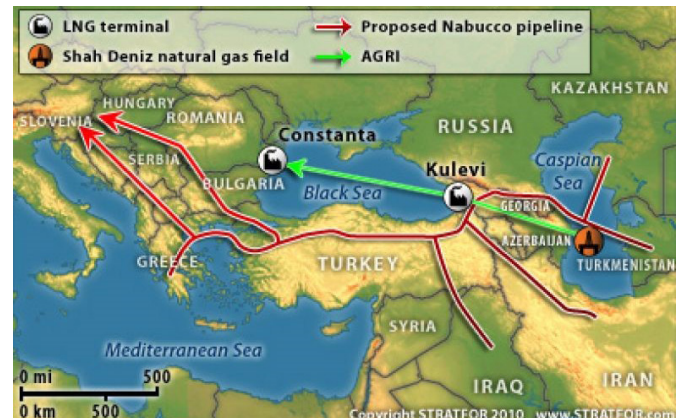
AGRI (Azerbaijan-Georgia-Romania Interconnector) Project

The AGRI Project is another project under consideration under the Southern Gas Corridor. Due to the damage caused by oil and coal to the environment, many countries are pursuing clean and sustainable energy. From this point of view, liquefied natural gas is increasing in importance. The AGRI Project is also designed with the aim of transferring the resources of the Caspian Sea to Europe via the Black Sea.

In this project, where Azerbaijan will act as the main gas supplier and Georgia will play the role of transit country and Romania will play the role of distributor of liquefied gas to Europe. At the meeting held in Baku in 2010 with the participation of Georgia, Azerbaijan and Romania, the authorities issued a declaration for the start of the project.

In 2021, Azerbaijan and Turkmenistan changed the name of the long-discussed Caspian gas field from Kepez to "Friendship" and signed an important agreement for its joint development. According to some analysts, the

agreement removed a significant obstacle to the construction of the Trans-Caspian Gas Pipeline, which could supply gas to the AGRI gas pipeline.¹⁴

Figure 6: AGRI Project Route

Conclusion

Energy sources: supply, demand and route security are an area that needs to be examined. Oil and natural gas, one of the most important raw materials produced and consumed in the world, have always been at the center of the global power struggle. The importance of geographies, even the strategic location of countries, is often measured by their proximity to energy resources.

Georgia is a state that stands out with the security dimension of the energy route. Although weak in terms of energy resources, the geography it presents in the Caspian-European transition has made Georgia consider.

However, the most important advantage of Georgia has been Armenia's position in the South Caucasus. The isolation of Armenia, which is in the

¹⁴ Robert Cultler, "Azerbaijan and Turkmenistan Eye Gas Exports to Europe", *NATO Association of Canada*, <https://natoassociation.ca/azerbaijan-and-turkmenistan-eye-gas-exports-to-europe/>, [Date of Accession: 19.05.2022].

center of the South Caucasus, from the region has led to Georgia being seen as an indispensable actor. However, Russia's policy of being active in the former Soviet regions and the possibility of opening a road to Türkiye through Armenia will put negative pressure on Georgia and its energy routes. For this reason, it is foreseeable that Georgia will decrease its importance in future energy projects.

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