ENERGY SECURITY IN THE BLACK SEA-CASPIAN REGION

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Issues related to energy security in the Black Sea-Caspian region involve primarily, but not exclusively, problems and concerns over the transportation of natural gas and crude oil to outside markets. This is a complicated subject which also encompasses various technical, legal and environmental aspects. When discussing pipeline politics commentators often concentrate on relations between the governments of various states. However, one should not overlook the key role played by international energy companies and lending agencies in providing the necessary technical expertise and financial support in order to realize energy projects. This chapter does not discuss specifically the activities of western firms such as BP and Chevron Texaco in the Black Sea-Caspian region, but it is important to bear in mind that without their support major projects such as the Baku-Tbilisi Ceyhan main export oil pipeline and the Caspian Pipeline Consortium's Tengiz-Novorrossik oil pipeline would most probably not have been completed.

On the other hand, under the presidency of Vladimir Putin, private Russian energy companies are being increasingly brought under state control. Russia is clearly a prominent player in the Black Sea-Caspian region. The fate of Mikhail Khodorkovskii, the former head of Yukos, is well-known. The state oil company Rosneft has taken over the assets of Yukos, and there is talk of Rosneft possibly acquiring ownership of the private oil company Lukoil by 2008. Vagit Alekperov, the head of Lukoil, has gone on record saying: “What is good for the President is good for Lukoil”. The gas giant Gazprom is now 51 percent state-owned, and Gazprom's head, Alexei Miller, is a close ally of Putin's from St. Petersburg. In fall 2005, Gazprom moved into the oil sector by obtaining a stake of over 70 percent in Sibneft, Russia's fifth largest oil producer. It will be seen that the authorities in Moscow are making extensive use of energy companies as instruments of Russian foreign policy in order to maintain and expand

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Russia's influence and presence in the Black Sea-Caspian region. This increasingly close linkage between energy businesses and state authorities in Russia has significant ramifications on issues concerning energy security in the region.

An Overview of the Region and its Importance for Energy Security

Russia and Iran, two Caspian Sea littoral states, have extensive energy reserves, although much of their reserves are located in territories not contiguous to the Caspian Sea (and Black Sea in the case of Russia). In 2004 Russia, the world's second largest producer of crude oil, produced 8.8 million barrels per day (bbl/d). Russia has proven oil reserves of approximately 60 billion barrels, but most of this is found in Western Siberia. Russia is also the world's largest producer and exporter of natural gas and has the largest natural gas reserves. In 2004, Russia produced over 650 billion cubic meters (bcm) of natural gas, of which around 200 bcm was exported.[1] Iran has the world's second largest natural gas reserves, but most of its fields have yet to be developed. In 2002, Iran produced approximately 77 bcm. In 2004, the Iranians produced 3.9 million bbl/d of crude oil, of which 2.5 million bbl/d was exported.[2] Excluding Russia and Iran, the Caspian area has proven oil reserves of 17-44 billion barrels (the higher figure comparable to US oil reserves). Azerbaijan and Kazakhstan are destined to become important producers of crude oil. Without including Russia and Iran, the area also has proven natural gas reserves of 6,580 bcm, comparable to Saudi Arabian reserves. Azerbaijan and Kazakhstan will become significant gas producers, while Turkmenistan is already exporting natural gas to Iran, Ukraine and Russia, and Uzbekistan is transporting its gas to Russia and its Central Asian neighbors.[3] Moreover, the northern portion of the Caspian Sea remains largely unexplored. The Caspian area, within the wider Black Sea-Caspian region, is thus an important energy producing area in its own right.

1. US Energy Information Administration, *Russia: Country Analysis Brief* (Washington, D.C.: US-EIA, 2005); available at <http://www.eia.doe.gov/emeu/cabs/russia.html>.
2. US Energy Information Administration, *Iran: Country Analysis Brief* (Washington, D.C.; US-EIA, 2005); available at <http://www.eia.doe.gov/cabs/iran.html>.
3. US Energy Information Administration, *Caspian Sea Region: Survey of Key Oil* and Gas Statistics and Forecasts, (Washington, D.C.; US-EIA, 2005); available at <http://www.eia.doe.gov/emeu/cabs/Caspian/images/caspian_balances.xls>.

With the dramatic increase in global oil prices in 2005 and the impact in that year of hurricanes lashing the US Gulf Coast, the term energy security has been employed more and more by commentators. In their writings, Barry Buzan and other members of the so-called Copenhagen School have expanded the concept of security so that it includes political, economic, societal and environmental components in addition to a military dimension.[4] The term energy security may be accommodated within the framework of the economic dimension of security, but energy security may also include the other components of security listed by Buzan and his colleagues. Energy security focuses on the imperative for governments to secure adequate supplies of energy at affordable prices. In order to reduce the vulnerability of a state to the possible disruption of energy supplies, officials should seek to diversify their suppliers and not become too dependent on one energy producer. Over-dependence could enable the energy supplier to exert political and economic leverage over the energy consuming state. Energy security also concerns access to energy. It is important that natural gas and crude oil, for example, is safely delivered to consumers along pipelines or, with reference to crude oil, by other means of transport. This is a particular problem in the Black Sea-Caspian region due to unresolved and ongoing ethnic conflicts and the increased activities of radical Islamic groups in the northern and southern Caucasus.

When discussing energy security, it is useful to differentiate between states which are energy producers, energy transit countries, and states that are energy consumers. Of course, states may fall into more than one of these categories. Turkey and Ukraine, for example, are both key energy consumers and notable energy transit countries. Russia is a major energy producer and consumer, and potentially a significant energy transit country.

Problems in Energy Producing Azerbaijan

As well as possibly confronting difficulties in exporting hydrocarbons to outside markets because of security problems, states which

4. See for example, Barry Buzan, Ole Waever and Jaap de Wilde, *Security: A New Framework for Analysis* (Boulder, Colo. and London: Lynne Rienner, 1998).

are major energy producers may also experience mounting societal discontent. This could lead to the destabilization of the ruling regime.

Rising crude oil and natural gas production in Azerbaijan has fuelled expectations among Azerbaijanis that their living conditions will rapidly and dramatically improve. If these expectations are dashed there may well be a violent societal backlash. This is more probable given that Azerbaijanis have had little opportunity to ventilate their grievances politically because of the absence of genuine political pluralism in the country. At the time of writing there was little indication that the parliamentary elections to be held in November 2005 in Azerbaijan would be fully free, open and competitive. There are already signs that Azerbaijan will suffer from the so-called Dutch Disease. The concentration of investments in the oil sector and in supporting industries appears to be resulting in reduced allocations in other areas of the Azerbaijani economy. There is a danger that this will drive up inflation and distort exchange rates.

There also seem to be growing problems over corruption. Oil profits are apparently primarily remaining in the hands of a small elite group of officials rather than being redistributed to enable society as a whole to benefit. Revenues and profits from oil production are being channeled to the State Oil Fund. By mid-2005 these amounted to around $1 billion. The IMF has complained in the past of the lack of transparency in the management of this fund, but in the face of such criticisms the Azerbaijani authorities appear to have made efforts to remedy this situation. Nevertheless, the presidency rather than parliament remains in ultimate control of the operation of the fund. The distribution of oil revenues to the population at large would seem to be even less likely after President Ilham Aliyev vowed in late summer 2005 to raise annual military expenditure from $270 million in 2004 to $600 million in 2006.[5] Here, Aliyev appears to be attempting to compel the Armenians to agree to a peace settlement on Nagorno-Karabakh on terms more favorable to Baku. In the meantime, though, and in spite of the incoming oil wealth, a typical Azerbaijani citizen has to survive on an income of only $40 a month.

5. "Aliev pledges to double Azeri Military Budget in 2006," *Radio Free Europe/Radio Liberty Armenialiberty.org,* 08.09.2005.

The Importance of Energy Transit

In the Black Sea-Caspian region there is a real concern that crude oil and natural gas pipelines running over third countries may be sabotaged by rebel groups. Transit states could also illegally tap into the pipelines to satisfy their own energy needs. Legal and environmental issues may further complicate the picture concerning energy transportation. Disputes over the legal status of the Caspian Sea have made it difficult for the five littoral states to apportion the seabed among themselves. The governments of Turkmenistan and Iran have clashed with the authorities in Azerbaijan over the ownership of specific oilfields in the Caspian Sea. These disagreements have prevented hitherto the laying of subsea pipelines across the Caspian. Russian and Iranian officials also contend that constructing such pipelines would not be environmentally safe because of seismic disturbances in the sea. The pipes could also be damaged because of the substantial pressure that would be exerted upon them at such depths. The Turkish authorities have also made use of ecological arguments and safety concerns to press for restricting the number of oil tankers navigating the already overcrowded Bosphorus straits which runs through the heart of Istanbul. In the last three years there has been a 50 percent increase in the amount of tanker traffic moving along the Bosphorus. A fully operational Baku-Tbilisi-Ceyhan main export oil pipeline carrying 50 million tonnes of crude per annum (mt/y) would mean 350 less loaded tankers maneuvering through the hazardous Bosphorus each year.

Energy transit through the highly volatile northern and southern Caucasus remains a potentially serious security problem. With Moscow apparently aiming to preserve its influence in the southern Caucasus by economically and politically backing de facto secessionist regimes, Tbilisi appears to be no nearer to negotiating a peace settlement with the Abkhazians and South Ossetians. In the northern Caucasus, the conflict between the Russian forces and Chechen guerrillas shows no signs of abating, while radicalized and violent Islamic groups are aiming to destabilize other regions neighboring Chechnya. The ongoing Chechen conflict forced Moscow to build in 2000 a new Chechen bypass oil pipeline through Daghestan to connect Baku with the Russian Black Sea port of

Novorrossik. However, since 2000 Daghestan has also suffered attacks from Chechen insurgents and Islamic extremists thereby endangering the security of the bypass pipeline.

In contrast to the Kirkuk-Ceyhan oil pipeline network which has been repeatedly attacked by insurgents in northern Iraq since the US-led invasion of Iraq in 2003, the Baku-Tbilisi-Ceyhan pipeline has been laid underground to reduce the threat of sabotage. However, pumping stations have had to be built above-ground and these make potentially soft targets for terrorist attacks. Two of the four pumping stations along the Turkish stretch of the Baku-Tbilisi-Ceyhan pipeline are near to areas where the PKK has been active since the Kurdish rebels escalated their campaign against the authorities in Ankara in 2005. Azerbaijan, Georgia and Turkey have established a Joint Pipeline Security Commission to coordinate their work on protecting the Baku-Tbilisi-Ceyhan pipeline. This commission held its first meeting in Ankara in October 2005, and a second gathering is planned to be held in Azerbaijan in the first half of 2006.[6]

It is also worth noting in passing that terrorists could attack oil platforms in the Caspian Sea before oil is fed into the Baku-Tbilisi-Ceyhan oil pipeline. Mindful of this threat, the Bush administration through its so-called "Caspian Guard" initiative is thus providing equipment and training for Azerbaijani naval and coastguard units and is offering similar assistance to Kazakhstan. The US Department of Defense intends to spend $135 million on this project. Washington is hoping to expand a Joint Control and Command Center it has established in Baku to analyze data collected by the Azerbaijani navy and coastguard.[7] Caspian Guard could dovetail with US plans to develop "virtual" bases in Azerbaijan, which could be immediately activated in times of emergency.

Energy Transit and Russia

The position and role of Putin's Russia is clearly of crucial importance concerning issues of energy security in the Black Sea-Caspian region. Moscow seems eager to maintain influence in the region by playing

6. "Joint Pipeline Security Commission holds its First Meeting in Ankara," *Anatolian News Agency*, 14.10 2005.
7. Simon Ostrovsky, "US working to Boost Sea Forces in Oil-rich Caspian: Envoy," *Agence France Press*, 21.09.2005.

the energy card in a number of ways. For instance, Russian policymakers are determined to preserve control over various energy transportation routes. Natural gas produced in other Caspian states that were formerly Soviet republics is being delivered to the Russian market as cheap energy. This enables Moscow to export and sell its own domestically produced natural gas at a higher price to hard currency markets in Europe. A similar pattern has emerged with reference to crude oil produced in Russia and former Soviet republics, although Moscow has allowed regulated amounts of Kazakh crude to reach outside markets via the Caspian Pipeline Consortium's Tengiz-Novorrossik pipeline.

In practice, Putin first attempted to exercise greater control over energy transportation routes by lobbying in January 2002 for the formation of a Eurasian Alliance of Gas Producers. This would have more rigidly tied Kazakh, Turkmen and Uzbek natural gas producers with the Russian market.[8] Brussels, with its interest in liberalized gas markets beyond as well as within EU member states, strongly opposed the establishment of such a gas cartel. Putin's initiative also infringed the provisions of the Energy Charter Treaty. Moscow has refused to ratify this treaty with its accompanying Transit Protocol, which would provide legal safeguards for energy transit. There are ongoing disputes between Moscow and Brussels with reference to transit tariffs and transit rights through third states. Ratification of the Energy Charter Treaty and its Transit Protocol would open up access to the Gazprom-controlled Russian pipeline network for Caspian natural gas producers that are keen to export their energy to Europe. Russian officials will face mounting international pressure to ratify the agreements given their interest in joining the World Trade Organization. Moreover, in order to develop further its energy fields which are becoming increasingly more inaccessible, Moscow will need to secure investments from EU member states and exploit the expertise of western energy companies. It is therefore quite likely that in the foreseeable future Russia will ratify the Energy Charter Treaty and its Transit Protocol.

Abandoning the proposed gas cartel under pressure from Brussels, Gazprom has instead concluded separate bilateral agreements with natural

8. Fiona Hill and Florence Fee, "Fueling the Future: The Prospects for Russian Oil and Gas," *Demokratizatsiya*, Vol. 10, No. 4 (Fall, 2002), p.16.

gas producers in Kazakhstan, Turkmenistan and Uzbekistan, thereby still tying them more closely with the Russian economy. These three natural gas producing states had little alternative given their connection with the Russian pipeline system through the CentralAsia-Center gas pipeline network. This network, with a current annual throughput capacity of 45-50 bcm, is in a dilapidated condition and is badly in need of upgrading and modernization. Currently, only Turkmenistan has access to other outside markets avoiding Russia through a 12 bcm/y natural gas pipeline connecting to Iran, which was built in 1997.

In these circumstances, there is no immediate prospect for Kazakhstan, Turkmenistan and Uzbekistan to deliver substantial amounts of natural gas to Europe through pipelines bypassing Russia. The Kazakhs, though, are interested in the possibility of constructing a new gas pipeline eastwards to China. In April 2003, the Turkmens concluded a 25-year agreement to export substantial amounts of natural gas to Russia. By 2009 Turkmenistan may be delivering up to 90 bcm/y to the Russian market. This could result in Moscow in future preventing further Turkmen gas deliveries to Ukraine via the CentralAsia-Center pipeline and Russia. At present the Turkmens are exporting through this pipeline to Ukraine 36 bcm/y. Turkmen President Saparmurat Niyazov is also interested in building a 30 bcm/y pipeline to link Turkmenistan with Pakistan and India by means of a pipeline extending through Afghanistan. But, given its commitments to Moscow, Turkmenistan may not have enough gas to fill this Trans-Afghan Pipeline and also continue to export gas to Ukraine. Likewise, there would also most probably be no throughput guarantee for the highly ambitious and hugely expensive planned Russian bypass pipeline to connect Turkmenistan with Europe via a route extending over Iran, the Caucasus, the Black Sea and Ukraine.

Previously, there were plans to construct a natural gas pipeline under the Caspian Sea to deliver 16 bcm/y of Turkmen natural gas to Turkey and possibly another 14 bcm/y to Europe. Disputes over ownership of oilfields in the Caspian Sea, and the demands from Niyazov for a $1 billion down-payment from the international consortium interested in this Trans-Caspian Gas Pipeline Project, resulted in the collapse of the scheme. Instead, another consortium was established to develop the Azerbaijani Shah

Deniz gas field in the Caspian Sea. Commencing in 2007, natural gas from this field will be carried to Turkey along the Baku-Erzurum pipeline. Eventually, up to 6.6 bcm/y will be delivered to Turkey, and smaller amounts to Greece. This pipeline will enable the Azerbaijanis to deliver gas to Turkey and Europe along a route which will not run through Russian territory.

Concerning the transportation of crude oil, as previously noted the Baku-Tbilisi-Ceyhan pipeline will have a 50 mt/y capacity. Kazakhstan is interested in exporting 20 mt/y of its crude to Europe by means of this pipeline, thereby breaking Russia's current stranglehold on Kazakh oil exports. There are plans to carry Kazakh crude across the Caspian Sea to Baku in a fleet of barges after the governments in Baku and Astana have finalized the necessary agreements. Moscow has been preventing the Kazakhs from making full use of the 67 mt/y Caspian Pipeline Consortium pipeline connecting the Tengiz oilfield in Kazakhstan with Novorrossikk. Only 22 mt of crude was carried to the Russian Black Sea port along this pipeline in 2004, and this amount also included some Russian oil. Conceding to Russian demands, in October 2005 the companies working in the Consortium agreed to allow Moscow to have more say in the appointment of officials to manage the project. In return, the throughput of oil through the pipeline will be doubled. Moscow had previously insisted on higher tariffs for the movement of Kazakh crude across Russian territory.[9] As well as looking to the Baku-Tbilisi-Ceyhan pipeline to carry Kazakh crude westwards from the recently discovered Kashagan oilfield, Kazakh energy officials are also hoping to bypass Russian territory by exporting oil in the future eastwards to China and southwards (via Turkmenistan) to Iran.

Energy Dependency and Russia

In addition to controlling transportation routes to prevent or limit the export to Europe of crude oil and natural gas from former Soviet republics, Moscow has also on occasion played the energy card to sever energy deliveries for brief periods to states such as Azerbaijan and Georgia. In the past these states were more energy dependent on Russia and thus more

9. "CPC Pipeline Firms bow to Russian Demands," *Almaty, Reuters,* 06.10.2005.

vulnerable to Russian threats to suspend deliveries of natural gas if Moscow sought to pressure Baku or Tbilisi to pursue policies more favorable to the Kremlin's interests.

In the wake of the "colored revolutions" and moves towards further democratization in certain former Soviet republics, Gazprom threatened in the fall of 2005 to increase the price of the natural gas it sells to Georgia (from $60 per 1000 cm to $110), to Ukraine (from $55 to $180) and to Moldova (from $80 to $180). On October 4, 2005, Moldovan President Vladimir Voronin boldly declared that he and his people were prepared to freeze in the winter without Russian gas rather than surrender to Russian threats.[10] Moldova is virtually completely dependent on Gazprom for its natural gas imports. The Putin administration has not welcomed Moldova's shift towards closer relations with the EU and gradual moves towards further democratization in the wake of the colored revolutions in Georgia and Ukraine. There is a danger that price increases or the curtailing of Russian natural gas imports could trigger political and/or societal discontent in the more impoverished former Soviet republics, such as Georgia and Moldova.

Armenia appears to be particularly vulnerable because of its considerable energy dependence on Russia. As a result of equity for debt swap deals Unified Energy Systems (UES) of Russia and other Russian companies have secured ownership of major power plants in Armenia. Nuclear fuel from Russia feeds Armenia's nuclear power station, and Russian natural gas imports also help to power the Armenian national economy. Significantly, in September 2005 UES took full control of Armenia's countrywide electricity grid.[11] In a speech in September 2003, which was extensively publicized, the head of UES, Anatoly Chubais, openly advocated that Russian business and energy companies in particular should expand throughout the Commonwealth of Independent States (CIS) to help create a new Russian-led "liberal empire" within the next 30-50 years. According to Chubais, this would enable Russia to claim its natural place alongside the US, the EU and Japan in the running of the global

10. "Moldovan President Vows not to 'Surrender' to Russia," *Radio Free Europe/Radio Liberty Newsline,* Vol. 9, No. 190, 07.10.2005.
11. Emil Danielyan, "Russia tightens Grip on Armenian Energy Sector," *Eurasianet.org-Business and Economics,* 28.09.2005.
12. Igor Torbakov, "Russian Policymakers Air Notion of 'Liberal Empire' in Caucasus, Central Asia," *Eurasianet.org-Eurasia Insight,* 27.10.2003.

economy.[12] Yerevan has attempted to diversify its sources of natural gas by encouraging the construction of a pipeline connecting with Iran. However, the extent of Armenia's energy dependence on Russia for the foreseeable future seems to suggest that policymakers in Yerevan will find it difficult to realize their ambitions to balance their close military, economic and political ties with Moscow by cultivating much more substantive ties with NATO.

Much attention has also been focused on the possibility of Turkey becoming too dependent on Russia for its energy supplies. Largely because of the powerful influence of the pro-Russian business lobby in Turkey, Gazprom supplies around two-thirds of Turkey's natural gas needs. Natural gas is of crucial importance for electricity generation in Turkey. Under onerous take-or-pay obligations, Ankara would have to pay hefty compensation payments if it refused to accept Russian gas deliveries. Perhaps Turkish policymakers could conclude agreements with Gazprom to enable the re-export and reselling of Russian gas previously committed to the market in Turkey to Europe. In return, though, Gazprom would probably press for stakes in the gas distribution sector within Turkey.

Nevertheless, the influence of Russia in the energy sphere should not be over-exaggerated. For example, Turkey could diversify its sources of natural gas by importing more Iranian gas as well as consuming gas from Azerbaijan and possibly from Egypt, Iraq and Syria in future years. There are plans to extend the Arab gas pipeline from Egypt to Turkey. A section of this pipeline is currently being prepared to connect Jordan with Syria.

It is also important to note that in order to export its crude oil and natural gas to EU member states Russia is dependent on the good will of energy transit states such as Belarus, Poland and Ukraine. In the past, these transit states have proved awkward for Moscow by raising their transit fees - in practice, this often meant demanding increased amounts of Russian natural gas to feed their economies as a form of transit payment. At the time of writing, the Ukrainian authorities were announcing that they would raise their transit fees fourfold for Russian natural gas if Gazprom followed through on its threat to raise gas prices.[13] Approximately 110 bcm/y of

13. "Gazprom reportedly triples Price of Gas for Ukraine in 2006," *Radio Free Europe/Radio Liberty Newsline,* Vol. 9, No. 166, 01.09.2005.

Russian natural gas transits Ukraine, and this accounts for 90 percent of Russia's natural gas exports to the EU. Seeking to reduce this dependence on Kiev, Moscow is about to commence work on constructing the much - publicized North Transgas Pipeline - also, known as the North European Gas Pipeline. This $6-8 billion, 55 bcm/y capacity pipeline, which will be laid across the Baltic Sea, could be delivering natural gas to Germany by 2010. There are plans to eventually extend the line to Britain and construct connecting lines to Scandinavia.[14] However, this pipeline would not be able to match in terms of capacity the pipeline network running through Ukraine.

Energy Security and the EU

The energy security concerns of EU member states as major energy consumers should also be considered. Oil remains a critical source of energy for the transport sector. As North Sea oil production declines and oil consumption in Europe continues to climb, EU member states will be in danger of becoming more dependent on crude imports from the Middle East and Russia. Deliveries of Azerbaijani and Kazakh crude would help to diversify energy imports. In particular, the high quality light and sweet Azerbaijani crude could be used to feed refineries in central and southern Europe.

EU member states are also consuming greater amounts of natural gas, a cleaner form of energy than fuel oil. As in the case of Turkey, natural gas is being increasingly used in electricity generation throughout EU member states. The EU currently imports about 130 bcm/y of natural gas from Russia. This amounts to 40 percent of the EU's natural gas imports. According to the European Commission's Green Paper on Energy Security published in 2000, in the foreseeable future Russia will probably account for at least 60 percent of the EU's natural gas imports.[15] The development of a natural gas corridor through Turkey would enable the EU to diversify its natural gas imports by enabling energy from the Caspian region, the Gulf,

14. Vladimir Socor, "Schroeder-Putin Gas Deal Undercuts the New and Old EU Member Countries," *Eurasian Daily Monitor,* Vol. 2, No. 72, 13.04.2005; and Judy Dempsey, "Lithuanian Leader Faults EU over New Gas Pipeline," *International Herald Tribune,* 27.10.2005.

15. Commission of the European Communities, *Green Paper: Towards a European Strategy for the Security of Energy Supply* (Brussels, 29.11.2000); available at <http://europa.eu.int/comm/energy_transport/doc-principal/pubfinal_en.pdf>.

the Middle East, and north Africa to be transported to Europe. Brussels is eager to support the realization of this corridor. This is a priority project for the EU within the framework of its Trans-European Energy Networks program. A pipeline is being constructed to connect Turkey with Greece, and there are plans to extend this route to Italy by means of a pipe to be laid under the Adriatic Sea. Negotiations are also under way concerning the so-called Nabucco Project. This will entail the building of a pipeline to link Turkey and Austria via Bulgaria, Romania and Hungary. However, the pipeline infrastructure within Turkey would need to be further developed to enable large quantities of natural gas to be carried over Turkish territory. And in the meantime, though, natural gas from possibly Syria, Egypt and Iraq would struggle to secure access to the limited Turkish pipeline network.[16]

In December 2004, the International Energy Agency (IEA) warned Brussels that EU member states were becoming dangerously over-dependent on Gazprom, which could exploit this dependency to raise its gas prices.[17] It is extremely unlikely, though, that Moscow would threaten to curtail gas exports to Europe in order to further its foreign policy goals. Nevertheless, an increasingly energy dependent EU would find it more difficult, for example, to condemn Russian policies towards Chechnya. Ominously, perhaps, when visiting Brussels in early October 2005, Putin announced that Russia was aiming to increase its natural gas exports to EU member states by 60 bcm in the next few years.[18]

Conclusion

Clearly, issues related to energy security in the Black Sea-Caspian region are complex and multifaceted. They are related to various issues of military and political security (for example, unresolved ethnic conflicts and the activities of Islamic radicals in the region) as well as issues pertaining to societal security within specific states. Technical, legal and environmental

16. For further details see Gareth M. Winrow, "Turkey and the East-West Gas Transportation Corridor," *Turkish Studies,* Vol. 5, No. 2 (Summer 2004), pp.23-42; and also, John Roberts, *The Turkish Gate: Energy Transit and Security Issues* (Brussels: Centre for European Policy Studies, EU-Turkey Working Paper No.11, October 2004).
17. Kevin Morrison and Javier Blas, "EU 'Over-dependent' on Russian Gas Supplies," *Financial Times,* 02.12.2004.
18. "Putin Announces Expansion of Gas Exports to Europe," *Radio Free Europe/Radio Liberty Newsline,* Vol. 9, No. 187, 04.10.2005.

concerns also need to be considered. The role and influence of Russia as a major energy producer and energy consumer, and the possible repercussions of its control over energy transportation routes must be taken into account. Questions relating to the security of pipeline routes are also of importance.

In the longer term, the development of technologies would enable larger quantities of liquefied natural gas (LNG) to be transported by tanker at a cheaper price. This would enable LNG from states such as Egypt and Qatar to be shipped to European markets. The significance of Turkey as an energy corridor for the transportation of energy to Europe from the Black Sea-Caspian region and other regions would thus gradually diminish. But that is for the more distant future, bearing in mind that particular natural gas pipeline projects are about to be realized. In the meantime, therefore, the Black Sea-Caspian region will remain of importance for EU member states both as a source of natural gas and crude oil, and as territory through which this energy is transported in order to reach European markets.