

NEW SECURITY DINAMICS AND THE RAPID-CHANGING REGIONAL ENERGY ARCHITECTURE OF THE BLACK SEA AREA

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Abstract: *In the last two decades The Black Sea region suffered serious transformations determined by: the fall of European communist regimes, the impact of globalization, United States` growing interest for the region especially after September 11, 2001 and the enlargement of NATO and the European Union. Additionally, the regional stability was threatened by the numerous crises and tensions between Russia and Ukraine, by the crisis which led to a war between Russia and Georgia in August 2008, by the discussions concerning the fate of the Black Sea Russian fleet in Sevastopol, by the impact of the Nagorno-Karabakh conflict on the Turkish-Armenian relations, by the events of Transnistria, by the changing nature of the relations between Russia and Turkey and last but not least by the economic and political consequences of the global financial crisis. All these elements reflect intense dynamics caused by the complex realities of the states located around the Black Sea region but also by the interest of global actors in a region which ties Europe to Asia, North to South and East to West. Oil, gas, commercial and transport routes, geopolitical interests of regional and global actors are crucial in explaining the increased relevance of the Black Sea area.*

Keywords: *geopolitics, the Black Sea Region, security, energy, strategy*

1. INTRODUCTION

The strategic location between the hydrocarbons of Caspian basin and Europe, depending on oil and gas imports, places the Black Sea in an unique position. Given that the opportunities offered by the transfer of oil and gas from the Caspian Sea to the European markets can lead to the development of regional cooperation and economic prosperity, the tough competition for controlling pipelines and transport routes creates security risks both at regional and global levels.

Despite the growing interest in the Black Sea region, the main priorities and real necessities of the area are obliterated by the regional actors` failure to offer a coherent vision of the future. Thus, transforming the Black Sea in a region in between regions is compromised by the diverging economic and security interests of the regional and global actors involved.

2. NEW SECURITY DINAMICS

Defined in geopolitical terms as a border region, a bridge, a buffer zone or a pivot placed in the centre of a Mackinder Heartland, the Black Sea region is one of the key areas in which a tough competition is undergoing between the major global powers, Russia, United States and partly the European Union (Ciută, 2008: 128). Each of them developed their own regional policy: Russia – the Near Abroad policy, United States – the Wider Black Sea region policy, and the European Union – the European Neighbourhood Policy/ ENP.

These divergent and exclusive regional policies employ different instruments, starting from negotiations for EU/ CSI (*the Commonwealth of Independent States*) accession and the construction of pipelines, to supporting fellow governments or impairing hostile ones and finally, extending regional influence in order to build economic and political domination.

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Smaller states from the region have also been trapped in this competitive spiral and have become a piece of the geopolitical puzzle (Aydin, Triantaphyllou, 2010: 23).

From Russia's and Turkey's perspective, the most important regional powers, the Black Sea area is composed of the 6 coastline states – Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine. The European Union suggests that the region is composed of 10 states – the 6 coastline states plus Armenia, Azerbaijan, Greece and Moldova while BSEC (*Organization for Black Sea Economic Cooperation*) considers that the region has 12 member states – the 10 states defined by EU plus Albania, Serbia. The United States, especially during Bush administration, considers a much wider region, which includes parts of Middle East and North Africa (Asmus, 2006: 15-33).

Excepting the restrictive definitions of Russia and Turkey, all the other interpretations have interregional dimensions (such as South-East Europe or Middle East) or/ and subregional dimensions (such as South Caucasus), which reflects the multiple geographic identities of the regional state actors.

The same rule also applies in the case of the involved actors' political identities, given that some of them are either EU and/ or NATO members or they are a part of the CSI.

Even though the Black Sea area displays both regional and non-regional actors, three main actors exercise a critical influence over the security options in the region: 1) Russia; 2) The transatlantic community through NATO and European Union; 3) The regional states with their own security priorities.

Russia is one of the main players in the geopolitical and security game concerning the Black Sea region which Russia believes it represents a crucial component for its national security. The most important strategic objective of Russia with regards to the *Near Abroad Policy* is concerned is maintaining and consolidating its power and blocking or limiting access for other regional powers. In the last two decades, after the fall of the Soviet Union, Russia's vision and politics with respect to the Black Sea experienced at least four phases:

1) *the initial phase* (1991-1994), characterised by proliferating ethnic conflicts, followed by their ceasing and afterwards, by setting a new post-soviet status-quo;

2) *the Chechen phase* (1995-2002), when Russia saw the situation in the Black Sea region through Chechen War lenses;

3) *the recovery phase* (2003-2008), when Russia began to act on many plans and in many directions. As far back as 2003, the Russian President Vladimir Putin referred to the Azov- Black Sea region as one of strategic interest for Russia and insisted on the fact that the area confers Russia direct access to the most important transport routes that require an effective regional security system;

4) *the new phase of active regional strategy* (august 2008-present) began with the Caucasus war and is characterised by the firm attitude of Russia in relations with United States and European Union (Kobrinskaya, 2008: 1).

Considering that United States exercised simultaneously its political and military influence in the Black Sea region by: extending NATO, signing bilateral security agreements and supporting governments and pro-western national political elites that oppose pro-Russian influence and governments, Russia's deep rooted impression that it is surrounded and dammed by the West has come to an alarming level, which became evident during the crisis and war in Georgia in August 2008.

Russia's interests in Black Sea region can be defined as follows: 1) maintaining its position as one of the key players of the geopolitical and economic game while other regional and global actors increase their influence in the area; 2) preventing new actors or projects from getting involved in the energy domain, with the only exception of those which are already under Russian control; 3) preventing any emerging military coalitions against Russia; 4) preventing NATO enlargement in the Black Sea area; 5) combating and suppressing separatism, fundamentalism and terrorism (Celikpala, 2010: 9). The 2008 Russia- Georgia war changed security perceptions in the Black Sea region, because it has clearly showed that the security in the area is extremely volatile due to unsettled or frozen conflicts.

The 2008 Georgian crisis strengthened Russia's role as a regional actor which led to building new military bases in Caucasus while the transatlantic community was rapidly losing the interest in the region (White, 2011).

The second important factor influencing the area is the transatlantic community with its dual approach with respect to the regional problems: United States from the Wider Black Sea perspective and European Union from the European Neighbourhood Policy but also from those of the Black Sea Synergy and the Eastern Partnership/ EaP. As a consequence of the 9/11 attacks in 2001, United States and European Union started reorienting their focus on Central and Eastern Europe, on the Greater Middle East but also on the Wider Black Sea area.

United States has rapidly reconsidered its geo-strategic interests in the area, which supposes among others an important military component that was acquired by increasing the role of NATO.

The action generated the hostile reaction of Kremlin especially because Russia's security doctrine places NATO as the main threat for the national security. The US strategy has three major objectives:

- 1) exporting its political and economic system (promoting democracy and capitalism);
- 2) integrating the region in the global economy by promoting free trade and increasing the number of energy corridors;
- 3) the regional security, by combating terrorism and organised crime by securing the borders.

In order to strengthen its presence in the area, United States developed close bilateral relations with regional actors such as Georgia, Ukraine, Bulgaria and Romania. Moreover, US has supported the efforts of Ukraine and Georgia to enter NATO, but nevertheless through this action, NATO found it impossible to supply effective security in the Black Sea region.

The 2008 war between Georgia and Russia had a negative impact on US' credibility in the region and the local security environment. Starting with Obama's administration, the relations between US and Russia are about to be reconfigured and, from this perspective it is highly unlikely for US to openly contest the Russian interests in the region.

An eloquent example is represented by ceasing the enlargement of NATO in the region which had negative impacts on certain regional actors.

EU can be seen as a regional actor, although the Black Sea region was not one of its priorities during the 1990s. After 2003, when the European Security Strategy became the first official document to declare the EU's growing interest in the Wider Black Sea area, the European Security and Defence Policy/ ESDP assigned a greater importance for EU's involvement in the area.

Based on ENP, the Black Sea Synergy has been developing since its creation in 2007, which represented a new intermediary step towards EU's strategic vision with respect to the Black Sea region. In 2009, as a consequence of the Russian- Georgian conflict, EU launched the *Eastern Partnership/ EaP* in an attempt to lower the volatility in the Black Sea region by its active involvement in the regional economic and security problems.

The third factor which influences the security arrangements in the Black Sea region is represented by regional actors, the most important being Turkey, who had a cautious attitude in maintaining the status-quo given that the security environment became volatile especially after 9/ 11 2001.

Between 2001 and 2008, as US had divergences with Irak and tensions increased between Russia and NATO, Turkey attempted to protect initiatives such as the Black Sea Naval Task Force (BLACKSEAFOR), Operation Black Sea Harmony (OBSh) and BSEC.

The Russian- Georgian conflict in 2008 marked Turkey's strong comeback to an active regional diplomacy, especially in the Caucasus region.

The regional security initiative launched by Turkey under the Caucasus Stability Platform, which would have to include all the regional actors, restarted the debates with respect to the opportunity of setting up a new security architecture governed by Turkey and Russia.

Other regional actors have their own priorities: Romania and Bulgaria, as NATO and EU member states, are more interested in strengthening the bilateral relations with US.

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As a matter of fact, Romania is the main promoter of the US' position in the region but it also aims to become the most important actor inside the EU concerning Black Sea region problems (Celikpala, 2010: 12).

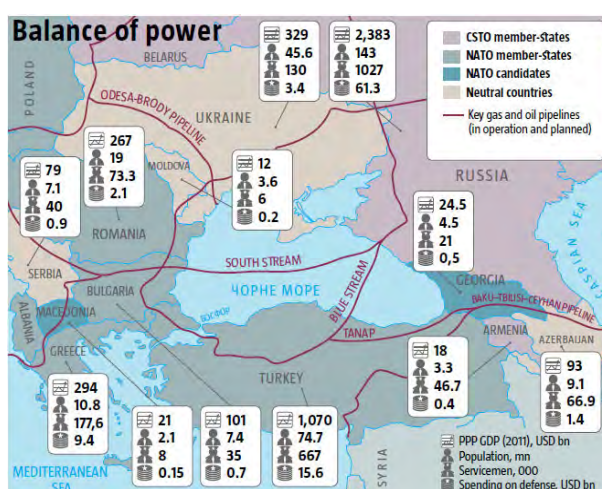
3. THE RAPID-CHANGING REGIONAL ENERGY ARCHITECTURE

The new Russian strategy with respect to the Black Sea region is based on *realpolitik* principles and it is clearly motivated by geo-economic and geopolitical interests. Russia's pipeline strategy proves to have a major influence on the European architecture of energy security.

Since the beginning of 2000s, the Kremlin bet on reinventing Russia as a resurgent power (Aggarwal, Vinod K., Govella, K., 2012), as an exporter of natural resources rather than the classic industrial development. Russia's impressive natural resources serve a dual scope: increasing the energetic and economic interdependence of Russia with its exterior and the ability to project power (Aggarwal, Govella, 2012).

Russia possesses 26,6% of the global natural gas reserves and between 6,2 and 13% (depending on different estimations) of the global oil reserve. Additionally, Russia is the world leader in supplying natural gas through pipelines. Almost 90% of the Russian energy exports are directed towards the European states who find themselves in an uncomfortable state of dependence on Russia (Rykhtik, 2012: 20). Even though the European states seek alternative sources of energy, there is no real alternative to hydrocarbons, at least in the near future. The problem is also complicated by the fact that most of the countries that are rich in energy resources (Iran, Irak, Saudi Arabia, Latin America and the African countries) are politically unstable, therefore there are high chances for turbulences in the global energy market (Chevalier, 2009).

This context creates a series of opportunities for expanding the Russian influence through the pipeline policy. This policy has two main dimensions: the North Stream and the South Stream.



Sursa: Oles Oleksiyenko, "The Black Sea (In) Security", The Ukrainian Week, 22.05.2012

The northern route (the North Stream)-fundamentally a new pathway- is characterized by the lack of transit states which allows Russia to reduce costs and to eliminate any political risk. The end markets of the gas flux passing through this route are countries such as Germany, Great Britain, Netherlands, France and Denmark.

The southern route (the South Stream) poses a much more complicated problem mainly because of the great geopolitical and geoeconomic importance of the Caucasus and Central Asia regions for Russia's national security. In the region of the Caspian Sea, the oil and gas production continue to grow at a steady pace while Azerbaijan is about to become the regional leader attributable to the oil field of Azeri-Chirag-Gyuneshli and the gas fields of Shaz-Deniz. In addition, Kazakhstan (whose main field is Kashagan) and Turkmenistan are on the verge of becoming the main suppliers of natural gas. Russia is extremely keen on maintaining its influence in the Caspian Sea region and the gas pipelines strategy remains one of the main instruments of projecting Russia's power in the area, especially under the circumstances of existing alternative projects of transportation of the region's resources to Europe which elude Russia's territory. The most important streams are Baku-Tbilisi-Ceyhan (BTC), Baku-Tbilisi-Erzurum (BTE) and the recently failed Nabucco project whose purpose was the construction of a gas pipeline from Turkey to Europe to transport the gas from Iran, Kazakhstan and Turkmenistan.

At the same time, Kazakhstan and Turkmenistan are engaged in projects aimed at building natural gas streams for the transportation of gas to China.

It can be assumed that Russia will exercise the full extent of its influence to protect its interests in the Caspian Sea region, advantaged by it still being the only transit country for the oil and natural gas of the area alongside the Caspian Pipeline Project (CPC).

Nonetheless, there is the risk that the oil flux through Baku-Novorossiisk to be interrupted by the time the BTC pipeline reaches its maximum capacity. However, even under this scenario Russia still has a large chance of compensating its losses owing to the Blue Stream and the Burgas-Alexandropoulos pipelines which are still under construction and which elude the Turkish straits.

Another important actor is Turkey whose enhanced influence has been advanced by an extremely high growth rate-its GDP growth rate ranking 16th in the world in 2012.

In order to maximize its economic potential Turkey is doing everything in its power to reduce its energetic dependence both on Russia and the gas transported through Ukraine, Romania and Bulgaria. Furthermore, Turkey is trying to make the countries in the region dependent on it through its attempt to monopolize the flows of gas and oil from the Caspian Sea region.

In addition, it is hoping to take over a large part of the Russian fuel transportation to Europe and the Mediterranean given the fact that the South Stream route is to be operating entirely in the Turkish economic area and the fact that Ankara continues to limit the passage of Russian oil vessels through the Bosfor Strait.

Furthermore, Turkey is trying to dominate water-trade between the countries of the Black Sea and the rest of the world. To this end, in 2011, Turkey made public its intention to build a functional canal by 2023 between the Black Sea and the Marmara Sea with the purpose of relocating the entire cargo traffic through Bosfor.

The completion of this project would represent a substantial improvement in Turkey's position in the area given the fact that, unlike the Bosfor Strait which is subject to international conventions, the new canal would be regulated entirely by Turkish law meaning that the government from Ankara alone would have the power to decide upon the tariffs and regulations applied to foreign vessels.

This neo-ottoman strategy of Turkey is designed to restore its status in the Islamic World or at least the Middle East through the establishment of a relative distance from the USA.

The competition of the alternative projects of pipelines has intensified given the prospects of the gas energy from the Azeri field of Shah Deniz II entering the global market in 2017. The exploitation from Shah Deniz is being operated by the British giant BP, in partnership with Statoil (Norway), SOCAR (Azerbaijan), Total (France), Lukoil (Russia), NIOC (Iran) and TPAO (Turkey).

The possibility of this gas and potentially that coming from Turkmenistan and Kazakhstan to spell the end for the Russian monopoly has brought forward the antagonism between the alternative natural-gas-transportation projects.

Given this context, the launch of the TANAP projects and the South Stream have the power to change the regional energy game. By the end of 2011 Turkey has concluded two agreements with possibly large consequences over the Black Sea region's energetic architecture.

The first accord deals with the construction of TANAP (*the Trans-Anatolia Gas Pipeline*) which will transport the natural gas from Shah Deniz II (Azerbaijan) to Europe while the second, signed in Moscow, stipulates the cooperation between Russia and Turkey for the South Stream project.

The construction of TANAP will take 5 years and will cost 8 billion dollars. Turkey will be able to utilize 6 BCM of natural gas out of the 16 BCM which will be transiting this pipeline.

Under the initial terms of the contract Azerbaijan (through its company SOCAR) will own 80% of the pipeline while Turkey will get 20% (the state-owned companies BOTAS and TPAO will each own 10%).

Once the TANAP project has been finalized, there will be an expansion of the natural gas transport infrastructure from Shah Deniz II to Europe along with, if the circumstances will favour it, the gas from Turkmenistan, Kazakhstan and possibly Iran. The accord signed in Moscow in December 2011 has granted Russia an advantage in the energy game of the region.

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The South Stream project inaugurated in Anapa on the Russian coast of the Black Sea on December 7 2012 will have a capacity of 63 BCM and will allow Russia to sell natural gas to Europe directly through the Black Sea, eluding Ukrainian territory.

The shareholders of the South Stream project include the Russian giant Gazprom which will own 50%, the Italian giant ENI with 20% and the German company Wintershall Holding together with the French company EDF each with 15%.

By signing this contract, Turkey has permitted the transit of the South Stream pipeline through its *Exclusive Economic Zone / EEZ* in the Black Sea. In exchange it will receive discounts on the gas prices coming from Russia (Celikpala, 2013: 2).

The TANAP and the South Stream projects have had a strong influence on the Nabucco project as well transforming it into a smaller-scale project as compared to the initial plans. Nabucco is supposed to transport the natural gas from Turkey's border to the countries from the East of Europe through Bulgaria, Romania and Hungary reaching the Central European Gas Terminal of Baumgarten, Austria. Nabucco was supposed to transverse the Turkey territory also amounting to a length of 3.900 kilometres, an estimated cost of 7.9 billion euros and a capacity of 31 BCM of natural gas every year.

After its revision, the project was renamed Nabucco West, its length has been scaled down to 1.315 kilometres passing through Bulgaria, Romania and Hungary. The partners of Nabucco West are OMV (Austria) Transgaz (Romania), BEH (Bulgaria), MOL (Hungary), BOTAS (Turkey) and GDF Suez (France).

Put in a nutshell, as opposed to the initial conditions when it was considered a central part of the Southern corridor designed to transport natural gas from the Caspian Sea region and Central Asia to Europe, Nabucco has been scaled down and replaced by TANAP together with TAP (*the Trans Adriatic Pipeline*). The TAP project is designed to transport the Azeri natural gas from Turkey, through Greece, Albania and Italy, crossing the Adriatic Sea and reaching its final destination, Italy.

The shareholders of this project are Axpo (Switzerland), Statoil (Norway) and E.ON (Germany). The final decision of the consortium which owns the giant natural gas deposit from Shah Deniz has been taken at the end of June 2013. As a consequence, TAP project has been selected as an export route to Europe of the Azeri natural gas. The decision has been made shortly after SOCAR, the Azeri state-owned energy company has benefitted from Gazprom's withdrawal from the competition to buy DESFA, the Greek natural gas transport operator, Greece being one of the key states of the TAP project.

The competition between Nabucco and South Stream has also affected the equilibrium of the national energetic policies of the EU member state given the fact that the South Stream has the great powers of the EU partnered up-Germany, France, Italy- while Nabucco is being supported by smaller states such as Ukraine, Bulgaria, Romania and Austria. In the absence of a common energetic policy of the EU, the competition between the two groups of countries puts Russia in a better position.

The energetic balance of the region is also influenced by the complicated relation between Russia and Ukraine, 80% of all Russian gas exports being transits shipped through Ukraine and generating 75% of the large energy companies' profits. In order to scale down their dependence on Russian gas imports, Ukraine together with Georgia and Azerbaijan are focusing their efforts on the construction of a facility able to process the liquefied natural gas coming from Azerbaijan. There have been several attempts to building such a facility that would have been located in the vicinity of the oil terminal of Kulevi-on the Georgian costal region at the Black Sea- and that would directly transport the Azeri gas to Ukraine. There is still one more project aimed at transforming the Black Sea into a transit area, the Azerbaijan-Georgian-Romanian Interconnector. AGRI is expected to transport 8 BCM of gas from Azerbaijan to Georgia and from there, in the form of liquefied gas, through the Black Sea to Ukraine and some other East-European states.

The competition between the alternative projects is enforced by efforts to diversify the sources of energy by exploring and exploiting internal gas and oil resources of the countries from the Black Sea region.

In this direction, the Turkish company TPAO (*the Turkish Petroleum Corporation*) has recently concluded an accord with Royal Dutch shell to explore an area of 1500 square kilometres, a project which might bring gains of hundreds of millions of dollars.

Ukraine has recently announced it will reignite the exploration project of the 13000-sq km-wide region near the Kerch Strait (which apparently has a potential of 10.8 BCM) and the Shifska field in the Black Sea (which indicates a gas potential of 250 BCM) with the latter being operated by a consortium of businesses led by Exxon.

Additionally, Exxon Mobil is leading the exploration procedures of the Romanian territorial waters, a region with an estimated gas potential of 85 BCM.

However, it appears that the grand prize lies with the shale gas. EIA (*the U.S. Department of Energy's Energy Information Administration*) estimates that Ukraine holds reserves of shale gas amounting 42 TCM, fact which led to the conclusion of a 10 billion dollars contract between Ukraine and Shell. EIA estimates that Romania, Bulgaria and Hungary have shale gas reserves amounting up to 450 BCM, number which represents the annual consumption level of the entire European Union.

Likewise, Turkey, Armenia and Georgia are expected to commence their own exploration procedures in search for shale gas.

As a consequence of the dynamics shaped by the exploration and exploitation of natural reserves in the Black Sea region together with the opportunities provided by the shale gas and the flexibility of LNC, the prevailing pipeline predicament, supported and dominated by Russia is likely to become part of a more complex energy architecture in the years to come.

4. CONCLUSIONS & ACKNOWLEDGMENT

The energy architecture of the extended Black Sea region is in perpetual change. The European Union will continue its efforts to diminish the dependence on the Russian imports. However, despite existing alternatives, entirely replacing the Russian gas will be difficult and probably unfeasible. Russia does own the largest gas reserves in the world on top of a very developed pipeline infrastructure which connects the Russian resources with Europe and the huge financial interests of the largest EU companies in the relation with the Russian companies. The greatest challenge for the EU will continue to be the achievement of a common energetic policy. As an important transit region for the energetic resources from the Caspian Sea basin and Russia, the region of the Black Sea has become a testing zone of the relationships between the producers (Russia, Azerbaijan, Turkmenistan and Kazakhstan), the transit states (Russia, Georgia, Turkey and Ukraine) and, last but not least, the consumers (the EU and other countries such as Turkey).

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