

The Status of Caspian Sea Energy Resources in the Strategies of European Union on Central Asia and Caucasus

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Abstract

Security of energy is the major concern of the world, especially the large industrial countries. Countries of Central Asia and the Caucasus are the most important countries in the field of energy resources and energy transfer. Of the eight countries of Central Asia and the Caucasus, Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan has in total 3.2 percent crude oil reserves and about 14 percent of the world's natural gas reserves. However, there are vast unexplored regions of these countries and the possibility of further increases in hydrocarbon reserves. According to the International Energy Agency predictions, the four country crude oil production will grow significantly in the next two decades. This increase may be resulted from the development of the existing fields and the exploitation of new oil fields in Kazakhstan and Azerbaijan.

European Union as one of the great powers in global system needs to have security and economic stability, competitiveness in the global economy, and maintaining its status as an economic power. For this

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purpose, natural resources of energy in Central Asia and Caucasus are as supplier and transit route for access to a huge market. Therefore, this can link the Europe to Asia and China.

In fact, the EU is seeking to get its energy security and reduce internal and external factors. Internal factors are the increase in energy prices, decrease in production in the North Sea, increase in concerns about the ability of Europe future energy requirements. The external factors are tension increase in the relationship with global demand by emerging powers such as China and India, uncertainty in the energy-producing regions such as the Middle East, and Russian willingness to utilize energy for political purposes. Due to dependence of Europe on Russian energy, energy security of the region is faced with serious challenges. The problem of energy security in the region will intensify the growing demand of energy in Europe in the future. Thus, the European Union is vulnerable because of the reliance on Russia as the dominant provider of gas. Thus, the Central Asia and the Caucasus is considered as a potential area of oil and gas supply and transit route for Caspian energy to Europe.

Russia is one of the world major oil and gas producers and exporters. Economic growth due to high oil and gas production rate and increase in the prices of these products has been steady. In 2011, Russia was the second producer of oil (after Saudi Arabia) and the second-largest producer of natural gas. Given that about half of the natural gas and 30% of the oil imported into Europe comes from Russia and the growing dependence of EU on Russian energy with long-term agreements between Europe and Russia, some researchers predict that Russia would use this tool to influence the foreign policy and economic policy of EU.

Therefore, there are various factors that make the EU to pay attention to Central Asia and the Caucasus. This area has an importance in EU grant strategy. The rich energy resources of Central

Asia and the Caucasus could be helpful for the European states, on the one hand, and also reduce its dependence on Russian oil and gas, on the other hand.

The European Union, due to low oil and gas reserves in one hand and high consumption on the other is depending on the imports of gas and oil. A major part of European energy needs are importing from Russia. Thus, this (Russian domination over supply sources and routes) caused Europe discontent and its efforts to diversify energy supplies. The Caucasus and Central Asia is one of the areas located in proper geographic position for Europe. This region is rich of oil and gas resources and also considered as a key route to transfer Caspian resources to European markets. Due to an increase in global concern about energy security during recent years, the European Union paid more attention to this region. This increasing attention to the region has also increased the Russia's concern and confusion, because energy plays an important role in Russia's economic development and it also needs to the income in selling it to Europe.

Therefore, the goal of this present research is to find the reasons that make the region more important for Europe for the resources and alternative energy routes. Hence, the main question is that which factors can improve the position of Central Asia and the Caucasus in the European Union policies? In response to the question we review this hypothesis that the EU strategy to reduce its dependence on Russian oil and gas has improved the region's stance (Central Asia and the Caucasus) in the EU policies.

The paper consists of two parts, in the first part; we review the reasons that increased the importance of Central Asia and the Caucasus in the strategy for European Union in terms of two factors: the rich energy resources of the region and the efforts to reduce dependence on Russia. In the second part, EU multilateral policy in the Energy Charter and gas and oil transportation will be reviewed.

For this purpose, the diversification of the supply has become a key element of EU strategies. Thus, we survey this multilateral policy and review Energy Charter Treaty, Nabucco Pipeline Project, Baku-Tbilisi-Ceyhan Pipeline, Baku-Tbilisi-Erzurum Gas Pipeline, Trans Adriatic, Trans Anatolian Gas Pipeline (TANAP), Trans Caspian Gas Pipeline, and AIOCS.

Keywords: Caspian Sea, Central Asia and Caucasus, energy security, EU, Russia.