

ENERGY SECURITY OF EUROPE AND SOUTHERN GAS CORRIDOR PROJECT

Key words: Energy Security, European Union, Russia, the USA, Turkey, Azerbaijan, Southern Gas Corridor project

1. Introduction

It has been decades that utilization and import of natural gas of the 28 member-states of European Union (EU) have been growing.¹ Europe's natural gas production has declined and in its turn its dependence on imported natural gas has increased. This process made Europe more dependent on its main provider, Russia, which used its natural resources for political purposes. Unlike oil, which is a worldwide property, natural gas is a territorial commodity with more impact from national buyers and vendors. In recent years, some European authorities have become worried about the cut-offs or constraints of Russian natural gas to Europe. In the past, weak and sometimes adverse relations between Moscow, Kyiv and Minsk led to discontinuances in the flow of natural gas to some areas of Europe, as resulted in 2006, 2009 and 2014. Even some countries of Eastern Europe have been deeply affected by this process as they are solely dependent on Russian gas.

In reaction to previous cut-offs or limitations and the potential for perspective energy supply disruptions, with the assistance of the U.S, European authorities started to improve their energy security by seeking for supply diversification alternatives. Though contrary to the U.S. energy security view through diversification approach, one such reaction was the choice to promote alternative transit routes for Russian gas by some EU states. This involves Germany's choice to promote building of the Nord Stream pipeline, which connects Russia directly with Germany, Russia's biggest importer. Moreover, Russia was also committed to the construction of the South Stream pipeline across the Black Sea, linking Hungary, Russia and Bulgaria. All these projects bypass transit countries such as Ukraine and Belarus. More importantly, they also bypass countries such as Lithuania and Poland which are considered more critical of Russian policies. As generally portrayed, it should be emphasized that the projects which are supported by Russia are considered rivals to the other European-backed projects.

1. On July 1, 2013, Croatia became the 28th member of the European Union. Retrieved from: <https://www.bbc.com/news/world-europe-23118035>

The opening of the second pipeline-Nord Stream pipeline started activities in October, 2012 increasing its ability to 2 trillion cubic feet (tcf) annually-and the proposal of South Stream highlights the difficulties facing Europe in diversifying its natural gas supplies: Russia has shown a desire to go a long way to preserve its grip on the European natural gas market share. There were contradictory opinions about Nord Stream pipeline among EU states. While some European countries, included Germany, maintain that projects such as Nord Stream improve European safety by offering alternative paths for Russian supplies, other EU states such as Poland and Lithuania were against this project and have challenged the reliability of Russia as an energy provider. Critics think that projects such as North Stream could provide Russia with extra economic and political leverage in its dealings with countries that have been bypassed by the pipeline.

Southern Gas Corridor project can be considered second EU reaction to concerns over Europe's dependence on Russian natural gas supplies which will transport natural gas from the Central Asia and Caspian region.

As suggested Nabucco, focal point of this strategy, is not recognized commercially feasible project anymore, it has been substituted with smaller-scale Trans-Anatolian natural gas pipeline (TANAP) connecting to the Trans Adriatic Pipeline (TAP) which runs through Greece and Albania from the Turkish frontier and finishes in Italy. The competitor of TAP, Nabucco West, would have transferred natural gas from the west frontier of Turkey to Austria. The consortium regulating Azerbaijan's natural gas selected the TAP project to link to TANAP on June 28, 2013.² The consortium did not eliminate Nabucco West or a comparable project at a subsequent date when more natural gas is expanded.

A third element of the energy security policies of Europe includes the fragmented internal energy market of Europe itself. In this sense, at the beginning of February 2011, European heads of states set several priorities:

- liberalization and integration of Europe's energy market till 2014
- secure all EU member States are linked to a Europe-wide energy supply network by 2015
- to increase energy efficiency across Europe
- improve coordination of external energy policies.

European authorities consider that the liberalization of market and electricity grid and pipeline interconnection will enable EU countries trade as well as share energy more flexibly than now. They also estimate that this will allow them to mitigate effect of supply interruptions as well as over-dependence on a single provider. It has been predicted that in order to achieve the EU's objectives they need more than \$1.4 trillion of infrastructure. Despite the fact that Europe is reliant on Russian natural gas, analysts claim that still Europe is geographically well-placed in order to take advantage of latest modifications in the growth of worldwide natural gas. The globe seems to be possibly awash in natural gas since the emergence

2. BP, "Shah Deniz targets Italian and Southeastern European gas markets through Trans Adriatic Pipeline," press release, June 28, 2013, <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/shah-deniz-targets-italian-and-southeastern-european-gas-markets.html>

of shale gas in the United States. A report commissioned by the US Energy Information Administration (EIA) in 2011 has demonstrated that shale gas resources which are technically retrievable can outweigh existing global reserves of natural gas.³

There are several improvements and potential alternatives to Russian natural gas:

- Overall, North Africa could be a reliable alternative to Russian natural gas supplies. The regime change in Libya, in specific, and in Egypt as a consequence of the global turmoil wave recognized as the "Arab Spring," represents a prospective chance to boost the output and exports of natural gas from these countries. Despite of the fact that Libya and Egypt have huge gas reserves, the export of them have been hampered by internal policies.⁴ In addition of significant conventional resources, Algeria, North Africa's biggest exporter of natural gas and the third biggest supplier to Europe behind Russia and Norway, may also retain big quantities of undeveloped shale gas.
- While the Caspian region may have the biggest potential for new supplies of natural gas for Europe, supplies in Central Asia presently need to travel through Russia to enter the European market.
- LNG is considered additional alternative to Russian gas. LNG accounted for nearly 20% of the EU's natural gas exports and 19% of its production in 2011.⁵

2. The position of the United States

US energy policy in Europe has mainly focused on setting up a southern corridor route for supplies of Caspian, Central Asian, and Middle Eastern natural gas to be delivered to Europe by pipeline. George W. Bush and Obama administration have same approaches to this issue, but different reaction to Russia's energy policy in the region. Both of them encouraged European countries for diversification of supply sources. However, if the administration of George W. Bush strongly criticized Russia for using supplies as a tool of getting political impact over EU countries, the Obama administration did not openly concern about Russia's energy policy towards European countries in order to prevent risking relations with Moscow. Together with the selection of TAP, the advancement of the TANAP project has significantly enhanced Caspian natural gas's likelihood of flowing to Europe in important quantities.

U.S representative have stated that they "support any pipeline through Southern Corridor which offers gas to Europe's most fragile parts and that contains tangible, written guarantees that the pipeline will expand as

3. U.S. Energy Information Administration, World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States, Washington, DC, April 5, 2011, p. 4, Retrieved from: <http://www.eia.gov/analysis/studies/worldshalegas>

⁴ "Egypt Pushes Ahead with LNG Imports as Domestic Output Falls Short," International Oil Daily, December 31, 2012.

⁵ Ratner M., et al, "U.S. Natural Gas Exports: New Opportunities, Uncertain Outcomes" CRS Report R42074

more gas becomes accessible.”⁶ Aforementioned three projects are all regarded as scalable as supply and demand modifications. Although, Obama administration supported Southern Gas Corridor project, officials dismiss the opinion that Russia and the US are competing for impact over power supplies in Caspian and Central Asia, highlighting, among other factors, that the US -Russia Bilateral Commission set up an Energy Working Group.⁷

While U.S and EU authorities welcomed TAP-which will cross Greece and Albania before it finishes in Italy-as an option to Russian natural gas, some analysts still remain concerned. For instance, analysts notice that Russian firms are very interested in the natural gas sector in Greece. Most importantly, as Russia and Italy have traditionally strong connection on energy matters, especially during the administration of former Prime Minister Silvio Berlusconi, it is not easy to exclude Russia from the political agenda on these issues.⁸ Regardless of the result of negotiations with Russia, the TAP project, stated by Prime Minister Samaras, will bring direct investment of around \$1.9 billion and at least 2,000 employment opportunities to Greece in the next few years, as well as this project continues to be keystone of Greek financial growth.⁹

3. Natural Gas Consumption of EU and its Expanding Energy Policy

Collaboratively, Eurozone countries are the biggest purchaser of energy in the world. These countries purchased about 55% of their power supply: about 84% of their petroleum and 64% of their natural gas in 2011.¹⁰ Especially, in order to achieve ambitious objectives to decrease carbon dioxide and greenhouse gas emissions increasingly, EU member states depend on natural gas. Natural gas contains 24% of main energy usage in the EU in 2011, a figure is expected to expand to nearly by 30% by 2030.¹¹

⁶ Remarks by Ambassador Richard Morningstar, Special Envoy for Eurasia Energy at the Economist’s Investment Energy Summit, Athens, Greece, March 28, 2012. <http://www.state.gov/s/cee/rmk/187662.htm>.

⁷ U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and Eurasia, Hearing on European and Eurasian Energy: Developing Capabilities for Security and Prosperity, Testimony of Ambassador Richard L. Morningstar, Special Envoy for Eurasian Energy, June 2, 2011. Retrieved from: <https://www.govinfo.gov/content/pkg/CHRG-112hhrg66781/html/CHRG-112hhrg66781.htm>

⁸ Helena Smith, “Greek Gas Supplier Selloff Fails to Draw Gazprom Bid,” The Guardian, June 10, 2013, online edition. Retrieved from: <https://www.theguardian.com/business/2013/jun/10/eurozone-crisis-japan-nikkei-francois-hollande>

⁹ “PM Hails Choice of TAP As ‘Putting Greece on Pipeline Map,’” ekathimerini.com, June 28, 2013, online edition. Retrieved from: <http://www.ekathimerini.com/133706/article/ekathimerini/business/pm-hails-choice-of-tap-as-putting-greece-on-pipeline-map-update>

¹⁰ European Commission, Market Observatory for Energy, Key Figures, June 2011. http://ec.europa.eu/energy/observatory/eu_27_info/doc/key_figures.pdf.

¹¹ Eurogas, Long Term Outlook for Gas Demand and Supply 2007-2030, June 5, 2010, p. 5, http://www.eurogas.org/uploaded/Eurogas%20LT%20Outlook%202007-2030_Final_251110.pdf.

Oil accounted for about 37%, coal nearly 18%, and nuclear 12% of the EU’s main power supply. The European Commission predicts that by 2030 the EU will import more than 80% of its gas requirements. Some analysts estimate that potential bans on the growth of shale gas by some European countries, could lead to a faster increase in Europe’s reliance on gas imports. Russia has been a main provider of natural gas to Europe for a long time and is anticipated to continue to be. Norway is the lead provider of European gas imports with 35%, while in 2012 Russia accounted for 34% of it. ¹² Algeria is the EU’s third largest provider. In order to transport Russian natural gas long destinations of Europe, European and Russian companies have advanced a comprehensive network of infrastructure. Analysts suppose that for centuries to come, natural gas will play an important role in relations between Europe and Russia. Various European countries utilize gas to varying degrees and import concentrations as well as sources differ by country. (See Table 1) ¹³ For instance, if Germany, the second biggest consumer of natural gas and the biggest market of Russia is dependent on Russia gas for nearly 35% of its exports in 2012 and its dependence growing day by day, other some big users of natural gas, like Spain, do not purchase any natural gas from Russia. Faced with increasing concern about Europe’s dependence on Russian energy and increasing public pressure to tackle global climate change, EU member countries have started to enhance collaboration towards an “European Energy Policy”. ¹⁴

Table 1. EU Natural Gas Data, 2012

Units equal billion cubic feet per year (bcf)

	Natural Gas Consumption	Natural Gas Production	Natural Gas Imports^a
Austria	318	64	268
Belgium	597	0	1,084

¹² BP Statistical Review of World Energy 2013

¹³ BP Statistical Review of World Energy 2013 and Eurogas

¹⁴ Pinchuk, D., “Gazprom Drops Austria from S. Stream Gas Route—Source,” Reuters, December 14, 2011. Retrieved from: <https://www.reuters.com/article/south-stream/gazprom-drops-austria-from-s-stream-gas-route-source-idUSL6E7NE3XY20111214>

Bulgaria	95	14	95
Croatia	100	57	48
Cyprus	0	0	0
Czech Republic	290	5	353
Denmark	138	226	0
Estonia	20	0	22
Finland	109	0	109
France	1,501	22	1600
Germany	2.656	318	3,065
Greece	148	0	102
Hungary	343	109	208
Ireland	159	7	187
Italy	2,426	275	2,359
Latvia	51	0	55
Lithuania	117	0	192
Luxembourg	39	0	34
Malta	0	0	0
Netherlands	1,285	2,257	512
Poland	586	148	385
Portugal	166	0	73
Romania	477	385	115
Slovakia	212	4	145
Slovenia	31	0	26

Spain	1,109	6	1,225
Sweden	39	0	39
United Kingdom	2,765	1,448	1,734
Total	15,776	5,402	14,038

Sources: BP Statistical Review of World Energy 2013 and Europe

Notes: Imports plus internal production does not equal consumption because some countries export imported natural gas or their own production within the region. Imports include natural gas received from other EU countries.

a. Some EU countries import more natural gas than they require in order to re-export the natural gas to other countries.

4. Russia's Role

The Russian natural gas sector is one of the most significant players in worldwide energy market. Russia possessed the world's biggest natural gas reserves, approximately 18% of the world's total and was considered world's dominant natural gas exporter, and ranked second behind the United States in production and usage in 2012. Russia is presently Europe's dominant natural gas provider.¹⁵ However, this dependence does not continue just in one direction. Europe is also Russia's most significant natural gas export market which can be taken into consideration by Moscow while building political ties with Europe. Significant amount of natural gas is exported to Europe and Eurasia by Gazprom. That's why the incomes produced by this trade are essential. Currently Gazprom regulates all Russian natural gas exports. In 2012, it is stated by Putin that half of the total Russian government revenue came from natural gas and oil taxes. Some analysts said that the figure was even higher. Within the tenure of Putin/Medvedev, Russia's financial resurgence has been strongly depended on the enormous wealth produced by exports of energy to Europe. Besides economic advantage, Russian natural gas exports to Europe and Eurasia may have significant psychological advantage for the Russian elite. After the fall of the Soviet Union over 20 years ago, they can be seen as showing the revival of Russian strength.

¹⁵ Gas Data from Eurogas, BP Statistical Review of World Energy 2013, US Energy Information Administration; boundary data from ESR, 2005

Russia's "National Security Strategy for 2020", published in May 2009, indicate that "Russia's resource potential" was one of the variables that "extended the Russian Federation's ability to enhance its global impact."¹⁶ In its turn Russia also hopes to decrease its dependence on Europe in the long term by diversifying its client base. Russia intends to boost exports of gas to some Asian countries like Japan, China, and South Korea by 2030. Despite all of these facts analysts predict that for many years to come Russia will keep being Europe's main energy provider, including natural gas supplies. Europe will stay Russia's essential energy export market.¹⁷

5. Southern Gas Corridor Project

The Southern Gas Corridor is a project of the European Commission to facilitate the diversification of paths and gas resources into Europe in the hope of decreasing the reliance of the EU on Russia. Even though the Southern Gas Corridor-alongside the EU flagship Nabucco project, which forms part of the Corridor-was initially created as ways of promoting the objectives of the West (formally EU but in reality, also the US) execution of the project has become feasible almost solely thanks to strategies made by Azerbaijan and Turkey. Ultimately, a proposal that the EU hoped would secure its political interests indirectly gave Azerbaijan and Turkey significant impact over the EU, since it was these two nations that efficiently began to identify the form of the Southern Corridor. It turned into especially evident when the Trans-Anatolian gas pipeline (TANAP) contract was signed on 26 June 2012. If the EU wants to guarantee that the execution of the Southern Gas Corridor project maintains at least some of its initial design, Brussels has very little option but to take into consideration the interests of Azerbaijan and Turkey at the cost of its own initial plans.

The Southern Gas Corridor is to turn into the fourth main gas supply route to the EU, following the paths from Russia, Algeria and Norway-which would be particularly significant route to Southern and Central Europe. The Southern Corridor is also seen as a manner to obtain access to extra supplies of gas, which is especially crucial given Norway's predicted fall in gas manufacturing and the EU's reluctance to improve its dependence on Russian gas. The Corridor was a significant part of EU policy towards Turkey and prospective providers. Turkey was to become an "energy bridge" under the initial plans, which would forge a long-term connection between Ankara and the EU. At the beginning, the EU had hoped to obtain an agreement on unrestricted gas transportation throughout Turkey (under the co-called Corridor Agreement), which would decrease the position of Turkey to that of a "transmission on belt", however, this concept was later dismissed by Ankara. Furthermore, the infrastructure constructed as part of the Southern Gas Corridor or directly to the project was intended to allow gas to be imported from the Caspian Sea region

¹⁶ <http://www.scrf.gov.ru/>

¹⁷ Energy Strategy of Russia for the Period up to 2030, at [http://www.energystrategy.ru/projects/docs/ES-2030_\(Eng\).pdf](http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf)

(Azerbaijan, Turkmenistan, subsequently also from Kazakhstan and Iran) as well as Middle East. The objective of enhancing energy links with these nations was to strengthen the EU's position in the region and to become one of the EU's foreign policy tools. Consequently, because of Washington's interests in the region, the Southern Gas Corridor is geopolitically essential not only for the EU, but also for the US. It was also the main reason why the US actively supported EU implementation efforts.

Since the initiation of the project, the path and scope of the Corridor has been considered as challenge to the interests of the Russian gas monopoly Gazprom on the EU energy market as well as the political interests of Russia in the Caspian Sea region. Therefore, Moscow has attempted to block the project's execution by questioning its financial and technical feasibility. One way to accomplish this goal was by supporting the development of an alternative pipeline - Blue Stream 2; it is presently supporting the South Stream project, which seeks to supply gas to the same markets as the Southern Gas Corridor. Russia admitted to pay more for Central Asian gas to reduce these gas producers' interest in finding alternative path to Europe in 2009. It also offered to buy all the gas generated by the field of Shah Deniz, which is the only safe source of gas for the Southern Corridor for the time being. However, up to date Moscow's attempts have not yielded the required outcomes. The Southern Gas Corridor project will stay the European Union's main energy and geopolitical initiative, and Azerbaijan remains interested in exporting its gas to the EU.¹⁸

The project of the Southern Gas Corridor (SGC) is a gigantic gas pipeline project aimed at transporting Caspian natural gas to Europe. The project consists of four parts:

1. Shah Deniz 2 Natural Gas Field
2. South Caucasus Pipeline (SCP)
3. Trans Anatolian Natural Gas Pipeline (TANAP)
4. Trans Adriatic Pipeline (TAP)

The natural gas reserve of Shah Deniz is one of the biggest natural gas reserves in the world and Azerbaijan. It is situated in the offshore part of the Caspian Sea, 70 km from Baku. It contains nearly 1.4 trillion cubic meters of natural gas. The first phase of the Shah Deniz field, Shah Deniz I, has been in operation since 2006 and generates 9 billion cubic meters of natural gas annually.¹⁹ The second phase of the Shah Deniz field, Shah Deniz 2, is a significant source base and the upstream portion of the Southern Gas

¹⁸ Jarosiewicz, A., "Southern Gas Corridor managed by Azerbaijan and Turkey" 2012, Centre for eastern studies, issue 86

¹⁹ BP website, http://www.bp.com/en_az/caspian/operationsprojects/Shahdeniz/SDstage1.html

Corridor. The Southern Gas Corridor official inauguration ceremony was held at the Sangachal Terminal on 29 May, 2018.²⁰

The Southern Caucasus Pipeline, TANAP and TAP are three circles of the Southern Gas Corridor's midstream portion.

The Southern Caucasus Pipeline's width is 691 km, with Azerbaijan at 443 and Georgia at 248 km. It begins at the Sangachal terminal in Azerbaijan and finishes at the frontier between Georgia and Turkey. TANAP begins at the frontier between Georgia and Turkey and stops at the frontier between Turkey and Greece, passing through twenty towns on its way through Turkey. TAP is the final phase of the Southern Gas Corridor project: beginning at the frontier between Turkey and Greece, going through Greece and Albania, under the Adriatic Sea and stopping in Southern Italy.

6. Azerbaijan: The EU's strongest focus on new supplies of natural gas

US administrations have challenged that Azerbaijan's exports could increase energy security for European clients presently relying more on Russia. Referring to Richard Morningstar, former U.S. Special Envoy for Eurasian Energy and U.S. Ambassador to Azerbaijan Richard Morningstar, Azerbaijani natural gas "is definitely vital to the growth of the Southern Corridor." As mentioned before, Azerbaijan will supply all natural gas for TANAP and the forward project to Europe. It is expected that the price of the natural gas will be principally connected to oil prices. It is also essential to emphasize that Azerbaijan will provide further 215 bcf of natural gas to Turkey to assist satisfying its increasing demand for natural gas. The natural gas will come from step 2 growth of the Shah Deniz field of Azerbaijan, which is located in the Caspian Sea. The consortium owning the field of Shah Deniz is managed by BP as the operator, but it also involves LUKOIL (Russia), Statoil (Norway), Total (France), SOCAR (Azerbaijan), NICO (Iran) and TPAO (Turkey).²¹

A Joint Declaration on the Southern Gas Corridor was signed between the European Union and Azerbaijan in Baku back in 2011. As a result, Azerbaijan has found itself in a considerably stronger situation in its relations with the EU. If in the beginning Azerbaijan was seen a building site and a weaker partner in relations with the EU, currently it is becoming main player who will define the shape and the future of the Southern Corridor. It also means that EU will no longer use pipelines as a negotiating instrument in its strategies towards Azerbaijan, but it will instead offer Azerbaijan more powers in their dealings with the EU.

²⁰ BP, "Shah Deniz Major Sales Agreements with European Gas Purchasers Concluded", [http://www.bp.com/en/global/corporate/press/press-releases/shah-deniz-major-sales-agreements-with-european-gas-purchasers - c.html](http://www.bp.com/en/global/corporate/press/press-releases/shah-deniz-major-sales-agreements-with-european-gas-purchasers-c.html)

²¹ Katzman, K., "Iran Sanctions" CRS Report RS20871

That's why EU pays special attention to its relations with Azerbaijan. On 9 July, 2019 President of the European Council Donald Tusk's visit to Azerbaijan is one of the key indicators of this relation. After the meeting with the President of the European Council Donald Tusk, the President of the Republic of Azerbaijan Mr. Ilham Aliyev said: "The project of Southern Gas Corridor is being successfully implemented. East-West and North-South corridors are crossing our country." In his turn Donald Tusk said: "The EU and Azerbaijan come closer to each other every year. Our relations have intensified and the Southern Gas Corridor that – quite literally - connects us. This positive momentum should bring our partnership to a higher level, directly benefit all our people, and accompany Azerbaijan's own reform processes and economic diversification."²²

Moreover, in the official opening ceremony of Southern Gas Corridor on 29 May, 2018, President of the Republic of Azerbaijan Mr. Ilham Aliyev said: "The European Union has played a very important role in the implementation of this project. A Joint Declaration on the Southern Gas Corridor was signed between the European Union and Azerbaijan in Baku back in 2011. Over these years, we have always felt the support of the European Union. Over the past four years, meetings of the Advisory Council of the Southern Gas Corridor have been annually held in Baku at the initiative of Azerbaijan and the European Union. Since 2015, the European Union has been represented at these events at the highest level. The energy sector naturally has a huge role in the format of cooperation between the European Union and Azerbaijan."²³ All these factors are the key indicator of intense relations between EU and Azerbaijan and Southern Gas Corridor project plays an important role in this intensification.

7. TANAP-Cooperation of Azerbaijan and Turkey

A sequence of policies applied by the European Commission, by energy companies, and most importantly by Baku and Ankara, have yielded in the implementation of a modern strategy to the Southern Gas Corridor. This turned into reality after Azerbaijan and Turkey effectively tackled all deadlocks and reached contracts on transportation and distribution of Azerbaijani gas to Turkey (October 2011). Subsequently, this latest phase of collaboration was marked on 26 June 2012 when the countries signed a Trans-Anatolian gas pipeline (TANAP) construction contract.²⁴

The Trans Anatolian Natural Gas Pipeline (TANAP), the Southern Gas Corridor main section, is prepared to deliver Azerbaijani gas straight to Europe from 1 July 2019. The 1850-km pipeline starts in Ardahan's Posof district in Turkey, passes through 20 provinces, 67 districts as well as 600 towns and arrives Europe at the Greek frontier in Edirne's Ipsala district, is prepared to bring the initial natural gas to Europe via the Trans Adriatic Pipeline (TAP) at the boundary of Turkey and Greece. Currently TANAP is

²² <https://en.president.az/articles/33774>

²³ <https://en.president.az/articles/28797>

²⁴ Jarosiewicz, A., "Southern Gas Corridor managed by Azerbaijan and Turkey" 2012, Centre for eastern studies, issue 86

completely prepared for transporting natural gas to Europe and is considered the longest and largest natural gas pipeline in Turkey, Middle East as well as Europe.

Once the Trans Adriatic Pipeline (TAP), the last segment of SGC, has been completed, the natural gas generated from the Shah Deniz 2 field of Azerbaijan will be transferred to Europe via TANAP and TAP, contributing to the country's revenue and making a significant contribution to European energy security. TANAP is the most significant connection of Southern Gas Corridor, constructed for transportation of natural gas generated from the Shah Deniz-2 field of Azerbaijan to Turkey and Europe.

The segment of pipeline from the Turkish frontier with Georgia to Eskishehir of Turkey was presented at a worldwide inauguration ceremony on June 12, 2018 with flow of trade gas to Turkey as of June 30th, 2018. The ultimate technical check was finished at the end of 2018 in the pipeline between Eskishehir and the Turkish-Greek frontier with the first experiment pumping in April 2019. According to the President of SOCAR Rovnag Abdullayev, during the execution of TANAP, SOCAR and its counterparts saved about \$5 billion, lowering the total construction cost by 40%. The legal basis for the TANAP project was founded in 2012. On December 17, 2013, the project's ultimate investment strategy was enacted. Construction work started in 2015 after the gala event in Kars attended by the leaders of Azerbaijan Ilham Aliyev and Turkey Recep Tayyip Erdogan. The second stage of the project from Eskishehir to the Turkish-Greek frontier was finished effectively by the end of June 2019. When the ultimate investment choice was made, the investment cost of the project was predicted at \$11.7. This number has been revised down to less than \$7 billion thanks to prompt purchase decisions and optimizing leadership effectiveness.

TANAP shareholders are Southern Gas Corridor CJSC, a joint venture of SOCAR (49%) and the Ministry of Economy of the Republic of Azerbaijan (51%), BOTAS (30%), BP (12%) and SOCAR Turkey Energy A.S (7%).²⁵

8. Conclusion:

Consequently, because of Washington's interests in the region, the Southern Gas Corridor is geopolitically essential not only for the EU, but also for the US. It was also the main reason why the US actively supported EU implementation efforts. Since the initiation of the project, the path and scope of the Corridor has been considered as challenge to the interests of the Russian gas monopoly Gazprom on the EU energy market as well as the political interests of Russia in the Caspian Sea region. Therefore, Moscow has attempted to block the project's execution by questioning its financial and technical feasibility. One way to accomplish this goal was by supporting the development of an alternative pipeline - Blue Stream 2; it is presently supporting the South Stream project, which seeks to supply gas to the same markets as the Southern Gas Corridor. Russia admitted to pay more for Central Asian gas to reduce these gas producers' interest in finding alternative path to Europe in 2009. It also offered to buy all the gas generated by the field of Shah Deniz, which is the only safe source of gas for the Southern Corridor for the time being. However,

²⁵ https://azertag.az/en/xeber/SOCAR_TANAP_is_fully_ready_to_deliver_natural_gas_to_Europe_from_July_1-1301072

up to date Moscow's attempts have not yielded the required outcomes. The Southern Gas Corridor project will stay the European Union's main energy and geopolitical initiative, and Azerbaijan remains interested in exporting its gas to the EU. A sequence of policies applied by the European Commission, by energy companies, and most importantly by Baku and Ankara, have yielded in the implementation of a modern strategy to the Southern Gas Corridor. This turned into reality after Azerbaijan and Turkey effectively tackled all deadlocks and reached contracts on transportation and distribution of Azerbaijani gas to Turkey (October 2011). Subsequently, this latest phase of collaboration was marked on 26 June 2012 when the countries signed a Trans-Anatolian gas pipeline (TANAP) construction contract. Currently TANAP is completely prepared for transporting natural gas to Europe and is considered the longest and largest natural gas pipeline in Turkey, Middle East as well as Europe.

Once the Trans Adriatic Pipeline (TAP), the last segment of SGC, has been completed, the natural gas generated from the Shah Deniz 2 field of Azerbaijan will be transferred to Europe via TANAP and TAP, contributing to the country's revenue and making a significant contribution to European energy security. TANAP is the most significant connection of Southern Gas Corridor.

Endnotes:

1. On July 1, 2013, Croatia became the 28th member of the European Union. Retrieved from: <https://www.bbc.com/news/world-europe-23118035>
2. BP, "Shah Deniz targets Italian and Southeastern European gas markets through Trans Adriatic Pipeline," press release, June 28, 2013, <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/shah-deniz-targets-italian-and->

southeastern-european-gas-markets.html

3. U.S. Energy Information Administration, World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States, Washington, DC, April 5, 2011, p. 4, Retrieved from: <http://www.eia.gov/analysis/studies/worldshalegas>
4. “Egypt Pushes Ahead with LNG Imports as Domestic Output Falls Short,” International Oil Daily, December 31, 2012.
5. Ratner M., et al, “U.S. Natural Gas Exports: New Opportunities, Uncertain Outcomes” CRS Report R42074
6. Remarks by Ambassador Richard Morningstar, Special Envoy for Eurasia Energy at the Economist’s Investment Energy Summit, Athens, Greece, March 28, 2012. <http://www.state.gov/s/eee/rmk/187662.htm>.
7. U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on Europe and Eurasia, Hearing on European and Eurasian Energy: Developing Capabilities for Security and Prosperity, Testimony of Ambassador Richard L. Morningstar, Special Envoy for Eurasian Energy, June 2, 2011. Retrieved from: <https://www.govinfo.gov/content/pkg/CHRG-112hrg66781/html/CHRG-112hrg66781.htm>
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