THE IMPORTANCE OF RELATIONS BETWEEN GEORGIA AND ROMANIA FOR THE PROGRESS OF ENERGY PROJECTS

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ABSTRACT

Romania and Georgia have developed close relations during the past two decades. They have excellent bilateral relations, collaborating in a wide range of fields. Georgia is an important partner of Romania in the wider Black Sea area, while Romania is the most active European partner of Georgia, one of the strongest supporters of Georgia's Euro-Atlantic integration. As part of the Southern Energy Corridor, both countries are very interested in the delivery of Caspian energy resources to Europe through projects that include them as transit countries. Although Nabucco has been for a long time the most important project for them, now-a-days, the realization of AGRI became the most important goal. The relations between these two countries are thus vital for the development of this energetic project.

Keywords: energy project, hydrocarbons, energy corridor, Nabucco, AGRI, South Stream, North Stream, liquefied petroleum gas, Southern Caucasus

1. INTRODUCTION

During the two decades since the establishment of diplomatic relations between Romania and Georgia, these two countries and their relations have evolved considerably in all areas. Currently, the partnership between Bucharest and Tbilisi has new insights to deepen, strongly supported by the interests of each of these two countries as well as by the interests of the world powers as EU and NATO.

Firstly, Georgia wants to integrate itself into Euro-Atlantic structures, and Romania, as a member of NATO and the EU, supports democratic developments and European and Euro-Atlantic aspirations of Georgia and is open to share its experience in the preparation for accession.

Also, Georgia is interested to confirm its position at regional level of transit country for energy resources from Southern Caucasus and Central Asia, strongly supporting energy projects in the region, a very important project being currently the Interconnector of liquefied natural gas Azerbaijan-Georgia-Romania-Hungary (AGRI), in which Romania and Georgia are partners.

Regarding Romania, its interests are both those of a member of Euro-Atlantic structures for solving conflicts in the region, fight against terrorism and energy security, and those, personal ones, of safety in the Black Sea region and access to Caspian hydrocarbons by positioning Romania on energy routes from the Southern Caucasus and Central Asia to European markets. In an interview in 2005, Romanian President Traian Basescu explained why the importance of relations with Georgia, given the fact that it can provide contact with the "wider Black Sea area, providing 50% of energy required in EU.That is why our interests are major ones".

As can be seen, both parties are equally interested in securing a transit role in regional energy projects, such projects having both economic and geostrategic value for the two states. Although over the years many variations of these projects were circulated, of major importance for Romania and Georgia are pipelines Nabucco and AGRI, designed to supply Europe with Caspian natural gas, avoiding transit through Russia.

Implementation of these projects remains uncertain for the moment, everything depending on the development of relations between participants, both regional and global, in this "Caspian game". However, the existence of cooperation relations between Romania and Georgia means a small but important step in achieving them.

1. EVOLUTION OF RELATIONS BETWEEN GEORGIA ANS ROMANIA AND THEIR BACKGROUND

Shortly after World War I, when the Russian Empire was dismantled, Romania recognized on 18 February 1921 the independence of the Democratic Republic of Georgia. Also, after the dissolution of the USSR, on 27 august 1991, the Romanian Government welcomed the "Declaration of the Parliament of Georgia on the restoration of state independence" and expressed willingness to develop friendly relations and cooperation with Georgia, based on the UN Charter and principles of international law, Romania being the first state to recognize the restoration of Georgia's independence [9]. Diplomatic relations between the two countries were established on 25 June 1992, and the Romanian Embassy in Tbilisi was inaugurated on 25February 1998. Beginning with the visit of President of Georgia, Eduard Sheverdnadze, in Bucharest on 30 June 1995 at the meeting of BSEC [9], reciprocal official visits of leaders of the two countries have been conducted periodically and Romanian-Georgian relations constantly improved. For example, after Romania joined the EU in 2007, Georgia became a priority state for development assistance under EU and international principles. Since that year, the Ministry of Foreign Affairs of Romania financed development projects in Georgia worth about 2 million euros in areas of common interest such as

economic development and social justice, human rights, education and support to civil society.

Romania also became involved in the process of resolving frozen conflicts between Georgia, Abkhazia and South Ossetia. In 2005, together with the Czech Republic, Lithuania, Latvia, Estonia, Bulgaria, Sweden and Slovakia, Romania formed the New Group of Georgia's Friends to support the state of Georgia in the process of integration into Euro-Atlantic structures and of solving conflicts in Abkhazia and South Ossetia [3]. Moreover, after the conflict between Georgia and Russia in August 2008, President Basescu said that Romania will be further involved in stabilizing the region even if not expressing a firm condemnation of Moscow's military intervention on Georgian territory, as some of the "Friends of Georgia", namely Baltic States, Sweden and Poland. The fact that Romania chose to align EU and NATO position, according to MEP Adrian Severin was the right attitude, because "as the West needs Russia more than Georgia, so Romania needs more to spare relations with Moscow than to strengthen relations with Georgia ".

However, after about a month after these unfortunate events, the Romanian government sent observers to the EU Civil Monitoring Mission in Georgia (EUMM Georgia) aimed mainly to observe the situation on the ground after the war in the summer of 2008. By this action, the EU has shown interest in the Eastern neighborhood and its role as an international player in the field of security, while Romania, through participation, has shown interest in stabilizing the Black Sea region and the fact that it is a responsible regional player [5], the Romanian team of EUMM being the largest of the participating EU Member States.

In addition, regarding the issue of Georgia's accession to NATO, Romanian officials have expressed their support for the state of Georgia to join Alliance structures, position confirmed at the Bucharest Summit in 2008 and maintained at the summit in Lisbon in 2010 and Berlin in 2011. Romanian President Traian Basescu believes that Georgia should be granted MAP status, even under current conditions, and thus to have a timetable for NATO accession.

Even in the most recent meeting of the Foreign Minister of Romania with his Georgian counterpart on 3 September 2012, the two discussed the stage of approach of Georgia to Euro-Atlantic structures. Romanian Minister highlighted the substantial contribution of Georgia to NATO operations and ensured Romania's commitment to support the realization, in the near future, of the European and Euro-Atlantic aspirations of Georgia. He also appreciated the good progress of Georgia made in relation to the Union, in particular through the effective use of the opportunities offered by the Eastern Partnership.

Moreover, in the press conference made at this meeting, the Romanian minister said that "economic relations must be the measure of excellent political relations between our countries. Under this point of view the volume of trade has already registered a positive trend. Georgia is a direct neighbor of Romania, separated only by the Black Sea. We agreed that in order to restore and revitalize the relationship between Romania and

Georgia there are required more active steps. We could attract flows of goods and Constanta could become an important hub of transportation in the area. Our common energy project involves establishing a direct link to transport gas directly to Romania, through Constanta. We study the feasibility of this project".

Black Sea transportation problem was also discussed in 2010 by Georgian President Mikhail Saakashvili and Prime Minister of Romania at the time, Emil Boc, who agreed that the economic potential of both countries allow an increase in trade, and evoked the possibility of resuming bilateral scheduled ferry lines between Romania and Georgia, from Constanta to Batumi. Black Sea transport is closely related to one of the priorities of the two countries, namely the implementation of joint energy project AGRI, to ensure the transit of natural gas from the Caspian Sea to Europe via the Black Sea, through the use of liquefied natural gas technology. At the last meeting, the two Ministers reiterated their commitment to this project and expressed confidence about its favorable development once the feasibility study is completed, which is expected to take place in late September this year.

The reasons underlying the existence of these close relations between Romania and Georgia are varied, relying in particular on the different needs of the two countries.

Firstly, Georgia's interests are mainly political. Although economic relations with Romania are not to be neglected, trade volume exceeding, in 2011, 200 million Euro, with an increase of 26.4% over the previous year [12], the Southern Caucasian state is particularly interested in joining the Euro-Atlantic structures that can reduce high vulnerability in front of the Russian Federation. Romania's support, as a member of both structures, as well as its development assistance it is very important for Georgia.

Romania also wants to ensure the stability and security of the Black Sea region by preventing this from becoming again a big Russian lake and therefore strongly supports the independence and sovereignty of the seaside states (Ukraine, Georgia).

Also, in terms of strategy, Romania's interest in the area aimed to open this region, which is on the main axis of the 21st century, as drawn by military experts of the Great Powers: Gulf of Aden, Persian Gulf, Shanghai. One should not ignore the economic interests of Romania, which is related to the exploitation of its own energy resources, as well as of the Caspian Basin resources.

Finally, the EU supports cooperation between the two countries, because the AGRI project, the Union could reduce dependence on Russian gas sooner and easier than expected.

3. ROLE OF GEORGIA AND ROMANIA IN ENERGY PROJECTS

Statistics show that currently the natural gas dependence of the EU-27 is of 58%, while that of Romania is 42%. According to the Romanian Center for European Policies, EU import dependency on gas will increase to 84% by 2030. Moreover, for the moment,

natural gas imports from Russia represents 33% of EU consumption and 40% of the gas consumed by households and businesses. In Central and Eastern Europe, Russian gas covers 87% of total imports and 60% of consumption.

Statistics concerning dependence of European countries on energy imports shows that 26 of the 27 EU countries are net importers of energy, with one exception: Denmark.

For this reason, a major issue dominates political agendas of key European leaders namely reducing dependence on Russian energy sources and energy diversification. European policymakers have understood the potential of renewable energy is huge and could provide a way to mitigate the monopoly position of the Russian Federation, but the potential of solar and wind is a long term process that can not prevent dependence on Russian imports in the coming years .

Thus, the most viable short term proved to be diversifying sources and routes of energy transportation, European plans aiming to strengthen relations with the Southern Caucasus, Central Asia and Middle East, which are possible future EU energy partners. An European Commission report stated that: "A southern corridor to be opened to transport gas from the Caspian region could meet the future energy needs of the EU".

BTE gas pipeline (Baku-Tbilisi-Erzurum) which was completed in May 2006 showed that it can carry Caspian gas to Europe without crossing Russia. This result gave European leaders more confidence in such projects, especially in the Nabucco gas pipeline, the largest project that does not include Russia as a supplier or as a transit country. Pipeline route is likely to begin at the borders of Georgia-Turkey and Iraq-Turkey, passing through Turkey, Bulgaria, Romania, Hungary and ending in Austria (Baumgarten). Hydrocarbons to be delivered to European markets will come from the Caucasus, the Middle East and Egypt. Nabucco is designed with a maximum capacity of 31 billion cubic meters per year, but the actual volume will depend on market needs.

Nabucco could thus provide up to 45% of total gas demand of the European Union, which would mean that Russian monopoly should end.

Although Nabucco talks started in 2002 and in 2004 was founded the company Nabucco Gas Pipeline International GmbH, the beginning of work was delayed many times and is not yet clear when it will start.

One reason for this delay is Russia's opposition. Russia vehemently opposed since the launch of Nabucco project, not willing to lose the status of Europe's energy supplier, which gives a great power in dealing with it.

A first step made in this direction was to come up with counter-offers, namely North Stream and South Stream. The first, North Stream, is a two pipelines system crossing the Baltic Sea from Vyborg in Russia, to Lubmin near Greifswald, in Germany. From Germany, the gas can move forward to Belgium, Denmark, France, Holland, England and other countries. It is expected that at the end of 2012 will be functional, each pipeline with a capacity of approximately 27.5 billion cubic meters per year.

The second is a more obvious candidate for Nabucco. South Stream is a project of Gazprom (Russia), Eni (Italy) and EDF (France), designed partly offshore and partly onshore. Until now, it was established as the first choice for offshore portion to cross the Black Sea, connecting Russia with Bulgaria, passing only through the territorial waters of Russia, Turkey and Bulgaria. The onshore has currently two types of routes. Northwestern route is intended to Slovenia and Austria through Bulgaria, Serbia and Hungary, and on the south-western to Greece-Italy route. Croatia and Macedonia will be also supplied by pipeline route adjacent to the main onshore section. The project is likely to have a maximum capacity of 63 billion cubic meters per year [8]. The works seem to start in 2013 and the supply itself is scheduled to begin in 2015.

By comparing the three projects, one thing is clear. While Russian projects deadlines are clear, for Nabucco was only stated that since the completion of the procedure for obtaining necessary documentation and feasibility testing, the actual work will take 4-5 years. Therefore, it is uncertain when this will happen and if it will happen.

Of course, the fact that Russia has come up with counter-offers which can be considered as using the so-called "soft power" was not the only factor behind the delay in Nabucco. Rather the "hard power" applied in the August 2008 war with Georgia showed to the Union that Russia is not willing to lose its local hegemony and monopoly power in the European market. Launching of Nabucco project could not be considered a sufficient reason for the use of "hard power" of Russia, so that a more serious challenge was needed, and that came in the NATO Summit in April 2008 Bucharest by announcing intentions of world leaders to grant MAP status to Georgia.

On this occasion, Vladimir Putin warned that Russia will take radical measures if Georgia receives an invitation to sign the NATO Membership Action Plan, including the recognition of independence for separatist provinces Abkhazia and South Ossetia. Although Georgia has not received MAP, Russia has the justification needed to implement threats and as a result of the war in august 2008, recognized the independence of these regions, installing military troops within these provinces.

The war in Georgia has highlighted the region's vulnerability to Russia and also how vulnerable it would be a major energy transport route that would transit the country as Nabucco. This new reality has removed many European leaders from the Nabucco project idea and redirected them to Russian variants, the Russian method of "divide and rule" being proved successful.

Georgia and Romania's role in energy projects in the region is the fact that both are part of the Nabucco project as transit countries. Both are closer to Euro-Atlantic alliance than to Russia, Romania is already a member of both NATO and the EU and Georgia aspiring to membership in these structures. With NATO and the EU, relations between Romania and Russia have cooled significantly, and subsequently to the announced install of missile shield in Romania, it became evident that there is now no possibility of reconciliation. Romania

also took part of Georgia in the war with Russia and is interested in developing new energy transit routes to avoid transiting Russia. Of course Georgia's position is clear, as the most open country to the West in the Southern Caucasus, and the conflict with Russia makes it extremely interested in establishing closer political and economic relations with the Western countries in order to assure their support in the future.

However, by their opening to the Black Sea, both countries are positioned on the east-west axis, Romania being the most important gateway to Central and Western Europe of Caucasus and Central Asia through the port of Constanta, and Georgia the gateway to the East of the West, thus avoiding two major regional powers, Russia and Turkey.

Georgia and Romania interest for energy projects is both economically and strategically. Both as transit countries would benefit economically because their country is crossed by the pipeline. Also, they can ensure their own energy security by obtaining natural gas imports needed. And, from a strategic perspective, through participation in these projects of energy supply to Europe, the two countries would ensure their own protection of the Euro-Atlantic powers in case of conflicts in the region, the latter not wanting to jeopardize the energy transport routes to European markets.

Therefore becomes legitimate the interest in these two countries for Nabucco, both as importers and as transit countries, and the possibility of its failure is a concern. Seeing the uncertainty of the future Nabucco, Romania came up with another energy project through which the Caucasian gas to reach Europe, creating its own Nabucco by an agreement signed in 2010 with Azerbaijan and Georgia, subsequently joined by Hungary, under the name of Azerbaijan-Georgia-Romania Interconnector (AGRI).

4. IMPORTANCE OF COLLABORATION BETWEEN ROMANIA AND GEORGIA: THE AGRI ENERGY

Romania, over the past two decades, managed to establish important political and economic relations with the countries of the Southern Caucasus, being the only EU country that has signed a strategic partnership with a countriy in the region, namely Azerbaijan. Romania also was among the first countries to recognize the independence of Azerbaijan and Georgia after the collapse of the USSR and remains a strong supporter of their integration into Euro-Atlantic formations. Thus, having a good relationship of cooperation with both Southern Caucasian states, and all three being interested in reducing Russian monopoly in the region, they decided to launch an energy project of lesser amplitude than Nabucco or South Stream, but with more chances of achievement. So appeared AGRI.

For all three, and later for Hungary too, the project implementation is a priority. Within all meetings of officials of countries involved in this project, since signing the agreement on the establishment of AGRI, this is the most debated subject. For example, information on official visit to Tbilisi of the President of

the Chamber of Deputies of Romania from 24-26 October 2011 states that an important theme addressed during that visit was energy security, in connection with the implementation of AGRI and Nabucco projects, shaping as significant contributors to economic and political stability, not only for Romania and Georgia, but throughout Europe. AGRI is defined as "a tangible result of the cooperation potential between Romania, Georgia, being complementary to Nabucco, within the Southern Corridor". Also, at the recent meeting of the Foreign Minister of Romania, Titus Corlățean, with his Georgian counterpart Grigol Vashadze, held on 3 September 2012, the two countries reiterated their commitment both on the implementation of energy project, and expressed confidence about its outlook after the completion of the feasibility study in progress.

AGRI project involves transporting Azerbaijani gas from Shah Deniz deposit in Azerbaijan through the Baku-Tbilisi pipeline to Georgia, where it will be liquefied so that it can be transported by heavy ships to the port of Constanta. Here will be build a regasification terminal and gas will be transported by pipelines to the West through Hungary and to the South through Bulgaria. Romania expects to be able to supply gas in the EU over the next three years, at the end of September 2012 feasibility studies being expected to be done, and so AGRI could compete with Russian supplier Gazprom, which could lose by this a part of its western consumers.

Moreover, research conducted recently in Romania led to the discovery of significant reserves of natural gas in its continental shelf of the Black Sea, that can infuence the entire Euro-Caspian energy system, from Central Asia to Central Europe. This discovery leads to remaking of calculations around Southern Gas Corridor of EU, providing new energy sources for South Eastern Europe. In this new context, Romania is no longer only a transit country but also a production one, and its role in energy projects becomes more important. In this regard, President Traian Basescu said: "Operation of deposits may begin after doing all prospects (...) there is a matter expected, approximately, on the horizon of 2015-2016. In this horizon, 2015-2016, Romania will be be fully independent of energy ".

This new reality can increase the interest of the Union for Romania as a supplier, but also for projects that involve it, like AGRI. However, the attractiveness of the project is given also by other factors such as the much lesser time for realization that of Nabucco or South Stream, low production costs and the chosen route, avoiding both Russia and Turkey.

On the other hand, even this competitive advantage given by the fact that does not include Russia and Turkey as transit countries can bring problems to the AGRI project. Analysts at Stratfor believes that the AGRI project worries both Russia and Turkey. Russia does not like the closer relations of Romania with the South Caucasus states and is clearly dissatisfied in regard to the new energy route involving Georgia and Azerbaijan. Eugene Chausovsky from Stratfor notes that participating AGRI states have serious problems with Russia: on Georgia's territory there are two separatist Russified provinces, South Ossetia and Abkhazia; Azerbaijan, although it strives to have a pragmatic

policy, had in time disagreements with Russia, who supported and funded the Armenians in Nagorno-Karabakh, and Romania's relations with the Kremlin are cold due to Republic of Moldova, which tends to come from the influence of Russia into Western sphere. Poor relations with Russia of the parties could make the AGRI project vulnerable, especially as the pipeline through which Azerbaijani gas comes to Georgia passes through the vicinity of Abkhazia, the separatist republic controlled by Russia.

The project is also not seen with good eyes by Turkey, especially because it wanted to be necessary in all energy projects in the region to negotiate from a position of advantage.

However, since AGRI is not at the same level as major projects such as Nabucco or South Stream, not being able to be a competitor for them, there is a chance that, like BTE pipeline, AGRI to be allowed to supply Azerbaijani gas to Europe.

5. CONCLUSIONS

Caspian game, in the last two decades, has become increasingly complicated. Interests are great for all parties, consumers, carriers and suppliers. It is about geopolitics, money, power, energy. The European Union wants to diversify energy sources and routes to reduce Russian monopoly, a direction supported by the U.S. However, uncertainty about future energy projects that avoid Russia make the UE to hesitate when it comes to confronting this local hegemon. On the other hand, Russia is not willing to lose the status of Europe's energy supplier and control of the "near abroad". For this reason, it strongly opposes any energy project which do not include Russia and any state from its former sphere of influence approaches of the Euro-Atlantic structures. In addition to these great powers, other countries involved in Caspian game adopt each a position found to be the most advantageous in that context.

In this paper we have discussed the importance of relations between Romania and Georgia to the great Caspian game. These two Black Sea littoral states have an important role as transit countries in energy projects that could bypass Russia. Both have cold relations with Russia, especially Georgia. Romania and Russia have different approaches to problems in Republic of Moldova and Transnistria and look in opposite directions, Romania being in good relations with the EU NATO, with which Russia misunderstandings. Regarding Georgia, the situation is more than clear. Georgia wants sovereignty and independence towards Russia, hoping he can get them through the accession to Euro-Atlantic structures, while Russia is not willing to give up the power on Caspian region.

Pro-western perspective of both countries make them closer and encouraged them to move towards liberalization under Russian monopoly, at least in energy terms. Thus, the two showed their willingness to participate in Nabucco, the first large-scale project that does not include Russia, or as supplier or as a transit country. But since this project is delayed, Romania took the initiative and proposed the AGRI project, much smaller, but also more feasible.

Even in this context, Russia does not seem to be happy, considering that Romania has overextended its military influence and power in the Black Sea. Romania's energy ambitions are thus perceived as movements that undermine Russian projects, if only through the AGRI project. However, until now, the AGRI project remained standing, all partners being interested in its realization, but his future is still uncertain because of Russian opposition.

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