



SOUTHERN GAS CORRIDOR: A NEW STEP FOR THE EU'S ENERGY SUPPLY

Turkey and Azerbaijan have been trying to implement the Southern Gas Corridor Project as an important project which aims to help the region resources to meet with the world market. By an implementation of this Project, Azerbaijan's gas (from the Caspian Sea) will have the opportunity to reach Italy, Europe. Over time, the Project aims to transfer the gas from Turkmenistan, Iraq, Iran and East Mediterranean Sea to the European markets. There is an asymmetry related to the inconsistency between the market and the resources, in particular, resources such as oil and natural gas. This asymmetry revives 'security in energy supply' for the energy importer countries and 'security in energy demand' for the energy exporter countries. Security in energy supply is defined by the International Energy Agent as 'supply of adequate amount of energy from reliable resources with moderate prices'. In the Green Book named 'Towards A European Strategy For The Security Of Energy Supply' which was published by EU Commission, this definition is enlarged by the definition that 'security in energy supply also defines a continuous access to energy products with the aim of achieving an environmentally-conscious and sustainable development'.

Turkey is the second country in the world whose energy demand is the highest after China. The importance of energy security of Turkey has continuously been discussed by experts. But Turkey, with its geopolitical location, is also a bridge between energy markets and energy resources. Turkey's neighboring countries have considerably high amounts of proved gas reserves, such as Azerbaijan (0.9 trillion cubic meter), Iraq (3.6 trillion cubic meter), Iran (33.8 trillion cubic meter) and Turkmenistan (17.5 trillion cubic meter). In this respect, Turkey is the key country for the EU's energy security.

Regarding the European gas imports, it can be easily seen why energy security has continuously been a hot button. Russia, North Africa and Norway have been the basic routes for energy transport and any possible problems that may occur in these routes can cause difficulties for the EU. For example, the effects of power cuts in the period of 2008-2009 years are still in minds of people living in the European countries.

Besides, recently, when the tension between the Western countries and Russia has rose, Russia's energy trump has put the security in energy supply in Europe in danger. Due to the occurrence of the recent events, in February 25th, 2015 the European Commission announced 'The Energy Union Package' in which the security in energy supply was perceptibly embraced.

The matter of 'diversifying the routes' is still a hot button for the EU. In December 2014 the removal of the South Stream Project, alongside with the Ukrainian crisis has attracted the world's attention to Turkey's role in the region again. In this respect, the other important choice for Europe is the Southern Gas Corridor. The shaping the route of this Corridor and the Turkey's becoming a hub rather than an energy corridor depends mostly on the steps that Turkey will take in both national and international relations.

The most important step of the Southern Gas Corridor, the Trans Anatolian Natural Gas Pipeline (TANAP) which costs 45 billion dollars and which will give a great contribution to the security in energy supply in Europe was founded by the President of Turkey, Recep Tayyip Erdogan, the President of Azerbaijan, Ilham Aliyev, and the President of Georgia, Giorgi Margvelashvili in Kars in March 17th, 2015. This is the most concrete step for the Project. As known, this is not the only step for the Southern Gas Corridor. The Pipeline, with the length of 1850 kilometers, will start in Turkgozu and end in Ipsala. Before reaching Turkey, this Project is adjoined together with the South Caspian Pipeline (SCP), with the length of 691 kilometers, which starts in Azerbaijan and goes through Georgia and ends in Turkgozu. After leaving Turkey, this Project is adjoined together with the Trans Adriatic Pipeline (TAP), with the length of 870 kilometers, which will start in Ipsala and go through Greece and Albania and end in the virtual center 'Punto di Scambio Virtuale' in Italy.

The annual transport capacity of the TANAP is planned to reach 16 billion cubic meters in 2019 and 31 billion cubic meters in 2026. According to the analysis, considering that only in 2013, Russian energy company Gazprom transported 160 billion cubic meters of gas to Europe, it can easily be real-

ized that the TANAP (with its current capacity) cannot be an alternative to the Gazprom. Nevertheless, this Project can enable diversification in energy supply to Europe and in this respect, can have a complementary feature with Russia in energy supply to Europe. In other words, as Europe's total gas consumption was 438.1 billion cubic meters in 2013, receiving only 10 billion cubic meters of gas through the TANAP may have a small share in covering this huge consumption. But above all, the TANAP means a new route which has a considerably high potential for the security of energy supply in Europe. In this sense, in coming years, with attendance of Turkmenistan, Iraq, Iran and East Mediterranean gas to the TANAP, the total amount of gas planned to be transported to Europe is aimed to increase above 60 billion cubic meters.

Becoming an important part in the production and the trade of natural gas, in other words, turning into an energy trade hub, has crucial importance for Turkey. With this aim, Turkey has been included in the Southern Gas Corridor Project. Turkey (with BOTAS) has 30% percent share in the TANAP and also has (with TPAO) 19% percent share in the Shah Deniz-2 field where Azerbaijan's gas will be produced and will go through the TANAP. Briefly, Turkey has been taking part not only in the production process but also in the transportation process of the Project. Turkey's position has critical importance for its energy strategies and its aim to be an energy hub in the region. In this respect, The President of Russia, Vladimir Putin's suggestion, 'Turkish Stream' Project, has been accepted as negotiable.

The Southern Gas Corridor Project will cause the share of Azerbaijan's gas to increase twice compared to the previous amount. Considering that Turkey has been buying the cheapest gas from Azerbaijan, this position is expected to reduce the cost of energy imports and have a positive effect on Turkey's current account balance. Moreover, with the realization of this Project, Turkey's being an energy bridge between Asia and Europe will also be realized. We should also express the importance of the Southern Gas Corridor as a new route of transportation of the other regional supply resources to the importer countries.

Politics, Foreign Affairs and Security

- The President of Kazakhstan Nursultan Nazarbayev has an official meeting in Astana with his counterparts from Belarus and Russia - Alexander Lukashenko and Vladimir Putin. Leaders of the following states discussed prospects for further development economic cooperation and upcoming Eurasian integration processes.
- The President of Kyrgyzstan Almazbek Atambayev started paying official visits to European countries. Kyrgyz leader has already met with President of Austria Heinz Fischer in Vienna.
- Ukraine's Verkhovna Rada approved the President's decision to involve foreign troops to multi-national military drills in 2015. The law would allow to stage Ukrainian-US exercises Fearless Guardian-2015 in Ukraine's western Lvov region, Sea Breeze-2015 drills in the Black Sea and at a number of military facilities in the Nikolayev and Odessa regions.
- The heads of states and governments of 28 EU countries held a two-day summit in Brussels to discuss the necessity to extend economic sanctions against Russia.
- The US Secretary of State John Kerry announced that substantial progress has been reached at talks on Iran's nuclear program. Marathon talks were held in Lausanne, Switzerland.
- The U.S. officials announced that American military bases in Kandahar and Jalalabad would remain open beyond the end of 2015, as Washington considered slowing its military pull-out from Afghanistan to help the new government fight the Taliban.
- Tajikistan spokesman of the State Committee for National Security stated that the country was alarmed by the activity of Islamic State's

armed groups close to its border with Afghanistan.

- Confounding critics and the results of the opinion polls, Prime Minister Benjamin Netanyahu's right-wing Likud Party celebrated a surprise victory in Israel's general election.
- According to the report of the Stockholm International Peace Research Institute, China has become the world's third largest exporter of arms after the US and Russia. China overtook Germany, France and the UK in exporting weapons between 2010 and 2014.

Economy, Finance and Energy

- Turkish company "Botas" declined to sign an agreement with Russia's Gazprom on a 10.25-percent discount on the Russian gas supplied to Turkey.
- Turkish President Recep Tayyip Erdogan, Azerbaijan President Ilham Aliyev and Georgian President Giorgi Margvelashvili attended a ceremony in the town of Kars in Turkey to start the construction of the Trans-Anatolian Pipeline (TANAP), which aimed to give great contribution to European energy supply security.
- President of Iran Hassan Rouhani and senior oil officials of the country attended an inauguration ceremony of the 12th phase of the supergiant offshore South Pars Gas Field. Iran has made \$7.5 billion investment for development of the phase, which would bring both \$18 million earning and 70 million cubic meters of gas daily.
- The European Bank for Reconstruction and Development (EBRD) stated that the International Finance Corporation has allocated a loan worth \$ 250 million for the construction and commissioning of the Shuakhevi hydropower plant to develop the energy sector of Georgia.

- Director of the National Holding "Kaz Agro" Kanat Zhauymbayev, stated that company allocated \$8,1 billion to support agrarian industry of Kazakhstan since 2007.
- The EBRD and the Export-Import Bank of the Republic of China agreed to boost their cooperation and cofinance projects in regions where the EBRD invests.
- The trade turnover between Turkmenistan and South Korea has recently increased from \$200 million to \$1.9 billion.
- Iran and Syria signed an agreement to boost bilateral economic cooperation and rebuild Syria. The deal was signed by Iranian Minister of Economy and Syrian Minister of Finance.
- Head of the Delegation of the European Union Cesare De Montis announced that the European Union would allocate € 10 million for parliamentary elections in Kyrgyzstan settled for October 2015.

Society and Culture

- During the meeting of the Cabinet of Ministers President of Turkmenistan Gurbanguly Berdimuhammadov announced starting of the cotton sowing program and stressed the importance of following all norms of agricultural practice.
- Russia's Federal Space Agency announced that it would sign another contract with NASA for the use of Russia's Soyuz spaceships to take American astronauts to the International Space Station.
- During the 3rd World Conference on Disaster Risk Reduction Head of Turkmenistan has proposed to establish in the Turkmen capital, Ashgabat, a UN Regional Center for technologies related to the climate change in Central Asia.
- Millions of people around the world celebrated Nowruz.