



**13th Workshop of the PfP Consortium Study Group
“Regional Stability in the South Caucasus”**

**“The Geopolitics of Energy in the South Caucasus:
Towards a Regional Energy Community”**

– Programme and Workshop Outline –

07-10 April 2016

Chisinau, Republic of Moldova

Purpose:

In 2012, the Austrian Ministry of Defence and Sports, through its National Defence Academy and the Directorate General for Security Policy, initiated a resume of the scientific work done by the PfP Consortium of Defence Academies and Security Studies Institutes in the South Caucasus. This initiative built upon a Study Group which began already in 2001 but was discontinued due to internal strife in the region in 2005.

Seven workshops out of which four in Reichenau, Austria from 9 to 11 November 2012, from 7 to 9 November 2013, from 6 to 8 November 2014, and one from 12-14 November 2015, and one each in Tbilisi, Georgia from 13 to 15 March 2013, Istanbul, Turkey from 20-22 March 2014, and Kiev, Ukraine from 26 to 28 March 2015 achieved success in that they demonstrated that the Study Group had established a broad academic basis to achieve cohesion rapidly. The 12th workshop of the Study Group provided the opportunity for experts to present and develop ideas concerning the possibility of developing a sample media narrative and campaign that could prepare public opinion for the difficult decisions that political elite in the region may have to make regarding status, and cooperation. The workshop was also the occasion to expand on the new format for deliberations tested out in Kiev. Opinions were divided about the possibility of developing a comprehensive media campaign, but the idea of setting up a platform for economic dialogue between respective civil societies and interested business/expert interest groups was reiterated in the last workshop, as it had been expressed in Kiev. This may lead us into exploring a more particular, but strategic aspect of regional stability in the South Caucasus, such as the role of energy security in shaping the geopolitics of the region.

The 13th RSSC SG workshop will follow up on, and further deepen the debate engaged during the 10th workshop of the Study Group on “Towards Europe?! Straddling Fault Lines and Choosing Sides in the South Caucasus”. At the time (November 2014), we looked at the European and Eurasian integration as competing geopolitical projects. The proposed reconciliation was to establish therein a free economic zone, commercially accessible from the otherwise competing integrative processes. Such a solution may liberate the regional states from the painful consequences of their strategic dilemma between a European and a Eurasian future. It could induce both the West and Russia to engage in the South Caucasus in a way that would favor the removal of inter- and intra-regional dividing lines. To do so, the West might prioritize conflict resolution at the top of its regional interests, and prepare the ground for sustaining post-conflict regional economic integration in the South Caucasus, including in the area of energy.

On the other hand, the Eurasian Economic Union (EEU) should become more attractive, and its policies more transparent not only to the domestic actors, but also to the international stakeholders. Furthermore, the EEU energy policy should not infringe on the energy security of its members or neighbors, while reflecting the dynamics of the free market rather than the politics of delivering cheap energy vs. closing the access to energy sources. Would this solution be feasible, and work out to the best interest of all actors involved: the South Caucasus nations, the EU, Russia, Turkey, and the US? Could this approach be also considered in the case of other post-Soviet states, specifically for the Republic of Moldova and Ukraine? How, and what would it take, to make it happen?

To respond these, and other related questions it is propitious to convene the upcoming 13th workshop of the Study Group entitled **“The Geopolitics of Energy in the South Caucasus: Towards a Regional Energy Community?”** in Chisinau, Republic of Moldova, on 07-10 April 2016.

Partners

The partners to this project are:

- Austrian National Defence Academy, Vienna/Austria
- Directorate for Security Policy, Austrian Ministry of Defence and Sports, Vienna/Austria
- PFP Consortium Study Group “Regional Stability in the South Caucasus”, www.pfp-consortium.org
- The European Geopolitical Forum, Brussels
- The Republic of Moldova

Topic Outline

The South Caucasus is a region of strategic importance for European energy supply. This is why energy security is so high on the agenda of both EU’s bilateral relations with regional states, and of the Eastern Partnership. The EU Energy Security Strategy provides for diversifying external supplies and related infrastructure as a key pillar to promoting the energy interests of the Union. The establishment of the Southern Corridor, crossing the South Caucasus along an East-West axis, prepares the ground for increasing energy supplies to Europe from the Caspian region and beyond. Moreover, the Southern Corridor is vital in providing future opportunities for EU’s energy connection with the Middle East. The recent Review of the European Neighborhood Policy has advocated for establishing gas reverse flow capacities to Ukraine, and completing the Southern Gas Corridor as important steps towards achieving pan-European energy security. It also stipulates that the EU will enhance full energy market integration with Georgia, the Republic of Moldova, and Ukraine through the Energy Community, and pursue regulatory approximation with other South Caucasus partners in related areas of mutual interest.

On the other hand, exerting influence in the South Caucasus is a crucial element in Russia’s geopolitical strategy, given the region’s importance as an energy producer, and its vitality as a primary corridor for the transit of oil and gas to European markets. Seeking to control the region’s energy supply routes and opening up its domestic markets to commercial opportunities for major Russian corporations are Moscow’s overarching regional objectives. According to Eurasian Economic Commission (EEC) sources, the strategic objectives on energy of the EEU (in which Armenia is a member since January 2015) are the creation of a unified energy space across the Union, and the coordination of member states’ energy policies. That would involve gradually creating an integrated energy market, ensuring non-discriminatory access to energy transportation systems, and establishing energy policy coordination mechanisms.

Azerbaijan, a major energy producer from the South Caucasus, has strived so far to maintain a balanced relationship with both the EU and Russia/the EEU, while remaining hesitant against acquiring membership of either of these organizations.

The current geopolitical fragmentation of the South Caucasus risks fragmenting regional energy security, while the protracted conflicts of the region will continue to reinforce this process. The 13th RSSC SG workshop will attempt to provide a framework for a regional energy resources regime, and divorce energy from politics. This will enable the countries of the region to exercise greater sovereignty over market integration choices without affecting the energy supply of countries downstream, thereby reversing the fragmentation of energy security in the South Caucasus. In such a changed context, Georgia may cease, for example, to fear the creeping annexation of its territory; or Azerbaijan may choose the routes for delivering energy exports to Europe on a purely commercial basis; or Armenia may separate energy security decisions from its national security constraints.

Key questions

- How do the South Caucasian and international actors understand the concept of energy security? How does their definition take into account the perceptions on energy security of other regional actors?
- What are the key elements of current EU, US, Turkish and Russian/EEU energy security strategies?
- What are the links between energy security and the geopolitical interests of regional powers in the South Caucasus? Is there a way to alleviate those links through cooperative regime creation?
- What are the energy security challenges in the South Caucasus, and more broadly in the European Eastern Neighbourhood? How do various regional actors, including the Republic of Moldova, cope with these challenges?
- How do the unresolved conflicts in Abkhazia, Nagorno-Karabakh, South Ossetia and Transnistria affect the energy security of the parties?
- How to reconcile the EU and Russian energy security policies from a broader pan-European perspective? How would that be perceived from an EU or from a Turkish perspective?
- Could an energy regime become a driver of conflict resolution and post-conflict regional integration in the South Caucasus? What would it take to do so?

PANEL 1: Understanding the Meanings of Energy Security from the Black Sea to the Caspian

In this panel, speakers will be invited to outline the definition, and the key elements of the energy security strategies in the region. There are many understandings of this concept: security of resource ownership; security of transit; security of supply; security of the markets; security of price, etc. These impact security overall. A comparative approach highlighting similarities and differences against other regional powers' energy strategies would be useful along the EU-Russia, US-Russia, EU-US, EU-Turkey, and Russia-Turkey axes. Why have energy security and geopolitics become fundamentally intertwined? Panelists should provide guidelines on how to separate energy from politics.

PANEL 2: Responses to Current Energy Security Challenges in the South Caucasus

Panelists will be expected to briefly describe their respective energy security strategies, as well as how the ongoing unresolved conflicts and the broader geopolitical interests of regional powers influence their energy related decisions. It would be also useful to find out from each panelist how their nations' strategic choices on European and/or Eurasian integration shape energy security policies. How does European and/or Eurasian integration help in addressing the existing energy security challenges? Do these processes also create additional energy security challenges? How is energy supply used as a geopolitical tool in the South Caucasus region? How could it be limited?

PANEL 3: Reconciling European and Eurasian Energy Security Policies: The Twilight of Energy Geopolitics in the South Caucasus?

Having in mind the discussions and the outcomes of the 10th RSSC SG workshop (Reichenau, 06-08 November 2014), panelists will be invited to elaborate on whether or not, and in what circumstances, the European and Eurasian energy security strategies may be reconciled in a way that would favor the removal of inter- and intra-regional dividing lines in Europe. The South Caucasus region should be the focus of this discussion. How could we bring South Caucasus energy security dialogue and cooperation higher on the agenda of both the EU and the EEU? What regional framework would encompass both organizations? What should come first: conflict resolution or regional energy security dialogue? How could energy security become a driver of post-conflict regional integration in the South Caucasus?

BREAKOUT GROUPS: Creating an Energy Security Regime for the South Caucasus

The process will be parallel dialogues focusing on two sets of unresolved conflicts: the Georgia/Russia/Abkhazia/South Ossetia group (Jean Monnet), and the Armenia/Azerbaijan/Nagorno-Karabakh group (Robert Schumann). Each discussion group will have a rapporteur who will report on the content and the outcomes of the dialogue, which will be subsequently integrated with the ensuing Policy Recommendations. As usual, discussions will take place under Chatham House rules, and no photos will be permitted during this session. The rapporteur's reports are then used to feed the interactive discussion that closes the proceedings.

Programme

Thursday, 7 April 2016

- till 18.30 Arrival of the participants
- 19.00 **Words of Welcome**
- Andreas F. WANNEMACHER, Directorate for Security Policy, Austrian
 Ministry of Defence and Sports, Vienna
- Official Dinner**

Friday, 8 April 2016

- 07.00 – 09.00 Breakfast
- 09.00 – 09.30 **Introduction to the Study Group “Regional Stability in the South
Caucasus” and Administrative Remarks**
- Benedikt HENSELLEK, Austrian National Defence Academy, Vienna
- 09.30 – 09.45 **Opening Speech:** Col. Yurie BRUMA,
 Commander of the Armed Forces Military Academy (AFMA), Chisinau
- 09.45 – 10.00 **Keynote Speech:** Patrick LARKIN, Energy Charter Secretariat, Brussels
- 10.00 – 11.30 **PANEL 1: Understanding the Meanings of Energy Security from the Black
Sea to the Caspian**
- Chair:** Frederic LABARRE, RSSC SG Co-Chair, PfP Consortium, Garmisch-
 Partenkirchen
- Elizaveta EGOROVA, Political Profile, Washington, DC
- Aurora MARTIN, Ministry of Labour of Romania, Bucharest
- Jeyhun NOVRUZOV, Loughborough University, London
- Benyamin POGHOSYAN, Institute for National Strategic Studies, Yerevan
- 11.30 – 12.00 Coffee Break

12.00 – 13.30 **PANEL 2: Responses to Current Energy Security Challenges in the South Caucasus**

Chair: Elena MANDALENAKIS, McGill University, Quebec

Vusal GASIMLI, Centre for Strategic Studies, Baku

Beka BAJELIDZE, Institute for War and Peace Reporting, Tbilisi

Dmitry MUSHBA, Cabinet of the President of the Republic of Abkhazia, Sukhum

David SHACHNAZARYAN, Regional Studies Centre, Yerevan.

13.30 – 14.30 Lunch

14.30 – 16.00 **PANEL 3: Reconciling European and Eurasian Energy Security Policies: The Twilight of Energy Geopolitics?**

Chair: George NICULESCU, RSSC SG Co-chair, European Geopolitical Forum, Brussels

Oktay TANRISEVER, Middle East University, Ankara

Alexander ELISEEV, Russian International Affairs Council, Moscow

Fred LABARRE, Co-Chair RSSC SG, PFP Consortium

16.00 – 16.30 Coffee Break

16.30 – 18.00 **Interactive Discussion**

Saturday, 9 April 2016

07.00 – 09.00 Breakfast

09.00 – 10.30 **BREAKOUT GROUPS: Creating an Energy Security Regime for the South Caucasus**

GROUP ROBERT SCHUMANN

Chair: George NICULESCU, RSSC SG Co-chair, European Geopolitical Forum, Brussels

GROUP JEAN MONNET

Chair: Frederic LABARRE, RSSC SG Co-Chair, PFP Consortium, Garmisch-Partenkirchen

10.30 – 11.00 Coffee Break

11.00 – 11.30 **Report on Breakout Discussions:**

Rapporteur for SCHUMANN: Ben McPHERSON, European Geopolitical Forum, Brussels

Rapporteur for MONNET: Colin MARTIN, OSCE Special Monitoring Mission to Ukraine, Kyiv

11.30 – 12.00 Coffee break

12.00 – 13.00 **Plenary Session: Interactive Debate for Policy Recommendations and Workshop Outlook**

Moderation: George NICULESCU, RSSC SG Co-chair, European Geopolitical Forum, Brussels.

13.00 – 13.30 **Official Closing Remarks**

Amb. Heidemaria GÜRER, Austrian Ministry for Europe, Integration and Foreign Affairs, Vienna

13.30 Lunch

Departure to the Side Programme/Individual Departures

Sunday, 10 April 2016

Individual Departures