THE GEOPOLITICS OF ENERGY SECURITY IN THE SOUTH CAUCASUS: DETERMINANTS AND IMPLICATIONS FOR NATO’S ROLE IN ENERGY SECURITY

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The South Caucasus has always been an area of interest for me, particularly after living and working in Georgia as a security and defense consultant for almost a year. I have been particularly interested in seeing the region move, in a variety of aspects and in such short period of time, from its Soviet legacy to a more Western-oriented mindset. Although I have not yet visited Azerbaijan, learning and writing about the country made me even more interested in the development of the region; I am definitely going to pay a visit sometime soon.

I would like to thank a number of people who helped me throughout the process of making a research topic to a worth-reading master’s thesis. Firstly, I would like to thank my supervisor, Dr. Adam Chalmers, who guided me during this process from the very beginning. Thank you for challenging me, for the methodological insights and for giving me the freedom to choose the path in which this research has followed.

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Thanks to my family who gave me the support to continue to do what I want to do even though it is far from home.

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And lastly, to my old Toshiba Satellite laptop which didn’t give up on me and broke down even after 7 years of working non-stop!

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LIST OF ACRONYMS

ACG- Azeri-Chirag-Guneshli (oil field)
bcm- billion cubic feet
BTC- Baku-Tbilisi-Ceyhan (oil pipeline)
BTE- Baku-Tbilisi-Erzurum (gas pipeline)
CoE-Council of Europe
CSTO- Collective Security Treaty Organization
EAPC- Euro-Atlantic Partnership Council (NATO)
ENSEC- Energy Security Centre of Excellence (NATO)
EU- European Union
FSC- Former Soviet Countries
IEA- International Energy Agency
IPAP- Individual Partnership Action Plan (NATO)
ISAF- International Security Assistance Force (NATO)
LNG- Liquefied Natural Gas
MAP- Membership Action Plan (NATO)
MFP- Multiple Futures Project (NATO)
NATO- North Atlantic Treaty Organization
NATO-Georgia Commission (NGC)
NPS- NATO Pipeline System
OPEC- Organization of Petroleum Exporting Countries
PARP- Planning and Review Process (NATO)
PiP- Partnership for Peace (NATO)
SOFA- Status of Forces Agreement (NATO)
UN-United Nations
US(A)- United States (of America)
USSR- Union of Soviet Socialist Republic-
tcf- trillion cubic feet
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I. INTRODUCTION

Restrictions on CO₂ emissions, the nuclear phase out announced by some European states and obstacles to rapid development of renewable energy are all factors that seem to force Europe into high dependency on natural gas. Currently, about 48% of European natural gas is imported from outside the continent where the two major suppliers are Russia and Algeria, and with an estimate increase of up to 74% by 2030 (BP, 2013). This growing dependency on external gas providers could impose security implications for Europe. As demonstrated in the temporary cutoffs of Russian gas to Europe in 2006 and 2009, unstable flow of energy can be used as a political weapon that affects the lives of millions of citizens in the continent. In response to the gas cutoffs, NATO leaders officially recognized at the Riga Summit in 2006 that the disruption of the flow of vital resources could affect the Alliance’s security interests. In addition, the Allies noted a report on ‘NATO’s Role in Energy Security’, which identifies guiding principles, and outlines options and recommendations for further activities. This report puts forward new security mechanisms that include the protection of critical infrastructure and an advancement of regional and international cooperation within NATO’s Member and Partner States1.

In light of European states’ growing dependency on Russian gas supply, the Caspian basin that contains substantial resources of oil and gas is set to emerge as an important contributor to global energy supplies (IEA’s Energy Outlook, 2010). Thereby, resources in the region could underpin a sizable increase in production and export to Europe through southern corridors in the near future which bypass Russia.

Although extensive research has been carried out on NATO’s transformation and enlargement process since the end of the Cold War, no single study adequately covers the geo-strategic link between access to Caspian energy and NATO’s recent expansion of duties in the energy security sphere. Thus, this study aims to assess NATO’s new strategic functions in energy security and examine whether it may serve as a new motive influencing the Alliance’s move towards the South Caucasus countries. Therefore, the central question in this thesis is: how does access to and transit of energy sources from the Caspian Sea influence the relations between NATO and the South Caucasus countries.

1 More on NATO’s role in energy can be found in: http://www.nato.int/cps/en/natolive/topics_49208.htm
In order to answer this research question, this study takes two of the three South Caucasus countries, Azerbaijan and Georgia, as primary case studies and examines whether their access to and transit of Caspian energy to Europe can serve as a geo-strategic motive for NATO to tighten relations with them.

This thesis finds that the Russian gas cutoffs in Europe in 2006 and 2009 seem to have opened a window of opportunity for NATO to tighten relations with the South Caucasus states due to their access to Caspian energy. While NATO Members’ dependency on Russian energy is projected to decline due to a range of Southern corridor projects from the Caspian basin, Azerbaijan and Georgia’s relations with NATO seem to have gotten stronger than ever. While NATO’s practical role in energy security is not in pipeline protection but rather as a facilitator of knowledge between private companies and Member/Partner States, evidence suggests that the Alliance still serves as an informal security umbrella for the South Caucasus countries. Additionally, even though both states made important steps towards NATO membership through democratic reforms and upgrading their military capabilities, they are still far from meeting the Alliance’s admission criteria. For Azerbaijan, which is rather hesitant regarding its membership aspiration, closer ties with NATO serve as deterrence from Russian domination in the unresolved legal statues of the Caspian Sea. For the membership aspirant, Georgia, closer ties with NATO have strategic and security motives to deter the Russian threat after the 2008 South Ossetia and Abkhazia armed conflict.

In the following sections I. discuss the core elements used in this research. Section II. provides an overview of the extend literature related to NATO’s transformation of duties and enlargement. Section III. provides details about the theoretical framework that will be used in the data analysis. This framework brings together two theories, Balance of Threat theory and Rational Choice Institutionalism that will help provide a compelling answer to the research question. Section IV. provides details about the research design and methodology used in this thesis. Section V. provides the research findings and analysis. These will be thoroughly discussed in Section VI. Finally, Section VII. presents concluding remarks and the limitations of the research.
II. LITRATURE REVIEW

A considerable amount of literature has been published on NATO’s transformation from a defense to a security alliance, which brought upon new security duties and opened the door for new Former Soviet Union (FSU) states to join NATO as Member and Partner States after the end of the Cold War. Yet, none of these studies have examined in-depth the link between NATO’s transformation and expansion of duties to the Alliance’s new security functions in energy security and its relation to Caspian energy.

The following literature review will provide an overview of the main factors that explain these processes. I will present these explanations from three different theoretical perspectives in International Relations studies, namely: Constructivism, Rational Choice Institutionalism and Realism.

**NATO’s Transformation of Duties and Enlargement**

The presence of a clear external military threat to NATO Member States prior and during the Cold War served as a crucial element for the Alliance defense and war-fighting roles. It is commonly agreed in the literature that the end of the Cold War, with the absence of a clear Soviet threat, brought upon a series of transformations to NATO (Epstein, 2005; Fierke & Wiener, 1999; Priego, 2008; Schimmelfennig, 2002; Szayna, 2001). Starting in the London Declaration on a ‘Transformed NATO’ in 1990 and proceeding in Brussels Summit in 1994, NATO has moderated its war-fighting roles and instead started to emphasize its collective security elements. From then onwards, NATO’s agenda included conflict prevention and, as stated in NATO’s 1991 Strategic Concept, promotion of a "zone of stability and security" in and around Europe. This period of change in broader Europe has brought NATO to reinvent itself as an institution for dealing with the perceived security problems in contemporary Europe (Szayna, 2001). NATO’s reinvention has mainly evolved throughout the years in a number of enlargements. Since 1991, NATO opened its doors to twelve newly independent post-Soviet states in three major enlargement rounds; the last round took place in 2009 with the admission of

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2 For the complete text of NATO 1991 Strategic Concept see: http://www.nato.int/cps/en/natolive/official_texts_23847.htm
Albania and Croatia. Further enlargement of NATO with additional post-Soviet states (i.e. Georgia and Ukraine) is currently being assessed on a case-by-case basis.

The lack of a common enemy also allowed NATO Member States to adopt different and sometimes less committed positions. As suggested by Priego (2008), after more than forty years of existence, NATO became a flexible organization whereby the different Members and Partners could find a comfortable and suitable position. One complication that arises from NATO's transformation and enlargement, as he further notes, is that the line dividing its Members and non-Members became blurry. Although this blurring is intentional and contributes to the continuation of a benign security environment, it creates difficulties for defense planning (Priego, 2008). By taking on a responsibility for European security as a whole and identifying specific countries as possible future Members, NATO has extended implicit and conditional security (Szayna, 2001).

Moreover, while there are historic Members like the US or the UK with a deep contribution to the collective security of the Alliance, there are also others like Spain or Belgium that rely more on the EU for their security. This big difference is much clearer amongst NATO’s Partner States. In his study, Priego (2008) identifies two different sets of Partner countries: those interested in becoming full Members of NATO, such as Georgia; and those interested in maintaining some kind of cooperation with the Alliance rather than a membership framework, such as Azerbaijan. NATO, therefore, has developed special partnership programs that are designed to allow the Partner States to choose their kind of cooperation with the Alliance.

i. **NATO Partnership**

In 1994, the formal process of expanding NATO was initiated, as the Alliance extended invitations to the newly democratized states of Central and Eastern Europe to join NATO in the Partnership for Peace (PfP) program\(^3\). This plan was intended to assist these states in their transitions into democracy, and was a temporary step towards a potentially larger Alliance in the future. In addition, NATO has established preconditions for consideration of new Member States, almost all of which involve internal democratic reforms rather than military considerations. In this procedure, NATO has identified nine countries as being on track to

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\(^3\) For more information on the PfP program see: [http://www.nato.int/cps/en/natolive/topics_50349.htm](http://www.nato.int/cps/en/natolive/topics_50349.htm)
membership through its Membership Action Plan (MAP)\(^4\). Participation in the MAP and fulfillment of the pre-accession criteria do not guarantee that a country will become a Member and as the 1997-1999 round of enlargement showed, strategic considerations may as well play a role in determining which countries are invited to join (Szayna, 2001).

\[\text{ii. } \text{NATO’s Enlargement from a Constructivist Perspective}\]

The notion of NATO’s transformation and enlargement could be seen from different perspectives. Scholars who take a constructivist approach argue that notions defining NATO are no longer embedded in terms of defense, but rather as an anchor of security, stability, and Western norms and values (Epstein, 2005; Fierke & Wiener, 1999; Schimmelfennig, 2002). For instance, Schimmelfennig (2002) examines whether states aspiring to join regional organizations, such as NATO, EU and CoE, would identify with and adhere to their constitutive liberal norms and values. In his study the author uses a statistical analysis of the major enlargement events of NATO, the EU and CoE and finds that the more a state complied with domestic liberal norms, the more likely it was to establish institutionalized relations with and apply for membership of these organizations.

Similarly, NATO enlargement can be seen as emerging out of the tension between past promises and on-going practices in a context of dramatic change that constitutes a challenge to the Cold War identities of post-Soviet states (Fierke & Wiener, 1999). In this regard, the self-definition and normative ideals of both NATO and the EU were defined as opposing to the ‘East’ and served primarily to reinforce Western normative ideals (Fierke & Wiener, 1999). In this study, the authors argue that in order to maintain their identity as ‘victors of the Cold War’, Western institutions had to act with some semblance of consistency with the normative ideals that they represent.

\(^4\) For more information on the MAP plan see: [http://www.nato.int/cps/en/natolive/topics_37356.htm](http://www.nato.int/cps/en/natolive/topics_37356.htm)
iii. **NATO’s Enlargement from a Rational Choice Institutionalist Perspective**

Building on the change of NATO’s functions after the end of the Cold War, the Rational Choice Institutionalist approach explains the persistence of the Alliance by developing specific assets tailored to the particular threat (or threats) facing the Alliance (Wallander, 2000). In her study, Wallander (2000) suggests that alliances predicated only on threats are not likely to survive when these threats disappear. Thereby, in the absence of a clear Soviet threat, the survival of NATO is determined by the institution’s ability to adopt specific assets for dealing with environments without threats. For instance, specific political and military assets of joint policies, statements and commitments designed to make deterrence and collective defense against the threat in a clear and credible manner.

iv. **NATO’s Enlargement from a Realist Perspective**

Unlike the constructivist and institutionalist perspectives on NATO’s enlargement, the realist approach puts emphases on the geo-strategic interests of the Alliance to further expand its Member States. For instance, Polak et al. (2009) argue that although the military contribution of the newly admitted Members (i.e. Albania and Croatia) to NATO operations is relatively small, their geographical location in the Balkan has a specific strategic advantage to the Alliance. If a situation arises in which NATO forces must intervene in Kosovo or Bosnia, the countries’ close proximity would likely prove indispensable (Polak et al., 2009). Moreover, the admission of Bulgaria to NATO in 2004 gives the Alliance geo-strategic advantages in the Black Sea (along with Romanian and Turkish memberships) over the Russian presence in the region (Sanchez, 2008).

In addition to the geo-strategic consideration of the Alliance to integrate new Member States, pressure of existing dominant Members may as well influence NATO’s enlargement process. As suggested by Bounds and Hendrickson (2009), despite Georgia’s democratization progress and military modernization of the last decade, Tbilisi still fails to meet NATO’s military and political membership standards. Nevertheless, the US position to admit Georgia as a candidate Member raises questions about the relevancy of NATO’s expansion measures (Bounds & Hendrickson, 2009). Moreover, a study that examines Georgia’s readiness in accordance to NATO’s general standards finds that Georgia is not ready to join NATO (Kriz & Shevchuk,
Despite its status as a candidate Member of the Alliance, serious deficiencies in the area of democracy building, military readiness, and settling territorial disputes with its neighbors may prevent Tbilisi from granting this status in the near future. Yet, this study finds that the only area in which the situation is satisfactory is the domestic support of the Georgian public for NATO accession (Kříz & Shevchuk, 2011).
III. THEORETICAL FRAMEWORK

This thesis asks the following question: how does access to and transit of energy sources from the Caspian Sea influence the relations between NATO and the South Caucasus countries. This question consists of two primary elements: the first is regarding the motivation of the South Caucasus countries, as energy providers and security consumers, to tighten their relations with NATO; and the second is the interest of NATO, as a security provider, to tighten relations with the South Caucasus countries. Since this research primarily concerns with the geo-strategic motives of both NATO and the South Caucasus states to tighten relations rather than normative ideals and values the Alliance may offer, I will not examine this process from a constructivist perspective. Nevertheless, in order to provide a more compelling picture regarding the geo-strategic and geopolitical motivations for both sides to tighten relations, two different theoretical perspectives will be assigned: the first being the Balance of Threat and the second is Rational Choice Institutionalism.

i. Balance of Threat

I will explain the motivation of the South Caucasus countries to tighten their relations with NATO from a defensive realist perspective by using the Balance of Threat theory (Walt, 1985). As an umbrella of several theories in political science, defensive realism holds that the world is an anarchic and competitive system, while nation-states act out of self-interest to pursue maximization of economic and of military power in order to ensure their survival (Walt, 1987). Walt’s (1985) Balance of Threat theory builds on the Balance of Power theory (Waltz, 1979), which argues that states are likely to join alliances in order to avoid domination by strong powers. In his theory, Walt suggests that alliances are viewed as a response to threats and therefore nation-states would prefer to ally with the stronger power to ensure their survival.

In this regard, assuming that Russia is still considered a threat to some of the South Caucasus countries, as validated in the 2008 war between Russia and Georgia, the regional countries would aspire to tighten their relations with NATO merely from security motives.
ii. **Rational Choice Institutionalism**

To explain NATO’s new role in the energy security sphere and the motive of tightening relations with the South Caucasus countries, I will use the Rational Choice Institutionalist approach. Building on Rational Choice theory, whereby actors behave in a rational and self-interest manner that presumes calculation, the Institutionalist Rational Choice approach emphasizes the role of strategic interaction in the determination of political outcomes (Kenneth, 1993). It assumes that actors create institutions in order to realize benefits which are often conceptualized in terms of gains from strategic cooperation (Martin, 1992). In addition, the existence of institutions is explained by reference to the benefit or value its actors gain from its existence (Martin, 1992).

When looking at NATO’s change of functions from a defense Alliance to a security institution after the end of the Cold war, Rational Choice Intuitionalists argue that the persistence of NATO is determined by adopting new security assets for dealing with environments without threats (Wallander, 2000). In this regard, NATO’s adoption of new specific assets, such as energy security, addresses new security concerns in a collective and beneficial manner for other NATO Members. Therefore, tightening relations with countries that can strategically add to the Alliance through access to and transport of energy sources may serve for the benefit of other Members States.
IV. RESEARCH DESIGN AND METHODOLOGY

The following section provides an overview of the research design and methods used in this study. I will begin with defining the concepts ‘geopolitics’, ‘geo-strategy’ and ‘energy security’, which will be frequently used in this thesis. I will then provide details about the variables and hypotheses that were tested in this research. In the final part, I will discuss the methodology, case selection and means of collecting the data for this study.

Concepts Definitions

As the title states, this thesis discusses the geopolitical implications of energy sources in the Caspian basin on regional and international energy security. Before discussing NATO-South Caucasus relations with regards to Caspian energy in more detail, it is important to briefly define several concepts that will be frequently repeated in this thesis.

The first concept that needs to be defined is ‘geopolitics’. This term mainly concerns the strategic and political influence in a given geographic territory, and particularly links the causal relationship between the distribution of political and military powers in that space (de Haas et al., 2006).

The second concept that will be used is ‘geo-strategy’. Unlike ‘geopolitics’, the term ‘geo-strategy’ is generally motivated by the desire of a state, or an alliance in this matter, for political or military control over entities with a strategic value, such as foreign resources. Both ‘geo-strategy’ and ‘geopolitics’ merge strategic considerations in a given area. Yet, as suggested by the military analysts de Haas et al. (2006), geo-strategies advocate pro-active planning and assigning means to secure the assets of political or military significance.

The third term that is defined here is ‘energy security’. From an economic perspective, energy security is broadly seen as a problem of risk management which aims to reduce to an acceptable level the risks and consequences of disruptions and adverse long-term market trends (IEA, 2010). Unlike economists, military analysts mainly focus on the strategic values of access to energy sources and the military and political implications of the distribution of energy flow from a producing country to a consuming one. For the purpose of this thesis, I will use the definition to the term ‘energy security’, as suggested in the report of de Haas et al. (2006): “energy security is a policy which considers the risk of dependence on fuel sources located in
remote and unstable regions of the world and the benefits of domestic and diverse fuel sources” (p.10). At the level of analysis used in this study, the security of energy sources and its routes of transportation imply freedom from armed threats and the maintenance of stable energy production, distribution and consumption in the domestic and international arenas.

**Variables and Hypotheses**

In light of NATO’s new strategic functions in the energy security sphere with the adoption of the New Strategic Concept in 2010, access to and transit of energy by Partner States can be regarded as a new geo-strategic value to diversify Europe’s energy sources. Thus, this study aims to assess the link between access to Caspian energy and NATO-South Caucasus tight relations in the last years. Therefore, the main independent variable in this study is: *the geo-strategic value of Caspian energy to Europe.*

This study aims to examine the effect of this independent variable on the dependent variable, namely: *the political and military relations with NATO.*

The main assumption of this study is therefore tested with the first hypothesis: *The larger the geo-strategic value of Caspian energy to Europe, the tighter the political and military relations of NATO with the South Caucasus countries.*

While all three South Caucasus countries are Partner States in NATO, only Georgia publicly announced its aspiration for membership in the Alliance. As the main transit routes of energy from the Caspian basin to Europe cross Georgia’s territory, Tbilisi plays a key role in the security of critical infrastructure of Caspian energy to Europe. Nevertheless, as an aspirant country, Georgia’s relations with NATO have reached a more distinct level than the other South Caucasus countries. In order to control for the effect the transit of energy may have on the relations with NATO, it is essential to test Georgia’s readiness for NATO membership. Moreover, in order to assess Georgia’s relations with NATO vis-à-vis the other South Caucasus countries, particularly Azerbaijan, I will control for NATO’s accession requirements and test whether Georgia meets NATO’s admission requirements. This will allow me to better identify the root of Georgia-NATO close ties regardless of the energy security aspect. Therefore, the second independent variable is: *NATO’s admission requirements.*
The second assumption in this study will be tested with the following hypothesis:

*The more aspirant states meet NATO’s admission requirements, the tighter their political and military relations with NATO*

**Methods**

The method used in this research is a case-study analysis. This combines qualitative data on NATO’s geo-strategic value and quantitative data on Caspian energy and Georgia’s readiness for membership. As mentioned earlier, these data has been examined and analyzed from Rational Choice Institutionalism and Balance of Threat theoretical frameworks.

**Case Selection**

This research examines the geographical area of the South Caucasus region, which spans from the Black Sea coast to the Caspian Sea and compromises three FSU states, Azerbaijan, Georgia and Armenia, who became independent in 1991. As will be further elaborated, the geopolitical importance of the South Caucasus is based on the presence of valuable energy sources and transportation routes, especially from the Caspian Sea. As these resources have become more significant as a geo-strategic objective to the West, and particularly to European countries, energy policies by consuming countries have resulted in tightening relations with the South Caucasus states.

Similarities and variations of the three South Caucasus states with regards to their relations with Europe can be seen in Table I. Although all three states are active Partner States in NATO, variations in their access to and transport of energy to Europe can be observed. Therefore, as the geo-strategic value of access to energy is a crucial factor in this study, this thesis will mainly focus on the cases of Azerbaijan and Georgia as energy-providing states.
Table I. Variations in the relations of the South Caucasus states to the West

<table>
<thead>
<tr>
<th>Objective</th>
<th>Azerbaijan</th>
<th>Georgia</th>
<th>Armenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-Soviet Union state (independent states since 1991)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Involvement in international, ethnic or external territorial dispute</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>High level of openness to trade in recent years</td>
<td>✓</td>
<td>✓</td>
<td>-</td>
</tr>
<tr>
<td>Close relations with the West</td>
<td>✓</td>
<td>✓</td>
<td>-</td>
</tr>
<tr>
<td>Partnership in NATO</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Aspiration for membership in NATO</td>
<td>-</td>
<td>✓</td>
<td>-</td>
</tr>
<tr>
<td>Energy access or transportation route to Western Europe</td>
<td>✓</td>
<td>✓</td>
<td>-</td>
</tr>
</tbody>
</table>

Data Collection

All primary data on the case studies with regards to their relations with NATO were based on NATO’s official texts derived from NATO’s e-library⁵. Data on quantities and regional values of Caspian energy were derived from the International Energy Agency’s (IEA) global ‘Energy Outlook’ report (2010)⁶.

Regarding the geo-strategic value for NATO’s relations with Georgia and Azerbaijan, data were gathered in three semi-structured elite interviews; one interview with Mr. Michael Ruehle, Head Energy Security Section in NATO Headquarters as well as interviews with Azeri and Georgian diplomats who specialize in their states’ relations with NATO.

With regards to NATO’s membership admission, a number of datasets were analyzed to assess Baku and Tbilisi’s readiness. Although NATO does not have a fixed or rigid list of criteria for inviting new members to join the Alliance, NATO’s Study on Enlargement (1995) considers a number of criteria as the main factors for admission. To test Georgia and Azerbaijan’s readiness for membership in accordance to the Alliance’s requirements, the following datasets were examined:

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o Settling international, ethnic or external territorial dispute by peaceful means is based on the UCDP/PRIConflict Database\(^7\).

o Functioning democratic political system based on market economy is based on the Economist Intelligence Unit’s Index of democracy 2011\(^8\).

o Commitment to the rule of law is based on a database of the World Bank- governance indicators\(^9\).

o Human rights and fair treatment of minority population is based on data from Freedom House- Human rights defense\(^10\) and the Minorities at Risk database\(^11\).

o Military contribution to NATO operations is based on NATO’s official texts\(^12\).

o Commitment to democratic civil-military relations and institutional structures is based on data from the World Bank- governance indicator\(^13\).

\(^7\) See: [http://www.pcr.uu.se/database/index.php](http://www.pcr.uu.se/database/index.php)


\(^12\) See: [http://www.nato.int/cps/en/SID-43318DE7-66ADAD06/natolive/publications.htm](http://www.nato.int/cps/en/SID-43318DE7-66ADAD06/natolive/publications.htm)

V. RESEARCH FINDINGS AND ANALYSIS

Europe’s Dependency on External Energy Supply

Before discussing the geopolitics of energy security in the South Caucasus, it is important to take a broader look at Europe’s current energy supply. The following section provides a short overview on the growing dependency of Eastern and Central European states on external energy sources with a focus on natural gas supply. This section serves as a background to the analysis, conceptualizing the link between the evolution of Caspian energy and the geopolitical determination of NATO to tighten relations with the regional countries.

In the last two decades, Europe’s dependency on natural gas has significantly increased, as it has become a main source of energy. This dependency on natural gas emerged as a result of the EU’s intergovernmental restrictions on CO₂ emissions, high emissions from coal-based generators, and obstacles to rapid development of renewable energy (Kumar et al., 2011). In 2009, about 26% of the primary energy consumption of all 27 Member States came from natural gas. With an annual growth rate of 2.7%, the total gas demand is projected to rise to 43% by 2030 (Kumar et al., 2011).

In light of this growing dependency, in early 2000s an energy dialogue between the EU and Russia was established. As a result, Russian gas supply to Europe from the Caspian through the Black Sea resumed. At present time, about 48% of the European natural gas is imported from outside the continent, where the majority of the gas is supplied by Russia. Europe’s import of natural gas from external providers is projected to rise up to 74% by 2030 (BP, 2013).

The geographic distance between Russian producers and European consumers underscores the strategic position Russia has over gas-transit countries, such as Ukraine, Belarus, Georgia, and the Baltic States. In January of 2006 and 2009, in a blatant attempt to use the flow of energy as a political weapon, Gazprom, the Russian gas enterprise, temporarily cutoff all gas supply to Europe via Ukraine. The Russian use of gas as a political weapon has significantly decreased gas flow to Hungary, Bulgaria, Romania, Turkey, Poland and the Czech Republic (Larrabee, 2010). The Russia-Ukraine gas crises not only illustrated to European states how strongly they are dependent on Russian gas, but also emphasized their need to diversify their main energy supply, as the flow of gas from Moscow can be found unstable (Belgin, 2009).
The Relevancy of Caspian Energy to the European Market

In light of European states’ need to diversify their energy supply, the Caspian basin contains substantial resources of oil and gas and is set to emerge as an important contributor to global energy supplies (IEA’s Energy Outlook, 2010). Even though resources in the region are unevenly distributed geographically, they could underpin a sizable increase in production and exports over the next two decades. As will be further discussed, the Caspian region has significantly expanded its oil and gas exports to international markets since the beginning of the 1990s. Oil production in the region grew markedly, mainly as a result of steep increases in the capacity of major oil fields in Kazakhstan and Azerbaijan. As illustrated in Figure I, production from the Caspian States rises from an estimated 2.9 million barrels per day (mb/d) in 2009 to 4.4 mb/d in 2020 and projected to a peak of around 5.4 mb/d between 2025 and 2030. Although oil demand across the region continues to grow with economic expansion, the total production remains much higher, freeing up oil for export.

One of the major oil producing countries in the region is Azerbaijan, which was quick to open its doors to international investors after independence in 1991. The development of the Azeri-Chirag-Guneshli (ACG) group of offshore fields and the opening of the Baku-Tbilisi-Ceyhan (BTC) oil export pipeline in 2006 were visible and successful results of this policy, making Azerbaijan one of the very few countries outside OPEC that has increased its conventional oil output since 2000.

**Figure I. Caspian Oil Outlook**

Source: IEA energy Outlook (2010)
* The main focus in this figure is on Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan, which are the largest consumers and producers of energy in the region.
Similarly to the regional oil outlook, Caspian gas production jumps from an estimated 159 billion cubic meters (bcm) in 2009 to predictions of nearly 260 bcm by 2020 and over 310 bcm in 2035 (see Figure II). Gas exports are projected to grow rapidly, reaching nearly 100 bcm in 2020 and 130 bcm in 2035. While Russia remains a central purchaser of Caspian gas, according to IEA’s Energy Outlook (2010), there will be greater diversity in Caspian gas trade as the region expands its access to the European and Asian markets. As will be further elaborated, the development of a Southern corridor from Azerbaijan to the Turkish and European markets paves the way for larger volumes of Azerbaijani gas to move westwards.

**Figure II. Caspian Gas Outlook**

![Caspian Gas Outlook Chart]

Source: IEA energy Outlook (2010)

* The main focus in this figure is on Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan, which are the largest consumers and producers of energy in the region.

**Azerbaijan’s Natural Gas Outlook**

A significant discovery of natural gas field was made offshore Azerbaijan in 1999. The discovery of this field, namely Shah Deniz, opened up a period of increasing interest in Azerbaijan’s potential as a gas producer and supplier. In 2006, Azerbaijan stopped importing gas from Russia and in the following year Baku became a net exporter for the first time. According to the IEA report (2010), Azerbaijan’s proven reserves are 1.4 trillion cubic feet (tcf) and production in 2009 was 16.7 bcm, with over one-third of the total coming from Shah Deniz. Moreover, Azerbaijani gas production is projected to increase modestly in 2015 to around 20
This is projected to bring total production to 36 bcm by 2020, of which about 23 bcm will be available for export. After 2020, the remaining gas resources are expected to keep output moving steadily upwards, reaching 43 bcm in 2025 and just under 50 bcm in 2035 (IEA, 2010).

**Caspian Gas Export Routes and Markets**

As illustrated above in Figures I and II, Caspian energy producers do not have a large domestic consumption of fossil fuels. Therefore, these countries have to look outside the region for opportunities to monetize their resources (IEA, 2010). In doing so, they usually have to rely on transit routes through neighboring countries, such as Georgia and Turkey. An export agreement between Azerbaijan and Turkey in June 2010 has opened up negotiations for competing gas supply from the Shah Deniz to the European market (see Table II & Exhibit I). In addition, in January 2011, the EU Commission signed a Joint Declaration on gas delivery with Azerbaijan. This declaration was an important step, as stated by the President of the EU Commission, José Manuel Barroso, “in the realization of the Southern Gas Corridor and the diversification of Europe’s energy supplies”

### Table II. Caspian’s main Westward gas-pipeline projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Route</th>
<th>Length (km)</th>
<th>Start date</th>
<th>Annual Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Caucasus (existing)</td>
<td>Azerbaijan-Georgia-Turkey</td>
<td>692</td>
<td>2006</td>
<td>Current 8 bcm, expansion up to 20 bcm</td>
</tr>
<tr>
<td>Nabucco</td>
<td>Turkey-Bulgaria-Romania-Hungary-Austria</td>
<td>4030</td>
<td>From 2016</td>
<td>Initial 8 bcm, expansion up to 25-31 bcm</td>
</tr>
<tr>
<td>Trans-Adriatic Pipeline (TAP)</td>
<td>Greece-Albania-Italy</td>
<td>405+115</td>
<td>From 2016</td>
<td>Initial 10 bcm, expansion up to 20 bcm</td>
</tr>
<tr>
<td>Interconnector (ITGI)</td>
<td>Greece-Italy (+connection Greece-Bulgaria)</td>
<td>600+207</td>
<td>From 2016</td>
<td>8 bcm (to Italy)</td>
</tr>
</tbody>
</table>

Source: IEA energy Outlook (2010)

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Alongside these pipeline projects, the EU sees the Black Sea as a potential bridge that connects Europe to Caspian gas by pipeline or in the form of liquified (LNG) or compressed natural gas to Romania or Bulgaria. Although they are more costly, these proposals provide potential back-up in case the pipeline options run into difficulties.

Exhibit I. Southern Corridor for Caspian Natural Gas

Source: Committee on Foreign Relation US Senate (2012; http://www.gpo.gov/fdsys/)

See: http://eurodialogue.org/The-Black-Sea-Energy-Bridge
NATO’s Role in Energy Security

With the relevancy of natural gas from the Caspian to reduce Europe’s growing dependency on Russian gas, only several months after Gazprom’s first energy cutoffs in January 2006, NATO leaders formally recognized for the first time NATO’s role in energy security at the Riga Summit in November 2006. As underscored in the Riga Declaration, the Alliance security can be affected by the disruption of the flow of vital resources. As a response to such a scenario, NATO leaders supported a “coordinated, international effort to assess risks to energy infrastructure and to promote energy infrastructure security.” In addition to this formal declaration, a more outspoken view on the role NATO should take in energy security was addressed by US Senator Lugar at the Riga Summit. The Senator asserted that in the coming decades, the most likely source of armed conflict in the European theatre and the surrounding regions would be energy scarcity and manipulation. Therefore, the Alliance should assist under its Article 5 mutual defense clause any Member whose energy supplies are threatened. As he further asserted:

“We [NATO leaders] should recognize that there is little ultimate difference between a member being forced to submit to foreign coercion because of an energy cutoff, and a member facing a military blockade or other military demonstration on its borders.” “The use of energy as an overt weapon is not a theoretical threat of the future; it is happening now.” “NATO must determine what steps it is willing to take if Poland, Germany, Hungary, Latvia, or another member state is threatened as Ukraine was.” ”NATO must become a reliable refuge for members against threats stemming from their energy insecurity. If this does not happen, the Alliance is likely to become badly divided as vulnerable members seek to placate their energy suppliers.”

Although NATO’s roles in energy security were formally recognized at the 2006 Riga Summit, it is important to note that energy security is not entirely a new phenomenon within NATO. During the First Persian Gulf War in the 1980s, a number of European NATO Member States led by the US conducted a maritime operation to secure the supply routes of oil. In addition, European NATO Members also joined the US in a coalition during the Gulf

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16 To access the complete Riga Declaration see: [http://www.nato.int/docu/pr/2006/p06-150e.htm](http://www.nato.int/docu/pr/2006/p06-150e.htm)
17 Ibid
19 Ibid
21 Ibid
War of 1991 against Iraq and aimed to protect oil production in Kuwait and Saudi-Arabia (de Haas et al., 2006).

Moreover, a recent report by NATO’s Energy Security Centre of Excellence (ENSEC, 2012) on NATO’s role in energy security highlights the Alliance’s cooperation in the field with the EU, UN and other major organizations. This report also shows the importance of NATO in securing critical energy infrastructure, as highlighted in the Alliance’s Strategic Concept in 2010\(^2\). As mentioned in the ENSEC report (2012), critical energy infrastructure generally compromises nuclear and hydroelectric power plants, pipelines, computer networks for system management, tank ships, oil and natural gas terminals, treatment plants and similar objects. This report shows that NATO not only sees energy security as security of supply, but also as stable operations of logistics, transmission, computer management systems “ensuring undisrupted supply of necessary energy resources to the Alliance troops” (p. 30).

It is generally conceived that the protection of energy infrastructure is primarily a national issue and requires the responsibility of the particular threatened Member or Partner State without the engagement of NATO. This has been supported by the Head of Energy Security Section at NATO, Mr. Ruehle who argues that:

“NATO is not in the security-pipeline-business” […]“When it comes to protecting pipelines which go over national territories, you would have to have, I guess, some sort of decision by NATO to do anything – and this, I think, would hardly happen without a crisis, an attack, or something similar” […] “In peacetime, the issue of NATO protecting pipelines does not arise simply because, legally speaking, critical infrastructure protection is a national responsibility, so the country which has the pipeline needs to protect it and nations are very strict about that. And, second, if there would be a request by a country to NATO to support it, this would, as I mentioned earlier, be decided ad hoc, so there is no plan or strategy to protect pipelines”\(^2\)\(^3\).

As discussed in the previous section, energy supply to Europe does not concentrate in one specific country or region but goes across the borders of a number of states, some of which might not be NATO Partner States. In other words, the issue of protection of vital infrastructure can often go beyond the national security of a single country and become a threat to the security of the Alliance. Therefore, as highlighted in the ENSEC report (2012), both national and common

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\(^2\) For complete version of the 2010 Strategic Concept, see:

\(^3\) The complete transcript of the interview can be found in the Appendix section.
Alliance-level pro-active strategies are required to ensure security of the objects of energy production and supply.

The question that needs to be addressed at this point is what are the threats posed to NATO Members’ energy supply and how can these be overcome. One of the major threats to vital energy infrastructure is the disruption of resource supply chain by terrorist attacks. If the pipeline is above the ground it can be blown up using low-tech methods. As pipelines are often buried, they can be vulnerable when exposed in pumping stations, river-crossing and terminals. The Alliance’s role in this regards is to identify vulnerabilities, thus reducing the possibility of attacks against the critical object to the minimum (ENSEC, 2012). It should be noted that the protection of vital infrastructure is as well not a new phenomenon in NATO. During the Cold War, the Alliance established a Petroleum Committee that was, and still is, responsible for the protection of the NATO Pipeline System (NPS), which consists of approximately 12,000 kilometers long fuels and lubricants pipelines and runs through 13 NATO countries.24

**NATO Moves Towards the South Caucasus**

As discussed in the previous sections, the Russian cutoff of gas supply to European states has not only illustrated the need for Europe to seek for alternative energy providers, but has also opened a window of opportunity to tighten relations with potential energy-allies from the South Caucasus. The following section takes a closer look at NATO’s relations with the South Caucasus states and aims to thoroughly discuss the main hypothesis of this study, namely: *The larger the Geo-strategic value of Caspian energy to Europe, the tighter the political and military relations of NATO with the South Caucasus countries.*

I will start with a broad overview on NATO’s approach towards the South Caucasus region. This will be followed by a closer and more specific look at NATO’s cooperation with each of the three regional countries: Azerbaijan, Georgia and Armenia.

As discussed earlier, NATO’s shift in emphasis from the Cold War mission of territorial defense to a broader range of threats reflects a growing awareness that conflict and instability on and beyond NATO Members’ borders represent the most serious challenge to the Alliance’s security interests in the post- Cold War era. The Alliance’s orientation towards Eastern Europe and Euroasia may explain NATO Secretary General Javier Solana's February 1997 statement that

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24 For more information on the NPS see: [http://www.nato.int/cps/en/natolive/topics_56600.htm](http://www.nato.int/cps/en/natolive/topics_56600.htm)
"Europe will not be completely secure if the countries of the Caucasus remain outside European security."\textsuperscript{25} Along with the formal rhetoric, in 1997 NATO also established the Euro-Atlantic Partnership Council (EAPC), which reflects on the Alliance’s desire to build a “security forum better suited for a more enhanced and operational partnership, matching the increasingly sophisticated relationship being developed with Partner countries”\textsuperscript{26}. The creation of EAPC has formally created a dialogue of NATO with a number of newly independent FSU countries without committing to the Alliance’s security services. This has particularly served as a sign for these countries that to some extent were, and perhaps still are, threatened by Russian domination in their region.

This as well has been supported by the Head of Energy Security Section at NATO, Mr. Michael Ruehle. When asked about the dialogue of NATO Partner States vis-à-vis the relations of the Alliance with Russia, Mr. Ruehle replied:

“I think that some countries try to cultivate the dialogue with NATO to demonstrate to Russia that they have their own voice and that they have their own link to Brussels and, I believe it is part of their identity as an independent sovereign state to demonstrate to Russia: ‘we are on the map on our own’”\textsuperscript{27}.

A number of scholars have examined the closer relations of FSU countries with NATO after the collapse of the Soviet Union. Sokolsky and Charlick-Paley (1999), who look specifically at the South Caucasus, argue that the regional countries, particularly Azerbaijan and Georgia, have reached out to NATO to boost their security and reduce their dependence on Russia. Both states, as they further elaborate, invited NATO, the US and Turkey to establish military bases on their territories. Furthermore, they have also expanded military contacts, training, and exercise with Turkey, and proposed cooperation with NATO in protecting oil pipelines (Sokolsky & Charlick-Paley, 1999).

Yet, along with NATO's strategic transformation and open dialogue with FSU countries, the changing geopolitical environment in the South Caucasus and the desire of countries in the region to rely on the Alliance to counterbalance Russia raise the issue of whether the Allies’ interests are of sufficient importance to warrant NATO's military engagement. As supported by

\textsuperscript{25} For the complete speech of General Javier Solana, see: http://www.nato.int/docu/speech/1997/
\textsuperscript{26} For more information on the EAPC see: http://www.nato.int/cps/en/natolive/topics_49276.htm
\textsuperscript{27} The complete transcript of the interview can be found in the Appendix section.
Sokolsky and Charlick-Paley (1999), for both geopolitical reasons and geo-strategic ones, due to access to Caspian energy, the West has a tangible and growing stake in promoting the security of the Caspian region as well as the general stability, sovereignty, and independence of the newly independent FSU states.

Yet, an important security concern for NATO to take into account is that on-going tension and disorder in the South Caucasus could spill-over and threaten stability in the surrounding areas, including NATO Member Turkey. All three South Caucasus states are involved in protracted conflicts. The Nagorno-Karabakh dispute, which is officially under Azerbaijan’s territory, is the subject of an on-going conflict between Armenia and Azerbaijan. Similarly, tension in the Abkhazia and South Ossetia regions, within Georgia’s territory, has long been a source of tensions between Georgia and Russia. Notably, this tension erupted in an armed-conflict between the two states in August 2008. NATO is, therefore, reluctant to neither take a direct role in the resolution of these conflicts nor provide the Alliance’s security granted to Members under Article 5 (i.e. an armed attack against one Member State implies an attack on all). Nevertheless, a peaceful resolution of these conflicts is a core value of NATO as well as in the heart of commitments undertaken by all Euro-Atlantic Partners when joining the PfP program28.

When examining the core of the PfP policy, which allows the Partner States to build up an individual relationship and to choose their priorities for cooperation with NATO, one can argue that such a program was essentially designed for states under domestic complications while at the same time may serve a value to NATO through cooperation. The ‘flexibility’ of the PfP program towards the South Caucasus, as affirmed by Priego, (2008), can be labeled as “a form of a la carte cooperation” (p, 2). In the case of the South Caucasus countries, particularly Azerbaijan and Georgia, as will be further elaborated in the next sections, the PfP program allows them to develop and enhance their bilateral military cooperation with other Member States, such as Turkey and the US. In addition, the PfP umbrella allows the regional states to strengthen their bilateral (Azerbaijan-Georgia) cooperation and foster their foreign policies towards the West. An example to a low-profile approach within the EAPC for regional cooperation was the creation of an ad-hoc initiative, namely ‘Working Groups on Prospect for Regional Cooperation in the Caucasus’. This forum sets priorities for cooperation in defense-

28 More on the PfP program can be found here: http://www.nato.int/cps/en/natolive/topics_50349.htm
economics issues, civil-emergency planning, and science and environmental cooperation amongst the South Caucasus countries\textsuperscript{29}.

Another important key point of NATO’s interest in the South Caucasus is the close proximity as a by-pass route of supply for the US-led Coalition forces to Afghanistan. After September 11, Washington has redefined the PfP program and emphasized the importance of Central Asia and the South Caucasus regions for the War on Terror. Not only that the South Caucasus region serves as a strategic crossing point for NATO forces from Europe to Afghanistan, particularly through air-space, these countries have also contributed significantly to the mission in Afghanistan through the International Security Assistance Force (ISAF)\textsuperscript{30}.

Finally, to get back to the aspect of energy security, in a NATO report on ‘The Multiple Futures Project: Navigating towards 2030’, NATO assesses the biggest risks and threats the Alliance is likely to face in the next 20 years (MFP, 2009). This report suggests that one of the biggest risks NATO will face in the future is: “the availability and affordability of, access to, and competition for essential resources, including energy, water, food and other indispensable commodities” (p. 16). Although, the report does not provide risk predictions for a specific territory under NATO’s control, it does give recommendations that could be applicable to the case of energy security in the Caspian basin. For instance, one of these recommendations is to increase protection of critical infrastructure located abroad to ensure the dependent country will have continuous access to vital resources.

\textit{Case-by-Case Analysis}

After looking more broadly on NATO-South Caucasus relations, it is essential to take a closer look at the specific relations of the Alliance with each of the countries in the region. By looking at the particular niches each of these three countries are having with NATO it will allow to better identify their motivation for tightening relations with NATO, and vice versa. As discussed earlier, all three South Caucasus countries are Partners in NATO under the PfP program. Yet, their relationship with NATO varies significantly. For instance, while Georgia is

\textsuperscript{29} For more information on EAPC’s working groups see: http://www.nato.int/docu/review/2001/NATO-evolving-partnerships/Promoting-regional-security/EN/index.htm

\textsuperscript{30} For more information about the South Caucasus contribution in ISAF, see: http://www.nato.int/cps/en/natolive/topics_69366.htm
involved in most of the initiatives launched under the PfP program and aspires for NATO membership, Armenia remains rather ambivalent in cooperating with NATO since its major enemies, Turkey and Azerbaijan, are key players in the Alliance’s collective security. Azerbaijan’s relationship with NATO, unlike Georgia and Armenia, remains balanced. Baku does not officially seek Membership but at the same time its relations with the Alliance are getting stronger.

The following section will highlight the key aspects of cooperation between NATO and the three South Caucasus countries. I will start by looking at the Azerbaijan-NATO relations, as Baku is the major player in the region with regards to access to Caspian energy. I will then look at Georgia-NATO relations and examine Tbilisi’s aspiration for NATO membership. This will be followed by an analysis of several datasets and an assessment of Georgia’s readiness to become a Member State. Finally, I will compare Armenia-NATO relations vis-à-vis the relations of Georgia and Azerbaijan with NATO.

i. Azerbaijan-NATO Relations

The relationship between Azerbaijan and NATO is quite interesting. Although Baku does not officially seek to integrate into NATO as a Member State, its cooperation through various partnership programs is getting stronger over time. Since independence in 1991, Azerbaijan sought to follow the Turkish Kemalist model of statehood, which follows rather modern principles of secularism and reformism while preserving its Muslim character (Priego, 2008). The Azeri moderate approach opened up a dialogue with the US, its neighbor Turkey and NATO. It took only one year after independence from the Soviet Union for Azerbaijan to join the North Atlantic Cooperation, which was renamed in 1997 to the EAPC. Cooperation steadily increased and in 1994 Baku joined the PfP31.

Notably, in addition to Azerbaijan’s participation in the PfP program in 1994, in this year Baku also decided to open its energy sector in the Caspian Sea to international investors (Bilgin, 2009). This decision was tied with closer cooperation with Georgia, Turkey and Europe through agreements to create the Baku-Supsa and Baku-Tbilisi-Ceyhan (BTC) oil pipelines, and the

31 For more information on NATO-Azerbaijan relations see: http://www.nato.int/cps/en/natolive/topics_49111.htm
Baku-Tbilisi-Erzurum (BTE) gas pipeline (Fred, 2008). It is then no surprise that from this period onwards Baku-NATO relations have tightened. In 1997, Azerbaijan joined the PfP Planning and Review Process (PARP), which provides a basis for identifying partner forces' capabilities that could be available to NATO for multinational training, exercises and operations\(^{32}\). Only two years after joining the PARP, Baku sent a military unit to support the NATO led peacekeeping operation in Kosovo. Azerbaijan also offered to assign a small contingent of forces under Turkish command for NATO peacekeeping forces in Bosnia (Sokolsky & Charlick-Paley, 1999).

Moreover, since joining the PARP, Azerbaijan’s Armed Forces have increased their participation in a number of programs focused on achieving military interoperability with NATO forces. Participation in these programs has prepared Azeri Armed Forces to actively support the ISAF operation in Afghanistan from 2002\(^{33}\). At the Istanbul Summit in 2004, Azeri President, Aliyev, presented Azerbaijan’s first Individual Partnership Action Plan (IPAP) and in 2005 Azerbaijan started its first IPAP with NATO\(^{34}\). This two-year basis Plan is designed for countries that have the political will and ability to deepen their relationship with the Alliance through various cooperation mechanisms that essentially aim to sharpen their domestic reform efforts\(^{35}\). Since 2005, Baku has been engaged in three IPAP’s of which the last one has been approved in 2011\(^{36}\). One of the important questions that shall be addressed at this point is regarding Azerbaijan’s motivation for NATO Membership. In an interview conducted with an Azeri diplomat who specializes in NATO-Azerbaijan relations, when asked: \textit{what is the motive for a stronger Partnership dialogue along these years, while retaining from Membership aspiration}, he replied:

“Azerbaijan’s policy today is that we do not join blocks so that’s our point. So we are not members of any security block and membership can happen only when both sides are ready. But, despite that, there is a big support for NATO in Azerbaijani public for cooperation and its Euro-Atlantic policies because our policy remains out unshattered on Euro-Atlantic integration, so we continue and we will continue. So we leave the formalities of less important things. The most important things are factual cooperation”\(^{37}\).

\(^{32}\) For more information on the PARP program see: http://www.nato.int/cps/en/natolive/topics_68277.htm

\(^{33}\) For more information on NATO-Azerbaijan relations see: http://www.nato.int/cps/en/natolive/topics_49111.htm

\(^{34}\) Ibid

\(^{35}\) For more information about the IPAP see: http://www.nato.int/cps/en/natolive/topics_49290.htm

\(^{36}\) Ibid

\(^{37}\) The complete transcript of the interview can be found in the Appendix section
With regards to the readiness of both sides for NATO Membership admission, as addressed by the Azeri diplomat, this thesis argues that although tremendous progress has been made domestically, Baku is still far from meeting NATO’s admission criteria for Membership. Data on Azerbaijan’s situation and readiness for NATO membership suggest that the on-going regional rivalry with Armenia and Baku’s domestic democratic deficiencies are the main limitations. One of the major obstacles in meeting NATO’s requirements is Baku’s failure to meet the first, and perhaps most important, criterion for NATO- settling regional conflict by peaceful means (NATO, 1995). With regards to the Nagorno-Karabakh dispute that will be further discussed in the next section, even if this dispute was settled, a number of other indications on the domestic statues of Azerbaijan show that Baku is still far from meeting the required criteria for Membership. One of these indications is commitment to the rule of law. According to the World Bank’s Governance Indicators online database\(^8\), between 1996 and 2011 Azerbaijan’s Rule of Law ranking\(^9\) was ranked fairly low globally (between the 10\(^{th}\)-25\(^{th}\) percentile) with an average governance score of -0.82 (in a -2.5 to +2.5 ranking). Furthermore, for Control of Corruption\(^10\) in the same years, the data indicate a high level of corruption (between the 0\(^{th}\)-10\(^{th}\) percentiles) with an average governance score of -1.3 (in a -2.5 to +2.5 ranking). In addition, with regards to fair treatment of minority population, a Minority at Risk report\(^11\) concludes that the Armenian minority of about 30,000 people in Azerbaijan are still at high risk of conflict, as the Nagorno-Karabakh issue remains unsettled.

*The Nagorno-Karabakh dispute*

Although Azerbaijan has largely developed its ties with NATO and the West, and much progress in Baku’s foreign policy can be observed since independence, Baku is still struggling to resolve its frozen conflict with its neighbor from west, Armenia. As the data above suggest, failure to settle this conflict influences to a large extent further engagement with NATO and

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\(^{39}\) The World Bank’s Rule of Law ranking captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

\(^{40}\) The World Bank’s Control on Corruption ranking captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

potential Membership accession. According to the CIA’s World Fact Book, the dispute firstly erupted in 1988 where the Armenian population in the Nagorno-Karabakh territory aspired for independence. This ambition resulted in an armed conflict in which 15,000 to 25,000 people were killed and 600,000 to 850,000 people on both sides became refugees. Although a cease-fire was agreed in May 1994, sporadic violence has continued since then (de Haas et al., 2006).

Azerbaijan-NATO relations vis-à-vis Russia

The Nagorno-Karabakh does not only pose a barrier in the relationship of NATO with Azerbaijan, but also put the aspect of dialogue with Russia, Armenia’s strongest ally, into question. It is no secret that Azerbaijan’s northern neighbor, Russia, does not feel comfortable about the strong ties between Azerbaijan and NATO, and particularly if the Alliance will get involved in the Nagorno-Karabakh dispute through peacekeeping missions (Priego, 2008).

In an interview conducted with an Azeri diplomat, when asked to comment on whether Azerbaijan’s strong ties with NATO in the last years have influenced Azerbaijan’s relations with Russia, he replied:

“[…] not a single country is homogeneous, so there can be forces that might take some issues as a challenge or take it easy. I cannot say anything in particular about these forces in reaction who might take it as a challenge but the reality is that Russia itself is a very strong partner with NATO and there is extensive cooperation in every sphere between Russia and NATO. As far as Azerbaijan is concerned, its cooperation with NATO is not contended or aimed against any country.”

Yet, the unresolved issue of the legal status and the division of maritime territories of the Caspian Sea between the littoral states keeps tension between Azerbaijan and Russia in a high level. The legal status of the Caspian Sea is currently defined by the Agreement between Soviet Russia and Persia (Iran) of 1921, and the Agreement of Trade and Navigation between the USSR and Iran in 1940, which made the Caspian Sea a joint property of both countries (Kepbanov, 1998). According to these agreements, the Caspian Sea was viewed by Russia and Iran as a frontier lake in which both states had the right of exploration and ownership of its resources (Kuniholm, 2000). After years of disagreements between the littoral states, in 2000 Russia proposed to divide the Caspian seabed between the five countries, while commonly hold the

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43 The complete transcript of the interview can be found in the Appendix section.
surface water. This proposal has still not reached an agreement of all the Caspian states, leaving Azerbaijan to look for Western support against Russian domination in the region.

ii. Georgia-NATO Relations

In a similar way to Azerbaijan, after its independence in 1991 Georgia has taken large steps towards tightening its relations with NATO. Unlike its neighbor from east, Tbilisi has been much clearer with regards to its aspiration for membership in the Alliance as well as been involved in most of the initiatives launched under the PfP framework\(^44\). Yet, the path Tbilisi took is very similar to the one taken by Azerbaijan.

In 1992, Georgia joined the North Atlantic Cooperation Council, also known today as EAPC. In the three following years, Tbilisi joined the PfP and officially ratified the Status of Forces Agreement (SOFA), which deals with the status of foreign forces present on the territory of another state\(^45\). This has led Georgian forces to take an active role in the deployment of NATO forces as part of the Kosovo Force in 1999. In 2002 Tbilisi officially declared its aspiration to NATO Membership, which was since followed by active engagement in the ISAF operation in Afghanistan. Four years after Georgia expressed its willingness to become a Member State, in 2006 NATO offered an Intensified Dialogue to Tbilisi that entails a more intense political exchange with the Alliance and working through relevant domestic reforms\(^46\). Additionally, in 2006 Georgia also entered the Membership Action Plan (MAP) that provides NATO’s aspirant states tailored assistance and support in different aspects, such as economic, political, defense, resources and security\(^47\).

Even though participation in the MAP program does not guarantee a decision by the Alliance on future membership, at the Bucharest Summit in 2008, followed by a large support by the US, NATO leaders officially agreed that Georgia will become a Member State of NATO. This, however, has been largely postponed until present time due to the eruption of the South Ossetia and Abkhazia armed conflict between Russia and Georgia in August 2008.

\(^{44}\) For more information on NATO-Georgia relations see: \url{http://www.nato.int/cps/en/natolive/topics_38988.htm}

\(^{45}\) For more information on the SOFA agreement see: \url{http://www.nato.int/cps/en/natolive/topics_50086.htm}

\(^{46}\) For more information on NATO’s Intensified Dialogue with Georgia see: \url{http://www.nato.int/docu/update/2006/09-september/e0921c.htm}

\(^{47}\) For more information on the MAP program see: \url{http://www.nato.int/cps/en/natolive/topics_37356.htm}
Georgia-NATO relations vis-à-vis Russia

As mentioned earlier, Georgia has been the most ambitious of the South Caucasus countries in its drive to join NATO. Bilateral cooperation between the two can be essentially defined as a case of balancing against Russia (Priego, 2008). Tbilisi perceives Russia as a threatening power, thereby tries to deter it through an alignment with NATO and the US. This threat has been validated in August 2008 with the eruption of the South Ossetia and Abkhazia conflict. During the five-days armed conflict between Russia and Georgia, about 850 people lost their lives and more than 100,000 fled their homes48. Although the aspirant state expected the Allies’ support, NATO has been rather reluctant to militarily aid Tbilisi and only called for a peaceful and lasting solution based on the respect for Georgia’s territorial integrity within its borders49. It is important to note that under the PfP program, in which both states were party to prior to the conflict, they are committed to seek for peaceful resolution of conflicts50.

Despite NATO’s reluctance to support Tbilisi with military assistance, the Allies agreed to support in a number of areas that mainly included assessment of damage on infrastructure. Moreover, to put Tbilisi ‘back on track’, as committed by NATO leaders at the Bucharest Summit just several months before the conflict, a new NATO-Georgia Commission (NGC)51 was established to reassess and realize Georgia’s aspiration for NATO Membership.

Georgia’s steps towards Membership

Prior to the conflict and particularly ever since, Georgia has been working fairly hard to enhance its defense and civilian sectors in order to meet NATO’s admission standards. In 2009, Tbilisi developed its first Annual National Program under the NGC, whereby further consultations were held on domestic issues, such as democracy, security, and conflict resolution52. Under the NGC, as reported in the 2011 NATO publication on ‘Deepening relations

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49 Ibid
50 See: http://www.nato.int/cps/en/natolive/topics_50349.htm
51 For more information on NGC see: http://eunato.gov.ge/index.php?que=eng/G_A_N_E/%E1%83%9C%E1%83%90%E1%83%A2%E1%83%9D-%E1%83%A1%E1%83%90%E1%83%A5%E1%83%90%E1%83%90%E1%83%A0%E1%83%97%E1%83%95%E1%83%94%E1%83%A1%E1%83%9D%E1%83%A1%20%E1%83%99%E1%83%9D%E1%83%9B%E1%83%98%E1%83%A1%E1%83%98%E1%83%90%20%E2%80%93%20NGC
52 Ibid
with Georgia\textsuperscript{53}, political dialogue and the focus of cooperation on democratic, institutional and defense reforms have been strengthened. Moreover, a senior Georgian diplomat who specializes in NATO-Georgia relations confirmed in an interview that under NGC’s framework “energy security has become an integral part of our political consultation and plays an important role in assessing Georgia’s progress on its way to membership”\textsuperscript{54}.

Along with the defense and economic measure undertaken by Tbilisi under the NGC umbrella, the relevancy of Georgia as an energy transporting country plays a big role in its relations with NATO. As the Georgian Diplomat further notes:

“NATO has demonstrated that it considers energy security as an issue of strategic importance. Energy security and protection of critical infrastructure is one of the main strategic goals of Georgia’s energy policy. In order to ensure energy security and increase transit capacity of the country, in recent years Georgia has undertaken steps aimed at diversification of energy sources and transit routes. It has invested in developing energy infrastructure and protection measures in order to ensure the safe and uninterrupted flow of hydrocarbons. In general terms, as long as there is a growing Western demand for the Caspian and Central Asian hydrocarbons, as well as the need for diversification, Georgia plays one of the key roles in this equation. This, on its turn, increases Georgia’s relevance for its Western partners including NATO\textsuperscript{55}.

Nonetheless, even with the growing dependency to secure the transit routes of Caspian energy to Europe through Georgia, NATO’s consideration for Membership is determined by a number of key elements. Although NATO does not have a fixed or rigid list of criteria for inviting new members to join the Alliance, the NATO Study on Enlargement (1995) considers the following as the main factors for admission: settling regional conflict by peaceful means; functioning democratic political system based on market economy; commitment to the rule of law; democratic control of armed forces; human rights and fair treatment of minority population; military contribution to NATO’s missions and; commitment to democratic civil-military relations and institutional structures. In order to control for the effect Georgia’s role as an energy transit may have on its relations with NATO, it is essential to test Tbilisi’s readiness for NATO membership. This will allow better identifying the root of Georgia-NATO close ties regardless of the energy security aspect and, therefore, testing the second hypothesis of this thesis: The more

\textsuperscript{53} For the complete report see: http://www.nato.int/nato_static/assets/pdf/pdf_publications/20111109_backgrounder_nato_georgia-eng.pdf
\textsuperscript{54} The complete transcript of the interview can be found in the Appendix section.
\textsuperscript{55} Ibid.
aspirant states meet NATO’s admission requirements, the tighter their political and military relations with NATO.

Georgia’s readiness for NATO Membership

As elaborated in the previous section, the South Ossetia and Abkhazia conflict had tremendous implications on Georgia’s Membership accession. Georgia has been on the right path for Membership since it was publicly announced by NATO leaders at the Bucharest Summit in 2008. Yet, Georgia’s failure to settle the South Ossetia and Abkhazia frozen dispute prior the armed conflict with Russia in 2008 may have brought Tbilisi a number of steps backwards in its admission process. In a study that examines Georgia’s policy towards membership in NATO it has been suggested that the only way for Georgia to resolve the territorial disputes with Russia is to reconcile itself to the loss of Abkhazia and South Ossetia. Moreover, if this is the price Tbilisi should pay for its accession to NATO, then doing so would be the biggest sacrifice a candidate country has ever made (Bounds & Hendrickson, 2009). It is not very clear at the moment whether Tbilisi is ready for such a sacrifice.

In addition to Georgia’s failure to meet the first criterion for NATO Membership, according to the World Bank’s Governance Indicators online database56, since 2003 Georgia’s Rule of Law ranking57 had largely progressed and in 2011 ranked fairly moderated globally (between the 50th-75th percentile) with an average governance score of -0.16 (in a -2.5 to +2.5 ranking). Furthermore, progress has been evident in the ranking on Control of Corruption58 in the same years. The data indicate a moderate level of corruption (between with the 50th-75th percentile) with an average governance score of -0.04 in 2011 (in a -2.5 to +2.5 ranking).

However, Freedom House’s indicators of democratic development between 1991 to 2009 show a downgrade in the level of democracy from 7.1 in 2004 to 5.2 in 2009 (in a 0-10 scale)

57 The World Bank’s Rule of Law ranking captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
58 The World Bank’s Control on Corruption ranking captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.
while its current ranking of political rights and civil liberties at number 3\textsuperscript{59}, thus making it partially free\textsuperscript{60}. Yet, in comparison to other countries in the South Caucasus Georgia fares slightly better than others. Azerbaijan, according to Freedom House, is currently classified as ‘not free’ with a score of 5 in civil liberties and 6 in political rights\textsuperscript{61}. Armenia, who is currently, classified as ‘partially free’, as well scores lower than Georgia with 4 in civil liberties and 5 in political rights\textsuperscript{62}. When compared to existing NATO Members who joined in the last enlargement round in 2009, Georgia scores exactly as Albania\textsuperscript{63}, yet falling slightly behind Croatia who is currently classified as ‘free’ and scores 2 in civil liberties and 1 in political rights\textsuperscript{64}. In addition to that, with regards to human rights and fair treatment of minority population, a Minority at Risk report\textsuperscript{65} concludes that the Ossetian minority has experienced repression and rebellion in the recent past while the prospects of peace after the 2008 armed conflict still remains uncertain.

With regards to the criterion of military contribution to NATO missions, although Tbilisi has largely contributed to NATO’s missions in the past as a Partner State, the available sources suggest that the Georgian army as a whole is not yet ready to join NATO because it has first to recover from the losses it suffered in the armed conflict\textsuperscript{66}. Furthermore, the South Ossetia and Abkhazia conflict have strengthened the tendency of Georgia to adapt its army to territorial defense rather than to expeditionary operations, which is a different direction of army development from the one recommended by NATO\textsuperscript{67}. Although the data above shows a low level of readiness for membership in NATO, the public awareness about Georgia’s drive towards membership in the Alliance is fairly high and supportive. A nationwide poll taken in March 2011 revealed that just over 70 percent of Georgians support or somewhat support NATO membership\textsuperscript{68}.

\textsuperscript{59} Political liberties and political rights are ranked in a scale of 0 (most free) to 10 (least free)  
\textsuperscript{60} For more information on Georgia ranking in Freedom House see [http://www.freedomhouse.org/report/freedom-world/2013/georgia](http://www.freedomhouse.org/report/freedom-world/2013/georgia)  
\textsuperscript{64} See: [http://www.freedomhouse.org/report/freedom-world/2013/croatia-0](http://www.freedomhouse.org/report/freedom-world/2013/croatia-0)  
\textsuperscript{65} See: [http://www.cidcm.umd.edu/mar/assessment.asp?groupId=37203](http://www.cidcm.umd.edu/mar/assessment.asp?groupId=37203)  
\textsuperscript{66} See: [http://www.nato.int/nato_static/assets/pdf/pdf_publications/20111109_backgrounder_nato_georgia-eng.pdf](http://www.nato.int/nato_static/assets/pdf/pdf_publications/20111109_backgrounder_nato_georgia-eng.pdf)  
\textsuperscript{67} Ibid  
\textsuperscript{68} Ibid
Summing up, when considered in total, Georgia has made important steps to democratize over the last decade, but at the same time still has considerable difficulties to overcome in order to meet NATO’s accession criteria. Tbilisi’s downward slide in 2008 raises additional doubts about its democratization trends, and prior to the 2008 war with Russia, it was clear that South Ossetia and Abkhazia remained serious sources of potential conflict that had been unresolved in a democratic fashion. Thus, according to the data provided, I cannot but conclude that Georgia is not ready to become a NATO Member mainly due to serious deficiencies in the area of settling territorial disputes with its Russian neighbor.

iii. Armenia-NATO Relations

Unlike the other South Caucasus countries, Armenia took a different path in its relations with NATO. As Armenia’s biggest enemy, Turkey, is a dominant Member State in NATO, Yerevan’s ties with the Alliance have always been rather ambivalent. Although Armenia joined the PfP program in 199469, participation in the program’s initiatives was boycotted by Yerevan for years due to difficulties with its neighbor Azerbaijan. Furthermore, unlike its South Caucasus neighbors, in 1994 Armenia renewed its participation in the Russian-led Collective Security Treaty Organization (CSTO), thus maintained strong military and economic relations with Russia in order to deter its two enemies (Priego, 2008).

After years of ‘cold relations’ with NATO, in 2002 Armenia joined the PARP and in the following year sent military units to support the KFOR in Kosovo70. Armenia’s closest partners within NATO are the US and Greece; diminishing ties with Greece are understandable in light of Turkish-Greek and Armenian-Turkish relations. The close ties with the US, under NATO’s framework have stirred Yerevan to participate in the coalition forces in Iraq and Afghanistan in 200971. Nevertheless, ties with Moscow have still remained strong after Armenia announced that 2006 was the year of Russia. In return, Armenia, which is completely dependent on Russian energy supply, has not suffered from Gazprom’s gas cutoff in that year and granted in a relatively low price of gas (de Haas et al., 2006).

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69 For more information on NATO-Georgia relations see: [http://www.nato.int/cps/en/natolive/topics_48893.htm](http://www.nato.int/cps/en/natolive/topics_48893.htm)
70 Ibid
71 Ibid
Armenia’s attitude towards greater integration with Europe, as argued by German (2012), can be best characterized as ‘enthusiastic pragmatism’ (p.144), whereby relations with European organizations, such as the EU and NATO have been balanced against Yerevan’s strategic partnership with Russia. Potentially, as can be seen in Exhibit I, Armenia could be the shortest transit route of Caspian energy to Europe. Yet, given the absence of diplomatic relations with both Azerbaijan and Turkey, Georgia currently enjoys the role of an energy bridge from the Caspian to Europe via Turkey. Moreover, when looking closely at the South Caucasus region, while the Nagorno-Karabakh dispute remains unsolved, progress towards South Caucasus trilateral cooperation remains limited (German, 2012). This excludes Armenia from the benefits of the southern corridor gas pipeline and as an energy player for NATO and its Members.
VI. DISCUSSION

The preceding findings and analysis indicate that NATO’s transformation from a defense to a security alliance in a post-Cold War era have opened a window of cooperation for both NATO and the South Caucasus countries. All three South Caucasus countries, each in its distinct way, have tightened their relations with NATO since independence in 1991 and particularly in the last decade. NATO’s tailor-made programs, such as the IPAP and MAP, allow Azerbaijan and Georgia to maintain active cooperation with the Alliance without enjoying, or committing to, the Alliance’s collective security. Furthermore, evidence shows that the growing European dependency on Russian energy and the relevancy of Caspian energy to diversify Europe’s supply put Azerbaijan, as an energy provider, and Georgia, as an energy transporter, on the European energy security map. It is therefore no surprise that within several months after the Russian gas cutoff to Europe in 2006, NATO leaders recognized the need of European states to secure their energy supply and for that matter established new strategic considerations in the Alliance which include energy security. Although NATO’s current practical roles in the security of energy during peacetime cannot be explicitly reflected in cooperation with one country or another, such informal security umbrella mutually serves the interests of both energy dependent Allies and the South Caucasus countries.

Given the above findings, this thesis aims to explain this process by using Political Science’s theoretical frameworks where two primary elements shall be assessed in order to conceptualize the link between the evolution of the South Caucasus and the geopolitical determination for NATO to collaborate. The first is the interest of NATO, as a security provider, to tighten relations with the South Caucasus countries. The main hypothesis of this thesis is: the larger the geo-strategic value of Caspian energy to Europe, the tighter the political and military relations of NATO with the South Caucasus countries. From a Rational Choice Institutionalist perspective, in the absence of a clear Soviet threat in a post-Cold War era, NATO as a defense alliance had to adopt new assets (i.e. energy security) in order to sustainably deal with such environments. Hence, the strategic determination to collaborate with the South Caucasus states lead to a potential beneficial outcomes of security and diversifying of the Allies’ energy sources. From this perspective, it can thus be assumed that NATO’s expansion of roles to the energy security sphere in 2006 was mainly intended to establish a tailored framework in order to realize benefits from strategic cooperation with Azerbaijan and Georgia. Yet, as a defense Alliance in
which security of its Allies is derived collectively under an Article 5 clause, rationally speaking, the strategic benefits of Caspian energy to NATO do not outweigh the costs of involvement in the regional conflicts. By this means, it can be assumed that as long as the Nagorno-Karabakh, and the South Abkhazia and Ossetia conflicts are not resolved, NATO would rather keep the South Caucasus states as closely as possible as Partner States due to their access to valuable energy for Europe, while retaining from admitting them as Member States of the Alliance. While NATO will seek to preserve order and stability in the South Caucasus in the next decade, the regional states are likely to face some fundamental choices regarding their national interest and foreign policy. Each of the three countries will be pursuing its own agenda and these dynamics will present the South Caucasus with opportunities and challenges in charting their future relations with the Alliance.

The second element conceptualizing the link between NATO’s role in energy security and the South Caucasus countries deals with the motivation of the South Caucasus countries, as energy providers and security consumers, to tighten their relations with NATO. From a Balance of Threat perspective, alliances are viewed as a response to threats and therefore nation-states would prefer to ally with the stronger power to ensure their survival (Walt, 1987). Thus, both Georgia and Azerbaijan would aspire to tighten relations or become Members of NATO in order to avoid Russian domination in the region. For Azerbaijan, tension regarding the legal status of the Caspian Sea along with competition over the European energy market, as well as the Russian-Armenian support in the Nagorno-Karabakh dispute, push Baku to aspire for strong relations with NATO. Similarly, the Russian threat over the South Ossetia and Abkhazia regions since the 2008 armed conflict with Georgia emphasizes Tbilisi’s aspiration for NATO membership merely from security motives. The relevance of both Azerbaijan and Georgia as energy providers and transporters to the Allies plays a big role when it comes to their relationship with the Alliance. Although both states have been engaged in a number of NATO’s military missions and participated in a variety of programs, it seems that their role in securing energy to Europe plays a crucial part in their relations with NATO and its Allies.

Moreover, the current domestic circumstances of all three South Caucasus states do not permit them admission to NATO as Member States. This to some extent may serve as a barrier, in particular to Georgia, to further engage politically, militarily and economically with NATO and perhaps even with the EU. As has been tested in this study, none of the three states seem to
meet NATO’s membership criteria. Nevertheless, Azerbaijan’s and Georgia’s military and political engagement with NATO seems to have intensified substantially. This, therefore, rejects the second hypothesis of this thesis, which aimed to isolate the effect of access to Caspian energy in tightening relations with NATO, namely: *The more aspirant states meet NATO’s admission requirements, the tighter their political and military relations with NATO.* It should be noted that the fact that the aspirant countries do not meet NATO’s admission criteria while still tighten relations with NATO does not necessarily put the aspect of energy security as the main cause. A number of intertwined geopolitical and economic dynamics in the Eurasian arena, which are beyond the scope of this study, may as well provide certain solid explanations to this case.
VII. CONCLUSIONS

This thesis aspires to shed light on the relations between the South Caucasus countries’ access to Caspian energy and its relationship to NATO. By filling a gap in the literature regarding NATO’s expansions of duties in the energy security sphere, this thesis conceptualizes the link between Azerbaijan’s and Georgia’s access to and transport of Caspian energy and the Alliance’s new strategic functions in energy security. This is done by reviewing previous literature on NATO’s expansion of duties, conducting interviews with high officials from NATO, Azerbaijan and Georgia, and through using a number of primary sources and datasets to examine Azerbaijan’s and Georgia’s relations with NATO. The findings of this thesis indicates that while Europe’s dependency on Russian energy is projected to decline due to Southern corridor projects from the Caspian basin, Azerbaijan and Georgia relations with NATO seem to have gotten stronger than ever. Furthermore, the Russian gas cutoffs to Europe in 2006 and 2009 seem to have opened a window of opportunity for tightening relations between NATO and the potential energy diversification of the South Caucasus. Although this study has primarily focused on two specific case studies within a particular region, the thesis’ findings may have wider implications in the study on NATO’s functional expansions in energy security and the Alliance’s geopolitical move eastwards.

This study also sheds greater light on Europe’s on-going energy dependency on Russian gas and Gazprom’s potential repeat of energy cutoff as a political weapon. Although the use of energy distribution can affect the lives of millions, it is still perceived as ‘below the threshold of violence’ and does not trigger an armed response by the Allies. Even though NATO has put energy security as parts of the Alliance’s strategic agenda some years ago, the security consequences are still rather ambiguous. NATO should, therefore, consider establishing clear policy configurations within its role in energy security to ensure that any energy distribution to Europe will have security consequences. Such policy shall also serve to prevent energy-related incidents from occurring in the future.

In answering the research question this thesis points on a correlation between the relevancy of Caspian energy, NATO’s new strategic functions in the last years and the engagement of the South Caucasus countries with NATO. However, these should be interpreted with caution, as they could as well be intertwined with the geopolitical and economic dynamics.
of a developing region such as the South Caucasus. It should be noted that energy security is predominantly an economic-driven issue. As the main focus of this thesis is from an International Relations’ perspective, it primarily relies upon Political Science theory to come to terms with the geopolitical implications of access to and transport of energy rather than the economic components of it. The state-centric and intergovernmental outlooks that were applied in this study can only go so far in getting to grips of complexities in the global energy scene. Practically speaking, private energy companies in which their interests do not necessarily align with those of their home country may heavily influence the handling of energy sources in their countries. Such interests may impose implications on both the domestic and international energy market. Therefore, further research shall aim to engage macro-economic theoretical approaches for a more inclusive and compelling picture regarding the development of the South Caucasus region.

In addition, this thesis has a particular focus on NATO as a whole and its relations with the South Caucasus states. It is important to note that NATO is not entirely a homogeneous entity and strategic considerations within the Alliance can often be dominated by a number of Member States (i.e. Turkey, the US) that have strong bilateral relations with the South Caucasus countries. Due to limitation of time and scope for this research, this aspect has been taken into account rather broadly. Therefore, further research needs to be done to assess the influence of dominant Allies in the decision-making process to tighten relations with the South Caucasus states. Lastly, this study looks specifically at one region (i.e. the Caspian) heading towards one direction (Western Europe). With the dynamics of a globalized world in which energy demand is significantly growing in East Asia, and particularly in China, geopolitical implications regarding energy security could shift Caspian energy eastwards rather than westwards. What is now needed is a cross-regional study involving these dynamics vis-à-vis the ones discussed in this study.
BIBLIOGRAPHY


APPENDIX

Interview with Mr. Michael Ruehle, Head of Energy Security Section (16.4.13 NATO HQ)

Q: As the head of the energy security section in NATO, could you elaborate on the role of the department (Energy Security Section) in NATO?

A: The energy security section is basically a new section that was built together with a new division- Emerging Challenges in 2010. Previously this section was part of the set-up of the political affairs division- when it was there, it was part of the economics director.so, by pooling it out of the political affairs and putting it in the Emerging Challenges it gained more visibility. The specific role here is basically policy development –although we don’t have an energy policy in that sense- but simply helping to implement the various tasks that have been agreed in various summits. We try to keep a certain public diplomacy angle; we try to push energy security into other parts in NATO’S agenda like training and education. So, we are in a way those who oversee the policy and we work, therefore, very closely with other parts of the house like operations, which does emergency planning; with allied command transformations, which does training and education. We also used a number of other instruments to push the idea of energy security more formally onto NATO’S agenda, like for example smart energy, which is basically energy efficiency in the military, which we have developed a special program. So we are basically the vocal point for energy security developments within NATO.

Q: On the 5th of November NATO has hosted a roundtable discussion on energy security. In this discussion you said: “In further refining its role in energy security, NATO seeks to avoid the militarization of market-driven issues and interfering with national economic policies. Rather than duplicating the roles and responsibilities of other stakeholders, NATO seeks to establish closer ties with them.” Could you please elaborate on how, in your opinion, NATO should tighten its relations with relevant stakeholders without militarizing energy issues?

A: well, the first point to make is that there is a general agreement that energy security is not a military issue in the first place. There are military dimensions, such as counter piracy operations for example but in essence energy security is about diversification of resources-it is essentially and economics-driven issue and allies are very careful when they develop NATO’S role in energy security to avoid the impression that NATO is using military means to somehow ensure security of (energy) supply and that remains I think a very very important point on the way we look at energy security. The other actor, clearly the most important actor in Europe I guess is the EU because they deal with the economic dimension of energy security and the diversification of energy. And therefore, we need to be very much aware about what the EU is doing otherwise we probably will have overlap, which will be wasteful. So we make sure that when we make round-tables for example we always
invite some of the BP energy. The other interesting institution is the IEA in Paris because they are doing of course the long-range forecasts and to the degree that energy issues can be drivers of international security it is very important that our alliance keeps embraced of what is going on. Since the IEA is a very reliable and a very precious source of information, we also started 2 or 3 years ago to bring IEA people to round-tables to have them brief in NATO comities. So the idea is, lets say the current and future realities are, or putting it the other way around, our political leaders are confronted with this information so they get a better grasp of the overall security landscape. So the EU and IEA are perhaps the most logical choices but then there is also the OSCE (organization for security and cooperation in Europe) because the OSCE is doing in some areas regarding energy security, they have courses that are called energy diplomacy for example and we are looking at these courses in the future to see whether there is anything interesting. That we could also in our schools. NATO has a long tradition of education and training. So it is interesting to see what kind of experience other institutions have. But we haven’t had the time or the people to actually follow this, so we also have someone from OSCE in our meetings. The idea is to get an overall idea of what other institutions do, where are overlaps, where are gaps, and we will look at this issue of gaps in more details in the future and maybe produce papers but we need to have a general overview of who is doing what. That’s of course relevant for any subject not only for energy security. This is something that we advance through round-tables because people then meet, stay in contact and that’s what we really want to have a close community in the various institutions and that we all know each other.

Q: With the potential of the Southern Corridor pipelines to be operationalized to transfer gas from the Caspian Basin to Western Europe in the near future, what would be the role of NATO in securing these pipelines? (if any?)

A: well, the general point is that NATO is not in the security-pipeline-business. That’s a fundamental misunderstanding that I believe people have. So far the only infrastructure that we are protecting indirectly is maritime sea routes because that’s in international waters

Q: In the Mediterranean?

A: yeah, both in the Mediterranean and in the Gulf, so you have essentially international waters. When it comes to pipelines overland, that go over land and over national territories, you would have to have I guess some sort of decision by NATO to do anything-that I think would hardly happen without a crisis, an attack, something that has happened. and then it is up to the NATO council more or less ad hoc to decide if and what kind of assistant NATO would render. In normal peacetime, the issue of NATO protecting pipeline does not arise simply because, first legally speaking- critical infrastructure protection is a national responsibility, so the country which has the pipeline needs to protect it and nations are very strict about that. And second, if there would be a request by a country to NATO to support it, that would, as I mentioned earlier, would be decided ad hoc, so there is no plan or strategy to protect pipelines for example.
What we do in normal peacetime is much more modest, we are using events that we organize: round-tables, workshops, conferences to exchange this practices on infrastructure protection, so we bring is national representatives, experts from the private sector, think-tankers, whatever... people who have experience in infrastructure protection and they then basically exchange views on how best to do it. so in a way NATO is not an actor so much as a facilitator of knowledge- so NATO is not playing a role as a military actor it’s just bringing together...

Q: do you think it should (play a role as a military actor)?

A: in my view, we should always be able to help if there is... if help is required and if we feel that it should be granted, we should be able to do that, but that is not dependent on energy security that is a general military awareness and a general military ability to act. But, in most cases I believe that countries that have an infrastructure issues will try to solve it on their own, they will not necessarily would want to have NATO there.

The reasons for partner countries to reach out to NATO are only in part in my view related to energy security in the physical sense. I believe a lot of it has to do with political recognition, just reassurance of any kind, so energy security- lets say for an energy producing country- is a natural venue through which it gets into dialogue with NATO. But, whether the infrastructure in a partner country for example is really so threatened that NATO needs to do something about it, I think that it so far has not been the case. How threatened the infrastructure generally is, from terrorism, cyber attacks- that’s the issue we are constantly discussing. That's part of the daily routine of NATO to look at evolving threatening environment, to share intelligence about latest threats to energy infrastructure, where is it coming from.

So far, the good news is that within NATO itself, I think the risk to infrastructure is quite low, this changes when you go further away from NATO and especially when you look at Africa of parts of the Middle East. Essentially, NATO allies are relatively safe but of course they are connected to non-allies and there is always vulnerability somewhere along the road. So far we have never had, I believe a case where NATO was called upon to protect a pipeline or anything like that.

What we also can do is two more things: we can send an expert team to a country, for example a partner country to look at vulnerabilities in their infrastructure. That expert team will consist largely of experts from the private sector, not NATO, so we are just bringing them together and send them to there.

Q: what is the interest of... why does NATO need to be the mediator between the private companies and the partner states?

A: I think it has to do with image, I think it has to do the feeling that NATO is a solid organization that provides solid quality information and expertise- even of these expertise are not genuinely from NATO. We have a pool of almost 400 experts from the private sector who are ready and willing to work on specific projects for NATO...we have had these teams for example going to countries that often asked for such an assessment of infrastructure vulnerabilities, we also had damage assessment teams for example after Russia-Georgia War in 2008, we sent a team to Georgia to assess the damage to
infrastructure and to make suggestions as to which part should rebuilt first, so again this is was a few NATO people and mostly non-NATO people but it was something that I believe the host country, in this case Georgia quite appreciate. This has to do a lot with the image of NATO as a security institution.

Q: do you think that this dialogue you mentioned before between the partner states and NATO, regarding energy security, do you think this will have any implications on the relations of NATO with Russia, or these countries with Russia?

A: Yes, especially the second part. I think that some countries try to cultivate the dialogue with NATO do demonstrate to Russia that they have their own voice and that they have their own link to Brussels and I believe it is part of their identity as an independent sovereign state to demonstrate to Russia we are on the map on our own. Of course, energy security has had a, was also an issue with Russia because energy security came onto NATO’s agenda as a result of the gas crises in 2006. so the initial discussions always contain this danger that energy security will be seen largely as being about Russia and pipelines and gas and one of my aims from the very beginning was to move energy security into a broader environment and then partially away from Russia because I do not believe that a subject that hinges on Russia-central European relations alone will survive on a NATO agenda- it is too narrow and we have had so many event over the last 5- 6 years, since the 2006 crisis, internationally, that showed how important energy security is that is think it was fairly easy job actually to change the narrative and make it less Russia centric and more international. I think that as long as we’re on that track, the nervousness that Russia had initially in going down so because in a gas argument with Russia, I don’t think people would look into NATO as a mediator or anything like that…

Q: NATO, nevertheless, is the one to mediate these countries (partner states) and to some extant design the way they handle their energy infrastructure, as you mentioned , by bringing them (partner states) these experts that are working with NATO and providing them with sources from the ‘West’. so, do you think that this would have some sort of implications on the relations of NATO with Russia and these countries with Russia?(19:52)

A: well, if we develop closer relations with countries around Russia, like Azerbaijan for example, I presume that Russia will always look at this with some suspicion because it always has... it means you are dealing with another energy competitor the other country will look at this in any other way as a competition. So the questions is how do you do it, how do you develop let say relations with Azerbaijan and the point of course you do it, mainstream NATO, you do it transparently so that no other country, be it Russia or anybody else, would feel that something is going on that they are not part of or they cannot really see through. So the partnership mechanisms in NATO is transparent, so when we work on a project with Azerbaijan for example, like a conference that we set up or so then usually Russia or any other NATO partner knows about it and sees it or can participate in it sometimes. So it is not a secretive operation and I think that’s the key. What we do in energy security is rather minimal and it is also very transparent, so I am not particularly worried that relations between partners will deteriorate as a result of energy security issues on the agenda, at least my limited experience of the last three years ... not implies at all.
Countries who have interest in NATO and see what we can do and countries who don’t have interest in energy security don’t do it. you know even Russia can be embraced in certain ways, for example we have the NATO science program, which sponsors scientific projects including in energy and we had several projects with Russia, so it is not like we excluding Russia from the energy angle.

In my view, energy security started out on the wrong foot. It was a result of a crisis with one country, or other way, two countries- Russia and Ukraine and then sort of became fixed on NATO’s agenda. That origin was like a birth defect. If we had been stucked in that corner, it would have gotten absolutely nowhere. So, if energy security is suppose to become a real, normal, mainstream subject of NATO, it needs to be broaden and this includes of course close contact with other energy producers like I Azerbaijan, perhaps closer relations with the Gulf countries as well as good relations with Russia, so you have to look at it in a much much broader perspective. And also having discussions regularly here on other security implications on energy… US independence from the Gulf as a result of the shale gas revolution, what does it mean, and also energy security in my understanding in NATO is a very broad subject that includes also analysis and includes long term forecasting it includes intelligence sharing and not only protecting a pipeline, which is the most unlikely thing of what NATO will do.

Q: I am also very interested in the political aspect and it is indeed a very new topic, since 2010, and I see that things are on-going and still developing. Do you think at some point the aspect of securing the access to energy will serve as a geo-strategic interest to NATO for further enlargement?

A: I don’t think so. I don’t think NATO enlargements had a strong geo-strategic interest. It was a logical sequence of bringing in those countries who have reached a certain level of membership eligibility and virtually all of Europe, East of Europe has expressed its interest to join NATO so it was only a matter of sequencing and not a matter of geo-strategic preferences. So in my view this geo-strategic element is vastly overrated in NATO enlargement. You are simply bringing in Europe, I mean if you bring Albania in in 2008 or in 2009 or 2010 it really doesn’t make a big difference, so we now have several countries left… so I think you have basically all of Europe in NATO and I think that was almost implicit assumption from the moment we started the process in 1991-1992, so there is not much geo-strategy involved.

Partnership is more interesting I think because partnership is more, it is not driven by this enlargement idea, it is more focused on practical cooperation. and there you could have all sort of interesting developments, assuming for example if the gulf states would be more pushy with it comes to partnership with NATO and if they would say for example we want to have more energy security with NATO- that would be an interesting challenge and NATO will have to adjust to that. Basically, if the Gulf states would do what Azerbaijan is doing, have a strong, active partnership policy, suggesting ideas, bringing forward ideas, which is something we appreciate very much- when partners don’t say please NATO tell us but if they themselves have an idea what about this what about that. So, if the Gulf States, which are not very active, if they would become as active as lets say Azerbaijan is, then we
will have a lot of things to do, we will barely manage probably...so that is an interesting aspect, it is not geo-strategy because NATO’s role is much too small but it would be a new dynamic I think in the way we sort out our relations with partner countries and specifically with energy regions. But the role of NATO is so small in energy security that it doesn’t have a geo-strategic angle.

Q: do you think it will at some point?

A: I doubt it, because the energy views of NATO allies are so different and I do not see a coherent alliance effort. That’s one of the biggest misunderstandings about NATO that people believe it is one organism. On energy security in particular views differ enormously, whether you are producer, consumer or a transit country, whether you are an EU member or not, so in my view nations can individually have all kinds of geostrategic designs- and I would say bigger nations have bigger chances in actually making them come true. But NATO has such... with 28 member states is not a very agile vehicle and is not a very unified vehicle when it comes to non-military issues such as energy security. So I don’t see NATO as a geo strategic player in anyway . especially as I’m doing this job here I can see that the amount of influence that we have lets say energy developments is just not existing.... I think that NATO’s role as a geostrategic instrument is close to zero

Q: within NATO, will certain members have bigger say for instance, Turkey as member or Germany as a potential consumer will have bigger say and by that affecting the organization’s role with regards to energy?

A: well, I think generally bigger nations have a bigger or maybe a higher level of credibility when they make certain proposals in NATO, so the chance of having it in their way is higher than when small countries suggest something. But to balance, there is no particular appetite seems to me to feed energy security into NATO in any geopolitical design. I think energy security is more of a like watching brief... it has not particular ambitious role, most nations do necessarily like any ambitious in that respect because we have other instrument that we use... there is no particular interest in using NATO as a tool in energy security. I would argue that for some partner countries, the interest in NATO is probably higher than NATO’s interest in energy security so it is very much partner-driven , which is not bad because this is genuine interest of partner countries to bring in to the NATO table and so if we react to the request of some partner countries, Azerbaijan being perhaps the most active I think it is a good thing. But it is not an active role that we seek, I mean every policy issue that we put on our agenda is also available to partner countries, so when we put energy security on the agenda it is of course first and foremost because allies said we need energy security but when you look a little closer you will find that, as I said earlier, the countries that have more problem with it and are vulnerable are usually countries outside NATO. So when we put it on the agenda because some allies wanted it, it very soon wondered off to the partner countries because they are more vulnerable and if they come forward and say we would like to discuss energy infrastructure protection then they have a real point. So we need to be responsive to partner countries but we have no, we never had a particular major energy security vision let say, in fact I would argue that if you would propose a vision on energy security then most allies would not like it because they would
say we want NATO in a subsidiary role or a complementary role but not in a leading role and the moment you are designing a vision you give yourself an importance that you don’t want NATO to have, so it is a very modest operation.
Interview with Azerbaijani diplomat who specializes in NATO-Azerbaijan relations (16.04.13)

Q: Could you briefly outline the general shared projects/missions that are taking place between Azerbaijan and NATO?

A: cooperation since 1991... In 1997 shared operation with NATO- Kosovo, Iraq, Afghanistan. …

Public diplomacy projects…
NATO international schooling…NISA
Recently accomplished a major assessment of individual partnership plan (IPAP- meant for countries with very strong relations to NATO but do not aspire membership)

Q: With the potential of the Southern Corridor pipelines to be operationalized to transfer gas from the Caspian Basin to Western Europe in the near future, what would be the role of NATO in securing these pipelines? (if any?)
What are the challenges you foresee in the security of these pipelines?

A: first of all I think will become a reality this is for sure. It will not be a Nabucco because, as we know Nabucco in general the firs concept of Nabucco is not valid today. There are two options which is Nabucco West or the other one is TAP (Trans Atlantic pipeline), which will be after Trans Anatolian pipeline through Turkey. This pipeline there is already agreement between … and Azerbaijan and it will be built so it will bring Azerbaijani gas through turkey and then after turkey there are other discussions about either TAP or Nabuccoo west or both of them and the decision is expected by the end of June. And then we’ll see where it will go but will definitely take place, and it is important because it is additional resources which is going from the Caspian region to the European market, which is basically hungry for additional resources.
As far as security in concerned, there are no discussion about security at NATO of this corridor because before discussing the security of something first you have to have it, so this is the first point. The second point is, there were other projects before, mostly in the oil sector for which we have ensured security in our trilateral cooperation between Azerbaijan Georgia and Turkey. And the three countries have a special commission and working groups which meet the needs of security of this pipeline.

Q: I am curious to know how has NATO’s role in energy security, as firstly stated in the Bucharest Summit in 2008, how did it open or whether it opened further dialogue between NATO and Azerbaijan in terms of the energy sector?

A: Actually, you are absolutely right. For NATO it is first of all it is about dialogue because NATO needs its own education to learn about energy security because NATO has not dealt with energy security before. So, this is something new. And the role of partners like Azerbaijan is big in that because we have expertise, we have history and we are a good and strong partner … with share.so therefore, first of all we have a strong dialogue
specifically Azerbaijan at NATO in a different level: experts, political and other levels discussing this issue so that’s one. Secondly, we are practically trying to discuss things, we are the only partner that partner which shares the informal working groups on critical infrastructure protection at NATO, which allows us to bring our experts and to.. closing cooperation with other allies and to discuss that different levels at NATO we already have these kind of sessions and we are planning to have more. We have basically two areas, as I mentioned, first we talk and secondly we show what we really have and where we can find the niche for further cooperation.

Q: do you think this dialogue to some extent influence the relations between Azerbaijan and Russia with this strong dialogue with NATO?

A: of course, not a single country is homogeneous, so there can be forces that might take some issues as a challenge or take it easy- lets put it this way. I cannot say anything in particular about these forces in reaction who might take it as a challenge but the reality is that Russia itself is a very strong partner with NATO and the extensive cooperation in every sphere between Russia and NATO. As far as Azerbaijan is concerned its cooperation with NATO is not contended or aimed against any country. but we are doing .., is added value and within this value we are cooperating and working and energy security is one of that.

Q: do you think that energy pipelines connecting Caspian energy to Europe should be facilitated or secured by NATO forces or should be dealt nationally?

A: I can’t say anything about it because it will be hypothetical and secondly I can say I don’t know of any NATO experience any securing any energy pipeline. I might be wrong but I don’t know if NATO ever secured energy pipeline before. as far as the situation is concerned as I mentioned, usually it is done by the nations and there can be international cooperation with other NATO members. For example, we have cooperated strongly with the U.S who shared their expertise with us in securing pipelines and also Georgia.

Q: I’ll get back to the previous point of the aspiration to membership. As you mentioned there is no aspiration of Azerbaijan to become a member in NATO but the partnership dialogue is getting stronger and stronger. Could you elaborate on why is that? Azerbaijan does not want to become a member but still tighten its partnership relations with NATO?

A: Azerbaijan’s policy is that we do not join blocks so that’s our point. So we are not members of any security block and we’ll leave this membership when both sides should be ready. But, despite that, there is a big support for NATO in Azerbaijani public for cooperation and its Euro-Atlantic policies because our policy remains out shattered in Euro-Atlantic integration, so we continue and we will continue. So we leave the formalities of less important things. The most important things are factual cooperation.

Q: what are the challenges that you see in the coming future terms of transporting the energy from the Caspian to Europe?
A: that’s a very good question. One can never predict the challenges because you may think in one way but another thing may happen. For example, let's take 2008 (Russia-Georgia war), you have never expected any full-scale war in our region and suddenly bombs were exploding next to our energy infrastructure, so again unexpected things can happen so you have inter-state conflicts in the region, occupation of Azerbaijani land still continues while... and there were a couple of statements by top Armenian officials that they might hit Azerbaijani energy infrastructure so that can be another risk. We had a couple of statements by Iranian officials that threatened our energy infrastructure. From another side you have these emerging challenges like terrorism and cyber attacks that can also potentially threaten our future projects. Today, one of the most important things is to find a balance between a political will and economic feasibility when you have these in a good balance then you secured at least 50% of the.. success.
Interview with Georgian diplomat who specializes in NATO-Georgian relations (28.04.13)

Q: With the potential of the Southern Corridor pipelines to be operationalized to transfer gas from the Caspian Basin to Western Europe in the near future, what would be the role of NATO in securing these pipelines? (if any?)

Q: What are the challenges you foresee in the security of these pipelines?

Q: In your view, to what extent does Southern Corridor projects, such as the Nabucco pipeline projects should be facilitated by NATO?

Q: How do you see NATO’s role in securing Southern Corridor pipeline affecting the Alliance relations with Russia?

A: Energy security has become an issue of increased importance to the United States and its European allies beginning the late 80s. Although there is a general perception in many countries that market regulatory rules alone would be sufficient to ensure the security of energy supplies, concerns about energy insecurity have prompted NATO to discuss the issues within the Alliance. Energy security is not a new concern for NATO and its member states though. Since NATO’s inception, ensuring the uninterrupted flow of energy resources has been a priority for the Alliance as it has always been directly linked to the organization’s operability and the security of its member states.

In this regard, given the increased demand on hydrocarbons, the Caspian and Central Asian energy supply adds to the energy security of the West and particularly Europe. However, currently the Caspian and Central Asian energy supply to Europe is largely monopolized by Russia, which effectively uses its dominant position on European energy market for attaining political goals. So far, only Baku-Tbilisi-Erzerum (BTE) and Baku-Tbilisi-Ceyhan (BTC) gas and oil pipeline provide the modest alternative, together with the developing AGRI project, which encompasses delivery of the liquefied gas from Azerbaijan to Romania and possibly some other European countries via Georgia. Hence, there is a necessity for the diversified energy supply, which resulted in projects like Nabucco.

At the same time, while there is a clear interest in the West for diversification of energy sources, providers and delivery routes, I don’t think that for the moment NATO seeks or intends to have a direct role in either securing pipelines or providing regular patrolling missions in the Caspian Sea basin or elsewhere. What NATO can and already does is that it has developed close partnership programs with various countries of the regions and they cooperate with the Alliance at national as well at regional level. This cooperation gains dynamism and a lot of expertise and experience are being exchanged.

NATO has already developed formats such as Istanbul Cooperation Initiative and the Mediterranean Dialogue where it closely cooperates with partner countries, including leading oil suppliers, using these frameworks for consultation on energy issues. Conducting
joint exercises, civil emergency rescue missions and providing training to the representatives of these countries is an additional step in this direction.

However, one should also keep in mind that some nations could misinterpret NATO’s involvement in energy security as an attempt to forge an alliance against them. Opponents of the Alliance’s involvement in energy issues believe that the liberalization of European energy markets, further integration on national energy grids and the diversification policies of European nations lies beyond NATO’s authority and mandate. They also believe that the militarization of energy issues that are of a completely economic nature will have negative effects and could become counterproductive.

However, given NATO’s direct interest in ensuring a secure flow of energy and in minimizing the threats posed to its member states, a threat-based approach to this issue has been developed by NATO experts and some niche areas have been identified where NATO can add value to the international efforts to improve energy security. Monitoring and assessing the energy security situation, setting up permanent monitoring mechanisms and conducting regular consultations with interested partner nations can be seen as NATO’s contribution to the issue.

Q: How has NATO’s role in energy security, as firstly stated at the Bucharest Summit in 2008, had an effect on the relations between NATO and Georgia?

Q: What measures (if any) have been taken place domestically in Georgia since NATO’s adoption of the new Strategic Concept in Bucharest and Lisbon summits with the focus on NATO’s roles in energy security?

Q: In your perspective, do you believe that access to Caspian energy and its transport to Western Europe has an effect on Georgia’s potential membership accession to NATO in the future?

A: Though energy issues had been discussed in different formats, before the Riga Summit, energy and energy security were never a consistent part of NATO’s policy statements, and the Alliance had never before developed a systematic approach to these issues. In the Riga Summit declaration, NATO for the first time in its history put energy security on its political agenda, and paved the ways for internal debates in order to determine what NATO’s role should be and where it can add value to the world’s overall energy security. This very policy was subsequently taken over at Bucharest Summit declaration and later incorporated into the New Strategic Concept of the Alliance. By doing so, NATO has demonstrated that it considers energy security as an issue of strategic importance.

Energy security and protection of critical infrastructure is one of the main strategic goals of Georgia’s energy policy. In order to ensure energy security and increase transit capacity of the country, in recent years Georgia has undertaken steps aimed at diversification of
energy sources and transit routes. It has invested in developing energy infrastructure and protection measures in order to ensure safe and uninterrupted flow of hydrocarbons.

After the inauguration of NATO-Georgia Commission, energy related issues has become an integral part of our political consultations and plays an important role in assessing Georgia’s progress on its way to membership.

Over the last years NATO and Georgia have exchanged their experience on energy related issues and are engaged in regular consultations on this matter.

In General terms, as long as there is a growing Western demand for the Caspian and Central Asian hydrocarbons, as well as the need for diversification, Georgia plays one of the key roles in this equation. This, on its turn, increases Georgia’s relevance for its Western partners including NATO.

*Q: How do you see NATO’s role in securing Southern Corridor pipeline affecting Georgia’s relations with Russia?*

*A: Development of Southern Corridor pipeline and ensuring its unimpeded functioning will strengthen Georgia’s overall standing, including vis-à-vis Russia. At the same time, securing Southern Corridor by the West will definitely strengthen its energy security.*