RUSSIA-USA-IRAN AND ENERGY SECURITY OF ARMENIA

Posted on October 30, 2009 by Keghart



Category: Opinions

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The intersection of the geopolitical interests of great powers in South Caucasus region is one of the main factors influencing the formation and provision of the energy security of Armenia. Since the collapse of the USSR and till our days the constant competition of such states as Russia, the US, Iran and etc, directed to the strengthening of the political and economic positions in the region, anyhow, had influenced and continue to influence the formation of the stable energy system in the Republic of Armenia.

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The questions and problems which appeared as a result of the aforementioned competition need detailed scrutiny.
Today Russia, the US and Iran should be considered as different angles of a peculiar geopolitical triangle which sides pursue the same goal: direct influence on the formation of the geopolitical architecture of South Caucasus. And Iran is the main, upper angle of that triangle because through this state both Russia and the US aspire to implement their geopolitical strategy in the region. As for the position of Iran itself, the latter, undoubtedly, pursuing its own interests (we will speak about them below), is a kind of ground for the controversy between two super powers or, to be more exact, it plays the role of a kind of an apple of discord between them. But more or less detailed analysis of the existing situation shows that Iran is a state, which lay a claim to the role of the regional super power and which pursues rather ambitious goals. This is mostly favoured by the vast hydro-carbon resources in Iran. As it is known this country takes the second place in the world by the natural gas reserves which are estimated in 21 trillion m3, i.e. more than 14% of the world reserves.

Turning, particularly, to the intersection of the interests of Russia and Iran in South Caucasus, it is necessary to mention that the rivalry between those two states has deep historic roots. In the 18-19th centuries the relations between two biggest at that time Caspian powers, Russia and Persia, were regulate by bilateral interstate treaties which were adjusted depending on international events. But generally they promoted to the protection of the Russian interests. In 1813 the Gulistan treaty was concluded and according to that treaty Persia confirmed its refusal from the power in Eastern Georgia, Dagestan, some Eastern Armenian territories, including Karabakh, and in 1828 the

Turkmenchay treaty was signed. The latter summed up Russian-Persian war of 1826-1828 which ended in victory of Russia and transfer of Eastern Armenia to Russia.

The diplomacy carried out by today's Iran in regard to the countries of South Caucasus and Russia has its own peculiarities which add up to the partnership in military, energy, transport and other spheres. Today, Russia and Iran actively discuss the prospects of collaboration and carry out mega-projects which are important for both parties. But can we say that the projects realized by Russia and Iran are the manifestation of full-fledged and open partnership? Is there any element of competitiveness which sometimes acquires rather tough character? What part does the American factor play in all that? And, at last, what does Armenia get from that partnership?

In order to reveal all the aforementioned questions, let us stop on some of the most significant Armenian-Iranian-Russian projects.

In 1995 Iran and state concern "Armrusgasprom" concluded a treaty according to which the annual 1 billion cubic meters of gas was planned to be supplied to Armenia in the following 15 years. But due to the absence of appropriate financial and other resources the project had remained on paper for a long time. Only in 2005 the Republic of Armenia and the Iranian "SANIR" gas company signed a contract on the construction of 42 kilometers long Meghri-Kajaran gas pipeline. For the implementation of the initial stage of the project Iran's Export Development Bank granted necessary credits. The opening of the first section took place in March 2007. But the construction of the 42km long gas pipeline was not enough to provide the supply of the necessary amount of gas to the thermal power plants of the country. Hence, it became necessary to build a new section of the pipeline which length would be 1974km, and for its realization "Armrusgasprom" CJSC1 carried out necessary research, project and building works. At current moment the second section of the pipeline has already been built and put into operation.

Since the beginning of the construction of the first section of the pipeline the leading Armenian experts and politicians have started to talk about the transition of the Iranian gas to the third countries through the territory of Armenia. The following transit rout was supposed to be carried out: Iranian gas, which was transported through the territory of Armenia, should go to Georgia and later on the ground of the Black Sea to Ukraine and a number of European countries.

But the scenario of the Iranian gas transportation to the third countries through the territory of Armenia shook after the visit of the president of "Gasprom" OJSC A. Miller to Armenia. The latter stated about the possibility of participation of Russian gas giant in the implementation of Iran-Armenia gas pipeline project .

In February 2005 during the panel session of the Federation Council the vice-president of "Gasprom" OJSC Alexander Ryazanov stated that Iran-Armenia pipeline might compete with "Blue Stream" Russian-Turkish gas project. "If "Gasprom" does not participate in the construction of Iran-Armenia gas pipeline, then it is not known where that gas will go". – said A. Ryazanov . Let us remind you that

"Blue Stream" belongs to «Blue Stream Pipeline BV» in the face of "Gasprom" and Italian ENI. The European Nabucco project, which is planned as a gas pipeline going round Russia and directed to the reduction of the dependence of the EU countries on the Russian resources, is regarded as the main competitor of "Blue Stream". By preliminary estimate the gas pipeline is planned to be brought into operation by 2014. It is obvious that "Gasprom" OJSC, being a state corporation, would not like to allow such a development of the scenario. Let us remind you that the American party is the main initiator of the Nabucco project which once more comes to prove that there is a complicated and multi-vector geopolitics. Initially, it was supposed that the pipeline should export gas from Azerbaijan, Central Asia, Egypt and Iraq. In 2005 Iraq fell out of the project as an instability zone. As for Azerbaijan and Central Asia, due to the active foreign policy of Russia, they cannot decide yet on the participation in the project. It becomes clear that the participation of Iran in the project may give more or less real outlines to the project. The idea of Iran's participation in the project was also actively promoted by Turkey. At the beginning of 2009 Turkish prime-minister R. Erdogan made a statement in Brussels, saying that Nabucco makes no sense without the participation of the Iranian party. It can be supposed that this very approach to the solution of problem for the West compelled B. Obama to offer the establishment of the partnership relations with Iran right after being elected as a president of the United States. But the official negotiations on the participation of Tehran in the project have not been started yet. The latter, in our opinion, is connected with the issue of regulation of the Russian-American relations. Watching the activation of the partnership in energy, military and other spheres between Russia and Iran and being aware of the loss of the pro-American candidate Mir-Hossein Mousavi on the presidential elections in June 2009, the US were compelled to offer Russia the scenario of the "reset" of the relations2. This was particularly expressed during the official visit of the president Obama to Moscow in June 2009.

In the opinion of the authors of the "Geopolitics of the Caspian region" study, "the interest of many counties in the usage of the territory of Iran for the pipelines building is restrained by the USA which believe, not without reason, that vast inventory of hydro-carbons in the South of the country and its profitable geographic position will cause the abrupt growth of Tehran's authority in the Caspian region and, respectively, the serious geopolitical changes". "Hence, - the authors continue, - the long-term interest of Russia consists in making Iran one of its allies in the region" . So the significance of the Iranian factor in the settlement of very complicated geopolitical combinations between Russia and the US is obvious, Iran, in its turn, also realizes its significance in this complicated geopolitical game and takes advantage of that successfully.

There is an opinion in the Armenian political thinking according to which Armenia has definite chances to become a part of the Nabucco project. "Amid the normalization of the Armenian-Turkish dialogue and activation of the negotiations on Nagorno-Karabakh, an impression may be created that, perhaps, Nabucco pipeline will go through the territory of Armenia" , - writes the Armenian political scientist S. Sarukhanyan. The author thinks that at the current stage we can speak about the joining of Armenia to Nabucco. Though he makes a reservation saying that even in case of fiasco,

the activation of the political dialogue in that direction may pay Armenia some dividends.

It seems that the discussions on possible joining of the Armenian party to the Nabucco today have no strong reasons. Armenia is a strategic partner of Russia, and they are connected with strong political and economic ties. The manifestation of the slightest interest by Armenia to Nabucco is fraught with serious risks.

Reverting to Iran-Armenia pipeline, let us mention that its impropriety for the transition is mainly conditioned by aforementioned circumstances which emerged round "Iran-Armenia – Blue Stream – Nabucco" scheme. Even more, Iran-Armenia gas pipeline is regarded as a competitor of the so-called northern gas pipeline, which supplies Russian gas to Armenia through the territory of Georgia. Let us also remind about such a no less important circumstance as the restriction of the gas pipeline from 1.4 to 79sm.

The gas pipeline functions on the so-called barter basis, i.e. the natural gas supplied from Iran is converted to the electric power on Hrazdan and Yerevan thermal power plants, which, in its turn is exported to Iran. Thus, for 1 m3 of Iranian gas Armenia pays 3 kWh electric power. Let us mention that even at the Soviet period Armenian electric power system was planned as producing redundant power while neighbouring countries (Turkey, Azerbaijan, Georgia, Iran, and Iraq) has been incurring heavy deficit in electric power.

So, Iran tries to use its energy potential according to his lights in purely political aims. "Tehran, round which the American surrounding ring (Iraq, Afghanistan, and Pakistan and in perspective may be Azerbaijan) is tightened, tends not to allow turning of South Caucasus into the sphere of influence of the American and NATO interests… In this context energy diplomacy is regarded by Tehran as an important tool for the implementation of the general strategic line" , - writes A. Vartanyan in his article "Energy Diplomacy of Iran in Transcaucasia". It may be added that Iran-Armenia gas pipeline has been regarded by Iran as an essential element of the implementation of the mentioned strategic line. But the later developments showed that the gas pipeline lost the geopolitical and geostrategic meaning it had initially .

Despite the Iran-Armenia gas pipeline has not become a transit pipeline it is necessary to appraise its role in setting of the energy security of Armenia. It allowed diversifying the energy system of the republic, which was in a kind of energy dependence on neighbouring Georgia through the territory of which the only corridor for the gas transportation, which supplied Armenia with natural gas, came.

Iran-Armenia gas pipeline is not the only project carried out by the Iranian, Armenian and Russian parties. It is necessary to pay attention to such important projects for Armenia as the building of the oil refinery on the Armenian-Iranian border as well as building of the hydro electric power plant at the border river Araks and the project of the construction of Tabriz-Meghri oil pipeline, which is still at the stage of negotiations. The active approximation of the parties on other energy directions also takes place.

On September 15-20, 2007 in Meghri the Armenian-Iranian-Russian meeting of the experts on the building of the oil refinery was arranged. The meeting took place with the participation of the representatives of the Ministry of Oil and Gas of Iran, Ministry of Economy of the RF and "ArmRusGasprom" CJSC. The decision of the presidents of Armenia and Iran served a basis for the implementation of the project. By estimate of the experts, the building of the refinery with capacity of 7 tonnes in Armenia would cost approximately $600-700 million .

After taking the decision about the building of the refinery, a number of political scientists and journalists, analyzing the situation in the region, started to talk about such a motivation of Iran as the preparation of its energy system to operating under the US expansion. Such an approach is, undoubtedly, conditioned by the realities, which exist today in the geopolitics of the region.

The project of the refinery building became one of the most discussed issues in political and political scientific circles both in Armenia and in Iran. But at the 10th session of Russian-Armenian intergovernmental commission on economic cooperation, which took place in September 2008, the Russian co-chairman of the commission, the minister of transport of the RF Igor Levitin stated officially about the unprofitability of the oil refinery. He mentioned that this project was not profitable, because, firstly, the issue of the outlet was not solved and, respectively, the issues of the raw material supply either . Hereon, the project was laid up. But today the Armenian authorities are searching for the possible ways of bringing it into life. Thus, in March 2009, after the official visit of the president of the RA Serj Sargsyan to Tehran the minister of energy and natural resources of the RA A. Movsisyan made a statement, according to which the project of the realization of building of the oil refinery in Armenia, which cost will be $250-280 million, was accepted. "Oil refinery will be joint Armenian-Iranian enterprise. The realization of the first complex of the works, i.e. the building of the terminal for the oil products in Eraskh and the pipeline for the getting the ready oil products from Tabriz, will be started this year", - stated the minister .

In connection with the statement of the Russian party concerning the unprofitability of the oil refinery building in Armenia, one can suppose that Armenia, which would have oil refinery on its territory, would have assumed new economic and political significance in the region, which, to a large extent, do not correspond to the geopolitical interests of a number of states.

It is necessary to touch upon the other no less important sphere, which can illustrate the geopolitical context of the energy partnership in the region. In Armenia, as it has already been mentioned, there are no natural resources and the only sources of the electric power are, besides non-traditional sources, hydro energy resources. Potential hydro-energy resources of Armenia are estimated at 21.8 billion kWh . Today, a part of hydro-energy sector of the republic is concentrated in hands of Russian "Inter RAOUES" company3. Despite the obvious monopoly of the Russian business on Armenian energy market, the Armenian authorities still try to diversify its energy system through attraction of the foreign companies to the domestic market. Those companies are mainly Iranian companies which have been involved in the cooperation with Armenia for many times. On October 4, 2007 the

Parliament of the RA ratified Armenian-Iranian intergovernmental agreement about the cooperation in building and running of hydroelectric power plant on the Araks River. The agreement was signed on March 19, 2007 in Meghri during the meeting of the presidents Robert Kocharyan and Mahmud Ahmadinejad. According to the agreement the building of two hydroelectric power plants on the border Araks River during six years was planned: one on the territory of Armenia and the other on the territory of Iran.

Today feasibility study of the project is over. The installed capacity of each of the plants will be 130-140 megawatt, and the annual production of the electric power will be 840 million kWh. The feasibility study was prepared by the Iranian company "Mehabots" and the subcontractor in the face of "Armhydroproject" institute. The project is assessed in $250 million. It can be assumed that the energy giant "Inter RAUES", being one of the key actors on the Armenian energy market, will want to participate in the implementation of the project one way or another. But will it be implemented out of the political context, will the geopolitical interests of the great powers eliminated as far as possible during the construction of the hydroelectric power plant? The later developments will show that. Already today one may speak about the interest of a number of Western companies in hydroelectric power sector of Armenia. Thus, today the US, as well as a number of German, Norwegian, Dutch, British, Ukraine and other companies takes an interest both in hydro- and renewable energy sources of Armenia.

Thus, the competition within the scope of Russian-American-Iranian geopolitical triangle directly influences the formation of the energy security of Armenia adding to this process either positive or negative shades. Of course, any competition is the evidence of healthy market relations. Today one may definitely say that the activity of the Russian companies on the Armenian energy market promotes strengthening energy efficiency of the republic. But should we focus our attention only on economic efficiency and forget about energy and state security? We think that this issue should underlie the solution of a number of foreign and domestic political decisions taken today by the authorities of the Republic of Armenia. Every investment activity is directed to the effectiveness increase of this or that sphere. As for such an important category as security (energy, military, scientific and technical, information, cultural and etc) it should proceed from the interests of the state. Only under the tandem of security and efficiency we can speak about the possible way of development of the particular sphere. Thereat, the security should be taken as a basis on which the efficiency system should be built.

Today the Republic of Armenia is seeking for the ways to carry out it energy potential, which is possible only under the active cooperation with foreign state and private companies. It supposes the exchange of the experience, implementation of innovative technologies, and conduct of the business on mutually favourable terms. This, in its turn, will bring to the transformation of the aforementioned geopolitical triangle into the geopolitical square with the full-fledged participation of Armenia. One can state that the construction of Iran-Armenia gas pipeline, the building of

hydroelectric power plant on the Araks River, the building of the oil refinery and other mutual projects in case of their competent economic and political realization will determine, to a large, the further development of the Armenian energy sphere as well as its integration into regional and international energy markets.

1"Armrusgasprom" CJSC is the largest energy company of Armenia; 80% of its shares belong to "Gasprom" OJSC, and 20% to the Republic of Armenia.

2On March 6, 2009, during the meeting with the Minister of Foreign Affairs of the RF Sergei Ivanov, which was arranged in Geneva, the State Secretary of the US Hilary Clinton presented his a symbolic gift – red button with on which it was written "Reload".

3In Armenia "Inter RAUES" possess 100% of "Electricity Network of Armenia" company shares and Sevan-Hrazdan hydro electric power plant cascade, as well as it manages flow of funds of the Armenian Atomic Power Plant.

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