INTERNATIONAL ENERGY FORUM
Conference Report

FROM GEOPOLITICS OF ENERGY
TO ENERGY OF GEOPOLITICS

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Supported by the U.S. Embassy in Tbilisi, the forum brought together distinguished speakers and experts on energy issues from around the world, country leaders, policy-makers and academia from Georgia, Civil Society Organization (CSO) representatives and the media to stimulate discussions on effective reforms and policies in energy.

The conference outlined the current and emerging role of Georgia in the global energy market and stimulated discussions on how the Georgian government intends to act under a globally changing political reality. Moreover, what role can the EU and the Western countries play to promote Georgia’s role and function as a transit country and its competitive advantage for other countries?

Current globalization trends, economical and geopolitical shifts as well as technological developments are creating unprecedented volatility and opportunity to promote global access to affordable, reliable, and sustainable energy. All abovementioned factors combined with other factors have changed the geopolitics of energy dramatically.

For the economically fragile new democracies and developing countries, energy security could be considered as the most important pillar for long-term prosperity, development and security, therefore a matter for statecraft.

Currently, one of the most volatile regions is the geographic area among four Seas: Black Sea, Caspian Sea, Mediterranean Sea and the Persian Gulf.

Besides the energy-related geopolitical conflicts, hybrid warfare tactics by Russia against the democratic West and its neighbors is significantly altering geopolitics of energy security. The Russian factor in European energy security creates a need for a coherent European policy approach and a role for NATO.

On the one hand, for small geostrategically important countries like Georgia, Russian coercive power combined with hybrid tactics poses significant challenges. Yet, on the other hand the location increases options for enhancing its security through bilateral and multilateral cooperation with partners and allies, creating favorable conditions for investments in renewables and other technologically advanced solutions.

The formula for success is determined by smart strategies and policies, innovative collaboration backed by political will of governments, supported by industry and civil society partners.
The conference contributed to:

- A common understanding on how to enhance the security of energy supply, including the development of the existing energy corridors through Georgia, facilitating the development of relevant infrastructure, including transit through Georgia;

- Focus the considerable expertise of foreign and local experts and policy-makers on energy and economic security challenges in Georgia to achieve common understanding on how to overcome those challenges;

- Facilitate input from world-class thinkers and energy experts who will stimulate discussions among Georgian policy makers and lead to effective reforms and policies in energy;

- Define advocacy objectives which will focus on reaffirming and solidifying Georgia’s role as a transit country.

The conference also served an educational purpose by bringing world-class intellectuals to Georgia and establishing the culture of intellectual and provoking debates on the most pressing economic, political and security issues, and seeking policy alternatives/solutions.

The conference held in Tbilisi, Georgia will be followed by similar events in Washington DC, Berlin and at the Konrad-Adenauer-Stiftung’s summer residence in Italy at Lake Como. The discussions in DC, Italy and Berlin should serve as an opportunity to reaffirm Georgia’s role and potential under the new political reality of energy security.
FROM GEOPOLITICS OF ENERGY TO ENERGY OF GEOPOLITICS
The global security agenda has been significantly affected by the dynamically changing geopolitical landscape. Elections in the U.S., Bulgaria, Moldova, Austria and upcoming in France, and Germany as well as the Brexit referendum in the UK and a referendum in Italy have heightened concerns about the ability of the West to maintain confidence and unity in the face of ongoing threats from authoritarian regimes and non-state actors. Questions have emerged about the future of NATO and relations with Russia – including whether the West will maintain sanctions against Moscow for its invasion of and aggression against Ukraine. Energy security has always been an important part of this agenda.

After the breakup of the Soviet Union, geopolitics of the new European neighborhood has been largely driven by the policies of the EU and US to ensure the free access to energy sources in the region and their transportation routes. The Caspian Sea states and Central Asia, in particular, rose to importance, as did Georgia as a transit state and alternative to Russia’s monopoly.

In the last decade geopolitics became significantly more complex, because energy policies have increasingly been affected by wider political and security issues related to a reemerging and re-vanchist Russia. More recently, however, the significant drop in the oil price in the past three years has added to that complexity. Moreover, the low oil price may have been a contributing factor, given its impact on Russia’s economy, in pushing the Kremlin into a more active and aggressive foreign policy. The new Russian approach once again applied Soviet tactics of hybrid warfare and disininformation campaigns to achieve political goals. Successful energy policies are needed to withstand changing global and regional geopolitical dynamics.

Current globalization trends, economic and geopolitical shifts as well as technological developments are creating unprecedented volatility and opportunity to promote global access to affordable, reliable, and sustainable energy. All above-mentioned factors combined with other factors have changed the geopolitics of energy dramatically.

For economically fragile new democracies and developing countries, energy security could be considered as one of the most important pillars for long-term prosperity, development and security. A proper and sound energy policy with a focus on diversification and, to the extent possible, self-sufficiency, is one of the most important components of the energy security affecting statecraft.

After all, states that are dependent on Russia for their supply of energy are vulnerable to Moscow’s use of energy as a political weapon. Failure to address such dependence will expose states to the threat of Russian corruption, cutoffs, as well as economic and political pressure. This is especially true for countries that seek to integrate more closely with Euro-Atlantic institutions while at the same time remaining dependent on Russia for energy. Russia uses energy to pull countries away from the West, since at least in the short term the West has little energy alternatives to offer.

Russia perpetuates shadowy and non-transparent deals in the energy field in order to corrupt other countries. Those countries that agree to such deal-making
with Moscow are undercutting their own efforts to build a transparent and rule of law based system not only in the energy field but more broadly.

Ukraine offers a perfect example of how dependency on Russian energy deepens the risk posed by corruption. In spite of Ukraine’s own corruption problems, after the collapse of the USSR, the country has been vulnerable to shady middlemen companies and unfair price negotiations with Moscow. Until Ukraine addresses the need to find alternatives, including development of its own resources, it would be subject to pressure and corruptive influences from Moscow. The transit of Russian gas remains an important source of income for Ukraine. Yet, the decline in the amount of gas from Russia transiting through Ukraine has helped Kyiv become less vulnerable to Russian pressure and corruption.

However, reducing dependence on Russia for energy is not cost-free. Georgia’s growing reliance on Azerbaijan has led Russian forces, through their creeping annexation of Georgian territory, to threaten the security of the pipeline that runs through Georgia. This constitutes a blatant threat to Georgia’s security, but it also blunts Georgia’s efforts to integrate more closely with the West and to stay on a democratic, market-oriented path. Through coercion and outright force, Russia uses energy to try to keep countries like Georgia under its sway. It does so both to blunt these countries’ efforts to look westward and also to keep its corrupt interests present in Georgian politics.

Russia’s corrupting influence through energy is not limited to its immediate neighbors. The “Schröderization” of Germany is another prime example. Former German Chancellor Gerhard Schröder implemented and advanced the commercially and economically unjustified and internationally criticized Nord Stream II pipeline through the Baltic Sea. Russia uses energy as the way to compromise Germany, the key country in Europe keeping the EU together, into harming Ukraine’s role as a transit country. Consequently, this damages Ukraine’s already challenging efforts to stay on a Euro-Atlantic path through democratic and economic reform.

The latest trend of hybrid security challenges predisposes weaponization in every field of international and domestic affairs. In this context, energy security is becoming a much more complex issue than simply infrastructure security, supply diversification and reliability. Due to the politized character and the dangerous blackmailing potential, conflict over energy presents an inherent threat of war, such as the 2006 and 2009 Russia-Ukraine gas disputes or the conflict over energy resources between Sudan and South Sudan.

Currently one of the most volatile regions is the geographic square among four Seas: Black Sea, Caspian Sea, Mediterranean Sea and the Persian Gulf. However, it seems impossible to have a “square deal” solution to the energy security problems. Due to complex geopolitical interests as well as multinational cooperation agreements, energy plays a significant but not the most decisive role.

Besides the energy-related geopolitical conflicts, hybrid warfare tactics by Russia against the democratic West and its neighbors is significantly altering the geopolitics of energy security. Russia’s politicized engagement in the field of energy requires more strategic EU energy policies and poses the question of security and protection in the context of NATO.

For small countries like Georgia with a geographically strategic location, Russia’s coercive tactics combined with hybrid warfare pose significant challenges.
Yet, security options can be increased by strategic bilateral and multilateral cooperation with partners to create favorable conditions for investments and innovation in energy technology.

The formula for success is smart strategies and policies, including innovative collaboration backed by political will of governments and supported by industry as well as civil society partners.

The Conference outlined the current and emerging energy role of Georgia in the regional energy structure and stimulated discussion on how the Georgian government should act under a changing geopolitical reality. In addition, the role the EU and Western countries can play to promote Georgia’s importance as a transit country and its competitive advantage were analyzed.

Whether energy determines geopolitical trends or vice versa, it is important to consider the Global energy security trends and their geopolitical impact:

- Oil and gas is a cyclical industry for many fundamental reasons. Currently the world is in a period of much lower oil prices;
- It is a general expectation for the medium term to see convergence of oil prices around 50$ per barrel rather than 100$;
- China is the largest importer of oil, with India following up closely;
- Shale hydrocarbons play a crucial role in today’s world. Governments are always keen to embrace every single chance of shale hydrocarbon extraction but actual policies have not been sufficiently considered;
- OPEC, as a cartel, has diminished in influence for some time now as it was incapable of manipulating price trends;
- There are ongoing discussions about the Persian Gulf states’ economic diversification;
- The prospect for Russia’s economic diversification remains dim.

The United States will remain a net oil importer for some time to come, even though US resources are ample and the economy has become more competitive due to domestic shale hydrocarbons. More changes can be expected on the international energy market. Further discoveries, such as in the Mediterranean Levant Basin, shale gas extraction etc. will foster cooperation or competition among European countries, Russia, Turkey and Central Asia. Greater change, including geopolitical transformation, may come in the gas industry, where additional factors of influence are created as a result of the recent developments.

- Prospects for the TANAP project to eventually reach a volume of 31 to 50 BCMA on later stages of development;
- Potential for Turkey to play a mediator’s role between Azerbaijan and Turkmenistan to achieve overall success in cross-border projects of the Caspian basin.
- Prospects of a potential Russia-Turkey cooperation in natural gas transit projects under the Black Sea.
- Initial steps made towards a normalization of the US-Iran relations and Iran’s expressed interest in reaching out to the EU market.
- Future of Ukraine as a major gas transit corridor.

The extraction and transport of hydrocarbons from Iran and Iraq would also present a significant game changer in the field of energy production. However, profound changes in that regard will re-
quire more time and conflict resolution in the Middle East. There is no need for gas extraction in Northern Iraq until projects such as Shah Deniz Stage 2, TANAP and TAP are fully realized. It is also important to note that gas pricing today is much less dependent on oil prices. These policy priorities become particularly important when the TANAP project unfolds its full potential in Turkmenistan as well. Expansion of the pipeline infrastructure as well as the Shah Deniz Phase 2 offshore platform development is rapidly pursued and will match the development of TANAP by the end of 2018.

Diversification and the exploitation of new sources of supply and transportation routes have been the focus of US interest for some time. However, due to the newly available US domestic supplies the geopolitical interests have shifted.

Turkey is well located to play an important role in the energy security of the region at large, especially now that there are attempts by Russia to use energy as a strategic instrument in foreign policy matters. Therefore, coordinated policy for international engagement is of paramount importance, especially in light of the threat from ISIS and in the context of global security challenges.

Despite tensions with Russia following the shoot down of a Russian military plane that violated Turkish airspace, Turkey sought to wall off energy and economic relations between the two States, but a Russian ban on Turkish products (since lifted after normalization of relations) and decline in Russian tourism to Turkey had an impact. Nonetheless, the Turkish government tried to minimize the damage for the population as much as possible. What is happening in the region now is a classical fight against terrorism and Turkey is requesting support and help from the West. As for the threat to energy transit, security concerns remain, but there is a demonstrated track record of successfully mitigating and preventing these threats in the past, especially in respect to BTC pipeline attacks.

The massive crackdown on opposition and moderate groups as well as journalists, teachers, and others following the attempted coup in July (after the Conference took place) may endanger the fragile balance currently existing in the country (The military coup attempt after 3 month of the conference date significantly altered political context).

Whereas Russia has supported President Erdogan in his crackdown against Gulenist forces, Kurds and opposition groups, the West has expressed grave concern about the degree of arrests and dismissals. Since the Conference, the European Parliament has voted to suspend negotiations with Turkey over EU membership prospects and Erdogan, in response, has threatened to let the 3 million refugees currently in Turkey move on into the EU. At the same time, Russia has reopened discussion with Ankara about a new pipeline under the Black Sea through Turkey. This development could complicate Europe’s interest in seeing the Black and Caspian Sea regions become less dependent on Russia. Europe’s emphasis on human rights concerns contrasts with Russia’s focus on cutting deals, including energy agreements with Turkey. The latter is certain to appeal more to the Turkish leader.

The EU is equally interested in Turkey’s success to prevail over terrorism as well as its efforts to strengthen democracy internally. A major shift in the EU’s mentality was after realizing that hydrocarbons are not a scarce resource. Nevertheless political and strategic considerations still rank high in the policy agenda of the EU. Therefore, projects like TAP / TANAP are
high on the priority list. Energy policy has many important dimensions.

Turkey’s role in the regional context is linked to the question whether the Turkish energy market is security-driven or trade-driven. Following recent developments, it becomes more evident that Turkey tries to balance its policy between these two pillars. Since the failure of Nabucco, Turkey decided to cooperate with producers rather than with consumers.

In 1990, Georgia was termed as the country with the utmost strategic importance for Turkey - the linchpin for Turkey’s wider economic and political agenda. Pipelines that were built in the past had a very specific geopolitical setting at the time. Nowadays, the situation is different. The US election outcome and EU framework decisions would have a much greater impact on the region. Moreover, the rapprochement between Azerbaijan and Turkmenistan and Iran’s real intentions with respect to its foreign policy are important factors that are now part of equation.

Coming closer to Georgia, the EU plays an important role in supporting the security and general reforms, to make forthcoming developments more realistic. Adequate diversification efforts and strong reforms capability are necessary responses to external challenges. As to the energy policy in Georgia, important strategic components should remain the priority for Georgia and the West in general – strengthening the already existing partnerships with traditional allies such as Azerbaijan and Turkey. Decision makers in the government in Tbilisi need to safeguard Georgia from Russia’s political influence and accelerate accession to the membership in the Energy Community (this happened 4 months after the conference date). The government shall work on a new development strategy to strengthen the existing energy corridor and complement it with additional infrastructure. Success of this strategy is essential to support reliable supply when it comes to energy needs of the European market.

Energy Security has become an integral part of Georgian national security. Georgia’s strategy in response to security challenges is to further develop a diversified energy sector and foster development of local resources as well as enhancement of transport routes through the country.

Energy security has been a major issue in US-Georgia bilateral cooperation as well as US policy towards the region at large. Bilaterally energy is the core part of the strategic partnership agenda. US involvement was to support Georgia and focus on energy policy. US-Georgia sentiments have gone through several stages: from over-personalized (Bush-Saakashvili) to almost non-existent (under Obama). There are some concerns that the quality of these relations may actually decline further during the next few years under the new American administration. It is a paradox that the more Georgia tries to distance itself away from Russia (and diversify energy dependence), the more the threat from Russia grows as it tries to thwart Georgia’s efforts to become more independent. More often than not, special energy interests define the agenda of relations with certain countries, leaving discussions about human rights completely out of the dialogue.

Considering Georgia’s strategic position as a transportation hub, discussions between Georgia and Iran are conducted. Teheran is interested in using Georgia’s access to the European market with the DCFTA in order to transport hydrocarbons to Europe.

The recent inauguration of the TAP pipeline reinforced the importance of the
south Caucasus corridor. Georgia would unwaveringly stand by its commitments to further ensure security of supply by contributing to the diversification efforts of the greater markets, especially in lieu of Russia’s attempt to use energy as a political tool in respect to Ukraine.

Georgia’s aspirations are towards the West, while Azerbaijan is and remains a strategic ally of Georgia. The geopolitical orientation amplifies efforts to implement political, economic, judicial, anti-corruption and energy reform. At the same time Georgia is becoming part of the European energy family where EU transit rules are applied to the country’s regulatory environment. Especially after Georgia became a full member of the Energy Community later this year.

A new concern is Georgia’s dependence on Azerbaijan for 90% of its gas supply. At the same time, Azerbaijan relies more on the export of its resources to outside markets and therefore depends mainly on Georgia. Existing arrangements are based on interdependence and mutual benefit; this is a true kind of a win-win relationship.

The southern gas corridor is of vital importance for Azerbaijan. Even though project-financing commitments are already in place, there is still a need for more demonstrated support from European and International parties. Similar to BTC, in the case of TANAP development, Azerbaijan wisely chose a way to avoid contradicting Russia’s interest. As for the security of supply, it has two dimensions: physical security, and also security of investment environment. Security of energy infrastructure was recognized as one of the top policy priorities at the recent NATO summit.

The issue of inclusion of Armenia in the regional energy arrangements has been widely discussed. Armenia should not be excluded from the energy supply. Factors such as: mounting economic instability, incrementally increasing pressure from Russia (recall that Moscow pressured Yerevan to drop its plans to sign agreements with the EU before Ukraine’s Viktor Yanukovych followed suit), declining oil prices and lack of economic diversification contribute to regional destabilization. For Armenia, exclusion is increasingly dangerous politically as well as economically. Proximity of the Karabakh conflict to the Caucasian energy corridor and a Soviet-era nuclear power plant in Armenia was named as two well known issues that pose a risk to the region at large.

It is obvious that there are two major competing economic and political integration processes going on: one based on values of free society and freedom of choice offered by the West (EU and NATO) and the other based on dominant military and coercive power of Russia (Eurasian Economic Union). Energy is an important part of this equation, as Russia does not hesitate to exploit its energy relationships with its neighbors and willingly uses energy to carry out its political agenda. Which among those two will be successful depends on many geopolitical factors and variables, including the domestic political context. Therefore abovementioned energy projects are also political in nature, and they never die – they only fade away until the right moment appears.

The United States has been of considerable importance to the regional strategic projects and energy cooperation. Additional strategically important East-West integration projects need to be considered as the reinforcing factor for energy cooperation; Silk Road discussions are acquiring a second life now: With the expansion of global logistics and trade routes, Georgia is destined to play an increased role again. Project Anaklia, soon-to-be-launched Baku-Akhalkalaki-Karsi railway
link would also fit well with the Chinese concept of One Belt One Road and would furthermore boost Georgia’s transit role. In addition, more hardcore security cooperation between the US and NATO in the region, particularly in the Black Sea region, could boost further Western integration.

Therefore, regional energy cooperation and energy security has to be considered in the wider context of political and economic cooperation. The future of global energy security arrangements will be significantly affected by the developments in the energy geopolitical square – Black Sea, Caspian Sea, Mediterranean Sea and the Persian Gulf. While the world is tilting towards a much cleaner energy mix for years to come, in the short and medium term traditional energy sources will be decisive for security and economic development.

In the abovementioned context, Georgia has several energy security choices, with short and long term implications on national security and statecraft;

Georgia is 100% dependent on gas imports, which is not a global commodity, but rather a very regional product linked to a specific infrastructure and origin. In that respect, the ability of Georgia to play a role as a reliable transit partner allows it to earn additional benefits by securing sources of supply at very competitive prices. A major shift in the country’s energy security agenda happened after Georgia was able to diversify away from Russian supplies and re-orient itself towards the east-west corridor. Azerbaijan played a role of a strategic partner in this process.

As for the EU integration process, Georgia’s efforts to conform to the standards and environment of the EU community are well appreciated and the government enjoys full time public support in their aspiration to become a member of European family soon.

International energy projects and the concept of statehood of an independent Georgia became intertwined from the very beginning, right after the collapse of the Soviet Union. Nowadays, despite success of several interregional energy initiatives, the general situation remains tense due to Russia’s actions that keep Eastern Europe under continuous threat and subject Ukraine and Georgia to extended political pressure.

No effort should be spared to reinforce support for existing transit projects. Turkey’s role as an energy hub should be complemented by the development of other prospective inter-regional projects, such as AGRI LNG.

Georgia is to remain as an important gas transit route for Armenia, but ‘North to South’ direction should not play a central part in the country’s energy security due to inherent political threats, at least for the foreseeable future.

To summarize - without security, including most notably energy security, it is hard to achieve democratic transformation; indeed, energy is inextricably linked to security and development. Regional economic cooperation serves as a trigger for better development and reinforcement of regional security. By means of coherent actions, Georgia can further attract attention and support from the International partners. Key policy decisions should go beyond election cycles and be oriented to a long term future. A negative example in this regard is recent attempt of the Georgian Government to negotiate natural gas procurement and transit deal with Gazprom. This recent initiative was unreasonable and misleading, especially since no good explanation (except very speculative ‘whys and wherefores’) was given to the public.
Crafting and Implementing a Black Sea Strategy and its Energy Dimension:

The Black Sea region has strategic importance for the future of the European security architecture. Its strategic importance among other key pillars is determined by the European energy security considerations. The biggest challenge which the region and Europe in general face is an authoritarian and revanchist Russia.

Russia’s annexation of Crimea, its further militarization of the region and weaponization of energy as well as other economic sectors has altered the military balance and the geopolitics of energy of the Black Sea and Caspian Sea. To address this challenge, the EU and NATO have to include the energy dimension into their wider regional security policy. The energy component of this policy should include secure delivery of Caspian Sea energy resources to Europe, including secure exploration and production as well.

Countering the Russian destructive role, Black Sea Littoral States together with the EU should have a clearly defined energy policy in the Black Sea region. This policy should become integral part of a new geopolitical paradigm consisting of economic and security pillars. This approach should be backed by strong US support.

Besides declared interests and policy goals, in the short term US support should be backed by boosted military presence through bilateral or multilateral engagement in air, sea and land exercises and training with NATO member countries as well as Ukraine and Georgia. It should include energy pipeline security.

NATO should place energy security as a key element in its Black Sea security agenda.

Recent moves by NATO to enhance its Black Sea security dimension by air, sea and surface military components could be considered as important contributions to this goal. Common security perception and solid military and political arrangements under the NATO umbrella would be an important platform for synchronizing energy policies of Black Sea NATO countries – Turkey, Bulgaria and Romania as well as Georgia and Ukraine. NATO’s military engagement in the Black Sea region would be a significant deterrent to limit Russia’s ability to provoke conflict and blackmail Europe by energy disruption.

As for the EU, it should establish a more inclusive energy cooperation platform not only among member countries but also associated countries and beyond including Iran. Correlating this process to a bigger Black Sea security agenda and NATO plans would create the solid foundation for successful policies. The problem of Russian energy dependency (especially gas) on various levels of European countries (including Black Sea regional countries) could be effectively addressed under the above-mentioned well coordinated strategy. Additionally, the EU Energy Community should play a key role in incentivizing closer Black Sea-Caspian Sea energy cooperation on key strategic issues.

The EU should develop effective leverage for opposing/discouraging Russian-backed energy projects and shifting the energy demand and economic benefit interest in line with the policy goals. The US should become active (and even take the lead) in these processes.

Such leverage could include the following: expansion and integration of the energy networks of the Black Sea region with the rest of the European system; acceleration of alternative sources and technologies; investing in system flexibility through con-
structing LNG; creation and operation of a smart regulatory framework for transparent and legitimate companies across the spectrum for exploration, development, production and distribution (like EU Third Energy Package); boosting anticorruption efforts.

The US should define separate, comprehensive policies towards the Black Sea and Caspian Sea regions enabling it to react effectively on challenges in the region, while delivering some significant tangible economic effects. For increasing its impact on processes, the US should develop its own Black Sea policy as well as enhance bilateral cooperation with littoral countries, particularly Georgia and Ukraine. Black Sea energy security can play an important role in the ability of Georgia and Ukraine to promote their democratic development and economic sustainability. Regarding natural gas, two components are vital – price manipulation and supply disruption.

In the short and medium term projection, the key element should be natural gas supply diversification. On this particular dimension of European energy security, the Black Sea region has particular importance.

Regional infrastructure (pipelines, interconnectors, power grids etc.) integration could play an important role in increasing the resilience of the energy systems to protect against Russian pressure or other disruptive factors.

In parallel to the above-mentioned policy shifts and technical integration, regional countries should invest in internal resource development, introduction of the new technologies, exploring alternative source development (shale gas, coal, nuclear, renewables) increasing bilateral cooperation where it is possible. The EU and US should incentivize these processes.

Wider regional outreach to areas like Northern Iraq, Iran, Mediterranean, and the Middle East would create a solid foundation for further diversification. This process as well should be led and supported by major Western powers.

A key part of the above-mentioned policies should be the minimization of Russian influence on energy choices of the most vulnerable countries. Therefore national policies of the regional countries should be comprehensive and in correlation with policies of the strategic partnerships. This concerns Georgia as well:

The Georgian Government should make the EU Energy Community of paramount importance in policy decision-making.

The policy elaboration process should be based on institutionalized and transparent mechanisms. Any decisions made on energy issues, particularly regarding cooperation with Russia, should be made by the Government in a wider national security context and done as transparently as possible.

Further enhancement of the country’s transit role (not only for energy) should remain a key policy priority. Georgia should invest more in physical security arrangements to further ensure security of supply and transit in order to perform as a reliable transit hub. For this purpose, energy security cooperation should be boosted under the NATO SNGP cooperation agenda.

Diversifying resources, limiting the state’s role and involvement in shaping demand, ensuring an openly functioning energy market and improving overall energy efficiency should remain the key pillars for the national energy policy.

Supporting the establishment of open and inclusive platforms for the energy discussion with foreign and local experts, civil society and policy-makers on energy and economic security challenges in Georgia is critical to achieve common understanding and higher legitimacy of the government’s policies.
About The Konrad Adenauer Stiftung (KAS)

The Konrad-Adenauer-Stiftung (KAS) is a political foundation of the Federal Republic of Germany. The foundation is proud to bear the name of Konrad Adenauer, the first chancellor of the Federal Republic of Germany. Established in 1955 as the “Society for Christian-Democratic Civic Education”, the foundation took on the name of the first Federal Chancellor in 1964. KAS offices abroad are in charge of over 200 projects in more than 120 countries. The foundation’s headquarter is located in Berlin, where an additional conference center, named “The Academy”, was opened in 1998. Democracy, peace and justice are the basic principles underlying the activities of KAS at home as well as abroad.

The Foundation’s Regional Program South Caucasus conducts projects aiming at: strengthening democratization processes, promoting political participation of the people, supporting social justice and sustainable economic development, promoting peaceful conflict resolution and supporting the region’s rapprochement with the European structures.
ABOUT THE ECONOMIC POLICY RESEARCH CENTER (EPRC)

The Economic Policy Research Center (EPRC) is a unique think-and do-tank that brings to light the most pressing economic issues confronting society and provides thorough analysis on economic issues, offers evidence-based recommendations as well as it encourages stimulating public debate and education.

EPRC was established in 2002 and from the very beginning has played an active role in linking civil society and the public sector, providing guidance and advice in various fields of public policy, budget oversight, and monitoring the implementation of the major state and donor-funded programs. Since its foundation, EPRC has strived to enhance the quality of economic policy-making in Georgia by fostering high quality, policy-relevant economic research, and disseminating it widely to decision-makers in the public and private sectors.

Throughout the past decade, EPRC has earned a reputation of an objective, reliable and non-partisan source of information on the issues related to economic, financial and social policies. EPRC actively encourages diversity of opinion and independent thought in its network, with the result that EPRC output reflects out-of-the-box thinking on a range of perspectives, helping to enrich and enliven policy debates.

OUR MISSION
The Economic Policy Research Center (EPRC) aims to improve the welfare of citizens through expert guidance from decision makers in various issues of economy, capacity-building of public institutions, and civil oversight of budgetary expenditures.

WHAT WE DO
ENGENDERING THE IDEAS – generating policy recommendations based on global experience, substantiated by objective and technically sound research and analysis, and fine-tuned to reflect Georgia’s reality.

DEVELOPING CAPACITY – Strengthening of capacity of civic institutions, government agencies and the media for effective engagement in the economic policy-making and budgetary processes; empowering the general population with innovative tools to take an active part in the country’s economic life.

ENSURING CIVIL OVERSIGHT - In partnership with a range of CSO representatives, monitoring reports and analysis of key governmental programmers and budgetary expenditures are produced.
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Batu Kutelia

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Ambassador Kutelia is the Vice President of the Atlantic Council of Georgia and the Next Generation Leader fellow at the McCain Institute for International Leadership. He served as the Deputy Secretary of the National Security Council of Georgia, since January 2011 till November 2013. From 2008 until 2011 he was the Ambassador Extraordinary and Plenipotentiary to the United States of America, Canada and Mexico.

In his previous capacities he has been First Deputy Minister of Defense (2007-2008), Deputy Minister of Defense and Foreign Affairs (2006-2007) and Deputy Minister of State Security (2004).

From 2005-2006 he functioned as the Head of the Intelligence Service of Georgia. Before this he was the Head of the Foreign Intelligence Department of the Ministry of State Security of Georgia and Director of the Political Security Department of the National Security Council in 2004, also numerous pol.-mil. positions at the Ministry of Foreign Affairs.

Before turning into his diplomatic and political career Mr. Kutelia studied physics and holds a PhD in physics. However, he also holds a master in Public Affairs Administration. Mr. Kutelia is fluent in English, Russian and Georgian languages.
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