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Export of gas from Azerbaijan via the Black Sea more likely

On 14 September, during a meeting of the presidents of Azerbaijan, Georgia and Romania in Baku, representatives of the national energy companies signed a memorandum to create a joint venture group as part of the AGRI project, creating a transport route for liquefied natural gas (LNG) from Azerbaijan to Europe via the Black Sea. This fact, together with a declaration of political support for the project issued by the presidents and the prime minister of Hungary, who was present in Baku, testifies to the great momentum behind the project.

The AGRI (Azerbaijan–Georgia–Romania Interconnector) plan, which was only published this February, will run a transfer line for LNG from the Georgian terminal at Kulevi to the Romanian port of Constanta. As Azerbaijan's energy minister stated, variants for 2, 5 or 8 billion cubic metres of gas annually are being considered; the cost of implementing the plan will vary between €1.2bn and €4.5bn, depending on which variant is chosen. A specific feasibility study (and also a search for investors) will be conducted by a joint venture company. Gas from the second phase of exploitation of Azerbaijan's Shah Deniz deposit, which Brussels is trying to use for the Southern Corridor project (including Nabucco), will be transmitted along the new pipeline.

The summit in Baku is the latest move by Azerbaijan in recent weeks (together with an agreement with Gazprom) to create an alternative to what had seemed to be an inevitable gas export route to Europe via Turkey. This is a serious instrument of pressure in Azerbaijan's ongoing gas negotiations with Ankara. The presence in Baku of the Hungarian prime minister Viktor Orban testifies to the attractiveness of the AGRI plan for Hungary, and shows that in the eyes of Budapest, it could be an alternative to Nabucco. <MMat>