

The launch of the modified Southern Gas Corridor

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The construction of the second branch of the Baku–Tbilisi–Erzurum gas pipeline began on 20 September in Baku. Azerbaijan announced that this is the official inauguration of the construction of the Southern Gas Corridor. The presidents of Azerbaijan and Bulgaria, the prime ministers of Georgia, Greece and Montenegro, the energy ministers of Turkey, the United Kingdom and Italy, and a US representative were all present at the ceremony.

There are plans to build the second branch of the Baku–Tbilisi–Erzurum gas pipeline, the trans-Anatolian route TANAP running through Turkey and the trans-Adriatic gas pipeline TAP from Greece to Italy as part of the new gas supply route to Europe and Turkey. Along with TAP, Azerbaijan has an overwhelming majority of shares in the planned infrastructure, and will have full control of it. In turn, Nabucco, the project the EU was lobbying for and which for years was seen as a key element of the Gas Corridor, will not be built.

Commentary:

- The infrastructure currently being planned would make it possible to export small amounts of Azerbaijani gas (10 billion m³ annually starting from 2019) to the European market and would in this context fulfil part of the assumptions of the EU's Southern Gas Corridor concept devised in 2008. The fact that this goal of the EU's policy is being implemented allows Azerbaijan to refer to the planned infrastructure elements as the Gas Corridor, although its transport capacity is much lower than what had been envisaged in Brussels's ambitious plans (60 billion m³) and despite the fact that the EU is not in fact participating in its construction. It is Azerbaijan (and in the case of TANAP, also Turkey) who is the main constructor of the new gas export route and who will control the greater part of the infrastructure being built, and not the EU as had originally been planned by the European Commission. Contrary to Baku's expectations, no European firm (with the exception of BP) has joined the project.
- The present shape of infrastructure for transporting gas to Europe has been determined by Baku and Ankara, whose energy policy has become much more assertive with regard to the West partly because the regional position of the two countries has improved. The planned routes will above all serve the interests of Baku and Ankara. Baku will be pleased due to the diversification of routes and gas export independent of Russia, and those of Ankara because it is interested in increased gas supplies from Azerbaijan and in building a gas hub in Turkey in the future. Thus the infrastructure which is referred to as the Gas Corridor is to a very limited extent an instrument of the EU's policy with regard to these

countries. The absence of an EU representative during the inauguration of the project spoke volumes (the only sign of the EU's presence was a video message from the president of the European Commission, Jose Manuel Barroso).

- The fact that Azerbaijan, and to a certain extent Turkey, have taken control of the corridor and that this project is no longer treated as a priority issue by the West may prove to be a mistake, with Azerbaijan and Turkey having overrated their own capabilities. Since Western firms are not participating in the construction of the transport infrastructure and have been withdrawing from Azerbaijani fields, the cost-effectiveness of this project is dubious (most investment costs will have to be incurred by Baku). At the same time, Moscow is putting more pressure on Azerbaijan, as it still sees the corridor as Baku's tool to liberate itself from Russian influence. In this context, Russia is likely to make attempts to take control of or join the projects planned by Azerbaijan.