

# **WORKSHOP**

## **Socio-economic aspects of the energy corridor linking The Caspian Region with European Union**

**Subject: The Caspian Region – a non alternative guarantor of  
energy security of the European Union**

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## **The Caspian Region– a non-alternative guarantor of energy security of the European Union.**

### **Energy security – causes and effects.**

The process of world globalization has brought the problem of energy security to the forefront. The energy security represents a level of immunity of the government economies against outside threat. After “oil shocks” of the 70-ies of the last century the countries importing oil understand the term “energy security” as reliability of “delivery security” at a reasonable price. At the same time, the countries importing oil and whose economy entirely depends on the return on oil are concerned immediately about the stability of their markets.

The economic and social development of mankind depends on reliable, stable and adequate power supply. We can observe continuously increasing power consumption and especially vividly it manifests itself in dynamically developing regions of the world with great population. In addition, high, but subject to sharp fluctuations, oil, gas and oil products’ price, also threatens the process of stable development of the world economy. Further to it, gradual depletion of resources of the North Sea, which satisfy today the needs of the European countries, and rapidly growing energy demand in other countries, will lead to essential changes of the sources of energy supplies delivery on a geographical scale.

In this context, as the world power consumption greatly depends on the resources of fossil fuel, especially on oil and gas (and these resources are mainly concentrated in the Near East and Caspian basin), the export outlets with different routes and power supply security ensured by means of uninterrupted supply with energy carriers, becomes a significant problem on a global scale. Different sources of energy resources and routes of their transportation directly relate to geopolitical and geo-economical interests of European countries, as the European Union is the major consumer of hydrocarbon raw materials. Today, 60% of oil consumed by the European Union is exported from outside, 29% of which is imported from the post-Soviet countries, mainly from Russia, Azerbaijan and Kazakhstan.

All these problems promoted discussion of this problem at the summit of the “Great Eight” countries held on 16 July 2006 in Saint-Petersburg. According to the results of the summit such documents as “the Global energy security” and “the Green Book” have been adopted. They identify the energy strategy of the European Union countries up to the year of 2030. In particular, this document identifies priority projects of energy security infrastructure, promotion of relations with suppliers and countries of transit: OPEC (Organization of Petroleum Exporting Countries), Norway, the Ukraine, Transcaucasia and Mediterranean countries. Today, 30% of natural gas supply to the countries of the European Union is provided for by Russia, Algeria (LNG), Norway and the Caspian region.

The prospects of significant growth in petroleum production in the basin of the Caspian Sea and planned promotion of its role in the world power supply predetermine special interest of Europe to this region. The main practical interest of EU is the diversification of its own oil and import of gas by involving energy resources of Central Asia and the Caspian Sea into the European energy system. Europe pays special interest to the Caspian gas. In the opinion of the European experts there is no alternative to joining of the Caspian area with the European gas system. In order to realize its projects the European Union has taken some moves. In 1991 the European Union initiated development of the program on rendering assistance to the countries of Transcaucasia and Central Asia in reconstruction of main traffic arteries and building of new

nodal points of transport infrastructure (TACIS). The project for setting up an international transport corridor Europe- the Caucasus-Asia has become a part of this program (TRACECA). The project provides for the integration of the transport system, communication networks, infrastructure and material and technical basis of a number of former republics of the Soviet Union with analogous international systems. In 1995 the European Union began to realize INOGATE program (intergovernmental project for oil and gas pipelines). The purposes of the project – technical assistance in maintaining operational status and oil pipeline management in the countries of CIS, and also elaboration of new ways of transportation of the Caspian oil to Europe.

### **The role of the Caspian region in a strategic partnership.**

The oil trends of the Caspian region are attractive. In the report of State department of the USA it is spoken: “having 27,5 billion t. reserves of oil, the Caspian region can play the important role in the world oil market. If forecasts will prove to be true, in the near future oil of the Caspian region can make 1/5 parts of world reserves of oil and be equaled to stocks of Iraq and Kuwait. " Today, proven hydrocarbon resources are evaluated as 7,8 billion barrels. In the Caspian region 3,8 billion barrels will be produced daily by the year of 2010 and will constitute about 60% of current production in the North Sea which has been steadily decreasing during recent years. By that moment the oil production in the Caspian region will be greater than in Norway or Brazil and proven oil reserves as per forecast, will be one and a half-twice as much as the analogous reserves in the Mexican gulf. Thereupon, the Parliament Assembly of the Council of Europe has recognized the region of the Caspian Sea as one of the main centers of the European energy security, and European Union will keep on promoting cooperation and development of relations with all Caspian countries, especially with Azerbaijan. We talk about the transportation of hydrocarbons from the Caspian region to the countries of the European Union and cooperation among the countries of the EU and the Caspian Sea as a whole.

A “Memorandum on strategic partnership in energy sphere” has been signed between the EU and Azerbaijan. Azerbaijan is a first country to conclude such an arrangement. At the beginning of December 2006 the “Memorandum on strategic partnership in energy sphere” was signed with Kazakhstan. According to its strategic orientation the document slightly differs from the memorandum made by EU with Azerbaijan in Brussels when Ilham Aliyev, the president of Azerbaijan, visited the European capital.

The “Memorandum on strategic partnership in energy sphere” signed between Azerbaijan and EU provides for three main components. The first main component provide for the preparation of strategic program for harmonization of Azerbaijan legislation with the legislation of EU countries. The second component represents strategic security of transportation of energy resources from Azerbaijan. The third component implies improvement of the system of management of energy demand in Azerbaijan. It includes both the processes of climatic changes in the world, use of renewable sources of power, the Kyoto protocol and other matters. After summing up, we may conclude, that the memorandum is based on three main components-the legislation, security and demand management.

As it was emphasized by Ilham Aliyev, the President of Azerbaijan-”Today, the borders of the European Union approach to our region more closely. Azerbaijan has been included into the “the EU Policy of new neighborhood. That is why, the criteria to be taken as a basis in our region will become similar to those valid in EU. Very active dialogue is being conducted between Azerbaijan and EU. Thus, our capabilities in transport sphere and pipelines put in

commission create quite a new situation in the region. The Caspian region still more approaches to Europe”-stated Ilham Aliyev.

The reason for EU choosing Azerbaijan as a partner, and in the person of it the whole Caspian region, lies in transport infrastructure already set up and functioning due to the commissioning of Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum pipelines, the Sangachal terminal and the Heydar Aliyev terminal in Ceyhan. This infrastructure has been set up on the basis of friendly relations between Azerbaijan and Turkey and is a factor of the most effective and practical regional cooperation.

The important part of geopolitical processes in the Caspian region is an immediate neighborhood of a number of big regional states and their interest in the region (Russia and Iran), interests of the European Union countries and USA, and also the Caspian trend is one of the most priority-driven in foreign policy strategies of China and Turkey.

Turkey, being situated on the junction of the regions with  $\frac{3}{4}$  of the world reserves of oil and natural gas, is a natural energy bridge between the main countries-buyers and countries-consumers of energy resources. This circumstance brings energy cooperation in relations with the countries of the Caspian basin to the forefront. After realization of the “Blue current” project and Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum projects, Turkey faces the task of implementing the oil pipeline project Samsun-Ceyhan making a detour of Bosphorus Strait and Dardanelles, and also trans-Caspian gas pipe line. In addition, the expected elongation of BTC up to Kazakhstan will strengthen the role of Turkey as a transit distribution node. Along with that route, natural gas from “Shakh-Deniz” oil field and later from other oil fields of the countries of the Caspian basin and Near East, will become the fourth alternative source of natural gas supply to the countries of Europe via gas pipe lines “Nabukko” (Turkey-Bulgaria-Romania-Hungary-Austria) and Turkey-Greece-Italy. In the nearest future these projects will turn Turkey into the main energy corridor. In order to carry out these projects all members face the task of realizing energy corridor East-West referred to as the Great Silk Route.

The energy resources of the Caspian Sea represent the main interests of China in the Central Asia. This interest will grow as the economic development of China continues. High rates of economic development identify the greater need of the country in energy resources. The country independently produces 160 million tons of oil per year and consumes 200 million tons. With such an apportionment, the oil fields of the Caspian Sea are potential source of oil and gas, as according to the opinion of Chinese scientists, oil and gas pipe lines from this region are more shortest and secure than alternative routes. Peking pays priority attention to Kazakhstan among all Caspian countries due to its geopolitical location. In 1998 Kazakhstan and China signed a contract for the development of oil field in West Kazakhstan, and in future China is interested in construction of the oil pipe line from Kazakhstan. This will depend on political necessity to diversify the sources of hydrocarbon raw materials, world oil prices and rates of growth of internal oil demand.

As for USA, the oil factor traditionally ranks as a priority one in foreign policy of USA. Assurance of free access to energy resources is one of paramount questions on the national security of USA. In this connection, the zone of the Caspian region with its rich reserves of energy sources is of great strategic significance for USA and allows realizing its policy for diversification of sources of imported energy supplies and ensuring their reliable delivery. According to the global energy strategy of USA the Caspian region is one of three priority trends along with the American continent and Near East. The importance of the Caspian region has been strengthened still more as a result of critical situation in the Near East and confrontation between USA and OPEC (Organization of Petroleum Exporting Countries).

## **Brief information about the countries of the Caspian basin.**

The Caspian Sea is one of the world's greatest inland basin covering 370 000 square meters and washing the territories of five states– Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. The most promising oil bearing area is situated along narrow structural zone stretching across the Caspian Sea from Azerbaijan Apsheron peninsula to Peri-Balakhan region of West Turkmenistan.

*Source of information: the European Economic Commission at Economic and Social Council of the United Nations. The report on a theme "Global Energy Safety and Caspian region"*

### **Azerbaijan**

The proven oil reserves in Azerbaijan make 1,0 trillion tons or 0,6% of the worldwide reserves. At that, the ratio of volume of reserves and production (R/P) is 42,2. During the last twelve years oil production was steadily growing and had increased from 9,2 million t in 1995 to 14,0 million t in 2000, and in 2005 achieved the level of 22,4 million t. The growth of production volumes and decrease of internal demand have led to a significant increase of export in this period.

The proven reserves of natural gas as for 2005 were evaluated as 1,37 trillion m<sup>3</sup> and make 0,8% of world reserves. Volume of gas production in Azerbaijan in 1995 was equivalent to 6,2 billion m<sup>3</sup> and about 5,3 billion m<sup>3</sup> in 2000 and 2005.

Currently, four major projects are being implemented in the oil and gas sector of Azerbaijan. They are important not only for the economy of the country, but for the European and world energy markets as well:

- full scale oil field development of "Azeri-Chirag-Guneshly" (ACG);
- development of gas-condensate field "Shakh-Deniz";
- operation of export oil pipe line "Baku-Tbilisi-Ceyhan" (BTC);
- accomplishment of construction of the South Caucasus gas pipe line "Baku-Tbilisi-Erzurum" (BTE).

By the years of 2010-2012 the realization of these projects will result in significant increase of annual oil and natural gas production in Azerbaijan (in accordance with certain evaluations up to 60 million t of oil and 20 billion m<sup>3</sup> of natural gas per year). Only in "Azeri-Chirag-Guneshly" (ACG) the volume of proven recoverable reserves of oil make 1 billion t. plus 120 billion m<sup>3</sup> of natural gas and 8 million t of gas condensate.

As other areas of the Caspian Sea in the shelf zone of Azerbaijan are also very perspective from the point of view of discovery of new oil and gas fields, construction of a reliable and effective pipe line network to deliver Caspian oil and gas to the European and world markets has become one of the priority for Azerbaijan.

The first delivery of Azerbaijan oil to the world markets was carried out in October 1997, when the pipe line Baku-Novorossiysk was commissioned. The next step was the laying of Baku-Supsa pipe line, which was commissioned in April 1999. The same year, the presidents of Azerbaijan, Georgia, Turkey and Kazakhstan signed the "Istanbul declaration" which stipulated the main parameters of the project for construction of the international pipe line "Baku-Tbilisi-Ceyhan" (BTC) with an estimated capacity more than 50 million t per year to supply the Caspian

crude oil to the Mediterranean Sea. Also, the opportunity of supply of some volumes of crude oil via this pipe from Kazakhstan has been provided. Currently BTC project has been commissioned and oil is supplied to Ceyhan.

The South Caucasian gas pipe line connecting Baku-Tbilisi and Erzerum will allow supplying gas produced in the Shakh-Denis oil field to Turkey, and as a result, to the European Gas markets. Construction of the gas pipe line began at the end of 2004 and was completed in the first quarter of 2007. As it is expected, more than 20 billion m<sup>3</sup> of natural gas will be transferred via this pipe line per year with possible increase up to 30 billion m<sup>3</sup>.

From 1991 the Government of Azerbaijan steadily introduces modern transparent normative-legal system in order to stimulate the development of the national economy and attract direct foreign investments. In the area of energy Azerbaijan supports close links with different international organizations, including the Energy charter, BISEC and special programs of EU, such as TRACECA and INOGATE. The government of the country shares growing concern about in relation to the new regional and global threats to energy security and greets the initiative for discussing this matter within the frames of UN EEC.

### **The Islamic Republic of Iran**

The Islamic Republic of Iran, among the Caspian region countries is the only OPEC member, where it ranks as the second in oil development. Iran is a major producer of crude oil with significant volume of proven oil reserves. Today, production volume is about 200 million t of oil, or 5,1% of the worldwide production volume. Having at its disposal proven oil reserves at a level of 18,9 billion t, or 11,5% of the worldwide reserves, the country, most likely, is capable to significantly increase the oil production volume in the future. In accordance with some forecasts, during the next 15-30 years, Iran will be able to double the volume of oil production.

The Islamic Republic of Iran is also one of the major producers of natural gas. In 2005 the level of natural gas production reached 87 billion m<sup>3</sup>, or 3,1% of a worldwide showing. Nevertheless, today, Iran is no more a major exporter as the greater part of produced gas is used for satisfying domestic needs. The proven reserves are 26,7 trillion m<sup>3</sup>, or 14,9% of the worldwide reserves. Iran ranks the second after Russian Federation as to the amount of reserves, which are quite significant in comparison with the showings of production. As to the gas export, from December 2001 Iran supplied gas to Turkey on the basis of a 25-year agreement for supply with a total volume of 228 billion m<sup>3</sup>.

### **Kazakhstan**

The Republic of Kazakhstan is the biggest country of the Central Asia and is included in the list of twenty major oil producers. During the last ten years the volume of oil production in the country more than doubled. In 2005 the level of oil and condensate production reached 63 million tons. Taking into account the significant proven reserves of oil in Kazakhstan, their volume being 5,4 billion tons, it is expected, that in 2010 oil production will reach the level of 90 million t, and in 2015 will exceed 150 million tons.

The volume of proven reserves of natural gas in Kazakhstan is equal to 3,0 trillion m<sup>3</sup>, which makes 1,7% of the worldwide reserves. In 2005 the volume of natural gas production in Kazakhstan was 26,3 billion m<sup>3</sup>, at that, in accordance with the forecasts, it will grow by 2010 up to 52 billion m<sup>3</sup>, and by 2015 up to about 80 billion m<sup>3</sup>. The volume of gas export is also being increasing: in 2005 it was 7,6 billion m<sup>3</sup>, and in 2010, in accordance with the forecasts, will reach 8,3 billion m<sup>3</sup>.

At present, the experts of Kazakhstan and Azerbaijan study the conditions of project realization for setting up a new transport system "Aktau-Baku-Tbilisi Ceyhan (ABTC), which will allow transporting oil across the Caspian Sea into the BTC pipe line.

Kazakhstan is especially interested in supporting stable and transparent conditions of transit of energy resources to the world markets. In this connection, it considers the Treaty on the Energy charter as a sole legally binding international agreement stipulating responsibilities of the Parties in relation to the transit of energy resources.

### **Russian Federation**

12,1% of the worldwide volume of oil production falls to the Russian Federation. Over recent years the Russian Federation significantly increased the volume of oil production. It has grown from 310 million t in 1995 up to 323 million t in 2000, and in 2005 it was 470 million t. In intermediate-term prospect and in accordance with the forecast, the production will grow further up to about 550 million t per year. Though, as it is expected, the most part of this volume will be delivered from the already existing oil field, the development of new projects is planned in the Caspian Sea, Eastern Siberia and in the Sakhalin.

The Russian Federation ranks as the first in the world in production of natural gas with its volume being 22% of a worldwide showing. The country also possesses the biggest proven gas reserves – 47 trillion m<sup>3</sup>, or 27% of the worldwide reserves.

The Russian Federation is one of the main suppliers of oil and gas to the European market. In addition to observing its contract responsibilities, Russia is continuously increasing its resource base and levels of production, and also extends the transport network. The increase of investments to the exploration, production and transportation of energy resources in the Caspian region is one of priority of the Russian Federation.

### **Turkmenistan.**

The entrails of Turkmenistan are also rich in the liquid and gaseous raw hydrocarbon materials, which is one of the main sources of the development of modern economy of the country. In this connection, the accessibility to the energy resources and effectiveness of their use are the strategic basis of the national security of the state. In accordance with the estimates of specialists, the energy potential of Turkmenistan at present is evaluated as more than 45 billion t of oil equivalent. Recoverable reserves of oil and condensate accountable for 20 oil fields (including gas condensate and oil gas condensate) are evaluated as 213 million t. Expected reserves of the country are evaluated within the limits of 21-23 trillion cubic meters of gas and 12,0 billion t of oil. Reliable reserves of gas in Turkmenistan count 3 trillion cubic meters, and according to this showing Turkmenistan ranks as the fourth in the world.

In accordance with the strategy of the development of oil and gas complex of Turkmenistan, volumes of oil, gas and gas condensate to be produced have been identified up to the year of 2010. By the year of 2010 the oil production will increase up to 48 million tons, including export, which will be 33 million tons. It is planned to increase the production of gas by the year of 2010 up to 120 billion cubic m, at that, the gas export in the year of 2010 will be 100 billion cubic m.

At present, the export of the Turkmen gas is carried out by means of the existing single pipe line system within the frames of the former Union, but realization of the Trans Caspian pipe

line to supply the Turkmen gas to Turkey through Azerbaijan (across the seabed of the Caspian Sea) and Georgia is envisaged. In accordance with the signed contract with Turkey, it is provided for annual gas supply in a volume of 16 billion cubic m. A number of American, European companies and international financial institutes participate in financing of this project. The realization of this project will serve the creation of important supports of advancing economic development of Turkmenistan. But some questions in this project have not yet been finally solved.

A possibility of construction of the gas pipe lines is being considered for the estimated periods in the following aspects:

- Gas pipe line Turkmenistan-Iran-Turkey-Europe (Bulgaria) with the expected volume of natural gas about 30 billion cubic m by the year of 2010;
- Extension of existing gas pipe line partially crossing the territory of Russia;
- Extension of existing gas pipe line up crossing the territories of Georgia, Uzbekistan and Kazakhstan to Turkey and further to Europe;

At present, Turkmenistan is capable to supply its gas in great quantities only to Russia. This significantly complicates the tasks of the state administration on the development of its oil and gas industry.

### **Political-legal status of the Caspian Sea and the problem of its demilitarization.**

In the 90-th years of the XX century the Caspian countries in the process of restoration of their statehood had faced a number of problems, the most essential of them being connected with the search for new ways and development of effective mechanisms of the political and economical development. It is impossible to ensure full energy security in the Caspian region due to the fact, that a number of problems are uncontrolled and have not yet been solved. In the first turn, this refers to achievement of a firm stability in the region, first of all, **settlement of the Armenian-Azerbaijani conflict**. Only having settled this problem it will be possible to speak not of only harmonic development of the whole region, but about secure assurance of energy security of the whole region and Europe as well, full interaction of different countries in the process of transportation and supply of the Caspian energy carriers to the world markets.

Today, one of urgent problems of the region is a **question of the legal status of the basin**. The Caspian Sea washes the coasts of five states and each of them may claim to its own principle of dividing the Caspian Sea.

The heart of demands of Azerbaijan is as follows: The Caspian Sea is to be divided according to the principle of the international sea (lake) into national sectors, including water mass and surface. Accordingly, Azerbaijan holds that the Caspian is a sea, and correspondingly the UN Convention on the Sea Rights should apply.

Agreement on delimitation of adjoining areas of the Caspian Seabed was signed in June 2002 between Russia and Azerbaijan. Similar Agreement was signed on 29 November 2001 between Azerbaijan and Kazakhstan, which testifies to common positions of the two countries as to the question about the Caspian Sea. Development of Azerbaijani-Iran mutual relations is practically regressing. There is a number of serious contradictions between the parties mainly referring to the rich and litigious oil fields Alov, Araz and Sharg.

A significant part of Iranian oil reserves is in the Persian Gulf that is why development of the Caspian shelf reservoirs is a minor task. Nevertheless, Iran firmly defends its interests in the Caspian Sea in order not only to assure the maximum possible access to the energy resources of the Caspian Sea, but to strengthen its geopolitical positions and possibilities in the region as well.

Recently, the position of Turkmenistan has approached to those of Kazakhstan and Russia– i.e. to divide the seabed on the basis of existing state borders. Thus, Turkmenistan formally is ready to adhere to the former status of the Caspian Sea, but actually bases itself on the availability of its own sector.

So, each party aspires to solve the question basing on its own interests. Kazakhstan and Azerbaijan, whose sectors are most attractive in terms of hydrocarbon reserves, try to retain the control over these oil fields. Turkmenistan. For Turkmenistan the oil fields of the Caspian Sea is a weak alternative to its gas fields that is why Turkmenistan may sacrifice them in order to strengthen its relations with the northern neighbor. For Iran, the resources of the Caspian Sea are of no interest at all, she cannot realize even the oil reserves she potentially owns. Due to that fact, Iran adheres to the policy of Russia in this question in order to attain strategic preference in the Caspian basin.

One more important problem is a problem of **demilitarization of the Caspian Sea**. Here we also can observe lack of coincidence in positions of the interested parties. Thus, the Russian Federation thinks that it is not expedient to carry out demilitarization of the Caspian Sea in present conditions, but at the same time declares against excessive build up of military potential by any of the Caspian state.

Kazakhstan, in its turn, declaring its disagreement with the position of Russia, and speaking that the demilitarization of the Caspian Sea basin is not in any way untimely, keeps on building up its military forces at the Caspian Sea.

As to Iran, we should note that its military forces are the most battle-worthy in the region after Russia, but Iran is not going to stop on that.

Neutral Turkmenistan, not agreeing with A on questions referring to some oil fields, is also preparing its military forces, and Azerbaijan declaring the necessity of demilitarization tries to act adequately to the situation.

It is obvious, that militarization of the Caspian Sea and uncertainty of its legal status, and also unsolved domestic territorial conflicts create preconditions for different conflicts which may threaten energy security of the interested parties. That is why, it is necessary for the countries to come to an agreement as soon as possible and find the mechanisms to ensure stability and security in the Caspian region.

## **Conclusion.**

Today, it is generally recognized, that the Caspian shelf is one of the richest oil-bearing areas in the world. According the estimation of West specialists, only proven recoverable reserves of oil of the Caspian Sea make up about 4 billion tons (29 billion barrels), which constitutes 2,6% of the world reserves, and explored reserves constitute about 7 trillion cubic meters. In our contemporary world the oil factor is one of the main elements influencing on the international relations, that is why oil and gas resources of the Caspian basin significantly

influence upon the alignment of forces on the world energy market. The oil fields of this region can weaken to some extent the dependence of world economy upon the Near-Eastern oil.

As far as to the recent times, the oil markets of the Eastern hemisphere had been stably divided between the major suppliers. Main routes of oil and oil products supply to the markets of major consumers of oil fuel have been established. Near-Eastern oil prevails on the west-European and Far Eastern markets where it is supplied by tankers. Russia may compete with it only in West Europe. The recent political events in the Near East and threat of international and energy terrorism has forced the importers of hydrocarbons find other sources of raw materials, and exporters—other methods of transportation.

Today, all Caspian states hold active prospect drilling with attracting international oil companies, but unsolved problems of the Caspian region and resulting political disagreement may delay the process of intensive development of oil and gas resources of the Caspian Sea, and exactly at that moment it is urgent to ensure stability and security in the Caspian region.

Major hydrocarbon reserves in the Caspian region and prospects of discovery of new oil fields can significantly increase the extent of global energy security. One of priority questions in this region is assurance of effective export of hydrocarbons to the world energy market.

In addition to huge reserves of energy resources, the Caspian Sea is a Transcontinental transport corridor connecting on the one hand, Asia Minor, Middle Asia and Transcaucasia with Europe, and on the other hand, Europe with South-West Asia and China. The situation of the Caspian Sea between the main existing and potential oil and oil products' markets— Europe and Asia, and also among the main suppliers of energy resources—Near and Middle East, North Africa and Russia allows it holding prime place in distribution and transportation of hydrocarbon energy resources in the world. Establishment of the modern, cost-effective and adequate system of transportation of hydrocarbons due to commissioning of the Baku-Tbilisi-Ceyhan oil pipe line and the Baku-Tbilisi-Erzurum gas pipe line, filling the pipe lines with qualitative raw materials from this region, intensive process of integration of the Caspian countries in the world community, their participation in the world trade, and also world demand for additional sources of energy raw materials and their uninterrupted supplies, preparedness of the Caspian region countries to reliable cooperation—all this in aggregate leads to the establishment of the Caspian region as a non-alternative guarantor of energy security of the European Union.