



GEORGIA

25rd Meeting of the Energy Charter Conference

Ministerial Session

“DEVELOPMENT OF TRANSIT CORRIDORS-A KEY TO GLOBAL ENERGY SECURITY”

Astana, 27 November, 2014

Address

By Kakha KALADZE

Minister of Energy of Georgia

Dear Colleagues,

I would like to express my gratitude for having the opportunity to participate at this important event, as a key-note speaker, which has been a venue of political dialogue for years.

In today's world, the **development of transit corridors** is among the most essential topics, particularly in light of the increasing reliance of countries upon energy imports and of the political implications related to the security of transportation of energy resources.

The issues we are discussing today attached increasing interest of political elites and expert communities as the challenge of transporting energy resources is directly linked with the quality of security of supply, which impacts on the wider concept of state security.

The common experience gathered in the region has shown how important is to create conditions for more effective tools necessary for the development of reliable transit routes. In particular, creating the relevant legal/regulatory environment, which will be capable of attracting private investment in feasible energy infrastructure development projects and ensure security of supply.

As we all are aware, a strategic location of Caucasus region, between the Black and Caspian Seas, Iran, Russia and Turkey, make it an area of growing importance in the

contemporary security because of its potential for providing alternative energy supply sources.

The region already provides transit route to the energy projects within the “**Southern Corridor**”, as an alternative supply corridor for European energy markets. As part of this transit corridor, Georgia has already proved to be a reliable transit country for transportation of Caspian energy resources. South Caucasus Pipeline (SCP), which is recognized as a high priority project for the European Union and a vital part of the Southern Corridor is among the projects bypassing the territory of Georgia. As it is well-known, after the operation of the Shah Deniz Stage II the Southern Corridor pipelines (SCP, Tanap and Tap) will be one of the largest and most complex projects in the history of the energy industry.

Despite the above mentioned progress achieved in terms of diversification of supply routes we also have to think to create additional resource base in the Caspian region and identify alternative transportation projects.

As we know, it has been a long time that the works have been carried out for the realization of “**Trans-Caspian Gas pipeline**”, which has a potential for supplying the region with additional resources from Turkmenistan. However, we also know that there is a significant lack of progress in this regard. Thus, additional actions are required for encouraging strategic energy partnership among states and help the project to come to life.

In addition, after the recent conciliatory attitude toward Iran, while Iran talks openly on the transportation of Iranian gas to Europe, it is also essential to develop common vision on the realization of potential transportation projects from Iran, which may provide alternative supply source for the region as well.

Another important issue for enhancing diversification of supply routes in the region is to work on the development of liquefied gas transportation mechanisms from the Caspian region and to discuss the development of energy trade in this regard, as a real perspective in the Black Sea region.

The implementation of the projects in the field of liquefied gas is one of the central issues for which the Black Sea is important and Georgia in its way is trying to strengthen its transit role in this regard, which is aimed at further contributing to the creation of energy links between the Black Sea and the Caspian states.

This regional route might be used for the transportation of liquefied gas from Azerbaijan, Turkmenistan and Iran to Europe.

As we can see, there is a significant potential of energy resources in our neighborhood and many options for supply sources, which at first require development of reliable transit corridors with reliable regulatory environment and thus common and effective legal space for the successful realization of the joint projects.

Alongside with the mentioned, let me also underline the substantial potential of Caucasus in terms of power generation surplus. Estimated large potential generation surplus in the

region, especially hydropower potential in Georgia and gas fired generation in Azerbaijan, could be seen as a promising source of supply for the neighboring countries in the nearest future.

However, these energy resources are still largely untapped and require significant investments into the new generation facilities as well as into cross-border transmission links in case international trade is to be developed.

Thus, Georgia, as a connecting bridge between the East-West and North-South routes and a seasonal exporter of environmentally clean hydropower is significantly interested in promoting cooperation among states and to take the lead in this vital area in the region.

Obviously, all the above mentioned necessitates reinforcement of collaboration and greater interconnectedness in all aspects of the supply chain, especially formation of common vision on how to increase the reliability of energy transportation routes.

Therefore, Georgia as a significant transit country in the region is particularly interested in strengthening the Energy Charter process with regard to energy transit with particular emphasize on electricity transit and to make this issue a priority area for the work of the Conference in 2015 under the presidency of Georgia. As it is well-known all countries in our neighborhood are the signatories of ECT, which represents the most efficient and appropriate multilateral instrument containing legal principles and obligations of the Contracting Parties related to transit. Consequently, we consider that ECT could provide effective tools for the promotion of political dialogue in this regard.

Dear colleagues, let me in conclusion emphasize our role and commitments and express our political support to existing and to any alternative energy transit projects, which will ensure diversification of energy transportation routes. We are ready to continue working, together with you, on the development of transit corridors and identification of alternative energy projects in the region.

Therefore, despite the progress achieved within the ECT, let me encourage you in a more active process with the aim of addressing major concerns related to energy transit as a key component for energy trade and to use this opportunity for reinforcing our efforts towards identification of future cooperation direction.

Georgia during its presidency will in itself bring additional value to the positive continuation and enhancement of the entire process proceeding under the Energy Charter Conference with respect to transit.

We are confident that the Chairmanship of Georgia will have positive impact on the above mentioned developments and herewith express our readiness for further discussion on these issues between member states in order to strengthen the process and balance the interests of all parties involved.

Thank You!