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# The Trans-Caspian Is a Pipeline for a Geopolitical Commission

*Robert M. Cutler*

## Executive Summary

The Trans-Caspian Pipeline (TCP) project from Turkmenistan to Azerbaijan is a geopolitical and strategic pipeline for Europe. It will bring large quantities of natural gas from Central Asia to southern Europe and, via the White Stream pipeline under the Black Sea, also to Central and Eastern Europe. The Baku–Tbilisi–Ceyhan (BTC) oil export pipeline 20 years ago established and reinforced the independence of the participating countries, Azerbaijan and Georgia. It also happened to be commercially very advantageous. Like it, the TCGP is a unique opportunity to ensure Europe's economic benefit and political influence in the region. Also like the BTC, it is a demonstration project that will open the broader region to greater international investment. Gas from Turkmenistan costs much less than gas from Siberia. Implementation of Turkmen gas exports to the EU in sizeable quantities will serve the geopolitical purpose of cementing Central Asia's relations with Europe, promoting integration and stability.

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The Energy Security Program, directed by Dr. Robert M. Cutler ([rmc@alum.mit.edu](mailto:rmc@alum.mit.edu)), is an activity of the NATO Association of Canada, Toronto, a non-profit organization having the mission to keep Canadians informed about the significance of NATO. The Energy Security Program (<http://natoassociation.ca/category/programs/energy-security/>) seeks, in addition, to inform the international policy community on energy-related issues of significance to NATO member-states.

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## 1. Energy Pipelines and the International System

In the nineteenth century, European states constructed railroad systems to centralize authority and establish administrative power in the countryside.<sup>1</sup> Today, Great Powers project international influence sponsoring and constructing energy pipelines. These pipelines signify geoeconomic alliances and geopolitical co-operation. A “geopolitical” European Commission that might ignore such territorial facts of international life would renounce the capacity to shape its own geopolitical environment. It would therefore lose the ability to define its own place in future global politics, because territoriality will never go away and will continue to govern and constrain all possibilities for development of the European Union’s neighbourhoods. The project for a Trans-Caspian Pipeline (TCP) is a case in point.

Previous work makes it possible to characterize the evolution of European and Eurasian energy geoeconomics with some exactness, revealing the underlying phenomena driving events. The TCP’s significance becomes clear on that basis. This perspective puts accentuates issues deserving a higher profile. It clarifies the importance of current EU policy choices. It explains why the TCP is a critical piece of the puzzle.

One may speak of a Central Eurasian hydrocarbon energy complex (HEC) running roughly from Turkey and the Black Sea region to Xinjiang and the Tibetan Plateau, and from the Iran’s southern border through West and East Siberia.<sup>2</sup> The HEC’s westward extensions run to Baumgarten and beyond; eastern extensions, to Beijing and Shanghai. A brief overview of this HEC since the collapse of the Soviet Union clarifies the present situation.

The years 1992–2009 represent, in complex-systems terms, a chronological super-phase within which there manifest successively the evolutionary principles of variation (1992–1997), of heredity (1998–2003), and of selection (2004–2009).<sup>3</sup> Each of these three stages can be described in ordinary-language terms. *The first phase represents the bubbling-up* of possibilities for pipeline project ideas. This phase (1992–1997) also manifested the associated movement towards restructuring of patterns in international relations from the bottom up, relatively free from constraints of the previous, bipolar international system.

*The second phase represents the settling-down* of sustainable patterns of structuration of regional subsystems, as pipeline projects that showed viability moved towards potential realization. This second phase (1998–2003) manifested the incipient coherence of new regional international systems, as well as pipeline projects helping to define them, through adaptation to changing geopolitical and geoeconomic circumstances, including the evolutionary principles of mutation and combination.

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<sup>1</sup> Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, Mass.: Harvard University Press, 1962).

<sup>2</sup> Robert M. Cutler, “The Central Eurasian Hydrocarbon Energy Complex: From Central Asia to Central Europe”, in *Secure Oil and Alternative Energy: The Geopolitics of Energy Paths of China and the European Union*, ed. M. Parvizi Amineh (Leiden–Boston: Brill, 2012), 41–74.

<sup>3</sup> Ernst Mayr, *What Evolution Is* (New York: Basic Books, 2002). On complex systems, see Yaneer Bar-Yam, *Dynamics of Complex Systems* (Cambridge, Mass.: Perseus Books, 1997).

The third phase represents the running-deep of reciprocal relations amongst those newly cohering subsystems. This phase (2004–2009) includes the implementation and entry-into-service of certain demonstrably viable pipeline projects, which in turn promoted the relatively autonomous self-direction of these new regional subsystems, within the emerging general (now post-Cold War) international system.<sup>4</sup>

This schematic chronologization of the international system does not necessarily characterize every individual project in time. For example, the Baku–Tbilisi–Ceyhan (BTC) oil export pipeline’s realization was accelerated in comparison with this timeline, although it still went through all three phases from concept to implementation.

The TCP is a still more interesting case than the BTC. The first idea for this pipeline was born in the mid-1990s and collapsed later during that decade. Also called TCGP for “Trans-Caspian Gas Pipeline”, it had a renaissance, or second incarnation, in the mid-2000s (decade) and fell apart at the end of that same decade.



Figure 1. The Trans-Caspian Pipeline and White Stream pipeline projects.

How should we situate this third initiative for a TCP, in relation to the above chronological framework? Clearly it is a further evolution of the first two TCP projects. The current project manifests during the middle phase of another super-phase (2010–2027), which by analogy likewise is divided into three equidurational phases: 2010–2015, 2016–2021 and 2022–2027. The present paper focuses on the significance of the early and mid-2020s.

## 2. The TCGP and Euro-Caspian Energy Geoeconomics

We will hereafter call this project the TCGP (for Trans-Caspian Gas Pipeline) to distinguish it from a separate and independent Trans-Caspian Oil Pipeline project. Before discussing its

<sup>4</sup> Robert M. Cutler, “U.S.–Russian Strategic Relations and the Structuration of Central Asia”, *Perspectives on Global Development and Technology* 6, nos. 1–3 (2007): 109–25.

details and their significance for a geopolitical European Commission, it is worthwhile to sketch a view of the territorial situation. The Caspian Sea region is the region central to the Central Eurasian HEC, both geographically and analytically. Since the collapse of the Soviet Union, this complex has followed a line of evolution through definite successive phases. The Central Eurasian HEC includes (but does not subsume) two slightly less-broad regions, the West Central Eurasian and the East Central Eurasian. The Caspian Sea region is located in the intersection between these two. The East Central Eurasian HEC extends to China and includes much of Siberia; its basis is the (Siberian) Russia–Turkmenistan/Kazakhstan–China triangle. The West Central Eurasian HEC extends slightly past the western shore of the Black Sea and includes Turkey as well as parts of Iraq and Iran; its basis is the (European) Russia–Azerbaijan–Turkey triangle.<sup>5</sup>

The West and East Central Eurasian HECs each follow their own, slightly de-synchronized lines of evolution. These continue at present, such that the two HECs are now intersecting one another. The crucial role of the TCGP project in that evolution makes it central for the EU's neighbourhood geopolitics to mid-century and beyond.

The TCGP will unify the West and East Central Eurasian HECs. It will set the table for the third chronological super-phase of the current international system, lasting from 2028 to 2045. The EU's geopolitical role in realizing the TCGP will open the way for it to play a decisive role in the region's evolution in the future.<sup>6</sup>

### 3. Background to the Current Project

The first TCGP project, undertaken by American companies in the mid-1990s, fell apart by the end of the decade. A few years later, the EU decided to take a more general initiative to ensure its own security of energy supply from the Caspian Sea basin including Central Asia. The first specific move in this direction was the multilateral inter-ministerial 2004 Baku Initiative, based upon recommendations from a report by the Centre for European Policy Studies that a leading committee of the European Parliament subsequently endorsed.<sup>7</sup> There

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<sup>5</sup> On the West Central Eurasian HEC, see Robert M. Cutler, "Azerbaijan's Place in West Central Eurasian Energy Security", in *Azerbaijan's Geopolitical Landscape: Contemporary Issues, 1991–2018*, ed. Farid Shafiyev (Prague: Charles University Press, forthcoming); on the East Central Eurasian HEC, see Robert M. Cutler, "Foundation of the East Central Eurasian Hydrocarbon Energy Complex: The Role of China, Russia, Kazakhstan, and Their National Oil Companies", in *Geopolitical Economy of Energy and Environment: China and the European Union*, ed. Mehdi P. Amineh and Yang Guang, (Leiden–Boston: Brill, 2017), 231–69.

<sup>6</sup> Robert M. Cutler, "The Complex Evolution of International Orders and the Current International Transition", *Interjournal: Complex Systems*, No. 255 (1999); reprinted in *Unifying Themes in Complex Systems*, ed. Yaneer Bar-Yam and Ali Minai (Boulder, Colo.: Westview Press, 2004), 2:515–22.

<sup>7</sup> Ministerial Conference on Energy Co-operation between the EU, the Caspian Littoral States and Their Neighbouring Countries, "Conclusions" ([Brussels]: [European Union], 13 November 2004), archived at <<https://library.euneighbours.eu/sites/default/files/attachments/baku.pdf>>. (All cited URLs

followed the 2007 Strategy for a New Partnership with Central Asia, where energy co-operation also had a prominent place. Then in 2011, the European Commission authorized the European Union to adopt a mandate for negotiating a treaty amongst the EU, Azerbaijan and Turkmenistan to build a “Trans Caspian Pipeline System”.<sup>8</sup>

This initiative adopted the idea, innovated during work for the second TCGP project (in the context of the erstwhile competition between the Nabucco pipeline and South Stream projects), that gas from Turkmenistan should have two entry-points into Europe. The 2009 report of the European Co-ordinator, on implementing the Caspian Development Corporation, even suggested continuing the Georgia–Romania White Stream pipeline to Trieste, so that White Stream and Nabucco could serve different markets.<sup>9</sup> The third TCGP project, now under way, adopts the aim of two entry-points for Turkmenistan’s gas into Europe. Each entry-point would be served by one of the TCGP’s two strings.

The TCGP’s first string would carry 16 billion cubic metres per year (bcm/y). It would run from Azerbaijan through the South Caucasus Pipeline (SCP, now being expanded to SCPx), then via Turkey’s east-west Trans-Anatolian Gas Pipeline (TANAP) to Greece. From there it would arrive in Italy via the Trans-Adriatic Pipeline (TAP).

The TANAP opened in June 2018, running 1,850 kilometres across Turkey from the Georgian to the Greek border. It will carry, in the first instance, natural gas from Azerbaijan’s Shah Deniz Phase Two gas field offshore in the Caspian Sea, which will reach TANAP through the already existing SCP. This flow represents the formal opening of the first stage of the Southern Gas Corridor (SGC).

Projected additional volumes are not expected from Azerbaijan anytime soon. The best, arguably only, candidate to supply them is Turkmenistan. The TANAP–TAP system can handle TCGP gas with comparatively modest incremental outlay. Such expansion would yield excellent cost/benefit ratios, significantly enhancing the EU’s advantages from the SGC.

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are valid as of 12 February 2020.) For background: European Parliament, Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, “Report on the communication from the Commission to the Council and the European Parliament on the European Union’s relations with the South Caucasus, under the partnership and cooperation agreements”, rapp. Per Gahrton, Doc. Ref. (COM(1999) 272 – C5-0116/1999 – 1999/2119(COS)), 7–8, <<https://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A5-2002-0028+0+DOC+XML+V0//EN&language=EN>>, invoking Recommendations 18–20 of the Executive Summary of Sergiu Celac, Michael Emerson and Nathalie Tocci, *A Stability Pact for the Caucasus: A Consultative Document of the CEPS Task Force on the Caucasus*, Working Document 145 (Brussels: Centre for European Policy Studies, 2000); see also p. 34 of the latter.

<sup>8</sup> Council of the European Union, “The Council gives go-ahead for negotiations on Trans-Caspian Pipeline System”, 14095/11 PRESSE 307 (11 September 2011), <[https://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/trans/124572.pdf](https://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/trans/124572.pdf)>.

<sup>9</sup> Jozias van Aartsen, *Activity Report, September 2007 – February 2009: Project of European Interest NG3* (Brussels: [European Commission], 4 February 2009), <<https://zoek.officielebekendmakingen.nl/blg-12831.pdf>>.

Gas from the TCGP's second string, also for 16 bcm/y, would feed the White Stream pipeline running under the Black Sea from Georgia to Romania. Gas moving along this route would cost less than the Turkish route and target a different market. The second TCGP string would satisfy the increasing needs of Germany and its neighbours.

From there, Turkmen gas would reach Central Europe by two routes. First, it could use the Bulgaria–Romania–Hungary–Austria (BRUA) pipeline now under construction. Second, it could go north by reverse-flow through the Trans-Balkan Pipeline (TBP), then through Ukraine's gas transmission system (GTS) for subsequent distribution to Poland, Austria and (by the Bratislava pipeline) Slovakia, Czechia and Germany.

Technically this project is easy, but politically it has been difficult. The attempt led by American companies 20 years ago fell apart when Turkmenistan and Turkey, and then Turkmenistan and Azerbaijan, were unable to reach agreement. The competing Russian-Turkish Blue Stream pipeline project took off. Then BP discovered natural gas in the Shah Deniz deposit, instead of the expected crude oil. As a result, Azerbaijan helped to develop the SCP for the Turkish market without including a quota for Turkmenistan.

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The TCGP is a strategic pipeline, just like BTC 20 years ago. The BTC established and reinforced the independence of the participating countries, Azerbaijan and Georgia, and happened to be commercially very advantageous. The TCGP is also a demonstration project.

Turkmenistan should find its place in the Euro-Caspian energy space via Azerbaijan, Georgia and Romania. Every effort should continue to implement the SGC's extension to Central Asia, and Turkmenistan in the first instance. Later, natural gas from Kazakhstan's offshore Kashagan deposit would be targeted for export to Europe through an undersea pipeline, first conceived over a decade ago, landing also in Azerbaijan. Uzbekistan would participate as well. These Central Asian states feel pressured by Russia and China. They would welcome another export vector, especially for the political implications of a Western direction.

#### **4. Why the "Platform Connection" Option No Longer Exists**

Confusion sometimes arises from the fact that the TCGP is two strings of 16 bcm/y pipe. A version called the "Platform Connection" option has been discussed for over a dozen years. Yet Turkmenistan has never favoured, nor will ever favour, any option connecting its offshore platforms (developed by Malaysia's Petronas) to Azerbaijan's. This could have been done in the past, had Ashgabat wished; but, through public statements underlining the

pipeline's length (300 kilometres) and volumes that it desires to sell into EU markets (30-40 bcm/y), Turkmenistan has continually made clear that the fully-fledged TCGP is its goal.<sup>10</sup>

Turkmenistan's offshore gas is no longer "stranded" because the Petronas platform is now connected to bring this gas into the onshore Turkmen system. The Platform Connection option would now be possible only as a fast-track first step towards developing the full TCGP. For that to happen, Turkmenistan would have to see work accelerated on both the TCGP and White Stream. Implementation of the fully-fledged TCGP would increase the chances that Turkmenistan accepts the Platform Connection option as the former's first stage.

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Throughout 2019, industry participants seemed to choose an approach failing to take Turkmenistan's position into account. They propagated the notion that only the Platform Connection option was possible and that no other option, including a 300-kilometre pipeline, was realistic. Thus, not only did they do nothing for the Platform Connection option, but also they did nothing to convince Turkmenistan that that option would lead to the fully-fledged 30-bcm/y TCGP upon which Turkmenistan has always insisted.

They further pretended incorrectly to believe that the Platform Connection option could be built without the consent of either Russia or Iran, while the fully-fledged TCGP might be subject to veto from Russia and Iran. This latter notion has been thoroughly debunked following the signature of the Caspian Convention in August 2018.

All these developments puzzled Turkmenistan, which had fought hard for years to preserve the legal provisions, codified in the Caspian Convention, that exclude the possibility of Russian or Iranian veto. Turkmenistan is aware of the closer relation between the EU and Georgia and had received assurances from Georgia, based upon EU commitments, in support of the TCGP. As a result, Turkmenistan came to doubt the meaning and significance of the EU Grant for the pipeline's Pre-FEED (i.e. front-end engineering and design) study.<sup>11</sup> For its part, the European Commission decreased its attention to TCGP during 2019, partly due to the pressure of many other urgent problems, for example Nord Stream 2.

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<sup>10</sup> See, for example, Robert M. Cutler, "The European Union Looks to Central Asia for Energy", *Central Asia-Caucasus Analyst* 10, no. :8 (16 April 2008): 7-9, <<http://www.cacianalyst.org/re-sources/pdf/issues/20080416Analyst.pdf>>.

<sup>11</sup> European Commission, Innovation and Networks Executive Agency, Connecting Europe Facility, "Pre-FEED, Reconnaissance Surveys and Strategic and Economic Evaluations of the Trans-Caspian Pipeline", <<https://ec.europa.eu/inea/en/connecting-europe-facility/cef-energy/7.1.1-0007-elaz-s-m-17>>.

## 5. Recent Developments

Because Turkmenistan rules out production-sharing agreements for onshore development, oil and gas majors were not going to provide the initial capital for Pre-FEED or FEED studies. Nor could Azerbaijan do so, given its long-standing willingness to facilitate gas flow on its territory but without initiating a trans-Caspian pipeline. Georgia decided to play this role. The Georgian Oil and Gas Corporation (GOGC) purchased 10 per cent of the TCGP promoter company and 10 per cent of the White Stream promoter company in 2017.

The European Commission's Innovation and Networks Executive Agency (INEA, successor to the Trans-European Transport Network Executive Agency, TEN-T EA) accorded a Grant to the TCP promoter company W-Stream Caspian Pipeline Company OÜ (domiciled in Estonia) in 2017. The Grant focussed on the implementation of the said pre-FEED studies, for approximately EUR 4 million, co-financed by the GOGC, of which the Government of Georgia is the sole shareholder. A letter on the company's website from GOGC's then-General Director certified that the company would "take full responsibility to provide the necessary support in order to ensure ... financial contribution to complete the action".<sup>12</sup>

The TCGP's implementation was scheduled to begin in October 2017, but it was delayed. The situation was unblocked in December 2018. The financing agreement, signed in January 2019, provided a tangible guarantee that studies would be executed without hindrance, yet for over two years there have been no reports of activities to realize the associated work. The Grant has been extended already once and will expire unless it is extended again.

The governments of Azerbaijan, Turkey and Turkmenistan have repeatedly stated their support for the TCGP for export of Turkmen gas to Europe. Yet there is a near-absence of such endorsements from the government of Georgia; such expressions from its side have been few and far between, and tepid and weak when any remarks have been made.

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Consequently, one has to ask whether any domestic structures in Georgia might be able to exert continuing pressure against the TCGP within the government. The GOGC originally merged together three state-owned companies: the Georgian International Oil Company, Georgian Oil Corporation and Georgian International Gas Company. The GOGC is now responsible for exploration, processing, oil products transportation, plus construction and monitoring of

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<sup>12</sup> David Tvalabeishvili, "Letter of Support", Tbilisi, 3 October 2017, linked from <<http://w-stream-transcaspian.com/milestones/>>, archived at <<http://archive.is/41QIe>>.

the operation of oil and gas pipelines.<sup>13</sup> It remains under the jurisdiction of the given ministry (today the Ministry of the Economy and Sustainable Development).

There is significant opportunity for GOGC unduly to influence the Ministry against the private company promoting the TCGP, in order to preserve their own monopoly. The pipeline promoter company would be obliged co-ordinate with the Ministry of Economy, which supervises both GOGC and the Georgian Gas Transport Company (GGTC).

The GOGC's letter of guarantee for the TCGP Pre-FEED study presents a possible conflict of interest. A 2017 report by the Energy Community Secretariat noted the inadequate application of the competition *acquis* in the Georgian natural gas sector. These inadequacies include the existence of unjustified and inadequate exemptions in the sector's "special regime".

The GGTC is directly 100 per cent state-owned, while the para-statal GOGC is formally structured as a joint-stock company but is in fact 100 per cent owned by another state-owned company and was, as noted, originally formed from the merger of three separate state enterprises. Indeed, GOGC has the right to purchase, from the monopolistic state-owned GGTC, 100 per cent of all gas received from the Russian Federation.<sup>14</sup>

It cannot be ruled out that GOGC has, for its own particular interests, simply failed to make good on the promise contained in its Director General's letter of 3 October 2017 for financial support to the TCGP project, upon which the original INEA Grant was contingent.

## 6. The Perspective Today

Today, in accordance with the Caspian Convention, the construction decision will be taken exclusively by Azerbaijan and Turkmenistan. There is no possible judicial or quasi-judicial appeal, and no means for delaying or blocking construction. Affected littoral states may submit comments on mitigating the environmental effects. Several years ago the World Bank and European Commission executed a comprehensive environmental scoping study of the TCGP, concluding that there are no major problems. Any environmental issues raised by third parties will already have best-practices solutions.

The year 2019 reconfigured Europe's energy import options. American sanctions against Nord Stream 2 (NS2) mean that it will not in fact be completed for several years, perhaps

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<sup>13</sup> Jan van den Akker and George Abulashvili, *Country Program Action Plan: Outcome Evaluation* (New York[-Tbilisi]: United Nations Development Program Georgia, 30 June 2008), <<https://erc.undp.org/evaluation/documents/download/2021>>, 21, archived at <<http://archive.is/N8q93>>.

<sup>14</sup> Energy Community Secretariat, *Energy Governance in Georgia: Report on Compliance with the Energy Community Acquis* (Vienna: Energy Community Secretariat, July 2017), 8–9, 47, 23, <[https://www.energy-community.org/dam/jcr:12607648-d848-4920-b560-82d648f95a39/ECS\\_Georgia\\_Report\\_082017.pdf](https://www.energy-community.org/dam/jcr:12607648-d848-4920-b560-82d648f95a39/ECS_Georgia_Report_082017.pdf)>.

sometime close to the middle of the decade.<sup>15</sup> Also, another round of time-consuming permitting procedures will be necessary for new Danish approval.<sup>16</sup> Moreover, there are signs that the U.S. Senate will proceed with further sanctions, even against European companies importing NS2 gas.<sup>17</sup> Consequently, there is reason to doubt that Russian gas will reach Europe via NS2, even when and if the pipeline is finally completed.

Significantly, the American sanctions affecting NS2 also mean that Turk Stream 3 and 4 will not be built. These are additional strings that have been on the drawing-board since the South Stream project collapsed six years ago. Some onshore construction for Turk Stream 3 had already started in Russia. As noted above, developments during 2019 have also confirmed both the death and the burial of the Platform Connection option.

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These events signify that there is indeed room for the fully-fledged TCGP (30-40 bcm/y) in Europe's energy balance-sheet. Moreover, Azerbaijan's SOCAR, which owns the majority stake in the TANAP pipeline and operates it, needs to fill it for commercial reasons. It cannot do this with Azerbaijan's own offshore gas, which has not been developed as they had hoped. Turkmenistan's gas is the most economical, indeed the only, choice available.

It is difficult to underestimate the significance of the TCGP for the medium term and even for the long term. Like the BTC oil export pipeline of 20 years ago, it is a demonstration project. The BTC, besides proving to be of great commercial benefit, established and strengthened the independence of its participating countries in the South Caucasus. More than that, it demonstrated and thus opened the possibility of building the SCP and SGC.

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<sup>15</sup> The estimates for late 2020, subsequently extended to the first half of 2021 and now further extended to 2022 are all political statements from the Russian side without technical foundation. The most-discussed vessel, the *Akademik Cherskiy* is actually owned not by Gazprom but by a third party that may not wish to suffer the inevitable American sanctions. See *inter alia*: "Szwajcarzy odwrócili się od NS2", *niezależna*, 30 December 2019, <<https://niezalezna.pl/304019-szwajca>>; "Akademik Cherskiy, IMO 8770261", Baltic Shipping <<https://www.balticshipping.com/vessel/imo/8770261>>.

<sup>16</sup> See Stuart Elliott, "Nord Stream 2 pipelayer Allseas suspends operations on US sanctions", *S&P Global Platts*, 21 December 2019, <<https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/122119-nord-stream-2-pipelayer-allseas-suspends-operations-on-us-sanctions>>, which also mentions the Russian vessels *Fortuna* and *Defender*.

<sup>17</sup> Moritz Koch, Klaus Stratmann and Dr. Jens Münchrath, "Ostseepipeline Mit aller Macht gegen Nord Stream 2: Weitere US-Sanktionen drohen", *Handelsblatt*, 4 February 2020, <<https://www.handelsblatt.com/politik/international/ostseepipeline-mit-aller-macht-gegen-nord-stream-2-weitere-us-sanktionen-drohen/25505860.html>>. The idea for Russian gas to enter the SCP is a non-starter, as it would risk American sanctions there.

The TCGP is a unique opportunity to ensure Europe's economic benefit and political influence in the region. Its construction will show international financial institutions and investors the possibility to build other trans-Caspian projects for exploration, development and export of energy resources (and other natural resources). The TCGP's implementation will also consolidate Georgian economic reforms, to the benefit of both Georgia and Europe.

The TCGP is a strategic project for Europe, Georgia and Eurasia. Building on successful reforms in Georgia motivated by the BTC pipeline, the TCGP will stabilize the economic and political situation in Georgia, also constructively balancing Chinese influence in the Caspian Sea basin. The pipeline holds the promise of opening new horizons in Euro-Caspian energy development that will run through mid-century, providing a basis for economic growth that will promote European influence in favour of regional stability.

## 7. The TCGP's Long-term Significance for Europe

The EU needs to import nearly 80 per cent of its natural gas. It has implemented a legal policy facilitating a pipeline implementation scheme whereby the financing of an "independent" (as opposed to producer-owned) pipeline may be ensured. Because of Turkmenistan's own policies, this is the only option suitable for Turkmen gas to Europe. Indeed, partly because Turkmenistan is suffering its worst economic crisis in decades, it welcomes the possibility to export to Europe: but in large quantities, not small ones. Gas from Turkmenistan costs much less than gas from Siberia. Especially now with the Caspian Convention signed, there is no reason why Turkmen gas cannot be delivered to the EU.

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Natural gas is Turkmenistan's only marketable commodity. Resisting Russian pressure, Turkmenistan continually blocked the creation of a legal regime that would have given Russia and Iran control over permission to build the pipeline. Thanks to Turkmenistan's efforts, supported by the EU and US, this is now off the table. The promoter company will at an early stage discuss the TCGP's environmental merits with Russia and Iran, answering questions as provided by the Moscow Protocol (2018) to the Tehran Convention.<sup>18</sup>

Implementation of Turkmen gas exports to the EU in sizeable quantities will serve the geopolitical purpose of cementing Central Asia's relations with Europe. Kazakhstan and

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<sup>18</sup> "Protocol on Environmental Impact Assessment in a Transboundary Context to the Framework Convention for the Protection of the Marine Environment of the Caspian Sea" (Moscow, 20 July 2018), <[http://www.tehranconvention.org/IMG/pdf/PROTOCOL\\_ON\\_ENVIRONMENTAL\\_IMPACT\\_ASSESSMENT\\_IN\\_A\\_TRANSBOUNDARY\\_CONTEXT\\_EN-2.pdf](http://www.tehranconvention.org/IMG/pdf/PROTOCOL_ON_ENVIRONMENTAL_IMPACT_ASSESSMENT_IN_A_TRANSBOUNDARY_CONTEXT_EN-2.pdf)>; for analysis, see Robert M. Cutler, "The Caspian Convention and Caspian Energy", Energy Security, 14 August 2018, <<http://natoassociation.ca/the-caspian-convention-and-caspian-energy/>>.

Uzbekistan will join Turkmenistan, thus securing revenues totally independent from Russia and China. Azerbaijan is now supplying the European natural gas market via the SGC, but its reserves pale in comparison with Turkmenistan's. For this and other reasons, Azerbaijan wants to benefit from being a transit country for Turkmenistan. At the same time, the TCGP increases resilience and so helps to strengthen the South Caucasus, including Armenia.

## 8. Conclusion

Foresight studies based in complex-systems analysis posit that the general international system will suffer a crisis in the early 2030s, leading to its collapse and restructuring starting in the mid-2040s.<sup>19</sup> We are therefore now nearing the midpoint between the inception of the present international system (2001–2002, following the post-Cold War transition) to its collapse (ca. 2045).

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*Implementation of Turkmen gas exports to the EU in sizeable quantities will serve the geopolitical purpose of cementing Central Asia's relations with Europe. ... [G]as from Central Asia is less expensive than other sources as well as closer.*

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It is typical for vital challenges to the stability of any international system (and which it will be unable to manage) to appear during its third super-phase (here beginning 2028). The likewise typical result is a breakdown into a transitional period, just as a transitional period of 10–12 years followed the breakdown of the Cold War system. The nature of that breakdown will condition how a new international system begins to emerge in the mid-to-late 2050s. The breakdown itself will in turn be conditioned by the current international system's configuration during its third super-phase (2028–2045).

The unification, or not, of the West and East Central Eurasian HECs will, in its own turn, condition such a configuration beginning in the late 2020s. The TCGP is therefore a crucial link, a catalyst for potential changes that will affect the structure of international life, in manifold and subtle ways, up to the half-century and even decades beyond, when the next international system will in its turn encounter its own challenges to stability.

Just as the BTC made possible the SCP and SGC, so the TCGP will be a signal to international investors and to international politicians that other trans-Caspian projects may go forward. Such a development in the energy geoeconomics would naturally influence the regional geopolitics, also promoting the Trans-Caspian International Transport Route ("Middle Corridor").

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<sup>19</sup> Cutler, "The Complex Evolution of International Orders and the Current International Transition".

Beyond the geopolitics, there are three points about the practical significance of the pipeline and its real effects. *First*, nothing will change the fact that the gas from Central Asia is less expensive than other sources as well as closer: only 300 kilometres from the SCP infrastructure with access to TANAP and White Stream; indeed, the latter's route, via the Black Sea and Romania, is the best direct link for the best Central Asian gas. *Second*, the roadmap is being implemented but concentrated efforts are required to continue and follow through. *Third*, there is the occasional, sometimes more than occasional, confusion between the Platform Connection option and the 300-kilometre pipeline.

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*[The TCGP] is a Project of Common Interest (PCI) listed by the European Commission. ... [Its] realization gives the geopolitical Commission tools to shape its extended neighbourhood up to mid-century and beyond. This becomes possible if the EU extends the current INEA Grant.*

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Only the latter is a Project of Common Interest (PCI) listed by the European Commission. Turkmenistan will not accept the other option. The TCGP's realization gives the geopolitical Commission tools to shape its extended neighbourhood up to mid-century and beyond.

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