

New EU energy security plan proves dull

13 November president of the European Commission Jose Manuel Barroso presented the EU Energy Security and Solidarity Action Plan.

The plan is expected to be a basic document for the 20-20-20 climate change proposals including cutting carbon dioxide emissions by 20%, reducing energy consumption by 20% and increasing the share of renewables in energy use to 20% by 2020.

Another high priority is setting up a southern gas corridor that will enable the EU to reduce dependency on Russian gas. Practically, this corridor consists of a submarine Trans-Caspian pipeline (linking Turkmenistan and Azerbaijan) and the Nabucco pipeline (bringing gas to Austria via Turkey). The newly launched Caspian Development Corporation (CDC) will operate the project.

Although the EU has already done a good job exploring the option, launching the southern gas corridor is so far inexpedient.

First and foremost, the whole volume of gas extracted in Turkmenistan has been contracted by Gazprom. At present, a 30 billion cubic meters pipeline to ship gas to China is being constructed. It is unclear where Turkmenistan is going to find enough gas to pump via the Trans-Caspian pipeline.

Secondly, the EU expectations for Azerbaijan's Shah-Deniz field are a bit too high. It is planned to extract 15 billion cubic meters of gas during the second exploration stage, but the Nabucco capacity is 30 billion cubic meters. Constructing an 8 billion euro pipeline that will not be fully loaded appears economically inefficient.

Thirdly, considering the option of pumping gas from Iraq (even as little as 5 billion cubic meters) is strange, to say the least. At the same time, the Middle East's largest gas producer – Iran – cannot be part of the projects due to sanctions imposed on it.

As a result, the southern gas corridor cannot be completed under the current conditions. There are no guarantees of security or feedstock availability. Besides, construction of an expensive infrastructure like this only makes sense if Iran – possessing 15.7% of the world's proven natural gas reserves – is in the project.

Far-reaching plans of Turkey must not be disregarded. It does not want to be just a transit country. On the one hand, it plans to resell part of gas; on the other, it aspires to become the region's largest energy hub.

This status will give Turkey considerable advantages - both economic and political. Considering the southern gas corridor as an alternative route for gas

supply, Europe should take into account plans of Turkey whose geographical position resembles a bottle neck. Relying on this country as a part of the gas-shipping route, Europe should compromise in some disputes (for instance, on Turkey joining the EU).

Commissioners should understand that Europe will not reach the energy security objective if they are ready to concentrate all infrastructure in Turkey or if they seriously consider Iraq as one of the suppliers for a pipeline worth more than \$10 billion.

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