# GEOSTRATEGIC MARITIME REVIEW

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On the publication of this third issue of the Geostrategic Maritime Review, we publish herewith a list of our Scientific Council and the Geostrategic Maritime Task Force (GMTF), as follows:

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We are pleased to invite you to read our third edition of the *Geostrategic Maritime Review*, where we have turned our attention to a very tense and chaotic geographic and geopolitical area, the Black Sea.

This year started with a tense stand-off on Maidan Square in Kyiv, the Olympic Games in Sochi, the annexion of Crimea, the invasion in Eastern Ukraine, the interruption of Southstream, the Polish and Baltic states' fear of invasion, etc. All of these tensions have cascaded into the US and the EU putting sanctions on Russia, which has hurt both the EU and the Russian economies, but which ended in May with the signing of the EU Association agreement with Ukraine, which was invited to attend the NATO summit in September, followed by an energy agreement between Ukraine and Russia brokered by EU Energy Commissioner Günther Oettinger.

One of the objectives of the Observatory is to be attentive to the security phenomena in general and in the Black Sea in particular and this issue zooms in on several important issues.

We start off with a brief panorama of EU Energy security by François Lafond, Scientific Council member of the Observatory and Executive Director of EuropaNova.

Then Slavtcho Neykov, former Director of the Energy Secretariat in Vienna, brings energy security into focus and context by exposing and examining energy trends between East and West, all in the context of Bulgaria, a recent EU member state, a former Soviet socialist republic still in a close 127 year relationship with Russia. He will be coming to Paris to speak at the GMR's bi-annual event this November.

Across the Black Sea, we have invited a neighbor and expert of energy security, Gülmira Rzayeva, to write an article on this very issue from her perspective. She will also be speaking to us at our event in November, giving us some depth on the geopolitical, historical, economic and political issues involved for her country's perspective and positioning in the energy equation, Azerbaijan.

Then S.E. Philippe de Suremain, who was interviewed over Summer by our International Relations officer, Callie Jacobs, who asks him some pertinent questions about the Ukrainian crisis, nationality over citizenship, Ukraine, the lynchpin or the weak link in the energy equation and the impact of the sanctions on Russia.

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1 Ellen Wasylina is President and Founder of the Observatory and is Editor in Chief of the *Geostrategic Maritime Review*. 
Doctoral student Oana Mihaela Vladu then lays out the historical origins of the Black Sea to understand better its place and its position on the geopolitical chessboard, reminding us of its original settlers, the Greeks and the Tatars, and the economic importance of this European sea.

Then the President contributes one of her speeches given over the past year in the President's address, this one given in French last April at the Grenoble Geopolitical Festival 2014, entitled l'UE-Russie : mariage de raison ? Of course, it is in our interest to diffuse the Ukraine-Russia crisis and ensure continuing political, economic and military cooperation and avoid creating another virtual wall dividing Europe between East and West.

Which is the subject of our Op-ed piece by one of our distinguished Scientific Council members, Fuad Muradov, who is also member of the Azerbaijani parliament, who writes about separatism and the frozen conflict in Nagorno-Karabakh.

To close this chapter on the Black Sea, a young Ukrainian Masters student, Kateryna Vyrlieieva, reviews one of our founding member's books : Yana Korobko, who recently got her PhD, published her thesis on the perils of war and preventive measures.

Finally in our special Piracy Segment, our newest Scientific Council member, Fernando Ibanez, examines the beginning and the end of Somali piracy on the Horn of Africa from 2010-2012, to explain the reasons of the disappearing geographically phenomenon : has it really disappeared or just moved away to other waters?

This issue is destined to give the reader a regional Black Sea view so as to better ascertain the opportunities and threats, the stakes and the challenges present on the EU borders.

Our next issue will be centered on the Caspian Sea.
Energy is a one of the key challenges that the European Union faces nowadays. The International context and the infra-European situation are boosting some of the Member States to rethink their policies in a more coordinated way and consider positively a more integrated European strategy to ensure a sustainable future for the next generations.

Indeed, global warming and the geopolitical issues impose on European decision-makers to take comprehensive measures considering secure and long-term parameters. As Europa – the EU’s information website – mentions, “the prospect of sharply rising energy prices and increasing dependence on imports makes our energy supply less reliable and jeopardises the economy as a whole. Key decisions are needed to slash our emissions and curb climate change. In the coming years huge investment will be needed to make Europe’s energy infrastructure fit for the future.”

EU energy policy is still embryonic despite the fact that the European Community started with an energy dimension sixty years ago. This paper will focus on the current geopolitical situation, assessing the role and the impact of the EU policy regarding the Member States and the future challenges our continent may consider relevant to its security and its global role.

- Assessments of the EU energy strategy: between strong dependency abroad and EU members’ opposite strategy

The current economic crisis and burning issues regarding the energy production forced the EU and national decision-makers to consider new realistic actions and the best possible implementation of a strategy to tackle global warming and design some long-term alternative solutions for environment.

The objectives are multiple, antagonistic like the different actors and their specific interests they want promoted in the negotiations process. This fragmented situation is “business as usual” in a community of 28 Members States with different historical and geographical contexts. However, the narrative used by the European Commission is a strong one: to give the opportunity to the EU to adopt a singular energy framework and a common strategy to become a world leader by 2020. The last October 2014 European Council decided to extend to 2030 some ambitious targets and failed to agree on a full binding deal. Despite this disillusion, for the last 10 years, the European Union had the clear ambition to use its own regulatory framework as a soft power tool promoting its collective preferences. Becoming an example on the planet, hoping to be enough united to weigh in on the world debate regarding energy and global warming towards the other

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2 François Lafond is Scientific Council member of OBGMS and is Executive Director of EuropaNova.
developed and emergent powers as the US or the BRIC’s countries (Brazil, Russia, India and China).

Furthermore, geopolitics reminds the EU that it needs to get alternative solutions to face the rarefaction of oil by 2050 (ex: off the coast of the North Sea) and to lower its energetic dependency towards Russia or on potential unstable countries such as Libya and Algeria. In recent years, the diplomatic disputes between the EU and Vladimir Putin’s regime showed the incapacity for EU national leaders to draw and lead a clear and united policy tackling Moscow’s nationalistic evolution. As a report written by the French Senate clearly mentions, Russia is the first natural gas and the second oil supplier to the EU28 with 40% of the importations (19% of the total consumption) and 20% of its importations (16% of the total consumption) respectively. The EU and its Members States are in the uncomfortable situation and are aware of energy used as in diplomatic blackmail or as a diplomatic weapon. The Ukrainian crisis, the tense relations with Russia following the invasion of Crimea clearly showed this last summer. By 2050, the EU energy consumption and dependency should increase by 20%, placing Russia and other supplier countries or organisations, such as OPEC, in a strong and inevitable good positions.

Nonetheless, the role and the lack of coherence from the EU Member States should be pointed out to assess the current EU energy strategy. The EU national leaders, despite the EU Treaties provisions, are still adopting national strategies, defending their national interests and companies when it is possible instead of implementing an effective energy strategy, especially regarding Russia. In 2000, during the Paris Summit, Brussels and Moscow launched an “energy talk” in order to reach a real energy partnership. Such a partnership finally failed when Russia and Germany signed an agreement regarding a 1,200 km-gas pipeline connecting the two countries but bypassing the Baltic countries and Poland.

This example, the recent diplomatic tensions with Russia regarding Ukraine, the Middle East and Libya instability and the domestic public opinions concerned by the climate change challenges should be powerful incentives constraining national leaders to change their minds. And to promote a real energy policy leading to a European Energy Community, called for by former European Commission President, Jacques Delors, and former European Parliament president, Jerzy Buzek, in 2010.

●The Treaties' provisions and their apparent breaches

The Treaty of Lisbon introduced a new chapter dedicated to energy. This new legal basis was missing in the previous treaties. This is the Article 194 of the Treaty on the Functioning of the European Union (TFEU). The logic of such an intervention starts from the internal market logic and the protection of the environment. In other words, the aims of the new policy would be supported by market-based tools (mainly taxes, subsidies and the CO2 emissions trading scheme), by developing energy technologies (especially technologies for energy efficiency and renewable or low-carbon energy) and by Community financial instruments. Furthermore, in December 2008 the EU adopted a series of measures with the objective of reducing the EU’s contribution to global warming and guaranteeing energy supply.
As already mentioned, the EU national leaders reached a new agreement in which greenhouse gas emissions should be lowered to at least 40% (1990 is the reference year) and renewable energy share reach 27% by 2030. In accordance with the spirit and the provisions of the treaties, the EU adopted a more constraining and comprehensive strategy to be a leading (soft) power in these issues despite some regular laggards to provide such an exemplary framework. Nonetheless, the role and prerogatives of the Member States are still determinant and confirmed by the Treaties themselves. For instance, they choose what strategy they wish to adopt to reach the objectives imposed by the EU. During the previous EU Council, Great Britain, for instance, threatened to veto in order to tackle the new objectives decided regarding the EU energy policy while some countries as Poland, for instance, expressed their concerns for economic growth. In other words, national interests may not match EU objectives, even if all the EU national leaders are aware of the importance of an EU energy policy and the need to build a common strategy towards Russia, for instance. Moreover, the subsidiarity principle decided in the treaty regarding energy policy finally keeps 28 national policies and strategies rather than a real and coordinated harmonization. In particular, with the energy mix, the choice of energy sources where any Member State is free to adopt the strategy the most convenient for it. To sum up, if France decided to ban shale gas, it is not the case of Poland. But these two countries will express their sovereign right to adapt their own energy policy thanks to the treaties, limiting the European Union’s possibilities of action. Moreover, Member States do not always have an interest to act together, in a constraining context at least.

Tools for a genuine EU energy policy: the Commission’s time?

Some configurations are put forward to reach a real EU energy policy. Some more vocal think tanks produced papers or recommendations clearly insisting on the necessity to lead a strong and ambitious strategy based on two pillars: internal and external market.

Completing the EU internal energy market is a big priority to ensure the EU energy independence. As Notre Europe-institute Jacques Delors report mentions, “according to Article 194(1) TFEU, the EU energy policy shall aim to ensure the functioning of the energy market, and promote the interconnection of energy networks” which supposes a complete liberalization of the energy market and so, the end of some corporations’ state monopoly. By questioning national markets, the objective of the European Union is to encourage competition within the European Union that stimulates the market and the exchanges and strengthens the EU economy.

Determining a real energy policy, the European Union also questions the Member States own strategy, more preoccupied to save theirs own interests. By stimulating internal competition, they finally could reach the objectives indicated by the treaties.

The EU, in particular the European Commission, should encourage Member States to diversify their energy sources, which supposes a clear and common strategy about which energy is put forward and developed. Probably, the decision-making process regarding energy policy should be changed with a qualified majority vote instead of a unanimity rule, which hinders any possibility to lead a real and strong policy. Even if EU member states’ specificities should continue to be taken into consideration.
From here, it is needed the Commission takes the initiative regarding the Member States, clearly defining how and why EU should lead an independent energy union, able to make the continent a real leader on the international stage. A kind a “Copernican revolution” should be probably driven by the new Commissioners (three ?) in charge of the energy or climate change sectors. This is not necessary amending the current treaties provisions to move forward. Thanks to the power of initiative, the new Juncker Commission might have a unique opportunity to draw an ambitious strategy, constraining Member States to coordinate better their decisions together and to achieve such an Energy Union that President Hollande mentioned regularly. In other words, by introducing paths to an energy union, the Commission might make this area its own competency and force the European Council to follow.

This configuration might have a huge impact internationally. Indeed, the absence of any common goal and speech prevented the Member States to speak in a same voice vis-à-vis Moscow. An energy union might strengthen the EU as (soft) power, under the conditions a real strategy is led and the Member states consent to work together, on the behalf of their own interests.
Energy policy between East and West -
recent trends in the Bulgarian energy sector

Slavtcho Neykov

Abstract
Referring to the Bulgarian energy sector has never been easy. Bulgaria is a
member of NATO and the EU; in parallel, the country is a party to key
international treaties (Energy Charter; Energy Community); however, its energy
sector in concrete and - via it - the economic developments in general, are
intensively dependent particularly on the relations with Russia. Further to this,
the historic, political, social and cultural relations with Russia play important role
in the relations between the two countries. Thus, their emotional side should be
also always recalled.
In parallel, the energy sector developments in the country are very sensitive
socially. One of the famous Bulgarian sayings notes that all Bulgarians know a lot
about football and medicine. During the accession negotiations for the Bulgarian
membership to the EU, one could add to this list the nuclear issue - this was one
of the hottest potatoes in the negotiation process.
From today's perspective, this saying could be extended to cover the whole energy
sector. This is due to several factors. On the one hand, the energy policy issues
become more and more sensitive throughout Europe in the context of the social
dimension. In Bulgaria this topic is on the top of the social agenda due to the
energy poverty. Although normally linked to electricity prices, the issue should be
also considered in the context of the overall dependence of the country on Russia
in the spheres of gas, oil and nuclear energy. In parallel, the country is and will
remain a devoted member to the EU and will perform its obligations in this
aspect. On this ground, in the energy sphere Bulgaria is becoming more and more
dependent on the EU – Russia relations.
The outlined set of factors influences very much developments of the business
environment as well as development of concrete energy related projects, which
jump well beyond the Bulgarian national borders and have regional (South East
Europe) or European dimensions, in which Bulgaria is an important player (e.g.
South Stream, new nuclear capacities, interconnections etc.). Even referred to by
some as the “Trojan horse” – concerning the Russian influence and relations with
the EU – Bulgaria is in a specific situation between the East and the West in the
context of the overall energy developments in Europe.

3 Slavtcho Neykov, an independent energy expert, is former Director of the Energy Secretariat in
Vienna.
I. INTRODUCTION

As in most countries in South Eastern Europe, the developments in Bulgaria within the last 25 years have been quite turbulent from both political and economic perspectives. Thus, the country bears the overall mark of reforms, which have advanced successfully, but are quite difficultly in some areas. Energy is a good example in this relation. On this ground, the purpose of the current article is to focus our attention instead on a few key characteristics of the developments in Bulgaria's energy sector, which have been considered to be most specific rather than to provide an overall picture of the sector.

On the background of the reforms

In fact, what matters strategically is that Bulgaria is a member of NATO (since April 2004) and of the European Union (since January 2007). And these two facts have influenced the political and economic moves of the country immensely in all aspects of the political, economic and social life.

However, one should not take these facts for granted. Actually, they were a result of a long and difficult transition period, which e.g. in the EU context, lasted quite long - the EU - Bulgaria Interim Agreement was signed in 1990, replaced by an Association Agreement (came into force in 1995). Thus, formally it took close to 15 years of active reforms and negotiations till Bulgaria became EU member.

In parallel, as the reforms were advancing, new challenges appeared and respectively new questions have made their way forward. Bulgarian society had (and in some aspects parts of this society still has) difficulties coping with the radical shift of economic principals in development shifting from a planned economy to a market economy and with some key consequences due to this shift. The biggest challenge seemed to be linked to the fact that more and more elements of the everyday life were left to market forces and less and less issues are left in the hands of the state regulation. And if for the younger generation such a development seems quite normal, this is still not the case for the generation of their fathers and of their grandparents, who very well recall the situation before and who can compare between now and then. This factor, however, should not be misunderstood - most of the older generations hardly throw nostalgic glimpses backwards - what they still need is more clarity on the essence of the changes rather on the objective needs for these.

In parallel, further to the political and economic changes inside the country, its relations with the neighbouring countries as well as with other former allies saw a gradually substantial shift due to the political and economic reshuffling. In addition, within the last quarter of a century even the shifts themselves underwent substantial re-orientation and substance changes.

Certainly, Bulgaria can hardly claim to be an isolated phenomenon in the context of the outlines social aspects. However, the country’s individual characteristics and developments certainly carry substantial specificities, some of which clearly combine the national with the regional and international elements and thus create
an interesting mixture, giving a unique flavor of the situation. And again it is the energy field, which clearly deserves to be mentioned as an example.

Referring to the Bulgarian energy sector has never been easy - and the energy sector developments definitely contribute to this uniqueness substantially - in fact, this sector is a vivid reflection of the trends, the problems and the challenges of the overall social development. There are several key reasons for this (some illustrative details for all of them will follow further):

- Being one of the poorest countries in the EU (GDP per capita), the energy poverty issue has not only economic, but also social and political dimensions; The geographic location of the country pre-supposes its quite important role when it comes to European energy security;
- The factual status and the trends in its energy sector developments provide Bulgaria with the possibility to be a factor for the regional energy security;
- On the national level, there is still a conflict between the objective and legally backed up necessity to follow EU rules, where market principles are dominant (on the one side) and the evident delay in their factual implementation (on the other side);
On political level, in the energy field so far Bulgaria still does not use its powers as an EU member state to try to influence the rules, but rather waits passively for their adoption and then notes it cannot follow them completely etc.

There is a set of other factors, related strongly to the energy sector, which deserve particular attention. A very important one is linked to Russia. Further to being a member of NATO and the EU, the country has joined key international treaties in the energy field (Energy Charter, Energy Community); however, its energy sector in concrete and - via it - the economic developments in general, are intensively dependent particularly on its relations with Russia. In addition, the historic, political, social and cultural relations with Russia play an important role in the relations between the two countries. Thus, their emotional side should be also always recalled.

Few points on the national energy sensitivity

In parallel, the energy sector developments in the country are very sensitive socially. One of the famous Bulgarian sayings notes that all Bulgarians know a lot about football and medicine. During the accession negotiations for the Bulgarian membership to the EU, one could add to this list the nuclear issue as this was one of the hottest potatoes in the negotiation process. From nowadays perspective, this saying could be extended to cover the whole energy sector. This is due to several factors.

On the one side, the energy policy issues become more and more sensitive throughout Europe in the context of the social dimension. In Bulgaria this topic is on the top of the social agenda due to the energy poverty. Although normally linked to electricity prices, the issue should be also considered in the context of the overall dependence of the country on Russia in the sphere of gas, oil and nuclear. In parallel, the country is and will remain a devoted member to the EU and will
perform its obligations in this aspect. On this ground in the energy sphere, Bulgaria is becoming more and more dependent on the EU – Russia relations.

The outlined set of factors influences many developments of the business environment as well as the development of concrete energy related projects, which jump well beyond the Bulgarian national borders and have regional (South East Europe) or European dimensions, and for which Bulgaria is important player (e.g. South Stream, new nuclear capacities, interconnections etc.). Even referred by some as to the “Trojan horse” – concerning the Russian influence and relations with the EU – Bulgaria is in a specific situation between the East and the West in the context of the overall energy developments in Europe.

II. BULGARIA - A BRIEF REVIEW OF ITS ENERGY SECTOR

There is a set of consistent assessments of the Bulgarian energy sector, produced by different national and international institutions and bodies e.g. World Bank, EU funded reports, EBRD, the Center for the Study of Democracy etc.

Some reference data

In fact, all these analysis provides generally a common confirmation about a well-structured energy mix, which seems to create conditions for stability, predictability and a relevant energy security - however, all this pre-supposes that the sector is managed properly. A general conclusion is linked also to the fact that - although the country is not very rich in natural resources, its well-balanced sector plays an important role also for South Eastern Europe. In the electricity field this is due to a very big extent to the fact that Bulgaria is one of the few countries in the region, which exploits nuclear power station (producing app. 40% of the electricity), which is quite compatible when it comes to prices. Thus, Bulgaria is a substantial exporter of electricity in the region.

When it comes to coal, the country has its own resources although the coal is not of good quality - this requires enormous investments to meet environmental requirements.

The country has insignificant domestic gas and oil production, but its strategic geographical location makes it an important player - both currently and further potentially - for transit and distribution of oil and gas from Russia to Western Europe and other states in South East Europe. In fact, more than 90% of the gas, consumed in the country, comes from Russia, which is the only gas that transits Bulgaria.

Certainly, a lot of official statistical data can be presented; however, this is not the purpose of the current article. Nevertheless, it is good to note some key data - thus, e.g. in 2013, the price levels for consumer goods and services differed widely across Europe - and the cheapest country was Bulgaria (48% of the average of the 28 EU Member States). Bulgaria also has the lowest GDP per capita in the EU. Anyhow, linking these facts to the energy sector developments is of primary importance. This role becomes explicitly evident if one analyses the low income
together with prices. Thus, things become to a certain extent self-explanatory if more key statistics are added: in Bulgaria the electricity prices are the lowest in the EU; thus the link between GDP and price levels reflect the background of factual and substantial social problems in the country, linked to energy.

Further to the purely economic data, there were a lot of reforms linked to the sector institutionally, which deserve a brief reflection. What is most relevant to underline in this aspect is that, unlike most of the other European states (since 2007 this comparison might be made to the EU members), Bulgaria has always had a separate national level institution in charge of the energy policy (Agency, Ministry). Only since 2005, the Ministry of Energy was merged with the Ministry of Economy, but the reference to “energy” has remained in the title and structurally. Currently, there is an active debate for re-establishing the Ministry of Energy again. And this will most probably happen - the reason is that the energy sector poses enormous amounts of questions, individual for the country, which certainly pre-supposes a separate state institution on the national level and a separate minister being in charge of the sector.

A key factor for reforms, strongly promoted by the EU accession process, was the establishment of an energy regulatory authority in 1999. In fact, this made Bulgaria one of the countries to have an energy regulator even prior to the establishment of such an authority in some EU member states. Despite this fact, so far a key characteristic of the Bulgarian energy regulatory authority is its de facto political dependence. Although the law explicitly emphasizes the independence of this institution, it has always been dependent on the political situation. A major factor for this is linked to the fact that the members are appointed by the Government and although the law envisages the stability of their employment status, there are many examples about how the members of the Commission have been replaced. Anyhow, despite even formal proposals for changing the legislation for the commissioners to be appointed by Parliament, this has not worked at the current stage.

Another characteristic of the Bulgarian energy sector, which is important to mention, is linked to privatization. This happened mostly within the period of 1997 - 2005 and so far includes inter alia some thermal power plants and the distribution network. Although later criticized, the privatization process - particularly of the distribution network - went quite smoothly from the point of view of procedure and achieved financial results. In fact, the criticism refers mostly to inefficient post-privatization control. Otherwise, the Bulgarian state still holds full control over some of the energy entities, which are in a special list of assets, forbidden for privatization.

One of the substantial characteristics of the energy sector development in the country after the political changes, started at the end of 1989, was the attempt to structure a long term energy strategy and corresponding key legal acts on the primary level – particularly a law on energy. So far, this has not worked very well: the result is that there have been several energy strategies and several laws on energy adopted (the last strategy was adopted in 2011; the last Law on Energy in 2003, but it has already been amended about 30 times). The strategy approach, however, will be further referred to below.
A few strategic views shaping the Bulgarian energy policy

While the legislative frame has been in a way upgraded following substantial changes (e.g. EU membership since 01.01.2007 etc.), the search for the best strategic approach has been changing. In fact, the latest draft of the Energy Strategy until 2030 with forecasts to 2050 was finalized at an expert level in February 2014, i.e., the need for a new Strategy was considered less than three years since the previous one was adopted. This approach indicates a hesitancy in several key directions when it comes to the trends in energy developments. In fact, the latest energy strategy draft differs substantially from all the previous ones and the major difference is in the understanding about the scope of such a document. So far, the energy strategies have tried to forecast the production and the demand of energy and on this ground the authorities were looking for a balance between the two. However, looking back through the years, it turned out that the most important forecasts and figures were not realised, neither those, related to prices, nor those related to consumption, etc.

Therefore, the latest draft of the energy strategy changed the approach – the document focused on the need of having the market as a key driving force and on these grounds

identified the major goals, which determine the development of the energy sector on a national level as well as the role, which the country should aim at playing on both the regional and European levels. Forecasts have been used rather for illustration rather than for commitments. In fact, it is worth mentioning that few of the leading points in the document – particularly when it comes to priorities, as these will hardly be changed at a later stage, when a Strategy update will be adopted – and such adoption seems inevitable in the nearest future.

It is worth mentioning that – further to the changes on the European level – there have been recent changes in the world energy outlook. As these have been subject to other specialized research, explicitly by the International Energy Agency, the reference to them here is for illustration only. Anyhow, the developments of the Bulgarian energy sector are certainly in function of the world trends, but mostly of the energy trends in Europe with a particular focus in the EU and South East Europe. On the EU level, these trends are linked to a stronger focus on renewables, energy efficiency, environmental protection and competition. On the South East European level, however, the realities showed completely different trends: there are still non-mature small markets which have difficulties attracting the enormous needed investments and a big discrepancy in the implementation of the acquis. The latter is a factual status, which substantially differs from the politically demonstrated will for reforms along the EU path via the Energy Community process.

One of the reasons for the need of a new energy strategic approach is linked to a fundamental obstacle on the Bulgarian energy scene: the country has never used its EU membership actively, but has been rather a passive follower of the decisions made in Brussels. One could reasonably argue that Brussels’ decisions are in fact a function of the decisions of the separate member states. So far, however, due to
different reasons, the Bulgarian position and actions, when it comes to following the acquis, was rather based on “Brussels said so” than on “this is what we need – let’s fight for it in Brussels”. Certainly, one can partially explain this with the modesty of the relevant newcomer, with the fact of the established post-membership monitoring etc. Nevertheless, it seems that more and more people realize the ineffectiveness of such an approach and from nowadays’ perspective, the public demands for a stronger defense of the national interests on the EU level grows very quickly. In the energy field the issue is particularly sensitive due to reasons, most of which were already mentioned in brief above. In this relation, it is also worth recalling that some misbalances in the energy field, developed on the EU level, had a very strong political and policy impact at the national level. Thus, in the early Spring 2013, the Bulgarian government fell due to street protests, started as a form of a disagreement with the electricity price policy; but the kick came from the increased prices due to the influence of renewables.

On this ground, it is evident that, policywise, the developments of the Bulgarian energy sector are “squeezed” by several different trends, which the country has to always consider as a package.

On some specific energy policy issues

Based on the above mentioned facts, it is clear that the key focus on the policy level gradually becomes more and more visible from a factual perspective, but objectively needs to be more vividly formulated. In this aspect, the necessity to take good note of national specificities – but still keeping the EU line – appears at the forefront. The major line to be considered in this aspect is related to the topic of energy security.

In fact, a starting point for the discussion might be the Lisbon Treaty and respectively Article 194 of the Treaty on the functioning of the European Union, which inter alia focuses attention on ensuring the energy supply in the EU. However, it seems more logical if the focus is not only on the security of supply, but rather on energy security as a whole. The latter encompasses security of supply, but also includes security of demand as well as the technical and technological sustainability of the energy sector. In fact, these three aspects of the energy security have different dimensions not only for the EU member states, but for any individual country in general. Thus, it is worth mentioning that for Bulgaria paying due attention to any of them is crucial. There might be different examples about such a need, but I would like to mention couple of them, which give concrete illustration of such an approach.

One of the hottest potatoes in the energy field during the negotiations for the Bulgarian accession to the EU was the issue of early closure of four units in the Nuclear Power Plant “Kozloduy”. In summary, the EU insisted that Units 1 to 4 should be shut down due to technical problems, while the Bulgarian side was claiming that for Units 3 and 4 these concerns had no technical background whatsoever. This view was also confirmed by a peer review, organized jointly by Bulgaria and the European Commission, which also determined the team of experts, who did the review. At that time within Bulgarian society it was considered that closing these units might cause big financial damages (due to less
exports) and supply problems even on the national level. What happened in fact was that Bulgaria continued to export almost the same amount of electricity after the four units were stopped, compared to the time when they were working. Certainly, this was also partially due to the economic crisis; but nevertheless, the fact was that the exported electricity was almost the same amount. Thus, the issue of security of demand turned out not to be less important than the issue of security of supply.

From a nowaday's perspective and for a country, which is not only member of the EU, but which is very well connected in the energy field with all its neighbours, the security of supply issue is not a problem from the point of view of the availability of resources. The major question is the one linked to the technical sustainability of the networks as well as the necessity to consider the construction of interconnections - particularly, but not only - in the area of gas. Certainly, the price issue also bothers - mainly in the field of gas - as the supplier for the country is one (Russia).

Further to the topic of energy security as a priority one, there are several others, most of which also have general sound in comparison to the EU, but there are also some specific priority points from Bulgaria's perspective and this is why they deserve an explicit mention.

Aside the move towards a low carbon economy, energy efficiency in general and the decrease of the energy intensity are also to be underlined as areas of key importance (the Bulgarian energy intensity is still many times higher than the average in the EU).

Specific Bulgarian priorities - which, however, have always been considered regardless of the type of ruling governments - are two major ones – further development of the export potential and development of the nuclear sector.

I noted already that exporting electricity is a substantial component of the Bulgarian energy policy. Due to its well balanced energy mix, due to cheap nuclear energy produced by facilities operating since the early seventies, the country still exports a lot of electricity to the South East Europe region.

When it comes to the national policy concerning the production of electricity from nuclear energy, there are few points which need to be clearly underlined. For starters, there is an overwhelming public consensus on the need to develop the nuclear sector in the country when it comes to production of electricity. Institution and legislative wise, the country has sufficient back up and has a well-developed nuclear regulator, a specific legislative framework, including the ratification of all relevant international conventions and a lot of expertise, built on more than 40 years practice. However, the devil is again in the details, which is certainly linked also to politics.

Further to the existing nuclear power plant “Kozloduy”, since the seventies concrete steps have been undertaken to construct a second nuclear power plant (“Belene”). In fact, the construction process started actively and substantial investments (estimated to app. $1 billion as in 1990) have been made.
Afterwards, the project was frozen due to lack of financing. An attempt to restart it was made in 2004, but factually this was not successful. Since then, there have been numerous debates and attempts to restart the project again, including a national referendum at the beginning of 2013.

The big problems about the nuclear power plant (NPP) “Belene” are numerous. Financing is a crucial one, including from the perspective of whether there will be a market for the potential production of electricity. The other major element of the debates is linked to the increasing energy dependence on Russia (which supports the construction and is ready to finance most of it). Let me recall that even now Bulgaria is strongly dependent on Russia in the energy field (gas, nuclear fuel, spent fuel management, oil). Besides, on an operational level there is an ongoing arbitrage case, related to “Belene”, between the Bulgarian and Russian side concerning approximately €1 billion.

Aside the NPP “Belene”, a recent option which got some very concrete flavor in 2014, was the construction of a 7th unit in the NPP “Kozloduy”. In reality, at the end of July 2014, the government in power concluded a contract with the Westinghouse corporation, which was preceded by more than seven months of semi-hidden shuttles between the Bulgarian government and American authorities and business. In general, neither the public, nor key state institutions knew what is to be signed. And this caused and still causes a lot of tension due to several reasons. On the one side, the parameters of the signed deal are still unclear. On the other side, the deal concerns a reactor AP 1000, which is not in operation anywhere in the world yet. Without any doubt, such an approach puts forward a set of questions, starting with nuclear safety, going through the end price, and – very important for Bulgaria – ending with the issue of the expertise. One should recall that all the nuclear reactors in Bulgaria are of Russian origin as is all the expertise concerning this kind of technology. So, if one summarizes, there was no public risk assessment of such steps in the case, which made many people think that the American interests in the concrete situation were more clearly defended than the Bulgarian ones. The government in power at the time remained silent on the topic.

The nuclear issue, however, is only one key point, which de facto demonstrates the current situation with big investors. This topic needs more elaboration, developed here below, preceded by a few words on the role of the state.

**III. ON THE ROLE OF THE STATE**

The topic puts forward a set of questions, but without any doubt a starting one is linked to the role of the state in the energy sector developments.

**Some aspects about the state’s ownership in the energy field**

In an economy such as the Bulgarian one, which is strongly dependent on imports and where key assets (infrastructure, generation capacities, nuclear capacities, gas storage etc.) are still state owned, the role of the state remains crucial. Further to the management aspects, this certainly is directly linked to the legislation and to regulation. The state control, however, has another dimension, which was
partially already referred to above: the social challenges via the prism of the energy sector. Thus, in a country where the average salary is many times below the average in the EU (it was mentioned already that Bulgaria is the poorest EU member state), the prices of energy are also the lowest but with another ratio. Therefore, in Bulgaria the question “heating or eating” is not abstract for many people.

In this context, the long term contradiction between the role of the state defending market economy principles, the role of the state owned companies in the energy field and the role of the energy regulation and legislative framework seems to be the backbone of the troubles in the Bulgarian energy sector. Without any doubt, all this affects strongly the investors.

On this ground, different approaches have been discussed. This includes inter alia options that for example, the state will remain a major shareholder (51%) in the existing state owned companies. Under this scenario, the remaining 49% will be sold via the stock exchange to provide financial means for the stabilization of the sector and concretely will provide funding for an active participation in big international infrastructure projects.

In fact, further to the purely economic arguments for such an approach, another argument is linked to the absolute necessity for more transparency in the management process. It is assumed that the public character of these companies will increase the control and stronger implementation of market rules. Further, this will stimulate the development of these companies without the temptation of direct or indirect funding via the state budget.

And what about the regulator?

A major role of the state is to provide an adequate regulatory framework. In Bulgaria, however, this has been done mostly on paper. A key starting point is that although the law explicitly requires that the regulatory authority be independent, the commissioners are still appointed by the executive power, i.e., by the Council of Ministers. Certainly, Bulgaria is not an exception in this aspect, but the outcome on the national level is that only during the period of 2012-2014, the head of the regulatory authority changed seven times. Further, politicians are tempted to appoint people who are more inclined to listen to political guidance than to implement the law. There are a lot of concrete examples: a politically motivated decrease of prices, initiating procedures for revocation of licences upon a governmental command and “forgetting” about the issue when the government has changed etc.

Besides, there were cases that on this position people were appointed who did or did not even meet the formal requirements, but have no suitable expertise, increasing their dependence on the political figures who have appointed them.

Further, the Bulgarian regulatory authority, although created 15 years ago, still lacks sufficient international visibility. It does not participate so far actively even in the EU established regulatory format ACER (Agency for Cooperation of
European Regulators), although it is a member of this organization ex lege.

All these facts cause so many disturbances with economic, political and policy consequences that recently there was a set of explicit formal proposals for changes in the legislation. Concretely, these were linked to appointments of the members of the regulatory authority by the Parliament with a qualified majority, as well as making their diplomas and professional CVs public by law. However, adequate changes in the legislation have not yet been adopted.

Certainly, the one which suffers mostly from ineffective regulator and inadequate legislative framework, is business. Thus, this naturally brings us to the issue of investors and investments.

IV. ON BUSINESS AND INTERNATIONAL INFRASTRUCTURE

Some important points, concerning business were already mentioned above from different angles. Anyhow, it seems justified to add a few more examples.

About the overall framework

Without any doubt, the Bulgarian legislation treating business activities, investors and investments is very much up-to-date. This is due to several major factors. On the one side, Bulgaria actively participated in the development of the new international energy order (the Energy Charter process in particular) since the very beginning of the work in this direction. And the country was one of the first to legally commit to the implementation of the Energy Charter Treaty. In parallel, Bulgaria joined in due time all international conventions, linked to the fact that it has a nuclear power plant. Further, well before officially joining the EU, the country had already updated its legislation in this aspect along the EU requirements.

All this provided conditions for a substantial boom of investments coming with renowned foreign investors. In parallel, Bulgarian companies also started to invest actively, noting that there is substantial national investment potential. This concerned not only the sphere of services in the energy field, but also in the construction of new capacities, in the development of the distribution network etc. In the latter aspect (distribution network), particular initial steps were made when it comes to gas distribution for households - in Bulgaria this still remains a substantial niche with less than 3% of the households being gasified.

Nevertheless, Bulgaria is not an exception when it comes to conflicts between state institutions and investors. However, due to the sensitivity of the energy topic from a social dimension, there are still a lot of both speculations and steps towards finding the best way forward.

A new approach on national level : the Energy Board

These steps vary. On the one side, they concern a push for review of long-term contracts, concluded more than 15 years ago, politically motivated steps towards
revocation of licences, etc. On the other side, there are innovative steps, which are worth mentioning. This concerns concretely the establishment of the so called “Energy Board”, which became a fact on 27 August 2014. The Board, which is a type of council, was established to seek decisions of top questions, related to the energy field, which have major public significance via involving all key energy stakeholders.

Without any doubt, the set of open issues has accumulated for quite some time, but the problems flourished extensively only within less than a year and a half (May 2013 - August 2014), when the government of the socialist party (former communists), supported by the party of the ethnic Turks, brought the sector to a disastrous level, managing it in a non-transparent manner, in non-conformity with both national and EU legislation. The government worked in de facto cooperation with the regulatory authority, which, although forbidden by law, deviated the market rules, when it came to prices to serve the social governmental publicity. The outcome was that the electricity prices were decreased three times within less than half a year on the ground of populistic schemes when there were no economic prerequisites whatsoever for this. All of this affected business along the electricity chain, but not only. In fact, the whole set of investors were systematically abused by the government and other state institutions in favor of the consumers (particularly the households) and not in favor of the market. However, in this context it is worth recalling that at the end of the day it is always the final consumer who pays the price - so the populistic steps de facto turn against their authors.

On this ground, the Board’s creation became a necessity to look for the best options, when it comes to reforms in the energy field, taking due note of the set of interests. No doubt, the creation of the board also aims at increasing transparency and neglected dialogue; the primary goals, however, remain the needed steps as to effectively overcome the difficulties in the Bulgarian energy sector. For this purpose, the Board is envisaged to conduct analysis of the sector and to first of all identify the reasons for the overall problems within the energy systems. Thus, the Board will be expected to outline the best options for effective management, including making proposals for improvement of the strategic and legislative framework.

However, the establishment of this Board as structured, which is a kind of operational novelty, raises already some questions, related to the procedural aspects and the effectiveness of its work; thus, it should not be considered as an overwhelming panacea.

The first issue is linked to its composition. Aside from the government, represented by several ministries, it is envisaged to include a wide number of representatives of the business community, both via its organizations on the ground of the type of activities (e.g. photovoltaic and hydropower associations) and also individual companies (e.g. the electricity distribution companies, the biggest thermal power plants etc.). Further to this, it is envisaged to invite for participation representatives of some international donors, of the European Commission etc. Thus, the overall number of participants goes well above thirty – and without any doubt, the danger of having long discussions without concrete outcome is very strong.
The second issue is linked to the explicitly envisaged participation of the regulatory authority. This raises substantial questions on the approach, starting with the one that the regulatory authority becomes part of an advisory institution to the Council of Ministers.

Anyhow, it is worth seeing how this Energy Board will work - hopefully with full effectiveness.

**How about the perception issue?**

The topic with the Energy Board brings forward another major point, related to investors (and particularly to foreign ones): how are these perceived? In this relation, making a short time review, it seems that there are several periods and respectively several different perceptions, which vary from “Hosanna” to “Crucify them”. Certainly, this refers mostly to investors, which make big investments related to the construction of substantial capacities, to the privatization of key assets or linked to big infrastructure projects.

Without any doubt, the Bulgarian energy sector needs a lot of investment. In the early nineties and up until present day, the foreign investors were strongly welcome, but the attitude was also very much influenced by which government was in power. Thus, the perception seemed to depend more on politics than on the investors themselves. This concerned particularly Russian, American and European (i.e. from EU) investors, which over the years had been either considered as “good” and some as “bad”, but mostly on political criteria.

An excellent example in this relation are the Russian investors, mostly involved in the nuclear and the gas sectors; this is also truly valid for companies like EVN (Austria), CEZ (Czech Republic) etc. In fact, the public and the political perception of these investors are very much function not only in the political debate, but also in concrete economic situations and even in concrete projects discussions. And in some cases this caused many more turbulences than expected. Thus, in 2013, when there were riots in the streets of Sofia against the electricity prices, the discussion on the political level went even towards nationalization of the privatized electricity distribution companies, which had been privatized by investors from the EU. Certainly, from a legal perspective this was complete nonsense, which could have lead to immense losses of time, energy and money if the process had been launched in one way or another. Nevertheless, the fact is that the topic for nationalization was raised seriously by politicians whose parties were in Parliament.

When it comes to Russian investors, the biggest concern is that any further Russian investment in Bulgaria *de facto* increases the dependence of the country on Russia. And as the spheres of such investments presuppose enormous funds, the fear of this dependency grows bigger. This is particularly valid and modern as a topic along the debates, related to the construction of the “South Stream” gas pipeline. However, relations with Russia are put on the table alongside the long-enduring open issue with the started but blocked construction of the nuclear power plant “Belene” and the status quo which supports a situation that this topic is neither forgotten nor is becoming less important. And Bulgarian politicians should not forget: Russia is not an enemy, but a big partner of the country in the energy field and will remain such for long time.
In parallel, some American investments were done (e.g. the AES Corporation) earlier. As mentioned above, “Westinghouse” appeared and concluded an initial contract (which is stated to be subject to further legal steps prior to finalization, although this is not exactly the case) related to the construction of a new unit on the site of the existing nuclear power plant, “Kozloduy”. Both performed and potential investments are subject to criticism also from perception perspective.

In fact, the issue of perception seems simple if properly explained, taking into consideration the specificities of Bulgarian realities. Such an explanation has to be provided by politicians but has to be well justified on an expert level. The basics of the explanation should be the rule of law: from this perspective there are no “good” and “bad” investors, but rather investors who respect the rules and those who do not. In the Bulgarian case, the specific issue is that the rule of law includes also the EU binding rules. From there on, the investors, regardless of their state of origin, the capital shares etc., should be encouraged along the law.

On this ground, it is worth mentioning that geopolitics is important in general, but from today's perspective, economics seems to prevail in importance. And this is valid inside and outside Europe. Thus, those who are factors in changing the perception about investors, based on economic and political criteria, should recall their responsibility not only toward their parties, but mostly towards the citizens: in Bulgaria this is already a must. It is true that in some cases the split attitude has found reasonable justification, although sometimes with concrete but disputable arguments; however, very often the cases are overexposed and the outcome is mostly negative.

When analyzing the perception of investors, one should recall that their intervention in the market came in a specific environment linked to close to 50 years of a planned economy approach with 100% state ownership. On this ground, both privatization and new investments were to meet very high expectations in the energy field, which concern more energy security, lower prices and better, more effective management. And though not always smooth, the general move is in these directions. Certainly, the price issue should not be considered individually on a nominal basis, but based on the overall set of economic developments, unemployment rates, GDP per capita, etc.

Further, one should not forget that perception is a two-way street: on the one side it is the perception of business in the relevant country (Bulgaria in the concrete case), but it is also the perception of the state from the point of view of the business. Nowadays, when politics is so dependent on economic developments and vice versa, it is difficult to say which one of these dimension take the lead. And the perception of the state is certainly not less important, particularly when investors are not unknown off shore structures, but are renowned investors, which are used not only to perform, but also to be transparent. And they have the right to expect the same from states, which establish rules and possess relevant control mechanisms. Therefore, without any doubt, any of these companies, which follow the rules cannot be expected to stand the creation of the image of a “bad” investor. In Bulgaria such an approach caused interventions not only by the European Commission but also by European business unions. And this very much harms the image of the country.
A SHORT WRAP UP

Based on the above mentioned, it would be fair to conclude that despite the difficulties, the Bulgarian energy sector is well structured and still provides a lot of opportunities for placing the country duly on the energy map of Europe. These possibilities are linked not only to the cross-road location of the country, but also to the factual sector developments so far. However, recent years have shown that the country’s energy sector needs a reset.

On the one side, this concerns the reconsideration of and clear cut priorities. Although in general terms these coincide with the overall EU priorities in the energy field, the practice showed substantial disturbances when it came to real life implementation. On the other side the sector evidently needs organizational, institutional and management improvements.

The factually established lack of transparency seems to be one of the key problems, which causes a substantial amount of critical situations, which affect national energy security and in parallel provide discomfort and non-effectiveness when it comes to Bulgaria's involvement in developing international projects. In fact, it seems it will be justified to note that at this stage there is a lack of vision on key matters, such as how to solve those operational problems which jeopardize the country’s energy security. Further, these problems should be solved by also taking due note of the country’s stand in South East Europe as well as energy related specificities on the national level.

A major point is the necessity to have a clear view of the relations with big investors regardless of their origin. This is particularly valid when considering the practical challenges (arbitrage cases, started projects, implementation of the EU acquis) versus future steps (ideas for new capacities, planned interconnections, huge interconnections, related to Europe and Asia etc.). In this relation, however, there is a substantial problem - it seems that both politicians and citizens as a whole do not have one systematized consensual view on the energy sector priorities. And in the energy field, lack of such a view is crucial due to the size of the investments (both national and foreign) and the time frame for their realization. Certainly, these priorities should be adopted on a political level and fixed in a long term energy strategy. Based on experience so far, and as to avoid conflicts and discrepancies, the strategy should be not only broadly consulted, but it should make also explicit reference to issues, which concern the Bulgarian membership in the EU.

A principle agreement should also be achieved on Bulgaria's international energy priorities. This should concern explicitly the big international energy projects and Bulgarian participation in them. The current situation in this relation brings more internal and international negativism than positive results. Besides, the country seems not able to clearly explain to its partners what it does - and for partners like Russia and the EU (and not only) such clarity is very important.

The market forces and the rule of law will take care of the rest.
The Southern gas Corridor: a key lynchpin to Black and Mediterranean Seas' Energy security and diversification

Gülmira RZAYEVA

Introduction
Perhaps the most effective, strategic and important energy partnership among other Black Sea Region countries is the trilateral partnership of Turkey, Georgia and Azerbaijan, aiming at partly ensuring energy security of Southern and Southeastern Europe as well as for Turkey via the Souther Gas Corridor (SGC). With the commitment to provide about 17 bcm/a of gas to Turkey (6 bcm/a) and 9 European companies in Italy, Greece and Bulgaria (up to 11 bcm/a), from late 2018 on, during 25 years, Azerbaijan has already secured Gas Sales and Purchase Agreements with all the buyers in September last year. The gas will come from the giant Shah Deniz (SD) Phase 2 natural gas and condensate field in the Azerbaijani sector of the Caspian Sea with the total proven gas reserves at 1.2 trillion cubic meter.

Azerbaijan’s gas production growth will significantly increase from late 2018 with the SD-2 start up. This will add some 16 bcm of gas on top of the produced 9 bcm from the Phase 1. This will increase overall gas production from the whole SD field up to 25 bcm. The development of the Shah Deniz Phase 2 started on 14 November 2007 when there was a major discovery of a new high pressure reservoir in a deeper structure of the SD field. In the beginning of 2010, the 5th appraisal well drilled as part of Phase 2 field development showed the probability of estimated additional 200 bcm of gas in the deeper structure of the field. Within the Phase 2 field development, two new platforms to be built and 27 new wells to be drilled additionally.

The Shah Deniz Stage 2 Gas Project comprises upstream development both offshore and at the Sangachal Terminal; an expansion of the South Caucasus Pipeline (SCPx) across Azerbaijan and Georgia up to Turkey; and the export and marketing of the Shah Deniz gas to buyers principally in Turkey and the EU. There will be a new standalone pipeline to transit Turkey – the Trans Anatolian Natural Gas Pipeline (known as TANAP), and a further new pipeline from Turkey's western border to Italy – the Trans Adriatic Pipeline (or TAP). There, TAP will be connected to the Italian national transmission network, whose owner is Italian Snam Rete Gas. The total estimated cost of SD-2 (including Sangachal terminal expansion) and an expansion of SCPx will be around $28 bln. Investments for the both TANAP and TAP projects may constitute more than $17 bln. All these segments as well as gas transmission infrastructure to Bulgaria to establish the new Southern Gas Corridor to Europe. For the $6 bln foreseen, $15 bln will be invested in expansion of the offshore facilities, including drilling rigs and other equipments. Also, expansion of the Sangachal Oil&Gas Terminal will cost another $2 bln.
Before TANAP was initiated by the Azerbaijani government the long-drawn out negotiations on transit of the SD-2 through the Turkish territory between the Azerbaijani and Turkish governments on one hand, and SOCAR and BOTAŞ on the other hand, were completed and all the terms and conditions were agreed to. The gas transit negotiations between the two countries started in 2009. It took two years and was fraught with political and commercial difficulties. The Turkish-Armenian détente in 2010 had a negative influence on the negotiations and it made the negotiations even more complex. From a commercial point of view, the transit fee, gas price for BOTAŞ, terms and conditions made the negotiations long-lasting. Both the European Union and the United States urged both sides to complete the negotiations soon.

The Turkish-Azerbaijani transit agreement would set out specific duties and obligations from the Turkish side in transiting the SD-2 gas up to the Turkish European border via the BOTAŞ transmission system. Once signed the companies developing the Shah Deniz gas and condensate field would have a clear set of arrangements that would enable them to sell their gas and prospective customers to buy their gas under fully settled commercial conditions. After long negotiations, the agreement was signed in 2011. With that all the terms and conditions on transiting SD gas via BOTAŞ system had been agreed.

Nevertheless, one major problem with this arrangement was a stumbling block for further pursuing this agreement. BOTAŞ’s transmission system was a headache. The problem was (and still is) that the BOTAŞ system is capacity constrained and was not sufficient to transport bigger volumes of gas (apart from the gas for the country’s own consumption). It was arranged within the contract that additional investment in upgrade works of the system is envisaged, but this certainly would not be enough for future additional volumes of natural gas from Azerbaijani next generation fields. This gas is expected to come on stream well beyond 2020. Despite that the transit agreement was signed after tough negotiations in 2011, it became obvious and of more immediate concern that the partners of the SD consortium and Azerbaijan as a natural gas producer country can not go for an option of using the existing system for the SD-2 volumes. Inter alia, it was also made clear that Ankara can not take for granted the supply of the SD gas or all the Azerbaijani gas passing through the existing Turkish infrastructure.

There appeared a necessity to create a standalone dedicated pipeline, which would be regulated by Turkish Law, but be operational based on the terms and conditions that would be agreed and arranged in the consortium contract. The alternative initiative came from Azerbaijan by announcing the TANAP Project that would replace the so-called “Nabucco East” and Turkish infrastructure in 2011. TANAP is being developed by an independent Turkish project company, TANAP Doğalgaz İletim A.Ş. (“TANAP A.Ş.”) in which the shareholders are to be SOCAR, BOTAŞ and BP. The agreements which govern transportation of SD gas across Turkey include (at the governmental level) the TANAP Host Government Agreement, and (at the commercial level), the TANAP/SD-2 Gas Transit Agreement (SD-2 GTA) between AGSC and TANAP A.Ş signed on 26th June.
2012 in Izmir\(^5\). Other shippers will each have their own GTA for transportation services in TANAP.

TANAP will be a mainly 56" pipeline extending for 1,804 km from a single Entry Point at the interconnection with SCP at the Georgian/Turkish border, to the furthest Exit Point at the interconnection with TAP at the Turkey / Greece border (Map 1). Additional Exit Points are planned in Turkey at Eskişehir (around 190 km southeast of Istanbul) and in Thrace, from where to the Turkish-Greece border, the capacity will be downscaled to 48”.

The SD consortium, through its gas sales vehicle AGSC, will be an Initial Shipper in TANAP (for 10.5 bcma at plateau), as will BOTAŞ (6 bcma) and SOCAR. The total capacity in the pipeline will be around 31 bcm/a. The project lifetime is considered to be 49 years.

From the Start Date there is an 18 month build-up period of the Annual Reserved Capacity (ARC). The Shah Deniz ARC in TANAP is set out in the SD-2 GTA as shown in the Table 1:

**Table 1: The Shah Deniz ARC in TANAP**

<table>
<thead>
<tr>
<th>Period</th>
<th>ARC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start Date</td>
<td>6.1 bcma</td>
</tr>
<tr>
<td>Start Date + 6 Months</td>
<td>6.2 bcma</td>
</tr>
<tr>
<td>Start Date + 9 Months</td>
<td>7.2 bcma</td>
</tr>
<tr>
<td>Start Date + 18 Months</td>
<td>10.5 bcma</td>
</tr>
</tbody>
</table>

Source: In house Analysis

BOTAŞ is also entering in to a GTA with TANAP. The TANAP/BOTAŞ GTA is required to be on substantially similar terms as the TANAP/AGSC GTA, except that it is for 15 years\(^6\) from a Start Date before the end of June 2018 and for a capacity of 6 bcm/a intended to align with the BOTAŞ SD-2 Gas Sales Agreement. According to the report of the Turkish Parliament on the approval of the amendment on the exemption of VAT of the HGA signed between the Republic of Azerbaijan and the Republic of Turkey, the transportation tariff of the gas for BOTAŞ in accordance with the GTA is approved as 79 USD per 1000

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\(^5\) TANAP project, the silk road of energy, has been signed, [http://www.tanap.com/en/the-energy-of-the-future-is-ready.aspx](http://www.tanap.com/en/the-energy-of-the-future-is-ready.aspx)

cubic meters; for other companies the GTA at the Trakya offtake point is approved as 103 USD per 1000 cubic meter. Related fuel costs in each case will be based on 100% capacity utilization and starting from 2018, will be increased by 1% each year to pay the unit described 7.

The selection of the market
SD-2 is a part of the mega Southern Energy Corridor (SGC) project, which has been initiated by the European Union. It appeared as a necessity to diversify the sources of supply, particularly of the countries that are almost entirely reliant on one supplier. In the immediate aftermath of the consecutive gas price disputes of 2006, 2008, 2009 between Ukraine with Russia, the European Commission (EC) initiated the Southern Gas Corridor, or so-called the “New Silk Road” to bypass Russia in transporting natural gas from the Caspian Sea and Middle East regions to Europe. After the gas crises the EU, US and Turkey sharpened their focus on Azerbaijan to enhance engagement and import complementary amount of gas from the Caspian sources.

The SGC compromises the heads of government of the EU member states and stated the importance of the Caspian region the EU attaches to it. Consequently, an action plan has been approved. The Action Plan stated: “new gas supply routes should be opened up in particular from the Caspian Sea region and Northern Africa”. Consequently, the SGC became a rallying point in the EU’s quest to improve the diversity of EU gas supplies.

In that pre-crisis period the energy demand of the European consumers was at its peak and it was projected that such a trend will be only developing upward (according to CERA and IEA). This situation made all energy supply sources, especially Caspian crucial for the consumers in the EU. The latter was worried on its energy security in general and uninterruptable gas supplies in particular. Current events in the EU’s Eastern border have raised even greater concerns about the interruptability of gas supplies the price of energy.

The EU is spending every effort to materialize the underway projects to bring additional volumes of gas from alternative sources via alternative routes. According to the Commission Staff Working Document published in July 2014, the total capacity of pipelines directed to the EU from supplier countries is 397 bcm/a. The major entry points of the pipelines are on the Eastern borders of the EU and in the north. Azerbaijan has a center role in the EU energy policy by supplying additional 10 bcm of gas starting from late 2019/2020 via the scalable infrastructure 8.

For Azerbaijan, as a natural gas producer country, access to the open, transparent and liberalised markets such as the European gas market, expanding and

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developing new export routes were and remain a priority issue in its energy strategy. The premium track of the Corridor was defined by the routes through Azerbaijan and Georgia to the Italian market by way of Turkey.

The SGC is like a superhighway that can facilitate the transport of gas from different sources, not only from Azerbaijan, but also Central Asia, Iraq, and Eastern Mediterranean. There are a number of opportunities that SGC can create to gas supplier companies. That is access to additional markets in Europe, such as the Balkans with scalable infrastructures from the well-head to the market (the infrastructure to be built with double capacity and scalable of up to 60 bcm/a). It is the first project in decades to introduce new gas supplies into Europe rather than simply re-routing existing supplies, thus diversifying sources.

Trans-Adriatic Pipeline

The market for Azerbaijani gas was selected at the end of June 2013 as the decision was made in favor of TAP (Map 1) to link gas exports from Azerbaijan to Southern Italy by way of Georgia, Turkey, Greece and Albania. This pipeline is designed to expand from 10 to 20 bcm/a (plus) and to have built-in physical reverse flow, connecting it directly with various existing and proposed pipelines, providing energy security in Southeastern Europe. It is designed as such to also provide Bulgaria with a new source of gas through Interconnector Greece-Bulgaria (IGB) or Kula-Sidirokastro Interconnector.

The process of selection of the market lasted nearly 10 years, starting from 2003 when the Nabucco project was first announced. Tough rivalry between TAP and Nabucco West during last 4-5 years has been accompanied with fair competition and equal treatment in accordance with the EU rules and requirements. The commercial viability of both projects was of the utmost importance for the SD partners among the other criteria, and the decision was mainly driven from the commensuality requirements.

The negotiations with the potential buyers started in January 2013. They have been conducted in parallel with the decision-making process to get assured in either market profitability to make the decision. During the negotiations with the potential buyers, it became apparent that the markets along the Nabucco West route were less profitable than that of the TAP. The main defining factor was the price. The gas price in the South East European (SEE) market as well as in Austrian Baumgartner hub was for 20-25% lower than the gas price in Italy and the Italian PSV hub (and remains so) (Figure 1). It should not be excluded that this was affected by the concession given earlier by Gazprom to the European customers amidst the rising sense of urgency among new and existing gas exporters to maintain their market share.

Despite the fact that the demand in the Italian market is at its best stagnant and according to projections will remain so until 2020, the partners contracted whole SD-2 gas through the TAP pipeline. It turned out that the Italian natural gas market is better positioned to absorb additional 8 bcm/a after 2019, than the SEE market. Also, the Italian market is among the well-diversified in terms of supply sources in Europe.
Decisions were made by the IOCs and SOCAR based on the calculation of the investments in the entire value chain, which constitute more than $45 bln vis-a-vis market variables such as demand security, competitiveness, price and price formation mechanism and opportunity to access nearby markets. This makes a difference of net back margin of the companies that are investing and developing upstream and midstream projects (between the two markets).

Furthermore, TAP offers a number of other opportunities to the gas sellers in terms of freely shipping gas to neighboring countries. Italy is best positioned to transit gas sourced in Azerbaijan to the adjacent market via the existing infrastructures. Also, TAP will connect to the Italian natural gas grid to provide firm capacity at the Italian virtual trading point (PSV), from which all Italian gas exit points can be reached. This is in line with the Italian National Investment Strategy plans to turn Italy into a transit country and Southern Europe’s gas trading hub by 2020\textsuperscript{11}. Within this policy, in 2012 the Italian gas transmission system, Snam Rete Gas, published its Gas Regional Investment Plan for the “Southern Corridor” region for 2012-2021.

This report includes mid- and long-term plans of enhancement of national networks and the increase of market integration achieved with enhancement of cross-border bi-directorial flow of existing interconnectors\textsuperscript{12}. TAP can reach Austria via TAG pipeline, Germany via TENP, Switzerland and France via Transitgas\textsuperscript{13} (Map 2). All of them have almost similar transportation capacity and small investment in reverse technical capacity will be needed. TENP pipeline has

\textsuperscript{11} Italy’s National Energy Strategy, March 2013, \url{http://www.encharter.org/fileadmin/user_upload/Energy_policies_and_legislation/Italy_2013_National_Energy_Strategy_ENG.pdf}

\textsuperscript{12} Gas Regional Investment Plan (GRIP) for “Southern Corridor” region for 2012-202, \url{http://www.snamretegas.it/export/sites/snamretegas/repository/attività/scenario/GRIP_SNC.pdf}. See also: Gas Regional Investment Plan for the “South-North” for 2012-2021

\textsuperscript{13} The Italian Gas Market: Challenges and Opportunities, Honore, Anouk, Oxford institute for Energy Studies, June 2013

**Map 2: Interconnectors between Italy and adjacent markets**

*Source: TAP*

The Balkan market with its growing gas demand and high prices for gas remains within the interest focus of gas seller companies of the SD consortium. The Ionian Adriatic Pipeline although is not a part of the TAP pipeline, but it is envisaged to be connected to it. The former will bring the gas to Montenegro, Bosnia and Herzegovina and Croatia. Further, the gas can be delivered to the Central European market via the existing interconnectors (Map 1). TAP has been granted a third party exemption for 25 years for 10 bcm/a and it is first of its kind the under 3rd Energy Package of the EU.

**Gas to Greece**

The Shah Deniz consortium has long-term expectations that pipelines are expandable and that natural gas can freely flow between the continent’s regions where it is much needed, but they have to be ensured that those projects can be financed and are commercial. Sending gas further inland should ensure the adequate rate of return that allows the partners to invest back and to be able to maintain “cash calls” within their obligations.

With the selection of TAP among other rival projects to bring the SD2 gas to the Italian market passing through Greece and Albania, Southeast Europe is gaining more value and importance both in strategic and commercial consideration. One of three recipients of SD gas, Greece, probably is the country that will mostly and greatly benefit from this project.

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14 Presentation of Clara Poletti, Head of the Department for Regulation AEEGSI, [http://www.ispionline.it/it/documents/Workshop06.02.14Presentazione.Poletti.pdf](http://www.ispionline.it/it/documents/Workshop06.02.14Presentazione.Poletti.pdf)
From a commercial perspective, among other benefits, 2 billion Euros of new investments, most importantly for Greece, the money which will come not from the EU institutions, not a credit and not from international financial institutions, will flow to the country. Greece will also benefit from two thousand direct and 10,000 indirect jobs, contributing greatly to the recovery process from the financial downturn.

From the beginning as the Southern Gas Corridor was initiated and later when the Interconnector-Turkey-Greece-Italy (ITGI) project was eliminated by the SD2 partners, Greece was an outsider having no direct role to play. With the TAP project passing through Greek territory, the country is no longer a spectator and has political and geopolitical role to play. For the first time ever, the country has a tool to wisely pursue its energy diplomacy. And this diplomacy should be firstly directed to ensuring energy security, diversification of energy supply sources and turning the country into the linking point between Greece, Bulgaria and other countries of Southeastern Europe.

In this respect, Greece could play a significant role in creating a** vertical corridor** that would connect all gas volumes going in the East-West direction. Developing the necessary infrastructure to support such initiatives is crucial. And here the role of SOCAR as a company that has an interest in all the segments along the industrial energy value chain including in DESFA - the gas transmission system operator (TSO) of Greece – come into play.

Azerbaijan and its State Oil Company perfectly understand the increasing role of Greece in terms of providing the necessary infrastructure to bring more gas from alternative sources towards the Southeastern, Central European and Balkan markets. The natural gas transport operator system, DESFA that belongs to SOCAR (after the EUC aproval), will play a significant role here.

The infrastructure that could be included to such a corridor are TAP, EastMed Pipeline and LNG facilities – Revithousa – in Piraeus that would be linked with the infrastructure in Southeast and Central Europe. Greece can increase LNG imports via Revithousa by increasing the terminal's regasification capacity.

The EU has already agreed to finance 160 million Euros for the expansion of the LNG plant, within the Project of Common Interest (PCI) initiative, which will give the country an opportunity to import more LNG. Revithoussa LNG Terminal is situated in the Gulf of Megara (Kolpos Megaron) on Revithoussa Island (Nisos Revithoussa) and is some 10 nautical miles west of Piraeus. The terminal is owned by the DESFA S.A.¹⁵. SOCAR which privatised 66% of the Greek Transmission System Operator in December 2013, has automatically become an owner of the regasification plant as well.

Within this context, however the State Oil Company of Azerbaijan faced difficulties in getting the necessary approvals. This is because having a stake in upstream, midstream and downstream projects in one value chain breaks the

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Article 11 of the EU Third Energy Package. But, as it turned out, this is not set in stone. Such behavior of the Greek Government breaks the Energy Charter principles that Azerbaijan is a member of, as well as the WTO that the country has not yet joined.

The main breakages of the principles of the Energy Charter is that it imposes different criteria on Transmission Operator System if it is non-EU owned so it is discriminatory, breaches national treatment, fair and equitable treatment and most-favored nation treatment. According to the latest available information, the Privatization Committee of Greece has already approved granting licenses to SOCAR and the next step should be an approval of the European Commission, which will take a few months. It is expected that the approval by the EUC will follow by the beginning of 2015.

With the expansion of the regasification capacity of the Revithoussa LNG terminal additional volume of LNG can be imported to the Greek market and further to the neighboring countries such as Bulgaria, Macedonia and Albania (once and if the country is gasified). Regasified gas can be sent to the Northern borders of the country via the existing TSO.

In order for the gas to move freely from Greece to other regional markets, interconnectors between Greece and those countries need to be built as well as the creation of gas transportation and distribution grids in Albania. Some lesser investment is needed to link the national grids of Greece and other Southeastern European countries and this investment is easily accomplishable and affordable. Within the vertical corridor context, the other option could be realized, using SOCAR TSO in Greek. This option could include creating a floating LNG Terminal in Northern Greece which would be linked to the national grid of the country and provide additional quantities of molecules. Additional volumes of gas imported via LNG and floated LNG Terminals could be added to the SOCAR gas export portfolio and be exported to the local market providing energy security and diversification of supply sources of Greece, which imports 64% of gas from only one supplier – Russia.

In addition, in the future, natural gas from new reserves in Eastern Mediterranean and Cyprus that is planned to transport to Greece via the EastMed Pipeline under the DEPA’s operatorship could be delivered to the TAP pipeline through the TSO and further exported to a broader range of the countries also via the interconnectors that is envisaged to be connected to TAP.

Putting additional volumes of gas from alternative sources into the SOCAR portfolio would generate more revenues for the company being the sole transporter of natural gas and enjoying 25 years of exemption of transportation of gas via TAP. Needless to say that all these scenarios will depend on the market: supply and demand dynamics, price and the price formation mechanisms to ensure the commercial viability of those projects.

Combination of all the possible supply sources together with the transportation infrastructure (both the existing critical infrastructure – DESFA TSO, Revithoussa LNG Terminal, as well as planned – TAP, floating LNG terminal, EastMed
Pipeline), concentrated in Greece within the so-called or vertical corridor, could turn Greece into the linking point of the suppliers, transporters and consumers of the South, Southeastern and Central European markets and the Balkans.

**Conclusion**

Within the importance of the materialization of the critical infrastructure described throughout this paper, the Southern Corridor should not be considered as a single value chain. It should be seen as a multiple pipeline network with multiple exits and entry points, which will ensure not only energy security of the countries in the South, Southeastern, Central Europe and the Balkans, but also ensure demand security for the companies developing the Second Phase of the giant Shah Deniz natural gas and condensate field in Azerbaijan. Consequently, IGB, TBP, Ionian-Adriatic Pipeline (IAP), which envisaged to be connected to TAP and transporting the SD2 gas to the Balkan countries, existing Italian Snam Rete Gas transport system – all should be materialized and connected to the Trans-Adriatic Pipeline as part of the SGC.

The EU here needs to actively pursue the adopted directives and documents on a single energy infrastructure connecting all the European countries by 2020, and finance the PCI projects.

SOCAR’s Natural Gas Transport System Operator - DESFA can make it possible to ship additional volumes of molecules potentially coming from alternative sources within the Greek market and its possible transportation to the neighboring countries via TAP and other pipelines.

With the realization of the potential projects bringing more gas to the regional market through Greek territory can make Greece an important transit route, providing energy security to the countries that are in much need of diversification. The energy issues in such a sensitive region are fraught with political complications, which bring into play conflict of interests. However, there should be strict economic merits taken into account when making important decisions. Otherwise, it would be impossible to attract international investment in building those infrastructures as investment decisions are made based on commercial considerations.
THE INTERVIEW

with

S.E. Philippe de Suremain

The Energy security equation and the crisis in Ukraine

Callie Jacobs: How do you think the economic, energy and military aid given to Ukraine combined with the sanctions placed on Russian and Ukrainian businesses and leaders have been affected by the crisis?

Philippe de Suremain: The Ukrainian crisis, which has matured since 1991 in face of a static, corrupt power facing a more influential and open civil society, suddenly blew up in President Yanukovich's face because of his refusal, under strong Russian pressure, to sign the highly expected Association Agreement with the European Union. Bloody repression, unprecedented mobilisation, followed by the flight of the President, this regime change happened that no one could have foreseen, neither the Ukrainians themselves, nor the Europeans, who did not see it coming, nor the Kremlin, which provoked the event that they wanted to avoid: a new edition of the Orange Revolution 10 years on. But Euromaidan was in fact an authentic revolution that sent shockwaves through Europe and beyond. With the annexion of Crimea and the destabilisation of the Donbass region, Moscow, determined to control this event, set off a poorly managed chain reaction. In contempt of international law, despite signed agreements of the Helsinki Act, guarantees provided for the territorial integrity of Ukraine, the Kremlin suddenly called European order into question. The European Union is distraught in the face of an autocrat who decides alone and seeks out an enemy to declare that his homeland is in danger. The EU has difficulties consulting all its members and reconciling individual interests to form a solid front. Paradoxically, it was Russia that forced it to do so, and in doing so, gave unexpected legitimacy to NATO. An absurd situation, knowing full well the reinforced interdependence between Russia and the rest of the continent, even more so, between Moscow and its partners. Who has an interest in Ukraine becoming the next Bosnia-Herzegovina? A post-revolutionary Ukraine, which must build a new institutional system, redress a failing economy, ensure its security, which has been gravely menaced with a flailing army reduced by 25% of its contingent and born bare of most of its armements: this is formidable challenge facing Ukraine that it can not go alone. The aid promised by the IMF and the EU will not take effect immediately and its implementation supposes that Russia, in its own interest, would contribute to a more peaceful situation, renouncing menaces and acts of subversions. The first round of sanctions had an impact, that could be followed by others, vis-à-vis a country that is so dependant on the exportation of its primary ressources and whose perspectives for development are indeed uncertain. But the dialogue must be maintained with a partner whose isolation would be worse for Russian citizens and its intelligentsia, which speaks volumes. This bi-polar, divided Europe which Vladimir Poutin dreams of, with his Eurasian Union project (impossible without Ukraine), has its roots in a slavophile ideology of another era: we are no longer
under Nicolas the First. Realism invites us to respond in unison to these challenges of globalisation.

CJ: According to the Council on Foreign Relations, Russia « raises concerns by asserting the primacy of nationality over citizenship ». In your opinion, what is the best way to handle these ethnic and language divisions that have fragmented Ukraine's national identity?

PdS: Russia has a strong identity that is expressed by vigorous patriotism, but that is so difficult for her to define. The notion « World Russia » that the Kremlin invokes, as did the Patriarch of Moscow, ignores borders and concerns the Russian diaspora wherever they may be: this is a pretext to revindicate the responsability, whatever the citizenship of the person in question, provided that are Russophone or at least of Russian origin. This worries Russia's neighbors which have large Russian minorities and puts them in an uncomfortable position.

The Ukrainians also have a strong identity, which was confirmed by polls in the West and in the East and only a minority of Ukrainians consider themselves ethically Russian. But it is by nature a complex/multiple identity that they define at the national level by default - Ukraine is not Russia nor Poland - which has taken root in regions that are more individualised/independant in light of their past. An overwhelming majority of Slaves, sharing the same Oriental/Eastern Christian beliefs/religion, according to similar if not identical religious rites, who depend on the Patriarch of Moscow (whose preeminence is presently menaced), the Patriarch of Kiev, to that of Constantinople, or the Greek Orthodox/Catholic church, possess the characteristics of great tolerance, are against violence and showed a large sense of solidarity with those who demonstrated on Maidan. The problem of the language is a false problem that Yanukovich risked bringing up through a law on minority languages, loudly criticized by the Venise Commission, and ended it caduque and non applicable. The Rada committed a mistake in cancelling it, which propaganda picked up, scandalised. In fact, 90% of Ukrainians understand both Ukrainian and Russian and are bilingual, using both languages, particularly in Kiev and in the major cities, particularly used by the middle class, the intellectuals and in the business sphere. The difficulty is that each person expresses himself in his/her language or switches to the other language, (as seen during the televised debates) and Ukrainians and Russians coming from the the outside, who don't speak one of the two languages, quickly fall out. A State without a nation facing a nation without a State, as notes a Russian historian, can indeed nourish misunderstandings......

CJ: What are Europe's best options in order to maintain energy security in the region?

PdS: Energy security is a major problem as Ukraine ensures the transit of the declining but essential portion of hydrocarbons exported by Russia to Western Europe. In addition, the Ukrainian leaders did not know how to reduce this very strong energy dependancy in which they find themselves, in particular for their industries vis-à-vis Russia, failing to exploit their own ressources and above all limit the insenseless wasting of same. Ukraine's energy efficiency is one of the most mediocre ones in the world. Corruption in play, as well as special interests
of the oligarchs, Kiev tried to negotiate maintaining the preferential tariffs, which Russia was not going to give in to with concessions, and certainly on the political level in particular. Thus, these recurring gas wars, of which Europe was the victim and the one we are now witness to is particularly worrying. For Russia, gas is a weapon, which it knows how to use vis-à-vis Ukraine and on its Western partners, which do not have the same interests. Now they have to consult each other and reduce their dependancy, diversify their source and supply of energy. A long-term energy policy, which could have been launched a long time ago, is now showing its first results. Russia should take advantage of participating in these discussions in a rational way, remaining in any case a necessary interlocuteur, which needs foreign technology and financing. Once again, isolation would be detrimental to us all.

**CJ : How is Ukraine important to European security? Could Ukraine be a blessing or a curse? For example, could Ukraine become a strong partner for Europe in the agriculture realm?**

**PdS :** Ukraine is the point of equilibrium of the European order and is the historical crossroads at the hear of our continent. It is a sort of resumé : all the intellectual, religious, commercial currents meet there, thus the complexity, as we saw, in this region where the borders of empires were disputed. It is thus that Ukraine is the keystone of a Grand Europe reconciled. But she risks being the apple of discord between East and West, as Russia has not mourned the loss of this pearl that once was its Empire...Its ambition lays on its renovated military power at great cost, to the detriment of a true development strategy conceived to last. But without her a solid security architecture that will now need to be restored, will be difficult to put in place as long as confidence has not been restored. Will Ukraine be the last unresolved question/issue of the post-war period? That an independant State should be free to choose its alliances is evident. Just the same, she should take into account her environment and the state of public opinion. The latter was not very favorable towards an Atlantic alliance that the propaganda hammered during Soviet times as being agressive. For a very long period of time, Russia was not perceived as a menace but as an overbearing, difficult but necessary partner, a family affair, complicated by inheritance quarrels, but that could in the end be accomodated. The annexion of Crimea, the destabilisation of the Donbass region, going against the accords signed with Russia, and the irruption of degenerating violence changes everything. Even weakened, we should not underestimate the resistance and endurance capicity of the Ukrainians to fight for their cause. This also means that the security systems in Europe need to be reconstructed. And its not only by balancing the forces that we will achieve this. Real security is based on confidence and cooperation in every domain. Ukraine has significant potential, taking into consideration its ressources and its highly-qualified workforce. In addition to its experience/expertise in the industrial, aeronautic, spatial and nuclear domains, it will be called on to be a super agricultural power, which will count on the international stage.
CJ: Given the signature of the European Union Association Agreement in May 2014, how do you see Ukraine benefiting from their expertise and ensuing reforms?

PdS: The Association agreement that was just signed between Ukraine and the EU is more than ambitious: it necessarily implies the application of the *acquis communtaires*, and the implementation of reforms that will require a considerable effort on the part of the Ukrainian population, who have been hard hit by the recent economic crisis, and by the political will of the leaders who can no longer shirk from their responsibilities. It's the short-term phase that will be the most tricky, with the long-term trends being more reassuring for such a richly endowed country. To undertake such reforms, the European countries must assume their responsibilities without cowardice nor arrogance; they have something to learn from the Ukrainians who paid a high price for their European choice. The European Union is a work in progress which will take time. Establishing the rule of law in Ukraine is a long-term project. To refuse Ukraine the perspective of joining the EU even in the distant future is certainly not the right policy.
The history, characteristics and challenges of the Black Sea

Oana Mihaela Vladu16

Abstract

"Of all the problems of the Black Sea - Brătianu relates - there is no another more specific and also less known than its name. Nobody can ignore its double name: Pontus Euxine the ancient name and the Black Sea in modern times, but it was noted that both have a common source, taking into account the origin in an analogous sense. (...) Greek seafarers who came from the Aegean Sea in their ordinary journey, whose horizon was broken by innumerable islands, crossed the Straits and suddenly found themselves in an unknown area without islands and peninsulas, where only Dobrogea and Crimea gave them shelter in their capes. They retained the name they heard, pronounced by Iranian people that they had meet on the shores, but they adapted it to their own language and gave it the sense that they thought would fit best. Then, in order to attract the protection of the gods, the ominous name was changed in the opposite direction, as in modern times : Cape of Storms becomes Cape of Good Hope. "

HISTORY

The Regino Chronicle is one of the sources underlying the work Gesta Hungarorum, wrote in the eleventh century, in which the anonymous notary uses the forms Pontus Niger and Mare Nigrum to name today’s Black Sea. The difference is that Regino, who in turn copied the description of Scythia from Marcus Iunianus Iustinus’s chronic (sec. II AD) knew only the name of Pontus17. In another work that inspired the chronicle of Iustinus, Exordia Scythica, written in the IX-X century, and added to the History of Isidore of Seville, the term pontus18 was not taken. Also Regino was the source of a passage of Simon Kéza’s Gesta, where Scythia is bound to the north by a sea called Pontus19.

The Anonymous Notary is, of all these texts, the closest to the one of Regino’s. In conclusion, the Anonymous Notary is the one who renamed Pontus in Pontus Niger.

Gheorghe Brătianu in his fundamental work on the Black Sea, indicates that the first mention of the latin name Mare Nigrum appears in the Byzantine-Venetian Treaty of June 18, 126520 which was signed by Mikhail VIII Palaeologus. This treaty facilitates commercial relations with Venice, and most important „allowing
them to settle anywhere in the Black Sea region”

21 Nicol 2001, 238–239.
22 Irmscher 1962, 17

The Greek form of the document is called Maure Thalassa, and in Latin it is translated by Mari Nigro22. Historians claim that the name from the Byzantine-Venetian Treaty had been taken from the Mongols or from the Seljuk Turks23. Turks, in turn took it from Persians in Achaemenid period, as well as the "red" applied to the sea which borders Saudi Arabia, because black was associated with the northern part and red with the southern part. It has been shown that the name Pontos Axeinos, first attested in Pindar, who held that
meaning of "inhospitable sea", was misinterpreted because the word is of Iranian origin, axšaena, which means "dark".24

The Black Sea is part of the ocean that used to surround the world in the distant past, like a belt and which geologists have called the Tethys Sea. In the upper Miocene, the Black Sea was part of the basins that formed the Sarmatian Sea, separated by Mediterranean Sea. Sarmatian Sea housed the Black Sea, Azov Sea, Caspian Sea, Aral Lake and a number of islands. It was extended by the Vienna basin to the Northern Frozen Ocean. In the Pliocene, the extension of the Black Sea was reduced to the Aralo-carspopontic basin or to the so-called Pontic Sea, which, in Quaternary, it is split into the three marine basins we know today.

In the Quaternary, the Mediterranean and the Black Sea split and the Bosphorus Strait arose, through which the waters are communicating and have thus changed the physical, chemical and biological characteristics of the Black Sea waters.

Paleontology shows that the evolution, from the formation of the Sarmatian Sea to the collapse of the Bosphorus, the Black Sea waters were brackish, with a salinity below 15%, conclusion drawn after examining the remains of fossil shells found on the bottom of the Black Sea: dreissensia polymorpha, D. rostriformis, micromelania caspian, monodacna pontica, etc.

Since the VIII century BC on the shores of the Black Sea (Pontus Euxine), Greek colonists founded a number of cities like: Phanagoria, Kimmerike, Apolonia Pontica, Mesembria, Odessos, Callatis, Tomis, Histria, Tyras, Olbia, Chersonesos, Theodosia, Panticapaion, Dioscurias, Phasis, Trebizond, Sinope, Heraclea Pontica, etc. which had an important economic, political and cultural role. In the year 88 BC, King of Pontus, Mitriade VI, was appointed governor and ally of nations and tribes around the Black Sea, except Bithynia, which represented a serious threat to Roman influence in the East. In the first century BC, Burebista conquered the left shore of the Black Sea, between the Dniester and Apollonia Pontica.

"The Black Sea was the hub of international trade" in the words of Gheorghe Brătianu, author of the first synthesis of the history of the Black Sea, and due to its geographical location influenced Romanian territories. Throughout history there have been periods of its opening and closing during the Roman, Byzantine, Ottoman and more recently, Russian Empire possessions. They’ve tried to transform the Black Sea into a kind of annex, a Roman, a Byzantine, an Ottoman or a Russian lake.25

In ancient times, cities had an important role in the economic, political and cultural point of view (Callatis, Tomis, Histria, Phanagoria, Apolonia etc.) founded by the Greeks in the Black Sea. After the conquest of Dobrogea by the Romans, the Black Sea litoral (Callatis, Tomis and Histria) came under the rule of Rome and experienced a period of economic and cultural development. Roman rule was continued by the Byzantine empire, which had to overcome the rivalry of the Iranian Sassanid state and that of Russian principalities. After Constantinople was conquered by the Western Crusaders (1204), the Empire of Trebizond appeared on the southern Black Sea’s litoral. In the same period began the Genoese and Venetian merchants' penetration, who established the trade monopoly until the Turkish conquest.

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24 Professor Ovidiu Cristea, director of the Institute of History "Nicolae Iorga" of the Romanian Academy
At the end of the XIV century, beginning of XV century, the Black Sea constituted the eastern border of Moldova and the Romanian country. After the fall of Caffa, Crimea came under Turkish suzerainty (1475), followed by the fall of Chilia and Cetatea Alba (White Castle) into Turkish hands (1484), almost the entire Black Sea was under Turkish Empire domination. Following the war between Russia and Turkey in the XVIII – XIX centuries, Turkish dominion shrank continuously, until after the first Balkan War in 1912, when the mastery of the shores of the Black Sea states resulted in the current configuration.

Black Sea Control was achieved through the mastery of strategically important points and by creating a fleet. Key areas in which great powers have controlled the Black Sea were the Straits, Crimea, the Danube and Trebizond. In 1696, the first research on the Black Sea shores was conducted by Russian sailors on the "Krepost" ship. In 1701, during the reign of Tsar Peter I, the first map of the Russian Black Sea was drawn and with it were mentioned the depths around the Crimea and the Bosphorus. In 1771, Russian Admiral A.N. Seneavîn forms a map of Kerch Peninsula and the Sea of Azov, and in 1799, the first atlas of the northern part of the Black Sea was conceived by I. Billings which showed regions representing the shedding of rivers Dnieper, Dniester and Danube. In 1807, I.M. Budishev drew similar maps of the Black Sea and Azov Sea. F.F. Bellinshausen describes in 1816 the shores of the Black Sea - Caucasus.

The results of the research conducted in 1831 are recorded in the Black Sea atlas published in 1842, which described the seabed and gave an indication of currents and water depths in different regions of the sea. Completed in 1851 by Lieutenants I.A. Sestakov and G.I. Butakov, this atlas has long served as the basic scientific work in studying the Black Sea.

The first systematic research on the current Black Sea and the depths were made starting with 1855. Between 1871 and 1877, the Black Sea was investigated by a hydrographic expedition led by V.I. Zarudniï, who made a detailed description of its shores. Later, between 1881 and 1882, S.O. Makarov explores the nature of the currents in the Bosphorus and establishes important data regarding the dynamics of the Black Sea.

An important step in the knowledge of the Black Sea was made by undertaking expeditions by the Hydrological Basins Department of Geography of the Russian Society, between 1890-1891 on the ships "Donets" and "Zaporozhets". The leadership of the expedition was entrusted to I.B. Spindler, and for the attended works, among others, were the Russian scientists O. Andruson, A. Lebendintev and A. Ostroumov. This expedition did research in deep water, discovering the phenomenon of accumulation of hydrogen sulfide in the seabed. The research continued by expeditions of the Black Sea maritime fleet.

Important studies and research relating to life in the Black Sea were undertaken by the Hydrological Station in Sevastopol, founded in 1871, whose results were published in 1913 by S.A. Zernov in his paper "Problems in the study of life in the Black Sea".27

Volumes of very valuable research on the Black Sea were made during the Soviet

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26 Admiral D. Danila, Chief of Staff of the Navy, naval contributions to military cooperation and regional integration in the European Union; Navy ,,Gazette ", no. 8, Bucharest, 2008, p. 5.
27 Razvan Popescu Mirceni, director of Exploration Society of Oceanographic and Marine Environmental Protection
years. After the Great October Socialist Revolution, the scientific work of researchers, led and coordinated by the Soviet state, gained whole new content. The Socialist social order gave a great boost to science and technology, which was felt in full in oceanography as well. Admirable work and life conditions for scientists and seafarers were created, which led to an intensification of scientific activities. In this renewed atmosphere, the scientific program of research in the Black Sea between 1923 and 1926 was led by Soviet expeditions scientists Sklovski, Nikitin and Knipovici. The expedition organized in 1927 by the Maritime Observatory in Sevastopol and headed first by E.F. Znejinski and then by V.A. Skvoitov used metal wires to conduct seabed surveys. The results of this expedition underlies the scientific monograph of the Black Sea made, a decade later, by A.D. Arkhangelsk and N.M. Strahov. In 1949, in the Black Sea new research were conducted on the "Vityaz" vessel of the U.R.S.S. Academy of Sciences.

CHARACTERISTICS

The Black Sea is located between Europe and Asia, bordered by Russia, Ukraine, Romania, Bulgaria, Turkey and Georgia. Through the Cherci Strait it is linked to the Azov Sea; through the Bosphorus Strait, to the Marmara Sea; and through the Dardanelles Strait, to the Aegean Sea; and out to the Mediterranean Sea. The Black Sea is, in terms of hydrology, the residue of the Sarmatian Sea and has some unique characteristics: brackish water (average 16 to 18 grams of salt per liter from 34-37 in other seas and oceans); stratification between oxygenated surface waters and anoxic deep waters (phenomenon called euxinism); coasts at the mouth of the rivers, flora and fauna with many relics-species. In the Romanian seaside area, the salinity decreases more commonly being between 7 to 12 ‰.

The Black Sea covers an area of 423,488 km² and has a water volume of 537,000 m³. The average depth is 1,271m and at the deepest point is 2,211m below sea level in the vicinity of Yalta. Tides are generally limited in size (approx. 12 cm).

The ecosystem of the Black Sea is static, with saltwater. Biocenosis includes lower algae, green, brown and red algae. The animals are represented by worms, molluscs, fish, and birds and gulls in the immediate area. The pontic biotope is divided into four main levels, due to the euxinismului, there are no bati, abyssal and hadal levels, the deep waters being anoxic. The supralitoral floor consists of shoal areas covered by waves with increased humidity, flooding and a large amount of organic matter brought by the waves. Usually organic matter is decomposing, forming odorous deposits of methane and hydrogen sulphide.

The mediolitoral floor includes the breakwaters between 0 and -0.5 m. These rocky areas are home to species of algae and shells and creatures that come periodically. The sublitoral floor is found at depths of -0.5m up to -17.7 meters, where most species of plants and most of the biomass of multicellular organisms are found. The elitoral floor ranges from the lower limit of unicellular or multicellular algae, approx. 60 m to the edge of the continental shelf.

Sea water at great depths contains oxygen in negligible amounts, which makes

29 Amenintari - Trafic la Marea Neagra, 5 iunie 2006, Paul Cristian Radu, Jurnalul Național, accesat la Geostrategic Maritime Review N° 3, Fall/Winter 2014
the fauna inexistent or adapted to these conditions. However, there are microorganisms which use sulphate to oxidize the food and produce hydrogen sulphide and carbon dioxide. They form an anaerobic biosystem which is nearer to the surface. Biologists fear that the Black Sea could become a sulphurous dead sea.

![Figure 1: Black Sea hydro scheme](image)

**CHALLENGES**

Official statistics do not convey the real picture, that ecosystem suffers from illegal fishing. Fixed gear (seiners, gillnets) took the place of the trawlers which only “scrape” large portions of water. These types of nets have in common that, regardless of the type and how they are placed, they are destroying almost all species of fish. „Since 2007, the use of these tools is prohibited, but there are video evidence of fishermen appearing to verify fixed nets located near Tuzla”. The situation is very serious because for some species such as the sprat, which needs several years to reach reproductive maturity. But because poachers are fishing exclusively certain species, this will lead to their extinction.

The ecological situation has worsened over the past 35 years due to overfishing and uncontrolled oil spills and other kind of waste. All countries bordering the Black Sea coast, directly throw solid waste and sewage waste into it, which produces major imbalances. The “water-bloom” phenomenon of a compact film of waste, explained by the researchers, does not allow the oxygenation of the marine fauna, which is leading to the disappearance of many species of fish and other marine life. From researchers' reports, it appears that from the previously 26 species of fish in the Black Sea, there are currently only five species living there. A simple plastic bag carried by the wind on the

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14 iunie 2013
30 Idem 9
31 Razvan Popescu Mirceni, director of Exploration Society of Oceanographic and Marine Environmental Protection
32 Commissioner Adrian Burca, chief spokesman of the Border Police County Inspectorate of Constanta

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water surface becomes a death trap for large marine life such as dolphins. In addition, the illegal nets used for catching turbot makes dolphins fail into them or to run ashore. To destroy illegal trails, poachers cut the dolphin into pieces that were caught in their nets and throw them into the sea.

According to reports, over 80% of the cases of dead dolphins were discovered exactly during turbot prohibition, the most wanted species by poachers, during the period of 15 April to 30 June. As the turbot can not be grown or bred in captivity, most of the fish sold on the open market come from poachers' turbot nets. Basically, the negative effects of industrial fishing have not disappeared, but they are still felt after the practice of industrial poaching, especially by Turkish vessels.  

The effects of dumping waste into the Black Sea from the Danube is alarming and significant: 280 tonnes of cadmium, 60 tons of mercury, 4500 tons of lead, 6000 tons of zinc, 1000 tons of chromium and 50000 tons of hydrocarbons. Other rivers flowing into the sea (River Dnieper, Don, Kuban, Iujnii and Belaia) bring with them 87 tons of cadmium, 1500 tons of copper and 2600 tons of zinc and nitrates and phosphates which develop plankton and reduce the amount of oxygen in the water.

Stark measures should be taken in light of the negative environmental impact on the construction of the Bystroye canal, a project initiated by the Ukrainian government, despite the warnings of Europe. The document also shows that the Ukrainian city of Odessa is discharging sewage directly into the sea, and the waters of the Ukrainian port of Sevastopol, the largest port of Black Sea, having an oil concentration 100 times higher than the allowed limit.

Measures applied so far to reduce pollution of the Black Sea have had no practical consequences, the report said, giving the example at the Bucharest Declaration, signed in 1985 by the Danubian States, in order to reduce pollution in the river. The signing of the 1992 Convention on the protection of the Black Sea by the littoral states has not been fruitful. The solution proposed by the Council of Europe in September to create a Black Sea Euroregion would encourage sustainable development, following on the footsteps of the existing model of the Adriatic Euroregion. In addition, the EU initiative of developing the Black Sea Synergy through cross-border cooperation is welcome, which contains environmental projects, maritime policy and fisheries.

33 Marius Niculescu, Deputy Chief Agent of Police
34 "We’re trying to introduce some hydroacoustic devices to keep up dolphins from a distance of the fishing nets. One such device costs around 100 euros and covers a distance of 100 circular meters. You realize that on a net of one thousand meters you’ll need to have about six devices." says Marian Paiu, coordinator NGO Mare Nostrum.

Geostrategic Maritime Review 53 N° 3, Fall/Winter 2014
What is separatism? The term "separatism" refers to the desire of people who are of the same ethnicity, religion, race or another characteristic to separate themselves from a larger group or nation. Separatist movements are also called secession movements if the group wants to secede, or withdraw, from the larger political group and form their own state. In other cases, the group might want only to live in its own area within a larger state and maintain autonomy or independence in certain aspects, while still being governed in other ways by the state.

I would say that separatism is an epidemic which countries are infected. There are about two hundred countries in the world, if we take into account that about twenty of them are mono ethnic countries (where the number of other nations is less than 5%) and there are at least five minorities in 40% of the countries, we can see that separatist tendencies mostly emerging on ethnic basis create a substantial risk to states, which is the main actor in international relations. Eight thousand nations live on the planet and theoretically each one of them can pursue independence, as a result it would not be difficult to imagine that a large part of the world would turn into an arena of ethnic wars.

For a long time it was believed that being discriminated against minority ethnic population, behaving with them in non democratic way, not solving their economic problems are the main reasons of separatist tendencies. However, the desire of Quebec to secede from Canada or Scotland from the UK has shown that the main causes of separatism are not justified reasons mentioned above. It is a fact that Canada and UK are the most democratic and developed countries. Also the Nagorno-Karabakh autonomous region was the fastest growing region (compared to 1940, all industrial products have increased 341% and electricity 945% in 1962. After the second half of 1960, the socio-economic life of the region continued to evolve in a dynamic way), but it was not possible to avoid separatist movements. It proves that separatism is just a form of nationalism and it is clear that nationalism is unacceptable in the international law.

Separatist groups mainly rely on the right to self-determination. The main question is: if a certain group of nations live compactly, is it justified to create a new state within the state borders? If it is possible, Armenians may create two...
other states in the USA and in France, or the Chinese may create at least five other states in different countries.

Or may a nation which is already a fully independent state aspire for a second statehood? If Armenians create two states in the world why others may not do it? Logically, the so-called separatist Republic of Nagorno Karabakh should not be an obstacle to Azerbaijanis to create a state in Nagorno Karabakh. But in reality Azerbaijanis who are the ancient inhabitants of Nagorno Karabakh are even deprived to live in the region.

So, the right of self-determination is paradoxical and should not be superior to the principle of inviolability of borders and the principle of territorial integrity of states.

If we explore in more depth, the principle of national self-determination came to the forefront of public attention during and after the First World War and the creation of The League of Nations (Wilson's "14 Points" and Lenin's Declaration on the Rights of the Peoples of Russia). The fifth point of Wilson's "14 Points" is:

“A free, open-minded and absolutely impartial adjustment of all colonial claims based upon a strict observance of the principle that in determining all such questions of sovereignty, the interests of the populations concerned must have equal weight with the equitable claims of the government whose title is to be determined”.

The principle of self-determination was included in the UN Charter in the list of the organization's general aims and in the decrees referring to the UN special tasks in the promotion of economic and social cooperation. With regard to the implementation of this principle - gaining independence from colonial power, its main feature can be considered anti-colonial. So the function of principle of self-determination was, as we can see, decolonisation. On June 22, 2011 at the 65th session of the UN General Assembly a resolution on “Strengthening the role of mediation in peaceful settlement of disputes, conflict prevention and resolution” was adopted. Thus, the UN confirmed that the right of self-determination should be only extended to nations living under occupation and colonial power. So, this principle may not be applied to Nagorno-Karabakh conflict.

On the other hand, the right of self-determination (which does not necessarily lead to the right of secession) can only be in the hands of a government which represents all the people who live in its territory regardless of race or confession. But the separatist government carry out ethnic cleansing to Azerbaijanis and other violations of human rights by Armenia include forced displacement of the Azerbaijani population by means of targeted shelling of civilian population, taking hostages, mistreatment and likely mass execution of prisoners of war and other hostages, looting and burning of civilian homes. After carrying out ethnic cleansing they try to use the right of self-determination of already a monoethnic region.

The state is sovereign over all groups within its territory. The right to self-determination must not be realized over detriment of the state's territorial
integrity, it should follow mutual agreement and not be unilateral. This principle should be interpreted in accordance to the relevant norms of international law, and in particular the UN's aims and principles. In the Nagorno-Karabakh case “refraining from the threat or use of force” and “territorial integrity of states” principles have to be followed.

In reality, the right of self-determination is just a pretence, as separatist Armenians who live in so-called Nagorno-Karabakh Republic don’t want full independence and the Armenian Republic intends to annex the region. It shows that the conflict is not ethnic conflict, it is territorial conflict and separatism is a tool for this purpose.

Separatism is a major threat to the international system. It can eliminate supremacy of international law and the importance of the state which proved being the main actor to maintain the stability of the international system. Separatism also causes serious damage in international trade, projects and peace. Most of the time, although the separatists declare their independence they are not recognized by other countries and eventually the population is isolated from the global trends and economic projects. On the other hand, existence of a large number of small and non-self-sufficient states can lead to poverty. For example, the amount of pension is $15 in the separatist Republic of Abkhazia. It shows that while separatists attempt to establish a state they don’t consider the future of their nation, as a result the nation becomes a victim of chauvinism.
Volet historique (inspirée largement du livre *Diplomacy*, Henry Kissinger)

Sans la Russie, Napoleon et Hitler auraient certainement pu réussir à établir des empires universelles. La Russie était à la fois une menace à la *balance of power* européen et en même temps était un de ses éléments clés, essentiel à l'équilibre, mais pas un membre à part entière. Pour la plus grande partie de son histoire, la Russie a accepté seulement les limites que le monde extérieur lui a imposé, malgré elle. Mais il y avait des périodes, où la Russie n'a pas profité pleinement de son vaste pouvoir, mais au contraire l'a utilisé pour protéger les valeurs conservateurs de l'Europe occidentale et centrale. Faisant la promotion de ces valeurs conservateurs, les Russes ont été préparé à utiliser leur légitimité pour accroître leur propre influence, telle la nomination de Nicolas 1er comme "le gendarme de l'Europe".

Et la Russie se croit exceptionnelle, comme les Etats-Unis (NYT, décembre 2013) et très attachée à leur *destiné manifeste*. La Russie et les Etats-Unis ont de vastes territoires en commun, et dans le cas de l'Amérique, tout le monde pouvait participer, adhérer à ses valeurs; tandis que les valeurs russes ne pouvaient s'approprier que par la nation russe, qui a exclu les sujets non-russes.

Et cet altruisme était attribué à la religion orthodoxe, une obligation pour la Russie de libérer les peuples slaves de la domination étrangère, et si nécessaire à défier l'Europe occidentale toute entière. Mais est-ce pour des raisons messianique ou des raisons d'insécurité que l'Empire russe a grandi, démembrant ainsi la Pologne? Malgré ses conquêtes, la Russie n'a jamais émergé comme la mère patrie, comme d'autres empires coloniaux, ni était un modèle, vu de l'extérieur; la Russie était une force mystérieuse, expansionniste, qui faisait peur, qu'il fallait contenir, coopter ou bien confronter.

Quelle l'idéologie aurait pu fédérer la cohésion en Europe?

Bismarck, lui, voulait la paix en Europe, mais sans un lien moral entre tous les états européens, cette tache était forte difficile et irréalisable: il fallait qu'il éloigne la Russie et l'Autriche de la France et à son tour, protéger l'empire Austro-hongrois des desseins légitimes russes! Et surveiller la Russie de près, car elle avait son œil sur Constantinople et l'Inde.

Est-ce l'Europe et la Russie doivent pratiquer la *Realpolitik* aujourd'hui? Ou est-ce

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36 Ellen Wasylina is the President and Founder of the Obsevatory and is Editor in Chief of the GMR.
qu'on évolue vers un Panslavisme ou une Ligue des Empereurs? Est-ce l'objectif ultime, que nous avons vu avec la guerre en Syrie, est d'éviter que la Russie contrôle les Dardanelles? De nos jours, nous avons été témoin que la Russie a un rôle *temporis* à jouer, par exemple dans la répression en Syrie, en Turquie mais qui a pris un tournant agressif en Crimée en février dernier.

Et l'empire britannique a considérablement grandi par une expansion commerciale et spirituelle. Et le PM Disraeli s'opposait à ce que la Russie s'imposait en tant enfoncer de l'équilibre au tour de Constantinople.

Et la Grande Bretagne se souciait de l'Asie Centrale, tandis que la Russie avançait en direction de l'Inde vers le Sud. En 1864, le Chancelier Aleksandr Gorchakov a défini l'expansion russe en Asie Centrale en terme d'une obligation de pacifier sa périphérie par un élan pur de ses forces armées. Il était de même avec l'Afghanistan en 1872. Et la Russie a insisté d'avoir les mains libres en Asie Centrale, tandis que les Britanniques soutenaient les Turques dans les Balkans. Et la Russie leur a déclaré la guerre. Ignatyev a choqué toute l'Europe en annonçant la Traité de San Stefano, qui aurait créé la Grande Bulgarie, s'étendant jusqu'à la Mer Méditerranée, et qui aurait été dominée par la Russie. La Grande Bretagne a déclaré la guerre ainsi que l'Autriche. Mais, la Grande Bretagne et la Russie ont pu se mettre d'accord pour éviter la guerre avant que le Congrès se réunit en 1878 : la Grande Bretagne a promis de soutenir l'occupation autrichienne de la Bosnie-Herzégovine et a assuré le Sultan qu'elle garantira la Turquie asiatique. En échange, le Sultan a donné l'usage de Chypre en tant base navale aux Anglais. Ce panorama historique permet de nous mettre dans un contexte géopolitique et géoéconomique entre l'Europe et la Russie au sein du grand espace eurasiatique, où les intérêts sécuritaires, commerciaux et énergétiques sont stratégiques et complexes, suivant le congrès de Munich fin janvier, où il y avaient les même interlocuteurs qu'en 1963.

Les observations de Dmitri Trenin, Directeur du Carnegie Centre à Moscou suivant la Conférence de Sécurité à Munich (du 31/01/-02/02) démontre
l'évolution du dialogue sécuritaire, que ce soit au sujet de la Syrie, du gaz de schiste, de la relation transatlantique et de la sécurité numérique et du cyberespace. Les citations ci-dessous sont des échantillons des échanges et/ou commentaires des diplomates et hommes politiques, qui démontrent avec clarté une perspective régionale des enjeux stratégiques entre des Russes, Américains et Allemands. Il semblerait que la crise en Ukraine a mis en avant la ligne de division géographique, idéologique et culturelle entre l’UE, les Etats-Unis et la Russie.

Volet Géopolitique européenne. Lors de la sixième élargissement de l'UE en 2004, l'Ukraine se trouvait en périphérie proche et voisin des nouveaux membres, la Roumanie et la Bulgarie, tout deux bordant la Mer Noire. Suivant les Révolutions colorées, la deuxième révolution, qui a porté Viktor Yanukovitch au pouvoir, a été entaché par les accusations envers la figure emblématique de l'opposition, Yulia Tymoshenko, qui vient de sortir du prison après y avoir été incarcérée pendant deux ans pour corruption et détournement de fonds.

Le contrat d'association avec l'UE aurait dû être signé en novembre 2013, mais vu que l'Ukraine n'a pu instaurer que six reformes sur les 72 demandées, et que la Russie a menacé de bloquer les douanes pour tout export vers la Russie (comme les chocolats Roshen, qui depuis peu devinaient impropres à la consommation), sous la prédiction d'une augmentation du prix de gaz russe équivalent au tarif européen, le Président Yanoukovich n'a pas signé le pacte de l'association.

LA RUSSIE : Le Ministre des Affaires étrangères russe, Serguei Lavrov a dit : « L'Occident semble avoir décidé quel choix aura-t-il le peuple Ukrainien. L'UE ne condamne pas des actions violentes qui sont punies à l'Ouest. 
Le comité parlementaire du CIS à la Duma, Leonid Slutsky : « Les racines/origines de la crise ukrainienne se trouvent dans les efforts par l'Occident d'empêcher l'intégration eurasiatique, en ligne avec le dictum de Zbrzezinski, que sans l'Ukraine, la Russie ne peut devenir un empire. »

LES ETATS-UNIS : John Kerry, Secrétaire d'Etat américain à dit : « Une zone de libre échange entre l'UE et l'Union eurasiatique émergente en 2020 est la meilleure option pour les 'pays entre la Russie et l'UE. »
Ancien conseiller de sécurité national américain, Zbigniew Brzezinski : « L'opposition ukrainienne devrait adopter le principe de l'unité démocratique et avoir un seul leader. La situation en Ukraine ne peut se résoudre que par un compromis en Ukraine; entre l'UE et la Russie; et entre les Etats-Unis et la Russie. L'occident et la Russie devrait contribuer de l'argent conjointement pour sauver l'Ukraine. »

L'ALLEMAGNE : le Président fédéral, Joachim Gauck : « l'Allemagne n'est pas une île. La responsabilité n'est pas uniquement d'agir, mais aussi de s'y abstenir. L'Allemagne a agi avec efficience durant la crise de l'Euro. Il a besoin de capitaliser et de s'engager dans d'autres sphères aussi. »
Le Ministre des Affaires étrangères Steinmeier au MAE Lavrov : « qu'est-ce que lie l'Europe et la Russie? Nous sommes liés par des traités et des accords. »
Et alors commençaient les démonstrations, les rassemblements sur la Place Maidan. Les Ukrainiens ont compris qu'ils pouvaient décider de leur avenir. Dès lors qu'ils ont compris cela, ils ont décidé de manifester, malgré les forces de l'ordre répressives en face d'eux. Lorsque le gouvernement ou les forces de l'ordre ont peur du peuple et elles ne les protègent plus, mais sont contre eux, la démocratie et la nation est en péril.

Mais ce revirement de la politique étrangère ne date pas d'hier, mais a commencé en 2003 avec le refus de la Russie de faire partie de la PEV, la Politique Européenne de Voisinage, qui avait pour but d'augmenter la coopération entre l'Europe et les pays de l'Est et du Sud de l'Europe. Et l'UE a fortement investi sur ce instrument, qui a apporté une aide, principalement au moyen de l'instrument européen de voisinage et de partenariat (IEVP). Un montant de 11,181 milliards d'euros était disponible pour cet instrument au cours de la période 2007-2013. Le lancement du partenariat oriental a alloué 350 millions d'euros supplémentaires au voisinage oriental. Environ deux tiers des fonds de l'IEVP ont été alloués au voisinage sud, contre un tiers pour l'est, moins peuplé. La Moldavie reçoit le montant le plus élevé par habitant.

L'instrument européen pour la démocratie et les droits de l'homme (IEDDH) est également mis à profit, notamment pour apporter un soutien aux organisations de la société civile concernées par l'intermédiaire des délégations de l'UE dans les pays couverts par la PEV. Plusieurs de ces pays mettent également en œuvre des actions financées au titre de l'instrument de stabilité ou de l'instrument de sûreté nucléaire.

Les pays de la PEV bénéficient également de prêts à des conditions favorables de la part de la Banque européenne d'investissement (BEI). Au cours de la période 2007-2013, 8,7 milliards d'euros ont été octroyés à la PEV/Sud, et 3,7 milliards d'euros à la PEV/Est et à la Russie. Et l'UE et la Russie ont été d'accord pour créer des espaces communs, afin d'améliorer la coopération dans les domaines économiques, tels la liberté, la sécurité, la justice; la sécurité externe et la recherche, l'éducation et la culture. Tous sont les domaines essentiels au développement économique que nous verrons plus tard, tous importants pour l'intégration économique régionale.

Une communication de la Commission sur la PEV, présentée en même temps que la dernière série de rapports de suivi en mai 2010, exposait les résultats globaux obtenus par la PEV à ce stade. Elle fait état des progrès réalisés dans l'établissement de nouvelles structures visant à la coopération de l'UE avec les pays partenaires PEV, ainsi que dans les domaines du commerce et de l'intégration économique. Sur le plan de la gouvernance démocratique, la communication reconnaît implicitement que la PEV n'a pas eu beaucoup d'incidence. En s'adressant de manière implicite aux États membres de l'UE, la Commission constate que le niveau d'engagement auquel l'UE est prête à consentir permet d'expliquer le niveau de progrès atteints.

Mais la Russie voit d'un mauvais œil cette initiative européenne de rendre le voisinage plus compatible et plus sûr pour les Européens. Est-ce que l'occupation de la Crimée par des troupes russes, les exercices militaires russes de 150,000
hommes sur les frontières ukrainiennes (40,000 sur la frontière est le 30 mars dernier), suivi de l'annexion est une directe réponse au nouveau gouvernement à Kyiv suite au départ du Président Yanukovich? L'Euromaidan a clairement identifié son désir de se tourner vers l'Europe et a annoncé son intention de signer l'Association agréablement avec l'UE. La signature a eu lieu à Bruxelles le 21 mars dernier.

L'annexion de la Crimée, le joyau de la Russie, est symbolique historiquement, et le président russe a pu rallier le peuple russe derrière lui pour la saisie de ce province autonome, offert en cadeau par Khrouchtchev à l'Ukraine en 1954. Vladimir Poutine avait peur que le nouveau gouvernement ne respecte pas le contrat signé pour l'extension du bail de la Marine russe d'être stationnée sur l'île jusqu'en 2042. Cette base navale russe permet à la Russie de se projeter dans les mers chaudes et d'assurer le contrôle russe de la mer Noire depuis la Convention de Montreux en 1936.

Qu'en est-il de la TTIP, le Transatlantic Trade and Investment Partnership ou le TPP, le Trans Pacific Partnership? J'en ai parlé à Istanbul le 21 novembre à l'invitation de TASAM lors du 4e Forum UE/Turquie. La Russie, comme la Turquie, se trouvent tous deux coincés entre ces deux mécanismes, entre deux blocs économiques. Lequel choisir, pour ne pas être laissé dehors du commerce international et régional inter-bloc? Mais est-ce ces blocs peuvent être un ancre ou un espace géostratégique complémentaire à l'Union Européenne? Est-ce le commerce en soit est la réponse et la source d'intégration régionale économique et la propagation des standards et règles de production pour ces deux pays? Rappelons-nous de la Communauté de l'acier et du charbon (CECA, signé le 18 avril 1951) après la fin de la Deuxième Guerre mondiale.

Kemal Kirisci a dit que «...la TTIP serait un moyen de reconnecter la Turquie à l'Alliance transatlantique...et va aussi consolider et fortifier la démocratie en Turquie à travers une expansion de la comptabilité, transparence et l'état de droit. » Est-ce qu'il va de même pour la Russie? Est-ce les valeurs européennes vont défier les valeurs russes et eurasiatiques? Est-ce qu'on verra un bloc turques/asiatique émerger pour former contre un bloc slave dans l'espace de l'URSS? Est-ce qu'on va vers un vrai clash de civilisation?

Voici une carte prise du livre «The Grand Chessboard» par Zbigniew Brzezenski, page 34. Elle illustre l'Eurasie, qui s'étend de Lisbonne à Vladivostock. «Ce mésacontinent est trop grand, trop peuplé, trop varié sur le plan culturel et composé de trop d'États historiquement ambitieux et politiquement énergétiques pour se plier devant une puissance globale aussi puissante économiquement qui prééminent politiquement. » Et cela s'explique par la taille mesurable de cet espace : 49,894,337 millions de kilomètres carrés (33 fois la France); la population est de 4,053,455,374 et le PIB à l'heure de la publication du livre en 1997 était de $34 billions.
Volet géoéconomique. Nous remarquons ci-dessous les principales organisations créées à la suite de la dissolution de l'URSS : une organisation politique, le CEI; une organisation économique, Eurasec; et une organisation sécuritaire, l'OTSC.

Afin de faire face à l'Union européenne, l'Union Douanière, qui a vu le jour en 2008, permettait à la Russie de « réduire l'accès de son marché aux produits européens ou chinois, transitant dans le premier cas via la Biélorussie, dans le second cas via le Kazakhstan, donnant en même temps un accès privilégié aux entreprises russes aux marchés biélorusse et kazakh. L’UD peut permettre à la Russie de lutter voire contenir le trafique des stupéfiants sortant de l'Afghanistan, notamment l’héroïne, dont la Russie est le premier consommateur au monde.

Est-ce que la Russie peut faciliter l'entrée du Kakakhstan et la Biélorussie dans l'OMC? Les obstacles demeurent, comme l'on a constaté lors la dernière session des négociations le 23 juillet 2013 : « L'ajustement tarifaire suppose l'élimination des divergences entre les accords bilatéraux sur l'accès aux marchés négociés par le Kazakhstan avec des Membres de l'OMC, la liste d'engagements de la Russie et le tarif extérieur commun de l'Union douanière entre le Bélarus, la Russie et le Kazakhstan. Les Membres de l'OMC ont réagi négativement à la méthode d'ajustement proposée. Cela a constitué le principal obstacle à la conclusion des négociations sur l'accès aux marchés du Kazakhstan. »

L'Union Douanière. La mise en application d'un tarif douanier commun au 1er janvier 2010 marque le lancement effectif de l'UD, laquelle couvre un territoire représentant 82% de l'ancienne Union soviétique, 170 millions d'habitants et un PIB global de 2280 MdS, soit 83% du potentiel de l'ex-URSS. Il convient de souligner la prééminence occupée par Moscou dans cette structure. D'une superficie (17M km²), représentant 85% de celle de l'UD (20M km²) et comptant 143,5M d'habitants (84% de la population de l'UD), la Russie représente 88% du PIB de l'Union Douanière (soit 2015MdS). Cette asymétrie, dont nous abordons plus loin les conséquences, pourrait constituer l'un des obstacles majeurs à la plein réalisation du projet eurasiatique.
D'un point de vue purement économique, la Russie répond à la formation d'un bloc par la création d'un bloc économique régional eurasiatique. Dans ce bloc, il y a des pays qui sont organisés de façon centrale, dirigés par le gouvernement dirigiste qui écrit les lois, décide sur les orientations politiques et économiques du pays et redistribue les richesses. Le gouvernement a le contrôle le plus complet sur le système économique, y compris le processus décisionnel de la production et la distribution. Le système politique est total : totalitaire et autoritaire.

Comment une économie centralisée et planifiée peut-elle évoluer vers une économie de marché? Si nous prenons l'exemple de la Chine, elle a décidé d'adopter des modes d'investissement capitalistes de la compétition. Elle a su reconnaître l'importance de la science et de la technologie comme les fondations même de la compétitivité et l'importance de rejoindre la communauté internationale en devenant membre de l'OMC. Mais les défis et les enjeux pour une économie pérenne sont immense, surtout pour contrer et résoudre des problèmes liés à la corruption, la pauvreté, la pollution, le chômage, la migration, les mouvements sociaux et surtout dans l'approvisionnement de l'énergie, la clé de la croissance économique et la sécurité nationale.

Et la Russie a déjà fait des pas vers l'OMC en 2012 et elle est en discussion avec l'OCDE. Mais au lieu de faire face seule à l'UE ou à d'autres blocs, n'est-elle plus forte avec ses anciennes républiques? N'est-ce pas une recette pour participer à l'économie globale? La Russie avec son taux de natalité en déclin, avec le vieillissement de la population, avec une économie basée à 80% sur les hydrocarbures, ne cherche-t-elle pas à assurer sa survie en s'entourant des anciens sujets de l'Empire? Et comment le faire? En utilisant la religion, le ciment de l'Empire, par la voie de la diplomatie orthodoxe.

Dmitri Trenin dit que la Russie “défie l'Europe sur les fondements idéologiques” et critique les valeurs de l'Europe actuelle pour sa tolérance envers ses populations “homosexuelles”. Plusieurs pays ont boycotté les Jeux Olympiques contre cette plateforme discriminatoire. Pour démontrer leur désapprobation, les présidents Obama et Hollande étaient absents lors des cérémonies d'ouvertures, mais ont tous deux envoyé des représentants.

Vladimir Putin se dit “le champion des valeurs traditionnelles européennes” et a annoncé que la Russie “défend les valeurs conservatrices de la famille, de la foi, le rôle de l'église dans la société et de la souveraineté nationale” et s'oppose aux valeurs “ultralibérales” qu'embrasse l'Europe occidentale. Mais en termes économiques, et afin de réussir une restructuration compétitive, il faut respecter quatre procédures d'intégration économiques, qui sont : le réalignement de la politique industrielle, le renouvellement de l'infrastructure du bloc, le réalignement du commerce international et la rationalisation de l'industrie domestique.
<table>
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<tr>
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<th>Pays membres</th>
<th>Vocation</th>
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</thead>
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<tr>
<td>CEI (Communauté des indépendants) ; 1991; à Minsk</td>
<td>Arménie, Azerbaïdjan, Biélorussie, Kazakhstan, Kirghizistan, Moldavie, Russie, Tadjikistan. L’Ukraine participe à la CEI sans en être formellement membre de plein droit, le Turkménistan a réduit son appartenance à la CEI en 2007 pour devenir membre associé de cette organisation. La Géorgie s’est retirée de la CEI en 2008.</td>
<td>* organisation aux objectifs multiples. * maintien et renforcement des liens économiques, plateforme de discussions et de négociations d’ordre politique entre les NEI. * mesures de coopération dans le domaine militaire et sécuritaire.</td>
</tr>
<tr>
<td>Eurasec (Communauté économique eurasiatique) ; 2000; à Moscou</td>
<td>Biélorussie, Kazakhstan, Kirghizistan, Russie, Tadjikistan. Arménie, Moldavie et Ukraine disposent du statut d’observateur.</td>
<td>* organisation essentiellement économique * promeut une intégration douanière renforcée entre ses membres * envisage la perspective d’une union économique et monétaire</td>
</tr>
<tr>
<td>OTSC (Organisation du traité de sécurité collective); 2002; à Moscou</td>
<td>Arménie, Biélorussie, Kazakhstan, Kirghizistan Russie, Tadjikistan.</td>
<td>* organisation de nature politico-militaire * promeut un développement de l’intégration militaire et de la coopération militaro-technique entre ses membres * cadre pour des réponses conjointes à des défis communs : séparatisme, terrorisme, trafic de stupéfiants.</td>
</tr>
</tbody>
</table>

Tableau I : source : note_strategique_ceis_octobre_2013.pdf

Mais toute sorte de fondamentalisme, que ce soit au niveau des marchés, de la culture ou religion doit être exclu dans le processus vers une économie de marché, disent les auteurs de Tectonic Shift, Sheth et Sisodia. Passant par un processus de privatisation, il faut instituer un système de qualité, d’innovation et de productivité qui sont les clés du succès et compétitivité d’un bloc. Mais l’innovation ne peut avoir lieu si la propriété intellectuelle n’est pas protégée, à travers les TRIPS à l’OMC, où la Russie est membre depuis le 22 août 2012. Et le nombre de brevets
enregistrés démontre la capacité d'un pays d'innover d'une façon destructrice et de créer des nouvelles industries, des emplois, la compétitivité, en somme. Le professeur William H. Press de l'Université du Texas à Austin souligne l'importance pour un pays d'investir au moins 3% de son PIB. Les leaders en technologies et innovation sont les Etats-Unis, l'Allemagne, le Japon, le Corée du Sud et les pays scandinaves; les followers, sont le Royaume-Uni, la France, le Canada, l'Australie et la Russie. Sur le lien qu'il y aurait entre la croissance et la compétitivité, il est difficile d'établir la relation, outre trouver un équilibre performant entre les financements public-privé.

Ce sont les femmes et les hommes politiques qui doivent déterminer cette relation et être en mesure d'assurer la croissance et l'emploi dans le pays. Et les emplois sont le produit de la croissance économique, pur et simple. Et cette croissance émane de la croissance durable qui trouve sa racine d'un commerce mutuellement bénéfique entre deux pays qui ont des caractéristiques économiques complémentaires (competitive advantage), ou bien entre des démocraties matures et des pays émergents.

L'UE est le premier partenaire commercial de la Russie : 55% des exportations russes vers l'UE consiste des matières premières, notamment les hydrocarbures; et 49% des exportations de l'UE lui fournit des biens d'équipements en produits transformés et de l'agroalimentaires.

La relation entre l'Europe et la Russie et son bloc eurasiatique doit être une relation idéale, car il y a beaucoup de chômage dans les démocraties matures, telles la France et l'Espagne, par exemple et peu de chômage dans les pays eurasiatiques. Avec nos jeunes populations, bien éduquées, nous devrions retrouver des compétences à l'Ouest pour les envoyer à l'Est, pour développer les économies eurasiatiques. Mais sans se soucier du développement durable de ces économies, en matière de pollution, car les technologies pour produire proprement aux émissions réduite en CO² existent et peuvent épargner ces économies
émergents des pollutions et dégradations environnementales qu'ont connu les économies matures. Et c'est précisément par la voie verte, que la Russie peut diversifier son économie et la rendre plus efficace, moins polluante, plus dynamique et plus pérenne.

Mais pour garantir la vitalité de l'économie russe, il faut pouvoir garantir les six flux de base, qui sont, la libre circulation des peuples, les produits, l'argent et l'information. Et pour cela il faut mettre l'accent sur les politiques d'infrastructure dans quatre domaines clés, qui sont : le transport, l'information, l'énergie et la finance.

Le premier est le plus important et doit être prioritaire : l'infrastructure des transports, pour faciliter le mouvement des peuples et des produits; le second, est de pouvoir accéder à l'information partout et par tous les moyens technologiques (ordinateurs et tous supports mobiles); le troisième est clé : avoir accès à l'énergie et que les infrastructures soient fiables et qui peuvent livrer l'énergie là où il y en a besoin; et quatrième, avoir des infrastructures financières pour collecter, gérer et investir les ressources financières.

Et L'UE a ici un rôle clé à jouer dans la reconversion de l'appareil industriel russe. Rappelons-nous que la Russie est une puissance européenne et a toujours joué un rôle prépondérant sur le continent.

Volet énergétique. Pour finir, regardons la clé de voute de l'économie, l'énergie, indispensable pour la sécurité nationale. Avec les derniers événements en Ukraine, comment vont les sanctions imposées par les États-Unis et l'Europe sur la Russie, affecter la sécurité énergétique de l'UE, où les pays baltes sont dépendant à 100% et l'UE en moyen de 25% de la Russie pour leur énergie? Qu'en est-il de la «Green Paper» présenté le 8 mars 2006 concernant la compétitivité, la sécurité et la durabilité de l'énergie européenne?

L'Europe doit trouver des moyens pour diversifier son énergie. En 2011, L'Europe a consommé 1698 millions de tonnes équivalent pétrole (Tep), environ 13,3% de la consommation mondiale. L'énergie mix était composé de 35% pétrole, 24% de gaz, 17% de combustibles solides, 14% en énergies nucléaires et 10% d'énergie renouvelables. Et de l'autre côté, la Russie a sa stratégie : elle est devenue une monopsony. Elle avait refusé de signé la Charte de l'Énergie en 2009, qui aurait établi un cadre légal pour développer la coopération entre les États européens et la Russie, dans l'objectif de négocier une traité pour stabiliser les relations énergétiques sur le continent européen établissant des principes de commerce, transit et l'investissement. Le 1er avril, Alexi Miller s'est rendu à Bruxelles où il s'est entretenu avec le Commissaire de l'Energie, Gunther Oettinger et le Ministre des Affaires étrangères, Frank-Walter Steinmeier. «Les parties ont confirmé leur intérêt à maintenir la relation mutuellement bénéfique construite durant des décennies d'une collaboration réussie»

La Russie a signé un accord avec l'Allemagne pour créer l'agence Germano-Russe de l'Energie en 2009, sans provoquer des réactions au sein de la communauté européenne, mais l'Allemagne a joué un rôle clé en facilitant des approches divergentes envers la Russie, telles le North Stream, qui était un choix politique
pour l'Allemagne, elle qui voulait réduire son secteur nucléaire, d'investir et se liait durablement avec la Russie pour assurer son avenir économique. L'Allemagne serait sans doute la clé de voute du système énergétique européen.

Christophe-Alexandre Paillard décline trois possibilités pour une compétition durable entre les deux pays, en faveur des Européens, qui sont :
• un accord long-terme avec la Russie sur le corridor (North Stream), à condition que le South Stream soit possible/envisageable;
• Europe doit rappeler à la Russie qu'elle ne peut être une puissance du 21e siècle sans diversifier son économie;
• Le Nord Stream peut être développé en parallèle avec la Nabucco et le South Stream. Finir le gaspillage des ressources naturelles, laissant plus de pétrole et gaz pour l'export, au lieu de le gaspiller dans les usines et des appartements sans l'isolation adéquate.
• Enfin, il faut une approche pan-européenne et créer une stratégie nucléaire européenne, diversifier l'approvisionnement énergétique européen; et limiter toute forme de consommation énergétique; et renforcer la sécurité d'approvisionnement.

Pendant ce temps John Kerry est à Paris pour rencontrer Serguei Lavrov et ensuite Laurent Fabius le soir du 30/03. Nous ne pouvons espérer qu'ils trouvent un compromis à cette crise ukrainienne qui ne doit pas nous emporter vers un conflit eurasiatique d'instabilité et d'insécurité sur toutes ses formes.
BOOK REVIEW

by Kateryna Vrylieieva

The recently published book by Mahmoud Musa and Dr. Yana Korobko, « The Shifting Global Balance of Power: Perils of a World War and Preventive Measures » raises a question that is constantly asked under the circumstances of political instability that has affected almost all the regions at the beginning of the 21st century: what is the reason of war and how to prevent it? The eternal question that nevertheless is still not answered and needs fully scaled research that combines the methods of political science, strategic planning and development studies. War as an expression of power, power as a source and the reason of war, balance of power as a means to prevent the war in the world of competitiveness and aggression: all these issues are thoroughly studied in the framework of the research and provide a deep analytical insight into the modern tendency of some international actors to lose their power and influence whereas the new ones gain them or aspire to gain.

The structure of the book provides the readers with a good “warming-up” before the review of the current conflicts, power tensions, and hostilities. The historical account of the 20th century focuses on the balance of power and its shifts preparing us to see the ongoing tendencies and the logics of the historical process, taking into consideration the reasons and consequences of the well-known events. Geographically the point of research includes Western civilization, Russia seen as an independent civilization, China and the Muslim World. These four global players as if captured in one boat struggle for power and influence but once the struggle crosses the limits the boat will be overturned.

The research has an outstanding position in the sphere of the similar ones on the issues of international relations as it does not restrict the problem of war to its political aspect but underlines the technological aspect too. The war of the past centuries does not equal to the war of today because the means of war have changed drastically that caused the change in the nature of war. One of the most interesting chapters is one that concerns the issue of psychological warfare and its expression in the modern conflicts with examples and analysis.

Among the reasons why I would like to recommend this book for professional as well as for the general audience are the wide range of topics, a good set of examples and the sophisticated scientific argumentation. It draws attention to the particular aspects of world politics and power balance, warfare and prevention activities.
The starting point of the end of Somali piracy

Fernando Ibáñez

ABSTRACT

This study will be conducted on the basis of an existing body of research which led to a doctoral thesis, published by Spain's Ministry of Defence in December 2012, and to an article published in June 2013 in which Somali piracy between 2005 and 2011 is analysed. We refer to these publications to avoid repeating the methodology used. We aim to update existing knowledge about the attacks perpetrated in 2012 and 2013, the last complete year in which we have all the available data. We will also analyse the evolution of the situation and the *modus operandi* of the pirates. From 2008 to 2010, Somali pirates hijacked around 50 ships per year on average. Since then, a downward trend has been observed, with the seizure of 16 vessels in 2012 and only two in 2013. Despite managing over 300 attacks in 2011, in 2012, the numbers fell to 105, and in 2013 to 45. What has happened and why?

1. METHODOLOGY

We have studied each pirate attack one by one, with the aim of obtaining all of the possible information and thus enriching our analysis in this way. We have established 19 categories for this: date of the incident, time, position, geographical region, status of the ship (whether it was sailing, at anchor or moored in port), name of the ship, type of ship, ship ensign, number of launches that attacked the ship and the people who were in each one, weapons that the attackers were carrying, actions taken on board, request for help (to a body, to military forces present, etc.), whether help was received or not, and of what class (a military helicopter, a rescue operation, etc.), whether the pirates opened fire on the ship or the crew, whether there was personal injury or material damage, where the capture of the boat took place, the duration of the attack and, finally, the source that reports it.

We have drawn on three sources reporting on piracy. First, the annual reports of the Piracy Information Centre of the International Maritime Bureau (IMB), a subdivision of the International Chamber of Commerce. It is considered to be the most reliable source and is, therefore, frequently cited by analysts. Second, the Anti-Shipping Activity Messages database, provided by the National Geospatial Intelligence Agency (NGA), and reports made by the U.S. Naval Intelligence Office. Third, circulars concerning acts of piracy and armed robbery at sea, published by the Maritime Security Committee of the International Maritime Organisation (IMO), a specialised body of the United Nations, whose mission is to

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promote maritime security.

The integration of these three sources has made it possible to identify 1,337 attacks reported and attributed to Somali pirates between 2005 and 2013 (table 1). They represent a further 35% of incidents than the source usually quoted as the most reliable one: the IMB reports.

2. RESULTS

2.1. Trends

From 2008 to 2010, Somali pirates hijacked 50 ships per year on average. Since then, a downward trend has been observed, with the seizure of only 16 vessels in 2012 and two more in 2013. Despite managing around 300 attacks in 2011, in 2012, the number fell to 105. In 2013, to 45. These figures are progressively approaching the ones which existed prior to the boom of Somali piracy in 2008 (image 1).

Image 1: Pirate attacks and ships hijacked by Somali pirates (2005-2013)
Sources: Information obtained from IMB, NGA and IMO

From 2005 to 2012, the Somali pirates hijacked one in five of every ship attacked, a success rate of 20 per cent. In 2013 the success rate fell to 4 per cent (image 2).

Image 2: Evolution of Somali pirates’ success rate (2005-2013)
2.2. Location of the pirate attacks

We decided to use one specific geographical reference point to sub-divide the pirates’ area of activity, namely the maritime domain of each individual State — the space extending 200 miles outward from the coastline, including the territorial sea (12 miles from the base line) and the Exclusive Economic Zone (the remaining 188 miles). This whole area includes the influence zone of each State regarding the natural resources located there. We took the data regarding the maritime domain of each country from the Flanders Marine Institute. As shown in image 3, the sub-division of the pirates’ area of activity, when using the maritime domains as the basis, excludes an extensive central area of the Indian Ocean. For this region we use the denomination: Indian Ocean.

In August 2008 a security corridor was established in the Gulf of Aden with the deployment of various military units to protect shipping convoys as they transit the corridor. This measure led to a change in the modus operandi of the pirates, whose acts of piracy restricted to the Gulf of Aden. Since the measure was adopted, the security of the convoys has improved considerably and the pirates have encountered greater difficulty when attempting to hijack ships in the area. Indeed, the presence of military units has exerted greater pressure on the pirates in the Gulf of Aden. Even so, as a second measure, merchant vessels were advised to keep a safer distance from the Somali coastline. The combination of the two measures obliged the pirates to spread their acts of piracy to new areas. In 2009, they reached the domains of Oman, Iran, the Comoro Islands and Mauritius. In 2010, India, the Maldives, Tanzania, Mozambique and the French overseas territories of Mayotte and Tromelin and in 2011 they encroached on the maritime
**Table I: Somali pirate attacks, region by region (2005-2013)**

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<th>2005</th>
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Via this strategy, the pirates aimed to hinder military response to ships sending alerts when navigating further away from the Somali coastline.
Nevertheless, from 2011 to 2013 there was a marked withdrawal in piracy, as shown in images 4, 5 and 6. Hijack locations appear in red, failed attempts in yellow, and suspicious approaches in purple.

Image 4: Somali pirate attacks reported in 2011
Red: Hijackings; yellow: attempts; purple: suspicious approach
Source: Information obtained from IMB, NGA and IMO

Image 5: Somali pirate attacks reported in 2012
Red: Hijackings; yellow: attempts; purple: suspicious approach
Source: Information obtained from IMB, NGA and IMO
In 2012 and 2013 the Somali pirates focused on the Red Sea, the Gulf of Aden, Oman and Iran and operated to a lesser degree in areas located hundreds of miles from the Somali coastline, namely the Indian Ocean.
Confirmation of this data is obtained if we compare the pirate attacks that occurred over two areas: the Gulf of Aden and the Indian Ocean. In 2008, most of the attacks — 83 per cent — occurred in the Gulf of Aden. However, in 2009 there was a change in trend, and in 2010 and in 2011 the pirates focused primarily on the Indian Ocean. Since 2012, a similar number of attacks took place in both areas (image 9). The pirates had now ceased to make their attacks hundreds of miles from the coastline.

![Image 9: Evolution of attacks in the Gulf of Aden and Indian Ocean (2008-2013)](image)

Also significant, was that in 2012, Oman became, for the first time, the area with the highest number of pirate attacks. Oman’s maritime domain is an area that allows the pirates to attack all year round since it is sheltered from the monsoon influence. Indeed, 75 per cent of the attacks perpetrated in Oman took place from December to February or from June to August — that is, when the monsoons most hinder piracy elsewhere. There was a similar tendency, although to a lesser extent, in the Red Sea and in the Gulf of Aden.

In 2013 the Gulf of Aden and the Red Sea amounted the 60 per cent of the attacks. Pirates moved closer to the Somali coastline (even the incidents in the Indian Ocean area).

Since 2012 no hijackings occurred in the Gulf of Aden security corridor. The pirates only made seven attacks in the corridor itself in 2012, whereas in 2011 around 30 incidents were reported. Moreover, in the Gulf of Aden more attacks took place outside the security corridor than inside it, particularly in the vicinity of the Bab el-Mandeb Strait, which separates the Arabian Peninsula from Africa (image 10).
However, in 2013 the pirates have focused again on the corridor. Nine of 16 attacks deployed in the Gulf of Aden occurred in the security corridor (image 11).
But the only two hijackings took place outside the corridor.

2.3. Ships Attacked: Status, Class and Nationality

All the ships were in transit at the time of the attacks. This is the signature of the Somali pirates, whose aim is to hijack the vessel and demand a ransom fee. Consequently, there are no variations on previous tendencies.

In 2012 and 2013 the majority of pirate-related incidents in the Red Sea, the Gulf of Aden, Oman and Iran could explain the increase in attacks on tankers, which habitually transit the Persian Gulf en route to the Suez Canal. In 2009, tankers suffered 26 per cent of all the attacks perpetrated. In 2012, the figure had risen to 48 per cent, and in 2013 to 54 per cent.

In 2012 and 2013 attacks on local vessels (fishing-boats and dhows, usually from Yemen and Oman), accounted for 9 per cent of all the attacks carried out. This figure is double that of the previous year (2011) and is above the average figure existing as of 2005. In 2011 one in six of all the vessels hijacked were local, rising to half of all the vessels hijacked in 2012. It is a sharp increase and reveals a significant change in the modus operandi of the Somali pirates. It could be attributed to two factors. First, the pirates are in constant need of new motherships, since the military have grown more efficient in eliminating the existing ones. Second, local vessels are more vulnerable since they rarely carry security teams. It will be interesting to see if, in the coming years, the pirates increase the number of attacks if they are able to obtain new motherships.

There are no significant changes regarding the flags under which the ships attacked were sailing. In 2012 and 2013, as in previous years, one in three attacks was carried out on ships with flags from Panama, Liberia and the Marshall Islands. Over half the ships attacked were sailing under a flag of convenience, as in previous years.

2.4. Periodicity of Attacks

Somali piracy is usually restricted to two quarters of the year: March to May and September to November. At these times of year the effect of the monsoons from the Indian Ocean subsides, thereby allowing the pirates a more obstacle-free scenario in which to launch their attacks. Two out of every three attacks were concentrated from March to May and from September to November.
However, in 2012, for the first time, a new phenomenon appeared. The pirates were unable to operate in the period September to November, as shown in image 13. This is a highly significant change since it meant piracy was practically neutralised from July onward. Only half of the attacks occurred in the least problematic months in weather terms, from March to May and from September to November. Something similar happened in 2013. Somali pirates prefer to act in the areas (Red Sea, Gulf of Aden, Oman and Iran) and in the seasons in which the influence of the monsoons doesn’t limit the possibility of an attack.

In 2012 and 2013 a certain change in the pattern of pirate attacks appears to have developed, resulting in a shift to the central hours of the day — specifically from 12:00 to 13:00 and 14:00 to 15:00. From 2005 to 2011, however, pirate attacks were more frequent from 07:00 to 10:00.
One of the strategies deployed in recent years by Somali pirates to counter the international forces has been to increase nighttime attacks, when transit is considered to be safer. In 2008, 10 per cent of the attacks occurred at night and in 2010 the series reached its peak, with 18 per cent of attacks occurring at night. However, from 2011 to 2013, nighttime attacks dropped to 10 per cent of the total number recorded. In 2012, for the first time in recent years, the pirates failed to launch a single nighttime attack in the Red Sea, Tanzania, Yemen or the Seychelles. Conversely, the two attacks reported in the maritime dominion of Pakistan in 2012, were launched at night, albeit unsuccessfully. Other two nighttime attacks launched in 2013 in Iran and in the Red Sea failed too.

2.5. Number of skiffs and pirates per skiff
Half of the pirate attacks were carried out with a single skiff. A further third were carried out with two.

Image 16: Percentage of pirate attacks per number of skiffs (2005-2013)

From 2005 to 2013, half the attacks were carried out with four or five pirates per speed boat. There are no significant changes regarding the number of skiffs and pirates per skiff in recent years.

Image 17: Percentage of pirate attacks per number of pirates per skiff (2005-2013)

2.6. Counter-measures taken aboard

In 2012 and 2013 the crews of the most of the vessels attacked resorted to enclosing themselves in a secure zone called the citadel room. Frequently, this measure was complemented by the visible deployment of armed security teams. In eight cases, even though there were no security teams aboard, the use of the citadel room was decisive in thwarting the hijacking.

In 2011, 35 per cent of the ships attacked carried private armed security teams. In 2012, this figure rose to 60 per cent and in 2013 to 90 per cent. That confirms there is a growing tendency to recruit private armed security teams.
2.7. **SOS alerts and response**

Since 2009, over 80 per cent of the ships attacked sent SOS alerts to the flotilla patrolling the area.

![Image 18: Percentage of cases in which ships sent SOS alerts (2009-2013)](image)

Image 19 shows in percentage terms the number of SOS alerts that received response. Response normally involved the arrival of a military unit such as a patrolling helicopter or warship. Responses of this type decreased from 2009 to 2011, as, in parallel fashion, the pirates widened the scope of their attacks. However, in 2012 and 2013, this figure rose again.

![Image 19: Percentage of cases to which SOS alerts were responded](image)

The fact that recent attacks have been perpetrated in areas behind the military shield (Red Sea, Gulf of Aden, Oman and Iran) could account for the increase in responses to SOS alerts sent by vessels under attack. Indeed, in 2012 and 2013 56 per cent of SOS alerts made by the ships in the Gulf of Aden received assistance, 50 per cent in Iranian waters, 33 per cent in Oman and in the Indian Ocean and 14 per cent in the Red Sea. However, ships attacked in Yemen, India, the Maldives, the Seychelles and Mozambique failed to receive any response whatsoever to their alerts. This data seems to confirm that the international forces are overstretched.
when required to respond to events further afield.

Of the 16 hijackings carried out in 2012, there was a military response on four occasions and on two occasions the ship was successfully liberated. 2013 was the first year in which the two ships hijacked (an Indian dhow and an Iranian fishing vessel) were released by Somali pirates within a day because of the positive efforts and the presence of the navies.

2.8. Material damage and personal injury

The Somali pirates have always used automatic weapons and grenade launchers and although this tendency continued throughout 2012, there was however since this year a significant descent in the number of cases in which the pirates opened fire on besieged vessels (Table II).

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*Table II: Percentage of attacks in which the pirates opened fire (2007-2013)*

In 2012 and 2013, the pirates were particularly violent in Somalia (shots were fired in 57 per cent of the attacks), and in the Indian Ocean (48%); and less violent in the Gulf of Aden (shots were fired in 23 per cent of attacks), Oman (20%), Iran (18%) and in the Red Sea (3 per cent).

Similarly, there was a marked descent in the number of cases in which material damage was inflicted on the vessel attacked, be it by bullet strike or rocket-propelled grenade (RPG) strike (Table III). Material damage was only inflicted on vessels on two occasions in 2012: one in the Indian Ocean and one in Oman. It is noteworthy that neither of the ships involved had armed security teams aboard. 2013 is the first year in which no ship was damaged by shots.

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<tr>
<th>Year</th>
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*Table III: Percentage of attacks in which material damage was inflicted on ships*

In 2012 the descent in the number of personal injuries is also noteworthy. Indeed, the only case recorded occurred during a rescue operation launched by Iranian forces to liberate the freighter *Eglantine* a week into the hijacking. Two crew members were killed and one was wounded. Even so, these figures are considerably lower than those of previous years. The only case reported in which five pirates were wounded occurred in an operation carried out by Spanish forces in response to the attack made on the Spanish vessel *SPS Patiño*. In 2013 no personal injuries were recorded.
Table IV: Personal injury reported (2005-2013)

2.9. Duration of the attacks

Regarding the duration of the attacks, we only possess data for 17 of the 150 incidents reported in 2012 and 2013. Consequently, it would be unwise to extrapolate more general conclusions from the data. In half of the reported cases, the attack did not exceed half an hour, as was the case in the period 2005-2011. No changes were detected in the number of attacks whose duration exceeded one hour.

![Image 20. Duration of the pirate attacks (2005-2013)]

3. DISCUSSION OF RESULTS

3.1. Possible reasons for fewer attacks

Three phenomena may have concurred in reducing the number of attacks and hijackings perpetrated by the Somali pirates. First, a marked improvement in the cover provided by international military forces in the Gulf of Aden security corridor. Second, the measures adopted by military forces to counter pirate operations. Third, but by no means the least important, the presence of private armed security teams aboard the vessels en route through pirate-infested seas.
Regarding the first phenomenon, it must be emphasised that the improvement in cover for convoys transiting the Gulf of Aden forced the pirates out of the security corridor itself. In fact, 2012 was the first year in which a higher number of attacks made in the Gulf of Aden itself were perpetrated outside the corridor as opposed to inside it. This is a significant change in the modus operandi of the pirates since for the first time, it meant no hijackings occurred in the security corridor itself in 2012 and 2013.

Regarding the second phenomenon, one of the reasons behind the descent in acts of piracy since the second half of 2012 is likely to have been the use of greater force during military interventions. Indeed, on May 15th 2012, the European Naval Force EU NAVFOR Atalanta targeted a Somali pirate land base for the first time. According to sources of the Naval Force, it was carried out in a proportionate and precise way ‘from the air’ in accordance with UN Security Council Resolution 1851 and was fully endorsed by the Federal Government of Somalia. The attack targeted Handulle, 18 km North of the pirate base of Harardheere. According to Somali sources, 13 pirates were hiding in the base when the raid, made at night, was carried out. No casualties were reported. On being awoken by the noise of the helicopters, a number of the pirates fled aboard speedboats to the MV Albedo, a vessel hijacked and anchored in local waters. Fearing further raids, the pirates apparently decided to sleep on the vessel itself to avoid returning to shore. The stated aim of the strike was to prevent the pirates’ operational capability by hitting their land bases. It was also imperative to avoid casualties among the pirates. According to Operation Commander Rear Admiral Duncan Potts, the Naval Force would continue to strike the pirates and their supplies.

Though piracy may have been eradicated in some maritime zones due, principally, to strikes on land bases, the extent to which air raids of this kind are efficient is open to debate. In fact almost any location on the 3000 km-long Somali coastline is a potential haven for pirates, making the task of mounting an efficient surveillance operation somewhat difficult. Furthermore, a series of air raids on pirate hiding-places could eventually lead to casualties not only among the pirates, but also among civilians — the exact opposite of what the European Naval Force desires. The attack mentioned above was not the first time helicopters had been deployed against speedboats. In April 2012 the authorities of Puntland launched a similar offensive in Gumbah, where several fishermen were wounded. Nevertheless, even though the EUNAVFOR-Atalanta was restricted to the elimination of five or six pirate skiffs, the operation could be interpreted as a psychological blow. Indeed, the effect in the area was immediate, with pirates hastily abandoning existing camps.

This operation was carried out in conjunction with further measures such as the use of incisive actions against the pirate motherships. These vessels tend to be fishing-boats, dhows, or even previously hijacked merchant vessels. They enable pirates to launch attacks hundreds of miles from their own coast, a vast improvement on outboard dinghies, restricted to operations closer to shore. It is important to emphasise the disruptive role of the Naval Force in preventing pirate attacks. The disruptions performed by the Force had either a temporary effect (capture and ensuing release of the pirates) or a permanent effect (in which pirates
are detained and put on trial). For example, NATO and EUNAVFOR counter-piracy missions recorded a total of 127 disruptions in 2011 and a further 55 in 2012: one for every two pirate attacks. Action of this nature may have been instrumental in reducing piracy.

Regarding the third phenomenon — the presence of private armed security teams aboard endangered vessels —, the factors encouraging the ships of the UN World Food Programme (WFP) to carry armed guards, or an ‘Autonomous Vessel Protection Detachment’, are also applicable. This has freed EUNAVFOR-Atalanta from the task of deploying a warship for the sole purpose of escorting freighters carrying relief supplies to Somalia.

Given that a ship with armed private security teams has yet to be hijacked, it is obvious that the need to send alerts to the international flotilla has fallen. This may explain why, over the period 2011/2012 SOS alerts coming from ships in danger fell from 93 per cent to 77 per cent.

A link between the presence of armed guards, changes in navigation routes and the gradual withdrawal of the pirates to their own waters cannot be ruled out. As merchant captains began to feel safer, they navigated closer to the Somali coastline as a cost-reduction measure. This circumstance could partly account for the fact that the pirates have varied the locations of their attacks, depending on the new routes taken by the merchant convoys.

Moreover, more coercive measures used the Indian Navy within the country’s maritime domain may have pushed the pirate attacks further West.

The fact that fewer shots are being fired by the pirates, and the fact that material damage inflicted on ships is on the way down is probably due to the presence of armed security teams aboard the vessels (60 per cent of the cases reported in 2012; 90 per cent in 2013). The sight of armed guards seems to be a significant deterrent, and a warning shot is usually sufficient to persuade the pirates to abort their attacks.

The fall in the number of casualties sustained aboard the ships attacked must also be emphasised. Significant too, is the low number of casualties reported among the pirates. Indeed, they now seem to have changed their modus operandi and keep a safer distance from their targets than in previous years. Nighttime attacks have probably gone down in number since the assailants prefer daylight visibility to check if the ship targeted for attack is carrying armed guards. When armed guards are on board, or when warning shots are fired, the pirates are less capable of hijacking the vessel.

Certain skepticism surrounds the fact that fewer cases of personal injury occurred among the pirates since 2012. Though apparently isolated, there are cases of certain private security teams whose engagement guidelines fail to comply with the degree of restraint and proportionality desirable. One case in point seems to have occurred on March 25th 2011, when the pirates attacked the bulker *MV Avocet*, belonging to the New-York based Eagle Bulk Shipping Inc. The ship’s
security was in the hands of the U.S. maritime security company *Trident Group Inc*. Footage of the attack can be seen on the Internet. As the footage seems to show, despite acknowledging the presence of a skiff approaching the ship at high speed, the guards failed to fire warning shots while the skiff was still hundreds of metres away. Warning shots are usually sufficient to deter the pirates from attacking. The security team’s failure to provide a swift and early response is surprising since, as the company admits, it was the second attack suffered by the vessel in three days and in the footage the guards appear to open fire when it is too late, with the pirates only a few metres away from the ship. Additionally, shots continue to ring out even after the skiff crashes into the hull. *Trident* issued a statement reporting deaths or injuries among the pirates. However, this version differed from the report sent to the bodies charged with monitoring pirate attacks. So all told, the case seems to uphold the belief that pirate casualties were in fact higher than those officially reported.

Which of the three phenomena described above was the most influential in reducing the number of pirate attacks? Was it the marked improvement in cover for convoys in the Gulf of Aden? Was it the disruptions of pirate operations? Was it the increased presence of private armed security teams aboard the merchant vessels? We ask ourselves what percentage of success is attributable to each of the phenomena. It is apparent that if military protection in the Gulf of Aden had not been so efficient, attacks and hijackings would have been higher in number than the figures provided in the latest data. Similarly, the action taken against pirate motherships, including destruction, would have caused logistical problems for the pirates, thereby impeding them from operating as efficiently as in previous years. It is also apparent that private armed security teams obliged the pirates to modify their *modus operandi*, scale down their operations and perform fewer nighttime attacks. Additionally, to avoid casualties in their own ranks, it became habitual for the pirates to exercise greater caution and check, prior to any attack, if the potential targets were heavily armed.

All told, in the period 2011/2013 the presence of the military did not increase while the presence of private security teams did. Consequently, it seems logical to assume that the influence of the latter was decisive in reducing piracy.

### 3.2. Fewer attacks or fewer reports?

In 2012, the IMB reported 74 attacks, the IMO 86, and the NGA 78. The integration of these three sources has enabled us to identify a further 105 attacks, all attributed to the Somali pirates in 2012. This represents a 41 per cent increase with regard to the figures provided by the IMB — the source regarded as the most reliable.

In 2013, the IMB reported 15 attacks, the IMO 20, and the NGA 39. The integration of sources let us identify 45 attacks, a 300 per cent increase with regard to the IMB figures (15 attacks).
It cannot be ruled out that behind the decrease in the number of attacks is the possibility that fewer reports were made. The presence of private armed security on the majority of vessels is likely to lead to the concealment of pirate-related incidents. Given that so far, no vessel with armed security has been hijacked, the captains no longer seek assistance and therefore, the need to send SOS alerts has diminished. Indeed, NATO’s counter-piracy operation informed, in June 2012, that some captains preferred to inform the security chief of the firm hired to provide the service rather than inform the habitual sources. In February 2013, UKMTO reported: ‘It has come to our attention that some private military security companies are reporting suspicious incidents through their internal communication channels and then to their customers. It is in all seafarer’ interest that any concerns are reported immediately by phone to UKMTO in accordance with BMP4’.

We also encounter a policy among ship owners, not to report incidents, in an attempt, possibly, to reduce insurance costs for ships transiting pirate-infested waters. News stories have emerged suggesting a reduction in the insurance premiums charged on ship owners whose vessels transit these waters.

Additionally, the number of disruptions carried out by military forces decreased by half in the period 2011/2012. NATO and EUNAVFOR military personnel performed 127 disruptions in 2011 and a further 55 in 2012 (almost one disruption per two pirate attacks reported).

It is worth asking if the falling number of disruptions stems from cuts in the number of military personnel in the region. For example the 2012 report *The Economic Cost of Somali Piracy*, in *Oceans Beyond Piracy* reports a reduction in the assets deployed by the EU’s Operation Atalanta (from 5-10 vessels in 2011 to 4-7 in 2012), and by NATO’s Operation Ocean Shield (from 4 in 2011 down to 2 by the end of 2012). However, according to EUNAVFOR data, in 2011 a monthly average of 6 warships and 3 maritime-patrol aircraft were deployed in counter-piracy operations. In 2012 the figures are 5 warships and 4 maritime-patrol aircraft. In NATO’s Operation Ocean Shield, in both years a monthly average of 4 warships were used.

Some analysts believe that a new term — ‘suspicious events’ — is being tagged to the attacks. It is significant though, that real attacks had always been more numerous than so-called suspicious events. From June to August 2010 and in March/April 2011, the tendency underwent a temporary change. But as of January 2012, this tendency has become permanent, and now, more suspicious events are reported than actual attacks.

It is also likely that the pirates proceed with greater caution when approaching merchant vessels due to the adoption of additional security measures. This may account for the fact that the number of suspicious events reported is higher than number of real attacks reported.

On the other hand, some countries could have reached the conclusion that private security is sufficient to deter hijackings, and, in consequence, gradually withdraw their forces. For example, Operation Atalanta could not be extended beyond its
current term (December 2016).

3.3. An end to Somali piracy?

The data provided by the different sources consulted seems to suggest that a significant decrease in Somali piracy is under way. We believe that a gradual increase in the presence of private armed security teams is likely to be seen on ships transiting these highly dangerous waters. Only the ship owners unable to afford private security are likely to be the future targets of piracy. At this juncture, it would be useful to know if international aircraft and warship deployment is to be permanent or, alternatively, if it is to be gradually scaled down. If the latter occurs, we may witness an increase in piracy. Maintaining military presence in the region is not cheap. The study mentioned earlier, Oceans Beyond Piracy, has calculated the total military cost for 2012 to be around $1.09 billion. Consequently, some experts are skeptical about the long-term feasibility of such expenditure. Present cutbacks taking place in military spending in several countries could jeopardize future military presence in the region.

The two main causes for the growth of piracy in the coastal waters off Somalia are corruption and of course, the payment of substantial ransom fees. Hence, the ongoing internal political situation in Somalia will be of crucial interest in the immediate future. Recently, the authorities of Puntland appear to have adopted a more co-operative approach to the eradication of piracy, related to oil discoveries. The mounting tension between Government forces and Al Shabab—the branch of Al Qaeda in Somalia—must be closely monitored. It is not clear how a hypothetical defeat of the Islamic radicals would affect piracy. Some members of Al Shabab have reached rapid agreements with pirates allowing the latter to use their anchorage berths in exchange for a chunk of the ransom money. The effect on pirate bases if the coastal areas fall under new control is completely unpredictable. Regarding the payment of ransom fees, the decrease in hijackings since 2012 appears to have reduced the cash at pirates’ disposal for the first time in years. It is highly likely that any future attempted hijackings target local vessels or shipping companies that are unable to afford private security. In these cases, the owners of these vessels are practically unable to raise the ransom fee. This may lead hijackings to last longer and push up ransom fees. All of these factors could turn piracy into a less attractive activity for the Somali pirates. We are probably in the beginning of the end…