

## **Analyzing of the Geopolitical Energy Confrontation in the Caucasus: Role of Iran, After Sanctions Were Lifted**

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**Abstract:** *This article examines one of the main issues which may influence all of the Caucasus region on political and economic grounds. A geopolitical energy rivalry has taken a significant place among regional and global actors particularly in the Caucasus region. In this regard, the research purposed suggest analyzing the distribution of the energy power and geopolitical interests of Russia, European Union, Iran and Turkey which correlate with utilizing the significant position of Azerbaijan, Georgia, and Armenia in terms of the supplying and transferring energy resources. Lifting economic and political sanction by the West in Iran will bring new economic opportunities in the energy sector because of it being a strong player in terms of the supplying of energy resources that its influence will provide in the transforming of the international energy market.*

*Decreasing oil and gas prices in the world marketplace has negatively affected Russia's economy. Taking regional states position on the geopolitical ground into account, one of the Russian purposes is pressuring countries like (Georgia, Azerbaijan etc.) in order to increase the importation of energy resources from Moscow while utilizing their position as a primary supplier of energy to other countries. In this case, coming from an Iranian influence on the region may escalate increasing new geopolitical energy confrontation particularly between main regional actors Iran and Russia. Geopolitically transforming the region brings advantages and disadvantages on the energy sector and this illustrates the characteristics of this region which are quite fragile and sensitive. Analyzing the energy relations between those countries will enable the use by policy makers for political stability and regional cooperation in the region.*

**Keywords:** *Energy confrontation, Caucasus, Pipeline projects, Russia, Iran, Azerbaijan, Georgia, Armenia*

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### **I. Introduction**

After the collapse of the Soviet Union, the South Caucasus region was completely transformed as a result of this radical geopolitical change. In this regard, geopolitics concept describes characteristic of the region. This concept as the Davtyan mentioned that is not only related to geographical factor but also contains the position of the economic, political, as well as military argument. Taking geopolitical concept into account, this region outlines that consist of Georgia, Azerbaijan, Armenia, and states which are a surrounding this region are Russia, Turkey and Iran (Davtyan, 2014).

Moreover, from an energy perspective, observing the concept deeply illustrates that it also includes the emerging new states which are located as main players in the energy sector in terms of the supplying and transferring of natural resources to the international marketplace. In this context, developing and encouraging the new energy pipeline projects provide an ability to increase geopolitical significance of this region in the world, so analyzing natural resources projects demonstrates regional and global actors national interest in case of the energy implementation. As mentioned previously the underlying issues of this region are quite sensitive and fragile because of the linking of Black Sea and Caspian Sea regions, it has taken place as transition position (between Eastern and Western districts) so that region is convenient not only for transferring energy resources but also international terrorism, human rights, ethnic conflict, humanitarian disasters, and environmental problems. Taking importance of the region into account, it is necessary to indicate that regional and global actors have paid more attention to this area. Particularly, the Russian position as the region has already been influenced and dominated by Russian political, economic, as well as military powers.

Furthermore, Russia's aim is the control of the transportation of natural resources by preventing construction any kind of alternative energy pipelines in the region. Furthermore, Russian aggressive policy is related to the suppression of internal policy of the states that its significance is mentioned as a existing internal problem in (NagornoKarabakh (NK), Abkhazia and South Ossetia, as well as Ukraine) has been challenging to be more active and an influential actor in the Caucasus region in terms of the increasing the diversification of various energy projects. In this context, it is significant to Iran's position after sanctions were abolished by the West that Iran desired to increase its relations with the Black Sea and Caspian Sea regional countries in order to transform its natural resources to the international marketplace, particularly European countries. Besides this, the lifting of said sanctions have brought economic advantages for Iran as one of the main issues on Iran's agenda which has involved the focus on the international energy marketplace as a new energy partner. Due to

the presence of Russian towards regional challenges and issues for increasing the Iranian expansion on the energy needs of the Caucasus region.

Furthermore, during the study of the geopolitical energy rivalries in the Caucasus region it is the utilization of the contributions for the qualitative methodology and interdisciplinary methods as well as the distributions of the power theory. As for a research question related to this issue, it will be followed by the sanction lifted on Iran's position, and will take place in terms of the escalating geopolitical energy completion in the Black Sea and Caspian Sea region.

## **II. After the Sanction Were Lifted, the Significance of the Iranian-Georgian Energy Relations**

As mentioned previously Georgia has a significant position in the Caucasus region, as the Grigoryan stated that Tbilisi wants to utilize its geopolitical location in order to increase developing energy relations with Tehran. While on the other hand, Georgia has the same purpose with Russian relations as well. It is significant to highlight that this country plays a crucial role between the Persian Gulf and Black Sea region in terms of the transfer of natural resources. Furthermore, there is great potential on the importing of Iranian natural resources to Georgia. On the other hand, there is one alternative which is transforming the Russian gas and oil to Georgia (Grigoryan, 2016). In this context, it is necessary to mention that the diversity of the distribution of these energy resources causes clashing national interest between Iran and Russia, as they share common political interests. This poses a potential problem with the increase exporting of their natural resources to Black Sea countries. Besides taking these interests into account, Georgia has taken a dominate place as a transit country between Caucasus region countries.

After the post-sanction era, Iran has opened its door to international trade which has provided these political and economic advantages. Case in point, Georgia has potential to be a strong trading partner with Iran as this has become a priority of the foreign policy of Tehran.

According to Parizad report, Iranian Deputy Foreign Minister Morteza Sarmadi said that ``the enhancement of collaborations will lead to economic growth, and that in turn will result in stability, security, and improved regional ties`` (Parizad, 2016). Taking this into consideration, Iran is willing to develop relations with Georgia on the many factors, particularly in the energy field. Moreover, as Danelia highlighted, Georgia location in the Caucasus gives it a interconnected, geopolitical, and geostrategic factors on a regional scale as well as on a global scale (Danelia, 2016). Iran's involvement in the international energy market would be a challenged to some countries such as (Russia, Saudi Arabia, Iraq, etc.) whose economic income is directly dependent on energy resource based revenue as Johnson has indicated, that Iran has already started to negotiate trades towards European Union countries in order to facilitate a growing demand in oil and gas, to deter former trade between Russian. Taking this fact into account, it is significant to underline that Iran and Georgia have the potential to become key players in the global oil trade. In this context, as Johnson stated that Iran has potentially vast energy resources so that finding a viable energy market is one of the significant issues in Tehran's agenda. In addition, Europe's aim is to increase the diversification of its supply in oil and gas.

Taking the significant demand of energy that the EU requires into account, that European countries aim is to decrease their dependence on Russian energy and its monopoly through its current energy policies with Europe. As for EU-Iran relation, after the lifting of its sanction by the West, Iran has become one of the primary countries in the supply of energy resources outside of Russian, therefore the EU's aim and interest is in exporting cheap oil and gas from Iran. Transferring oil and gas from Iran to the EU countries signals a geopolitical significance of the Georgian-Western trade with Iran. In this context, political and economic implications or movements of Georgia is crucial in the case of potentially causing a new energy conflict between Russia and Iran, even though there are geopolitical characteristics in the Caucasus region that make it quite fragile and sensitive (Johnson, 2016).

There is no doubt, Georgia wants to increase energy and economic relations with Iran. As the Ogutcu reported that finding alternative ways to regulate relations with Iran is on the Tbilisi agenda particularly after the sanctions were lifted. As there is no doubt that Russia is also looking in such a way to increase its energy monopoly towards Georgia, even though Azerbaijan announced that they have enough oil and gas for Georgia. Besides this, in terms of the increasing the diversification of energy alternatives, Georgia has two ways to go in exporting resources, Azerbaijan or Iran. As for Russia, Georgia has been challenged many times not only in the energy sector but also in political aspects (Oğütçü, 2016).

Additionally, in order to develop regional cooperation, stability, security and social prosperity in the Caucasus region, it is necessity to observe Iran-Azerbaijan energy relations which has taken quietly significant position in order to analyzing the geopolitical energy confrontations in the Caucasus region.

## **III. The Iran and Azerbaijan Strategic Position in the European Energy Market: Alternative Ways in Dependence to Russia**

After the collapse of the Soviet Union, the Caucasus region has been taken into account in terms of its geopolitical and geostrategic location in the world so that great efforts had been made by Russia to increase their dominance over the region, especially in this sector. Moreover, one of the attractive facts related in the region is in transforming the natural resources of the European Union countries. In this regard, Iran and Azerbaijan as energy supplying countries play a critical role in order to escalate and or accelerate energy confrontation between regional actors.

It is clear that Iran and Azerbaijan have huge potential energy reserves to distribute to the world market. However, to those countries that are in the EU it is important to find alternatives in the transfer of oil and gas so they no longer remain dependent on Russian reserves. Therefore, after the sanctions were lifted by the west, Iran began actively pursuing ways to provide an ability to sell its natural resources in the international marketplace i.e. EU and the Caucasus.

Since the 1990s, Iran has had some economic and energy related trade with Azerbaijan due to their common interest as natural resource suppliers for European countries. Even though Russia is trying to stick to accrue any kind of the cooperation or agreement between those countries and EU because it limits the Russian position in the Caucasus (Kalehsar, 2016).

In this regard, emerging the new collaboration and consultation between those countries and EU may influence significant Russian economic, political, and potential negative perspectives. So with a potentially increasing Iran-EU trade may bring disadvantages to Russia particularly in the energy field.

#### **IV. Significance of the Energy Pipelines among Russian and Georgian Relations**

Transferring and supplying energy resources, protecting pipelines are main issues between Russia and Georgia. Analyzing the Russian and Georgia relations in terms of the geopolitical and geostrategic aspect has illustrated that there are still reflections of this war (in 2008) beyond those relations. It is clear that Russia has taken a critical position in terms of the supplying of its energy resources so that controlling and increasing its dominance over Georgia comes up particularly often nowadays because of the decreasing of oil prices and increasing the alternative suppliers of energy from these new players such as Iran.

Taking this fact into account, it is important to highlight that regarding the United State and the EU's position that time increasing diversification of the energy supplying from the Caspian region to European countries is very significant that is why decreasing Russia's influence on the Caucasus region related to building new energy projects is so important.

As for United States position over the Caucasus on the energy sector, it has initiated building new energy projects such as the Baku-Tiflis-Ceyhan and the Baku-Tiflis-Erzurum pipelines, those projects are encouraged in order to improve regional relations between the Azerbaijan, Georgia, and Turkey.

In this respect, the purpose of the USA and EU is in distancing the close relationship between Iran and Russia by finding alternative ways to Russia's monopoly on the energy sector.

The US's position in the region, as Kocaman mentioned that it is important to stress that the US is challenging Russian authority. In this context, geopolitical importance of the Georgian location paved away for confrontation between Russia and US that is why Georgia is one the main places in the Caucasus region to increase developing the regional cooperation and peace (Kocaman, 2007).

Furthermore, Kelkitli showed that Russia has more complicated relations with Georgia. Although Georgia is willing to involve the EU and NATO, Russia is building new barriers which prevent close relations between Georgia and the EU, in this respect escalating the nationalist movements (Abkhazia and South Ossetia) is one of the main argument in order to stick to further relations with the EU (Kelkitli, 2008).

As some experts believe, Voicu&Pepene, regarding the importance of energy, that has stated that energy has brought different types of contradictions and confrontation, particularly after the disintegration of the Soviet Union. That new geopolitical and strategic regions are emerging which are significant for supplying energy resources such as the Caspian region. In this context, Georgia has played an effective role in terms of transferring energy resources (Voicu&Pepene, 2010).

Besides this there is close integration between political, military, economic, and construction of existing pipeline projects. It is important to emphasize that increasing the demanding energy sources that are aggravating new energy crisis on the Caucasus region that is why Russia does not allow the involvement of other actors (EU, US) that would struggle in the energy field in the region. In this regard, Russia's monopolies in energy will continue to factor in for a long time. In this regard, Georgia still has a desire to become a member of the EU (Voicu&Pepene, 2010).

As mentioned previously, after the Soviet Union there were many fundamental geopolitical and geostrategic transformations in the Caucasus region. These local transformations were close to the state's interests, which were mainly related to the controlling of the Caspian reserves that is why confrontation of energy among these states has brought new political and economic reflections.

Taking this fact into account, as Kakachia states that the majority of Russia's implications are regarded as taking advantage of economic and political structures. In this respect, energy is one of the arguments for controlling the region. However, encouraging constructing strategic pipelines by the regional and global actors is starting to hinder Russia's authority and its cause for Russia's aggressive foreign policy which aims to minimize planning new energy projects (Kakachia, 2009).

Regarding the importance of the geopolitical position of Georgia, as previously stated that Georgian relations with Russian is very close in terms with the production, transfer, and distribution of Russian resources in the international energy market. From the Georgia side, there is a profitable relationship due to the passing energy resources on its territory has gained a discount on the price of its energy (Winrow, 2007). In the case of the transferring of Russian gas and oil to Armenia, Georgia plays an important logistical role between these states. On the other hand, after the sanctions were lifted on Iran, Georgia has become a significant actor for developing not only energy relationships but political relationships as well.

As Utiashvili argued that the development of the region politically and economically Georgia by its position paved the way for focusing on the state's geographical location by global actors particularly Russia. Taking this point into account, Georgia since gaining its independence in 1991, its territory has taken on the Russian foreign policy agenda which aims to regulate Georgian's internal and external policies that is why in any period time, Russia desires to be a more active player in the Caucasus region (Utiashvili, 2014).

Furthermore, the existing energy pipelines which are supported by the EU and the US has reduced the influence of Russia in the region. As energy and its security structure have influence over each other. Unsolved issues (South Ossetia and Abkhazia territory) plays a vital role in terms of sustainability of their energy security policy that is why those regions are crucial. As Russian relations with Georgia are based on its geopolitical locations which is significant for transportation of natural resources and other things as using those regions by Russia against Georgia for this purpose.

In this regard, the importance of energy has brought new dimensions which affects political, social, and economic conditions towards Russian-Georgian relations. It is important to indicate that due to Russian political and military pressure (possible activities) over foreign policy of Georgia has continued to struggle as an independent country. Taking the Georgian position into account, it is clear that this country is a buffer zone to the Caucasus region for Russia through international markets especially to European countries. The presence of the frozen conflict prevents not only the growth of a sustainable energy sector but also stability in political policy.

Increasing new energy pipeline projects and increasing the diversification of the energy supply provides a break from energy conflicts between Russia and other states. In this context, it is important to mention that regional cooperation in the energy sector allows for sustainable economic growth and regional prosperity in the long term, a great example of this is BTC and BTE pipeline projects which remain effective in terms of regional peace and prosperity.

## **V. Conclusion**

The Caucasus region contains the potential to have a significant presence in the global energy market as a key player, so long as Russia does not protest. In this regard, as previously mentioned the characteristics of the Caucasus region is rather sensitive to any kind of new political and or economic activities that emerge as part of new policies. These geopolitical energy confrontations between regional and global actors arose particularly after the Soviet Union collapsed. Analyzing the interests of the main actors (Russia, Iran etc.) illustrates that in terms of the transferring of energy resources from East to West i.e. Azerbaijan, Georgia, and Armenia can be quite significant. Moreover, the energy sector puts Russia and Iran in an increasingly dominant level of power over the Caucasus.

As for the Iran, after economic and political sanctions were lifted, it opened the door for Iran to the international marketplace. Iran has a significant energy reserve that is why abolishing the sanctions brought not only economic advantages but political advantage as well. In this regard, Iran's purpose in finding an alternative marketplace in order to transfer its oil and gas into account, brings serious implications for a possible energy related conflict in the region. As the policy of the Caucasus states may challenge Iran's energy implementations.

It is clear that the Russian economy depends on the revenues of its natural resources (such Azerbaijan, Iraq). Nevertheless, Russian monopoly in energy policy could potentially be damaged and eventually lead to a fall in its demand of its oil as a result. In this context, Russian sustainable energy policy closely related to the geopolitical position of the regional countries (Georgia, Azerbaijan etc.). Taking this fact into consideration, it illustrates that political and economic pressure over these countries may provide to be more effective in Caucasus energy policy. On the other hand, Russia believes that politically and economically controlling this area may be possible by increasing the utilizing of its energy resources. On the other side, the role of Iran after sanctions were lifted has taken a significant position with opening new doors in international marketplace for its oil reserves. From this perspective, coming up as a new energy player, Iran may bring new conflicts in energy

with Russia. As they now have the ability to trade their natural resources in the world energy market. In conclusion as indicated previously, the characteristics of the Caucasus economically and politically is rather fragile, and there is real potential for an energy related confrontation among the region as Iran emerges into the global marketplace.

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