

POLITICAL AND ECONOMIC GOALS AND INTERESTS OF THE FEDERAL REPUBLIC OF GERMANY AND THE EUROPEAN UNION IN THE CASPIAN REGION

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ABSTRACT

The Caspian region with its huge oil and gas reserves is becoming an increasingly important source of energy. Gas reserves in the Caspian region may continue to be of interest to Western Europe as a replacement reserve. Cooperation with the region is becoming increasingly important as a result of the EU's eastward enlargement, regardless of the energy sector. European interests in this region can be defined as energy and security interests.

Keywords: oil, gas, Caspian region.

1. INTRODUCTION

Under the globalization of the world economy condition, the importance of the Russian Federation Caspian region constantly ramps up. The Soviet Union dissolution expedited the rapid transformation of the Caspian Sea from an industrial area into a serious geopolitical and geo-economic factor. The region started to be cognized not as an isolated and static one, but to be in the dynamics of global geopolitical interaction. The same time it becomes a flash point in the system of actual geopolitical processes.

The number of the countries vitally concerned in own geopolitical and geo-economic interests was significantly increased in the beginning of the XXI century. The geographic location and the growing importance formation of the Caspian energy resources drove up to the strategic importance increase of the Caucasus and the Caspian for the world security, including Europe. It is not by chance that back in 1997, spoke at the "Caspian Oil and International Security" conference, the NATO Secretary-General Mr. X. Solan noted the importance of the Caucasus for Europe: "Europe will not be completely

secure as long as the Caucasus countries remain outside the European (system) security." [1]

Alongside with the traditional "geopolitical players" such as: Russia, the United States, Great Britain, Turkey and Iran, there are the European Union countries, particularly Germany, Italy, and France, which took an active part in the political and economic activity. China, Japan, Pakistan, Saudi Arabia, Israel, and a number of other countries are showing their interest in this region, which significantly complicates the situation in the considered region. Their relationships inter alia are determined by their interests in regional fuel and energy resources control and means of their transportation. While in the centre of the post-Soviet area geopolitical break, the Caspian region starts to be an integral part of the new "Great Game" in the world, made according to the geopolitics classical rules.

Initially, the region's concept was considered as an expansionist aspirations of the major Western powers instrument, associated with the intruding into the previously "closed" post-Soviet space. The new countries of the region were considered by the "major

players" as an integral sole part, cause of their common characteristics, such as the lack of independent foreign policy experience and sufficient resources for the independent actions in the international arena. And the large reserves of the energy resources presence in these countries made it possible to form up the image of a raw material region, a kind of "energy power storehouse".

This area circularity, its isolation, along with the necessity to prepare the energy resources delivery routes to the world market, as well as the desire to reduce the Russia influence, which is traditionally dominated in this region, created the concept of a "new Silk Road" with the intension to reorient actual transport flows. This caused the formation of the image of a "region - a transport corridor".

While the Europe's interest was more focused on natural gas fields, the same time the international community was focused on the oil fields in this very area.

In a great many cases it is required to make the natural gas potential of the Caspian region available for Europe with the political support and at the same time to free the countries concerned and Europe itself from the Russian supremacy [2].

It is worth mentioning that exploring the realizing the interests of the European Union countries problems in the context of the energy policy of the Caspian Sea region, it should not go unmentioned about the energy political status and the potential for conflict in the region (including Syria). The armed conflict in the country in many cases is an echo of the race launched in by the largest world energy market players. The main winner advantage of in an armed conflict in Syria is getting the access to the largest and most payable and financially reliable gas market in Europe.

The crisis in the EU countries reduced the new projects investments in the field of renewable power generation (solar, wind). And the "Fukushima" drama also forced to renounce the nuclear energy as well. Hence, the governmental authorities of many countries of the European Union and, in particular, Germany, got the decision to phase out gradually all operating reactors by 2022.

In the perspective, the gas segment will constantly grow up in the European energy balance. Taking into consideration the limited possibilities for the product increasing production in the fields of the North Sea, the increase in consumption will be compensated by gas import.

So, it is of little wonder that Europe is demonstrating a particular interest to the Caspian gas. As per European experts, there is no alternative to connecting the Caspian area with the European gas system. In 1991, the EU

undertook steps towards the Caspian, but the renewable energy (solar, wind) interest prevailed at that time. In 1994, the EU launched a program of international energy cooperation with the Black Sea and Caspian countries and neighbouring states (INOGATE). Over the last years, the "big European Four" - Great Britain, Italy, France, Germany - have shown high diplomatic activity in the Caspian direction. Italy and Germany take a interest in the Caspian Sea as well, also providing broad diplomatic support to their oil and gas corporations for the region's energy resources access. Representatives of Germany, one of the leaders of the European Union, are showing an active interest in developing partnerships with the countries of the Caspian region, such as Azerbaijan, Kazakhstan and Turkmenistan. This is evidenced by the results of bilateral contacts between the states.

"The Energy Foreign Policy" and "Central Asia Strategy", declared as per the Foreign Minister Steinmeier inauguration and the Germany Chairmanship in the EU Council, have the supposed protection of energy imports from the Caspian region as important components as well. The CIS Central Asian republics, such as Kazakhstan, Turkmenistan and Azerbaijan, are considered as countries exporting gas from the Caspian region.

2. LITERATURE REVIEW

Nowadays the Caspian region is getting the status of a stable "economic ring" in the centre of Eurasia, where regional and global centres investments, interests and initiatives will be focused in the next decade. But at the same time, this region is quite important for all the Caspian states not only by its resources view, but first of all, by the foundation the sustainable socio-economic development zone [3].

The Head of the Russian Minister of Foreign Affairs Sergei Lavrov noted that "the Caspian region is a subject of a special concern." "In a good meaning of this concern," was corrected by the diplomat, assuming "the complete cooperation development between all the Caspian states" [4].

After the USSR collapse and the independent states formation, the key regional states in the Caspian become Russia, Iran, Azerbaijan, Turkmenistan and Kazakhstan. However, their relationship is largely influenced by the interests of extra-regional powers - USA, the European Union, China, Turkey [5]. This makes a certain conflict potential in the Caspian region.

This issue was a focal point of D.B. Malysheva in her work "Russia and the Caspian Region: Problems of the safe development" [6]. The author reviews the Caspian region specifics, as well as the relationship within the "Caspian five" (Russia, Azerbaijan, Iran, Kazakhstan,

Turkmenistan), the possibility to get a consensus on such unresolved issues as the Caspian legal status, the ownership of the disputed oilfields, the routes of the gas pipelines. The special attention is given to Russia - its interests and priorities in this region, its Caspian strategy construction and "conflicts policy". The individual regional (Turkey and Georgia) and extra-regional (USA) "players" are analysed in the Caspian region according to their attitude degree to the positions and interests of Russia.

The Europe shows a specific interest to the Caspian gas [7]. The Caspian energy resources, and to be exact the resources of the new Caspian states, as the European Union sphere of interest, became the scientific seminar theme held by MGIMO, as well as with the help of Roza Luxemburg Foundation with the participation of representatives from IMEMO, RISI, Gubkin's Russian State University, as well as the Russian Foreign Ministry Affairs in 2009. The result of the seminar was the issue of the collected book "Common neighbours" and "Eastern partners" via the Caspian Sea prism" [8], dedicated to the political issues connected with the Caspian energy resources. The research focus was the policy of the European Union in the region.

The evolution of the EU policy to the Central Asia countries (CA) is researched by L.U. Gusev in the project work "Opportunities and limits for the implementation of EU policy in Central Asia" [9]. The main conclusion of his work is that the depth of relations between the EU and Central Asia will depend on the individual Central Asian countries needs in promoting bilateral relations.

In general, as noted by Y. Sarukhanyan, the EU does not aim (or, at least, does not demonstrate it openly) to enlarge its presence in the region. The Central Asia is assumed as one of the platforms where Brussels needs to provide a certain level of its presence to keep its status in international relations. Therefore, the EU's participation in the regional processes will be probably reduced to the focusing on the spheres where Brussels has already entrenched itself, where it has the advantages towards to other states, as well as on the attempts to provide the Central Asian states the regional cooperation programs [10].

3. RESEARCH RESULTS

Let us consider the individual exporters of Caspian natural gas potential.

Azerbaijan

Azerbaijan gas output decreased from over 10 billion cubic meters to about 5 billion cubic meters in the 1990s due to the depletion of the gas fields known at the time. The only the start of Shah Deniz gas field production at the large, located near Baku at the bottom of the Caspian

Sea, gives hope to a new gas production increase in the country. It is expected for this figure to be increased up to 20 billion cubic meters by 2020.

Kazakhstan

Kazakhstan natural gas output was ranged from 5 to 10 billion cubic meters in the 1990s and exceeded 20 billion cubic meters in 2005. 26 billion cubic meters were produced in 2006. Kazakhstan natural gas is mainly produced in the north-west and the Caspian Sea shelf, mainly as associated gas to the oil produced there.

Turkmenistan

While Kazakhstan is the most oil-produced country in the Central Asia, Turkmenistan has the largest Caspian region natural gas supply resources. For sure there is no definite clearness of its storage volume. All the statements for the Turkmen data are too much uncertain, as they are based whether on the official Turkmen authorities information with its non-authenticity, or on the anonymous sources which hardly can be verified.

It is expected that the most part of the natural gas exported from the Caspian region to the west will come from Azerbaijan, while the Turkmenistan supplies produce the less volume. While Turkmenistan has or will have the sufficient transport infrastructure to export gas into Russia and China, the west gas export supply opportunities by Turkmenistan are comparatively non-developed.

Anyway, it is necessary to use all the capabilities which can be opened for the cooperation with the Caspian region states - not only in the natural gas case [11].

Gas storage volume in the Caspian region can be of interest to Western Europe as a substitution reserve. The cooperation with the region starts to be the most important as a result of the EU's eastward enlargement, regardless of the energy sector. The European interests in this region can be clarified as energy and security interests. The Caspian region is too much attractive to Europe with its energy resources. As per the expert's commentary, the North Sea oil stock will run short in 10-14 years. The growing Gulf region instability is to be considered. The European Union is also stated as a security player in the Caspian region. Right after the Soviet Union collapse, the Europe was interfered in the CIS countries by different ways: OSCE projects, the Energy Charter Treaty. These states membership in the Europe Council and the partnership and cooperation agreements with the European Union give the Caspian region post-Soviet states the exclusive connection with Europe, which was not provided for the Gulf states. Besides, the EU has provided the significant technical and humanitarian support to the region but has not yet been actively involved in the development of natural gas

and oil resources. The main reason for the EU moderate commitment can be seen in the fact that some individual countries are striving for their own energy security and are not ready now to compromise among themselves.

Having considered the historic agreement between the five neighbouring countries in August 2018, they are also working to expand their economic cooperation. Thus, "on the occasion of Germany's presidency of the EU Council, Maleki Corporate Group invites you to the first Caspian Europe Forum, which will take place on October 1, 2020 at the Titanic Hotel in Berlin. The conference creates a platform for experts and decision makers to discuss the importance of this agreement and cooperation between the countries of the Caspian region, Europe and Germany, as well as the perspectives for the companies in the energy, logistics, infrastructure and tourism sectors. German entrepreneurs see the great business opportunities in the oil and gas refining and petrochemical production. The German engineering industry will only benefit from this" [12].

The Federal Republic of Germany and the states of the European Union pursue both political and economic aims and interests in the Caspian region. The political stability tendency for all post-Soviet space as the basis for the ongoing transformation processes towards democracy and a market economy is strongly prominent. From a European point of view, the stable and conflict-free Caspian region development can only be successful in case of a balance between the region countries interests, as well as all other regional and great empires affected by it. These are the Russia, China, and the United States, but also Turkey and Iran, and due to pipeline issues also Afghanistan, Pakistan and countries bordering the Black Sea. The political stability founds the ground on which the European economic interests can be developed. On the one hand, they are aimed to ensure the energy supply to Europe via direct participation in the large Caspian oil and gas consortium. Transnational European oil companies such as Agip, British Gas, BP, Royal Dutch Shell, Statoil, and Total are involved in the production and pipeline projects. However, they have not even come close to the proportions of large American companies, which now account for 40 to 50 percent of the most important consortium in Kazakhstan and Azerbaijan.

In Federal Republic of Germany, which is not a part of the 100 most important international oil companies, there are several small holdings, with Essen-based DEMINEX's 10 percent stake in Azerbaijan's 5th consortium in Lankaran-Deniz is the most important one. For the rest, the Germany's economic interests are mainly focused on taking part in the infrastructure contracts, mainly for the road construction, transport systems and municipal infrastructure, telecommunications, radio and

television, and electricity generation and distribution, and that are just a part of them.

The German industry evaluates the future perspectives as positive. That indicates a positive attitude towards Germany, which can be traced to the reputation of such German names as Siemens, Rothschild, and others, who made an unforgettable contribution to the first wave of industrialization in this region in the early 19th century. That turns out to be a favourable factor as well that Germany's economic interests are not confined to direct oil and gas business and thus expand the opportunities for desired economic diversification. And finally, the economic activities of German companies are not combined with any geopolitical and geostrategic interests of the Federal Republic, which considered as an advantage in the countries of the region.

The political stability, progress in the transformation of the state and society, contribution to the European energy security, fair framework conditions for investment and expansion of the trade relations - that is a list of goals and interests approved by all European states.

The Germany's cooperation with the region is becoming more important due to the EU's eastward expansion, regardless of the energy sector. It is worth mentioning that the expansion of the EU to the East is accompanied by corruption scandals, which are called "caviar diplomacy." As an example, the international anti-corruption organization Transparency International (TI) considered it necessary to initiate an investigation against the Bundestag member from the Christian Democratic Union (CDU) Karin Strenz in the bribery mistrust from the Azerbaijan and demanded that the Berlin prosecutor's office apply for depriving Strenz of parliamentary immunity. The Transparency International is referring to the corruption scandal that erupted in 2019 at the Parliamentary Assembly of the Council of Europe (PACE). Initially, the European Stability Initiative, a non-governmental organization, conducted its own investigation of the lobbying activities of Azerbaijan. The final document entitled as "Caviar diplomacy" provided evidence that Baku was engaged in bribery of the rapporteurs of the PACE monitoring committee, who monitored the fulfilment of the obligations that Azerbaijan assumed upon joining the Council of Europe. This was the reason for the establishment in PACE in 2017 of its own independent investigative body, IBAC. The PACE deputies interviewed by him confirmed that the representatives of Azerbaijan tried to gain the loyalty of the assembly speakers with the help of numerous gifts - black caviar, carpets, expensive alcohol and jewellery, as well as offering them free use of the services of prostitutes [13].

4. DISCUSSION AND CONCLUSION

The Caspian-Southeast European energy cooperation is more likely in the short terms than is currently being discussed.

The Federal Republic of Germany was the first state to establish diplomatic relations with all Transcaucasian countries right after the collapse of the Soviet Union. The Federal Republic of Germany did not yet define its interests in this region geostrategically, at least publicly, and is currently operating there under the EU flag. The federal government's direct commitment to its geostrategic interests, as clearly reflected in the 1992 Defense Policy Guidelines [1], including military operations, will unavoidably reveal Germany's great empire ambitions. That can result the disputes inside the EU and with the other empires such as the United States, China, Russia, etc. Anyway, the federal government, especially the SDPG, is at the forefront of efforts for the land conversion in the region of Central Asia, the Caspian Sea and the Caucasus. While the CDU / CSU-FDP was still in government, the SDPG parliamentary group, initiated by its "left wing" around Gernot Erler, called on the federal government to become more involved in the region [14]. Shortly after it developed a strategic document "The region of the future - the Caspian Sea" [15], which clearly indicated the direction of the economic expansion of Germany.

As the two-thirds of all world oil stock and almost 40% of all natural gas stock are concentrated in the region as a whole, the Europeans are interested in connecting the Caspian regions to Europe, actively supporting the development of the east-west transport infrastructure to ensure the connection of the large resources of the Caspian Sea to the European natural gas supply net.

Table. The Reserves of oil and gas production in the Caspian region.

Country / Power	Oil in billions of barrels		Gas in trillions m ³	
	actually	potentially	actually	potentially
Kazakhstan (KZ)	15	65	2	3
Azerbaijan (AZ)	8	15	1	2
Turkmenistan (TM)	1	3	2	4
Turkmenistan (TM)	24	83	5	9

Quelle: Kalici, Jan H.: Caspian Energy at the Crossroads, in: Foreign Affairs, (Sept./Oct. 2001), p. 123 [16].

The European demand for the natural gas imports is increasing and is expected to continue to grow as oil substitute, with the supply growth occurring mainly in the Middle East and transition economies and to a lesser extent in Africa. And on the contrary, there is no

corresponding demand within the economic reach of any region other than Europe. Networking in the natural gas sector is truly a European issue and not an American problem due to the geographic distance. So Europe should deal with this infrastructure issue and not hide behind the US. With the natural gas, Turkey can take on an important transit function in addition to its own demand, much better than with the oil. This will not only bring transit fees to Turkey, but also increase its security of the chain supply, which is currently characterized by an one-sided dependence on Russia [17].

The second approach to the strategy, and specifically the creation of political and infrastructural conditions for limiting OPEC's market power, turns to be more complex indeed. On the one hand, the goal here is to create a pipeline infrastructure that makes it possible to economically transport oil from the Caspian Sea to Europe, and on the other hand, it is also a matter of stabilizing the region so that oil production and transport routes are considered reliable.

All the foregoing allows us to conclude that it's the time for Germany and Europe to define their interests and develop an appropriate long-term strategy in the Caspian region.

AUTHORS' CONTRIBUTIONS

Hence, the foreign analysts researches let us determine that the Caspian region, with its huge oil and gas stock, is becoming an increasingly important energy source for all major states. But the difference from the other countries in the world, is that the European Union promotes the interest to the natural gas reservoirs and not oil fields. The region is as well the important transit hub for various goods and has an important role, especially in the New Silk Road and the North-South corridor.

It is worth mentioning that Germany has its own interests in this region in terms of the economy and energy supply of Germany, which is reflected in the economic expansion.

The cooperation between the countries of the Caspian region, Europe and Germany is very important, as well as the perspectives for the companies in the energy, logistics, infrastructure, and tourism sectors in order to ultimately push out the Russian Federation from this region.

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