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IRAN SEEKING NEW MARKETS IN THE SOUTH CAUCASUS: GEORGIA

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After the sanctions lifted, Iran is seeking an active role not only in the regional but also in global politics. Iran is engaging both with the Western and the Eastern countries. Iran, in the search of new markets and partners, is holding various meetings and signing agreements with its northern, eastern and far eastern neighbors. In the light of current developments, South Caucasia has been under the focus of Iran for a long time due to historical, economic and political ties.

In the post-Nuclear Deal era as well, Georgia and Iran are looking for a deeper partnership. Lately Georgia is trying to restore her relations with Iran. Besides the talks on energy, Iranian citizens will be allowed to stay in Georgia without a visa up to 45 days according to news.

Georgia, a country located in the cross-roads of the historical Silk Road project re-initiated by China and which witnesses a high level of competition among many actors, also shows an interest in engaging with Iran more in the future. Russia is also seeking a way into Georgian markets. Georgian officials have been holding meetings with Gazprom lately stating that Georgia needs more energy supplies coming from two motivations; SOCAR no longer will be able to meet the needs of Georgia[1] and for the sake of energy security[2] Georgia aims to diversify its energy resources.[3] Although president of Azerbaijan, Aliyev, said several times that the Azerbaijani resources are enough for Georgia, Georgian officials and Gazprom have been discussing on possible deals. SOCAR is Georgias main gas supplier. Additionally Gazporm wants Georgia to be the transit route to carry Gazporms gas to Armenia.

On the other hand, even though there is no concrete agreement yet Georgia is in touch with Iranian officials about a possible agreement and gas transit to Georgia via Armenia. According to the news *It was reported by the media sources that Iran is launching supply of gas to Georgia via Armenia in an amount of 8-15 million cubic meters per day to produce electricity. It should be noted in this regard, that at this stage there is no concrete agreement yet with the Iranian side; therefore, launch of supply of natural gas is not decided,*

the Georgian Energy Ministry made a statement released on January 4. The possible routes that Georgia can benefit from Iranian resources are either from Azerbaijan or from Georgia. Also Iranian gas can be delivered to European markets via the same routes. However despite the fact that it has been reflected as the final decision is yet to be taken, according to news published on news.az, the decision on the route to be used for the transfer of the Iranian gas to Georgia was made in the last week and "*Tbilisi is yet to receive permission of Yerevan.*".[4] AzerNews,Irans Shana news agency also quoted Kaladze and stated that he said there are two options to import Iranian gas, either through Azerbaijan or through Armenia.[5]

So, Tehran and Tbilisi are discussing Armenian route to deliver Iranian gas to Georgia but still they are waiting for approval from Armenian side. Considering the Russias strong influence in Armenias energy markets, this route might put Iran against Russia as both countries need to access global markets via South Caucasus and increase their influence in the South Caucasus region. Or, this decision might increase the power of eastern bloc against the western bloc as the transit routes and energy sources in the South Caucasus will be controlled by Iran and Russia. Yet, Azerbaijan was – and still is - able to provide a balance. Transfers of Iranian gas to European continent via Azerbaijan seems to be still on the table. Azerbaijan is not missing the chance to be involved in the regional developments. Azerbaijani President Ilham Aliyevs visit to Tehran on 23rd of February, is an drawing getting development under the current circumstances.

Moreover, in order to understand the current developments and look at the picture of the energy sector in the region, it is useful to keep in the mind the latest MoU signed by Armenia, Iran, Georgia and Russia on the interlinked power transmission system.[6] Prime Minister Giorgi Kvirikashvili welcomed the UNs decision on lifting the sanctions on Iran and said"*We appreciate the lifting of sanctions against Iran ☀□□ agreement is the significant success. Today, we are very optimistic in this respect.*" in an interview with CNBC, Georgia Online reported.[7] Statements also support the idea that aftermath the sanctions lifted, Iran became an important option for Georgia in terms of diversification of energy resources and partnerships. Deputy Foreign Minister of Iran Morteza Sarmadi, stated that ☀□ *feasibility study and drawing up accurate plan in light of the existing capacities, the two countries would develop cooperation on transport sector, transit of goods and energy.* [8]

Developing relations between Iran and Georgia is welcomed by the Georgian officials. Georgian Energy Minister, Kakha Kaladze, visited Iran in order to discuss possible gas imports and cooperation in other energy sector areas. He said that *The Georgian and Iranian sides are at this stage studying possibilities of import of Iranian gas to Georgia. Possibilities for implementation of various other investment projects in the energy sector will also be discussed.****[9]*** Although Iranian gas is expensive for Georgia at the moment, Georgian Deputy Energy Minister Mariam Valishvili still keeps the Iranian gas on the table as an option in the long-term period. She said that *But we want to be in the forefront of negotiations with Iran, because the latter is interested with our region and we are interested in this resource [Iran] □ so there is a concurrence of interests, but now its difficult for me to say what kind of shape this relations may take.*[10] As the possible

routes mentioned above, Managing Director of the National Iranian Gas Export Company (NIGEC) Alireza Kameli said that Iran and Georgia are negotiating a possible agreement of exporting 200 million cubic meters of gas to Georgia currently.[11] Additional cooperation areas are also on the table. Following visit of Georgias Energy Minister Kakha Kaladze, it has been stated that Iran will build Hydro-electric Power Plants (HPPs) in Georgia. At the media held on 16th of February in Iran, *Irans Energy Minister Hamid Chitchian said that Iran will set up hydro-electric power plants in Georgia as Iranian companies have adequate experience in building dams and power plants and, Georgia ☀ enjoys great electricity [resources],* according to the news published on the Tehran Times.[12]

As we clearly observe Georgia is looking for options to diversify her energy resources. As we follow the recent developments and talks among officials in the region, we see that the regional dynamics signals a change in the long-term which will have effects particularly on energy and transportation sectors. Georgia has importance not only as a potential market with growing energy demands but also within the regional projects as the cross-road country with her geo-political position. Iranian and Armenian talks on any possible energy deals will concern Gazprom as the dominator of the Armenian energy sector; the same fact applies for Georgia as well since the officials are in touch with Gazprom too for future deals. Also considering the relations between Georgia and Azerbaijan Azerbaijan and Iran, the talks and current developments between Tehran and Tbilisi might have an impact on the Tbilisi and Baku relations.

[1] Civil.ge, Georgias Energy Minister to Meet Head of Gazprom Export in Vienna, 20.01.2016, Access: 25.01.2016, http://civil.ge/eng/article.php?id=28923

[2] Energy security is as The IEA defines the uninterrupted availability of energy sources at an affordable price, https://www.iea.org/topics/energysecurity/subtopics/whatisenergysecurity/

[3] Tornike Sharashenidze, Georgia's Gazprom mystery, ECFR, 22.12.2015, Access: 25.01.2016, http://www.ecfr.eu/article/commentary_Georgias_Gazprom_mystery5061

[4] News.az, Iran and Georgia choose Armenia, 17.02.2016, Access: 25.02.2016, http://news.az/articles/iran/105215

[5] Azernews.az, Azerbaijan potential route for Iranian gas export to Georgia, 17.02.2016, Access: 25.02.2016, http://www.azernews.az/region/93004.html

[6] Tehran Times, Armenia, Iran, Georgia, Russia agree to work on interlinked power transmission system, 26.12.2015, Access: 25.01.2016, http://www.tehrantimes.com/PDF/12448/12448-4.pdf

[7] Trend.az, Georgia not over-cautious in relations with Iran, 24.01.2016, Access: 27.01.2016, http://en.trend.az/scaucasus/georgia/2484611.html

[8] MFA of Iran, Iran keen on economic cooperation with Georgia, 15.02.2016, Access: 16.02.2016, http://en.mfa.ir/index.aspx?siteid=3&fkeyid=&siteid=3&fkeyid=&siteid=3&pageid=1997&newsview=380255

[9] Civil.ge, Georgian Energy Minister Visits Iran, 15.02.2016, Access: 16.02.2016, http://www.civil.ge/eng/article.php?id=28984

[10] ibid

[11] NIGC, Iran Likely to Export 200 MMcm of Gas to Georgia, 23.02.2016, Access: 25.02.2016, http://www.iraniangas.ir/Portal/Home/ShowPage.aspx?Object=NEWS&ID=2ee8db56-e837-4183-8718-861ef0d95da9&CategoryID=d742c5d2-8f41-4f7b-87f5-897ccca92214&WebPartID=f3a8b038-50d3-4ec7-af13-99e370d32a14

[12] Tehran Times, Iran to build hydroelectric power plants in Georgia, 18.02.2016, Access: 25.02.2016,http://www.tehrantimes.com/index_View.asp?code=253095

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