



Security and Stability of the South Caucasus

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- The South Caucasus – an alternative route for Caspian resources to Europe which bypasses Russian infrastructure
- South Caucasus energy concerns \approx BTC
- BTC runs near to many conflict zones, exposing it to many types of risk
- “Micro-risk” vs “Macro-risk”
- Micro-risk often (and retrospectively) perceived to be more of a danger than it actually is
- Macro-risk can be more subtle; threat of the risk can have same global effect as actual occurrence of the risk





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Azeri Section of BTC





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Georgian Section of BTC





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Turkish Section of BTC





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Conflict Zones near the BTC





Energy-specific Risks in the South Caucasus

- Attack on remote section of pipeline
- Pumping station attack
- Terminal attack
- Offshore attack
- Consolidated infrastructure attack
(Armenia/Iran?)
- **POLITICAL RISK**





Political Risk in the South Caucasus

- The stability of the region is the greatest risk to energy security of the South Caucasus
- Absence of effective threat groups to perform attacks specifically targeting energy infrastructure
- Escalation in conflict zones (and financial markets' perception of this) = greatest threat
- Security of price is most affected by political risk
- Interstate dimension of political risk e.g. Russo-Georgian animosity

