

Geopolitics of Albania - possibility of involving

Republic of Kosovo in the pipeline - TAP

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Abstract

In the Balkans, European countries and the rest of the world fought fierce battles over who will control the gas pipelines, which means not only financial benefits but also powerful geopolitical positions of the countries.

After the failure of two major Balkan gas pipelines - the project "South Stream" and "Nabucco", the project TAP (Trans-Adriatic Pipelines) definitely won the battle, becoming the largest gas project in the Balkans in the last 100 years. This project will turn Albania into a very important energy artery in Europe. This will significantly affect the dynamics of the economic development of Albania, creating over 15 thousand new jobs with the pipeline in the next five years and over a billion euros will be gained from tax transition in the next 20 years.

TAP Project is currently predicted to have two branches of its own. The first one is the branch tube which will be connected to the main TAP pipeline in Greece and will continue through Bulgaria (180 kilometers long), and is also expected to continue through Romania and Hungary towards Central Europe. The other branch, the so-called - IAP (Ionian-Adriatic Pipeline), will supply Montenegro, Bosnia and Herzegovina and Croatia, while an additional branch of it will pass through Macedonia and Kosovo.

There is no dilemma that this project will be very important not only for the development of the region, but also for its stabilization and integration.

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Keywords: *TAP pipeline, geopolitical position, the development and stabilization of the region, the inclusion of Kosovo*

Introduction

A dedicated scientific observation of TAP (Trans-Adriatic Pipelines), must be addressed within the corpus of the fundamental rights of the states as the primary subject of international law.¹ This matter belongs in the area of the right of countries to transit. Now, these universal rules of law are included in many international documents including the UN Charter.

The right of transit is a fundamental right of international law for every state and it includes the right to free and unhindered communication by all means of communication and connections through the territory of other states. Therefore, states have the right to transit by all means of transport – by road, rail, air, water, pipelines, broadcasting equipment, telecommunications, etc. This right is faced up by intensive transformations determined by the technological and economic dynamics, by open world market, by cultural communication, and by movement of people and exchange of values in the world. Such a development necessarily determines a greater interdependence between countries, regions and the whole world.

UN Charter (Article, 1 para.3), determines the following as an objective: - "cooperation between countries helps in solving international economic, social... problems". The forms and

¹ Until the seventeenth century, regarding transit, it was an exclusive right of the state to decide which country will be allowed to transit through its territory. But, the economic development and international trade resulted in the institute- the right of transit. See. S. Avramov; M. Kreca, *Megjunarodno javno pravo*, Belgrade, 2003 p.100

methods of implementing the cooperation and communication between countries in general are regulated by common international norms and bilateral agreements between countries. The UN puts special weight on this issue, and there is a special committee to research the principles of international law on friendly relations and cooperation between states. At the same time it should be emphasized that the right of states to communication, comes from the fundamental right of states to exist.

The right of communication implies the rights of transit through the territory of another state or other states by all means of communication.² These rights can be limited or reduced, only if they are endangering the national security of the state through the territory of the transit. But if the obstruction of transit is not based on a serious threat to security issues, the state has the right to present this problem to the UN and other relevant organizations, including the International Court of Justice.

TAP - the project of the century, benefit from the deterioration of the relationships between Russia and the West

In recent decades, continuously, there were fierce battles between energy tycoons and world politics over who will be the patron of the gas pipeline on the Balkans, including the western Balkans. This position means not only financial benefits from the use of these energy resources and their transit, but much more.

Initially, in the competition for the Balkan region, two major gas pipeline projects were introduced - the project "South

² The right of transit at sea, see M. Bilalli, *Slobodata na moreto i pristap na Republika Makedonija do moreto*, (PhD work), Skopje 2007

Stream" and "Nabucco". The first one was a project with dominant Russian capital participation by "Gazprom", and the second one was a European project. Obviously, in terms of relaxed political and economic climate between Western countries and Russia, the financial element to which of these two projects will begin to be realized, or possibly both projects parallelly, was predominant. "South Stream" would have transported natural gas through Turkey, Bulgaria, Serbia, Hungary and it would have been completed in Austria, where it would have been connected to the dense network of central and western Europe "Nabucco" would have also go transit through these states, but would have bypassed Serbia. Avoiding Serbia would have probably been because Serbia is still not considered as a stabilized country in the region. However, the last one had failed when the energy giant "BP" (British Petroleum) abandoned this idea.

Unlike "Nabucco", the project "South stream", in the relaxed political situation between Russia and the Western countries, has imposed itself as a serious project for implementation. In Bulgaria the first works for its implementation have already started. However, as a result from the apparent increase of tension in the relations between Russia and the West because of Ukraine, in particular, with the annexation of Crimea by the Russian Federation, and the beginning of the war in the eastern part of Ukraine, evident tensions followed in the overall relations between Russia and the West.³ Of course, the sanctions against Russia were a direct attack on the project "South Stream".⁴ The European Commission has eliminated this project, with

³ Regarding the conflict Ukraine - Russia see: Paul Stevens, *Transit troubles, Pipelines as a resource of conflict*, A Chatham House Report, March 2009

⁴ <http://www.dw.com/sr/ju%C5%BEEni-tok-i-njegova-logika/a-17681220> (December 4, 2014)

arguments that the project in question had not been planned to be built and operated under the provisions of the EU. The Bulgarian Government stated that the failure of this project had cost Bulgaria nearly \$ 400 billion.⁵ However, at the same time the Bulgarian Government representative Krasen Stanchev⁶ pointed out that “if the project “South Stream” continued to be built, Bulgaria would be forced to pay for the damages like the European Union, an amount of 8,000 euros for each Bulgarian taxpayer.

It is a fact that "South Stream" would have significantly strengthened Russia's position in the Balkans and Europe, having in mind that about 10 percent of the needs for gas in Europe would have transited through this project. This would have necessarily affected policymaking as well, in more Balkan countries through which the pipeline would have passed, and the states which would have been supplied with gas from this network.⁷

TAP Project Idea was introduced in 2003 by the Swiss company "EGL GROUP" (now "Axp"), which conducted a feasibility study three years later. Regarding the route, they had anticipated two alternatives. The first one, from Turkey, through Bulgaria, Macedonia and Albania, and the project would have been completed in southern Italy. The second one, from Turkey via Greece and southern Albania and the routes would have

⁵ At the same time it has been emphasized that Bulgaria will request compensation from the European Union. see, <http://www.vreme.com/cms/view.php?id=1250106> (December 2, 2014). See also, <http://www.reuters.com/article/us-russia-europe-pipeline-eu-idUSKCN0JI18720141204?feedType=RSS&feedName=topNews/> (December , 2014)

⁶ Stanchev was Chairman of the Board of the Bulgarian Institute of Open Market.

⁷ Cross-Border Oil and Gas Pipelines: Problems and Prospects. UNDP/World Bank Energy Sector Management Assistance Programme (ESMAP), June 2003

ended in Italy (Brindisi).⁸ On 13 February 2008, "EGL Group" and the Norwegian company "Statoil" signed an agreement for joint commitment to giving support to the construction of the TAP project and operations concerning it.⁹ The project for gas transporting for TAP, will make the transportation of natural gas from Azerbaijan, i.e. from the gas fields "Shah Deniz II", through the Turkish mega-pipeline TANAP (Trans-Anatolian Natural Gas Pipeline) and will be linked to TAP pipeline at the Greek-Turkish border. (See map).



The European Commission had estimated that TAP project will significantly influence, not only the diversity of Europe's energy supply without harming competition on the common market, but also strengthens regional peace and security.¹⁰ The Commission assessed that thanks to the TAP project pipeline, the

⁸[http://web.archive.org/web/20120308073539/http://www.egl.eu/eglch/en/home/medi a/news/archive/2007/2007_03_13.html](http://web.archive.org/web/20120308073539/http://www.egl.eu/eglch/en/home/medi%20a/news/archive/2007/2007_03_13.html) (March 13, 2007)

⁹ UPSTREAM, The International Oil & Gas Newspaper, <http://www.upstreamonline.com/live/article1152480.ece> (February 12, 2008)

¹⁰ Regarding the interests of gas companies on the market, see G. Mackerron & P.J.G. Pearson (eds), *The UK Energy Experience: a Model or a Warning?*, Imperial College Press, London, 1996: pp. 109–122.

competition in the European market¹¹ will be strengthened as we will have more supply and more offers with this new route connection.¹² "Today's approval of the agreement for TAP is an important step towards the completion of the southern gas corridor" – it was stated by the deputy head of the European Commission responsible for Energy Union, Maroš Šefčovič.¹³ "The approval of the agreement between TAP and Greece opens the way for starting construction works on this new gas pipeline to Europe" – it is written on the website of the European Commission on March 4, 2016.¹⁴ The European Commission also stated that the significance of this project is so great that it exceeds what is considered as subsidies, regulated by the provisions of the EU, and was later concluded that they are not contrary to the EU regulations.¹⁵ This way, in fact, the EU has given the green light for the TAP gas pipeline project to enter in Europe.

The government of Albania¹⁶ has given unreserved support for the TAP project regarding it as the largest project on the Balkans in the last 100 years.¹⁷ TAP will pass through northern Greece, southern Albania and through pipes under the sea in the southern Adriatic, it will be connected to the European pipeline network in the south of Italy (Brindisi). This project is now

¹¹ James T. Jensen. *The Development of a Global LNG Market: Is It Likely? If So, When?* NG5, Oxford Institute of Energy Studies, Oxford, 2004, p. 2-3

¹² http://www.b92.net/biz/vesti/svet.php?yyyy=2016&mm=03&dd=04&nav_id=1103731 (March 4, 2016)

¹³ <http://www.euractiv.rs/energetika/9728-ek-odobrila-gasovodu-tap-ulaz-u-evropu> (March 4, 2016)

¹⁴ <http://www.tanjug.rs/full-view.aspx?izb=233121> (March 4, 2016)

¹⁵ <http://novaekonomija.rs/sr/vesti-iz-sveta/evropska-komisija-odobrila-novi-gasovod-tap-za-evropu> (March 4, 2016)

¹⁶ <http://www.dw.com/sr/gasovod-tap-napreduje-bez-moskve/a-17974547> (December 5, 2014)

¹⁷ <http://www.energyobserver.com/vesti.php?lang=1&ID=38711> (May 16, 2016)

seriously probable for implementation. Indeed, since 2010, TAP offices have officially been opened in Greece, Albania and Italy.¹⁸

On the occasion of the arrival of the first pipes in the port of Durres for the TAP pipeline, the Prime Minister of Albania Edi Rama said that through TAP, Albania will become an important energy artery of Europe. He also noted that this project will significantly affect the dynamics of economic development of Albania, which will result in opening over 15 thousand new jobs in the next five years and over a billion euros will be earned from tax transit in the next 20 years.¹⁹

Out of 878 kilometers of the total length of TAP pipeline - 550 kilometers will pass through Greece, 215 kilometers across Albania, 105 kilometers under the Adriatic Sea, and 8 kilometers through Italy.²⁰ The capacity of TAP will be 10 billion cubic meters of natural gas per year. Works have begun even though many Greek environmental civic organizations protested in various parts of the routes in Greece.²¹

It must be mentioned that the Greek government and the TAP company have signed an agreement which will determine the special tax regime for TAP in Greece for 25 years beginning from starting the works. But, this issue is still under consideration within the European Union institutions, whether is it compatible with the EU regulations (recommendations) dealing with subsidies in the area of energy and environmental protection.

¹⁸ http://www.seenews.com/news/latestnews/trans-adriaticpipelineopens-officesinalbania_italy_greece-115448/

¹⁹ <http://plusinfo.mk/vest/66875/pocna-izgradbata-na-tap-rama-najavi-15000-vrabotuvanja-za-pet-godini> (April 18, 2016)

²⁰ In 2013, Greece, Albania and Italy signed an agreement for the construction of the project TAP, agreeing to invest a billion euros in the beginning of the works

²¹ Regarding the safety aspects of transport of gas, Keneth P. Green & Taylor Jackson, *Safety in the Transportation of Oil and Gas: Pipelines or Rail?*, (Fraser Research Bulletin, Fraser Institute. August, 2015)

Regarding the financial reality, there are very strong, reputable and worldwide renowned companies behind the TAP project. It must be mentioned that at present as shareholders of the project pipeline TAP are the following companies: - "BP" - (20%); "Socar" - (20%); "Snam" - (20%); "Fluxys" - (19%); "Enagás" - (16%); and "Axpo" (5%).²²

TAP branches

Currently the TAP Project provides two branches of its own. A branch tube which will be connected to the main TAP pipeline in Greece, continuing to Bulgaria (180 kilometers long), and which is expected to carry on through Romania and Hungary towards central Europe. The second branch, so-called - IAP (Ionian-Adriatic Pipelines), planned to be 516 kilometers long, would supply Montenegro, Bosnia and Herzegovina and Croatia, while an additional branch would pass through Macedonia and Kosovo.

In particular, Montenegro is very interested in the IAP project, not only for the purpose of supplying itself from this gas pipeline paying a lower price than many other sources, but at the same time this state is continuously engaged in the realization of TAP project and in coordination with his neighboring countries, in particular with Croatia and Bosnia and Herzegovina, Montenegro aims to strengthen its transiting positions for the neighboring countries, which means great financial and political benefits.²³ It is anticipated that through the IAP system ,

²² Initially the German company "E.ON" and the French "Total" were involved but they had withdrawn

²³ The Foreign Minister of Montenegro (at the same time the Deputy Prime Minister of the government), visited Tirana on March 20th, 2013 for this purpose, and met his counterpart Edmond Panariti. <http://serbia-energy.eu/sr/crna-gora-crna-gora-zainteresovana-za-transjadranski-gasovod-tap/> (March 21, 2013)

Montenegro will invest about 100 million euros (financial resources expected to be provided by European funds), and will soon be able to pay it back when we calculate the profit tax of transit through the territory of this country which will be about 20 million euros per year.²⁴ The connection from Albania would be in Bozhan, close to the border between Albania and Montenegro, continuing to Podgorica. Then the routes would continue through Lovchen up to Lushtice, where it will be connected to Croatia.

Naturally, a great relevance has the connection with Macedonia and Kosovo, a route which would pass near Struga through western Macedonia and will be connected to Kosovo, then it would continue to Serbia (known as WBR - Western Balkan Ring). Such a pipeline connection, without any dilemma, would significantly relax the political relations in the region, particularly between Kosovo and Serbia. At the same time all this would turn Albania into an energetic epicenter on the Balkan, which will significantly strengthen its geopolitical relevance in the Balkan region as well as the whole of Europe.

Conclusion

Currently, the TAP project represents the largest pipeline for transportation of gas in the Western Balkans. There is a dilemma that this project will significantly affect the stability, the development and integration of the countries in the region and the Western Balkans as a whole. These countries, except the economic development benefits, will considerably strengthen their political and geopolitical relevance.

²⁴ When we calculate that the IAP capacity is 2.5 billion cubic meters of gas per year and the price of transit is 1 cent euro per cubic meter, the profit is over 20 million euros.

This project has a particular significance to Albania, region and Europe also. Hence, a much greater media publicity should be given to this project, aimed to mobilize the business community, states and local institutions, as well as other components in order to successfully complete this largest energy project.

The countries in the region should make adequate legal changes in order to avoid possible administrative barriers, primarily those dealing with expropriation of land, which can significantly delay the realization of this project.

The institutions of the Republic of Kosovo, in cooperation with the Republic of Albania and the Republic of Macedonia should continuously organize institutional and professional meetings among themselves to coordinate more efficiently the activities for multiple actions on the implementation of this project.

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