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Procedia Economics and Finance 22 (2015) 470 – 478

Procedia Economics and Finance

www.elsevier.com/locate/procedia

2nd International Conference 'Economic Scientific Research - Theoretical, Empirical and Practical Approaches', ESPERA 2014, 13-14 November 2014, Bucharest, Romania

Black Sea area at the crossroad of the biggest global energy players' interests. The impact on Romania

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Abstract

By its geographical position in the neighbourhood of large proved reserves of natural gas and crude oil, the Black Sea region has a triple geostrategic and geo-economic dimension, as direct source of energy, major transport corridor for Eurasian energy resources to EU consumers, on the emerging Caspian Sea - Black Sea- Mediterranean Sea axis, and major factor of energy security for the EU and Romania. From this triple perspective it is necessary to assess whether a coordinated approach of the Black Sea region will be able to improve and sustain the European energy security and first of all Romania's national energy security, by applying strategies for diversifying supply sources, by stimulating competition on the supply side, through the efficient turning to account of its own resources and by connecting to the infrastructure projects allowing diversification of transport routes and access to new sources of energy, including return flows from West Europe. Although by the cancellation of Nabucco project, Romania has been deprived of an important infrastructure project it has, at least theoretically, other sources and opportunities to enhance energy security, thanks to discoveries in the Black Sea offshore area, to potential shale gas and renewable energy resources and last but not least by its nuclear energy capacity and potential. The year 2020 is looming as a common deadline for Europe in achieving several strategic objectives (the possibility of starting shale gas production in some European countries, the completion of major transport gas corridors gas, early operations of natural gas development in Black Sea waters etc) each of them marked by a substantial dose of uncertainty. But the current year could bring, in many respects, an economic, political and strategic clarification for Romania, given that the industry is renegotiating the fiscal regime for oil and gas extraction. The new tax system must be designed in a manner that stimulates equally the interests of foreign investors- because of large necessary investment funds, difficult geological conditions, lack of technological know-how and of capacity to access funding mechanisms and global portfolios by Romania- while ensuring a resource recovery to the benefit of the society.

Selection and/or peer-review under responsibility of the Scientific Committee of ESPERA 2014

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Selection and/or peer-review under responsibility of the Scientific Committee of ESPERA 2014
doi:10.1016/S2212-5671(15)00240-3

Keywords: energy, natural gas, transport corridory, energy security, geopolitics, Black Sea

1. Introduction

The Black Sea is a geographical space, located at the crossroads of Europe, Central Asia and the Middle East. Even the mere juxtaposition of the mentioned regions may suggest the importance of the seas to which Romania has direct access. At the same time, by Romania and Bulgaria accession to the European Union, its interest area expanded towards this region. Romania (the seventh most populous country in the EU) can bring the EU closer to the interests of the Black Sea and beyond its limits. Unfortunately, Romania has not taken an active bilateral foreign policy with countries in the region, relying only on major schemes at European level. For Romania it is important to be proactive in bilateral relations in the Black Sea as well as to support and promote EU ideas and projections on the Black Sea, with a greater emphasis on transport networks. From this perspective we propose an assessment of the triple geostrategic and geo-economic dimension of the Black Sea, as a direct energy source, major transport corridor for Eurasian energy resources to EU consumers on the emerging axis Caspian Sea- Black Sea-Mediterranean Sea and as a potential major factor of energy security for EU and Romania.

2. Background favoring Romania in the Black Sea area

Romania is placed in the path of several economic, but equally geopolitical axes, linking West to East Europe and further to Asia. Of these axes, the only one favoring Romania from the energy point of view is that of the seas, especially the segment of the Caspian Sea - Black Sea.

Romania is the most important and advanced outpost of Euro-Atlantic structures (NATO and EU) to the East (Turkey - wider and more populous – being just a NATO member and Bulgaria, which is part of both structures being two times lower as surface and three times smaller as population). Although the Nabucco cancellation left Romania without a major international project, Romania has enough ways to increase energy security. Romania's external opportunities and the recent growth of domestic energy resource base, thanks to the important discoveries of natural gas deposits in the Black Sea waters, the shale gas deposits (one exploration concession areas being located near the Black Sea coast) renewable energy, nuclear energy. The year 2020 is looming as a deadline for materializing several common strategic objectives in Europe (possibility of starting shale gas production in some European countries, the completion of major transport gas corridors gas, starting operations in the Black Sea gas operations) but each one is marked by a substantial dose of uncertainty. The year 2014 may bring in many respects, some economically, politically and strategically clarifications especially for Romania, when renegotiating taxation regime in the oil and gas, must be designed in a manner that stimulate equally the investors interests because of large investments needs.

3. Initiatives to ensure an integrated EU strategy in Black Sea region

"Black Sea Synergy" was the first initiative of Romania as an EU member. Approved by the European Commission and launched in 2007, this initiative whose meaning is "coordination of multiple actions towards a common result with an economy of means", have mainly focused on energy security, but also on transport, environment, maritime policy fishing and trade. Black Sea Synergy - strongly supported by Germany, which at that time was the president of the EU Council, and addressing the area as a whole, included also two major “powers”, Turkey and Russia. Unfortunately, this initiative did not benefited from adequate financial support. Black Sea Synergy could still be seen as a relevant component of the strategy of the European Union Neighbourhood Policy, as a value-added factor in the negotiations for Turkey's integration into the European Union.

"Eastern Partnership" was born in 2008 at Poland and Sweden proposal and enjoyed significant resources allocated based upon a powerful financial instrument, the Neighbourhood Policy. The Eastern Partnership was an association agreement that European Union concluded with Armenia, Azerbaijan, Georgia, Moldova, Ukraine and

Belarus, which the Union was committed to progressively incorporate and stabilize their economies in exchange for the implementation of the *acquis communautaire* and as a factor in the negotiations for Turkey's integration into the European Union.

"Eastern Partnership" had a major flaw in the long term: the countries concerned have no prospect of becoming EU members, while being obliged to comply with EU rules, set out by the Commission and where the beneficiaries have no rights to express their interests. Unfortunately, both forms of cooperation have often overlapped and because of sometimes confusing targets have diminished the chances of resolving the frozen conflicts in the Black Sea.

The third initiative belongs also to Romania and has been launched in 2011. The "Report on the EU's Black Sea strategy" proposed by Romania led to a Resolution adopted unanimously in the Foreign Affairs Committee of the European Parliament. This proposal proved to have long-term implications of great importance for riparian countries and beyond. The Parliament found on te basis of the report endorsed, that a strategy should be launched for the Black Sea region to strengthen the coherence and visibility of EU action in the region and to ensure the stability and security of energy. European Strategy in the Black Sea would represent perhaps one of the most important foreign policy targets of Romania, amid the "Arab spring" and the economic crisis, to determine the EU to realize the geostrategic importance of this area.

4. Black Sea place in the new EU strategic vision on energy security by the year 2030

The European Council of June 27, 2014 debated the new "European Strategy for Energy Security" (SESE) a document published by the European Commission, on 16 June as Communication COM (2014) 330 final, while in March 2014, it called for a comprehensive action plan to reduce EU energy dependency, especially on gas imports from Russia. Although the latter one seem to be the most burning issue from the Russian-Ukrainian crisis perspective and its extensive international geopolitical and geostrategic implications, the outcome document of the Council was confined to reiterate previous proposals on the short and long term measures to increase EU energy supply security.

What news the Commission Communication brought about? The Commission proposed a prioritizing criterion able to deal with recent geopolitical crisis, by advantaging those projects targeting the most vulnerable countries to the imports from Russia ("vital energy security of the EU in the short and medium ") that is the states of central and eastern Europe. These projects are proposed in an annex - 33 projects (27 for gas and 6 for electricity) with an estimated cost of 17 billion euro. These projects will benefit from a licensing procedure shorter than usual and may also be eligible for co-financing by the EU in the new Connecting Europe Facilities (CEF). Among these projects one can see a preference for the Southern Corridor and LNG terminals.

Romania was included in the list of priority projects only with the two-way interconnector with Hungary, and the possibility of building a two-way gas pipeline Ukraine - Romania. Note that phases II and III of the interconnector to Moldova (compressor stations and pipeline Ungheni - Chisinau) and transport infrastructure projects for Black Sea resources are missing. Albeit missing from the list of priority projects proposed by Romania to the European Commission, the pipeline Ungheni - Chisinau made the object of an agreement between the Moldavian government and EBRD, which will perform a feasibility study and provide a construction loan. On the other hand it deserves a national debate in order to assess the realism and the financing means for the two-way pipeline Romania-Ukraine: its construction would make Romania an important player in the Ukrainian energy crisis, but also can be considered as a hard tangible objective for Romania.

Although Black Sea gas resources potential is considered similar to that of North Sea, and should have been subject to a coordinated European policy on energy security, the Black Sea is only mentioned in the Commission Communication, and is not aimed at specific projects. However it is noted a preference for the Southern Corridor and LNG terminals. A possible explanation for such failure relates to the uncertain situation of the Ukraine crisis and the complicated geopolitical and geoeconomic context.

Another noteworthy element refers to the coincidence of prospects for some important events: the years 2019 - 2020 are envisaged as deadline for starting production of new energy resources or connecting Romania to other markets as part of the integration process in regional markets. These projects include:

• TANAP-TAP pipelines of the Southern Corridor/Complete link interconnector with Bulgaria (Bulgaria –

Greece);

•Starting of “OMV-Petrom” gas and oil operations in the Black Sea;

•Possible entry of shale gas on the market;

• Policies on renewable energy sources and energy efficiency.

As far as concerns the exploitation of conventional oil and natural gas in Europe, both in traditional production areas (eg.North Sea) and the newly discovered gas reserves in Eastern Mediterranean, Black Sea) the Commission Communication made mentions regarding only he technologies for their development (in full compliance with environmental and energy legislation, including the new Directive on the safety of offshore oil and gas operations). No explicit reference was made about shale gas, except a statement according to which the production of oil and gas from unconventional sources in Europe, "particularly shale gas" may partially compensate for the reduced production of conventional gas, provided that issues of public acceptance and environmental impact will be properly addressed. Currently, shale gas exploration is in incipient stages, being deployed only in some Member States. To allow for a possible commercial scale production will require a more accurate overview of EU unconventional reserves (economically recoverable resources).

5. Involvement of key global energy players (USA, EU, Russia, Turkey) in the resources geostrategy and geopolitics and the new energy corridors in the wider Black Sea area. Energy security of Central and Eastern Europe after “Nabucco” failure

Since the beginning of 2000s, Russia was perceived as the main obstacle to the the United States plan for taking control over energy routes which binds Europe and Eurasia, via the Balkans. Both the United States (in terms of geopolitical security) and the European Union (mainly from economic reasons) have tried by all means to encourage the supply diversification of European countries in order to reduce dependence on Russian gas. At the same time started the Nabucco gas pipeline project, nowadays abandoned, which was intended to allow EU gas supplies from Azerbaijan and Turkmenistan, by a route bypassing Turkey and Russia, and also Greece. This project was intended also to serve an American geopolitical plan aiming at transforming Turkey into a central pivot in the Middle East and also in a regional energy transit center between the Balkans and the Middle East.

Moreover, the real stake of all wars against global terrorism, Russian militarism, USA intervention in regional conflicts was certainly, though less recognized, an economic one, namely, the access to resources, especially energy and the control of their routes to market. The main actors of this energy war were the United States and Russia, the target market - the European Union, and the best sources to provide an alternative to the EU's excessive dependence on Russia are the extended Caspian region (including Iran), the Eastern Mediterranean area and the Middle East. The "energy war" is about to intensify: on the one hand, the Syrian conflict, with the intention of stakeholders to take control of a key sector of the future corridor for Middle East gas delivery to Europe, having as key local players - Iran and Qatar; on the other hand, the Ukraine crisis, which gave Russia the opportunity to strengthen its positions in the European gas routes.

Analyzed both from economic and geostrategic perspective, one can say that “Nabucco” gas project failure was the effect of reconsidering the economic interests of the United States, directly interested in the exploration/ exploitation of shale gas resources, which are supposed to exist in significant quantities in some eastern and central European countries and of an emerging new Russian infrastructure project- "South Stream"- for the natural gas transport. If for USA, Nabucco project was not only the expression of a geopolitical game for limiting the access of Russia to the international routes of gas, the concession contracts concluded by the American companies, owners of the specific technology of shale gas extraction, with the resource holding countries in Europe, will not only enhance the competition to Russian gas but will provide direct economic benefits for these companies as well as opening access to a new source of gas supply for some Eastern Europe countries.

Basically the real stake for the Ukrainian crisis was gaining access to hydrocarbon resources in the Black Sea and control over key energy corridors from Asia because together with Crimea Russia annexed too the corresponding continental shelf of the Black Sea which is believed to hold vast reserves of oil and gas. Both power groups (US-EU, on the one hand and Russia on the other) were motivated by the desire to ensure that Ukraine will remain in their sphere of influence. The American effort to reduce the extent of Russian influence in Ukraine took also some economic ways of manifestation: big oil and gas companies from the United States, such as Chevron and

Exxon recently signed agreements for shale gas exploration in Ukraine that can erode “Gazprom” monopoly and undermine regional Russian energy hegemony in Europe.

Unfortunately, Ukraine is now “trapped” in the middle of these major players struggle to accelerate domination over energy corridors in Eurasia. The United States could play a much more subtle and even more important role to help Europe (mainly EU) to diversify its energy sources and reduce dependence on Russia. This may result in:

• Support for projects in Central and Eastern Europe such as LNG import terminals and hydraulic fracturing technical assistance to extract shale gas;

•Participation to financing projects for the Eastern Europe countries that often cannot afford it;

• Exerting pressure to overcome Turkey resistance to LNG tankers transit through Bosphorus Strait because of environmental reasons and for fear of "bothering" Russia. Technological support and pressure on Turkey would be less influential than future natural gas exports, but these measures could help to weaken Russian influence in Eastern Europe.

Despite the concrete actions taken till now, the real European structural problem as far as strengthening EU energy security was the divergence of interests between Member States in relation to Russia. As a result EU could not formalize a consensual position in relation to Russia on energy imports, a situation favored by the contractual system practiced by Russia for gas exports, which include negotiations on a bilateral basis, conditioned by political factors and other confidential clauses which determine the final price level. George Friedman, president of "Stratfor Global Intelligence", pointed out that Russia practices a "commercial imperialism" by using economic relations, particularly in energy, in order to influence the political system of partner countries which threaten its interests. The main "victims" of gas price system practiced by Russia were the Eastern and Central Europe countries, which lack the economic and bargaining power of EU economic “powerful” states.

6. Ways to increase Romania's energy security by harnessing its domestic resources (natural gas deposists from the Black Sea, shale gas) and involvement in strategic economic projects for diversifying the energy imports

Although “deprived” of a large international project (Nabucco), Romania still has other energy opportunities to conclude a number of compensatory arrangements, capable to enhance its energy security, especially in terms of natural gas supply. Some arguments in this regard are as follows:

• First of all, Romania is among the EU countries with the lowest degree of external energy dependence- 20-22% in 2012, and 18% respectively in 2013, (the third least dependent country in Europe on energy imports).

• Secondly, in relation to other EU countries, Romania has a diversified mix of primary energy sources. In 2012, the primary energy production in Romania consisted of: 6.3 million.toe (tons of oil equivalent) coal, 4.1 million toe crude oil, 8.7 mil.toe, natural gas, 3 mil.toe nuclear energy and 5.2 million toe renewable energy.

• Thirdly, Romania is supposed to benefit from significant domestic sources for supplementing the hydrocarbon offer (mainly gas), as a result of the discovery of new reservoirs, but could also be part in some international projects, which can provide a diversification of the energy resource offer. The year 2020 could confirm the materialization of several strategic objectives to turn to account new energy sources in Europe and Romania but the year 2014 will be particularly important because Romania is about to adopt a series of economic, fiscal, strategic measures necessary to set up a judicious and profitable turning to account of these resources.

The main strategic directions for developing these new sources of gas are: increasing productivity in conventional mature fields; exploiting new gas discoveries in the continental shelf of the Black Sea; development of shale gas deposits.

The proved hydrocarbon reserves of Romania are fragmented, highly depleted (at a rate of 87%) and the productivity per well is among the lowest in Europe. To halt the production decline, investments are needed in order to apply technologies in order to increase the recovery factor of the deposits.

In 2012, “OMV-Petrom” and the Romanian authorities announced important discoveries of natural gas, of about 40-80 billion c.m. in the continental shelf of the Black Sea, which, along with the exploitation of shale gas resources could be a very promising strategic direction especially if further discoveries will be made in this area. Alongside with the development of these resources new transport and distribution pipelines will be necessary. According to geological estimates made in 2013 by the U.S. Energy Information Agency, Romania would hold recoverable resources of shale gas, of about 1,470 billion cubic meters, which could ensure the energy independence of the country in the medium term, if the estimates are confirmed, even partially.

It should be noted in the context of the new discoveries of gas reserves in the Black Sea, that some policy makers in Romania put in circulation an obsolete concept that produces confusion- that of the possibility to acquire the "energy independence on medium term", in other words that Romania could become self –sufficient in energy. The concept of energy independence should not be generalized, but rather addressed as part of the wider and more sustainable concept of energy security, especially since the estimates of the experts on the new primary resources (shale gas and the Black Sea) suggests the prospect of " independence" for a limited period of time . Moreover, the mere existence of mineral reserves, even of significant size, does not ensure automatically the energy independence of a country, as long as it does not have the technology and extraction techniques and also the capital for investment, making necessary to resort to concession agreements with foreign companies that finally may freely dispose from the production . Even in the USA the "debate" on the energy independence theme was perceived by some experts as a way of "distraction" from the concept of energy security, a goal much more tangible, which supposes gaining access to sources of reliable and affordable energy, that can be deployed quickly and easily, in a secure manner and politically sustainable.

Romania has to stimulate domestic production and create domestic liquidity both through agreements which guarantee the right to benefit from the gas produced locally and also through gas imports from foreign sources. Romania should not become an isolated market, even if it could cover temporarily the consumption needs from its own resources. Romania will have to be actively involved in projects to diversify the supply sources in a sustainable manner. Following the removal of destination clauses and the fulfillment of interconnection with Hungary, Romania could import Russian gas from West to East, by reversing the gas flow from the central hub of the European gas from Baumgarten (Austria), although at this stage, such a variant is not advantageous for Romania. (Since 2012, Ukraine imported Russian gas from Germany delivered by RWE through Poland and Hungary, following the reversal of flow to Ukraine, through one of its major transit pipelines). Romania should also take into account the opportunity of importing natural gas from the Caspian Sea, because the Southern Gas Corridor (SGC) could equally supply Bulgaria and Romania markets through Greece-Bulgaria and Bulgaria-Romania interconnectors. But the full development of giant reservoir Shah Deniz (Azerbaijan) will be achieved only by the years 2019-2020 - if there are no further delays.

European Commission is also seeking an uncertain opportunity to install (pose) a subsea pipeline on the Southern Corridor crossing the Black Sea from Georgia to, a project known as White Stream. The project would include onshore and offshore pipelines with total length of 1,250 km (1,115 offshore and 135 onshore) and a transport capacity of 46 million cubic meters / day. But this project competes with others, intended to provide access to resources in Azerbaijan and Turkmenistan. Other projects for Romania, viewed as compensation to the "lost" Nabucco, are included in the route's eastern gas "Gas East". One of these projects, which could include Romania is the transmission and transit cluster to implement the reverse flow of gas from outside Romania. These projects aimed at developing Romania's gas export capacity. The project provides amplification of Siliştea power compressor station and construction of a gas interconnector with a capacity of 14 million cubic meters/day, and the possibility of a flow return of gas between Romania and Bulgaria.The "Gas East" provides also doubling storage capacity at Depomureş and the project AGRI - Azerbaijan-Georgia-Romania Interconnector. If it will be achieved it will include include on Romanian territory the liquefied gas terminal and the pipeline Constanta -Arad-Csanadpalota (Hungary). A producing region located closer to European markets than the Caspian Basin is looming to be the Levantine Basin, in eastern Mediterranean Sea, Israel and Cyprus related. Among possible European destinations one can mention two entry points relevant for Romania: the regasification terminal from Revithoussa (Greece) and LNG terminal to be built at Omisalj (Croatia), between 2014 and 2017. Theoretically, the Greek version can be implemented faster, so that in 2018 Romania could import gas via Greece and Bulgaria. Moreover, at the Energy Forum 2014 in Athens, Greece said that a Southern - Northern energy corridor might be a feasible objective, aiming to connect Greece to Central and Eastern Europe through a series of interconnections to facilitate a two-way gas flow . But a potential direct impact of future gas supplies from Levantine Basin of Romania's energy interests will materialize only if offshore resources in the Black Sea are not confirmed. However, a higher gas availability from new sources and their supply to the regional market in Europe (EU) will have a positive effect on the competitiveness of certain future gas prices which will have a positive influence on Romania.

As regards the alternative supply route via Croatia, there are two problems: on the one hand, delays which may occur in regasification terminal constructio; on the other hand, access to gas pipelines from Croatia and Eastern Europe through Hungary, depends on resolving the current commercial dispute between Croatia's INA and MOL group. MOL company holds a 49.1% stake in INA stake and wants to take fully operational control of INA, a measure contested by the Croatian government, which holds a 44% stake. Hungarian interests will influence decisively when opening a corridor between the Adriatic and the Caspian energy. Another LNG terminal that may have relevance for Eastern Europe is that of Swinoujscie (Poland), which will be completed in 2014/2015. After 2022, when is planned a doubling of its capacity, Swinoujscie can contribute to the supply of the corridor linking northern and southern Europe, which will connect the transport networks of Poland, Slovakia and Hungary. Thus, in the next decade, the Pontic, Baltic and Adriatic basins will be connected by energy corridors.

If until a few years ago, South Stream, the Russian huge gas pipeline project, has been perceived as a potential risk for deepening EU dependence on a monopoly exporter, Russia, the recent structural transformations of European gas markets changed the vision, in a way that could ensure the access to a new source of energy in a competitive market frame, thus increasing the general market liquidity. But South Stream project has been blocked in December 2013, following the European Commission's finding that "bilateral agreements for the construction of the South Stream pipeline between Russia on the one hand and Bulgaria, Serbia, Hungary, Greece, Slovenia, Croatia and Austria on the other hand are contrary to the European Union regulations regarding single energy market "and as a consequence they must be fully renegotiated”. The European Commission has raised three major objections: 1) EU legislation which stipulates the separation of the production activities from the energy transport so that Gazprom, as a producer and supplier of gas, couldn’t hold simultaneously, gas production capacity and transport network; 2) the need to ensure non-discriminatory third party access to the pipeline, so that Gazprom does not have the exclusive right to supply gas; 3) The necessity to change the transmission tariff structure. In April 2014, the European Parliament adopted a resolution requiring EU stakeholders in the pipeline project to abandon it and to revise or suspend agreements with Russia. But, far from complying to EU request, Russia intensified political, diplomatic, geo-economic efforts, negotiating individually with the parties concerned and receiving support from Austria, Serbia, Italy to promote the controversial South Stream pipeline. Bulgaria, at the request of the European Conmisiei blocked the project implementation on its national territory, at least until the completion of elections in the fall, but there is the possibility that the new Bulgarian government should be tempted to resume the construction of South Stream. Recently, the new president of the European Commission, Jean-Claude Juncker made a statement according to which he does not oppose to the project, provided that the issues of European legislation on energy (the third energy package) are to be met.

7. The situation of the Black Sea offshore oil activities under the new status of Crimea

Until the Crimea secession, Ukraine bounded offshore oil blocks off the coast of the Crimea peninsula. Shortly before the Russian-Ukrainian crisis, Ukraine was very close to sign a production sharing agreement for the gas perimeter Skifska, with Exxon Mobil and Royal Dutch Shell, in partnership with OMV Petrom and Ukrainian state company Nadra Ukrainy, But Russian company Lukoil contested the auction. The tensions that trouble today the region determined Exxon Mobil to suspend any activity within the perimeter Skifska until the situation in Ukraine will be solved. For the countries in the region, the most important development after Russia took control of the Crimea is the possible reconsideration of delimiting the territorial seas, the continental shelves and exclusive economic zones .Ignoring the legality of Crimea annexation to Russian Federation (which from the perspective of the international law should have been invalidated), a redefinition of the boundaries in the Black Sea area could directly affect only Ukraine, by enhancing its security risks.

For Romania it is essential to clarify if the exercise of Russian sovereignty over Crimea could justify, under the treaties, the principles of international law and UNCLOS (United Nations Convention on the Law of the Sea) a re-discussion of the maritime boundaries between Russia and Romania, as adjacent coastal state. (Romania concluded with Ukraine, a Treaty based on good neighborly relations and cooperation entered into force on 22.10.1997, but the Treaty does not refer specifically to underground exploitation of Black Sea.) Following the secession and annexation of Crimea to the Russian Federation, Romania is confronted with the de facto situation of having a common border with the Russian Federation in Black Sea area. In relation to this reality, the central issue is to know whether the exploitation of underground resources from Romanian Black Sea area is endangered *de jure or de facto.* In developing the Black Sea geopolitical game and from a broader geopolitical perspective, Russia could argue that international acts concluded by the Ukrainian authorities in the past, especially those related to the Crimea affiliation to Ukraine , are not opposable , and could force a re-negotiation of them, not necessarily in an effort to obtain a favorable solution, but rather to induce a state of uncertainty in this geopolitical area.

According to some experts in geopolitics, Crimean annexation creates a vulnerability, but there is not an imminent danger to the exploitation of its resources. After the delimitation of the continental shelf and exclusive economic zone (for which they called upon the International Court of Justice), both countries were allowed to offer concessions for exploration companies. Unfortunately there is not an agreement for the fields that stretch in both economic areas (Romanian and Ukrainian, now de facto Russian). It is a low probability that Russia discuss the marine border but there is a risk that resources exploitation in the perimeters situated on the boundary (ie. Neptune) could be more difficult to exploit (eg invoking environmental standards to be agreed between Romania and Russia). It has been not ruled, however, the following scenario: after Romania would make the discoveries, Russia could invite the Romanian authorities to sign an Utilization agreement for the joint exploration of a deposit that exceeds the exclusive maritime zone. But, unlike Ukraine, which was interested in exploiting its resources, Russia has not this interest, but rather would prefer to hang the work. It is not excluded that Russia would have a perfect neighborhood behavior to make easier the international acceptance of the peninsula annexation.

Conclusions

1) By its location in the geographic area of the Black Sea, Romania has some important comparative advantages derived from the triple geostrategic and geo-economic dimension of the area: as a holder of ample energy resources, as major transport corridor for Eurasian energy resources to EU consumers, on the emerging axis Caspian Sea-Black Sea-Mediterranean Sea and as major factor for EU and Romania energy security.

2) The new "European Strategy for Energy Security," discussed at the European Council of June 27,2014 recommended the increase of domestic energy production in the EU and diversifying of supply, noting in this regard the potential role of Eastern Mediterranean and Black Sea areas, alongside with a review of LNG projects under construction or in the planning phase.

3) Despite a gas potential reserves similar to those of the North Sea, Black Sea area has been only mentioned in the Commission Communication without being included in the list of priority projects. Therefore, Romania's efforts to achieve an integrated approach of energy cooperation in the Black Sea have not found the desired correspondent in the vision expressed by the EU Energy Strategy 2014.

4) Instead, the "European Strategy for Energy Security" expressed a preference for the Southern Corridor and LNG terminals as main ways of increasing EU energy security, although at least in the first phase of operation, the Southern Corridor gas contribution to EU gas offer is supposed to be modest. Some analysts believe that Southern Corridor could not be the substitute supplier to Russia, but shale gas imports from USA and Canada, and worldwide LNG imports, will create more liquidity in the market, will put pressure on prices and will improve EU's negotiating position with Russia.

5) Gas interconnections will be the most effective means in the medium and long term to ensure access to new sources of gas supply. Romania is included in the list of priority projects only with a two-way (return flow) interconnector with Hungary and a possible (uncertain) two-way gas pipeline Ukraine - Romania. The omission of II-nd and III-rd Phases of interconnector to Moldova (compressor stations and pipeline Ungeny - Chisinau) and of the transport infrastructure for the Black Sea resources, are critical issues for Romania.

6) Despite this, discussions are advanced for connecting Moldova to Romania's gas market. Romania can provide unilaterally energy security to the Republic of Moldova. The pipeline Iasi - Ungheni will be completed in the fall of 2014, the compressor stations and ungrading of pipelines on the Romanian territory are included in the large infrastructure operational program (the EU budget from 2014 to 2020). But as for Ukraine and the Republic of Moldova integration in the EU's energy security plans there is a gap between the political will (expressed by the Council and in the Commission Communication) and the concrete plans.

7) Basically, EU will need the Black Sea area as a place of stability ,where the "balance of power" should be a priority. In any case it will be necessary an internal debate and a decision to determine whether Romania should or not encourage further integration in the energy sector. But to achieve this goal, Romania will not have to rely only on major schemes / projects initiated by EU foreign policy but to promote a proactive bilaterally policy with all countries from the region.

8) Notwithstanding the common interests of the EU, but in line with those Romania should pursue the goal of improving energy security by exploiting new domestic deposits of hydrocarbons (mainly gas) recently discovered, but also to develop connection to external projects, which can provide an increase and important diversification of

energy resources base. The year 2020 could confirm the materialization of several strategic objectives to exploit new sources of energy, and the year 2014 will be important to adopt a series of economic, fiscal, strategic measures to set up a judicious and profitable turning to account of these resources.

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