Инициатива «Трех морей»: перспективы развития энергетического сектора в рамках хорватской внешней политики

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Аннотация: Статья посвящена инициативе «Трех морей», основателями которой являются Республика Хорватия и Республика Польша. Проект был официально основан в 2015 г., а его главная цель — развитие сотрудничества в областях энергетики и транспорта между государствами-членами. В статье особое внимание уделяется вопросу развития энергетического сектора Республики Хорватия в рамках инициативы, которое прежде всего можно осуществить через строение терминала сжиженного газа на острове Крк в Хорватии. Кроме того, в статье обсуждаются положительные и отрицательные аспекты данной инициативы, которая включает в себя 12 стран центральной и восточной Европы, и деятельность которой привлекла внимание как западных государств-членов Евросоюза, так и США и России. Участие Хорватии в инициативе «Трех морей» как одного из инициаторов проекта является самым важным шагом в развитии внешней политики государства, и при успешной имплементации, даст ему возможность укрепить свою геополитическую позицию в Европе.

Ключевые слова: Хорватия, внешняя политика, инициатива «Трех морей», Евросоюз, энергетика, терминал сжиженного газа


Статья поступила 11.01.2019
Принята в печать 22.01.2019
Опубликована 12.03.2019
«The Three Seas Initiative»: Perspectives of Energy Sector Development within the Croatian Foreign Policy

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Abstract: The article revolves around the Three Seas Initiative, a project launched in 2015 by the Republic of Croatia and the Republic of Poland, aimed at the development of cooperation and international relations between its 12 member states in the sphere of energy, digitalization and transport. Special emphasis is put on the development of Croatia’s foreign policy in the energy sector within the aforementioned Initiative, which can be achieved through the country’s participation in the construction of an LNG terminal on the island of Krk in Croatia. Moreover, both positive and negative aspects of the Initiative are presented in the article, considering the fact it has attracted not only the attention of western EU countries, but also the United States and Russia. Croatia’s participation in the projects of the Three Seas Initiative as one of its founders is considered to be one of the biggest steps in the country’s recent foreign policy, and if successfully put into practice, the Initiative could provide Croatia an opportunity to strengthen its geopolitical position in Europe.

Keywords: Croatia, foreign policy, Three Seas Initiative, European Union, energy, LNG terminal


INTRODUCTION

The “Three Seas Initiative”, also referred to as the “Baltic-Adriatic-Black Sea Initiative” is an international platform which aims to encourage and develop international relations and cooperation in the sphere of digitalization, infrastructure and energy [1] between its 12 member states — Austria, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia [2]. The Initiative was started by the Croatian president Kolinda Grabar-Kitarović and the Polish president Andrzej Duda in 2015 as the “Baltic-Adriatic Initiative”. As Bulgaria and Romania joined the project, it was renamed into the “Baltic-Adriatic-Black Sea Initiative”, consequently becoming known as “the Three Seas Initiative” (3SI, TSI) [3].

The main aim of the Initiative is to strengthen the economic and infrastructural relations between the aforementioned countries, simultaneously creating a strong link throughout Central and Eastern Europe. Even though the project presupposes the cooperation in various fields, one of the most focused on and
discussed is the field of energy and energy security, in the context of which Croatia has the potential to become an important energy hub in Europe by constructing an LNG terminal on the island of Krk, as well as by its participation in the Ionian-Adriatic Pipeline (IAP) project [4], the majority of which is to run along the Croatian coastline [5].

The idea for the Initiative was first introduced by Grabar-Kitarović in 2015 at the United Nations General Assembly in New York, and the meeting with Andrzej Duda that followed just further emphasized the willingness of the countries to collaborate [6]. In just under a year from the aforementioned meeting, the first forum of the 3SI member countries was held in Dubrovnik, Croatia (August 25-26, 2016), under the slogan „Strengthening Europe: Connecting North and South“. A joint declaration was signed by the representatives of all the 12 countries, determining the framework of the Initiative [7].

The summit in Warsaw in 2017, the honorary guest of which was the American president Donald Trump and who openly expressed his support for the project [8], can be considered as one of the key moments for the 3SI. This undoubtedly accentuated the geopolitical importance of the Initiative and simultaneously stirred up uneasiness among certain European countries (particularly Germany and Russia). Basically, Trump’s presence at the summit in Warsaw was perceived as an American attempt to divide the EU and to create its „Trojan horse“ on the European territory - these accusations have been firmly refuted by Grabar-Kitarović, who pointed out that the main aims of the Initiative were of economic, and not political nature [9].

However, the political aspect could not have been avoided. In his speech at the Warsaw summit, Trump placed great emphasis on the willingness of the United States to collaborate and support the Initiative specifically in the sphere of energy and energy security, expressing his country’s intentions and readiness to provide the 3SI countries with alternative sources of energy. In this way, according to Trump, they would never again be in a position to be held to ransom „to a single supplier of energy“. In other words — American support to the Initiative was a way of showing muscle to Russia, on whose gas depend the majority of 3SI member countries [7].

Republic of Croatia plays an important role in this project. It joined the EU relatively recently and the launch of the 3SI on its initiative is perhaps one of the biggest international and multilateral steps in the country’s foreign policy. It may serve as a stepping stone for the further development and recognition of Croatia’s (geo)political identity [1], and as it was already mentioned, the field of energy and energy security are the two spheres in which this can be achieved particularly successfully.

IONIAN-ADRIATIC PIPELINE AND LNG TERMINAL: STRATEGIC AND GEOPOLITICAL IMPORTANCE

The escalation of the political situation in Ukraine in 2014 resulted in economic and political sanctions to Russia on behalf of the EU and the USA. Inevitably, this was reflected on the energy market as well — one aspect of the sanctions was related to the suspension of the South Stream pipeline construction, a project which was to enable the transportation of gas from the Black Sea to Southeastern Europe. The facts that the majority of Russian gas is transported to southern Europe via Ukraine and that Russia plans to halt these transportation directions by 2019, surely contribute to destabilization of energy supply in the region and serve as a wake-up call for European countries, who are now forced to secure additional sources of energy [10].

Project entitled Ionian-Adriatic Pipeline (IAP) revolves around the idea of connecting the gas transportation system in the Republic of Croatia throughout Montenegro and Alba-
nia with the Trans Adriatic Pipeline (TAP). Its 5 billion m3/year capacity would provide Albania, Montenegro, Bosnia and Herzegovina and Croatia with natural gas supplies. This would allow a new energy corridor in South-eastern Europe to be opened, which would be supplied with natural gas from the Caspian region and Middle East [11].

The realization of this project is of great geopolitical importance for Croatia. The project TAP, and consequently, IAP, aim to diminish European dependence on Russian gas, and the fact that Croatia is the only EU country on this route with an already built gas infrastructure gives it immense comparative advantage [12].

It is expected that IAP would connect the city of Ploče in Croatia with the Albanian city of Fiere, from where it would continue towards its connection to Trans-Adriatic Pipeline. The implementation of this project would form the conditions for the development of a natural gas market in the Balkans [13].

The importance of the IAP project and the support it received from the EU carries political weight when it comes to relations with Russia, as well as the western member states of the EU, which are highly dependent on Russian gas. Undoubtedly, the Russian Federation is the primary source of energy for Europe, especially natural gas, and it continues to hold this position despite the decrease in demand which started in 2014. However, it is not only Europe who is dependent on the Russian gas — the export of gas into Europe makes around 2/3 of Russian export in general, as well as half of the country’s state budget income [10].

The second strategically important project for Croatia and its geopolitical development is the construction of an LNG terminal on the island of Krk. Construction of this terminal opens up a new supply corridor of natural gas for Croatia, which would increase the energy security not only of the country itself, but also the whole region [14]. The terminal would have the potential to be connected to the aforementioned IAP [15]. At the energy security conference which took place in Zagreb in 2018, the Lithuanian minister of energy emphasized the importance of diversification in this field, since energy monopolization, as is it the case with Russia, leads to the increase in prices, and the construction of the terminal would improve the overall situation on the European energy market. [6].

However, the construction of the LNG terminal on the island of Krk faced serious criticism and revolt among the local community. The criticism is mainly of environmental nature, even though LNG Croatia had „properly addressed all concerns about protection of the environment [17]. “ However, the local community fears the construction of the terminal would increase the risk of sea pollution and the effects it may have on sea life and tourism, which remains the most important and profitable aspect of Croatian economy. Moreover, the critics are troubled by the use of chlorine in the sea water during the process of conversion of liquified gas, in order to cool the water and to protect the pipes. The Croatian government has announced the proposed implementation of a special law in order to speed up the construction of the terminal, which has also become a subject of criticism — as stated by the environmentalist group Eko Kvarner, the law restricts democratic rights of the local community. In their opinion, it is not necessary to fully abandon the project, but rather to improve it and make it safer for the environment. One of the ways in which this could be done is by constructing an on-shore terminal, but this proposal is unlikely to be accepted, since such terminal is more expensive and its construction takes longer [17]. In addition, the local community has expressed its fear of an ecological catastrophe in the form of an explosion or a fire either on the terminal or one of the ships intended for the transportation of the gas. However, the experts claim such risks are
minimal due to the strict safety conditions under which LNG terminals operate [18].

The second problem the LNG terminal project has to face is the lack of funding and investors. The construction of the terminal has been on the agenda from 1980s, and the biggest step in the right direction was obtaining the €125 million from the EU, since the project was recognized as a strategically important one for the whole Union. However, it should be emphasized that — as important for the development of the project as they are — EU funds are not sufficient. It unlikely that the private sector is going to engage in this regard, so the rest of the funding is expected to be covered either from the region, or from certain countries which are the most to gain from the project — Croatia, Hungary and Ukraine [19]. As it is emphasized in the current Croatian Energy Strategy, it is hard to predict the structure of future investors, since most of the investments are going to depend on the market, but it is estimated that approx. 2/3 of them will be made by domestic investors, and 1/3 by foreign ones [20].

Taking into consideration all of the aforementioned facts, it can be concluded that the LNG terminal project on the island of Krk currently carries far greater potential than the IAP project. The latter, even though it could be very beneficial for the energy security development not only in Croatia, but also its neighbouring countries, is still in a negotiating phase and not much has been done on the Croatian territory for its actual implementation. The LNG terminal project — although slowly — has progressed over the years, and it will be interesting to observe its further development. The latest updates show that LNG Adria, the company in charge of the construction of the terminal, has purchased a Norwegian Golar Power liquefied natural gas carrier, which will be converted into a floating storage and regasification unit (FSRU) and positioned at the future terminal [21]. Assuming all the other obstacles, both financial and local community-related, are resolved in the near future, the LNG terminal could become one of the key elements not only within the 3SI, but also in the development of Croatia’s foreign policy.

CRITICISM

Despite all the economic and political advantages and perspectives the Initiative carries, there are certain aspects which are subject to criticism and should be taken into consideration. It was already mentioned that the 3SI is often perceived as a way to divide Europe instead of unify it, and the USA undoubtedly play the biggest role in this respect. Even though the assumptions about 3SI being an American “Trojan horse” on the European territory have been denied, it is impossible not to notice the way in which America is using the project to establish itself as a direct competition to Russia in the sphere of energy in Europe. However, Russian gas has one great advantage in comparison to American LNG — it is much cheaper [22], and it would be interesting to observe how Poland and the Baltic countries — which have already started importing American gas [22] - will cope with American prices in the future.

On the other hand, Trump’s support for the 3SI has probably very little to do with the Initiative itself, but should be observed in the context of currently tense relations between Washington, Berlin and Moscow. Therefore, Trump’s participation in the Warsaw summit was a way for him to show that the USA still has allies in Europe, and that the German-Russian North Stream 2 project does not have to be a primary supply of energy on the continent.

As far as Croatia is concerned, the 3SI is the first European initiative in which the country established itself as one of the initiators, but it is questionable whether it will have the political and economic strength to carry through without becoming a “victim” in the further ga-
opolitical conflict between the USA, Germany and Russia [23].

However, prior to turning its attention to the development of its foreign policy and the projects within it — 3SI included — Republic of Croatia has to solve one of its problems which greatly influences any kind of progress in the sphere of international relations: its domestic policy and the relations within it. Over the last few years, there have been various disagreements between the president Kolinda Grabar-Kitarović and the prime minister Andrej Plenković, most of which are connected precisely with the question of the country’s foreign policy and the direction in which it is to develop [24].

Secondly, it is obvious that Poland has far greater ambitions to position itself as a center of geopolitical and energy power in Europe than Croatia does. According to some beliefs, the 3SI is just another form of re-establishing the historical Polish idea of “Intermarium”, introduced by Jozef Klemens Pilsudski after the First World War. His intention was to create a Central-Eastern-European Federation, with Poland being its most prominent member, in order to diminish the influence of the Russian Empire. Geographically, “Intermarium” was to cover the same area as the 3SI does today, with the addition of Finland, Belarus and Ukraine [1]. Today, Poland — as the biggest Slavic country in the EU — has the ambitions of using the 3SI to turn itself into a new gas hub, at the same time importing expensive American LNG. Moreover, Poland is driven by the idea that it could replace Russia as a supplier of gas to Ukraine. However, it is more likely that Poland is being manipulated by Washington in the light of the American attempts to increase its global energy influence by turning Croatia and Poland into energy hubs for import of their expensive liquefied gas [25].

Another problem with the Initiative could be the fact that Poland, as one of its initiators, is currently led by a far-right government and the Euroscepticism in the country is becoming more and more prominent [26]. This, along with the anti-Russian atmosphere in Poland, serves as a good basis for the USA to implement its geopolitical strategy of further distancing eastern and western EU member states, and diminishing Russian influence on the European energy market.

CONCLUSION

After joining the EU in 2013, the foreign policy of the Republic of Croatia has been mostly aimed at the more successful integration into European structures. However, over the last few years, it has also been faced with serious disagreements between the president Kolinda Grabar-Kitarović and the government — while Grabar-Kitarović is more focused on the development of relations with the USA, the prime minister and his government have turned more towards Bruxelles and strengthening the ties with Europe. This conflict has been lying in the core of Croatian’s recent foreign policy and it has affected it to a great extent [27]. Until Croatia’s leaders find a common ground in this respect, it is highly unlikely that the country’s foreign policy will start to significantly develop in any of its areas. This is especially unfortunate when it comes to the energy sector, which is, along with tourism, one of the key areas for Croatian economic and geopolitical growth. The case of LNG terminal clearly illustrates it — the project has been on the agenda for almost 30 years, and now that it finally started to develop, it is faced with several problems, most of which are associated with funding. An important question which arises at this stage is why there has not been a single potential investor from the USA, a country which has formally given the biggest support for the implementation of the terminal. The idea of 3SI has various advantages and, in the case of its further development, it could carry big economic potential for its member states. However, it cannot be denied the Ini-
tative appeared as a perfect opportunity for the USA to serve as its platform for the exertion of the American geopolitical strategy in Europe. For Croatia, this could be the biggest trap, in case the country finds itself in the middle of a conflict between the USA on one hand, and Russia and Germany on the other. In the light of Brexit, Germany takes place as the most economically developed country in the EU, and it is questionable of how wise it is for small countries like Croatia to run afoul of Berlin on one hand, and Moscow on the other. Croatia has always had strong economic ties with Germany and the economic relations with Russia have started to improve [28], so Croatia should consider not turning its back on these two important strategic partners for the sake of the USA, currently led by a president whose actions and statements often question his credibility.

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