
Cheney : US To Help Keep Energy Flowing In Caucasus

Houston Chronicle / TX - 3/9/2008
www.bloomberg.com

Vice President Dick Cheney said the U.S. will work with countries in the Caucasus region to develop additional routes for energy exports to promote energy security, which is becoming an "increasingly urgent" issue.

Energy users and producers are best served when "energy export routes are diverse and reliable," Cheney told reporters in Baku, Azerbaijan, after a meeting with President Ilham Aliyev at the presidential summer palace. He said the U.S. will cooperate with Turkey and Caucasus states "on additional routes for energy exports that ensure the free flow of resources."

Azerbaijan is the first of three stops Cheney is making on a mission ordered by President George W. Bush to reinforce alliances and reassure leaders in Azerbaijan, Georgia and Ukraine of U.S. support and its interest in the security and stability of the region.

The U.S. is assessing possible sanctions against Russia for its military incursion into Georgia and recognition of two separatist Georgian regions last month. More broadly, energy supplies may be at risk in the region, and Azerbaijan is the starting point for the flow of Caspian oil and gas westward to Europe.

"We both seek greater stability and security and cooperation in this vital region of the world," Cheney said. Aliyev said he hopes for a "strengthening of security measures" with the U.S.

The European Union on Sept. 1 suspended talks on a new Partnership and Cooperation Agreement, the fundamental document defining EU-Russian ties, while shying away from tougher measures that would expose the energy-dependent EU to Russian retaliation.

No EU leader called openly for sanctions, a sign of Europe's dependence on Russian energy. Russia delivers over 40 percent of Europe's gas imports, a figure that will rise to 60 percent in 2030, the European Commission says. A third of Europe's imported oil now comes from Russia.

Russian President Dmitry Medvedev welcomed the "sensible, realistic point of view" that he said prevailed at the EU's emergency summit.

Cheney, reflecting U.S. and European strategic interests in the region, within hours of arrival in Azerbaijan began private talks on energy. He met with William Schrader, president of BP's Azerbaijan venture, and Robert Dastmalchi, Chevron's Azerbaijan country manager, according to the vice president's office.

A spokeswoman for BP in Baku declined to comment on the talks when contacted by Bloomberg News. Chevron could not be reached for comment this evening.

The U.S. has been urging Europe to diversify its energy shipments from the Caspian region to enhance its energy security.

BP Plc's Baku-Tbilisi-Ceyhan pipeline, which bypasses Russia, can carry as much as 1 million barrels of Azeri crude a day through Georgia to Turkey's Mediterranean coast. Tankers at the port of Ceyhan began loading oil from the

pipeline on Aug. 26, three weeks after a fire on a section in Turkey forced its closure.

Another BP-led pipeline, the Baku-Supsa, transports crude from Azerbaijan to Georgia's Black Sea coast. BP said Tuesday that the pipeline, which has a daily capacity of about 100,000 barrels, is "undamaged" and closed because of security concerns.

The planned Nabucco pipeline, backed by the EU, will bring gas from the Caspian region via Turkey to Austria and western Europe by 2013.

Cheney also is consulting with the Azeri, Georgian and Ukrainian leaders on possible sanctions against Russia for its military operations in Georgia and recognition of the breakaway regions of South Ossetia and Abkhazia on Aug. 26. Nicaragua became the second country to recognize South Ossetia, President Daniel Ortega said in a speech Tuesday.

White House spokeswoman Dana Perino said Tuesday that Cheney isn't likely to make any decisions and will instead report to Bush upon his return to Washington on Sept. 10.

"I don't expect any announcements from the vice president on this trip," Perino said.

The conflict over South Ossetia solidified Azerbaijan as a regional energy giant, U.S. Senator Richard Lugar said after visiting Aliyev last month.

Aliyev is up for reelection this fall and may be striving to balance relations with the U.S. and Russia during a time of oil wealth for his country. Russia has also been concerned about Azerbaijan's growing ties with the West.

Azerbaijan has avoided making harsh statements condemning Russia over its military actions in Georgia, in part because of its long-running dispute with Armenia over the breakaway region of Nagorno-Karabakh.

The region's mainly ethnic Armenian population declared self-rule in 1991, sparking a three-year war between that killed an estimated 30,000 people and drove about 1 million people from their homes. A cease-fire was declared in 1994 and the Organization for Security and Cooperation in Europe still mediates in the dispute.
