
US, Azerbaijan Sign Energy Security Agreement.

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The United States and Azerbaijan Thursday signed an agreement aimed at expanding oil and gas production in Azerbaijan and the Caspian region and moving it to European markets. The deal was signed during a State Department visit by Azerbaijani Foreign Minister that also included talks on the Baku government's human rights record, and the status of Nagorno-Karabakh. VOA's David Gollust reports from the State Department.

The agreement signed by the Azerbaijani Foreign Minister and Secretary of State Condoleezza Rice establishes a high-level dialogue on energy security in the Caspian region, largely aimed at promoting new oil and gas export routes that bypass Russia and Iran.

But U.S. officials say the effort is not directed against any country, and that diversifying energy supply lines to Europe would strengthen competition, and benefit everyone, including Russia and its giant gas export company Gazprom.

The United States has strongly supported new pipeline routes that carry Caspian-region oil and gas through Azerbaijan and Georgia and avoid transshipment to Europe via Russia's pipeline monopoly.

One such oil pipeline, the Baku-Tbilisi-Ceyhan route, opened this year. U.S. officials say a priority of the dialogue will be to further develop a new gas pipeline through the northeastern Turkish city of Erzurum - as well as an envisaged distribution pipeline, called Nabucco, that would carry Caspian gas onward from Turkey to Bulgaria, Romania, Hungary and Austria.

In a talk with reporters, U.S. Deputy Assistant Secretary of State for European and Eurasian Affairs Matthew Bryza said the projects will bring energy competition to Europe but not greatly affect the huge market share held by Russia and Gazprom. "Russia already provides 65 per cent of the gas to Turkey, already provides 40 per cent of the imported gas into the rest of Europe. So Gazprom has a huge market share already. And what we're trying to do is increase competition, so that the European gas market isn't as dysfunctional as it is right now," he said.

Bryza said the Azerbaijani Foreign Minister also met with Assistant Secretary of State for Democracy, Human Rights and Labor Barry Lowenkron in a second meeting of a bilateral dialogue on democracy and human rights.

The United States has been critical of the Azerbaijani government's conduct of elections and treatment of opposition activists.

Bryza said while the Baku government "has a long way to go" on political reform, Azerbaijan could potentially become the world's first secular democracy with a majority Shiite Muslim population.

Deputy Assistant Secretary Bryza said the talks also covered the long-running dispute over the Armenian controlled Nagorno-Karabakh enclave in Azerbaijan.

Bryza, the U.S. co-chair of the Organization for Security and

Cooperation in Europe's "Minsk group" seeking an end to the conflict, said considerable progress has been made on a set of principles governing a settlement, and he said he hopes for renewed momentum after parliamentary elections in Armenia in May.

"We anticipate that right after the Armenian elections on May 12th, the presidents (of Azerbaijan and Armenia) will come back together. And we hope, we hope then, that they'll get close to finalizing the document. I don't want to say they're going to finalize it, because it's not fair to back them into a corner. There are still some differences between them," he said.

The proposed framework is reported to include the withdrawal of Armenia-backed forces from areas around Nagorno-Karabakh, accompanied by security guarantees and an international peacekeeping force. At a later date a referendum in the region would determine its final status.

The United States, Russia and France co-chair the Minsk group, which also includes several other European countries as well as Armenia and Azerbaijan.

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