
The Caspian Moment

By Elmar Mammadyarov
WSJ - 21/1/2008

The Caspian is back on the international energy agenda.

Our region, rich in oil and gas, is emerging from the Soviet past with a bang. But we still have unfinished business. Regional integration is a priority for Azerbaijan. It makes economic sense in the Caspian and the global context. Integration, however, can only happen if we can find a lasting solution to the Nagorno-Karabakh conflict.

When Armenian forces occupied this south-eastern region of our country and seven surrounding territories in 1992, close to one million Azeris were forced to flee. They are now living in temporary settlements. They should be allowed to return to their homes.

Azerbaijan cannot make any compromises when it comes to its territorial integrity and the right of return for internally displaced persons. This is in accordance with the norms and principles of international law, the relevant U.N. Security Council resolutions and decisions taken by the Organization for Security and Co-operation in Europe. Other international organizations, including NATO, the Council of Europe, and the European Union, have repeatedly stated the same.

It is almost 14 years since the Azerbaijan-Armenia war ended in a Russian-mediated ceasefire. But to this day we still have Armenian troops on our territory. The continued occupation of parts of our nation is something we cannot tolerate. The so-called Minsk process, an OSCE-led effort to find a peaceful, negotiated settlement to this conflict, has been helpful in providing the framework for dialogue between Azerbaijan and Armenia. It also gives an international dimension to this conflict. But we need to urgently conclude this process. Maintaining the status quo is just too costly.

The current market price for oil and gas is high and we should be able to maximize the economic potential of our strategic resources. The unresolved Nagorno-Karabakh conflict, however, threatens the security of the existing pipeline infrastructure, preventing us from optimizing the region's energy trade with Europe. For us in Azerbaijan this will impede economic growth, which has been averaging around 30% in the past few years.

Diplomacy is Azerbaijan's preferred solution. I believe that Armenia would also benefit from regional integration and development, and should look beyond the protracted conflict. The resolution of this issue would not only improve our bilateral relations. It could also improve Armenia's relationship with Turkey.

Some critics have accused Azerbaijan of overspending on military procurement. But we are only responding to the security reality in the region while at the same time modernizing our military and upgrading it to NATO standards. Close cooperation with NATO is a centerpiece of Azerbaijan's security doctrine.

Transnational threats like organized crime, smuggling and terrorism, which affect this region as well, can only be effectively countered if addressed through a collective framework. This is yet another reason why Armenia should be serious about finding a solution to the Nagorno-Karabakh conflict.

Unresolved border disputes and quasi-autonomous territories give room to organized crime. To properly deal with asymmetric threats requires good

regional cooperation, which in turn necessitates that we resolve our differences with Armenia.

Having said this, Armenians should know that we are ready to grant Nagorno-Karabakh the widest possible autonomy within Azerbaijan. And we are even ready to substantially increase central funding for the development of this Azeri province.

Resolving this frozen conflict would also help Azerbaijan assume its role as a bridge between the EU and Central Asia. As EU expansion moves further east, Central Asia, with its rich oil and gas resources, becomes increasingly important. The EU must have a strong interest in stability and economic development in a region that could play a central role in helping Europe meet its energy needs. Closer relations with Azerbaijan can also be seen as part of a European outreach to Central Asia.

With our partners from Kazakhstan and Turkmenistan we are building a strong and genuine trans-Caspian partnership. We are discussing connecting the two sides of the Caspian Sea with a network of pipelines. We are talking about setting up mechanisms for regional economic and security cooperation. The regional market, if integrated, will be more competitive, more efficient, and better organized. This has positive implications for all countries involved. Surrounded by massive economies like the EU, Turkey, Russia, and China, the case for rapid and sustained growth across the Caspian region is more than convincing. This is why we are optimistic that Baku could be transformed into a European hub in this region.

A European perspective of closer economic integration is as relevant to the Caspian as is the partnership with Russia and China. Azerbaijan is committed to pursuing all these links. However, a truly regional framework hinges on the resolution of the Nagorno-Karabakh conflict, which is why this problem can no longer wait. Baku is serious about moving on.

Mr. Mammadyarov is foreign affairs minister of Azerbaijan.
