
WINDOW ON EURASIA

BY PAUL GOBLE

Azerbaijan Hopes to Send More Oil through Russia, SOCAR Says

Eagles Mere, PA, October 2 – The State Oil Company of Azerbaijan (SOCAR) is negotiating with Russian officials to boost the amount of oil transported by Russian pipelines to the West, a move that many people around the world will see as the latest fallout from the war in Georgia that raised questions about the security of the Baku-Tbilisi-Ceyhan route.

SOCAR President Rovnag Abdullayev said Baku's interest in sending more oil through Russia reflected its desire for "diversification" of the routes it uses to ship oil and that SOCAR continues to "want all [pipe]line" to continue to operate in "good working condition," an article in Moscow's "Nezavisimaya gazeta" reports (www.ng.ru/cis/2008-09-30/9_baku.html).

SOCAR would like to secure Russia's agreement, the company's president said, to carry up to five million tons of oil each year, an amount more than double the 2.2 million tons of oil from Azerbaijan that the Baku-Novorossiisk pipeline transported in 2007 and equal to seven to ten percent of its total oil exports at the present time.

Russian officials are likely to agree to SOCAR's request, especially as "the Russian side," in the words of the "Nezavisimaya gazeta" article, "has more than once raised the question of increasing the amount of Azerbaijani oil" through the Russian pipeline network, a pattern that would expand Moscow's influence in Baku.

But until the Georgian war, SOCAR and its Western partners preferred to ship some 60 million tons of oil first via Baku-Supsa "and then via Baku-Tbilisi-Ceyhan in order to bypass Russia. Baku had supported that strategy but now, again in the words of the Moscow newspaper, it has been compelled by circumstances to change its approach.

First, there was the explosion on the Turkish sector of Baku-Tbilisi-Ceyhan which put that route offline. Then, there was the war in Georgia which led to the suspension of the same route for a time, a suspension that was costing Azerbaijan on the order of 50 to 70 million U.S. dollars a day, according to "Nezavisimaya."

The total losses for Azerbaijan and its Western partners amounted to approximately 500 million U.S. dollars, the Caspian Energy Alliance Consulting Company told the Moscow paper, and the total "would have been larger had it not been for the stable functioning of the northern [that is, Russian] route."

Abdullayev's statement and its treatment by "Nezavisimaya gazeta" are important because they undercut many of the wildly inflated and improbable stories that have been circulating in the Russian and international media about oil flows after the war in Georgia raised questions in the minds of many about the security of the pipeline there.

On the one hand, the SOCAR announcement shows that Baku is following accepted international practice in making sure that it has access to multiple pipelines so that if one goes down for any reason, others are available, rather than shifting completely from a route bypassing Russia to one going through it.

And on the other, the "Nezavisimaya gazeta" article provides a clear indication that Baku and SOCAR remain committed to using Baku-Tbilisi-Ceyhan as the primary route west, a commitment that provides some important support for Georgia in what is for the people and government of that country a most difficult time.

(At the same time, however, there are indications that Azerbaijan is also sending some additional oil to the West via Iran, a path that some of its Western partners, particularly the United States, very much oppose. For a review of recent media reports on Azerbaijan's contacts with Iran on this issue, see www.centrasia.ru/news.php?st=1222904460.)

But as analysts both in Moscow (www.ia-centr.ru/expert/2457/) and in the region itself (www.zerkalo.az/rubric.php?id=36379) have pointed out this week, the battle between Russia and the West for influence and access to energy in the southern Caucasus is far from over, yet another caution against viewing moves like this one as being something more than they are.