

# *The Emerging Patterns of Azerbaijan's International Energy Policy: Continuities and Changes*

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## **Abstract**

*This article examines Azerbaijan's energy policy since independence, identifying continuities and changes. Opening with the continuities, the author argues that Azerbaijan has been very careful to avoid antagonizing Russia and Iran while deepening ties with the West. Secondly, it has proven to be a reliable partner in energy deals. Thirdly, in the direction of the West, Baku still has tried to diversify in terms of ownership and pipeline routes. Fourthly, having successfully negotiated the transport of its oil to the open sea via Georgia and Turkey, Azerbaijan is trying to replicate this success in the natural gas market. There are also new developments or modifications of the initial positions the country has taken. For instance, Azerbaijan is, arguably, becoming over-dependent on Turkey, acquiring more active role in the natural gas business and attempting to capture more profits in the hydrocarbon value chain. The country's increasingly active stance in the resolution of the Nagorno-Karabakh conflict is another aspect. Last but not least, as Azerbaijan is extracting more oil and gas, the depletion rate is speeding up, which will push the country to explore for further reserves in sensitive border areas - where there is potential for conflict with neighbors.*

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Today, twenty years after independence, one can speak of the relatively clear patterns in Azerbaijan's international energy policy. Some of these trends have been there since the very beginning, others would qualify as new developments, and still more are modifications of the country's initial positions. Looking first at the continuities, Azerbaijan has been very careful to avoid antagonizing Russia and Iran while unmistakably deepening ties with the West. Secondly, it has proven to be a reliable partner in energy deals, not renegeing on its promises. Thirdly, in the direction of the West, Baku still has tried to diversify, reaching deals with as many Western companies and countries as possible, and investing in alternative routes. This third aspect requires some modification, as Azerbaijan, specifically in pipeline matters, is become over-dependent on Turkey. Finally, after successfully transporting its oil to the open sea via Georgia and Turkey, Azerbaijan is trying to replicate this success in the natural gas market. This matter straddles continuity and change; Azerbaijan is going beyond what it has learned with oil and is trying to become an independent leader and to contribute more to the process.

This last point is a subcategory of one of the fundamental changes that is happening in the Azerbaijani oil and gas industry. Having accomplished the first phase of developing its hydrocarbon resources, Azerbaijan

has been moving down the value chain to capture more profits beyond the export of its unrefined raw materials. An additional development is that with its increasing hydrocarbon revenues, Azerbaijan has been increasing its soft and hard power capacity considerably in order to end Armenia's occupation of one-fifth of its sovereign territory. Last but not least, as Azerbaijan is extracting more oil and gas, the depletion rate is speeding up, which will push the country to explore for further reserves in sensitive border areas, where there is potential for conflict with neighbors.

### **Western Direction**

The importance of this issue lies in the surprising recurrence of the question about Azerbaijan's energy vision. The debates preceding the decision on the main oil export pipeline in 1990s resurfaced before Azerbaijan made a choice about the route to export its natural gas from Shah Deniz II.<sup>1</sup> In hindsight, one can say with confidence that the intention of all Azerbaijani governments from the outset was to look West. For a country that cut a deal with the Western firms in 1994 despite Russia's aggressive dissatisfaction, the expectation could hardly have been otherwise.

From the beginning, ideology and pragmatism in Azerbaijan pointed

<sup>1</sup> "Russia: Moscow's Grip on Caucasus Energy Tightens," *Stratfor*, June 30, 2009

in the same direction. The Elchibey government of 1991-1992 might have seen Western alignment as a more ideologically based approach. In fact, ideology might explain their suicidal stubbornness in insisting on this alignment to the total exclusion of Russia. Thus it was not surprising that the more pragmatic Heydar Aliyev government contemplated alternative options. But in retrospect it becomes clear that the consideration of the Russian route was nothing more than a move to balance the country's greatest threat and to keep alternative options open.<sup>2</sup> As soon as the Turkish and Western presences were deemed sufficient to balance

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Both economically and in terms of state survival, the Western option seems to have been the optimal choice. Only the West had the required technical and organizational capacity to exploit Azerbaijan's

<sup>2</sup> Brenda Shaffer, *Energy Politics*, University of Pennsylvania Press, 2010, p. 54.

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difficult offshore reserves. Moreover, the Turkish route might have been economically costly in the short term, but in the long run the legal enforceability of the deal secured steady return on investments. Politically speaking, this choice was an attempt to escape the Russian grip, as Moscow was uneasy about the sovereignty of the newly independent Soviet republics. But something is still missing in this interpretation. Although moving toward the West seemed reasonable, so did a Russian alliance. Russia was extremely angry about the possibility of losing its monopoly over the hydrocarbon exploitation and transit routes in the post-Soviet space. No other country enjoyed as much influence in the region as Russia; it had the potentially huge resources to punish and reward. For instance, Russia was the key to the resolution of Nagorno-Karabakh conflict, a paramount issue for Azerbaijan. At the same time, going directly to the Black Sea could have saved billions in the establishment and maintenance costs of the export pipeline. Therefore, in seeking to understand the crucial factor in the decision making process, one must look to the thinking of the Azerbaijani political elite.

There was a conviction that the West was a better option than

Russia, politically, economically and culturally. This was about parting ways with a relationship that had shaped the past 170 years. Azerbaijan understood the nature of this relationship, past and future, and there was a conscious effort to discontinue it. It was Russia that invaded and destroyed the nascent democratic Azerbaijan in 1920, and it was Russia that was behind the military occupation of one fifth of Azerbaijani territory. Russia, the heir of the omnipotent and controlling USSR, was no longer desirable as a political partner. Therefore, Azerbaijan could liberate itself by leveraging its oil wealth, there was no way the country would sacrifice it to Russia. Thus, it is surprising that the debate on which direction to take has gone on for so long. The strategic choice must have been clear from the very start. Occasionally Azerbaijan could have been waiting for the most appropriate moment for action, but the end result we have today, regarding the ownership and direction of the export routes of oil and gas, is no accident.<sup>3</sup>

This brings us to what many scholars of Azerbaijan fail to understand. Energy policy has not been about the political survival of the ruling elite. Apparently, the choice of Russia would have been a better alternative in this regard. The Western option was a

<sup>3</sup> It is interesting that the same debate about which way to go has never been a domestic issues. There has been a broad consensus within Azerbaijan about the Western direction.

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risky choice for the decision makers, but the best one for the sovereignty and welfare of the country, and the choice was the latter. The same trend continues under the current government of Azerbaijan, headed by Ilham Aliyev. Contrary to the widespread argument, Azerbaijan is not balancing the three major powers in its neighborhood and grappling with a shapeless foreign policy. In its energy deals, nothing fundamental has been offered to Russia or Iran. All that has been offered to them was an absolute minimum to keep them satisfied, while all the strategic shares and routes have gone to the West.

### **Reliable Partner**

The importance of trust between a host country and oil companies is well explained in Vernon's Obsolescing Bargaining Theory.<sup>4</sup> Given the capital intensive nature of hydrocarbon extraction and the huge sunk cost involved in establishing the necessary infrastructure in the host countries, oil companies face great risks. The mirror image of the same issue for the host country is a substantial advantage regarding the inflow of huge amounts of capital during the initial stages. This

<sup>4</sup> Vernon, Raymond. 1971. *Sovereignty at Bay: The Multinational Spread of US Enterprises*. New York: Basic Books.

problem becomes particularly acute in countries with problematic legal environments in terms of property rights. Therefore, by their very nature, deals between foreign oil companies and host countries follow a clear pattern. At the start, oil companies are careful to invest and host countries are willing to bring them in. This creates a better bargaining position for the companies. Yet after the initial investments, it is costly for a firm to depart, which in turn creates an incentive for the host countries to renege on initial deals and to change their terms. Cases of such behavior abound.<sup>5</sup>

Given the modest reserves by global standards, the land-locked situation, internally volatile political environment and quite credible threats from Russia and Iran, it is understandable that Western oil majors were willing to come to Azerbaijan only under extremely favorable circumstances. For the same reasons, it is no surprise that Azerbaijan was willing to accept those conditions. Comparatively speaking, Azerbaijani PSAs are fairly business friendly.<sup>6</sup> Yet despite this, even after most of the initially problems were removed and the firms had already made their substantial investments, Azerbaijan did not

<sup>5</sup> Falola, Toyin and Ann Genova, *The Politics Of The Global Oil Industry: An Introduction*, Praeger, Westpoint, 2005, pp. 43-62.

<sup>6</sup> Bindermann, Kristen, *Production Sharing Agreements: An Economic Analysis*, Oxford Institute for Energy Studies, WMP 25, October, 1999, p. 71-72.

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change its terms in any substantive sense. The situation unfolded differently in another major Caspian littoral state, Kazakhstan, and foreign investors have unquestionably faced greater problems in Russia.

There are several reasons that Azerbaijan has not tried to modify the agreements in the 2000s. The country's oil and gas reserves are significant, but not huge by global standards.<sup>7</sup> The big money-making reserves remain beyond the technical capacity of national oil companies. Yet there are still many cases where countries in similar situations have reneged on contracts, notably in Kazakhstan and Russia, at least regarding specific oil and gas reserves. There is always an element of choice, and the stance Azerbaijan has taken has been largely a matter of political will, which signifies more than an attempt to cultivate relations with the West and its multinationals. Respect for treaties is becoming a key part of Azerbaijan's international energy profile.

### **Diversification in the Oil/Gas Business**

Diversification of the ownership of the oil and gas reserves as well

<sup>7</sup> According to CIA country report Azerbaijan occupies 19<sup>th</sup> place in terms of proved oil and 27<sup>th</sup> in terms of proved gas reserves in the world.

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as the pipeline routes has also been part of a considered strategy. This diversification serves four purposes: satisfying the minimum demands of the major players to the north and south, i.e., Russia and Iran, bringing in the maximum number Western countries to counter Russia and Iran, keeping alternative options open, and achieving a better bargaining position. The first two points are related to the discussion above. The shares given to Russian and Iranian companies were more about softening their official position and buying their acquiescence than anything else. There was no question that while satisfying Russia and Iran Azerbaijan was clearly outsourcing its hydrocarbon reserves to Western countries and their energy companies. Baku did not perceive the West as a threat to be balanced. Azerbaijan tried attract as many Western countries aboard as it could: the UK, U.S., Norway, Italy, France, Japan, Turkey have all been represented.<sup>8</sup>

The third aspect of diversification was about keeping alternatives open in case something went wrong. If a company was not doing its job, there would be others immediate available to take over their shares. They were already in Azerbaijan, already familiar with the political

<sup>8</sup> Cornel, Svante, *Azerbaijan Since Independence*, Sharpe, USA, 2011, p. 395-397.

and technical environment and thus, it would not take them long to make a decision. Regarding the pipelines, having Baku-Novorossisk and Baku-Supsa were expensive alternatives, but in one of the most volatile regions of the world they were worth having. These pipelines have several times proven their usefulness when the main artery of the Azerbaijani oil has been temporarily cut off. Moreover, even if the main pipelines are secure, the confidence created by having the alternatives cannot be overstated. Lastly, the Azerbaijani government wanted to diversify the ownership structure and pipeline routes among different companies and countries in order to gain a better bargaining position. Dissolving the monopoly on the part of the oil companies while speaking with one unified voice was a good thought, at least theoretically speaking.

The developments with natural gas, however, have led to significant changes in this diversification trend. Today, Azerbaijan sending its oil through Georgia and Turkey; its natural gas from Shah Deniz I is following the same path, and with TANAP, Shah Deniz II faces the same end. True, there are still the Baku-Supsa and Baku-Novorossisk routes for oil, although they may not be enough to fully replace BTC, given that the latter has not been functioning at full capacity. But even in the context of the declining output of oil, even the worst possible scenario does

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not look too worrisome. The situation with natural gas could be a little different. The immediate alternatives for Azerbaijan are exports to Russia and Iran, and to go through the Black Sea as CNG and LNG in the long run. But the latter would take time and a lot of resources. In fact, one of the reasons Azerbaijan is continuing to follow the Georgia-Turkey path has been the geopolitical constraints it faces and the much more expensive alternatives through the Black Sea.

The potential problems with these routes are political. There could be terrorist attacks, but in the strategic sense this seems less significant. That Armenian intervention in Azerbaijan or Russian intervention in Georgia would stop the flow of oil and gas is also highly unlikely. Georgia itself, given its pro-Western tendencies and limited resources, would hardly abuse its commitments. But Turkey could be a slightly different story. The key vulnerability for Azerbaijan in the continuing success of its energy policy could turn out to be the same factor that has been its main strength. If the latent problems in the relations between the countries reach a low point like they did in 2009, there will be negative consequences.

Both Turkey and Azerbaijan are convinced that they have been doing the other side a favor, and without much gratitude in return. Turkey feels that it made numerous economic sacrifices in bringing the Azerbaijani oil to the Mediterranean, where BOTAS is continuing to lose money, that they sacrificed their desire to buy Turkmen gas to keep Azerbaijan happy. Given that they also closed their borders with Armenia in solidarity with Azerbaijan over the Nagorno-Karabakh conflict, they feel that they deserve favors, in the form of lower prices, bigger shares, better status, etc. Azerbaijan on the other hand feels that it undertook huge risks with Russia while adding to Turkey's strategic importance

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through BTC, SCP and now with TANAP. Additionally, Azerbaijan feels that it involved Turkey in projects that under pure market conditions they would not have received. Moreover, it has been selling its gas to Turkey at a lower price than either Russia or Iran.<sup>9</sup>

The problem is not related to corresponding favors. There are

<sup>9</sup> Turkey was paying around 120 USD for the Azerbaijani gas around the time Turkish-Armenian conciliation attempts started in 2009, while Russia was charged nearly three times as much.

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### *Baku has placed too many eggs in the Turkish basket.*

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three structural reasons behind the problems encountered in Turkish-Azerbaijani energy relations, two political, and one socio-economic. Firstly, Turkey has increasingly close relations with Russia. Ankara values its relations with Russia much more today than it did during the planning stages of Baku-Tbilisi-Ceyhan. Secondly, now that Azerbaijan has bound itself to Turkey with these expensive and high profile projects, Ankara may want to utilize its better bargaining position. This appears to be a classic example of Vernon's obsolescing bargaining. The third factor is related to the social, economic and political reconfiguration of the Turkish domestic landscape, which creates an ideological environment less conducive to good relations with Azerbaijan than ten years ago.

Bilateral relations today are better than they have been since the crisis brought about by the Turkish-Armenian reconciliation attempt in 2009.<sup>10</sup> Azerbaijan has started its multibillion investment into the Petkim refinery in Turkey, and the main hurdles over the gas pricing, as well as the terms of the transit and sale of the additional gas from Shah Deniz II, seem to be over. The decision to carry the gas to Europe

10 Berdikeeva, Saltanat, May 10, 2012, "Taking a Second Look at the Southern Gas Corridor," Oil Price, <http://oilprice.com/Energy/Natural-Gas/Taking-a-Second-Look-at-the-Southern-Gas-Corridor.html>

through TANAP along with the involvement of Turkish companies in the building of the pipeline were also key milestones. But there remains a grudge at the heart of the relationship, and its asymmetrical nature means that one side, Azerbaijan, could lose more if things deteriorate. Baku has placed too many eggs in the Turkish basket. Although there are still alternatives, they may not be sufficient; they could take time to become operational and they certainly will be too costly. For these reasons, Azerbaijan needs to be vigilant about its relationship with Turkey.

This said, Turkey is a sophisticated country with progressive Western political and economic institutions. It is sophisticated enough to maintain economic relations regulated by formal contracts and by world-class arbitration mechanisms independent of the political whims of different governments. Moreover, Azerbaijan continues to enjoy huge grassroots support in Turkey and politicians will struggle to overcome the popular affection that is indeed reciprocal. Although Azerbaijan is becoming too dependent on Turkey for energy goods exports, of all Azerbaijan's neighbors, Turkey is the least likely to renege on its agreements.

### **Oil vs. Gas**

The phased approach to the development of oil and gas sectors is also noteworthy. After finishing the

fundamental aspects of oil production and export, Azerbaijan started to deal fulltime with natural gas. True, Shah Deniz was discovered only in 1999, and it is natural for the gas business to lag a bit. But from the outset, Azerbaijan applied its institutional memory and all its accumulated experience vis-à-vis oil to Shah Deniz I, which accelerated the development of gas exports. The paths followed are quite familiar; the consortium members, the type of contract, the main pipeline route, the balance of ownership, etc. And in the second stage of gas industry development, Azerbaijan is doing much more in addition. What makes this undertaking noteworthy is the fact that the nature of the gas business is a little different. Long-term buyers must be secured before one starts producing gas as its consumption, storage and transport is technologically less advanced compared to that of oil. True spot gas markets are not there yet. Therefore, pulling off a gas deal from upstream to downstream is a more difficult business, but Azerbaijan is apparently feeling confident enough to do it. This time, Baku is directly involved in the building of a new pipeline to western Turkey for now, and is planning to sell its gas directly to Europe.<sup>11</sup> This action entails elements of both continuation and change.

<sup>11</sup> Geropoulos, Kostis, *Azerbaijan, Turkey ink TANAP pipeline deals*, *New Europe*, June 29, 2012

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## *Azerbaijan has been empowering SOCAR as an internationally competitive energy company*

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### **Diversifying the Economy**

Diversification of the economy is related to the hydrocarbon industry in three ways. It happens as a *reaction* to the overdependence on oil/gas industry, *with the help* of the money generated by the oil/gas industry, and *within* the oil/gas industry itself. Because overdependence is creating a fear about the one-sided and unsustainable development of the national economy,<sup>12</sup> the money generated by this same overdependence is paving the way for favorable financial conditions that will enable Azerbaijan to focus more on economic diversification. But amazingly, the first target of the diversification has been in the oil and gas industry itself. The country is apparently trying to move away from being an exporter of raw oil and gas and to add value to the raw energy materials at the midstream and downstream phases.

Azerbaijan has been empowering SOCAR as an internationally competitive energy company.<sup>13</sup> SOCAR has not only increased its involvement in domestic hydrocarbon

<sup>12</sup> Abbasov, Shahin, *Baku Confronts Economic Diversification Challenges*, *Eurasianet*, April 14, 2010

<sup>13</sup> Gorst, Isabel, "State Oil Company: Burning ambition to compete on global stage". *Financial Times*, January 24, 2008, <http://www.ft.com/reports/azerbaijan2008>.

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*Despite problems with Turkmenistan, both countries should try more to carry more Turkmen gas to European markets through Azerbaijan.*

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industry but has also extended its reach to neighboring Georgia and Turkey. It has been one of the largest taxpayers in Georgia, and at times, the largest, through its subsidiary, SOCAR Georgia Petroleum. In Georgia it has been investing in oil/gas terminals and warehouses as well as the retail and wholesale of oil/gas and their products. Its investments in Turkey (mainly refineries and pipelines) are projected to top 17 billion USD in the coming eight years.<sup>14</sup> The company has also been aggressively expanding into the gas stations business in Romania, Ukraine and Switzerland.<sup>15</sup> Azerbaijan has been investing in its oil tanker fleet and related infrastructure to carry a portion of the ever-increasing Kazakh oil to the open sea. The country already functions as a transit for the Kazakh oil but it has been eyeing a bigger share.<sup>16</sup> Despite problems with Turkmenistan, both countries should try more to carry more Turkmen gas to European markets through Azerbaijan. Baku has also

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14 "Azeri SOCAR's 8-year Turkey Investments to top \$17 billion," *Today's Zaman*, 8 June, 2012.

15 *SOCAR Expands Activities in Europe*, *Today.az*, 25 June, 2012.

16 Socor, Vladimir, "Oil Tanker Shipment: the Short-term Default for Trans-Caspian Oil," *Eurasia Daily Monitor*, June 06, 2006.

been investing in refineries at home, so that products can be exported to neighboring countries, including Iran and the southern parts of Russia.

Azerbaijan has clearly been trying to capitalize on the experience it has gained through interaction with some of the world's most advanced energy companies.<sup>17</sup> This drive is also partly about developing the non-oil sector. True, SOCAR is an energy company, but SOCAR's development is not about getting Azerbaijani oil and gas to global markets. Rather, it is about developing an internationally competitive oil/gas service sector in Azerbaijan.<sup>18</sup> Diversification of the economy is certainly not confined to the hydrocarbon sector. Baku is busy procuring expensive equipment, training its labor force and learning efficient management techniques across other industry and service sectors. However, it remains the case that the most dramatic moves have been made in the hydrocarbon sector.

### **Energy Resources and Nagorno-Karabakh conflict**

The strategic value, connections and cash that are flowing into Azerbaijan due to oil and gas serve one very concrete goal: to increase the country's chances to end the Armenian occupation of its territories. One of the

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18 "State oil company of Azerbaijan already numbers 23 filling stations under SOCAR brand in Georgia and builds new ones". *ABC.az*. 2009-04-21. <http://abc.az/eng/news/34083.html>. Retrieved 2010-10-09.

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*If Nagorno-Karabakh was a loss suffered in part due to the strategic gains in the oil and gas policy, then the first fruits of the oil and gas success were to be spent on ending Armenian military occupation.*

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biggest prices Azerbaijan has paid for going in the Western direction with its strategic leverage has been the loss of Nagorno-Karabakh together with the surrounding territories to the Armenian military forces, as a result of angering Russia and to a lesser extent Iran. There have also been many other factors at play, but the arrival of the West in the Caspian was too tangible a blow to be ignored by these two countries.

If Nagorno-Karabakh was a loss suffered in part due to the strategic gains in the oil and gas policy, then the first fruits of the oil and gas success were to be spent on ending Armenian military occupation. This is exactly what has been happening. One of the most notable changes in Azerbaijan's behavior has been the skyrocketing amount of money allocated for building up the military. This change is not related to new strategies or new importance being attached to the issue; it is simply that Azerbaijan has more resources today and thus it has become more active only in an absolute sense. Although Russia has been flooding Armenia on an ad

hoc basis with military hardware to balance Azerbaijani military buildup, there are clear indications that Azerbaijan's policy has shaken up the balance in the region and generated a lot of fear in the occupying country, spearheading a new push for the peaceful resolution of the conflict by the international community.<sup>19</sup> In addition, Azerbaijan has been increasing its soft power arsenal, by investing significantly in its foreign relations. The number of its embassies is increasing exponentially and it

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was due to the increased recognition accorded to its international activities that it was elected a member of the Security Council in 2011. There is reason to believe that it is becoming costlier for Armenia to hold on to the occupied territories of Azerbaijan.

### **Production/Reserves Rate**

Since the dawn of the new oil era in the early 1990s, Azerbaijan has faced jealous and uncooperative neighbors, especially whenever it moved on to exploit new hydrocarbon reserves. This issue may become more acute in the near future. According to the BP Statistical Review 2012, if Azerbaijan continues to exploit the current

<sup>19</sup> Poghosian, Anna, "Possible War over Nagorno Karabakh or 'Weapons Fashion Show?'," *Journal of Conflict Transformation*, November 1, 2011.

reserves with the current pace, the oil reserves will dry up in 20 years and gas in 86.<sup>20</sup> Much will depend on new discoveries, but if that is not the case, peak oil could occur within this decade. Regarding natural gas the production will almost double with Shah Deniz II. Thus in the absence of new discoveries, Azerbaijan will

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have only 40 years left before its gas reserves run out. There are always new technologies that increase the size of the reserves. As Azerbaijan is gearing up to realize its full production capacity, it will start feeling the heat regarding the finite nature of these resources. This is not desirable economically and politically for the country, and it will do its best to avoid the situation. Thus, in the medium term, Azerbaijan could be expected to intensify its search for new fields. This might mean attempts to resolve the differences with Turkmenistan and Iran regarding the legal regime governing the delineation of the Caspian Sea. Such developments could potentially turn aggressive and violent, and the international community should remain alert to this.

## Conclusion

There are more continuities than changes in Azerbaijan's international energy policy. This is understandable, as the policies that were first undertaken in the early 1990s have been largely successful. Keeping Iran and especially Russia happy will be important to the success of the overall energy strategy, which is directed towards Western investment. Azerbaijan should continue to guard its impeccable record in terms of honoring the contracts, and its world-class mechanisms for dealing with discord. Although the strategy to diversify the ownership of assets and the direction of routes is continuing, Georgia and Turkey are acquiring a monopolist status regarding transportation. Azerbaijan should be careful about managing its relations with these neighbors. The phased approach to the development of the oil and gas businesses, either by accident or design, has been fortunate, and Azerbaijan should be commended for its approach. On a broader scale, this amounts to the diversification of the economy, specifically in the energy sector, which also is a clever move, since this is Azerbaijan's area of expertise. Channeling the oil/gas money towards the resolution of the Nagorno-Karabakh conflict is understandable, and Azerbaijan should continue to seek new and creative ways for its peaceful resolution. Regarding production/reserves rate, this challenge needs

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20 BP Statistical Review June 2012, [bp.com/statisticalreview](http://bp.com/statisticalreview).

to be turned into an asset in terms of increasing the cooperation among Caspian littoral states, however difficult this might prove.