

# Agreement signed in Istanbul on US-backed Caspian oil pipeline

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On November 18 and 19, representatives of 55 nations met in Istanbul, Turkey at a summit meeting of the Organisation for Security and Cooperation in Europe (OSCE). The United States sent a top-level delegation, including President Bill Clinton, Secretary of State Madeleine Albright and National Security Adviser Samuel Berger. Clinton combined participation at the summit with a five-day state visit underscoring Washington's strategic alliance with the Turkish regime.

On the fringes of the conference Clinton presided over the signing of an agreement to take forward the construction of an oil pipeline from the Azeri capital of Baku, on the western shore of the Caspian Sea, through Georgia to the Turkish Mediterranean port of Ceyhan. The building of this oil pipeline, and a second pipeline for natural gas from Baku to Turkey, occupies a pivotal place in Washington's strategy to secure US dominance over Transcaucasia and Central Asia, a region believed to contain the biggest untapped reserves of oil and natural gas in the world.

Estimates of the oil reserves fluctuate between 3 and 28 billion tons. A figure of around 10 billion tons is regarded as most likely. This amounts to 7 percent of total world oil reserves. The gas reserves are estimated to be between 8 and 18 trillion cubic metres, i.e., 6 to 13 percent of world reserves.

For American policy makers, realization of a pipeline that skirts both Russia and Iran will not only mean huge revenues for US-based energy companies, but also US dominance over former Soviet Republics that were traditionally within the Russian sphere of influence. The deal signed in Istanbul is certain to exacerbate tensions between the US and Russia, and intensify an already intense struggle for influence in the Caspian between Washington and its Western European allies.

As Clinton looked on, Azeri President Haidar Alijev, Georgian President Edward Shevardnadze and Turkish President Suleyman Demirel signed pacts for the construction of the oil and gas pipelines. If outstanding questions about financing and participation of other Caspian-area countries are resolved, construction of the 1,700 kilometre oil pipeline is set to begin in 2001. The US and Turkey hope the line will be up and running by 2004. It will have a capacity of 1 million barrels per day.

The gas line is shorter and its financing presents fewer

difficulties. Construction is projected to begin in 2000, with the project to be completed by the end of the year.

The pipeline deal represents a further step toward a direct confrontation between the US and Russia. Already in May of this year, Hungary, the Czech Republic and Poland, formerly part of the Soviet-dominated Warsaw Pact, were accepted into NATO, thus extending the US-led military alliance to the borders of the former Soviet Union. The US-NATO war against Russia's ally Yugoslavia underlined America's efforts to establish dominance in Eastern Europe and the Balkans.

Ruling circles in Russia, already at odds with the US over Moscow's invasion of Chechnya, can be expected to further inflame nationalist sentiment in response to the pipeline agreement.

Control over ever more precious energy reserves is also of critical importance for Europe, which is heavily dependent on external supplies. By the year 2030 only 70 percent of Europe's oil requirements will be covered by domestic production. Norway's oil will be exhausted in about 14 years; Great Britain's in just 10 years.

European countries are seeking to project their own interests in the Caspian. The proposed gas pipeline between Baku and Turkey included in the Istanbul agreements, for example, is in direct competition with Blue Stream, a Russo-Italian scheme to pipe Russian gas exports to Turkey under the Black Sea.

A day before the deal was signed, Clinton's National Security Adviser Samuel Berger explained to the media that the US government was pursuing four fundamental aims: "They include our commitment to the sovereignty and independence of the new states of the Caspian region. The second one has to do with improving the energy security of the United States. The third has to do with creating and advancing commercial opportunities for American companies and the fourth, which is probably the most important, is creating a new web of relationships that will support the economic and political independence of these states."

Needless to say, Washington intends the "sovereignty and independence" of the new states to proceed under the wing of the US. Berger's diplomatic formulations are a thinly veiled attack on Russia's interests and designs in the region.

The political and economic stability of these states is by no

means guaranteed. The broad masses will not see a cent of the billions in profits that are to be made from the exploitation of Caspian oil. These riches will flow directly into the pockets of the international oil concerns, their local agents, government officials and Mafia elements.

Social tensions within these relatively backward countries will intensify, and conflicts between the multi-ethnic states will mount. Who can predict today which new warlord—acting either on his own or with the support of foreign powers—will come forward to stake his claim to oil revenues, under the cover of a struggle for national, ethnic or religious “liberation?”

Prior to the collapse of the Soviet Union, international markets had no direct access to the rich energy resources of the isolated regions of Central Asia and the Caucasus. And up to now the former Soviet republics, all of which gained their independence within the past ten years, have transported their oil through old Soviet pipelines for sale in Russia. Russia used its dominant position to pay prices well below world market prices.

In 1994 a treaty was concluded between Azerbaijan and a consortium of international oil companies for exploration and future exploitation of its oil reserves. In 1995 this consortium decided on the construction of a pipeline from Baku to the Georgian Black Sea port of Supsa. This line, with a capacity of 115,000 barrels per day, was completed in April 1999. Supplies via a second pipeline, from Baku to the Russian port of Novorossisk, with a capacity of 100,000 barrels a day, have been disrupted by the war in Chechnya. These two lines were built to transport initial supplies of Caspian oil to Western markets, known in the trade as “early oil”.

In 1996, US Vice President Al Gore and then-Russian Prime Minister Victor Chernomyrdin negotiated a deal to build a northern pipeline from Tengisfeld in Kazakstan, lying on the northeastern shore of the Caspian Sea, to Novorossisk in Russia. This line, like the pipeline through Chechnya, was a concession to Russia.

In 1998 Kazakhstan, Uzbekistan, Turkmenistan, Azerbaijan and Georgia signed an agreement in Ankara, Turkey to build oil pipelines under the Caspian Sea to Baku, which would feed into the projected Baku-Ceyhan pipeline.

For Washington the main problem after Russia is Iran, which is still subject to sanctions but, because of its geographical situation and well-developed pipeline net, offers the most cost-effective and profitable route for bringing Caspian oil to the West. Most oil concerns, including US-based companies, have up to now inclined toward a pipeline proceeding south from Baku through Iran to the Persian Gulf.

Before beginning construction of the planned pipeline from Baku to Ceyhan, financing for this comparatively expensive project will have to be secured. Estimated costs are reckoned at \$2.4 billion, with the Turkish section of the pipeline costing \$1.4 billion alone.

The oil companies are prepared to put up cash only if and

when the profitability of the pipeline is guaranteed. This means sufficient oil must be funneled through the line to realize its daily capacity of one million barrels. Azeri oil is by no means sufficient. Hence the US is seeking to line up Kazakstan and Turkmenistan to send their oil via the Caspian Sea to Baku.

A final decision on construction of the Baku-Ceyhan pipeline is due in October of next year. The US government intends to make every effort to dispel the reservations of the oil companies. On December 20, Kazakhstan President Nursultan Nazerbajev came to Washington. Alongside admonitions from the US about Kazakhstan's sale of 40 Mig fighters to North Korea, the main theme of the meeting was the delivery of Kazakh oil to Azerbaijan.

The US sees Turkey as its main regional partner in the struggle for control of Caspian oil. Turkey lies at the centre of a web of conflicts taking place in the Balkans, the Caucasus, the Middle East, the Persian Gulf and Cyprus. American air attacks have been carried out against Iraq on a near daily basis from bases in east Turkey.

Turkey, which has no reserves of oil or gas, sees in the US-backed pipeline project big opportunities to aggressively expand its influence. To this end Turkish President Demirel has told worried oil companies that his government will completely cover excess costs on the Turkish side of the pipeline should there be cost overruns.

In line with US backing and its own ambitions, Turkey plans to purchase at least 260 new tanks. According to press reports this figure could be raised to 1,000. Turkey already possesses more tanks than France, Great Britain, Italy and Spain put together.

The fact that the OSCE summit took place in a country which tramples on human rights and for 15 years has carried out a bloody war against its Kurdish minority points to the real power struggles taking place behind hypocritical incantations about peace and human rights.



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