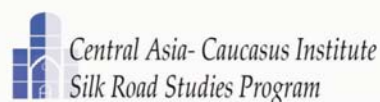


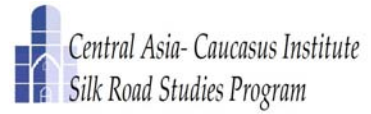
The Azerbaijan-Turkey-US Relationship and its Importance for Eurasia



WHITE PAPER

December 10, 2007 Washington





The Azerbaijan-Turkey-US Relationship and its Importance for Eurasia



**December 10, 2007
Mayflower Hotel • Washington, D.C.**

Table of Contents

Conference Program	2
About the Speakers	4
Event Summary	8
Energy Projects	9
Economy and Integration	13
Armenia	14
Iran	15
SCO and NATO	16
US Strategy	18
Conclusions and Recommendations	20
Official Statements	21
President Ilham Aliyev	21
President Abdullah Gül	23
President Süleyman Demirel	24

The Azerbaijan-Turkey-US relationship and its Importance for Eurasia

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8:00 – 8:45 Registration & Coffee

9:00 – 9:20 Welcoming Remarks

Zeyno Baran, Director, Center for Eurasian Policy, Hudson Institute

Ahmet Erentok, Chairman, ATIB

H.E. Yashar Aliyev, Ambassador of the Republic of Azerbaijan to the
United States

H.E. Nabi Şensoy, Ambassador of the Republic of Turkey to the United States

9:20 – 9:40 Keynote Speeches

H.E. Ilham Aliyev, President of the Republic of Azerbaijan (*written statement*)

H.E. Abdullah Gül, President of the Republic of Turkey (*via video*)

9:40 – 11:30 Eurasian Geopolitics—Setting the Framework

Moderator: H.E. Hikmet Çetin, former Minister of Foreign Affairs of Turkey

Special Video Address:

H.E. Süleyman Demirel, 9th President of the Republic of Turkey

Speakers:

H.E. Hafız Pashayev, Deputy Minister of Foreign Affairs of Azerbaijan

H.E. Nabi Şensoy, Ambassador of the Republic of Turkey to the United States

The Honorable Daniel Fried, Assistant Secretary of State for European and
Eurasian Affairs

11:30 – 11:45 Break

11:45 – 1:00 Panel I: Eurasian Geopolitics—Areas of Cooperation

Moderator: Dr. Frederick Starr, Chairman, Central Asia-Caucasus Institute, Johns Hopkins
University-SAIS

Panelists:

The Honorable Samad Seyidov, Chairman of the Committee on Foreign and
Interparliamentary Relations, Parliament of Azerbaijan

David Merkel, former Director for Aegean, Caucasus, and Central Asian Affairs,
National Security Council

The Honorable Asim Mollazade, Chairman, Democratic Reforms Party; Member of
Azerbaijani-US Friendship Group, Parliament of Azerbaijan

Commentator:

General Çevik Bir (Ret.), former Deputy Chief of the Turkish General Staff

1:00 – 2:30 Lunch

2:30 – 4:00 Panel II: Energy Security

Moderator: Zeyno Baran, Director, Center for Eurasian Policy, Hudson Institute

Panelists:

Matthew Bryza, Deputy Assistant Secretary of State for European and Eurasian Affairs
Dr. Tuncay Babalı, Counselor, Embassy of the Republic of Turkey to the United States
Vladimir Socor, Jamestown Foundation

Commentator:

The Honorable Valekh Aleskerov, Deputy Speaker, Parliament of Azerbaijan, Chairman
of Natural Resources, Energy, and Ecology Committee

4:00 – 4:10 Break

4:10 – 5:30 Panel III: The South Eurasia Corridor

Moderator: Dr. Johannes Linn, Executive Director, Wolfensohn Center for Development,
The Brookings Institution

Panelists:

Dr. Gökhan Çapoğlu, Atilim University, Turkey
Emil Mustafayev, First Deputy Chairman of the Board, International Bank of Azerbaijan
Dr. Svante Cornell, Research Director, Central Asia-Caucasus Institute, Johns Hopkins
University-SAIS

Commentator:

Elin Suleymanov, Consul General of the Republic of Azerbaijan to Los Angeles

5:30 – 5:45 Closing Remarks

ABOUT THE SPEAKERS

The Honorable Valekh Aleskerov is the Deputy Speaker of the Milli Mejlis (Parliament of Azerbaijan), where he also serves as the Chairman of the Committee on Natural Resources, Energy, and Ecology. Prior to joining the Milli Mejlis, Mr. Aleskerov worked as the General Manager of the Department of Foreign Investments at the State Oil Company of Azerbaijan Republic (SOCAR).

H.E. İlham Aliyev was elected into office in October 2003. President Aliyev's posts prior to his election include Parliamentarian in the Milli Mejlis, Vice-President of the State Oil Company of Azerbaijan Republic (SOCAR), head of the Azerbaijani Delegation to the Parliamentary Assembly of the Council of Europe (PACE), and Prime Minister of Azerbaijan. He also serves as President of Azerbaijan's National Olympic Committee.

H.E. Yashar Aliyev is the Ambassador of the Republic of Azerbaijan to the United States. He was appointed to this position in November 2006. Prior to his appointment, Ambassador Aliyev worked in the Azerbaijani Mission to the United Nations, joining the delegation in 1992 and serving as his country's Permanent Representative to the UN from January 2002 until his selection to be U.S. Ambassador.

Dr. Tuncay Babalı is a counselor at the Embassy of Turkey to the United States. Prior to assuming that position in April 2007, Dr. Babalı served as a counselor at the Turkish Embassy in London (2006-07), Deputy Chief of Cabinet to President Ahmet Sezer (2003-06), Vice-Consul at the Turkish Consulate in Houston (1999-2003), and Second Secretary at the Turkish Embassy in Sofia (1998-99). Dr. Babalı has written extensively on energy related geopolitical issues. His latest book, *Caspian Energy Diplomacy: Since the End of the Cold War*, was published in June 2006.

Zeyno Baran is the Director of the Center for Eurasian Policy at Hudson Institute. Prior to joining Hudson, Ms. Baran directed the International Security and Energy Programs at the Nixon Center from 2003 to 2006. She has authored a number of monographs, articles, and studies on subjects ranging from Islamist ideology; the geopolitics of energy in the Caucasus and Central Asia; and political, economic, and social developments in Turkey.

General Cevik Bir (Ret) is the former Commander of the Turkish 1st Army (1998-1999) and Deputy Chief of the Turkish General Staff (1995-1998). Prior to this assignment, General Bir twice served at NATO's Supreme Headquarters Allied Powers in Europe in Belgium. He also has been a brigade commander and a division commander in the Turkish Army. As a Lieutenant General, he commanded the UN Peacekeeping Forces in Somalia. General Bir has received the United Nations Medal (1994), the U.S. Medal of Merit (1994), the German Medal of Honor (1994), the Turkish Armed Forces Medal of Distinguished Service (1995), and the Turkish Armed Forces Medal of Merit (1996).

Matthew Bryza is the Deputy Assistant Secretary of State for European and Eurasian Affairs. Prior to his appointment to this position in June 2005, Mr. Bryza worked in the National Security Council as Director for Europe and Eurasia. Over the course of his nearly two decades of government service, Mr. Bryza has served in a number of positions specializing in the Caucasus and Central Asia, including as Special Advisor to the President and Secretary of State for Caspian Basin Energy Diplomacy.

Dr. Gökhan Çapoğlu received his Ph.D from University of California, Berkeley in economics. He teaches economics at Atılım University and lectures on Turkish-American relations at the National Security Academy. Dr. Çapoğlu served as Dean of School of Management at Atılım University in Ankara from 2003 to 2006. Dr. Çapoğlu is currently working on a book entitled *Global Balance of Power and Turkey*. Dr. Çapoğlu was a member of the Turkish Parliament where he served in the Budget and Planning Commission. He has worked as Chief Economic Advisor to the Chairman of the Union of Commerce and Industry of Turkey and the Tax Council of the Finance Ministry.

H.E. Hikmet Çetin is the former Foreign Minister of Turkey. His political career started after his election to the parliament in 1977 as a member of the Republican People's Party (CHP). He was appointed as the Deputy Prime Minister in 1978. In 1991, he was re-elected to the Parliament and then served as the Minister of Foreign Affairs in the two coalition governments between 1991 and 1994. In 1997, he was elected as the Speaker of the Grand National Assembly and occupied this post until 1999. Mr. Çetin also served as NATO Secretary General's Senior Civilian Representative in Afghanistan, highest-level representative of NATO in this country.

Dr. Svante E. Cornell is the Research Director of the Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center, affiliated with Johns Hopkins University-SAIS and the Stockholm-based Institute for Security and Development Policy. Dr. Cornell is the Editor of the *Central Asia-Caucasus Analyst*, the Joint Center's bi-weekly publication, and of the Joint Center's *Silk Road Papers* series of occasional papers. He holds a Ph.D. in Peace and Conflict Studies from Uppsala University, a B.Sc. in International Relations from the Middle East Technical University in Ankara, Turkey, and an honorary doctoral degree from the Behmenyar Institute of Law and Philosophy of the National Academy of Sciences of Azerbaijan. He is also a Fellow of the Royal Swedish Academy of Military Science.

H.E. Süleyman Demirel is the ninth President of the Republic of Turkey (1993-2000). President Demirel first entered politics in 1965 as a member of parliament from Isparta—a post he held until 1980 and again from 1987 to 1993. He also served as Turkey's Deputy Prime Minister in 1965 and later as Prime Minister for four separate terms of office (1965-71, 1975-77, 1979-80, and 1991-93). Over the course of his illustrious political career, President Demirel's leadership contributed immensely to the development, industrialization, and democratization of Turkey. Prior to entering politics, President Demirel worked as an engineer, serving as Head of the Department of Dams from 1952 to 1954 and as the Director of the State Hydraulics Administration from 1955 to 1960.

Ahmet Erentok is the President and Chairman of the Azerbaijan-Turkey Business Association as well as Vice-President of the Union of Black Sea and Caspian Confederation of Enterprises. Mr. Erentok owns or manages successful business ventures throughout Turkey, Azerbaijan, and Central Asia. He is the Chairman of Ata Holding Azerbaijan and Atabank Azerbaijan, as well as Chairman, CEO, and founder of Partner Investment Holding and Hapugam Investment Holding.

The Honorable Daniel Fried has served as the U.S. Assistant Secretary of State for European and Eurasian Affairs since May 2005. Over the course of his thirty years in the Foreign Service, Ambassador Fried has held a variety of positions, including U.S. Ambassador to Poland (1997-2000) and Principal Deputy Special Advisor to the Secretary of State for the New Independent States (2000-2001). Immediately prior to his appointment as Assistant Secretary of State, Ambassador Fried was a Special Assistant to President Bush and Senior Director for European and Eurasian Affairs at the National Security Council.

H.E. Abdullah Gül was elected as the eleventh President of the Republic of Turkey on August 28, 2007. Prior to that, he served as Foreign Minister and Deputy Prime Minister. President Gül was first elected to the Turkish Parliament in 1991 as a representative from Kayseri Province, a position he held until his election to the Presidency. From 1992 to 2001, he was also a delegate to the Parliamentary Assembly of the Council of Europe. Before entering politics, President Gül worked as an economist at the Islamic Development Bank and lectured as an Assistant Professor of International Economics.

Dr. Johannes Linn is the Executive Director of the Wolfensohn Center for Development at Brookings. He joined Brookings after more than three decades at the World Bank, where he last served as Vice-President for Europe and Central Asia from 1996 to 2003. Dr. Linn's current research interests include Eurasian economic integration and Central Asian development. Dr. Linn serves as Special Adviser to the Central Asia Regional Economic Cooperation Program (CAREC).

David Merkel served as the Director for Aegean, Caucasus, and Central Asian Affairs at the U.S. National Security Council from 2005 to 2007. Prior to assuming his position with the NSC, Mr. Merkel worked as Deputy Assistant Secretary of the Treasury responsible for International Affairs and, before that, as Senior Professional Staff Member for Europe and Eurasia in the Senate Foreign Relations Committee.

The Honorable Asim Mollazade is a delegate in Azerbaijani Parliament (Milli Mejlis), where he has served since his election in November 2000 and is currently a member of the International Affairs Commission. In July 2005, Dr. Mollazade was elected as Chairman of the Democratic Reforms Party and from 2001 to 2006 served as a delegate to the Parliamentary Assembly of the Council of Europe. Dr. Mollazade is also President of the Euro-Atlantic Centre of Azerbaijan, which he founded in 1998.

Emil Mustafayev is the First Deputy Chairman of the Board at the International Bank of Azerbaijan (IBA). Mr. Mustafayev has worked at the IBA since 1994, previously serving as Head of Crediting and Risk Financial Provisioning Division and Director of Corporate Customer

Service Department. As part of his current position, Mr. Mustafayev is responsible for managing the IBA's overseas operations

H.E. Hafiz Pashayev was appointed Deputy Foreign Minister of Azerbaijan on August 14, 2006. Prior to this, Dr. Pashayev served as Azerbaijan's first Ambassador to the United States, Mexico, and Canada, holding this office from 1993 to 2006. Dr. Pashayev has written more than 100 scientific and political works and has been published in a variety of local and international media. His most recent book, *Racing Up Hill*, was published in January 2006.

H.E. Nabi Sensoy is the Ambassador of the Republic of Turkey to the United States, assuming his duties in January 2006. Ambassador Şensoy joined the Foreign Ministry in 1970 and has held a variety of positions, both in Turkey and abroad. He has previously represented Turkey as an Ambassador to Russia (1998-2002) and Spain (1990-1995), worked as Consul General in London (1985-1988) and at Turkish embassies in Venezuela, Cuba and Washington, and twice served as Turkey's Deputy Undersecretary of the Foreign Affairs. Ambassador Sensoy also served as an advisor to the late Prime Minister Turgut Özal (1983-1985) and then as Chief of Cabinet to Turgut Özal (1988-1990) during his Presidency.

The Honorable Samad Sevidov is the Chairman of the Committee on Foreign and Inter-parliamentary Relations in the Milli Mejlis as well as the head of Azerbaijan's delegation to the Parliamentary Assembly of the Council of Europe (PACE). In the PACE, Dr. Seyidov serves on a number of committees, including the Political Affairs Committee, the Committee on Economic Affairs and Development, and the Committee on Migration, Refugees, and Population.

Vladimir Socor is a Senior Fellow at the Jamestown Foundation. He is an expert on countries of the former Soviet Union and has written extensively on Russian and Western policies in Eurasia—particularly those related to the energy sector. Mr. Socor is a frequent speaker at US and European policy conferences and is the author of dozens of analysis articles. Prior to joining Jamestown, Mr. Socor worked as an analyst with the Radio Free Europe/Radio Liberty Research Institute.

Dr. Frederick Starr is Chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's School of Advanced International Studies in Washington, DC. His research has led to the publication of twenty books and more than 200 articles. Dr. Starr has been closely involved with US policy towards Russia and Central Asia for thirty years and has advised four US presidents. Dr. Starr maintains close ties with government leaders and independent figures in politics and culture on all the states he studies. He is the recipient of five honorary degrees and is a Fellow of the American Academy of Arts and Sciences.

Elin Suleymanov is Azerbaijan's first Consul General to Los Angeles and was appointed in November 2005. Prior to this posting, Mr. Suleymanov served as Senior Counselor of the Foreign Relations Department in the President's Office. Before beginning his diplomatic service, Mr. Suleymanov worked with the United Nations High Commissioner for Refugees in Azerbaijan. He is the author of numerous articles on Azerbaijan and the South Caucasus.

The Azerbaijan-Turkey-US Relationship and its Importance for Eurasia

December 10, 2007 • Washington, DC

On December 10, 2007, policymakers and analysts from Azerbaijan, Turkey, and the United States gathered in Washington, DC to discuss the challenges and opportunities for their three countries in Eurasia. This conference was organized by the Azerbaijan-Turkey Business Association (ATIB), Hudson Institute's Center for Eurasian Policy (CEP), and the Central Asia-Caucasus Institute (CACI) at Johns Hopkins University-SAIS. It represented the continuation of ATIB's mission to foster good relations first between Turkey and Azerbaijan, and then among Turkey, Azerbaijan, and other countries. In fact, two months prior to the Washington, DC event, ATIB organized a similar conference in Moscow to examine the Azerbaijan-Turkey-Russia trilateral relationship in Eurasia.

The Washington, DC conference brought together representatives from the government, economic, academic, and policy spheres of Azerbaijan, Turkey, and the United States in an effort to define the goals of each state in the strategically important Eurasian region—and how they can work together to achieve them. In addition to those in attendance, the conference also featured video messages from Turkish President Abdullah Gül and former President of Turkey Süleyman Demirel. Their remarks can be found in the appendix, along with a written statement from Azerbaijani President Ilham Aliyev.

Azerbaijan and Turkey are key US allies in the extremely dynamic and important Caucasus-Central Asia region. This geopolitical area is home to over 100 million people and a sizeable portion of the world's

oil and natural gas reserves. Collectively, the countries of this region boast a GDP of approximately \$375 billion and average an annual economic growth rate in excess of 10 percent. Situated between Russia, China, India, the Middle East, and Europe, this region occupies the core of the vast Eurasian supercontinent. At the same time, the region is struggling to improve stability and democracy in the wake of a decade of tumult in the 1990s.

Turkey, of course, has been a NATO member and friend to the United States for several decades. Though this relationship has strained in recent years, with US favorability ratings in Turkey dipping into single digits, both governments recognize the value of their strategic partnership. In 2006, Ankara and Washington concluded a joint declaration reaffirming the broad values and goals that their two countries share. Neighboring Azerbaijan has also been lauded by Washington as one of America's strongest allies in the turbulent Caucasus and Central Asia region. The US and Azerbaijan have already cooperated extensively on energy projects and both countries are anxious to expand this cooperation to other sectors.

At the same time, Azerbaijan and Turkey share deep historical, cultural, and ethnolinguistic ties. Indeed, the phrase "one nation, two states" is commonly used to describe the nature of the relationship between Azerbaijan and Turkey. More formal, political ties are also being forged between the two countries. In November 2007, shortly before this conference, Presidents Abdullah Gül and Ilham Aliyev

signed an economic cooperation agreement and a joint declaration of strategic cooperation.

Despite the strong linkages among Azerbaijan, Turkey, and the United States, little progress has been made towards the establishment of a trilateral partnership. Indeed, this conference was the first gathering of representatives from the three countries dedicated to that end. The primary obstacle to forging a robust Azerbaijan-Turkey-US partnership in Eurasia has been that while all three countries share the same broad strategic goals and values, the issues that the United States considers important for its relations with Azerbaijan and Turkey are not always the same ones that Azerbaijan and Turkey consider important. Even if there is a general agreement on objectives, each state may pursue different means to achieve them.



Hafiz Pashayev, Yashar Aliyev, Ahmet Erentok, Zeyno Baran and Nabi Şensoy (left to right)

This disconnect is exemplified by the fact that the geographical definition of “Eurasia” differs among the three countries, with US policymakers typically regarding the Caucasus, Central Asia, Russia, and sometimes Turkey as part of Eurasia. India, China, Afghanistan, and Pakistan are part of “South Asia” or “East Asia” while Iran is part of the Middle East. Yet for Turks and

Azerbaijanis, all these countries are usually viewed as part of “Eurasia.” This difference is not just semantics; it represents a very real impediment to defining any potential sphere of cooperation among the Azerbaijan, Turkey, and the US.

The goal of the conference was to define the axes of cooperation among these three states. It sought to identify both the opportunities and obstacles to an Azerbaijan-Turkey-US partnership in Eurasia. The scope of the conference was intentionally left broad, but it soon became apparent that cooperation on energy projects was a primary concern of all participants. Nevertheless, a variety of other topics were discussed by participants over the course of the conference. This paper will summarize the discussion for each major theme covered, as well as use that information to suggest recommendations for Azerbaijan, Turkey, and the United States.

ENERGY PROJECTS

Without a doubt, energy is the primary field of cooperation among Azerbaijan, Turkey, and the United States. Azerbaijan and the Central Asian states to the east of it are home to tremendous oil and natural gas resources. For the most part, these reserves are relatively underdeveloped. A key priority—perhaps *the* key priority—of the United States in the Caucasus-Central Asia (CCA) region is to facilitate the development and exportation of these energy reserves westward. This is a goal shared by both Turkey and Azerbaijan. Indeed, Turkey’s stated energy policy centers around becoming an oil and gas transportation hub.

A number of projects have already been constructed to that end. The Baku-Tbilisi-Ceyhan (BTC) oil pipeline was completed in 2006 and the Baku-Tbilisi-Erzurum and

Turkey-Greece natural gas pipelines were both finished in 2007. Thanks to BTC, Azerbaijani oil can flow to the Turkish Mediterranean coast, where it can be shipped via tanker to Western markets. Azerbaijani natural gas can now flow through Turkey, across the Dardanelles, and directly into Europe. Participants at this conference praised past leaders Heydar Aliyev, Eduard Shevardnadze, and Süleyman Demirel for their role in establishing this Southern Corridor for energy. Without their vision and commitment, it is unlikely that either BTC or BTE would have been constructed. Particularly important to these and all other energy projects in the region was the so-called “Contract of the Century.” Negotiated and signed in 1994, this was the first oil contract between Azerbaijan and foreign energy companies; it paved the way for all future oil and gas development in the region. President Aliyev granted energy concessions to American, European, Russian, Turkish and Iranian companies, thereby giving them all a stake in his country’s stability and security.

There are a number of additional energy projects involving Azerbaijan and Turkey that have been proposed. These include the Trans-Caspian Gas Pipeline (TCGP), the Nabucco gas pipeline (connecting Turkey with Austria via Bulgaria, Romania, and Hungary), the Turkey-Greece-Italy gas pipeline, and the Samsun-Ceyhan oil pipeline (crossing the Anatolian Peninsula).

Participants emphasized the tremendous importance of energy projects such as the ones listed above. These projects yield tremendous economic benefits but also serve to significantly further the collective integration of the countries involved. In fact, it was noted that joint economic projects are a much better way to achieve integration

than either political or military ones. For example, the gas pipeline between Turkey and Greece is a valuable symbol of rapprochement between the two long-time adversaries. The Turkey-Greece pipeline is also significant because it represents the first route by which Caspian gas can reach European consumers free from Russian control. (An extension from Greece to Italy is planned to be completed in 2012, further increasing the reach of Caspian gas into Europe.)

It was also noted that these energy projects are a means to empower and solidify the independence of the countries involved. Russian political and economic influence, in particular, is a concern for countries in the region. Before the construction of BTC and BTE, nearly all the region’s energy export infrastructure was controlled by Russia, giving the Kremlin significant leverage. Now, Azerbaijan, Georgia, and Turkey—by virtue of their involvement in BTC and BTE—enjoy greater resistance to Russian efforts at political or economic persuasion. Participants stressed that energy security is synonymous with national security, and that multiple supply sources and pipeline routes is the way to improve both.



Tuncay Babali, Matthew Bryza, Valekh Aleskerov, and Vladimir Socor (left to right)

For the United States, there is an additional benefit to constructing non-Russian-

controlled pipelines out of the CCA region: channeling the Russian energy sector—principally its natural gas monopoly Gazprom—towards more market-based behavior. Russia’s dominant market position negatively affects countries in both Europe and the CCA region. In the long-term, an energy monopoly is also harmful to Russia itself, as it fosters corruption, inefficiency, and profiteering—maladies which spread throughout other sectors of Russian society. Breaking this monopoly by constructing alternative pipeline routes and strengthening the bargaining position of CCA states would compel the Russian energy sector to engage in more productive, market-based behavior. This will require close cooperation among not only Azerbaijan, Turkey, and the United States, but also the European Union. In this context, a strategy of constructing non-Russian-controlled pipelines is not “anti-Russian” but “anti-monopoly” and “pro-competition.” The US, in particular, knows the deleterious effect monopolies have on the market and productivity and has sought to break up monopolies wherever they exist—both within America and abroad. In fact, one speaker underlined that one of the first federal anti-trust cases in America involved an oil monopoly. In 1911, the United States Supreme Court ruled that Standard Oil was a monopoly and that it be dissolved into more than 30 separate commercial entities.

Participants mentioned that there is concern within the marketplace that BOTAS, the Turkish pipeline conglomerate, is positioning itself to become a “mini-Gazprom.” After all, billions of dollars worth of gas will soon be flowing through the country. Turkey faces a choice as to how it will manage that flow. Will Turkey purchase the energy resources and resell them to consumers in Europe? Or will it act as a transit country, charging a fee for its

transit services? Either way, Ankara must clearly signal that it will abide by market principles. If Turkey chooses to take advantage of its location by substantially marking up the price of gas, it makes that gas less competitive compared to that coming from Russia. Needless to say, if European consumers are compelled to buy Russian gas because of price, the utility of establishing non-Russian-controlled pipeline routes like Nabucco is severely diminished. Turkish government representatives at this conference assured that Ankara does not intend to use its transit status to extort money, but at the same time that Turkey “cannot be expected to pay the same price for gas as Austria.”

Turkish participants also emphasized the importance of the planned Samsun-Ceyhan pipeline. Currently, the majority of the oil transiting from the Black Sea to the Mediterranean Sea must pass through the narrow Turkish Straits. Only half a mile wide at its narrowest point, this congested waterway provides transport to 50,000 vessels—including 5,500 oil tankers—every year. More than 150 million tons of oil travel through this chokepoint each year. Any accident caused by terrorism, storms, or simple human error would be disastrous, both to the international oil trade but also to the over 10 million inhabitants of Istanbul. When completed, the Samsun-Ceyhan pipeline would provide an alternative, much safer, route for oil to exit the Black Sea.

There is a great deal of agreement among Azerbaijan, Turkey, and the United States on the east-west strategy and on its goals. In fact, participants noted how indispensable United States support for BTC and BTE was. Such synergy is also necessary for the success of any future joint energy project—particularly now that the Russian government opposing it is much stronger

and more aggressive than the one of the 1990s. Unfortunately, as Russian assertiveness has risen since the 1990s, US focus on Caspian energy projects has waned. Conference participants from Turkey and Azerbaijan also noted there is currently insufficient support from European nations to see additional projects like Nabucco or TCGP constructed. For a project to succeed, someone needs to take ownership and push for its completion (as did Aliyev with BTC and BTE). Thus, the question becomes: Who will purchase the Turkmen gas for TCGP? Azerbaijan cannot be expected to take risks or assume the lead in projects like TCGP; that role must be assumed by those who actually want the resources: Europe.

Unfortunately, European countries have been hesitant to move forward with TCGP or Nabucco out of fear of angering Moscow—which strenuously opposes these projects. Europe must evolve beyond the mindset that TCGP and Nabucco are “anti-Russian” projects. As discussed above, they are, in reality, pro-competition. Equally important is that Europe is united in this mindset and its commitment to these projects. A lack of solidarity—especially in countries directly involved in planned projects—is counterproductive.

Azerbaijani delegates asserted that their country has enough natural gas to fill the first phase of Nabucco. In fact, recent discoveries made by the lead operator in that country’s Shah-Deniz gas field indicate that there are far more reserves there than previously thought. Once someone takes the lead and concrete progress is made on the long-planned Nabucco pipeline, it will also increase the chances for TCGP being built. Connecting Central Asia gas producers to the Azerbaijani network is already technologically viable; the distance between the closest Azerbaijani and Turkmen

offshore gas platforms is only 70 kilometers. Constructing a pipeline between the two would be a relatively simple matter, taking as little as four to six months. In time, this could be expanded to a larger, more robust cross-Caspian connection. Turkmen and Azerbaijani officials have demonstrated increased receptiveness to the idea in recent months.

Azerbaijan and Turkmenistan recently established an intergovernmental panel to resolve that issue between their two governments. This panel should not only speed the resolution of seabed demarcation, but also the construction of a trans-Caspian gas pipeline. At the October 2007 Caspian Summit in Tehran, Turkmen President Gurbanguly Berdymukhamedov sided with his Azerbaijani and Kazakh counterparts in maintaining that a trans-Caspian pipeline wholly within the seabed of the two countries involved does not require the consent of the other littoral states to be constructed. If this were the case, it would give each of the five littoral states veto power over any Caspian pipeline project. The previous Turkmen President, Saparmurat Niyazov, had consistently sided with Russia in the veto issue, which obviously posed a severe impediment to TCGP. For its part, Turkey has expressed its desire to act as an honest broker between its two allies Azerbaijan and Turkmenistan in reaching a solution.

Participants also discussed the need to connect Central Asian oil producers to the export infrastructure in the Caucasus—specifically BTC. Kazakh President Nursultan Nazarbayev has expressed his willingness to establish an oil tanker transport system between his country and Azerbaijan. Under this system, oil would be loaded onto tankers at the Kazakh port of Aktau and ferried across to Baku, where it

would be sent via BTC. Indeed, during a recent visit to Baku, President Nazarbayev suggested that BTC would soon have to be renamed the Aktau-Baku-Tbilisi-Ceyhan export route.

ECONOMY and INTEGRATION

Both Azerbaijan and Turkey have experienced tremendous economic growth over the past several years. Turkey's GNP has doubled over the past six years and foreign direct investment into the country has risen from \$1 billion twenty years ago to \$22 billion today. The country is now aiming to transform its economy to include more lucrative, value-added sectors. Azerbaijan, meanwhile, has sustained one of the highest economic growth rates in the world over the past years—averaging better than 30 percent. Indeed, Azerbaijan and its robust economy have served as a “locomotive for development” in the entire region, spurring economic growth among its neighbors as well. Yet Azerbaijan has also struggled with many of the economic maladies that typically befall oil and gas producing states. Inflation was 16.3 percent in 2007 and is expected to stay in double digits in 2008. Moreover, the economic performance of the country is still closely tied to that of the oil and gas sector. Approximately 84 percent of Azerbaijan's export revenue in 2006 came from oil exports. The Azerbaijani government is well aware of the dysfunction that can result from over-reliance on the energy sector and has made diversification its first priority. The government seeks to expand output in the tourism, agriculture, finance, textiles, manufacturing, and transportation sectors. So far, this strategy has earned returns. Non-energy sector economic production grew eight percent in 2006, with non-energy industrial production rising by seven percent.

Realizing the Nabucco project and a trans-Caspian gas pipeline would be tremendously important, extending economic development and integration throughout the broader CCA. And while joint energy projects such as these will speed up the integration of the region, many cultural, economic, and political linkages are already being developed without them.

For example, construction on the Baku-Tbilisi-Kars railway is expected to begin in 2008, with the completion date of the system scheduled for 2010. This \$400 million project will be the first railway linking Georgia and Turkey and will significantly improve the transportation of people and goods from Asia to Europe. A number of connections already exist between Turkey and Europe, and both Kazakhstan and China have already indicated their interest in utilizing the railway. This would allow for goods to be transported overland from the Far East all the way to Europe, drastically cutting down on shipping time compared to sea routes. This network would also cut down on transit times for CCA goods shipped to North Africa or the eastern coast of the United States.



Johannes Linn and Elin Suleymanov (left to right)

The Baku-Tbilisi-Kars railway project is being supplemented by improvements and expansions of air and road linkages among

Central Asia, the Caucasus, and Turkey. Both Turkey and Azerbaijan envision the establishment of a new “Silk Road” for people and goods in Eurasia. Azerbaijan invested \$150 million in the transportation sector in 2007 and plans to increase this amount to \$1 billion soon. In fact, Azerbaijan is so committed to increasing transportation linkages in the region that it loaned the Georgian government more than \$200 million to cover the construction costs of the Georgian section of Baku-Tbilisi-Kars. This loan and the construction of Baku-Tbilisi-Kars coincides on the recent signing of a free trade agreement (FTA) between Georgia and Turkey, and follows on earlier FTAs between Georgia and Azerbaijan.

One effect of this more robust transportation infrastructure will be an increased volume of trade between and through Azerbaijan and Turkey—leading to economic benefits for both countries. Current bilateral trade between Azerbaijan and Turkey only stands at around \$1 billion. Both governments expect this figure to rise substantially in coming years. At the same time, Azerbaijan and Turkey are also looking to increase their trade volume with the United States.

ARMENIA

While all the collaborative projects described above portend improved economic development and integration for the countries involved, those countries not participating will be increasingly cut out of the regional revival. Unfortunately, Armenia is facing just such a future by virtue of the poor relations that exist between that country and its neighbors Azerbaijan and Turkey. Relations with Armenia are also one of the biggest issues for Azerbaijan and Turkey in their partnership with the United States.

Conference participants from Azerbaijan and Turkey expressed concern that Armenia was being steadily left behind in the wave of economic progress and integration that is energizing the region. While they noted that Armenia’s quasi-pariah status negatively affects their countries by impeding region-wide projects, Armenia itself is the one that suffers the most. Indeed, the number of people emigrating from Armenia reveals the severity of that country’s economic woes. Thus, the onus should be on Armenia to take the first steps to improve relations.

Above all else, Azerbaijani and Turkish delegates to the conference singled out the Armenian diaspora in Europe and the United States as counterproductive to normalizing relations. Some stated that the actions of this diaspora—such as pressuring Western governments to pass laws officially recognizing that the Ottoman Turks committed genocide against the Armenians in the early 20th century—do not serve the interests of Armenians actually living in Armenia today. Determining what actually transpired almost a hundred years ago should be the task of historians and scholars, not legislative bodies. One speaker pointed out that this was exactly what French President Nicolas Sarkozy argued during his December 2007 trip to Algeria. Referring to requests for France to apologize for injustices committed against Algeria during the colonial period, President Sarkozy said that “you need to leave past, historic events to historians, not to politicians” and that “you cannot ask the sons to apologize for their fathers’ mistakes.” Yet at the same time, the French Parliament has also passed a law officially recognizing the Armenian genocide, a measure which—in the context of Sarkozy’s remarks—smacks of hypocrisy to Turks.

This Armenian diaspora has recently attempted to present conflicts between their

country and Azerbaijan and Turkey as the result of religious differences. (Armenia is largely Christian while Azerbaijan and Turkey are, of course, primarily Muslim.) Yet religion is simply not a salient factor in Azerbaijan and Turkey's disagreements with Armenia. For one thing, both Azerbaijan and Turkey enjoy good relations with the overwhelmingly Christian Georgia. In fact, there are more than 80,000 Armenians living and working in Turkey today. Moreover, if it were a simple religious issue, then Muslim Iran would not have supported Armenia against Azerbaijan in the war. Clearly, the problem is not a cultural or religious one, but a political one. More specifically, this is another example of how the interests and actions of the diaspora do not correspond to the reality of the situation in Armenia, Azerbaijan, and Turkey.

The perceived influence of the Armenian lobby on US and European policies towards Azerbaijan and Turkey has been exploited by anti-American and anti-Western groups in those countries. Often, these groups argue for a shift away from the United States to Russia. Although the potential for such a shift appealing to the populace may currently be stronger in Turkey, it also exists in Azerbaijan.

It is in the interests of Armenians, Turks, and Azeris to move beyond their historical antagonism. All sides will benefit from improved relations. Closed borders and frozen conflicts are anathema to progress and integration.

It was on the issue of frozen conflicts that conference participants expressed a great desire for increased US assistance. The settlement of the Nagorno-Karabakh dispute is perhaps the greatest policy concern of Azerbaijan. There is great solidarity between Turkey and Azerbaijan on this issue—and

all issues pertaining to Armenia. Although the United States is a co-chair of the Minsk process involved in settling the Nagorno-Karabakh dispute, Azerbaijani and Turkish delegates to the conference indicated that they need to see more from the United States. The specifics of this desired American effort were not articulated.

IRAN

Azerbaijani and Turkish delegates stated that their countries desire good relations with their neighbors—including Iran. But the degree to which each country warms up to Iran differs. Obviously, the United States does not wish to see either Azerbaijan or Turkey engaging with Iran, as this would undermine its strategy of isolation against the Islamic Republic. But Turkey, more than Azerbaijan, is becoming less enthusiastic about rejecting engagement with Iran, particularly in the energy sector.

The fact that Iran sits atop such vast oil and natural gas resources makes an isolation strategy difficult. It will not be long before countries are willing to suffer Western opprobrium in exchange for access to Iran's valuable natural resources. China and India—both of which have rapidly growing energy needs—have already made deals with Iran regarding the development of that country's oil and natural gas fields. And recently, in late 2007, Turkey and Iran signed a memorandum of understanding on electricity and natural gas. Turkey agreed to construct several power stations in Iran and renovate existing electrical lines. In addition, Turkey agreed in principle on the purchase of gas from future development of Iran's massive South Pars field. (Turkey already imports approximately 20 million cubic meters per day of Turkmen gas via Iran.)

Turkey envisions using the Iranian gas to supply its own citizens as well as to resell to European consumers via the Turkey-Greece pipeline or the planned Nabucco pipeline. Yet the United States has criticized the Turkey-Iran energy agreement. This situation reveals a potential contradiction in the West's strategy to diversify Europe's energy supply away from Russia while also isolating Iran. Attempting to pursue both may be self-defeating. That is why securing gas supplies from Azerbaijan and Turkmenistan is so crucial.

Neither Azerbaijan nor Turkey is eager to see tensions worsen between the United States and Iran, particularly if that results in armed conflict. Both countries are likely to see a flood of refugees in the event of such deterioration. Although Azerbaijan, Turkey, and the United States all agree that Iran has the right to develop a civil nuclear program—provided it is fully transparent and complies with international regulations—there is disagreement over the burden of proof that Iran must adhere to. Many in the Turkish government feel that Iran—as a major player in the region—should be engaged on most Eurasian security issues. This perspective contrasts sharply with that of the US, which does not wish to legitimize the Iranian regime by allowing it a place at the negotiating tables of any of the region's various conflicts and disputes.

The differing perceptions between the US and Turkey and Azerbaijan is not a trivial matter. Indeed, Iran could represent a major obstacle to the trilateral relationship. Yet, in Azerbaijan and Turkey, there exists a significant opportunity to help transform Iranian society—even if not the government itself. Turkish and Azerbaijani soft power in Iran is growing rapidly. Iranians vacation in those countries and watch their television

programs. These linkages provide an opportunity to spread secular, democratic culture to Iran.

Conference participants were divided over whether the US National Intelligence Estimate on Iran's nuclear weapons capacity (made public December 3, 2007) will increase or decrease the likelihood of conflict. Some believed that the NIE—which states that Iran's nuclear weapons program had ceased in 2003 even though the country continues to enrich uranium—will defuse tensions between the West and Iran. Others believed that, regardless of the NIE assessment, Iran is still a threat and will now be less willing than ever to cease its nuclear weapons program. After all, with the release of the NIE, the international community—particularly China and Russia—has a justification for easing economic and political pressure on Iran. If Iran truly has the intention to develop nuclear weapons, it will now be virtually impossible to stop it from doing so without the use of military force. Indeed, some believe that Tehran, equipped with this knowledge, may decide to secretly transform its supposedly peaceful nuclear power program into a weapons program—something that it could do relatively quickly and easily. Moreover, the Iran NIE will certainly not change Israel's perception of the threat. Confronted with an Iran that it still considers threatening and an international community that is unwilling to apply pressure, Israel may be more likely to judge that unilateral military action is its only option.

SCO and NATO

Security is a common concern for Azerbaijan, Turkey, and the United States in Eurasia. The CCA region is home to terrorism, drug trafficking, and smuggling—not to mention threats posed by rival nations. It is uncertain what kind of collective security arrangements can be

made for the region. Can NATO be a viable guarantor of security for the region? Turkey has long been NATO's eastern border and played a significant role in expanding the organization's reach into the Caucasus and Central Asia. Ankara is home to NATO's Partnership for Peace training center and has been responsible for training thousands of personnel from CCA countries.

Yet, recent years have seen the rise of a possible challenger to NATO in central Eurasia: the Shanghai Cooperation Organization (SCO). The SCO is a collection of six Eurasian states: China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan. Both Iran and Pakistan are observer states and have expressed their interest in joining the organization—which is dominated by China and Russia. It was originally founded as a security organization but has since expanded to include economic and cultural cooperation.

There was no consensus among conference participants as to the direction the SCO is heading, yet there was little agreement that it could serve as an adequate security provider for the region. Participants wondered just how much money the SCO was actually spending on counterterrorism or counter-narcotic programs. Many felt that the organization served primarily as propaganda tool for Russia or as a means for China to gain economic (especially energy) ties with Central Asia. Others viewed it as nothing more than an “anti-West” club. Currently, the US does not regard the SCO as its adversary, but some wondered if this would change were Iran granted membership. The conference participants' assessment of the SCO's inability to provide security for Eurasia notwithstanding, few voiced much confidence in NATO's ability to fill that role either.

A possible means to expand NATO's role across the CCA is through the use of special partnerships. Similar to the one that exists between NATO and Ukraine, a NATO-Kazakhstan partnership could be established. Kazakhstan, more so than any other Central Asian state, appears willing to embrace the West. It has successfully lobbied to be allowed to chair the Organization for Security and Cooperation in Europe in 2010 and even moved its national soccer team from the Asian division to the European one. Turkey is key to the organization's prospects in the CCA, but it may lose enthusiasm to act as an advocate of NATO if the European Union begins to more blatantly shun Turkey's membership overtures. If this occurs, the influence of the Western security umbrella in this region will wane.



David Merkel, Samad Seyidov, Frederick Starr, and General Çevik Bir (left to right)

One participant summed up the methods being used by Russia, China, and Iran in the region: “China plays the geopolitical game largely with the rules used in the West, Iran plays by destroying those rules, and Russia is trying to play the game according to its own set of rules.”

Overall, conference participants were unsure what—if any—kind of regional security mechanism could be effective for the region's problems. A number of Azerbaijani

delegates suggested that GUAM (the Black Sea regional organization comprised of Georgia, Ukraine, Azerbaijan, and Moldova) could play a role in providing security. In recent years, GUAM's ambitions and scope of operations have drastically increased. In 2006, the group established a Secretary-Generalship based in Kyiv and announced its intention to maintain its own peacekeeping forces. GUAM has also raised the possibility of expanding to include Kazakhstan as a member—something to which Astana appears receptive. The organization has been instrumental in pushing for the resolution of the region's frozen conflicts, continually ensuring that they are on the agenda of the United Nations. However, just as the SCO is widely seen as an anti-West club, GUAM is often viewed as an anti-Russia club. This misperception must be changed. GUAM needs to demonstrate that its primary objectives are the spread of security, democracy, economic prosperity, and rule of law through their countries and the broader region.

The lack of consensus among conference participants regarding the future influence of both Russia and the US in Eurasia underlies the fact that—for many in the world—Russia has arisen as a viable “alternative” to the United States. While this does not imply the bipolarity that existed in the international system during the Cold War, the notion that the fall of the Soviet Union inevitably heralded the “end of history” and the sustained preeminence of the Western system has been proven wrong. Russian President Vladimir Putin's February 2007 speech in Munich certainly showed the error of the assumption. In this now infamous address, President Putin strongly criticized the United States for “overstepping its borders” and “trying to establish a uni-polar world.” Putin has sought to present Russia

as an alternative—or even an adversary—to the West. Unfortunately, the West—America in particular—has not helped its own cause. For example, a major source of disaffection for the West in Turkey has been America and NATO's unwillingness to mount a serious effort at countering the Kurdistan Workers Party (PKK), a terrorist organization that is based in northern Iraq and has executed dozens of lethal attacks against Turkey in recent years. The PKK situation exemplifies perfectly why NATO is no longer seen as a reliable guarantor of security by many in Eurasia.

US STRATEGY

One particularly interesting aspect of the conference was to hear from Turkish and Azerbaijani representatives the role that they would like the United States to play in the CCA region. Among other things, participants from Azerbaijan and Turkey criticized the United States for overemphasizing democracy and underemphasizing basic security. It is incorrect to think that one can create functional democratic institutions in a country whose security situation is poor. The state of Iraq and Afghanistan are largely a result of these misplaced priorities, although the consequences are not always this extreme. Along the same lines, conference participants recommended that the United States allow countries to develop democracy on their own terms—and at their own pace. There are many different kinds of democracy.

With that said, Azerbaijan and Turkey both feel that US support for democracy—particularly the institutions of democracy—is important for the region. The Azerbaijani and Turkish democracies, although differing from those in the West, can serve as an example for other countries in the CCA as well as the Middle East. The United States

should make a point of emphasizing this, while at the same time remaining vigilant that neither Azerbaijan nor Turkey backslide on their democratic credentials. US government participants in the conference seconded the importance of seeing democracy take root in Azerbaijan—and further consolidated in Turkey. Particularly with regard to the former, US participants were quick to emphasize that their country’s interest in Azerbaijan goes far beyond oil and gas. Assistant Secretary of State Daniel Fried declared during his remarks that “Azerbaijan’s success will be as critical for Central Asia as Poland’s success 15 years ago was for Central Europe.” The role a prosperous, democratic Azerbaijan can play in inspiring neighbors goes beyond Central Asia. Fried also suggested that Azerbaijan’s success could inspire reformers in Iran, noting that there are over 17 million ethnic Azeris living in that country.



Hikmet Çetin and Daniel Fried (left to right)

US support is very valuable for the still fragile states as the ones that comprise the Caucasus and Central Asia. Unfortunately, there is a sense among many in the CCA that the United States has lost its focus on the region. Several Turkish and Azerbaijani participants expressed concern that America is too bogged down in Iraq and Afghanistan to really focus on the CCA. As mentioned earlier, a more consistent commitment is

needed from the United States, particularly on resolving the Nagorno-Karabakh dispute.

The decline in American influence and prestige in the region has been aided by unfortunate US policies on many of the issues discussed in this paper. Often times the policy that emerges from the United States does not reflect the true choice of the Administration or even that of the majority of policymakers. Instead, it is the product of a complex back-and-forth between Congress, the Executive, special interest groups, and other actors in the bureaucracy. This subtlety is lost or simply not understood by most in Azerbaijan, Turkey, and the CCA. Thus, the continued existence of something like Section 907 of the Freedom Support Act—which bars US aid to the Azerbaijani government—is viewed as an accurate expression of Washington’s opinion towards Azerbaijan. In reality, Section 907 is a relic that emerged from a complex bureaucratic interplay more than a decade ago. Even though Section 907 has been waived each year, the provision itself has not been removed from the books mainly because it is all but impossible to repeal something in Washington if a lobby group exists that is dedicated to its preservation. (In this case, the Armenian lobby.) Of course, to many in Azerbaijan, Section 907 remains solely because that the United States—as a unified actor—wishes it to remain.

Azeris view Section 907 and similar items as an insult levied at their country by the United States. This insult stings all the worse because Azerbaijan has been such a staunch supporter of US policy goals in other parts of the world. In fact, it is one of the few Muslim countries that has forces serving in Afghanistan, Iraq, and the Balkans. Azerbaijanis rightfully feel this should earn them greater friendship from the

Americans. They are less inclined to trust the United States, or follow its advice, so long as they do not feel properly treated.

Turkish and Azerbaijani participants are seriously concerned about the influence of Armenian diaspora lobbies on American policies. The US Congress has made efforts to pass a law officially recognizing the Armenian genocide—just as the French Parliament did. Such a ruling would not only be inappropriate as it was made not by a historical commission but by a legislative body, but it would also have extremely negative consequences for US-Turkish (and US-Azerbaijani relations). American legislators need to realize that this bill has a real world impact and consider its foreign policy ramifications before they move forward.

Many conference participants complained of a lack of “strategic vision” in US policy towards the CCA region. Without a strategic vision *from* the United States, it is hard for Azerbaijan and Turkey to talk about a strategic partnership *with* the United States. While consensus formed that the United States can and should do more in Eurasia, it must be noted that other countries often expect too much from America. Although the US is a superpower, the role that it plays is not always as great as is thought. On many topics, Azerbaijan and/or Turkey will have to assume the lead. The Baku-Tbilisi-Kars railway project is a perfect example. Although the European Union set the stage by establishing its Transport Corridor Europe-Caucasus-Central Asia (TRACECA) initiative, Europe has played little to no role in executing this—or any other—transportation project in the region. No EU funds are being used for the Baku-Tbilisi-Kars railway project; it is almost entirely the product of Azerbaijani and Turkish leadership. US and European support will,

of course, still be vital to the success of many endeavors—particularly energy projects.

CONCLUSIONS and RECOMMENDATIONS

Representatives from all three countries expressed eagerness to bolster trilateral relations, but numerous disagreements exist as to the nature of that relationship. Key conclusions and recommendations include:

- In order to have an effective strategic partnership, Azerbaijan, Turkey, and the United States need to share a common perception of their goals and objectives.
- The US push for democracy in countries where there is no basic security is counterproductive. US democracy promotion efforts need to place much greater emphasis on institution building.
- The US is increasingly perceived as less effective than Russia in executing its policies in the Eurasian region. The US needs to reinvigorate its engagement in the Caspian region.
- The EU also needs to be more engaged in the next phase of Caspian energy developments, especially regarding natural gas. So far it has little credibility in the region. Projects like Nabucco cannot happen without strong EU political will and “ownership.”
- Assisting Georgia in its continued westward orientation is a shared goal.
- The resolution of the Nagorno-Karabakh dispute needs to become a clear priority.
- Iran is the main issue that is likely to challenge the trilateral partnership.
- Additional trilateral groups, such as a meeting of legislators from all three countries, should be established.
- Events like this conference should be a regular occurrence, preferably with the site rotating between Washington, Ankara, and Baku.

DELIVERED REMARKS

Written Statement of Ilham Aliyev, President of the Republic of Azerbaijan

December 10, 2007

I would like to extend my warm greetings to the organizers and participants of this international conference on the Azerbaijan-Turkey-US relationship and its importance for Eurasia. The co-organizers of this timely event—Hudson Institute’s Center for Eurasian Policy, the Silk Road Studies Program at the Central Asia-Caucasus Institute, and the Azerbaijan-Turkey Business Association—deserve special recognition for their joint and successful efforts.

Over the last decade and a half, the partnership among Azerbaijan, Turkey, and the United States has been fundamental in establishing the East-West Transportation Corridor, expanding exploration of the Caspian Sea energy reserves, and promoting Euro-Atlantic integration. In fact, by working together with support of the United States, Azerbaijan, Turkey, and Georgia have established a model of successful regional cooperation. In so doing, Azerbaijan has strengthened its own statehood and prosperity and contributed to regional development and the diversification of global energy supplies.

The most visible example of our partnership is, of course, the Heydar Aliyev Baku-Tbilisi-Ceyhan oil pipeline. Increasingly, Azerbaijan is also becoming an important natural gas supplier. Recently, I joined the Prime Ministers of Turkey and Greece at the inauguration of the Turkey-Greece gas pipeline link. Through this link, Azerbaijani gas has reached European Union market. These projects, which are vital for the future of Eurasia and the common interests of Azerbaijan, Turkey, and the United States, have become possible thanks to the determination of the participating nations and strong American support. Recognizing that the benefits of our partnership are shared by all involved parties remains an important element for the success of future projects. Therefore, having pioneered the development of Caspian energy resources, Azerbaijan stands ready to support cooperative initiatives involving East Caspian producers. Naturally, such initiatives should envisage broader participation of both producer and consumer nations.

The significance of the Azerbaijani-Turkish partnership for our American friends is not limited to energy issues. The recent groundbreaking ceremony of the Georgian section of the Baku-Tbilisi-Kars railway, a key Eurasian transportation link, has become another milestone both for the Azerbaijani-Georgian-Turkish partnership and the entire region. I am confident—as I was with the Baku-Tbilisi-Ceyhan oil pipeline, whose success exceeded our expectations and proved the skeptics wrong—that this railway project will also become a major achievement. These projects reflect the vision of Azerbaijan’s late leader Heydar Aliyev. This vision envisages building a vibrant and integrated region, and I know that such thinking is shared by Turkey and the United States.

As the Azerbaijani economy is growing at unprecedented rates (cumulatively 86% in last 3 years), we work to develop non-energy sectors. In all fields, such as education, tourism,

agriculture, telecommunications, technology, and others, we are building a future-oriented infrastructure, which will serve as the basis to make Azerbaijani economy multifunctional.

We are also partners in making our region more secure. While Turkey is a long-standing NATO ally, Azerbaijan is an active participant of the regional security infrastructure and international anti-terror coalition. Today, Azerbaijani personnel serve shoulder to shoulder with international forces in Afghanistan, Iraq, and the Balkans. More importantly, however, Azerbaijan and Turkey both represent examples of modern nations with Muslim majority and centuries-long traditions of religious tolerance and peaceful coexistence.

Still, against the background of regional cooperation, unresolved ethno-territorial conflicts continue to be a serious challenge to peace and security. Among these conflicts, Armenia's long-lasting occupation of the internationally-recognized territory of the Republic of Azerbaijan remains the most destructive and dangerous one. Armenia's aggression and ethnic cleansing have led to the forceful displacement of one million Azerbaijani civilians and caused enormous damage to our country. At the same time, this unresolved conflict continues to weaken the stability of our region. Moreover, the path of short-sighted isolation chosen by Yerevan undermines the future of Armenia itself. Those who consider themselves friends of Armenia should encourage that country's leaders to abandon their self-destructive policies and step up efforts to resolve the Armenia-Azerbaijan conflict. In turn, Azerbaijan will continue to seek an end to Armenia's occupation of our lands in accordance with international law.

We will also continue to work with our friends towards building a prosperous and stable Eurasian region. In this effort, the partnership with Turkey and the United States is invaluable.

I thank the organizers of this conference for highlighting the importance of this partnership and wish all the participants an engaging and productive discussion.

Remarks by Abdullah Gül, President of the Republic of Turkey

Mayflower Hotel, Washington, DC (via video)

December 10, 2007

For almost two decades, Turkey, Azerbaijan, and the United States have been working together as close partners and friends to promote and safeguard our common values. We have a multidimensional relationship and a strategic cooperation among our countries. This will continue to be a great asset for preserving regional peace, security, and wealth, as well as in defending democracy and freedom in Eurasia.

Both Turkey and Azerbaijan lie at the epicenter of Eurasian energy and transportation routes and projects. Thus, we aim for the safe and secure flow of goods, services, and energy resources to world markets. This cooperation has a special bearing on global energy security. In this context, our cooperation is exemplary and the political support from the United States for our energy projects is of great importance. We must continue to deepen this critical cooperation.

On the other hand, I firmly believe that close cooperation and coordination among our three countries will help our search for the peaceful settlement of frozen conflicts in the South Caucasus. These frozen conflicts not only represent a serious threat to peace and stability in the region, they also provide a major impediment for regional cooperation in projects. I am convinced that cooperation with other key regional actors will also contribute to our common efforts to bring long-lasting peace, stability, and prosperity to the region.

Good neighborliness, common sense, and mutual interests require that Eurasian countries—and their expatriates around the world—come to terms with the past and move forward in renewed friendship and harmony. Opting for the positive, for the reasonable and for what will bond our peoples in mutual acceptance is the way to a better future. After years of conflict, disagreement, and troubled relations, it is time for one-sided agendas to be replaced with open, honest, and result-oriented dialogues. Certainly this will require bold leadership.

Ladies and Gentlemen, Turkey has been projecting peace and stability in Eurasia. Turkey's contributions to this end signal a strong message to the region. I wish to stress that this message is further accentuated by the extent that regional cooperation between Turkey and the United States flourishes.

In conclusion, I would like to underline that the strategic understanding among Turkey, Azerbaijan, and the United States makes a positive and very real difference in this part of the world. We are aware that it is our common responsibility to ensure a better tomorrow for future generations. With these thoughts in mind, we will continue to work hard to achieve an even brighter future for Eurasia.

Thank you.

Remarks by Süleyman Demirel, Ninth President of the Republic of Turkey

Mayflower Hotel, Washington, DC (via video)

December 10, 2007

I would like to extend my appreciation to Hudson Institute's Center for Eurasian Policy, the Azerbaijan-Turkey Business Association, and the Central Asia-Caucasus Institute at Johns Hopkins University for organizing such an important program in Washington and inviting me to address such a distinguished audience of participants. I would like to begin my words by expressing my blessing on the deceased President of Azerbaijan, Heydar Aliyev—a very good and close friend of mine—who passed away on December 12, 2003. May God have mercy on him.

Relations and cooperation among Azerbaijan, Turkey, and the United States are one of my own special interests.

Distinguished guests, we have been facing a very rapid change in almost every corner of the world for some time. Particularly after the defeat and collapse of the Soviet Union, a new world and a new order have been on the horizon. On the one hand, the world is seeking peace, prosperity, and happiness for every nation and individual. On the other hand, there are some uncertainties and threats facing us: radicalism, fundamentalism, and ethnic nationalism have been rapidly spreading in the Balkans, Caucasus, Africa, and in other important regions of the world.

The main objective of globalization is to lessen the importance of borders and to achieve a single, homogenous world, as well as an extended family of humankind comprised of communities of nations. What would be the objective function of this? The objective function of this is simple and essential: peace for everyone, prosperity for everyone, freedom for everyone, and happiness for every single member of this one world, one family. For the time being, this could be labeled a dream or a utopia. Even under this condition, we all should do whatever we can to make this dream come true.

Some crucial aspects of this goal have already been achieved. We all have been witnessing free movement of capital, free movement of goods and services, free movement of manpower, and last but not least, free circulation of knowledge and information. This is the most practical method of globalization. Pragmatism and the fostering of democracy, human rights, free market economy, free movement of international capital, and opportunities for free foreign direct investment are crucial for the newly emerging states.

As for Eurasia, one of the most prominent strategists in these affairs, former National Security Council Advisor [Zbigniew] Brzezinski, stated that "Eurasia is the world's largest continent. The geopolitical power that dominates Eurasia would control two of the world's three most economically advanced and economically productive regions." Parallel to this, during my terms as President and Prime Minister in the 1990s, I personally made my best efforts to guide and support the newly independent states of the Caucasus and Central Asia.

The realization of the Baku-Tbilisi-Ceyhan pipeline was not an easy task for various reasons. But against many odds, Turkey, Azerbaijan, Georgia and the United States managed to implement this complicated, but essential, project. I have said that this project must be considered as the beginning of potential future projects and potential areas of cooperation for the region. Within this context, the South Eurasian energy corridor could be the most strategic element of all. In my terminology, a contemporary Silk Road from Asia to Europe will develop not only for transportation of energy, but it should be enhanced with connections of railroad and highways. In this respect, much cooperation has already occurred.

Some specific projects such as Blue Stream and Nabucco are also very important. The Turkey-Greece-Italy interconnector project is the last addition to these very important energy projects. The supply infrastructure that has already been constructed has tremendous strategic implications, not only for the countries in which it is built, but also for those where they are not built and for those which it supplies. We can easily expand projects in the east-west corridor to Turkmenistan and Kazakhstan. If we look from this perspective, we can easily see that the cooperation among Turkey, Azerbaijan, Georgia, Armenia, Turkmenistan, Kazakhstan, and the United States is crucial for the implementation of these vital projects.

We should not forget about the enduring and growing influence of Russia, as well as the emerging powers of China and India in Eurasia matters.

Will it be easy? Why not? The feasibility studies show us that these are good projects. Therefore, we must concentrate on them and manage to comply. For this, one of the first crucial steps is a solid trilateral relationship among Azerbaijan, Turkey, and the United States.

I see this conference as the beginning of this vital aim. As my conclusion, let me wish all of the distinguished participants of this conference success. Thank you.



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