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### THE ENERGY FACTOR AND ITS PLACE IN THE SYSTEM OF RELATIONS BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF AZERBAIJAN

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#### ABSTRACT

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*In this article an attempt was made to show the role and significance of the energy factor in the system of relations between Azerbaijan and the USA based on a wide range of sources and achievements of modern science. In the introductory section the relevance of the topic is described, the goals and objectives of the study are determined. It is proved based on specific examples that large-scale oil and gas reserves, the favorable geostrategic position of Azerbaijan have become a determining factor in the energy sector. The United States has provided great support to all projects that the Republic of Azerbaijan has implemented in the energy sector, from the “Contract of the Century” to the present day.*

**KEYWORDS:** *Foreign policy, USA, Azerbaijan, oil strategy, energy, energy factor in international relations.*

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#### INTRODUCTION

The role and place of the energy factor in the system of relations between the USA and the Republic of Azerbaijan are researched in this article. The collapse of the Soviet Union, the weakening of Russia’s position in the post-Soviet area, Azerbaijan’s favorable geostrategic position, the wealth of hydrocarbon resources in the Caspian Sea and the U.S.’s pursuit of global leadership are the factors that have had a significant impact on the entire complex of relationships between Azerbaijan and the U.S., in particular, in the energy sector.

The support of the U.S. in the development of the energy complex of Azerbaijan is reflected in the specific participation of the U.S. TNCs in the implementation of “The Contract of the Century”, the construction of the main oil export pipeline Baku-Tbilisi-Ceyhan, and the gas pipeline TANAR and TAR.

#### THE GOALS AND OBJECTIVES

To show the role and significance of the energy factor in the system of relations between Azerbaijan and the USA based on a wide range of sources and achievements of modern science.

#### MAIN MATERIAL

A special place in the priorities of the foreign policy of the Azerbaijan Republic in the world arena is occupied by a strategic cooperation with the largest global power - the United States of America. Due to several circumstances, the energy factor prevails in the system of these relations.

At the end of the 20th and beginning of the 21st century, in terms of oil and gas reserves, the Caspian region took one of the leading positions on the global energy market and a priority position in the strategic plans of the global importers and major oil and gas TNCs.

According to the U.S. Energy Information Administration, in the second decade of the 21st century, the Caspian region's hydrocarbon reserves amounted to 48 billion barrels or approximately 7.6 billion tons of oil and 8.3 trillion cubic meters of gas. This constituted about 3.5% and 5% of the world's oil and gas reserves, respectively. (21)

S.Z.Zhiznin, a well-known Russian expert in the sector of energy security, claims that "the geopolitical goals of the United States are, by supporting the development of the oil and gas industry in Central Asia and Azerbaijan, to contribute to strengthening their independence and political rapprochement with the West". (12, p.39).

To date, the crude oil production in the United States has reached 10.07 million barrels per day, the highest monthly level of oil production in U.S. history. Over the past 10 years, U.S. oil production has increased dramatically. (22) If the current rates of oil production and consumption in the United States remain the same in the coming decades, it may face the threat of depleting its hydrocarbon resources. There will be a problem of saturation of its market and increased dependence on the imports of hydrocarbon products.

Published on May 2001 by a special commission, led by the U.S. Vice President D. Cheney, a report "National energy policy: Report of the National Energy Policy Development Group" stated that the growing demand for oil in the world and the increasing import of oil in the U.S. are taking place against the backdrop of the renewed military and political crisis in the Middle East, which intensified competition among the United States, Russia and China for oil and gas resources in Caspian and Central Asian regions. (15) It was noted in the report that about 55% of all oil in the United States comes from imports. (18)

Azerbaijani political scientist S.A.Gidayatova writes in her article on the noted fact that "high rates of dependence on energy imports, prospects for the exhaustion of the U.S. hydrocarbon reserves and refusal to contain growing energy consumption determined the desire of Washington's government to gain control over the main oil and gas production areas and energy transportation routes in the world. In fact, this is the most important element of the U.S. energy policy, which was officially named "The Control over the Global Energy Balance." (9, p. 8)

The energy factor and the reliability of the energy security system are a powerful guarantor of the stability of the socio-political situation in the Caspian region and in many respects provide the dynamics of the sustainable development of the Caspian republics, particularly, Azerbaijan.

Speaking about the role of the energy factor and the strategy of the U.S. in relation to Azerbaijan, Russian political scientist E.B. Anashkina quite reasonably notes in her article: "The USA is aware that the implementation of their foreign policy objectives in the region should take into account the factor of powerful Russian influence in the post-Soviet space, which is based not only historical roots, but also on preserved interstate political and economic ties." (2, p.39)

The above-mentioned circumstance was specified in the "Integrated National Energy Strategy" (CNES) adopted in the early 1990s by the U.S. government. The document outlines the main objectives and principles of the USA's energy strategy:

**First.** The Caspian region's energy resources will be important in the next decade - the supply of the Caspian

energy resources to global markets today constitutes an important part of our (USA) management in the field of providing our country with reliable sources of energy; energy extraction in the region can have important implications in terms of the growth of world reserves and the diversification of world's energy sources;

**Second.** The rapid development of energy resources in this region and the development of trade relations are the most important prerequisites for independence, economic prosperity, democracy and stability in all countries of the Caspian region. The U.S. government is focusing its efforts on supporting the construction of several pipelines and diversified infrastructures, which will help bring these countries to the global market. (13, p. 173)

On September 20, 1994, after long negotiations between the President of Azerbaijan H.A.Aliyev and the management of oil TNCs, they were able to come to an agreement. This agreement went down in history under the name of "The Contract of the Century" and for many years ahead it defined the strategy of dynamic development of the Azerbaijan Republic in building the law-based state in both economic and political fields.

Along with the largest European campaigns in the implementation of "The Contract of the Century", four leading American companies were involved – «Amoko», «Pennzoil», «Unocal», «Exxon». Among them, it is worth mentioning such an influential company as «Amoko», which had its votes in the U.S. Congress and controlled financial leverage. In "The Contract of the Century" 47% of the investments belonged to the U.S. companies. (6, p.339)

The U.S. President B. Clinton, on the occasion of the signing of "The Contract of the Century," noted that "the United States welcomes this contract, which is the largest in history among this type of contract." (16) Thus, thanks to the signing of "The Contract of the Century," the Caspian region and Azerbaijan were opened to Europe and the USA. Three years after the signing of «the Contract of the Century», early oil was produced and this put on the agenda the issue of its logistics and the transportation to the European and the global energy markets.

In 1997, the U.S. President B. Clinton signed a document, in which he noted that "the United States of America is very interested in unhindered access to raw materials abroad ..." (5, p.30)

Assistant to the President Clinton on National Security Affairs S. Berger, in his speech on March 27, 1997 at the Center for Strategic and International Studies, openly stated that the Caspian region is of the strategic importance to the United States, and the expansion of its presence in Central Asia and Caucasus seen as one of the priorities of foreign policy of the United States. (10, p. 84)

From July 28 to August 6, 1997, the President of Azerbaijan Heydar Aliyev was on an official visit to the United States at the invitation of the President Clinton. In the course of the meeting, an agreement was signed on the establishment of an interstate dialogue in the energy sector, a joint contract between the U.S. companies «Chevron», «Exxon», «Mobil», «Amoko» and SOCAR on joint work in the oil fields of «Absheron», «Nakhchivan», «Oguz» and «Inam» in the Azerbaijani sector of the Caspian Sea. (6,395)

In the report of the U.S. State Department "Energy Development of the Caspian Basin" for 1997, the following main directions of the U.S. foreign policy in this region were

specified and disclosed: the solution of the Armenian-Azerbaijani conflict, the elimination of ethnic tensions in the Caucasus; exploitation of energy resources of the Caspian basin as an alternative and supplement to the Persian Gulf and insurance of the energy interests of the West in this region; elimination of dependence on the oil pipelines passing through Russia. To solve the problem, it is necessary to have alternative ways of energy export. (6, p. 395)

In 1998, the U.S. government approved the post of the Special Advisor to the President and Secretary of State for Energy of the Caspian Region, headed by R. Morningstar.

According to the famous American political scientist A. Cohen, it is more profitable for the United States "to pump oil from the Caspian Sea through Georgia and Turkey, rather than through Iran or Russia, since the northern or southern route will create opportunities for Russia or Iran to control a much larger part of the energy market." (3,31)

The United States provided great diplomatic and political support to the decision of Azerbaijan, Georgia and Turkey, adopted at the OSCE Istanbul Summit, to build the main export pipeline Baku-Tbilisi-Ceyhan, through which the energy resources of the Caspian Sea were to be transported to the European and the global markets. (1, s.78)

According to the Azerbaijani political scientist S. Garashova, the United States was interested in greater internationalization of transport and communication projects in the Caspian region: the participation of a wide range of countries, mainly Western, which is not only economically feasible, but also allows to internationalize this issue. (4,36)

The President George W. Bush, who came to power in January 2001, promulgated the doctrine of the "global campaign for the advancement of democracy," that envisaged the formation of strategically important for Washington the East-West multi-purpose energy transport corridor with the direct participation of Georgia and Azerbaijan. (8, p.48 )

Special Advisor on Caspian Energy Policy E. Jones stated that the United States will continue to assist their economic development, the participation of American oil and energy companies in creating a multivariate pipeline system for delivering the Caspian oil and gas to the global markets. (20)

In the summer of 2006 the Baku-Tbilisi-Ceyhan oil pipeline was put into operation, the cost of which amounted to \$ 4 billion. At the ceremony marking the commissioning of the main export pipeline Baku-Tbilisi-Ceyhan, the President of Azerbaijan I. Aliyev said that "the support by the U.S. government for all our energy projects has greatly helped the commissioning of this pipeline." (22)

From the point of view of a geopolitical analysis of current trends, related to the energy security of all participants in the Baku-Tbilisi-Ceyhan oil pipeline project, we can confidently determine it as the most political oil pipeline in the world and it is of great commercial importance.

It should be noted that in 2010 the United States faced a serious problem of ensuring its energy security. These problems were caused by a general deficit of energy saving, a growing dependence on oil supplies and high prices for oil products. In these circumstances, one of the most important tasks of the White House administration was to ensure the reliable operation of the Eurasian transport corridor, the main component of which was to become the energy corridor passing through Azerbaijan, Georgia and Turkey.

With the President Obama in power, the U.S. presence in the energy sector of the South Caucasus, particularly in Azerbaijan, has expanded significantly. The U.S. Special Representative for Eurasian Energy R. Morningstar in his speech at the "Center for American Progress" in January 2010 highlighted a number of key components of B.Obama's energy policy:

-Firstly, the U.S. seeks to support the development of new oil and gas sources, and invest in the development of alternative energy sources;

-Secondly, the U.S. government seeks to strengthen energy security in Europe;

-Thirdly, the U.S. will assist the countries of the South Caucasus in the search for new international markets for gas and oil. (24)

In June 2012, with the mediation of the United States, Turkey and Azerbaijan signed an agreement on the construction of the Trans-Anatolian Gas Pipeline (TANAP) for the export of gas from the Azerbaijani field Shah Deniz-2 to Europe (11, p.131).

In April 2016, the President of Azerbaijan Ilham Aliyev was invited to the U.S. at the IV Nuclear Security Summit. The issue of energy security has become the main topic of negotiations between the President of Azerbaijan and the leading American politicians. It was noted that the U.S. fully supports Azerbaijan's activities related to the implementation of the "Southern Gas Corridor" project and will take the necessary steps in this direction. (17)

In November 2017, S. Saarino, the U.S. State Department Special Envoy and Coordinator for International Energy Affairs, on behalf of the U.S. government, stated that "SGC and BTC are vivid examples of what we can achieve together, focusing on a common goal." (23 )

## CONCLUSIONS

Thus, the material presented allows us to draw a number of conclusions:

- Since the establishment of diplomatic relations between Azerbaijan and the United States, the energy factor has played a decisive role in the entire complex between the two countries;
- G. Aliyev's balanced and scientifically substantiated course of the oil strategy received a strong support from the U.S. administration and the transnational corporations of the United States, which invested billions of dollars in the economy of Azerbaijan, particularly, in the energy sector;
- U.S. support has played a significant role in the diversification and transportation of Azerbaijan's hydrocarbon resources to European, global and energy markets through the Baku-Tbilisi-Ceyhan main export pipeline and the TANAP and TAP gas pipelines, which are at their final stage of implementation.

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