
Program Brief

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**“Caspian Policy and the Future of the BTC Pipeline”
A Presentation by Ambassador Beth Jones,
Special Advisor to the President and Secretary of State for Caspian Basin
Diplomacy**

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The Nixon Center, Washington, DC

“The Bush Administration has clear and assertive objectives guiding its policy on the Baku-T’bilisi-Ceyhan (BTC) pipeline, which will transport oil west from the Caspian Sea into Turkey.” Special Advisor to the President and Secretary of State for Caspian Basin Diplomacy Elizabeth Jones outlined these objectives at a luncheon held January 31 at The Nixon Center. Ambassador Jones expressed her enthusiasm toward the progress of the BTC pipeline, its possibilities, and the role of the United States in its success. Geoffrey Kemp, Director of Regional Programs at the Nixon Center moderated the discussion.

Pipeline Investment

Ambassador Jones reported that basic engineering planning for the BTC pipeline has already started. She explained that this is a positive first step because it means private companies, responsible to their boards of directors and shareholders, are “willing to put

money on the table.” During the next phase the United States will persuade the eight sponsor companies to commit to detailed engineering proposals which will require greater financial investment. Ambassador Jones specified that commercial viability must be evident before the next stage of development can be decided. The sponsor companies must show they have the necessary financing to ensure a functional commercial framework.

Ambassador Jones added that the principal advantage of the BTC pipeline to investors is its route, which enables it to bypass the Turkish Straits. She said that while Turkey will not restrict traffic through the Straits, there is a limit to the quantity of material that can be transported through the Bosphorus. In addition to the large number of vessels that travel through this crucial waterway, geographic obstacles include twelve sharp and rocky curves, rapid currents, and narrow channels. The BTC pipeline will bypass this “geopolitical chokehold.”

Pipeline Future

In addition to promoting the continued investment of companies in Caspian energy, Ambassador Jones said that the United States will continue to support the sovereignty and independence of the Caspian countries and to promote their economic interdependence.

The current focus of the United States in this respect is Kazakhstan, considered the “east anchor of the east-west transportation corridor.” According to Ambassador Jones, by signing the Istanbul Declaration, Kazakhstan has indicated serious interest in the new pipeline which would include a trans-Caspian section linking Kazakhstan’s oil fields to the BTC pipeline. In order to facilitate good will among the Caspian countries and possibly incorporate Kazakhstan into the design, the US is assisting Kazakhstan’s effort to join the new pipeline and will assure transparency throughout the process. In addition, Ambassador Jones reported on plans for a multilateral agreement, soon to be produced by Turkey, Georgia, and Azerbaijan, which will further facilitate economic interdependence among the Caspian countries.

Ambassador Jones also stressed the importance of maintaining contact with Russia throughout the construction process of the pipeline. She said that this communication will help demonstrate to Russia and Russian oil companies the potential for alternate exit routes for Caspian oil. It is not US policy to exclude Russia from pipeline opportunities, but rather to encourage Russian companies to participate.

Finally, Ambassador Jones noted that talks focusing on transporting Caspian energy to Europe through new pipelines have been renewed. She said that demand for gas is particularly high in Europe and will continue to grow. Therefore, Europe will, in all likelihood, need to find additional sources of gas to satisfy

its energy requirements. Ambassador Jones predicted that the trans-Caspian gas pipeline could be an additional resource for supplying this extra gas to southern Europe by way of Turkey.

*This **Program Brief** was prepared by Nixon Center intern Chelsea Petersen.*

