

AZERBAIJAN – TURKMENISTAN EXPANDED PARTNERSHIP: WHAT NEXT?



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ABSTRACT

On January 21, 2021 the presidents of Azerbaijan and Turkmenistan concluded an agreement on joint exploration of *Dostlug* oil field which was long disputed between these two Caspian basin countries. The historical agreement not only allowed to enhance the ties between Azerbaijan and Turkmenistan but also paved the new way for Turkmenistan's energy route and Azerbaijan's role as an energy transport country. With the signed document, the peoples of Azerbaijan and Turkmenistan will become closer and both peoples will benefit from the agreement. The project opens up great export opportunities and contributes to the well-being of peoples. Relations between the two countries continue to grow. The high-level reciprocal visits between the two countries are a clear example of this. In the last 3 years, 5 visits have taken place at the presidential level, and more than 50 documents have been signed during these visits.

Transcontinental energy and transport corridors pass through both countries along the ancient Silk Road. These corridors are the shortest and most cost-effective routes connecting Asia with Europe. Therefore, concrete practical steps have been taken to further develop the partnership between the two countries in the field of transport. The documents signed during the official visits of the Presidents include the establishment of the Azerbaijan-Turkmenistan Joint Commission on Transport, Transit and Logistics, and the simplification of the visa regime for participants in international transport through these countries. Friendly relations between Azerbaijan and Turkmenistan are of direct importance for Central Asia, the Caspian Sea and the Caucasus. Thus, the shortest and most convenient road connecting Central Asia with the Caucasus passes through Turkmenistan and Azerbaijan via the Caspian Sea. Friendly relations between Azerbaijan and Turkmenistan allow the countries of the region using the route to easily export their goods to the world market, as well as to transport imported goods in the shortest possible time and at the cheapest route. This manifests itself as a factor that directly affects the economy and welfare of the population. The friendly relations between these two countries, and mutual understanding in the Caspian Basin as a whole, contribute to the strengthening of the atmosphere.

This article studies the current developments between Azerbaijan and Turkmenistan relations and argues that enhanced relations between these countries also contributes to the connectivity between the Europe and Central Asia.

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AZƏRBAYCAN-TÜRKMƏNİSTAN ƏMƏKDAŞLIĞI: GƏLƏCƏYƏ BAXIŞ



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ANNOTASIYA

21 yanvar 2021-ci il tarixində Azərbaycan və Türkmənistan prezidentləri Xəzər dənizində yerləşən və iki dövlət arasında uzun müddət mübahisəli olan *Dostluq* neft yatağının birgə işlənilməsi üzrə razılaşma əldə etdilər. Bu tarixi razılaşma nəinki Azərbaycan və Türkmənistan arasındakı əlaqələri genişləndirməyə, eyni zamanda Türkmənistana yeni enerji marşrutu verdi və Azərbaycan isə enerji nəqliyyatı ölkəsi kimi tanındı. İmzalanmış sənədlə Azərbaycan və Türkmənistan xalqları daha da yaxınlaşacaq və hər iki xalq razılaşmadan faydalanacaqdır. Layihə böyük ixrac imkanları açır və xalqların rifah halının yüksəlməsinə töhvə verir. Ölkələr arasında münasibətlər yüksələn xəttlə davam edir. İki ölkə arasında ən yüksək səviyyədə qarşılıqlı səfərlərin olması buna bariz nümunədir. Son 3 ildə prezidentlər səviyyəsində 5 səfər baş tutdu və bu səfərlər əsnasında 50-dən çox sənəd imzalanmışdır.

Qədim İpək Yolunun üzərində yerləşən hər iki ölkədən transkontinental enerji və nəqliyyat dəhlizləri keçir. Həmin dəhlizlər Asiyayı Avropa ilə birləşdirən ən qısa və iqtisadi baxımdan səmərəli marşrutlar hesab olunur. Buna görə də ölkələr arasında nəqliyyat sahəsində tərəfdaşlığın daha da inkişaf etdirilməsi istiqamətində konkret əməli addımlar atılıb. Prezidentlərin rəsmi səfərləri zamanı imzalanmış sənədlər nəqliyyat, tranzit və logistika məsələləri üzrə Azərbaycan-Türkmənistan Birgə Komissiyasının yaradılması, bu ölkələrin ərazilərində keçməklə həyata keçirilən beynəlxalq daşımalarda iştirakçıları üçün viza rejiminin sadələşdirilməsini nəzərdə tutan qərarlar alınmışdır.

Azərbaycanla Türkmənistan arasında dostluq əlaqələri Mərkəzi Asiya, Xəzər, Qafqaz regionu üçün birbaşa əhəmiyyət daşıyır. Belə ki, Mərkəzi Asiyayı Qafqazla birləşdirən ən qısa və əlverişli yol Xəzər dənizi vasitəsi ilə Türkmənistandan və Azərbaycandan keçir. Beləliklə, bu ölkələr arasındakı dostluq münasibətləri sözügedən marşrutu istifadə edən region ölkələrinin yüklərinin rahatlıqla dünya bazarına ixrac edilməsinə, eləcə idxal mallarının ən qısa müddətdə və ən ucuz yolla daşınmasına imkan yaradır. Bu isə ölkələrin iqtisadiyyatına və əhalinin rifahına birbaşa təsir edən amil kimi özünü göstərir. İki ölkə arasındakı dostluq münasibətləri, eləcə də bütövlükdə Xəzər hövzəsində dostluq, qarşılıqlı anlaşma mühitinin möhkəmlənməsinə öz töhfəsini verir.

Məqalədə Azərbaycan və Türkmənistan münasibətləri arasındakı mövcud inkişaf planları araşdırılmış və bu ölkələr arasındakı inkişaf etmiş əlaqələrin Avropa və Mərkəzi Asiya arasındakı əlaqələrə verdiyi töhvə vurğulanmışdır.

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СОТРУДНИЧЕСТВО АЗЕРБАЙДЖАНА-ТУРКМЕНИСТАНА: ВЗГЛЯД В БУДУЩЕЕ



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АННОТАЦИЯ

21 января 2021 года президенты Азербайджана и Туркменистана заключили соглашение о совместной разведке нефтяного месторождения Достлуг, которое долгое время оспаривалось этими двумя странами Каспийского бассейна. Историческое соглашение не только позволило укрепить связи между Азербайджаном и Туркменистаном, но и проложило новый путь для энергетического маршрута Туркменистана и роли Азербайджана как страны-поставщика энергоносителей. С подписанным документом народы Азербайджана и Туркменистана станут ближе, и оба народа выиграют от соглашения. Проект открывает большие возможности для экспорта и способствует благополучию людей. Отношения между двумя странами продолжают расти. Наглядным примером этого являются взаимные визиты на высоком уровне между двумя странами. За последние 3 года осуществлено 5 посещений на уровне президентов, в ходе этих визитов подписано более 50 документов.

Трансконтинентальные энергетические и транспортные коридоры проходят через обе страны по древнему Шелковому пути. Эти коридоры - самые короткие и наиболее рентабельные маршруты, соединяющие Азию с Европой. Поэтому были предприняты конкретные практические шаги по дальнейшему развитию партнерства между двумя странами в области транспорта. Документы, подписанные в ходе официальных визитов президентов, включают создание Совместной азербайджано-туркменской комиссии по транспорту, транзиту и логистике, а также упрощение визового режима для участников международных перевозок через эти страны.

Дружественные отношения между Азербайджаном и Туркменистаном имеют непосредственное значение для Центральной Азии, Каспийского моря и Кавказа. Таким образом, самая короткая и удобная дорога, соединяющая Среднюю Азию с Кавказом, проходит через Туркменистан и Азербайджан через Каспийское море. Дружественные отношения между Азербайджаном и Туркменистаном позволяют странам региона, использующим маршрут, легко экспортировать свои товары на мировой рынок, а также перевозить импортные товары в кратчайшие сроки и по наиболее дешевому маршруту. Они проявляются как фактор, напрямую влияющий на экономику и благосостояние населения. Дружественные отношения между этими двумя странами и взаимопонимание в Каспийском бассейне в целом способствуют укреплению атмосферы.

В этой статье изучается текущее развитие отношений между Азербайджаном и Туркменистаном и утверждается, что улучшение отношений между этими странами также способствует связности между Европой и Центральной Азией.

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Introduction

After the collapse of the Union of Soviet Socialist Republics, there have been disagreements in relations between Azerbaijan and Turkmenistan over some issues. But these relations have reached the level of strategic partnership since 2017. On the 8th of August, Turkmenistan president Gurbanguly Berdimuhamedov paid an official visit to Baku, where he was met and welcomed by First Deputy Prime Minister Yagub Eyyubov, Deputy Foreign Minister Khalaf Khalafov. That year, in 2017 Azerbaijan and Turkmenistan celebrated the 25th anniversary of diplomatic relations. In this regard, the leaders showed eagerness to reinforce cooperation between the two countries. "Peoples of Turkmenistan and Azerbaijan are bound by history. We have lived together for centuries, we have been friends, and we have lived as brothers. Today we are successfully developing as two independent states," said Azerbaijani President Ilham Aliyev at a meeting with his Turkmen counterpart Gurbanguly Berdimuhamedov in Baku (6.Saedi,2020) .

After the Soviet Union, the greatest confrontation between Turkmenistan and Azerbaijan arose due to three oil-rich sections on a trans boundary sea territory: Azeri, Chirag and Kapaz oil fields. Contradictions between two countries began on June 16, 2012, when Turkmenistan suddenly began seismic exploration inside the disputed Kapaz field sending a research vessel. That happened during a negotiation process over the construction of the Trans-Caspian gas pipeline.

The Trans-Caspian gas pipeline project is the most optimal solution for Turkmenistan to transport its natural resources to European countries. Therefore, Ashgabat is very

keen to encourage Azerbaijan to invest in this energy project. According to the agreement between Azerbaijan and Turkmenistan in 2008, they both obliged to not to start the exploration and development any of the disputed oil fields. Azerbaijani Military Navy forced Turkmen research vessels to depart the area of the field. Afterwards the diplomatic notes followed by both sides. Both countries repeatedly clashed with each other over ownership of the natural field following their own interpretation of the sea border (2.Hajiyev,2021) .

On August 8, 2017 President Gurbanguly Berdimuhamedov visited Azerbaijan. Within the official visit to Azerbaijan, number of documents including the regulation of transportations were signed.

Some additional, powerful features have been introduced to the partnership on 11 March 2020 when President of Turkmenistan Gurbanguly Berdimuhamedov visited Azerbaijan. After the summit talks held in Baku, the presidents of the two countries issued a joint declaration. Moreover, seventeen bilateral documents were signed covering a wide range of areas.

The joint declaration was very vital as it defined the subsequent section of mutual interaction. In addition to making use of the available capacities, the joint statement was carefully penned to serve as a layer of insulation against any external economic and financial shocks. Three areas were given special treatment in the joint statement. These were B2B cooperation, Transport and transit potential, energy sector. Together with this desire to promote the B2B interaction, the documents were signed to open the direct air link between Ashgabat and Baku, as well as

streamline the visa regime for the citizens of both the countries.

Prospects for cooperation

A 30-year dispute over an offshore oil and gas field between Azerbaijan and Turkmenistan in the Caspian Sea has finally come to an end. In mid-January 2021, Ashgabat and Baku have agreed to the joint development of the large field, now renamed Dostlug, which means “Friendship” in both languages. By the treaty Turkmenistan and Azerbaijan have agreed to solve decades-long claims on a large natural resource field in the Caspian Sea. Also, both sides agreed to work on new plans for joint operations in the region. (5.O`Byrne, 2021).

Originally called Kepez or Serdar by Azerbaijan and Turkmenistan, respectively, the now renamed as Dostlug oil field was the main hassle in bilateral relations since the two countries' independence after the Soviet Union collapse. The field, which holds an estimated 50 million tons of reserves, was offered by both governments to interested hydrocarbon extraction companies in the mid-1990s, but with no result. Russia's Rosneft and Lukoil tried to work with Azerbaijan to develop the field, while the United States' Mobile (now Exxon) signed an agreement with Turkmenistan. Both deals ultimately fell apart, as Baku and Ashgabat failed to find middle ground on sharing the undersea reserves. Turkmenistan also previously competed with Azerbaijan over claims to the offshore Azeri and Chirag fields. But it later dropped its grievances given the successful development of those fields by a Baku-approved consortium led by BP. But unfortunately, Ashgabat did not show that favor to Baku regarding exploration of Kepez/Serdar field.

The source of the dispute was the two sides' different interpretations of the law on the Caspian Sea demarcation. The field was discovered by Azerbaijani specialists when both countries were still under Soviet Union.

Ashgabat's desires to diversify its export options for both oil and natural gas. This country is a significant gas exporter, and it has much greater proven reserves of natural gas source than Azerbaijan. However, unlike Azerbaijan, Turkmenistan lacks diversified export outlets. Turkmenistan's main buyer is China. Turkmenistan exported 30 billion cubic meters of gas, via the Central Asia–China pipeline, in 2019. But rapid drop in global demand for gas due to the COVID-19 pandemic, along with competition over the booked capacity in the pipeline even prior to the coronavirus crisis, made it complicated for this Central Asian giant gas holder to guarantee a secure export outlet. Oil prices plummeted to \$15 per barrel in March 2020 due to the COVID-19 pandemic, obviously global gas prices followed the trend and dumped very low. Moreover, Turkmenistan's plans to construct the Turkmenistan–Afghanistan–Pakistan–India (TAPI) gas pipeline also failed to develop, because China is not rushing with the construction of the fourth line of the Central Asia–China pipeline (7.Shaffer,2021).

The agreement on the joint exploration of the once-disputed section of the undersea hydrocarbons field was signed in the Turkmenistan capital, Ashgabat, between Azerbaijani Foreign Minister Jeyhun Bayramov and his Turkmen counterpart Rashid Meredov.

A meeting through video conferencing was held between Azerbaijani President Ilham Aliyev and Turkmenistan's President Gurbanguly Berdimukhamedov in connection with the signing of the agreement.

This document, which is the result of many years of work between our countries, is aimed at strengthening cooperation and mutual understanding in the field of energy, unlocking the joint potential of the two largest energy states, creating the most favorable conditions for sustainable energy, and further reinforcing our mutually beneficial and international partnership, Berdymukhamedov said.

The two leaders congratulated each other for reaching an agreement, calling it a "historic day" in the relations between the two countries.

I would call today's document historic because Azerbaijan and Turkmenistan are starting joint work on the development of a field in the Caspian Sea for the first time, and this field and work on the field will bring our countries and peoples even closer together and benefit both the Turkmen and Azerbaijani peoples, Aliyev said.

The next step for Turkmenistan will be to promote the Trans Caspian Pipeline (TCP). After signing the Convention on the Legal Status of the Caspian Sea and Memorandum of Understanding between Azerbaijan to explore the Dostlug oil and gas field, TCP will open new energy markets for Turkmenistan through Azerbaijan corridor. TCP and Southern Gas Corridor (SGC) would create economic benefits for Turkmenistan and other Central Asian countries. In fact, TCP is supported by European Union (EU) and US. After signing the convention on the Legal Status of the Caspian Sea, EU started gas talks with Turkmenistan. Turkmen energy sources is very important and strategic project for Washington and Brussels to be exported to the European countries as they are also very defendant from Russian gas (4.Mammadov,2021).

All of the above-mentioned facts make high precedence for Turkmenistan to diversify its export routes. The best choice for Turkmenistan in terms of energy cooperation

would be Azerbaijan. Azerbaijan has already finalized and built a massive infrastructure inside the Caspian Sea and completed mega project Baku-Tbilisi-Ceyhan oil pipeline (BTC). Azerbaijan has already supplied the first gas through Trans Adriatic Pipeline (TAP) to Italy in December 2020. The capacity of TAP initially is 10 bcm per year but there is a room to expand this capacity up to 20 bcm per year. This expansion will support the EU diversification process. TAP is a mega inter-regional energy project which will support EU energy security. "Azerbaijan will welcome other countries to use the pipeline systems to supply gas to Europe" said Vitali Baylarbayov, SOCAR Deputy Vice-President. This is actually a great opportunity for Turkmenistan to join this huge project to export its natural gas to European energy consumers.

To summarize, it should be noted that the energy cooperation between Azerbaijan and Turkmenistan is of interest to both Caspian Sea countries. First of all, Azerbaijan is open to all interested countries to join the Southern Gas Corridor on the basis of mutual economic benefits. In this regard, the energy cooperation between Baku and Ashgabat will additionally support Azerbaijan's position as a powerful hub within the region. For Ashgabat, this energy cooperation is even more crucial, since Turkmenistan is highly dependent on natural gas exports. European gas market is very attractive for Turkmenistan. For this reason, Ashgabat is eager to diversify its energy export routes and reduce its dependence from its very few destinations, as well as it will have more strengthened position in gas negotiations for future.

Over the past five years, both sides developed its Trade Sea ports – Azerbaijan opened Baku International Sea Trade Port in Alat, and Turkmenistan opened Turkmenbashi International Sea Port in 2018. By opening

these trade ports, the turnover between two countries increased significantly and the transportation time decreased. This process helped Turkmenistan to develop and engage with new technologies, as well as specialists for its energy sector (3.Jalilov.O,2021).

From energy cooperation to communication cooperation

Another joint cooperation between two countries, is the joint laying of the fiber-optic communication line from the bottom of Caspian Sea. This Digital Silk road will serve to optimize the internet communication between Europe and Asia and Azerbaijan will not only become as a transport or energy hub in the Eurasian continent, but also a digital one. The project has a tremendous potential from economic perspective. Azerbaijan intends to attract investments for the implementation of this project. Above mentioned projects will increase the benefits and dividends of Azerbaijan and Turkmenistan from a non-oil sectors and will create a reliable partner image inside the region.

Worsening relationship between Europe and Russia, Turkey and Russia in Syria, will influence these countries to deepen the energy relations with Turkmenistan, in order to compensate a potential termination of Russian gas which is about half of the total import. Turkish Stream pipeline bypassing Ukraine to deliver Russian gas to Turkey is also under big question. Thus, Trans Caspian realization will help Turkmenistan to have great opportunity to enhance the energy cooperation. (1.Bayer.G & Aliyev J,2021).

Conclusion

The cooperation between Azerbaijan and Turkmenistan appears economically and politically profitable for both Caspian Sea countries. These countries are very likely to

develop these relations to further stages for next couple of years.

Azerbaijan will support Turkmenistan to successfully undertake a process of modernization with the realization of the transport and energy infrastructures. Azerbaijani President Ilham Aliyev and Turkmenistan President Gurbanguly Berdymuhammedov have established fruitful political relations based on mutual trust. Frequent high-level official visits of both countries will fortify the relations and develop energy corridor through the Caspian Sea.

"I am deeply convinced that without close political interaction between our countries at all levels, primarily at the level of presidents, the signing of the document would be impossible today. Dear Gurbanguly Myalikgulyevich, we have made joint efforts to ensure that relevant agencies of our countries work exactly as the presidents indicate to them – in the spirit of cooperation, friendship, mutual support and correct understanding of mutual interests. Therefore, I would call today's document historic because Azerbaijan and Turkmenistan are starting joint work on the development of a field in the Caspian Sea for the first time, and this field and work on the field will bring our countries and peoples even closer together and benefit both the Turkmen and Azerbaijani peoples.

The relations between our countries have been on an upward trend in recent years. It is enough to look at the chronology of mutual visits at the highest level. Over the past three years, five visits of the presidents of Turkmenistan and Azerbaijan and other mutual visits took place. During these visits, more than 50 documents were signed. For comparison, let me note that more than 100 documents have been signed in the entire his-

tory of our relationship, half of which were signed in the last three years. The most gratifying thing is that they are all being implemented, including the agreements we have reached on cooperation in the energy sector. Today's signing ceremony opens a new page in the development of the Caspian's hydrocarbon resources. This project will contribute to the strengthening of the energy security of our countries, as well as our neighbors. This project opens up great export opportunities, thereby contributing to the growth of the well-being of our peoples," added President Aliyev.

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