



The Transportation of Caspian Oil to Western Markets: The Turkish Role

Foreword

Since the break up of the Soviet Union, Azerbaijan, Kazakhstan and Turkmenistan, have been trying to consolidate their political independence and ensure future economic prosperity, through the development of inherited oil and natural gas resources, located in and around the Caspian Sea. However, their aspirations, as well as those of Turkey, which, along with Georgia, is eager to play a key role in the transportation of these resources to markets, have been circumscribed by the difficulties in establishing an independent and commercially viable pipeline network.

The Center for Strategic and International Studies (CSIS) has been closely following the Caspian Sea oil transportation issue since 1994 through its Turkey and Caspian Energy Projects. Seeking to complement formal discussions between the interested parties and to stimulate new and creative ideas within the broader framework of regional cooperation and commercial feasibility, CSIS organized a conference in Istanbul on April 13, 1999, on Transportation of Caspian Oil to Western Markets: the Turkish Role.

The predominant theme of the conference was the need to balance geopolitical and environmental goals with commercial viability and it was no coincidence that we chose Istanbul. A city with more than ten million people straddling the Bosphorus, Istanbul's historical treasures and unique architectural beauty are increasingly threatened by the likelihood of accidents with the growing volumes of oil transported through the Turkish Straits.

Emphasizing its ethnic, linguistic, and historical ties to the region, along with its geographic location, Turkey has been trying to simultaneously facilitate the transportation of Caspian oil to Western markets, while reducing the burden on the Straits, through its promotion of the Baku-Ceyhan pipeline project. However, the oil companies involved in the Caspian region have been reluctant to make a firm financial commitment to the construction of a Baku-Ceyhan pipeline by 2004, as advocated by Turkey and the United States, preferring the less costly alternative through the Turkish Straits.

Turkish Foreign Minister Ismail Cem stressed in his speech at the conference that the Straits should not be regarded as a "supertanker expressway" or as the long-term solution for the transportation of Caspian oil. Cem pointed out that the Bosphorus and the Dardanelles and the Sea of Marmara, which connect the Black Sea to the Mediterranean through a 190-mile (300 km) passage, is one of the world's busiest shipping lanes. Its rapidly shifting currents, sudden fog, storms, near right-angle turns, and existing congestion have inevitably contributed to over 500 maritime accidents in the past fifty years. However, with incrementally greater volumes of Russian and Kazakh oil due to be exported through the Russian Black Sea port of Novorossisk, along with Azeri oil through the Georgian port of Supsa as well as Novorossisk, the dangerous burden on the Straits will inevitably increase unless there is an overland alternative.

In recognition of the urgent need for additional safety measures, the Turkish government recently acted to establish a Vessel Traffic Service system (VTS) to minimize shipping hazards and reduce the risk of an environmental catastrophe. Nevertheless, the central issue discussed in the CSIS Conference - the need to balance the transportation of Caspian energy resources to international markets in a commercially viable manner with maritime safety in the Turkish Straits - remains unresolved as we proceed into the new millennium.

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