

**Amos Hochstein**

**Special Envoy and Coordinator for International Energy Affairs**

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**Mr. Hochstein:** Good evening, everybody. Thank you for coming out. It's great to be back in Azerbaijan for my second visit this year. I've had the opportunity to come to visit Azerbaijan on several occasions over the last several years to work together with our friends and our allies in Azerbaijan.

I met this morning with President Aliyev and with the Minister of Energy as well as with other officials here in the country throughout the day. The United States and the government of Azerbaijan and the people of Azerbaijan enjoy not only a close relationship, but a strategic relationship. This strategic relationship between our two countries covers many areas, and today we discussed particularly the energy cooperation between our two countries.

Over the last few years the United States has been working closely with Azerbaijan and with our other allies to ensure that the Southern Gas Corridor is completed and is a success. The Southern Gas Corridor is not only an important project for Azerbaijan, but a critical project for the energy security and political security of Europe. And just as the United States played a critical role in supporting the Baku-Tbilisi-Ceyhan pipeline back in the late 1990s, so too, the United States sees this project as strategic and would like to continue to support the government of Azerbaijan and the companies involved to ensure its completion.

As Europe faces the threat of energy monopolies threatening their economic security and their political security, this project is the most critical piece of the solution, and therefore Azerbaijan plays a role in supporting Europe in its own security. So with the political changes in several countries in Europe and in the United States I was able to discuss with the President today the, and to reiterate the commitment of the United States to the relationship with Azerbaijan and to the Southern Gas Corridor, and to coordinate our efforts to address the political changes in Europe and to ensure that they do not affect the Southern Gas Corridor.

As usual, those conversations, as they always are with the President, they have been very fruitful and helpful, and I look forward to coming back to Azerbaijan again soon.

Thank you.

**Press:** Two questions. The first one is I would like to talk a little bit about the Iranian sanctions. With the sanctions being raised on Iran, so how plausible the prospects for the Iranian gas to be transported via the [inaudible]?

And the second question, I would like you to tell us a little bit more about the prospects of the so-called Trans-Caspian Project. Is it still alive? Still in [inaudible]?

**Mr. Hochstein:** As you said, the United States after the agreement was reached, the nuclear agreement was reached with Iran earlier this year, we removed the sanctions, specifically the ones that affected, that were a result of the nuclear discussions and therefore, the energy sanctions were removed. That allows, from the United States' perspective, that allows Iran to reintegrate into the energy markets in any way that they choose as long as they are able to do so with entities in Iran that do not remain on the sanctions list for other reasons. But decisions have to be made based on commercial realities as well in the current energy markets. And right now I see the Shah Deniz gas as being the primary objective.

As far as Trans-Caspian, we remain as we always have been, supportive of any agreement that can be reached among the neighbors of the Caspian to transport not only gas, but any product and commodities through cooperation, and ensure that they can reach Europe. However, that is a matter that needs to be discussed among the countries in the region and I think for now we are focused on the projects that are already underway.

**Press:** My first question is about the Trans-Adriatic Pipeline. I know [inaudible]. But recently there are problems with [inaudible], some local companies, municipalities are against, are opposed to [inaudible]. There are some olive trees

which cannot be [inaudible]. What are you doing to help with that? To get this out of the way?

And my second question is, [inaudible] is becoming a reality now that Turkey and Russia agreed to build a pipeline. Do you think this project threatens the [inaudible] which is to cut Europe's dependence on Russian [gas]?

**Mr. Hochstein:** To your first question, when you have a project as ambitious as the Southern Gas Corridor that covers several countries -- from Azerbaijan through Georgia, through Turkey, into Greece, through Albania, sub-sea to Italy -- at different points in time we are going to face difficulties with certain local communities, local politics, geopolitics. So that is the case throughout the whole process since we began. We have faced those problems and been able to resolve them together. We are now, we have in fact, as you accurately said, we have faced some local opposition in parts of Italy. But I think that those can be addressed by working together, the consortium, the United States and the European Union, as well as the government of Italy, to come to a solution to address those concerns.

We have followed the discussions around Turkish Stream. We have been clear that whether it is Nord Stream or Turk Stream or Opal or any other stream, we believe that what's important is to diversify the supply of gas in Europe to ensure that it is not, that no part of Europe is a hostage to one supplier. Pipelines and energy should not be used as a weapon against other countries' independence, as a leverage against their political sovereignty. That is true for all of Europe and that is true especially for the attempts to undermine the economic viability of Ukraine.

**Press:** So many people tend to accuse the United States of America kind of trying to mastermind the global oil prices declines or kind of, you know, manipulating the oil process declines, and then [inaudible], so basically many people tend to blame the U.S. for it. However, in view of the recent decision by OPEC countries to reduce oil productions, however many tend to believe that this oil production in the United States, the U.S. will again be able to manipulate even more and have some kind of a more active engagement in this mastermind process.

What would be your comment on it? Basically, how would you [inaudible]?

**Mr. Hochstein:** In my business, traveling around the world, you get used to people blaming the United States for the sun rising in the morning, for the rain and the snow and the weather, so it's not new. But the reason I enjoyed your question is the irony inside the question. The United States government is one of the only countries in the world that does not affect how much companies drill, produce. It's all based on price. Unlike most countries, we don't have one drilling company or two or five or 100. We have over 4,000. If I or the President of the United States told a company to produce more at a loss or produce less at a profit, they would never listen.

As a result of a revolution of technology in the oil and gas business the United States increased production from the shale oil. As has happened in almost every decade, there was an over-supply of oil and prices went down. But it's not the United States wanting to control the market. It was, as you said in your question, OPEC, a cartel, that's entire existence is intended to control the market got together to try to increase prices.

**Press:** Thank you very much for giving us a chance to ask a question, however, you were saying, you also mentioned the oil monopoly. And basically we all remember that Russia back then, the late '90s, was very influential and [inaudible] interfering the Azerbaijani [inaudible] energy plans back then, and Azerbaijan actually taking [inaudible] consideration back then. However, again, bear in mind the [inaudible] influence of Russia over the region. Do you think that Russia will have a say? Will Russia be able to affect the implementation of the Southern Gas Corridor?

**Mr. Hochstein:** I have no, the United States, even the United States nor any other country I believe is suggesting that Russia should not be part of the energy mix in Europe. What we all object to is the desire by any supplier to force itself as a monopoly against the market rules. And no matter where it is in the world, we don't want any country to use their position as an energy monopoly against other countries and to prevent competition.

Whether it's Greece or it's Bulgaria or it's Hungary, they should all have the ability to choose gas from the market -- from Azerbaijan, from the United States, from Qatar, or from Russia -- based on price and in a way that allows them to

ensure that they have security of supply. So without questioning anybody's motives or intentions, I think it is important that gas in the Caspian is able to reach Europe without interference from anyone. And I'm confident that that is what will happen.

I look forward to seeing you all on my next visit to Baku.

**Press:** (Inaudible)

**Mr. Hochstein:** The policy won't change.

**Press:** What about you though?

**Mr. Hochstein:** Bout me?

**Press:** Yeah.

**Mr. Hochstein:** It's not about me. It's about the United States.

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