

Mail - Received Mail

Sender.....: Forrest Ken. S36
Recipient.....: [REDACTED]
Subject.....: RE:BP & Azerbaijan
Sent.....: 02/09/1999 16:55

John ci [REDACTED] S36

[REDACTED]

S36

S27

S36

>Mr Rhodes ci Dr Forrest o/r

>FCO (confidential) telno 754 of 27 August arrived on my desk today and is the
>latest in a line a telegrams reporting BP Amoco's dilemma of the US govt
>pushing
>the Azeris and Turks and BP to build a pipeline from Baku to Ceyhan on Turkey's
>Mediterranean coast. Essentially the route is uneconomic, but the US have put
>a
>significant amount of political capital into the project (Al Gore has been
>backing it in public, as has Richardson).

[REDACTED]

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[REDACTED]

Mail - Received Mail

Sender.....: Forrest Ken
Recipient.....: ██████████
Subject.....: FWD:FWD:CASPIAN ENERGY: BP AMOCO AND BAKU CEYHAN
Sent.....: 08/10/1999 14:25

S34

Paul
All very interesting; will be interesting to see if it produces the desired results in the main development going ahead.
KPF

telex @ ESD:
>Telegram:
>>071158Z OCT
>>GRS 885
>>
>>RESTRICTED
>>FM FCO
>>TO DESKBY 071300Z ANKARA
>>TELNO 423
>>OF 071158Z OCTOBER 99
>>AND TO DESKBY 071300Z WASHINGTON
>>AND TO IMMEDIATE BAKU, TBILISI, UKDEL IMF/IBRD
>>INFO PRIORITY ASHGABAT, ALMATY, ISTANBUL, TEHRAN, MOSCOW
>>INFO PRIORITY MODUK, ACTOR, WHIRL, DTI, DFID
>>
>>YOUR TELNO 483 AND WASHINGTON TELNO 1512
>>
>>SUBJECT: CASPIAN ENERGY: BP AMOCO AND BAKU CEYHAN
>>
>>SUMMARY
>>
>>1. BP Amoco's pressline and our own. BP's Ankara office have
>>briefed the Turkish Ministry of Energy, and encountered no
>>hostility. ██████████ now in US to brief Richardson's staff. Browne and
>>Richardson to speak before press alerted.
>>
>>DETAIL
>>
>>2. We have spoken again to BP Amoco. ██████████ will brief Richardson's
>>staff in Washington on 7 October. He will be in touch with the
>>Embassy. Richardson and Browne were scheduled to meet in London on
>>15 October, before BP Amoco make a full presentation of their ideas
>>to the Turkish Government. The meeting is not (not) now going to
>>take place. They will seek an early telephone call instead. We
>>have fed in Washington's point that NSC appear to be less
>>enthusiastic than State about their proposals. We have also urged
>>them to consider carefully the impact of their public diplomacy
>>strategy on their relations with Iran.
>>
>>3. BP Amoco's Ankara office went in on 6 October for talks with
>>Ministry of Energy officials. Initial feedback to headquarters
>>suggests the meeting was amicable, and that while there were
>>concerns about some aspects (no further details) there was no
>>hostility to the proposals. We have asked that Henshaw give you a
>>more detailed readout.
>>
>>4. We are consulting within Whitehall on the World Bank point
>>(Washington telno 1489) and will issue separate guidance as soon as
>>possible. We would welcome early views from UKDel IMF/IBRD.
>>
>>5. We have now seen in confidence BP Amoco's current press Q and A
>>(by fax to action addressees - comments welcome). The key points
>>are:
>>
>>- BP Amoco is prepared to support fully the implementation of
>>Baku-Ceyhan (B-C) as a "strategic transportation corridor".
>>
>>- Having worked to develop a commercial rationale for building B-C,
>>they now see that "strategic and geopolitical drivers" as well as
>>environmental concerns must determine the building of B-C:
>>governments must lead, EPA will support by conducting feasibility
>>studies, investing in B-C on a commercial basis, bringing oil
>>companies to it and helping to form a joint venture to take the

S36

S36

>>the IFIs to help secure the necessary funding.
 >>
 >>- BPA has not changed its view about the current commercial
 >>viability of B-C: traditional pipeline economics will not make B-C
 >>happen now - it needs tangible commitment by those who have long
 >>espoused the geopolitical imperatives ie the US and regional
 >>governments. The IFIs have also expressed interest in participating
 >>in the project in the past.
 >>
 >>- This is not a volte-face, it is about sharing responsibility:
 >>those governments who have pressed for the construction of B-C will
 >>now be able to make a more concrete contribution to its realisation.
 >>
 >>6. The line reflects the strategy on which BP Amoco are aware of
 >>our views: while the detail may change in response to reactions
 >>from other interested parties, we are unlikely to be able to
 >>influence the substance. They see it as consistent with their
 >>previous insistence on the primacy of commercial factors and do not
 >>envisage pressure on HMG as a result. Our assessment is that the
 >>change of tack is unlikely to rebound negatively on HMG. BP Amoco
 >>here have confirmed the Corzine article will not issue and there
 >>will be no press release until Browne and Richardson have spoken
 >>(Washington telno 1523). They have not yet had any press interest.
 >>
 >>7. In view of the BP Amoco pressline News Department will take the
 >>following line in answer to any questions - you should do the same:
 >>
 >>- BP Amoco have briefed us on their approach to the question of
 >>B-C. Not clear yet whether this will lead to the pipeline being
 >>built: dependent on the reaction of the concerned governments.
 >>
 >>- UK and EU have always argued in favour of multiple pipeline
 >>routes to export Caspian oil and gas. Have never proscribed nor
 >>proscribed any particular route. As the 1998 EU/US Summit
 >>declaration recognised: "multiple pipelines...from the Caspian
 >>will contribute to the secure delivery of an important new source
 >>of world energy supplies".
 >>
 >>What about the primacy of commercial considerations that UK has
 >>supported?
 >>
 >>- EU GAC declaration on Caspian Energy in 1998 recognised that
 >>investors would need to take account of political, geographical and
 >>financial factors in reaching strategic decisions on pipeline
 >>routes, but that decisions should remain essentially commercial ones
 >>for the companies concerned. BP Amoco have made their commercial
 >>decision.
 >>
 >>Does the UK Government agree on the strategic importance of
 >>Baku-Ceyhan?
 >>
 >>We have always maintained that the best way to secure delivery of
 >>Caspian energy to world markets is through multiple pipelines,
 >>without prescribing or proscribing any particular route.
 >>
 >>Will the UK Government invest in B-C?
 >>
 >>- No. But we would welcome the involvement of UK companies.
 >>
 >>Will the UK support investment by the EU/IFIs?
 >>
 >>- Would have to consider a detailed proposal when it was presented.
 >>
 >>8. Please let us know of any press interest.
 >>
 >>COOK
 >>
 >>
 >>YYYY
 >>MAIN 16
 >>EECA 13
 >>. EAST EUROPE AND 0
 >>. CENTRAL ASIA 0
 >>. EASTERN D 0
 >>. PROTOCOL D 0
 >>. PROTOCOL RHS//PALACE 0
 >>. DUS NON EUROPE 1
 >>. PRP//BRIT TRADE INT CH EXEC 1
 >>

Unconvinced ←

← FT/BB Unks

←