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**History of cooperation between Azerbaijan and Georgia in transit and
transport projects of Caspian energy resources**

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Abstract

One of the main factors influencing the development of bilateral relations and the expansion of regional cooperation was the fact that Azerbaijan has rich energy resources, and Georgia has transit opportunities. Since the 19th century, the export route of Azerbaijani oil has traditionally passed through the Black Sea ports of Georgia to enter foreign markets. The restoration of that export route in modern times was in the strategic interests of both sides. For this reason, the implementation of the proposed regional projects served the well-being of the region. The fact that Azerbaijan plays the role of the main producer and Georgia plays the role of a transit in the energy supply of Europe played an important role in their joint cooperation.

Azerbaijan and Georgia played an important role in Europe's energy security, in the diversification of the energy market, and in the creation of energy infrastructure. Strategic cooperation between them was one of the factors that strengthened their position, not only in the international arena, but also in the entire European continent in terms of energy security.

Key words: Azerbaijan, Georgia, project, cooperation on energy transportation, South Caspian

Diplomatic relations between the Republic of Azerbaijan and the Republic of Georgia, which gained independence after the collapse of the USSR, established on November 18, 1992, gave impetus to the acceleration of cooperation in various directions, which has deep historical roots between neighboring states. In the post-Soviet period, the first steps in the energy cooperation of the two South Caucasus states were taken with the "Contract of the Century" signed on September 20, 1994 between

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the Azerbaijani government and a consortium consisting mainly of Western companies. After the agreement was signed, in the context of the fact that determining the routes for the sustainable and reliable transportation of oil and gas to Europe began to acquire serious geopolitical importance for Azerbaijan, the preference given to partner Georgia was also due to the reliable access to Turkey. After the return to power of Heydar Aliyev and Eduard Shevardnadze and the foundation of mutually beneficial relations between the two independent states, the mutual relations that began first in the direction of transporting energy resources, and then in the direction of implementing regional transport infrastructure projects gave impetus to the deepening of cooperation in other areas. This, first of all, made the signing of a document on cooperation in the energy sector with Georgia relevant.

The choice of the Georgian route for transporting Azerbaijani oil to the world market as a result of negotiations held in 1995 gave impetus to the expansion of cooperation between the two countries in other areas, as well as the warming and development of relations, including political ties. In other words, from this year onwards, the issue of transporting Azerbaijani energy resources became one of the main factors influencing the development and expansion of bilateral relations [İ. Bagirova and other, 2013].

During the first visit of President Heydar Aliyev to Georgia on March 08, 1996, the embassy of Azerbaijan was opened in Georgia, and the “Declaration on peace, security and cooperation in the Caucasus region”, called the “Tbilisi Declaration”, was signed [Huseynova İ., 2008]. In addition, 32 documents covering political, economic, energy, military, security, social, information, communication, etc. areas were signed in 1996. The cooperation, the foundation of which was laid with the “Contract of the Century”, was a stage in 1996-1999 when, with the special activity of official Baku, the relations between Azerbaijan and Georgia were fully elevated to the level of strategic cooperation.

During this visit, an intergovernmental agreement was signed on the transportation of Azerbaijani oil from Georgia to the Black Sea port via the Baku-Supsa oil pipeline, called “On the development and modernization of some existing means of oil transportation, the development of new means of oil transportation and the transportation of oil from Georgia with the help of such means”. Thus, the initial

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option of transporting oil through Georgia to the port of Supsa and from there to the Mediterranean Sea through the Bosphorus Strait was considered acceptable. [Hajiyeva, 2004] For information, it should be noted that the length of the pipeline was 926 km. [Barilsky, 1995] The cost of the Baku-Supsa project is estimated at 1.2 billion US dollars, and the most important advantage of this route was its short distance and lower capital investment in terms of cost (Utkin, 1994).

The project became relevant after the instability in the Chechen territory, through which the Baku-Novorossiysk oil pipeline passed. The volume of the oil pipeline, passing through the territory of Georgia and passing through the Black Sea ports of Samsun and Thrace (Turkey), Burgas (Bulgaria) and Odessa (Ukraine), was calculated to transport 10 million tons of oil per year (Jiltsov, 2003). However, this project had its advantages as well as its disadvantages:

- Oil had to be “taken out” to the Mediterranean Sea by crossing the Bosphorus Strait, which has limited access. The accident of tankers passing through the Bosphorus Strait could endanger the city of Istanbul, which has a population of 12 million;

- It was not excluded that the Abkhaz separatists would also use the “belt issue” to influence and put pressure on the Georgian government;

- Since Russia did not meet its strategic interests in the region, it could resort to various methods of pressure on the issue in question. These methods of pressure could be aggravating the problem of the status of the Caspian Sea, imposing an economic blockade from the north, arming Armenia, imposing a visa regime, and so on;

- Artificial difficulties could be created for Azerbaijani ships to sail in the Volga-Don Canal and the port of Astrakhan, which would ultimately complicate the logistical support of the project in question.

The next important step in the cooperation on energy transportation to the European market was the final decision on the main export oil pipeline called “Baku-Tbilisi-Ceyhan” (BTC). Back during the visit of the President of the Republic of Georgia E. Shevardnadze to Azerbaijan on February 18, 1997, a 15-point “Declaration on Further Deepening of Strategic Cooperation between the Republic of Azerbaijan and Georgia” was signed.

During the visit, E. Shevardnadze noted that “the positions of Azerbaijan and

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Georgia on all issues discussed today completely coincide” . Among the documents signed, the “Agreement between the Republic of Azerbaijan and Georgia on Cooperation in the Field of Oil and Gas Industry” was of great importance (Hasanov, 1997)

Azerbaijani oil of the “Azeri Light” brand, obtained from the “Chirag” oil field through the Baku-Supsa oil pipeline, which was opened in April 1999, was first introduced to the world market on April 17, 1999. The lower capacity compared to the Baku-Novorosiysk oil pipeline prevented the laying of the foundation of the southern energy corridor of the Baku-Supsa oil pipeline, and this oil pipeline went down in history as the first alternative route for transporting Azerbaijani oil to Europe (Jiltsov, 2003).

In November 1999, an agreement was signed in Istanbul on the transportation of crude oil extracted from the Caspian Sea through the Baku-Tbilisi-Ceyhan export pipeline from the territories of Azerbaijan, Georgia and Turkey. The Baku-Tbilisi-Ceyhan pipeline, 468 km of which passed through the territory of Azerbaijan, 225 km through Georgia and 1037 km through Turkey, was 1730 km long and cost 2 billion 400 million dollars. This pipeline had a number of advantages. First of all, it ensured access of oil to the world market by bypassing narrow straits. The connection of this route with the Iraq-Turkey oil pipeline could lead to a reduction in the length of the pipeline by 600 km .[Shireen, 1994] According to experts, as a result of studying the deep tectonic structure of the territories of Azerbaijan, the South Caspian and Georgia, the focal zones and epicenters of earthquakes observed in these areas, seismic zoning, the deep structure of the earth’s crust, mud volcanoes and other components, it was determined that this pipeline passed through seismic zones with a maximum seismicity of 4-5 points. In this regard, the project, which envisaged the delivery of oil to the Turkish terminal, was also reliable in terms of the relatively low level of exposure to natural disasters.

Much analysis has been conducted on the historicity of this event and the geopolitical significance of the Baku-Tbilisi-Ceyhan export pipeline. National leader Heydar Aliyev also interpreted this route as an event that would change the energy map of the region and Europe. In any case, the Baku-Tbilisi-Ceyhan oil export route was the main achievement of Azerbaijan's new energy policy and the main guarantee of Georgia’s participation in international energy projects. Strategic cooperation in the

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relations between Azerbaijan and Georgia was primarily the success of Azerbaijan's new energy strategy. Steps in this direction were closely monitored and met with mixed reactions by both neighbors in the region and international actors. Forces that were not interested in the development of this cooperation tried to hinder it with artificial claims and demands. Against this background, President Heydar Aliyev's next visit to Georgia in March 2000 was of great importance and marked the beginning of a new stage in this cooperation from 2000 to 2003. The official visits of E.Shevardnadze to Azerbaijan in September 2001 and Nino Burjanadze as Prime Minister of Georgia in January 2002 gave impetus to the expansion and deepening of mutual relations. In April 2002, Azerbaijan and Georgia reached an agreement on the joint protection of oil and gas routes with the "Trabzon Agreement" (Gurbanov, 47)

On September 18, 2002, the foundation stone for the Baku-Tbilisi- Ceyhan main export oil pipeline was laid and construction began at the Sangachal terminal in Baku with the participation of President Heydar Aliyev and the presidents of Turkey and Georgia.

Despite great political risks and pressures, the selection of the Baku-Tbilisi-Ceyhan route for Azerbaijan's main export oil pipeline, passing through Georgia, was the most significant historical event in the history of the region after independence. This project laid the foundation for a new stage in the true political independence and economic development of Azerbaijan and Georgia. Solemn ceremonies were held on May 25, 2005, to fill the Azerbaijani section of the pipeline with oil, and on October 12, to fill the Georgian section.

Table 5.BTC project participants

Countries	Company	Share distribution
Azerbaijan	Az BTC	25%
Great Britain	BP	30,1%
USA	Chevron	8,90%
Italy	ENI	5%
Turkey	TP	6,53%
USA	OCOC VIDESH	2,36%
France	TOTAL	5%
Japan	IT OCHU	3,40%

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Japan	INPEX	2,50%
USA	EXON MOBIL	2,50%
Norway	EQUINOR	8,71%

Source: Baku - Tbilisi - Ceyhan Main Export Pipeline, Report and Statistics

The official opening of BTC took place on July 13, 2006. This pipeline is currently capable of transporting more than one million barrels of oil per day.

One of the important decisions in the cooperation between the Republic of Azerbaijan and Georgia in providing the EU countries with hydrocarbon resources was related to the export of natural gas. On October 26, 2001, the President of the Republic of Azerbaijan Heydar Aliyev signed the Law of the Republic of Azerbaijan on the approval of the Agreement between the Republic of Azerbaijan and Georgia on the transit, transportation and sale of natural gas through the South Caucasus Pipeline System in the territory of the Republic of Azerbaijan and Georgia and beyond the borders of these territories and the documents attached to that Agreement .(archive laws)

This law stated that the potential of the gas reserves of the rich Shah Deniz gas condensate field exceeds 1 trillion cubic meters. The Shah Deniz field is considered a world-class field and is of great importance for the development of the energy complex of the region. On September 29, 2001, the “Agreement between the Republic of Azerbaijan and Georgia on the Transit Transportation and Sale of Natural Gas through the South Caucasus Pipeline System in the Territories of the Republic of Azerbaijan and Georgia and beyond” was signed in Baku between the Republic of Azerbaijan and Georgia [Ministry of Foreign Affairs archive]. In 2001, the states of Georgia and Azerbaijan announced the construction of the South Caucasus natural gas pipeline, connecting Baku via Tbilisi with the Turkish port of Erzurum (Center for Strategic Studies, 2017) . This was another major strategic step that turned Azerbaijan into a gas exporter for Europe. We will skip the in-depth explanation, as we will present the analysis of this problem in the next paragraph. The Baku-Supsa and Baku-Tbilisi-Ceyhan oil pipelines, as well as the Baku-Tbilisi-Erzurum gas pipeline, formed the South Caucasus Pipeline System (SCPPS), ensuring the transportation of Caspian energy resources to world markets. The creation of this system laid the foundation for an East-West transport corridor for hydrocarbon resources, as well as other cargoes.

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One of the most important projects in this direction of cooperation was the Trans-Anatolian Pipeline, or TANAP, with an annual maximum throughput capacity of 31 billion cubic meters and an annual throughput capacity of 16 billion cubic meters of gas in the initial phase of the project. According to the agreement, 16 billion cubic meters of gas per year were to be delivered, 6 billion cubic meters of which were to meet Turkey's domestic needs and 10 billion cubic meters of which were to be delivered to European markets. TANAP was a huge project that would connect Turkey with European markets by using a part of the existing South Caucasus pipeline, passing through Georgia.

According to the TANAP project, which was signed by Azerbaijani President Ilham Aliyev and Turkish Prime Minister R.Erdogan on June 27, 2012, and which is called the “energy silk road” due to its scale, Azerbaijani gas was supposed to cross the Georgian border and reach the western borders of Turkey, then Bulgaria and Greece. On November 20, 2012, the Milli Majlis of the Republic of Azerbaijan ratified the TANAP project. The “TANAP” gas pipeline project, created by the joint efforts of SOCAR and Turkish companies “BOTAS” and “TPAO”, is being implemented within 6 years and was expected to cost oil companies 7 billion US dollars.

One of the factors that determined the cooperation between Azerbaijan and Georgia was transport relations. Thus, at the conference held in Brussels in May 1993, two of the eight countries of the former USSR that initiated the establishment of the European Commission’s TRACECA (Historical Silk Road) program were Azerbaijan and Georgia (along with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Armenia). In 1998, the opening of a bridge on the Azerbaijani-Georgian border, one of the most important transport projects that demonstrated the cooperation between Azerbaijan and Georgia was the “Baku-Tbilisi-Kars” railway project. It was laid in the Georgian Parliament building on February 07, 2007, with the participation of Azerbaijani President Ilham Aliyev, Georgian President Mikheil Saakashvili, and Turkish Prime Minister Recep Tayyip Erdogan. After the presidents reached an agreement, the transport ministers of all three countries signed a historic agreement on the Baku- Tbilisi-Kars railway project, which will serve as a bridge between countries and continents. The initiator of the project was the Republic of Azerbaijan. The project was to become an indicator of Azerbaijan's influence in the region and internationally, and to change the transport map of the region. The Baku-

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Tbilisi-Kars railway was to play a special role in establishing transport links between the Caspian region and Europe. The implementation of the project, with a total cost of more than \$600 million, would create conditions for cargo and passengers to directly access Europe via the territories of Azerbaijan, Georgia and Turkey, which in turn would play an important role in the process of European integration. In addition, the 850 km long railway, which passes through the territories of three countries and is of strategic importance in the resolution of the Nagorno-Karabakh conflict, was divided as follows: The Baku-Georgian border railway section, which is 503 km long in the territory of the Republic of Azerbaijan, was reconstructed, provided with a new alternating current electrical system, signaling and new communication systems. In the territory of the Republic of Turkey: It covered a distance of 75.6 km in the Kars-Georgian border area. The project included a 26.3 km long Akhalkalaki-Turkish border section, a 3 km long station area built for changing the wheels of trains, a 3 km long section of the reconstructed railway line in the Marabda-Akhalkalaki section of Georgia, covering a 29 km area in three directions in Georgia. It was planned to transport 5 million tons of cargo in the first stage, 17 million tons in the next stage, and then large volumes of cargo. According to experts, the new highway was a transport corridor connecting not only Azerbaijan and Turkey, but also Central Asia and Europe, with an estimated annual transport capacity of 15 million tons. In his speech at the opening of the BTK, called the "Iron Silk Road", on October 30, 2017, President Ilham Aliyev stated: "Baku - Tbilisi - Kars" means the restoration of a part of the historical Silk Road, which will be used by China, Kazakhstan, Central Asia, Azerbaijan, Georgia, Turkey, and European countries. The North-South transport corridor will connect India, Pakistan, Iran, Azerbaijan, Russia, and European countries. Azerbaijan is an active participant in both projects and is a country that has deployed its financial resources.

The EU has been supporting cooperation between Azerbaijan and Georgia since its inception. On 30 March 2018, the EU officially launched six cross-border cooperation projects between Azerbaijan and Georgia, as they were finalized. All of the projects were funded under the Eastern Partnership Territorial Cooperation (EPTC) programme. The opening ceremony of the projects was held in Tbilisi. The projects in Azerbaijan and Georgia, funded under the EaP programme, aimed to improve the living conditions and environment of local communities, address youth employment

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and tourism development issues, and strengthen cross-border cooperation between the two countries. The EU allocated a total of 1.35 million Euros in funding for the implementation of these projects. (news.az.27.03.2018)

Thus, from the analysis of the problem considered above, we see that the projects implemented by Azerbaijan, economic development, and security depend on Georgia, and the economic prospects of the neighboring country are mainly calculated on the transportation of energy resources from Azerbaijan to European countries, and on its role as a transit corridor in relations with European institutions. Although Georgia has currently achieved a number of successes in expanding and diversifying its economic relations in the international arena, as a result of geographical proximity, relations between the two states have deepened and institutionalized so much that they could not be shaken by external forces or the experiments and alternative searches of some local incompetent politicians.

As can be seen, the history of energy cooperation between Azerbaijan and Georgia is rich and the future is great. The Prime Minister of Georgia, Irakli Kobakhidze, stated that "There are a number of projects that we have laid the foundation for together and they are of strategic importance." There are also very big plans for the future. We have very significant potential in the fields of transport and energy, among others. These works will be continued. Mutual visits will continue. Meetings of delegations will continue so that our cooperation in these areas can be deepened. We are fully ready to take this cooperation forward." (Sadigli, 2004)

Now the whole world is transitioning to "green energy". Thus, in the near future, the "green energy" corridor that will extend from Azerbaijan to Europe will also pass through Georgia. On December 17, 2022, an "Agreement on Strategic Partnership in the Field of Development and Transmission of Green Energy between the Governments of the Republic of Azerbaijan, Georgia, Romania and Hungary" was signed in Bucharest.

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