

Caucasus Clash Could Endanger Israeli Oil Imports

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Brief Analysis

Israel's normalization agreement with the United Arab Emirates may enable Gulf oil to make up for any break in Azerbaijani supplies, though this option could harm its ties with Baku and Turkey.

When Armenian rockets struck the Azerbaijani city of Ganja on October 4, they landed perilously close to a major oil pipeline. Stretching westward from Caspian Sea fields off the shores of Baku to Georgia and Turkey, the line eventually arrives at the Mediterranean port of Ceyhan, from which tankers transport the oil to Israel and other foreign customers.

Indeed, Azerbaijan has been a reliable supplier to Israeli refineries in Haifa and Ashdod. And despite Turkey's vitriolic rhetoric toward Jerusalem, Ankara has been happy to maintain the flow, which nets it ample transit fees for both the pipeline and shipping. In turn, Azerbaijan has developed a close diplomatic and security relationship with Israel, from whom it has received [drones and other military equipment](https://www.washingtoninstitute.org/policy-analysis/view/drones-and-other-military-equipment) (<https://www.washingtoninstitute.org/policy-analysis/view/flare-up-in-nagorno-karabakh-the-iranian-dimension>) used in the latest hostilities. Media reports suggest that an Azeri cargo plane carried munitions from Israel just before the fighting began.

Armenia has not taken kindly to these actions, recently recalling its ambassador from Tel Aviv for consultations. The Tel Aviv embassy had just opened for the first time two weeks earlier—though the two countries have had diplomatic relations since Armenia gained independence in 1991. On October 5, President Armen Sarkissian telephoned his Israeli counterpart Reuven Rivlin to ask that such flights be halted, but Rivlin replied that Israeli relations with Azerbaijan are “not aimed against any side.” The latest tensions could have several other geopolitical ramifications as well, since both Armenia and Azerbaijan border Iran, Armenia has a defense pact with Russia, and another pipeline from Baku carries natural gas to Europe.

The conflict between (majority Christian) Armenia and (majority Shia Muslim) Azerbaijan has roots in the Stalinist era, when the eponymous Soviet republics were created. To offset the danger of anti-Moscow nationalist sentiments, their borders were drawn to include a mix of communities in both republics. Major fighting erupted after the Soviet collapse, when Armenians in the Azeri territory of Nagorno-Karabakh achieved quasi-independence and made their area of control contiguous with Armenia. The latest fighting was apparently started by Azerbaijan and supported by Turkey; it follows skirmishes in July, during which an Azeri general was killed.

Israel has been cultivating its alliance with the Azerbaijanis for three decades, and the relationship has had the twin benefits of bolstering its oil supplies and fostering productive commercial ties with Turkey. Today, Israel has at least one plausible option for offsetting any dislocation in these supplies, but pursuing it could jeopardize relations with both Baku and Ankara. On October 2, Israel, the UAE, and the United States announced a joint energy strategy stemming from **their landmark peace treaty (<https://www.washingtoninstitute.org/policy-analysis/view/the-uae-israel-breakthrough-bilateral-and-regional-implications-and-u.s.-po>)**. In addition to potential gas exploration and solar energy projects, they have reportedly discussed pumping refined Emirati oil products through the underutilized pipeline stretching from the Israeli Red Sea port of Eilat to Ashkelon on the Mediterranean coast. Originally built to carry Iranian oil before the 1979 Islamic Revolution, the line could have the spare capacity to replace Israel's oil imports from Azerbaijan.

Such a solution would be a diplomatic triumph for the UAE, which already opposes Turkey's involvement in the Gulf rift with Qatar and its support for the internationally recognized government in Libya. And for Israel, being able to purchase Emirati oil may be economically and technically attractive. Yet doing so runs the risk of damaging its good ties with Azerbaijan and its diminished but still-significant commercial links with Turkey.

Simon Henderson is the Baker Fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute. ♦

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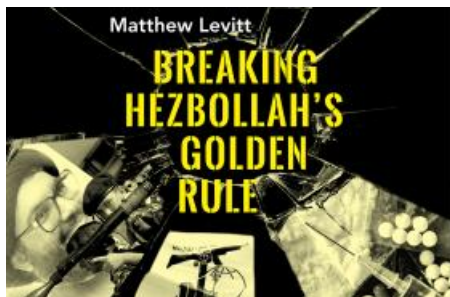
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