

18.4 Azerbaijan: Where Europe Meets Asia

Together, the new nation-states of Armenia, Georgia, and Azerbaijan are known as the Caucasus because of the steep Caucasus Mountains that tower over them. This region is one of the world's great crossroads, where Europe meets Asia. Azerbaijan's location and resources hold the keys to its future.

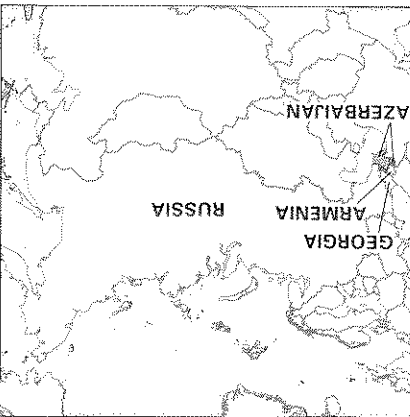
A Country Rich in Oil Azerbaijan's huge deposits of oil are its greatest source of wealth and its number one export. In fact, Azerbaijan was the birthplace of the oil-refining industry. Today the capital city of Baku, with the finest harbor on the Caspian Sea, is the center of Azerbaijan's oil industry.

During Soviet rule, oil pipelines sent all of Azerbaijan's oil to neighboring Russia. When the Soviet Union collapsed, however, so did its hold on Azerbaijan. The new country was then free to sell its oil anywhere in the world.

Since 1991, Azerbaijan has signed agreements with many foreign oil companies. Construction of new pipelines will enable Azerbaijan to move its oil to customers outside of Russia. Working with foreign oil companies is not easy, but Azerbaijan's economic success depends on opening new markets for its oil.

Ethnic Warfare Clouds the Future Ethnic conflicts between groups in Azerbaijan and neighboring Armenia have been a major obstacle to progress for the new nation-state. The Azeris are the main ethnic group in Azerbaijan, making up over 90 percent of the population. Most Azeris are Muslim. About 2 percent of the population in Azerbaijan is Armenian, and most Armenians are Christians. The Azeris and the Armenians have a long history of conflict.

Nagorno-Karabakh is a region within Azerbaijan that is primarily Armenian. The people of this region want to be independent from Azerbaijan and, in 1992, war broke out between the two groups. Thousands of people were killed, and almost a million people fled from the fighting. Though a cease-fire was called in 1994, the problem was not solved. Violence continues to this day and threatens the stability of Azerbaijan.



A Wealth of Oil

Oil is Azerbaijan's most important resource. It has enough oil to fill 7 billion barrels. One barrel of oil produces about 19 gallons of gasoline.

