

The Caucasus and the Caspian

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The Caucasus and the Caspian region formed a further part of the Eastern business of Zug. Azerbaijan, whose oil and gas reach Western markets through the pipelines from Baku to Ceyhan and to Erzurum, became an important supplier after the construction of those pipelines in the 2000s. Swiss-based traders bought Azerbaijani crude and marketed it in the Mediterranean.¹ Turkmenistan, with its large gas reserves, remained largely closed to Western traders, since its exports went mainly to Russia and later to China. Georgia and Armenia played a role as transit countries and, after 2022, as possible routes for the circumvention of sanctions, which Chapter III discusses. Switzerland's constituency in the International Monetary Fund and the World Bank includes Azerbaijan, which gives the two countries a formal link in the Bretton Woods institutions. Azerbaijani state companies have had trading subsidiaries in Geneva, and Azerbaijani investors have held property and assets in Switzerland. As with Russia and Kazakhstan, the relations have been accompanied by controversies over corruption and the origin of wealth. Several investigations in Europe have examined payments linked to Azerbaijani sources.² For the advisers of Zug, the Caucasus and the Caspian region has required the same combination of commercial expertise and compliance vigilance as the rest of the former Soviet Union.

1 Notes

1. SOCAR Trading, "About us", socartrading.com: headquartered in Geneva and established in December 2007 as the marketing arm of the State Oil Company of Azerbaijan, it markets the bulk of SOCAR's crude oil export volumes from the port of Ceyhan. Wikipedia, "Baku–Tbilisi–Ceyhan pipeline", [en.wikipedia.org](https://en.wikipedia.org/wiki/Baku–Tbilisi–Ceyhan_pipeline): pipeline inaugurated on 25 May 2005, first oil loaded at Ceyhan on 28 May 2006; South Caucasus Pipeline to Erzurum in operation from 2006–2007. ↩

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2. OCCRP, "The Azerbaijani Laundromat", 4 September 2017, occrp.org; USD 2.9 billion moved in 2012–2014 through four UK shell companies and the Estonian branch of Danske Bank; joint investigation with European media including Tages-Anzeiger and Tribune de Genève; the European Parliament called for investigations into bribery in the Council of Europe. ↩

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