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THE CAUCASUS AND THE CASPIAN SEA
Legality, energy politics and regional security

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Introduction

The disintegration of the USSR led to global geopolitical changes and the destruction of the regional security system in Eurasia in general and in the Caspian Sea region in particular. A complex of Soviet-Iranian treaties formed the Caspian Sea regional security system between 1921 and 1991, but these did not address the new geopolitical reality in a comprehensive way. As a consequence, the region has been drawn into serious uncertainty, highlighting the need to re-examine the Caspian Sea’s legal status, the system of political relations among the littoral countries, and regional security. The collapse of the Soviet Union was a trigger in the race among Western countries for Caspian hydrocarbons. Pursuing an active policy in the region, the USSR’s former Cold War rivals sought two extremely important goals. First, they wished to open up a large oil and gas region as an alternative to the Persian Gulf for the supply of hydrocarbons to the world market. Secondly, according to the American political scientist Zbigniew Brzezinski, ‘in bringing Central Asia and Transcaucasia to the world markets, we tear them away from Russia and thereby permanently eliminate the possibility of post-Soviet imperial reintegration’ (Brzezinski 2005: 166).

The geopolitical struggle focused on the transportation of hydrocarbons from the region to international markets. After the collapse of the Soviet Union, Russia was the main and indeed only transit state for its Caspian neighbours’ energy resources. But then Russia lost its monopoly when the Baku-Supsa and Baku-Tbilisi-Ceyhan oil pipelines and the Baku-Tbilisi-Erzerum gas pipeline went into operation via the South Caucasus. Russia still remains the main transit country for Kazakh oil via the Tengiz-Novorossiisk and Atyrau-Samara pipelines, and an alternative route for gas exports from Azerbaijan and Turkmenistan.

The formerly agreed legal model implied the closed status of the Caspian, which meant that the military presence or economic and other activities of third states and actors (and even the presence of individuals from third countries) in and around the Sea were prohibited. Moreover, the old legal framework did not regulate the issues surrounding the
delimitation of the Sea’s rich oil and gas reserves. In the 1990s the Caspian Sea was considered a potential alternative to the Persian Gulf’s oil and gas riches on the basis of promising estimates of its natural resources, although these were later found to be exaggerated. Overall, the process of creating a new legal framework for the Sea was complicated not only by contradictions between the littoral countries on how to divide the sea and its resources, but also by the increased geopolitical interests focused on the region. For the newly independent states hydrocarbon wealth became an important instrument to maintain their security and support their sovereignty by bringing in investments from international oil companies and gaining Western countries’ political support.

Since 1996 the five littoral states – Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan, known as the Caspian Five – have been conducting negotiations on the Caspian Sea’s legal status at two levels: deputy foreign ministers within a Special Working Group, and heads of state. Despite the fact that initially the Caspian countries had different visions of, and approaches to, regional security, after lengthy negotiations they finally managed to agree on a compromise model of the legal framework. On 12 August 2018 in Aktau, Kazakhstan, the five presidents signed the Convention on the Legal Status of the Caspian Sea. Article 3 of the Convention covers security issues and contains three key principles: ‘solving all issues related to the Caspian Sea through peaceful means’; ‘non-presence in the Caspian Sea of armed forces not belonging to the parties’; and ‘non-provision by a party of its territory to other states to commit aggression and undertake other military actions against any party’ (President of Russia 2018).

**Historical overview of the process of formation of the legal framework**

The Caspian Sea is the world’s largest inland body of water not connected with any ocean. It is rich in bioresources, containing about 90 per cent of the world’s sturgeon population; and it is an important Eurasian logistics hub with a broad network of navigable waterways, and a huge reserve of natural resources (see Table 23.1). For these reasons the Caspian Sea has been the focus of geopolitical struggle at different periods of history. For example, in the eighteenth and nineteenth centuries the southern Caucasus and the Caspian Sea were

| Table 23.1 Proven reserves of oil and natural gas of the Caspian states, 2018 |
|---------------------------------|-------------|-----------------|-----------------|-----------------|
|                                 | Oil         | Natural gas     |                  |                 |
|                                 | Billion tons| % global reserve| Trillion m³     | % global reserve|
| Azerbaijan                       | 1.0         | 0.4             | 1.3             | 0.7             |
| Iran                            | 21.7        | 9.3             | 33.2            | 17.2            |
| Kazakhstan                      | 3.9         | 1.8             | 1.1             | 0.6             |
| Russia                          | 14.1        | 6.1             | 35.5            | 18.1            |
| Turkmenistan                    | 0.1         | 0.6             | 19.5            | 10.1            |
| **Total**                       | **40.8**    | **18.2**        | **90.1**        | **46.7**        |


* Figure refers to overall reserves, not just those in the Caspian Sea region.*
the subjects of several wars between the Russian Empire and Persia (see Chapters 6 and 22). At the turn of the nineteenth and twentieth centuries the region became the world centre of oil production. The new race for Caspian Sea riches started in 1991 after the collapse of the USSR.

During the time of the Soviet Union the Caspian Sea was isolated from external influence, the legal framework governing it having been formed by several bilateral agreements. On 26 February 1921, Soviet Russia and Persia (later Iran, and since 1979 the Islamic Republic of Iran) signed a Treaty of Friendship and Cooperation. The Russian-Persian border was fixed, without defining the water border in the Caspian Sea. Both sides received the right to fish (whereas until then only the Russian side had enjoyed this right) (Pritchin 2018: 32).

One of the treaty’s most important provisions concerned the issue of security. Thus, Russia assumed the right to send its troops into Persia if a third state or states were to try to turn Persian territory into a base for crossing the border and launching military action against Russia. In addition, the agreement regulated the presence of third-country citizens in the Caspian Sea. ‘If the crews of ships of the Persian fleet are citizens of third powers who use their stay in the Persian fleet for purposes unfriendly to Russia, the Russian Soviet Government will have the right to demand that the government of Persia eliminates harmful elements (Article 5)’ (Pritchin 2018: 33–34). Later, in 1940, a further treaty was signed, which confirmed and developed the principles proclaimed in 1921 and which included a new aspect of use of the Sea for the USSR and Iran – the provision of a 10-mile strip as a fishing zone.

According to the agreements of 1921 and 1940, the Caspian Sea was a closed sea in joint use by the Soviet Union and Iran, a fact recognised by the world community. However, the agreements did not contain the most important components of the legal regime of international water bodies, namely those regulating navigation and the division of mineral resources, which could serve as a basis for the preparation of agreements between the parties after the collapse of the USSR. In practice, the USSR and Iran had adhered since 1934 to the conditional border along the line of Astara-Hasan-Kuli (two border points on the East and West coast of the sea between the USSR and Iran), approved by a closed decision of the Soviet authorities. Iranian ships could not cross this line without permission (Zonn et al. 2010: 135).

After the collapse of the USSR there was a large-scale geopolitical struggle for influence and control over the Sea and its resources. Not surprisingly, agreement on how the Sea should be divided following the breakup of the Soviet Union could not be quickly arrived at. The situation was complicated by the fact that the United Nations Convention on the Law of the Sea cannot be applied to the Caspian Sea as it is not part of the world ocean and, since it is only 300 miles wide, not big enough for each of its five coastal states to have 200 miles of the littoral zone (Pritchin 2016: 37). There is no universal mechanism for dividing disputed sea areas, and the main principle is to look for a compromise formula mutually acceptable to all sides.

The first years after the disintegration of the Soviet Union were the hardest as the parties often put forth extreme and opposing positions. In 1996 the Ad Hoc Working Group of the Deputy Foreign Ministers of the Caspian States was set up to prepare a Convention on the Legal Status of the Caspian Sea. This group has played the crucial role in the process of creating the Caspian’s legal status; between 1996 and 2018 more than 50 meetings of the Group were held (Pritchin 2018: 64).
The first summit of the leaders of the five Caspian states took place in April 2002 in Ashgabat, Turkmenistan, but failed to produce any significant results. The first major success was achieved in 2007 during the second Caspian summit in Tehran, where the parties managed to agree on a Declaration consisting of 25 points. This Declaration became a de facto political agreement, regulating the relations of the signatories in the field of security.

The most important outcome of the negotiations was the fundamental decision that the Caspian Sea should be declared the ‘sea of peace’ and ‘all issues at sea will be resolved by the Caspian States by peaceful means’. At the same time, the parties confirmed that their armed forces would not be used against each other. The Caspian Five also emphasised that ‘under no circumstances will they allow the use of their territories to commit aggression or other military action against any of the parties’. Analysis of articles 13, 14 and 15 of the Declaration shows that the establishment of military bases by third countries is prohibited in the region. The Russian side announced that the emergence of armed formations in the region by non-Caspian states will be regarded by the Russian Federation as aggression against it, which means prohibiting military bases or the presence of other paramilitary units in the region by third countries and thus, by extension, makes alliances with extra-regional states impossible. This creates conditions in which security in the region should only be provided by the Caspian countries (Pritchin 2018: 64). The results of the 2007 summit had strategic importance for the security of the Russian Federation and Iran, as they exclude the appearance of military bases of third countries in the region, as well as reducing the likelihood of military operations in the Caspian Sea.

In Baku in 2010 the parties signed an agreement on transborder crime, including smuggling, poaching and drug trafficking. In Astrakhan, Russia, in 2014, the Caspian Five agreed on 25 square miles for the exclusive economic zone, which is subject to the exclusive sovereign rights of coastal states. The rest of the Sea’s surface remains in common use for shipping and fishing.

All these declarations, agreements and official statements were included as parts and articles of the final Convention on the Legal Status of the Caspian Sea which was agreed in August 2018 during the fifth Caspian summit in Aktau, Kazakhstan. The importance of this document is difficult to overestimate, as it is actually a kind of constitution for the region, prescribing the basic principles of interaction and cooperation between the countries, the mechanisms and rules for regional security, as well as the tools for dispute resolution and the coordination of cross-border projects. We will return to the analysis of the main elements of the Convention later.

**Geopolitical players in the Caspian Sea region and their interests**

The Russian Federation and the Islamic Republic of Iran, as the legal successors to the bilateral Soviet-era agreements, sought to retain their status as the leading countries in the region and insisted on the principle of condominium – common use of the resources of the Sea. They suggested establishing a joint company for the development of regional natural resources with each country having an equal share in it (Zhiltsov, Zonn, Ushkov 2007: 36). However, the newly independent states – Azerbaijan, Kazakhstan, and Turkmenistan – actually pursued the opposite goal: they sought to ensure their sovereignty, including by obtaining the right to develop energy resources in their respective coastal areas.

Geopolitical changes in the region and the commencement of oil and gas projects by leading Western companies forced Moscow to revise its position. As a result, the countries came up with a new option: to divide the seabed while leaving the surface waters for common use.
Thus, on 6 June 1998, Russia and Kazakhstan signed the Agreement ‘On the Delimitation of the Seabed of the Northern Part of the Caspian Sea for the Purpose of Exercising Their Sovereign Rights to Subsoil Management’. The document used the term ‘modified median line’, meaning that the seabed of the northern part of the Caspian Sea should be divided along the line equidistant from the two countries’ coasts. The agreement did not divide the Caspian Sea into de jure sectors but delimited its seabed in order to determine the parties’ rights to subsoil resources and their management (Zhiltsov et al. 2007: 27). Later this formula was used for delimitation of the bottom of the northern part of the Caspian Sea between Russia and Azerbaijan, and between Azerbaijan and Kazakhstan (Zhiltsov et al. 2007: 38).

The Russian Federation

As mentioned above, the security dimension has been the most important for Russian policy. Initially, any form of military presence by third countries in the area was unacceptable for Russia. In July 2005, the Russian city Astrakhan hosted an international conference of representatives of the navies of the Caspian states. The main topic was the Russian suggestion of establishing a Caspian naval group for operational cooperation – KASFOR. The conference was initiated by the Commander of the Caspian Flotilla, supported by the Russian Defence Minister and the Commander-in-Chief of the Navy (Caspian Policy Center 2018). In the following year Russia officially suggested creating the joint operative union KASFOR (Russian Ministry of Defence 2018). However, the littoral countries did not support the Russian project because they considered it as a Russian attempt to limit their sovereignty. As a consequence Moscow decided to develop its military power, deploying new warships with modern weaponry in the Caspian Flotilla that made the Russian navy the dominant military power in the region. Thus, Russia’s participation in the military operations in Syria unexpectedly brought the Caspian Sea closer to the fight against so-called Islamic State (IS). On 7 October 2015, four rocket ships made 26 launches of cruise missiles – the sea-based ‘Caliber’ – aimed at 11 targets in Syria (BBC News 2015). The fact of using high-precision weapons against an extra-regional enemy showed that the military power and potential of the Caspian Flotilla of the Russian navy is wide and not limited to regional military goals. Kazakhstan and Turkmenistan expressed their concern that they were not privy to the plans of the Russian Federation.

The Islamic Republic of Iran

The Islamic Republic of Iran strongly opposed bilateral and trilateral agreements on the delimitation, declared them unlawful and continued to insist on the legitimacy of the Soviet-Iranian treaties. According to an initial Iranian position, Tehran insisted on the principle of condominium but later on, Iranian diplomacy accepted the division of the Sea into equal sectors of 20 per cent. Iran is still officially against using the middle-modified line, because in using this mechanism the Islamic Republic would receive the smallest sector due to the length of its coast line of the Sea with an area of about 11 per cent. In response to such a difficult challenge, the Convention of 2018 does not include rigid regulations, and even less geographical coordinates of the boundaries of sectors that require strict compliance by the parties, but merely lays down the principles of the division of the Sea. This makes it possible to shift the responsibility for its division to the bilateral and trilateral, as was the case with the division of the northern part when Russia and Kazakhstan, Russia and Azerbaijan and then Azerbaijan and Kazakhstan divided the northern part of the sea.
From the military point of view, in the coming years the Iranian navy will not be able to compete with the Russian Caspian flotilla. However, Iran has the second most powerful navy in the region with a fleet of 60 warships of small tonnage. Tehran plans to strengthen its navy, creating an operational and tactical association – a squadron that can be used in case of military action in the Caspian Sea. According to the military doctrine of Iran, the country’s navy is designed to protect coastal maritime communications, as well as, if necessary, to damage enemy naval units in the Caspian Sea, the Persian Gulf and the Gulf of Oman (Karavaev 2006).

Russia adjusted its initial strict position and agreed with a semi-sectoral principle for the delimitation of the Caspian Sea. However, Russian and Iranian positions on regional security have remained the same. Old regional allies have insisted on a closed regime – militarily, legally and politically – for the Sea. To support their political positions Russia and Iran have been developing their armed units to maintain military dominance in the region.

**The role of Western powers in the region**

The potentially huge oil and gas resources of the Caspian Sea motivated Western actors (Western governments, international oil companies) to activate policies in the region. Oil companies would have access to the huge hydrocarbon resources of the Caspian Sea. The US and its allies by investments and infrastructural projects could have provided their strategic interests in the former USSR’s area. If we analyse the shareholders of the main fields of the Caspian shelf, we can see that the vast majority of companies operating in the region are Western (American, British, French and others). Foreign oil corporations’ operations enjoy significant advantages owing to the system of Production Sharing Agreements (PSAs).

In addition, the Baku-Tbilisi-Ceyhan pipeline (which started work in 2006) and the Baku-Tbilisi-Erzurum gas pipeline (2007), which deliver hydrocarbons to the world market bypassing Russia and Iran, were chosen as the main transport corridor (see Chapter 21). Thus, the initial tasks were fulfilled: Russia’s influence in the region was significantly limited, and transnational oil companies were able to increase their reserves at the expense of the Caspian resources.

In order to pursue its interests in the region the document publicly known as the Caspian Basin Initiative was published in the US in 1998 and the post of presidential Special Advisor on power issues in the Caspian Basin was created (Zonn et al. 2010: 425). Heavyweight American diplomats and politicians such as Steven Mann and Richard Morningstar represented US oil industry interests in the region. In 1999 US President Bill Clinton attended the ceremony for the signing of the Intergovernmental Declaration on Principles of Realization of the Trans-Caspian Pipeline by the presidents of Azerbaijan, Georgia, Turkey, and Turkmenistan (Zonn et al. 2010: 320). Initially, the US considered several mechanisms for involving the newly independent states in military cooperation in order to weaken Russian influence and to create a regional security system in the Caspian region independent from Russia and Iran. In the early 2000s the US suggested to Azerbaijan and Kazakhstan a coordinated package of military aid to help the two countries counter smuggling and terrorism in the Caspian Sea region (Kucera 2016). Later Washington initiated the creation of the Caspian Guard with a budget of $100 million over seven years to build up the maritime surveillance, command-and-control and quick reaction abilities of the two countries. ‘Certainly we’ve chosen to help two littoral states, Azerbaijan and Kazakhstan, but always underlying that is our own self-interest. This body of water is traditionally a trafficking route for drugs, for persons, for armaments, potentially for [weapons of mass destruction] and

Summarising the analysis of Western policy in the Caspian Sea region (Zhiltsov, Zonn 2009: 14), the US and its allies managed to successfully intervene in the traditional zone of influence of Russia and Iran, primarily in the strategic energy sector which, according to Buzan’s security concept (Buzan 2009: 9), is an important element of the wider understanding of security. Still, despite various programmes of cooperation with the newly independent states, Western countries did not maintain sufficient instruments in the military sphere to provide proper security of these countries, especially in respect of balancing against Russia and Iran.

**The evolution of the positions of the newly independent states and their geopolitical characteristics**

In 1991 the USSR disappeared as the dominant power in the region which had been isolated from external influence for almost seventy years. Instead of two regional players in the Caspian Sea region – the USSR and Iran – five states, including newly independent Azerbaijan, Kazakhstan and Turkmenistan, in addition to a future transit player, Georgia, appeared. The latter had sought since independence to pursue independent foreign policies while achieving an appropriate balance with the former metropole, Moscow.

Russia in the 1990s could no longer be a leading power in the region due to its numerous internal political problems and instability, its deep financial crisis, and its internal conflict in Chechnya. Consequently regional security was characterised by the near absence of any order, given that each littoral country had no commitments to its neighbours, choosing to behave independently in terms of security and foreign policy. Meanwhile, the newly independent states were looking for an optimal model of cooperation both with the local regional players, Russia and Iran, and with external players, the US and NATO, in order to ensure their own sovereignty and independence.

Applying Stephen Walt’s model (Walt 1987: 34) of the balancing of threats to the first period of formation of a regional security system in the early 1990s, we can see how the newly independent states unequivocally tried to balance against Russia and Iran by forming an alliance with Western countries, primarily with the United States (Walt 1987: 16). Support and recognition by external players were very important for the new players not only from the military point of view but also for securing their vulnerable sovereignty and the legitimacy of their use of natural resources in the region. It is not surprising that a consortium of Western companies became the partner for the Azerbaijani government when on 20 September 1994 the first big agreement, the so-called Contract of the Century, was signed on the Joint Development and Production Sharing for the Azeri-Chirag-Gunashli oil-fields in the Azerbaijan Sector of the Caspian Sea (President of the Republic of Azerbaijan 2010a).

This was the first significant attempt by Azerbaijan to balance against the two regional leaders, Russia and Iran, by means of economic cooperation and Western investment, with the comprehensive support of Turkey. Azerbaijan was the most active player among the newly independent states. Baku initially focused on attracting foreign investors for its oil and gas industry and on providing a legal framework for their operation in the country. The economic dimension is an important element of a state’s security. In the Caspian case, multi-billion Western investment in the strategic energy sector of the newly independent states became a very effective guarantee against attempts by Russia and Iran to dominate in the region.
Moreover, the newly independent states considered foreign investments and, particularly, political cooperation and support from external players as important elements of recognition of their sovereignty, their rights for exploration of energy resources and a measure of political support for balancing against the leading regional countries. As a result, Azerbaijan’s activity, with the political support of Western countries, had a fundamental impact on the negotiations on the Sea’s legal status. For instance, the mid-1990s witnessed a change in Russia’s approach towards the Caspian Sea’s legal status to a compromise on the condominium principle.

After the signing of the ‘Contract of the Century’ Azerbaijan adopted a constitution in 1995. Clause 2 of Article 11 states: ‘Internal waters of the Azerbaijan Republic, the sector of the Caspian Sea (lake) belonging to the Azerbaijan Republic, and the airspace over the Azerbaijan Republic are integral parts of the territory of the Azerbaijan Republic’ (President of the Republic of Azerbaijan 2010b). As a result, any attempt to find an alternative format for shared use of the sea was stalled by the need to amend Azerbaijan’s Constitution, which seriously complicated the search for a compromise on the principles proposed by Moscow and Tehran.

Even more important for their security and the independence of the newly independent states from Russia and Iran was their ability to export oil and gas from the region by bypassing the two regional powers. In the early 1990s the former Soviet republics had the technical capacity to export their resources only through the Russian infrastructure. In this regard, it was extremely important to gain independent routes of access to world oil markets. In order to achieve this goal, two pipelines through Georgia – the Baku-Supsa and the Baku-Tbilisi-Ceyhan – were initiated and completed by June 2006. The latter, with a capacity of 50 million tons of oil a year, connecting the Caspian Sea projects through Georgia to the Turkish sea port of Ceyhan, became the main geopolitical bridge between the Caspian Sea and international energy markets.

By 2006, as a result of this policy Azerbaijan, Kazakhstan and Turkmenistan had achieved opportunities for the production and transportation of their oil and gas resources independently from Russia, or in the case of Kazakhstan, drastically reduced its dependency. At the same time, in order to create sustainable basis for balancing against Russia and Iran the newly independent states also tried to forge a form of military cooperation with the West and Turkey. Thus, Azerbaijan has had a history of cooperative relations with Russia’s and Iran’s main geopolitical rival, NATO. Bilateral cooperation began when Azerbaijan joined the Partnership for Peace (PfP) programme in 1994, and since then Azerbaijan has taken part in several NATO-led peace-keeping operations (see Chapter 20). The partnership has also developed several dimensions of cooperation relating to energy infrastructure, education and environmental issues (NATO 2016). Moreover, Azerbaijan has developed a very close alliance with Turkey inter alia in the military sphere (Stratfor 2018). At the same time, Baku declined participation in the Russian KASFOR initiative, suspecting it of using its leadership in the established organisation to strengthen its influence on Azerbaijan.

During the first 10 years of their independence, Azerbaijan, Kazakhstan and Turkmenistan exploited Russia’s weakness and Western interests in the region – and particularly in its resources – to effectively construct a defensive model of balance against the dominant regional players. By strengthening their economic ties with Western countries Azerbaijan, Kazakhstan and a more neutral Turkmenistan avoided strict commitments to Russia and Iran. However, they ultimately agreed with the final version of the Convention of 2018 and the closed regional security system suggested by these leading countries. We must now consider the factors affecting the approaches of the newly independent states which led them to change their positions.
The return of Russia as a leading regional player and the evolution of the newly independent states’ approaches towards regional security

The geopolitical situation in the region started to change in the early 2000s. Under its new president, Vladimir Putin, Russia returned to a proactive foreign and security policy, especially in the close neighbourhood regions, including the Caspian Sea. As a result of the Second Chechen War, Russia gained full control over the problematic area in the North Caucasus bordering the Caspian Sea (see Chapter 15). This helped ensure the integrity of the state, restoring its military potential and enhancing its prestige in the region and in the international arena. All these factors gave Russia a political, military and economic basis for domination in the region, promoting its vision of regional security. Moscow considered the security issues in the neighbourhood a key element in its foreign policy and regarded the military presence there of its former geopolitical rivals as unacceptable. Russia thus tried to prevent the close interaction of its neighbours, including the Caspian Sea countries, with third players in the military sphere by making direct statements and by developing its navy in the region.

However, as noted above, by 2006 Azerbaijan, Georgia and Turkey, with the participation of Western companies, had completed the construction of the main Baku-Tbilisi-Ceyhan pipeline which connected the Caspian Sea through Georgia with Turkey and bypassed the Russian pipeline system. Together with the massive involvement of Western companies in the Caspian offshore projects this drastically changed the geopolitical landscape in the region and weakened Russian domination. In particular, it meant that the Russian military leadership in the region was opposed to further economic cooperation between the newly independent states and external actors, the Western countries and China.

The new geopolitical circumstances – increasing Russian attention to the region and declining interest of the West – signalled the second starting point for the formation of a new regional security system after the collapse of the USSR. In this regard, the reasons for and drivers of the changes in the newly independent states’ approaches can be explained by Walt’s defensive structural realism theory. According to this, the greater a state’s offensive capabilities, the greater the tendency for others to align against it. Therefore, states with offensively oriented military capabilities are likely to provoke other states into forming defensive coalitions. In the Caspian case, the brutal attempts by the Iranian navy in July 2001 to eject two oil company survey ships from the area in the Caspian Sea disputed with Azerbaijan led to strengthening military cooperation between Azerbaijan and its external partners, Turkey and the US (Cohen 2002; Lelyveld 2001). However, as mentioned previously, the offensive intentions of a greater power might sometimes have a crucial impact on a weaker state’s policy even without direct offensive activity (Ibid).

The Russian-Georgian conflict of August 2008, the so-called Five-Day War, might be considered as a factor of offensive intention by Russia for the Caspian region’s security even if the roots of this conflict had nothing to do with the struggle for influence in the Caspian Sea. The Russian military campaign against Georgia demonstrated its readiness, political willingness and military capacity to protect its geopolitical interests, whatever that might require. Though the conflict revealed Russian military problems with such issues as command and control and poor intelligence (Kofman 2018), there nevertheless emerged an explicit political and military message to Russia’s geopolitical opponents and neighbours. The conflict was a turning point for Baku in its understanding of the inability of the West to counter Russian power in the region (Shiriyev 2019: 9). Before the conflict Baku had used cooperation with NATO and the US as leverage for maximising its security in its
relations with Russia, which it considered one of its main unspoken threats. But the war explicitly exposed for Baku the lack of political will in the West to provide security for its partners in the region. At the same time, the fact that during the conflict Russia did not damage the energy infrastructure in Georgia connecting the Caspian Sea with the international market, even though it could have done so, showed that Moscow has its own ‘red lines’. Azerbaijan realised that cooperation with the West in the military sphere was not a reliable enough instrument for balancing against Russia even if Western investment in the country’s energy sectors was a factor in providing for its security (Shiriyev 2019: 2).

Two other Russian decisions – missile strikes on targets in Syria by ships of the Caspian Flotilla and the move and reinforcement of a base for the Flotilla from Astrakhan to Dagestan – showed that Moscow considers the Caspian Sea a strategically important region which is under its full military control. Even more important, Russia through these two steps has sent an explicit message that its military capacity concentrated in the region is powerful enough to achieve its military goals not only in the Caspian Sea but also in the much wider region.

Against the backdrop of rising Russian interest in the region, its main geopolitical rival, the West, has reduced its attention to regional issues. After achieving their commercial and geo-economic goals the Western countries have at least partly lost strategic interest in the region since the presidency of Barack Obama (Kucera 2016). With rare exceptions, no new economic projects have been initiated by the West; even the European energy security project, the Southern Gas Corridor, is being built by Azerbaijan and Turkey without a significant Western contribution. Passive Western policy has not given the newly independent states confidence in seeking additional arguments for balancing against Russia and Iran.

Additionally, the similarity of domestic political systems and ideologies has also favoured the strengthening of relations between the newly independent states and Russia and Iran (Walt 1987: 45). This theoretical factor has an indirect application to the balance of threats in the region. Russia and the Caspian countries have very similar political systems – authoritarian political regimes with power concentrated in the hands of state. This fact unites neighbouring countries. At the same time, the potential external allies for the newly independent states – the US and the European Union (EU) – have democratic political systems. These differences have become a serious obstacle to genuine partnership between them, since the newly independent states have often been under strong political fire and pressure by the Western countries and NGOs for their lack of freedoms, violations of the human rights guaranteed in their constitutions, and the weakness of their democratic institutions. Azerbaijan, Kazakhstan and Turkmenistan have all been actively criticised by Western NGOs regarding human rights problems and election rigging (Freedom House 2019; Human Rights Watch 2019a, 2019b). This criticism has damaged the basis for maintaining a real working alliance between Western countries and regional countries. The political leadership of these countries has needed external recognition of its legitimacy, and Russia in this regard has always been a very convenient partner and has not criticised any elections and their results.

The answer, then, to the question of why the newly independent states finally agreed to the initially proposed – and initially rejected – closed security model for the region, is that Azerbaijan, Kazakhstan and Turkmenistan decided it was in their best interests to have constructive, pragmatic relations with the two leading regional powers against the backdrop of the declining opportunities for balancing through Western support. Applying the concept of balance of threats, and Russia’s geographical proximity and military
capacity, even a hypothetical conflict might bring more risks and challenges for Azerbaijan, Kazakhstan and Turkmenistan when the support of the US and the EU would not guarantee their security. Moreover, the limited military capacity of the Western countries in the region and their lack of political willingness for direct military protection of the newly independent states argue against developing deeper military cooperation with Western countries as a balance against Russia (Shiriyev 2019: 2). As the Russian-Georgian war in August 2008 showed, despite the close cooperation between Georgia and the US and NATO (IWPR 2008) in the event of real conflict, external allies could not help Georgia.

Azerbaijan and Kazakhstan have chosen economic and political cooperation with the West as a mechanism for balancing against Russia and Iran. Massive Western investment in energy and infrastructure, implying a high level of political support, acts in these countries as a guarantor of sovereignty and political protection by external players. In the 1990s this constituted a strong enough argument in regional policy when Russia was relatively weak and passive. But nowadays this leverage, though significant, is not powerful enough to allow the newly independent states to ignore Russian and Iranian leadership concerns regarding regional security. In such circumstances, Baku, Astana (Nur-Sultan) and Ashgabat finally agreed with the regional security system model proposed by Russia and Iran in order to maintain pragmatic and constructive relations with them. The legal consolidation of this agreement was the signing of the Convention on the Legal Status of the Caspian Sea, held on 12 August 2018 at the summit of the heads of the Caspian states in the picturesque Kazakh city of Aktau, after 22 years of negotiations.

Article 3 of the Convention states the legal principles for providing regional security. According to clause 3 of the article, the signatories agree to ‘Using the Caspian Sea for peaceful purposes, making it a zone of peace, good-neighborliness, friendship and cooperation, and solving all issues related to the Caspian Sea through peaceful means’ (President of Russia [official website] 2018). According to clause 5, the signatories agree to ‘Compliance with the agreed confidence-building measures in the military field in the spirit of predictability and transparency in line with general efforts to strengthen regional security and stability, including in accordance with international treaties concluded among all the Parties’. And most important for the regional legal security system are clauses 6 and 7, in which signatories agree to the ‘Non-presence in the Caspian Sea of armed forces not belonging to the Parties’; and to the ‘Non-provision by a Party of its territory to other States to commit aggression and undertake other military actions against any Party’ (Ibid). By signing the convention Azerbaijan, Kazakhstan and Turkmenistan finally agreed with Russia’s and Iran’s ‘closed’ model of regional security (Pritchin 2018).

**Conclusion**

This chapter has focused on the evolution of the geopolitical situation in the Caspian Sea region as a part of wider Eurasia after the collapse of the USSR. Particularly it examined the newly independent states’ approaches towards regional security and the political system in the Caspian Sea area. In this wider regional dynamic, the South Caucasus was widely seen as a door for the West to the Caspian Sea and its resources, with the Sea then becoming a geopolitical bridge to strategically important Central Asia. In this regard it was extremely important for the West to support the sovereignty and security of the newly independent states, in order to create a sustainable regional coalition of these countries from the South Caucasus to Central Asia.
However, assertive Russian policy, coupled with a significant decline in Western interest in the region, eventually inclined Azerbaijan, Kazakhstan and Turkmenistan to agree with the closed model of regional security and to stop further developing comprehensive military cooperation with Western countries. If we take only the military dimension of security we cannot explain how the newly independent states have tried to use Western investment and political cooperation as a means of balancing against Russia and Iran. In substance, this closed system has become part of a bigger deal among the littoral countries. On the one hand, Russia and Iran have succeeded in preserving the old model of the closed regional system in force from 1921 until 1991. On the other hand, the countries have agreed the mechanism for the delimitation of the Sea and its hydrocarbon reserves, in which each of the littoral countries, after delimitation of the bottom of the Sea with bordering neighbours, secures sovereign rights on the natural resources of the seabed of its sector and the opportunity to invite investments from external players. We can conclude that the current model of relations between Azerbaijan, Kazakhstan and Turkmenistan, on the one side, and Russia and Iran, on the other, is a complex combination of balancing and bandwagoning, using economic elements to broaden the meaning of ‘security’.

Who has gained or lost more from signing the Convention? It seems clear that no party has won or lost unambiguously. The Convention is in fact a very interesting instance of regional compromise in international relations, in which some state signatories – Kazakhstan, Turkmenistan and Azerbaijan – successfully lobbied for the sectoral section of the seabed in the interests of subsoil users but also managed to take control of the largest sectors with the most significant oil and gas reserves. At the same time, Russia and Iran have closed the region from the military presence of geopolitical rivals. Meanwhile in the framework of geopolitical struggle in Eurasia, as a consequence of the implementation of the Convention the West lost the opportunity to establish military presence in the region and to secure its long-term strategic interests.

Despite the existence of a legal framework and principles of cooperation in the security sphere it could be argued that the Convention cannot be considered a real working regional security system. There are still several risks and challenges which cannot be addressed by this system, without the provision of common facilities for security or regular common drills and exercises. Russia has failed to create a functioning collective security system in the region through the creation of a joint armed force, the KASFOR initiative. But thanks to the development and rearmament of the Caspian Flotilla of its navy, Russia has managed to maintain its leadership in the region.

Considering the practical implementation of the agreed legal framework for the Caspian Sea region, the following weak aspects of the regional system might be identified. First, the Caspian Five do not have common facilities or organisations for providing security (the Russian KASFOR initiative has not been supported by Russia’s neighbours), nor is there an agreed plan for regular common drills and exercises. Second, though there are strict legal restrictions on cooperation with non-regional players in the military sphere, some littoral countries continue to consider such cooperation. For newly independent states cooperation with third, non-regional countries is an important element of multi-vector foreign policy. Theoretically, this cooperation might be a cause of tensions between the countries or even of regional conflicts. Third, despite the fact that the Convention aims at peaceful cooperation, signatories continue arms races to increase their military capacity. In recent years joint actions of the fleets of the Caspian Five have increased with friendly visits to each other’s ports, exchanges of delegations, and so on – indicators that the parties consider each other as allies in the region, and not rivals in an arms race. Nevertheless, these activities are still at an
insufficient level of interaction for full cooperation to ensure regional security. There are no joint manoeuvres and exercises by the Caspian fleets. And to date, the issue of the creation of at least a coordinating Council at the level of heads of fleets has not been resolved, so that in the event of a crisis situation there would be the opportunity for joint action. Each of the countries is developing its military programmes on its own, which is perhaps the fundamental weakness in the system of regional security.

Among potential challenges for regional security the decision of the US in 2018 to withdraw from the Iranian nuclear deal returns the region to the pre-2015 situation before the deal was signed. This was – and may be again – a potentially pre-conflict situation, with the US trying to put pressure on Iran through the creation of dividing lines in the region and by engaging small states in a coalition against Iran. Similarly, the ongoing confrontation on all fronts between Russia and the West also adds to the uncertainty in which small regional countries can become objects of struggle for influence by strong but antagonistic powers.

Note

1 The map of the Caspian region oil pipelines is available at <http://mapsof.net/caspian-sea/caspian-pipelines-2002>

References


