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This Autumn Moscow will host the II Caspian Economic Forum (CEF), an economic platform part of the cooperation between the five littoral countries of Eurasia's biggest inland water reservoir, Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan. Postponed last year because of the COVID measures, the gathering is a major event of the "Caspian Five" (C5) cooperation, born at the Summit held in August 2018 in the Kazakhstani port city of Aktau. Here, the five Presidents signed a landmark document: the Convention on the Legal Status of the Caspian Sea.



Defining the Caspian Sea: A Sea or a Lake?

The debate about the legal status of the Caspian Sea—whether it is a lake or a sea—has been going on for more than 25 years. Here are examples of how maritime boundaries in the Caspian might be divided under each scenario.

SEA The Law of the Sea uses the coastline and equidistant measurements to determine each country's exclusive economic zone.



LAKE Each country would control 15 nautical miles from its shore for mineral exploration and another 10 nautical miles for fishing. Everything else would be shared jointly among all of the littoral countries.*



* This scenario is based on the assumption that each littoral country will continue to abide by the agreement reached in 2014 at the fourth Caspian Summit in Astrakhan stating that each country will have sovereignty out to 15 nautical miles from the shore for mineral exploration and production and fishing rights for an additional 10 nautical miles beyond the 15-mile zone.

For more than 20 years, disputes between the five on the legal status of these waters prevented the definition of a stable international regime around the Caspian. For almost two centuries, the basin had been a Russian-Iranian condominium, under joint usage in Soviet times. The appearance of three new condominiums following the Soviet break-up revolutionized the region. Axing their economic transition on energy resources'

exploitation, Kazakhstan, Azerbaijan, and Turkmenistan claimed exclusive rights on the offshore fields along their shores. To substantiate their claims, they appealed to international law, asking that the Caspian should be treated as a sea. According to the **International Convention of the Law of the Sea**, if such status would be applied, a littoral country detains an exclusive zone of economic exploitation profiling its coasts. Against this claim, Russia and Iran supported a definition of the Caspian as a **lake** so that the resources' exploitation should be subject to consensus of all the littoral subjects.¹ With years, two de facto regimes emerged. Russia, Azerbaijan and Kazakhstan agreed on national zones, while Azerbaijan and Turkmenistan disputed on the exploitation of gas field between their shores. Iran on its side continued to oppose any scheme of exclusive resources' exploitation. Because of the natural shape of its coasts, in a delimitation according to international law, Iran would only have access to 13% of the Caspian seabed and shelf. Teheran has instead insisted on having at least a 20% share.²

Disagreement was further fuelled by the project to build a **Trans-Caspian pipeline** (TCP), connecting Azeri and Turkmen gas potentials. Moscow and Teheran fiercely obstructed the TCP since this is part of a Western sponsored international energy corridor project that they consider to be aimed at creating a wedge between them and the other countries of the region. As a counterbalance, the two powers started to develop a North-South corridor facilitating transportation of goods between Western Eurasia and the Persian Gulf via the Caspian and Central Asia.

Against such a confrontational background, the **2018 Convention established a new era** in regional relations. The littoral states defined precise rules for navigation, environmental protection and pipeline construction. True, there is still no final agreement on the issue of delimitation, referred to future separate agreements, but a framework mechanism for their preparation is now on place.³ This include a consensus allowing for 15 miles as territorial waters (of which 10 miles are exclusive fishing rights) with the universal use of the surface water and common use of the bio-resources.

For some this configures a developing "Caspian Constitution" apt to define the main parameters for peaceful co-existence around the Caspian.⁴ The upcoming international event in Moscow is part of this process. As the previous one, the Forum will gather governmental figures with representatives of foreign companies, investors and experts to further cooperation in the region and elaborate on the still pending energy, ecology and legal issues in preparation of the next summit of the Caspian Heads of States.

However, the Caspian geopolitics are dynamically changing and this will complicate the next steps of the Caspian cooperation and the reaching of consensus among the five states.

A major development in the Caspian equation of power is the reinforced standing of **Azerbaijan** following its victorious war against Armenia for the control of Nagorno-Karabakh in the Fall 2020. As a result, Baku is much more self-confident, notably having removed threats previously pending on its energy and transport infrastructures Westward. On this renewed clout, Azerbaijan pushes to further diversify its options in the regional diplomatic agenda expanding its connectivity

¹ W. Raczka, *A sea or a lake? The Caspian's long odyssey*, «Central Asian Survey», vol. XIX, n.2, 2000, pp.189-221.

² N. Grajewski, *Friends or Frenemies? How Russia and Iran Compete and Cooperate*, Russia Foreign Policy Papers, Foreign Policy Research Institute, 2020.

³ H. Azizi, *Caspian Sea Convention Moves Iran Closer to Northern Neighbors*, "Al-Monitor", 22.08.2018; <https://al-monitor.com/originals/2018/08/caspian-sea-convention-iran-russia-us-sanctions-pipeline.html>

⁴ M.M. Agazade, *Konstitutsiya Kaspiya» i novyye gorizonty sotrudnichestva mezhdru Azerbaydzhanom i Iranom*, Vestnik RUDN. Vol 18, No 4, 2018, pp. 842-954; <http://journals.rudn.ru/international-relations/article/view/20333/16533>

network with the European energy markets. Accordingly, Azerbaijan has reversed its relation with **Turkmenistan**, previously another longstanding line of attrition on the Caspian. In January 2021, Baku and Ashgabat agreed to stop disputes on their overlapping offshore deposits and to jointly develop the Dostluk (“friendship”) gas field.⁵ The agreement is very important to Turkmenistan, facing a dire economic stagnation and currency depreciation. Against such a conjuncture, every opportunity to expand national energy exports and reorient them from the current Chinese and Russian dependences is vital for Ashgabat. Enduring the Ukrainian crisis, the EU has dropped its previous moral hesitations in dealing with the two most repressive and nepotistic regimes of the region and, since 2017 at least, has been actively pursuing what, for costs and uncertainties, continued to appear as a pipe-dream project. Yet again, new developments are providing ground for relaunching the TCP. First in 2020, the **Southern Gas Corridor** (SGC), an upgrading of the energy infrastructure from Azerbaijan through Turkey to the EU, entered into function creating additional demand of Caspian gas.⁶ Next, restrictions to the launch of Gazprom’s Nord Stream 2 pipeline across the Baltic Sea to Germany have been finally removed this year.

The Aktau Convention allows (Art. 14) “pipelines on the bed of the Caspian Sea” to the exclusive agreement of the concerned countries. At the same time, the document put the “condition that their projects comply with environmental standards and requirements embodied in the international agreements”, compatibly with the fragile environment of the Caspian. This point is traditionally leveraged by Teheran as well as Moscow in order to dissuade the construction of the TCP.⁷

Another major concern of the two powers following the Azeri-Armenian war is the boost it gave to the strategic connection between Baku and Ankara. For the first time since the Russian revolution, **Turkish armed forces are on the Caspian again** and Baku and Ankara pledged to raise further their long-standing military cooperation, including mutual assistance towards third countries’ threats or attacks.⁸ As a part of an effort to consolidate Trans-Caspian connectivity, since gas and trade outcomes should flow through its territory to reach the West, Turkey actively supports Azerbaijan and Turkmenistan’s agreement (a trilateral meeting of foreign ministers was organized on February).⁹ Russia may be possibly more manageable to the project since the national major company Lukoil, already present in the operation of the gas pipelines from Azerbaijan to the West, has expressed interest to participate in Dostluk’s development.

⁵ <https://easaily.com/ru/news/2021/01/21/turkmeniya-i-azerbaydzhan-budut-vmeste-razrabatyvat-mestorozhdenie-dostluk>

⁶ The SGC delivers 10 billion cubic meters per annum (bcma) of natural gas from Azerbaijan’s Shah Deniz gas field to Southeast Europe through Italy. NATO countries push for to expand the TCP to 30 bcma drawing from Turkmenistan’s gas reserves. See: D. D. Stein, *Trans-Caspian Pipeline—Still a pipe dream?* 20.08.2020; <https://atlanticcouncil.org/blogs/energysource/trans-caspian-pipeline-still-a-pipe-dream/>

⁷ B. Pannier, *Russia, Iran Cite ‘Ecological Concerns’ In Opposing Trans-Caspian Pipeline*, RFE/RL, 15.08.2019; <https://rferl.org/a/russia-iran-trans-caspian-pipeline-turkmenistan/30111805.html>

⁸ <https://jamestown.org/program/turkey-breaches-russias-sphere-of-influence/>

⁹ <https://eurasianet.org/perspectives-turkey-and-china-can-azerbaijan-be-the-bridge>



But the main concern for the future connected with Turkey's presence on the Caspian is the possibilities of further **projection of its influence on the Central Asian** shores of the sea. From its reinforced bases in Azerbaijan, Turkey is developing a full-fledged diplomatic offensive to increase its importance for the "brethren" republics of Central Asia. Pan-Turkic temptations are recurrent in the Turkish foreign policy. This time they would coincide with the US retreat from Afghanistan and the elaboration of a new American posture in the region by the Biden Administration with whom Turkey is trying to implement a line of rapprochement.

The **US policy in the region** is in fact the main factor explaining the challenges of power's definition around the Caspian. Washington has expressed a special interest towards the redefinition of the local geopolitical balance since the mid-1990s at least, when Bill Clinton declared the Caspian a region of «vital interest» for the United States. For forces aspiring at global dominance in Washington, the Caspian is a key geo-strategic platform allowing to exert influence over Eurasia, the Caucasus, Central Asia and the Middle East through control on communications and flows intersect on or around the sea. As such the Caspian junction has been at the core of a consistent US-UK strategy of penetration of continental Eurasia clearly aimed at keeping in check Russia's and Iran's capacities and their relation with the former Soviet republics around the basin. Control over Caspian energy resources through the construction of new pipelines as the TCP lays at the core of the Anglo-American strategy. Once energy interests are consolidated, they can serve as a foundation for security and military projection toward the region, a calculation which also informed the US-led NATO intervention in **Afghanistan**. The latter allowed for the creation of a logistical chain to feed military projection, the Northern Distribution Network, which functioned through the Caspian as well.

In front of this aspect of US-UK strategy of influence, another crucial outcome of the 2018 Summit was the five's engagement not to allow the **deployment of foreign armed forces** on the Caspian. Introducing this point, Russia and Iran implemented a sort of geopolitical denial of third countries' participation (in fact mostly the US-UK pair and Turkey) in the military and political life of the region.

Against this, the United States did not stop to deploy diplomatic manoeuvres aimed at engaging the countries of the region and beyond. The State Department supports an enlarged concept of a “**Greater Caspian Region**” involving the other states next to the littoral ones in the discussion of the problems of the Caspian: the rest of the South Caucasus, with Armenia and Georgia and the whole Central Asia, to include Kyrgyzstan, Tajikistan and Uzbekistan, as well as Afghanistan. To this end, an *ad hoc* think-tank, the Caspian Policy Center (CPC), has been established in Washington under chairmanship of some retired US Ambassadors.¹⁰ The CPC organizes an alternative discussion platform at the level of the countries’ Ambassadors, the **Trans-Caspian Forum**. The 5th of such annual event was held in June, participants, including high level officials and businessmen, were led by the hosts to explore business and trade schemes to buttress the concept of the Trans-Caspian corridor.¹¹ Washington and London have then a special focus of influence on Azerbaijan and Kazakhstan.¹² On the eastern shores of the Caspian, **Kazakhstan has been repeatedly approached with requests to grant** military facilities to the US Army. The country is still in a delicate phase of power transition while over the last three decades Washington and London have cultivated an internal lobby by offering education and other formative opportunities to cohorts of post-Soviet Kazakh citizens.

While retiring from Afghanistan, Washington is intensifying its diplomatic manoeuvring with the other Central Asian countries as well. At different levels, US top diplomat Antony Blinken met more than once this year with his Kazakh, Uzbek and Tajik counterparts to discuss regional security. The US special representative for Afghanistan, Imai Khalilzad, also visited the three mentioned “Stans”. Washington is looking for new regional basing, a prize it already enjoyed in the early times of its Afghan occupation but it had to relinquish following the backlash of its democratization agenda over the local regimes. US diplomat try now to leverage international assistance to create military contacts in the transit of NATO military cargos from Afghanistan in view of long-term military-technical cooperation. This attempts, a no-go for both Russia and Iran, bore a big potential of disruption of the balance of power in the region, especially in view of the military manoeuvres that the US and UK are supporting in parallel in the Black Sea area.

Overall, it is a matter of facts that the geopolitical shuffling brought by of 2020 second Karabakh war and the inglorious end of the US/NATO intervention in Afghanistan mark a **decline of the Western influence** in Central Eurasia. At the same time, the overarching aims of the US-UK tandem in the region have always been mainly of diversion and contrast of possible power coalition between the geopolitical rivals. Accordingly, Washington can limit itself to assist ongoing processes, with no need for investing big resources, neither financial nor intellectual. Any Turkish attempt at eastward projection fits ideally in such scheme since it contributes to raise regional tensions while covering security needs on the Afghan terrain the US are evacuating.

On the top of everything in the Caspian geopolitics stands the **rising Chinese power** across all the region through the Belt and Road Initiative (BRI). As it borders with more than one logistic corridor for the transportation of goods in the foreseen West-East direction, the Caspian region represent an important ring in the **BRI chain**. As a result, the geostrategic importance of the basin has raised even more since it became the main line of intersection between Russian attempt at post-Soviet integration through the Eurasian Economic Union (**EAEU**), to which also Iran started

¹⁰ <https://www.caspianpolicy.org/staff/>

¹¹ <http://transcaspianforum.org/>

¹²R. Hoagland, *A new U.S. Policy for the Strategic Caspian region fly-our-flag-higher and focus on Azerbaijan and Kazakhstan*, Caspian Policy Center, May 2021, p. 8; <https://caspianpolicy.org/a-new-u-s-policy-for-the-strategic-caspian-region-fly-our-flag-higher-and-focus-on-azerbaijan-and-kazakhstan/>

to gravitate after the first CEF.¹³ Given this Russian-Chinese crossing of interests, the crucial factor for future Caspian dynamic will be the degree of correspondence between Turkish and Chinese regional presence interests will make regional stakes even more sensitive to manage. Turkey proposed the Chinese to align the BRI through Central Asia with its lines to the Caspian through Azerbaijan (known as “Middle Corridor”).¹⁴ Alarm raised in Moscow when a Chinese national oil company was announced to be part of a consortium willing to build the Transcaspian pipeline.¹⁵ Such a perspective would put Iran and Russia even more on a defensive posture. Still, this is quite an unrealistic scenario. A Turkish-Chinese entente will create new contradictions and unbalances for Erdogan government’s foreign policy, which has still to find a place into the Chinese strategy in a moment when Beijing is conducting a line of cultural assimilation of Xinjiang indigenous peoples, which run against any possible consolidation of Turkic solidarities. From the Chinese perspective then, transit through the Caspian has a negative impact on the timing and the logistical costs since it requires advanced multimodal transportation’s solutions and additional customs borders. Thus, if there is an interest in exploring the potentialities of the new logistics in the Caucasus, Chinese companies will rather continue to use the transport routes through the territory of Russia and the EAEU, i.e. lying within a single custom space and without the need of a double reloading onto ferries meaning additional financial costs and longer times.

This array of different lines of strategic interests around the Caspian forms a tight frame for the littoral states’ attempts at establishing a mutually recognized regime of cooperation. There are several spoiling factors, including both external influences and enduring misunderstandings between the C5. Among the latter, the position of **Iran**, the only C5 member who **did not ratify yet** the 2018 Convention, **it’s becoming a matter of general concern for the solidity of the Caspian entente**. Many in Teheran consider that as a result of the concessions at the previous Summit the country’s losses outweighed gains. In addition, Iran continues to have contentious issues with Turkmenistan and Azerbaijan. It will be accordingly important the way that Iran will decide to follow up on the results of the previous session and the political and economic levels of the delegation which will participate in the event. Apart from creating obstacle to regional cooperation, persisting in its traditional opposition to any principle of seabed delimitation against the common position reached by the post-Soviet countries,¹⁶ Iran will hamper its possibilities in the integration processes in Eurasian structures like the EAEU to which is participating since 2019.¹⁷ Given the persistence of Western sanctions’ impact on the already shattered Iranian economy, the Eurasian dimension and a consolidated C5 platform will provide the Iranian side with attractive opportunities for strengthening ties with the northern neighbouring countries, also

¹³ In October 2019, the Union and Iran signed a three-year agreement to strengthen regional convergence and facilitate trade between the two sides. See: A. R. Petrosyan (ed.), *Eurasian Economic Integration – 2019*, Moscow: Centre for Integration Studies, Eurasian Development Bank, Report 52, 2019, 132.

¹⁴ M. S. Akman, *Turkey’s Middle Corridor and Belt and Road Initiative: Coherent or Conflicting?*, Commentary, ISPI, 28.11.2019; <https://ispionline.it/en/publication/turkeys-middle-corridor-and-belt-and-road-initiative-coherent-or-conflicting-24526>

¹⁵ In August 2019 Turkmenistan’s Orient News Agency reported about an European-Chinese consortium expression of “readiness to implement the Trans-Caspian Gas Pipeline project” to the Deputy Prime Minister Myratgeldi Meredov. See: M. Lelyveld, *China’s Sinopec Said To Support Trans-Caspian Plan – Analysis*, Radio Free Asia, 10.09.2019; https://rfa.org/english/commentaries/energy_watch/chinas-sinopec-said-to-support-trans-caspian-plan-09092019113214.html

¹⁶ <https://az.sputniknews.ru/politics/20210618/427249640/Baku-i-Moskva-obsudili-Kaspiy.html>

¹⁷ On Teheran’s interest in the EAEU see: *Iran’s challenges for trade with EAEU*, “IRNA”, 27.07.2021; <https://en.irna.ir/news/84417466/Iran-s-challenges-for-trade-with-EAEU>

by stimulating the development of the North-South transport corridor. All in all, the ratification of the 2018 Convention by the Majlis (national parliament) will help improve the regional trade and economic climate, increase the level of international security.

Despite perduring divergent outlooks among the C5, the holding of the forum is a significant fact by itself, since it provides a platform for the discussion of the most pressing issues in the life of the region. The Russian hosting side announced that a “very solid package of documents” will be negotiated, such to bring the Caspian integration to a qualitatively new level.¹⁸ A positive element can also come from the participation of representatives of Uzbekistan and Kyrgyzstan to the CEF discussions. Staying outside the diplomatic level, this can result in a good opportunity not only to strengthen relations among Central Asian immediate neighbours but also to find new opportunities for the development of regional trade and economic geometries, on the basis of a “endogenous” (as opposed to externally inspired) compromise, so that to harmonize the West-East and North-South corridors perspectives for common benefit. A solid internal consensus can also open the way for the participation of foreign states in development projects not grounded in geopolitical agendas.

In a moment when Turkmenistan and the whole region risk to find exposed to unpredictable hazards following the US outrush from Afghanistan, the consolidation of consensus between the C5 and the strengthening of Iran’s cooperation with the Eurasian structures will definitely have a positive impact on the situation around Afghanistan and hence on the overall stability of the whole Central Eurasia.

¹⁸ *The Second Wave of Caspian Integration*, “One World Press”, 23.07.2021; <https://smenews.org/2021/07/23/the-second-wave-of-caspian-integration/>



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