CASPIAN REGION IN THE SECURITY AND DEFENSE FRAMEWORK OF RF (2000-2008)

It is hardly possible to underestimate the geostrategic importance of the Caspian region for Russian national interests both, historically and in the context of current juncture of military-political and political-economic processes that started to unfold in the central Eurasia since the demise of the Soviet Union. Situated along the Russia's southern frontiers, the Caspian basin possesses significant volumes of oil and gas resources, including offshore reserves of Central Asian republics. Yet geographically the region is positioned as a very important hub of communication lines connecting Asia to Europe. Spatially, the Caspian basin itself comprises the five littoral states – Russia, Kazakhstan, Turkmenistan, Iran and Azerbaijan – whose long-term national and economic interests have been tightly intertwined over the principal issues of the Caspian sea legal status determination problem that still pending its solution, oil and gas resource sharing mechanisms, routs of extracted energy resource transportation lines from the Caspian to international markets as well as a wider perspective of communication outlays crossing the Central Asia and the South Caucasus to bridge East and West. Finally, the military-security policies of the regional littoral states are tightly interwoven. Since the mid-1990' among the major power centers concerned with and engaged in the regional processes a clear understanding has emerged that potential acquisition of strategic access, control and denial capabilities over the Caspian energy resources and transportation veins would substantially determine the geopolitical trajectory of regional development in a long-run perspective.

As such, the security dynamics of the Caspian has been significantly influenced not only by intricacies of interstate relationships between the Caspian states themselves, but also proxy regional countries and extra-regional power centers, first of all by US resolute posture of engagement in the energy projects and yielding a kind of possession control over the transportation routes. Rich with hydrocarbonate wealth and located at the very heart of important geopolitical power-lines, the Caspian became the focal point of Western interest. In this context, parametrical features of regional strategic development

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1. Dr. LEON FUERTH, Testimony: OIL, OLIGARCHS, AND OPPORTUNITY. ENERGY FROM CENTRAL ASIA TO EUROPE. Committee on Foreign Relations. The United States Senate. June 12, 2008.
directions and the "rules of game" in practical policy-making domain had undergone important structural transformations during the 1990’s along the path of the Western state and private involvement intensification into the regional affairs. Both US and Europe on the one hand, and China – on the other had evidently fixed up their interests in the region, while striving to make a scenario of returning the Caspian under the sole control of Russia or Russian-Iranian tandem impossible in strategic perspective. Since then, configuration of power interests in Caspian acquired an obvious international dimension whereas abrupt and tough unilateral actions by any of major actors concerned would be ripe with serious clashes and escalation of intraregional military-political tension⁴.

In the light of this “geopolitical heritage”, V. Putin administration position and the followed policy paths in the Caspian were premised, first, on reassessment of Russia’s national interests, capacities, and policy-alternatives in region, while on the other hand were geared by “adaptational” considerations to the realities on the ground. Russia’ Caspian strategy under V. Putin was to some degree “derivative” from a larger foreign policy perspectives and newly elaborated approaches, yet at the same time it bore “context-specific” features that were bound to the dynamics of competition unfolding in the region at the beginning of 21st century and reflecting a complex juncture of state and private preferences involved. Chronologically, the Russia’s policies were more focused, proactive and innovative during the first presidential term (2000-2004), while during the next period the Russia’s Caspian prerogatives were put on wider context of Russian energy strategy in Europe and globally, reflecting substantially augmented capital and infrastructure assets under Russian control to leverage the developments in energy sphere.

At the doctrinal level, Moscow officially reaffirmed that “serious emphasis will be placed on development of economic cooperation, including the creation of a free trade zone and implementation of programs for joint rational use of natural resources. Specifically, Russia will work towards conferring such a status on the Caspian Sea, which will allow the littoral states to develop mutually beneficial cooperation in exploitation of the local resources on a just basis and with proper consideration of each other’s legitimate interests”⁵. Also, the emergent conceptual framework emphasized the instrumental notions:

"Russia views the Greater Mediterranean as a meeting point of a number of regions, namely the Middle East, the Black Sea region, the Caucasus, and the Caspian Sea basin, and intends to steer a purposeful course toward turning the

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⁴ Steven J Main, Contemporary Regional Power Politics in the Caspian Sea, Conflict Studies Research Center, UK, Caucasus Series 05/67, December 2005.
⁵ Дипломатический вестник МИД РФ, 2000, no. 8, стр. 3 – 11.
area into a zone of peace, stability and good-neighborly relations, which will help advance Russian economic interests there, in particular in terms of defining routes for important energy flows. In a stark contrast to rigid and heavy-handed stance of B. Yeltsin administration on the Caspian issue during the first half of the 1990's that postulated inadmissibility of external involvement or influence exerting of the “third parties” on the regional agenda, the new establishment under V. Putin’s leadership shifted to a much more flexible modus operandi. Particularly, several operational-level themes became persistent in Moscow renovated approaches regarding the Caspian. First, it was publicly acknowledged that market-oriented and competitive modes of Russian regional policy-making should be structurally bolstered to fit the new geopolitical milieu. At the same time, perfectly understanding that rigid confrontational model of interaction with the Western power centers in the South Caucasus was a strategically senseless option in perspective; more prudent and rational solution was found in shifting to the more flexible venues of engagement and protection of Russia’s national interests at the regional level. Still in April 2000, at the meeting of National Security Council of RF devoted to discussion of Russian strategic priorities in the Caspian region, V. Putin made it clear that it was of utmost importance to achieve resource mobilization in defense of all national and corporate interests. Specifically, during the RF Security Council meeting in April, 2000, V. Putin bluntly set those priorities: “We must understand that our partners – Turkey’s, the Great Britain’s and the US interests concerning the Caspian Sea are not casual. It is because we are not active. [...] This is the problem of competition, and we must be competitive.” The presidential statement was in fact an expression of open discontent of the situation with Russian interests’ protection in the Caspian; government supported efforts to correct the juncture of affairs were acknowledged as indispensible, yet it was noticed too, that Moscow did not intend to revert to unpredictable or flagrant measures to bolster its positions in the region, nevertheless sending the message to the main protagonists that Russia would not allow to turn the region into the zone of confrontation.

In the new situation, whereas the influence of the Western countries and specifically US involvement in the Caspian region took progressive and in some way irreversible character after 9.11 events, the new policy trend was surfaced up in Russian regional policy, marking a departure from the previously static

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6 Ibid.
8 А. А. Буров, Специфика Кавказско-Каспийского региона как геополитической конструкции, УЧЕНЫЕ ЗАПИСКИ, N 4, 2008, стр.128.
modes of preserving and status quo “fencing” approaches to the more proactive course of involvement of the regional states into the Russian orbit.

Secondly, from the beginning of the 2000s onward serious efforts were made to organize, coordinate and guide a concerted strategy in the Caspian allowing Russian state, private and corporate entities involved in the Caspian energy development plans to push forward in a more or less unified policy program. “From this standpoint, the key issue is to sustain a right balance between the interests of the state and energy companies. We have to accept that in order to secure the Russian companies sustainable engagement sole efforts of state are not sufficient.” To improve a required policy coherency, in 2000 V. Putin assigned to the post of RF president special representative on Caspian issues V. Kalyuzhnyy (with a status of deputy foreign minister) On July 25, 2000, in line with the executive’s outlined priorities the three Russian energy giants - LUKoil, Gazprom and Yukos - established the Caspian oil company to promote the investment allure in the regional oil and gas projects and “to assist Russia to empower its positions in the region.” Consistent with the accepted priorities, in November 2002 Gazprom and LUKoil signed an agreement on strategic cooperation for the period of 2002-2005. Few months before those two energy giants came to principle accord for joint exploration and exploitation works in the northern part of the Caspian.

In general, an important political signal was sent to the Russian energy giant corporations to follow the course streamlined by the RF government and to adhere to normative preferences defined by the political elite concerning the Caspian region. Domestically approved decisions concerning the major issues of energy policies could not but to impact Russia’s position on variety of oil and gas projects in the adjacent regions. For instance, in 2003 V. Putin stated that for economic, environmental and security reasons, the Russian government had decided that every new oil pipeline in Russia would henceforth be built and controlled by the state: “There will be no private pipelines, […] access to the national network should be unrestricted and fair.”

“Russian Energy Strategy for the period to 2020” adopted in 2003 proclaimed that “participation of national companies in the projects of expanding transportation infrastructure of energy resources on the territory of CIS member

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\footnotesize{ИТАР-ТАСС. 21.04.2000.}
\footnotesize{M. Dracheva, “Russia Reasserts Leading Role in Caspian,” Oil Daily, 25 April 2000.}
\footnotesize{Д. Малышева, Россия и каспийский регион: проблемы безопасности развития. РАН НМЗМО. М. 2002, стр.9.}
\footnotesize{D.Trenin, The End of Eurasia: Russia on the Border Between Geopolitics and Globalization, Carnegie Moscow Center, Moscow 2001, pp.195-96}
\footnotesize{J. M. Letiche, Russia Moves into the Global Economy, Routledge, London 2007, p.46}
states is in interests of Russia. The priority direction of cooperation will be restoration and further development of unified electro-energetic system of the Commonwealth states, consolidation of mineral and raw material source base of the CIS states, Russia’s participation in exploration and exploitation of oil and gas deposits and construction of electro-energetic objects in the countries of CIS. Among the strategic priorities is settlement of the complex of problems in the Caspian, including preparation of Caspian Sea legal status convention.

Thirdly, a general consensus was reached that Russia must be not only active, but also initiative to change the present and future pattern of relationships in the Caspian region in its favor. Alongside with streamlining administrative and political processes, Moscow renovated drive in the Caspian was more oriented toward devising the new forms of bilateral agreements with lateral states, while the multilateral dimension was evolved towards the more “subordinate” format in attaining the goals of RF. Moreover, given the fact that economic expansion of Russia under V. Putin developed along the “securitization” path, energy cooperation with the immediate neighbors attained a high-profile importance. The political discourse and rhetoric of the past that had been premised on hegemonic ambitions and overwhelming geopolitical control notions were transformed into the “modernized” vision of Russia’s role and status in the Caspian arena.

The three major areas of Russian proactive engagement were discerned: the problem of resolving legal status of the sea and national sectors demarcation, military and security restructuring of Russian forces on the southern strategic direction and a variety of mechanisms and formats that were devised to intensify and broaden bilateral and multilateral cooperation in oil and gas industry as well as joint electricity production facilities. In the context, it is notable that the issue of Caspian legal regime settlement was viewed in Moscow as an end in itself yet on the other hand – as a leverage of pursuing its own interests.

Though far from being an open-minded imperial posture, the Russian moves that followed the above mentioned RF Security Council meeting in April 2000 displayed several important strands of Moscow strategic positioning in the region:

- “Reglamentation” of relations with the Caspian states and reaching concrete agreements allowing Russian companies to “entrench” their positions; legally binding agreements were signed with Kazakhstan and Azerbaijan.

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delimitating the shelf and seabed and clarifying resource using in the northern Caspian within the respective national and adjacent sectors.

- **Elaborating and practicing more sophisticated leverages.** Having the advantage of more favorable economic development than its CIS partners, Russia has thus increasingly used the economic means at its disposal, which looked more acceptable than tough military and political pressure but could be at least equally efficient. At the same time, military exercises and force deployment undertaken by Russia during the first half of the 2000's aimed to signal regional and extra-regional players about potential Russian veto on any plans or developments that could run counter to Russian interests.

- **Enhancing the structural dependence** of the Caspian states on Russia that finds its “paradigmatic” reflection in a long-term reality, with a strong historical record, of huge resource asymmetry between Russia on the one hand, and the CIS countries taken together, on the other. Given the structural power cleavage in favor of Russia’s strong and instrumental preponderance over the former Soviet republics, the balancing options against Russian in the regional equation were primarily connected to extra-regional power projection capabilities that had been, however, rather limited in scope and intensity.

- **Energy policy of Russia grown up to the strategic level policy-making profile** comprising a serious dimension of “securitization” in a wider agenda of foreign policy. Oil and gas pipelines in effect link the Central Asian and the Caucasian regional sub-complexes, and to some extent also the European sub-complex together. As such, Russia’s policies in the Caspian, particularly along the gradual strengthening of energy positions in European and, to some degree, Asian markets, grown up to an important variable in overall energy strategy, although continuing to be a distinct area of interest application. In accordance with the Energy Strategy approved in 2003 the key goal for Russia was to ensure energy security as the most important factor of Russia’s national security. The energy strategy singled out foreign threats (geopolitics, macroeconomics and business conditions) alongside confirming the importance of dynamics of augmenting control and consolidation of domestic functionality of the national energy sector. The major rationale behind the administration’s strategy in the

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Caspian was pivoted around the idea of reinstalling Russia as a dominant player in the regional power hierarchy in both dimensions – vis-à-vis littoral states and within the multilateral decision-making formats, including extra-regional powers, - rendering any prospects of “separate” geopolitical and geoeconomic intraregional moves unthinkable without Moscow consent. Because of the focused and high-intensity character of interactions between Russia and the Caspian states, the pattern of inter-state relations in region was more biased toward “synchronization” paradigm, than economic integration framework creation. Methodologically, in a wider panorama, practical policy steps undertaken by the Russian establishment in period of 2000-2008 in the Caspian were driven by geoeconomic (economic efficiency and profit-based) and geopolitical considerations (military preponderance, security dependency, blocking regional states from entering alliances outside of Russia’s strategic control) conceptually synthesized in the notion of Russia’s “privileged zone of influence”.

Judging from the set of activities Russia embarked on during V. Putin’s presidency time-span in the region, Moscow’s mid-perspective strategic goal was to attain establishment of some “ideal paradigm” whereas Russia would be vested a role of regional security guarantor while retaining in its hands the “control package” over the strategic issue of energy transportation routes decision-making. This approach and the goal itself were in a perfect concord with the operational principal approach of Russia “the water is common, the seabed is divided” that was formally materialized via official interstate agreements with the two adjacent neighbors of Russia in the Caspian – Kazakhstan and Azerbaijan.22

In balance, V. Putin administration was quick to understand that Russia would hardly be able to postpone or disrupt BTC (Baku-Tbilisi-Ceihan) pipeline that was long been touted as strategic artery replicating the old Silk Road outside of Russia’s or Iran’s control. Instead of harsh rhetoric containing a hidden threat of blocking its construction, Russia reverted to the use of more sophisticated tools in practice while changing the assessment criteria of the situation on the ground. Perfectly understanding that BTC project could continue to be touted as a strategic pipeline politically and economically associated with the Western interests in the region, yet in reality heavily dependent on the Central Asian energy resources to provide its full transit capacity, Russian diplomacy promptly “capitalized” on the problem of still unresolved status of the Sea. The stance was actually aimed to block any attempts of building Transcapian underwater connection pipeline to deliver Central Asian, first of all Kazakhstan’s oil reserves

22 According to the median line principle Russia’s sector accounted for 16 % of the Caspian Sea, Iran’s for 14 %, Azerbaijan’s for 20 %, Turkmenistan’s for 21% and Kazakhstan’s for 29 %.
to Baku and hamper efforts to make BTC economically viable project. Nevertheless, the northern countries of the Caspian largely resolved the dispute paving the way for more capital investments in extraction and transportation issues. Particularly, in this context, Russia made it clear that the northern part of the Caspian was to be singled out as primary area of its national interests' direct application; subsequent steps came to prove that Russian far reaching goal was provision of the most favorable investment climate in the northern part of the Caspian with an apparent strategic horizon extending well beyond the immediate locality of this littoral space of Russian coastline. Following this course, Russia significantly enhanced its energy cooperation with Kazakhstan. In February 2000, the construction of the Caspian Pipeline Consortium - CPC - oil pipeline was a response to the "southern" route for Caspian area oil, running from the Tenghiz oil field in Kazakhstan to Novorossiisk in Russia (1,700 km, completed in summer 2001) and seen as "a national priority" as the most feasible of all export pipeline options for Kazakhstan. The Russian authorities and private entities invested heavily to upgrade the initial capacity of the CPC from baseline 22 million tonnes to 67 million tonnes a year in order to add additional volumes of Russian oil into the CPC pipeline.

The notable feature of the administration's regional diplomacy and economic policies was the raised profile of interplay of bilateral and multilateral dimensions to serve Russian longer term national interests. With regard to the primary and most important regional partner, Kazakhstan, Russia skillfully used economic and geographic assets under its possession. As K. Hancock noted, Russia was able to provide Kazakhstan immediate, easily measured economic benefits that no other partner could match. Those benefits were delivered through a major relation-specific asset: oil and natural gas pipelines that connect each state with Russia. Another strategic focus of Russian Caspian policy was on active employment of the broader agenda and stimuli to draw the CIS Caspian states into the Russian-centric infrastructural and energy projects with an offer of wider-range economic benefits. Yet, besides the profit-seeking considerations and strategically motivated drive to control access and exit routs of hydrocarbonate resources from the Caspian, Russian long-reach aim was to

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26 For more detailed analysis of Russian use of relation-specific assets in its foreign and economic policies see, K. Hancock, Regional Integration: Choosing Plutocracy. PALGRAVE MACMILLAN NY 2009, pp.125-163.
eliminate a potential competition with the Central Asian oil and gas producers in international markets.27

Military aspects of Russian strategy in the Caspian Sea gained an upper hand under V. Putin’s administration covering a wide range of security and military-political issues and displaying a relatively stronger emphasis on unilateral military capabilities demonstration and readiness to use those capabilities should the vital interests of Russian in the Caspian be concerned. Moreover, the policy “matrix” between energy security and military-political security was emboldened. Apart from the traditional role and conventional functions, the Russian military profile in the region was regained the new forms of activity mainly concentrated on the two spheres: anti-terrorism and securing the newly reconfigured economic interests of the state. In October 2003, at a press conference in Yekaterinburg, in the presence of the Russian president and the visiting German chancellor, Gerhard Schroeder, S. Ivanov (RF Defense minister) stated that Russia reserved the right to intervene militarily within the CIS in order to settle disputes that could not be resolved through negotiation. At the same press conference, V. Putin declared that the pipelines carrying oil and natural gas to the West had been built by the Soviet Union and it was Russia’s prerogative to maintain them in order to protect its national interests, and this right extended even to those parts of the system that were “beyond Russia’s borders”. In 2004 Russian S. Ivanov openly stated that “We are going to use all measures to ensure our economic security and preserve our economic and energy interests. This concerns the whole CIS and particularly Belarus”. To bolster that assertive stance, still in August 2002 Russia conducted the largest joint military exercises in post-Soviet history of its army, air force, and Caspian flotilla—the Sea of Peace-2002 anti-terrorist military exercises, which included a joint Russian-Kazakh component. According to the expert analysis, as in the Soviet period the objective of Russian naval exercises and port visits might be a combination of deterrence and coercive diplomacy, yet ultimately alluding that in case of direct conflict with regional states nuclear deterrence would be a “working” option too.29 While the official scenario of this unprecedented show of force was focused on destroying terrorist groups on land and at sea, it was quite clear for the littoral states that Russia was presenting its arguments in the

dead-locked disputes over the division of the Caspian into national sectors. The major message of the Russian inspired military and security undertakings in the Caspian was not of overtly confrontational character, but mainly directed to uphold the status of energy security guarantor regionally. On December 3, 2002, in China V. Putin openly hinted that idea saying that “configuration of interests in the energy sphere is now changing with the unstable situation in the Middle East, ... while the world economy is interested in stable deliveries of energy carriers from the new regions.”

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