

*Globalisation, Geopolitics and Energy Security
in Central Eurasia and the Caspian Region
Hand-out of the lecture by dr Amineh on June 19 2003*

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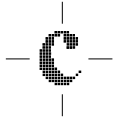
Mehdi Parvizi Amineh

On the frontier of Northern Persia towards Georgia, there is a spring from which flows oil in such abundance that a hundred ships at a time may be loads with it. The oil is not good to eat, but it is good to burn and anoint camels with, against mange and dandruff. People come from great distance to fetch this oil, and in the whole distance no other oil is burnt but this.

Marco Polo

When the Nobel brothers came to the Caspian Sea region back in the late of 19th century, they commented that in this part of the world, oil, blood, and politics were completely mixed.

The New York Times 8 March 1992



Introduction

The collapse of the Soviet Union and the end of the Cold War led to a dramatic change in the landscape of Eurasian geopolitics. On the one hand it resulted in the emergence of the eight newly independent states of Central Eurasia. On the other hand it changed the control of the Caspian Sea basin from two littoral states: the Soviet Union and Iran, to five countries, which now also include Azerbaijan, Kazakhstan, and Turkmenistan.

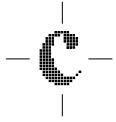
Significantly, oil and gas reserves, have transformed Central Eurasia and the Caspian region into an area of huge competition, as well as co-operation, between both state and non-state actors for the control of these resources. This struggle is characteristic of the post-Cold War competition for the control and security of oil and gas, which are concentrated in only a few regions of the world. It makes Central Eurasia one of the most important geo-political areas in terms of aggravating existing instability in the post-Cold War era.

Rethinking Geopolitics

The dramatic and unexpected events that took place in Eastern Europe and the Soviet Union during 1989-91, radically transformed the bi-polar structure of global politics. These events, accompanied by globalisation, the transnationalisation of information and communication technology, and techno-scientific risks have changed the dimensions and territoriality of geopolitics.

Against the combined backdrop of the end of the Cold War and the emerging processes of globalisation, post-Soviet Central Eurasia (CEA) and the Caspian region can no longer be understood in terms of traditional or orthodox geopolitical analysis. The main ideas of traditional geopolitics can be related to the heritage of realist thought in International Relations, which considers the nation-state as paramount and international relations as a balance of power approach, according to which states struggle for dominance in world politics. In contrast, I use a new geopolitical approach termed *neo-geopolitics*.

Neo-geopolitics synthesises orthodox geopolitics and the geo-economic discourse. In so doing, it strives for a new understanding of geographic arrangements that are changeable over time. This approach challenges the orthodox geopolitical representation of the world in terms of 'us' and 'them'. Neo-geopolitics offers a more complex vision of world politics, characterised by states, which are themselves, caught-up in transnational techno-economic power structures, and technological systems that threaten the conditions of habitation and survival on the planet as a whole. Thus, national security threats are no longer defined only in terms of military threats from other states and outlaw groups. Threats such as organised crime can be linked to the proliferation of weapons of mass destruction and to organised radical religious groups, creating a transnational force with a global scope. It can be said the problem of national security itself has become globalised.



In the 21st century conflicts over the control of global oil and gas become more likely, as global energy consumption rises, environmental conditions worsen, availability of oil and gas decreases, and prices for these commodities rise. Internal conflicts over oil and gas could arise in countries, where these are the main sources of income. Uncertainty around local and geopolitical

impediments and possibilities for security, production and transportation of these resources to global markets is problematic and a key concern. Thus, global security can now be linked to the much-needed natural resources, oil and gas. CEA and the Caspian Region belong to such regions, as they harbour a significant portion of the global energy reserves.

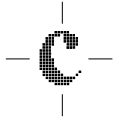
Rethinking Geopolitics in Central Eurasia

Despite such reserves, the newly independent CEA states appear to be rapidly joining the ranks of the poor countries of the globe. Although there have been initial signs of economic recovery, none of the CEA states has succeeded in creating the conditions for sustainable political and economic development. Current restructuring of political systems in most of these countries is characterised by the emergence of new types of strong centralised and authoritarian state-society configurations. This weak political and socio-economic situation has given rise to various forms of ethno-nationalistic, religious and social upheaval, which raise serious questions not only about the security in the region, but also in terms of unhindered production and export of the region's oil and gas resources. Two other main obstacles to political stability, regional security and CEA economic development are the drug business and radical Islamic fundamentalist groups.

Regional energy reserves could provide a major contribution, to the socio-economic development and transition in CEA. However, production and export of oil and gas resources is also impeded by the dispute regarding the legal regime of the Caspian Sea, and conflicts about where to construct pipelines. Tapping into CEA and Caspian oil and gas reserves, has turned the region into an arena of serious rivalry between both state and non-state actors.

The New Great Game

These include immediate neighbours and highly interested regional powers (Iran, Russia, Turkey, China and also Afghanistan and Pakistan), advanced industrialised countries (especially the US, the EU and its member countries), and some of the world's biggest Transnational Corporations (TNCs). New non-state players, such as organised radical Islamic groups, organised crime groups, international organisations, and NGOs concerned with human rights, ecological issues and democracy, are also now involved in the region. This mixture of actors engaged in CEA and the Caspian region suggest that the post-Soviet New Great Game for the influence and control of region's resources is far more complex than the 19th century competitive colonisation of the region by the Anglo-Russian Powers. Different political and economic aims as well as different historical backgrounds have resulted in various forms of strategic co-operation, but have also lead to competition amongst the above-mentioned forces.



The United States

The US is determined to secure itself a dominant position in CEA both for reasons of global strategy and control and security of world oil and gas resources. The main challenge for US policymakers is to balance commercial and security interests, and foreign policy goals in CEA. A major concern is to break Russia's dominating position in general, and its control over oil and gas resources and transport routes, in particular.

The US objective is to ensure safe passage of oil by the Baku-Tbilisi-Ceyhan pipeline from Azerbaijan via Georgia to Turkey and the TransCaspian Gas pipeline from Turkmenbashi in

Turkmenistan via Baku to Ceyhan. Consideration of Russian and Iranian alternatives has been urged, but the president Bush administration appears determined to follow its own strategy trying to prevent the construction of pipelines through Russian or Iranian territory.

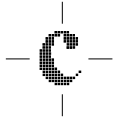
The US manoeuvres its interests via NATO, the Partnership for Peace programme, and also by encouraging the establishment of sub-regional arrangements that exclude Russia, such as the GUUAM (consisting of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova). The history of GUUAM is one of increasing formalisation and deepening integration of an opposition bloc within the Commonwealth of Independent States.

Since September 11th the US has also been rapidly building up, its military presence in CEA and the Caspian region. Rivalries that are played-out, here, will have a great impact on the shaping of post-Soviet Eurasia, resulting also in worldwide consequences. Increased US influence in the region poses an immediate threat to both Russia and China, and also to Iran.

Russia

Russia remains the most prominent regional power in CEA. Russia's main goal is to preserve economic, political, cultural and military influence in the region and to control Caspian oil and gas resources and transport. An important means to achieve this goal is regional co-operation in the context of the Commonwealth of Independent States. Although the CEA countries still depend on the Russian economy and military assistance, their main aim is to distance themselves from Russia. This limits possibilities for effective co-operation between Russia and the CEA countries. Russia drives also its influence in CEA through the control of the existing pipeline system in the region and views any attempt of the US to construct pipelines that would avoid Russia with suspicion.

Since September 11th it can be said that there exists some type of co-operation between Russia and the US. What this consensus on the elimination of international terrorism means, for their mutual relationship in the long term is not yet clear. In the short-term distrust prevails. Additionally, Russia sees its position undermined by increasing US involvement in the region, through NATO's eastward enlargement, the US-NATO-supported GUUAM and recent bilateral military agreements between the US and CEA governments.



To counterbalance the efforts by the US to achieve both dominance in the region, as well as world leadership, Russia has entered into a number of strategic cooperation with regional powers, especially Iran and China. Russia and Iran co-operate in the nuclear field and the military area. With China it collaborates among others in the context of the Shanghai Co-operation Organisation. The Shanghai Co-operation Organisation could be viewed as a direct attempt to reduce the rationale for a US security presence in the region.

China

China is the newest player in the global energy system. The expansion of the Chinese economy is directly dependent on access to oil and gas. It is expected that in less than ten years, China will become the largest oil consumer in Asia, replacing Japan as the second largest oil consumer in the world behind the US. Because of China's energy shortage, it relies on the import of energy

resources and views Caspian energy as a source of future supply. Therefore, the expansion of US influence in CEA, poses a direct and immediate threat to China.

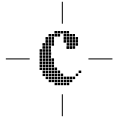
China has a great interest in the construction of eastward pipelines to its territory. It has proposed the 'Pan Asian Global Energy Bridge', as a Eurasian network of pipelines, that link oil and gas resources in the Persian Gulf, CEA, and Russia to the Chinese Pacific Coast and further to Japan. The proposed Chinese pipeline network, could bring about an important strategic realignment in the region and bring it into open conflict with the US. Since the emergence of the newly independent CEA states, China sees itself confronted with another problem namely to safeguard stability at home against outside threats, especially Islamic radical movements that could have effect on the Muslim Uighur population in the Xinjiang region of China. Because of its domestic security concerns, China is interested in Russia, as the main player in CEA.

In a long-term perspective, however, China could become a rival to Russian interests in CEA, because it does not like Russian dominance in general, and because CEA countries seeking to avoid Russian influence, could find it more comfortable to lean towards China, which has no obvious intention of singular hegemony.

Iran

The role of Iran in the region's future for better or worse, is central, and in any future scenario it will be one of the most dominant force. Iran's unique geographic position linking the Caspian Sea countries to the Persian Gulf make it an attractive transit country for possible pipelines to global market. The construction of pipelines through its territory will open possibilities for Iran to gain more political influence in CEA.

Iran's first attempt to develop a coherent policy towards CEA, since 1991 has been the Economic Co-operation Organisation, whose member countries are the five Central Asian states and Azerbaijan, Turkey, Pakistan, and Afghanistan. However, until now co-operation within the ECO



has been rather limited, due to its conflicting relations with the US, its own economic problems, its internal political struggle and the failure of the democratisation process.

If political pressure on Iran declines and it becomes more integrated into global political structures, which the EU already is encouraging, it will become a potential rival for Russia in CEA. For Iran to become a reliable partner for the US will remain problematic as long as US accusations of Iran to develop nuclear weapons and support of radical Islamic groups in e.g. Lebanon and Palestine stand between them.

Turkey

For Turkey as for Iran the disintegration of the Soviet Union created an opportunity to restore its historical association with and to increase its influence in CEA. Turkey is in a favourable position for strengthening relations within CEA and the Caspian region considering its membership in NATO on the one hand, and its relatively good connections with the European Community and possible future membership in the EU, on the other.

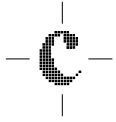
Turkey has an increasing need for oil and gas resources, that can no longer be exclusively satisfied by Russian supply. Turkey is an advocate of the US supported Baku-Tbilisi-Ceyhan pipeline that would link the Caspian energy resources to the European market and avoid Iran as a transit country. It gets support of the US in this question, which is also a clear sign of objection against Iranian and Russian cooperation.

The US also promotes Turkey as a political model for CEA countries and as an EU member-candidate. Turkey has set-up its own, EU supported, regional cooperation, though the Black Sea Economic Co-operation (composed of eleven states: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Rumania, Turkey, Ukraine and also Russia) which connects CEA with the EU. Internal political and socio-economic problems and mainly its Kurdish dilemma, however, hamper Turkey's ambitions in CEA.

The European Union

The EU is possibly in the best position to maximise its influence in CEA and the Caspian region. The EU has no major geopolitical ambition, but it seeks stability on its Eastern border for commerce and energy supply. Its technical assistance programmes are substantial. The Western European Union (WEU) is considering military peacekeeping activities in the region and the Organisation for Security and Co-operation in Europe, which is closely linked to the EU, considers CEA to be an integral part of the European security system.

The EU has a great interest in importing oil and especially gas from the CEA region. It therefore will have to become more active in the oil and gas sector in the region. However, the EU has not yet made many investments to stimulate its aims in CEA and the Caspian region. This is mainly due to the fact that the main powers in the EU – Britain, France and Germany – give priority to other regions over CEA. Thus, as a group, the EU member countries have not yet developed a common comprehensive policy towards CEA and the Caspian region.



Prospect

The increasing involvement of the US, the EU, Russia, China, Iran, and Turkey, and also TNCs in the region underscores the significance of the oil and gas resources in CEA and the potential competition for the control of these resources. What we are witnessing now is, a re-composition of the geo-strategic map not only for CEA and the Caspian region, but also of the whole world.

Tensions could be further aggravated by disparities in military power, if conflicts were to escalate. The Eurasian region includes states with a number of the largest armed forces in Europe and Asia: Russia, Turkey, Ukraine, Iran, Pakistan, China, India and Uzbekistan. The region also has four nuclear-armed countries – Russia, China, Pakistan and India – making it a dangerous potential flash point of global significance. Further, security risks concern the US / NATO involvement in numerous political and economic crises in post-Soviet CEA, the war on terrorism in Afghanistan, and the war and crisis in Iraq.

All these conflicts have been closely connected to one central issue: US manoeuvring over the division and security of oil and gas resources in CEA (and also in the Persian Gulf) and attempts to prevail over its rivals in the struggle for political hegemony both in the region and globally. At

the same time, deepened US presence in CEA involves an intensification of the rivalry with Russia, China and Iran in the new Great Game scene, but it could also easily lead to tensions amongst CEA leaders wanting to continue authoritarian regimes and to gain outside support for themselves and their regional ambitions. There is no simple way to resolve all of these tensions peacefully and amicably. It is hence unlikely that we can expect true stability in CEA anytime soon. There is likely to be further instability, unless the economic development and political stability go hand-in-hand with the extraction of its resources.

When it comes to the extraction of Caspian oil and gas resources, it is likely that no one will win the game, unless everyone wins. Without concerted efforts in this regard, Central Eurasia and also the Middle East could become even less stable in the near future, than these regions already are now. An alternative to the Great Game would be to emphasise the preservation of local stability, beginning with greater attention to local cultures, local problems, and local politics, and culminating in international co-operation toward a broad-based economic development and stabilisation of the region.

Both the US and EU have potential to reinforce economic prosperity, security and political stability amongst the post-Soviet CEA countries. There are moves by these powers to develop a long-term strategy for regional security in CEA, that until now has only existed in a fragmented form, if it has existed at all. If conflict prevails over stability in CEA, this will have a great effect not only on the region's security but also on global security as a whole. It is to be expected that energy politics in CEA and the Caspian region will embrace elements of both competition and cooperation.