

REGIONAL CONFLICTS

THE CONFLICT
IN SOUTH OSSETIA AND
THE FRONTIERS OF
STRUGGLE FOR THE GREATER CASPIAN'S
ENERGY RESOURCES

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The oil pipeline projects overshadowed the conflict in South Ossetia from its very beginning. The TV audience was especially impressed by the picture of the Azpetrol tank cars burning somewhere in Georgia. The Caspian oil market promptly responded to the warfare: British Petroleum, the BTC operator, suspended oil pumping along this route; the same was done on the Baku-Supsa pipeline; and the Poti and Kulevi oil terminals were left idling.

Later numerous surveys and analyses stressed the economic aspects and calculated the losses sustained by Azerbaijan and the Western oil companies. It seems that the political analysts were more concerned about how much the war cost Azerbaijan and British Petroleum in lost profit and how many million tons of oil did not reach the

market than about anything else. As Azerbaijan and the BTC shareholders regained their lost profits, the issue gradually retreated into the background.

This left the geopolitical effect of the events in the shadow. From the very beginning, however, the South Ossetian conflict had obvious global implications. In his article "La Lezione di Putin alla Casa Bianca," Lucio Caracciolo wrote: "The Georgian war not merely produced a colossal regional effect; it is helping to revise the global balance which, it seems, was firmly established late last century."¹

Few of the analysts, however, tried to answer the question of whether the sides' geopoliti-

¹ L. Caracciolo, "La Lezione di Putin alla Casa Bianca," *La Repubblica*, 18 August, 2008.

cal interests can be discerned in the figures of the losses and profits of those involved in the Caspian oil business. A positive answer suggests the question: What are these interests? Seen from this angle, the causes, both obvious and concealed, of the August war and the key stimuli this inspired in the sides become much clearer.

Here I intend to reveal the nature of the geopolitical race for the energy and transportation resources of the Greater Caspian² at all stages of its post-Soviet development and concentrate on the rapidly accelerating rivalry in the 21st century with its unexpected, yet logical, post-Tskhinval finale.

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Much has been written about the Caspian basin as the energy treasure trove of the 21st century. Geopolitically, very often Caspian oil has been described in a slightly mysterious way, which led to a great overestimation of the region's energy status; deliberately or not some authors write of it as a potential alternative to the Middle East.

This can be hardly accepted; the Caspian issues not only revolve around hydrocarbons, they are more complicated and varied. The Caspian has lived through numerous and huge re-assessments: a Eurasian periphery at times of political stability and a turbulent geopolitical crossroads during great political upheavals. The transformations

² To a great extent the terms "Caspian," "Caspian basin" and "Caspian region" are conventional and synonymous. The term "the Greater Caspian" is preferred in geopolitical and energy contexts (it includes the Russian Northern Caucasus, the Southern Caucasus, and Central Asia). For the purposes of this article I prefer to use the somewhat limited term in the form of the Caspian-Black Sea and Caspian-Mediterranean meso-areas dominated by the logic of the oil transportation routes and transport corridors because I have left aside the eastern (Chinese) direction of the energy-communication policy in the Greater Caspian region. The terms "transport," "transit," and "communications" are synonymous; here they are related to energy policy or, rather, to oil and gas pipelines. Laid in parallel they form transportation corridors that transform the geostrategic landscape in different parts of the world before our very eyes.

invariably happened at times of Russia's geopolitical retreats, which bared its southern borders. V. Maksimenko has written that in the 20th century the collapse of the Russian Empire in 1917-1920 and the Soviet Union's disintegration in 1991 suggested to Western geostrategists (Churchill and later Brzezinski) that the Caucasus and Central Asia were nothing more than the "soft underbelly" of Eurasia where Russia, the "pivotal continental state" (Halford Mackinder), was most vulnerable.

The size of the oil and gas reserves, vitally important for the Caspian countries, makes the Caspian basin an energy appendix to the Persian Gulf rather than its alternative. The discoveries of oil fields in Tengiz, Kashagan, and Karachaganak on the Kazakhstan shelf and the Southern Iltan gas fields (Osman and Dovletabad) in Turkmenistan made the Caspian hydrocarbons an important part of the world energy market. The hydrocarbon potential has already transformed the Caspian into an important factor of international energy policies; its realization, however, depends on control over the pipelines that bring the regional resources to the world markets.

The importance of the Caspian is not limited to its energy resources: there are also transportation and military-political aspects and their economic dimension. In the past the region's importance was limited to its border and transit functions, which dominated over all others—a very instructive lesson for us all. For many centuries the Caspian remained an important transportation service region that tied together the North and the South as well as the East and the West of the Eurasian continent. Here are several key episodes that throw the region's exceptional geopolitical value and its exclusive potential for military transportation into bolder relief.

Throughout the 19th century, the time of clashes between Russia and Britain, two expanding empires, it was control over transportation services in Central Asia and the Transcaucasus that remained the main target of their geopolitical confrontation. V. Maksimenko has written that the Trans-Caspian railway completed in 1888 was the main element of Russia's final grip on the region. This effectively limited the scope of Brit-

ish trade and blocked British expansion in the continent.³

It was transit and geopolitical factors that predetermined the entry of the Red Army and the British troops into Iran in August-September 1941; it was for the same reason that they remained there until the spring of 1946. The move was officially explained by the need to use the railway and sea routes between the Soviet Union and its allies (Britain and America) via Iran and the Gulf.⁴ The sides, however, were driven by more serious geopolitical considerations: Stalin was obviously unwilling to let the Brits move in to establish their control over the country. He kept the Soviet troops in Iran until the end of the war and had even declined Churchill's proposal to replace the Soviet contingent in Iran with British troops at the critical moments of the war with Germany. The Soviet leader was aware of the true value of the Caspian-Iranian transportation routes

³ V. Maksimenko, "Central Asia and the Caucasus: Geopolitical Entity Explained," *Central Asia and the Caucasus*, No. 3, 2000, p. 63.

⁴ It was one of the routes used for a considerable part of the British and American lend-lease deliveries. Yu.G. Golub, "1941: iranskiy pokhod Krasnoy Armii. Vzgljad skvoz' gody," *Otechestvennaia istoria*, No. 3, 2004, pp. 24, 26-27.

and his British ally's true intentions in relation to the Soviet Union's southern border, the "soft underbelly" of Eurasia. This is ample evidence of Stalin's unrivalled geopolitical intuition and the excellent geopolitical training of the Soviet diplomatic service.

At the turn of the 21st century the region's present and the prospects of strategic domination in it once more depend on transportation routes, the oil and gas pipelines that bring Caspian oil to the world markets. The region's transportation and communication functions are deeply rooted in history and have determined its course at moments of crises.

Today, as in the past, the region's geopolitical resources and its weighty energy-related dimension have come to the fore to accelerate, once more, the rapidly unfolding developments.

This confirms an old truth: transportation services add meaning to geography. Karl Haushofer, one of the classics of geopolitics, said in his time that the dynamic characteristics of transportation routes incessantly reassessed the seemingly stable importance of geographical factors.⁵

⁵ K. Haushofer, *O geopolitike*, Mysl Publishers, Moscow, 2001, p. 282.

I. The Caspian and Ten Post-Communist Years: American Geopolitical Inspiration and "New" Russia's Geopolitical Disarmament

The balance of forces in Eurasia changed overnight as soon as the Soviet Union, an influential geopolitical actor, left the scene. Yeltsin's "new" Russia with its exposed fringes looked more like a wilting landscape deprived of political *raison d'être*, which brought to life numerous American geopolitical mega-projects designed to move the U.S. closer to the Caspian's riches and its geographical advantages. The changing world balance of forces brought about by the collapse of the Soviet Union and the 1991 American-Iraqi war honed the geopolitical instincts of that part of the American establishment that showed its enthusiastic interest in the Eurasian energy resources.

This, in turn, inspired all sorts of intellectual scenarios used as the cornerstones of the West's ecstatic political ambitions and plans. *Energy Superbowl* published by the ultra-right Nixon Center for Peace and Freedom is one of the best examples of America's geopolitical inspiration. The area

between the Volga mouth and Oman is described as the “strategic energy ellipse” of the earth. The authors ascribe the energy and, therefore, geopolitical value of the Caspian to the fact the oil fields of Iran and the entire Middle East stretched beyond their limits to the Caspian region. The aggregate resources of the “strategic energy ellipse” amount to two-thirds of the explored oil reserves and over 40 percent of the world’s proven gas reserves.⁶

Here the Caspian basin and the Persian Gulf are discussed as a single energy and geopolitical region, which allowed the American strategists to treat the area as a New Middle East and offer this new geographic term to the Administration in Washington.⁷ The authors of the *Energy Superbowl* specified the key direction and implications of the new interpretation by saying that the Caspian-Persian energy ellipse and its resources were the strategic *prize* on the changing international political arena.⁸

The West, the victor in the Cold War, promptly put the Caspian basin on the list of its geopolitical mega-projects. This was done in the “geographic supra-national alienation” style (A. Panarin’s term) to emphasize the geographic and push aside the national-state factor and make the Eurasian resources look more accessible to the Cold War victors and prize-winners—the U.S. and its allies. So the Caspian studies, a new branch of geopolitics that pays little attention to the Caspian as such, is expected to create a narrative (meta-stories) of the Caspian’s subjugation to the West and its control program. This political language bears traces of setting operational objectives and principles: any political interpretation inevitably contains political motivation and initiative. This means that the Caspian studies are not so much a scientific discipline as a style of domination in the Caspian area.

America accompanied its intellectual interpretations with a mega-project related to the Caspian region as a whole. It all started in 1994 when Washington included the Caspian in the zone of its vital interests. Interpreted in geopolitical terms this can be described as fitting the Caspian oil basin into the Larger Middle East (another geopolitical metaphor formulated as a geographically supra-national unit deprived of subjectivity).

Against the background of the hierarchically arranged and rigidly motivated American interpretations and ambitions post-communist Russia’s lack of will and its lost ability to formulate mega-projects for the entire Caspian region were too obvious. The leaders of “new” Russia announced that in the absence of national interests the country would assume the role of a NATO outpost on the Asian borders. The Kremlin liberals enthusiastically embraced the Atlantic rules of the game and alien power discourse. The fragmented Russian actors—the government, the oil and gas companies, and regional leaders—were left on their own to follow the geopolitical meandering.

The Greater Caspian in the Context of the Pipeline Syndrome

Through the efforts of the heads of the Caspian coastal states and the leading oil companies the Caspian’s energy resources developed into a top-selling information and diplomatic commodity in the world political market. Excessive politicization of the Caspian’s hydrocarbon resources created a pipeline syndrome: Which routes will be used to bring the Caspian energy fuels to the world markets? and Who will control them? The Soviet Union had one oil pipeline, between Baku

⁶ *Energy Superbowl. Strategic Politics and the Persian Gulf and Caspian Basin*, Nixon Center for Peace and Freedom, Washington, DC, 1997, p. 14.

⁷ V. Maksimenko, *op. cit.*, p. 60.

⁸ *Energy Superbowl*, p. 14.

and Novorossiisk, that outlived the country. In the 1990s the newly discovered huge oil reserves in the Azeri sector of the Caspian and the gradual development of the equally rich reserves of Kazakhstan's shelf triggered the rivalry between two oil transportation routes. The one, pro-Russian, connected Tengiz in Kazakhstan with Novorossiisk on the Russian Black Sea coast (the Caspian Pipeline Consortium—CPC); the other, anti-Russian and pro-Western, was expected to connect the Azeri oil fields with Ceyhan on the Turkic Mediterranean coast; the small-capacity Baku-Supsa oil pipeline was put into operation early in 1999 as an interim project to bring Azeri oil to the Georgian Black Sea port.

In the 1990s the CPC won; construction began in 1999 and was completed in 2001, which means that Russia, which had poured a lot of effort into the project, was moving oil from Kazakhstan across its territory to its terminals on the Black Sea coast. The Baku-Ceyhan project, the core of America's Caspian policy, was pushed aside for a while.

Late in the 1990s Russia finally sent Caspian oil across its territory, which allowed it to preserve, for a while, a powerful lever of influence on the Caspian countries. This somewhat stabilized the general geopolitical situation in the Caspian.

II. From Post-Communism to Post-September: the End of Russia's Monopoly on the Transportation of Energy Fuels and Militarization of the Caspian

The dramatic beginning of the 21st century changed the nature of Caspian politics beyond recognition. Here are the turning points.

1. Russia received a new president, Vladimir Putin. Impressed with Washington's remarkable successes, he launched his "strategic Caspian initiative." By slowly overcoming Boris Yeltsin's heritage President Putin moved forward to reconfirm the priority of Russia's national interests. In 2000 he created the post of presidential special envoy for the Caspian in the rank of vice premier and appointed Victor Kaliuzhny to this post: a significant yet fairly unproductive gesture.
2. The events of 11 September, 2001 in the United States and the war on "international terror" with which the U.S. and its allies retaliated were the next milestone that interrupted the measured step of the Caspian intrigue and added spice to it. Despite the highly doubtful nature of the announced aim, Russia demonstrated unquestionable support of the United States. Russia's distressing lack of initiative allowed the United States to become easily entrenched in Central Asia. This satellite-like position brought nothing useful in return—it merely opened another page of disappointments and losses.
3. The previously shelved Baku-Tbilisi-Ceyhan project, the pivot of America's Caspian policies since 1994, was implemented and became the main test for Russia in the Caspian. Late in September 2002 the BP-led international consortium launched the project with a symbolic ceremony attended by the presidents of Azerbaijan, Georgia, and Turkey, along with former U.S. Secretary of Energy Spenser Abraham. The project began in February-March 2003 to be commissioned two years later, in the spring of 2005. Its annual carrying capacity is 50 mil-

lion tons of oil a year, which were to be moved along the 1,760-km-long pipeline across Azerbaijan and Georgia to Turkey. The new pipeline connected the oil fields in Azerbaijan (Azeri, Chirag, and Gunashli) with Ceyhan on Turkey's Mediterranean coast. The former Secretary of Energy described the BTC project as an important part of America's oil strategy developed under U.S. Vice President Dick Cheney. The West looked at the pipeline as part of the East-West transportation corridor. According to Stephen Mann, former advisor of the U.S. president on the Caspian energy resources, this oil pipeline "would change the face of Eurasia." Significantly, the BTC companions never concealed its anti-Russian and anti-Iranian purpose and emphasized its strategic importance.

When implemented (the project was commissioned with great pomp on 25 May, 2005) the project delivered Russia's position in the Greater Caspian a heavy blow. Left outside the oil transportation route, Russia was threatened with a disruption in its contacts with the Southern Caucasus and Central Asia, which were being inundated by the North Atlantic Alliance. The new agenda gave it a chance to talk about the "Asia-ization of NATO."⁹

Russia moved from the post-Soviet to the post-September era amid serious troubles and bad failures. The careers of the two special envoys for the Caspian region—American Stephen Mann and Russian Victor Kaliuzhny—threw the situation into bolder relief.

The former, an architect of America's Caspian triumph, remained one of the most prominent American experts in Eurasia in George W. Bush's Administration. Victor Kaliuzhny, who had completely failed his Caspian mission, was quietly removed to head the Russian embassy in Latvia.

His career confirms that the Russian elite did not embrace the geopolitical approach to many things, as the times demanded, and did not regard it as its duty. Russia's post-Soviet history demonstrated that the Russian political elite used its involvement in politics and civil service as a lucrative enterprise and nothing more. I shall dwell on this in detail below.

Atlantic Temptation of the Moscow Elite and Russia's Geopolitical Failure in the Caspian in the Early 21st century

The results of the post-September Russian-American rivalry in the Caspian reveal an important trend that offers a much better understanding of why Russia lost its control in the Caspian. I have in mind the sentiments prevailing in the Russian elite and part of the expert community, which I would like to describe as residual Atlanticism of the Yeltsin-Kozyrev era and domination of the geoeconomic ideas. This bred pacifist illusions when it came to assessing the future of the Caspian policy.

Many of the Russian politicians and experts of the time preferred to rely, erroneously, on geoeconomics: the pipeline policies were seen as purely economic; there was a strong tendency to overestimate the role of the profitability factor. Some of them (V. Kaliuzhny and M. Khazin) remained convinced that Russia and Kazakhstan shared the initiative in the Caspian region in view of the fairly dim BTC projects and inadequate Azeri oil reserves.¹⁰

⁹ A. Daalder, J. Goldgeider, "Globalny alians. NATO predstoit otkazat'sia oy regional'nogo statusa," *Kommersant-Mnena*, No. 161, 31 August, 2006, p. 9; A.D. Bogaturov, "Sindrom kosy i kamnia," *NG-Dipkurier*, 10 December, 2007.

¹⁰ A. Khanbabian, "Marshrut kaspyskoy nefti mozhet byt' peresmotren," *Nezavisimaia gazeta*, 22 June, 2001, p. 5; D. Orlov, "Bol'shaia truba dlia diadi Sema," *Nezavisimaia gazeta*, 26 December, 2003, p. 10; M. Khazin, "Goluboy potok ili BTE?" *Nezavisimaia gazeta*, 27 August, 2004.

The risks (the BTC was dangerously close to the zones of ethnic and regional conflicts, such as Nagorno-Karabagh and Kurdistan in Turkey, not to mention the seismic and ecological problems on the oil pipeline route) were overestimated and lulled those who should have known that such risks were common for the oil business into a false sense of security. Indeed, the main oil and gas fields—the Middle East, the Bight of Benin, and the Andes and Caribbean basins—are equally risky and brimming with conflicts.

The geoeconomic arguments gave rise to sarcastic comments about the BTC as a “new international aliment,” “costly madness,” etc.¹¹ It should be said in all justice that skeptical comments came from the West as well: “Nobody knows how much oil will come to the West in exchange for vague political promises.” Former Prime Minister of Kazakhstan Akezhan Kazhegeldin was quoted as saying: “There is the Baku-Tbilisi-Ceyhan project. This is a good project with bad mathematics.” These and other observers dismissed the project as a geopolitical fantasy and a pipeline that leads nowhere.¹²

The geoeconomic position¹³ dominated by the loss and profit logic of an accountant illustrated what the Russian elite thought about the short-term stimuli and perspectives. This did nothing to stir up its national geopolitical awareness and geopolitical planning in general. The Atlanticists remained in command while their geoeconomic ideas were used to discredit geopolitical ambitions; they reduced the innocent sounding geoeconomic considerations to absurdity. The uncomplicated yet very aggressive antithesis to geopolitics boiled down to the simple formula that the territorial expanses and imperial state-historical memory were to blame. Dmitry Oreshkin, a prominent Russian Atlanticist and one of those who would like to see the Russian territory “shrink,” interpreted the territorial ontology principle (deeply rooted in geopolitics) as a “post-imperial inferiority complex.” The Atlanticists find it hard to accept the fact that the “territories are valued more than the economy” and “the influence is much dearer than money.”¹⁴ The calls to restore the country’s geopolitical interests to their rightful place on the political agenda are dismissed as “Stalinist territorial mania” and prejudices “of the beginning of the last century.”

The Atlanticists hoped that at some time in future Russia will “find and defend its place in the asymmetrical world, preferably in the part bordering on the developed states.” Putin’s conscripts remained far too long in the grips of the old illusion inherited from perestroika; they remained indifferent to the recent past when the hopes of Yeltsin’s Russia were sacrificed to triumphal America of the 1990s. Still ignorant of the lessons of recent history, the Kremlin of the early Putin period hoped to join the “world community” on America’s “bandwagon of freedom” as part of the “counterterrorist consensus.” The Color Revolutions along Russia’s borders, the U.S. and the European Union’s vehe-

¹¹ S. Eduardov, “Zhazhda v trubakh,” available at [www.utro.ru/articles/2003/02/07/126422.shtml]; another highly typical comment: Yu. Aleksandrov, D. Orlov, “Baku-Tbilisi-Ceyhan: gde neft’?” *Nezavisimaia gazeta*, 4 October, 2002, p. 10; idem, “Neftianoy ryuchag russkoy politiki,” *Izvestia*, 1 June, 2005.

¹² Washington Profile, available at [www.washprofile.org/arch0403/interviews/Kazhegeldin]

¹³ Here it is advisable to outline the essence of the Russian geoeconomic ideas stemming from Atlanticist and globalist expectations. My ideas about geo-economics are very close to those of Vadim Tsymbursky who has provided the most convincing analysis of Russian geo-economics. In the West geo-economics stemmed from geopolitics and is its inalienable part while in Russia it is perceived as its alternative. Understood in this way geo-economics is the “highest form of market investigations” and is much more important, at least in the eyes of its ideologists, than the national security idea. As a result, according to Tsymbursky, “removal of geopolitics for the sake of geo-economics is directly connected with the removal of the state as a vehicle of shared interests. V. Tsymbursky, “Russkie i geoeconomika,” *Pro et Contra*, Vol. 8, No. 2, 2003, pp. 184, 185. Those who supported geoeconomics believed that benevolent globalization would create a transnational civil society in which economic interests would come to the fore amid the disappearing state borders and dying national sovereignties.

¹⁴ D. Oreshkin, “‘Zolotoy milliard’ ili ‘Zolotaia Orda’?” *Nezavisimaia gazeta*, 10 June, 2003, p. 11; idem, “Petushinoe slovo Kremliia,” *Moskovskie novosti*, 22-28 October, 2004, p. 8; A. Bogaturov, “Geoeconomika zakhvatila vlast’ v mire,” *Nezavisimaia gazeta*, 25 May, 2004, p. 8.

ment criticism of Russia's "digressions from democracy," and the gas conflict with Ukraine freed Putin's Russia of the illusion that it could cooperate with the West.

A detailed analysis of the sets of Atlanticist and geoeconomic ideas is beyond the scope of this article: I intended to demonstrate that the losses in the Caspian largely stemmed from liberal pacifism, itself a product of the outdated "repentance complex" and the apologetic diplomacy of the Yeltsin era.

This brings us to a preliminary conclusion: the state's political independence (irrespective of the nature of its political system) demands that its political elite accept geopolitical thinking and education as its duty and its true calling. To quote Karl Haushofer: the geopolitical education of the elite and public opinion rooted in "dignity, honor, and strength" cannot be born anew by "submission and desertion."¹⁵

The weakness and vulnerability of Russian analysis and diplomacy stem from an underestimation of the old truth V. Maksimenko described better than others: "The geography which geopolitical thought is dealing with is not physical geography of landmass and seas; it is a *geography of world trade routes and world war paths*. History has taught us that trade routes at the world's crossroads may acquire military and strategic importance: trade routes turn into war paths."¹⁶ The BTC has fully confirmed the old truth that because of their undeniable strategic importance oil and gas pipelines can be described as a geopolitical weapon of sorts.

Decisions on future transit routes belong to politicians and generals who give guarantees to investors and oil companies. In the case under review American outposts and American military experts will appear, for strategic considerations, along the energy routes both constructed and planned. The United States has made security of the Transcaucasian export pipelines a priority in its struggle against "international terror." Much was done to set up a joint command of the South Caucasian Antiterror rapid deployment forces intended to guard the pipelines. The Western political community was very clear about the American military experts in Georgia: they were expected to guard the BTC.¹⁷

The BTC's safety obviously came first: in August 2005 the American military announced that they intended to invest \$135 million in the next six years in the Caspian Guard (two brigades set up to guard the pipeline). The project remained on paper, yet Azerbaijan signed a NATO Partnership Agreement under which the republic's naval forces and border guards would receive high tech equipment. In the fall of 2005 the United States deployed two movable radars with a range of 200-300 km in Azerbaijan. The new equipment was installed to respond, promptly and efficiently, to possible developments on the pipeline and the Azeri oil rigs.

The military build-up in the Transcaucasus and Central Asia and the "military support" of BTC can be described as a logical byproduct of America's foreign policy moves of the early 21st century: control of Iraq and Afghanistan. Carried out under the pretext of fighting international terrorism, they were spearheaded against Iran and intended to trim Russia's influence in the Caspian in the hope of tightening America's control over the above-mentioned strategic energy ellipse.

Russia responded in kind: the August 2002 wide-scale military exercises and gathering-campaign of the Caspian Flotilla were an important part of Putin's Caspian Initiative. Defense of the elements of Russia's fuel and energy complex was one of the most important training episodes. The then Defense Minister Sergey Ivanov commanded the exercises from the Astra rig of the Astrakhan Branch of LUKoil, which extracts oil and gas on the Caspian shelf.

This made Astrakhan an important transportation center in the south of Russia and a key military strategic outpost on the Caspian. From that time on it has become a geopolitical platform from which Russia can control Caspian developments.

¹⁵ K. Haushofer, op. cit., p. 244.

¹⁶ V. Maksimenko, op. cit., p. 61.

¹⁷ A. Useynov, "Kommandos dlia truby," *Nezavisimaia gazeta*, 11 February, 2003, p. 5.

The multisided pressure on the Caspian that narrowed down the corridor of legal and economic possibilities convinced the local states that they should build up their military capacities. Militarization of the region began in earnest.

The prospect of destabilization looked very real to the Caspian leaders, who had no choice but to engage in military build-up. Some people went even further to suggest that force would be the best way to settle the disagreements over the oil fields on the Caspian shelf. The contradictions between Azerbaijan and Turkmenistan and Azerbaijan and Iran over the oil fields in the southern part of the Caspian acquired new edges. The littoral states busied themselves with building navies and coastal infrastructure to protect the disputable territories. In short, the use of force was accepted as a possibility in the struggle for domination.

Late in August 2006 the Aktau area served as the scene of the Rubezh 2006 military exercises. The results were discussed at CSTO Headquarters and the Defense Ministry of Kazakhstan. At one point it was planned to set up a KASFOR naval cooperation task group patterned on the Blackseafor. The idea was quietly buried by the continued mistrust among the coastal states.

The Caspian energy and transportation problems developed into a military-political confrontation very much in line with the “trade routes turn into war paths” maxim.

III. Diversification Race in Caspian Energy Policy: from Post-September to Post-Tskhinval

Here we should turn back to the point when the rivalry between Russia and the West for the Caspian began to unfold in earnest: namely the second terms of the Russian and American presidents. The illusion that the West would be unable to deliver Russia a more or less heavy blow in the Greater Caspian survived for some time after the CPC and the Blue Stream gas pipeline were commissioned in 2001 and 2002, respectively. The pause in the implementation of the BTC project was taken as the failure of America’s last chance in the Caspian. The events of 9/11 irrevocably changed the situation: from that time on the United States and its allies implemented one energy project after another; this was accompanied by the amazingly successful color revolutions in Ukraine, Georgia, and Kyrgyzstan.

Another important worldwide trend—the post-September world learned to use wars for “resource accumulation”—made this possible. The influential power centers were drawn into the struggle for new hydrocarbon resources and redistribution of the old ones. In fact, access to energy resources or a pipeline route was translated into the state’s geopolitical growth.

The events that followed the BTC’s commissioning opened a new page—that of “resource accumulation”—in the history of the struggle for the Caspian’s supplies. Russian-American rivalry in the Caspian was rapidly accelerating. From that time on the “diversification race” (a term coined by German analyst Roland Hetz)¹⁸ became the hallmark of the post-September Caspian geopolitics unfolding amid the energy-connected fears, mutual mistrust, and political bluffs typical of the post-September world. The West never failed to parry each of the Russian victories.

¹⁸ R. Hetz, “Bol’shaia igra na Kaspiyskom more. V Rossii regional’naia diversifikatsia mozhet istolkovyvatsia kak ugroza energobezopasnosti,” *NG-Energia*, 22 May, 2007.

An overview of the macro-political context of the struggle for energy resources will clarify the logic of what is going on the Caspian. Since 2006, when Russia identified itself as an “energy superpower,” energy-related subjects have been and remain the greatest irritant in the West; they have even invited an exchange of blows between the United States and Russia.

The G-8 summit held in July 2006 in St. Petersburg confirmed what was already clear: energy, energy resources, and the struggle for them had become the main instrument of political influence.

This was further confirmed by the NATO conference held in Riga on 27-28 November, 2006 at which American Senator Richard Lugar (Rep.) offered an “energy war” thesis. The American suggested that everything that threatened energy security should be treated as hostile military acts to be rebuffed with military means. In this way NATO should have been transformed into an alliance of energy consumers expected to oppose Russia, which, the Republican Senator argued, would become addicted to energy blackmail.

The “Fulton speech” Vice President Cheney delivered in Vilnius on 4 May, 2006 meant that the hopes for an alliance with the West for a common struggle against “international terror” the Kremlin had been nurturing for some time finally collapsed. In February 2007 President Putin responded with a speech at the Munich Conference on Security Policy that shattered the West. The politician who delivered it was not the same man who back in September 2001 glorified the “spirit of freedom and humanism” in the Reichstag and was obviously seeking friendship with the United States and Europe. In 2007 the Russian president spoke as a leader who had learned his geopolitical lessons, shed his Atlanticist illusions, and become completely dedicated to Russia’s national interests alone.

This served as the macro-political background for the struggle for the Caspian’s energy resources and transit advantages within the global “resource accumulation” trend. The race for energy and transportation resources of the Greater Caspian was unfolding within the newly developed confrontation between Russia and the West in the form of an exchange of blows.

In the spring of 2007 Russia was ready to act. In May 2007 it signed an agreement on the Caspian pipeline under which Turkmenian and Kazakh gas was expected to be moved across Russia. The signing of this agreement crowned the unprecedented 6-day-long Central Asian trip of the Russian president, who visited Kazakhstan and Turkmenistan and met their leaders. Nabi Ziiadullaev described the result as an energy alliance in the form of a single energy system with Kazakhstan and Turkmenistan,¹⁹ a well-argued response to the American and EU attempts to remove the Central Asian countries from Moscow’s orbit by leaving Russia outside the main fuel transportation routes.

The West responded with diplomatic missions to the Caspian countries: officials of the U.S. State Department landed in the oil and gas capitals: Stephen Mann went to Ashgabad; Richard Boucher to Astana, and Matthew Bryza to Baku. The visits were timed to coincide with the G-8 summit at which Russia’s energy monopoly in Europe was severely criticized. The American diplomats came to persuade the Central Asian leaders, of Kazakhstan and Turkmenistan in particular, to send their energy resources to the pipelines intended to bypass Russia. A possible Trans-Caspian gas pipeline to be laid along the bottom of the Caspian Sea was discussed; and Turkmenistan was offered the tempting perspective of joining the Nabucco gas pipeline system.²⁰

On 16 August, 2007 Moscow made another move: the SCO summit decided to set up an Energy Club to coordinate energy projects in the interests of the SCO members (Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan).

¹⁹ N. Ziiadullaev, “Tsentral’naia Azia: konkurentsia i partnerstvo,” *NG-Dipkurier*, 2 July, 2007, p. 13.

²⁰ The Nabucco project (which some of the analysts call “futuristic:” in the past there were doubts about the BTC oil pipeline’s economic efficacy) presupposes that several pipelines from the Southern Caucasus, Central Asia, and Middle East will reach Turkey and move further on to Bulgaria, Rumania, Hungary, and Central Europe.

Several days later the United States opened a new phase of the Caspian energy transportation projects that circumvented Russia. An agreement under which Washington allocated \$1.7 million to Azerbaijan for feasibility studies of two routes was signed in Baku. The projects involved were the Trans-Caspian gas and oil pipelines along the bottom of the Caspian to move Kazakh oil to the BTC. Oil and gas were expected to reach Europe via Azerbaijan.

In the fall of 2007 the rivalry reached new heights—the West tried to snatch the initiative and resolve the problem in its favor. In late October 2007 the presidents of Azerbaijan and Kazakhstan declared that they supported Nabucco. Simultaneously, America moved further to the highest point of the Russian-American race for the Caspian transportation routes. In an interview to the *Dallas Morning News* in Texas Condoleezza Rice pointed out that Russia's energy policy challenged the world.²¹ All other issues—democratic concerns, struggle against “global terror,” and the Iranian file—were pushed aside for the sake of the key objective: squeezing Russia out of the Greater Caspian. The sweeping realization of this dawned on each and everyone. Even the inveterate Atlanticists (favorably impressed with the short-lived “counterterrorist” alliance with the United States), who had looked forward to close American-Russian partnership in Central- and South-Asian energy corridors and the related military infrastructure, lost their hopes.²²

America obviously meant business. A fairly large chunk of the money set aside in the 2008 budget for the CIS countries (about \$402 million) was intended for energy transportation routes outside Russia to counter Moscow's Eurasian course.²³

In July 2008 head of Gazprom Aleksey Miller signed an agreement in Ashgabad under which Russia would pay \$225-295 per 1 c m of Turkmenian gas. In September 2008 Putin reached a similar agreement with Uzbekistan. Both documents were confirmed during President Medvedev's January 2009 visit to Uzbekistan. There was a more or less popular opinion that Moscow had delivered its rivals in Central Asia a preventive blow.

The South Ossetian Conflict as the Frontline of the Struggle for Caspian Hydrocarbons

The five-day war in South Ossetia erupted when the rivalry had reached a high point; it ended with a Russian blitzkrieg; its main aim, however, was control over the Transcaucasian oil- and gas-pipelines. The transit BTC pipeline added weight to Georgia as a transit country and increased its geopolitical value for the West.

The Americans describe the hydrocarbon routes outside Russian territory that involve Georgia and Azerbaijan as the two main countries as the “new energy corridor of the 21st century.” The United States and large oil companies selected Georgia as the main transit country, thus leaving Russia out in the cold. As Washington's important geopolitical asset Georgia was militarized: the West (mainly America and Israel)²⁴ armed and supported it to sharpen the “blade” aimed at Russia's “soft underbelly” in the strategically important energy corridor zone. This explains why the conflict in South Osse-

²¹ A. Terekhov, “Samyy bol'shoy vyzov. Condoleezza Rice raz'iasnila, pochemu vozmozhen konflikt s Rossiey,” *Nezavisimaya gazeta*, 12 November, 2007.

²² A. Bogaturov, “Indo-sibirskiy koridor v strategii kontrterrorizma,” *NG-Dipkurier*, 24 October, 2005.

²³ *Kommersant*, 20 December, 2007.

²⁴ The Report of the Swedish Defense Research Agency (FOI) *The Caucasian Litmus Test: Consequences and Lessons of the Russian-Georgian War in August 2008* gives details about Israel's involvement in arming Georgia on the eve of the South Ossetian war. *Novye Izvestia* offered a detailed account of the Swedish findings in an article called “Izrail'skiy sled” (Israeli Trace) of 23 September, 2008.

tia reverberated throughout the world from the very first hours of the fighting: the regional actors were overshadowed by the geopolitical interests of Russia and the United States. The “peace enforcement operation” was predated by a “war enforcement operation” in the form of rapid militarization of the Caspian and the military-transit race between Russia and the West.

This put an end to the post-September diversification race. The results of the five-day war and its impact on the region’s energy-communication future need careful analysis.

At first the expert community was convinced that the war decreased Georgia’s value as a promising transit state and that the long-term psychological repercussions might undermine the future of Nabucco; it was believed that Russia had obtained a chance to block the Georgian stretch. There was a fair share of pessimism about the projects outside Russia. The question “Did the war deliver Nabucco a deadly blow?” was frequently asked.

There is a different opinion that is rapidly gaining popularity: the West should liberate itself from Russia’s monopoly by investing in routes outside its territory. The events that followed the August war in Georgia, and the last gas war between Ukraine and Russia in particular, added weight to the idea.

In the wake of the August war the West showed much more interest in new sources of energy resources and transportation routes that would exclude Russia, and intensified its struggle for the Greater Caspian resolutely moving in the anti-Russian direction.

This and the world financial crisis will create a new geopolitical vagueness in the region. Time will show whether this will bring fundamental geopolitical changes in the Caspian meso-region.

* * *

The still suspended legal status of the Caspian and the mounting contradictions between the littoral states of the Caspian meso-area in the early 21st century (especially in the context of 9/11 and the five-day war in South Ossetia) pushed the relations among the Caspian states from “soft,” relying on diplomacy, to “tense,” relying on military force. The accelerating militarization and the pace with which the Caspian states are building up their navies increased the role of the littoral states (formerly transit and communication points) as military outposts.

The unfolding changes suggest that the excessively comforting forecasts should be revised. This primarily relates to Dmitry Trenin’s opinion that the Russian ports will inevitably lose their importance as military outposts and that the military dimension of the security agenda will lose its meaning. He repeated this in one of his latest works: “never before has the military security factor been less important than it is today.”²⁵ The obvious facts point to the contrary, which makes this and similar pronouncements sound strange to say the least.

Energy security and the military-strategic dimension are indivisible. 9/11 pushed the romantic ideas about post-communism into oblivion while energy security and the accompanying military components have move forward as irrevocable factors.

²⁵ V. Baranovskiy, review of “Dmitri V. Trenin, *Getting Russia Right*, Carnegie Endowment for International Peace, Washington, 2007,” *Pro et Contra*, No. 1 (40), January-February 2008, p. 101.