

REGIONAL SECURITY

**REBEL
CAUCASIAN REGIONS ON
THE BRINK OF
ENERGY WARS**

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In Lieu of an Introduction

This article examines the problems associated with the struggle over Caspian energy resources (at different stages of the post-communist period) and the regional interests of the rebel Caucasian regions. We think that this ap-

proach might shed light on the reasons for the current conflict-prone nature of the region and help us to understand the true reason for the August 2008 war in South Ossetia and the motives of the sides participating in it.

1. The South Ossetian War and South Caucasian Oil Routes: Blow to the Caspian Energy Business

Control over the oil and gas pipelines in the Southern Caucasus is one of the reasons for the five-day war in South Ossetia (August 2008). During the conflict, Georgia, the West, and international information agencies were particularly concerned about preserving the integrity of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline. Georgia declared twice that the oil pipeline had been damaged and each time Russia immediately refuted these statements. We will take a closer look at this below.

During the first days of the war in South Ossetia, it was suggested that the conflict had oil underpinnings. This paved the way for an information war. One of the most memorable stories shown on the leading world television channels from the site of the tragedy was the burning Azpetrol petroleum tanks.

The Caspian oil business immediately reacted to the hostilities. For example, right after the hostilities began, British Petroleum (BP), the operator of the BTC oil pipeline, announced it was halting oil transportation along this route. Pumping of oil was also halted along the lower-capacity Baku-Supsa pipeline; the oil terminals of Poti, Batumi, and Kulevi came to a standstill.¹

Building the BTC oil pipeline (see Fig. 1) along the South Caucasian foothills and earthquake-prone Anatolian plateau was a real engineering feat, but more than that it was a geopolitical triumph for the collective West.² The pipeline system was built circumventing Russia in cooperation with Turkey and two former Soviet republics (Azerbaijan and Georgia).

The presidents of Azerbaijan, Georgia, and Turkey, along with former U.S. energy secretary Spenser Abraham, attended the ceremony launching construction of the pipeline. Mr. Abraham said that the BTC pipeline was an important part of America's oil strategy developed under the leadership of U.S. Vice President Richard Cheney.

This oil pipeline has been the fulcrum of America's policy in the Caspian since 1994; its significance for the West lies in the fact that it was conceived as part of the East-West transport corridor. According to former U.S. state department advisor on Caspian energy resources Steven Mann, this pipeline would change the face of Eurasia. It is worth noting that the participants in the BTC project have not been denying its anti-Russian and anti-Iranian nature, saying that it is primarily important from the strategic viewpoint.

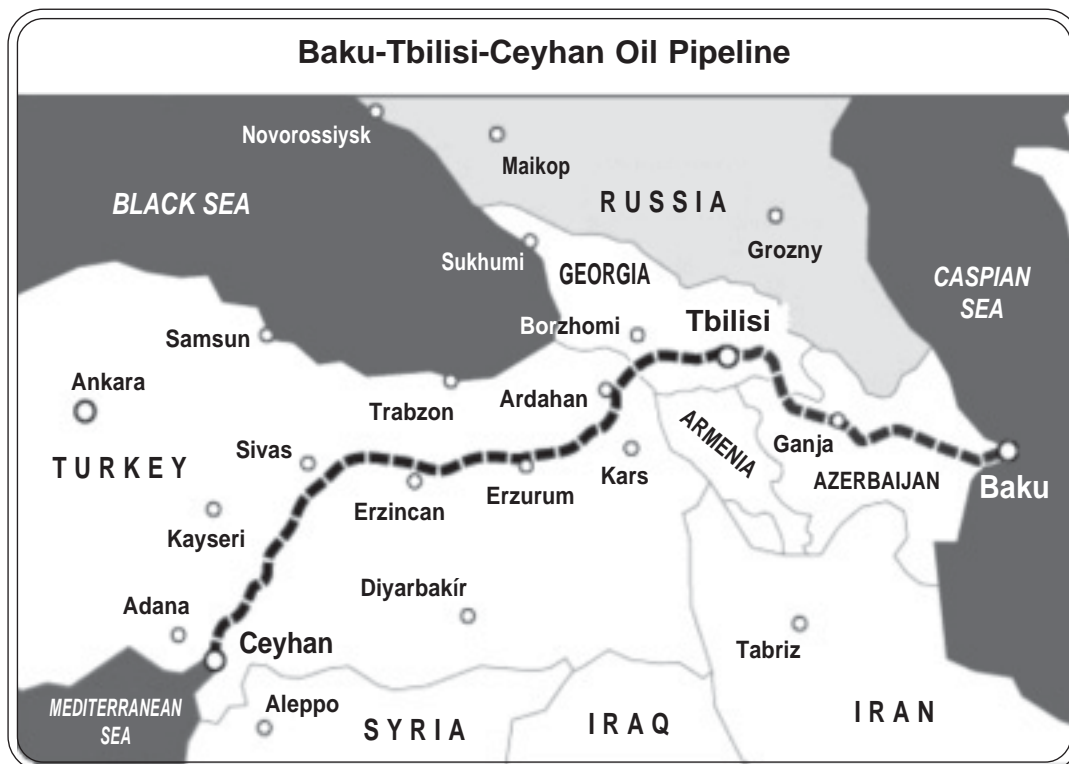
¹ The Baku-Tbilisi-Ceyhan oil pipeline is a pipeline system for transporting Caspian oil to the port of Ceyhan on the Mediterranean coast. The oil pipeline is 1,773 km long; it passes through Azerbaijan (449 km) and Turkey (1,059 km). At the end of September 2002, an international consortium headed by BP announced that construction of the new oil route would be launched, and in February-March 2003, laying of this route began. The ceremonial opening of the oil pipeline took place on 25 May, 2005; and the first oil was pumped in July 2006. The oil pipeline has the capacity to transport 50 million tons of oil a year; it links Azerbaijan's Azeri-Chirag-Gunashli (ACG) fields with the Turkish oil port of Ceyhan. The owner of the oil pipeline is an international consortium in which different companies own a share: BP—30.1%, the State Oil Company of Azerbaijan Republic (SOCAR)—25%, Unocal—8.9%, Statoil—8.7%, TPAO—6.5%, ENI—5%, Itochu—3.4%, ConocoPhillips—2.5%, Inpex—2.5%, Total—5%, and Amerada Hess—2.4%.

In November 2002, talks began between SOCAR and the Kazakhstan State Company, KazMunaiGaz, on Kazakhstan joining the BTC project. In June 2006, Kazakhstan President Nursultan Nazarbaev signed an agreement under which his country joined the oil pipeline project. The agreement envisages tanker shipment of Kazakh oil via the Caspian from Aktau to Baku for its further transportation to the foreign markets via the BTC pipeline.

The Baku-Supsa oil pipeline, 830 km in length, was built in 1999 to export early Caspian oil from Azerbaijan's ACG fields. The pipeline goes to the Georgian port of Supsa located on the Black Sea, and from there oil is transported by tankers; the pipeline has a throughput capacity of up to 600,000 tons of oil a month. The oil pipeline was of strictly local significance (due to its low capacity and auxiliary designation), so its launching did not arouse the same international response as the BTC project.

² The term "the collective West" refers to the U.S., European Union, and Israel.

Figure 1



Implementation of this project dealt a perceptible blow to Russian's position in the Greater Caspian. The fact that hydrocarbons are detouring Russia is threatening to put its relations with the Southern Caucasus and Central Asia in serious jeopardy. The Northern Alliance set its sights on this region, which prompted several political scientists to start talking about NATO's Asia-ization.³

It can definitely be ascertained that the BTC oil pipeline is not simply a technical structure for pumping hydrocarbons, it is a geopolitical springboard which the West succeeded in "stealing" from Russia during "early" Putin's presidency.

The events of the 5-day war in South Ossetia showed just how sensitive the South Caucasian oil routes are to external pressure.

2. Information and Economic Aspects of the South Ossetian War in the Context of Pipeline Policy

On 5-6 August, pumping of oil along the BTC pipeline was halted because of a major fire near the compressor station in the village of Refahiye in the Erzincan Province of eastern Turkey.

³ See: A. Daalder, J. Goldgeier, "Global NATO," *Foreign Affairs*, Vol. 85, No. 5, September-October 2006; A. Bogaturov, "Sindrom kosy i kamnia," *NG-Dipkurier*, 10 December, 2007.

There were two versions of what caused this: either technical glitches, or a terrorist act by Kurd separatists. On 9 August, information appeared that the Kurdistan Workers' Party had assumed full responsibility for the explosion on the BTC pipeline. It was said to be threatening new acts against "Turkish oil facilities" under the pretext that attacks on Turkey's economic resources were designed to prevent "wars to destroy the Kurdish people."⁴

During the conflict (and later), numerous conjectures appeared about what was actually happening around the oil pipeline.

Andrei Illarionov (Vladimir Putin's former advisor and now one of his most virulent critics) gave a very controversial and rather superficial explanation of the explosions. His report was published in *Novaia gazeta* one year after the August 2008 war. Abkhazian sabotage was given as the reason for the fire on the pipeline (due to which the pipeline was temporarily closed). In so doing, the author referred to information that appeared on the eve of the events from an anonymous source in Abkhazia's intelligence services. The "dubious" source said that "specially trained saboteurs might blow up the BTC oil pipeline."⁵

Even Georgian politicians and experts were not sure that the terrorist act on the Turkish section of the BTC was committed by Abkhazians; they only thought this might be possible.

Was it worth A. Illarionov referring to the Abkhazian intelligence services even if Georgia's suspicions that Abkhazian separatists "were already openly stating their intention to carry out a terrorist act on the pipeline" were justified?⁶ What intelligence service is going to talk openly about what it really intends to do?

With no confirmation of how the fire on the oil pipeline started, we can only say for sure that the events described point to an information war.

This is shown by the fact that a full-scale information campaign was launched at the beginning of the hostilities. The Western media accused Russia of disrupting and halting operation of the BTC. In particular, it was claimed that Moscow was planning to take full control of the oil pipeline.

Other accusations said that Russia was responsible for what happened, since it was to blame for unleashing the Georgian-Ossetian conflict.

On 12 August, deputy head of Russian General Headquarters A. Nogovitsyn refuted the statements by A. Lomai (secretary of the Georgian National Security Council) and T. Yakobashvili (Georgian reintegration minister) about three explosions on the BTC as the result of an attack by Russian war planes.⁷

Nor did BP Azerbaijan confirm the Georgian side's information about damage to the BTC. On 12 August, 2008, a BP representative said in London that the oil and gas pipelines passing through Georgian territory had not suffered during the hostilities in South Ossetia.⁸

Nevertheless, BP halted not only oil export via the BTC, but also the transportation of gas via the South Caucasus Baku-Tbilisi-Erzurum (BTE) gas pipeline.

⁴ T. Ataev, "Gruzino-osetinskiy konflikt na fone bitvy gigantov za truboprovody," available at [<http://www.islam.ru/pressclub/analitika/isunerus/>]. Further we will show that a very similar motivation was used by Abkhazian politicians in the talks with the leading world energy companies about the prospects for building pipelines through the Georgian territory they conquered in the 1990s.

⁵ "Kak gotovilas vojna. Issledovanie A. Illarionova o tom, chto predshestvovalo avgustovskim sobytiam 2008 goda. Okonchanie," *Novaia gazeta*, 1 July, 2009, No. 69 (1483), pp. 10-11.

⁶ [<http://www.regnum.ru/news/1037614/html>].

⁷ Later in his report, Andrei Illarionov also said exactly the same thing, that Russia had launched missiles at the BTC pipeline (see: "Kak gotovilas vojna. Issledovanie A. Illarionova o tom, chto predshestvovalo avgustovskim sobytiam 2008 goda. Posleslovie," *Novaia gazeta*, 14 August, 2009, No. 88, p. 4).

⁸ [<http://www.regnum.ru/news/1040421/html>].

The numerous reviews and analytical articles that subsequently appeared abounded in economic assessments: Azerbaijan, Kazakhstan, and Western oil companies had suffered significant losses. These reviews were mainly interested in how much the forced halt in the BTC oil pipeline had cost Azerbaijan and BP, how many millions of tons of oil had not reached the market, consumers, etc. This problem should be studied in closer detail.

It was even difficult for specialists to give a precise assessment of the financial and economic consequences of the explosion on the BTC and the events in Georgia and Azerbaijan. As for the impact they had on the world oil market, BOTAS International Ltd., the technical operator of the Turkish section of the BTC, planned to take 15 days to restore the blown-up Turkish section. However, the BTC was out of commission for 20 days.⁹

The approximate arithmetic of the losses incurred by the Caspian oil and transit states, as well as by the oil market as a whole, looks as follows.

Taking into account the fact that an average of 3.5-4 million tons of oil are dispatched from Ceyhan every month,¹⁰ it can be concluded that during the two weeks of standstill, more than 2 million tons of BTC oil did not reach the market.

As for Azerbaijan, according to a statement by the Baku ARA agency, the forced standstill in operation of the BTC meant that the country lost \$50-70 million a day (taking into account taxes and additional payments). In turn, this had an influence on oil production, which dropped by 80%. Correspondingly, oil revenue also decreased. Due to the limited import of goods through Georgia, the consumer market became more expensive. On the whole, the amount of real losses (and lost profit) incurred by the Azerbaijani side was estimated at 1 billion dollars.

However, the real financial-oil losses that Azerbaijan and Georgia suffered after the August 2008 events consisted of the following:

- First, 20,000 tons of oil from the ACG fields, which burned in Turkey after the explosion and fire on the BTC. Their cost (if calculated according to the average world prices during the first ten days of August) amounted to approximately 13 million dollars;
- Second, approximately 3 million dollars which Azerbaijan had to pay for pumping oil in August from the ACG via the Baku-Novorossiysk oil pipeline;
- Third, in August 2008, Georgia lost at least 1.7 million dollars it was due in oil transit fees from the ACG fields. In July, 26.6 million barrels of ACG oil were pumped via the BTC, for which Georgia (if calculated at 0.12 transit dollars per barrel) received 3.2 million dollars. However, in August, only 12.4 million barrels of oil were transported via the BTC from the ACG fields, for which Georgia received only \$1.5 million in revenue.¹¹

Kazakhstan was also concerned about the results of the August war. According to reports from the Department of Information Policy of the leading national KazMunaiGaz company, the country had begun suffering significant economic losses. The republic's government even examined the possibility of reorienting the oil it normally exported through the Georgian port of Batumi to the domestic market.

In particular, there were plans to send 1 million tons of oil via other export routes, in particular to China. In 2006, the Atasu (Kazakhstan)-Alashankou (Western China) oil pipeline was built. Astana's worries were also explained by the fact that KazTransOil, Kazakhstan's oil transportation company, owns 100% of the shares of the Batumi oil terminal.

⁹ See: V. Mishin, "Plata za fors-mazhor," NG-Energiia, 14 October, 2008.

¹⁰ See: A. Kuzmin, "Zapad vozlozhil vinu za ostanovku nefteprovoda na Moskvu," *Utro.ru*, 26 August, 2008; RBK—Russian Information Agency.

¹¹ See: V. Mishin, op. cit.

Although Russia did not make any attacks on the Batumi port and oil tanker terminal, the Georgian military administration insisted that representatives of the Kazakh side remove all of its dry cargo ships and tankers from the water area.¹²

So, as a result of the August events (and others associated with them), Russia essentially took control of all the infrastructure for transporting Azeri oil to the foreign markets. This could deal a serious blow to the system of Caspian transport routes that has developed and, primarily, pose a threat to Kazakhstan's interests, which ships some of its oil to Azerbaijan on tankers for subsequent pumping via the BTC.

This has given rise to the question of alternative oil routes through Russian territory, in particular, with respect to expansion of the Caspian Pipeline Consortium (CPC) that carries oil from Kazakhstan's Tengiz to the oil terminals of Novorossiysk through Russian territory, as well as to the possibility of increasing the capacities of the Atyrau-Samara oil pipeline, which passes through Russia.

The change in configuration of the Caspian energy routes has also affected Azerbaijan. In August 2009, SOCAR found another alternative to the BTC (in addition to the Russian Baku-Novorossiysk route). This envisaged shipping oil by tanker from Baku to Iran (to the port of Neka) with subsequent substitution of the equivalent amount of oil in the port of Jaska. SOCAR exported approximately 0.1 million tons of its share of ACG oil via this route in August.

It stands to reason that the economic and geographical processes going on in the region are of a certain amount of interest. But not many analysts seem to be interested in finding out if the figures of the economic losses incurred by the participants in the Caspian oil business are not merely a smoke-screen hiding the geopolitical interests of the sides and what these interests might consist of. This extremely important aspect was clearly designated in a statement by authorized representative of South Ossetia in Moscow Dmitri Medoev published in *Kommersant Vlast* on 11 August, 2008. He said that the republic's residents would rise up to fight the enemy and form partisan contingents, while one of the areas of their activity would be a railway war; "and then we will see how well Georgia performs its oil transit obligations, for example."

This statement sounded like a geopolitical threat. It immediately brought to mind the reports of the Georgian Ministry of Foreign Affairs about the bombing of the BTC oil pipeline by Russian aviation and the burning Azpetrol petroleum tanks that were going to Georgia's Black Sea terminals.

It is worth noting that the authorized representative of Abkhazia addressed approximately the same statements to the Georgian side. Something similar happened in the 1990s.

3. Invariable Analogies: The Genealogy of the Local Energy Wars in the Post-Soviet Caucasus

Examination of the above-mentioned events, with emphasis on the energy-supply line aspect, makes it possible to describe it as a hydrocarbon war. The energy and transit problems that exist in

¹² See: Zh. Erzhanova, "Astana otzyvaet svoiu neft iz Batumi," *Nezavisimaia gazeta*, 12 August, 2008.

Georgia's relations with its rebel districts go back to the mid-1990s. This was a time of military defeats and political humiliation for the republic.

There are probably few who know that the events relating to the Georgian-Abkhazian war also have clear military-transit and hydrocarbon aspects.

The Abkhazian and Chechen Energy Incidents of the 1990s

After the military defeat in Abkhazia, Georgian statehood found itself in an extremely difficult crisis. In order to reinforce their position in the region, Abkhazian politicians used the energy-supply line factor as a tool of post-conflict diplomacy. They asked the leading world oil companies involved in the construction of the Baku-Supsa oil pipeline not to invest in the Georgian pipeline projects. Such appeals were addressed in particular to Kenneth Derr, Chairman of the Board of the Chevron Corporation, Richard Matske, the president of this company, and the heads of the McConnell Dowell Constructors, Marubeni, Deutsche Morgan Grenfell/C.J. and other companies.

Authorized representative of Abkhazia Inal Kazan said the main problem was the high political risks in the region, where the threat of a new war might turn into another military catastrophe for Georgia. Whereby the Abkhazians warned in their statements that, given the smoldering conflict with Georgia, they were reserving themselves the right "to complete destruction of the oil pipeline infrastructure in Georgia."

In particular, a letter of 20 February, 1998 addressed to Executive Director of McConnell Dowell Constructors T. Morgan said that at present Abkhazia "has forces ready to carry out plans to completely undermine any efforts to build an oil pipeline through Georgia, since the revenue from oil transit could be used by the opposing side in future wars with Abkhazia."

In 1998, by way of an alternative, Abkhazian representatives offered their own proposal for building a pipeline that would pass along the Black Sea coast (see Fig. 2).

The above-mentioned statements at the very height of the oil pipeline intrigue in the Caspian-Black Sea meso-area (January 1996-April 1998) can be considered part of Abkhazian diplomacy to apply pressure both on Georgia and on Western investors.¹³

But the Abkhazians did not carry through their threats despite the high justification for this kind of military scenario. The Georgian ports of Poti, Kulevi, and Supsa with their oil terminals are within firing range of Abkhazian territory. In the event of a war, they become highly vulnerable targets, since they are compactly located within 25 km of each other.

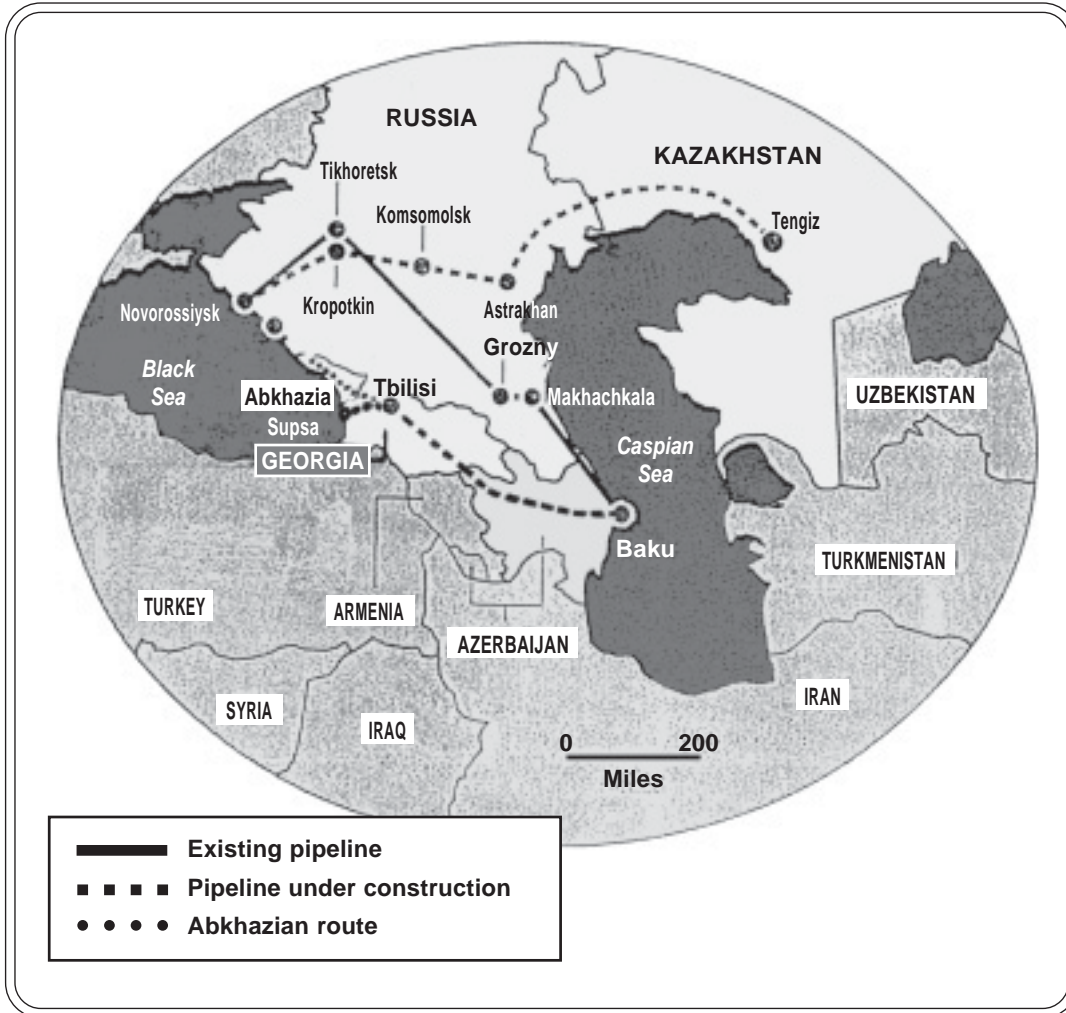
This fact in itself is an additional argument against A. Illarionov's claims that the Abkhazians were involved in blowing up the BTC oil pipeline on Turkish territory. Why would Abkhazian saboteurs need to go to Turkey if they had accessible targets right in front of the noses, including the Baku-Supsa oil pipeline?

In this event, it would be appropriate to make an analogy with the situation that developed in Yeltsin's Russia in the 1990s (with respect to the first Chechen war). The inglorious finale of the first Ichkerian campaign and further faltering of Russia's influence on the Caucasus (after signing of the Khasaviurt agreements) led to the appearance of such an extravagant project as the Caucasian Common Market proposed by Hozh-Ahmet Nuhaev. This project was called a "mechanism of regional

¹³ These letters were kindly given to the authors of this article by Ya. Kazan, an influential representative of the Abkhazian diaspora in the U.S. (see also: Mission of Abkhazia [<http://www.abkhazia.com>]).

Figure 2

Abkhazian Proposal for Laying the Baku-Supsa Oil Pipeline in February 1998



integration that was capable of establishing peace and stability in the Caucasus.” The North-South transport corridor that links Russia, the Caucasus, and Iran and is a supplement of the once popular West-East project (TRACECA) was declared the backbone of this idea.

In essence, Russia, as the losing side, was asked to create a North Caucasian free economic area around Chechnia together with all the energy and transport projects. As in the situation with Abkhazia, if the Chechen ultimatum was not accepted, the authors of this idea would pose threats to the northern route for moving Caspian oil along the Baku-Novorossiisk oil pipeline.¹⁴

¹⁴ See: *Rossiiskie vesti*, 20 February, 1998; K.G. Myalo, *Rossia i poslednie voyny XX veka*, Veche, Moscow, 2002, pp. 364, 374.

On the whole, both projects (the early Abkhazian and late Ichkerian) smacked of military-diplomatic blackmail.

By post-communist standards, energy and transit wars in the Caucasus have an abundant history. But despite the obvious analogies, their contexts are different.

Whereas the sources of the early Abkhazian and late Ichkerian incidences were related to the faltering position and disintegration of Georgia and Russia in the 1990s, the current South Ossetian conflict is related, on the contrary, to the national growth and upswing of these two countries.

Moreover, in contrast to the South Ossetian events of 2008, the Abkhazian and Chechen incidents of the 1990s were part of the post-conflict military ultimatum of the victorious provinces addressed to the central governments and Western oil companies, rather than an element of the military phase of the conflict.

At the level of public policy, these projects, in the words of Vadim Tsymburskiy, were “local centers of power, diplomatic fragments, and imitations.” They arose both in Russia and in Georgia as the result of the central government’s weaker position and national statehood crisis, while the regional leaders heading this process began expressing themselves in political and geopolitical terms. The struggle for control over different sections of the transit routes was directly associated with the desire of its local participants to raise their status in the restructuring of the Caspian-Black Sea meso-area.

4. The Israeli Factor of the Georgian-Ossetian War: Oil Incentives and Internationalization of the Conflict

Another regional aspect related to the 5-day war in South Ossetia is the Israeli factor, which was revealed unexpectedly in South Caucasian affairs. Israel was found to be playing a much more important role in the South Ossetian war than the U.S. This was the subject of a report by the Swedish Defense Research Agency (FOI) called “The Caucasian Litmus Paper.”

The anti-American and anti-Georgian rhetoric that unfolded in the Russian media in August-September 2008 hid this fact from the public, and it was not until 23 September, 2008 that the newspaper *Novye izvestia* drew attention to the report by Swedish military specialists in an article called “The Israeli Trace.”

Nevertheless, the indignation of the Russian public was successfully directed against the U.S. and Ukraine, as Georgia’s main military accomplices. This made it possible to extricate Israel from Russia’s criticism and spare it any military-diplomatic investigations.

Swedish specialists claim that the U.S. did not support Georgia’s military operation in South Ossetia. In the meantime, 130 American war advisors were working in Georgia and, on the eve of the war, the Georgian-American Immediate Response-2008 exercise was carried out in Tbilisi.

Israeli military specialists played a major role in the war on South Ossetia; there were around a thousand of them. The authors of the report even presumed that some Israeli instructors took direct part in the hostilities.

According to open sources alone, Tel-Aviv was delivering Hermes 450 unmanned aerial vehicles, Lynx mobile missile complexes, Su-25 Scorpion modernized planes, Tibur machine guns, and communication means to Georgia. The weapons were bought using American money.

Israeli military specialists acted under the cover of private companies and their aid was carefully camouflaged.¹⁵ In so doing, as the Swedish publication *Svenska Dagbladet* assured, the main coordinator of this cooperation was the Israeli Ministry of Defense.

In addition to everything else, Israel's Caucasian activity, which seemed very strange at first glance, was backed by strong energy motives. Editor of the NG-Energia appendix of *Nezavisimaja gazeta* O. Nikiforov drew attention to information of the Israeli DEBKA information service. An article of 25 October, 2008 with the very revealing heading of "Israel Supports Georgia in the Fight for Oil Transport with Russia" said that Tel-Aviv was showing great interest in the problem of transporting hydrocarbons through Georgia and Turkey.

There was also mention of lively talks on this topic among Georgia, Turkey, Israel, Azerbaijan, and Turkmenistan. The project being discussed envisaged delivering Caspian energy resources through Turkey to a terminal in Israeli's Ashkelon and on to ports in the Red Sea. From there, oil could be transported by tankers to the countries of Southeast Asia and China. In this respect, a project has already been drawn up for an underwater pipeline between Turkey and Israel, which is supposed to link Ceyhan with the port of Ashkelon and further, through the country's main pipeline system, with the Red Sea.

The official reports say that the BTC oil pipeline will ensure deliveries to the Western market. But they ignore the fact that part of the oil extracted from the bed of the Caspian should go directly to Israel, which is not only striving to obtain Caspian oil, but is also playing a certain role in its re-export to the Asian market through Eilat (a port in the Red Sea).

It is very evident that this redistribution of Caspian oil flows has far-reaching strategic prospects. In April 2006, joint plans between Israel and Turkey were publicized that envisaged building four underwater pipelines that would pass through Syria and Lebanon. According to many experts, this is the main motivation for Israel's deliveries of military hardware and instructors to Georgia.¹⁶

There are other important events that provide additional arguments in favor of Israel's energy activity in the region. Canadian researcher M. Chossudovsky proved that there is a direct connection between the war on Lebanon (in the summer of 2006) and the launching of the BTC oil pipeline. The day before Israel's first air strike on Lebanon, a meeting was held at the port of Ceyhan of the main partners and shareholders in this project, among whom were several high-ranking state officials and representatives of the oil business. Israeli Minister of Energy and Infrastructure Binyamin Ben-Eliezer along with a delegation of major oil industrialists was also at the meeting.

As part of the "collective West," Israel is trying to position itself as one of the controllers of the East Mediterranean transport corridors. Ceyhan is an important starting point in this system of corridors. So in this context, the bombings of Lebanon were part of a carefully planned militaristic project.¹⁷

Azerbaijan has become a reliable supplier of energy resources for Israel. According to the Russian BBC Service, Israel, which has been trying to diversify its energy deliveries, purchases 4 billion dollars of Azeri oil a year.¹⁸

¹⁵ In a letter of 20 January, 1998 to B. Richardson (permanent U.S. representative at the U.N.), Abkhazian representatives criticized the U.S. and Israel for awarding former Georgian president Eduard Shevardnadze a prize of the Nixon Center for Peace and Freedom, as well as a prize of the Israeli Institute of Democracy in Jerusalem. The letter ended with the words, "a person with such a reputation cannot bring peace to Georgia and its neighbors" (Mission of Abkhazia [<http://www.abkhazia.com>]).

¹⁶ See: O. Nikiforov, "Kaspiyskiy 'kliuch,'" *NG-Energia*, 9 December, 2008; M. Chossudovsky, "The War on Lebanon and the Battle for Oil," *Global Research*, 26 July, 2006, available at [<http://globalresearch.ca/index.php?context=viewArticle&code>].

¹⁷ See: M. Chossudovsky, *op. cit.*

¹⁸ See: BBC Russian.com. UK, 16 February, 2010.

The BTC oil pipeline could significantly increase Israel's import of Azeri oil; the country owns a share in Azerbaijan's oil fields, and it imports approximately 20% of all the oil produced. This explains the Jewish state's interest in Azerbaijan and the ever-growing military cooperation between the two countries (for example, Azerbaijan and Israel signed a defense contract for hundreds of millions of dollars).

The scope of political and lobbyist support of Azeri interests by Israel and international Jewish organizations is just as impressive. For example, ex-chairman of the Armenian Assembly of America Jirayr Harutyunyan said that Israel is selling more and more weapons to Azerbaijan because the Jewish lobby is interested in supporting Azerbaijan's position. Activity of the Jewish Eurasian Council is of the same ilk; it is assisting Azerbaijan in Nagorno-Karabakh issues through U.S. Congress.¹⁹

The world of big oil and big money presupposes the most unexpected alliances and coalitions.

* * *

So an analysis of the nature of the political rivalry over resources at the beginning of the 21st century, which encompasses the regional and local level of geopolitical interests, makes it possible to claim that the conflicting sides were backed by U.S. and Russian geopolitical interests.

Italian reviewer L. Caracciolo wrote in his article "Putin's Lesson to Washington" that "the Georgian war not only had a colossal regional effect, but is also helping to reset the global balance which, as it turned out, was established at the end of last century."²⁰

The geopolitical confrontation that unfolded after 9/11 is the main reason for internationalization of the South Ossetian events. This was why the local South Ossetian conflict of 2008 immediately acquired global significance.

After the events of 9/11, the world became witness to such new phenomena as energy wars and the struggle for natural resources. In international relations, periods of "resource accumulation" and "resource nationalism" began; the geopolitical growth of states started to depend directly on their acquisition of hydrocarbon fields or routes. Back then, everyone clearly understood that national interests, along with the force factor and pragmatism that destroyed the hopes and illusions associated with the so-called democratic transition, had come to the fore.

The bitter information war between Russia and the collective West reached its peak during the August war of 2008. "Putin's demonstration of testosterone" was explained (in addition to the super dollar revenues of the oil decade) by a desire to wipe out the memories of the humiliations of the past 20 years and failed rapprochement with the West (in the struggle against international terrorism).

Dissatisfaction over the failed partnership with the West quickly grew into suspicion, particularly after the U.S. supported the series of Color Revolutions in Georgia (2003), Ukraine (2004), and Kyrgyzstan (2005). Following this, the Americans unilaterally withdrew from the ABM Treaty and supported another round of NATO's post-Soviet enlargement at Russia's borders. At the same time, the Western media upped their disdainful and accusatory tone with respect to Russia and Putin personally.

Putin's eight-year rule was described as a time of ongoing coercion and growing authoritarianism, during which anti-Western sentiments were deliberately fanned.

¹⁹ See: IA REGNUM, 1 December, 2008.

²⁰ L. Caracciolo, "La Lezione di Putin alla Casa Bianca," *La Repubblica*, 18 August, 2008.

French journalist M. Dugain wrote in his article called “Vladimir Putin, a Contemporary Imperialist:” “Putin, who was raised to the heights of power by the ghosts of the old system, has been entrusted with the mission of returning what was plundered by so-called cosmopolitan opportunists.”²¹

Even today the irreconcilable critics of the Kremlin attribute the most negative traits of the Russian national character to Vladimir Putin.

Such is the macro political context of the struggle over the Caspian’s energy and transit assets. The energy transport race in the Greater Caspian region has been going on within the framework of the newly acquired confrontation between Russia and the West and in an atmosphere of rapid acceleration of rivalry between them in the Caspian basin.

C o n c l u s i o n s

This analysis allows the authors to draw the following conclusions.

1. The August war in Georgia confirmed the old truth that trade routes become war paths. The 5-day war in South Ossetia and the events of the 1990s in Abkhazia show that the struggle for resources is beginning to assume the nature of military escalation. The difference in these wars at different stages of post-communism lies in the fact that the events in South Ossetia can be called another hydrocarbon war, but in the context of the geopolitically motivated “resource accumulation” of the 21st century.
2. Transport projects and supply lines (railroads, oil and gas pipelines, shipping channels, and so on) are not only a way to assimilate geographic territory or fortify borders, they are also one of the main factors of a geopolitical power mechanism.

According to Russian philosopher S. Korolev, supply lines could become the fulcrum (the heart) of power’s territory and a channel of power impulses. Regardless of the situation, they could become a local or regional power machine, a tool for mobilizing political resources and political capital.²²

The authorities constantly strive for spatial expansion and many examples can be given today: the Atasu-Alashankou oil pipeline from Kazakhstan to China (2006), the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline (December 2009), as well as the launching of the Eastern Siberia-Pacific Ocean oil pipeline (December 2009). Launching such important facilities has made it possible for China and Russia to increase their control over Central Asia and the Far East.

As of today, it is the routes of potential export oil pipelines that form the heart of broader transport corridors which will determine the alignment of political interests and vectors of foreign influence.

From this viewpoint, the BTC is a very good case in point. Putting this BP-controlled pipeline into operation radically changed the geopolitical situation in the Greater Caspian region. It has linked the Eastern Mediterranean with the Caspian basin by means of an energy corridor, as well as significantly changed the status of the regional states and provided a foundation for creating a pro-Western alliance. An oil pipeline with access to the Mediterranean

²¹ M. Dugain, “Vladimir Poutine, un imperialiste moderne,” *Le Point*, No. 1888, 20 Novembre, 2008, available at [<http://www.inopressa.ru/lepoint/2008/11/21/17:39:20/imperialist>].

²² See: S. Korolev, “Pogloshchenie prostranstva. Geopoliticheskaia utopia kak zhanr istoricheskogo deystviia,” *Druzhba narodov*, An independent literary-art and sociopolitical journal, No. 12, 1997.

has essentially given Washington the opportunity to create a new bloc comprised of Azerbaijan, Georgia, Turkey, and Israel.

3. Another important methodological assumption should be enforced. Most international discussions about oil and transit policy in the Caspian region focus on models of international relations and alliances which are formed with Caspian strategies in mind. Decision-making regarding energy projects legitimately tends toward centralization. It reflects the enormous political and economic significance that oil revenue has for the world's resource-rich countries.

Such approaches undoubtedly have the right to exist, but they are leading to an exaggeration of the role of national states that pursue such obvious and direct goals as protecting national security or supporting national-state resource potential.

At the same time, any energy or transit policy is local to one extent or another, particularly if it is associated with oil pipelines that pass through geographically significant territories. No matter where energy corporations are located, they have difficulty dealing with local structures in outlying regions.

This posing of the problem makes it possible to examine regional policy through the oil prism.