

THE CASPIAN REGION: DEVELOPMENT RESULTS AND NEW TRENDS

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ABSTRACT

The Caspian region came into the focus of attention of the Caspian and non-regional states even prior to the collapse of the U.S.S.R. The increased global attention to this region was associated with the presence of proven and potential reserves of hydrocarbon resources, which increased the region's geopolitical significance. After the collapse of the Soviet Union, the Caspian region found itself in the center of geopolitical rivalry. From that time on, the subject of energy acquired a new meaning in the Caspian region. Western oil and gas companies and government agencies be-

gan to demonstrate an increased interest in the hydrocarbon resources of the Caspian region. Moreover, for decades the West has maintained a close focus on the Eurasian space, in particular, on the problems associated with the production and transportation of hydrocarbon resources.

The most acute geopolitical standoff occurred between Russia and the United States, which supported various pipeline projects. For Russia, the key task was to preserve its regional dominance, which had been growing over the course of several centuries. The United States supported the

geopolitical turn of the new Caspian states, advocating the creation of new hydrocarbon supply routes that would bypass Russian territory. The key task for the Caspian states was to increase hydrocarbon production and provide reliable routes for their export to foreign markets. Based on these goals, the Caspian states built their own foreign policy, including intraregional policy.

Thirty years later, the results of geopolitical rivalry are visible. The Caspian countries, which rely on financial resources and political support from non-regional actors, have implemented large-scale hydrocarbon export projects. The new pipeline architecture has changed the balance of power in the Caspian region, increasing the involvement

of the Caspian states in the energy policy of Turkey, China, and the EU. At the same time, the regional states have managed to solve the problem of the international legal status of the Caspian Sea in a five-sided format.

A new trend of the last decade has involved projects related to the construction of coastal infrastructure and expansion of shipping. The Caspian countries are growing increasingly more interested in participating in international transport projects, considering them as an important component of their foreign policy. Despite the attained agreements and solutions to key problems, competition between the Caspian states, which is greatly influenced by non-regional actors, is intensifying.

KEYWORDS: *Caspian Sea, Caspian states, non-regional actors, pipelines, oil, gas.*

Introduction

The Caspian has always been associated primarily with energy resources. For this reason, even before the collapse of the U.S.S.R., the attention of the U.S. and the EU was pinned to them. However, Western countries have only gained access to Caspian oil and gas in the late 1980s, when disintegration processes began in the Soviet Union. During this period, the elites of the Soviet republics located in the Caspian began to play an independent political game. The Union authorities could no longer obstruct the contacts between the Soviet republics and the oil giants. They did, however, attempt to control the negotiations, and the Union republics did not yet have all the powers to independently engage Western oil and gas capital in oil field development. In turn, foreign companies (i.e., Amoco and Chevron) were ready to establish direct contacts with the republican elites, seeking to gain access to Caspian oil and gas fields. Their interest increased when significant hydrocarbon reserves were discovered in the Caspian at the Azeri, Chirag and Gunashli fields in Azerbaijan and Tengiz in Kazakhstan.¹ As a result, in 1988 the Ministry of Oil Industry of the U.S.S.R. and Chevron signed a protocol of intent to create the Sovchevroil joint venture.² Only in 1991, when the influence of the Union authorities on the Soviet republics weakened further, Azerbaijan announced a tender for the development of the Chirag and Azeri fields. Western oil companies, including Amoco, Unocal, British Petroleum and Statoil, were among the participants. As a result, the Ministry of Oil Industry of the U.S.S.R. and the government of Azerbaijan signed a joint agreement that determined the rights

¹ See: T. Dzhuvarly, "Azerbaidzhanskaia neft: poiski ravnodeistvuiushchey," in: *Azerbaidzhan i Rossia: obshchestva i gosudarstva*, edited and compiled by D.E. Furman, Letniy sad, Moscow, 2001, pp. 379-434.

² See: O. Cherniavskiy, *Chernaia krov Kazakhstana. Neftianaia istoria nezavisimosti*, Print House Gerona, Almaty, 2017, p. 331.

of the Union republic to a part of the Caspian Sea and deposits therein. In July of the same year, the U.S. company Amoco was declared the winner of the tender, and the shares were distributed as follows: the U.S. company received 40%, the U.S.S.R.—40% and Azerbaijan—20%.³ A similar policy was pursued by Kazakhstan. In July 1991, an agreement was signed between Chevron and Tengizneftegaz.

As a result, prior to the collapse of the U.S.S.R., the Soviet leadership moved away from a tough position, in fact agreeing to cooperation of the Caspian republics with leading oil and gas companies. This interaction was considered in the context of the relations that were developing with the United States. In addition, the U.S.S.R. did not have the funds or the required technologies for independent field development.

After the collapse of the U.S.S.R., the new Caspian countries failed to fully and quickly play the energy card. Western oil giants and the state structures behind them were in no hurry to invest huge amounts of money in field development in the newly independent states.⁴ In turn, the Caspian states—Azerbaijan, Kazakhstan and Turkmenistan—expected to use their hydrocarbon potential in economic development. To achieve this, they needed to increase the oil and gas production volume, while seeking access to external markets. Accordingly, a bitter struggle has developed around the potential export directions of Caspian hydrocarbon resources. Russia counted on pumping Caspian hydrocarbons through its territory, while the U.S. and the EU supported the laying of new pipelines towards the West. China was building up trade and economic cooperation, and only kept a close watch on the Caspian hydrocarbons.

The issue of hydrocarbon resource development was closely related to the problem of the international legal status of the Caspian. It arose following the collapse of the U.S.S.R. The Caspian countries have taken diametrically opposite positions, proceeding primarily from the interests of the oil and gas business. As a result, the geopolitical struggle in the Caspian region has weakened the ability of the Caspian states to form a common position on key regional development issues.

Energy Ellipse Becomes a Reality

The concept of the energy ellipse first emerged in the work of John Roberts⁵ in the 1990s. He proposed to consider the Caspian states strategically important from the viewpoint of energy resources.

The beginning of the Caspian game most likely dates back to 1992.⁶ Subsequently, a meeting of representatives of major Western oil companies took place in Turkey. They proposed a project option that would ensure the transportation of Caspian oil from Baku through Turkey to the port of Ceyhan.

Russia showed an increased interest in oil and gas pipeline projects, both ongoing and under development, through which hydrocarbon resources produced in Kazakhstan, Azerbaijan and Turkmenistan could be exported. The Russian side advocated the use of its territory for the export of Caspian hydrocarbons, however, other regional states did not agree with Russia's position. As a re-

³ See: I.V. Prokofiev, "Neftegazovy kompleks Azerbaidzhana," in: *Nezavisimy Azerbaidzhan: novye orientiry*, in 2 vols., Vol. 1, ed. by E.M. Kozhokina, Russian Institute of Strategic Studies, Moscow, 2000, pp. 283-330.

⁴ See: S.S. Zhiltsov, "Energy Flows in Central Asia and the Caspian Region: New Opportunities and New Challenges," *Central Asia and the Caucasus*, Vol. 15, No. 4, 2014, pp. 69-79.

⁵ See: J. Roberts, *Caspian Pipelines*, The Royal Institute of International Affairs, 1996.

⁶ See: S. Shermatova, "The Oil Factor in the Chechen Conflict," *Central Asia and the Caucasus*, No. 5 (11), 2001, p. 71.

sult, pipelines have become the most acute foreign policy problem for Russia and, at the same time, one of the main instruments in the struggle to maintain a dominant position in the region.⁷

In the 1990s, the Caspian states could not increase their own oil and gas production, or implement export pipeline projects that bypass Russia. The required funds were lacking, and the production level was low. This allowed Russia to maintain a monopoly position in the export of hydrocarbon resources from the Caspian in the first years following the collapse of the U.S.S.R. However, this situation was not preserved for long. Western states⁸ and oil and gas companies have actively participated in the discussion of pipeline projects. They opposed Russian policy and did not support the participation of Russian companies in the development of deposits in the new Caspian states. Russia's position was weakened by the lack of a unified position on the participation of Russian companies in Caspian field development projects. Supporting participation in the project, Lukoil and the Ministry of Fuel and Energy of the Russian Federation actually insisted on dividing the Caspian into sectors. This undermined the position of the Russian Foreign Ministry and posed a threat to the preservation of the unique sea ecosystem.⁹ However, a number of experts believed that by participating in a consortia, Russia was defending its own interests.¹⁰ In general, apart from oil and gas companies, Russia opposed the development of Caspian fields and supported the limited participation of Western oil and gas companies in regional affairs. The new Caspian states took the opposite stance, believing that the global oil and gas companies needed to be involved in the development of the Caspian Sea deposits. Thus, different positions clashed in the region due to the formation of a new international relations system that took shape after the Cold War,¹¹ in the Caspian region, among others.

Fierce rivalry for access to oil and gas fields and control over export routes complicated the relations among Caspian states,¹² politicizing the issues related to the transportation of oil to foreign markets.¹³ Nevertheless, many large-scale pipeline projects have been implemented. Among them are the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline in the western direction, actively promoted by the United States.¹⁴ In late 2020, the Southern Gas Corridor (SGC) was commissioned. It comprises the Baku-Tbilisi-Erzurum gas pipeline, the Trans-Anatolian gas pipeline (TANAP) and the Trans-Adriatic gas pipeline (TAP). The total length of the Southern Gas Corridor is about 3,500 km, and its annual capacity should equal 31 billion cubic meters of gas. The main source of gas for the SGC is the Shah Deniz Caspian field in Azerbaijan.

This corridor was established on the western coast of the Caspian Sea, creating conditions for the transportation of hydrocarbon resources to Turkey and European countries. On the eastern coast, China has implemented a gas pipeline project that, like a “gas skewer,” has locked all the Central Asian producing countries onto Beijing.

In addition to pipeline projects on the western and eastern coasts, gas pipelines were built from Turkmenistan to Iran, and Turkmen gas was supplied to Russia. However, the export volume of Turkmen gas to the north and south was insignificant. In addition, the geopolitical significance of these pipeline projects, which carried hydrocarbon resources to the west and east, was disproportionate. These projects ultimately reduced Russia's influence and excluded Iran from the competition for the choice of export routes to foreign markets. Meanwhile, new pipeline projects were also in demand in

⁷ See: S.S. Zhiltsov, I.S. Zonn, *Kaspiiskaia truboprovodnaia geopolitika: sostoianie i realizatsia*, Vostok-Zapad, Moscow, 2011, pp. 52-63.

⁸ See: O. Fomenko, “Rossia v Kaspiiskom regione: neft i politika,” *Obozrevatel*, No. 7-8, 2001, pp. 38-42.

⁹ See: A.N. Greshnevnikov, V.I. Iliukhin, “Kaspiy: igra bez pravil,” *Vestnik Kaspiia*, No. 1, 2005, pp. 54-57.

¹⁰ See: V.V. Shorokhov, “Azerbaidzhan i Rossia: put k sotrudnichestvu,” *Vestnik Kaspiia*, No. 3, 1997, pp. 6-10.

¹¹ See: V.D. Pisarev, “Politika SShA v Kaspiiskom regione,” in: *Evropa i Rossia: problemy iuzhnogo napravleniia. Sredizemnomorie—Chernomorie—Kaspiy*, Moscow, 1999, p. 376.

¹² See: A. Grozin, “Pokhmelie turanizma,” *Vestnik Kaspiia*, No. 6, 2000, pp. 24-31.

¹³ See: K.S. Gadzhiev, *Geopolitika Kavkaza*, Mezhdunarodnye otnosheniia, Moscow, 2001, p. 464.

¹⁴ See: “What Does the Caspian Want from Washington?” Caspian Policy Center, March 2021, 12 pp.

the Caspian states. By increasing oil and gas production, regional states have managed to stabilize the socio-economic situation and strengthen their positions in relations with the West and China.

The policy of the Caspian states, which was based on the accelerated development of hydrocarbon resources and an increase in exports, made it difficult to form multilateral mechanisms of political and economic cooperation in the Caspian. The interaction was limited to the fishing and environmental protection spheres. Azerbaijan sought to create alternative routes for the delivery of hydrocarbon raw materials to foreign markets. It engaged Turkey in pipeline projects and became a key link in the new pipeline architecture.

As a result, the new pipeline infrastructure created in the Caspian has weakened Russia's position. In addition to strengthening the political positions of the Caspian states, pipeline projects have created conditions for expanding the influence of non-regional actors.

However, despite the importance of increasing production, the additional volumes of oil and gas did not have a noticeable impact on world markets. The predictions about the transformation of the Caspian into a second Kuwait did not come true, and the expectations turned out to be overestimated. The Caspian states were the ones most in need of the "energy ellipse." There is an explanation for its rather modest success. First of all, the Caspian countries have constantly initiated interest in their oil and gas fields, thus trying to attract greater investments from the global oil and gas companies.¹⁵ Secondly, there were no objective prerequisites for the forecasted production growth. Third, there was no demand for additional hydrocarbon resources on the global market. Lastly, remoteness from the key sales markets had a certain effect. These and other factors contributed to the ability of the Caspian states to solve socio-economic problems; however, the Caspian hydrocarbon potential only had a limited impact.

Difficult Path to the Convention on the Legal Status of the Caspian

Following the collapse of the U.S.S.R., the unresolved international legal status of the Caspian Sea became a key regional problem. The Russian leadership sought to preserve political advantages for Russia and the right of veto on issues related to various Caspian development projects.¹⁶ Russia paid much attention to the protection of the marine environment and the preservation of its biodiversity. Finally, it sought to create mechanisms for five-sided cooperation of the Caspian states. It is no coincidence that in early 1992, when Azerbaijan and Kazakhstan were merely discussing draft agreements with Western oil and gas companies, Russia and Iran proposed a new mechanism of interaction between the Caspian states. However, this initiative did not coincide with the interests of the new Caspian states, which were attempting to divide the Caspian into national sectors for the subsequent development of oil and gas fields. The Caspian states appealed to the fact that they were not parties to the previous international treaties concluded between Russia and Persia (Iran) in the 19th-20th centuries. Azerbaijan, Kazakhstan and Turkmenistan insisted that they had no historical obligations and, unlike Russia and Iran, considered themselves free to pursue their foreign policy in the Caspian region. This largely determined their subsequent position in the negotiations on the international legal status of the Caspian. For this reason, the five-sided negotiations on the legal status of the Caspian

¹⁵ See: O. Cherniavskiy, *Chernaia krov Kazakhstana. Neftianaia istoria nezavisimosti*, Print House Gerona, Almaty, 2017, p. 331.

¹⁶ See: V. Babak, "Neft Kaspiia v otnosheniakh Kazakhstana s Rossiei," *Tsentralnaia Azia i Kavkaz*, No. 2, 1999, pp. 45-57.

Sea proved difficult. First of all, it was due to the difficulties in coordinating the distinct positions of the Caspian states.

Bilateral negotiations of the Caspian countries were more successful. Russia and Kazakhstan demonstrated that a compromise was feasible, announcing in January 1998 a rapprochement of their positions.¹⁷ In the middle of the same year, they signed the Agreement on Delimiting the Floor of the Northern Caspian Sea For the Purpose of Exercising Sovereign Rights to Subsoil Use, based on the median line principle.¹⁸

The bilateral breakthrough showed that agreements on an issue that is sensitive for the Caspian countries could be achieved. This gave impetus to the subsequent agreements between Russia and Azerbaijan, which previously insisted on dividing the seabed and the water surface.¹⁹ Progress with Russia was achieved in September 2002, when the presidents of the two states signed an agreement on delimiting adjacent sections of the Caspian Sea bed.²⁰

In 2003, a trilateral agreement was signed between Russia, Kazakhstan and Azerbaijan. This led to the resolution of the problem of international legal status in relation to the northern and central parts of the Caspian Sea.

A unique negotiating mechanism fostered the resolution of the problem of the Caspian Sea's legal status. In 1996, a special working group began to function, holding regular meetings with the aim of a rapprochement of the Caspian states on this issue. Its activities were later supplemented by the meetings of the Ministers of Foreign Affairs of the Caspian countries. The third stage of the negotiations involved the summits of the Caspian states. The established diplomatic three-tier negotiating structure—the Special Working Group (SWG), the meeting of foreign ministers and the summit of the Caspian countries has clearly demonstrated its effectiveness.²¹

The work of the SWG and the meetings of foreign ministers allowed to bring together the countries' positions on most of the Convention's provisions. They concerned the protection of natural and biological resources, the shipping industry and other areas of cooperation.

In December of the same year, Kazakhstan and Turkmenistan signed an Agreement on delimiting the Caspian Sea seabed based on the median line principle. As a result, four out of five states have reconciled their positions on the international legal status of the Caspian Sea.²² "Soft" division of the Caspian Sea provided additional guarantees to foreign companies.

Bilateral agreements reflected the changes in the nature of relations between the Caspian countries. Most important were urgent trade and economic development tasks, new field development and implementation of transport projects. This contributed to the departure of the Caspian states from their tough stances and prompted a search for compromise solutions.

¹⁷ See: "Joint Statement by the President of the Russian Federation B.N. Yeltsin and the President of the Republic of Kazakhstan N.A. Nazarbayev," *Vestnik Kaspiia*, No. 1, 1998, p. 7.

¹⁸ The median line used for the delimitation of water spaces between states with opposite and adjacent coasts is a line, each point of which is equidistant from the corresponding nearest points on the coasts of these states. Modification of the median line is carried out on the basis of the principle of justice and by the parties' agreement. The modified median line includes all areas that are not equidistant from the coasts of the parties and are determined with regard to islands, geological structures, and other special circumstances and incurred geological costs (see: "O pravovom statuse Kaspiiskogo moria. Informatsia rabochey gruppy MID Rossii, fevral 2001 g.," *Vestnik Kaspiia*, No. 3, 2001, pp. 2-4).

¹⁹ See: M. Mamedov, B. Volkonskiy, "Dno obshchee—voda vroz," *Vestnik Kaspiia*, No. 1, 2001, pp. 6-7.

²⁰ See: "Soglashenie mezhdru Rossiiskoy Federatsiei i Azerbaidzhanskoy Respublikoy o razgranichenii sopredelnykh uchastkov dna Kaspiiskogo mori," in: *Diplomaticheskie dokumenty po mezhdunarodno-pravovomu statusu Kaspiiskogo moria (1998-2003)*, Edel-M, Moscow, 2003, pp. 15-16.

²¹ See: S.S. Zhiltsov, I.S. Zonn, M. Soylemezidu, "Problema mezhdunarodno-pravovogo statusa Kaspiiskogo moria: mekhanizmy resheniia," *Rossia i mir. Vestnik Diplomaticheskoy akademii MID Rossii*, No. 4, 2017, pp. 74-84.

²² See: S.S. Zhiltsov, I.S. Zonn, A.G. Kostyanoy, A.V. Semenov, *Kaspiiskiy region*, Vol. 1, *Mezhdunarodno-pravovyye dokumenty*, S.Yu. Witte Moscow University, Moscow, 2018, p. 406.

The coordination of all positions in the draft Convention made the Fifth Summit of the Heads of the Caspian States possible. It occurred on 12 August, 2018 in Aktau, Kazakhstan. The key document adopted by the presidents of the Caspian states was the Convention on the Legal Status of the Caspian Sea.²³ According to the estimates of the Russian President Vladimir Putin, it was an epochal event. The end of over two decades of negotiations on the main Caspian treaty, along with the signing of intergovernmental documents on cooperation through border agencies, in the spheres of economy, transport and prevention of incidents, and in the fight against organized crime and terrorism has opened a new chapter in the history of the regional mechanism of the Caspian Five.²⁴

In regard to the water space, the Caspian countries used the principle previously applied by Russia, Kazakhstan and Azerbaijan in relation to the Northern Caspian. The Convention established 15-nautical mile territorial waters and an additional 10-mile wide fishing zone, where each of the states has exclusive fishing rights. Outside the fishing zone, a common water zone is preserved.²⁵

The document reflects the fundamental principles of interaction between the Caspian states in the military sphere: the use of the Caspian Sea for peaceful purposes and the resolution of all issues by peaceful means; ensuring a stable balance of weapons and undiminished security of each party; compliance with the agreed confidence-building measures.

The convention determined the approaches of the Caspian states to implementing projects that involve trunk pipeline being laid along the Caspian Sea seabed. Art 8 states that “the delimitation of the seabed and subsoil of the Caspian Sea into sectors is carried out by agreement of neighboring and opposing states, with regard to the generally recognized principles and norms of international law in order to implement their sovereign rights to subsoil use and to other lawful economic and economic activities related to the development of the seabed and subsoil resources.”²⁶

Thus, the Fifth Summit of the heads of the Caspian states brought certainty to the subsequent development of the Caspian region, cooperation between the Caspian countries, including the energy sector. It was the uncertainty in the issues of subsoil use that pushed the Caspian countries to look for ways to resolve controversial issues, not limited to issues of security and environment.²⁷

The Convention, as well as the accumulated experience of interaction in resolving controversial issues, allowed the Caspian states to agree on a new mechanism of multilateral cooperation. The countries agreed to create a High-Level Working Group (HLWG), which in the future has a chance to transform into an interstate mechanism for solving regional problems, by analogy with the Arctic Council.²⁸

In February 2019, the first meeting of the HLWG was held in Baku (Azerbaijan), at which a plan of its work was agreed. The parties started work on the Agreement on direct baselines in the Caspian, which was of great interest to all the Caspian states. In April 2019, the second meeting of the HLWG (Nur-Sultan²⁹) was held. The parties continued their discussion of the draft Agreement on

²³ See: “Konventsiiia o pravovom statute Kaspiiskogo moria ot 12 avgusta 2018 g.,” in: *Kaspiy. Mezhdunarodno-pravovyye dokumenty*, Compiled by S.S. Zhiltsov, I.S. Zonn, A.G. Kostyanov, A.V. Semenov, pp. 517-531.

²⁴ See: “Vystuplenie prezidenta Rossiiskoy Federatsii na Piatom kaspiiskom samite,” available at [<http://www.kremlin.ru/events/president/news/58296>], 12 August, 2019.

²⁵ See: R.F. Mamedov, “Mezhdunarodno-pravovoe sodержanie i znachenie Konventsii o pravovom statute Kaspiiskogo moria ot 12 avgusta 2018 g.,” *Problemy postssovetskogo prostranstva*, Vol. 6, No. 2, 2019, pp. 175-194.

²⁶ *Kaspiy. Mezhdunarodno-pravovyye dokumenty*, pp. 521.

²⁷ See: S.S. Zhiltsov, “Politika Rossii na Kaspii,” *Problemy postssovetskogo prostranstva*, No. 2, 2014, pp. 16-17.

²⁸ A.V. Kachalova, “Osnovnye printsipy raboty regionalnykh ‘morskikh’ ob’yedineniy s uchastiem Rossii,” *Problemy postssovetskogo prostranstva*, Vol. 6, No. 4, 2019, pp. 378-389, available at [<https://doi.org/10.24975/2313-8920-2019-6-4-378-389>].

²⁹ On 20 March, 2019, in his inaugural speech after taking the oath, the President of Kazakhstan, Kassym-Jomart Tokayev proposed to rename Astana Nur-Sultan in honor of the country’s first president, Nursultan Nazarbayev. The proposal was supported by the Kazakhstani parliament. On 23 March, the president signed a decree on renaming the capital, and on the same day a law on amending Art 2 of the Constitution on the name of the capital of Kazakhstan was published.

the methodology for establishing direct baselines in the Caspian Sea and agreed on a number of its provisions. During the meeting, the parties also reviewed various aspects of cooperation in the Caspian Sea and exchanged views on the implementation of the agreements reached at the end of the Fifth Caspian Summit.³⁰ In February 2021, the third meeting of the HLWG (Moscow) was held, at which the Caspian states continued to discuss regional problems. Thus, the multilateral mechanism of the Five, which was used until 2018 to prepare the text of the Convention, was transformed into a new multilateral mechanism for implementing the provisions of the adopted document.

Pivot to Infrastructure Projects

After the collapse of the U.S.S.R., almost all the Caspian countries were fascinated by the idea of developing and transporting hydrocarbon resources. Only Russia and Iran, with some delay, joined the rest of the Caspian states, launching geological exploration and development of hydrocarbon deposits. The Caspian countries heeded proper attention to the infrastructure facilities in the Caspian: ports and access roads; however, their construction progressed slowly, affected by the lack of funding and insignificant trade turnover. Only in the second decade of the 21st century, when it became apparent that the Caspian energy breakthrough was of a regional nature, did the Caspian countries begin to pay increased attention to the development of coastal infrastructure and the expansion of shipping. The impetus for this was provided by such factors as economic problems in the Caspian countries and China's Belt and Road initiative. Beijing sought to use the transport infrastructure of various countries, including those in the Caspian region.³¹

During this period, the Caspian states developed programs that aimed to implement infrastructure projects on the Caspian coast, taking into account China's interests, among others. In particular, Kazakhstan and China were building interaction within the framework of linking the Silk Road Economic Belt (SREB) and the Kazakhstani national program Nurlyzhol, which was proposed in November 2014 by the President of Kazakhstan Nursultan. Nazarbayev.³²

In 2014, Kazakhstan decided to build a ferry complex in the village of Kuryk (Ersay), on the shores of the Caspian Sea. Its development was associated with plans for cargo transportation across the Caspian Sea. The construction of the Borzhakty-Ersay railway line began at the same time. This line was to become the infrastructure basis of the ferry complex in the port of Kuryk, which was acquiring key importance for Kazakhstan. At the same time, discussions began on the transport corridor that was supposed to connect the eastern and western shores of the Caspian. Kazakhstan and Azerbaijan took part in its discussion. In addition, a ferry line was opened between Baku (Alat—the ferry terminal of the Baku port)-Aktau (Kazakhstan), and the 686-km Uzen (Kazakhstan)-Gyzylgaya-Bereket-Etrek (Turkmenistan)-Gorgan (Iran) railway was put into operation.

In 2015-2016, work was completed on the commissioning of the northern terminals of the Aktau seaport, and the port of Kuryk was launched into operation. As a result, the total transshipment capacity of the Kazakhstan ports reached 19.5 million tons per year.³³ After the new ports were commissioned, their throughput was to increase to 23 million tons per year.³⁴

³⁰ [<http://www.mfa.kz/ru/content-view/kaspij-teizi-mseleleri-znindegi-zogary-degejdegizmys-tobyiny-ekinsi-otyry-syny-kommunikesi>], 23 June, 2019.

³¹ See: M.G. Glyants, R.Dzh. Ross, *Odin poias i odin put. Dolgiy marsh Kitaia v 2049 god*, Mezhdunarodnye otnosheniia, Moscow, 2021, 264 pp.

³² See: N.A. Nazarbayev, *Era nezavisimosti*, KazAktarat, Almaty, 2017, 508 pp.

³³ See: L.A. Parkhomchik, "Kazakhstanskiy proekt 'Novyy Shelkovyi put'," *AsyaAvrupa*, No. 2, 2016, pp. 33-39.

³⁴ See: A. Manasbay, "Modeli upravleniia morskimi portami: mezhdunarodnyi opyt i kazakhstanskaia praktika," *Kazakhstan Spekr*, No. 1, 2019, pp. 51-65.

In May 2018, a new port complex with an initial annual capacity of up to 15 million tons of cargo was commissioned in the village of Alat in Baku's Garadagh district. The Azerbaijani side expects to bring the port's capacity to 25 million tons.

Large-scale port infrastructure construction plans were realized by Turkmenistan. In May of the same year, a new international Turkmenbashi seaport was opened on the Caspian Sea coast.

Like other Caspian states, Russia also took steps to expand shipping opportunities on the Caspian. It was important for Russia to increase the dry cargo turnover through the Russian ports of Astrakhan and Olya. Russia was prompted to actively develop transport infrastructure by the policy conducted by the Caspian states, which created new transport facilities.

As a result, the construction of new infrastructure facilities by the Caspian states on the Caspian coast has intensified competition in the Caspian region. The regional countries are being driven in this direction by socio-economic problems and long-term plans to expand participation in international transport projects and initiatives.

Conclusion

The geopolitical situation in the Caspian region has been rapidly changing in the 21st century. The nature of relations between the Caspian states has been altered under the influence of the energy factor and the progress in the negotiations on the problem of the international legal status of the Caspian Sea. This allowed to resolve a number of fundamental issues vital for the development of the Caspian, and created the basis for cooperation between the Caspian states in the 2020s and 2030s.

Serious changes have taken place in the relations between the Caspian states. The issues of economic cooperation, the development of navigation in the Caspian and the formation of coastal infrastructure have come to the fore.

The Caspian region can be considered a testing ground for the successful resolution of interstate contradictions. ~~Unlike the countries of Central Asia, which have failed to overcome their disputes,~~ the Caspian states have developed compromise approaches to solving key regional problems. First of all, they managed to agree on a compromise approach to a phased solution of the problem of the Caspian's international legal status. The proposed mechanism for coordinating the parties' interests kept the Caspian states from unilateral actions, although such steps were taken in the 1990s.

A multilevel mechanism for resolving regional contradictions has become common in the Caspian region. The format of bilateral and trilateral agreements was successfully used along with the five-sided problem-solving format, which included meetings of representatives of the Special Working Group, the Conference of Foreign Ministers and summits of the Caspian states. Bilateral agreements between Russia and Azerbaijan, Russia and Kazakhstan allowed to create a basis for the subsequent normalization of relations in the Caspian. These agreements made it possible to strengthen the five-sided negotiation format, while the meetings were aimed at achieving this goal. Ultimately, this allowed to adopt the Convention on the Legal Status of the Caspian Sea.

The Caspian states oppose the military presence of non-regional states in the Caspian Sea and the involvement of third countries in solving regional problems. This policy was consistently pursued by Russia, which has sought compromise options with the Caspian countries while defending its own positions. At the same time, the role of non-regional states in the region has changed dramatically over the past decades. Using various levers and mechanisms, they continue to advance their interests.