Progress in Dispute: The Caspian Oil Power Struggle and Its Effects on Cooperation between Central Asian States

Central Asia has had its fair share of disputes between littoral states since its emergence from the former Soviet Union. Each state has subsequently sought to consolidate power in the region, using these disputes as leverage. Each incident that arises leads to new power struggles and fresh points of dispute between countries on topics such as economics, religion, politics and nationalist ideals. The parallels between national border debates and resource allocation issues in the Caspian region clearly illustrate the importance of peaceful solutions. These conflicts lead to the improvement and deterioration of littoral relationships, depending on the issue and tactics used to approach said conflict. The most uncommon and largest dispute thus far involves the division of the Caspian Sea among bordering states. At each point of progress, new frictions arise concerning topics of discontent among different nationalities and peoples. Yet because of the plentiful resources of the Caspian, these issues are more civilly solved, and this will lead to further cooperation in this region on other issues, because the resources are in such high demand. In this work, I describe the causalities of the Caspian dispute; and portray progression of these littoral states in this debate. I then postulate a theory of what is to come for the cooperation of Central Asian states and the Caucasus.

Prior research on the Caspian region has focused on the relationships between littoral states and other nations, their geopolitical relationships, and their prospective motivation for each decision. Since the end of the twentieth century and the discovery of reserves underneath the 700-mile long Caspian Sea, the tense power struggle in Central Asia and surrounding areas has considerably heightened. The primary dispute among

these countries concerns the consensual division of the Caspian's reserves (Roberts, 2003). Despite the northern half of this body of water already involved in bilateral agreements with Russia and Kazakhstan, the underlying issue remains that Azerbaijan, Turkmenistan, and Iran are in disagreement over which country owns what parts of the southern half of the Caspian.

Throughout the process of resolution in ownership, progress seems to have inevitably found its way throughout multiple ongoing disputes. Russian-Kazakh relationships concerning gas and oil resources, and the economic issues relating to them have remained stationary throughout the last twenty to thirty years, while gas export routes are limited to the monopolized Russian pipeline systems i.e. Gazprom-controlled (2003, p. 155). Looking at past proposals, Russia and Kazakhstan are ready to make a joint effort in splitting the northern half of the Caspian's reserves into equal parts. As soon as this consensus was reached, however, Iran and Turkmenistan stated that these agreements lacked legitimacy and the territory should be demarcated and divided between the five nations collectively (2007, p. 163). Despite the symbiotic relationship between Russia and Kazakhstan, Kazakh politicians have begun seeking out alternatives for oil export. Without stepping on Russia's toes, Kazakhstan has initiated new routes for pipelines with other Central Asian states.

Each country has its own rationale for a certain division of the Caspian, with strategic forethought guiding political agendas; every decision pertaining to a diplomatic change is a vigorous demonstration of power. No resolution in this dispute has emerged on the partitioning of the sea. However, it is not just a matter of ownership and

cooperation between states, but also a matter of political rivalry and the determination for power.

Iran's stance on the matter reflects its reasoning to criticize the previously proposed agreements dividing the Caspian. "The reason is simple; Iranian shores on the Caspian seem to hold less oil and natural gas reserves than the other four littoral states," (Bahgat, 2007, p. 163). Since the Iranian economy is less than stable at the moment, and one effect of this is a strong determination on the part of Iran to obtain the largest share possible of the resources under the Caspian Sea. Unsurprisingly, the Iranian strategy is to prolong argumentation and postpone the final division of the basin in order to occupy a higher percentage of wealth in benefits of the divided body. Their efforts have led to a shift in focus to less constructive issues, such as whether or not to characterize the Caspian as a sea or a lake. Since there do exist a series of bi-lateral treaties between the Soviet Union and Iran which identify the body of water as a lake, it becomes a point of contention (Hanna Zimnitskaya, 2010, p. 2). The parameters and differences in how either a lake or sea is to be dealt with are defined in the Friendship Treaty of 1921, as well as in the Treaty of Commerce and Navigation of 1940 (Bahgat, 2007, pp. 161-162). For instance, defining this body of water as a lake would provide more power over who could sail the waters (navies, transports, etc.).

The Caspian oil connection to geopolitics surfaced soon after the disagreement on the sea's legal status. Iran is pursuing a designation of the Caspian as a lake; this would give Iran more control over sea passage, because international law would then not apply (Hanna Zimnitskaya, 2010, pp. 6-7). Combined with other oil agreements in effect in Central Asian countries bordering the Caspian, this classification disagreement motivated countries like Turkmenistan to become more interested in a resolution, in order to improve their economy and world position. The debate has been a prolonged one, under dispute for the last two decades. (Shaffer, 2010, p. 7210).

The possibility of a resolution benefitting all sides has attracted foreign investors. "The Caspian Sea and South Caucasus region has become the focus of considerable international attention, primarily because it is one of the oldest and potentially richest oil and gas producing areas in the world," (Kakachia, 2009, p. 15). Consequently, many countries are attempting to influence the division, as well as adding more involved parties. In an area where collaboration appears futile, accumulating more interested parties simply intensifies situations.

Exemplifying this is Iran's reaction to the idea of foreign investment in the area and the effects of these ventures. This adds to Iran's lack of cooperation in the division of the Caspian and elongates the indecisive and argumentative situation. However, their argumentation is beginning to backfire on them. After insisting that the Caspian is a lake, Iran has excluded itself from a larger portion of resource obtainment (Hanna Zimnitskaya, 2010, p. 12).

Iran has not always opposed this division of the Caspian. In 1992, Iran offered the idea of a territorial-economic union of the five bordering states of the Caspian called the Organization for Cooperation Among Caspian States, formed in order to develop both relations between neighbors as well as benefits such as tourism, shipping links, common sea usage, etc. (Mesamed, 1999, p. 209).

There have been great leaps in collaboration between states because of this multivector interest in the region. "In Kazakhstan, five major oil production projects became

operational and two international oil export pipelines were established, as well as additional routes for export of oil by barge and rail," (Shaffer, 2010, p. 7210). In 2010, Stephen Blank described the impact of BP signing a new deal with Azerbaijan and what positive outcomes have happened and might happen in the future. Specifically, he describes how this new deal provided a conclusion on the Azerbaijan-Georgia-Romania Interconnector (AGRI) pipeline and an opening to the Baku-Ceyhan pipeline, which involves Central Asian oil. He also speculates that the opening of this Central Asian pipeline could lead to continued cooperation on the Nabucco Pipeline, which gives direct mobility from the Caspian to Europe

More recently, the Nabucco Pipeline has since transformed into the Nabucco-West Pipeline, along with a new route for Central Asian resources to Europe that compliment the Nabucco-West pipeline. It is labeled the Trans-Andalou Pipeline (TANAP) and involves countries such as Turkmenistan, Azerbaijan, Georgia, and countries in the European Union. "Azerbaijan and Turkmenistan are being considered as key potential gas suppliers for the EU-backed Nabucco pipeline project," (Muradova, 2011, p. 15). Shareholding has since then been set in place and construction is projected to begin in 2014 for the TANAP project (Socor, 2012).

Turkmenistan's willingness to be riend new countries came at quite a surprise, since it launched no major production projects in the early phases of Caspian export (Shaffer, 2010, p. 7210). In the early 2000s, Turkmenistan failed to take advantage of the oil prospects offered by its western neighbors. President Saparmurad Niyazov ignored a chance at diversifying his country's energy transportation, and with more vigor pursued relationships with Russian or Iranian routes (Kalicki, 2001, p. 129). Turkmenistan came

to the conclusion sooner rather than later that if it was not involved in the dispute, it may miss out on resource opportunity.

Since that time, Ukraine has also joined the TANAP pipeline bandwagon and is ready to invest in building materials and start the proposal process, regarding specifics in transport and delivery. This pipeline will transport gas from Azerbaijan to Turkey through the Turkish-Georgian border and sanction allocation from there through Europe (Interfax-Ukraine, 2012). Turkey and Azerbaijan are filling in the blanks of the agreement and are interested in getting the building started. Projections for when this construction will begin are estimated in a few different dates, but all are in 2014-2015. Documents have been signed and put into motion for this new pipeline and for cooperation between Azerbaijan, Turkey and Europe. This agreement also extends a hand toward Turkmenistan to join in on this endeavor. Once a decision is reached on the Caspian partition, it is possible that Turkmenistan will join the pipeline efforts of the TANAP pipeline involvement.

Collaboration among Central Asian nations on the issue of Caspian divisions improves the likelihood of cooperation by these countries on other issues. There is potential to improve other problematic areas once an initial relationship is built between these countries. Considering the strength of Central Asian relationships with bordering nations, the prospects for collaboration have improved significantly in the last decade. Despite the knowledge that each country does not have the capital to exploit the discovered resources under the Caspian on its own, each seems to realize its potential in using the breakthrough of information to its benefit. The Caspian border territories are using and rightly should use this happenstance in order to turn former disagreements into a consensual pledge and understanding between nations. The immediacy of Caspian partition allows that these disagreements will be solved more quickly when used as a clause in the division of resources underneath this body.

The division discrepancy is an initiation of mutual consensus on political tactics, which will lead to better relationships in this region. The Caspian dispute has necessitated the asking of provoking questions toward topics that previously were not even considered, but only acted upon and/or repressed. The mutual desire to obtain the benefits of this resource has spurred a more agreeable situation in which countries can reach an accord. From the evidence above, progress is already happening. Watching the evolution of the Caspian partition slowly seek resolution, I think that Central Asian states' relationships can only get better. In looking to solve one disputed matter, multiple disagreements and complications have arisen, only to be solved carefully by all involved parties of Caspian division. Once this issue is resolved completely, it will be easier for Central Asian states to more tactfully approach and solve their problems between each other, the Caucasus, and larger surrounding countries. The Caspian partition dispute is a remarkable event that has the opportunity to completely change Central Asian relationships and area cooperation.

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