CHAPTER 4

External Influence on Turkmenistan-Russia Relations
Geo-political significance of a country depends mainly on the geographical location of a country, which forms its border and defences with its immediate neighbours. Turkmenistan is an important country because of rich gas resources and being a transit route from Turkey and Iran to the east. The disintegration of the USSR again opened this vast area to the world. Consequently the focus of the international attention on the region will inevitably become significant and the "great game" in that sense will be played by major world powers seeking dominance over Central Asian oil. Therefore, as long as oil remains a crucial energy source in the world, Central Asia would undoubtedly become a region of critical strategic importance.

The dissolution of the Soviet Union aroused widespread apprehension that the existence of fragile and unstable states in Central Asia would create a "strategic vacuum" and ignite an intense and destabilizing competition among outside powers to fill it. Most of the states in the Central Asia have proven themselves adopt at creating maneuvering room by playing off outside powers against each other, argues Areng. Indeed there is no "power vacuum" for outside powers to fill and a multipolar regional balance of power is evolving, which will make it extremely difficult for any single country to establish regional hegemony (Liina Areng, 2002, p.51)

The geopolitical importance of the Caspian region (part of which also borders Turkmenistan) does not stem solely from its energy potential. (Richard Sokolsky, 1999, p.23.) The countries surrounding the Caspian Sea are Turkmenistan, Russia, Iran, Kazakhstan and Azerbaijan. Over the next decade, Caspian states will make fundamental choices about their national identity, interests, external relationships, and place in the world. Further, these choices will be made within an extremely fluid environment characterized by an active and increasing competition for influence among several outside powers, including Russia, Iran, Turkey, China and the United States and its European allies.

Turkmenistan has some of the world's largest deposits of natural gas, with proven natural gas reserves of approximately 101 trillion cubic feet (tcf). The largest
natural gas fields are in the Amu-Darya basin, with perhaps has half of the country's natural gas reserves located in the giant Dauletbad - Donmez field. In addition to Amu-Darya, Turkmenistan contains large natural gas reserves in the Murgab basin, particularly the giant Yashlar deposit, which contains an estimated 27 tcf. During the last 10 years Turkmenistan has also discovered 17 new natural gas deposits in the Lebansky, Maryinsky, and Deashoguzsky regions of the country. And all the industrially developed countries in the world are trying to play a major role in extracting gas and oil out of Turkmenistan. The existing pipelines to export gas from Turkmenistan runs through Russia and now also through Iran. The United States of America also wants a share in the Turkmenistan gas industry. And the regional players like Iran, Turkey, and China are also trying to have a share. Below we will try to analyze the impact of other external powers on shaping Russia-Turkmenistan relations.

To analyze the current situation in Central Asia, one can employ what Barry Buzan terms a security complex: “A security complex is defined as a group of states whose primary security concerns link together sufficiently closely so that their national securities cannot realistically be considered apart from one another” (Barry Buzan and Ole Wæver, 2003, p.40) A security complex embraces other international actors with common threats, interests, and condition critical to their security. The role of external actors in the Central Asian security complex is determined by the process of forming the "new world order", by the objective and subjective peculiarities of this region, by the situation inside individual countries, and by the perceptions of the ruling elites. (Rustam Burnashev, 2001, p.114.)

Given the configuration of forces, interests, threats and dangers, one can discern three circles of participants in the Central Asian Security complex.

1. The Inner circle - This category consists of some neighbouring states: Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

2. The Second circle - This includes states with "vitally important" and
"important national interests" in the inner circle, as well as states that constitute an external circle of threats and dangers (Russia, China, Pakistan, Iran and Turkey).

3. The Third Circle - This encompasses countries that either have their own interests in the region or are capable of playing a substantial role there: for example, the United States and the European Union. (Ibid, p.115.)

Following the break up of the Soviet Union, Russia's foreign policy has been consistently subdivided into three different levels: The Far Abroad, the Nearest Abroad and the Near Abroad; each with its own military, political and financial objectives and the corresponding interests. The Far Abroad policy issues concerns the West and the rest of the world, the Nearest Abroad represents Belarus and Ukraine (the two former Soviet republics that remained closest to Russia, geographically, ethnically and linguistically and the Near Abroad designated the rest of the former Soviet republic, particularly the ones in Central Asia and the Transcaucasus.

The countries of the Near Abroad are important to Russia for many reasons: the presence of large populations of ethnic Russians in most of these countries, their strategic importance on Russia's borders, and the possibility that some of these bordering western Europe may move towards a defence relationship with NATO which would secure a higher degree of practical independence from Russia than would otherwise be possible. The dependence of these countries on Russia for gas and oil supplies is very high. There are also dimensions of interdependence between Russia and the Central Asian 'near abroad'. Kazakhstan, Azerbaijan and Turkmenistan would find it very difficult to develop their offshore Caspian resources for export without Russian support. Russia offers nearby markets and feasible transit routes for export. The USA has blocked considerations of export routes through Iran even if they were economical. Export routes through Turkey can easily be put second on economic grounds to the development of existing routes through Russia and Georgia. (Oleg Stolyar, 2003, p.1.)
However, prosperity of the Near Abroad continues to have strategic significance for Russia: impoverished states in the Near Abroad could open the way for foreign influences in those countries, apart from pressure on expatriate Russian population and economic migration to Russia. Energy projects in these countries, with Russian commercial participation, and using Russian territory or carrying petroleum through Russian pipelines can serve these wider Russian interests. They would involve co-operation rather than confrontation. (John Mitchell, Peter Beck and Michael Grubb, 1998, p.7.)

Russia continues to see Central Asia as vital to its security interests. Since the mid-1990s, these interests which are enshrined in a September 1995 presidential edict on Russian policy towards the CIS, have been defined as establishing an exclusive Russian sphere of influence minimizing the expansion of foreign presence and influences on CIS territory, preventing or containing local wars, and protecting ethnic Russians. “The Threat of Regional Hegemony”, (Online: WEb), Accessed on Nov, 15th, 2007, http://www.rand.org/plu/monograph_reports/MR107/mr1074.chap4.pdf, p3)

Russia has relied on three main tools to advance these interests:

1. Integration of the CIS under Russian leadership
2. The use of military, economic and political leverage to harness the interests of the Caspian states to those of Russia.
3. International recognition of an exclusive Russian-led CIS peace-keeping role and Russia's "special powers" as guarantor of peace and stability in the space occupied by the former Soviet Union.

The retention of Russian influence within the space of the former Soviet Union directly determines the future of Russian Statehood. Russia's expansive conception of its security interests in the Caspian region, which many observers have labeled "neo-imperialist", is reflected in several different ways: (Rajan Menon, 1995, pp. 149-181.)
Russian military doctrine stresses the prevention of regional threats and local conflicts, the need to improve the mobility and deployability of Russia's conventional forces to deal with conflicts on Russia's periphery, the imperative of protecting Russians in the "near abroad", and the importance of preventing other countries from gaining a foothold in the region. Senior Russian military officials have expressed the view that Central Asia's borders are Russia's as well, and that because of the vulnerability of the area to Islamic fundamentalism. Russia needs to maintain a strong military presence to prevent the Caspian states from falling victim to Islamic extremism. Russia views Central Asia as a buffer zone along its southern border and has adopted a forward defense strategy predicated on the belief that the defense of Russia's borders starts at the CIS border in Central Asia. (John W. R. Leppingwell, 1994, p.77.)

High-ranking Russian civilian and military officials have repeatedly emphasized that Russia's security can best be protected by establishing a sphere of influence in the former Soviet South and by defending Russia's special rights, interests, obligations, and responsibilities in the region. Russian officials have repeatedly proposed that the United Nations grant the CIS the status of an international organization and confer on the CIS an exclusive monopoly over peace-keeping responsibilities on Russia's southern periphery. Russia's political groups across the political spectrum defend Russia's right to use force to protect the rights of the Russian Diaspora. (Ariel Cohen, 1996, p.2.)

The Russian government mounted an intense and ultimately successful effort to review the treaty on Conventional Forces in Europe (CFE). The Russian have also successfully pressured some countries to reallocate their shares of CFE equipment entitlements to Russia. The Russians have frequently exploited local conflicts to deploy peace-keeping forces and to use the presence of these units to extract agreements from local states permitting Russia to maintain bases, border guards and
forward deployed forces. (Michael P. Croissant 1996, p.16.)

Russia played hard to maintain its pre-eminent position in the region, prevent the spread of foreign influence, push its way into energy development consortia, and retain exclusive control over energy pipeline routes. (S. Frederick Starr, 1997, p. 20.)

Between the late 1990s and 2001 several events altered the situation in Central Asia and the alignment geopolitical of forces. (Rustam Burnashev, 2001, p.187.) Foreign policy of Russia changed as its attempt to engage in high-level politics demonstrated a new escalation in the confrontation between Russia and the United States. With the accession of Vladimir Putin to power, Russia changed its policy toward countries in the CIS: in lieu of the "personal element", defence of Russian national interest became predominant. The NATO bombing in Yugoslavia not only demonstrated the foreign policy ambitions of the United States, but also demolished the entire system of international security that had developed after World War II.

The states in Central Asia have shown a growing tendency to turn away from the democratic United States, which sought to intervene and it issued ultimatums to the Central Asian states to observe their commitments to carry out a "democratic transformation of society". The region faces a mounting threat from international terrorism and extremism, the proliferation of narcotics, the intensification of corruption, the prospects of a serious refugee problem and so forth.

The most important influence in Central Asia at the end of the 1990s came about with the change in the foreign policy conception of Russia. The new orientation in Russian foreign policy conception was its focus on the relations with Central Asia. Russia had clearly returned to the region, not only politically but also economically. It would be a mistake to write Russia off because of its declining influence. Despite the difficulties Russia has encountered in pursuing an effective and coherent policy toward Central Asia, most Russian policy makers and strategic experts continue to view an extension of Western influences in the region as a threat to Russian national interests and harbor anxieties about Moscow's declining control there. In addition,
many Russian civilian and military officials firmly believe that Russia has a legitimate role to play there as the chief guarantor of stability and security. (Roland Dannreuther, 1993, p.92.)

Notwithstanding Central Asian participation in NATO's Partnership for Peace Programme, American financed programs to establish regional security, and the uncertain position of several Central Asian states toward key security questions, Russia currently is the main guarantor of security in Central Asia. (Rustam Burnashev, 2001, p.188) All the Central Asian states have forged a distinctive relationship with Russia as most of these countries are land-locked and closer to Russia and they depend on Russia for trade and transit of goods and transportation of their energy resources. This has continued from the Soviet period, which saw the inter-dependence of the region on Moscow. Moreover, the size of Russian population within Central Asia determines the relationship between the Central Asian Republics and Russia. (S.S. Mishra, 2003, p.1.)

However, Turkmenistan has stayed away from economic and security arrangements that symbolize integration process with Russia. Turkmenistan did not sign the October 1993 Agreement on the Concept of Military Security, the February 1995 Agreement on the Collective Security or a number of other CIS documents related to issues of military policy. Consequently it has distanced itself from multilateral CIS defence or security policy coordination. The state maintains a posture of 'positive neutrality' and according to its military doctrine, does not view any sate as an enemy. (Flemming Splidsboel-Hansen, 1997, p.1511.)

Niyazov declared that Turkmenistan is committed to the principles of positive neutrality, but emphasized that this goal will be achieved with the support of Russia. Overall, Turkmenistan's armed forces are about 35,000 strong, and include an army, air force, air defence forces and rear services. But it is noteworthy that these armed forces employ many Russian military officers. Indeed, the Defence and National Security Council of Turkmenistan includes a Russian officer who represents the
Russian Defence Ministry at the Defence Ministry of Turkmenistan.

A senior Turkmen official has said that his country sees Russia as a "guarantor of its independence" and a promoter of economic development. Then Turkmen Deputy Premier Boris Shikhmuradov told ITAR-TASS news agency that "Russia is our key partner. Turkmenistan is a natural ally of Russia and is also absolutely independent in adopting decisions. Cooperation with Russia has been acquiring a more elaborate and mutually-advantageous character. We are very grateful to Russia that it is not only the guarantor to our political independence but also promotes economic development." (Summary of World Broadcasts, 1994, SU/2117G/1)

China

Given its nuclear weapons and enormous armed forces, China has emerged as one of the dominant powers in the neighbourhood of Central Asia and would like to assert its leadership in the region. But it has employed a cautious 'wait and see strategy' and prefers to refrain from overt action. The fundamental tenets of China's military doctrine include a "pro-Beijing orientation of contiguous states and "silent expansion". In contrast to Russia, China resorts to a demonstration of force only when vitally important interests are at stake. (Rustam Burnashev, 2001, p.127.)

The disintegration of the mighty Soviet Union removed the security threat to China emanating from the rival communist superpower. The two shared a long and hotly disputed border. The emergence of independent Central Asian states bordering on China presented unforeseen opportunities to China to forge close economic and political ties with them and seek to expand its own influence in the region. With its growing military and economic might China is fast emerging as a potential superpower. There is no doubt that China is bound to become a major player in Central Asia. Eastern Turkestan is already under Chinese control as the Xinjiang province of China. The prospects of Chinese influence engulfing "western Turkestan", comprising the present day Central Asian states, is geo-political
anathema to the other major powers that have interests and stakes in the region. China quickly established diplomatic relations with the Central Asian states. Rail and road links were established with Kazakhstan, Kyrgyzstan and Tajikistan, bordering on China. Cheap Chinese consumer goods flooded the Central Asian markets. China emphasized the prospects of regional economic co-operation between Central Asia states and its Xinjiang province. (Mohiaddin Mesbahi, 1995, p.233)

At the same time China is also worried about negative impact of independence in Central Asia on its own minorities. People belonging to the same ethnic groups viz. the Uyghurs, Kazakhs, Kyrgyz, Tajiks and the Uzbeks live on both sides of the border. The emergence of independent nation states in Central Asia based on the recognition of separate ethnic and national identities can fuel similar hopes and demands in Chinese Xinjiang, Tibet and Inner Mongolia. China is already facing intermittent and sporadic national separatist movements in these regions. (Felinx K. Chang, 1997, p. 401) In fact China is rather on the defensive while dealing with the Central Asian states. It is trying to elicit promises and commitment from these states that they would not support separatist groups in Chinese Xinjiang, particularly the Uighurs. The Central Asian regimes and China have displayed a joint interest in the maintenance of stability and territorial status quo in the region. Moreover, the Central Asian Republics and China share a common interest in preventing the influence of Islamic fundamentalism and militant forces from spilling over to the region from turbulent Afghanistan.

Today, the restive Uighurs are likely to look to the Central Asian Republics (CARs) for support in their cause. According to official statistics, Central Asia is home to more than 300,000 Uighurs, of whom 210,000 live in Kazakhstan, 46,000 in Kyrgyzstan and about 30,000 in Uzbekistan. The Chinese government is apprehensive of popular support to "East Turkistan" in Xinjiang and among the Uighurs living in Kazakhstan, the Kyrgyz Republic and Tajikistan. The specter of Uighurs on both sides of the border uniting and making a concerted effort to fulfill their aspirations has fuelled fears of a potential breakup of the Xinjiang region.
China’s goal is to neutralize the Uyghurs and their quest for support from the Central Asian Republics through the Shanghai Cooperation Organisation (SCO). China would address concerns vis-à-vis Central Asia on rise of religious extremism, terrorism and forces of aggressive nationalism and sideline the Uighur issue. (Ramakant Dwivedi, 2006, p.142)

China’s interests in Central Asia have widened from stability at the borders to encompass energy security, geopolitics and combating extremists, terrorists, as well as “nationalist/separatist” forces. At the same time, China’s new security doctrine has undergone a change. The quest for energy security is also transforming China’s engagement in Central Asia. China’s demand for imported oil is projected to rise from the present requirement of 60 million tonnes to 250-300 million tonnes annually by 2020 and China wants to reduce its dependency on West Asian (Middle Eastern) oil. If a conflict erupts over Taiwan, current oil supply lines would be seriously affected. Therefore, participation in the energy development projects in the Central Asian Republics is an important part of China’s energy strategy. Indeed, the Central Asian Republics provide a fertile ground for such cooperative projects. China has invested or pledged substantial amounts of money in joint ventures along with Central Asian oil and gas companies such as Petro-Kazakhstan, Turkmen Neftegas and Uzbek Neftegas. China is working on new gas and oil pipelines connecting the Central Asian Republics to its pipeline network in Xinjiang. Projects are also underway for a network of roads and rail lines that connect China’s west to Russia, Europe and West Asia. (Ibid, p.145)

China, being the world’s second-largest oil consumer after the United States is attaching high priority to accessing oil and gas reserves in the Central Asian Republics. The Chinese government wants to diversify energy imports and lower dependence on West Asia. China’s energy security comprises the following elements: to diversify the sources of energy imports and increase the share of oil and gas imports from Russia and Central Asia; increase overseas investments by state oil companies; broaden ways of trade to avoid transactions risk; enhance the investments
in oil and gas infrastructure and open more channels to imports; establish government controlled strategic petroleum reserves; adjust energy consumption and production structure and reduce dependence on oil through coal gasification; liquefaction and development of nuclear power; and actively participate in the formation of a regional community and establish a regional energy system. (Ibid. p.146)

The end of the Cold War began a process of readjustment in China’s foreign policy and its security strategy in accordance with the new international situation. China believes that, to obtain lasting peace, it is imperative to abandon the Cold War mentality. It is cultivating a new concept of security and seeks new ways to safeguard peace. A new security concept gradually emerged in 1997. It was grounded in Chinese foreign policy practices and was widely discussed by Chinese officials and scholars for a few years before its formal appearance in June 2001. The core of the concept is that security should be obtained by peaceful means and through mutual cooperation. The new concept holds that mutual confidence, mutual benefit, equality, and coordination should be established in the security field. Security and cooperation both require equality, commonality and openness, without any implication of exclusiveness and without aiming at any other party. China stands for the principle that ‘security is mutual’, opposing the idea that any country can build its own absolute security upon the insecurity of others and supporting the concept of multilateral security dialogue and cooperation. (Ren Dongfeng, 2003, p.7)

China is committed to expanding its presence in Central Asia, and to acquire a substantial stake in the development of Central Asia’s hydrocarbon reserves. For China, much like Russia, Central Asian energy resources can make a huge difference in their energy supply, both for domestic use and for export. By contrast, Kazakh oil and Kazakh, Turkmen, and Uzbek gas will only produce marginal improvements in supply for Western countries. China, unlike the Western countries, is happy to finance improvements in the oil and gas transport system within the Central Asian region itself, and not just potential international export routes. This makes China, a potentially attractive partner for Russia, which lacks the capital to make
improvements to the Soviet-era gas transport system through the region.

China sees itself as an increasingly more active partner for the Central Asian states, but shows no signs that it is likely to substantially increase its pace of engagement in the region. It will continue to acquire energy assets and buy up other strategic natural resources and industries should they become available, and with so much surplus capital China is likely to continue to pay more as it requires the assets. Moreover, the Chinese are likely to continue to tolerate bad working conditions (far worse than their Western counterparts would accept) in order to maintain their position in these investments. And they are likely to continue to offer the region's poorer states (Tajikistan, Kyrgyzstan and Uzbekistan) economic loans and loans for the purchase of military equipment. In other words, the Chinese are likely to continue to proceed in Central Asia as they have for the last several years, with a strong sense of confidence that time is on their side, and that they are entering the region to stay. (Martha Brill Olcott, 2006, p.1)

Nonetheless, it is important to bear in mind that Chinese policy toward Central Asia reflects a complex and subtle set of political and strategic motivations. China's primary objective is to maintain the country's territorial integrity by ensuring that the Xinjiang-Uyghur Autonomous Region (XUAR), historically the scene of Turkic and Muslim separatist agitation, remains firmly under Beijing's control. To further this objective Chinese policy is designed to maintain stability and contain ethnic, religious and nationalist separatism through economic development. (Dianne L. Smith, 1996, p.161.) Key to success of this policy is China's ability to forge trade and commercial relationships with the Central Asian countries bordering China, including the development of rail and transportation links and pipeline construction and to maintain tranquility along the borders between the XUAR and the Central Asian republics.

The Chinese, moreover, want to prevent troubles in Central Asia from interfering with Beijing's access to the region's energy resources or from hindering
efforts to integrate neighboring Central Asian countries into the Chinese market. As one prominent expert on Chinese energy policy has observed, Beijing's concern about energy security are a driving factor behind China forays into the Central Asian oil market. The key to the success of China's strategy for energy security is the cooperation of Russia and Kazakhstan in linking the energy resources and markets of Central Asia to North West China. (Gaye Christoffersen, 1998, p.5.)

Another important reason, according to some, for China to expand its presence in Central Asia is China's competition with India. By supporting Pakistan, China hopes to block India from involvement in Afghanistan and Central Asia. Revealingly, in December 2000 China remained neutral in the Security Council vote on Resolution 1333 that imposed sanctions on Taliban controlled Afghanistan. China's growing interests in Central Asia limits the maneuvering room also for Russia, which is attempting to achieve regional military and political integration under its own control. China has an interest in having the states of Central Asia play the role of buffer with Russia. Notwithstanding all this, China asserts that the development of its relations with Central Asian states is not directed at any third party and hence should not have a negative impact on Sino-Russian relations. (Rustam Burnashev, 2001 p.128.)

Economic considerations also play a role. The rapidly increasing demand for energy has already forced China to seek a key position in exploiting the resources of Central Asia. The Chinese demand for energy underpins its common interest with the United States in supporting free access to oil producing areas as well as general stability. Like Russia, China can use the emerging situation in Central Asia to demonstrate its power and to promote multiplicity in the contemporary world. Although China does not seek a confrontation with 'the United States, its most important economic partner, it has shown itself ready and increasingly disposed to defend its interests.

China and Turkmenistan signed on 22 April 1994 economic and trade
agreements. (Summary of World Broadcast, April 1994SU1983G/2, 28.) The Turkmen-Chinese summit talks ended with the signing of three intergovernmental and five interdepartmental agreements. The three agreements are:

1. A Chinese state loan of 50m Yuan to Turkmenistan;
2. Co-operation between the foreign ministries of the two countries
3. Inhabitants of both countries study in the Chinese and Turkmen languages.

The interdepartmental agreements were:

a. Between Turkmenistan's fuel and energy complex and the Chinese National Petroleum and Natural Gas Corporation on joint cooperation in the development of the two countries' oil and gas sectors.

b. Between the Turkmen state power technology corporation, Kuwait, and a Chinese trade and industry consortium, in which the Chinese side has expressed willingness to build an iron and steel works to process scrap metal and an aluminium production works.

c. On long-term cooperation between the ministry of construction and Architecture of Turkmenistan and the China state construction engineering corporation expressing willingness to cooperate on the setting up of joint enterprises to produce welding electrodes, porcelain goods, ceramic tiles earthenware and furniture.

d. Between the ministry of trade of Turkmenistan and a Chinese electronics, important and export company which envisages reciprocal commercial activity in particular deliveries by the Chinese company of domestic electronic equipment and electronic goods. Between the ministry of agriculture of Turkmenistan and a Chinese National Textile import and export corporation, Cinatex, on Chinese purchase of Turkmen cotton fibre. (Ibid)

Turkmenistan and China signed on 31 August 1998 a joint declaration on bilateral relations and a number of co-operation accords following talks in Beijing between then President Saparmurad Niyazov and his Chinese counterpart Jiang
The accords include intergovernmental agreements on air transport, education, tourism and scientific and technical co-operation. (Robert F. Ash, 1998, p. 1091)

On 1 September 1998, China and Turkmenistan signed a declaration on working jointly to combat "national separatism". The declaration was signed by Chinese President and his Turkmen counterpart. The two states will oppose bids to fuel inter-state and ethnic confrontation and will not allow any organizations or force on their territories to carry out activities aimed against the other side. Turkmenistan has also promised not to enter into any official contacts with Taiwan. The declaration also stated that China and Turkmenistan plan to focus on co-operation in the energy field and consolidate cooperation in trade, the economy, science and technology, transport and fighting international crime and drug trafficking. (Jefferson E. Turner, 2005, p.92)

Then Turkmen President Saparmurat Niyazov told a government sitting on 13 May 2005, that the country was set to boost its relations with China. He also said that the CIS should remain a general consultative body without any legal or executive powers. In his remarks, Niyazov commented on the Summit talks he held with the Chinese President Hu Jintao during the Five Day festivities in Moscow, "We should boost our multifaceted relations with China and they have also shown willingness to have dealings with us." Niyazov praised China as a country which treated its partners equally. "There is a huge difference between us: we have a population of just 6.5mn whilst theirs is about 1.3bn. But nevertheless, we are equal in holding talks and drawing up accords," he said and announced that he planned to visit China in 2006. "The Chinese leadership has invited us to visit them as soon as draft agreements are ready for signing and God willing, we will be able to visit China in the first half of next year," he said. In the course of the meeting Niyazov also touched upon his vision of the CIS. "We have our view that the CIS should remain just a general consultative body and by no means a legislative or administrative body. The point is that every country which is a member of the CIS has its own path and they also have different
lines of development. And their laws are different, too. So it impossible to put them under a single CIS roof and make them obey a single accord."


Chinese President Hu Jintao and his then Turkmen counterpart Saparmurat Niyazov agreed to further expand trade and economic cooperation. President Hu said that China attaches great importance to the development of friendly relations with Turkmenistan, adding that China views Turkmenistan as an important partner in Central Asian region. Hu said China, as always, supports Turkmenistan's open policy and its neutral policy stance. The Chinese president expressed hope that with joint efforts made by the two countries, bilateral relations will be reaching a much higher stage. For his part, Turkmen President Niyazov said that his country values its relations with China, stressing that its one-China policy will remain unchanged. Niyazov expressed satisfaction with the fruitful results of the bilateral cooperation in the field of politics, economy and culture, saying his country is willing to learn some useful experience from China. He said the two countries have successful cooperation in the area of textile and telecommunications and this kind of cooperation really benefits his country. Niyazov said that Turkmenistan's rich natural resources provide good opportunity for the future cooperation between the two countries. President Hu said the China is encouraging its enterprises to strengthen cooperation with Turkmenistan's counterparts in exploration of gas and oil reserves in the Central Asian country. (Ibid, p.16)

Some exports suggest that the growth of Chinese influence in the region is not totally detrimental to Western interests and may indeed be of some benefit. Like the United States and its Western allies, China has an interest in containing the spread of radical Islam; reducing the dependence of Central Asian states on Russia, promoting the independence, stability and economic development of the republics; transporting the region's oil to international markets and opening up the economies of the Central Asian states to the outside world. It would be shortsighted and perhaps
counterproductive to allow an unreasonable fear of Chinese expansionism in Central Asia to obscure these common interests, which provide a basis for mutual cooperation rather than conflict. (Richard Sokolsky, Tanya Chalrick - Paley, op.cit. p.39.)

USA

The geopolitical vacuum created after Russia's voluntary withdrawal from Central Asia quickly attracted other powers. The openness of Central Asia also enhanced opportunities for greater influence from outside the region. Neighbouring states and the leading world powers were tempted to seek a redistribution of Russia's traditional sphere of influence. An enhancement of the role of the United States and the international political and financial organizations under its control, an augmentation of China's position, the rearmament and consolidation of Islamic countries, all these developments changed the configuration of geo-political forces in the region.

By the mid 1990s, the Unites States became a key geopolitical player in Central Asia. (Rustam Burnashev, 2001, p.173.) American goals in Central Asia are as follows:

- To support the independence, sovereignty and security of each of the Central Asian states
- To assist in the formation of a market economy and democratic forms of rule based on equal opportunities and the observance of human and civil rights
- To promote the integration of these states into the world community of political and financial organizations and also their participation in the Euro-Atlantic dialogue about and on questions of security and cooperation.
- To contribute to the establishment of peaceful relations among the states of Central Asia and with their neighbours, to the creation of new
dimensions of regional co-operation, and to the resolution of local conflicts through international mediation.

- To prevent the illegal commerce in weapons of mass destruction or for elements for such weaponry, either within or outside the region.
- To co-operate in dealing with other international problems, such as terrorism, drugs and protection of the environment.
- To advance the commercial interests of the Unites States.
- To promote the expansion and diversification of the global sources of energy.

The United States seeks to exploit natural resources in this region and to prevent any other power centre from gaining dominance here. It is in the interest of the United States to ensure that no other power gains total control over this geopolitical space and that the world community has unimpeded access to the region. (Ibid, p.174) The United States has some military and political interests in the region; in particular it seeks to supervise nuclear munitions, enterprises that can produce fissionable materials, testing grounds and research facilities that earlier had a military function, and components in the missile and space infrastructure. The United States has devoted much effort to drawing the new Central Asian States into the Western military sphere. Significantly, the change, in the plan of the Unified Command of the Armed Forces of the United States in October 1999 shifted responsibility for the Central Asian one to the Central command of the Armed Forces of the United States.

Although the United States has some interest in preserving the independence and viability of countries in this region, Central Asia has not reached the threshold of constituting a vitally important interest. In the long term, the United States would hardly appear willing to make great sacrifices in the defence of Central Asian States or agree to provide a guarantee for their security. Indeed the United States lacks the interest and resources to exercise full blown influence in the region and to ensure its stability. From the perspective of security, the United States regards this region at most as an object of secondary interest. That posture derives from a broader
understanding of security and its relations with Russia, China and South Asia, even when taking into account an aggregate of global problems (such as terrorism, proliferation of weapons of mass destruction, organized crime and narcotics). Nonetheless, as some suggests, the leaders of Central Asia have an exaggerated sense of their own importance, which obstructs attempts to persuade them to adopt democratic and market reforms.

It was extremely important for the United States to resolve several strategic tasks in the region. First, it needed to preserve stability in Central Asia since, in the contrary case, the opportunity to establish its geopolitical influence over the region would be lost. Second, the United States needed to liquidate the nuclear weapons, their delivery systems and the nuclear materials located on the territories of the region. Third, it was important for the United States to create conditions that would reduce opportunities for Russia to become a serious geopolitical force again. Without Central Asia, it would be virtually impossible for Russia to recover its earlier status. Fourth, the United States had to take measures to contain China, which many analysts expect to become a global leader in the twenty-first century. Control over Central Asia would enable the United States to ensure its own presence on the western borders of China where a critically important region, the Xinjiang-Uigur autonomous region, is located. Finally the United States needed to create conditions that would ensure the strengthening of its economic and political influence in Central Asia. (Fiona Hill, 2001, p.2)

U.S. relations with and security interests in the states of Central Asia have changed dramatically since September 11, 2001 as a result of the US commitment to counter terrorism and campaign in Afghanistan. The US military has been much more proactive, recruiting states into the counter terrorist coalition and expanding its security co-operation and direct military assistance programmes. In the long term, this increased military to military contact and Western exposure to the region's operational environment will improve the US military's ability both to conduct combat operations in the target countries and to use these areas to project and sustain
military forces in nearby countries or regions. (William D.O Malley, 2003, p201)

Kazakhstan received after independence significant military and related assistance from the United States, in large part through the Cooperative Threat Reduction (CTR) programme of assistance to eliminate weapons of mass destruction and related infrastructure. After September 11, the United States enlisted Kazakhstan's support in the war in Afghanistan, but its response was tempered, endorsing the counter-terrorism campaign and US actions in Afghanistan and providing over flight rights. Kazakhstan also reportedly agreed to limited US use of facilities, but no major presence. (Ibid, p.202)

Prior to September 11, US assistance to Uzbekistan was limited. It included some joint training of US mountain combat units and Uzbek armed forces as well as provision of some nonlethal military equipment. On the other hand, the Islamic Movement of Uzbekistan (IMU) certainly received support from al-Qaeda and the Taliban-held areas of Afghanistan in the later 1990s and early 2000s. With the commencement of the US-led coalition operation in Afghanistan, the situation changed dramatically. Uzbekistan has a strong interest in peace in Afghanistan and a reignited and protracted conflict posed the risk of an influx of refugees into Uzbekistan, straining resources, introducing possible insurgents, and threatening the survival of the regime. This combined with Uzbekistan's wish to establish independence from Moscow and its longstanding desire for a closer relationship with the United States, made Uzbekistan the first country to offer access rights to US military forces for operations in Afghanistan. (Olga Oliker. Thomas S. S Zayna, 2003, p.334.)

For Uzbekistan, this was an unprecedented opportunity to enlist the United States as a partner, to bolster the government and the stature of the country as well as to assist in alleviating some of its security concerns. The United States has repaid Uzbekistan's generosity by targeting IMU bases in Afghanistan providing economic assistance, refurbishing infrastructure that US forces are using in country, and signing
a bilateral agreement promising to "regard" with grave concern any external threat to Uzbekistan. This is, of course, far short of any sort of security guarantee or alliance. That said, the very presence of US forces in Uzbekistan, though not a political commitment, raised the profile of Uzbekistan for at least as long as they remained in place.

Kyrgyzstan, like Uzbekistan, was eager to welcome a US and coalition presence to its soil after September 11. A bilateral agreement on the stationing of forces was signed with the United States and ratified by the Kyrgyz parliament in early December 2001. It was valid initially for one year but could be extended, and it explicitly allows for US use of Kyrgyz installations in support of humanitarian and military missions (unlike agreements with other regional states which are limited to humanitarian operations). While the United States has said that it does not plan to maintain a permanent presence in Kyrgyzstan, the facilities it is building there suggest a desire for at least the capacity to return. The United States has also boosted its programme of military to military contracts with Kyrgyzstan holding a bilateral counter-terror exercise with Kyrgyz forces in February 2002. The US presence brings a variety of benefits to Kyrgyzstan. Directly, the United States is paying for the use of Kyrgyz facilities. Less directly, Kyrgyzstan is benefiting from a programme of increased military and economic assistance. (Ibid, p.335)

Kyrgyzstan is not a particularly appealing environment for a long term presence, given high altitudes and poor infrastructure. While the coalition involved in the Afghanistan conflict was able to move forces into the country, the effort was complicated and lengthy. From Bishkek's perspective, a long term US and allied military presence is very much a positive factor. It can help stimulate Kyrgyzstan's weak economy, help the country's military build, train and equip a capable force, and provide a measure of security against possible future incursions like those in 1999-2000. Moreover a US presence sends a signal to Russia, China and Uzbekistan that Kyrgyzstan has a very strong ally and protector.
US presence is a two-edged sword for both parties. The US presence may provide a measure of stability, but those forces are also a possible target for militants. Attacks on US bases, facilities and personnel would become more likely if the US presence garners public hostility as there are some signs it may be doing. Insofar as it raises hackles in Russia, China and Iran, it can also have negative political repercussions for the strategic interests of both the United States and Kyrgyzstan. Even if the US presence is not permanent, but the bases may be maintained to provide access to US forces if necessary for future contingencies. A closer US-Kyrgyz relationship does make it more likely that the United States will feel pressured to get involved in stabilizing conflict on Kyrgyzstan territory should it occur. The potential for spill over of conflict in Tajikistan creates further incentives for the United States and others to become involved.

The terrorist attack in the United States on 11 September 2001 had, of course, a profound impact on the foreign policy of the United States. The struggle against international terrorism immediately became the central organizing principle in American foreign policy. While Washington made the reduction of the terrorist threat a top priority, it also sought to address a number of other problems. Above all, the United States sought to utilize the new situation to reinforce its leadership in the world and NATO, as well as in the new antiterrorist coalition formed under US leadership. The United States wants to create conditions that will ensure its unhindered access to the oil and natural gas reserves of Central Asia. Finally, the United States seeks to gain greater influence in a region that borders Russia, China and Iran. The goal is to create opportunities whereby Washington will be able to exert greater influence over these countries. Ultimately, however, the tenability of such objectives will depend on how successful are its effort to reestablish a government and state institutions in Afghanistan. (Ibid, p.336)

The United States was among the first countries to recognize the newly independent Central Asian states in 1991 and the first to recognize Kazakhstan. It provided many kinds of government assistance for these states, invested in
Kazakhstan, Turkmenistan and Uzbekistan, and developed a close relationship with the latter by the late 1990s. However, it is true to say that the Central Asian region was not so important during that time as it has now become in US foreign relations. Remote location, social instability, complex ethnic and religious background, and poor transport facilities kept Central Asia low on the scale of US foreign policy priorities before 11 September 2001, despite its richness in natural resources. It was the terrorist attacks against the USA and the subsequent US military campaign in Afghanistan that promoted the region to an important position on the Bush Administration’s agenda. This US-led military action struck a devastating blow against terrorist groups challenging regional and world security. In order to seek cooperation in anti-terrorism from Central Asia, the United States scaled down its demands for human rights and democratic reform in the states of the region. It set up along with NATO two airbases in Uzbekistan, at Khanabad and Karsi; two bases in Tajikistan, at Dushanbe and Kyulyab; and a major base in Kyrgyzstan, at Manas outside Bishkek. The bases bring millions of US dollars to these areas in the form of construction and local spending, and help to strengthen political and military ties between Washington and the Central Asian governments involved. (Ren Dongfeng, 2003, p.13)

The entrance of the United States into Central Asia serves as a springboard from which it would be able to contain the rise of China. Various countries in Central Asia have been good neighbors of China. Currently, Kazakhstan and Kyrgyzstan have solved their border disputes with China. Tajikistan has come close to solving its border dispute with China. The latter has signed mutual trust treaties with regard to border regions with these neighboring countries. China has constantly strengthened its political, security, economic and trade and cultural relations with Central Asian countries. The penetration of the United States into Central Asia not only could affect China’s from expanding influence, but also sandwiches China from East to West, thus “effectively containing a rising China.” (Ibid)

In his June 1, 2002, address at the United States Military Academy at West Point, President Bush outlined what he termed the “three silos” of his foreign policy:
defending the peace against threats from terrorists and tyrants; preserving the peace by building good relations among great powers; and extending the peace by encouraging free and open societies. This policy, as applied to Central Asia since 9/11, has proven to embrace mutually contradictory goals. By placing a priority on anti-terrorism in U.S. policy toward Central Asia and rewarding Central Asian leaders for basing rights, the Bush administration is shoring up authoritarian regimes and encouraging public distrust of U.S. intentions in the region. Although Russia, and to a lesser extent, China have cooperated with the U.S.-led Coalition against terrorism, their support is not unqualified and could easily dissipate in the event the United States decides to maintain a long-term military presence in Central Asia. (Elizabeth Wishnick, 2002, p.4)

In Central Asia the change in U.S. priorities was felt immediately, as Uzbekistan, in particular, and to a lesser extent Kyrgyzstan, Tajikistan, and Kazakhstan suddenly became frontline states in the U.S.-led war against the Taliban and the Al Qaeda network. Washington's ability to take the lead in protecting the security of Central Asia, a region where the United States previously has shown little inclination to intervene militarily, reflects the weakness of the existing regional security organizations and new cooperative trends in U.S. relations with great powers in the region. How long these cooperative trends will endure will depend on a variety of inter-related factors, including the timeframe of the U.S. military presence in Central Asia, the reactions of regional powers to the growing U.S. security interests in Central Asia, and the scope of the United States anti-terrorism campaign, particularly in West Asia. (Elizabeth Wishnick, 2002, p.16)

Immediately after 9/11, the Turkmen foreign ministry stated that Turkmenistan's policy of neutrality and its friendship with the Taliban precluded cooperation in a U.S.-led military campaign. After Russia's President Vladimir Putin acceded to an expanded U.S. military presence in Central Asia, however, Turkmen President Niyazov on September 24, 2001, gave his consent for ground transport and over flights to deliver humanitarian aid to support U.S.-led anti-terrorism efforts in
Afghanistan because “evil must be punished.” Turkmenistan also permitted refueling privileges for humanitarian flights. Nonetheless, the foreign ministry still argued that Turkmenistan was “neutral” because it was not permitting military basing or the “transport of arms” through Turkmenistan. During an August 2002 visit, U.S. Central Command head Tommy Franks thanked Niyazov for permitting up to 40% of humanitarian aid sent to Afghanistan since 9/11 to transit the country. Before the U.S.-led coalition launched actions in Iraq, Niyazov made contradictory statements, but in April 2003, he endorsed Saddam’s removal and called for establishing “democracy” in Iraq to safeguard the interests of ethnic Turks living there. (Jim Nichol, 2004, p.19)

Turkey

The end of Cold War and the demise of the Soviet Union have had a profound impact on Turkey’s security environment and national security policy. With the disappearance of the Soviet military threat, Turkey played a central role in containing the importance of several divisive issues that had been muted by Cold War imperatives. Turkish disaffection with Europe has reached new heights, largely because of the EU’s continuing rejection of Turkish membership and Turkish perception that Europe is indifferent or even hostile to Turkish concerns, especially on the Greek-Turkish dispute over Cyprus. Further, a common vision of shared purposes has yet to emerge that might cement a new US-Turkish relationship for the post-Cold War era. (Zalmay Khalilzad, 1997, p.40.)

Against this backdrop of Turkey’s growing disillusionment with its Western connection, the emergence of independent states in the Caspian region presented Ankara with new opportunities and options in an area of growing geopolitical importance, where Turkey felt strong ethnic, cultural, historical and linguistic bonds. Ankara sought to profit economically from the independence of the Caspian states by capturing markets for exports and tapping into the regions oil and gas reserves to meet its own growing energy needs. The independence of the Caspian states offered
Turkey an opportunity to renew its sense of national identity and purpose by asserting its leadership within a broader-Turkic community.

The Unites States urged Turkey to fill the vacuum left by the crumbling of the Soviet empire, in part to serve as a counter weight to Russian and Iranian influence. Many of the Caspian states saw an expansion of Turkish influence as insurance against the growth of Iranian led Islamic fundamentalism, and welcomed Turkey as a source of economic and technical assistance, a potential bridge to the West, an outlet for the region's oil and gas, and a counter weight to Russian pressure.

The widespread support for an enlarged Turkish role in the Caspian region sparked euphoric expectations that Turkey would emerge as the major regional power and the unofficial leader of a broader pan-Turkish community. (Shireen T. Hunter, p.130.) From 1992 to 1996, Turkey sought to expand trade and investment and it's political, economic, and cultural influence. Ankara sought to use its cultural and ethnic ties to the region to promote its secular-democratic, pro-Western, free-market state as an alternative model to Iranian fundamentalism. For example, Turkey actively supported Islam in Central Asia, opened cultural centers and Turkic schools in almost all the Central Asian states, and agreed to provide training and technical assistance in Turkey to thousands of Central Asian students. Relations between Turkey and Central Asia have also become institutionalized in the context of regular "Turkic summits", beginning with the one in October 1994 in Istanbul. Turkey has also taken it upon itself to train nearly 10,000 Central Asian students. Turkey holds great hopes for these students to "return to their native countries to constitute Turkish-speaking elite that will replace the Russian-speaking elite".

Until 1991 Pan-Turkism - the idea of a Turkic homeland stretching from the Mediterranean to China - was a romantic dream espoused by a few Turkish scholars and barely figured in Turkey's foreign policy agenda. Suddenly after 1991, Pan-Turkism became an achievable reality and an integral part of Turkey's foreign policy. Turkic languages were now spoken by an accessible and vast contiguous belt that
stretched from Istanbul across the Caucasus and Central Asia to Xinjiang in China. (Ahmed Rashid, 2001, p.152.) The Central Asian Republics saw Turkey as a model for their economic development - Muslim but secular - while Turkey desired to expand its influence in the region and become a major player on the world stage.

Turkey began to send massive aid to the Central Asian Republics, starting direct flights to their capitals, beaming TV programmes via satellite, training their diplomats, soldiers and bankers and initiating an annual pan-Turkic summit. Turkey has become a major player in the "new great game". Its need for energy and desire to expand its influence prompted successive Turkish governments to push for becoming the principal route for Central Asian energy exports. In the summer of 1997, the USA and Turkey jointly sponsored the idea of transportation corridor for a main oil pipeline from Baku in Azerbaijan through Georgia and the Caucasus to Turkey's Ceyhan port on the Mediterranean. Kazakhstan and Turkmenistan would be encouraged to feed their oil into this pipeline. (Ibid, P.153.)

Turkey had backed the Afghan Mujaheddin in the 1980s, but its role remained limited. However, as it developed a pan-Turkic foreign policy Ankara began to actively support the Turkic minorities in Afghanistan such as the Uzbeks. Ankara provided financial support to general Dostum and twice gave him a home in exile. Turkey became vehemently opposed to the Taliban, which had created new tensions with its close ally Pakistan. Moreover, the Taliban threat had also pushed Turkey into a greater understanding with its regional rival Iran.

Turkish engagement in the Caspian remains substantial, and the long term prospects are promising for increased bilateral cooperation and a steady, expansion of Turkish influence given the ethic and cultural bonds that exist and the number of young Central Asians who are being trained in Turkey. Turkey is operating in a crowded playing field, however, and it is unlikely that Ankara will emerge as a dominant player, much less attain regional hegemony. For now, accordingly, Ankara has a more realistic appreciation of the difficulties it faces and has trimmed its
policies and expectations to fit these realities. Indeed, Russia has enjoyed some success in thwarting a significant expansion of Turkish influence in the region, (Suha Bolukbasi, 1978, p.80.) especially in Kazakhstan, and Turkey has been careful to avoid challenging important Russian interests. However, there is a long term potential for a serious Turkish-Russian confrontation in the south Caucasus, particularly if Ankara is unable to resist the rising tide of Turkish nationalism and pressure from public opinion and ethnic groups for a more assertive Turkish posture in the region.

Iran

The geographical position of Iran is of great significance in providing the Central Asian Republics an outlet to the sea. Iran is naturally interested in making use of its geo-political, economic and cultural influence in the new republics. Iran is also cautious and wants to avoid hurting Russian interests in Central Asia. In view of persistent US hostility and antipathy to Iran, ties with Russia, particularly in the military-technological field are considered to be very important. The victory of Pakistan supported Islamic fundamentalist Taliban forces in Kabul in September 1996 further aggravated Iranian and Pakistan rivalry in the region. It has tended to bring India, Iran and the Central Asian countries closer. Iran has preferred to emphasize economic diplomacy more in dealing with the Central Asian Republics rather than seeking to export its version of Islam into the region (Jyotsna Bakshi, 1998, p.119.)

It has provided road and rail links to the Central Asian Republics through neighboring Turkmenistan and an outlet to the sea through its port of Bandar-Abbas. India, Iran and Turkmenistan have entered into a tripartite agreement providing for the surface transportation of goods from India to Central Asia via Iran and vice versa. Iran has also constructed as has been mentioned earlier, a gas pipeline from Turkmenistan to Iran which will be further extended to Turkey for the export of Turkmen gas to the European markets. However, the Iranian capacity to provide investments and technology to the new republics is limited and remains a constraint on its goals and diplomatic endeavour in the region.
Potentially, Iran is also the most logical route for a pipeline. Through swap arrangements, it could shorten the time for Central Asian energy to reach international consumers. (Shireen T. Hunter, p.130) Iran could also provide some of Central Asia's needs such as light consumer products, fruits and vegetables. For such energy poor Central Asian countries as Tajikistan and Kyrgyzstan, Iran could become an alternative source of energy and reduce their dependence on Russian, or Uzbek sources. If the agreements in 1995 are fully implemented Iran will receive Turkmen gas as partial payment for laying a pipeline from Turkmenistan. Potentially Iran could also be a good market for some of Central Asia's raw materials and industrial products. (Ibid, p.131.)

Turkmen gas reaches Iran through the new pipeline. The first 250m cubic meters of gas was delivered in 1997 along the new Korppezhe-Kurt Kuly pipeline between Turkmenistan and Iran. The 200 km pipeline, the first to be built in Turkmenistan since independence was opened on 29th December 1997. (Summary of World Broadcasts, 3rd March 1998, SV/3165G/3)

Iran's large and relatively well-equipped ports in the Persian Gulf and the Sea of Oman, along with reasonably well developed road and rail systems, make it the ideal connecting point between Central Asia and Turkey, the Caucasus, and the Persian Gulf. With a relatively small amount of investment, rail links between Iran and Pakistan which currently exist through the connection between Zhaedan in Iran and Quetta in Pakistan's Baluchistan could be expanded and would increase the number of outlets for Central Asia. (Shireen T. Hunter, op.cit, p.129.)

After the Taliban murdered a leader of the Afghan Shiites (Sheik Mazari) in 1996 and the Iranian diplomats in Mazar-e-Sharif in 1998, Teheran became the most vehement opponent of the Taliban in the outside world as well as one of the main military sponsors of the anti-Taliban Northern Alliance. Iran closed all its consulates in Afghanistan, reinforced its support for Northern alliance commander Massoud and
provided refuge to almost all the well-known field commanders that the Taliban expelled from Afghanistan (Abdul Rashid Dostum, Gulbuddin Hekmatyar, Abdul Malik, Karim Halili, and Islamil Khan). Above all, it wanted to enhance the prospects for linking Central Asia with the Iranian transportation system. That is why when the situation sharply turned in favour of the Taliban in fall 2000, Iran sought to bolster the Northern Alliance and thereby restore a balance of power in Afghanistan. (Boris Rumer (ed.), p.130.)

Although Iran has made limited inroads, several factors will circumscribe Tehran's opportunities for achieving substantial influence and presence in the near term.

- Iran's revolutionary vision especially its anti-imperialist and anti-hegemony overtones, has broad appeal among all Muslims including Sunni movements. Nonetheless, many Muslims in Central Asia have little sympathy for Iran's brand of radical Islam.

- Because of Iran's own ethnic problems especially unrest among its large ethnic Azeri minority, Iran's stability and territorial integrity could be undermined by the Azeri separatists movement. Since, Iran lacks the leverage to influence those developments, Tehran relies on Russia for this task. (Dianne L Smith, op cit, p. 152.) This combined with Iran's growing reliance on Moscow for conventional arm and nuclear technology, gives Iran a strong stake in maintaining close relations with Russia, and this cooperation has hindered the expansion of Iranian influence in the region. It is unlikely, therefore, that Iran would take any actions in Central Asia that might cause serious harm to its relations with Russia.

- With the exception of Turkmenistan, Iran does not border any of the Central Asian Sates and this lack of proximity makes it more difficult for Iran to project its influence.

- Iran currently lacks the resources to become, a major economic actor. As in the case of Turkey, Iran is not in the position to make major investments, and the abysmal performance of the Iranian economy over
the past two decades is hardly a model that the Caspian states would wish to emulate. As Patrick Clawson and others have noted, Iran is unlikely to emerge as a major market for Caspian products and there is a far greater possibility that Iran and the states of the region will become trade competitors rather than partners. (Patrick Clawson, 1995, p.141.)

- As long as Iran remains a pariah state and politically isolated, it will be extremely difficult to carve out a major niche for itself as a significant pipeline route.
- As long as the fundamentalist character of the Iranian government remains unchanged, the leaders and populations of the Central Asian states will remain highly suspicious of Iranian intentions.

Despite these obstacles, the Caspian region and Central Asia enjoy a higher profile in Iranian foreign policy-thinking today, especially Turkmenistan and Tajikistan for both geographic and cultural reasons. More fundamentally, important mutual interests bind Central Asia and Iran. From the vantage point of the Caspian states, access to Iran's oil pipelines and transportation networks offers an opportunity to break free of Russia's grip and to reap enormous profits from oil and gas exports. From Iran's perspective, close relations with the Central Asian states offer several benefits like breaking out of its international diplomatic and economic isolation, expanding its influence and leadership position within the Islamic world and the Persian Gulf, earning profits from oil and gas transit fees and participation in Central Asian energy projects, containing ethnic and regional conflicts that could threaten Iran's internal stability, and enhancing its international political status. (Richard Sokolsky and Tanya Charlick - Paley, 1991, p. 47.)

India

The close and friendly relations between India and the Central Asian Republics have deep historical roots. India's first Prime Minister, Jawaharlal Nehru, visited these republics in 1955 and 1961 when they were part of the Soviet Union. As
the Soviet Union disintegrated in 1991 and five independent and sovereign states emerged, this led to a strengthening and expansion of politico-economic-cultural ties between New Delhi and the Central Asian Republics. The political dialogue has since been regular and mutually beneficial. High-level exchanges have indeed set the tempo to chart out the scope and direction of cooperation, and have also laid the foundation for understanding each other's interests and core concerns. India and the Central Asian Republics subscribe to common principles of inter-state conduct, peaceful settlement of differences, rejection of extremism in all forms, as well as the principle of non-interference in the internal affairs of other countries. The cooperation between India and the Central Asian Republics spans many areas, including economic and commercial collaboration, cultural, education and technical training in diverse disciplines, information technology, science and technology, agriculture and civil aviation, to name a few. (Ramakant Dwivedi, 2006, p.156)

Increasing politico-strategic-economic cooperation between the Central Asian Republics and China has enormous implications for India. New Delhi considers Central Asia as its “extended neighborhood” with a high importance given to its geopolitical and geo-economic interests. Commercial and economic ties between Central Asian Republics and India hold immense potential and Central Asian oil and gas reserves provide an attractive energy diversification option for India. The Central Asian Republics could be an attractive alternate source for energy materials from over-reliance on West Asian sources. Energy security is paramount to sustain India’s growth and rapid development, and the Central Asian Republics could provide India with a modicum of energy security. The Central Asian region also forms a critical component in India’s security calculus, both for establishing peace and stability in Afghanistan and countering Pakistan’s strategy in creating centrifugal forces in Central Asia.

India needs to play a pro-active role in the prevailing geo-political situation in Central Asia by engaging in economic cooperation in a more sustained and coherent manner. Access to the oil and gas sectors and commercial exports market of Central
Asia makes sense for India’s rapidly growing economy. India will have to take imaginative economic initiatives towards the hydrocarbon-rich countries of Central Asia. Its enormous engineering expertise in downstream activities has to be effectively utilized so that Central Asian Republics acquire the capability to be exporters of high-end products. For many ongoing projects in Central Asia, European companies use India as the manpower base. (ibid p.158)

Indian medium and large-sized companies do have the capability to execute large engineering projects. But they seek to reduce their risks by being subcontractors to MNCs. This situation must change based on agreements between India and the Central Asian Republics. In terms of Indian engineering companies getting engaged in Central Asia two aspects are important: a) opportunities in small and medium enterprises where Indian companies can contribute to the industrial development of Central Asia and b) local laws/regulations in the Central Asian Republics which protect the interest of investors from India.

Since the 1990s, Central Asia has come to represent India’s ‘extended neighbourhood’. On account of its strategic and economic interests in Central Asia, officials in New Delhi have made conscious efforts to strengthen and diversify these relations. The post-9/11 events saw the emergence of renewed Indo-Central Asian relations based on the terrorist threat common to India and these Central Asian states. The regimes in Central Asia are engaged in a violent struggle for power vis-à-vis religious radical groups such as the Islamic Movement of Uzbekistan (IMU) and the Hizb-ut-Tahrir. All five states identify these groups as their main security threats. Following the disintegration of USSR, the poverty and dissatisfaction of the people increased considerably and made them easy targets for the political agendas of certain religious organisations, who used the simple faith of their co-religionists to rouse them against the ‘secular’ nature of the regimes in power. The government in each republic fears this radical network in Central Asia. (Amina Afzal, 2003, p.21) The level of strategic cooperation between India and Central Asian Republics is evident from the fact that India was able to muster the support of not only Tajikistan but also

India's major initiative in the region has been building the North-South trade corridor. This is being built in cooperation with Russia and Iran. Although this initiative will speed the flow of goods, especially energy, from Central Asia to India via Iran, the shortest route from India to the region is through Pakistan. This is the current major challenge for the U.S. administration, as promotion of regional cooperation between Central and South Asia is now their declared objective. This is also crucial for the revival of Afghanistan's economy. (Gulshan Sachdeva, 2006, p.28)

These developments indicate that India's growing future role and alignments in Central Asia will be determined by the actions of the U.S. and China and their military involvement with Pakistan. If the U.S. is unable to influence Pakistan on dismantling terrorist infrastructure and facilitating transit facilities, and China continues to have close defense, nuclear and missile cooperation with Pakistan, India will have no option but to work closely with Russia and Iran instead to add value to its bilateral relations in Central Asia. There are no indications of China-Pakistan relations weakening in the near future. In fact, when the Indian parliament was debating the India-U.S. nuclear deal, China signed two defense agreements with Pakistan. (Ibid, p.29)

Since the formation of the Shanghai Cooperation Organization (SCO), India is not quite sure what priority this organization deserves. It provides China, Russia and the Central Asian states a delicate equilibrium in the new geopolitical situation. India was never featured in this equilibrium, though Central Asians perceived India's potential to be a countervailing factor. The major objectives of the SCO have been projected as promoting trans-border peace, security and counter-terrorism. With the increasing profile of the organization, China's role is also becoming large within
Central Asia. In the beginning, India showed interest in the SCO but the impression is that China never really wanted India in the grouping. India was welcomed as an observer in the SCO only when China was also admitted in SAARC as an observer. In addition, China also brought Pakistan into the grouping. The way the SCO has conducted itself in the last two years has further aggravated India’s dilemma. (Peter Ferdinand, 2004, p.82)

India has a positive perception of the potential of the SCO as an instrument for promoting regional economic integration, trade and ensuring energy security. However, it has many reservations over the political direction of the SCO. Even with the main objective of fighting terrorism, it would be an uncomfortable position for India if the Dalai Lama and his followers, members of the Falungong and people asking for genuine democratic rights in Central Asian republics were clubbed together as terrorists/separatists/extremists. India will find it difficult to digest these interpretations when it is also an important contributor to the UN Democracy Fund, whose purpose is to support democratization throughout the world.

Economically, India has a growing presence in Central Asia in the energy and pharmaceutical sectors. Trade in consumer goods is increasing but constrained by several barriers, like accessibility and repatriation of profit in hard currency. Trade with Uzbekistan amounted to more than $121 million in 2004, with more than 30 Uzbek-Indian joint ventures in Uzbekistan. (Ibid, p.91)

Bilateral trade between India and Turkmenistan for 2003 totaled $19.1 million. The joint venture between the Indian company Ajanta Pharma and the Ministry of Health in Turkmenistan, named Turkmenderman Ajanta Pharma Limited (TDAPL), currently provide approximately half of the pharmaceutical needs of Turkmenistan. However, difficulty in converting currency has limited the joint venture’s ability to procure raw materials and expand production. India has widened information exchange programs with Turkmenistan, establishing the $0.5 million Turkmen–Indian Industrial Training Centre as a gift to train Turkmen in basic skills,
in the manufacturing of tools and components, and in business practices for small and medium enterprises, and provide financial, computer, and language training through its Indian Technical and Economic Cooperation (ITEC) program. (Rollie Lal, 2005, p.56)

Development of a gas pipeline connecting India to Turkmenistan has been an issue of intense focus, though the viability of such a plan is yet unclear. India remains concerned that such a pipeline would need to traverse both Afghanistan and Pakistan, thereby putting the pipeline at risk due to instability in Afghanistan and giving Pakistan the ability to threaten India’s access to energy. However, recent positive trends in relations between India and Pakistan have improved the feasibility of this plan. The Central Asian countries also provide a convenient and low cost hub for Indian travelers. Services in the form of flights from India to London, the United States, and Europe provide a lucrative source of income for Uzbekistan. However, for commodity trade in other areas, Indian businesspeople note that currency conversion restrictions mean that repatriation of profits is a problem, hampering the expansion of economic ties. (Ibid p.64)

**Important Bilateral Treaties and Agreements**

* A Bilateral Investment Promotion and Protection Agreement was signed between the two countries on 20 September 1995.
* Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income and on capital was signed in February 1997 and has been operational since July 2002.
* An agreement was signed in Ashgabat in September 1996 between the Chamber of Commerce and Industry of Turkmenistan and the Indian-CIS Chamber of Commerce and Industry to develop cooperation between the economic, commercial and financial organizations of the two countries
* The first meeting of the member states under the Trilateral Transit Agreement among India, Iran and Turkmenistan was held in Delhi on 31st January 2000.
* An MOU relating to air services operation between the two countries was
signed on 7 February 2000 giving Turkmen Airlines the rights to fly to Amritsar and Delhi. Presently, Turkmenistan is operating eight flights every week to Amritsar/Delhi. The Indian sectors are the most profitable for the Turkmen Airlines. ("Turkmenistan Basic Facts", (Online: web). Accessed on 12th June, 2007, http://www.mea.gov.in/foreignrelation/turkmenistan.pdf, p.3)

India and Turkmenistan are working on an agreement concerning a treaty on mutual legal assistance in criminal matters. In this respect India’s rising profile in Central Asia confirms the predictions made over a decade ago in many quarters that by the beginning of the twenty-first century India would be a major power to reckon with in Asia beyond South Asia and a force capable of projecting power far beyond its formal borders. Those prophecies are now coming true. Consequently, not only must any analysis or assessment of security trends in Central Asia take India into account, but India’s presence in this area is likely to rise and probably come into political and economic rivalry with that of other major Asian players like China. Inasmuch as most governments’ quest for influence here is predicated upon an effort to thwart other rivals’ designs upon Central Asia. The addition of India to the scene will surely make the new great game still more complex, according to Stephen Blank. That multi-state rivalry embracing regional governments and distant powers like the United States will surely continue to be and become even more complex as time passes, a rivalry that encompasses all the traditional dimensions of statecraft. Similarly, it is also clear that as far as Central Asia’s future is concerned, India will not only play the game vigorously but that it is there to stay. (Stephen Blank, op.cit, p.9)

Although India does not have direct borders with the Central Asian republics, it is situated in close geographical proximity to them. India has deep geo-political and geo-strategic interests in the region. (Jyotsna Bakshi, op.cit, p.137.) From times immemorial India and Central Asia have had close and multifarious ties. The developments in Central Asia always tended to have a spill over effect on India. The troubled Indian state of Jammu and Kashmir is already feeling the brunt of militant Islamic fundamentalism in neighbouring Afghanistan and the proxy war perpetrated
by Pakistan. If the Central Asian region passes under the influence or control of hostile forces, it would indirectly impinge on India's security concerns. The basic geo-political interests of India and the Central Asian Republics tend to converge in the region. India does not even remotely figure in the threat perceptions of these republics or of Russia.

India is rather seen as a friendly and a helpful moderating and stabilizing factor. India also has an inherent interest in the emergence of the Central Asian Republics as stable, strong and prosperous states that can hold their own and do not pass under outside influence. Both India and the Central Asian Republics have a common interest in countering the growth of Islamic fundamentalist and other extremist forces in the region. Putting an end to international terrorism, and curbing arms smuggling and drug trafficking in the region are in the common interest of India and the Central Asian Republics.

India's energy requirements are growing. The Central Asian states have huge oil and gas reserves that they want to export. India can seek access to them through the Iranian route, the Russian route through the port of Novorossisk or even the Afghanistan-Pakistan route as and when it opens and becomes operational. The Central Asian states as well as the oil and gas multinationals who would make billions of dollars of investment in the construction of the oil and gas pipelines would like to extend them to the much larger and lucrative Indian market and not stop in Pakistan. India as well the Central Asian states can gain from expanding their mutually beneficial economic cooperation and trade transactions. India can help these countries in their nation and state building efforts, their economic transition to a free market economy and in the training of their cadre according to the current requirements of their economy and society at large.
Pakistan falls within the second category of Central Asia's neighbours, but its deep involvement in Afghanistan make it intensely preoccupied with Central Asia's evolution. Pakistan also wants a share of potential economic gains in the region. Since the time of glasnost under Gorbachev, Pakistan has actively marketed itself to Central Asia as a valuable partner, an alternative model of development to Iran and Turkey, and an outlet to the outside world. Pakistan's liabilities have been its inadequate transport infrastructure, its limited financial resources, and its role as competitor in resource base and economy with Central Asia. Pakistan and most Central Asian countries are major producers of cotton and competitors in the textile industry.

Pakistan's own political and economic difficulties further reduce its attraction as a potential regional power. Nevertheless, Pakistan has become involved in the region's main political issues such as the intra-Tajik talks, and hosted one of the sessions in Islamabad. Pakistan was also engaged in a subtle act of competition and limited co-operation with Uzbekistan over Afghanistan's political future. Pakistan and Uzbekistan both opposed any significant role for the Afghan Tajiks and the Hazara Shia's in any future Afghan government and sought to limit Iran's regional influence. In these goals they are supported by Saudi Arabia. (Rajeev Sharma, 2003, p.109).

Pakistan has signed a number of agreements with several Central Asian countries and with Turkmenistan to establish road links and build pipelines to bring Turkmenistan gas to Pakistan. Turkmenistan and Pakistan signed an agreement in 2002 on the construction of a pipeline to carry 20bn cubic metres of Turkmen gas a year to Pakistan. The agreement was signed by visiting Turkmen President Saparmurad Niyazov and then Pakistani Prime Minister Benazir Bhutto. The agreement envisaged an initial delivery period of thirty years. (Ibid)"
economic and security arrangements, both countries lack the capabilities to exert major influence over developments in the region. Both countries, however, see Central Asian states as potential allies in their conflict with each other. Thus, an increasing rivalry between Pakistan and India is likely to be played out in their regional policies.

**Turkmenistan-Iran Pipeline**

The construction of the Korpedzhe-Kurtkuli gas trunk pipeline to Iran was completed in December 1997. It then had a proposed capacity of 4 bcm which could be expanded to 8 bcm by adding compressor stations. But in 1998, only 1.5 bcm were transmitted and a similar amount was expected for 1999. The limiting factor is insufficient demand by Iran; the local grid system has not been expanded sufficiently and hence demand has not increased according to schedule.

Iran, however, has very large gas resources of its own which it attempts to sell into the same markets that Turkmenistan is pursuing. In addition, it seems likely that Iran's difficulties to meet the cash payments will persist. Overall, Iran should be viewed as a secure but small market with modest expansion potential.

With the Iranian pipeline of limited capacity, Turkmenistan still faces the dilemma of exporting its abundance of natural gas reserves in the future. Its neighbors in Central Asia offer only a limited market since the internal politics of the delivery of gas is at risk. Additionally, the region's economic instability creates a poor export market from Turkmenistan's perspective.

Globally, however, there is a large and growing demand for natural gas, and its consumption is in fact expected to increase at a rate more than three times that of oil. More specifically, the potential markets for Turkmenistan gas are Turkey, Europe, the Far East, and South Asia. ("Supply of gas", (Online: Web), Accessed on, 25th May 2007, http://www.wws.princeton.edu/vwws40/c/1998/deepa.html., p.4.) Currently two
pipeline routes are operational for gas export: connectors to the unified gas supply system (UGSS) of the BRO countries, and a short pipeline into the north of the Islamic Republic of Iran. ("Turkmenistan: Recent Economic Developments", IMF Staff Country Report, No. 99/140, International Monetary Fund, Washington DC, December 1999, p. 16).

Searching for Export Routes

In 2002, leaders from Afghanistan, Pakistan, and Turkmenistan signed a framework agreement on building a pipeline to carry gas from Turkmenistan's Dauletabad-Donmez field through Afghanistan to Pakistan. Afghan President Hamid Karzai, Pakistani Prime Minister Zafarullah Khan Jamali, and Turkmen President Saparmurat Niyazov signed in Ashgabat a deal that sets the legal framework for companies to invest in the project. Officials said the 1,500-kilometer-long pipeline, which is expected to cost $3.2 billion to build, could generate $300 million in annual transit fees for Afghanistan and create 12,000 jobs there. (Brent Boekestein and Jeffrey Henderson, 2005, p. 47)

This proposed natural-gas pipeline through Afghanistan has received backing from the Asian Development Bank during a meeting in Turkmenistan's capital Ashgabat. Rajiv Kumar, the chief economist at the Asian Development Bank, said the bank would fund a feasibility study on the pipeline. The estimated $2 billion project calls for the construction of a 1,460-kilometer pipeline to carry natural gas from Turkmenistan's Dauletabad-Donmez field through Afghanistan to Pakistan. Robert Hanzy, of the U.S. Embassy in Turkmenistan, said the United States government welcomes the Asian Development Bank's decision to help fund the project. (Ibid)

This pipeline will carry $3-5 trillion in oil and natural gas from the Caspian Sea basin via Turkmenistan, Afghanistan, and Pakistan, where ships docked in Arabian Sea ports will then carry that fuel to energy hungry Asia. ("The World Dominance Game Eurasia", (Online: Web), Accessed on, 25th June, 2007, http://www.ringnebula.com/oil/pipeline.hotm, p.l.)
Turkmenistan-China-Japan Pipeline

Another alternative Turkmenistan is exploring is exporting gas to the Chinese, and ultimately Japanese, market. This proposed pipeline would run from various reservoirs in East Turkmenistan, through southern Uzbekistan and Kazakhstan, into China and then Japan, for combined length of 8037 km and capacity of 1059 bcf.

With respect to energy supplies in the past, China has historically been very self-sufficient, neither importing nor exporting natural gas. In the future, however, China's natural resources will be insufficient to meet its growing energy demand, and so Caspian gas would be of great economic value to China. Japan should similarly witness a substantial increase in its energy needs in the coming years. Currently, Japan only produces 20% of its own energy, with oil being the preferred imported natural resource. Yet despite this preference for oil, Japan's demand for natural gas has actually quadrupled in the past 30 years, and is expected to grow in the future. As a result, Japan has expressed a solid interest in a pipeline from Turkmenistan, most likely for the purpose of decreasing its dependence on resources from the Persian Gulf. Thus, both China and Japan remain potential export destinations for Turkmen gas. ("Turkmen-China-Japan", (Online:Web), Accessed on 29th June, 2007, http://www.wws.princeton.edu/wws401c/1998/china.html, p.1)

The Transcaspian Pipeline

With a view to diversifying its export routes and regaining access to creditworthy markets, Turkmenistan is actively pursuing negotiations on the construction of Transcaspian pipeline (TCP) with an initial capacity of 16 bcm per year which could be expanded to 30 bcm per year. Gas from the pipeline is to be marketed primarily to Turkey. In the long run, an extension of the pipeline through Bulgaria and Romania to Western Europe is envisioned.
The TCP is to start in the large gas fields in Eastern Turkmenistan, cross the Caspian Sea, Azerbaijan and Georgia, and terminate in Turkey near Erzurum. A pipeline for further shipment to Ankara exists. The TCP’s total length is about 2200km, of which 990km are in Turkmenistan, 280 km under the Caspian Sea, 410 km in Azerbaijan, 200 km in Georgia, and 300 km in Turkey. Project costs are estimated at US$2.5 to US$3 billion which includes initial financing costs. In an initial stage the pipeline could start in western Turkmenistan and gas could be provided from the smaller gas fields there and from associated gas in oil fields. (Martha Brill Olcott, 2004, p11).

Turkmenistan's only real alternative at present is a pipeline into Turkey and eventually Europe, either through Iran or under the Caspian Sea. While going through Iran appears cheaper than the Transcaspian proposal, in reality such a path could, in the long run, not be in Turkmenistan's best interests, according to Olcott. Even if the US were to change its policy towards Iran, Turkmenistan might still be better off transporting its gas under the Caspian rather than through Iran, in order to avoid the construction of a pipeline through a future competitor nation.

Such a Transcaspian gas line is also an all around plus from the United State's point of view. For one thing, it would supply gas to Turkey, an important US ally in the region, from a source other than Russia or Iran. Similarly, it would be in tune with the White House's dual-containment policy against these two countries-Russia and Iran. Finally, the creation of the TransCaspian gas pipeline could help push along the adoption of a TransCaspian oil line - another US backed project. (Ibid)

Legal Status of the Caspian Sea

The Caspian Sea is the world's largest inland body of water, covering 3,70,000 square kilometers, an area roughly the size of Japan. Geographically, it is typically divided into the North, Middle, and South Caspian. The North Caspian covers 61,408 square kilometers in area, has low shorelines, and is very shallow in general, being
less than eight meters deep. The Middle Caspian, on the other hand, is 85,200 square kilometers in area, with a shallowest depth of 95 to 130 meters. The western shore of the Middle Caspian runs into the foot-hills of the Great Caucasus Mountains after hitting a narrow marine plain.

The South Caspian, a depression covering 92,112 square kilometers, contains the Caspian's greatest depths, as well as its largest and most productive oil and natural gas fields. The most promising oil-producing area in the South Caspian is along a narrow structural zone extending across the Caspian from Azerbaijan's Absheron Peninsula to western Turkmenistan's Peri-Balkhan region. (B.O'Connor Robert Jr., Richard A. Castle and David R. Nelson, 1993, p.117). Although the more shallow waters of the southwestern side are more extensively explored than those of the eastern side, the entire area has much potential for further oil field discoveries. (Gregory F. Ulmishek and Charles D. Masters, 1993, p. 62.)

Despite the logic of these geographical divisions, the breakup of the Soviet Union raised the question of how to formally delimit the sea to account for the emergence of five independent states on the shores of the Caspian. The issue was given greater urgency when, shortly after independence, Azerbaijan resumed negotiations with a group of global oil companies intent on exploiting the giant Azeri, Chirag, and Gunseshli offshore fields near capital Baku. Implicit in the action was Azerbaijan's claim that, based on the principle of division extending from each states' border to a middle line on the Caspian, the fields resided within its exclusive sector of the Sea.

Beginning in early 1994, Russia put forth the argument that, as an enclosed body of water with no outlet to the ocean, the Caspian is really an inland lake and should be subject to international rules regarding lakes. Under these rules, no littoral country could claim an exclusive zone within the Caspian, and all decisions regarding development of the Sea's resources would have to be agreed upon by all five littoral countries. The status issue blossomed into a fullblown diplomatic dispute in
September, when negotiations between Azerbaijan and the oil companies produced an $8 billion agreement on exploitation of the three fields. Despite the fact that the Russian company LUKoil was involved in the contract, the Russian Foreign Ministry claimed that it did not recognize the legality of the oil agreement in light of the Caspian's status as an inland lake. Thenceforth, the status issue focused on each side's interpretation of international treaty, laws and precedents.

Russia argues that historic treaties with Persia, and later Iran, imply that the Sea cannot be divided. The treaties and their relevant provisions are:

- The Treaty of Turkmanchay (21 February 1828) established that the land boundary between Russia and Persia would end at the Caspian Sea, thus implying that the Sea was not subject to delimitation at the time. Article 8 of the treaty also established freedom of navigation on the Caspian for merchant vessels of both sides, but reserved for Russia the sole right to deploy warships there. (Alexis Krausse, 1991, p. 337.)
- The Soviet-Persian Treaty of Friendship (26 February 1921) established freedom of navigation for all Soviet and Persian ships on the Caspian.
- The Treaty on Trade and Navigation between the USSR and Iran (25 March 1940) reiterated the freedom of navigation rights of the 1921 treaty. Moreover, a 10 nautical mile (NM) offshore fishing zone was recognized. (Basil Dmytryshyn and Frederiock Cox, 1987, p.266.)

Since these treaties were never formally rescinded, Russia insists that they are still applicable.

Although Azerbaijan, Kazakhstan, and Turkmenistan did not sign the treaties, the Alma Ata Declaration of December 1991 that established the Commonwealth of Independent States (CIS) included a provision recognizing the validity of all treaties and agreements signed by the USSR, and was signed by all of the former Soviet republics. There is, therefore, a case for keeping the treaties between Russia and Iran in force. Because none of the treaties contained any provision for formal delimitation
of the Caspian, save for the 10 NM fishing zone established in the 1940 treaty, Russia claims legal justification of its argument for a joint sovereignty settlement.

Azerbaijan has claimed that the 1982 United Nations (UN) Convention on the Law of the Sea should be applied to the Caspian. Given its provisions, a compelling case can be made for the Azeri argument that the Caspian falls under the jurisdiction of the Law of the Sea and can be divided accordingly. Some relevant provisions of the convention are:

- States are entitled to claim up to 12 NM of sovereign territorial sea, between 200 and 350 NM of continental shelf depending on the configuration of the continental margin, and a 200 NM Exclusive Economic Zone (EEZ).
- Where claims to the continental shelf and EEZ overlap (as in the Caspian) in requires that: "The delimitation of the continental shelf.... Shall be effected by agreement on the basis of international law.... in order to achieve an equitable solution (emphasis added)."
- Part IX of the convention deals with "enclosed or semi-enclosed seas" Therefore, being landlocked does not disqualify the Caspian from being a sea. Article 122 further defines an enclosed or semi-enclosed sea as: "A gulf, basin of sea surrounded by two or more states and connected to another sea or the ocean by a narrow outlet or consisting entirely or primarily of the territorial seas and exclusive economic zones of two or more coastal states. (Anrick de Marffy-Mantuano, 1995, p.89.) According to Clive Schofiedi and Martikn Pratt," "While the Caspian does not meet the first criterion, it is difficult to see why it cannot qualify under the second. (Clive Schofiled and Martin Pratt, 1996, p.77.)

According to Azerbaijan, each country has exclusive sovereignty over a territorial sector of the Caspian, established by dividing the sea evenly among the five littoral states. Although Baku refutes Russia's claim that the Caspian is to be treated
as an inland lake, there are many precedents for dividing lakes between two or more states. Some well-known examples are: Lake Victoria (among Kenya, Tanzania, and Uganda), Lake Malawi (between Malawi and Mozambique), the Great lakes of North America (between Canada and the United States), Lake Titicaca (between Bolivia and Peru), and Lake Geneva (between France and Switzerland). There are no legal obstructions to the Caspian being divided in such a manner.

Azerbaijan also refutes the argument that the treaties between Russia and Iran prohibit the division of the Caspian by claiming that the Sea has already been divided by Russia itself.

- Soviet authorities divided the Caspian Sea into sectors as early as the 1950s. This approach was apparent in the activities of both the Soviet central government and the many separate ministries that were involved with Caspian activities, including energy, fishing, and transportation.
- In focusing on the Soviet-Iranian treaties of 1921 and 1940, the Russian Foreign Ministry is intentionally ignoring a directive issued in early 1992 by the Ministry to the petroleum Industry. The document provided for division of oil fields in the Caspian among the newly independent states. (Aidyn Mekhtiyev, 1994, p. 26.)

While the geography of the Caspian Sea has remained constant for millennia, the region's geopolitics - that is, the interplay between geography and politics in the Caspian basin - have changed significantly since 1991. Whereas during the Soviet period the sea was bordered only by two states - the USSR and Iran - the post-Soviet Caspian is surrounded by Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan. Faced with the immense challenges of independence, the latter republics have been forced for the first time to formulate economic and foreign policies that promote internal stability and nation-building. However, the Caspian basin's oil wealth and strategic location have made the region of great interest, not only to its two major powers, Russia and Iran, but also to external powers such as Turkey, the United States, China, the European Union, and Japan. It is against this new geostrategic
backdrop that the Caspian status dispute must be analyzed.

Kazakhstan, too, attaches great significance to offshore oil production. In April 1997, Nurlan Balgimbayev, then head of the state oil company, Kazakoil, announced ambitious plans to make Kazakhstan a major world oil producer by the year 2010. A producer of roughly 23 million tons of oil in 1996 (ranking twenty-sixth in the world) Kazakhstan is to increase output more than sevenfold to 170 million tons annually under Balgimbayev's plan, thus making it the sixth largest oil producer in the world. The goal was even more ambitious in light of the fact that the republic's peak oil output reached only 27 million in 1997. (Jennifer Delay, 1997. pp.13-14) Although Balgimbayev stepped aside as Kazakoil chief to become prime minister of Kazakhstan in October 1997, the aim of boosting oil production significantly remains in place.

Much of this effort will necessarily focus on Kazakhstan's offshore oil deposits, which are believed to contain 10 billion proven and 85 billion possible barrels of oil. If realized, Kazakhstan's emergence as a major world oil producer will also make it a large oil exporter. While the impending economic recovery of the former Soviet states will likely mean an increase in local and regional oil demand, the Kazakhstan government intends to export most of its oil beyond ex-Soviet borders in the future, where hard currency earnings will be greatest. Although oil has often ranked below metals as the top export of Kazakhstan since 1992, the planned sevenfold increase in oil output will likely make it by far the dominant item of export for the republic in the future. However, these ambitious plans will hinge not only around the rapid completion of one or more major export pipelines, which Kazakhstan lacks presently, but also around a successful outcome of the Caspian status dispute giving Kazakhstan full sovereignty over its offshore oil deposits.

Unlike Azerbaijan and even Kazakhstan, Turkmenistan has not been a consistent supporter of sectoral division. Indeed, Turkmenistan sided initially with Moscow and Tehran on the status issue and went so far as forming a joint-stock company with Russia and Iran to jointly tap offshore Caspian oil deposits. However,
Turkmenistan has frequently and vociferously claimed its "neutrality" in regional and global affairs since independence. In practice, this "neutrality" has been manifested most visibly by Ashgabat's refusal to participate in economic integration and other initiatives by the Commonwealth of Independent States (CIS). Turkmenistan's ability to maintain a "neutral" foreign policy is predicated on its existence as a truly sovereign and independent state, and Ashgabat no doubt has come to understand that its sovereignty is at stake in the status dispute. This, more than any other factor, explains why Turkmenistan's policy has slowly but surely moved in the direction of Azerbaijan and Kazakhstan since 1997. (Ibid)

Despite receiving key U.S. support against Russia and Iran on the matter of the Caspian's status, Azerbaijan became embroiled in an ownership dispute with Turkmenistan in January 1997. Turkmenistan made the claim that part of the Azeri and all of the Chirag offshore fields are situated in Turkmen waters and therefore are Turkmen property. Baku rejected the claim out of hand, but offered to hold talks with Ashgabat to clarify the matter. Although Turkmen opposition to these two fields died down thereafter, Ashgabat laid claim to the offshore Kyapaz field following an initial July 1997 agreement on the field's exploitation between Azerbaijan and two Russian oil companies. Russia annulled the agreement at the end of July, stating that the Turkmen claim on the Kyapaz field made its legal position untenable. (Michael P. Croissant, Cynthia M. Croissant, 1998, p.31). This time, Turkmen authorities threatened to take their case to the United Nations or an international court, insisting that no more oil agreements should be signed by Baku until the question of the Caspian Sea's status is settled definitively.

Although Ashgabat's insistence that the status issue be resolved before oil development efforts can go forward reflects Russia's original position on the issue, Turkmenistan's claims to offshore fields in the Azerbaijani sector of the Caspian amounted to a de facto endorsement of Baku's position on the status issue. This move in the direction of Azerbaijan was evident as early as March 1997, when the Turkmen president signed an agreement with his Kazakh counterpart stating that "all countries
bordering the Caspian Sea must stand by the principle of dividing the water area out to a middle line until the Caspian Sea's legal status is determined. Although the ownership disputes with Azerbaijan have complicated the status problem, Turkmenistan now appears to have fully entered the camp of the supporters of sectoral division. Moreover, Russia's own position on the issue has undergone change.

Although Russian opposition to any sectoral division of the Caspian held strong for more than two years, Moscow's position began to erode in 1996 due to the apparent realization that it can not stop the division of the Sea. The only question is how the division will now be formalized de jure. (Georgy Bovt, 1995, p.15). On 12 November 1996, Russia offered to recognize an exclusive 45 NM offshore economic zone for each country. It also expressed willingness to discuss, on a case by-case basis, national jurisdiction over oil and gas deposits beyond the 45 NM limit at sites where drilling is already in progress. All other deposits would be "commonly owned" through joint-stock companies of the five Caspian countries. The proposal also included a "double-tender system" giving riparian countries first claim to development of fields ahead of non-Caspian bidders in any future oil and gas contracts.

For its strategic motives, Russia no doubt sought to use common jurisdiction to grant itself a share in the other littoral countries' mineral resources and empower it with great leverage to push its interests in any decisions on the production, marketing, and export of Caspian oil and gas. Joint jurisdiction would also restrict the ability of Azerbaijan, Turkmenistan, and Kazakhstan to conduct business directly with Western companies. The Jamestown Foundation summarized that the proposal "would create legal havoc in the Caspian Sea, draw dividing lines through Azerbaijani, Kazakh and Turkmen oil and gas deposits, produce political complications, and obviously, discourage Western investment." As the bulk of Baku's oil riches are situated beyond the 45-mile zone, Azerbaijan was the only littoral country to decline from signing the agreement. (Ibid)
A new ownership dispute emerged in December 1997, when Russia awarded the Russian company LUKOIL rights to develop the Severny deposit believed to contain as much as 600 million tons of oil in an area of the northern Caspian in close proximity to the sector claimed by Kazakhstan. Kazakistani authorities immediately protested the move and claimed that the field was situated in part within the Kazak sector, but Kazakhstan continued to press Russia for a formal delimitation of the northern Caspian.

Russia has committed itself only to the possibility of dividing the Caspian seabed, not the water surface. Having lost out in the battle for control over the Caspian's resources, Russia is attempting to maintain optimum conditions for commercial operations in the strategically important region by promoting joint control over the water surface. Such control would not only facilitate free trade on an open sea and preservation of unique fish resources, but also lessen the chances of militarization of the Caspian.

In the years since the establishment of an independent Turkmenistan, the oil and gas factor has become a major component of its geopolitics. This has been triggered by the extraordinary prominence of hydrogen sulfide raw materials in the development of its national economy. The active inclusion of Turkmenistan in the process of establishing a new legal system for the Caspian has undoubtedly raised the foreign policy status of this state. The internationalization and diversification of the search for and exploitation of oil and gas promotes Turkmenistan's importance in the foreign policy priorities of external powers. The political instability in Afghanistan and the Caspian Sea disputes, however, had led Turkmenistan to still rely on Russia to export its gas to the world energy market.

Geopolitical significance of a country depends mainly on the geographical location of a country, which forms its border and defences with its immediate neighbours. Turkmenistan is an important country because of rich gas resources and
being a transit route from Turkey and Iran to the east. Turkmenistan has some of the world's largest deposits of natural gas, with proven natural gas reserves of approximately 101 trillion cubic feet (tcf). The largest natural gas fields are in the Amu-Darya basin, with perhaps half of the country's natural gas reserves located in the giant Dauletabad Donmez field. In addition to Amu Darya, Turkmenistan has large natural gas reserves in the Murgab basin, particularly the giant Yashar deposit, which contains an estimated 27 tcf. During the last 10 years Turkmenistan had also discovered 17 new natural gas deposits in the Lebanshy, Maryinsky, and Deashoguzsky regions of the country. And all the industrially developed countries in the world are trying to play a major role in extracting gas and oil out of Turkmenistan. Since 1994, the United States and an international consortium of western oil companies have started to shift their focus away from the Persian gulf to the Caspian and the Central Asian region. According to some estimates the region around the greater Caspian sea contains somewhere between 90 billion to 200 billion barrels of oil and about 46 percent of world's gas reserves.

The struggle among outside powers to tap the vast hydrocarbon resources has already begun. In this new game, the geo-political consideration are becoming crucial factors in winning contracts and routing the gas/oil pipelines. The increasing Western thrust for exploiting the oil and gas deposits in the region has significantly challenged Russia's claims on its traditional sphere of influence. The entry of multinational companies is changing both economic and political dynamics in the region and the US could ultimately manage to establish an independent energy supply system. Consequently, the US would act in order to protect the exporting countries and the supply lines. The existing pipelines to export gas from Turkmenistan runs through Russia and now Iran. Several outside powers including Russia, Iran, Turkey, China and the United States are trying to have a share in the natural gas and oil resources.

Turkmenistan’s recent commitment to expand energy cooperation with Russia significantly strengthened Moscow’s position in the struggle for control over Central Asia’s natural resources. Turkmenistan’s leader, Saparmurat Niyazov, visited Moscow on January 23 for talks with Russian President Vladimir Putin, as well as
with top Russian business executives. During his meeting with Putin, Niyazov announced that "cooperation with Russia will be an honor for Turkmenistan." He went on to say that Russian-Turkmen cooperation would not only aim to develop Turkmenistan's natural resources, but to export gas "in the European direction." The mercurial Turkmen leader also expressed full support for Russia's "efforts to stabilize regional and European gas supplies." Putin welcomed Niyazov's commitment to broaden "our interaction in energy production and transportation." The Russian leader described the energy sector as "the most important area of cooperation between Russia and Turkmenistan." (Sergei Blagov, 2006, p1)
End Notes for Chapter 4


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