An Introduction to Geopolitics

Being coined and used first by Swedish Rudolf Kjellen in late nineteenth-century Germany and then developed by Karl Haushofer, Halford Mackinder, N. Spykman and S.B. Cohen, geopolitics “stressed the constraints imposed on foreign policy by location and environment”, and “contributed to the emphasis on continuity in modern political realism.” It initially carried the idea that control of the Eurasian or Heartland “was a prerequisite for global dominance.” Continuous engagement of “the United States and its allies with communist expansion into the so-called Rimlands of South-East Asia, Eastern and Southern Europe, and the Middle East during the Cold War” added to the importance of idea (McLean and McMillan 2004: 220-221). “The geopolitik of General Haushofer began with the Heartland theory of British geographer Sir Halford J. Mackinder, and with Friedrich Ratzel’s and Rudolf Kjellen’s concepts of space and of the organic state (Plano and Olton 1988: 98-99). He and his disciples at the Institute of Geopolitics in Munich used these ideas to explain the German defeat in World War I and to plan future German conquests.” Haushofer predicted that ‘German power would be dissipated in the vastness of Russia should Hitler go through with his plan to invade the Soviet Union” (Plano and Olton 1988: 99-100).  

1 First phrased in 1901.
2 Friedrich Ratzel (1724-1804) compared the state to a living organism that must expand or die. His disciple Rudolf Kjellen (1864-1922) carried on this process of anthropomorphism, by which the state became more than a legal concept. He developed a body of “laws” on the state as a “geographic organism in space,” and gave them the name “geopolitics: in his book The State as a Form of Life (1916). Much geographical theorizing, although presented in terms of scientific analysis contains large elements of propaganda. The reputation of geopolitics has suffered because geopoliticians like Karl Haushofer (1869- 1946) have frequently been the advocates of particular political ideologies or national policie, which they sought to explain or justify in terms of geographical causation. The term geopolitics may also be used to describe political geography considered in terms of the structure of the world and its component states, or to refer to those aspects of foreign policy planning that must take into account various geographic factors.
3 “As a major general in German army, Haushofer no doubt viewed Adolf Hitler and Nazi party as upstarts to be used for the realization of Germany’s destiny. Hitler on the other hand used the Haushofer geopolitik,
As an approach to foreign policy, geopolitics “attempts to explain and predict political behavior and military capabilities in terms of the physical environment.” Therefore, it “involves varying degrees of historical determinism based on geography.” However it must be stressed that despite being “an important element, but not the only element, of national power; geography’s importance is ‘relative to such considerations as economics, technology, human power, and morale’. Undoubtedly, an evaluation of these and several other elements “considered together as the national power equation” which is “meaningful only in relation to the power equations of other states considered in the context of some specific time, place, and situation” (Plano and Olton 1988: 98-99).

Since “power alone can limit power” (William Cabell Bruce 1922: 211), states are in continuous pursuit of power to either maintain their independence or to exercise their powers according to their national interests. As a matter of fact and since the notion of power is inseparable from politics it needs to be taken into account in any geopolitical analyses. To Karen A. Mingst, states are exercising their powers by either of three Military, Economic and Diplomatic means. Mingst (2004: 111) classifies the ‘ingredients of a state power potential’ as follow:

**Figure 13. Ingredients of a State Power Potential**

<table>
<thead>
<tr>
<th>Natural sources of Power:</th>
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<tbody>
<tr>
<td>Geography,</td>
</tr>
<tr>
<td>Natural resources,</td>
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<tr>
<td>Population</td>
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</tbody>
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Natural sources of a state’s power are enhanced or modified or constrained by

<table>
<thead>
<tr>
<th>Tangible sources of power:</th>
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<tbody>
<tr>
<td>Industrial development</td>
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<tr>
<td>Access to resources</td>
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<table>
<thead>
<tr>
<th>Intangible sources of power:</th>
</tr>
</thead>
<tbody>
<tr>
<td>National image</td>
</tr>
<tr>
<td>Public support</td>
</tr>
<tr>
<td>Leadership</td>
</tr>
</tbody>
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particularly ideas like *lebensraum* (living space), to suit his own purpose.” When he tried to discourage Hitler from invading Soviet Union, “he fell from favor, was imprisoned in the concentration camp at Dachau in 1944, released after Germany’s defeat in 1945, and committed suicide within a year” (Plano and Olton 1988: 99-100).

However, out of the four geopolitical approaches of Richard Hartshorne (power analysis, historical, morphological and functional), this chapter will mainly employ his first approach (power analysis) as general framework and the ‘power concept’ of Richard Muir as the elements of the analysis method (Dwivedi 2004: 15). No single approach can provide a complete geopolitical understanding of any region under study. Therefore, a combined analytical method inspired by Richard Hartshorne and Richard Muir theories will be used to draw the geopolitics and the balance of power scenario (if any) between the players involved in the CSR.

According to Richard Hartshorne, the following items need to be analyzed in the geopolitical study of a state (Dwivedi 2004: 15, 18):

1. The correspondence of nation and state, the ‘state-idea’ and its application, centrifugal and centripetal forces, the concept of nation and core area.
2. Internal organization (form of government in relation to regional diversity or otherwise);
3. External functions:
   (a) Territorial relationships (boundaries);
   (b) Economic relations (self-sufficiency) and dependence on foreign trade;
   (c) Political relations;
   (d) Strategic relations.

It should be noticed here that national power of a country obviously cannot be shaped by one element of the natural sources of power only. It is the combination of all elements of national power plus some other criteria that are making a nation weak or powerful. Therefore, as an important factor in national power of a nation, geopolitics plays one vital dimension but not all. Kuwait and Qatar or the United Arab Emirates are geographically and demographically small but are big Persian Gulf exporters of oil. Similarly Japan is a small nation with poor natural resources but is one of the most powerful
industrialized states of the world. Austria, Switzerland and Norway are weak
demographically but they do have highly educated and skilled human resources (Mingst 2004: 108-110).

Balance of Power

According to Allen Smith “The fact that no country alone is sufficiently strong to
feel secure against any possible combination of opposing states makes necessary the
formation alliances and counter-alliances through which each state seeks to ensure the
needed support in case its safety is menaced from without. This is usually referred to as the
struggle to maintain the balance of power” (Allen Smith 1930: 241-242).

The idea of balance of power as a ‘device for the self-defense of nations’
(Morgenthau 2001: 231) has been defined as a model which explains “how states deal with
the problems of international security in a context of shifting alliances and alignments. The
balance system is produced by the clustering of related individual national interests in
opposition to those of other states. The system originates when revisionist states threaten the
security of the status quo powers. The balance-of- power concept in the relations of the
states can be expressed in terms of a power equation. The factors (states) on each side of the
equation may be in a situation of approximate equilibrium, or one side may possess a
temporary preponderance of power over the other. Because states are sovereign and seek to
maximize their individual national interests, the balance of power is normally in a condition
of flux. A state may also pursue a conscious balance-of-power policy as Great Britain did
during the nineteenth century. Great Britain viewed her interests as best served by playing
the role of “balancer” to maintain equilibrium of power on the Continent, shifting her weight
to the weaker side when the equilibrium was threatened. The balance of power has no
central organization to guide it, and the combinations of states that comprise the balance are
usually characterized by shifting membership, brief duration, and limited objectives (Plano
and Olton 1988: 3,4).

For Hans J. Morgenthau, balance or equilibrium, signifies “stability within a system
composed of a number of autonomous forces. Whenever the equilibrium is disturbed either
by an outside force or by a change in one or the other elements composing the system, the
system shows a tendency to re-establish either the original or a new equilibrium”
One can derive from his writings that the balance of power can be applied in any set of components which is composing a system. Therefore, it can be applicable differently at the international, local and domestic levels. “[T]he international balance of power is only a particular manifestation of a general social principle to which all societies composed of a number of autonomous units owe the autonomy of their component parts; that the balance of power and policies aiming at its preservation are not only inevitable but are an essential stabilizing factor in a society of sovereign nations...On the international scene, where consensus is weak and central authority does not exist, the stability of society and freedom of its component parts depend to a much greater extent upon the operations of the balance of power.” On the other hand, in domestic politics the balance of power operates “within a relatively stable framework of an integrated society, kept together by a strong consensus and the normally unchallengeable power of a central government” (Morgenthau 2001: 187-190).

The two basis of international society, namely the ‘multiplicity’ and ‘the antagonism of its elements, the ‘individual nations’, can conflict each other from within or without when one element(state) seeks for the ‘power’. To utilize and maximize power, states -depending on their capabilities use the ‘divide and rule’, ‘compensation’, ‘armaments’ and ‘alliances’ methods. By opting for an alliance policy a state increases its power by adding to its own power the power of another state/s or attempts to withhold the power of other states. Multiple alliance of a state with different nations ‘may overlap and contradict’ other alliances ‘on specific point’ (Morgenthau 2001: 192-205). Stability as one of the two functions of the balance of power is subject to continuous change. But “owing to the essentially unstable and dynamic character of the balance, which is not unstable and dynamic by accident or only part of the time, but by nature and always, the independence of the nations concerned is also essentially precarious and in danger.” Small nations’ independence is being fulfilled either by a ‘protecting power’, through their ‘lack of attractiveness for imperialistic aspirations’ or through ‘the balance of power’. Throughout its four hundred years history, the policy of balance of power has “succeeded in preventing any one state from gaining universal dominion.” However, ‘uncertainty’, ‘unreality’ and ‘inadequacy’ have been its weaknesses throughout its existence (Morgenthau 2001:222-223).
Three more theories are needed to analyze the ongoing politics in the CSR along with geopolitics: Heartland theory, Rimland and balance of power. As the inspiring concept of development of geopolitics, the Heartland theory states that “the state that could control the human and physical resources of the Eurasian landmass between Germany and central Siberia would be in a position to control the world.” Developed by the British geographer Sir Halford J. Mackinder (1869-1947) in his *The Geographical Pivot of History* (1904) and *Democratic Ideals and Reality: A Study in the Politics of Reconstruction* (1919), the Heartland theory is best formulated in his historical saying that “who rules the East Europe commands the Heartland; who rules the Heartland commands the World Island; who rules the World Island commands the World” (Plano and Olton 1988: 100-101). The concept of location which is related to geopolitics in general and Heartland in particular will be often referred to in this research. Location is “the relationship between physical position on the globe and national power. The location of a state is related to national power through climate, access to and from the sea, control over river, sea and land transportation routes, and the availability of natural resources. The presence or absence of powerful neighbours is also a function of location” (Plano and Olton 1988:96).

On the other hand the Rimland theory which consider the Rimlands of Europe, the Middle East, Africa, South Asia, and the Far East as the keys to security of the United States, was developed by American geopolitician Nicholas J. Spykman (1893-1943) in his book *The Geography of Peace* (1944). His theory corresponded to the inner crescent of British geographer Sir. Halford J. Mackinder modified and renamed. According to Spykman’s Rimland theory, the control of any of these parts ‘by a hostile power’ could threaten ‘the security of the United States, because from such a position the encirclement of the New World became a possibility’. Revising Mackinder’s famous dictum Spykman, said: “who controls the Rimland rules Eurasia; who rules Eurasia controls the destinies of the world.” (Plano and Olton 1988:101).
Post-Cold War Geopolitics of the CSR

Geo-strategically the CSR represents an area with huge hydrocarbon reserves, raw material resources and an immense market. At the same time, because of its multi-cultural and ethnic diversity, it poses a potential threat to the region’s balance of power and stability. In fact, the Caspian Sea is already a center where the national interests of littoral and non-littoral states are clashing. To understand the core and causes of these conflicts and clashes and also the way through which the balance of power is maintained in the today’s CSR, it is inevitable to review the political development of the region from 1970s onward. Few major Cold War and post-Cold war events changed drastically the political landscape of the CSR. Though the core of those drastic changes was situated in the Middle East but they did have
effects on Central Asia, Caucasia and CSR. The Iranian Islamic Revaluation of 1979, the
Iraqi invasion of Iran, the USSR’s invasion of Afghanistan, the Soviet Union’s
disintegration, Gulf Wars, terrorist attack on the USA and the US invasion of Iraq changed
the geopolitical map of a vast region stretching from the Persian Gulf to the Caspian Sea and
surroundings. It must be said that with Soviet Union’s collapse, Cold War did not vanish but
came to a temporally halt for a decade. Post-September 11 political developments and
Russian improving economy suggest that the world is witnessing the resumption of a new-
Cold War or a new-Great Game, which in CSR is tightly linked with energy issues.

Among those major events one has to first refer to the 1979 Islamic Revolution of
Iran and to the Soviet invasion of Afghanistan. Both not only caused foremost changes at the
beginning of the 1980s, but also impacted today’s political developments in the region and
the world. While the first re-defined a new version of geopolitics, the latter resulted in the
creation of the Mujahidin and Taliban which ultimately ended up with a totally new ‘Game’
by the turn of the 21st century. Just a decade later, with the 1989 fall of the Berlin wall
followed by the dissolution of the Soviet Union in 1991, the USA-USSR ideological fight
between Liberalism-Communism took new dimensions. The superpower USA and yet a big
power, Russia, along with China and regional powers started to play a ‘New Great Game’.
Like in the ‘Classical Great Game’, big powers influenced and pulled the small states
towards their objectives and camps. However, the new rivalry - unlike the old rivalry and
Cold war era – is typically for two commodities: oil and natural gas.

The collapse of the Soviet Union and the emergence of fifteen new states (four of
them bordering the Caspian Sea), all economically distressed by the transition from a
command economy to a market economy and in process of nation building, shaped a new
scenario. The present world is by no means going to be unipolar or bipolar. The USA’s
dominant political, military and economic influence is being limited by newly emerged
powers like China, India and the European Union. The world is on the transition to a multi-
polar system. The steady and peaceful rise of the People’s Republic of China along with
another Asian power India, the September 11, 2001 attacks carried out by the terrorist group
Al Qaeda, the launch of the ‘War on Terror’ in 2002, and then invasion of Iraq in 2003 have
been important events in shaping the geopolitics of the CSR.
1979 Islamic Revolution: ‘Neither East nor West, Islam is the Best’

Following the strikes and demonstrations that paralyzed the country and the ouster of King Mohammad Reza Pahlavi in January 1979, Ayatollah Khomeini returned to Tehran from Neauphle-le-Château-France on 1 February 1979 to be greeted by millions of Iranians. Two months later in a referendum Iranians overwhelmingly voted for ‘Islamic Republic of Iran’ on 1 April 1979, therefore making it official. A year earlier, US National Security Advisor Zbigniew Brzezinski’s had repeatedly assured the Shah full-backing of the USA. Unwilling or unable to keep the Shah, the Carter administration had ‘no clear policy’ on Iran, probably did not want to be involved yet in another coup and could not decide on how to stabilize the situation. Despite Brzezinski and Energy Secretary James Schlesinger’s assurances that the Shah would receive military support, this support did not materialize. The US didn’t intervene and unstoppable revolution happened (Keddie 2003:235-236).

Post-1979 elimination of the American influence from Iran did not necessarily increase the Soviet influence. The Ayatollahs denounced ‘Godless communists’ and were suspicious toward the Soviet Union, especially after the Union’s invasion of Afghanistan. Soon after consolidating and establishing itself, the revolutionary Republic started to implement Islamic *shari’a* in each and every sphere and affairs of the society. Anti-western and anti-Soviet slogans had to be chanted in the schools by students before their daily classes. Chanting "Neither East nor West, Islam is the Best", revolutionaries denounced both ‘American/Western Imperialism’ and ‘Soviet Socialism’ and attempted to export the ‘Islamic Revolution’. Condemning social, injustices Iranian revolutionaries’ call for uprises of the ‘oppressed people’ alarmed the Sunni-run Arab monarchies of the Persian Gulf, namely, Kuwait, Saudi Arabia, Bahrain and Iraq among which the last two hold sizable Shi’a population. In 1980, with the West’s covert backing, motivated by Arab-nationalism, and on the pretext of border dispute, Iraq launched an invasion on Iran while the revolution was still in infancy. Saddam Husain’s dream of seizing the oil-rich Khuzestan province - predominantly inhabited by Iranian Arabs - and conquering Tehran within few days never fulfilled. The war did continue for eight years, marking the longest destructive war of the 20th century.

Internationally, the impact of the Iranian Islamic revolution was initially significant. While it touched the non-Muslims’ images of the political and spiritual Islam and generated
interests in the Muslim world, particularly in the Middle East, it triggered a series of anti-western movements toward Western intervention and influence. The week-long takeover of the Grand Mosque by Islamist insurgents in Saudi Arabia in 1979, assassination of Egyptian President Anwar Sadat in 1981 and the raise of Muslim Brotherhood rebellions in Syria, were among the initial events inspired by Iranian revolution (Shawcross 1989:110, Kramer 1996).

Four decade after its launching, Islamic Republic’s revolutionaries have failed to export the Islamic revolution in its influential form but they have nonetheless succeeded to sustain, support and arm the Hamas in Palestine and the Hezbollah in South Lebanon presenting a constant potential threat to the Western and Israeli interests. In the same manner and till the fall of Taliban, the Iranian regime extended its financial and arms support to the Mujahidin of the Northern Alliance under the command of Ahmad Shah Masoud. Presently Iran is accused of interfering in Iraq’s politics by supporting and arming Shi’a insurgents.

Soviet Invasion of Afghanistan and the Mujahidin

Almost simultaneously to the 1979 Iranian Revolution and Iraqi invasion of Iran, the Soviet Union militarily intervened in Afghanistan on the pretext of communist Afghani regime’s request, for nine long years. In the context of the Cold War the Soviet Union militarily intervened in Afghanistan to protect the communist regime of People’s Democratic Party of Afghanistan (PDP(A) against the mujahidin.

Soviet southward invasion of Afghanistan - geographically next to the Persian Gulf - was not only read as another ideological confrontation with the USA but also as a threat to the US interests in the Middle East. For President Jimmy Carter, Soviet invasion of Afghanistan was “the most serious threat to peace since the Second World War” (Novosti, 27 December 2007). It was obvious that the USA would not watch the ongoing conflict in Afghanistan passively. Therefore, it came into the priority list of the CIA and Pakistan’s intelligence service. Like many other anti-communist movements of the Cold War time, the movement was supported by the US. According to the former director of the CIA Robert Gates, the US support plans of Afghan fighters formed six month before the Soviets deployed its troops in Afghanistan. By 3 July 1979, US President Jimmy Carter had given the executive order to the CIA to conduct a covert propaganda against the communist
conducting secret operation to hamper the Soviet aspirations in Afghanistan, Brzezinski stated: “[t]hat secret operation was an excellent idea. It had the effect of drawing the Russians into the Afghan trap and you want me to regret it? The day that the Soviets officially crossed the border, I wrote to President Carter. We now have the opportunity of giving to the USSR its Vietnam War. Indeed, for almost 10 years, Moscow had to carry on a war unsupportable by the government, a conflict that brought about the demoralization and finally the breakup of the Soviet empire” (Brzezinski 1998). The collaboration between CIA and Pakistan’s Inter Services Intelligence agency (ISI) continued under Ronald Reagan and General Muhammad Zia-ul-Haq. Pakistan became a corridor for transiting funds and arms to the Mujahidin. Beside the USA and Pakistan, United Kingdom and the Persian Gulf Arab states especially Saudi Arabia became major financial supporters of the mujahidin fighting the communists (Kepel 2002:143).

Supported and armed by the US, foreign Muslim fighters - mostly of Arab origin- found their ways into Afghanistan to participate in jihad against nonbeliever communists, thereby constituting the main resistance force beside native Afghans. Saudi Osama bin Laden whose Arab group eventually evolved into al-Qaeda was one of the fighters at that time supported by both the US and Pakistan.

Mikhail Gorbachev heading the Soviet Union in March 1985 was going to bring drastic changes in the region and the world. Following the Geneva accords between the US and Soviets on non-intervening in internal affairs of Pakistan and Afghanistan and while USSR was moving to its end, a timetable was set for full Soviet withdrawal. After the complete withdrawal of the Soviets on 15 February 1989, the Afghan civil war began (US Department of State, 2005).

It was obvious that Soviet-backed Afghan government forces could not resist the Mujahidin without the Soviet support. Following the fall of the government, fight broke out between the Mujahidin themselves. In the highly segmented Afghan society and resistance movement the war was now between regional warlords, each affiliated with one or several foreign state/s.

**Soviet Collapse: Impact on Russian Power**

Replacing Konstantin Chernenko, Mikhail Gorbachev became the leader of the Soviet Union as General Secretary of the CPSU in 1985. Soon after, he introduced the most
drastic reforms than any of his semi-reformists predecessors, Khrushchev or Brezhnev. Gorbachev’s *glasnost* and *perestroika* caused a chain of changes in USSR’s economy, society, culture, politics, constitution and foreign policies that eventually went out of control and caused the collapse of the Soviet Union in 1991. Soviet Union under Gorbachev opted for conciliatory policies towards the West. It signed strategic arms reduction treaties with the United States, withdrew from Afghanistan, allowed its republics and Eastern European allies a degree of assertion and self-determination and finally dissolved the Warsaw pact.

The Signature of the Belavezh Accords on 8th December 1991 by the presidents of Russia, Ukraine and Belarus marked the beginning of the end of the Soviet Union. After the declaration of the dissolution of the Union, the establishment of the Commonwealth of Independent States (CIS) in Belavezh and the signing of the Alma-Ata Protocol of 21st December 1991 by all republics (except Georgia), the Soviet union dismembered practically. On 25th December 1991 the highest governmental body of the Soviet Union, the Supreme Soviet, recognized the collapse of the Union. Four newly independent republics emerged along the Caspian Sea and laid claims on their historical share of the sea. Azerbaijan, Kazakhstan, Turkmenistan and Russia shared the sea with Iran.

The Russian Federation was recognized internationally as the legal successor of the Soviet Union. New Russia accepted all previous foreign debts and liabilities of the Soviet Union, and in return inherited overseas Soviet assets. Though Russia proposed a ‘zero variant’ to newly independent states and stated that Soviet treaties will remain in force questions remained about international treaties that the Soviet Union had signed before.

After Soviet Union’s dissolution, its superpower-status and military-economic might and strength declined. Its hegemony over Eastern Europe vanished and the US became the leader of the world. But unlike the immediate post-Cold War era and despite the facts indicating Russian re-emergence as a major power, the world is no more a unipolar or a bipolar one. The CSR in itself and as a play ground for big and small powers is an indication that the world is on the way to a multi-polar system.

**September 11, 2001: ‘War on Terror’**

With Soviet withdrawal Afghanistan’s civil war was fought between various fractions and forces that were previously fighting the Soviets. Overwhelming Taliban and Al-Qaida fundamentalists under the command of Mullah Muhammad-Omar and Osama Bin-
Laden fought against the Northern Alliance mujahidin under the command of Commandant Masoud. Masterminded and operated by Osama Bin-Laden, the terrorist attacks on American World Trade Center in New York City, and the Pentagon caught media and nations in surprise. Following these attacks, the Bush administration launched a ‘War on Terror’ with the aim of destroying Al-Qaeda and Islamic extremist elements in Afghanistan. On 20th March 2003, the USA invaded Iraq and toppled Saddam Husain’s regime.

Ongoing conflicts within Afghanistan and Iraq and the recent standoff between Iran and the West on the nuclear issue have tremendously re-shaped the geopolitics of the region stretching from the Persian Gulf to the Caspian Sea and from Iraq to Pakistan. Energy-rich Caspian Sea (CSR) is now part of the new Great Game. Geographically, Iran falls in the middle of the conflict while Afghanistan is the actual ground of the conflict. Both counties are once more caught between the big powers’ rivalry once more along with the states around the Caspian Sea. The gist of this chapter is to understand how the big powers play another Great Game in the Caspian region and how the small regional states respond to the ongoing conflict and rivalry and maintain their existence in a balance of power.

The emergence of new energy-rich states along the Caspian Sea following the dissolution of the Soviet Union and ‘War on Terror’ in Afghanistan and in Iraq following the 9/11 terrorist attacks has brought up the CSR on the New Great Game chess board again. Consequently, the geopolitics of the region underwent significant changes. Energy consumers, especially the USA, have so far shown keen interest to the Caspian Sea as a potential major oil and gas region vis-à-vis the Persian Gulf. Security and economic interests of the littoral small states and regional or external big powers interests are already intertwined with the energy issue of the Caspian Sea. Therefore, the balance of power and the New Great Game in the Caspian Sea and on its adjacent regions must be seen and analyzed through energy-related interests of the involved states in a zero-sum game formula. Discussing the ongoing geopolitics one cannot focus only on the Caspian and its surrounding but rather, has to examine the geopolitical scenario of a broader region. In a way one has to visualize a stretch of land from the west of Turkey to the western Chinese border of the Xinjiang Province, and from northern territories of the Caspian Sea to the Persian Gulf and Indian Ocean in the south. This chapter’s core is in way aimed at
reexamining Heartland concept of the British Halford Mackinder whose 1919 famous saying is still quoted by geopoliticians and political analysis (Mackinder 1942:xviii).4

Figure 15. Great Games and the World System

- **Pre-Great Game**: Rivalry Between Great Britain, Russia, France, Prussia and Austro-Hungarian; a Multipolar System.
- **Great Game**: Played in and Around the CSR Between Russia and Britain; Britain Withdrawed and Russia Overtook the Region.
- **Post-Great Game**: Neither Russia nor Britain Won the Game, Rather the US Emerged as a Global Power; Yet a Semi-Multipolar System.
- **Cold War Era**: Russia and the US Dominated the World; a Bipolar System.
- **Post-Cold War**: Soviet Russian Power Faded Away, the US Emerged as Superpower; A Unipolar System.
- **New Great Game**: Continues; Big powers like India and China are to Join the Club; Moving Toward a Multipolar System with the CSR at the Core of the New Geopolitics and Highly Decisive for the Outcome of the New Great Game.

Source: Scholar’s own design

4 "Who rules East Europe controls the Heartland; who rules the Heartland commands the World Island; Who rules the world Island commands the World".
New Geo-Strategic Rivalry in the Caspian Sea Region

Intra-states and inter-states dynamics and the conflicting strategies and energy interests of the external powers has created a rivalry in and around the Caspian Sea bringing it on the forefront of the international scene. In fact, the role of the CSR on the outcome of the new rivalry among big powers and in the creation of a new world system is more significant than any other region.
As this research attempts to reveal, the Great Game got shaped and began in this particular region where the New Great Game is being played. The starting point of the new rivalry goes back to 1991 with the collapse of the Soviet Union and the arrival of the first Western oil companies. This rivalry reached its climax with 11th September 2001, following the terrorist attacks in the United States which brought the US to the region.

In the CSR, unlike in the Persian Gulf, Western oil companies and armies accessed and acquired the upstream oil and gas sectors as well as the military bases. The claim of some scholars that ‘Caspian Sea region is to replace the Middle East’ seemed real at a time. Before targeting the Al Qaeda basis the US had already deployed its troops in northern neighbors of Afghanistan, namely Uzbekistan and Kyrgyzstan. Because of their internal interests and dynamics, Russia, Iran, and China accepted and vocally welcomed the presence of US troops in their ‘backyards’ even though none are eager to risk on their vital national interests in long run and to let the US presence overshadow their interests (Olcott 2005: 331-335). The regional states once again have to witness the rivalry of big powers and to play an inevitable imposed game. The complexity of regional geopolitics can be understood in its general scale in the words of a Kyrgyz parliamentary deputy who said: “as if it was not enough that Central Asia is squeezed by China, Russia, and the Muslim world, now we also have an American eagle flying over” (cited in Rumer 2004:700-701).

While geographical proximity of regional NATO member Turkey to the Caucasian states provided to the west Caspian, such proximity to Afghanistan in the east Caspian underlines the vital role of the Central Asian republics. At the same time, energy reserves in and around the Sea and energy transit routes are adding to the republics’ importance. In other words, September 11 brought short-term losses for Russia and China and long-term gains for FSRs. The groupings and creation of local organizations such as CIS, PfP, SCO and GUAM can be interpreted as means to reduce losses and to increase the gains of big rival powers. The creation of such counter-balancing organizations in Sino-Russian and Western camps is an indication of the existing international rivalry in the sphere of geoeconomy and geostrategy.
According to power criteria of Richard Muir (physical, demographic, economic, organizational, military, and power from external relationship) the players and ongoing New Great game in the CSR can be categorized and analyzed in three levels. In the global-level, three big powers are playing the chief roles. The geopolitical and geoeconomical interests of the USA, Russia and China are the main motivating forces of the New Great Game. Regional powers –Iran and Turkey- along with Pakistan, Afghanistan and India constitute the regional-level. Their status in ‘power’ ranking puts them under the first group and above the third group of countries which are the small littoral and non-littoral states on both sides of the Caspian Sea. This sub-regional group constitutes littoral states of Azerbaijan, Turkmenistan and Kazakhstan and non-littoral states of Armenia and Georgia. The overlapping of these three levels is understandable as in certain condition and time the second group can play the Game in global-level along the big powers and can leave a considerable impact on the outcome of the game. For example if India is to pursue intense,
active and serious policies in the Caspian region, it can join the first category. However, its geographical distance from the Caspian region - unlike China - makes it a secondary big-player. It will remain a regional player in the ongoing New Great Game unless and until it is not challenging China in economic and military terms and is not pursuing an intensive politics toward the CSR. As power criteria of states are concerned, the three countries grouped in first level can influence the regional and sub-regional levels. This is of course not to say that states in level two and three are just passive observers vis-à-vis the first level states. Rather each state of level two and three have their own cards to play in the ongoing geopolitics.

It must be added that though all EU member states’ CSR policies is not been the aim of this work but nonetheless EU leaves its impact on the international system. Despite EU’s impact on global economy and politics and disregarding the fact that a Union of 27 states with about 500 million population indeed plays a major role in international arena, but lack of united EU strategic foreign policy, army and economy disqualifies it as a single unit or state. Even, despite having a central bank and a single currency the great economic potential of EU has not been organized under single commonly fixed aim and politics. Divergence of EU member states’ interests and their individual approaches on various issues show that EU yet has to overcome the problem of members’ separate policies and individual goals. ‘What goals, idea’s, and method’ and coherent politics EU is seeking to ‘expand its influence through the world’ is not clear yet. However, as the Paris Charter of 1990 (which makes the CSR as an integral part of the European Security System) reveals, EU’s CSR role cannot be rolled apart. Through Organization for Security and Cooperation in Europe (OSCE) and NATO, also through programmers of the Technical Assistance of the Commonwealth of Independent States (TACIS), the Transport-Corridor-Europe-Caucasus-Central Asia (TRASECA) and the Interstates Oil and Gas Transport (INOGATE), EU is involved in CSR’s policies. EU’s interest in the CSR is not much different from that of the US. Its CSR objectives are to: “support the independence and territorial integrity of states in the region; consolidate democratic institutions and strengthen the human rights policy as the basis for security and peace; reduce the potential for conflict by undertaking political and economic reform and by using EU influence as an investor and commercial-economic partner; support transformation processes in the economy in the region, with an emphasis on protection of
the environment; cooperate actively in questions pertaining to investments in the energy sector, mining, and pipeline construction; enhance the EU presence in the region by intensifying the political dialogue.” (Laumulin 2002: 208-240).

As the largest country of the world with eleven time zones, more than 142 million population, natural strategic mineral resources, the world’s largest proven gas and 8th proven oil reservoir, and second strongest military, Russia is equipped with major natural sources of power. Beside its historical imperial legacy, it is Russian military industry and strength plus its hydrocarbon resources that make Russia one of the top three big powers. Following its post-1991 economic collapse Russia could have lost the ground to its rivals being reduced to a secondary world power. It is mainly and mostly by these two ‘power tools’ that Russia is still playing a primary role in world and CSR politics. At the same time, being a nuclear power and UN’s permanent Security Council has secured Russia to be part of all international affairs.

Russia, as the main player and controller of the existing oil and gas pipelines (save the BTC) of the region, wants to restore its weakened political influence by all possible conventional and non-conventional means; either by providing security and economic cooperation to the countries of the region within the framework of the CIS, or through threats, interference in internal affairs or if needed through military means. The recent invasion of Georgia was a clear-cut message in direction of the concerned powers and players and to the FSRs. However, according to some scholars, Russia lacks a clear strategic doctrine. In Kushik’s view, Russia “has yet to formulate its clear strategic interests in relations with neighbours on the basis of post-Cold War and post-9/11 realities—that is, beyond historical legacies and fear of encirclement” (Kaushik 2007: 82). How far the ‘hybrid’ character of Russian Eurasianists will come closer will be decisive for Russian success and constructive involvement in the CSR (Tsyganov 2003).5

Apparently, Russian foreign policy regarding the CSR has been based on its 1993 doctrine and has not gone under many changes. Its 1993 foreign policy and military doctrine was aimed at creating “zones of influence” and declaring the whole former Soviet territory as an area of “vital interest”. For Russians, the CSR is part of their ‘near abroad’ and

5 “In today’s Russia, at least four groups can be indentified within the [Euroasianist] movement, each affiliated with different intellectual traditions and political orientations. These four can be identified as Expansionists, Civilizationists, Stabilizers and Geoeconomists” (Tsyganov 2003).
therefore vital for Russia’s security and historical legacy. That’s why the Russia’s military document of 29th September 2001 lists the US and NATO’s expansion and influence in FSRs as the second most important threat among six other. Moscow has clearly articulated that the defense of its territorial borders may stop at the Ural Mountain but the defense of its ideological boarder especially in its combat with Islamic threat may stretch to Afghanistan. Military presence, besides controlling the Major Export Pipelines and economic leverage is the Russian way of dominating its ‘back yard’. Russia’s 127th Mechanized Infantry Division based in Gyumri/Armenia; its 145th and 147th Mechanized Infantry Divisions earlier stationed in Akhalkalaki and Vasiani in Georgia (being shifted to Abkhazia and Ossetia) and its 15,000 troops in Turkmenistan, are today a de facto evidence of the Russian military dominance of the region (Shoumikhin 1999: 137).

During the Chechen war, while Chechen capital was under heavy attacks, Russian army might have evoked horror among the people and the leaders of CSR. Whereas people expressed sympathy and admired the bravery of the Chechen guerrillas, their leaders re-understood the Russian military might and realized that Russian support would be enormously necessary if their regimes faced a similar threat from their own domestic forces whether Islamic or non-Islamic. Later on, Uzbek regime’s shift from the USA to Russia continued this necessity. It is Russia’s continuous strategic concern to ensure that the region remains stable and neither of the rival powers the USA or China nor any regional power, such as Turkey or Iran, is able to supplant Moscow’s preferential status. For the new Caspian Sea governments, Russia’s continued engagement is viewed as an essential insurance policy against the instability and the complete economic collapse of the region.

Post-Union collapse and initial decline of Russia, once a military and economic power, dented its capacities to effectively conduct peace-keeping operations in the territory of the former USSR, which could have been an important factor behind the Caspian regimes’ tilt toward the West and the United States. Moreover new republics - freed from decades-old Soviet support - were in no better economic situation than Russia. Therefore for them West’s developed technology, well functioning market system and above all West’s financial help was as fascinating as it was for Russia itself. For years Moscow watched its

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6 In this document due to unresolved conflicts in Chechnya and Dagestan, ‘international terrorism’ stands as the first major threat to the Russian security.
economic and military decline and territorial loss painfully. Some of its European republics went over to the Western block and some of its Caspian Sea republics showed great tendency toward the Western countries, mainly the U.S.A. Not only Warsaw pact got dismantled but Moscow also had to witness the gradual and steady eastward expansion of NATO; either absorbing its former republics as a full member or engaging them in NATO’s PfP program. Unable to offer subsidized material, financial aid and military security to its former republics, Russia had to witness the setting up of American military bases in its ‘backyard’. However, lately with 8.1 % GDP growth and oil price in rise, Moscow was able not only to reshape its collapsed economy but to have enough to increasingly invest on its military. Though under Putin, Russia downsized its armed forces to about 1.1 million personnel, military spending kept increasing dramatically.

According to Deputy Defense Minister Lyubov Kudelina, "[t]he Defense Ministry will spend a little less than one trillion rubles ($40 bln) [of federal budget funds] in 2008, which is about 20% more than last year." She announced that military spending was set to total 1.18 trillion rubles ($45 billion) which would be 15.5-16% of total federal budget in 2010 (Russian Military Budget, 2008). Though, statistically and by GNI criteria alone, Russia with US $4,460 GNI per capita has a long way to catch the USA with US $43,740 GNI per capita (CIA world FactBook, 2006). Economic prosperity is one of the elements of a nation’s power. This is to say that what makes Russia incompatible with the USA is mainly its inferior economy. But once Russian economy will relatively be in shape, one can expect increasing confrontations between the two. Russia is capable of challenging American arms and army. In fact, Russian aggression over Georgia which broke out on 7th August 2008 was not a mere punishing message to the pro-west Georgian President, Mikhail Saakashvili. It was also a clear warning message to the West namely the USA, to halt NATO’s expansion into Ukraine and Georgia, two countries that Russia regards as its traditional areas of influence.

So far, except shelving a civilian nuclear deal with Russia and despite verbal diplomatic tensions, the U.S.A has avoided deteriorating the relation and continues its diplomatic links with Russia. Calling Russian aggression as a "worsening pattern of behavior", "deeply disconcerting" and an attempt to "dissmember" Georgia by recognising Abkhazia and South Ossetia as independent states, then US Secretary of State Condoleezza
Rice stated that "Russia's leaders violated Georgia's sovereignty and territorial integrity and launched a full-scale invasion across an internationally recognised border." Criticizing Russia's 'intimidation of its sovereign neighbours, its use of oil and gas as a political weapon...its threat to target peaceful neighbours with nuclear weapons...and its persecution - or worse - of Russian journalists and dissidents," and pledging help to rebuild Georgia, she said that the US and Europe would not let Russia benefit from the aggression (BBC News: 17 & 18 September 2008).

Caspian region is the place where Russian exercise of power is high and where the future confrontation between the Russian and Western camp will occur. This region's geographical proximity to Russia, native Russian populations, ethnic conflicts, historic factor, energy and economic dependency on Russia, and at the same time its gravity toward West hold the possibility of confrontation between several groups of states, especially between Russia, the US, the EU and probably China. Any Western penetration of the region will be read as hampering the Russian immediate interest in its 'back yard', and Moscow's reaction would be inevitable. To restore their torn pride, Russians would take serious actions against the U.S-allies interest and presence in the CSR. As Russian Parliamentary Speaker, Gennady Seleznov once warned, "Russia will not approve of permanent US military bases in Central Asia" (cited in Sengupta 2005:148).

Presently, the pattern of the struggle for power in and around the Caspian Sea is not direct opposition but competition. The ultimate object of such competition through the domination of the regional small states, energy resources and export routes that would lead to power enhancements. "[I]t’s only through the intermediary of that competition that the contest for power” between Russia and the US happens. Such competition and 'struggle for power' over dominating Iran took place between Russia and Great Britain in the past. One can see a probable pattern for the CSR, the balance of power will emerge as the result of either of the US and Russia (or China or new emerging power), making move to ensure that their policies prevail over that of the opponent’s policies. Each will try to increase its own power to an extent that it can control the decision of the other in order to “lead its imperialistic policy to success”. Russia would try to increase its power in order to counter the imperialistic policy of the US by pursuing its own imperialistic policy. Therefore, until and unless one won’t be changing the course of its imperialistic policies and won’t be giving
up or until one would gain or would believe it has gained a decisive advantage over the other, "[t]hen either the weaker [would] yield to the stronger or war [would] decide the issue" (Morgenthau 2001:193).

In terms of natural sources of power, US like Russia has a leading ranking. Highly industrialized, the world’s 3rd largest country in size with more than 305 million population, with world’s 6th proven gas and 12th proven oil reservoir, and the most advanced, strongest, and largest military, the US is a leading superpower of the world. The US has all what presently Russia and China are not equipped with: a powerful economy plus the most active diplomacy. As an advocate of liberal-democratic values and market economy, the US is occupying a crucial position in international organizations. Besides being a nuclear power, the US also enjoys permanent membership of the UN’s Security Council.

Broad American interest in the region is geo-economic and geo-strategic. USA’s Caspian Sea policy goals have been stated the best by Doug Bereuter, Chairman of the subcommittee on Asia of the House of Representatives in 1998: “fostering the independence of the states and their ties to the West; breaking Russia monopoly over oil and gas transport routes; promoting Western energy security through diversified supplies; encouraging the construction of east-west pipelines that do not transit Iran; and denying Iran’s dangerous leverage over the Central Asian economies” (US Congress 1998). Keeping an eye on and controlling drug trafficking and weapon proliferation especially the region’s potential nuclear installations, and fighting Islamic extremism are among the US goals. However none of above mentioned goals is as important as containing Russian and China, and that is what Doug Bereuter has deliberately avoided to address. To this end, since the days of the Clinton Administration, the “integration of the former Soviet republics into Western economic, political and military institutions” has turned to “a fundamental policy objective” of the US National Security Strategy (Patnaik 2007:106).

Except a ‘tactical and transitory’ military cooperation during WWII, the rest of Russo-American relation has been marked by competition, rivalry and confrontation. Following September 11, 2001 the cooperation between the US and two of its rivals Russia and China did not continue with the same aim and intensity as it had started. It’s worth noticing that two years before September 11th, Pentagon had ‘reassigned senior command authority over American forces in Central Asia from the Pacific Command to the Central
Command.’ Such a shift was due to realization of the region’s geopolitical realities and geostrategic importance (Mahapatra 2005: 13). If prior to 9/11 the US main goal in the region was geo-economic, it took an important geostrategic aspect too following the 9/11. Terrorist attack on 9/11 was a golden chance for the US to establish its military bases around the Caspian Sea. Initially China and especially Russia joined hand with the US in a tactical move for about four years in its ‘War on Terror’ by sharing intelligence, providing air space and even tolerating US bases in ‘near abroad’. Russia had already swallowed the bitter pill of US military intervention in the Balkans, its missile defense program in East Europe, and US criticism of Russia over Chechnya, Caucasus and human right issue. But NATO’s expansion to Russian door steps was not accepted by Russia with ease. In the same manner, China was threatened. Therefore during July 2005 SCO summit, China and Russia called on the United States and its allies to set a timetable for their military withdrawal from the region.

In the early years since 1991 and the end of Cold War, the US attitude toward Russia was not confrontational but cooperative. But the attitude changed in post-Yeltsin years. Though the Russian economy is far behind the USA’s, if Russia is ever going to re-emerge as an ‘imperial power’, it would be because of its military potentials and energy deposits. Whether Russia would be able to equip itself with a vital element of national power i.e. a strong economy or not, it is a matter of time. With oil price at hike Russia was scoring 8.1% GDP (Real growth Rate) in 2007 (CIA world FactBook, 2007). However, Russia won’t remain limited by the US despite its long way to a strong economy, due to other elements of national power such as size, population, military, political and diplomacy. The US has realized that Russia is not that of the Yeltsin era anymore when it had to rely on Western aid. New Russia rather is showing signs of re-emergence as a major challenging power which requires a new set of containment policies from the US side.

7 Since its known history what at the end has left Russia helpless before its rivals has been its mismanaged economy. Though addressed to earlier Russia but seems Van der Leeuw’s rightful understanding of Russian weakness is applicable for Russia today too, when he says: "Russia’s rulers never managed to grasp the idea of commercial interest serving stratego-political ones and vice-versa. Had they done so, they may very well have been able to transform their empire into one that was western style and constitutional. Instead, they preferred to cling to a defunct, medieval social order, as if eager to expose their very chest to the firing squad which was to shot them in the end"(Van der Leeuw 2000: 46).
Unlike Russia, the US is geographically distanced from the region and knows less about it. Contrary to the US position, Russia being suspicious of American motivations and influencing its former republics, is heavy-handed in the regional conflicts and has the required power and tools to manipulate those conflicts for its own end if it wishes to. Therefore, the dilemma for the US is now whether to confront Russia more forcefully or stay the course of patient, albeit unproductive dialogue (Rumer 2005).

Regional energy and security issues are the only two issues on which the interests of all three global powers emerge. For the US, the safe flow of the region’s energy for its energy diversification policy is as important as it is for Russia’s energy-income and China’s thirst for energy. Tackling the region’s Islamic fundamentalist groups and terrorists is equally vital for the USA’s internal security, peace in Russia’s federal republics and tranquility in China’s Xinjiang region. However, despite the mentioned common grounds for cooperation, the three ultimate goals of the US military presence in the CSR as a part of the international military campaign against terrorism are to first contain the hostile regional power Iran, and in the long run to check and prevent both the Russian re-emergence as a superpower and Chinese probable dominance of the region. Second is to grasp the energy resources, as Deputy Secretary of State Strobe Talbott stated almost a decade ago at the Paul H. Nitze School of Advanced International Studies in Washington. Terrorism, religious and political extremism “would matter profoundly to the United States if that were to happen in an area that sits on as much as two hundred billion barrels of oil.” Talbott in turn declared that “conflict resolution must be job one for US policy in the region: it is both the prerequisite for, and an accompaniment to, energy development.” He also declared that “Our goal is to avoid, and actively to discourage, that atavistic outcome”, adding that “[i]n pondering and practicing the geopolitics of oil, let’s make sure that we are thinking in terms appropriate to the 21st century and not the 19th.” The ‘Great Game’ mentality, he said, “is a zero-sum game in which some are winners and some losers; the better approach for all concerned, as far as the United States is concerned, lies in mutual cooperation” (Talbott: 1997). If containing Russia and preventing China’s emergence is a covert American agenda, the US must control or at least have a strong influence over the ‘Rimland’ and consequently over the ‘Heartland’. 1990s wars in the Persian Gulf and especially post-2001 American military involvements are reflecting this final US-aim. Vice President Dick Cheney was
clear enough to say “we have to go where the oil is”, and “I cannot think of time when we had a region emerge as suddenly to become strategically significant as the Caspian” (Chenoy 2007: 118). To influence and control the ‘strategic Caspian’ and prevent its fall into the sphere of influence of any other state, the US approach is to either ‘balance’ or ‘contain’ or ‘engage’ the other main players (Chenoy 2007: 119).

The world’s 4th largest state in terms of territory and the most populated one with great manpower (1.33 billion), with adequate natural resources, military industry and power, and with highly fast growing economy, China, is the new emerging superpower. What superpower-USA and Russia have possessed, China also holds as natural resources of power relatively. But compared with the other two, China is not rich in hydrocarbon reserves as it stands as the world’s 14th proven gas and 17th proven oil reservoir (CIA world FactBook, 2008). Besides being a nuclear power and enjoying the permanent membership of the UN’s Security Council is empowering China is empowered by its fast economic growth.

Despite being the world’s largest potential hydropower, China as a second oil consumer after US, should be mainly interested in CSR oil and gas supplies. China’s 11.4% GDP (Real growth Rate) in 2007 underlined its vital need for hydrocarbon energy to sustain its economic growth (CIA world FactBook, 2007). Therefore like the US, energy security and its diversification is equally important for China. The Caspian hydrocarbon reserves though not as important and massive as that of the Middle East, are solution to the challenging issue of alternative energy sources. Presently 50% of Chinese oil import comes from the Middle-East and 22% from Africa. It is predicted that the CSR will account for more than 10% of China’s oil import. It was only after 2001 that energy became China’s core strategic interest in the CSR for two reasons: China’s energy demands and the changes in international arena following the September 11, 2001. Interestingly, in the same year SCO was formed.

Since 1993, China has become a net oil importing country. If its oil import volume was 15 million tons before 1997, it jumped to 35 million tons in 1997 and by 2000 it increased to 70 million tons, accounting for over 30% of China’s oil consumption. By 2004, China was importing 102 million tons (Huasheng 2007: 131-133). Meanwhile, China’s oil production in 2007 has been 3.73 million bbl/day and its consumption more than the double; 6.93 million bbl/day. In 2007, the total oil import of China was 3.19 million bbl/day. The
figures indicate that almost whatever China is producing is consumed and there is still needs for more oil import. Similarly, in 2005 oil production in the US had been 8.322 million bbl/day, but its consumption was 20.8 million bbl/day. In 2005, US had imported 13.15 million bbl/day (CIA world FactBook, 2006 and 2007). Thus America and China are respectively world’s two largest oil consumers, whose interest in the Caspian Sea should first be seen according to their energy needs China, because of its rapid economic growth, requires adequate sources of energy and needs new energy resources. Therefore, as a net importer of oil and unlike US, China’s CSR interest must be labeled as firstly geoeconomic rather than geostrategic. On the contrary the ultimate goal of superpower-US presence in the CSR had to be rather understood from its imperial geostrategic concerns than geoeconomic gains. As a major oil producer and having secure sources of oil-import, USA’s main goal in CSR is not just for importing region’s oil for its consumption but controlling it in its energy strategy vis-à-vis the big powers like China.8

Through SCO and bilateral relations with regional countries China is following its economic and security interest. Such relations are more active with its western bordering neighbors namely Kazakhstan, Tajikistan and Kyrgyzstan. Security and stability of Xingjiang province is China’s second main goal as the Uyghur issue plagues the province where Sino-Kazak oil pipeline eventually ends. However, beside the Xingjiang’s Uyghur issue and growing appetite for energy, China’s major challenge in the long-term would be confronting Russia and the US in the CSR. Energy is the main factor behind Chinese involvement in CSR’s politics and Great Game. Such a vital need is China’s Achill’s heal which could be used in future probable confrontations between the three big powers, especially between the US and China. Therefore, control of Rimland where massive Middle East oil reserves lies, and control of Heartland where considerable hydrocarbon reserves of CRS lies, would be the main US aim and instrument vis-à-vis China. Despite the present high trade level between the two and the fact that economic crisis in either of the two

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8 Based on January 2007 data of the US Energy information Administration; in 2005 alone, US stood as third top oil producer after Saudi Arabia and Russia.

9 Since the establishment of control over Eastern Turkistan in 1949, the silencing of Uyghur ethnonationalist movement both in Xinjiang and Central Asia is China’s prime goal. Same way and since partition, the tranquillity of Indian Kashmir and keeping its 28 states out of religious and communal clashes, and infiltration of fundamentalism is one of the India’s prime concerns.
countries will affect the other, serious confrontation at the moment seems unlikely but cannot be ruled out in the future.¹⁰

China, a ‘strategic competitor’ (Lawrence 2002:26–28) to the US sooner or later will have no option but to follow a new comprehensive doctrine to confront the USA’s ‘containment’ policy. To do so, China and Russia probably will join together in their common CSR and Afghanistan politics and interests. It’s clear that the US advances in CSR and Afghanistan along its presence in Iraq, and Southeast Asia is seen as part of a New Great Game by Russia and China. However, on the other hand and from Caspian republics’ view, China is appealing to counterbalance both the US and Russia (Olcott 2005:197).

One can conclude that being the first gas reservoir and second oil producer (in 2005) of the world, Russian CSR interest cannot be geoeconomic (energy) but is rather geostrategic. In contrast, China’s present and near-future CSR interest can be seen from a geoeconomic angle only. However, China’s geoeconomic interest might ultimately convert to a geostrategic one. Like Russia, the US itself is one the top oil and natural gas producers. Though it’s the world top energy consumer, the US has so far well managed its energy needs through its reliable energy-rich allies. Therefore, its prime CRS interest both in present and future will continue to be a geostrategic one.

Poor in hydrocarbon resources (the world’s 84th proven gas and 55th proven oil reservoir), Turkey nevertheless managed to sell its geostrategic position (CIA world FactBook, 2007). Its position in an important region, the Middle East, and being an immediate neighbor to Russia and the CSR has added to Turkey’s geographical importance. Major BTC and West-ward proposed gas or oil pipelines originating from either the Middle-East or the CSR have to pass through Turkey. As a regional power Turkey has been able to gain the strategic partnership and support of the West and the US. Turkey’s regional status and power has further increased with NATO membership.

As a trusted American regional ally, Turkey’s CSR interest is to preserve its strategic position to remain a constant Western ally through pipeline politics. Turkey is maintaining a balance of power vis-à-vis its historical rival Russia and regional power, Iran, by being a trusty partner to the US and west. As a regional power keenly interested in the CSR’s

¹⁰ US with 19.4% had been China’s number one export partner in 2006.
politics, Turkey was the first state to recognize the independence of Caspian republics following the Soviet collapse. It was also the first state to open embassies and universities and to establish economic ties with Caspian republics. 1991 was a historical year for strategic partners, the US and Turkey, as they witnessed the disintegration of their traditional foe. However, unlike the US and despite the intensive activities Turkey’s main regional gain has been to attract the transit of West-ward pipelines, namely the BTC. Though, it was in itself a big achievement for Turkish administration, beside that Turkey has not been able to get fully engaged in military and economic issues of the Caspian republics. Facing an estimated foreign debt of $55 billion dollars and bordering powerful Russia have reduced the Turkey’s maneuverability (Parvizi 1999: 203). Moreover though NATO membership has empowered Turkey vis-a-vis Russia and Iran, it cannot independently get involved in regional balance of power on its own without consulting NATO. Non-intervention in Armenia-Azerbaijan conflict is an example of Ankara’s weakness before Armenia-Russia-Iran alliance despite its interest in preventing secession of Nagorno-Karabakh from Azerbaijan.

Turkey’s main card in the ongoing New Great Game has been the pipeline transit, through which it has achieved geo-economic as well as considerable geo-strategic gains, thanks to the US support. Due to the US ‘ending Russian monopoly over energy transit’ and ‘anything without Iran’ policies, Turkey has so far remained as the sole reliable country on the west-ward energy transit of the CSR. Indeed, it is through energy transit (Bosphorus for instance) and pipeline politics that Turkey can bargain and compete with Russia. Beside that Turkey’s capabilities are limited before its powerful neighbor when it comes for other power criteria. In fact, it was the US supreme economic and political leverage and support for the BTC that prevented Russian further monopoly and cutoff Iran’s chance of turning into an energy transit country. Thereby, the BTC solidified Ankara-Washington partnership in the CSR. It’s thus understandable that according to Moscow “Turkey is a major threat to Russian interests” (Blank 1995: 374).

Despite their economic cooperation, all three main pipeline competitors, Turkey, Iran and Russia are internally facing ethnic problems. Though it has not turned to a divergence issue between Iran and Turkey, if necessary both countries could use the separatist Kurdish population on both sides of the borders for their own ends. Russia, on the other hand, has not
solved its Chechnya problem and is vulnerable to external interference there. So far Russia, in a retaliatory move, has let the radical Kurdish party PKK to organize meetings in Moscow. During Boris Yeltsin’s presidency, Turkish intelligence service was accused of operations in Chechnya, which forced Yeltsin to react by saying: “The Turks have always threatened us; now they are helping the Chechens” (Freeland: 1996).

Afghanistan as a landlocked state and home to 27.1 million people with only 28.1% literacy, poor in hydrocarbon reserves (in world ranking; number 64 in proven natural gas and 97 in proven oil reserves) has less natural sources of power. Its multi-ethnic character (Pashtun 42%, Tajik 27%, Hazara 9%, Uzbek 9%, Aimak 4%, Turkmen 3%, Baloch 2%, others 4%) makes it uneasy for Afghani statesmen to ‘construct’ their civil-war-torn country let alone to empower it as a nation. However, what has made Afghanistan an important state in the region’s conflictual history, is its geostrategic location. Afghanistan’s last two centuries’ geo-strategic importance and at the same time its miseries have been derived from bordering other geostrategic countries - China 76-km, Iran 936-km, Pakistan 2,430-km, Turkmenistan 744-km, Uzbekistan 137-km and Tajikistan 1,206-km. It’s this geostrategic location of Afghanistan located next to the CSR and natural gas or oil transit from its northern neighbors/region to South Eastern Asia, then makes Afghanistan such an important country.

Seven years after the beginning of the bombing campaign in Afghanistan on 7th October 2001, the Taliban regime is no more but has not been eliminated either. In fact its elements are rather gaining ground. Afghanistan remains a potential threat in terms of spreading militant Islam and terrorism. As 9/11 proved, Afghanistan’s religious extremist elements are capable of targeting and destabilizing the globe as far as New York and Chinese Xingjiang. However, the immediate threat of such elements first targets the region. China is weary of infiltration into its western province by religious elements. The Uighur movement, known as the East Turkistan Islamic Movement (ETIM) with the objective of creating an ‘East Turkistan’ in the form of a Muslim state, can be inspired, trained and armed by the Taliban. IMU of Uzbekistan, which fought for the Taliban in Afghanistan against coalition forces, is another example.

Afghanistan will remain a ‘bargaining tool’ and ‘buffer interest’ of the big powers, namely Russia, China, US and even India and Pakistan as it has been for at least the last two
hundred years. Therefore, Afghanistan’s role in the New Great Game is mostly due to its unique geographical location in both Rimland and Heartland, not only because of its extremist elements.

Despite the demise of the Taliban regime, the question of Afghanistan’s stability remains intact. Until stability is achieved in Afghanistan, there will remain a continuous threat to security and stability of the secular oil-rich CSR. Smooth political reforms and transitions of power in the CSR are linked to the stability question of Afghanistan. Thus, stability of Afghanistan is in the interest of all the states involved in the energy sector of the CSR (Shkolnikov 2002: 7, 8). The energy dimension of its geography, as well as the American military presence in the Middle East and its campaign in Afghanistan are directly linked to strategic petroleum reserve which “will greatly affect China’s oil strategy in the Middle East and Central Asian countries” (Li 2002, Cole 2003: 53). Though since Taliban time projects are crumbling on the paper, US opposition to transit of any pipeline through Iran, makes Afghanistan a potential but controversial oil and natural gas transit route from the CSR to South Asia. Following September 1996 Taliban takeover of Kabul and consolidation of its Islamist administration in Afghanistan, an energy transit plan was actively persuaded and discussed by the American company Unocal in 1997-8. The pipeline plan was so serious at that time that Taliban representatives went to Texas and Washington in December 1997 for negotiations (Li 2002, Cole 2003: 53). However, Unocal, though very keen and interested in building a pipeline route from Turkmenistan to India via Afghanistan and Pakistan, had to withdraw from the consortium for political reasons in 1998. Instability and insecurity remain the main obstacles behind the stretch of any pipeline throughout Afghanistan.

American military presence in both Iraq and Afghanistan may reduce when both countries are relatively secure. However, American influence and leverage will remain in place till Russia, China and probably India, decide on a new balance of power. India, though a powerful nation, is not known as a dominant and hegemonic nation, rather as a peace-seeking nation. Whether it will remain so or not, one has to wait until it manages to emerge as an economic giant! In broad term, Afghanistan’s primary importance lies in its geographical location first and second in its location as an energy-transit country, not just in

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11 Probably Pakistan’s interest (Vis-à-vis India) is an exception.
its religious-extremist elements only. Afghanistan is already engulfed by the New Great Game which is going to be intensified by active Chinese, Russian, American and other regional powers in the coming days.

Since Soviet withdrawal from Afghanistan and its collapse in 1991, Pakistan's CSR and especially Afghanistan policy has been shaped via Indian factor. The main objective of Pakistan vis-à-vis the CSR has been motivated, shaped and pursued in parallel with its conflict and rivalry with India. Despite Pakistan's early 1990s competition with Turkey and Iran for influence in the CSR, Islamabad's later competitive policies with New Delhi has been more evidently influential in its pursuit of relations with the CSR. Through economic, technical expertise, and diplomatic means, Pakistan and India have attempted to gain more influence in the region. Sino-Indian balancing power in Asia has bestowed Pakistan with Chinese Strategic cooperation and significant military assistance. However, despite several wars, the three nuclear states, China, Pakistan and India have common grounds for cooperation and have so far maintained a balance of power in the region. Organizations such as SCO in which both India and Pakistan have observer status, has brought the three states together. Beside the 'small-scale cooperative initiatives in the realms of commerce, counternarcotics,\textsuperscript{12} and environmental protection', security and terrorism are what all SCO members and three big states are worried about, therefore persuading almost unified politics in that regard. Energy needs can further increase the collaboration between the three. As the three most populated countries of the world, India, Pakistan and China's fast growing economies and swelling energy demand make them potential markets for the CSR's oil and gas (Weitz 2006: 155, 163).

On the other hand, though extremist elements and militants are threatening Pakistan in its Waziristan and Baluchistan, it can still continue to play with 'its influence on militant card'. India, meanwhile, can continue to push a United Nations Terrorism Convention to place Pakistan on the defensive. It has been said that one of the reasons behind Pakistan's support of Taliban was the issue of energy. Quoting from the Telegraph, Guardian's correspondence reported once that "oil industry insiders say the dream of securing a pipeline across Afghanistan is the main reason why Pakistan, a close political ally of America's, has

\textsuperscript{12} "Eighty percent of heroin sold in Europe originates in Afghanistan and Pakistan and about half of this production flows through Central Asia." In (Hill 2001: 4).
been so supportive of the Taliban, and why America has quietly acquiesced in its conquest of Afghanistan” (Monbiot: 2001).

Despite India’s and Pakistan’s needs for the CSR’s gas, the existing conflict between them and instability in Afghanistan, will leave a negative impact on large-scale involvement of South Asian states in the CSR’s politics and energy. Nonetheless, the big powers and Indo-Pakistan rivalry have increased Caspian republics’ autonomy and maneuverability enabling them to be in a better bargaining position.

The world’s second biggest country in terms of population and the seventh largest in terms of size, India with its military, man power and a growing technology, industry and especially economy is indeed amongst the world’s influential countries. As a nuclear power and due to its rapid economic growth in recent years, India, for many scholars, is going to join the club of the big powers. Like China and Russia, India is endowed with rich natural resources. However, unlike Russia and like China, India would lag behind because of its growing need for hydrocarbon energy, a resource which India is deficient in. India’s position in the world ranking of hydrocarbon resources is not as promising as its coal and hydropower production. In fact, except hydropower consumption which stands lower than its production, India consumes other energies more than it produces. Only coal consumption catches the production level approximately. Though coal with 53% is standing as the main source of Indian energy consumption, the obvious fact is that it cannot sustain the 8-9% annual growth of Indian economy. Incidentally, India stands in 25th and 23rd places in terms of proven natural gas and oil reserves.

There are three major motivations behind the Indian interest on the CSR. First: its energy need, second: its security concern and third: maintaining balance of power between its two neighbors: traditional foe Pakistan and powerful rival China. Nonetheless, the US is

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13 According to Energy Information Administration (EIA, October 2004), India’s and Pakistan’s gas reserves are roughly equal in size at 30.14 Tcf and 26.83 Tcf, respectively.

14 To that extend and military-wise, India stationed its military base in Tajikistan. Negotiated and signed in 2003-4, India acquired it’s the only military base in a foreign country, Tajikistan. Located 130 kilometers from Dushanbe and just 2-km from the Tajikistan-Afghan border Farkhor/Ayni Airbase is projected to host Indian Air Force and army.

15 According to EIA (2004), India produces 630.6 billion kilowatt hours electricity and consumes 587.9 billion kilowatt hours. It produces 443.7 million short tons coal and consumes 478.2 million short tons. India’s total energy consumption of 15.4 quadrillion Btus, is as follow: Coal (53%), Oil (33%), Natural Gas (8%), Hydroelectricity (5%), Nuclear (1%), Other Renewables (0%). Online at www.eia.doe.gov.
beneficiary in all these three realms. The U.S influencing and strategizing of its ‘energy stakes’ in the CSR is affecting all main traditional regional players as well as India. In fact, the US “is keen to create regional security architecture, marginalizing if not fully ending the influence of traditional actors-Russia and Iran- and new stakeholders like China.” In this game, “India is being roped in with promises of help in becoming a recognized great power in return for acquiescing in the role of creating an Asian balance vis-à-vis an emerging powerful China. Washington is also trying to exploit the undercurrent of suspicion in the Sino-Russian relations” (Kaushik 2007:83).

It’s predictable that India’s demand for oil and gas will increase within coming two decades. Consequently in order to maintain its high growth rate, India will need to increase its hydrocarbon energy import dramatically. One of the nearest potential region form which India can import energy is the CSR. To do so India needs to pursue a persuasive energy and geo-strategic relation with the CSR which New Delhi has not followed, so far. Despite its economic power, its skilled man power and expertise which could gain a market and foothold, Indian CSR diplomacy has not been as active as China’s or even Pakistan’s. With the exception of Afghanistan toward which India periodically and according to the geopolitical changes has defined a clear political approach, its diplomacy toward energy-rich CSR has not been a continuous, competitive, transparent and a persuasive one. It seems that Afghanistan’s instability and rivalry with Pakistan over Afghanistan’s politics engaged and diverted the Indian attention and diplomacy, which would be required for CSR. Compared with China’s active participation in CSR energy and pipeline politics, India’s participation in energy politics has so far not been considerable. While the Sino-Kazak oil-pipeline is completed, Indian Pipelines, call it either IPI or TAPI remains on the paper.

The second issue for India is the religious extremism and terrorism which India has been suffering from. India shares the same view with China and other big global and regional powers on the security of the CSR, and Afghanistan. A calm, democratic and secular CSR is in accord with Indian interest too. New Delhi’s worries on Islamic extremist elements of Pakistan and especially Afghanistan have shaped its security concerns vis-à-vis the region. In fact, elimination of such elements has been a factor for cooperation between India and other powers since Taliban time, as New Delhi had joined Iran and Russia to
financially and militarily arm and support the anti-Taliban Northern Alliance of Ahmad Shah Masoud against the Taliban. Despite such cooperation, India needs to watch China and especially Pakistan. The main objective of an active involvement in CSR politics would be India’s competition with its traditional foe, Pakistan. As it has been during the Taliban time, both Pakistan and India are competing over winning the major political and military forces operating in Afghanistan, according to their national interests. The same interests are shaping their CSR objectives.

Due to the importance of energy transit either from the Middle East (Iran) or from the CSR (Turkmenistan) to South Asia (particularly to India), the politics of IPI and TAPI gas pipelines need to be addressed here. Since the realization of any of these pipelines can bring new changes to the ongoing regional geopolitical scenario, it is needed to be discussed in detail.

Figure 17. Geopolitics of IPI Pipeline

Iran
- Political gain vis-à-vis the U.S.A.
- Huge economic gain
- Further IPI extension to South East Asia
- Transit of CSR oil and gas, influence in CSR

India & Pakistan
- Regionally integrating
- Energy security for both, important for economic growth
- Dealing with U.S.A opposition

U.S.A.
- Preventing any Iranian gains
- Cooperation with Pakistan on war on terror and financial aid
- Cooperation with India on civil nuclear technology

Source: Scholar's own design

Iran has already lost a big opportunity. Instead of the Baku-Tbilisi-Ceyhan (BTC) pipeline which started to carry out Caspian oil to the world market in 2005, it could host the CTB (Caspian- Tehran-Bandar Abbas). Even though major oil companies and experts had seen no safer, shorter, and more economic route than Iranian one, pipeline finally got stretched through Azerbaijan and Georgia to Turkey, due to the urgency shown by the US and its allies. As it happened with BTC, USA objected to the IPI deal too, claiming that the finance generated by this pipeline would help cleric-led Iranian regime to acquire nuclear
weapon. While discouraging India to tie with Iran, the Bush administration came up with nuclear reactors as an alternative to Indian government.\(^{16}\) Caught in dilemma, Indian Congress-led government under direct pressure from the White House voted against Iran in IAEA (Mohan, 11 May 2007).\(^{17}\) This delighted the US and upset Iran. However, Indians were sure that Iran will come back to the negotiation table, as happened. Though the Indian Government ‘killed two birds with one stone’ its vote caught both nations in surprise. Nonetheless, it was not a big surprise in international arena as in diplomatic affairs, where states are playing ‘give and take game’. In such game the USA is the state which benefits the most. The question now is how much India can gain by finalizing the $ 4.5 to 7.5 billion deal with Iran and what India can lose by ignoring what Condoleezza Rice said once: “if India is buying Iranian gas my country will get upset”\(^{18}\) (BBC Persian, 4 February 2006)

India produces only half of its gas consumption at home and imports the rest, plus 70% of its oil. Indian statesmen may be well-aware that nuclear reactors cannot pump CNG (Compressed Natural Gas) into the millions green colored auto-Rickshaws and public buses running in Delhi. In India, which host one-sixth of the world’s population and where 1.12 billion people’s transportation fuel is fossil, nuclear reactors won’t offer much. Neither can they sustain high annual growth of Indian economy nor can they feed the 72.22% population that live in 550,000 villages (CIA world FactBook, 2007).

If China has already emerged and India expects to emerge in ‘2010’ and if “the world will look towards India and China for providing the mega growth needed for higher standard of living...” (Indiadaily: online), India needs to find energy sources and for that to sort out its discords with Pakistan to realize either the IPI or TAPI. Though such claims are ultra-optimistic and only less than 2 years is left to bring about these wishes but Indian economy nonetheless is amongst the fast-growing. Secure energy sources are thus vital precondition to this fast-growth.

\(^{16}\) “key American Congressmen backing the India-U.S. [nuclear]deal wrote to Prime Minister Manmohan Singh expressing “their grave concerns” about India’s ties with Iran” (Cheri an, 05-18July 2008).

\(^{17}\) “The US Congressmen who are asking India to stop its engagement with Iran, and the Indian parliamentarians who demand that New Delhi stand up against American pressures, are responding to internal pressure groups” (Mohan, 11 May 2007).

\(^{18}\) The USA sanctions namely D’Amato Act threatens European companies with heavy fine, and the Iran-Libya Sanctions Act (ILSA) forbids companies investing more than $20 million in Iran. Though the USA has isolated Iran, Japanese and Malaysian companies with Total of France at the forefront, have gone ahead to do business with Iran.
Figures are indicating that India is going to play a major role in coming decade which experts confirm. India has quite a fair chance to be accepted in international decision making organizations such as the UN Security Council and others. With its advanced technology, human resources and capabilities India seems poised to turn to one of the few Asia's economic giants. This will consequently demand its strong emergence in the world's affairs too. Preparation for such anticipated role and playing it more independently especially vis-à-vis the USA requires India to secure its energy needs first. IPI and TAPI are two major means of Indian energy security.

To satiate its needs, India needs to import gas in 3 ways; via tankers over sea in Liquefied Natural Gas (LNG) form; through under sea pipeline, or overland pipeline which comes four times cheaper. India has opted for the last option. The two top choices to import gas via pipeline are either form Daulatabad in Turkmenistan or from South Pars field of Iran. Known as TAPI (Turkmenistan-Afghanistan-Pakistan-India), this pipeline is more risky and less profitable to India than the IPI (Iran-Pakistan-India). Named as Peace Pipeline, this choice has been proved so far to be the best. But the fact that 1000-km of totally 2,700-km pipeline has to pass through Pakistan and mostly throughout Baluchistan and Sind regions is problematic. In fact, India's major concern seems not to be the USA but Pakistan, India's traditional foe. Indian fear of Pakistan with which it had three declared wars isn't baseless of course but India does not have any other and better option than dealing with it since it is neighboring both Iran and India. This is best obligatory option which nevertheless puts psychological pressure on Indian government. Oil companies, international banks and consortiums can otherwise guarantee the secure flow of gas thorough this insecure region.

Though Taliban have been removed, Afghanistan is not out of harm and secured enough to be relied on for safety of the pipeline. Hamid Karzai, Afghan president, hardly can maintain peace and security in his civil-war-torn country. It's less likely that the TAPI can enjoy Russian backing as it would hamper Russian strategic oil and gas export plans to Europe. Just like Iran, Russia watched BTC’s realization painfully and it would be hard to see another pipeline stretching from its ‘back yard’ to the world market. Russian monopolistic policy prescribes to keep the export routes from Turkmenistan to Europe in its grasp.
IPI, on the other hand and unlike the common belief can reduce the tension between India and Pakistan. India's fear of the pipeline passing through Pakistan can truly put India in risk. What if Pakistan one day decides to turn off the taps? If an international body was responsible for continuous running of gas throughout the pipeline, Pakistan would then be obliged to respect the international law. Moreover any interruption or blockage of the line would hamper Pakistan's annual $600-700 million transit-income. It is less likely that Pakistan would close its eyes to this huge easy income and create problems. The Line of Control (LoC) in Jammu and Kashmir as Manmohan Singh urged it to be called a 'Line of Peace' can be realized further if it can go parallel with the pipeline. As he said "Borders cannot be changed but they can be made irrelevant" (Puri: 2007).

Baluchistan and Sind, regions known for their sympathy for Al-Qaeda leaders and self-ruled locals are indeed a major concern not only for India but also for Pakistan. The security of this region is in fact, a challenging issue for Pakistani government. To promise some income from the transit fee to these poverty stricken regions and to invest on and improve the infrastructures would help. War-lords and drug-lords are few while poverty-stricken people are in millions. Though the IPI cannot create job for millions, but million dollars added to income and investment in the region can make a difference. Those seeing the root of fundamentalism and Islamism as purely and solely ideological should not ignore the fact that poverty acts as a factor. To dedicate some income of the transit fee can change things.

After decades, the IPI has provided a chance for spread of peace in the region. It's up to the USA to let the market forces act naturally for the prosperity of the region and to leave the regional security free to shape itself. This security-enhancing pipeline is environmentally friendly and at the end its impact would be positive for the region.

When it comes for natural sources of power, all Caspian republics with the exception of Kazakhstan (as the 9th largest country of the world) have much in common in terms of governmental structure, size, location, and population. Generally speaking, the region's politics is currently shaped by nothing but energy issues. Pipeline and energy issues, as the most dominant geopolitical factors in Caspian republics are presently shaping the regional balance of power. Pipelines are not just the means of energy transport but a vital means of economic and political achievements. In fact, analysis of pipeline politics alone can give out
a picture of the Caspian republics' domestic and international politics. For example the BTC is the lifeline of not only Azerbaijan and several other Caspian republics but also the outline of US policy toward the CSR. All Caspian republics hope that the Westward energy pipelines reviving the ancient Silk Road will increase their independence from Russia.

Geographically landlocked Azerbaijan is located in the volatile west-Caspian Sea, bordering Georgia, Armenia, the Russian republics of Chechnya and Dagestan and Iran. However, what makes Azerbaijan an important state is not its geographical location but its hydrocarbon reserves. Though it stands in 26th and 21st places of the world ranking in terms of proven gas and oil reserves, that much reserve indicate its potential role in the energy market. In fact, if ‘Azerbaijan’ has been synonymous with any word, it has been nothing but ‘oil’. As the historical oil producer, Azerbaijan’s fame comes not only from being a traditional regional oil producer but also from its impact on worldwide oil markets at least from the 19th century onward. Its post-Soviet history has been completely influenced and shaped by its hydrocarbon reserves.

Due to its hydrocarbon reserves and location, Azerbaijan remains pressed between the two poles of Russian influence and Western integration efforts. Caught between Russian influence for status-quo and American attempt to break it down, Azerbaijan’s major challenge is to handle these two big powers simultaneously (ICG Europe Report 2004: 1). While the White House has avoided irritating Russia by bestowing a direct security guarantee to Azerbaijan, the Kremlin in return has not directly and strongly opposed American involvement and interest in Azerbaijan and in the CSR. Despite Baku’s aspiration for a direct American involvement and NATO membership, Washington has restrained itself from making a big shift in its Caucasian strategies or openly backing of Baku against Russia. However Baku has succeeded to tie its economy and security to those of the West. Considerable hydrocarbon reserves and its strategic location have put Baku in top Western and American priority list in their Caucasian policies.

The election of President Ilham Aliyev who replaced his late-father Heydar in October 2003, showed that clan members, family and patronage will continue to play the

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19 Azerbaijan’s autonomous republic of Nakhichevan borders Iran and Turkey, and is separated from the rest of the country by Armenia. Its border with Turkey is negligible, only 9-km.
20 Following the gas discovery in giant Shah Deniz field in 2001, Azerbaijan is predicted to turn to a major gas producer too.
major role in the country’s politics. This also means that Azerbaijani regime’s autocratic structure won’t undertake much changes.

Natural resources, territorial conflict and demographical issues are what ‘International Crisis Group’ (ICG), identifies as Azerbaijan’s major regional geopolitical challenges. According to ICG, Azerbaijan’s three challenges are: Caspian oil and gas politics; its unsolved conflict with Armenia over Nagorno-Karabakh; and tensions regarding the large population of ethnic Azeris that stretches into Iran (ICG Europe Report 2004: 1).

Post-Soviet Azerbaijani government’s main goal has been to convert its hydrocarbon reserves to hard currency, especially under the presidency of the Aliyevs, father and son. To do so, it had been necessary to employ a delicate balance of power, as Baku had to consider the interests of three powerful nations in its north, west and south namely, Russia, Turkey and Iran. A balancing calculation of power masterfully fulfilled by Heydar Aliyev was needed for the construction of a non-Russian and Westward oil pipeline. At the same time and parallel to pipeline politics, Azerbaijani regime had to continuously consider the ethnic issue and the interests of immediate neighbors. With the realization of a westward pipeline (BTC) and tie with West (especially with US) which has not been cost free, the Azeris have managed to place themselves in the priority of the US and EU. Nonetheless, the pursuit of such policies has cost Baku more than 20% of its territory to Armenia.21

As a small nation with total 86,600-sqkm territory, 8.5 million populations and geographically located next to massive Caspian oil reserves and powerful neighbors like Russia, Turkey and Iran, Azerbaijan has opted for Western powers for its security. Turkey as Azerbaijan’s number one ally is in the western camp and in confrontation with Russian interest. In the pursuit of such politics, Azerbaijan has been the most adamant of the Caspian republics.

By joining NATO’s Partnership for Peace Program (PFP) and signing a Partnership and Cooperation Agreement (PCA) with the European Union (EU), Azerbaijan has tied its security to the Western block by placing it in the axis of Ankara-Washington-Baku which challenges the Tehran-Moscow-Yerevan alliances. Getting in the circle of a Western oriented axis has been a risky decision in the neighborhood of an antagonized Russia. In the

21 One wonders if Heydar Aliyev’s diplomacy of balancing the power between big powerful neighbors could have prevented such loss if he was in power when Nagorno-Karabakh conflict began to escalate.
long run, it can prove to be fatal for the Azerbaijani regime. If the West and mainly the US is not extending its full support over Caspian republics’ security and stability including Azerbaijan, then Baku’s alliance with the Western club will turn to be substantially risky. In fact expanded Western military cooperation of Caspian republics with NATO in Russian doorstep is highly sensitive. As Russian anger against Georgia showed, any increased Western military presence inCSR could provoke the reaction of Russia in first place and Iran in second.22

Retreat in implementing democratic reforms has left a negative impact not only in Baku’s domestic politics but also in its relations with its trusted Western allies. Human right violation and Nagorno-Karabakh conflict which enjoys the support of the Armenian Diaspora in the US have cost Azerbaijan through imposition of the sanction of Section 907 of the 1992 Freedom Support Act by the US.23 ‘To protect its strategic oil and gas investments’ and ‘to provide a more stable environment’ the US wants a peaceful resolution to not only the Nagorno-Karabakh but also other regional conflicts (ICG Europe Report 2004: 7).

Despite its giant oil reserves, low population and oil income, Azerbaijan with US $1,240 GNI per capita not only is not a rich state but also is in need of foreign financial aid. In spite of high oil income, mismanagement and corruption have been two reasons behind the lack of economic welfare of the country.24 The country created in 2000 the State Oil Fund of Azerbaijan (SOFAZ) to save and prevent the misuse of energy revenues. Managed by an expert committee, SOFAZ comes under the authority of the president at the same

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22 Russian troops stopped just some 30-km away from Georgian capital, Tbilisi. The military operation of Georgian forces against Ossetia and Abkhazia in August 2008 was just a pretext for Moscow to punish pro-US Tbilisi.

23 Despite Baku’s pro-Western approach and partnership with the US, Washington did not waive Section 907 of the 1992 Freedom Support Act until Azerbaijan’s 2001 opening of its air space to the US warplanes for the allied campaign in Afghanistan. Following 2001, Section 907 has waived annually. According to Section 907 of the 1992 Freedom Support Act, "United States Assistance under this or any other act (other than assistance under Title V of this act) may not be provided to the government of Azerbaijan until the President determines, and so reports to Congress, that the government of Azerbaijan is taking demonstrable steps to cease all blockades and other offensive use of force against Armenia and Nagorno-Karabakh".

24 Stealing the state wealth in massive scale continues, as the Azerbaijani industry inspection officials revealed in spring 1997. According to the investigation since early 1990s each year an average of 1.3 million tons had been kept out of the records and sold on the black market. (Van der Leeuw 2000: 123).
time. The total accumulated fund of the SOFAZ as of January 2003 stood at $692 million (Tsalić 2003:110).

With more than 90% ethnic Shiite Azeri united by their common Azeri language, Azerbaijan is not facing internal ethnic problems. With the exception of the Armenian populated Nagorno-Karabakh autonomous region which is presently practically under Armenian administration, Azerbaijan does not have the same problems that its neighbors Georgia or Turkey have. With a century old secular tradition in social and political life, Azerbaijan is neither threatened by an internal growth of religious extremism nor by the influence of an external power, be it Shiite Iran or Wahabi Saudi Arabia. However, its location in the immediate proximity of Chechnya and Dagestan where Islamic militants are active can bring disorder and threaten the country. Nevertheless, like other CSR regimes, Azerbaijani authorities have used religious activities as a pretext to criticize undesired political movements. Similarly, religious extremism has not succeeded to exploit the situation and pose a major threat, since social and economic conditions and corruption have not deteriorated to unmanageable proportions.

Azerbaijan does not face any ethnic problem but it can exploit Iranian Azeris for its own end, if it wishes so. Political exploitation of the Azeri population of northwestern-Iran is not in Azerbaijani regime’s agenda. However, if Baku wishes, Iran’s 25 million Azeri populations could serve as the strongest Azerbaijani weapon against its southern neighbor, Iran.

To sum up, Azerbaijan’s main concerns in its mounting quest for Western support are Moscow’s threat and Iran’s dissatisfaction. One of the factors which could destabilize the fragile balance of power in the CSR is Azerbaijan’s or any other Caspian republic’s tilt towards the EU or US. Russia has already shown that it is no more willing to accept post-9/11 US presence and influence in the region. On the other hand, Baku is aware that till today its economy, security and stability are tied to Russian regional interests. Therefore, it has to avoid antagonizing the Russia. Azerbaijan’s gas import from other Caspian republics is done through Russian gas pipelines. Moreover, with Russian green light, Armenia could defreeze the frozen conflict thereby destabilizing Azerbaijan’s stability and energy export. Indeed, the balance of power in the CSR is fragile and as Sharma believes “there is no ‘stable political equilibrium’ in this region” (Sharma 2007: 89).
Since Azerbaijan’s politics has shown more maturity and its society has been more eager for reforms (compared with other Caspian republics), the Azeri regime has to introduce its own reforms in accordance with the post-Soviet changes. This has not been adequate according to international organisations. As ICG Europe Report (2004) puts it, it is up to Ilham Aliyev to “decide if he wishes to be the first president of his country’s more modern era or the last leader of a Soviet-dominated autocracy”.

Geographically situated in a volatile region, the small country of Armenia, with only 3 million people and less than 30,000-sqkm total territory has no choice but to rely on big powers for its security and sovereignty, as ‘realism’ believes. Landlocked Armenia, unlike its two regional rivals -Azerbaijan and Turkey- neither is rich in hydrocarbon reserves as Azerbaijan nor hosts any energy transit pipeline as Turkey does. Standing in the bottom of the world proven gas and oil reserves ranking (number 204 in proven gas reserves and number 198 in proven oil reserves) Armenia only has one way to import energy in order to satiate its domestic needs. It could host a Westward Main Export Pipeline (MEP) but its conflict with Azerbaijan has deprived it from transit revenues and consequently from geopolitical gains. Unlike its neighbor Georgia, Armenia neither has a coastline with which it could geopolitically bargain, nor is rich in oil reserves with which it could play a major role as Azerbaijan does. However, despite its low population and weak military power, Armenia, with more than 94% ethnic Armenians is free from internal ethnic problems. It is the only Caucasian state which is ethnically homogeneous. Additionally, it is demographically empowered by influential Armenian Diasporas in the US and EU.

From the beginning of Independence, Armenia opted for a reliable ally in order to sustain its sovereignty and total integrity. Accepting to remain under Russian patronage, Yerevan’s post-independence security has been provided by Moscow. The isolation of its potential southern neighbor in the international arena has brought Yerevan a second regional ally, Iran, which is crucial for the transportation of goods and energy to Armenia.

To sum up, Armenia’s role in the CSR in terms of energy and geopolitics is the least influential among all 12 players. However, one must not ignore that if one day the frozen Nagorno-Karabakh conflict is to re-escalate, Armenia – most probably with Russian support – would pose serious threat to energy export from the CSR. Such a threat would clearly
target non-Russian pipelines and, in that case, the security of BTC will be in prime interests of US, EU and Turkey.

When it comes to natural sources of physical, economic, demographic, military, organizational powers and power from external relationship, Georgian position is not better than that of its neighbor, Armenia. Situated in one of the most ethnically diverse and volatile region and a small state with US $1,350 GNI per capita for 4.4 million populations, post-independence Georgia is torn apart by civil-war (World Bank, 2005 and BBC: Country Profiles-Georgia 2008). Its economy is shattered and its integrity and sovereignty is questionable. However, what had added to Georgian geopolitical importance and probably has enabled Tbilisi to stand till today as a state is its 310-km Black Sea coastline. The country has been traumatized by the secessionist attempts of Abkhazia and South Ossetia. To make the matter worse, in an attempt to gain more autonomy, Ajaria province which is bordering the Black Sea and host important Georgian ports, ignores Tbilisi authority.

Internal ethnic conflict has turned to be Georgia’s Achill’s heal. Discontented with Tbilisi’s pro-US and pro-EU politics, Russia has exploited Georgian ethnic diversity to its extreme and for its own end. Russian early August 2008 invasion of Georgia to defend separatists Abkhazia and South Ossetia friends from Georgian aggression followed by its recognition of their independence was the last blow to Georgian sovereignty.

Georgia, most likely, will be the starting point of the final confrontation between Russia and the West. Unlike the East Caspian Sea where the confrontations (between Russia and China, Russia and US, China and the US, or the combined Russia-China confrontation with the US) is less probable, the likelihood of New Great Game confrontation of big powers is potentially high in the West Caspian, particularly originating in neighboring Georgia. Following the ceasefire deal brokered by the French President, Nicolas Sarkozy and despite EU’s deployment of 22 nations to monitor Russia's troop final withdrawal by 10 October 2008, Russia plans to keep 8,000 troops in both Abkhazia and South Ossetia. One can agree with French Foreign Minister Bernard Kouchner’s right observation of the Georgian conflict when he told French radio that “he is worried not about a new cold war but ‘hot’ wars” (Mardell 2008).

Moreover, Georgia’s stability and integrity is of prime importance for EU, Turkey and the US, as it hosts the most important trans-border oil pipeline, the BTC. If EU in
general and the US in particular are going to confront and check Russian maneuvers and use of force, it would be nowhere but in Georgia. The stability of Georgia and its impact on EU and safe energy transit are what might bring more Western engagement in Georgia.

If Azerbaijan is synonymous with oil, geographically landlocked Turkmenistan is famous for its huge gas reserves. Its foremost natural geostrategic power is derived from one element only that is natural gas. 25 Being number 12th and 49th in world’s proven natural gas and oil ranking, Turkmenistan’s rich hydrocarbon deposits is compensating for its weak military, economic, demographical and organizational natural sources of power as well as for its weak power from external relationship. Despite its low population (5 million) and huge natural gas reserves, Turkmenistan economic profile is not promising as its $1,340 GNI per capita reveals (World Bank, 2005 and BBC: Country Profiles-Turkmenistan 2008).

Nonetheless its 4.49 Tcm possible gas reserves place Turkmenistan in regional geopolitical calculation. Turkmenistan, as a potential natural gas exporter and starting point of proposed major pipe lines to South Asia (TAPI) or to China, can leave its impact in the outcome of major regional powers’ geopolitics. However, no trans-border gas pipeline has been stretched from Turkmenistan to outside world with the exception of a relatively short gas pipeline to Iran. Presently, the only main operative natural gas pipeline out of the CSR originates from Turkmenistan and goes to Russia via Kazakhstan and Uzbekistan. Through Russian owned pipeline the gas is exported mainly to Ukraine. If realized, a secure alternative Turkmen Westward gas pipeline would be in competition with Russia and Iran.

Inefficient organizational power and Russian Gazprom’s monopoly of Turkmen gas are playing major roles in this regard. In fact being the most authoritarian regime of the Caspian republics, little power has been left outside the executive branch. In the same manner, all energy projects and deals had been under direct personalized control of the president. Whether post-Saparmyrat Niyazov Turkmen administration under new president Kurbanguly Berdymukhamedov will manage to find a solution for nation’s gas export deadlock or not, one has to wait and see. But if post-independence vague and inactive energy diplomacy of Turkmenistan continue as one can observe, the prospect for exploitation and export of Turkmen gas in near future looks dim. It seems that the active

25 According to CIA world Factbook Turkmenistan stands as the 12th largest gas reservoir but to BBC and some experts Turkmenistan ranks at the 5th largest natural gas reservoir of the world. (according to Gjedrem 2003).
hydrocarbon exploitation of Turkmenistan is directly affected by its weak organizational power.

Composed of 85% ethnic Sunni Muslim Turkmen, the state is not facing any serious ethnic problems and clashes compared with two of its immediate neighbors, Uzbekistan and Afghanistan. However, its Caspian division disputes with Azerbaijan (Kyapaz/Serdar deposit) and Iran (few unnamed oil blocks) remain intact till today. Though the ethnic issue is not a challenging one for Turkmenistan, neighboring Afghanistan is a serious matter despite Ashgabat’s declared neutrality. Since Ashgabat did not pursue a hostile politics toward Taliban therefore it was out of direct Taliban harm. However, both in pre and post Taliban periods, Turkmenistan has remained a potential drug trafficking route ultimately ending in European markets. For some experts, more than half of Afghanistan’s opium is passing through Turkmenistan and Tajikistan (Peuch 2001, Olcott and Udalova 2000).

The 9th largest country of the world Kazakhstan, rich in hydrocarbon deposits has the best potential of all Caspian republics. Equipped with two factors of natural sources of power (size and resources), with 15.4 million people, reasonable post-independence economic growth record and US $2,930 GNI per capita, Kazakhstan shows a more steady development (World Bank, 2006). Though, under the authoritarian rule of President Nursultan Abish-uly Nazarbayev since 1989 and far away from accepted universal democratic norms, though its organizational power and power from external relationship has been comparatively and remarkably better than that of other Caspian republics.

It seems that Kazakh administration has a realistic interpretation of the region’s geopolitics as it has been till today relatively free from serious challenges that other Caspian republics face both internally and externally. To understand Kazakh politics, one needs to look at its relationship with two big powers like Russia and China. Located next to two great powers and sharing long border with them (Russia 6,846-km and China 1,533-km) is in itself a major task for any state which requires good neighborly relations and a cautious foreign policy. Though, realistically speaking Kazakhstan well-managed to co-exist next to its two big powers, it is what makes Kazakh geopolitics an uneasy one. Sharing a very long border with Russia has made Kazakh geo-economy and geopolitics captive in Russian hand. The big Russian population living in Kazakhstan (about 30%) stands second to native ethnic Kazakhs (53.4%), which has made the matter worse for Kazakhstan (CIA world
Because of its long border with Russia and its huge Russian population, Kazakhstan won’t be able to divert its dependent politics from Moscow. When it comes for China, the 1.4% Uyghur population of Kazakhstan is what enables Astana to bargain with China. Chinese government fearing infiltration and influence of Kazakh Uyghur has been remained concerned of Xinjiang separatist’s movements.

With full construction and operation of Sino-Kazakh oil pipeline\textsuperscript{26}, Kazakhstan’s present dependency on Russian oil exporting pipelines will be reduced immensely, as Chinese growing economy and its need for energy will consume huge amount of Kazakh oil. However, the search for reliable alternative oil export pipelines remains as Kazakh’s major challenge.

Economic trade of Kazakhstan with Russia and China is a clear-cut indication of Kazakhstan’s relationship with these two powers. In 2006 Russia and China were the number one import and export partners of Kazakhstan. While China stood in top among Kazakhstan’s export partners with 15.2%, Russia stood as the most important import partner of Kazakhstan with 34.6% (CIA world FactBook, 2006).\textsuperscript{27} Thus, as Kazakhstan’s location, ethnic composition, demography and economy reveal, Astana will remain under direct and continuous influence of Russia in first place and upcoming growing influence of China in second place for years to come.

\textsuperscript{26} Two of three phases are already built and the third phase scheduled to begin in 2011.

\textsuperscript{27} China with 22.1% stood in second place after Russia.