

Russian Energy Policy in the Caspian Region between 1991-2018

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ABSTRACT

The nations in the Caspian region—notably Azerbaijan, Kazakhstan, and Turkmenistan, and to a lesser degree Russia, Iran—are believed to be sitting on what amounts to 10% of the earth's potential oil reserves. The Caspian seabed's oil and gas reserves are comparable to entire oil and gas reserves of the United States. To compete for access to these resources in a pragmatic manner, the major powers as the United States, Russia, and China found it vital to rationalizing their ambitions qualitatively. Accordingly, Russia designed platform of Eurasianism to the Central Asians. This article argues that while pushing the idea of Eurasianism, Russia has had given up its qualitative values for the sake of energy interests and pursued consistent energy policy in the region.

INTRODUCTION

In 2000 the daily oil consumption in the world was 78 million barrels (1 barrel=159 liter), and in 2012 it reached 88 million barrels a day. U.S. Energy Information Agency (EIA) projects that world energy consumption will grow 28% between 2015 and 2040, whereas leading energy expert, Daniel Yergin states that the global energy demand will increase by about 35

percent over the next two decades. While renewable energy will grow in absolute terms, so will conventional energy, owing to the continuing surge in coal, oil, and natural gas consumption in emerging markets like China (see Figure 1 below). Thus, on a worldwide basis, for the foreseeable future, the mix in energy demand is unlikely to be much different from what it is today.

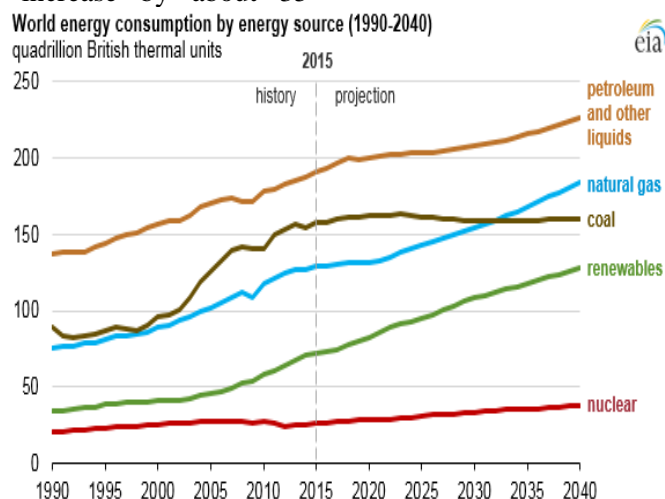


Figure1. World energy consumption by energy source (1990-2040)

Source: EIA energy outlook 2017

Therefore, energy security conventional energy has repeatedly emerged as an issue of great importance, and it is so once again today. It must be recognized that energy security does not stand by itself but lodged in the broader relations among countries and how they interact with one another. For instance, a key U.S. and

China's national security concern is the diversification of energy sources, and the Caspian region is a significant alternative source of fossil fuels. In order to control energy sources around the Caspian Sea after the Cold War, a variety of political, economic, military, cultural and other forces have continually enhanced their

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involvement and attempted to control Central Asia both politically and militarily; thus, affecting its economy and culture and creating worldwide competition for Central Asia and its resources. Indeed, the Caspian Sea area is one of the oldest oil-producing regions in the world and is an essential source of international energy production. According to EIA, the area contains 48 billion barrels of oil and 292 trillion cubic feet (tcb) of natural gas in proved and probable reserves in the wider Caspian basins area, both from onshore and offshore fields. The nations in the Caspian region notably Azerbaijan, Kazakhstan, and Turkmenistan and to a lesser

degree Russia, Iran are believed to be sitting on what amounts to 10% of the earth's potential oil reserves. The Caspian seabed's oil and gas reserves are comparable to entire oil and gas reserves of the United States. Azerbaijan possesses the world's 27th largest natural gas reserves, while Caspian neighbor Russia ranks number 1, followed by Iran at number two and Turkmenistan at number six, and Kazakhstan at 15. In general, the bulk of offshore oil reserves are in the northern part of the Caspian Sea, while the biggest quantity of offshore natural gas reserves is in the southern part of the Caspian Sea.

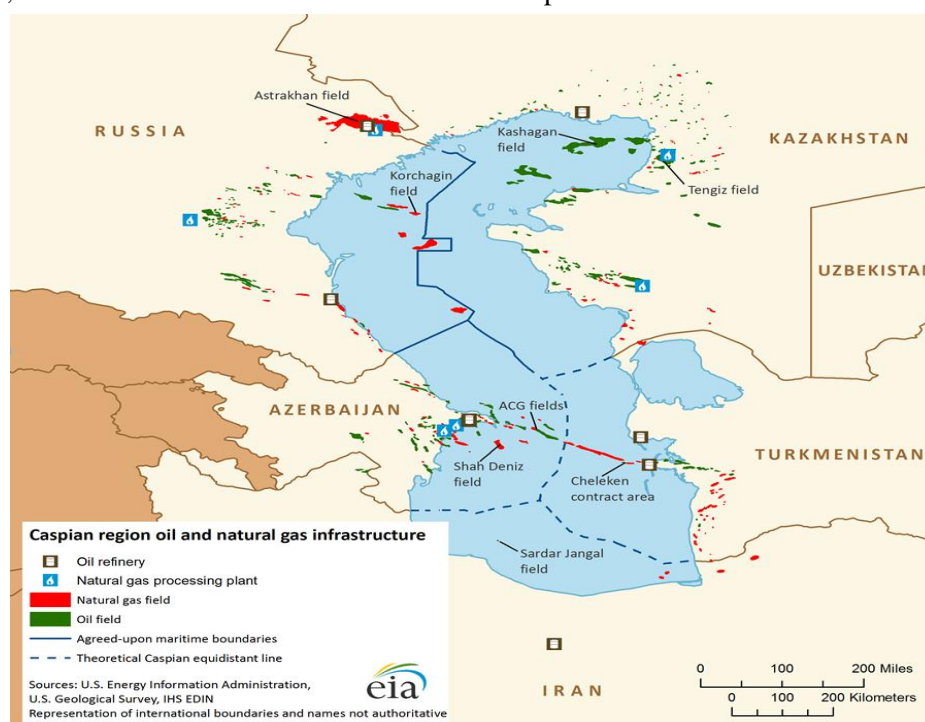


Figure2. Caspian Sea region oil and gas infrastructure

Source: EIA

Apart from Azerbaijan's oil production, the Caspian Sea was untapped until the collapse of the Soviet Union. With several newly independent countries gaining access to valuable oil and gas reserves, the different countries have taken diverging approaches to develop the energy

resources of the Caspian basin. At the same time, the lack of regional cooperation between the countries' governments and few export options for Caspian hydrocarbon resources have slowed the development of Caspian oil and natural gas resources.

Table1. Caspian basins proved and probable reserves

Country	Crude oil and lease condensate (billion bbl)	Natural gas (Trillion cubic feet)
Azerbaijan	8.5	51
Kazakhstan	31.2	104
Turkmenistan	1.9	19
Iran	0.5	2
Russia	6.1	109

Source: EIA

During the past decade, onshore oil fields in Kazakhstan, the Tengiz field, in particular, were the most significant contributor to the region's

production. As Azerbaijan developed the Azeri-Chirag-Guneshli (ACG) field between 2006 and 2008, the nation's offshore production began

accounting for an increasing part of total Caspian total output. Other significant sources of Caspian oil include Turkmenistan’s onshore fields near the coast. Most future growth in hydrocarbon exports is assumed to come from a small number of super-giant fields: oil from Tengiz, Karachaganak, and Kashagan in Kazakhstan and the Azeri-Chirag-Guneshli (ACG) group of fields in Azerbaijan; and gas from Shah Deniz in Azerbaijan and South Yolotan-Osman in Turkmenistan. On current projections, Kazakhstan could become one of the world’s leading oil exporters in the coming decades, while Turkmenistan could assume a similar place for natural gas. As mentioned before, the U.S. and China regard the vast resources Caspian region as a way to diversify their energy sources and maintain energy security while for Russia, energy resources, especially oil and gas, are viewed as a tool to

project power beyond its borders. Russia as a self-reliant energy power having grand strategic designs and re-emerging as a classical style great power, energy resources are viewed as both a tool and a means to achieve not only economic but also security and political goals. Russian energy resources, widely viewed as a vital strategic asset, give Russia the possibility to influence the policies (and not only energy policies) of other players who are dependent on its energy supplies. According to the BP energy outlook for 2018, Russia is to remain the largest energy exporter in 2018, and by 2040 it is predicted Russian energy products will account for 5% of global demand. For instance, in 2018, Russia exported 200.8 billion cubic meters (bcm) of gas to its primary market Europe: 81% of this amount went to the Western European countries (including Turkey), whereas 19% exported to the Central European countries.

Table2. Natural Gas export to Europe by Russia

years	1973	1975	1980	1985	1990	1995	2000	2005	2010	2015	2016	2017	2018
Total	6,8	19,3	54,8	69,4	110	117,4	130,3	154,3	138,6	158,6	178,3	192,2	200,8

Source: *Gazpromexport.ru*

Consequently, energy analysts doubt that Russia can both meet its domestic demand and growing ambitions for gas exports in the coming decades without having access to and influence over the flow of Central Asian gas. Russia has several key objectives in the energy sector of Central Asia. Mainly, Russia strives to maintain a veto power regarding oil and gas exploration and transportation rules in the Caspian basin and using its energy leverage to strengthen its political influence. For a long time, Russia has been importing from landlocked Central Asians at low prices and then reselling to European markets at a significant markup. For instance, Kazakhstan alone agreed to supply Russia with 12 bcm in 2017. Despite temporarily price disputes, Russia has been buying gas from Turkmenistan according to a 25-year agreement they signed in 2003. In the same year, Russian gas giant Gazprom reached an agreement with Uzbekistan for gas supply for the next five years. Starting from 2018 Uzbekistan has agreed to supply annual five bcm for the price of \$125 per 1000 m³. Interestingly, Russia charges \$200.2 per 1000 m³ to European countries.

Framework of Analysis

The bulk of earlier studies on energy politics share two common assumptions: that the stake holders are rationality-based, and they are realist-orientated. Even though states today for

obvious reasons still seek to maximize their energy and security interests, various scholars like Hunt (1989), Pursiainen (2000), and Guo and Hua (2007) state that this alone is no longer sufficient for the 21st century. Realist tenets have been challenged by the rise of norms and ideas that call for qualitative justifications of interest-maximizing behaviors.

The ideals of international affairs as morality, values, ethics, universal principles that were once the exclusive domain of scholars and preachers have taken root in the hearts and minds of foreign policy communities in various countries. What’s more, the ideals and self-interests are both considered necessary ingredients of the national interest. The rhetoric comes in plenty of forms as humanitarian intervention, human rights, and other ethical agendas. In particular, in the new era encroaching on overseas energy resources might be seen as a violation of some of the new norms, such as peace and conservation. Accordingly, without ethical values and clear-cut principles to rationalize their behavior, the global and regional powers could face considerable pushback both domestically and internationally.

Consequently, various countries offer state-sponsored qualitative values to rationalize their

hunt for energy resources in seemingly non-interest-driven terms. As a result, constructivist thought which entails a qualitative, value-driven foreign policy in combination with traditional realist interpretations became main stream among the schools of international relations. Constructivism employs the tools as looking at the thinking of respective global or regional powers through a holistic historical, cultural and political lens to try to reach a different explanation for how they justify their energy diplomacy and its implications.

A framework that is complete, comprehensive, and appropriate for this study is a Qualitative Energy Diplomacy (hereafter QED) inspired by Xu Hui Shen (2011). He asserts the effective values and principles serve as a compelling alternative to offset conflicting norms that question the energy campaigns and are potentially accepted by some audiences in the home countries that host the resources. Xu Hui Shen (2011) says that Qualitative Energy Diplomacy is different from mere ideological diplomacy in a sense that QED includes both carrot and stick: non-cooperative nations in terms of energy are more likely to be also denounced in moralistic and ethical terms by the powers.

In this study, I will delve into Russian energy diplomacy in the Caspian region as few western scholars have focused on Russian energy diplomacy based on its historical and cultural heritage, ethical norms, and qualitative values and how this influences the thinking of Russia's political leadership.

Further, I will show how Russia has adopted the tenets of QED in Central Asia. For Russia, three aspects are reviewed: 1) the official state-sponsored qualitative values chosen 2) if these qualities facilitate traditional energy diplomacy in the region 3) if interests trump values as proven by the insincerity of Russia in preaching its ideology when they go against interests. In contrast to Xu Hui Shen's (2011), while conducting an analysis of Russia energy diplomacy in Central Asia based on Xu Hui Shen's (2011) framework, I focus on Central Asian states with the Caspian shores namely Kazakhstan and Turkmenistan - as the majority of oil and gas reserves are concentrated in the Caspian basin. Azerbaijan is included to this group as it is an energy-rich Caspian state which shares sea border with Kazakhstan and Turkmenistan and culturally, linguistically very closes to Central Asian countries. Although a

considerable amount of Uzbekistan's territory, along with its energy resources, lies in the geological Caspian basins, it is excluded as it is not a Caspian coastal state. At the same time, Kyrgyzstan, and Tajikistan are excluded as they possess a relatively low amount of conventional energy and are not Caspian coastal states. Afghanistan is also excluded on the same basis.

This paper uses primary sources in Russia, Azerbaijan, Kazakhstan, and in Turkmenistan, to re-map what it calls "qualitative energy diplomacy" in an attempt to assess the progress Russia has made. As major Russian oil and gas companies are usually state-owned in the current study, their energy strategies, interests, and policies are considered to represent the Russian government. As known, the controlling shares of Russian oil and gas giants - Gazprom and Rosneft (50.23% and 50% respectively) belong to the Russian government.

Russian Ideology and Foreign Policy

After the break-up of the Soviet Union (USSR), the Westernizers appeared to be ascendant, but only for a short time. The creation of the independent Russian Federation in 1991 was the first attempt to construct a modern Russian nation-state. Under President Boris Yeltsin, the Kremlin tried to organize a multiethnic society into a non-imperial nation-state, but without a coherent ideology or state-building strategy. By the end of Yeltsin's term, the barely reformed post-Soviet elites were beginning to reject Western liberal models because of Russia's domestic economic meltdown and diminished international influence. For over a decade, the Russian authorities have failed to provide a coherent and modern nation-building ideology or to overcome Russia's nostalgia for its lost empire.

Disillusioned with the West, Russia has been seeking a new Eurasian identity that not only sees Russia as a unique civilization but glories in its opposition to Western values and its "otherness." As Vladimir Putin came to power at the beginning of the 2000s, the term "Eurasianism" has begun to be used more in the context of Russian foreign policy. Several of his presidential speeches address the question of Russia's place between Europe and Asia. Most telling was Putin's statement in April 2005 that the collapse of the Soviet Union was "the greatest geopolitical catastrophe of the twentieth century."¹ The Eurasian doctrine, in its essence,

¹ <https://regnum.ru/news/444083.html>

appears as a geopolitical doctrine because it is based on the geopolitical principle “geography as destiny.” Eurasianism rejects the view that Russia is on the periphery of Europe, and the contrary interprets the country’s geographic location as grounds for choosing a messianic “third way.” Russian Eurasians, who describe Eurasia as a region which for Russia represents the “close neighborhood,” claim that no other country except Russia is capable of imposing its political dominance in Eurasia. This statement is supported by the fact that the European Union and the People’s Republic of China are civilizations that are completely separated from the Eurasian civilization. Thus, Russia is observed as the only logical/natural and unique regional hegemon, and any kind of Chinese, European, or American influence would be considered unnatural. The basis of this doctrine is associated with Nikolai Trubetzkoy whose main idea was that Russia is not simply a European country, as the Russian Westernizers insisted, but a particular, separate civilization, the Russian World.

Since February 2008, Neo-Eurasianism has become steadily embedded in the political consensus in Moscow. It maintains that Europe is not in an advanced stage of development and Russia must “unlearn the West” and reject the imperialism of European identity. Today the chief Neo-Eurasianism apologist is Alexander Dugin. After years of hard work and researches, Dugin managed to create a colossal doctrinaire, ideological and strategic apparatus of Russia’s Eurasian geopolitical line and to channel the future of the Eurasian Empire. The Neo-Eurasianism is focused exclusively on Dugin’s analyses regarding geopolitical development. Dugin’s primary thesis is that the three great ideologies—Liberalism, Socialism, and Fascism, have suffered a loss of their legitimacy. Dugin states that what is needed is a fourth political theory which fuses elements of prior ideologies to create something new. However, Dugin maintains that his new thinking is not addressed only for Russia, and but also to representatives of other cultures and peoples, both in Europe and Asia. In other words, the Fourth Political Theory is intended to serve as the ideology of the new Eurasian Union. Dugin’s writings and research activities have inspired some members of the Russian political elite to more seriously deal with the practical implementation of Neo-Eurasianism. Undoubtedly, Karaganov’s doctrine and Surkov’s “sovereign democracy” idea are inspired by Dugin’s Neo-Eurasianism and by

the Eurasianism of his early 20th century predecessors. Indeed, with a Putin on the Russian throne, by and large, Kremlin within the broader Eurasian ideology has proposed two distinct thoughts: the ideas of sovereign democracy and protection of Russian speakers abroad. Sergey Karaganov hypothesized two decades ago that the Russian speakers living in newly independent countries as the Baltic States and Central Asian states, Ukraine and Belarus would become main guarantors of Russia’s political and economic influence over its neighbors after the collapse of Soviet Union. Karaganov sees Russia and West locked in “clash models” –Western-style democracy against Moscow’s authoritarian capitalism. In a 1992 speech that laid out what became known as the “Karaganov doctrine,” he predicted that Moscow might one day use force to protect them, and its interests on the post-Soviet area. By protecting their rights to speak Russian in public, to watch Russian-language television and to have their children educated in Russian, Moscow would keep their loyalty and gain access to the economies and governments of their new states. Even if Karaganov announced its ideas back in 1992, Moscow has never abandoned the Karaganov doctrine. With the annexation of Crimea and Putin’s use of Russia’s military in other parts of Ukraine like Donetsk and Lugansk and public downplay of Kazakh independence² which currently houses more than 3 million ethnic Russians, all in the name of protecting Russian speakers – the Karaganov doctrine is the foreign policy mainstream. At the same time, as one of President Putin’s longest-serving and most influential advisers Vladislav Surkov entered to Kremlin in 1999 during the twilight days of the Yeltsin presidency, he has undoubtedly being credited with authorship of “Sovereign Democracy” to manage Russia’s political system. Surkov stated that Russia is democratic, and Russia’s political elite will lead it and shall not be interfered with. In his opinion, all democratic countries are managed according to their political characteristics and Russia is no different in this respect democracy is a relative concept. Russian culture is consequently at the core of policy; everything else is just packaged to suit the political system of the day. Liberal democracy is represented as a capitulation to external influence from the Americans and Europeans, whereas embracing a decidedly authoritarian

²<https://www.rferl.org/a/kazakhstan-putin-history-reaction-nation/26565141.html>

model of society is seen as recognizing the distinctly Eurasianist character of contemporary Russia.

Xu Hui Shen states that the concept of “sovereign democracy” was a response of Russia towards “human rights above sovereignty” doctrine promoted by then British Prime Minister Tony Blair. It was NATO’s intervention in Kosovo in 1999 against Russia’s traditional ally Serbia that prompted Kremlin to counter immediately with a reversal of Blair doctrine, i.e., sovereignty is higher than human rights. Russia reacted by constructing a comprehensive system of defensive networks by forming a sovereign state alliance. Xu Hui Shen believes that preaching sovereign democracy abroad means, on the one hand, encouraging foreign authoritarian rulers to transplant a similar Russian system to rule their respective countries, while persuading these rulers to counter the Western ideal of liberal democracy.

In 2018 Vladislav Surkov in one of his articles said Russia is facing 100 years of isolation. According to him, Russia has abandoned its centuries-long hopes of integrating with the West and is bracing for a new era of geopolitical isolation. Russia’s seizure of the Crimean Peninsula in March 2014 and support for separatists in eastern Ukraine severely strained Moscow’s ties with the West and led to U.S. and European Union sanctions that, together with a slump in global oil prices, sent the Russian economy into a two-year recession. Surkov says solitude doesn’t mean complete isolation but Russia’s openness would be limited in the future. Surkov recalled what he said were futile attempts at Westernization by past Russian rulers, writing that Russia once attempted to imitate the United States and “edge into the West.” He attributed Russia’s fascination with joining the West to ‘excessive enthusiasm’ by Russia’s elite. But he said that enthusiasm was now all but gone. “He is everyone’s relative, but nobody’s family. Treated by foreigners like one of their own, an outcast among his people. He understands everyone and is understood by no one. A half-blood, half-breed, a strange one”.

Later in another his article called “Putin’s Long State” he is predicting it will be “Putin’s State” for jus as long, putting him on a level with just other leaders in the past millennium: Tsar Ivan III, Tsar Peter the Great, and Bolshevik revolutionary Vladimir Lenin, who founded the Soviet Union. In global terms, he compares Putin to leaders like Ataturk, Lenin, and the

U.S. Founding Fathers. Surkov states that the modern model of the Russian state begins with trust and trust is kept, while the Western models cultivate distrust and criticism. Surkov praises Russian system under president Putin as honest and appealing. Nonetheless, it seems Putin’s popularity is steadily decreasing in Russia. Interestingly, the figure of Joseph Stalin is regaining popularity in the current Russian society even overshadowing Putin.

Foreign and Energy Policy Actors

The Russian government has sought to shape public opinion, not respond to it. Decision making in the Kremlin has become highly centralized, where Putin is indeed at the center of the decision. Neither elite nor public views on specific issues appear to drive Russian policy, but the regime is genuinely fearful of elite and public opposition to its actions. Analysts have also argued that Putin’s personal views about history, relations with other European powers and with the United States have driven his policy decisions.

The decision-making system on oil and gas matters consists of President Putin, who acts as supreme judge in the flexible triangle formed by the government and two super-large state companies – Gazprom and Rosneft. The Russian government owns more than 50% of Gazprom’s shares, and President Putin takes a very personal and intense interest in Gazprom operations. From the outset, Putin understood Russia’s gas potential and has been skillful in utilizing it. Currently, Russia holds 27-28 % of the world’s natural gas reserves and its reserves and pipelines have the potential to provide Russia with a powerful political and economic weapon. Putin had confidence that Gazprom is central to Russia’s emergence as an energy superpower and referred to it as “holy of holies.”

Accordingly, he began to appoint comrades from St. Petersburg, including CEO of Gazprom since 2001- Alexei Miller. Igor Sechin, the head of oil giant Rosneft and someone widely considered second only Vladimir Putin country’s most powerful man is also Putin’s comrade from St. Petersburg. The oil baron is the epitome of the group of all-powerful businessmen whose profound political influence and control over the country’s national resources depend on their proximity to President Putin.³ As CEO of Rosneft Sechin is dubbed as a

³ idem

guardian of the Kremlin's most valuable corporate asset that pumps more crude oil per day than the whole of Iraq. Igor Sechin is also most prominent of the fabled *siloviki*, a clique of former and current members of Russia's security services in and around the Kremlin whose belief in strong state control of the economy and authoritarian principles have shaped the country's recent history.

Carnegie Moscow Center Director Dmitri Trenin argues that the authorities in Russia are very closed and reluctant to rely on any expertise outside governmental agencies. According to him, the role of Russia's think tanks in the country's foreign policy decision-making process is "close to zero," because primarily officials take decisions based on secret information and usually relegate any outside expertise to something irrelevant. Trenin also adds that business and universities will play no significant role in the foreign policy decision-making process because of the nature of the Russian political elites with their low regard for intellectual expertise and the current crisis of academic research in the country. This view is supported by Laurie Bristow, the UK ambassador to Russia. He says that the Western countries do not fully understand the decision-making process in Russia as the government system is not transparent enough for both group's foreigners and locals.

How Have Values Facilitated Russia's Energy Interests in Central Asia?

At the end 1991, the Commonwealth of Independent States (CIS) was cobbled together to facilitate a civilized divorce among the post-Soviet states, and most of the countries in the region embraced it as a means to prevent chaos, conflict, and economic collapse. In terms of energy, all remained tied to old Soviet structures, which meant, among other things, reliance upon the Soviet electrical grid, oil and gas pipelines, and ethnic Russian personnel to manage their economic enterprises. Few of the political leaders in Central Asia had been enthusiastic about independence, and maintaining good ties with Moscow was seen as a means, at least initially, to preserve their power. For instance, after the dissolution of the Soviet Union, Kazakhstan aside from dependence on common Soviet electrical grid, oil and gas pipelines started independent existence with the 6.5 million ethnic Russians⁴ in its territory and 1410 Soviet

strategic nuclear warheads and an undisclosed amount of tactical nuclear weapons. Not surprisingly, it is the last country which left the Soviet Union, currently commemorating Independence Day in December while Baltic countries like Lithuania do it in January.

Even if Russia had a strong hand to play, in the early 1990s, it was not excessively involved in the affairs of Central Asia and the Caspian basin. Moscow initially was intent on charting a course of Westernization and approached most of the region with what might be dubbed a policy of benign neglect. There was little push for closer economic or political cooperation and in the realm of energy while rather remaining more or less business as usual, with oil and gas flowing north through Russian pipelines, which conveniently meant that Russia controlled the economic lifeline of the region. Post-Soviet Russia secured its monopolist status by controlling all five lines of the Central Asia–Center pipeline network the largest at the time (its current capacity is 45 billion cubic meters (bcm), but its initial design was for 90 billion), and the Bukhara–Ural gas pipeline (8 bcm).

The Russian government has used the dependence of Central Asian exporters on Russian pipelines to promote its economic and political interests. Although there was a clear recognition of the significance of the region's oil and gas deposits, in the initial post-Soviet years this factor did not take on immense political importance, and oil production declined from 1991 to 1995. While the newly independent states, driven by fear of their former 'colonizer', rushed to seek new alliances in order to consolidate their sovereignty and to boost their economies, Russia did not need Caspian oil so much due to the availability of hydrocarbon resources in the other parts of the country, mainly in Western Siberia. Indeed, Kazakhstan remained on Russian policymakers' radar screen more than did other states, but chiefly because of its large ethnic Russian population, not its large oil and gas reserves. This policy changed in the mid-1990s, reflecting a broader shift in Russian foreign policy away from Westernization and toward a "Monroeski Doctrine," a policy that asserted special rights for Russia in the so-called "near abroad" of the post-Soviet space.⁵ The reasons for this shift in Russian policy were many, grounded in both

⁴<https://news.rambler.ru/world/37119119-cto-stalo->

s-russkimi-v-soyuznyh-respublikah-posle-razvala-sssr/

⁵ idem

international and Russian domestic politics. The majority of the political and military establishment felt hurt by the dissolution of the Soviet Union and felt the necessity of maintaining dominance over the former Soviet Republics. Russia's fear of losing its position in a region that Moscow previously simply assumed to be part of its sphere of influence. Russian politicians were particularly irritated at the attempts of former Soviet Republics to develop independent political and economic ties with the West. In the case of the Caspian region, Azerbaijan, Turkmenistan, and Kazakhstan sought to build new economic relations with Western companies, leading to an open Russian objection to this policy trajectory. Russia was especially unhappy that the resources of the Caspian Sea were being explored by the littoral states (Kazakhstan, Turkmenistan, Azerbaijan, and Iran) without the agreement of Moscow.

The accession of Putin to the Russian presidency ignited Russian aspiration to regain its status as a superpower as early as 2000. As stated earlier, Russian energy resources, widely viewed as a vital strategic asset, give Russia the possibility to influence the policies (and not only energy policies) of other players who are dependent on its energy supplies. For that purpose, Putin stated that the countries of the Commonwealth of Independent Countries (CIS) would be "our absolute priority." Vladimir Putin being well-known for his nostalgia for the Soviet Union, several times during his Presidential career has stated that he would reverse the collapse of the Soviet Union if he had a chance to alter modern Russian history. However, Central Asian leaders and people have no such feelings, in particular, Kazakhstan where the Soviet Union created worst environmental disasters like the disappearance of the Aral Sea and in total 456 testing's of nuclear weapons which lasted for the 40 years.

Keeping that negative image of the Soviet Union in mind, Russia, to achieve its energy and geopolitical goals, packaged its new ideological platform under the fancy and appealing term – Eurasianism. The term "Eurasianism" has begun to be used more in the context of Russian foreign policy and several of his presidential speeches address the question of Russia's place between Europe and Asia. The Eurasian ideas had been already popular among people and elite of Kazakhstan due to the then President of the country Nursultan Nazarbayev who has largely developed his ideas. Nazarbayev does not refer in his works to the Russian emigrés in

the nineteenth or twentieth century or Dugin. In contrast to Russia's neo-Eurasianism, Nazarbayev's neo-Eurasianism seeks cooperation between East and West, perceives its role in the Eurasian space as a promoter of peace and is convinced that Kazakhstan is the natural center of the Eurasian space.

To advance and facilitate its energy presence while deterring other big powers from the Caspian region, Russia created a variety of the Eurasian supra-national institutions. To promote further cooperation, the Eurasian Economic Community was founded in 2000 to shore up a common market, and the Eurasian Customs Union subsequently came into existence in January 2010. The Customs Union of Russia, Belarus, and Kazakhstan- which Moscow dominated economically and politically-has been an economic priority for Russia for several years. Later in 2015, it was transformed to the Eurasian Economic Union (EEU) with five members including Armenia and Kyrgyzstan along with Russia, Belarus, and Kazakhstan.

Interestingly, the EEU has ambitious energy policy goals: a common electricity market by 2019, a common oil market by 2024 and a gas market by 2025. The common oil market program will abolish state regulation of oil pricing within the EEU and create a common market exchange by 2021, as well as guaranteeing non-discriminatory access to transport pipelines. However, satisfied with having created a union, Russia is not preoccupied with making it work⁶, and its purpose appears to be primarily political. While Russia's greatest aim in establishing the EEU was to restore Russia's economic influence on the post-Soviet space, EEU is the primary vehicle for Russia realizing a global political agenda. The fact that countries such as China may gain control over Eurasian economies is undoubtedly alarming to Russia and serves as a major reason the country hopes to salvage its power in the region. At the same time, Russia-led military bloc –Collective Security Treaty Organization (CSTO) -emerged from the ensuing turmoil, an alliance designed to serve as a Eurasian NATO also guaranteed Russia's interests in the Caspian region. For nearly a decade, Russia has tried to use the CSTO to make inroads into nearby states that once belonged to the Soviet Union. The treaty was designed to encourage and facilitate security cooperation among its signatories.

⁶ <https://www.speakfreely.today/2019/05/13/new-era-eurasian-economic-union/>

Although the Caspian region was proclaimed a zone of peace, Russia has kept its fleet in the Caspian Sea until now. Moreover, Russia unleashed cruise missiles from warships in the Caspian Sea at targets across Syria, as Moscow kept up its intensified bombardments in the country. Up until now, Russia and Iran were able to secure a provision in the draft agreement forbidding the presence of armed forces from non-littoral states (say the United States) on the Caspian. While preaching its Eurasian ideology, Russia strived to maintain a veto power regarding oil and gas exploration and transportation rules in the Caspian basin and using its energy leverage to strengthen its political influence. When Putin came to power, he appointed Viktor Kaliuzhny, a former energy minister, as a special representative of the president on Caspian issues, and he visited several states in the region to urge more Russian involvement in energy development and to negotiate energy agreements. In July 2000,

perhaps in response to directives from the Kremlin, Russian energy giants Lukoil, Yukos, and Gazprom formed the Caspian Oil Company to develop new oil and gas fields on both the Russian part of the shelf and in neighboring states. Defense Minister Sergey Ivanov declared that it was necessary to “restore order” in the country, and part of the process involved reasserting a dominant, guiding role in the energy sector. Ivanov stated that the state’s role would include defending the interests of Russian companies in the international arena. From the outset, Russian President Putin proposed increasing oil and gas shipments from the Caspian region through Russian pipelines to prevent the construction of alternative pipelines. Putin tried to prolong dependence of Caspian states by discouraging pipelines that would bypass Russian territory and encouraging the development of new pipelines traversing Russia to transport the region's increased output to western markets.

Major Kashagan oil export routes



Figure3. Caspian Pipeline Consortiums

Source: EIA

As a consequence, with the lead of Russia, in 2001 the Caspian Pipeline Consortium (CPC) was established, which aimed to transport Kazakh oil through the Russian pipeline system to the European markets. Kazakhstani oil is delivered through it to the Russian Black Sea port Novorossiysk where it is shipped to tankers for subsequent shipment to world markets. If previously the main volumes were from the Kazakh Tengiz and Karachaganak fields, now the world’s largest offshore oil field, Kashagan

is also connected to it. Essentially, all main Kazakh oilfields have been connected to the CPC pipeline whose main shareholder is the Russian pipeline monopoly -Transneft. Alongside, Kazakhstan which produces around 1.8 million barrels per day of oil, exports around 12% of its oil via Atyrau-Samara pipeline to Russia where Kazakh oil gets transported to the Ust-Ulga oil terminal on the Baltic seashore. Currently, Kazakhstan is a member of all Russian-led organizations and devoted supporter of the

Eurasian ideas. Accordingly, dubbed as a strategic partner and close ally of Russia, Kazakhstan can export its oil and gas consistently through Russian pipelines. The mutual trust and friendship of Putin and ex-President of Kazakhstan Nazarbayev didn't deteriorate even after criticisms from the Kazakh elite and the wide public due to the significant economic losses Kazakhstan experienced under the common economic union. Moreover, 78 years old Nazarbayev after his resignation from the presidency, thanks to Putin's suggestion, was appointed as an honorary chairman of the Eurasian Economic Council (EEC).

Kazakhstan is a successful example of Russian energy diplomacy in Central Asia. Russia employing Eurasian ideology and its practical implementations as EEU and CSTO has 'encouraged' Kazakhstan to accept them. As a result, Kazakhstan being extremely dependent on Russian pipelines is cautious in its every energy decision and always takes into account Russian interests. When President of Belarus Lukashenko asked Kazakhstan to ship oil to Belarus, Kazakh ambassador to Belarus Yertysbayev told him to that approval of Russian was needed first.⁷

Do Interest Trump Values?

Despite Eurasian ideology and platform designed and pushed by Russia among Central Asian countries, to Moscow, it was its energy interests that stood to be prioritized ahead of preaching values or principles. Russia's main objective is to prevent Caspian producers from concluding contracts with the Western companies, in particular, Europe, which Russia considers its "captive market." The key market for Russian Gazprom, which provides about 25% of tax receipts of the Russian budget, is undoubtedly Europe, which has been its number-one market for 50 years.⁸ In 2016, Gazprom announced that it would seek to maintain a share of at least 30% of the European market in the medium and long term, and the Kremlin will likely use every ounce of its political influence to stop the completion of a project that would endanger this stated objective.⁹ Indeed, Russia has a track record of

using energy as a tool of aggression, and each barrel of oil and a cubic meter of gas that Europe (or say China) can buy from Azerbaijan, Kazakhstan, or Turkmenistan is one less it must depend on from Russia. For a long time, Russian President Putin proposed increasing oil and gas shipments from the Caspian region through Russian pipelines to prevent the construction of alternative pipelines. Putin tried to prolong dependence of Caspian states by discouraging pipelines that would bypass Russian territory and encouraging the development of new pipelines traversing Russia to transport the region's increased output to western markets. However, right after the collapse of the Soviet Union, then-President of Azerbaijan Elchibey developed very close economic, military, and political ties with Turkey and hoped to integrate Azerbaijan into the Euro-Atlantic space. At the same time, the Azerbaijani government sought to build a new pipeline through Georgia to the Turkish port of Ceyhan on the Mediterranean. A Baku-Tbilisi-Ceyhan (BTC) pipeline would mean not only the loss of economic profit from the transit fees by the Russians but also a decrease in the political influence of Moscow in the region. As expected, Russia objected to the efforts of Azerbaijan to export its oil through the non-Russian territory and demanded that Azeri oil exports should be directed through the existing pipeline to the Russian city of Novorossiysk. Moreover, using 'stick,' Russia responded by providing significant assistance to Armenian military formations which were in war with Azerbaijan. It resulted in Armenian occupation of the whole of Nagorno-Karabakh province of Azerbaijan, as well as the key strategic towns of Shusha, Lachin, and Kelbejar.

Aside from the BTC pipeline, for both economic and geopolitical reasons, Russia has also rejected the Trans-Caspian Gas pipeline (TCP) which allows Turkmen Gas to enter to European markets. Turkmenistan has the fourth largest natural gas reserves in the world behind Russia, Iran, and Qatar.¹⁰ Turkmenistan was the Soviet Union's major natural gas repository, accounting for 30% of all Soviet gas exports. The 2018 BP Statistical Review of World Energy indicated that Turkmenistan, as of the end of 2016, had 100 million tons of proven oil reserves and 17.5 trillion cubic meters of gas. The emergence of Turkmenistan as a reliable

⁷<https://www.rferl.org/a/lukashenko-proposes-kazakhstan-ship-oil-to-belarus/29958418.html>

⁸<http://www.gazprom.com/press/news/miller-journal/2018/494533/>

⁹<https://globalriskinsights.com/2018/09/despite-caspian-sea-agreement-obstacles-trans-caspian-pipeline-remain/>

¹⁰http://factsanddetails.com/central-asia/Turkmenistan/sub8_7d/entry-4837.html

gas supplier for the EU market would pose a threat to Gazprom's dominant position in Europe.

In fact, due to their heavy reliance on Russian pipeline infrastructure, Central Asian producers had to sell their gas to Russia, which then used some of it to supply its southern regions and re-exported the rest to Europe at double and sometimes triple the price. As long as there is no other way for the Central Asian countries –or for that matter Russian petroleum companies –to transport their gas to Europe except through Gazprom-controlled pipelines, the only alternative for the Central Asians is to find customers in Asia or accept a Gazprom-dictated price for their gas. That explains why until 2006 Turkmenistan was forced to sell its gas to Russia for as little as \$46 per 1,000 cubic meters.¹¹

Due to the collapse of gas prices in 2014, the following year Gazprom announced its intention to cut imports of Turkmen gas to 4 bcm per year, down from the ten bcm level it had been importing since 2010. The move was followed by a complete cessation of purchases announced at the beginning of 2016, putting significant pressure on Turkmenistan's economy, which is highly dependent on hydrocarbons as a source of hard currency.

The Kremlin's relations with Turkmenistan were also becoming less cordial over the competition to supply the massive Chinese market. As known, in 2014, Russia itself signed 30 years \$400 billion gas deal with China to supply 38 bcm of gas every year. As a response, in 2015, amidst a natural gas price dispute with Moscow, Turkmenistan stopped shipping its oil to international markets via the Russian route and granted the right to Azerbaijani state-owned oil company –SOCAR. Immediately, SOCAR has started to ship Turkmen oil by tankers to Azerbaijan across the Caspian Sea to fill the Baku-Tbilisi-Ceyhan (BTC) pipeline.

Three years later, at the end of 2018, Gazprom executive Alexei Miller paid two visits to Turkmenistan and reached agreement resume the gas exports from 2019. As a part of the agreement, Turkmenistan starting from February 2019, agreed to redirect its oil shipments back from BTC to Russian Black Sea port of Novorossiisk. By doing this, Russia seeks a presence in Azerbaijan's BTC pipeline, which is meant to bolster European energy security;

whereas, by purchasing oil from Turkmenistan, Russia seeks to similarly maintain its influence over other energy sources for Europe. Thus, Moscow gains further leverage over Turkmenistan and Azerbaijan-two former Soviet countries that have, to date, refrained from joining Russia-led Eurasian Economic Union and the Collective Security Treaty Organization.

CONCLUSION

In Central Asia, to Moscow, it was its energy interests that stood to be prioritized ahead of preaching values or principles. To strengthen its energy presence in Central Asia, under the label of Eurasianism, Russia created a supra-national organization called Eurasian Economic Union and security alliance, CSTO. Consequently, Russia has kept its significant control over oil and gas exports of Central Asian countries and 'encouraged' them to use Russian pipelines. Russian Eurasian ideology and supra-national entities were served as a 'carrot' to encourage Central Asian countries to preserve their dependence on Russia not only in energy sphere but also in political matters.

The countries which are under the current study have responded differently to the Russian ideological platform. Kazakhstan from the outset followed Russian initiatives and joined all organizations where Russia has a significant stake and continued to use Russian pipelines which it inherited from the Soviet Union. Accordingly, since 1991 up until now, Russia has never had any conflict with Kazakhstan as the Kazakh government has sealed energy deals and transportation routes satisfying Russian needs.

In contrast, both Turkmenistan and Azerbaijan have distanced themselves from Russia since their independence from the Soviet Union in 1991. Azerbaijan gave priority to the European market, while Turkmenistan became the largest supplier of China. Consequently, Russia played according to its well-known playbook and used 'stick' as supporting the separatist movements in Azerbaijan and helping Armenia in war with Azerbaijan while initiating complete stoppage of buying Turkmen gas for three years.

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