

# **COOPERATION IN THE CASPIAN REGION: PAST AND PRESENT**

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## **Introduction**

Since the dissolution of the USSR in 1991, one of the problematic issues in the inter-state relations of the ex-Soviet republics has been the issue of cooperation in economic, political and many other fields. Cooperation would increase the effectiveness of their transformation process and would consolidate newly obtained independence of these countries.

As they had common needs and problems in the aftermath of the dissolution of the USSR, initially one would expect them to come together and cooperate for overcoming those problems. However, soon it was realized that the expected level of cooperation was difficult to achieve. This was due to two basic reasons: First, as a legacy of the Soviet period there were many ongoing conflicts and grounds for major confrontations among many of these newly-independent states (NIS). This made it difficult for them to find a common denominator, which is a prerequisite for cooperation. Second, immediately after the dissolution of the USSR, different NIS took different economic and political orientations. For example, in 1992-93 Azerbaijan and Georgia, experiencing the peak of their nationalist movements, tilted towards the West and pursued anti-Russian policies, whereas, Armenia, Belarus and the Central Asian countries remained in 'good' relations with Russia. Mark Webber pointed out that because of this kind of differences in their economic-political orientations, NIS were divided among themselves, which made the cooperation among them even more difficult to achieve.<sup>1</sup>

Within this general context, cooperation among the NIS of the Caspian region was crucial for their transformation, development and prosperity. Since 1991 there have been taken many initiatives and put forward many strategies, by different states or groups of states, to achieve cooperation in the region. But today, it is still hard to talk about a genuine and mutual cooperation in the Caspian. Even those cooperation schemes that have been successful to some extent, do not include all states of the region and do not cover all important issue-areas, such as trade, finance, security, environment and so on.

In this article I will examine the developments regarding cooperation in the Caspian region that have taken place since 1991, point out failures and successes of the cooperation schemes put forward in so far and discuss implications of all this for the future cooperation in the region.

## **Previous Cooperation Schemes: Rivalry between Regional Powers**

As all NIS in the Caspian region have been weak in terms of regional influence, the issue of cooperation in the region has, until recent years,

depended more on the initiatives of regional and outside powers than on the NIS themselves.<sup>2</sup> Moreover, as the perceived interests of these countries were different, there was no consensus among them on what kind and degree of cooperation was needed in the region. The combined effect of these two factors was that none of the Caspian NIS was either able or enthusiastic to put forward region-wide cooperation projects.

Thus, cooperation has been subject to the policies of the regional powers, such as Russia, Iran and Turkey. Especially in the early years of independence, regional powers were competing for creating their spheres of influence in the region. In this context, each of them proposed, initiated or got involved in various regional cooperation schemes, thus trying to use these schemes as means of political and economic penetration into the region.

In this section, I will discuss the cooperation plans put forward by the regional powers and their effectiveness in promoting actual cooperation in the region.

### *Russian Dominance and Russia-led Cooperation*

To begin with, it is worth noting that Russia has never developed a particular cooperation project for the Caspian region. It has, rather, been included within general ex-Soviet-area cooperation and integration schemes led by Russia, a prime example of which is the Commonwealth of Independent States (CIS).

The CIS, as an organization and a framework for cooperation, has proved to be misleading since its establishment in 1991, because it was based on “an illusion of the commonality in the post-Soviet space”, thus being indifferent to different economic-political circumstances and needs of different ex-Soviet republics.<sup>3</sup>

It was aimed more on the expansion of Russian influence into the post-Soviet area than on cooperation. Many NIS saw it as a tool for *new Russian expansionism* and institutionalization of the forthcoming Russian domination. In fact, some Caspian NIS joined the organization, not because they believed that it would foster regional cooperation or integration, but because they either were forced by Russia to join or had no better alternative. For example, Georgia joined the CIS (1993), because it was, as the Georgian president Eduard Shevardnadze stated, “the last chance to rescue the country from disintegration.”<sup>4</sup> Otherwise, the increasing Russian support to separatist, secessionist and opposition groups in Abkhazia, Mingrelia and South Ossetia, would eventually result in Georgia’s splitting into pieces.

In Azerbaijan the case was very similar: Russian backed Armenian forces were on the offensive in the Garabagh war, while a Russian supported Colonel Suret Huseynov withdrew a major Azeri troop from the war to commit a coup d’etat against then-president Abulfaz Elcibey in 1993. That is why, when Heydar Aliyev came to power as a result of this coup, he immediately applied for CIS membership, in order to show that Azerbaijan was no more outside the Russian sphere of influence.<sup>5</sup>

Even the most enthusiastic member of the CIS in the Caspian region – Armenia – favored membership in this organization, not because it promoted cooperation among NIS, but because it preferred the expansion of the Russian influence in the Caucasus to that of Turkey or Iran, due to the fact that Russia has been its strongest political, economic and military supporter in the war against Azerbaijan.<sup>6</sup>

Thus, only those states that had anyway had good bi-lateral relations with Russia favored the CIS, because the increasing Russian influence was to their benefit. And those that were forced to join and did not have any mutual benefit from cooperation with Russia have frequently tried to paralyze the working of the CIS, because increasing Russian influence would violate rather than serve their interests.

The idea that the CIS is not about cooperation, but about the creation of a security zone in the ‘near abroad’ of Russia is evident in the fact that Russia, by and large, proposes military and political cooperation plans, and ignores economic cooperation demands coming from other CIS members. For example, when the issue at stake was the signing of Tashkent Treaty on Collective Security, Russia was eager to persuade and/or force the CIS members to sign it, because the treaty was a legal basis for the creation of a military-security zone for Russia.<sup>7</sup> But when Kazakhstan proposed a deeper CIS economic cooperation and integration plan, it was refused by Russia, and Belarus, as always, followed suit.<sup>8</sup>

In brief, as far as cooperation in the Caspian region is concerned, neither the CIS, nor its leader – Russia is helpful. The CIS is not helpful, because it is more about the expansion of Russian influence than about cooperation. To put it more correctly, it is about cooperation, but cooperation under Russian dominance in a hierarchical form. Russia is not helpful, because its major aim is to expand its influence in the region rather than to promote cooperation. Thus, cooperation on horizontal-mutual basis in the region contradicts with Russian foreign policy interest of extending its influence in the Caspian. Accordingly, Russia is eager to promote only those kinds of cooperation that helps Russia to keep the region under its influence, thus ignoring the needs and demands of other countries in the region.

Even so, Russia’s state capabilities, except its military capability, are not sufficient for keeping the region under its influence. Especially in economic terms, Russia is unable to act as a hegemonic power in the region, because the Russian economy can hardly bear the burden of promoting economic cooperation.<sup>9</sup>

But is it only Russia that wants to bring the region under its influence? Empirical data about the foreign policy behavior of the other two regional powers show that cooperation plans initiated by Turkey and Iran also were aimed at penetration to the region.

*Iran, Turkey and Regional Cooperation in the Caspian*

Unlike Russia, Iran and Turkey have been trying to extend their influence mainly into the regional economy and politics, rather than military affairs. This is apparent in the regional cooperation schemes launched by these countries. Particularly, the economic competition between them has resulted in the rise and fall of a few cooperation schemes in the region.

The first cooperation initiative, in the aftermath of the dissolution of the USSR, came from Iran as early as on April 1992. Upon Iranian proposal, the Caspian Sea Organization (CSO), composed of the five Caspian littoral states, namely, Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan, was established.

Although the organization was aimed at increasing cooperation in technical matters, such as shipping, transport, tourism, etc., cooperation in such matters of minimal importance would have significant impact on regional trade. However, the CSO could not promote a considerable degree of cooperation even on these basic technical matters. Disagreement over the legal status of the Caspian Sea and the insufficiency of the institutional structure have been the main problems of the organization in promoting cooperation.<sup>10</sup>

The establishment of the CSO was apparently a result of the Turco-Iranian rivalry. Taking into account the economic weakness and political instability of Russia at that time, the major rival of Iran in the region was Turkey. By creating an organization composed exclusively of the Caspian littoral states, Iran aimed to isolate Turkey and avoid its penetration into the region. As Dilip Hiro put it: “ To the further embarrassment of Turkey, Rafsanjani [then Iranian president – H.A.] announced that a Caspian Sea Cooperation Council composed of the countries around the Caspian Sea ... had been formed at the initiative of Teheran”.<sup>11</sup>

So, just as the Russian foreign policy aim through the CIS, the Iranian aim through the CSO was to expand its influence in the region. And to achieve this Iran had to isolate its main rival – Turkey.

Turkey’s foreign policy aims in the Caspian have been similar to those of Iran, but Turkey’s political power has been much higher than that of Iran, due to the following factors: First, its cultural and linguistic similarity to four of the Caspian NIS – Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan. Moreover, Turkey has historically had good relations with Georgia as well. Second, Turkey’s image in the eyes of NIS as a “democratic Muslim” country added to its prestige in the region vis-à-vis “Islamic-fundamentalist” Iran. Third, Turkey’s geopolitical situation: it is seen as the best link to the West, with which the Caspian NIS have been trying to establish good economic and political relations. All these enhanced Turkey’s opportunity vis-à-vis Iran in expanding its influence into the Caspian region.

Turkey has effectively used this advantage, to a considerable extent, for establishing its sphere of influence in the region, and avoiding domination of the other regional powers. Mozaffari points out that the establishment of the Black Sea Economic Cooperation Zone (BSECZ) in June 1992 at the initiative of Turkey, was a response to the initiation of the CSO by Iran in April of that year.<sup>12</sup> As the main aim of Turkey was to increase its influence in the Caspian

region, non-Black Sea NIS of the region, such as Armenia and Azerbaijan, were also invited to the constitutive conference of the BSECZ held in Istanbul.

Another cooperation framework put forward by Turkey is the Turkic Sumitry founded in 1992 with the participation of Azerbaijan, Kazakhstan, Kyrgyzstan, Turkey, Turkmenistan and Uzbekistan. Although it has been successful to promote cooperation in cultural and educational affairs, it could hardly have any impact on economic and political cooperation among the Turkic states. Moreover, being based on ethno-cultural ties and excluding the other NIS of the Caspian area, the organization's potential to foster cooperation in the region is very low. However, its role as a means of expanding Turkish influence in the region is considerably high.

Thus, the regional cooperation schemes put forward by Turkey and Iran, have been, by and large, ineffective and were mainly aimed at serving particularistic interests of the respective states, rather than at fostering a mutually beneficial, region-wide cooperation.

Potentially most capable regional cooperation organization championed by Turkey and Iran together – Economic Cooperation Organization (ECO) – has been an arena for rivalry as well.<sup>13</sup> Since 1993, the organization has initiated many sound projects on improvement of trade and economic relations, transport and communications, etc, among the member states. However, all these projects either faced implementation problems or had disappointing results.<sup>14</sup>

The ECO's ability to foster cooperation in the Caspian region is not very high mainly due to three reasons: First, being a 'Muslim club' it excludes non-Muslim NIS of the region – namely Armenia and Georgia – without whose participation a proper regional cooperation will be hard to achieve. Second, traditional rivalry between the three original members of the ECO paralyzes the functioning of the organization. While talking about future prospects of the ECO, Pomfret argues that the future of it will heavily depend on the willingness of the members to cooperate rather than compete, because in so far they have been competing over influence within the organization, instead of cooperating.<sup>15</sup> And the last, the ECO lacks economically powerful members to share the burden of re-structuring it into an effective institution by setting up issue-specific organs and funds.

In short, neither the CIS nor the ECO, the CSO and the BSECZ have been effective in terms of promoting cooperation in the Caspian region, because all of them have been used by their champions as tools for achieving foreign policy goals, rather than for fostering mutual cooperation. That is why today the region is characterized more by the rivalry of regional powers over spheres of influence than by cooperation. The competing regional powers have been not only paralyzing the dynamics of cooperation in the Caspian, but also intensifying confrontations between weaker states (mainly NIS) in the region, whenever it served their interests to do so. Accordingly, most of the cooperative activities in the region have taken place on bilateral and non-institutional basis.

However, the recently increasing Western involvement in the region and developments in intra-CIS affairs seem to have given a new impetus for cooperation in the Caspian region.

### **Recent Developments: Is Something Changing?**

The failure of the above-discussed organizations to provide cooperation made it clear for the NIS that any cooperation scheme initiated by one of the regional powers would increase tensions in the region instead of promoting cooperation. This left the NIS no chance other than initiating their own small-scale cooperation plans on non-institutional and/or bilateral basis.

A major movement towards cooperation of this kind was the emergence of the informal GUAM (Georgia-Ukraine-Azerbaijan-Moldova) group, which became GUUAM after Uzbekistan's joining.<sup>16</sup> The origins of this grouping of NIS go back to the initial resistance of these countries to the new Russian expansionism through the CIS in 1993-94. However, they were able to realize this only in 1997. Geographical location of the GUUAM states increases the geopolitical importance of it, because it covers the Caspian – Black Sea corridor, thus limiting or diminishing the expansion of Russian influence in the region.<sup>17</sup>

GUUAM's potential to promote cooperation is minimal, but necessary for Azerbaijan and Georgia, in conjunction with the export of Caspian oil. Two other Caspian NIS that may become interested in the cooperation via GUUAM are Kazakhstan and Turkmenistan. Since their only way of transporting oil and gas passes through Russia, they are eager to diversify their export routes, in order to decrease dependence on Russia. Turkmenistan has already signed Trans-Caspian Pipeline (TCP) agreement with Azerbaijan, Georgia, Turkey and the USA on 18 November 1999 in Istanbul.<sup>18</sup> If economic feasibility of the project is approved and the pipeline is built, this pipeline, transporting Turkmen gas to Turkey through the Caspian Sea and the Caucasus, will increase the involvement of Turkmenistan in the Caspian cooperation process.

However, Kazakhstan still remains vulnerable to Russia in social-demographic, economic and political terms. Therefore, it cannot ignore the Russian interests in the region as easily as Azerbaijan, Georgia and Turkmenistan can. But paradoxically, in order to decrease its vulnerability and to develop more alternatives for exporting its hydrocarbon resources, Kazakhstan has to develop its cooperative relations with the Caspian members of GUUAM.

Cooperation within GUUAM is not limited to pipelines only. As an anti-CIS group, they developed their own economic, political and military cooperation frameworks as well. For example, when the Russia-led CIS Joint Air Defense Exercise was held on 5 April 2000, Ukraine invited Azerbaijan and Georgia to a trilateral air defense exercise in Crimea in the summer of this year. "Baku has accepted the invitation and Tbilisi has signalled its acceptance of the proposal..."<sup>19</sup>

Despite all this, GUUAM, as an anti-Russian grouping, is not a proper framework to promote cooperation for two reasons: First, the strongest common denominator among the GUUAM member states is the fear of Russia. In other words, the cooperation has emerged as a response to the Russian new expansionist strategy. If Russia abandons this strategy and accepts to establish relations with NIS on a mutually beneficial basis, the whole rationale behind GUUAM will lose its meaning.

Second, since the cooperation in the framework of GUUAM is aimed against the expansion of the Russian influence, Russia will always try to counter this cooperation by strengthening with its allies in the region, thus keeping intra-regional divisions alive. It may strengthen its footholds in the region by increasing tensions and supporting regional anti-*status quo* powers, such as Armenia and Abkhazia. Russia is, at least militarily, capable of doing this. For example, according to preliminary reports, Russia agreed to transfer the troops that it is going to evacuate from Georgia in 2001, to Armenia, in order to keep its military presence in the region intact.<sup>20</sup>

In brief, any cooperation scheme not agreed with one of the regional powers may come to a deadlock, unless the cooperating states are capable of coercing that regional power when necessary. Russia, still being a military great power, may use its military might to destabilize the region, when destabilization becomes Russia's perceived 'security interest'.

## **Concluding Remarks**

To conclude with, thus far cooperation in the Caspian has been problematic due to many intervening factors, such as, different needs and interests of NIS, rivalry between regional powers, and so on. The problem seems to continue in the years to come, unless the Western actors, mainly the USA and the EU, get actively involved in cooperation schemes in the region. Financial power and high political status of these actors in world politics enable them to provide necessary funding for cooperation, to bargain effectively with the regional powers and to achieve their commitment to regional cooperation. In this regard, "Silk Road Strategy Act" put forward by the US Congress in 1998 and the TRACECA (Transport Corridor of Europe-Caucasus-Asia) program funded by the EU constitute a good starting point, but are not sufficient. Another important issue to affect the future of cooperation in the Caspian region is resolution of the regional conflicts. It would have multiple positive results: it would enhance the establishment and restoration of transport and communication links, decrease hostilities and bring about certainty in the region. All these would collectively contribute to the emergence of an atmosphere conducive to cooperation.

Overall, cooperation in the Caspian Sea region can be described better by skepticism than by great expectations. Given the existing economic and political circumstances, discussed in this paper, integration of different Caspian

states to different groupings, alliances or institutional structures is more likely to happen than the achievement of a genuine Caspian cooperation.

### NOTES

1. Webber, Mark. *CIS Integration Trends. Russia and the Former Soviet South* (London: RIIA, 1997), pp.65-66.
2. Aves, Jonathan. *Short Report on Wilton Park Conference 595: "Political and Economic Prospects in the Caspian Sea Region"*, FCO, 6-10 March 2000, p.1.
3. Kubicek, Paul. "End of Line for the Commonwealth of Independent States" in *Problems of Post Communism*, Vol.46, No.2, March/April 1999, p.15.
4. Webber, op. cit, p.22.
5. Ibid., p.24.
6. Ibid., p.20-21.
7. Mozaffari, Mehdi. "CIS' Southern Belt: Regional Co-operation and Integration" in Mehdi Mozaffari (ed.) *Security Politics in the Commonwealth of Independent States* (London: Macmillan, 1997), p. 176.
8. Kubicek, op. cit, p. 18.
9. Webber, op. cit, p.60.
10. Mozaffari, op. cit, p.183.
11. Hiro, Dilip. *Between Marx and Muhammad. The Changing Face of Central Asia*. (London: 1994), p. 70.
12. Mozaffari, op. cit, p. 184.
13. The organisation was originally founded in 1964, as a branch of CENTO for regional cultural and economic co-operation, by Iran, Pakistan and Turkey. After the dissolution of the USSR, it enlarged towards the ex-Soviet Muslim republics of the Caucasus and Central Asia, when Azerbaijan and the five Central Asian NIS became its member in November 1992.
14. Pomfret, Richard. "The Economic Co-operation Organisation: Regional Forum or Irrelevant Talking Shop?" in *Caspian Crossroads Magazine*, Vol.2, No.4, Spring 1997.
15. Ibid.
16. At the moment, co-operation is taking place among Azerbaijan, Georgia and Ukraine to a considerable extent. The other two members' attitude toward co-operation within GUUAM framework is still ambiguous.
17. Kubicek, op.cit, p. 21.
18. *Turan News Agency*, Politics bulletin, Baku 22/11/1999.
19. *The Fortnight in Review*, the Jamestown Foundation, 14 April 2000.
20. *Monitor*, the Jamestown Foundation, 01 May 2000.