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## Energy geopolitics of Caspian Sea region: Cooperation, competition or conflict

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### Abstract

The 21<sup>st</sup> century is marked by a rapid economic development and an inequitable allocation of hydrocarbons worldwide. As food is necessary for the survival of human being, similarly energy is required for an economy to survive in this globalized and integrated world economic system. What is going to dominate the world politics in near future and, in fact, is being somewhat influenced by the energy transportation and their acute and amplified energy dependency. Competition to gain access to the Caspian energy and rivalry about transportation routes has to be viewed within this context. The paper seeks to explore the nuances of energy geopolitics in the regional context and its wider general implications.

**Keywords:** Geopolitics, Caspian region, heartland theory, pivot

### Introduction

In addition to their own merit, the colossal hydrocarbon resources of the Caspian Sea region are used by external powers state and non-state both for their broader objectives of dominance and influence, while the local actors brought them into play for economic development, social welfare, political consolidation, creation of forthcoming and stable regional environment and integrating into world economy. International players making use of their financial potential and political influence, sometimes even military strength, and the Caspian countries proceeding from their complex political surrounding and taking advantage of their resources and favorable geographic location resorted to geopolitics in pursuit of their own ends. The Turkic-Mongol rule had developed Great Silk Route in order to facilitate and promote the trade, economic, cultural, religious, and scientific exchanges across the continents. These connections were instrumental in fostering some of the values such as tolerance and mutual respect through perfect communication means. It holds truth in the twentieth century when it comes to present the world with innumerable opportunities for such qualitative exchanges. The Caspian Sea should be region uniting, not dividing Eurasia through co-operation and partnership, not rivalry and opposition. The Caspian is pivot of Heartland from McKinder's perspective and engages and co-operates in the Caspian commands Eurasia.

### Energy Geopolitics

Energy security has historically been linked to one fuel – oil. Indeed, the concept of energy security first gained worldwide attention following the 1973 Arab-Israeli war, during which Arab oil-producing countries imposed an oil embargo on the western countries including United States of America in retaliation for their support of Israel. Before this event, a reliable flow of oil from this region was taken for granted and threats to oil supplies were few and far between. In the following decades, the legacy of the oil embargo shaped global energy policy in a big way – with the Organization of Petroleum Exporting Countries (OPEC) defending the rights of oil producing countries and the International Energy Agency (IEA) representing consumers.

Analysts and policymakers have since debated and discussed many dimensions of energy security. The concept covers security of supply as well as security of demand. On one hand, consuming countries want to be assured of their energy supplies without any interruption.

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Meanwhile, producing countries seek reliable demand and stable markets for their petroleum products.

IEA had provided a comprehensive definition of energy security which elucidates four components. First, the term refers to the availability of energy sources (geology); second, these energy sources should be available at a reasonable price (economics); third, they should be socially acceptable (environment); finally, they should be politically accessible (geo-policy). In other words political conflicts should not block the free trade in petroleum products in any way. Geopolitics is about analysis of the influence of geographic factors on state's policy and its interaction with other states. Not undermining such determinants as population, economics, technology and military strength,

which may change over time, however size, location, natural resources and communications of a country have to be underlined. Size, natural resources, communications also may alter, but, location of the country seems to be the only constant variable to be taken into account in geopolitics.

After the "Cold War" and short period of high idealistic expectations of a new world order interest to geopolitics renewed. The dissolution of the Soviet Union created new dynamics and focus shifted towards Heartland/Inner Eurasia this time mainly due to its energy resources and power vacuum which emerged here. Energy became the main tool for geopolitics in Eurasia and the Caspian Sea region – its pivot.

**Table 1**

Country	Oil reserves in billions of barrels			Gas reserves in trillions of cubic feet		
	Proven	Possible	Total	Proven	Possible	Total
Azerbaijan	7–12.5	32	39–44.5	30	35	65
Kazakhstan	9–29	92	101–132	65	88	153
Turkmenistan	0.5–1.7	38	38.5–39.7	71	159	230
Uzbekistan	0.3–0.6	2	2.3–2.6	66	35	101
Russia <sup>a</sup>	0.3	7	7.3	n/a	n/a	n/a
Iran <sup>a</sup>	0.1	15	15	0	11	11
Total	17.2–44.2	186	203.2–235.2	232	328	560

These figures represent only reserves in the Caspian Sea, not the country's total reserves. Source: Energy Information Administration of the United States Department of Energy, at [http://www.eia.doe.gov/emeu/cabs/caspian\\_balances.htm](http://www.eia.doe.gov/emeu/cabs/caspian_balances.htm),

accessed on December 5, 2010. Data reflect findings as of 2006, and include high and low figures for "proven" reserves.

**Table 2:** Production of oil and gas in the Caspian region.

Country	Oil production, thousands of barrel/day				Gas production, trillion cubic feet per year			
	1992	2000	2005	2011	1992	2000	2005	2011
Azerbaijan	222	309	440	989	0.28	0.20	0.18	0.75
Kazakhstan	529	718	1293	1640	0.29	0.31	0.84	1.39
Turkmenistan	110	157	196	223	2.02	1.89	2.08	2.34
Uzbekistan	66	152	125	105	1.51	1.99	1.97	2.23
Total	927	1336	2054	2957	3.10	3.39	5.07	6.71

Source: Source: Energy Information Administration of the United States Department of Energy, at [http://www.eia.doe.gov/emeu/cabs/Caspian/images/Caspian\\_balances.pdf](http://www.eia.doe.gov/emeu/cabs/Caspian/images/Caspian_balances.pdf), accessed on 13 July 2007, and 2011 data from International Energy Statistics at <http://www.tinyurl.com/bfvq5j8>, accessed 21 January 2013.

### Russian Objectives: Dominance or Hegemony

There are multiple actors involved in the region for their own stated goal of securing economic and strategic interests. Russia, which is the largest littoral state in the Caspian Sea region has preponderance of influence in terms of strategic, economic, and cultural and so on. This dominating legacy with Russia came from her being the successor state of USSR. Russia view this region as her backyard which she never wants to be going out of its influence at any cost. Initially, Russia pursued a policy which could be dubbed as a policy of benign neglect. 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. During this period, Russia resorted to various economic, politics and diplomatic measures to bring these countries under its sway. The reasons for this shift in Russian policy were many, grounded in both international and Russian domestic politics. For our purposes, however, one factor stands out: Russia's fear of losing its position in a region that Moscow previously simply assumed to be part of its sphere of

influence. This fear was not ungrounded. The CIS, which Russia had tried to use to exercise its influence throughout the post-Soviet space, was weak. The constitutional crisis of 1993 and the war in Chechnya had made both Russia's neighbors and Western states nervous, and one began to see, especially from the United States, movement away from a Russia-first policy.

### Conclusion

While the global economic slowdown in the late 2000s depressed demand and prices for energy, competition over energy reserves in the Caspian Basin will no doubt continue for many more years. Its dynamics depend upon a number of factors, including security issues, global energy demand, domestic politics within the region, and the strategies of external actors. What is striking, however, is that no outside power has been able to establish dominance in the region.

Instead, one sees that the competition among external actors has given local states significant freedom to maneuver, as they can look to the states that will give them the best "deal"—both in terms of energy and security—and shift allegiances as conditions change. This is clearest in the

cases of Kazakhstan and Uzbekistan. Kazakhstan, the most economically successful of all the Caspian states, has been able to make major deals with a number of outside actors. Although it cannot escape its geography and reliance on Russia, it is no Russian puppet.

Although no observer has a crystal ball to forecast accurately the future, if pressed to make a prediction, it seems safe to conclude that Russia and China have the best prospects in the region. Russia has too much of a geographic advantage and a far greater ability to meddle in the domestic politics of Caspian and Central Asian states, all of which must be sensitive to Russian policy. This does not mean that the region will become Russian-dominated, largely because Russia lacks the capacity to impose its will, a point made recently in the pages of this journal. Setbacks for Russia include Bulgaria's withdrawal from the Burgas–Alexandroupoli pipeline project, more intensive EU interest in building upgrades to the Odessa–Brody pipeline for Caspian oil, the refusal of its ostensible SCO allies to support its actions in the 2008 war with Georgia and subsequently recognize South Ossetian independence.

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