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Printed by Heritage Printing and Graphics

Published by the Caspian Policy Center

Caspian Policy Center (CPC) is an independent, nonprofit research think tank based in Washington D.C. Economic, political, energy and security issues of the Caspian region constitute the central research focus of the Center. The Caspian region, at the crossroads of the East and the West, is increasingly becoming a crucial area of global interest with its rich natural resources, geopolitical rivalry and economic development. Established in 2016, the Center aims at becoming a primary research and debate platform in the Caspian region with relevant publications, events, projects and media productions to nurture a comprehensive understanding of the intertwined affairs of the Caspian region. With an inclusive, scholarly and innovative approach, the Caspian Policy Center presents a platform where diverse voices from academia, business and policy world from both the region and the nation's capital interact to produce distinct ideas and insights to the outstanding issues of the region.



The Caspian Region Countries React to Putin's War in Ukraine

Introduction

This series of eight articles explores the reactions of the Caspian Region states on the southern periphery of Russia to Vladimir Putin's criminal war in Ukraine. Because international relations are fundamentally about person-to-person relationships, perhaps we can consider the current situation by asking this question: What would you do if a dangerously disruptive individual moved into your immediate neighborhood and started causing havoc?

The first thing you'd likely do after recovering from the shock is to ensure the security of your own home, making sure your doors and windows are locked at all times. You'd likely confer with your neighbors to gauge their reactions. You might confer with your homeowner's association to seek their advice on what can be done. But in the end, you'd come to realize that you're living in a New Normal. I hasten to note that's not a good situation: it's simply reality.

In many ways, this is what the countries of the Caspian Region – Armenia, Azerbaijan, and Georgia in the South Caucasus and Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in Central Asia – have done and are continuing to do, each in its own way. None has supported Russia at the several votes in the United Nations General Assembly. They all have quietly consulted with each other behind the scenes. Some, like most recently Kazakhstan, have taken steps to update and to ensure their own defense structures. And some even see a bit of bright light amidst the roiling dark clouds because international sanctions against Russia have opened up possibilities for the Middle Corridor through their region for international trade from China, across the Caspian Sea, and on to Europe. This is because

transit through Russia that was widely used before the current war is now all but blocked by international sanctions.

There's one very specific reason, other than the current war, for the independent and sovereign nations that were once Soviet Socialist Republics to be concerned: the so-called prolonged conflicts in the region: specifically South Ossetia and Abkhazia in Georgia, Transnistria in Moldova, Karabakh in Azerbaijan, and, of course, Donetsk and Luhansk in Ukraine, both of which Putin has said he has annexed into Russia, as well as the Crimean Peninsula that Moscow had annexed from Ukraine in 2014. Further, Russia has long threatened to annex the northern third of Kazakhstan.

The Kremlin's war against the independent and sovereign nation of Ukraine and its people also raises



UN Headquarters on February 23, 2021: Secretary-General Antonio Guterres speaks during General Assembly meeting discussing situation in Ukraine. Source: Shutterstock

questions about the future of regional organizations, especially Moscow's Collective Security Treaty Organization and the Eurasian Economic Union, as well as China's Shanghai Cooperation Organization. Other international bodies active in the Caspian region, like the Organization for Security and Cooperation in Europe, are probably less threatened because of their broader membership and lighter footprint in the Caspian region.

Smaller and perhaps lesser-known organizations like the Kazakhstan-originated Conference on Interaction and Confidence Building in Asia might begin to play a bigger role as a forum for the countries of the region to consult and share new ideas for working together. Likewise, the newly invigorated Organization of Turkic States might consider what role it can

play to keep the Caspian Region secure.

Furthermore, Putin's expansionist ideology should reinvigorate the Central Asian nations' consultations that have been ongoing since 2017 about the idea of forming some sort of formal association of the five that, in fact, should also include Azerbaijan. Such an organization would strengthen the region and allow it to speak, diplomatically, with one voice.

No one can foresee how Putin's determination to subdue, if not totally annex, Ukraine will play out. The destruction continues, and Ukraine's citizens are suffering greatly. What is certain, however, is that the Caspian Region nations are moving into a New Normal. It is incumbent on their leaders to find new ways to work together to ensure their independence, sovereignty, and territorial integrity.





Source: Pexels

UZBEKISTAN

Since Uzbekistan's President Shavkat Mirziyoyev came to power in 2016, the relationship between Uzbekistan and Russia has significantly improved to the extent that last year Russia surpassed China as Uzbekistan's leading trading partner. Uzbekistan did not vote for the United Nations General Assembly (UNGA) resolution condemning Russia's invasion of Ukraine in March 2022. Following the event, Uzbekistan's then-Minister of Foreign Affairs Abdulaziz Kamilov made it clear that: 1) Uzbekistan does not recognize Russia's annexation of Crimea or the independence of the

separatist Luhansk and Donetsk Republics; 2) Uzbekistan recognizes the territorial integrity of Ukraine. However, during the UNGA voting held in April, Uzbekistan paradoxically voted against the exclusion of Russia from the United Nations Human Rights Council (UNHRC). These contradicting statements and moves by Uzbekistan in the international arena portray its fairly neutral stance toward the Russian invasion of Ukraine. Uzbekistan also hosted this year's Shanghai Cooperation Organization (SCO) summit in Tashkent, where world leaders of, among other states, Türkiye, Russia, Iran, Pakistan,

and India participated.

Uzbekistan is among the Central Asian countries affected by the Western sanctions imposed on Russia that have prevented European goods from reaching their territories. At the same time, Uzbekistan has become an attractive destination for thousands of Russian businessmen, IT specialists, and companies who have left their country because of the worsening business conditions. Uzbek officials have said that these companies and individuals will be granted a wide array of tax breaks and other incentives to relocate to Uzbekistan. Despite the influx of Russian businesses, on

September 23, amid warnings by the U.S. Treasury Department about possible sanctions on institutions using Russia's payment system, Mir, outside of Russia, Uzbekistan implemented a ban on the system.

Uzbekistan is also among the several Central Asia countries that heavily depend on remittances from their migrant laborers who work in Russia. According to recent estimates by the World Bank, Uzbekistan's remittances, which constitute approximately 11 percent of its GDP, are expected to decrease by 21 percent in 2022 due to the war in Ukraine. The global disturbance in food supplies (especially grain) caused by the war in Ukraine also took its toll on Uzbekistan's agricultural sector. The situation was worsened by Kazakhstan's decision to suspend wheat and flour exports in April 2022, resulting in the Uzbek government stopping subsidizing grain purchases, causing bread prices to skyrocket.

At the same time, for Uzbekistan and other Central Asian countries, the is-

suues of diversifying foreign trade and developing transport corridors have become more urgent than ever before. In August 2022, Azerbaijan, Türkiye, and Uzbekistan signed the Tashkent Declaration, creating a new format for dialogue and cooperation among the three Turkic-speaking countries. The Tashkent Declaration also highlights the potential of the Trans-Caspian International Trade Route (TITR), also known as "the Middle Corridor," that can serve as the new pathway for realizing the high transit potential of the three countries, especially during the time when Europe is seeking alternate routes for global supply chains by-passing Russia.

Toward the recent mobilization efforts of the Russian army, the Embassy of Uzbekistan in Russia stated on August 10, warning its citizens of severe repercussions for joining Russia's ongoing unprovoked invasion of Ukraine. According to the statement, any form of participation in military activities on foreign countries' territory is consid-

ered "mercenary activity" and will be punished by up to 10 years in prison. Moreover, after Russia passed a law to provide citizenship to foreigners willing to join the Russian army, the top Islamic authority of Uzbekistan warned Uzbeks to stay away from involvement in the conflict in Ukraine. The administration declared that doing so would go against the religion and that "it was not permissible for a Muslim to participate in any military action except to defend their homeland."

Uzbekistan's neutral stance on the Russian invasion of Ukraine is expected to continue. Meanwhile, the country tries to build more independent political and economic systems through increased regional integration, primarily via increased cooperation with Kazakhstan, Azerbaijan, China, and Türkiye. Projects such as the Middle Corridor can be a game-changer in increasing connectivity within and across the region, connecting Europe with Asia.



GEORGIA

Tbilisi, Georgia - 20th June, 2022: People peacefully demonstrating at the Parliament of Georgia, Source: Shutterstock

Sharing a northeastern border with Russia, Georgia has remained hesitant to participate in Western sanctions against Russia since Russia's invasion of Ukraine. At the same time, Tbilisi has voted to condemn Russia's invasion of Ukraine, joining 140 other countries in the vote during the United Nations General Assembly resolution on March 2. Given Georgia's conflict with Russia over territory in 2008, and the continued Russian military occupation of about one-fifth of Georgian territory, Georgian officials have to tread carefully with their policies towards Russia. Georgian Prime Minister Irakli Garibashvili warned that participating in sanctions "would only damage our country and populace more."

Just a month after the invasion, Georgia, along with Ukraine and Moldova, sought protection by applying for European Union (EU) membership on March 3, citing that it was an "emergency matter." Georgia has maintained good relations with the West and sought to strengthen

its relationship with the EU prior to the invasion, although current events have catalyzed its desire to seek economic and political security as an official EU member. The European Commission released a memo on June 17 stating that they have evaluated the application and have seen promising "foundations" from Georgia meeting the political and economic criteria to join. They concluded that Georgia should be given a "perspective" candidate status, recommending some more areas of structural and political reform to meet the membership criteria.

Russia's invasion of Ukraine has had a ripple effect on many neighboring economies—Georgia has been no exception. Georgian trade, tourism, and remittances are all sectors that have faced negative consequences as previous influx from Russia and Ukraine have come to intermittent halts. As a result, Georgia's economic growth, previously forecasted to be 5.5 percent in 2022, is now expected to drop to

2.5 percent. While the World Bank Regional Director for the South Caucasus, Sebastian Molineus, says that the 2022 growth slowdown is inevitable, recovery starting from 2023 is expected. “Georgia is well placed to manage the economic fallout of the war due to reasonable fiscal and external buffers and a credible macro-financial framework. The banking sector is entering the crisis in relatively strong shape, government deposits are sizeable, and debt is likely to remain sustainable,” said Molineus.

Ultimately, Georgia has focused on economic stability by managing it internally. Molineus proposed, “What is needed now is to continue with prudent economic management, provide support to affected businesses and households while reinvigorating the structural reforms to improve productivity, improve human capital, and address consequences of climate change.”

At the same time, Western sanctions against Russian energy have created op-

portunities for Georgia to step in as a key transport country. The EU and Azerbaijan signed a deal to double gas supplies to Europe through the Trans-Anatolian Natural and Trans-Adriatic gas pipelines. However, access to Azerbaijani’s natural resources would be limited without Georgia. Consequently, Georgia, Türkiye, and Azerbaijan signed a preliminary agreement on August 18 to simplify transit processes and customs procedures. Georgia also hosted a meeting between Georgian Minister of the Economy Levan Davitashvili and the transport ministers of Türkiye and Azerbaijan to discuss their future relationship in this sector and the Trans-Caspian International Transport Route’s (TITR) potential. This transition is expected to take time, but Georgia is working with neighboring states to build on current infrastructure and relationships to set the stage for the country to be a reliable means of transport for resources to the West amidst a global effort to move away from Russian resources.



Tbilisi, Georgia - March 1, 2022: People peacefully demonstrating at the Parliament of Georgia against Russia's invasion of Ukraine; Source: Shutterstock

Georgia is also facing potential challenges involving the absorption of over 260,000 Russians who have fled into the country since the start of the invasion. After Putin's draft announcement on September 21, an even larger number of military-aged Russian men are seeking sanctuary within Georgia's borders. Currently, Russian citizens have the right to remain in Georgia without a visa for 365 days, which beats even Armenia's 180-day policy and Azerbaijan's 90-day limit. At the same

time, the country is careful not to provoke renewed Russian aggression by imposing stricter visa policies. One potential factor Tbilisi considers is that the increase of Russians entering the country provides additional economic stability in the short term. The Georgian economy relies heavily on tourism—Russians bringing in business and spending money within their borders, regardless of their reason for being there, adds value to the national currency.



KAZAKHSTAN

Russia's war in Ukraine has caused volatility of export-import prices in Kazakhstan, as well as destabilization of foreign trade, revealing Astana's vulnerability and dependence on the volatility of world energy prices. So far, to tackle the economic challenges, the Monetary Policy Committee of the Kazakhstan's National Bank decided to set the base rate at 14.5 percent per year with an interest rate corridor of +/- 1.0 percentage points. In August 2022, the annual inflation rate in Kazakhstan surged

to 16.1 percent, compared to 15 percent in July 2022. Overall, the monthly inflation in Kazakhstan soared to 1.4 percent in August 2022, four times the average August inflation rate for the past five years. That being said, Kazakhstan's economy has been severely shaken by the consequences of Russia's war against Ukraine. Still, Astana continues to find ways to sustain itself amid the current economic disbalance caused by inflation.

Kazakhstan is the region's largest

energy producer, with oil, gas, and related industries accounting for more than 17 percent of GDP in 2020. According to the International Energy Agency (IEA), Kazakhstan should prioritize diversifying its routes for oil exporting to sustain its position and survive the consequences of the war in Ukraine. Kazakhstan's current focus is Trans-Caspian International Transport Route (TITR). The ports of Kazakhstan and Azerbaijan expanded their cargo traffic by a factor of 2.5 since January 2022. Moreover, transportation between the ports of Aktau, Kuryk, and Baku increased 2.5 times in the same period.

Kazakhstan's President Kassym-Jomart Tokayev, at the General Debate of the 77th Session of the United Nations General Assembly (UNGA), stated: "The Trans-Caspian International Transport Route, or Middle Corridor, has received a new impetus. We expect cargo volume through Kazakhstan to increase significantly in the years ahead." Along with the Middle Corridor, the Southern Gas Corridor has become operational, linking the gas fields in Azerbaijan to Georgia, Türkiye, and across the Mediterranean. Also, it has the potential to connect with pipelines across the Caspian Sea, should they ever be built. Following the Western sanctions on Russia, the European Union (EU) signed a deal in July to obtain gas via the Southern Gas Corridor to improve energy security by diversifying sources.

Tokayev, at the meeting of the Council of Heads of State of the Shanghai Cooperation Organization (SCO) Member States, remarked, "The adoption of the Concept of Cooperation between the SCO countries on

the development of efficient economic and transport corridors gave us a major success in improving logistical interconnectedness. We are talking about 'China-Europe' rail transportation, the Trans-Caspian international transport route, and plans to build a third railway crossing point on the border of Kazakhstan and China. I invite the SCO partners to use the opportunities opening in this area."

Since the outbreak of the war in Ukraine, Kazakhstan's government officials have not formally spoken out to condemn Russia's actions. However, during the Saint Petersburg International Economic Forum in June, President Tokayev stated that Kazakhstan would not recognize the self-proclaimed Donetsk and Luhansk people's republics. This statement has been backed by actions such as sending humanitarian aid, maintaining relations with Ukrainian President Volodymyr Zelensky, and approving the anti-war protests in Almaty. Along with other actions that have displeased the Kremlin, Kazakhstan has attracted Russian companies fleeing the impact of sanctions against Russia and Moscow's shrill nationalism. Moreover, following reports of Kazakhstani firms shipping weapons to Ukraine, former President and Deputy Chairman of the Security Council of the Russian Federation, Dmitry Medvedev, wrote a post on August 2, stating that the Russians "established the first settlements on the wild lands of northern Kazakhstan," and that "Kazakhstan is an artificial state," a post that was later deleted.

Furthermore, Kazakhstan's widespread civil unrest in January raised con-

cerns about political and economic stability. However, Tokayev has assured foreign investors that the government of Kazakhstan will take measures to ensure a stable investment climate. President Tokayev also announced political and economic reforms in March that could bring positive changes to the country's investment climate by increasing privatization and combatting corruption.



President Kassym-Jomart Tokayev delivered a speech at the the 77th session of the UN General Assembly - September 20, 2022; Source: Shutterstock

As voting, held mostly by Russian forces, took place in four Ukrainian regions on September 23, Kazakhstan's Foreign Ministry spokesperson that Kazakhstan would not recognize Russia's annexation of eastern areas of Ukraine.

"As for the holding of referendums... Kazakhstan proceeds from the principles of territorial integrity of states, their sovereign equivalence, and peaceful coexistence," said Aibek Smadiyarov, the foreign

ministry spokesman, on September 26. He has also stated that Kazakhstan reconfirms its readiness to provide all possible assistance to establish political dialogue because Kazakhstan believes that maintaining stability at either the regional or the global level is the most important goal. Besides, Kazakhstan has had to grapple with accommodating around 98,000 of fleeing Russian citizens. This influx came after Pu-

tin's September 21 announcement of military mobilization. Despite the difficulty of accommodating this many, Kazakhstan is currently not planning to close Kazakhstan's borders. During Tokayev's address to journalists in Turkistan, Kazakhstan, on September 27, he assured that assuring the safety of the refugees is most important, stating that it is "a political and humanitarian matter." Tokayev is planning on discussing this matter

with Russia.

"We will hold talks with Russia and resolve this issue, taking our people's interests into account," said Tokayev speaking with journalists on September 27.

Despite all the challenges and Kazakhstan's broad ties with Russia, particularly by being a member of CSTO and the Eurasian Economic Union, Kazakhstan has so far remained neutral regarding the Ukraine conflict.



KYRGYSTAN

National Bank of the Kyrgyz Republic - Bishkek, Source: Shutterstock

While the Russia-Ukraine crisis has unfolded, Kyrgyzstan has experienced multiple challenges as a result, particularly regarding economy and security.

According to the World Bank, the Kyrgyzstani economy could be affected more than others in the region by the inevitable decrease in migrant workers' remittances from Russia. Kyrgyzstan's banking regulator has predicted that remittances from labor migrants in Russia might decline by 20 percent in 2022 compared to 2021. Since more than 1 million Kyrgyz nationals live and work in Russia, this has made the value of remittances of critical importance to the

economy. Because of this, the unavoidable decline in migrant remittances could lead to a difficult economic situation in the coming months.

The slump in money flows can be attributed to the sudden contraction in the size of the Russian economy since the sanctions on Russia were applied. The sanctions imposed against Russia after the start of a full-scale war in Ukraine sharply collapsed the ruble exchange rate, immediately affecting the Kyrgyz currency.

"The Russian Federation is one of the main trade and economic partners of the Kyrgyz Republic, and changes in the countries' economies may have

an indirect impact on the Kyrgyz currency market," the Kyrgyz National Bank explained at the time.

In order to maintain the exchange rate, the Kyrgyzstan's National Bank has conducted five currency interventions for a total of \$284.3 million. Despite this, by mid-March, the dollar exchange rate had increased to about 105 Kyrgyzstani soms (KGS). Later, however, it began to decline in exchange offices, and on March 18, it was about 100 KGS. The National Bank explained the change by the fact that the market was "saturated" with dollars. Amidst the economic crisis, according to preliminary estimates, Kyrgyz GDP in January-March of this year

amounted to KGS 146 billion and increased by 4.5 percent compared to the same period in 2021, Deputy Chairman of the National Statistical Committee Bakytbek Shokenov explained at a press conference in Bishkek.

He said excluding enterprises for the development of the Kumtor gold mine, the volume of GDP in January-March of this year amounted to about KGS 138 billion and increased by 3.8 percent.

Moreover, since the beginning of the Russian invasion in Ukraine, Kyrgyzstan has been grappling with its territorial conflict with Tajikistan. Reports indicate that at least 37 civilians, including four children, and over 100 people total were killed during the conflict between Kyrgyzstan and Tajikistan. The border clashes that broke out on September 14 reportedly began when Kyrgyz and Tajik border guards exchanged fire along a disputed segment of the border. With hundreds more wounded, fighting has affected civilian populations in at least 12 villages located on both sides of the largely undemarcated border between the two countries.

Kyrgyzstan's President Sadyr Japarov, in his address to the nation, on September 19, 2022, said about the conflict: "There are enough funds in the state budget, and we are able to fully provide for our soldiers and the displaced citizens. We also have funds for the rapid reconstruction of homes destroyed in the fighting. Despite the difficulties, the country is able to stand up as one against any challenges. This is the envy of our enemies, both internal and external."

"Only two years ago. there was a shortage of weapons and ammunition in

our army, and there were not even enough uniforms for our soldiers. Today it is not the case. Our army is being strengthened both morally and materially by efforts from various sides." he added.

As a result of the border clashes, Russia's President Vladimir Putin held discussions with the Presidents of Kyrgyzstan and Tajikistan and urged the sides to prevent further escalation and to take measures to resolve the situation exclusively by peaceful, political, and diplomatic means as soon as possible, and confirmed Russia's readiness to provide necessary assistance to ensure stability at their shared border.

Amid international pressure, President Japarov and Tajikistan's President Emomali Rahmon, attended the regional security and cooperation summit in Uzbekistan and signed a ceasefire agreement during the Shanghai Cooperation Organization Summit.

On September 23, 2022, the U.S. Mission to the Organization for Security and Cooperation in Europe (OSCE) posted an announcement on the latest border clashes, stating: "We welcome and support the ceasefire and urge both sides to withdraw all forces from the shared border and engage in negotiations to resolve the issue... we urge the parties to strictly adhere to the Helsinki Final Act principles that all OSCE participating States have committed to uphold, among them: sovereign equality and respect for the rights inherent in sovereignty; refraining from the threat or use of force; respect for the territorial integrity of states; and the peaceful settlement of disputes."



TAJIKISTAN

Dushanbe, Tajikistan / Palace of Nations, Source: Shutterstock

In response to Russia's invasion of Ukraine, Tajikistan has opted for neutrality, and officials have so far not made any official statements about the war. With the Russian invasion of Ukraine, Tajikistan has been relatively the most vulnerable out of the five Central Asian countries. Like some other countries in the region, Tajikistan abstained from voting in the March 2022 United Nations General Assembly (UNGA) special emergency session on Russia's invasion of Ukraine. Tajikistan heavily relies on Russia, especially in the spheres of economy, energy, and security. In fact, Russia is the most significant security and trading partner of Tajikistan.

Tajikistan shares a border with Afghanistan, making it a strategic regional checkpoint. Moreover, Tajikistan hosts approximately 7,000 Russian troops, mostly at Russia's 201st military base in Dushanbe, Moscow's largest non-naval military facility outside Russia. The 201st military base was originally deployed in Tajikistan as the 201st Motorized Rifle Division during the Soviet period. Following the Soviet invasion of Afghanistan, the Russian military base continued operations in Dushanbe even during the Tajik civil war in the early 1990s. Moscow and Dushanbe reached an agreement in 2012 on the 201st Russian military base in

Tajikistan to extend its operations until at least 2042. Tajikistan is a member of the Russia-dominated Collective Security Treaty Organization (CSTO) and relies largely on Russia and its 201st military base to secure its southern borders with Afghanistan. Recent border clashes between Tajikistan and Kyrgyzstan have made the limitations of CSTO more evident, with Russia not intervening in the situation.

Russia has also been pushing for Tajikistan's accession to the Eurasian Economic Union (EAEU). On June 28, Russian President Vladimir Putin made his first trip abroad to Tajikistan since the start of the war with Ukraine. In a

pre-trip statement, the Kremlin said that his talks in Dushanbe would focus on the strategic partnership between Russia and Tajikistan and the current Afghanistan situation. During the trip, Yury Ushakov, Putin's advisor on foreign affairs, said that Russia would try once again to make a case for Tajikistan to join the Russian-led EAEU trading bloc. In July 2022, Tajikistan's Minister of Economic Development and Trade, Zavqi Zavqizoda, said that the inter-agency working group was "comprehensively exploring the issue of possible accession" of Tajikistan to the EAEU.

Economically, Tajikistan is one of the world's most migrant-labor-dependent countries, with remittances (mostly from workers in Russia) contributing to 26.7 percent of the country's GDP. According to estimates by the World Bank, Tajikistan's remittances are expected to decrease by 22 percent as Russia's economy continues to struggle amid international sanctions because of its war in Ukraine. Additionally, Tajikistan imports nearly all of its oil and petroleum products from Russia. Despite

Tajikistan's economic dependence on Russia, one of its central banks, Dushanbe City Bank, has reportedly suspended operations of Russia's Mir payment cards in the country, citing technical issues. This statement was made on September 27 amid growing pressure from the United States on countries that continue to accept the Russian payment system.

On October 5, Vladimir Putin awarded Tajikistan's President Emomali Rahmon the Order of Merit for the Fatherland of the 3rd class. According to the decree, the award was "for a great personal contribution to strengthening the strategic partnership and alliance between the Russian Federation and the Republic of Tajikistan, as well as to ensure regional stability and security." This underlines the importance of Tajikistan's current regime for Russia.

Tajikistan's dependence on troops and economic aid from Russia for its stability has made it much more vulnerable following the Russian invasion of Ukraine. With the most recent border clashes between Tajikistan and Kyrgyzstan, it can

be expected that Tajikistan will continue to rely on Russia to maintain its power. However, the increasingly difficult economic conditions due to sanctions on Russia, paired with the global outrage and condemnation of Russia's invasion of Ukraine, will make it more difficult for Tajikistan's government to continue its neutral policy.



Meeting between President Putin and President Rahmon at SCO Summit in 2018, Source:Wikipedia Commons - www.kremlin.ru



AZERBAIJAN

Baku, Azerbaijan - Source: Pexels

Previously, Azerbaijan's reaction to the war in Ukraine has been described as a "delicate balancing act," given that Baku had generally maintained cordial and strong relations with Moscow while at the same time taking subtle steps to assist Ukraine. However, more recently, Azerbaijan has taken a more direct stance in opposition to the war. Azerbaijan's territorial dispute with Russia-backed Armenia, Russia's role as a mediator in the 2020 Karabakh war between Armenia and Azerbaijan, as well as the deployment of Russian peacekeepers in Nagorno-Karabakh have been contributing factors to Baku's balanced foreign policy of not appearing either too pro-Moscow or too pro-Kyiv. With that being said, recent statements made on Azerbaijan's State Television suggest that Baku's official position on the conflict may be shifting.

Azerbaijan's initial involvement in the conflict was sending regular humanitarian assistance to Kyiv, with the first round arriving on February 27. Additionally,

through SOCAR Energy Ukraine, the Azerbaijani State Oil Company subsidiary, the Azerbaijani government has provided over 100 tons of fuel to ambulances and other State Emergency Service vehicles at its gas stations in Ukraine. Based on the Joint Declaration signed between the presidents of Azerbaijan and Ukraine in January 2022, the Azerbaijani government has not recognized the sovereignty of the separatist regions of Donetsk and Luhansk. When the war started in Ukraine, hundreds of Azerbaijanis gathered in front of the Ukrainian Embassy in Baku to demonstrate their solidarity with the Ukrainian people. Azerbaijan has also utilized its close relations with Russia and Ukraine to potentially mediate the ongoing conflict. In a video message released on February 26, Ukrainian President Volodymyr Zelensky stated that he welcomed efforts by the Turkish and Azerbaijani governments to help organize talks between the two sides.

In March 2022, Azerbaijan abstained from voting in the United Nations Gener-



Joint Declaration signed between President Aliyev and President Zelenskyy in Jan. 2022, Source: Wikipedia Commons - President.Az

al Assembly (UNGA) resolution that condemned the Russian invasion and demanded that Russia immediately withdraw its forces from Ukraine's territories. The same happened in April 2022, when the UNGA passed a resolution to suspend Russia from the UN Human Rights Council.

On October 24, Rovshan Mammadov, Azerbaijan's State Television AZ-TV's chairman and host of the weekly program "Hafta" called the war waged by Russia on Ukraine "an act of occupation and a clear threat to the territorial integrity of another sovereign country." Mammadov further stated that Russia's annexation of Donetsk, Luhansk, Kherson, and Zaporizhzhia is a "gross violation of the norms and principles of the international law," and today's bom-

bardment of Ukrainian territories by Russian forces is a "crime against humanity." Mammadov's statements came as a response to the "propaganda of some Russian presenters and broadcasters against Azerbaijan," which he claims reflects the opinions of some Russian officials. These remarks may mark a significant shift in Baku's approach to the conflict, moving away from neutrality towards publicly condemning Russia's aggression and occupation.

The announcement by the Russian government of partial military mobilization on September 21 triggered an exodus of Russians unwilling to participate in the conscription to neighboring countries, including Azerbaijan. Although Azerbaijani authorities haven't disclosed any data on ar-

rivals since the mobilization order was announced, they were cited in the Russian media saying that they wouldn't create any difficulties for the incoming Russian citizens. Additionally, as another reaction to Russia's mobilization order, on October 2, the Israeli government approved a proposal to expedite the immigration of Russians who qualify under the Law of Return citizenship route. The government authorized the Jewish Agency to establish temporary refugee camps in Azerbaijan for Russian Jews seeking to immigrate to Israel.

Economically, the Caspian Sea is emerging as one of the regions where Europe is looking for alternatives to Russian hydrocarbons. To reduce its dependence on Russia, the

European Union (EU) has begun exploring the possibility of importing more gas from Azerbaijan through the Trans Adriatic Pipeline (TAP) and the Southern Gas Corridor. In July 2022, the European Commission's President Ursula von der Leyen visited Baku to sign a Memorandum of Understanding on a Strategic Partnership in the Energy Field between the EU and Azerbaijan. According to the memorandum, Azerbaijan is looking to double its supply of natural gas to Europe by 2027, which will help compensate for cuts in Russian gas deliveries and contribute significantly to Europe's security of supplies. On October 1, Azerbaijan's President Ilham Aliyev participated in

the inauguration ceremony for the Greece-Bulgaria Interconnector (IGB) that will enable the first-ever direct supply of Azerbaijani natural gas from the Caspian Sea to the Bulgarian markets. This move was described by Ursula von der Leyen as a part of the EU's decision "to diversify away from Russia and to turn towards more reliable, trustworthy partners."

Baku's strategic silence on the matter and lack of public criticism of Russia's unprovoked war can be interpreted as a way for the Azerbaijani government not to anger Moscow while also pursuing its energy goals vis-a-vis the EU and the Caspian region. Although some analysts have argued

that Russia is increasingly "losing its grip" on the Nagorno-Karabakh conflict by being more involved in Ukraine, it is essential to underline that Russia's ability to easily stir up the ongoing conflict in Nagorno-Karabakh by supporting Armenia as a member of the Collective Security Treaty Organization (CSTO) still very much remains as an option. If for no other reason, Azerbaijan has real reason to be cautious. At the same time, the recent statements made on Azerbaijan's state-owned TV channel may suggest a potential change in Baku's foreign policy approach to the war in Ukraine, which would undoubtedly affect its relations with Moscow.





TURKMENISTAN

Ashgabat, Turkmenistan - Source: Shutterstock

As a result of Russia's invasion of Ukraine, Turkmenistan's potential role as a transport hub could lessen Russia's economic leverage and provide Europe with an alternative transport route. However, Turkmenistan hasn't yet created the necessary infrastructure to reduce the importance of competing transport routes, including the Middle Corridor. Additionally, Turkmenistan's historic lack of regional engagement and its international reputation as an authoritarian regime make Turkmenistan unattractive to investors and logistic companies. Therefore, Turkmenistan's regional role and its geopolitical significance have been largely unaffected by Russia's war in Ukraine. And, in fact, Turkmenistan's historic policy of neutrality may have adversely affected its relations west of the Caspian.

The Russia-Ukraine war demands increased railway capacity and a bypass of Russian oil and gas pipelines; Turkmenistan's transport routes, however, may be less important as Kazakhstan and Azerbai-

jan improve their relations with the West. This is because, historically, landlocked positioning greatly increases transport costs and delivery time since there are several aspects that affect shipping efficiency. A suitable infrastructure that promotes regional connectivity, established political and economic ties with neighbors that limit tariff complications, and sufficient technology to reduce logistic costs must be taken into account. Although Turkmenistan's Caspian port of Turkmenbashi reportedly has the capacity to play a vital role in the Southern Gas Corridor—which passes through China, to Central Asia, and on through the Caucasus to European markets—its low-speed, single-line railways cannot compete with the efficiency, and the low-cost ports, of the Middle Corridor that passes across the Caspian Sea from Kazakhstan to Azerbaijan.

Turkmenistan's trade with China, Iran, and Russia has substantially increased since the war began, demonstrating its lack

of commitment to European strategy. This was highlighted on August 16, when Turkmenistan's Foreign Minister Rashid Meredov announced plans to join the International North-South Transport Corridor (INSTC), established by Russia, Iran, and India. Meredov stated that Turkmenistan will continue to work with Russia in areas of transportation: railway, automobile, air, and marine. And he added that Turkmenistan has excellent potential to increase cooperation within the North-South Corridor. With its increased gas reserves, Western adversaries have nearly monopolized Turkmenistan's energy industry.

On August 29th, Turkmenistan's President Serdar Berdimuhamedov met with Gazprom chief executive Alexei Miller in Ashgabat to discuss potential increased cooperation through "fundamental modernization of the national fuel and energy complex, the active introduction of advanced technologies and innovative developments, and the increase in the efficiency of the mining and processing sectors." In addition to discussing prospects of their future relations, they discussed "issues related to the purchase of Turkmen gas by the Russian holding company under the current contract and the expansion of cooperation in this area on a long-term basis."

Although Turkmenistan could have taken advantage of the Ukrainian crisis by capturing some of the Middle Corridor's import-export volumes, data suggests Turkmenistan has continuously been plagued by its competitors, and despite the war, Turk-

menistan's alternative transport role has remained secondary. European adversaries have continued to monopolize its position as a transport hub, thereby limiting its ability to strengthen western relations in the future.

In contrast, Turkmenistan's security policy has not been compliant with Russian aggression. Traditionally, Turkmenistan has maintained a tight security relationship with Russia; solidified by a joint security cooperation agreement ratified in 2020. However, the war has prompted a shift in foreign policy, and Turkmenistan has moved toward increased security relations with Europe and the United States. Earlier this year in April, Turkmenistan's Ministry of Foreign Affairs announced that it will send aid, including medicinal supplies and textiles, to the Ukrainian people based on "the traditions of humanism of the Turkmen people." And additionally, showcasing Turkmenistan's foreign policy shift, on September 25 Meredov met with Montana National Guard Major General John P. Hronek, to discuss "the resumption of the Partnership Program between the U.S. Central Command, the U.S. National Guard Bureau, and the Ministry of Defense of Turkmenistan."

While not make dramatic changes, Turkmenistan under President Serdar Berdimukhamedov is beginning to shed its historic isolationism, and that can be only positive for the Caspian Region during Russia's war in Ukraine.



Yerevan, Armenia. Source: Shutterstock

ARMENIA

The crisis in Ukraine brought recent Armenian foreign policy to a near breaking point with Russia. Since the dissolution of the Soviet Union, Armenia has sought assistance from foreign powers to make up for its lack of economic leverage over neighbors Türkiye and Azerbaijan. As long as the Nagorno-Karabakh region has been disputed, and Armenia's military strength is challenged by Azerbaijan, Armenia has relied on relations with neighboring countries like Russia for support. While dependence on Russia has not been looked upon favorably during this crisis, Armenia's geographical position situated between Armenia

and Türkiye has historically pushed it into a strong relationship with Moscow. With Russia as their main trade partner and guarantor of security, Armenia must generally act in accordance with Russian foreign policy, despite any internal or external pressures that might direct Yerevan elsewhere. However, the ongoing conflict in Ukraine has pressured Armenia to question the security of its relationship with Russia.

Although insecurity is growing in their relations, Armenia has been given little leeway in its response to Russia's aggression. This is because after the 2020 ceasefire agreement, Armenia's security has relied on

Russian peacekeepers, including the reported 5,000 Russian troops stationed at the 102nd military base near Gyumri in Armenia and the 2,000 Russian troops who supervise the Karabakh region. To add more imbalance, Armenia's membership in the Russian-led military bloc, the Collective Security Treaty Organization (CSTO), leaves it vulnerable to international isolation and further pushes the state to comply with Russian security strategy. Yerevan's security reliance on Russia has restricted Yerevan's diplomatic balance and alternative partnerships, and Armenia must be careful in its response to the Ukraine crisis.

Armenia has maintained careful diplomacy in the face of Western pressure to restrict Russian influence. In March, Armenia was one of 35 countries to abstain from voting in the United Nations General Assembly (UNGA) resolution calling for Russian withdrawal from Ukraine. And, again, in April, Armenia declined to vote in the UN Human Rights Council (UNHRC) on the suspension of Russia's UN membership, after UNGA cited reports of "gross and systematic violations and abuses of human rights" in Ukraine. However, Armenia was also the

only country in the CSTO that did not vocally express disapproval of the UN vote, opting for self-proclaimed neutrality. In response to criticism of Armenia's careful diplomacy with Russia, a Yerevan lawmaker, Aram Vartevanian, argued "...the necessity of maintaining Russian support. "We have reached a point where it is the Russian peacekeepers in Artsakh (Karabakh) that guarantee the security of Artsakh Armenians ... So I don't understand the reasons for Armenia's behavior."

Despite international pressure for Armenia to

condemn Russia's war on Ukraine, Armenia's initial response to the war was neutrality and quiet compliance. However, after the weakness in Russia's war strategy became evident, to hinder Russian leverage in the Caucasus Armenia's Prime Minister Nikol Pashinyan began easing relations with Türkiye and Azerbaijan. In July, Armenian and Turkish authorities announced the normalization of border relations, opening up their borders for the first time in 30 years. And, Pashinyan and Azerbaijan's President Ilham Aliyev met several times to discuss a



Prime Minister Pashinyan met with Presidents Aliyev and Putin - Sochi, Oct. 31, 2022 - Source: The Official Website of the President of Azerbaijan

possible peace agreement, going so far as accepting Azerbaijan's claim to Nagorno-Karabakh. And earlier in the year, Pashinyan and Aliyev agreed to establish a transportation link, and the states' Foreign Ministers, Mirzoyan and Bayramov, agreed to create a mechanism to support border delimitation. However, Pashinyan's willingness to normalize regional relations was met with opposition from parliament and by Karabakh officials who feared concessions would encroach upon Armenia's territorial integrity. Therefore, heightened tensions internally have further limited Armenia's ability to condemn Russian aggression and facilitate diplomatic relations with its neighbors.

In addition to governmental disapproval of Russian condemnation is Armenia's economic reliance on Russia. Since 2014, Armenia has participated as a member in the Eurasian Economic Union (EAEU), an economic cooperation agreement between Russia and Belarus, Kazakhstan, and Kyrgyzstan. As a close political and economic ally of Russia, Armenia's economy is heavily dependent on joint trade and investments. In 2021, the World Bank reported that over 40 percent of Armenia's "net foreign direct investment stock was associated with Russian entities." With Russia's economy waning due to its costly invasion of Ukraine, Armenia's economy will undoubtedly feel the blow.

In April, the World Bank released a report stating that "the impact of Russia's invasion of Ukraine on Armenia's economy is likely to be significantly negative, although the magnitude remains uncertain." The 2022 Armenian economic growth forecast is set to drop from 5.3 to 1.2 percent.

Although Yerevan currently does not hold a free-trade agreement with the EU, Armenia could choose to proceed by turning to the West for support. Otherwise, Yerevan's economic relationship with Russia now could "parallel" its continued cooperation with Iran when the U.S. imposed sanctions in 2014. Armenia continued to trade with Iran and even signed a duty-free trade agreement within the EAEU in 2018.

Contributors to "The Caspian Region Countries React to Putin's War in Ukraine":

Introduction by Amb. (Ret.) Richard E. Hoagland

"Uzbekistan," "Tajikistan," and "Azerbaijan" by Toghrul Aliyev

"Georgia" by Samantha Fanger

"Kazakhstan," "Kyrgyzstan," and "Turkmenistan" by CPC

"Armenia" by Haley Nelson and Samantha Fanger

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U.S. Assistant Secretary Donald Lu Visits Central Asia

by Josephine Freund

November 6-11, U.S. Assistant Secretary of State for South and Central Asia Donald Lu paid an official visit to Kazakhstan, Turkmenistan, and Uzbekistan. The U.S. State Department announced that the purpose of his visit is to “reinforce the United States’ commitment to each country’s independence, sovereignty, and territorial integrity and our shared goal of a prosperous, secure, and democratic Central Asia.”

Coinciding with this visit was the launch of the Economic Resilience Initiative in Central Asia. This initiative, “will provide \$25 million in funding to bolster regional trade routes and capacity, educate and train a skilled workforce, and attract international investment to Central Asia.” In Turkmenistan, Lu met with President Serdar Berdimuhamedov to discuss developing bilateral relations between the United States and Turkmenistan. Lu stated that U.S.-Turkmenistan relations should be “built on the principles of constructiveness, and equal and mutually-beneficial partnership.” During the visit to Turkmenistan, Lu and his delegation also met with Turkmenistan’s Foreign Minister Rashid Meredov,

during which they discussed the C5+1 format as well as wider regional issues such as the current instability stemming from bordering Afghanistan. Also on the agenda was developing the Turkmen-American Business Council and educational opportunities for Turkmen students. About this, Lu announced, “We received the wonderful news from the government of Turkmenistan just this week that permission has been received to resume the recruitment of candidates for the FLEX exchange program,” which will allow Turkmen students to study in the United States.

Lu’s visit to Uzbekistan focused on “meet[ing] with government officials as well as civil society and cultural groups to further advance [the U.S.] support for women and girls’ empowerment and freedom of religion or belief.” While in Bukhara, Lu met with former religious prisoner, Jahongri Kulijanov

In Kazakhstan, Lu’s main focus was reportedly to, “meet with economic and business leaders to discuss Central Asia’s economic stability and regional connectivity as well as civil society leaders to support their vital role in shaping Kazakhstan’s fu-

ture.” This was especially timely because Kazakhstan held its election that started on October 21 and ended November 18.

This visit was the second of its kind in 2022 and comes at a time when the United States has been increasing its engagement in the Caspian region. Previously, May 23-27, Lu visited Kyrgyzstan, Uzbekistan, Tajikistan, and Kazakhstan. The

purpose of that visit was, “to strengthen U.S. relations with the region and advance collaborative efforts to create a more connected, prosperous, and secure Central Asia.” The agenda during that visit was to strengthen economic partnership, strengthen relations with officials, support initiatives for women’s empowerment, and discuss humanitarian assistance for var-



Assistant Secretary Donald Lu during his visit to Turkmenistan - Source: Orient.tm

ious issues including the refugee crisis from Afghanistan. The U.S. delegation also surveyed the reform process in Kazakhstan as well as participated in the U.S.-Tajikistan Annual Bilateral Consultations.

Increased attention from the U.S. government to Central Asia was emphasized in the recent U.S. National Security Strategy (NSS) that describes the threat that Russia poses to the sovereignty of neigh-

boring countries. It warns of the threat posed by Russia’s “longstanding efforts to destabilize its neighbors using intelligence and cyber capabilities, and its blatant attempts to undermine internal democratic processes in countries across Europe, Central Asia, and around the world.”

Assistant Secretary Lu confirmed increased U.S. interest in the region in an interview with Vlast: “Washington’s in-

terest in the region is definitely increasing. Interest in cooperation is also growing on the part of our partners in Central Asia. This is a strategically important part of the world that is going through big changes. We want to show that the United States is a constructive partner for the region, especially at a time when it faces various challenges: rising oil prices, rising food prices, and the difficulty of exporting goods to international markets.”

The visits show not only that the United States is paying closer attention to

ican companies are leaving the Russian market and are looking for opportunities to enter the markets of Central Asia.”

Increased U.S. attention toward fostering relations with and development of Central Asian countries is significant also because of the growing threats to regional sovereignty stemming from Russia, Iran, and China. The United States, in helping bolster Central Asian countries’ private sectors, civil societies, and political engagement, is a boon not only to the region, but also to overall security in the world. many

“WASHINGTON’S INTEREST IN THE REGION IS DEFINITELY INCREASING. INTEREST IN COOPERATION IS ALSO GROWING ON THE PART OF OUR PARTNERS IN CENTRAL ASIA. THIS IS A STRATEGICALLY IMPORTANT PART OF THE WORLD THAT IS GOING THROUGH BIG CHANGES. WE WANT TO SHOW THAT THE UNITED STATES IS A CONSTRUCTIVE PARTNER FOR THE REGION...”

— Assistant Secretary Donald Lu
Interview with Vlast

developing relations with Central Asian countries, but also that countries in the region are increasingly more attuned to developing relations with the United States. Toward this, Lu affirmed, “The countries of the region, while maintaining existing interaction with Russia, are looking for ways to diversify their economies and build new ties with other countries, including the United States. And if you look at the trade statistics, every state in Central Asia has seen a big increase in trade with the United States. As we can see, many Amer-

American companies are leaving the Russian market and are looking for opportunities to enter the markets of Central Asia.”

Increased U.S. attention toward fostering relations with and development of Central Asian countries is significant also because of the growing threats to regional sovereignty stemming from Russia, Iran, and China. The United States, in helping bolster Central Asian countries’ private sectors, civil societies, and political engagement, is a boon not only to the region, but also to overall security in the world.

Article Sources: Caspian News, Turkmentistan Today, U.S. Department of State, Vlast (visit caspianpolicy.org to view source links).



CPC Commentary

Armenian and Azerbaijani Foreign Ministers' November Meeting in Washington

by Ambassador (Ret.) Richard E. Hoagland

On November 7, Foreign Minister of Armenia Ararat Mirzoyan and Foreign Minister Jeyhun Bayramov of Azerbaijan met in Washington, DC. They first met together bilaterally, then with Assistant Secretary of State for European and Eurasian Affairs Karen Danfried, and then for over an hour with Secretary of State Antony Blinken. The meetings, as well as an of-

ficial luncheon, took place in Blair House, the official guest house of the U.S. presidency across Pennsylvania Avenue from the White House.

This day of meetings was part of the continuing and intense international diplomacy to bring lasting peace and security to the South Caucasus following the September 2020 war between Armenia and Azerbaijan over Armenian-occupied areas of Azerbaijan.



Secretary Blinken had previously met in September with the two foreign ministers in New York City on the margins of the UN General Assembly. He invited the foreign ministers to Washington to underscore U.S. support for the current peace effort.

The State Department was pleased to note that the meeting was “open, frank, and professional.” This Washington meeting followed by the meeting in Brussels of the deputy prime ministers of Armenia and Azerbaijan for continuing discussions of the bilateral Border Commission.

Why is the United States involved in seeking a solution to a regional conflict on the other side of the world? Secretary Blinken is persisting with these meetings because he sees a window of opportunity after three decades of damage, suffering,

and death in the South Caucasus. The United States wants to help the people of this strategic region move forward to true peace and long-term prosperity.

It’s important to note that the United States is not acting unilaterally. Washington is in close contact with its European Union friends and colleagues. Further, the U.S. is not acting against any other nation in the region, neither Russia nor Iran. The United States is fully engaged to support the people and governments of the independent and sovereign nations of Armenia and Azerbaijan.

However, it is also important to note that outside mediators can only do so much. It is essential for the leaders themselves to choose peace and prosperity and to prepare their peoples for the inevitable compromises that will be necessary.

U.S. Ramps Up its Diplomatic Engagement to Achieve Peace Between Armenia and Azerbaijan

by Caspian Policy Center

September 27 marks the two-year anniversary of the Second Karabakh War, in which Azerbaijan regained control of most of Nagorno-Karabakh and the country's other territories Armenian forces had occupied since the early nineties. As important as the anniversary might be, in recent days there have been noteworthy diplomatic efforts, led by the United States that will hopefully help bring an overdue peace to Armenians and Azerbaijan and to the whole of the region.

The ceasefire Russia brokered to end the fighting in November 2020, while offering a platform to start work between Armenia and Azerbaijan on a real peace and normalization of relations and trade between the two countries, has not been able to head off renewed fighting. On September 13, deadly clashes broke out on the Armenian-Azerbaijani border on September 13 that killed over 200 soldiers on both sides and left an unknown number of others wounded.

The U.S. Secretary of State Antony Blinken spoke with both Azerbaijan's President Aliyev and Armenia's Prime Minis-

ter Pashinyan on September 13 to call for an end to the fighting. Secretary then met with the Armenian Foreign Minister Ararat Mirzoyan and the Azerbaijani Foreign Minister Jeyhun Bayramov in New York on September 19, emphasizing the need to avoid further hostilities and underscoring the importance of returning to the peace process. The Secretary also encouraged both sides to meet again before the end of the month. "The United States is prepared to do whatever it can to support these [diplomatic] efforts," Secretary Blinken said

Days after the New York talks, senior Azerbaijani and Armenian officials came to Washington DC to discuss further normalization of Azerbaijani-Armenian relations and making progress towards peace. On September 26, the Azerbaijan President's Foreign Policy Advisor Hikmat Hajiyev met with the Assistant Secretary of State for European and Eurasian Affairs Karen Donfried to talk about the normalization process, the peace agreement, border delimitation and transport issues, as well as the prospects for the development of Azerbaijani-American bilateral strategic relations. Hajiyev also met with U.S. Under Secretary of Defense for Policy Colin Kahl on bilat-

eral cooperation and regional security issues.

On September 27, U.S. National Security Adviser Jake Sullivan hosted a trilateral meeting at the White House with the Secretary of the Security Council of Armenia Armen Grigoryan and Hikmat Hajiyev. “We discussed the importance of avoiding further violence and pursuing time-bound and focused negotiations,” Sullivan wrote on Twitter. “We also identified concrete steps forward in support of a stable and lasting peace.” Sullivan described the talks as “direct” and “constructive.” In a Facebook post, Grigoryan said the talks focused on a “long-term peaceful settlement of the Nagorno-Karabakh conflict” and the “establishment of peace in the region.” In turn, Hajiyev wrote on his Twitter page that the three sides discussed peace treaty negotiations, opening transport links between Armenia and Azerbaijan, demarcation of the two countries’ border, as well the as issues regarding landmines and missing persons as a part of a broader humanitarian agenda. Hajiyev thanked the U.S. for its continued efforts toward achieving lasting peace in the region, emphasizing the importance of “continuing to work on the peace agenda within a specific time frame.”

Looking at the recent diplomatic developments, Caspian Policy Center’s (CPC) Chief Executive Officer Efgan Nifti noted “Everyone understands that achievement of peace after the decades-long conflict is not an easy process, but an agreement between Azerbaijan and Armenia will produce practical benefits for both countries

and the region.” He further stressed that “Achieving lasting peace between Azerbaijan and Armenia is key to the development of prosperity and security in the South Caucasus. The U.S. is also strongly supportive of the continued efforts of EU leadership to bring Azerbaijan and Armenia around the negotiating table. It is understandable that not every issue can be solved in one meeting, but the key is to make steady progress towards reaching durable peace between the two nations.”

The increased U.S. involvement since early 2021 in the peace process between Azerbaijan and Armenia can be crucial in helping foster stability and prosperity in the broader region as well as better, more secure lives for both Armenians and Azerbaijanis. When asked about the prospects for the talks between the two sides, CPC Advisory Board Member and former U.S. Ambassador to Azerbaijan Robert Cekuta noted: “It is often said wars end at the negotiating table, in other words, it is through diplomatic engagement that a real, lasting victory — i.e., a lasting peace and relations that benefit all parties — can be realized.” Cekuta welcomed the determined high-level involvement by the United States in bringing the sides together to help realize a peace agreement and highlighted Secretary Blinken’s comments after his meetings with the Armenian and Azerbaijani foreign ministers last week at the UN: “Strong diplomatic engagement is the best path for everyone.”

Article Sources: Azernews, The New York Times, U.S. Department of State, RFE/RL (visit caspianpolicy.org to view source links).

The New National Security Strategy



Biden Carries on the Cold War Paradigm in the Caspian Region

by Haley Nelson

The Biden Administration unveiled its new, 48-page National Security Strategy on October 12, emphasizing economic competition with China, Russian aggression, and the faltering state of U.S. democracy. Global dynamics are reaching an inflection point, and we are in the “early years of a decisive decade,” entailing a new approach to international engagement; as the international order takes shape, this strategy is designed to confront the rising power of China, and Russia’s re-envisioned position in global affairs. Although

Biden’s administration has clarified that current transnational challenges will not revive Cold War dynamics, the strategy emphasizes competition with Russia and the importance of broadening U.S. coalitions. Central Asia, Eurasia, and the South Caucasus are listed within the document as areas of interest, especially considering Russian aggression against its neighbors. Thus, the strategy argues that to “degrade Russia’s ability to wage future wars of aggression,” the U.S. will cooperate with democracies and countries that “may not be democratic” according to U.S. ideological standards to build a broad coalition that promotes a “freer and more open world.”

In every presidential term since 2000, the Executive branch has implemented National Security Strategies, detailing current U.S. policy aims, strategic priorities, and democratic promotion. In 2006, former U.S. President George W. Bush

steered the strategy toward counter-terrorism and the Middle East, promulgating democracy abroad. In 2015, President Barack Obama highlighted the Asia-Pacific region and greater economic connectivity, and in 2017, President Donald Trump emphasized great power competition and rivalry with China and Russia. However, since Russia invaded Ukraine in March 2022, U.S. policy has cued a stronger presence in Russian-influenced regions. President Biden's new National Security Strategy has been remarkably centered on relations East of Europe, and similar to Trump's National Security Strategy, it asserted the "great power competition returned."

Initially, the strategy was set to be released early in 2022, but it was delayed after Russia began to threaten the invasion of Ukraine earlier this year. Therefore, the document was adjusted to stress Russia's renewed geopolitical role. In fact, the document emphasizes Russia's redefined role and calls for NATO to implement a strategy of containment, a Cold War era term used to label U.S. foreign policy toward Soviet expansion. And although the National Security Advisor, Jake Sullivan, told reporters on Wednesday that "The post-Cold War era is definitively over," he also stated that we have now entered a "decisive decade" that demands "competition between the major powers to shape the future of the international order." The U.S. will indirectly restrain Russian influence by seeking stronger relations with Russia's Southern neighbors. Thereby confronting the previously established global order which has directed the region since the early 1990s.

For the past decade, Russia has been

utilizing its "imperialist foreign policy" to destabilize and "undermine internal democratic processes in countries across Europe, Central Asia, and around the world." And to counteract "dangerous" Russia's "attempts to weaken and destabilize sovereign nations and undermine multilateral institutions," the strategy states the U.S. and the North Atlantic Treaty Organization (NATO) "will continue to support the independence, sovereignty and territorial integrity of Central Asia." The document also states that the U.S. will continue to work through the C5+1 diplomatic platform "to advance climate adaptation, improve regional energy and food security, enhance integration" ... "and build greater connectivity to global markets." The strategy calls for far-reaching investments in technological and industrial products to enhance U.S. influence and shape a competitive advantage. While the reportedly insufficient defense budget cannot fix defense vulnerabilities, a strategy of integrated deterrence may mitigate climate change, inflation, and trade issues and reduce the capability gaps that have burdened potential partnerships. The critical realms of competition listed were "foundational technologies, cyberspace, trade and economics, and investment." We can use our technological edge to deepen international investment partnerships through the modernization of these domestic industries.

In theory, this will help the U.S. build a collective of nations, or a "partnership of democracies," to help drive its vision of a reformed transatlantic architecture. Through these measures, the U.S. will indirectly reduce Russia's economic leverages

and facilitate more robust cross-regional economic dynamics in a region historically directed by Russia.

Jake Sullivan, the National Security Advisor to the Biden Administration, spoke at Georgetown University on October 12 to expand on the strategy. And regarding the global market, he explained that U.S. adversaries are looking to reduce technological security advances held by NATO states. Specifically regarding spyware, cyber security, and trade agreements on security products. Therefore, he explained, the modernization of security technologies is vital to maintaining investment partnerships and leverage over China and Russia.

Jake Sullivan stated: “We are therefore modernizing and strengthening our export control and investment screening mechanisms, and also pursuing targeted new approaches, such as screening of outbound investment, to prevent strategic competitors from exploiting investments and expertise in ways that threaten our national security.”

According to the strategy, to confront Russia’s aggravation of energy prices, food shortages, and global economic decline, the U.S. will advance economic partnerships and put “local partners in the driver’s seat.” This places Caspian region partnerships at the forefront of the U.S. strategy against Russia. Mainly as the document describes the aim to “reduce Europe’s dependence on Russian fossil fuels” and “strengthen European energy security,” the Caspian region has the potential to play a significant role in furthering this objective. To counteract Europe’s dependence on Russian oil and natural gas, the

U.S. is prepared to help “vulnerable nations” in Central Asia and Europe build The North Caucasus: The Caspian Neighbors to the North and their Complicated Role in Russia’s War resilience against Russian energy warfare tactics. To do this, the strategy plans to strengthen relations with the European Union (EU) through increased intelligence sharing, strategic alignment, and coordinated action. Additionally, the U.S. will assist “European aspirations of Georgia and Moldova,” “diplomatic efforts to resolve conflict in the South Caucasus,” and strategic, political, and institutional ties between Turkey and the West to ease the relationship normalization with the EU. Overall, the strategy points towards increased integration between Central Asia, the South Caucasus, and Europe to limit Russia’s regional destabilization abilities.

Although Jake Sullivan emphasized that the U.S. does not want to “carve the world into rigid blocs” and the U.S. is “not engaging each nation as a proxy battleground,” Sullivan’s rhetoric and the new strategy suggest the current global landscape mirrors the Cold War paradigm, entailing deeper engagement with states entangled with Russia. Serving as a Southern flank antagonist to the current global power struggle, the Caspian region is becoming a priority in the defense against Russian aggression. The new National Security Strategy formalizes this goal and will offer U.S. policymakers “a road map for seizing this decisive decade to advance America’s vital interests, position America and our allies to outpace our competitors, and build broad coalitions to tackle shared challenges.”

Article Sources: The White House National Security Strategy, Politico, Georgetown School of Foreign Service, Yale University, Breaking Defense (visit caspiantpolicy.org to view source links).

Sixth CICA Summit in Astana Marks Turning Point for the Organization

by Josephine Freund

October 13 marked the conclusion of the two-day sixth Conference on Interaction and Confidence Building Measures in Asia (CICA) summit, held in Astana, 30 years after its inception. This conference was hailed “one of the most significant post-pandemic foreign policy events in [Kazakhstan] and on the continent.” Attending the summit were heads of state from Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Palestine, Russia, Tajikistan, Türkiye, and Uzbekistan, as well as Belarus as an observer state. Also in attendance were the Emir of Qatar, Vice Presidents of Vietnam and China, and about 50 delegations.

This summit saw the adoption of the Astana Statement, which was a top priority for Kazakhstan’s 2020-2022 chairpersonship of CICA. The Astana Statement adoption is signifi-

cant because it officially marked the transformation of CICA as an entity: CICA will no longer be simply an occasional head-of-state meeting, but rather an international organization. President of Kazakhstan Kassym-Jomart Tokayev, while announcing Kuwait’s new member status, remarked, “In 1999, there were 15 member states in the conference, and now their number has reached 28. This, in fact, shows that the credibility of the forum in the eyes of the Asian countries and the world community as a whole has increased.” Along with the announcement for Kuwait, Turkmenistan also joined this year as an observer state.

The Statement outlines key areas of cooperation to focus on that would boost regional synergy and success. A key aspect of this is economic collaboration,

especially as insufficiencies in the global supply chain come to light, giving Asian countries a chance to fill in certain gaps. Tokayev suggested the aspiration to change the CICA Financial Summit into a permanent platform in which member countries can more effectively engage: “Large financial centers are successfully operating in the CICA area, in Shanghai, Dubai, and Astana. You can fully utilize their potential to solve the identified tasks.”

Further to cooperation in Asia, Tokayev expressed CICA’s commitment to decarbonization and climate issues arising from Asia’s current economy. To this end, he raised the idea for CICA to head a conference akin to the United Nations Climate Change Conference COP27, in which a CICA Council on Cooperation can be formed for re-

gional environmental issues.

Tokayev's declaration also outlined two more areas of cooperation that CICA intends to focus on: regional food security and various spheres of education. The declaration stressed the importance of developing a regional food standard as well as green corridors between member states to increase connectivity and trade. In the area of intelligence, his statement mentioned the adoption of a "partnership network of leading universities of CICA member states to exchange developments in IT, nanotechnology, and renewable energy," to increase regional productivity in economics, security, and the environment.

As highlighted in this year's Astana Statement, CICA aims to increase productivity and connectivity within its region. President Recep Tayyip Erdoğan of Türkiye expressed his optimism at CICA's future potential, especially in the spheres of regional connectivity through the Middle Corridor: "We have been expecting the revival of the modern Silk Road that connects Asia and Europe, once again, using multi-

ple modes, transportation corridors. That is why the Trans-Caspian International Transport Route (TITR), known as the Middle Corridor initiative, is going to be very significant. (...) In order to strengthen international connectivity, we have implemented infrastructure projects worth \$100 billion in the last 15 years."

President of Kyrgyzstan Sadyr Japarov was among the regional heads of state in attendance that lauded Kazakhstan's role in developing CICA's functionality as an institution, and affirmed Kyrgyzstan's commitment to the cause: "Wide geographical representation, huge combined trade, economic, investment and human potential fully allow CICA to create a community of sustainable development in the Asian space. Kyrgyzstan is ready to take an active part in this creative process and make its own contribution. Together we will be able to achieve a solution to the challenges we face in maintaining peace and security, ensuring the sustainable development of states, including improving the living standards and well-being of our peoples."

During this conference, Kazakhstan's chairmanship of the organization was extended for another two years. This is a significant development for CICA and for Kazakhstan because it demonstrates the strong leadership role Kazakhstan under Tokayev has taken on the world stage. With Russia's current war in Ukraine and the energy, economic, security, and supply crises that have arisen from it, Kazakhstan's renewed chairmanship marks international recognition of the importance of Kazakhstan as a regional and world leader, especially in countering traditional regional power dynamics. Russian President Vladimir Putin, at the CICA summit, remarked, "We call to eliminate all the artificial, illegitimate barriers preventing the restoration of the normal functioning of global chains of supplies, to resolve urgent tasks in the field of food security," hinting at Russia's lack of complicity in said crises. It is important to note that Russia is only one member of CICA, not the dominant power of this increasingly significant regional organization.

Article Sources: ([visit caspianpolicy.org](http://visit.caspianpolicy.org) to view source links).

Caspian Countries Shed Post-Soviet Constraints and Focus on Turkic Cooperation

by Josephine Freund



Source: Shutterstock

August 29, Azerbaijan and Uzbekistan signed a major energy deal, outlining various plans to circumvent Russian trade routes. This deal especially focuses on the manufacturing and distributing of oil and gas, petrochemicals, and renewables. Uzbekistan’s First Deputy Minister of Energy, Azim Akhmedkhadzhaev, and Azerbaijan’s Minister of Energy, Parviz Shahboz, signed the roadmap that outlines “promotion of mutual investments in energy projects (including electricity and natural gas), the exchange of experience in liberalization and the creation of markets, and the participa-

tion of the parties in privatization.” Leading up to this deal and foreshadowing the two countries’ uptick in cooperation, on September 22 Azerbaijan’s Deputy Defense Minister, Lt-Gen Nizam Osmanov, and Uzbekistan’s Defense Ministry’s delegation on logistics met in Baku to discuss plans for “expanding bilateral logistics cooperation.”

This landmark energy deal, as well as upcoming military cooperation, are important on their own but should not be seen in a vacuum: Throughout the Caspian Region, especially amidst Russia’s war in

Ukraine, the world has begun to see an uptick in cooperation among Turkic-speaking countries. Perhaps most symbolic of the uptick in Turkic cooperation came during President of Kazakhstan Kassym-Jomart Tokayev's first official visit to Azerbaijan in August. During his meeting with Azerbaijan's President, Ilham Aliyev, the two leaders instead of communicating in Russian, as is general practice, both conversed in their respective mother tongues, relying on the linguistic similarities for mutual comprehension. This statement marked a subtle but clear shift in regional alliances, with the two countries highlighting their Turkic-ties instead of their shared Soviet past. It also further demarcated the two countries as equal partners by dropping the common practice of using Russian as a diplomatic lingua franca.

Turkic countries have also been increasing their cooperation through multilateral platforms. September 7, President of Turkmenistan Gurbanguly Berdimuhamedov met with Secretary General of the Organization of Turkic States (OTS) Baghdad Amreyev in Ashgabat. During the visit, they discussed ways in which Turkmenistan can collaborate within the OTS, especially involving economy, transportation, and youth policy. They also discussed the plans for opening a Turkic Investment Fund.

During the 8th Summit of the OTS in Istanbul in November 2021, Turkmenistan officially joined as an observer state. This marked a significant point in historically stand-offish Turkmenistan's cooperation with its neighboring countries. It made way for new ventures Turkmenistan could

engage in with member countries in the fields of economy, trade, investment, ecology, science, and education. Deputy Minister of Foreign Affairs Vepa Hajiyevev of the OTS remarked that the organization "united the Turkic-speaking public and verified that cultural values united the people of the world and strengthened humanitarian dialogue between countries." This summit also marked a turning point for the OTS in which it solidly demonstrated its viability as a platform for connecting Turkic-speaking countries, as well as for fostering comprehensive cooperation between these countries and the world.

Cooperation stemming from the OTS has accumulated in various, productive multilateral meetings with heads of state from member countries. On June 27, the Foreign and Transport Ministers of Azerbaijan, Kazakhstan, and Türkiye met in Baku to mark the first tripartite meeting of the kind. During this significant meeting, the countries were able to come together to discuss plans for developing the Trans-Caspian East-West-Middle Corridor that could secure the flow of energy through the Caspian Sea to the wider region. This meeting culminated in the signing of the Baku Declaration in which the three countries agreed to focus on developing the Zangezur Corridor in Azerbaijan.

The uptick in cooperation among Turkic-speaking countries was also seen following the Shanghai Cooperation Organization (SCO) Summit in Samarkand, Uzbekistan. On September 23, Uzbekistan's President Shavkat Mirziyoyev in his phone call to Turkmenistan President Berdimuhamedov expressed willingness to nurture

the two countries' cooperation. Following up on apparent opportunities that were discussed during the SCO, the two leaders discussed upcoming high-level meetings in which "increasing mutual trade volumes; deepening cooperation in industry, energy, transportation, and agriculture; and expanding a cultural and humanitarian exchange program" were to be on the agenda.

Russia's war in Ukraine has caused a significant shift in geopolitical alliances and priorities. International sanctions, along with dependence on energy supply from and transport corridors through Rus-

sia, have triggered a wider international energy crisis. Based on the uptick in relations between Turkic-speaking countries, it has become especially clearer that countries in the Caspian Region are using this time to reassess their positions on the world stage, especially in relation to Russia. By joining together in economic, energy, and political endeavors, especially through the framework of platforms such as the OTS, these countries will achieve more assured sovereignty and self-sufficiency, especially in the face of neighboring Russia's aggression.



Photo from the more recent signing ceremony of the "Agreement on a strategic partnership in the field of green energy development and transmission between the Governments of the Republic of Azerbaijan, Georgia, Romania and Hungary" - Bucharest, Dec.17, 2022 - Source: President.Az



The Economic and Social Implications on the Caspian Region of Russians Escaping Mobilization

by Samantha Fanger

Source: Shutterstock

The world has kept a careful eye on Russia's invasion of Ukraine, monitoring its trajectory and economic and political impacts. The large crowds of Russians stranded for hours in buses and cars at border crossings or scrambling for flights, also seeking refuge, is a consequence of the war that has gained lesser attention. Most fleeing Russia are military-aged men with their families seeking to avoid mobilization to fight in the war. Many have relocated to other countries in the region, with Kazakhstan receiving the bulk of them and other neighbors like Georgia,

Armenia, and Kyrgyzstan receiving high numbers as well. Though the long-term effects on the regions and states receiving large numbers of Russian migrants are yet to be seen, the social and economic implications are starting to show.

When the invasion began in February 2022, a number of Russians relocated because of concerns over adverse economic impacts or the potential for a call for martial law. Others left because they were "repulsed" by their country's decision to impose war on Ukraine. However, the more recent wave of Russians choos-

ing to leave their country is avoiding the draft. Many military-aged men have feared being roped into fighting in Ukraine since Russian President Vladimir Putin's announcement on September 21 of partial mobilization. The mobilization decree is intended to create a "stop loss," which prevents military personnel shortages as Russia trudges on with its invasion of Ukraine.

One serious problem of the current conscription is that many are being sent to war zones with little to no traditional training. According to a recent assessment, "The Russian military leadership is continuing to compromise the future reconstitution of the force by prioritizing the immediate mobilization of as many bodies as possible for ongoing fighting in Ukraine." Since Putin's announcement, it is estimated that about 261,000 Russian men have fled, with tens to hundreds of thousands more who have left over the past month to avoid the call to fight in Ukraine. The exact numbers of individuals leaving Russia for refuge are difficult to gauge because figures reported by media sources and state governments include men fleeing the draft, their family members, and other travelers, leaving room for both under and over-reporting.

Kazakhstan is one neighbor that has welcomed draft dodgers with open arms. In a speech, President of Kazakhstan Kassym-Jomart Tokayev reasoned, that "most of them have to leave because of the hopeless situation. We have to take care of them and secure their safety." The interior ministry of Kazakhstan announced that it would only extradite those Russians who are on international wanted lists. In Kazakhstani cities near the border with Russia, volunteers are

even providing food and accommodation to fleeing Russians, using mosques, theaters, and gyms as makeshift sleeping quarters.

Economic Impact

One significant consequence of the recent influx of Russian migrants is surging rent prices. In cities like the capital of Uzbekistan, Tashkent, an increase in the demand for housing alone has caused costs to spike. Russians willing or able to pay double or even triple in rent to be tenants have generated an additional blow. In Kyrgyzstan, some landlords have chosen to evict Kyrgyz tenants who do not have the means to compete. According to reports, hotels and hostels are filled, and flights from Russia to places in the region have increased significantly. Some who came to live in Kyrgyzstan within the first six months of the war, came with one purpose—to open a bank account to circumvent Western sanctions. Because the incentive for Russians to migrate to a new city is no longer just economic, it is possible that some Russians will choose to take up permanent residence. In the Kazakhstan's Almaty and Bishkek in Kyrgyzstan, rent prices have doubled overnight, causing unrest among citizens.

Though negative economic impacts are still developing, countries such as Georgia are also reaping benefits. Currently, Russian citizens have the right to remain in Georgia without a visa for 365 days, which makes Georgia an ideal relocation destination for draft dodgers and others. The increase of Russians entering the country provides additional economic stability in the short term because the Georgian economy relies heavily on tourism—

Russians bringing in business and spending money, regardless of their reason for being there, adds value to the national currency.

Kyrgyzstan has also capitalized on the initial wave consisting mainly of Russian tech workers by implementing a Digital Nomad program to allow IT specialists to remain within its borders without needing to obtain work documents or registration. There is a wide range of economic backgrounds within the demographic of Russians now entering neighboring countries. Some are willing and able to spend money, adding to the tourism economy, while those same people could be more apt to keep their current jobs and merely work remotely. Others might enter the workforce in these countries, adding to the labor force but not having the same means to spend money.

Political and Social Implications

Just as Russians leaving their homes to avoid fighting in the war is perhaps telling of lacking popular support for the Kremlin's aggression toward Ukraine, Kazakhstan's acceptance of Russian draft dodgers might be interpreted as a show of political strength and opposition to the war on Ukraine. Unlike Belarus, where security officials are ordered to arrest and report Russian draft fleers to Russian authorities, Kazakhstan is choosing to be a haven for any Russians who refuse to participate in Putin's war on Ukraine.

The Russia-dominated Eurasian Economic Union allows for open-border policies among member states, and in recent years, the flow of migration tended primarily to be Central Asian workers moving to Russia for greater economic oppor-

tunities, while most Russians opted to go to Europe for the same purpose. The migration pattern has shifted due to the war. As more and more Russians trickle into other former Soviet Republics, however temporary this shift may be, a new generation of Russians and Central Asians will be affected. Though the influx of migrants may cause economic strife and internal tension over the newcomers, it might be an opportunity to reshape the ideals and perceptions of this generation of young Russians.

Several sources have reported first-hand accounts of individuals who have migrated, with some finding themselves "surprised" by the strength of infrastructure and digitalization of public services. One article followed the story of a young Russian tech worker who fled to Kazakhstan and how his previous perception of the country as one that is "somewhat backward" were reshaped by living in the country, with one observation being that Kazakh public services that were even better than that of St. Petersburg.

While Central Asian countries have maintained an official level of neutrality, a significant number of people in the region support Ukraine. Differences in attitudes towards the influx of Russians vary from a willingness to support draft dodgers to fears over potential colonial mentalities, given Russia's history with the region and continued imperialistic pursuits, particularly towards neighboring countries like Ukraine and Georgia in years past. How this shift will impact the countries on the receiving end of the change and whether it will be an opportunity to reshape regional relations for the better remains to be seen.

Former U.S. Ambassador to Kazakhstan Breaks Down Recent Developments in Kazakhstan-Russia Relations

With recent tension over the Caspian Pipeline Consortium and Kazakhstan's refusal to recognize the breakaway regions of Ukraine, the Caspian Policy Center asked senior fellow Ambassador (ret.) Richard Hoagland about the current status of Kazakhstan-Russian relations. Ambassador Hoagland previously served as the U.S. Ambassador to Kazakhstan from 2008-2011.

1. What is the current state of relations between Kazakhstan and Russia?

The best adjectives might be correct but sensitive. From his first term in office, President Putin has made comments that the northern part of Kazakhstan was historically part of the Russian empire and by rights should be rejoined to Russia. The late Russian Duma member, Vladimir Zhirinovskiy, himself born in Almaty, used to agitate for Moscow to take over Kazakhstan. Not so very long ago, Putin commented that Kazakhstan doesn't really exist as a country. Despite these provocations, President Tokayev has calmly made clear that he protects the sovereignty and territorial integrity of his country. Putin's criminal war in Ukraine has raised red flags throughout the former Soviet Union, and certainly in Kazakhstan. Tokayev's government has sent humanitarian assistance to Ukraine and refuses to recognize the so-called independent Peoples' Republics of Donetsk and Luhansk.

2. President Tokayev has ordered a study to be done on a trans-Caspian pipeline that would bypass Russia. Why, and what is the significance of such a project?

Kazakhstan is a major oil producer and currently exports the great majority of this oil through the Caspian Pipeline Consortium (CPC) pipeline that passes through Russia. To "send signals" to Kazakhstan,

Moscow has found various reasons to shut down that pipeline from time to time and at other times to limit the amount of Kazakhstan's oil flowing through it. A trans-Caspian pipeline from Kazakhstan to Azerbaijan would link Kazakhstan to the Baku-Tbilisi-Ceyhan pipeline that delivers Caspian Sea oil to Europe. Europe, and especially Germany, is under international pressure to stop buying Russian oil. A new trans-Caspian pipeline would allow Kazakhstan to help make up some of the European deficit.

3. Kazakhstan has repeatedly refused to recognize the breakaway regions of Ukraine. How does this decision fit into the country's foreign policy outlook, and has their refusal to recognize the breakaway regions put them at odds with Russia?

From the Kremlin's point of view, Kazakhstan is definitely at odds with Russia. However, from the viewpoint of the United Nations, international law, and the vast majority of the international community, Kazakhstan has taken the right stance. That said, Kazakhstan has always naturally been close to Russia, for both historic and economic reasons, and so it is now walking a very fine line. President Tokayev and his nation deserve strong support from the international community for his principled but risky stand.

The Caspian Region and Europe's Energy Crisis

by Samantha Fanger

As winter approaches, Europe is facing an even greater challenge to combat an already looming energy crisis. The crisis is proving to be one of the most significant ripple effects of Russia's invasion of Ukraine this past year. Russia, a key supplier of natural gas to Europe, has periodically shut down key energy pipelines to Europe in response to Western sanctions over its invasion of Ukraine. Consequently, energy prices in Europe have skyrocketed, leaving the EU to scramble for solutions. The EU continues to explore several options—they are already cutting back on energy usage by limiting things like air-conditioning usage, public monument lighting, and water heating.

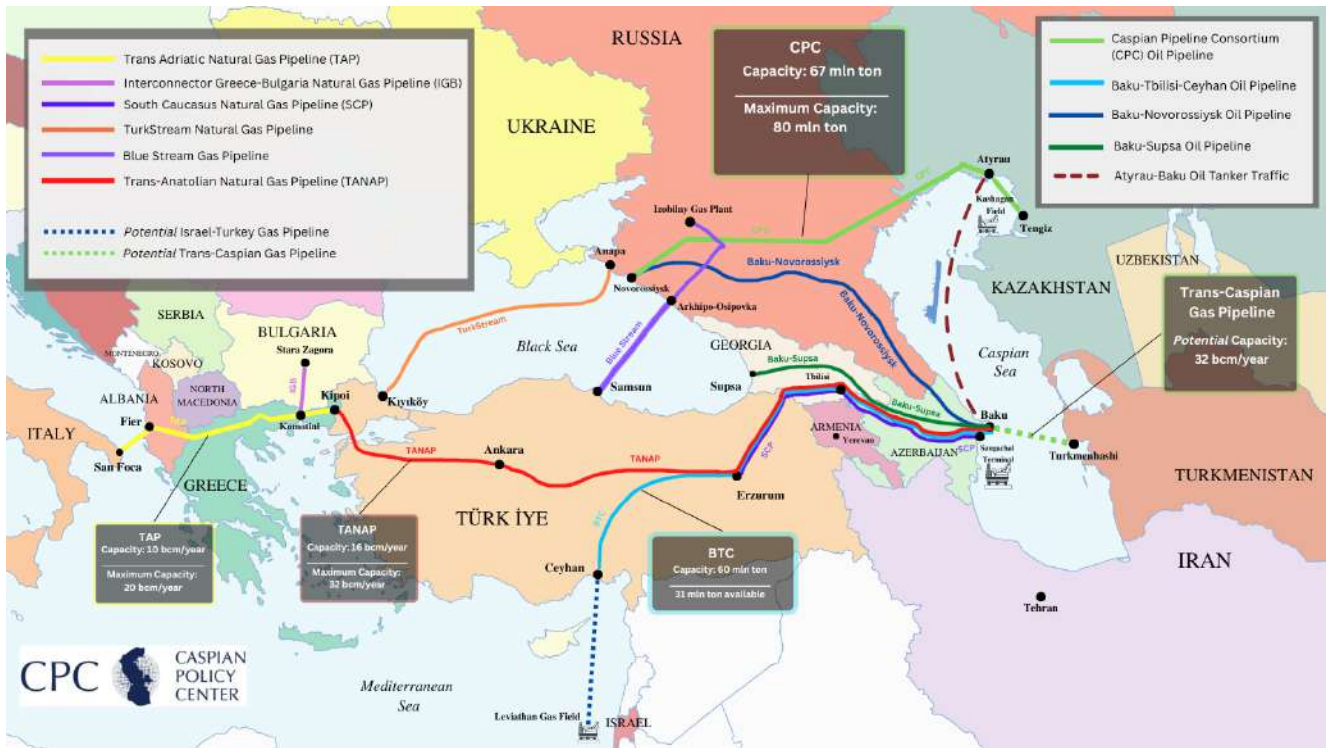
“There's no one answer to the European energy crisis. You have to look for a little bit in a lot of different places,” the founding chairman of the Global Energy Center and former U.S. Ambassadors to Azerbaijan and the European Council, Richard Morningstar said in an interview with CPC. He gave examples of critical areas to consider, such as green energy solutions and exploration of new technologies like hydrogen, but stressed that these solutions “will take a lot of time.”

One significant step the EU has taken to alleviate the issue at hand is turning to some of Russia's neighbors in the Caspian region as an alternative source of energy.

The promise of a strengthening relationship between the EU and Azerbaijan could prove to be a significant part of the solution to European energy needs.

On July 18, the European Commission and Azerbaijan signed a Memorandum of Understanding on a Strategic Partnership in the Field of Energy. Azerbaijan is set to double its annual natural gas exports to Europe by 20 billion cubic meters (bcm) annually by 2027. The Trans-Adriatic pipeline brought an estimated 8bcm of Azeri gas to Europe. If all goes as planned, Azerbaijan will raise imports by 40 percent this year. European Commission President Ursula von der Leyen said Azerbaijan was a “key partner” in efforts to “move away from Russian fossil fuels.” After the inauguration of the Interconnector Greece-Bulgaria (IGB) pipeline on Oct. 1, Bulgaria, Romania, Hungary, and Slovakia offered to aid in Azerbaijan's efforts to ship additional gas to Europe, with plans to transport one bcm of Azeri gas to Bulgaria. In 2017, the Statistical Review on World Energy reported that Azerbaijan had about 7 billion barrels (1Mt) in oil reserves, accounting for about .04 percent of global reserves. Azerbaijan also has the physical advantage in that pipelines do not need to pass through Russia in order for Azeri gas to reach Europe.

Geography is where Kazakhstan, another potential energy alternative in the Caspian region, is at a disadvantage.



Kazakhstan has produced oil since 1911, with oil revenues accounting for about 35 percent of the country’s GDP. In recent months, Kazakhstan has had difficulties keeping gas exports up amidst Russian pipeline halts starting in March. Today, U.S. companies such as Chevron, ExxonMobil, and ConocoPhillips are large stakeholders in Kazakh oil reserves. However, the country’s membership in the Eurasian Economic Union (EAEU) allows oil exports to landlocked states via Russia’s port of Novorossiysk. Russia has continued to pressure Kazakhstan through the EAEU to harmonize gas and oil standards, allowing Russia ease in controlling gas export prices. About 80 percent of Kazakh oil is exported through southern Russia, which in turn allowed Russia to limit and control Kazakh oil exports to Europe.

Russian blocks on Kazakhstan’s gas exports speaks to a more significant issue of great power intimidation in the region.

Support for nations like Kazakhstan and Azerbaijan, which are willing to provide alternative energy support but are offset by Russian control over pipelines, could be a means of combating regional intimidation and helping the world meet its energy needs. Though Europe is facing the most direct impacts of the energy crisis now, it is a global issue with long-term economic and political repercussions.

Russia previously supplied about 40 percent of Europe’s gas, though some countries were more dependent on Russia than others. Countries like Germany are particularly pressed to find alternatives because of a disproportionate reliance on Russia for energy despite continued pledges to wean off it. The former U.S. Ambassador to the EU, Richard Morningstar recalled that Germany was particularly adamant about continuing to use Russian gas, taking the position that “getting gas from Russia was all commercial and didn’t recognize that there

was a political overlay to it. You can't separate the two; you have to take both into account. And they have finally admitted that they were wrong."

At the same time, Morningstar and other experts believe that reliance on Russian energy has reached its permanent end because Russia continues to prove to be an unreliable source. This year, the EU withdrawing dependence on Russian gas by 80 percent and

of alleviating some of that burden, but it is not the full solution." The EU is also combatting energy shortages by increasing efficiency and reducing consumption. EU chief Ursula von der Layen called to cut peak electricity use by 5 percent. They are also weighing other alternatives like capping imports. Still, the costs of gas in Europe have increased more than six times the prices they were at this time last year – averaging at about €200

“As for the role of countries like Kazakhstan, Azerbaijan, and to some extent, Turkmenistan—the question is whether they still have to fear Russia or whether they have a freer hand because Russia is so tied up in Ukraine.”

— Amb. Richard L. Morningstar

Interview with CPC

Shell plc announcing a “phased withdrawal” from Russian oil and gas are a few significant indicators of this. Countries that previously justified collaboration with Russia on the commercial energy front are now committing to alternatives and withdrawal as a matter of necessity. “There’s much more of a commitment today toward eliminating dependence on Russian energy than before the war in Ukraine,” Morningstar said. “They’re suffering because of it but I don’t think they will ever go back. I think Europe will stay united even though it’s difficult.”

“Replacing Russian gas supply is a long game, and one that Europe and the world was ill-prepared for,” Cekuta said. “Reliance on Azerbaijani energy is one way

per megawatt-hour. Factories and businesses heavily reliant on gas are scrambling to find solutions as fixed-cost energy contracts reach their end.

Reducing energy consumption and expanding relationships with countries willing and able to provide support are the immediate strategies for damage control. However, this is also an opportunity to look forward and begin implementing solutions for the future. The Caspian region has vast potential for renewable energy. These initiatives will take time, however, and “outside governments and companies should be looking beyond immediate needs and act on the region’s potential to help meet future global energy demands,” Cekuta wrote.

A satellite-style aerial photograph of the Caspian Sea region. The sea is a large, dark blue-green body of water in the center. To the west, there are green, mountainous regions with some snow patches. To the east, the terrain is more arid and brownish. The text is overlaid on a dark blue rectangular background in the upper half of the image.

Signature CPC Events and Trips to the Caspian Region



Celebration to honor the 30th anniversary of partnership between the United States and the countries of the Caspian region. In coordination of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan, the celebration will bring together policymakers, business leaders, and members of the academic community at the National Press Club to honor the accomplishments of U.S.-Caspian relationship over the past three decades.

Above photo from left to right: Ambassador Yerzhan Ashikbayev of Kazakhstan; Dr. Eric Rudenshiold, Director for Central Asia, National Security Council at the White House; Ambassador Baktybek Amanbaev of Kyrgyzstan; Ambassador Meret Orazov of Turkmenistan; Efgan Nifti, CEO of CPC; Anjali Kaur, Deputy Assistant Administrator for the Bureau of Asia, USAID; Amb. (ret.) Richard E. Hoagland, Board Member at the CPC; Eric Green, Special Assistant to the President and Senior Director for Russia and Central Asia, National Security Council at the White House; Ambassador Hasan Murat Mercan of Turkey; Ambassador Khazar Ibrahim of Azerbaijan; and Ambassador Javlon Vakhobov of Uzbekistan.



Amos Hochstein - U.S. Special Presidential Coordinator for International Energy Security and Infrastructure Investment



Laura Lochman - Deputy Assistant Secretary for Energy Diplomacy



From left to right: Samir Karimli, Advisor to the President of SOCAR; Dr. Robert Ichord, Non-Resident Senior Fellow, Atlantic Council; Hisashi Inoue, Senior Representative of the Japan Bank for International Cooperation, Washington Office; Robert Scher, Head of International Affairs, BP America; Laura Lochman, Deputy Assistant Secretary for Energy Diplomacy; and Ambassador (ret.) Robert F. Cekuta, Senior Fellow, CPC



Robert Scher - Head of International Affairs, BP America



Amb. (ret.) Richard E. Hoagland, Board Member at CPC



From left to right: Paul Trupo, Senior Director of Global Market Analysis, Foreign Agricultural Service; Elena Son, Executive Director of the AUCC, USKGZBC, USTJBC, and USABI; Efgan Nifti, CEO, CPC; Emil Majidov, Advisor to the Ministry of Economy of Azerbaijan; and Ambassador (ret.) Allan Mustard, Senior Fellow, CPC

Sept. 19, 2022 - Third Caspian Business Forum



From left to right: Efgan Nifti, CEO of CPC; Robert Scher, Head of International Affairs of BP America; Kimberly Reed, Former President and Chair of the Board of Directors of the Export-Import Bank of the United States; and Ambassador (ret.) Robert F. Cekuta

The Caspian Policy Center was proud to host this event to bring together the best minds in business, government, and non-profits to discuss new business challenges and opportunities for the Caspian region. The forum will bring together policymakers, business leaders, and members of the academic community at the Yale Club to discuss the emerging business landscape across the South Caucasus and Central Asia.



Geoffrey Pyatt, Assistant Secretary for the Bureau of Energy Resources at the Department of State - In his first speech after being appointed as the Assistant Secretary for the Bureau of Energy Resources at the Department of State, he addressed the Third Annual Caspian Business Forum in New York. He discussed European Energy Security and the importance of energy resources in the Caspian region.



Assistant Secretary for the Bureau of Energy Resources, Geoffrey Pyatt posts on Twitter prior to CPC Business Forum



Anjali Kaur, Deputy Assistant Administrator at USAID



From left to right: Geoffrey Pyatt, Assistant Secretary for the Bureau of Energy Resources at the Department of State; Robert Scher, Head of International Affairs of BP America; Efgan Nifti, CEO of CPC; Ambassador (ret.) Robert F. Cekuta; Anjali Kaur, Deputy Assistant Administrator at USAID

May 16-19 London Events



Round Table event at Royal United Services Institute (RUSI)



Meeting with Ambassador of Uzbekistan to the United Kingdom, Said Rustamov

Media Coverage



CPC Senior Fellow, Major General U.S. Army (Ret.) Michael Repass featured on CNN with John King to offer insight on the invasion of Ukraine

CPC trip to South Caucasus: Baku, Tbilisi, Yerevan



Meeting with Azerbaijani Minister of Foreign Affairs, Jeyhun Bayramov



Meeting at the Georgian President's office



Meeting with Israeli Ambassador to Azerbaijan, George Deek

July 12, 2022 - Caspian Ambassadorial Dinner



The Caspian Ambassadorial Dinner was hosted in London on July 12. This dinner brought together representatives of CPC, the Foreign, Commonwealth, and Development Office (FCDO), the U.S. Embassy in the UK, and the Embassies of Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, and Uzbekistan.



Interview with Ambassador (Ret.) Richard L. Morningstar

Amb. (ret.) Richard L. Morningstar discussed his views on how the Caspian region is stepping in to help combat Europe's energy crisis. He includes insights on the shift away from Russian energy resources, and current and future relationship between the Caspian region and the West. Amb. Morningstar formerly served as the U.S. Ambassador to the European Union, and the Ambassador to Azerbaijan. The following transcript is in a question-and-answer format. The interview was conducted by Samantha Fanger on September 30, 2022.

Q: *Europe is facing a serious energy crisis. So far, the EU is working to cut back energy use and seek deals for alternative supply. As winter approaches and energy demand increases, what are Europe's options to address potential energy shortages?*

Morningstar: “To make a long story short, and maybe to state the obvious, they’re trying to do everything they can to get as much alternative gas as they can—gas is the issue here. They are getting a certain amount of gas from the U.S., and some from other sources. They may pick up small amounts here and there elsewhere, but they basically are where they are.

If you check the news today, the EU energy ministers made some decisions yesterday as to things that they can do. One is to require member states to reduce demand by five percent. They are looking to tax the windfall profits companies have made because of the high prices—includ-

ing renewable energy companies. Strangely enough, electricity pricing, even from renewables, is often indexed on gas and oil prices. So even the companies that are doing renewables are making a significant profit because of that. They’re coming up with a proposal that will be finalized in the next week or so to tax some of those profits and use them to subsidize people who will have a hard time affording energy. They have decided not to put caps on the price of gas imports. They have built up their storage, so right now, they have more than the usual amount of gas stored. Much will depend on the weather and how cold it gets.”

Q: *Are these long-term solutions or is the EU merely trying to deal with the situation at hand?*

A: “Well, I guess I would say it is all of the above. They have to deal with things in the short term and there’s a limited amount

they can get done by this winter. But then, they have to be concerned about next winter and then looking further ahead into the future. Whatever happens in Ukraine, they will never ever let themselves become reliant on Russian energy ever again. But in the short-term, they expect that this winter, they will have a shortfall of gas by about 45bcm, considering that the European Union typically imports 155bcm per year from Russia. And that 45bcm deficit is if a lot of things go right.

Q: What are some general trends you foresee with regards to the Caspian region and its role in global energy supply in the short and long terms?

bcm goes to Türkiye. They might be able to up that by a couple bcm. But they agreed, in principle, to double the amount that would go to Europe, which would bring it to 32 bcm. To do that, they have to expand the pipelines' capacities and take the necessary steps to produce more gas. The timeline for that would be between 2025-2027.

As for the role of countries like Kazakhstan, Azerbaijan, and to some extent, Turkmenistan—the question is whether they still have to fear Russia or whether they have a freer hand because Russia is so tied up in Ukraine. [Russia] has handled Ukraine so incompetently that they may feel they have some freer action.

“As for the role of countries like Kazakhstan, Azerbaijan, and to some extent, Turkmenistan—the question is whether they still have to fear Russia or whether they have a freer hand because Russia is so tied up in Ukraine.”

*— Amb. Richard L. Morningstar
Interview with CPC*

A: “With respect to the Caucasus and Central Asia, they can help, but that’s more of a mid-term solution, and that’s only part of an overall solution. Azerbaijan thinks it might be able to increase exports— in the short-term—about 1-3bcm, which obviously helps. They presently export to Europe through the Trans-Anatolian Pipeline and Trans-Adriatic Pipeline. There is 16bcm today that flows through Azerbaijan. Ten bcm goes to Europe, and 6

In the case of Azerbaijan, that gets all tied into Nagorno-Karabakh, the politics of which you can’t really separate from these issues. While Russia has peace keepers in Nagorno-Karabakh, again, with Russia dealing with everything in Ukraine, Azerbaijan may have more freedom of action, and military superiority has shifted to them from Armenia. Part of that is because of all the energy resources Azerbaijan has and the strength of their relationship with

Türkiye. We could go on forever on some of that stuff.”

Q: I'd like to come back to what you said regarding whether countries in the region will fear or feel as though they have a freer hand now that Russia is occupied with happenings in Ukraine. In July, Russia halted Kazakh oil supplies through the CPC pipeline. Especially now that the EU is seeking alternative resources in the region, will Russia be more aggressive in the sense that they will attempt to meddle with these countries' exports to Europe?

A: “I think they would like to, but is unclear whether they can. It's a question that is dependent on what happens in the coming months or years with the war in Ukraine.

The question with respect to the CPC pipeline is really interesting. There's another actor with interests involved—China. I think what happened there is that Russia did want to cut off oil coming from Kazakhstan and they came up with environmental excuses to shut down the pipeline. A higher court overturned it so it didn't last for more than a week or two if I remember right.

That just doesn't happen in Russia from the standpoint of rule of law. My best guess as to what happened is China said to Russia, ‘don't mess with Kazakhstan.’ In that part of the world, in the past, Russia has sort of handled the political and security issues while China has had a free hand economically. And [China] is getting a lot of gas from Turkmenistan and they are building their relationship with Kazakhstan.

I think [China] is using Russia's weakness right now to increase their role and influence in the region. It's not that China is going to directly benefit from Kazakh oil going through the CPC pipeline. I think that China may well have determined that they are going to protect Kazakhstan and they want to have a good relationship, and they're saying to Russia, ‘if you want our support, you better leave Kazakhstan alone.’ Of course, this is speculation on my part.”

Q: That being said, with this shift away from Russian energy resources, Russia acting to oppose these efforts, and China potentially stepping in, what has or should be the West's role in this? What are some of the challenges that need to be overcome in this regard?

A: “There's always been criticism of the U.S. for not giving enough attention to that part of the world. Part of it is that the region is in Russia's backyard, and these were countries that were in the Soviet Union. It's also that Central Asia is China's backyard, too. China wants to have a major role there, and we're far away.

I think that there has been, to some extent, a limit to what we can do. We haven't always helped ourselves, and we can do more. We are never going to be the primary big power in that region, but we should strive to make sure that these countries' strategies are to maintain a balance of some kind.

I think Azerbaijan and the EU are very happy to brush aside their [differences] because of their need to trade Caspian

gas. There are many areas in foreign policy where we ought to be together. We need to continue to cooperate on energy. [The energy deals] are a way to have a good, cooperative relationship.

There's no single answer to the European energy crisis. You have to look for small amounts of energy in a lot of different places. You have to look at increased deployment of green technologies. You have to look at gas from other sources—of which Azerbaijan can be one. You also have to look at new fuel sources like

ly that the oil pipeline from Azerbaijan should not go through Russia. It ended up going into Georgia and into Türkiye. There should be a diversity of pipelines.

In the first few years of the Obama administration, my job was trying to work with Europe to build alternative pipelines. It's how we ended up with the Southern Gas Corridor. Europe made some progress between 2010 and now, but they didn't make nearly enough.

The Germans were particularly difficult with the Nord Stream pipelines, and took the posi-

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— Amb. Richard L. Morningstar
Interview with CPC

hydrogen—much of this will take a lot of time."

Q: You said you think the transition away from Russian energy is a permanent one. The transition away from Russian energy has been a topic of conversation for many years—what makes you think there will be a permanent change?

A: "We, the United States, have argued for years and years that Europe was relying too much on Russian energy—that goes back to the nineties. That's why we felt strong-

tion that getting gas from Russia was solely a commercial relationship, not recognizing there was a political overlay to it. You can't separate the two, you have to take both into account. And they have finally admitted that they were wrong.

There's much more of a commitment today toward eliminating dependence on Russian energy than before the war in Ukraine. They're suffering because of it but I don't think they will ever go back. I think Europe will stay united, even though it's difficult."

Kazakhstan Seeks Alternative Transport Route as Russian Relations Weaken

by Haley Nelson

On August 24, Kazakhstan's President Kassym-Jomart Tokayev met with Azerbaijan's President Ilham Aliyev in Baku to discuss key security issues. The two leaders signed a declaration on strengthening strategic relations which enumerated on trade and economic cooperation, cooperation between their Ministries of Foreign Affairs for 2023-2024, a program of cultural cooperation, establishing sister cities relations between Shusha and Turkestan, and most notably on plans that will strengthen ties, and possibly help facilitate greater use of the Trans-Caspian International Transport Route, also known as the Middle Corridor. Additionally, Kazakhstan's national gas company, QazaqGaz, and Azerbaijan's state-owned SOCAR signed a memorandum of understanding covering new joint gas projects. The two energy firms agreed to work together on the exploration and development of hydrocarbon deposits in Kazakhstan, advancing gas transport, developing the countries' gas-fed chemical industries, and modernizing extraction technologies as well as cooperation in other energy related areas.

These agreements will help meet Kazakhstan's need for alternative routes

to transport its gas west given strains in its relations with Russia and European and global energy needs following Russia's invasion of Ukraine. The two presidents signed the agreements only days after the Caspian Pipeline Consortium (CPC) announced its fourth pipeline disruption this year. The consortium stated that due to damage in the underwater equipment, three marine loading berths at Novorossiysk would be temporarily taken out of commission, greatly reducing the pipeline's capacity. Many suspect these disruptions are Russia's deliberate response to Kazakhstan's attempts to distance itself from the Kremlin over the war in Ukraine.

Because oil revenues accounted for 44% of Kazakhstan's budget in 2021, and 80% of its export oil traveled through the CPC, the disruptions -- and threat of further disruptions -- have the potential to seriously damage Kazakhstan's economy as well as factor into the rises in global energy prices and international efforts to address energy security needs.

Kazakhstan has historically been one of Russia's most reliable partners in the former Soviet space and many thought Kazakhstan would become even closer, following Russia's actions to help put down the January 2022 coup attempt and public



disruptions in Kazakhstan. Tokayev, however, has demonstrated Kazakhstan’s independent foreign policy through repeated, but indirect, disapproval of Russia’s actions in Ukraine, most notably with his refusal to recognize the breakaway entities in Donbas.

The agreements Aliyev and Tokayev signed August 24 showcased Kazakhstan’s ongoing efforts to create and establish alternative transport routes for its oil, ones that can promise more consistency and predictability than the CPC has displayed in 2022. Following their discussion, Aliyev and Tokayev expressed confidence in the

alternative transport route in their joint press statement, stating they “have also identified future cooperation directions to increase the Middle Corridor’s capacity further.” Although the CPC is still Kazakhstan’s most efficient means to transport oil, both Presidents are hopeful in utilizing the Caspian trade route to mitigate the CPC disruptions. Furthermore, given Russia’s international standing due to its invasion of Ukraine and its actions towards other neighboring countries, decreasing Russia’s role in Kazakhstan’s energy sector has become vital to its economic security.

Given this situation, there has been

speculation Kazakhstan will use small oil tankers to transport crude oil across the Caspian to Baku. From there, it would flow to European and other markets through the Baku-Tbilisi-Ceyhan pipeline, but Kazakhstan's Minister of Energy has dismissed these rumors. However, even if such a plan were put into action, transporting crude oil via tankers is more costly and less efficient. On increasing the use of tankers to export oil through the Caspian, Kazakhstan's Minister of Energy, Bolat Akchulakov, stated "Shipping some oil through the Caspian Sea to Azerbaijan is a technical is-

sue. This case is not so much about huge volumes but more about some of the excess quantities that we may have." The Minister added that Kazakhstan plans to ramp up its oil production in the coming year, stating Kazakhstan will exceed its expected 85.7 million tons and instead it will produce 103-107 million tons. While the current ability to ship Kazakhstan's oil west via Azerbaijan is constrained, and could transport a just fraction of the Caspian Pipeline Consortium's volume, the Minister said Kazakhstan will "nevertheless consider it."



Uzen oil and gas field, Source: Shutterstock

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