

GREATER CASPIAN REGION SECURITY AND POLITICS: LOOKING INTO 2019

SPECIAL POLICY BRIEF BY CASPIAN POLICY CENTER

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ABOUT US

The 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.

CPC 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 Caspian region.



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Ambassador Richard E. Hoagland was U.S. Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, October 2013–August 2015. Before returning to Washington in September 2013, he spent a decade in South and Central Asia. He was U.S. Deputy Ambassador to Pakistan (2011–2013), U.S. Ambassador to Kazakhstan (2008–2011), and U.S. Ambassador to Tajikistan (2003–2006). During the course of his career, he received multiple Presidential Performance Awards, State Department Meritorious and Superior Honor Awards, as well as the Distinguished Honor Award.



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Efgan Nifti is the executive director and the board member of the Caspian Policy Center (CPC). He previously worked for Georgetown University as a research assistant and as a faculty development coordinator and lecturer for Azerbaijan Diplomatic Academy (ADA). His areas of expertise include energy security, political economy and international affairs of the Caucasus, Central Asia and the Caspian. One of his policy research papers called “Energy Future of Europe and the Southern Gas Corridor” was selected as one of the best policy papers in 2013 by the University of Pennsylvania. He regularly testifies and makes presentations on critical policy issues of the Caspian Region in various international organizations including NATO, European Union and UN and international conferences. His commentaries and articles also appeared in major news media including Bloomberg, Foreign Affairs, CNN, NTV, MSNBC etc. Dr. Nifti received his graduate degrees in international affairs and political science from Georgetown University and the George Washington University. He is fluent in English, Azerbaijani, Turkish and Russian.



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Sara Huzar is a member of George Mason University’s Honors College Class of 2019 and is one of its nineteen members to receive the prestigious University Scholarship. She is double-majoring in Global Affairs and History, and has held numerous leadership positions in on-campus organizations. In addition to several DC internships, she spent the spring of 2017 living in Kyiv, Ukraine while interning at the U.S. Embassy in the city. Her research interests focus on nationalism and national memory at the intersection of international security and ethnic conflict, and she recently completed a project on the presence of ethnic otherization indicators in fake news articles in Ukraine.

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Introduction

The Greater Caspian Region is an area of dynamic and rapid development. Over the past year, the region has seen structural changes and reform efforts in Azerbaijan, Kazakhstan, and Uzbekistan, increased economic interest from China, and much more. We expect that rapid change will continue to unfold. The following brief offers an overview of areas of interest and expectations in the realm of politics and security for the Greater Caspian Region in the new year.

Caspian Agreement

Undoubtedly, one of the most noteworthy developments in the region last year was the signing of the Convention on the Legal Status of the Caspian Sea on August 12. The agreement ended a decades-long dispute over whether the Caspian is a sea or a lake, granting it a special legal status. Its surface waters are now open to all five Caspian littoral states but bars any foreign military ships from entering the sea. Meanwhile, the seabed and its valuable natural resources are left to be divided according to bilateral agreements. How these bilateral agreements unfold over the next year will go a long way towards shaping interstate relations in the Greater Caspian Region. Bottom line? More clarification is needed.

U.S. Engagement

Sanctions on Russia

U.S. sanctions against Russia continued to increase in 2018. In general, these measures targeted Russia's energy and finance industries, along with specific oligarchs and defense and arms sales. Specifically, the latest round of sanctions announced by the U.S. Treasury Department in mid-December targeted entities tied to 2016 election meddling, GRU and military intelligence officers who attempted to hack the World Anti-Doping Agency and the Organization for the Prohibition of Chemical Weapons, and Alexander Petrov and Ruslan Boshirov—the two GRU agents behind the Skripal poisonings. On the other hand, the Trump Administration has just repealed sanctions that affected Oleg Deripaska and his industries, including RUSAL, or Russian Aluminum will be alleviated. Therefore, the jury is still out on where the U.S. administration is heading.

European Union sanctions on these areas have already been extended to at least July of this year, and U.S. sanctions will likely be in place at least as long. The International Monetary Fund projects an uninspiring 1.6 percent growth for Russia in 2019, roughly the same rate it had last year.[1]

Sanctions on Iran

The Trump Administration re-imposed sanctions on Iran's oil, banking, and shipping sectors in the second half of 2018. The stated goal is to force Iran to abandon ballistic-missile development and withdraw its support for groups in Syria and Yemen.

[1] <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>

Perhaps the most ambitious goal of the sanctions' regime is to reduce Iranian oil exports to zero. The administration aimed to do so without destabilizing the global market so that eight of the largest importers of Iranian oil—China, India, South Korea, Turkey, Italy, Greece, Japan and Taiwan—were allowed to continue buying oil in reduced amounts for the next six months. These waivers will expire in early April, at which point the administration's next move towards these countries is unclear. China and India in particular rely on Iranian oil and are unlikely to stop purchasing it entirely.

High-Level Visits

U.S. officials made more trips to Central Asia and the Caucasus over the past year. In late October, National Security Advisor John Bolton visited Russia, Georgia, Armenia, and Azerbaijan, the first visit by a top U.S. official in years. His visit was preceded by Deputy Assistant Secretary of State for European and Eurasian Affairs George Kent traveling to the region as well. Assistant Secretary of State, Ambassador Alice Wells, the Principal Deputy Assistant Secretary for South and Central Asian Affairs, also lead a visit to Central Asia, specifically Kazakhstan and Uzbekistan.

These visits may indicate that the U.S. is poised to play a larger role in the Greater Caspian Region in 2019. Several of the U.S. national security priorities, namely Russian, Chinese, and Iranian ambitions and international crime and terrorism, are at play in the region. Bolton's visit indicates that the next year will see heightened security and diplomatic engagement from the U.S.

Engagement from Regional Powers

China

2019 will see the continuation of China's Belt and Road Initiative (BRI), a massive infrastructure plan designed to connect Europe, Asia, South Asia, and Africa. China will be hosting the Second Belt and Road Forum for International Cooperation in April, which will serve as an opportunity to look back on the project, now in its fifth year. Kazakhstan President Nursultan Nazarbayev, Kyrgyz Republic President Almazbek Atambayev, and Uzbekistan President Shavkat Mirziyoyev all attended the last Forum, held in 2017, as did Russian President Vladimir Putin and Turkish President Recep Tayyip Erdoğan.[2] This year's event is expecting at least 40 heads of state, though the guest list has not yet been released.

One BRI project to watch in 2019 is the Amur River Rail Bridge, which will create a rail corridor between Nizhneleninskoye Jewish Autonomous Region in Russia's far east and Heilongjiang Province in China's north east. Construction began in 2015 and is set to be completed this year. The initiative would be a boost to the two relatively remote regions, both of which have expressed a desire for increased regional connectivity, but it faces a battle against mutual suspicion between their national governments. Another is the Karachi-Lahore-Peshawar Rail Line, a project meant to improve the existing ML-1 rail connecting the three cities. It is a major part of the China-Pakistan Economic Corridor but is being criticized by some for being too expensive and destined to sink Pakistan into debt.[3]

[2] www.beltandroadforum.org/english/n100/2017/0516/c22-423.html

[3] <https://reconnectingasia.csis.org/analysis/entries/19-projects-watch-2019/>

BRI is facing mounting complaints on that front throughout Asia. Malaysia cancelled three projects last year, and has decried the BRI as “new colonialism.”[4] Sri Lanka withdrew from a \$300 million housing project from China Railway, citing similar concerns.[5] The Maldivian Democratic Party recently won elections in the Maldives after running on an anti-BRI platform. Developments in the BRI this year will, therefore, likely attract major international interest because of increasing reports throughout the past year that it is sinking some countries into unsustainable financial debt leading to political indebtedness.

Russia

Russia has long considered the Greater Caspian Region countries its ‘special sphere of influence’ and will likely continue that policy in 2019. Its shadow looms large over security issues in the Caucasus. Russia has about 7,000 troops in Georgia’s breakaway Abkhazia and South Ossetia regions, as well as a military base in Armenia. However, the level of militarization has remained largely static in recent years. Even during Armenia’s Velvet Revolution, which many in Russia worried would unfold like the Color Revolutions of Georgia and Ukraine, Russian troops stayed put. Georgia has continued building a positive relationship with NATO and the EU with no further escalations in its occupied territories. These developments, or rather lack thereof, indicate that Russia and the Caucasus will likely maintain the status quo this year. The Russian-led Collective Security Treaty Organization (CSTO) is still a force in the region. Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan are all members.

European Union

The European Union (EU) took steps to engage with Azerbaijan in 2018 by negotiating the EU-Azerbaijan Partnership Priorities. The document outlines four areas in which the EU and Azerbaijan hope to focus cooperation in the coming years: strengthening institutions, developing a market economy, increasing connectivity and energy efficiency, and enhancing mobility and people-to-people contacts.

As a result, continued EU-Azerbaijan bilateral cooperation in 2019 will likely focus on these areas. For example, in late 2018 Azerbaijani delegations attended several Council-of-Europe-hosted conferences and workshops on anti-corruption measures such as countering money laundering and increasing transparency. The Council of Europe considers the initiative ongoing and will host similar events in 2019.

India

India has been seeking a closer connection with the Greater Caspian Region recently. Indian and Uzbek officials traded mutual visits in late 2018, culminating in the first India-Central Asia Dialogue held in Uzbekistan in January. Foreign Ministers of Afghanistan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan as well as the First Deputy Foreign Minister of Kazakhstan, and Union External Affairs Minister of India all attended. The meeting focused mainly on the Afghan peace process, indicating that this will be a key focus in deeper Indian engagement in the region.

[4] <https://foreignpolicy.com/2018/12/06/bri-china-belt-road-initiative-blunder/>

[5] country.eiu.com/article.aspx?articleid=1677389351&Country=China&topic=Politics

Another area will likely be infrastructure connectivity. India recently called for better air and land connectivity with Central Asia as well. Whether or not these projects move forward will be an interesting development to monitor in the next year.

Inter-Regional Diplomacy

Uzbekistan's Regional Overtures

Reform in Uzbekistan has been a stand-out story since the election of its current President Shavkat Mirziyoyev in 2017. His administration has overseen reform in almost every sector, including economics and banking, social organization and human rights, diplomacy, and regional connectivity. After decades of isolation, Uzbekistan's Ministry of Foreign Affairs now proudly declares that it "conducts an open, mutually beneficial, and constructive foreign policy,"[6] adding that its priorities lie in Central Asia. Stability, security, and economic cooperation within the region are important to the country.

Afghanistan

Afghanistan has been returning to the fold of Central Asian countries in recent years. Interestingly, Uzbekistan has become a major driver of this change, taking the lead on several infrastructure projects that would connect Afghanistan to the region. It is planning to help construct the Mazar-i-Sharif-Herat railway that would enable Afghanistan to connect to Central Asia and also to Iran's Chabahar port. Tashkent will host the Eighth Regional Economic Cooperation Conference on Afghanistan (RECCA VIII), sometime second half of 2019.

Afghanistan will also see increased regional connectivity via the CASA-1000 power project, an electricity transmission system connecting Kyrgyzstan, Tajikistan, Pakistan, and, soon, Afghanistan. Construction should be completed by the end of the year, if it stays on schedule. Afghanistan expects to receive 300 megawatts of electricity from the project plus \$40-\$50 million in transit fees annually.[7] Authorities in Afghanistan and its neighbors hope that these connections will facilitate peacebuilding efforts in the war-torn country, both by enriching Afghanistan's economy and by giving the region a stake in the country's success. As a result, the trajectory of these efforts will be a key development to watch in 2019.

Regional Conflict

Nagorno-Karabakh

New leadership in Armenia has spurred hopes for more vigorous diplomatic engagement on the Nagorno-Karabakh conflict. Armenia's government under Pashinyan has indicated that it is far more receptive to establishing a dialogue on the issue than its predecessors under Serzh Sargasyan. Meanwhile, Azerbaijan's strategic patience during Armenia's change in government could be interpreted as a willingness to diplomatically engage the new Prime Minister.

[6] <https://mfa.uz/en/cooperation/>

[7] <https://www.tolonews.com/business/construction-casa-1000-start-within-two-months-dabs>

Encouragingly, the Foreign Minister of Azerbaijan, Elmar Mammadyarov, and Acting Foreign Minister of Armenia, Zohrab Mnatsakanyan, have met twice in the last two months along with Co-Chairs of the Organization for Security and Co-operation in Europe (OSCE) Minsk Group. Mammadyarov said after a meeting in December that the parties had “reached an understanding for the first time in a long time.”[8] Azerbaijan’s President Ilham Aliyev also struck an optimistic tone, tweeting that “the year 2019 will give a new impetus to the Armenia–Azerbaijan Nagorno–Karabakh conflict settlement process,”[9] while Prime Minister Pashinyan tweeted “peaceful resolution of Nagorno–Karabakh conflict remains top priority for us.”[10] In general, leaders of both countries appear to be entering 2019 with a sense of openness and optimism.

However, a resolution to the decades-long conflict will have to overcome several hurdles. Armenia and Azerbaijan both increased their military budgets for 2019. Azerbaijan has taken steps to diversify its arms suppliers, purchasing weapons from Israel and others in a bid to reduce its reliance on Russia. Most important is the unanswered question of whether Moscow would allow this “prolonged conflict”—one of several on the territory of the former Soviet Union—to be resolved. A so-called Lavrov Plan already exists that would allow a final resolution of this historic conflict. But it is important to note that the Kremlin, at least to date, has yet to support the plan of its own foreign minister.

Abkhazia and South Ossetia

Attempts to resolve conflicts in Abkhazia and South Ossetia remain at an impasse. Georgia considers the areas sovereign territory under Russian occupation, while Russia recognizes them as independent republics.

Upcoming Elections and Referendums

Afghanistan

Afghanistan will hold presidential elections this year. Already, there has been some difficulty in the process, and the ballot initially scheduled for April will now be held in July. This is to allow for more time to fix technical problems that appeared in the October parliamentary elections. Issues with late poll openings, incorrect voter registers, and a new biometric ID system caused massive delays in voting and results. Some seats are still open today, more than two months later. Violence from the Taliban is also a continued risk.

There are already fourteen candidates registered, including current president Ashraf Ghani. He faces challenges from current and former members of his government like Chief Executive Abdullah Abdullah, who ran against him in 2014 before losing and forming a coalition government, and former National Security Advisor Mohammad Hanif Atmar. Both have accused Ghani of monopolizing power. Another notable candidate is Gulbuddin Hekmatyar who has been sanctioned by both the United Nations and the U.S. As peace negotiations with the Taliban continue and the U.S. moves to reduce its military presence in the country, this year’s elections will have the world’s attention.

[8] <https://jam-news.net/foreign-ministers-statement-on-karabakh-conflict-resonates-in-armenia/>

[9] <https://www.euractiv.com/section/azerbaijan/opinion/ice-is-melting-for-nagorno-karabakh/>

[10] <https://www.euractiv.com/section/azerbaijan/opinion/ice-is-melting-for-nagorno-karabakh/>

Conclusion

The next year promises to be an eventful one in the Greater Caspian Region. Infrastructure initiatives targeting Afghanistan are opening new avenues for peace-building, Uzbekistan is laying out an ambitious set of political and economic goals, any progress in the Karabakh conflict resolution may be altering the security outlook in the Greater Caspian Region, and much more. These developments, along with the inevitable unpredictable changes in the region, provide much to look for in 2019.

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