

# THE CASPIAN SECURITY PROJECT

BY CASPIAN POLICY CENTER

CPC



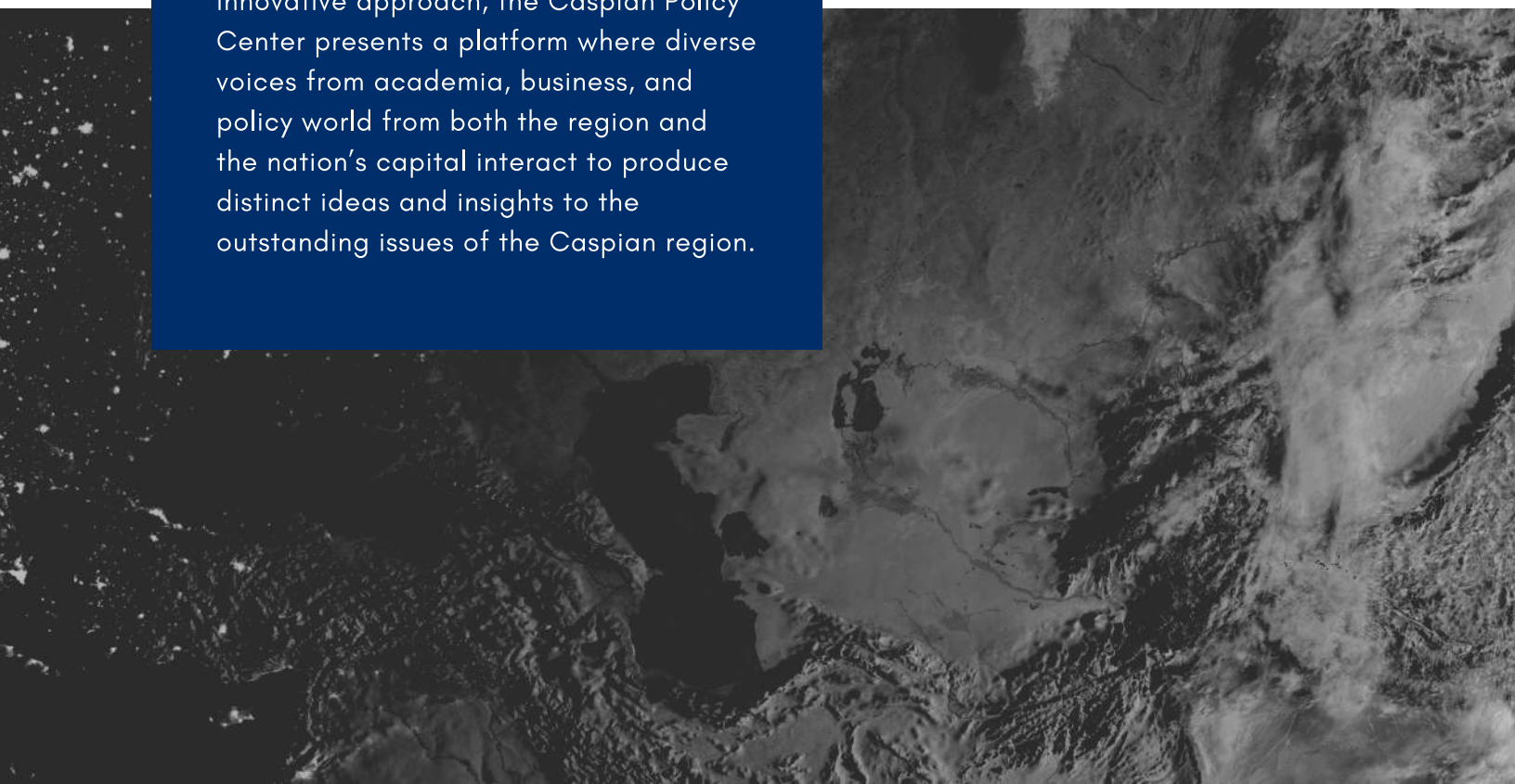
CASPIAN  
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# ABOUT US

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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## EXECUTIVE SUMMARY

The Caspian Policy Center of Washington, DC, is pleased to release this significant report and policy recommendations. Having noted that issues related to the Greater Caspian Region appeared in the current National Security Strategy and the National Defense Authorization Act for FY-2019, we want to give you an in-depth background about the Greater Caspian Region and why it is of special strategic importance for the United States. In the final section of this report, we also make a series of policy recommendations from currently serving U.S. officials, from U.S. regional experts, and from officials of the countries themselves.

The Greater Caspian Region includes the now-independent former Soviet Republics of the South Caucasus and Central Asia. These countries are Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. We also include Afghanistan, which has historically always been considered a part of Central Asia. The region is generally not a frontburner for U.S. foreign-policy makers because, ironically, it is relatively stable despite the prolonged post-Soviet conflicts in Georgia (Abkhazia and South Ossetia) and between Armenia and Azerbaijan (Nagorno-Karabakh).

Nevertheless, major powers like Russia, China, the United States, and the European Union, as well as other significant players like Iran and Turkey, compete for influence in the Greater Caspian Region. The region is stable, in part, because each of the independent countries in the region pursues a version of “multi-vector foreign policy” in which they seek to balance the influences of the United States and the European Union with those of Russia and China. In recent years, however, the United States has come to be perceived as a “lesser player” in the region, despite occasional surges of U.S. interest, for example after 9/11 when we sought these countries’ assistance for the U.S. effort in Afghanistan. Considering current U.S. policy concerns about Russia and China, we believe it is prudent for the United States to pay closer attention to this strategic region, because it is in the long-term U.S. national interests to do so.

Further, as the countries in the region have now largely consolidated their independence, sovereignty, and territorial integrity, they are increasingly looking outward to build connectivity in the region, and beyond, and are beginning to consider how to achieve regional integration, perhaps through a new international organization that would call attention to the region as a whole. We at the Caspian Policy Center welcome this trajectory and hope that others in positions of influence will promote this important development.

This Caspian Security Project report is a collection of essays by diplomatic, military, and academic experts designed to educate about the region. It focuses on U.S. policy in the region over the past quarter century, with a special focus on Russia’s military presence in the Caspian Sea, and, more importantly, suggests where U.S. policy should focus in the coming years in this complex region of the world.

At the Caspian Policy Center, we eagerly look forward to your comments on this report. We would welcome a dialogue with you, and we would be glad to answer your questions. You can contact us at [info@caspianpolicy.org](mailto:info@caspianpolicy.org). We also invite you to visit our website, [www.caspianpolicy.org](http://www.caspianpolicy.org). Finally, we hope that you will sign up at our website for our weekly news updates.

Thank you for your attention to this report and its policy recommendations.

*Sincerely,*

A handwritten signature in black ink, appearing to read "Richard E. Hoagland". The signature is fluid and cursive, with the first name "Richard" being the most prominent.

**AMBASSADOR (RET.) RICHARD E. HOAGLAND**

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## CHAPTER I: THE HISTORY OF U.S. RELATIONS WITH THE GREATER CASPIAN REGION COUNTRIES

BY AMBASSADOR (RET.) RICHARD E. HOAGLAND

From the collapse of the Soviet Union in 1991, the United States' core foreign policy objective has been to support the independence, sovereignty, and territorial integrity of the newly independent states, including those in the Greater Caspian Region: the eight countries of the South Caucasus and Central Asia – Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan – as well as Afghanistan.

The United States was among the first to recognize these new countries and almost immediately established embassies in each of the capitals. The goal was to develop the kind of broad diplomatic, economic, military, and other relations that the United States has with other countries of the world. In a number of cases, these new embassies were initially in former Communist Party buildings that the new host governments granted to the United States. A quarter of a century later, Washington has now built (or is currently building in Turkmenistan) large, new, state-of-the-art embassies in every capital except Baku, where the two sides are still working to achieve a reciprocal agreement on this issue; the issue with Azerbaijan is technical, not ideological.

With exemplary bipartisan action, the U.S. government mobilized quickly to support these new states. The George H.W. Bush administration introduced the FREEDOM Support Act (FREEDOM is an acronym for Freedom for Russia and Emerging Eurasian Democracies and Open Markets), and Congress quickly passed this bill in mid-1992 with broad bipartisan support. The overall goal was to encourage economic growth and political stability in these new states as they made the transition, as it was then assumed they would inevitably and quickly do, to democratic forms of government and free-market economies.

For example, funding from the bill supported the creation of American Business Centers by the American Commercial Service of the Department of Commerce in each capital to encourage the newly emerging private sector, to stimulate their economic growth, and, as a by-product, to create new jobs in the United States. A different funding track established new exchange programs, like the Muskie Fellowship and the Future Leaders Exchange Program (FLEX), to broaden the views of a new generation who would soon be moving into positions of leadership in both the public and private sectors. Also, the bill provided funding for the International Republican Institute and the National Democratic Institute to work in each country to encourage the development of grass-roots movements to build new social and political infrastructures as well as multi-party political systems.

In all of these efforts, the United States acted with exemplary altruism and generosity to support these new governments. But, in hindsight, it might also have acted with a bit of “irrational exuberance,” in that it expected a smooth and relatively rapid transition to new, Western-style political and economic systems.

What it didn't take into account was that official Washington really had no in-depth knowledge of these brand-new states and their own particular histories. All had been subject to 70 years of the Soviet Empire and, in some cases, before that to hundreds of years more of the Russian Empire. The Western way of organizing society and government grew organically from the Renaissance, the Reformation, and the Enlightenment, whereas the Soviet and Russian Empires did not: they trace their intellectual lineage directly back to the Byzantine Empire, bypassing the modern West. Further, each state was subject to its own distinct pre-Russian history with Khanates and other much older forms of organizing society and government.

Those Russian influences persist in the Soviet model of a single-party state supported by a powerful intelligence service that, at times, co-opts organized-crime structures for both political and economic reasons. In addition, Russian President Putin, first elected in 2000, has declared the newly independent states as Russia's "special sphere of influence," and Russia has worked hard to limit the influence of the West, especially after the so-called Color Revolutions of the mid-2000s in Georgia, Ukraine, and Kyrgyzstan. Russian-language media organizations and outlets blanket these countries and are the common source of information in both the private and public sectors.

Because the new states did not move quickly to establish Western political and economic structures, Washington never lost interest, but it did dial back its initial "irrational exuberance." During the George W. Bush and Barack Obama Administrations, a sort of "finger wagging" and "naming and shaming" emerged in annual reports to Congress over these countries' documented problems, especially in the areas of human rights, good governance, and economic transparency. This was not well-received in many capitals, but not one country radically cooled its relations with Washington, primarily because each in its own way works hard, in the defense of its own sovereignty and independence, to balance its relations with Moscow, Beijing, Washington, and Brussels.

The good news is that American diplomacy seems once again to be moving in this region in the direction of realpolitik that carefully balances its values and long-term goals with a healthy dose of reality. The United States will always support Western values, and is right to do so, but we need to do so in an intelligent and nuanced way.

Another good-news development of historic importance is that each of the countries of the Greater Caspian Region increasingly feels secure enough in its own sovereignty and independence to look outward toward its neighbors in the region to identify areas of mutual interest and cooperation. Some have even begun to entertain the idea that forming a regional association of states might have real value in protecting their own independence and promoting their individual prosperity. The United States should strongly promote this trend.

In this report, we will now look in greater detail at U.S. interests in the Greater Caspian Region and the role of regional players, especially Russia and Iran but also China.



## CHAPTER II: DEFINING INTERNATIONAL INTERESTS IN THE GREATER CASPIAN REGION

BY AMBASSADOR (RET.) RICHARD E. HOAGLAND

Over the centuries, the Greater Caspian Region has been a geostrategic crossroad for great empires – the Han Chinese and the Roman, Persian, and Ottoman Empires, and then the Russian and Soviet Empires – and to this day is a center of competition for global power and influence.

Look simply at the hydrocarbon resources of the Greater Caspian Region – the immense fields of Tengiz, Kashagan, and Karachaganak in Kazakhstan; Galkynysh in Turkmenistan; and Shah Deniz in Azerbaijan, to name only the most well-known, although there are many other significant ones. Azerbaijan and Turkmenistan alone have the potential to supply significant amounts of oil and, especially, natural gas to Europe. This has already been proven with the Baku-Tbilisi-Ceyhan pipeline and a network of other pipelines and onward links planned to reach as far into Europe as Italy with the Trans-Adriatic Pipeline now under construction.



**Map 1: Natural gas deposits and projects in the Greater Caspian Region**

From the beginning of their independence, these eight countries, to varying degrees, have practiced a policy of what Kazakhstan calls “multi-vector foreign policy” – i.e., they work to balance the bigger powers of Russia, China, the United States, and the European Union to protect their own national interests. They also must pay attention to the interests and intentions of regional players Iran and Turkey, as well as of non-state actors seeking to implant an ideology of Islamist extremism on their territories. For example, ISIS has proclaimed a Khorasan Province that includes a significant part of western Central Asia. Also, these countries are keenly aware of the decades of instability in Afghanistan.

**UNITED STATES.** From the beginning, the bedrock of U.S. foreign policy for the region has been to support the countries’ independence, sovereignty, and territorial integrity. However, the Greater Caspian Region has never been a foreign policy first-priority for the United States for two primary reasons. First, and ironically, the region is relatively stable, despite the so-called “prolonged conflicts” of Russia’s occupation and slow-motion integration of Abkhazia and South Ossetia in Georgia and Armenia’s occupation of Nagorno-Karabakh in Azerbaijan.

Second, the United States has long tempered its relations with the countries of the region because their Soviet heritage makes their systems of social organization and governance significantly different from the West's. Human rights and democratic development issues, perhaps more than anything else, have constrained the United States from building stronger relationships in the region.

However, there was a period in the 1990s when the United States engaged deeply in the Greater Caspian Region, even setting up new U.S. government entities in the State Department to ensure that the historic Baku-Tbilisi-Ceyhan pipelines were built to transport Caspian hydrocarbons directly to Europe, bypassing the traditional routes through Russia. While this had a degree of benefit for U.S. and other international (primarily European) oil companies, it did not significantly and directly benefit the United States: it was simply the right thing to do from a commercial and geopolitical realpolitik point of view.

The time is now ripe for the United States to formulate a policy of heightened engagement with the countries of the Greater Caspian Region, in part because of a significant development in the region. For the first time since its independence, Uzbekistan, under the leadership of its new president, Shavkat Mirziyoyev, is embarking on fundamental economic and other policy reforms, including – significantly – in the field of human rights. President Mirziyoyev is working to improve Uzbekistan's relations with its Greater Caspian Region neighbors, which were often strained in the past. The United States should employ every possible diplomatic option to encourage this historic development.

**RUSSIA.** The post-Soviet country is a natural and essential partner for these countries because of its long history in the region. Russia has declared the region its special or, sometimes, even privileged sphere of influence and has created two multilateral structures for regional integration. The first is the Collective Security Treaty Organization (CSTO) in which the members – Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Russia – pledge to support and defend each other's mutual security ("Permanently Neutral" Turkmenistan maintains only observer status). Despite annual summits and regular military exercises, the CSTO is still not seen as an especially effective organization, neither by its members nor more broadly in the greater Eurasian region. And whether it would respond in an emergency situation – for example in a renewed war between Armenia and Azerbaijan – is open to question. It is useful to note that during Kyrgyzstan's ethnic turmoil in Osh, that began in June 2010, Bishkek asked for security assistance from the CSTO, but Moscow did not respond.

The other, and more recent, Russia-dominated multilateral organization in the region is the Eurasian Economic Union (EEU), comprised initially of Russia, Kazakhstan, and Belarus, and now including Kyrgyzstan and Armenia, with Moscow putting pressure on others, like Azerbaijan and Tajikistan, to join. Historically, Kazakhstan's President Nursultan Nazarbayev proposed the EEU in the 1990s, but Moscow tended to dismiss it until Putin's third presidential term when he apparently saw it as a potentially effective tool of putinism, which some go so far as to dub neo-sovietism. Some suspect that Moscow sees the EEU as a bloc structure – led by Moscow – that will inevitably take on a political dimension.

So far, however, Kazakhstan has politely said *nyet* to any kind of political dimension – or, to go even further, a common currency – for the EEU. Why Kazakhstan? Because it rigorously guards its independence, sovereignty, and territorial integrity, especially because its population, unlike the populations of the four other Central Asian states, is still just under 25 percent Slavic, concentrated largely in the northern part of the country bordering Russia and around the former capital, Almaty. It's especially the north that concerns Astana (and why Nazarbayev moved the capital of his country from Almaty to Breshnev's "Virgin Lands" city of Tselinograd on the *steppe* in the middle of nowhere) because, from the 1990s to this very day, influential voices in Russia (and not just the clownish Russian politician Vladimir Zhirinovskiy, a Duma member and leader of the LDPR party who was himself born in Almaty) continue to call for the annexation of the northern third of Kazakhstan that some insist was always historically a part of Russia.

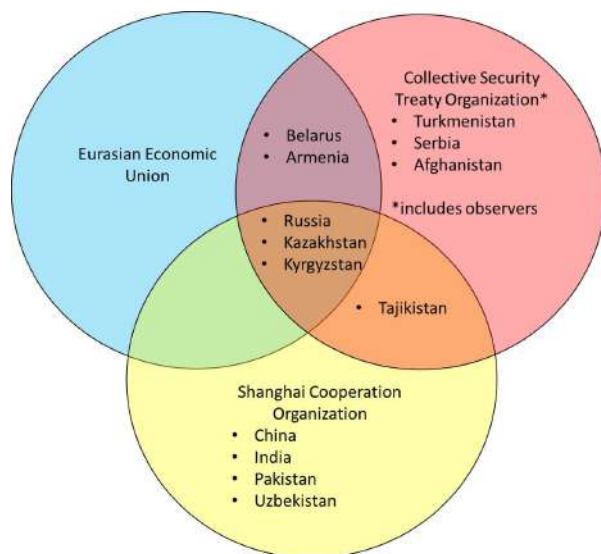
Further, Russia regularly whispers in leaders' ears an exaggerated version of the threat of the Islamic State (ISIS). While the threat does indeed exist because of the ISIS declaration of a sub-caliphate (province) of Khorasan in Afghanistan and its neighboring regions, the dire Russian admonitions purposely exaggerate the threat to try to impel the Greater Caspian Region states to turn more fully to Moscow for security. Russia already has a permanent military presence at Gyumri in Armenia and in Central Asia at the Kant Airfield outside Bishkek in Kyrgyzstan and with its 201st Motorized Rifle Division at three locations in Tajikistan: Dushanbe, Qurghonteppa, and Kulob. The 201st is Russia's largest military base outside the borders of the Russian Federation. By contrast, while the United States did for a time have military facilities in Central Asia to support the post-9/11 Operation Enduring Freedom in Afghanistan (Karshi-Khanabad in Uzbekistan, 2001-2005, and the Manas Transit Center at the Bishkek International Airport, 2002-2014), Washington has repeatedly stated it has no desire for permanent military bases in Central Asia.

**CHINA.** Beijing has generally had only benign economic interests in the region. But since September 2013 when it announced what has come to be called its Belt and Road Initiative (BRI), it has significantly increased its presence and interests in the region. The United States has never formulated a clear policy to recognize its common interests, which are very real, with China in the region.

More broadly, the China-dominated Shanghai Cooperation Organization (SCO) plays a role in Central Asia, certainly more so than the Russia-dominated CSTO. For many years, the SCO was seen by outsiders (and even by some participants) as just one more "talk shop." Soon after the SCO was founded, member-state Uzbekistan recommended that the United States be granted observer status. But before the SCO could decide on this recommendation, Washington rejected the offer out of hand, ideologically unwilling to be associated, even as an observer, with an organization comprised of Russia, China, and "un-reformed" former Soviet states. This rejection was, perhaps, understandable but was short-sighted and typical of ideological decision-making in Washington at that time.

**THE EUROPEAN UNION.** The EU's main interests in the region are to ensure that Islamist extremism does not take hold and become a threat to the individual states of the EU and, especially, to maintain access to the significant natural-gas resources of the region so that it has real alternatives to Russian natural gas.

The Vienna-based Organization for Security and Cooperation in Europe (OSCE) developed as a result of the Helsinki Final Act of 1975. The OSCE's 57 participating states include most of the European nations, the former Soviet republics (including Russia and all the greater Caspian Region countries except Afghanistan, and the United States. The OSCE has three "baskets," or dimensions, through which it projects its influence: (1) security, confidence-building measures, and the peaceful settlement of disputes; (2) economic, scientific, and technology issues; and (3) humanitarian interests, including human rights and media freedom.



**Fig 1: Countries' membership in the Eurasian Economic Union (EEU), Collective Security Treaty Organization (CSTO), and Shanghai Cooperation Organization (SCO) compared**

The other Western international organization active in the Greater Caspian Region is NATO's Partnership for Peace (PfP) which engages with those countries willing to do so for military cooperation, primarily for modernization and to develop internationally compatible peace-keeping capabilities. Azerbaijan, Armenia, Georgia, and Kazakhstan have had members of their militaries serving with NATO in Afghanistan.

**IRAN.** Although Iran has shared borders with Turkmenistan, Azerbaijan, Afghanistan, and Armenia, it is still a bit of a wild-card in the Greater Caspian Region. Tehran has long been interested in its former-Soviet neighbors but had been economically constrained by the international sanctions that crippled its economy. Still, Iranian-Caspian infrastructure continues to emerge, like the Kazakhstan-Turkmenistan-Iran railroad, and is likely to increase over the longer term.

Nevertheless, Iran will have an uphill slog to gain any significant political influence in the Greater Caspian Region. The most natural affinities should exist between Dushanbe and Tehran, because, unlike the other Central Asian states that are generally

Mongol-culture and Persian-speaking by heritage, Tajikistan is a Persian-culture nation, having once in the long-distant past been an outpost of the ancient Persian Empire; the Tajik and Farsi languages are mutually intelligible.

But even Dushanbe is more than a little leery of Tehran because Tajikistan's population is majority Sunni, except for the large but remote Gorno-Badakhshan Autonomous Region where Ismaili Shi'ites predominate. Likewise, Iran and Azerbaijan, two Shia-majority states, should be natural allies, but secular Azerbaijan has kept its relations with Iran to the "correct" level at best, and Iran keeps a wary eye on its significant ethnic Azeri population in northern Iran. The other Greater Caspian Region states, too, cast a wary eye toward Iran because it is a self-proclaimed Islamic revolutionary state, a fact that alienates the determinedly secular leaders elsewhere in the region. Still, Iran can expect to gain incrementally more influence in the region in the longer term, especially economically, as its trade and energy linkages increase with the Caspian-littoral states.

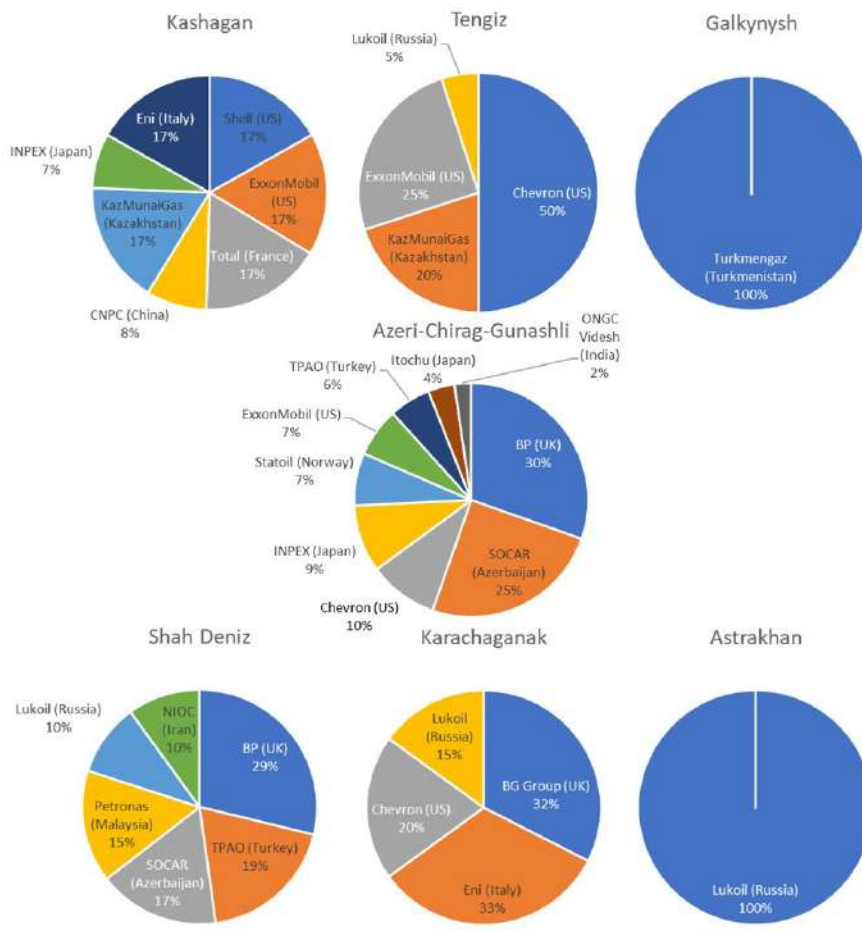
**TURKEY.** Ankara should be a major player in the Greater Caspian Region, but it never really reached its full potential there and, currently, seems more focused on its own internal issues. Immediately after the fall of the Soviet Union, Turkey made a full-press effort to become a major player in Central Asia because four of those five states (minus Tajikistan) are Turkic in language and culture. However, it overplayed its hand and was perceived as a state seeking domination, rather than offering to be a helpful partner. In the South Caucasus, Turkey and Armenia maintain their post-Ottoman Empire standoff. Ankara is allied with Baku and is a strong but not dominant and decisive partner for Azerbaijan. Indeed, Israel is as much a key partner for Azerbaijan as Turkey is. So long as Turkey remains inward looking because of its own unresolved struggle to determine whether it will truly become European or if it will pursue its own course, Ankara will remain a player, but not a major one, in the region.

**EXTREMISM.** Though the threat is small, Islamist extremism does play a role in the Greater Caspian Region. ISIS, specifically the Islamic State of Khorasan Province, or ISIS-K, is of top concern. The group has claimed responsibility for nearly 40 attacks so far this year, all in Afghanistan, though the Khorasan Province extends into parts of Iran, Turkmenistan, Uzbekistan, and Iran. The Islamic Movement of Uzbekistan (IMU) allied itself to ISIS as part of the Khorasan region in 2015. ISIS has also been pushing to radicalize more Central Asian migrants in recent years, particularly guest workers from the Uzbek, Tajik, and Kyrgyz communities in Russia.

Violence from Chechen extremists has been a problem in Russia since the 1990s, though the country hasn't seen a major attack since 2010. Still, the fear of a Chechen threat remains: as recently as 2017 at least four men were killed and 100 more apprehended in Grozny under suspicion of planning an attack on Khankala, a former Soviet air base.

The group was allegedly acting under ISIS orders. Russian officials have estimated that about 3,500 Russian citizens have gone to fight for ISIS in Syria or Iraq. Chechen authorities are now wrestling with how to handle returning fighters.[1]

**ENERGY COMPANIES.** Given the Caspian’s extensive hydrocarbon resources, foreign energy companies have a large presence in the region. Kazakhstan’s Kashagan oil and gas field is being developed by Shell, ExxonMobil (U.S.), Total (France), the China National Petroleum Corp, KazMunaiGas (Kazakhstan), INPEX (Japan), and Eni (Italy). BG Group (UK), Eni, Chevron (U.S.), and Lukoil (Russia) are developing Kazakhstan’s Karachaganak. Tengiz is being developed by Chevron, ExxonMobil, KazMunaiGaz, and Lukoil. Turkmenistan’s Galkynysh is operated by Turkmengaz. BP (UK), TPAO (Turkey), SOCAR (Azerbaijan), Petronas (Malaysia), Lukoil (Russia), and NIOC (Iran) are developing Azerbaijan’s Shah Deniz in the Caspian Sea. Lukoil operates Astrakhan. Azerbaijan’s ACG is operated by TPAO, ExxonMobil, INPEX, and SOCAR Itochu (Japan).



Companies’ percentage of shares in natural resources.

**Fig 2. Companies’ shares in natural gas resources**

[1] Anna Arutunyan, “ISIS Returnees Bring Both Hope and Fear to Chechnya,” International Crisis Group, (March 26, 2018), <https://www.crisisgroup.org/europe-central-asia/caucasus/chechnya-russia/isis-returnees-bring-both-hope-and-fear-chechnya>

## CHAPTER III: CASPIAN SEA NAVAL HISTORY

BY REAR ADMIRAL (RET.) RON MACLAREN AND SARA HUZAR

Wherever there have been large bodies of water, there have been navies attempting to protect and control the national interests of the countries that line their shores. The Caspian Sea has been no different. If one looks back at the naval history of the Caspian Sea, it has been clearly shown that navies attempted to control the waves as a means to exert their nations' will on their neighbors. In 1669, the smaller but more maneuverable Cossack fleet of Stepan Razin defeated the much larger fleet of the Persian Shah in the Caspian Sea with the intent of controlling the sea for the establishment of a Cossack regime. In 1919, the British Caspian Flotilla defeated the Red Caspian Fleet of Russia for the express purpose of capturing Krasnovodsk, which was the east-coast terminal of the Trans-Caspian Railroad. By doing so, they enhanced the support to British forces in Turkmenistan. Their second objective was to prevent the oilfields around Baku from falling into German or the Ottoman Empire's hands. Controlling the sea gives immense power to the controlling country, and not just in military terms. Naval dominance also enables a tremendous amount of economic and diplomatic power. Sea lanes of commerce are controlled by who owns the sea. Diplomatic negotiations give more leverage to the country that has this dominance.

The Soviet Union, prior to its implosion, maintained control of the Caspian Sea with its Caspian Flotilla. Since Azerbaijan, Kazakhstan, and Turkmenistan were part of the Soviet Union, Iran was the only other Caspian littoral county. Iran had very little control over what happened on the seas and had a very weak and limited navy at the time to counter the Soviet Union. After the breakup of the Soviet Union, the Caspian Flotilla was divided up among Russia, Azerbaijan, Kazakhstan, and Turkmenistan. Russia still maintained the stronger naval assets in this division, with Azerbaijan ranking a distant second in naval strength. Today, the interests of each country bordering the Caspian Sea are driving their desire to grow their navies. The dynamics of each of these interests are many and diverse. Russia continues to exert pressure on its former republics.

**RUSSIAN NAVY.** There are Russian military experts that say that their Caspian Flotilla is not necessary due to the relative weakness of the other countries. Those same voices argue that the Caspian naval assets could be used more effectively elsewhere in potential defense against the United States or its western allies and that they could easily be moved back to the Caspian Sea, should they be needed. They also argue that there is no real combat naval mission for the Caspian Flotilla and that land forces and aviation could counter any threat.

That being said, actions of the Russian government show that they do not agree with that assessment. They say that combatting terrorism, guarding Russia's southern borders, and overall protecting their national interests are why they need a Russian Navy presence in the Caspian Sea.

They continue to plan for a modernization of the Caspian Flotilla with replacement warships as well as conducting joint naval exercises with other Caspian countries. They have used the Caspian Sea as a launching zone for missile strikes into Syria. The message they sent to their neighbors with those strikes was about more than the Syrian mission. They have conducted naval exercises with Iran and Kazakhstan. Joint exercises with Kazakhstan prepare for the event that Iran attacks U.S. interests (oil) in Kazakhstan in response to a potential U.S. intervention in Iran. It seems somewhat ironic that Russia would respond to protecting U.S. interests in Kazakhstan, but it could be to keep and increase Russian influence over Kazakhstan.

Exercises with Iran intend to keep Iranian relationships strong in the event that they need to protect their interests from outside intervention. It is unclear whether these joint naval exercises are increasing their joint operational warfighting capability with Iran or how much they are sharing, i.e., intelligence, tactics, command and control, or integrated fire power. It is clear that Russia continues to “Fly the Flag” with all of the Caspian countries through exercises and country port visits.

Russia has also made its commitment to a Caspian naval presence clear in the recent construction of a new naval base. Astrakhan has long been the dominant Russian port on the Caspian and is the current headquarters of its Caspian Flotilla due to its strategic location at the mouth of the Volga River. Recently, however, Russia revealed plans to move the flotilla to a new naval base being constructed at Kaspiysk, just over 310 miles (500 km) south. Unlike Astrakhan, whose waters are frozen five months of the year, Kaspiysk does not freeze and, therefore, will not need icebreaker ships to move vessels in and out of port. Plans to develop a commercial port in Astrakhan, which might impede naval forces stationed there, also motivated Russia’s decision to move. Upon completion, Kaspiysk will reportedly be more advanced than its northern cousins and will include a seaport, ammunition dumps, a hospital, and living space for servicemen and officers. From a geopolitical perspective, Kaspiysk puts Russian ships – and therefore Russian missiles – closer to Georgia, Azerbaijan, and parts of Central Asia. The substantial technological and strategic investment in Kaspiysk also demonstrates the importance Russia places on the Caspian, especially given that the construction of the new base is not without challenges. Kaspiysk is part of Dagestan, one of the most difficult-to-manage Russian republics. Multiple ethnic rivalries and endemic corruption have made the region a hotbed of violent activity: it exports more jihadist fighters to Iraq and Syria than any other Russian territory. Russia may hope that more firepower in the region will help the central government keep Dagestan on a tighter leash, but some critics worry that the move will only incite local nationalist movements or add a new target for local jihadist groups.



**AZERBAIJAN NAVY.** Unlike Russia and Iran, who have multiple coastlines, the Caspian Sea is Azerbaijan's only maritime concern. As a result, it has a healthy naval presence consisting of two gunboats, four auxiliary vessels, a transport ship, and an armed steamer. In contrast, it had virtually no shipbuilding capabilities until 2013 when it built Baku Shipyard LLC, now the most modern ship-repair and construction facility in the Caspian. Baku Shipyard can produce up to 25,000 tons of steel per year, and makes offshore support vessels, general cargo vessels, tug boats, crane vessels, specialized vessels, passenger vessels, and tankers. Mistrust of other regional actors might be driving Azerbaijan to invest more heavily in naval production and capacity.

The Azerbaijanis have shown a deep distrust of Iran and its intentions as they continue to fight with Armenia on land and protect their oil interests in the Caspian Sea. Iran has pushed the envelope with Azerbaijan by infringing on disputed areas of the Caspian Sea for oil exploration. Azerbaijan has received U.S. and European assistance in developing its navy, but that support has been limited. Baku continues to lobby for more assistance with military systems to help it protect its interests. One program, the Caspian Guard Initiative, was a framework program designed to coordinate activities in Azerbaijan and Kazakhstan with those of U.S. Central Command and other U.S. government agencies to enhance Caspian security. The initiative assisted the two countries in improving their ability to prevent and, if needed, respond to terrorism, nuclear proliferation, drug and human trafficking, and other transnational threats in the Greater Caspian Region. They also are concerned with Russian influence and whether Russia would come to their aid, should Iran be more provocative in what the Azerbaijanis consider their territorial waters. Russia plays both sides as it also helps Armenia in the conflict with Azerbaijan. Azerbaijan also has strong Israeli relations it is using, should Iran prove difficult. For example, though Russia had consistently been Azerbaijan's largest weapons supplier, it was overtaken by Israel in 2016. In spite of its concerns with Iran, the Azerbaijani government has met with Iran to improve their relationship and work toward mutual interests in the defense of their respective countries.

**KAZAKHSTAN NAVY.** The Kazakh government has recognized the need for a more potent naval force and has taken a multi-pronged approach to improving its capabilities. In addition to seeking Russian military capability through military purchases, they are seeking military capacity from the West, as well as from other countries. An additional prong of their military strategy is growing a military ship-building program where they have developed their own class of military warships to augment their Caspian fleet. Kazakhstan's navy consists of one fast-attack craft and four patrol boats. The fast-attack craft, the *Kazakhstan*, and two of the patrol boats were all built domestically at the Zenit plant, about 310 miles (500 km) inland and transported to the Caspian via the Ural River. This domestic production is part of a strategy to weaken and diminish the influence of Russia over Astana's internal affairs. The Russians have not supported this approach for obvious reasons and have stated their desire not to "militarize" the Caspian Sea. Kazakhstan believes that a navy is necessary for the protection of its economic interests and its territorial integrity.

Kazakhstan's maritime presence is also strategically significant to the United States. The Kazakh navy is based out of Aktau, where construction of the military port was finished only in 2016. Aktau, along with the commercial port of Kuryk, both made headlines in March of this year when Kazakh lawmakers allowed the United States to use these ports to transport non-military goods to Afghanistan. The initial route ran through Russia, but the Russian government cut off U.S. access in 2015. Now, the goods will travel from Azerbaijan, across the Caspian to Kazakhstan, overland to Uzbekistan, and then by rail to Afghanistan.

**IRANIAN NAVY.** When speaking of the Iranian Navy, it is necessary to clarify that they have two distinct navies. They have the Islamic Revolutionary Guard Corps Navy (IRGCN) and the Islamic Republic of Iran Navy (IRIN). The IRGCN focuses on national security in the Persian Gulf against its regional neighbors and outside foreign presence. The IRIN's mission is forward presence and naval diplomacy. The Caspian Sea area is the responsibility of the IRIN. As such, the focus of naval capability will be on the IRIN in the Caspian Sea. Overall, the IRIN has embarked on a major recapitalization of its surface fleet as well as augmenting its submarine force. They have purchased submarines from Russia as well as midget submarines from North Korea.

One major focus for the IRIN is out-of-area operations primarily focused on blue-water areas such as the Gulf of Oman, the Red Sea, and the Mediterranean Sea, as well as the Indian and Pacific Oceans. A long-term goal is for Tehran to become a regional power in the Gulf of Oman and the Indian Ocean. They have increased their level of high-level military exchanges coupled with combined exercises with China, India, Oman, Pakistan, and Russia. Their stated mission is to become a superior military power for defense and security in addition to guarding Iran's territorial independence against military threats.

The IRIN's surface combatants are aged, dating from the 1960's and 1970's. They have done a fairly good job of preserving their material readiness as well as retrofitting them with more modern armament. They do recognize the need to replace this aging fleet and have embarked on a shipbuilding program which was mentioned previously. Their submarine force is much newer, but generally they are adding capability through domestic production. While most of their focus has been on their southern borders, they have not forgotten about the Caspian Sea. They have improved their surface combatants with a new missile launching corvette and have added new submarines to patrol the Caspian. While Iran has a good relationship with Russia because Russia helped them build their nuclear program, the relationship is more tense as it relates to oil and gas.

Like Kazakhstan, Iran is attempting to lessen dependence on foreign military sales by constructing its own submarines and patrol boats. Iranian shipbuilding is primarily concentrated in non-Caspian ports, mainly Bandar Abbas on the Strait of Hormuz. Iranian production is divided between two large shipbuilding companies: the state-owned Iran Shipbuilding and Offshores Industries Complex Co. (ISOICO), and its sister company, Sadra Co., controlled by construction conglomerate Khatam al-Anbia, which is in turn controlled by the Iranian Revolutionary Guard Corps (IRGC).

Also known as the Iran Marine Industrial Co., Sadra is headquartered in Bushehr, in Southern Iran, and conducts most of its business in the Persian Gulf. However, they also operate a large Caspian Sea complex in Neka, near the Gorgan Bay. Sadra is primarily a commercial shipbuilding company and lists its products as semi-submersibles, jack-ups, tankers, cargo ships, fishing boats, ocean-going tugs, utility vessels, pipe-laying barges, float-over and launch barges, and fast-patrol boats. ISOICO is based out of Bandar Abbas, and its six shipyards are all in the Persian Gulf or Strait of Hormuz.

This presents a challenge to Iran's Caspian naval presence, since Iran does not have its own waterways leading from southern production ports to the Caspian. A proposed canal running through Iran and connecting the Caspian Sea to the Persian Gulf would eliminate that issue, but the project faces such large financial and ecological concerns that it has been largely dismissed as government propaganda.[2]

These transportation issues may be why Anzali, Iran's main port on the Caspian, is expanding its production capabilities. Anzali is the headquarters of Iran's Fourth Naval District, the command responsible for Iranian naval concerns on the Caspian. It was equipped to produce a line of Mowj-2 class destroyers in 2007 and inaugurated the first of those ships, the Jamaran-2, in 2013. Also known as the Damavand, she was reportedly the first domestically-built Iranian ship on the Caspian, before she sank in January after high winds and waves forced her into a rock jetty. Anzali is also the primary training site for Iran's Navy in the Caspian. Nearby, the port city of Nowshahr, though not technically a navy base, houses Iran's Naval Academy. Iran's exact production capabilities and military presence on the Caspian are unclear, since Iranian media have frequently released conflicting reports.

For example, Iran announced in 2014 that it would be launching its first destroyer on the Caspian but had already televised the launching of Jamaran-2 in 2013. While the specific details are murky, the trend seems to be increased militarization in the Caspian Sea, accompanied by increased military production at Anzali.



**Map 2: Iranian production facilities in the Greater Caspian Region**

[2] Abdulrahman Al-Rashed, "Opinion: An Iranian Canal From the Caspian Sea to the Gulf," Asharq Al-Awsat, April 13, 2019. <https://eng-archive.aawsat.com/abdul-rahman-al-rashed/opinion/opinion-iranian-canal-caspian-sea-gulf>

Iran's subsurface force gives it considerable power in the Caspian Sea. It can be used for offensive, defensive, and intelligence gathering during its patrols. The southern part of the Caspian Sea has the greater depths which facilitates more clandestine operations. The depths are much shallower in the northern section. Submarines make good listening posts that give the ability to Iran's navy to listen and not be seen. This capability can also be used for the integration of coordinated firepower, should the need arise.

While not specifically naval forces, the Iranian Quds Forces need to be discussed as well in terms of an overall naval strategy of Iran. The Quds Forces are a special operations unit of Iran's Revolutionary Guards. They report directly to the Supreme Leader of Iran. They are responsible for conducting extraterritorial operations and, hence, are tied to potential naval strategies. They bring a mixture of combatants and those who train and oversee foreign assets. Their branches focus on intelligence, finance, politics, sabotage, and special operations. They train and equip foreign Islamic revolutionary groups operating outside of Iran. With these types of assets, Iran could easily insert Quds Forces into other countries for such purposes.

The IRIN, as previously mentioned, conducted joint naval exercises with the Russian Caspian Flotilla. In addition, it uses "peace and friendship groups" to visit ports in the Caspian with the express purpose of showing the Iranian flag. They have sailed to Azerbaijani and Russian ports as diplomatic relations continued to be worked among all of the Caspian states. As the dynamics continue to develop and unfold concerning the use and resources of the Caspian Sea, Iran has recognized the value of a ready and able force to influence and protect its national interests.

**TURKMEN NAVAL FORCES.** Turkmenistan's naval force consists of two Russian-built missile corvettes and two Turkish-built patrol boats. The corvettes were built at Russia's Sredne-Nevisky plant in St. Petersburg and sent south via the Volga River. The Turkish ships were built in sections, and then put together by Turkish experts in Turkmenistan's Turkmenbashi naval base.

The naval forces of each country continue to evolve, based on the perceived threats to each country's national interests. It is clear that each country continues to work diplomatic solutions while hedging its bets, should diplomatic channels not reach desired outcomes. The recently signed Legal Convention on the Caspian Sea (August 2018) raises more questions than it answers. But because it agrees that foreign military will not be allowed in the Caspian Sea, it further strengthens each of the countries' resolve to fund, maintain, and operate a capable navy in the protection of its interests. The Russian Caspian Flotilla will continue to control the Caspian in the near future until its neighbors can come out of the shadow of its influence and have their own navies that can challenge for control of the seas.

## CHAPTER IV: THE STRATEGIC IMPORTANCE OF THE GREATER CASPIAN REGION FOR THE UNITED STATES

BY LUKE COFFEY

For the United States, the Greater Caspian Region is a place where there is a convergence of challenges and opportunities. On the one hand, the region is prone to many of the problems the United States faces around the world: a resurgent Russia, an emboldened China, a meddling Iran, and the rise of Islamist extremism. On the other hand, there are many economic opportunities for the United States to pursue in the region. Oil and gas from the region can help reduce Europe's dependency on Russia, and close cooperation with regional countries can help solve larger problems like the situation in Afghanistan and the fight against extremism.

While none of the Greater Caspian countries are in NATO, and therefore receive no security guarantees, Azerbaijan, Kazakhstan, and Turkmenistan are members of NATO's Partnership for Peace program.[3] To varying degrees, all have helped NATO operations in Afghanistan: Turkmenistan probably the least, Azerbaijan the most, currently maintaining 120 soldiers for the NATO-led operation there and providing invaluable trans-shipment facilities, especially since Russia closed its portion of the Northern Distribution Network.[4]

Washington's primary goals in the Greater Caspian region can be summed up with five "S": sovereign, secure, self-governing, secular, and settled:

**- A Sovereign Caspian.** Across the Greater Caspian region, there are cases of national sovereignty being undermined by illegal occupation. Between Armenia's occupation of Nagorno-Karabakh in Azerbaijan and Russia's occupation of Georgia's South Ossetia and Abkhazia, there is an estimated 9,652 sq mi (25,000 sq km) under illegal occupation in the Greater Caspian Region. Many of the region's important pipelines, highways, and rail lines run within mere kilometers of these areas of occupation. Furthermore, these prolonged conflicts are how Moscow exerts most of its influence in the region. The United States should support policies and initiatives that help end these occupations and bring stability to the region.

**- A Secure Caspian.** The United States should promote policies in the Greater Caspian region that help with regional security. A secure Greater Caspian Region brings many economic, trade, and energy opportunities. Assisting the Greater Caspian Region in becoming a stable and secure transit and production zone for energy resources will greatly benefit America's interests and those of its allies. A secure Greater Caspian Region will also encourage much-needed foreign investment.

[3] Partnership for Peace forms the basis of NATO relations with Euro-Atlantic partners that are not formally part of the alliance.

[4] Rashid Shirinov, "Azerbaijani Peacekeepers Depart for Afghanistan," AZERNEWS, October 11, 2017, <https://www.azernews.az/nation/120298.html>.

- **A Self-governing Caspian.** It is in America's interests that Greater Caspian countries remain self-governing with little or no influence from neighboring or other larger regional powers. This is particularly true of Russia's questionable influence and hybrid tactics in the region. Strong and stable governments resilient to outside influence are in America's interests in the region.

- **A Secular Caspian.** With the exception of Iran and the Republic of Dagestan—a federal subject of Russia that accounts for two-thirds of Russia's Caspian shoreline—radical Islamist movements have not established a presence in the Greater Caspian Region the same way they in the Middle East and North Africa (even though ISIS has proclaimed its so-called Khorasan Province in parts of Iran, Afghanistan, and western Central Asia). This is mainly due to the secular nature of Azerbaijan, Turkmenistan, and Kazakhstan. It is in America's interest that the situation remains this way.

- **A Settled Caspian.** After 22 years, 52 working group meetings, and five Caspian Summits, the leaders of the five Caspian nations signed the Convention on the Legal Status of the Caspian Sea in August 2018. This agreement paves the way for the completion of the Trans-Caspian Gas Pipeline potentially linking Central Asian energy markets with Europe, bypassing Russia and Iran. While this agreement outlines how and by whom the Caspian can be used, it failed to address many of the delineation issues in the Caspian that have been the source of tension in recent years. It is in America's interests that these bilateral disagreements about the delineation of the Caspian be resolved.

In light of President Trump's Afghanistan strategy, the region could become very important once again for the United States. A key plank of the Administration's Afghanistan strategy is pressuring Pakistan to end its support for the Taliban and associated groups.[5] A consequence of this approach with Islamabad might be that the ground and air resupplies transiting Pakistani territory could be cut or stopped all together. If this happens, the Greater Caspian Region could become even more essential for the military effort in Afghanistan.

On a positive note, former Secretary of State Rex Tillerson held a C5+1 (the five Central Asian states plus the United States) meeting in New York City during the 2017 United Nations General Assembly meeting.[6] At a minimum, this shows that Washington will continue with this Obama-era initiative—which is generally viewed as positive by all the participants.

[3] Partnership for Peace forms the basis of NATO relations with Euro-Atlantic partners that are not formally part of the alliance.

[4] Rashid Shirinov, "Azerbaijani Peacekeepers Depart for Afghanistan," AZERNEWS, October 11, 2017, <https://www.azernews.az/nation/120298.html>.

[5] All Things Considered, "Trump Urges India To Assume Greater Role in regional Approach To Afghanistan," All Things Considered, August 22, 2017, <http://www.npr.org/2017/08/22/545314111/trump-urges-india-to-assume-greater-role-in-regional-approach-to-afghanistan>.

[6] AKIpress News Agency, "C5+1 FM's meet with U.S. Secretary of State Rex Tillerson in New York," AKIPRESS.COM, September 25, 2017, <https://akipress.com/news:597104/>.

## Regional Overview

The Caspian littoral countries pursue different regional policies. Understanding what the motivation is for each country will help U.S. decision-makers formulate policies in America's interests.

### Russia: The Dominant Actor in the Region

Since the breakup of the Soviet Union and the independence of the other three Caspian littoral states (Kazakhstan, Azerbaijan, and Turkmenistan) in 1991, Russia still sees itself as a leader in the region and maximizes influence in the region through economic, diplomatic, and military means. In fact, President Putin has declared the newly independent states of the former Soviet Union, including the Greater Caspian Region countries, Russia's "special sphere of influence" or sometimes even Russia's "exclusive sphere of influence." However, while Russia maintains the largest naval presence in the Caspian, the other littoral countries have also been investing in new ships, anti-ship missiles, and submarines.[7]

Moscow very much wants to marginalize Western influence in the region. Economically, Russia has a major presence in the region, and Russian businesses and foreign investment are found in every Caspian country. Moscow's desire to increase trade in the region is the main driver for several Russian-inspired transportation infrastructure projects in the Caspian. This is especially true as Russia seeks to find new economic activities in light of Western sanctions over its actions in Ukraine.

Russia has seen minimal success in the economics and trade front. Kazakhstan is a member of the Collective Security Treaty Organization (CSTO)[8]. But Azerbaijan left the organization in 1999, and Turkmenistan and Iran never joined. Other Russian-inspired ideas, such as the creation of a joint Caspian naval force, have been met with skepticism by other Caspian countries and will likely never come to fruition.

### Iran: Trying to Keep Up with Russia

Iran is one of Eurasia's historical powers and, therefore, sees itself as entitled to a special status in the Greater Caspian Region. After the Iran Nuclear Deal was agreed in 2015, Tehran had a new-found sense of confidence on the international stage. With the coming of the Trump Administration and the subsequent U.S. withdrawal from the 2015 Iran Nuclear Deal, Iran now finds itself geopolitically marginalized and economically in trouble.

The main driver of Iranian policy in the Greater Caspian Region derives more from history and culture than from oil and gas. Iran holds almost 10 percent of the world's crude oil reserves and 17 percent of the world's proven natural-gas reserves, giving it the second-largest natural gas

[7] John C.K. Daly, "Kazakhstan's Nay to Develop Anti-Terrorism Capacities," *Eurasia Daily Monitor*, Vol. 14 (October 25, 2017), 136, <https://jamestown.org/program/kazakhstans-navy-develop-anti-terrorism-capacities/>.

[8] The CSTO is a Russian-backed intergovernmental security alliance loosely designed to counter NATO. It was founded in 1992 and includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Azerbaijan, Georgia, and Uzbekistan left the organization in 1999. Collective Security Treaty Organization, "Basic Facts," [http://www.odkb.gov.ru/start/index\\_aengl.htm](http://www.odkb.gov.ru/start/index_aengl.htm) (accessed October 26, 2017).

reserves in the world, after Russia.[9] A vast majority, approximately 70 percent, of Iran's crude oil reserves are located onshore, with the remainder mostly located offshore in the Persian Gulf far away from the Caspian. Iran's natural gas reserves are also located away from the Greater Caspian Region. What few energy resources Iran has in the Caspian are difficult to extract due to the depth. Until Iran makes its own technological advances, oil and gas exploration and extraction in this section is extremely challenging.

Tehran has come to realize that it cannot influence the Greater Caspian Region with religion as it does other parts of the world. Post-Islamic-revolution Iran does not appeal to the Muslims living to its north in the same way the cultural prowess of the Persian Empire once did. Most Muslims in Central Asia are secular and are put off by Tehran's fundamentalism. Until the Iranian regime's attitudes change, or the regime changes, this will continue to be the case.

### **Azerbaijan: The Key to the Caspian**

Baku, the capital of Azerbaijan, is arguably the most important city on the Caspian Sea. It is home to the Caspian's largest port and serves as the transportation hub for goods shipped between Europe and Central Asia. Ever since the first oil well was drilled just outside Baku in 1846, the city has been vital to the region's oil and gas industry. For Europe, Azerbaijan provides a significant oil and gas alternative to Russia. This improves Europe's security and, by association, the security of the United States.

Globally, Azerbaijan is trying to keep a balance between its relations with the West and Russia, as are the other states in the Greater Caspian Region. Regionally, Azerbaijan has sought to keep a balance between Russia and Iran while striving to preserve its autonomy and independence as much as possible. Although Azerbaijan is a Muslim-majority country, it is a secular society and has close relationships with Israel, Georgia, and Turkey: this aligns Azerbaijani foreign policy more closely with America's.

### **Kazakhstan: Central Asia's Center of Gravity**

Kazakhstan, the world's ninth-largest country by land mass, sits right in the heart of Eurasia and has the longest Caspian coastline of all five littoral states. It is a major hydrocarbon player and has the potential to help Europe alleviate some of its hydrocarbon dependency on Russia. In addition, major transit routes pass through Kazakhstan along the old Silk Road, connecting East Asia with Western Europe, which China is currently working to revitalize with its Belt and Road Initiative.

There are major economic and energy opportunities for U.S. investment in Kazakhstan's energy sphere. Current investment runs into the tens of billions of dollars, and there is potential for more. Additionally, there are also further trade and investment opportunities. U.S. trade activity with Kazakhstan totaled more than \$2 billion in 2017.

[9] U.S. Energy Information Administration, "Iran Country Analysis Brief," June 19, 2015, <https://www.eia.gov/beta/international/analysis.cfm?iso=IRN>



Kazakhstan's location as a Caspian Sea littoral state means it is one of the key energy players in the world, with 1.9 million barrels of oil a day output projected in 2018 by the International Energy Agency – exceeding the output of seven OPEC members. Kazakhstan's oil production helps offset European oil and gas dependency on Russia. This, in turn, has an indirect impact on U.S. security interests in Europe because each barrel of oil and cubic foot of natural gas Europe gets from Kazakhstan is one less it gets from Russia. Kazakhstan also supplies above one-fifth of U.S. civilian uranium for power generation.

Another important factor for U.S.-Kazakh relations, as with Azerbaijan, is Afghanistan. While Kazakhstan does not share a direct land border with Afghanistan, the region is intertwined with historic trading routes still linking the two countries today. Kazakhstan has played a constructive role in Afghanistan. Over the years, it has offered millions of dollars' worth of assistance, has provided thousands of university-education opportunities for Afghans, and has agreed trade deals with Kabul worth hundreds of millions of dollars more. As the region's biggest economy and a secular republic, Kazakhstan has a direct interest in ensuring that Afghanistan becomes stable.

### **U.S. Maritime Interests in the Caspian**

Although located thousands of miles away, the United States has real maritime interests on the Caspian Sea. Due to the landlocked nature of the Caspian, and the historic limitations placed on the role of outside foreign powers in the region and now by the Caspian Sea Convention, the U.S. Navy has never sailed on the sea, nor are there any plans to do so. The recent Convention on the Legal Status of the Caspian Sea, signed by all five littoral states in August 2018, bans foreign warships from the Caspian. However, this should not prevent the U.S. from promoting its maritime interests in the region by other means.

When it comes to improving the maritime capability of Azerbaijan, Kazakhstan, and Turkmenistan, the U.S. has strategic and tactical goals. The main U.S. strategic goal should be for the United States to help partners in the region maintain a balance of power among all the five Caspian powers so that one country (either Russia or Iran) does not have overwhelming maritime power in the region. It is unrealistic that a single Caspian state will ever match the firepower of Russia. Instead, U.S. policy makers can strive to help friendly countries in the region to mitigate, balance, and deter any possible Russian and Iranian malign activity.

The main tactical goal in the Caspian Sea for the U.S. should be to help friendly countries secure their maritime borders, protect vital energy infrastructure, stop the flow of terrorists, guard from terrorist attacks, ensure the free flow of commerce in the region, and prevent the transfer of illegal weapons and drugs, as well as trafficking in persons.

As a way to institutionalize naval cooperation on the Caspian Sea, the U.S. started the Caspian Guard Initiative (CGI) in 2003. At the time, this was described as "...an initiative which established an integrated airspace, maritime, and border-control regime for the nations of Azerbaijan and Kazakhstan."

The lead combatant command for the initiative was the U.S. European Command (EUCOM), but one of the main reasons why the CGI was created was to coordinate efforts across different agencies of the U.S. government. This was especially true regarding U.S. Central Command (CENTCOM), which has the eastern shore of the Caspian in its Area of Responsibility.

In 2006, the then-Commander of the U.S. European Command, General Jim Jones, told the U.S. Congress in the EUCOM Posture Statement that CGI assists Azerbaijan and Kazakhstan in improving their ability to prevent and, if needed, respond to terrorism, nuclear proliferation, drug and human trafficking, and other transnational threats in the Greater Caspian Region.[10]

Sadly, what started out as an ambitious project soon faded away. There are two reasons to explain this. First, regional countries probably did not like the newfound scrutiny that was placed on them in Washington because of the increase in U.S. funding. Second, pressure from Iran and Russia on Baku, Ashgabat, and Astana was more than what the regional capitals were willing to tolerate, and this forced the initiative to end. If the United States tried ramping up its maritime support to the region again, it is likely that the three U.S. partners would come under the same pressures—especially in light of the recently-agreed Convention on the Legal Status of the Caspian Sea.

Regardless, most analysts will agree that the United States has lost focus on the region generally, and on the maritime situation in the Caspian specifically. In the 2018 EUCOM “Posture Statement,” which runs 5,600 words long, the commander of U.S. EUCOM, General Curtis Scaparrotti, did not even mention the word “Caspian” once. This is very different from General Jones’ comments in 2006.

The challenge for the United States will be to stay within the framework of the Convention on the Legal Status of the Caspian Sea (which should be easy because there is no desire to deploy U.S. ships on the Caspian) while making the offer of support too good for the regional countries to turn down. It remains to be seen if the U.S. has the political will to do so.

[10] General James L. Jones (USMC Commander, United States European Command) statement before the Senate Armed Services Committee, March 7, 2006. <http://ogc.osd.mil/olc/docs/TestJones060307-1.doc>

## CHAPTER V: POLICY RECOMMENDATIONS

### The United States should:

- Establish a Caspian Sea regional caucus on Capitol Hill to ensure that the region gains enhanced policy and appropriation attention.
- Openly declare that Washington does not recognize Moscow's assertion of a "special sphere of influence" in the now-independent former Soviet republics, including in both the South Caucasus and Central Asia.
- Likewise, openly declare the right of U.S. military flights to use the air space of the Caspian Sea because Russia is pressing to interpret the August 12th Caspian Sea Convention as banning all such U.S. military flights; these flights are essential to support the U.S. and NATO effort in Afghanistan. Further, the United States should take a clear stand against Moscow's view, if for no other reason than because Russia is seeking to regain a foothold in Afghanistan through its relations with the Taliban.
- Work with our NATO and EU partners to provide a clear roadmap to the countries of the South Caucasus (Armenia, Azerbaijan, Georgia) of the steps necessary to join NATO and the European Union. Implicitly, Georgia would be the focus at first, but it would be available to the other two, should they choose to pursue it. Then the United States should provide the financial and technical assistance necessary to those governments that choose this path. Some argue that Russia would see this as a provocation; however, each country in the region looks to the United States to avoid undue pressure from Russia and, to an extent, China.
- Enhance efforts to counter the rise of Islamist extremism in the region to prevent the region from becoming a transit zone and recruiting ground for Islamist extremists, especially ISIS.
- Repeal Section 907 of the FREEDOM Support Act limiting government assistance to Azerbaijan because strengthening Azerbaijan's military is in the long-term interest of the United States. This is because Azerbaijan is the only country that borders both Iran and Russia.
- Elevate bilateral relations with Azerbaijan to a strategic partnership enhancing dialogue mechanisms in the areas of energy security, trans-Caspian connectivity, and regional security.
- Support recent leadership changes in Armenia, to include domestic-policy efforts on anti-corruption and systemic renewal, with the longer-term goal of allowing Armenia to better balance its multi-vector foreign policy away from its current alliance on Russia and to find peace with Azerbaijan.
- Raise the profile of the U.S. Co-Chair in the OSCE's Minsk Group Process responsible for Nagorno-Karabakh to bring renewed attention to the need for a peaceful solution to the

conflict that includes the withdrawal of Armenian forces from all Azerbaijani territories.

- Offer a strategic partnership to Uzbekistan, contingent on President Mirziyoyev continuing to pursue his policies of openness in the region, economic and financial-sector reforms, and respect for international standards of human rights.

- Intensify diplomatic efforts with Turkmenistan to ensure that Ashgabat understands it can gain significant international support for its struggling economy if it agrees with Azerbaijan to construct, initially, the Caspian Sea natural-gas “interconnector” that can then lead to the long-delayed Trans-Caspian Pipeline that could deliver significant quantities of natural gas directly to Europe, avoiding existing Russian pipelines and the unreliable “Iran option.” Important to note that Russia continues to angle to regain a significant foothold in Turkmenistan’s natural-gas sector through Rosneft and the former Itera that reportedly have close personal ties to President Berdimuhammedov.

- Enhance the current C5+1 structure, in which the U.S. Secretary of State meets annually with the Foreign Ministers of the Central Asian states, and seriously consider adding Armenia, Azerbaijan, and Georgia into this structure to enhance the concept for a Greater Caspian Region. The current once-a-year meeting of the C5+1 is symbolic and welcomed by the regional states, but it is not adequate. It’s important to note that Russia doesn’t understand why the Central Asian states like the C5+1 and advises them not to cooperate. This annual top-level meeting should be followed throughout the year by regular high-level (and highly visible) visits to the region by senior officials from all areas of government, including diplomatic, defense, economic, energy, and the trade sectors of the U.S. government.

- Support a peaceful and speedy delineation of the Caspian Sea. While the agreement in August 2018 is a good first step, the question of delineation has been left to the individual countries to negotiate. It is in America’s interest and the interest of its European allies for the delineation to be resolved quickly. Doing so will remove a potential source of instability and help to advance economic and energy opportunities in the region.

- Support Caspian energy diversification projects. This includes political support for the construction of the Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI), Trans-Caspian Gas Pipeline, and the Southern Gas Corridor project. In the long run, this promotes economic freedom, strengthens regional stability, and breaks regional dependency on Chinese and Russian markets.

- Promote economic policies in the region that lead to diversified local economies. The areas of focus should be in the agriculture, manufacturing, and services sectors. This is especially important in light of recent oil prices.

- Take into consideration how U.S. sanctions against Iran give an advantage to Russia in the Caspian Sea region, specifically to Moscow's energy exports and to its geo-political intentions, including in Afghanistan; observers in the region predict that Iran will likely turn more toward Russia, and Moscow will likely increase pressure on the countries in the region.
  
- Evaluate current sanctions that could hinder U.S. support for regional connectivity. Specifically, the Iranian port of Chabahar holds important promise for Central Asia and Afghanistan. Regional support for Chabahar, especially from India, should be carved out from current sanctions regimes because it is in the U.S. national interest to do so.[11]
  
- Focus policy on how the new U.S. International Development Finance Corporation (replacing OPIC) with its initial \$60B budget, will make the United States a stronger player in the region and can help the countries in the region pursue more intelligently the development and investment projects they accept. Specifically, China's Asian International Investment Bank (for development purposes) and its BRI (for strategic purposes) do not adhere to international standards and can leave recipient countries overly debt-ridden, as has already been seen in Sri Lanka.
  
- Work with BRI recipient countries and companies to press China to meet international standards, and closely advise the countries in the region to adhere to international standards when accepting Chinese assistance because doing so will open the door to greater Western investment-bank and, especially, private-sector investment. In this regard, the United States should responsibly continue to increase its budget to promote and support U.S. private-sector investment in the region because that will be the source of long-term stability, prosperity, and integration for the Greater Caspian Sea Region countries into the world economy.
  
- Where China's investments in the region are legitimate, transparent, and within the rule of law, acknowledge that BRI could present opportunities. This could send a message to China that it could have another strategic partner in the region other than Russia.
  
- Explore seeking observer status in the China-oriented Shanghai Cooperation Organization that includes many of the states of South and Central Asia and that is continuing to mature into a responsible regional organization.
  
- Create a "fusion-cell office" in the National Security Council and in relevant Executive Branch Departments to ensure highest-level policy coordination for both the South Caucasus and Central Asia. Inevitable stove-piping and bureaucratic barriers currently exist because in the State Department the South Caucasus is in the Bureau of European and Eurasian Affairs and in the Department of Defense is in the European Command, whereas Central Asia is in the State Department's Bureau of South and Central Asian Affairs and in the Defense Department's Central Command.

- Find – and finance – ways to increase Western radio and, especially, TV broadcasting in the Greater Caspian Sea Region. Currently, BBC’s Russian-language service has only 6.9 percent penetration, and CNN does not have a Russian-language service. Voice of America and Radio Free Europe/Radio Liberty have minimal penetration, seldom above 2 percent at best. Moscow’s Russian-language broadcasting dominates the region with its view of the world that frequently seeks to disparage Western interests in the region.
- Follow a policy in the region of enlightened *realpolitik* that ensures all U.S. national interests are balanced. Specifically, the public “naming and shaming” and “finger wagging” common during the past decade about human rights violations – an essential element of U.S. values that we project throughout the world – should generally take place behind closed doors, which has been proven to lead to more positive results.

[1] On November 6, 2018, the State Department reportedly approved an exception from sanctions for Chabahar port.

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