



# A NEW U.S. POLICY FOR THE STRATEGIC CASPIAN REGION: FLY OUR FLAG HIGHER AND FOCUS ON AZERBAIJAN AND KAZAKHSTAN

*CASPIAN POLICY CENTER EDITORIAL BY AMBASSADOR  
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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.



## ABOUT THE AUTHOR



### **Ambassador (ret.) Richard Hoagland**

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). He also served as U.S. Charge d’affaires to Turkmenistan (2007–2008). Prior to his diplomatic assignments in Central Asia, Ambassador Hoagland was Director of the Office of Caucasus and Central Asian Affairs in the Bureau of Europe and Eurasian Affairs, Department of State (2001–2003). In that position, he wrote and negotiated four of the key bilateral documents defining the Central Asian states’ enhanced relationship with the United States in the aftermath of 9/11. His earlier foreign assignments included Russia where he was Press Spokesman for the U.S. Embassy (1995–1998). 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.

## U.S. FOREIGN POLICY IN THE CASPIAN REGION

The common perception is that U.S. foreign policy changes with each U.S. presidential administration. In fact, U.S. foreign policy is remarkably stable. Sometimes, too stable. Sometimes it becomes sclerotic and needs a fundamental rethink. That time has come for U.S. foreign policy in the eight countries along the southern rim of the former Soviet Union. This includes the three countries of the South Caucasus – Armenia, Azerbaijan, and Georgia – and the five of Central Asia – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. All eight make up the Greater Caspian Region.

The problem with our foreign policy in this region is that it is stuck in the past. To be more precise, it is stuck in the Cold War past, when Washington saw the world in binary terms: “Either you’re with us, or you’re against us.” And when countries made a choice to be with us, we quite often willingly overlooked some of their more embedded problems, simply because they were “on our side.” The end of the Cold War left our foreign policy somewhat adrift, and that’s certainly true in the Caspian region. In this post-Cold War period, our policy has tended to morph from “be with us” to “be like us.”

When the Iron Curtain started to fray in 1989, and then when it shredded and the tatters fell at the end of 1991, U.S. foreign policy makers were nearly giddy, displaying “irrational exuberance,” a term Alan Greenspan had coined. To mark the decisive end of the old era and the dawn of a new one, Francis Fukuyama wrote a book he entitled, “The End of History.” We were certain that the newly independent countries had been “yearning to breathe free” and would naturally and quickly become free-market democracies – just like us.

But that didn’t happen.

And it didn’t happen because each of these new nations had its own distinct history that was decidedly not Western. Even more important, the first generation of leaders in these countries, and the cohorts of bureaucrats who supported them, had all come of age in the Soviet Union and, with few exceptions, were decidedly homo sovieticus apparatchiks. We developed full relations with every one of these new countries, but those new bilateral relationships came with an undercurrent of dissatisfaction – sometimes even irritation – on our part that they hadn’t turned out how we thought they should.

That sense of disappointment congealed into a more hardened policy under both Republican and Democratic presidential administrations in Washington – specifically under Presidents George W. Bush and Barack Obama. Influenced strongly by human-rights non-governmental organizations, U.S. foreign policy in the Caspian region took to finger-wagging, naming-and-shaming, and, in our more extreme moments, even skirt-flouncing – not the best way to make friends and influence people. However, it’s interesting to note that even if that undercurrent of dissatisfaction was a hallmark of our over-all foreign policy, our Departments of Defense and Commerce, to achieve their specific goals – protecting the Homeland against militant terrorists and helping American companies expand into new markets – tended to be more pragmatic. Reality is never simply black and white.

An historic shift of the past 30 years is that China has emerged as a top player on the world stage, and for nearly the past eight years it has been implementing its global Belt and Road Initiative that cuts straight across Central Asia and through the South Caucasus toward Europe. In Moscow, from the earliest days of his first presidential term, Russian President Vladimir Putin has declared the former republics of the Soviet Union as Russia's "special sphere of influence." The countries of the Caucasus region are very keenly aware of these two world powers abutting their borders. Each of those young states, each in its own way, practices a foreign policy that Kazakhstan first defined as "multi-vector," meaning they seek to balance their relations with China, Russia, and the West. Yes, they are "with us" to a reasonable degree, but they also have to look over their shoulders at their powerful immediate neighbors. They try to maintain a self-interested balance.

U.S. national security strategy has long been to stand as an alternative to Russia and China in the region, but the days of either/or are long gone. The Biden administration's emerging foreign policy is to stand up firmly to Beijing and Moscow, even while working to find ways to build a more productive - or at least non-destructive - relationship with them. And with the United States and NATO now having firmly decided to withdraw their military troops from Afghanistan after two decades, it would make all the more sense to increase our visibility in the Greater Caspian Region.

Two countries in the region, one on each side of the Caspian Sea, are especially well-positioned to be the lynchpins of such an enhanced U.S. foreign policy: Azerbaijan and Kazakhstan.

## **AZERBAIJAN**

At the end of the 19th and beginning of the 20th centuries, Azerbaijan's capital, Baku, emerged as "the Paris of the South Caucasus," largely due to investments by the Rothschild and Nobel families in the emerging oil market, and many of the gorgeous buildings and mansions of that period still exist. But that moment of glittering brilliance came to an abrupt halt with the imposition of the Soviet empire. Only in the late 20th century did Azerbaijan once again emerge as more than a little-known backwater on the world stage.

At its independence, Azerbaijan's leadership invited Western gas and oil companies to explore and exploit its world-class hydrocarbon deposits in its portion of the Caspian Sea. By the end of the 1990s, the United States had led the international effort to build the Baku-Tbilisi-Ceyhan oil pipeline to deliver first oil and then natural gas directly to Europe, for the first time bypassing Russia's infrastructure and significantly enhancing Azerbaijan's independence. With this steady source of international income, Azerbaijan has become an increasingly internationalized, middle-income nation.

Further, although it is not at all widely known, Azerbaijan became a steadfast partner of the United States and NATO by allowing its territory to serve as a supply transit point for their troops in Afghanistan, especially after Moscow halted the Northern Distribution Network, where supplies had moved directly from northern Europe through Russia and Central Asia and into Afghanistan. The redirected flow through Azerbaijan included weapons and a significant portion of the jet aircraft fuel needed for the war in Afghanistan.

Despite this history of close, pragmatic relations, Baku has not had an easy ride in Washington, in part because of the strong influence of the Armenian diaspora. Armenia's occupation of a significant portion of Azerbaijan's sovereign territory – Nagorno-Karabakh and seven surrounding territories – shifted dramatically as a result of the late-2020 war in which Baku reclaimed the lion's share of its territory before Moscow decisively stepped in and called a halt to the conflict, leading to the stationing of Russian troops as "peace keepers" in areas of Azerbaijan that Armenia had recently occupied for three decades. Baku has publicly accepted this with a stiff upper lip, all the while signaling in every diplomatic way possible that it wants a stronger relationship with Washington. Even before this geopolitical earthquake, the government of Azerbaijan had been working diligently to replace its old-guard leadership left over from the Soviet era with a new generation of outward-looking, internationalized young men and women. The door is wide open, should we choose to go through it.

## KAZAKHSTAN

On the eastern side of the Caspian Sea, Kazakhstan has steadily emerged as the leading country of Central Asia, thanks in large part to fundamental decisions its first president, Nur-Sultan Nazarbayev, made immediately after independence. Three of these were especially important.

His government very early-on undertook fundamental economic and banking reforms, breaking decisively with the Soviet model, so that Kazakhstan's economy and financial institutions now rank with those of Central Europe, and the country scores well in the Economic Freedom Index, as does Azerbaijan.

Further, at independence, Nazarbayev pledged that Kazakhstan would give up its Soviet-Era nuclear arsenal and become a leader in the international non-proliferation movement, in part because the region around, and people of, Semipalatinsk in north-western Kazakhstan had been so devastated by Soviet above-ground nuclear testing. Working closely with the United States, Kazakhstan has kept that original nuclear non-proliferation promise and has prevented the plutonium and highly enriched uranium it inherited from its Soviet period from falling into terrorist hands.

Perhaps most important, even before Kazakhstan started to become a wealthy nation because of its gas and oil, Nazarbayev said that if Kazakhstan were to succeed as an independent nation, it would need a new generation that firmly breaks with its Soviet past and thinks and plays differently on the world stage. To that end, he established the Bolashak Program (bolashak means future in the Kazakh language) in which Kazakhstan sent a large number of its young people abroad, especially to the United States and Europe, as well as to Singapore, for full college educations and, for some, even graduate degrees. Today there are well over 10,000 alumni of the Bolashak Program. Visitors to Kazakhstan can walk into almost any government and private-sector office and find those in positions of increasing authority who speak foreign languages – quite often English – and have a thoroughly international perspective.

## AN OPPORTUNITY FOR U.S. FOREIGN POLICY

In the recent past, the perception has emerged that the United States has lost interest in the Caspian region. In fact, this is not true. We have full-fledged embassies in every one of the eight countries to focus on political and economic relations, to provide military and development assistance, to arrange education and business exchanges, and to offer humanitarian support. But generally, we have kept our diplomatic heads down as Beijing and Moscow have jostled for influence in the region and as Tehran has cozied up to Beijing, which will surely have echoes in the Caspian region.

We need to get our diplomacy right. The old Cold War is long over. We can no longer demand that our partners be like us. Certainly, we can – and should – advocate for human rights and against corruption. But the best way to do that – and it has always been the best way despite our past practices – is usually quietly behind closed diplomatic doors, simply because it doesn't work to name and shame in public. That's how we succeed in this important sphere of international relations – do it in a respectful and trusting partnership.

We need to raise our flag higher in the Caspian region. Certainly, in every U.S. embassy there we have active public-diplomacy sections that focus on educational and cultural relations and exchanges, as well as on media and information. However, daily Twitter, Facebook, and Instagram posts, as clever as they might be, cannot replace the fundamental importance of person-to-person interaction and high-profile publicity.

Perhaps the very best way to raise our flag higher is through high-level visits that clearly send a message that we are most definitely in the game. No U.S. president has ever visited a single country in the Caspian region. The clearest signal of our enhanced interests in the region would initially be a trilateral summit: Washington, Baku, Nur-Sultan. But a one-off event like that would be little more than check-the-box-and-run. Regular Cabinet-Secretary visits to Baku and Nur-Sultan would also be important – and warmly welcomed – to cement our more visible foreign policy in the region. These visits should include at least our Secretaries of State, Defense, Energy, and Commerce. Oddly enough, the perception has long taken hold in American diplomacy that the visitor must go bearing gifts. But, in fact, the best gift of all is the highly visible presence of the senior American official. That sends a clear signal to Moscow and Beijing, as well as to Tehran, like nothing else.

The Biden administration is emerging in many ways as a new- think U.S. government. The Caspian region is watching closely and waiting for assurance of this American “new think.” The place for Washington to start is on both sides of the Caspian Sea – in Azerbaijan and in Kazakhstan. This would make clear to the leaders and people of the region that the United States understands that the sovereign and independent nations on the southern rim of the former Soviet Union are not just the playground of Moscow, Beijing, and Tehran. They are strategically essential for world peace.

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