RUSSIA AND UNITED STATES IN SOUTH CAUCASUS, COMPETITION OR CO-OPERATION: THE CASE OF ENERGY RESOURCE

ABDOLLAH BAEI LASHAKI*, FERESHTEH NASROLLAHI**, ATEFEH MOSTAJER HAGHIGHI***

Summary

Geographical location and geopolitical importance of South Caucasus have changed it to one of the most important regions in the world. Passing several years after the collapse of USSR, this is still a strategic region for Russians due to several reasons which, since long time ago, have defined political and national interests for themselves. On the other hand, considering the lack of power in this region after the collapse of USSR, The United States is seeking to promote its influence there and compete with Russia- the region’s traditional power- through economic investment in the field of energy and developing military cooperation with regional countries. While the existing competing, these two countries have never tried to turn this competition to conflict. This conflict will undoubtedly endanger both countries’ interests in this strategic region. Considering the vital role of energy in foreign policy of both countries, the present article aims at showing how the two countries avoid conflicts despite having contradictory interests.

Key Words: South Caucasus, The United States, Russia, Energy Resource, geopolitical Competition.

Introduction

Geopolitical studies have shown that any region which satisfies great powers’ interests would be of geopolitical and strategic importance. However, these kinds of regions are divided into two
groups: first, those regions which only satisfy strategic, geopolitical and economic interests of great powers and second, those having the potential of threatening one or some great powers. Between the two, the second has a higher capacity to create crisis (Ebrahimi, Mohammadi, 2011, 2). South Caucasus plays both roles. On the one hand, it has economic and geopolitical importance for The United States, and on the other hand, it is likely to be threatened by Russia. Since the collapse of USSR, The United States which did not have any rivals there has tried to penetrate in all the regions which were formerly under the influence of USSR. Among them all, the newly established governments which were looking for development and growth were of substantial importance, and Russia, as the heir of USSR, did not have the power to dominate them. Caucasus is one of the most significant regions whose southern part includes Azerbaijan, Georgia and Armenia Republics. Even though joined the society of independent commonwealth countries, these three immediately attempted to reach more independence from Russia. The importance of South Caucasus roots in several various reasons: it is considered as the intersection of four main geographical directions to each other, as well as the meeting circle of Asia, Europe and Africa (Vosoghy, Emami& Rostami, 2013, 446). Caucasus is also the road of connecting Russia to and from the West. Another reason for the importance of Caucasus is its huge fossil energy resources and energy transmission paths to Europe (Nixey, 2010, 126). This region is also one the fewest paths which enables Russia to access warm waters. Considering these points, since the collapse of USSR, The United States has tried to penetrate in the region and adapted its foreign policy with this target. On the other hand, due to its strategic interests, Russia wants to regain its former dominance over this region (Shafee, 2010, 24), so it has established its foreign strategies and objectives based on the strategic significance of South Caucasus which has led Russia and The United States to a tough competition especially over energy. Although they both need to access energy in order to preserve and promote their power, none is able to implement its preferred order in the region on the whole and related to energy resource control and transferring methods, in particular. The question posed by this article is why the two powers are not able to implement their preferred order in the region, despite the great significance of Caucasus and Russia and America’s conflicting interests, and are forced to make use of indirect restricting strategies to guarantee their least number of interests. To do so, the researchers find it necessary to examine both the United States and Russia’s foreign policy objectives and priorities in the South Caucasus and the obstacles they are confronted to achieve their goals, which force them to accept an indirect cooperation in the region.

**Russia`s View to South Caucasus**

Increasing the influence of Eurasians in Russia’s foreign policy which emphasized the country’s geopolitics gradually intensified tensions regarding the role and influence of external players in USSR’s former Republics (Tchantouidze, 2008, 2-3). That is because Russia considers these lands as part of its territory and tries to be present there via both military bases in Georgia and Armenia as well as forming Peace Corps in South Ossetia, Abkhazia and Karabakh. South Caucasus is defined as the strategic heart of Russia, so the strategy of Russia towards this region should be analyzed and evaluated as part of the macro strategy of this country regarding former USSR. Russia’s government published some important documents during the 1990s including Russia’s military regulations (1993), Strategy of Russia (1994), National Security Document of Russia from 1996 to 2000, and the strategy of Russia for 21st century (1998). Some reasons why Russia considers South Caucasus as its backyard and defines strategic and geopolitical objectives for it include:
1. In spite of collapsing the economic structure of former USSR, Russia’s economic destiny is, in most cases, tied with newly established countries so that any change in any of them can result in positive or negative effects on Russia’s economy.

2. Caucasus is strategically a security boundary for Russia and the presence of foreign powers would influence Russia’s security, anyway.

3. Russia considers South Caucasus, Georgia, Azerbaijan and Armenia Republics as the depth of its strategic regions, so any change resulted from intervention of foreign powers will be presumed a threat to its national security (Almasi, Ezzati, 2010, 39).

Generally, Russia has some concerns in this region including:

1. South Caucasus has a high degree of inconsistency resulted from civil chaos. This creates the potential for conflicts over the relationships between this region and its neighbors. Inconsistency not only may contribute to the intervention of other powers to the region, but also it is a situation which is not welcomed by Russia. This also endangers the security of energy resources in the region. Therefore, Russia endeavors to manage regional changes in order to prevent inconsistency.

2. Strategic position and energy resources in South Caucasus have led to attract the attention of regional and universal powers, especially the United States (Naumkin, 2002, 31). The presence of these powers and in particular the United States has caused Russia to monitor regional changes more strictly.

3. South Caucasus plays a crucial role in the developing energy resources of Caspian Sea. After recent changes in Arab countries, the significance of energy resources in Caspian Sea have been doubled and western countries directed their views towards this region. In recent years, conflicts between regional and universal countries to dominate over energy resources of Caspian Sea have created some inconsistencies (Shahnazaryan, 2006, 17). Naturally, transmitting energy is of high importance in this competition, so Russia can play a vital role in this process if it gains control over its transmitting roads.

Following the collapse of USSR, Russia has gradually been seeking to catapult its power in South Caucasus meaning that Russians are still growing the idea of reestablishing their declined power in the region. Russia uses the increase in world price of oil and its vast energy resources as strategic levers to control international markets, especially Europe (Ebrahimi, Mohammadi, 2011, 9). Russia wants energy resources of Caucasus to be transmitted via Russia in order to be able to control energy forever. Cooperation of Georgia with the west to transmit to encourage western companies to transmit the energy of the region from Georgia to Turkey and then to global markets not only has prevented Russia from reaching its goals in Caucasus, but also led to a wider presence of western countries in Caucasus and near Russian borders. As a whole, it can be indicated that the overall Russia’s tendency is to maintain its monopolies remained from USSR in this country. These economic monopolies create an opportunity for Russia to both impose its control over the new Republics and gain maximum benefits. They are classified in three categories: energy, communications and transportation. In energy sector, Russia is the main buyer of energy producers from Turkmenistan, Azerbaijan and Kazakhstan, and at the same time the main seller to the users in Georgia, Belarus, Ukraine, Armenia and Moldavia. Regarding energy policies, Russia will continue to keep its control over energy infrastructures of these countries. To do so, it will do its best to keep its control over the region and boost and stabilize its position in the region through some of its under control organizations like mass security covenant organization, Eurasian economic society, and Eurasia Custom union which has recently turned into Eurasia Union. Russia can unofficially expand its control over these countries in different economic, energy and defense areas through internalizing these organizations (Racz, 2012, 1).
Oil is important in the economy of Russia in terms of three aspects. First is the link between Russia’s petroleum structures and South Caucasus. Generally, the economy in former Soviet Union was based on work division and mutual relations with Moscow having the central role. Oil in Caucasus is also part of the whole structure of economy in independent commonwealth countries. The second reason is the presence of foreign powers in the exploitation of oil in Caucasus and mainly in Azerbaijan. A part of Azerbaijan’s oil is located in the shores of Caspian Sea and Russia is so sensitive in exploiting these oil resources in form of mutual petroleum contracts between Azerbaijan Republic and the given western companies. The third reason is the process of transmitting energy resources of Caspian Sea. Kazakhstan and Turkmenistan Republics possess oil and gas reserves, so the process of transmitting oil to European and American’s markets is one of the Internationally current economic and political. Russia prefers to apply the available pipeline connecting Central Asia to Russia from among possible choices, because it ultimately passes through Caucasus (Taheri, Farahmand, 2014, 159).

United States’ View to South Caucasus

Oil and gas resources in Caspian Sea have caused the United Stated to consider significant economic and strategic resources in this region. That is because energy plays a crucial role in establishing US foreign policy. Foreign policy makers in the United States believe that there should be a national energy policy which provides a permanent basis of energy for common people and the development of economy based on predicting needs, resources and reserves (Fayyazi, 2007). In addition to economic goals, the United States seeks strategic and political goals in South Caucasus so that geopolitical goals trigger the United States to intervene in Caucasus more than the economic ones. US officials want to be the only power in this region; in fact, they believe the newly established countries are located between the ruins of an imperial government from which they have recently been separated and a new regime in the south both of which are seeking to exert their political and economic forces (Deylami Moezzi, 2008, 70). That is why the United States and Russia presume Caspian region as a battle field. Russia tries to maintain the security of its southern borders in the newly-established Republics and the United States seeks to create a wide gap and ruin the geographical connection between Russia and its surroundings in order to geopolitically fight with Russia. Therefore, oil plays a vital role in these conflicts (Nichol, 2010, 9-10).

Along this, after the collapse of Soviet Union, the United States tried to have a continually stronger role in the region. In other words, lack of power in the region made the United States exercise its influence so that after the independence of Caucasus countries, American oil companies quickly entered the area and having rich sources of oil and gas drew American government’s attention to the regional countries even more, helping it to apply the policy of accessing energy resources and present in regional markets. It was the first time for the US to have the chance of directly intervening in the region, so it used this unique chance to obviously limit the influence of Russia in the region (Shaffer, 2003, 17-18). The United States’ Policies in South Caucasus, which is a part of Caspian Sea region, have been shaped based on security and strategic plans and not on energy status which reflects the internal and global position of the United States. Three main indices of US’s behavior include: view of US to itself and others, internal conflict of US, and global status. The foreign policy of the United States is shaped in South Caucasus or in Caspian region as a broader region based on these three indices.

The first index is the view of US to itself and others based on which the US has exerted some operations in the region including:
• Ensuring the dominance of US in all aspects, that is, this country should be the final decision maker in strategic relations without having any opposing power.
• The Middle East is a critical region and Caspian Sea’s countries should be kept away from regional tensions.
• Iran and Russia should be controlled and limited separately and in different ways.

The practical results of these interpretations which have consistently shaped America’s foreign policy in the region include more military operations, establishing warnings regarding Iran and Russia, and setting an atmosphere in which the priority is to have a specific framework of security affairs, not to exploit energy resources (Sajjadpour, 2004, 98-99).

The second index is internal conflicts in the United States. After more than two decades of the collapse of Union Soviet, America is still facing three groups of conflicts regarding the energy of Caspian Sea and its exploitation. The first group of conflicts is among governmental organizations responsible for decision making and implementing those decisions. The conflict between the US Ministry of Commerce and Ministry of Energy, on one hand, and Ministry of Treasury, on the other hand, is considered as an instance. The second group of conflicts is related to the ones between the government and private petroleum companies. These companies have different views, especially regarding cooperating with Iran. For them, crossing the pipelines through Iran is so economical, but for the federal government of the US, this is not true. The third group relates to strategic conflicts. Some US strategists believe in an interaction with regional players and a cooperative design in the region in which every member’s share is considered, while completely rejecting those restricting Iran- Russia cooperation or accepting them selectively (Sajjadpour, 2004, 99-100).

Finally, the third index is global status which indicates changes around the world reflecting fluctuations in priorities and operational foci. Transitions after September 11, 2011 have changed the priorities of the US and have given a lower priority to the exploitation of Caspian Sea energy compared with issues such as fighting against terrorism and preventing the proliferation of mass destruction weapons. Global status covers economic domain too. Attending energy resources in Caspian Sea is a function of global oil price which has changed the attention and concentration of the US regarding oil price fluctuations. It can be inferred that US behavior towards theoretical and practical areas of energies in Caspian Sea has been mainly a function of strategic and political concerns and process of threats and dangers.

However, Caucasus is still a priority for the United States because being the first power of the world necessitates dominance over this geopolitical region. In other words, it can be said that active participation in Caspian region is a plan by the United States to maintain its hegemony around the world, the fact which has an indispensable relation with energy security and strategic unity prevention in the region. The United State has always been looking for a variety of oil reserves in order to reduce its dependency on Middle East resources. Pursuing this idea made US officials to focus over Caspian Sea from mid- 90s (Koolaee, 2011, 100). In fact, it was during these years that west remarkably changed its view to Caspian region. Considering interests in exploiting oil and gas resources, fast growth of presence of petroleum and investment companies in Caspian Sea, and understanding the fact that inconsistency and war in South Caucasus and Central Asia can have geopolitical reflections in the region in a larger scale, interests of West in the region were mainly promoted, in a way that now the United States has become one of the fundamental trade partners of several countries in this region. This is all due to South Caucasus geopolitical importance and more broadly Caspian area to the US.

Overall, there are some concerns for the United States in this region which influences its view. These concerns are as follow:
1- Maintaining security and independence of countries in South Caucasus which is important for the US for two reasons: the United States knows that this region is so important for Russia, so it considers any violation in the region as a direct intervention of Russia and re-dominance of this country. The second reason is to ensure the security of Caspian and central Asia energy resource transmitting paths. The US is deeply worried about the fact that problems in security of the region will lead to insecurity of transmitting energy.

2- Reducing Russia’s influence on newly established countries (Dadandish & Vaezi, 2011, 19). US officials believe that power regain over Caucasus and Central Asia by Russia can help this country to increase its political status in regional and international arenas, which is in contrast to US foreign policies.

3- Preventing Iran’s influence expansion in the region (Nicu Sava, 2010, 16). Common religious and cultural interests between Iran and the counties in South Caucasus could make it possible for Iran to have a more active role in changes of the region. This could not be ideal for US and its active ties such as Israeli officials. During the last two decades, the United States has applied political, economic and promotional levers to reduce and limit the influence of Iran in the region, and has been successful in doing that (Shaffer, 2005, 43).

4- Competition of United States and Russia in South Caucasus. Some conflicts have been shaped between Russia and the United States in South Caucasus because they are looking for the highest benefits in the region regarding the clarification of their foreign policy objectives. In this competition, there is the United States, on one hand, which is looking for critical targets such as ensuring energy production and transmission, fight against terrorism and physical presence on borders of Russia and Iran (Nichol, 2010, 10). On the other hand, there is Russia which tries to recover its power and control over the region as well as eliminate security concerns and ensure its dominance over regional energy resources.

**Competition or Co-operation**

The main conflicts of these two countries are in the scope of economy and energy which are somewhat related to each other and will be considered in the following.

In this region, new Republics which are passing through their old system and entering a new one along with developing the economy of the market need to use their underground resources in order to empower their foundations and exert their economic and social plans, but in order to enjoy their natural wealth and due to lack of proper infrastructure and investments, they have considered western technologies. On the other hand, the United States which had given Russia some freedom in the region during the first years of these countries’ independence found it strategically valuable to expand the activity scope of American oil companies in the region and to support oil treasures. (Pishgahi & Mousavifar, 2009, 275). However, Russia has the biggest gas and vast oil resources in the world, which have intensifies the role of energy in its foreign affairs. This became more important since the presidency of Putin in 2000 that set one of his goals to organize energy management in Russia. Among regional countries, Azerbaijan republic annually imports huge amounts of gas from Russia. Georgia and Armenia also lack energy resources and are highly dependent to Russia. Almost all previous oil and gas pipelines of Caspian region pass through Russia and the country still wants the absolute monopoly of regional pipelines. In fact, oil is one of newest vital factors in determining geostrategic position in the south and southern borders of Russia. Caspian Sea’s oil and gas are important for Russia mostly in terms of political issues, rather than economic and industrial ones, so they are considered in foreign policy framework on Russian
Federation. During the years after the collapse of Soviet Union, Russia regarded to quickly maintain its influence in South Caucasus and used various levers to prevent an alternative for its traditional path of pipelines near the Black Sea (Sanaei & Karimi, 2012, 70). This country tries to remain the main player in Caspian oil and gas domains and attempts to restore its political priority by providing military security and economic competition among Caucasus countries and in commonwealth countries’ framework and by monitoring pipelines which send oil to the overall Black Sea region. In this regard, competitions and conflicts between Russia and some Western countries- in particular the United States- made an obstacle for Russia to reach its macro goals in energy sector. Unfriendly policies of west regarding the expansion of NATO to the east, admittance of more Eastern European countries in NATO, and the tendency of Georgia to register in NATO and supporting western and anti-Russian movements in Eurasian environment, especially through supporting color revolution in Georgia, all led Russia to manipulate energy as a forcing lever. Cutting gas transmission to Europe, especially to Ukraine and Georgia, along with increasing price of gas were the main reactions of Russia to the measures of western countries which created cold and high tensioned relations between the two parties in the past few years.

In contrast, United States implemented some measures to increase its influence stabilization in the region. In a better word, Russia and US competed actively and entered a new game called geopolitics game, oil game, pipelines game or big game. The main players are Russia, US, Iran and China each of which tries to exert some measures and plans to gain the maximum oil interests of Caspian region. It can be mentioned that Moscow has always sought to highlights its traditional role in transmission and exploitation of regional oil, in spite of many attempts from Americans. In return, the United Stated was trying to limit Russia’s power to a minimum and breaking its empire over Caspian Sea’s reserves. One pivotal point in the increase of competition between Russia and the US was the attempt to exploit oil from Caspian Sea which deeply contributed to geopolitical consequences in the region. In this way, different Caspian Sea’s pipeline routes have made serious changes in this region (Koolaee, 2007, 62). These principal routes for transmitting oil and gas in the realm of Caspian Sea are:

1- West route: this route transmits oil and gas of three countries on Caspian borders from Turkey and Georgia (Black Sea) to Europe, and is under the support of US, Turkey, Azerbaijan and Georgia. The most significant western pipelines include: oil pipeline of Baku-Norosisk (1500 km); oil pipeline of Baku-Supsa (920 km); oil pipeline of Baku-Tbilisi–Ceyhan (1730 km); oil pipeline of Tengiz-Norosisk (1600 km); gas pipeline of Baku-Tbilisi-Erzurum; and Consortium of Caspian Sea’s pipeline.

2- North route: this route transmits oil and gas of Kazakhstan and Azerbaijan form Black Sea, and is supported by Russia. It contains Atiro-Samara pipeline with 695 kilometers long, starting from Atiro port in Kazakhstan and reaching Samara in Russia. It then reaches Belarus, Poland and Hungry through internal pipelines of Russia.

3- East route: oil and gas of Kazakhstan and Turkmenistan are transmitted to the east of China by this route. Gas pipeline of Kazakhstan-Sin Kiang, with 3000 kilometers long, transmits energy to China and markets of Eastern Asia.

4- Southeast route: it starts from Turkmenistan, and after crossing Afghanistan reaches ports of Pakistan.

5- South route: it is the energy transit route of Caspian domain which passes through Iran and is supported by this country. It can transport energy resources of Caspian Sea, Central Asia and Caucasus to markets of Persian Gulf, Oman Sea, and then to global markets (Etaat & Nosrati, 2009, 12-13).
Studying these routes makes it clear that the east route is not economical due to being very lengthy and expensive. The southeast route cannot be considered a safe road for transmission of oil and gas, because there are many conflicts inside Afghanistan, no proper infrastructure is available and it has no access to open waters. The west route is passing Kurdish dwelling lands of Turkey, and also, is a quake-stricken region requiring macro investments. The route supported by Russia meaning the north route is passing the unsafe land of Chechnya, so it is a kind of improper road for transmitting energy. The other reason for the insecurity of this route is the tensions between Russia and Georgia- that is, the tensions between West and Russia. Therefore, the best route for transmitting oil and gas is the south route meaning Iran route, because in spite of having connection with the Persian Gulf, there is no specific security threat and is cost-effective. But, political and economic sanctions on Iran made this route somehow ineffective (Heinrich & Pleines, 2015, 109). Russia and the United States are of course in sheer opposition over this route so that Russia has been able to establish its preferred routes (Cordesman & others: 2013). Russia has found that opposition of the United States with transmission of oil from Caspian Sea by Russian pipelines has been more than a mere political competition. Because of geopolitical reasons, the United States disagrees with the dominant role of Russia in the region. This will become more serious if Russia can dictate its conditions to make west access regional energy resources. Based on these facts, the US has exerted its control in Caspian region through pipeline policies. Such policy is in opposition to the policies of the two major regional powers of Iran and Russia.

The nature and scope of conflicts between Russia and United States in producing energy and its transmission not only depend on capabilities of both sides, but also rely on demands of regional countries and their political position. Regarding all these issues, Moscow and Washington not only cannot stabilize their positions in South Caucasus, but also much of their effort is allocated to recover political and economic stability in the region to settle civil conflicts. This is in accordance to the interests of all involved parties, meaning Russia, the US and Caucasus people. For this, cooperation in energy sector has been a major priority in the relations between Russia and the US and Russia wants to apply energy as a lever not for opposing with the west, but for strengthening different forms of cooperation and fulfilling its needs. Oil has always been a political tool, but the importance of organizing relations with western countries, especially the United States, has made Putin utilize oil in a realistic political way and a complicated game. That is why energy resources in Caspian Sea have become a context for conflicts between Russia and the United States. The United States has estimated controlling Caspian energy resources as an instrument to reduce its own vulnerability and empower its control over other countries. Having the same type of relations has also been attended by Russia, particularly regarding meeting its various needs of domestic economy on the one hand and exceeding its foreign policies and regaining control over South Caucasus on the other (Pasandideh, 2011, 101-102).

Conclusion

While there is a strict competition between Russia and the United States in this region, their interaction regarding security of South Caucasus is sparkling. This unwritten interaction doesn’t reflect their close relations, but they are both clearly aware that any violation in the security of this region is not good for any of them. However, in case of violation, it has different meanings for these two countries. Russia concerns the entrance of foreign players in the region, a situation which promotes the danger of West interventions in the backyard of Russia. These concerns seem logical due to the country’s relations with Georgia and the tendency of Azerbaijan government towards the
west. On the other hand, the United States mainly concerns the security of transmission routes. It has made many investments in political and economic areas to control the transmission of energy in this region. Undoubtedly, in case of insecurities, north and south routes would be more logical alternatives for transmitting energy to Europe. This forces regional countries to approach Iran or Russia, not only economically but also politically, which is in sheer contrast to US foreign policies. September 11th accident is a turning point in the history of relations between Russia and the United States. After that, Russia implicitly agreed with the presence of the United States in South Caucasus. However, it was inevitably done and showed a change in the strategic attitude of Russia during the last two centuries in Caspian region.

Bibliography


Deylami Moezzi, Amin (2008), Central Asia and Caucasus in World Politics: Geo-Economic and Geo-Political Interactions, Ettelaate Siyasi Eqtesadi, No 257-258. (In Persian)


Naumkin, Vitaly (2002), Russian Policy in the South Caucasus, the Quarterly Journal, and Vol. 1, No. 3: pp. 31-37.


Nicu Sava, Ionel (2010), Geopolitical Patterns of Euro-Atlanticism, International Interest, Available at: www.da.mod.uk/colleges/arag


Pasandideh, Somayye (2011), Role of Energy in Russia Foreign Policy, Central Asia and Caucasus Quarterly, No. 74. (In Persian)


Sajjadpour, Seyyed Mohammad (2004), United States Foreign Policy and Subject of Energy in Iran’s Northern Borders, Central Asia and Caucasus Quarterly, No. 47. (In Persian)

Sanaei, Mahdi & Karimi, Khalil (2012), Analysis and Comparison of Iran and Russia Foreign Policy in South Caucasus, Central Asia and Caucasus Quarterly, No. 79. (In Persian)


Tchantouidze, Lasha (2008), the Three Colors of War: Russian, Turkish, and Iranian Military Threat to the South Caucasus, Caucasian Review of International Affairs, Vol. 2, No. 1


*Abdollah Baei Lashaki - Master of International Relations, Independent Researcher e-mail: Abdollah.baei@gmail.com

**Fereshteh Nasrollahi - PhD., in Political science e-mail: Dr.nasrollahi1391@gmail.com

***Atefeh Mostajer Haghighi- Master Student of International Relations e-mail: Atefehhaghighi2@gmail.com

© 2010, IJORS - INTERNATIONAL JOURNAL OF RUSSIAN STUDIES