

RUSSIAN POLICY TOWARDS THE CASPIAN REGION UNDER PUTIN

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The material included in this thesis has not been submitted wholly or in part for any academic award or qualification other than that for which it is now submitted.

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ABSTRACT

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October 2003

RUSSIAN POLICY TOWARDS THE CASPIAN REGION UNDER PUTIN

This thesis aims to investigate centralized Russia's new policy towards the Caspian region under the Putin administration in the last three years in the light of the significant global changes and the future prospects of Russia's effectiveness in the region.

The study is composed of three chapters, the first of which examines the background of Russian foreign policy in the Putin era, while the second chapter studies the relations of Russia with the littoral states-Kazakhstan, Turkmenistan, Azerbaijan and Iran- within the context of its oil and gas policy. In the third and the last chapter of this thesis, the future prospects of the relations between Russia and the United States in the Caspian Region are analyzed, finalizing with certain concluding remarks.

This thesis concludes that, as far as the recent Russian policy towards the Caspian region in the context of Putin's 'near abroad' policy is concerned, once Russia acquires its economic power, its presence in the region will continue to prevail further as the domineering political and economical actor in line with the above policy.

KISA ÖZET

FULYA DAMLA BALKAYA

October 2003

PUTIN DÖNEMİ RUSYA'NIN HAZAR BÖLGESİNE OLAN POLİTİKASI

Bu tezin amacı Putin yönetimindeki merkezileştirilmiş Rusya'nın Hazar Bölgesi'ne karşı olan yeni politikasının, önemli global değişimler ışığında, uzun vadede bölgedeki etkinliğinin ne derece olacağını incelemektir.

Çalışma üç bölümden oluşmaktadır. Birinci bölüm, Rus dış politikasına genel bir çerçeve çizmektedir. İkinci bölüm Rusya'nın bölge ülkelerle olan ikili ilişkilerini petrol ve gaz politikası bağlamında incelemektedir. Üçüncü ve son bölümde ise, Rusya ve Amerika'nın Hazar Bölgesi'ndeki geleceği hakkında bazı değerlendirmeler ve bununla ilgili bazı öneriler yer almaktadır.

Tez sonuç olarak son dönem Rusyası'nın Hazar Bölgesi'ne olan politikasının, Putin'in 'Yakın Çevre' politikası çerçevesinde, uzun vadede ekonomik gücünü elde etmesiyle Rusya'nın vazgeçilmez politik ve ekonomik bir aktör olarak varlığını sürdüreceği iddiasında bulunmaktadır.

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ABBREVIATIONS

AIOC	Azerbaijan International Operating Company
BP	British Petroleum
Bpd	Barrels per day
CIS	Commonwealth of Independent States
EU	European Union
GATT	General Agreement on Tariffs and Trade
IRNA	Iranian News Agency
NATO	North Atlantic Treaty Organization
OSCE	Organization for Security and Cooperation in Europe
SU	Soviet Union
US	United States
USSR	Union of Soviet Socialist Republics
UN	United Nations
WMD	Weapons of Mass Destruction
WTO	World Trade Organization

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INTRODUCTION

The purpose of this thesis is to investigate Russian policy towards the Caspian Region under Vladimir Putin in relation with the global changes in the international system. Russian foreign policy, with respect to its priorities has gone through a new era-one that could be examined as a period of pre-September 11th and post-September 11th- after the election of the Russian President Vladimir Putin in 2000. Within this context, it was during the former period that Putin and his administration espoused a nationalist agenda seeking to re-establish Russia as a great world power and to offset America's position as the global leader. During the latter period, Putin has been observed to base Russian foreign relations on an intention to being an ally with the U.S. almost in every field. In this last period, following the recent Afghanistan war, relations between the U.S. and Russia have begun to intensify particularly due to the fact that the U.S. presence in the Caspian region has threatened the Russia's control over it.

The main priority of Vladimir Putin is to take advantage of the new relationship with the West in the framework of his aim to strengthen the Russian economy, hoping to regain its past status as a great power. The Russian Federation views the EU as one of its main political and economic partners. The economic integration of Russia with WTO has been another priority in Putin's foreign policy. With his belief in benefiting for Russia from the newly formed relationship with the West, Putin has been observed to stress the significance of integration with the EU

and WTO in almost all of the speeches he has made about the West. This thesis identifies not only the close relations between EU and Russia but also the conflicts that might reduce long-term cooperation.

Once President Vladimir Putin came to power, the Kremlin refocused its Caspian region policy from economic ties to military cooperation in terms of his 'near abroad policy'. Accordingly, Russia's relations with the littoral states have displayed a great amount of improvement in numerous fields in line with emerging favor and this policy orientation environment has been one of the priorities of Russian foreign policy regarding the stability around Russia and pipeline politics.

In what could be referred to as the second period of Putin's presidency, startingd with the September 11, 2001, and following the terrorist attacks to the World Trade Center and Pentagon, the ensuing U.S. response has had important impacts to the transformation in US-Russian relations. In other words, it brought a new opportunity to strengthen and deepen US-Russian relations. This might be seen in the subsequent cooperation, at a considerable degree, between the U.S. and Russia in combating terrorism.

Moreover, the September 11th incident has opened the door for the United States to enter the Caspian Region. By permitting the United States to enter the region and the Caspian Sea, Azerbaijan has rendered the greatest help to America. Turkmenistan and Kazakhstan also helped for the deployment of American troops in the Caspian Region.

On the other hand, after the Afghanistan war, American troops did not depart from the Caspian Region and America's military presence is now considered as a serious threat to Russia. Prior to this, Moscow had insisted on the shared ownership of the Caspian Sea in order to prevent a foreign military presence in this sea. But now the Russians have been confronted with the phenomenon of an American presence in the Caspian waters, a situation for which, it seems, they were not prepared.

In the aftermath of the Afghanistan war, the second American target was Iraq. Russia was quite eager to avoid a war in Iraq. Meanwhile, Russia's relations with Iran, France and Germany have intensified. The previous US-Russian partnership suffered terribly due to the war in Iraq. The question of how the US and the international community should manage post-war Iraq would be the problematic issue in the long-term process.

Within the above context, this study is composed of three chapters. In the first chapter, I will attempt to analyze the background of the Russian foreign policy during Putin era. In this respect, I will first examine the general framework of Russian foreign policy with due reference to the U.S.-Russian relations. Then, I will respectively explore Russia's relations with Europe along with special reference to EU and WTO. And finally I will draw up Putin's pipeline politics in the Caspian Region.

In the second chapter, I will examine bilateral relations with the littoral states, Kazakhstan, Turkmenistan, Azarbaijan and Iran, in the context of their gas and oil politics.

In the third and last chapter, I will try to look into the relations between Russia and the United States in the more specific Caspian context in terms of continuity and change. Here, I will base my analysis on a review of the close relations between Russian and the U.S. owing to September 11th. Then I will examine the relations between the two, in the aftermath of the Afghanistan war that gave pace the U.S. presence in the Caspian region. And lastly, I will explore the Iraqi war, which is observed to intensify the bilateral relations in the context of the U.S.'s 'permanent' deployment in the Caspian region. In the final part of the Chapter I will attempt to draw some concluding remarks about the specific topics of this thesis.

CHAPTER 1

RUSSIAN FOREIGN POLICY DURING THE PUTIN ERA

1.1 INTRODUCTION:

After the election of President Vladimir Putin, Russian foreign policy has taken on a new dimension in terms of relations with the West. It has been his belief that Russia must take advantage of the new relationship with the West parallel to his aim of strengthening Russian economy, in hope of regaining its status as a great power. The September 11th attack has been a turning point in Russian foreign policy, which has accelerated the process of integration with the West.

The contemporary Caspian region, being a product of the Soviet Union's disintegration has been significant in the Putin era, in terms of his 'near abroad' policy to ensure stability around Russia, which would make it possible to concentrate the country's efforts on crucial domestic tasks. In particular, the Caspian region bears critical importance as far as Putin's pipeline policy is concerned.

In this chapter, I will attempt to examine first, Putin's foreign policy and US-Russian relations, second, Putin's foreign policy towards Europe and lastly his pipeline politics in the Caspian region.

1.2 Putin's Foreign Policy and US-Russian Relations

Russian foreign policy has gained a new dimension after the election of Russian President Vladimir Putin. One of the most striking aspects of the Putin Presidency has been his ability to bring quasi-independent players in Russian domestic and foreign policy under tighter centralized control. (Freedman, 2003) Putin's foreign policy has been aimed at strengthening the Russian economy, hoping to regain its status as a great power. Putin's current policy could be seen as an expedient, as an attempt to create a leaner and meaner – and neo-imperialist-Russia. (Nicholas, 2003: 13)

The purpose of this section is to firstly examine, Russian foreign policy in the Putin era with consideration to the defined groups dominating the Russian political landscape and the new Russian foreign policy concept. Next thing to look into will be the changes in the relations between Russia and the United States in the aftermath of September 11th looking upon issues such as, counter-terrorism, North Atlantic Treaty Organization and lastly the impacts Iraq War has had on the relations between two states.

Far too many different groups have emerged in the Russian political arena. Among these however, two distinct groups have been observed to dominate the Russian political landscape, especially within the Duma: the “Atlanticists” emphasize Russian interests in ties to the US and the West, which also implies moderation toward the newly independent former Soviet states. This group's main agenda is economic reform and privatization. “Eurasianists” advocate a foreign

policy more oriented toward Europe and Asia, with less emphasis on market reforms and a tougher stance on regional dominance. Nationalists were much more focused on Russian hegemony and interested mainly in the alliances that could reinforce Russian power (such as an alliance with Iran,) and a hard line towards former Soviet and Middle Eastern states. Russian policy over recent years has been the result of an inconclusive push and pull between these groups. The main point in the Eurasianists' dispute with the Atlanticists has been the need to adjust the balance between the Western and Eastern directions of Moscow's international strategy. As one advocate of "democratic" Eurasianism explained, partnership with the West will undoubtedly strengthen Russia in its relations with the East and the South, while partnership with the East and the South will give Russia independence in its contacts with the West.

The new Russian foreign policy concept, approved by Vladimir Putin on 28 June 2000, recognizes both Russia's limited capabilities and the need to make political concessions. It notes the limited resource support for the foreign policy of the Russian Federation, making it difficult to uphold its foreign economic interests narrowing the framework of its information and cultural influence abroad. This recognition of Russian weakness is cast as a strategy to strengthen the Russian state, to ensure the reliable security of the country, to preserve and strengthen its sovereignty and territorial integrity.¹

¹ The Foreign Policy Concept of the Russian Federation, on line at: www.mid.ru

Consideration of Russia's foreign policy understanding of 2000, highlighted the threat of American hegemony and unipolarism, and warned against attempts to circumvent the UN in military action. At the same time it emphasized Russia's need to co-operate with the international community. In early 2001 Russia and America were working diplomatically against the threat of terrorism emanating from Afghanistan. Putin's decision to share intelligence and welcome American troops to CIS states in September 2001 represented the reflection of the convergence of his economic needs and his desire to crush the Chechen rebels. Unlike much of Moscow's defense and foreign policy establishment, Putin has seen the need to go with the grain of international politics supporting America, rather than following an isolationist course.

Putin's immediate response to September 11 has had important impacts to the evolution of US-Russian relations. Being the first leader managing to make a phone contact brought in new opportunity to strengthen and deepen the US-Russian relations.

President Vladimir Putin was the first foreign leader to reach President George W. Bush on 11 September on Air Force One. He called Bush again the next day to discuss cooperation against terrorism. That same day, in a nationally televised statement to the American people, Putin said:

"The event that occurred in the United States today goes beyond national borders. It is a brazen challenge to the whole of humanity, at least to civilized humanity. ... Addressing the people of the United States on behalf of Russia, I would

like to say that we are with you; we entirely and fully share and experience your pain. We support you.”²

Counter terrorism efforts emerged as the main issue that accelerated the cooperation process between US and Russia after 11 September. In the Joint Declaration signed on May 2002, Bush and Putin reaffirmed their coalition against terrorism. The statement aimed to destroy terrorists’ financial, logistical communications and other operational networks. The declaration is also significant for contribution it has made to the worldwide coalition against terrorism.

After over forty years, close relations have emerged between Russia and NATO, in particular, in terms of their common threat, “terrorism”. The Rome summit was one of the demonstrations of this cooperation held in May 2002, bringing together Presidents George W. Bush and Vladimir Putin with all the NATO members to form the new NATO-Russia Council, making Russia virtually a NATO member in many respects. The Rome Declaration established the NATO Russia Council as a mechanism for consultation, consensus building, cooperation, joint decision and joint action on a wide spectrum of Euro-Atlantic security issues of common interest.

During the NATO–Russia Rome Summit, America inaugurated the NATO-Russia Council that permits NATO member states and Russia to work as equal

² Itar-Tass, 11 September 2001

partners in the areas of common interests and build ties that can be expanded far into the future.

The front line in the fight against international terrorism has been moved to Asia. In the 'NATO Council of Twenty', which was created in June 2002 and which is supposed to deal with all the key questions of future European and global security politics in cooperation with Russia, it has been observed that Moscow feels integrated into a common security space alongside the NATO states. Furthermore, the strategic partnership between Russia and the U.S. is being strengthened by the development of an energy alliance, extended Secret Service cooperation and better economic relations between the two countries.

On the contrary, The North Atlantic Alliance, to which most of the EU member states, as well as North America belong, will remain the principal Western security mechanism for the foreseeable future. NATO will necessarily evolve, but it will not wither away any time soon. Russian membership in NATO is not feasible in the near and even medium term. Russia's association with NATO, however, is. (Trenin, 2002)

The Russian side made it clear that in the future Moscow is going to actively participate in the 'NATO Council of Twenty', as it will in solving conflicts in the Near and Middle East. Other goals include the development of common structures in the fight against terrorism, the strengthening of the non-proliferation regime, as well as the construction of a joint monitoring centre for world-wide missile launches, as a preliminary step towards a possible joint missile defense system. Intelligence

representatives welcomed this level of cooperation between their organizations as something the likes of which has never been seen before. Many illegal financing routes of inter-national terror organizations could have already been thus detected.

In the long run, US interests would be well served by a cooperative relationship with Russia, as envisioned by President Bush. Russia is by no measure likely to regain its global superpower status. However, as a regional power, it could be a useful collaborator with the United States—from helping to balance China to supplying energy to key markets to exercising restraint in critical areas of conventional and WMD proliferation. Thus, shaping positive and collaborative long-term Russian attitudes is an important U.S. objective. (Rumer&Sokolsky, 2002)

The war in Iraq had been a great threat for Russia in terms of Putin's eagerness to provide a stable international environment considering the regaining Russian power. However, the relations between Russia-US have been the most significant priority of Putin's foreign policy as stated by Ivan Lebedev 'Strategic partnership between the USA and Russia has not been destroyed despite differences over the war in Iraq, but it is still "fragile," the director of the Institute for the USA and Canada Studies at the Russian Academy of Sciences said on Thursday.'³

Despite the difficulties that have arisen between Russia and US during the Iraq War, both sides expressed their hopes of achieving to reach agreements instead of fighting new battles again.

Moreover, as Russian Foreign Minister Igor Ivanov said 'there is no alternative to Russian-US cooperation. Russian-American interaction has no

³ Itar-Tass, July 18,2003

alternative from either the standpoint of national interests or for strengthening the world peace and security'⁴

To conclude, it could be briefly put that it was the election of the Russian President Vladimir Putin as well as the September 11th attack that constituted turning points in Russia's foreign policy. Due to the former, Russia's priorities have changed primarily; taking on an intention to integrate with the West, while the latter, being indicative of the post-Cold war era, has caused close relations to emerge between Russia and the US.

1.3 Putin's Foreign Policy Towards Europe

In the aftermath of the election of Russian President Vladimir Putin, the foreign policy of Russia has taken a new dimension in terms of relations with the West. He has held the belief that Russia must take advantage of the new relationship with the West.

'The aim of Russian foreign policy in Europe is the creation of a stable and democratic system of European security and cooperation. Russia is interested in the further balanced development of the multi-functional character of the Organization for Security and Cooperation in Europe (OSCE) and will make efforts in this direction. The Russian Federation views the EU as one of its main political and economic partners and will strive to develop with it an intensive, stable and long-

⁴Beijing Xinhua, "Xinhua: Russian Foreign Minister Stresses Cooperation With US", Jun 01,2003

term cooperation devoid of expediency fluctuations.’⁵ The economic integration of Russia with WTO has been another priority of Putin’s foreign policy. Italian Prime Minister Silvio Berlusconi has promised to do his best to make Russia a WTO member until the end of the current year. On the other hand, there have been many conflict issues regarding Kyoto Protocol and Kalingrad Problem regarding Putin’s tendency towards the West. Putin aimed to solve these conflicts by attending the G8 and Russian-EU summits.

In addition to these discussions, one should also analyze Putin’s tendency to integrate his country to the EU and WTO and the responses of Western countries of this integration and the evaluation of “Europe-Russian summits” held in St. Petersburg and G8 summits held in Canada and Evian. Another matter of interest is to examine the dilemmas between Russia and the West considering the Kyoto Protocol, human rights in Chechnya and the Kalingrad Problem.

As indicated in a recent report,

‘Russian President Vladimir Putin requires a stable foreign policy environment and Western support for both his reform and modernization policies. While Russian foreign policy of the years 2000-2001 was primarily aimed at the European Union, after the terrorist attacks of September 11th 2001, the United States became Russia’s closest Western ally. In 2002, the relationship between Russia and the EU was burdened by the problem of the transit visa ruling for Russians to and from Kaliningrad (Königsberg). Moreover, since Europe had difficulties in creating a common economic space with Russia, Putin tried to achieve his goal of forging links with the West by approaching the defense policy cooperation with the U.S. and establish a common security space with the West.’⁶

⁵ In the General Principles of the Foreign Policy of Russian Federation, Putin approved 28 June, 2000

⁶ Korber Department, Joint Venture of the Korber Foundation, Hamburg and the Research Institute of the German Council on Foreign Relations, Berlin, No. 32, January 2003

Russian President Vladimir Putin believes that Russia must take advantage of the new relationship with the West. Therefore, he has indicated the significance of integration to the EU and WTO in almost all the speeches he has made about the West.

Putin wants to lead Russia closer to the West in a broad and urgently needed modernization- not just of its battered army but also of its economy, schools, and legal institutions. The goal is to create for post-Soviet Russia a lasting place in the family of nations to which Putin feels his country rightly belongs- even though it now lags behind by just about every conceivable measure.⁷

Furthermore, Putin said “We sail in the same boat,” adding the hope that greater cooperation and better relations between Moscow and the West will develop “dynamically”⁸ Although there is a dilemma between Putin and Communists, Russian society has been fond of closing to the West.

The fundamental pressure behind the Russian turn to the West predates Putin, who, for all his power, could not force such a change if there were not at least some sort of elite consensus for it. This pressure is driven by the ideological change after 1989 both in the Kremlin and in Russian society at large, a fundamental resolution of Russia’s identity as a nation. Russians sees themselves as a part of the West; more important, they want to be part of the West. (Nichols, 2003:13)

⁷ Business Week, “Putin’s Russia”, (December 11, 2001): 66

⁸Johnson’s Russia List, “Moscow Hopes for Dynamic Development of Relations with NATO,” November 15, 2002, www.cdi.org/russia/johnson/.

Moreover, 'Even among Russian citizens who dislike American and Western policies, many admire the United States as a prosperous and advanced nation.'⁹ A recent study on Russian attitudes pointed out that even among these anti-American Russians, most keeps their savings in dollars, want to travel to the West, and hope to educate their children in Western universities. (Shlapentokh, 2001: 164)

One of the priorities of Putin's foreign policy towards the West is to improve the relationships between Russia and European Union and Russian integration to the World Trade Organization. Regarding these issues, a summit was organized between Russian-EU was in St. Petersburg on 31 May, 2003. In this summit President Putin declared; "Russia historically and culturally is an integral part of Europe. One of the reasons why the discussion is successful is that this Russia-EU summit is taking place in the most European of Russia's cities, in St Petersburg". Putin further added, "It is especially clear that Russia's cooperation with the European countries has a very long history and is based on the general historical achievements and close personal contacts of our predecessors...This connection between epochs is felt most in the Yekaterininskiy Palace, in which the interrelation between Russian and European cultures is manifested."¹⁰ Moreover, Putin declared the rise of economic integration with EU in 2003, "The trade between the European Union and Russia will grow by more than 50% after the EU enlargement, President Vladimir Putin said at a press conference on Friday."¹¹

⁹ New York Times, "World Survey Says Negative Views of U.S. Are Rising", December 4, 2002

¹⁰ Interfax, "Restored Amber Room Symbol of New Europe-Putin", May 31, 2003

¹¹ Itar-Tass, "Putin Says Trade With EU To Increase by 50 Percent Following Enlargement", July 4, 2003

Integration to the World Trade Organization has been another priority of Putin's foreign policy in terms of the integration to international economy. It is possible to state the certain stages of current relations with the WTO as follows;

Stalin, the Soviet Union exempted itself from the General Agreement on Tariffs and Trade (GATT) in 1949, which was transformed into the current WTO in 1995. By then, the Soviet Union had collapsed and the new Russia, under then-President Boris Yeltsin, expressed interest in joining the world trade system. The first meeting of the WTO working group on Russia met in 1995 and membership negotiations have continued ever since.¹²

Although it was only when Vladimir Putin took over the presidency in 2000 that real progress towards accession became possible, his administration has given up its original goal of joining the trade club by 2003.”

G8 Summit in Canada, 2002

The main subject at the Canadian-hosted G8 summit this time around was to discuss the issue of western assistance to Africa. In this summit, Russia was accepted as a formal member of the Group of Eight Countries. Thus, Putin expressed his great satisfaction by reestablishing Russian former prestige at the meeting.

G8 Summit in France, 2003

The purpose of this summit was to overcome the Iraq War dispute on the military intervention in Iraq that split it in half. According to Vladimir Putin, the summit began in complex international conditions considering the events in Iraq.

¹² <http://www.cdi.org/russia/johnson/5591-13.cfm>

After the events in and around Iraq, certain tensions arouse between the leading powers of the world.

Russian President Vladimir Putin has emphasized that the G8 summit in Evian has confirmed Russia's successful integration into the world economy. At this summit, Russia "took part in preparing the entire financial and economic package of documents and this indicates Russia's organic integration into the world economy. Moreover, Russia is now not only "a recipient" of financial aid but is itself becoming a source of financing for certain problems experienced in our civilization.

Despite all the attempts to integrate to the West, there have been some unsolved conflicts that have reduced the possibility of integration. Kaliningrad Problem has been receiving more attention within the scope of Russia-EU relationships. In June 1999, at Cologne the EU leaders adopted a EU Common Strategy on Russia. In October 1999, at Helsinki, Vladimir Putin made public a similar Russian strategy in relation to EU. Both documents paid particular attention to KR as one of the priority cooperation regions. (Kortunov, 2003: 111)

Russia's attitude is reflected in its medium-term strategy towards the EU, in Putin's wish to make Kaliningrad a pilot region or bridge for the EU-Russia relationship, and in the ambitious new federal programme on Kaliningrad for 2002-2010. However, it has not implemented crucial reforms, it has not developed

appropriate legislation and it has not created openness. All this is hampering the development of Kaliningrad.¹³

Brought together with the intention of reducing emissions contributing to global warming, the Kyoto Protocol, signed in December 1997 in Kyoto, Japan, as the Protocol to the United Nations Convention on Climate Change, sought a 5 percent reduction from levels prevalent in 1990; in emissions of carbon dioxide and methane in industrialized nations.

The Russian Federation intends to ratify the Kyoto treaty which will enable Russia to gain considerable economic benefits, while continued unabated climate change is sure to harm public living in Russia as well as around the world.

The improvement in Russia's relations with the Western countries is beneficial to the interests of both sides, and is also beneficial to the world's peace and stability. However, Russia still has a long way to go before it can be considered a Western country. First, both sides have to solve the major conflicts: The Kaliningrad Problem and signing the Kyoto Protocol. Second, Russia's economy has grown in the past few years and moreover the share of Russia's economy in the global economy is small, and up to present Russia is still not a member of the World Trade Organization. Even though Russia has become a formal member of the Group of Eight Countries, it is still excluded from economic summits. It is clear that only by developing its overall national strength to the point that Western countries no longer

¹³ Published by the EU Institute for Security Studies and printed in Levallois (France) by Aramis, graphic design by Claire Mabile (Paris). Occasional Papers n°33 March 2002 by Sander Huisman

look down on Russia, and only by its politics and democracy meeting the West's standards, can Russia possibly become an equal member of the EU and WTO.

1.3 Putin's Pipeline Politics in the Caspian Region

After the dissolution of the Soviet Union and namely the emergence of new independent states-Azerbaijan, Kazakhstan and Turkmenistan- rivalry in the Caspian region has focused on the control over the extraction and the transportation of oil and gas. Geopolitical competition, ethnic conflict and regional instability in the Caspian basin have complicated the situation in the region and invited extra-regional powers to the region. Issues of fundamental concern are: the large reserves of oil and gas, claims of ownership over these resources by various regional countries and extra-regional powers, multiple route options for pipelines, environmental concerns, social and political conflicts and the growing militarisation of the region. The struggle over pipeline routes for transportation of oil and gas from the region is a key indicator of the intense geopolitical rivalry in the region.

The purpose of this section is to examine first, the legal status of the Caspian Sea; then, the oil and gas pipeline routes from the Caspian Sea and lastly the impacts September 11th has had in the region.

Prior to the disintegration of the Soviet Union, the Caspian Sea was the border of Iran and the former Soviet Union. With the collapse of the Soviet Union, Iran lost its territorial contiguity with Russia. During the Soviet period the two countries had signed two treaties covering the Caspian Sea area-in 1921 and

1940. The Treaty of Friendship of 1921 between the Soviet Union and Iran, and the Soviet- Iranian Trade and Navigation Agreement 1940, have lost relevance in the context of the geopolitical changes in this area. In the changing environment, a new and mutually acceptable legal status of the Caspian Sea needs to be established which is acceptable to all the littoral states. The vast resources in the region have generated the contested question of ownership that holds the key to the stability and development of the region. The legal issue still centers on the treaties signed by Iran and the former Soviet Union in 1921 and 1940 (which did not cover seabed boundaries and resource exploration) till a new legal agreement decides the shares of waters and resources of the Caspian Sea.

According to the Law of Sea the five states surrounding the Caspian would divide sea and undersea resources into national sectors. A median line would be established from the shores of each country and provide the national boundaries. In Iranian and Russian perceptions, such categorization as 'territorial waters,' 'continental shelf' or 'exclusive economic zones' were not applicable to the Caspian. They contended that the oil and gas in the seabed would not be utilized except by consensus of the five littoral states.

The contemporary Caspian region, a product of the Soviet Union's disintegration has been significant in the Putin era, in terms of his 'near abroad' policy. Putin has placed the Caspian at the heart of this pragmatic interest in Caspian region. The new Russian foreign policy concept specifically refers to the Caspian basin. On 21 April 2000 the Caspian was one of only two topics discussed by the Russian Security Council. Russian President Vladimir Putin has signaled his

intention to re-engage in the Caspian region and implement a coherent policy toward the Caspian basin. (Cummings, 2001)

However, legal status of the Caspian Sea has been a conflict issue among the littoral states after the dissolution of the Soviet Union. There is no clear rule for defining the legal status of the Caspian Sea and dividing the underlying oil and gas resources among the littoral states. To reach a solution, the presidents of the five states surrounding the Caspian Sea, Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan, held their first summit meeting in Turkmenistan on April 23–24, 2002. The talks ended without any progress in settling the dispute about the legal status of the sea. In fact, the meeting emphasized the growing tension and frustration about the differences among the five states on how to divide the resources of the Caspian. As Turkmenistan's president, Saparmurad Niyazov, summed up the situation by stating that, The Caspian Sea smells of Blood and each of us must realize it. It is not an easy thing to have a dispute over an oil field.¹⁴ Nevertheless, Azerbaijan and, to some extent, Kazakhstan have continued their offshore explorations of the shelf despite repeated warnings by the neighboring states—most notably Iran and Turkmenistan—to halt activities beyond their territorial waters. In the summer of 2001 there was a confrontation between the Iranian navy and Azeri survey vessels. The littoral states have gradually built up their forces in the region, an ominous development considering that it comes at a time when the Caspian region's oil development is entering a period of relative profitability.

¹⁴ Turan Baku, April 25, 2002 cited, Mehrdad Haghayeghi, "The Coming of Conflict to the Caspian Sea", *Problems of Communism*, May/June 2003

The construction of the pipelines to transport oil and natural gas from the Caspian region to the world has been a major area of competition. Several routes have been considered for the construction of the pipelines but the most preferable one for Russia is the Northern one which embraces Azerbaijan and Kazakhstan. Russia's focus on Northern route is because of its aim to retain the supremacy over the new independent states especially Azerbaijan and Kazakhstan by using its terminal at Novorossiysk as a Russian control port on the Black Sea.¹⁵

In the context of the post-September 11, this region has become much more important in terms of the US military deployment against Taliban regime as well as Russia.

Criticism has been made against Putin about the new post-September 11th security partnership, "Putin's critics view U.S. military presence in the region with a fair amount of suspicion. The military and foreign policy establishment, as well as the bulk of the political class, still regard Caspian region as Russia's exclusive security buffer. Quite a few tend to believe that the deployment of U.S. forces was motivated not by Washington's struggle against international terrorism, but instead by a drive to bring the oil and gas resources of the Caspian firmly under its control while pushing out Russia. For those who look for conspiracies to explain political behavior, U.S. bases in Uzbekistan, Tajikistan and Kyrgyzstan are links in the chain of America's global strategy to encircle Russia. This strategy, according to such

¹⁵ This pipeline has been completed in 2001

thinking, also includes American military instructors in Georgia and NATO membership for the three Baltic States.”

On the contrary, the Putin administration, faced with the challenge of countering these views, has laid out arguments of its own. Foremost among them is the conclusion that U.S. intervention has effectively ended the Taliban threat, which Moscow previously saw as the most serious external challenge to Caspian region and Russian security. Meanwhile, independent analysts assert that the U.S. presence fills a security vacuum that Russia, with its lack of resources, was unable to fill. Privately, members of Russia's top military brass point to another silver lining: U.S. forces on the ground in Caspian region, they maintain, are a check on China's advance into the region. Whereas the United States can be expected to depart from the region after a certain period of time, the Chinese presence, in their view, could become permanent. Thus, among the Russian elite, there is a general tendency to accept a Western military presence in Caspian region. (Trenin, 2003)

The latest crisis in Afghanistan seems to have altered the equations in the region. Russia's cooperation with the US and the West in the war against terrorist groups and the Taliban in Afghanistan has increased its role and importance in the region. With the US expanding its presence in the region and its military involvement in Afghanistan, it is poised to consolidate its base of influence in the Caspian region. The role of Iran and Russia in the region would then be inevitably affected. (Alam, 2002)

1.5 CONCLUSION:

Election of the Russian President Vladimir Putin and September 11th attack became the turning points in Russian foreign policy. Significant changes occurred in Russian foreign policy after the election of President Putin. He undertook the aim to strengthen the Russian economy and ensure a stable environment, hoping to regain its status as a great power economic. Thus, he has intensified relations with the US and EU. It was particularly an aftermath of the September 11th that these relations have gained a relative closeness compared to earlier relations as regards their common threat 'terrorism'.

Being a major area of competition for the construction of the pipelines to transport oil and natural gas from the region to the world, the Caspian Region has been important in the post-September era especially in terms of gaining political and economical hegemony for US and Russia in this area.

CHAPTER 2

BILATERAL RELATIONS BETWEEN THE LITTORAL STATES AND RUSSIA IN THE PUTIN ERA: OIL AND GAS POLICY

2.1 INTRODUCTON:

Upon the demise of the Soviet Union and the subsequent end of bipolarity many states and their respective foreign policy experts are confronted with uncertainties of a “new world order” in meeting the question of where to find an adequate place in this emerging new order. The newly independent, Caspian Caucasus region Azerbaijan, Kazakhstan, and Turkmenistan gained an important role in terms of their vast oil and natural gas resources playing a crucial economic and political for them.

With the election of President Vladimir Putin, Russian relations with the littoral states have changed in terms of his ‘near abroad’ policy regarding the stability around Russia and pipeline politics.

In this chapter, my attempt will be to firstly examine Russian-Iranian relations; next to look into Russian-Azerbaijan relations; third, into Russian-Kazakhstan relations and lastly, into Russian-Turkmenistan relations with a view to their oil and gas policy during the Putin era.

2.2 Russian-Iranian Relations

The Islamic Republic of Iran enjoys strategic location between the Persian Gulf and the Caspian Basin. 'It holds nine percent of the world's oil reserves and fifteen percent of its gas reserves.'¹⁶ These vast resources and strategic location make Iran a crucial player in both the Persian Gulf and the Caspian Basin as well as in the world energy market.

Subsequent to the Iran-Iraq war in 1988, Soviet Union-Iranian relations began to grow warm due to their common interests such as preventing the growth of American and Turkish influence in the Caucasus and Caspian region, power-sharing agreement in Tajikistan, challenging the Taliban regime- maintaining an anti-Russian as well as anti-Iranian policy- that seized most of Afghanistan. Yet despite those common interests, Russian-Iranian relations in the Yeltsin era were not so close.

With the demise of the Soviet Union, and the subsequent end of the Cold War, Russian-Iranian relations has taken on a new dimension in terms of the 'new world order'. The aim of this section is to examine first relations between Russia

¹⁶ Energy Information Administration: www.eia.doe.gov/emeu/cabs/iran.html, 1999

and Iran after the collapse of the Soviet Union until the election of President Vladimir Putin; second the rise and fall of the relations between two states during the first year of Putin's presidency considering the role of the United States particularly in the Caspian region; and lastly the impact of September 11 on their relations.

In the aftermath of the dissolution of the Soviet Union, Iran, under the presidency of Ali Akbar Hashemi Rafsanjani, the Islamic Republic of Iran has emerged as an important regional political and military actor in the 1990s. During the Khomeini era, the ideology of Iran's foreign policy was based on the concept of "*neither East nor West.*" In the post-Khomeini and post-Gulf war period, this element of Iranian foreign policy has been replaced with a new principal of R.K. Ramazani as "Both North and South." (Ramazani: 1992) Based on this principle, Iran has sought to develop political and economic ties with the new independent countries of the former Soviet Union in the Caspian region and the Caucasus. According to Iranian Foreign Minister Ali Akbar Velayati's view, "*Iran's nationality is an inseparable part of peace, stability, and economic development in the Caspian Sea.*" Therefore, Iran has undertaken a number of initiatives to create an evolving community in the region.

Russian foreign policy, taking on a more nationalist; anti-American tone in Putin era caused the rise of the Russian-Iranian partnership. Both the Russian and Iranian sides appeared to take great delight in American discomfiture over the emergence of this new Russian-Iranian partnership. (Katz: 2002) 'In any event, as spokesmen from both sides frequently reiterated, Russia and Iran were sovereign

nations, and Washington had no right to tell them how they should conduct their bilateral relations.¹⁷ The two countries cooperated on a large number of regional conflicts, and also had developed a strong bilateral relationship, particularly in the areas of arms and nuclear reactor sales.

However, at the beginning of 2001, Russian-Iranian relations began to run into problems due to a new Russian foreign policy, based on aiding the struggling Russian economy. In the context of this policy, Putin started to improve relations with Azerbaijan so as to profit Caspian Sea regarding Russia's foundation of sizeable oil reserves. In January 2001, at Putin's Baku visit, he signed an agreement with Azerbaijan splitting the sea into national sectors while Iran had been demanding a 20 percent share of the seabed.

Tehran was clearly angered by this development, as well as by the military exercises Moscow carried out on the Caspian during the Putin visit to Baku. The Iranian news agency IRNA, cited a source at the Iranian Foreign Ministry as stating: Iran believes that there is no threat in the Caspian Sea to justify the war games and military presence, and such measures will harm the confidence-building efforts of the littoral states in the region.¹⁸ Ironically, Iran was to use just such military pressure several months later.

¹⁷ Interfax, March 11, 2001

¹⁸ IRNA, "Iran criticizes Russian military exercises in Caspian," January 11, 2001

On the other hand, the division of Caspian basin was one of the most discussed subjects between Russia and Iran even in the Putin era. While Iran was hoping to receive 20 percent of the seabed, Russia did not want to even share it neither with Iran nor with other littoral states. However, at the summit between Putin and Khatemi in March 2001, the two sides signed a joint statement declaring that no agreement regarding the division of Caspian would be considered unless all five littoral government agreed to it.

Furthermore, the partnership of Russia and Iran questioned following the naval incident occurred in Caspian on 23 July 2001. On that date, an Iranian gunboat ordered two Azeri survey vessels chartered by British Petroleum to withdraw from an area of the Caspian where a major oil deposit is believed to exist. According to an Iranian official Abbas Maleki, the Alov-Alborz field lies within Iranian waters if the Caspian is divided an equal (20 percent basis). However, Iran had received just 13 percent of the Caspian before that incident. Thus, both littoral states and other governments, which had interests in Caspian region, harshly criticized the Iranian government.

A series of actions were taken and statements were made in hostility on military issues toward Iran by the Russian government as a consequence of the July 23rd incident.

After the naval incident Iran was also acting as if it was working for Russian and Iranian joint-interests; and resolving the issue of dividing the Caspian peacefully

to gain Russian sympathy, but on the other hand Iran implied that it would not hesitate to use force to get 20 percent share and prevent any further attempts to exploit area of the Caspian.¹⁹

From Iran's perspective, Russia's continued cooperation with the United States in the anti-terrorist campaign posed problems for Tehran. A number of Iranians were unhappy with Putin's acquiescence in the deployment of U.S. forces to bases in Caspian region. (Freedman:2002)

However, since the early 1990s, the Clinton administration's policy toward Iran has been dominated by some accusations that Tehran is opposing the Middle East peace process between the Arabs and the Israelis, sponsoring international terrorism against Americans and attempt to develop weapons of mass destruction. Iran denies all these accusations. (Bahgat 2001: 113) American foreign policy against Iran has been of attempting to limit foreign investments in the Iranian energy sector has been partially successful. On the contrary, Iran has sought to resist the American sanctions and to attract foreign investments. The government developed arrangements called 'buy-pack' which allows firms to finance projects to repayment in produce. (Bahgat 2001: 115) These Iranian efforts have led to break the economic isolation and sign several agreements with non-American oil and gas companies, including France's Total and EIF Aquitaine, Italy's ENI, Canada's Bow Valley, Russia's Gazprom, Malaysia's Petronas, and Britain's Lasm. (Bahgat 2001: 117)

¹⁹ New York Times, August 30, 2001.

Why is there such a global interest in the Iranian energy sector? The reasons of this interest are explained in three categories in Bahgat's article: First, the country has well-known huge oil and gas reserves which means there is low risk involved in the exploration and development of these resources. Second, with the exception of the US, the rest of the world does not subscribe to the policy of containing and isolating Iran. Thus, the European Union has pursued a policy of accommodation and dialogue with Iran. Third, the election of President Muhammad Khatami in 1997 and his efforts to introduce economic and political reform have convinced many foreign leaders that the Iran of the late 1990s is different from that of the 1970s and 1980s. A real change is taking place in Tehran toward moderation. US on the other hand, has expressed strong opposition to Tehran's efforts to become a major player in the Caspian Sea. The real reason behind the US policy towards Tehran is perhaps that White House is reluctant to see Iran turn into a regional power which could pose a potential military threat and compete with Turkey. (Peuch 2001: 176)

As it is indicated above, the United States policy toward the Caspian Sea region does not coincide with that of many Europeans. The US has been firmly committed to the pipeline, in 1997, from Baku, Azerbaijan to Ceyhan, Turkey rather than using Iranian and Russian pipelines reaching to some goals of the American foreign policy in this region: strengthen the independence of the Caspian states by reducing their dependence on Russia for energy exports; exclude Iran from any possible financial benefits as well as from any potential political leverage; and solidify ties with Turkey, a NATO member. (Bahgat 2001:123) However, due to many economical, social, and political problems, this has not reached completion yet.

On the contrary, Iran, having a well-developed hydrocarbon infrastructure, is considered an attractive export route proving a significantly cheaper line compared to other proposed pipelines for oil and gas between Caspian region on one side and Europe and Southeast Asia on the other. The major problem preventing the full utilization of the Iranian option is the strong American opposition the transportation of Caspian's oil and gas through Iran. According to US secretary of State Madeleine Albright 'Washington remains strongly opposed to oil and gas pipelines which transit Iran and, as a policy matter, we will continue to encourage alternative routes for the transport of Caspian energy resources.'²⁰ Thus, to demonstrate the discouragement of the Iranian option and to re-consider alternatives when making transport decisions, the US invited the presidents of Azerbaijan, Kazakhstan and Turkmenistan to Washington for official visits with President Clinton. (Nanay 1998: 150) Despite this strong American opposition, a pipeline has already been constructed from Korpedze in southeastern Turkmenistan to Kurt-Kui in north-central Iran. (Bahgat 2001)

Why is it that so many countries have supported the Iranian routes? Iran is tantalizingly close to Azerbaijan, Kazakhstan, and Turkmenistan, and it borders on the Caspian Sea. Moreover Iran's domestic pipeline network is in much better shape than that of Russia; with a few improvements, oil could be pumped fairly easily from the Caspian Sea to the Persian Gulf. A pipeline through Iran would be shorter than most of those under consideration for the Caspian basin. In theory, at least, oil shipments could reach the open seas more quickly and cheaply.

²⁰ New York Times, November 19, 1999

September 11th has made a significant change in Putin's policy toward the US. He realized that US is not a real threat compared to other states. Moreover, Russia began to see US as an ally to overcome the other forces that truly constitute threats to other Russian interests.

Thus, Putin himself announced Russia would provide intelligence and other forms of assistance to the United States in this endeavour.²¹ All of Putin's such attempts in the aftermath of the September 11th has led Washington to value Moscow as an ally.

Although both Tehran and Washington regarded the Taliban regime as an enemy, Iranian reformers saw September 11th as an opportunity to overcome the disagreements on Iranian-American but due to Iranian conservatives who were in fear of losing their political position, no consensus could be achieved between Iran and US.

On the other hand, Russian-Iranian relations have deteriorated due to the improving relations between Russian and the US in the immediate aftermath of September 11th. However, Russian-Iranian cooperation is unlikely to end altogether since Iran is an important customer for both the Russian arms and atomic energy industries.

²¹ Kommesant, September 25 2001

In conclusion, the major problem for Putin has been to balance Russia's interests between both Iran and the US at the same time. As the 2000-mid-2001 period showed, an antagonistic Russian-American relationship can serve as a spur to improved Russia-Iranian relations. But that period also showed that there appear to be limitations on the extent to which Moscow and Tehran can cooperate under propitious conditions. (Katz: 2002) Putin made it clear that he would not reduce Russian cooperation with Iran to please the US, since in the mid-2001 he has made it clear that he will not reduce cooperation with the US to please Iran.

2.3 Russian-Azerbaijan Relations

Azerbaijan, significant due to its geopolitical position and natural resources, was the first former Soviet Republic, which declared its independence after the dissolution of the Soviet Union. President Vladimir Putin has clearly put relations with the countries of the Caspian Basin at the very top of his foreign policy agenda. He stated in Duma, One of the priorities of Russian foreign policy is to protect interests of Russian abroad and its near and far environment.²²

In the post-Cold war era, the role of Moscow concerning Azerbaijan affairs cannot be diminished. Despite the dissolution of the Soviet Union, the Russian Federation still considers itself the main heir to the Soviet Union's global status. Thus, Moscow intends to regain the traditional influence over the Caucasus region.

²² 'Vladimir Putin Govorit o Glavnim. Iz Vustiplenie v Gosudarstvennoy Dume 16 Avgusta', www.rg.ru/anons/arc_1999\0817\11.htm

This is the policy that also influences Baku's policy option concerning the export of oil.

Another area of interests for Moscow is to protect its territorial integrity by 'responding comprehensively and effectively to any regional rebellion, such as Chechnya which has been brutally subdued.' By this goal, Russia has reminded the West that Russia is still main power in the region and does not allow international interference on domestic matter.

On the other hand, Baku intends to decrease its traditional dependence on Russia. In this regard, Azerbaijan has established cordial, cooperative and close relations with Washington as well as capitals of other Western states. (Sadri: 2003)

The area of interests for Moscow is in the Caspian region in the context of relations between Russia and Azerbaijan. The Russian Federation intends to create both opportunities for its businesses such as Lukoil and Gazprom as well as new sources of government revenue via the transit fees for oil and gas pipelines from the Caspian to Europe. Evidence illustrates that Moscow has received a sizeable share of Azerbaijan oil deals. Moreover, Azeri oil still travels mainly through Russian pipelines.²³

Today, as in the past, oil constitutes a major component in the political and economic life of Azerbaijan. The first and most important goal of Baku is to

²³ The Moscow Times, January 19, 1996

facilitate economic development by exporting oil in order to achieve the status of a well-developed society. (Sadri: 2003) Azerbaijan oil routes can be considered as follows:

1 the northern route, from Baku to the port of Novorossisk, in the Russian Black Sea Coast, and

1 The southern option, from Baku to the Georgian Coast and to the Turkish Mediterranean port of Ceyhan (Gokay, 2001: 44)

Azerbaijan has two refineries with a total capacity of 442,000 b/d: Azerneftyanajag (203 000 b/d) and Azerneftiyag Baku (239 000 b/d). Both are located in the vicinity of Baku and are very old plants, built 40-70 years ago. In the past, Azerbaijan processed oil in excess of its own needs and supplied products to the rest of the USSR. (Yelena 2001: 139) Furthermore, Azerbaijan has the second largest navy in the Caspian after Russia. Baku inherited sixty ships and support vessels and 2,200 sailors, and its navy now consists of one frigate, two missile boats, several petrol boats, and five small anti-submarine vessels.²⁴

Russian-Azerbaijan relations during the Presidency of Vladimir Putin have adopted a new approach to the development of the Caspian energy resources after Putin's visit to Baku in early 2001. Particularly, the Nagorno-Karabakh conflict has taken on greater importance under President Putin (Yelena 2001: 204)

²⁴ Zerkalo, August 1, 2001

In January 2001, the Russian and Azeri leaders signed a joint declaration that set a new level of relations between Russia and Azerbaijan. In the view of the Russian newspaper, *Nezavisimaya Gazeta*:

Today Moscow wants to resolve the whole range of the region's major problems, including such burning issues as the Karabakh conflict and the Caspian Sea's legal status. In so doing, Russia hopes to substantially enhance its positions in the Caspian Basin Area on the whole and in Transcaucasia in particular.²⁵

Putin's visit to Baku resulted in Azerbaijan confirming a guarantee to transport 2.2 millions tons of oil in 2001 via the Baku-Novorossiysk pipeline.²⁶ In addition, Putin stressed that Russia prepared to cooperate with Azerbaijan in every field area of the fuel and energy sector, including participation in oil field development, the purchase of hydrocarbons for domestic consumption, and assistance in hydrocarbons exports.²⁷

The U.S. supports an Azerbaijani-Russian agreement on the demarcation of neighboring sections in the Caspian Sea, signed by Azerbaijani President Heydar Aliyev and Russian President Vladimir Putin, according to a press release from the U.S. embassy in Azerbaijan.²⁸

According to the statement, officials in Washington consider that this document creates conditions for the attraction of investment into the Caspian region and will provide powerful support for the creation of peace and stability in the region.

²⁵ *Nezavisimaya Gazeta*, January 19, 2001

²⁶ *Rossiyskaya Gazeta*, January 19, 2001

²⁷ *Ekho Planety*, January 19, 2001

²⁸ *Interfax*, October 10, 2003

Aliyev and Putin signed the agreement on the demarcation of neighboring sections of the Caspian Sea in Moscow on September 23rd. The document stresses that the bed of the Caspian Sea and its resources are divided between the sides based on a modified meridian line and also on generally accepted principles of international law and traditional practice in the Caspian. The document establishes the exact coordinates of the borderline and notes that the sides have sovereign rights as regards mineral resources and other legal economic activity.

According to the agreement, the sides will cooperate to reach a general agreement between the Caspian states on the division of the seabed, taking the principles of this agreement into consideration. Agreements to carve up the seabed based on a meridian line have already been signed by Russia and Kazakhstan and also by Kazakhstan and Azerbaijan.

At the same time, there are significant differences of opinion with Iran and Turkmenistan on this issue. Iran is insisting either on the joint use of the Caspian Sea or on the division of the Caspian Sea into equal shares (20% to each of the Caspian States, compared to its current 14% share).

Azerbaijan's position regarding the status of the Caspian was that the water surface and bottom should be divided into sectors. But as Russia's position and influence changed, Azerbaijan's position changed to the point of insisting on having the bottom of the Caspian divided into sectors but keeping the surface available for common use. Correspondingly, if Iran takes a tougher position regarding equal

division of the bottom, Azerbaijan could again raise the question of dividing up the surface of the Caspian Sea as well.²⁹

Consequently, after declaring independence from Moscow, Baku established close relations with the US and Western states, especially to decrease the traditional Russian influence in this country. However, during the Putin era, Moscow and Azerbaijan have attempted to solve the legal status of Caspian Sea basin in cooperation for the interests of both sides.

2.3 Russian-Kazakhstan Relations

Subsequent to the dissolution of the Soviet Union, Kazakhstan's independence took place concurrently with the discovery of enormous supplies of hydrocarbons on the territories of the Caspian Sea leading to the estimation that Kazakhstan is the richest in oil and gas coastal states of the Caspian Sea.

Moreover, of the five Caspian region republics, only Kazakhstan is of vital importance to Russia. Reasons behind this importance include its geographical proximity, its six million strong Slav minority-making up 37 percent of the country's population-that is concentrated in the Kazakh provinces bordering Russia and its close economic ties between northern Kazakhstan and southern Siberia. In terms of ethnicity and prevailing culture, Kazakhstan is a truly Eurasian state. Its leadership faces the challenge of building a bicultural society that will not alienate its Slavic

²⁹ Baku Zerkalo, August 24, 2001

minority. Should it fail in this endeavor, intercommunal tensions could lead to radicalization of the Kazakhs and secessionism among the Russians. (Trenin: 2003)

Kazakhstan is the only state in the region to share a border with Russia, more than 6000km long, as opposed to its 1700km border with China. (Cummings: 2001) After Kazakhstan became independent, oil became one of the important elements in the affairs of Kazakhstan and Russia. One of the paradoxes of the Soviet heritage is the fact that Kazakhstan, although extremely rich in hydrocarbons, was considerably dependent on supplies of oil and gas from Russia and other newly independent states in the first year of the independence. (Vladimir 1999: 185)

Kazakhstan has three refineries with a total capacity of 427 000 b/d. The Pavlador (in northeast Kazakhstan) and Shymkentnefteorgsyntez (ShNOS; in south central Kazakhstan) refineries have capacities of 163 000 b/d and 160 000 b/d, respectively. The oldest refinery is located Atyrau 104 000 b/d in western Kazakhstan. (Kalyuzhnov; Lee; Nanay 2002: 143)

Kazakhstan hosts one of the world's largest oil fields to be discovered in the past 30years-Kashagan, situated offshore in the northern Caspian waters. Together with the Tengiz and Karachanak fields, the Republic boasts some of the world's top energy exporters in the next five years. (Smith: 2002)

From the beginning, Kazakhstan has taken a very careful position on the status of the Caspian, as the government of the republic did not want to escalate the

relations with Moscow to conflicting conditions. Having Azerbaijan as an example, the government of Kazakhstan attracted major Western oil companies to form an international consortium to do geological and geophysical research in the Kazak sector of the Caspian. The positions taken by Kazakhstan and Russia on the matter of the Caspian's status have been almost directly opposite. Kazakhstan, in its desire to strengthen its independence and receive the biggest possible share of oil riches, has insisted on having the Caspian divided into sectors. (Vladimir 1999: 187)

In the complexity of two-way interaction between Kazakhstan and Russia, a key problem with regard the Caspian oil can be identified. Determination of the Caspian Sea's status is an important issue, particularly in relation to the method of division of the natural resources of the sea in a way that will satisfy all of the littoral states. And in the near future it makes that legal questions mention such serious problems of global importance as world energy supply.

2.5 Russian-Turkmenistan Relations

Following the end of the Cold War and the breakup of the Soviet Union, Turkmenistan declared its independence on October 27, 1991. While at the beginning the relations between Russia and Turkmenistan were not so close.

However, Russian-Turkmenistan relations have improved during the President Vladimir Putin, and especially the arrival of Putin and Turkmenbashi's realization of difficulties of shipping his country's immense natural gas resources to the market

without Russia. Relations are based on Turkmenistan's, -as a leader among the former Soviet republics in terms of hydrocarbon resources-, intention to make a giant in raising production and export of oil and gas regarding only the natural gas is almost the only pillar of the relationship. .

Having reached bilateral agreements on developing the northern part of the disputed Caspian Sea, Russia has now invited Iran to jointly develop oil and gas fields in the southern part of the Caspian Sea, the Kazakh Gazeta.kz web newspaper has said. According to the Kazakh Gazeta.kz web newspaper, Russia and Turkmenistan have set up a joint venture to develop fields located in disputed areas. This move has caused serious concern in Azerbaijan, the article said, since Iran chose to develop fields with Turkmenistan over Azerbaijan (which had offered to develop fields with Iran), and since Azerbaijan questions Russia's role as arbiter, concerned that it will not advocate Azerbaijan's interests in the southern Caspian Sea.

The Presidents of the five littoral states surrounding the Caspian Sea, Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan, held their first summit in Turkmenistan on April 23-24, 2002. The talks ended without any progress in settling the dispute about the legal status of the Caspian. As Turkmen President Saparmyrat proposed:

‘.....The Caspian sea is smelling of blood, repeatedly proposed not to start developing fields, which are in disputed areas. Since then there have been no reports that the Turkmen leadership has changed its view

on this issue, which means that Turkmenistan definitely regards as its own some disputed areas where Zarit will be conducting its work.³⁰

Between 1998 and 2002, Turkmenistan has suffered from the continued lack of adequate export routes for natural gas and from obligations on extensive short-term external debt. At the same time, however, the value of total exports has risen sharply because of higher international oil and gas prices. Prospects in the near future are discouraging because of widespread internal poverty, the burden of foreign debt, and the unwillingness of the government to adopt market-oriented reforms. Turkmenistan's economic statistics are closely held secrets, and published GDP and other figures are subject to wide margins of error. Turkmenistan has cooperated with the international community in transporting humanitarian aid to Afghanistan.

Currently, Turkmenistan is heavily dependent on Russian pipelines to reach markets in Europe; because oil and gas account for one-third of Turkmenistan's budget revenues, Turkmenistan is working to open new gas export corridors through Iran and under the Caspian Sea into Turkey.

³⁰ Gazeta.kz web site, Almaty January 30, 2003

2.6 CONCLUSION

Today's struggle for Caspian Oil is a mixture of security related, geopolitical and economic games. In fact, the competition includes states as well as multinational companies that want to influence the region and benefit from the economic opportunities. The construction of the pipelines to transport oil and natural gas from the Caspian region to the world market is a major area of competition.

In the context of this competition, Russian relations with the littoral states have almost based on the oil and gas transportation from the Caspian Sea basin. Although the US insists on its presence in the Caspian Region, Russia is an inevitable, acceptable and unitary actor in the region due to the cultural and demographical linkages of these countries. As soon as Russia improves its economy, it would play more influential political power as well in this region.

CHAPTER 3

THE RELATIONS BETWEEN RUSSIA AND THE UNITED STATES IN THE CASPIAN CONTEXT: CONTINUITY AND CHANGE

3.1 INTRODUCTION

The September 11th terrorist attacks rocked the United States to open a new chapter in the country's relations with the outside world. This development was a turning point in U.S. foreign policy. After this incident, US troops were redeployed, and policymakers began rapidly to rewrite their agendas as entering a new and undefined era. In response to the September 11th attacks, the Bush Administration declared a war against terrorism, the primary target what which, would be Al Qaeda. The Taliban regime in Afghanistan, which has been hosting bin Laden and his training camps for the past several years, became the first target of the war on terrorism. The United States has set up shops in Caspian region in the name of anti-terrorism. In the beginning, the United States reassured Russia and other countries again and again that its entry into Afghanistan by way of Caspian region would be "temporary" and that it had no intention to station troops in the region permanently. Following the victory in Afghanistan, in the context of Bush's declaration of 'Axis of Evil', regarded to consist of Iraq, Iran and North Korea, the U.S. waged war firstly on Iraq as part of the 'global war against terrorism'.

In this chapter, I will attempt to examine first, the impacts of September 11th, second the Afghanistan war and lastly the Iraq war considering the related position of Russia.

3.2 The Impact of September 11th

September 11th terrorist attacks on the World Trade Center had an immediate and enormous psychological impact in the United States. September 11th also profoundly reordered U.S. priorities at home and abroad, on the U.S. side. International terrorism, long viewed, as a problem faced only by others, became a principal focus of American foreign policy. The importance of Caspian region -in which repressive regimes and underdevelopment in economy give birth to the popularity of radical Islamists forces- for the US has increased due to the global war on terrorism in the last few years.

As regards the Caspian region, the paradoxical overtone of Russian-American relations can be observed in the post-September cooperation and the limits of America-Russian cooperation. In this section, I will first, examine the cooperation between Russia and America immediately in the aftermath of 9/11 and second, the limits of this cooperation in the long term.

The trend toward closer relations with the United States was given significant impetus by Putin's response to the September 11, 2001 attacks on New York and Washington. In the immediate aftermath, Putin was among the first world leaders to

express sympathy and solidarity with the United States.³¹ Subsequently, he also endorsed a U.S. right to respond forcefully against those responsible for the attacks. Putin announced that Russia would share relevant intelligence with the United States; permit the use of its airspace for humanitarian flights, and, most significantly, increase its military assistance to the Northern Alliance opposition forces in Afghanistan. Further, contradicting an earlier statement by the Russian defense minister, Putin announced that Russia would not be opposed to its by the United States and other coalition forces of bases on the territory of its 'Caspian region Allies'.³² Along the lines of this latter declaration, however, Putin appeared to acknowledge developments between the United States and states in the region that were already underway. Putin, despite some opposition to the idea from within the Russian security and defense communities, allowed U.S. aircraft to use Russian airspace and accepted the basing of U.S. forces in Caspian region.

And, as one American participant noted, foreign policy itself assumed considerable priority as Americans launched a new war on terrorism. Moreover, changes in American foreign policy priorities, as well as Russia's reaction to the terrorist attacks on New York and Washington, have been particularly important in bringing about this new opportunity to strengthen and deepen the U.S.-Russian relationship.

³¹ The Post-Soviet Press, "Statement by Vladimir Putin on Terrorist Acts in the United States", September 12, 2001

³² The Post-Soviet Press "Putin Outlines Steps to Help United States in Antiterrorist War", September 12, 2001

After the terrorist attacks of 9/11, Russia went through a foreign policy revolution. President Vladimir Putin moved his country as close to the U.S. as last seen in the Anti-Hitler Coalition in the Second World War. In 2002 he was able to reap the benefits of his approach when American firms started investing in the Russian market again, and George W. Bush visited Russia twice in one year. After Putin offered Bush his support following the terrorist attacks of September 11th, Bush openly supported Putin in his battle with 'Chechen terrorists' after the hostage crisis in Moscow in October. In return, there was little disturbance in the UN Security Council on the Russian side, regarding an American attack on Iraq. (Bremmer, Ian & Zaslavsky, 2001)

On the American side, the requirements for waging an effective war in Afghanistan, as well as a broader war on terrorism, have significantly increased the importance of a cooperative relationship with Russia particularly because of its geography.

There is a significant change in the relationship of Russia and the U.S. after 9/11. Russia gave the United States great support for gaining bases in Uzbekistan and Tajikistan hoping to get the approval of its attacks on 'Islamic terrorists' in Chechnya and their supporters in Georgia. Americans stated their view as:

We would like to see our joint struggle against terrorism to lead to positive results, that terrorism not only in Afghanistan but the entire world be destroyed, uprooted, liquidated. . . . It is quite obvious to any objective observer that we can find an effective response to these challenges only if we pull our efforts together.³³

Thus in a sense, a change of interests, caused both Russia and U.S. to forget the fears of the past.

³³ G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding Order After Major War* (Princeton: Princeton University Press, 2001).

Russia's interest in the Caspian region is ensued Russian defensive, reaction to developments largely beyond its control. In the aftermath of the September 11, the United States has set up shop in Caspian region in the name of anti-terrorism. In the beginning, the United States reassured Russia and other countries that its entry into Afghanistan by way of Caspian region would be "temporary" and that it had no intention to station troops in the region permanently. Both Russia and America have shared interest in regional stability. First, a destabilized Caspian region and Afghanistan return to the chaos of civil war, both Russian and western invests would suffer. Second, without Russia's assistance to the North Alliance American campaign against the Taliban would suffer. (Trenin: 2003)

However, after achieving a decisive victory in its war on terrorism in Afghanistan, the United States continues to maintain its military presence in Caspian region and has not shown any signs of withdrawing its troops. Russia and Iran have opposed this presence; while Uzbekistan and Azerbaijan have favored it.

The most direct influence of the "11 September" incident on Russian and American people's life is the strengthening of security measures. In the terms of security, Caspian region has been significant for both sides in the post-September period. Caspian region and Transcaucasia are an extremely important "protective screen" in the south and a "strategic buffer zone" for Russia's national security. Following the disintegration of the Soviet Union and discovery of huge petroleum and natural gas deposits in the continental shelf of the Caspian Sea, Caspian region and the Transcaucasia regions have gradually become a new "hot spot" drawing world attention. The United States in particular has regarded these regions as an

important link in its global strategic deployment and has been eyeing them hungrily for a long time.³⁴ In the context of this significance, one of the priorities of Putin's foreign policy is to ensure Russia's political, economic, and security interests in the Caspian region and the Transcaucasia regions, secure Russia's traditional sphere of influence in these regions, and strengthen its control over the regions, so as to prevent US forces from further expanding in these regions.

At the same time however, the September 11th incident gave the United States the chance to insert its forces into the Caspian region and Caucasian countries under the pretext of fighting against terrorism and Al-Qa'ida. The opportunity to improve and strengthen its relations with Western countries, especially Russia took the side of the United States and the two have maintained considerable cooperation in combating terrorism. Currently, the US military presence in Caspian region and Transcaucasia has become an inevitable fact and, moreover, the United States will seek in various ways a "long-term military presence" in Caspian region. In addition, Russia is attempting, by increasing its military presence in the Caspian Sea region, to influence delimiting of the Caspian Sea so as to further strengthen its control over the petroleum and natural gas resources in the Caspian Sea.

Due to America's new fears and interests, U.S. involvement in Central Asia seems likely to last longer than official statements suggest.

Although the Bush administration promises a timely end to the military presence there, many believe the United States will remain engaged through an enhanced political and military presence for years to come; after all, staying until the "job is done," as the administration has promised, means rooting out the conditions that breed terrorism in the

³⁴ Beijing Renmin Ribao, October 11, 2002

first place. And that formidable goal suggests a quasi-permanent U.S. interest in Caspian region. (Maynes, 2003)

Moreover, many Caspian region states such as, Uzbekistan and Azerbaijan have favored US presence in the region.

As opposed to this, Russia and Iran have stood against such a long term American presence in the Caspian region. Col. Gen. Leonid Ivashov, vice president of the Academy for Geopolitical Problems, has said the continuing military presence of the United States and other western countries in Caspian region is not good for Russia's interests.

According to him, Russia is being gradually pushed out of Caspian region, which has always been the area of our country's interests. And the U.S. is using the anti-terrorist operation in Afghanistan to strengthen its position in the region." Moreover, he added "It is evident for the whole world today that bin Laden and Al-Qaeda were only the excuse for the U.S. to achieve its main goal, that being to bring its military forces and politics to Caspian region and to take the region under its control.³⁵

In order to protect its national interest, Russia has tried hard to strengthen military cooperation with surrounding countries and found its all-new strategic position. The current military exercise in the Caspian Sea may be considered as a concrete demonstration of this strategy.

³⁵ Interfax, "Russia: Gen Ivashov says US present in Caspian region not good for Russia", September 11,2002

Russia held a military exercise, which attracted a lot of attention at the Caspian Sea in Caspian region between 1 August and 15 August. Over 10,000 officers and men from the Navy, Air Force, Army, air defense troops, interior defense troops, border defense troops and other arms and services took part in this exercise with over 60 military vessels and more than 30 warplanes. Many of Russia's latest weapons and equipment, including the T-90 main battle tank, wing-in-ground crafts and the "Moskit" anti-ship missile, made their appearance during the exercise. In a nutshell, the scale and duration of the exercise and the number of troops and designations involved were never seen at the Caspian Sea.³⁶

The prevailing view among analysts however, is that the Russians carried out such a massive exercise not simply for anti-terrorism. They think that the real objective of the Caspian exercise was to send out the following signals to the Caspian nations and the United States, which has been eyeing the Caspian resources: Russia remains a military power and is the dominant force in the region, and Russia will have no scruples about resorting to all means to defend its strategic interests there.

As a matter of fact, commander of the Russian Navy Admiral Vladimir Kuroedov had made this very clear in his reply to reporters on the exercise. We are planning this exercise not as a means of showing our military strength. However,

³⁶ Hong Kong Ta Kung Pao, "HK TKP Column Analyzes Targets of Russian Exercise at Caspian", August 18, 2002

Russia has great military potential and is capable of dealing with the Caspian question when peaceful means does not work.³⁷

Iran has also opposed such an American presence in the Caspian region.

America brought its troops to Afghanistan under the pretence of fighting terrorism and annihilating the Al-Qa'idah network. In fact, it is trying to expand its military presence in Afghanistan and Central and Southern Asia. The US government is, therefore, deploying its troops throughout Afghanistan.³⁸

Moreover, according to Iranian radio, some of political observers say that the aim of the U.S. diplomatic activities in the region is to carry out certain parts of U.S. foreign policy, so as to expand its sphere of influence in Caspian region and the Caucasus, and this is to lessen Russia's traditional influence in the region.³⁹

U.S. has entered the territorial waters of the five littoral states in its joint military maneuver with Azerbaijan in the Caspian Sea. Russia is expected to react to the military presence of the U.S. in the Caspian Sea, and Iran should move in line with the neighboring countries that are opposed to the militarization of the Caspian Sea." Hajbabaei said that countries, which invite the U.S. to the region, would be held responsible for any future turmoil in the area. He also added that the militarization of the Caspian Sea and the presence of foreign forces in the sea are counterproductive.⁴⁰

³⁷ Ibid

³⁸ Voice of the Islamic Republic of Iran, Zahedan January 13, 2003

³⁹ Radio Iran, "US Military Presence in Caspian region to Lessen Russian Influence", FBISNES, December 18, 2001

⁴⁰ Tehran Tehran Times,, August 17, 2003

Running counter to this, the United States has established a military presence in Uzbekistan and Kyrgyzstan and has sharply increased aid and diplomatic involvement. Azerbaijan, Kazakhstan and Uzbekistan have been contented due to the presence of the US in the Caspian region.

Moreover, the Republic of Azerbaijan has opened the way for Americans to enter into the Caspian Sea, under conditions where the legal regime of the sea has not been defined yet and the coastal dwellers are holding talks to find a solution in this connection. Therefore, Baku's troublesome behavior at this time and in the present situation is actually in contradiction of the spirit of dialogue and talks among the Caspian Sea coastal countries.

Such action and along with allowing the United States -- which has now become a dangerous country in the world -- into the Caspian Sea is actually tantamount to ignoring all efforts and diplomatic attempts since the collapse of the Soviet Union to demilitarize the Caspian Sea and remove tensions. Instead, the United States is injecting tension and insecurity into the sea that would lead to rough and stormy waters in the Caspian Sea.

Furthermore, Uzbekistan believes that the requirement of the US presence in the region would bring the accessible security, economic and political conditions. In the mean time, The declaration on strategic partnership and fundamentals of cooperation signed during Karimov's visit in the United States in March 2002 is important for bilateral cooperation. The statement, which made the greatest impact

at the summit, was that of Uzbek President Islam Karimov, who came out in favor of the presence of US troops in the region.⁴¹

He categorically stated that Uzbekistan favoured the US military's continued presence in Central Asia. I am against the Americans leaving this area until peace and stability exist here.⁴²

Despite the new post-September 11th security partnership, Putin's critics continue to view U.S. military presence in the region with a fair amount of suspicion. The military and foreign policy establishment, as well as the bulk of the political class, still regard Caspian region as Russia's exclusive security buffer. Quite a few tend to believe that the deployment of U.S. forces was motivated not by Washington's struggle against international terrorism, but instead by a drive to bring the oil and gas resources of the Caspian firmly under its control while pushing out Russia. For those who look for conspiracies to explain political behavior, U.S. bases in Uzbekistan, Tajikistan and Kyrgyzstan are links in the chain of America's global strategy to encircle Russia. This strategy, according to such thinking, also includes American military instructors in Georgia and NATO membership for the three Baltic States. (Trenin: 2003)

During the Putin era, however, many officials recognized that the intervention of U.S. in Caspian region puts an end to Taliban threat, which was seen as the most serious external challenge to Caspian region and Russian security. Somehow, U.S.

⁴¹ Interfax Presidential Bulletin Report, July 4, 2003

⁴² Kommersant, October 7, 2002

fills the security vacuum that Russia was unable to fill. US presence in the region is also a check on China's advance into the region. Thus, there is a kind of acceptance of US intervention in Caspian region among Russian elites.

As a consequence, the extent of cooperation between the two countries depends primarily on international factors such as America's immediate needs in the war in Afghanistan and Russia's capacity to serve them. But what happens next, and whether Russia and the United States can create permanence out of promise, will ultimately depend upon domestic politics. For now, neither country has a strong constituency in favor of building the partnership beyond.

3.3 Afghanistan War

The 9/11 attacks on Pentagon and World Trade Center followed the declaration of 'war on terrorism' by the Bush administration whose primary target had been Al Qaeda in Afghanistan, which has been hosting bin Laden and his training camps for the past several years. However, the United States has been aware that while attacking al Qaeda is necessary, it is not sufficient. Even if the campaign is successful, terrorism will recur unless the United States and its allies take care of the conditions that produced it.

Within the framework of this awareness, the US brought a revision that unlike missile defense and economic assistance, which consisted of effectively unilateralist policies, antiterrorist action required support from the widest range of actors in the shortest span of time. Securing the cooperation of practically all states

in Eurasia became an immediate priority for the Bush Administration. Moscow's effort was essential to this effort.

Russia has become an indispensable ally of the United States during the campaign in Afghanistan, sharing intelligence and expertise on the region and waiving objections to the U.S. military presence in Caspian region, was perceived to result from the case being that of Russia's backyard in terms of influence and strategic interests. Washington, in turn, was quick to suspend criticism of Russia's military campaign in Chechnya, acknowledging that at least some parts of Russia's argument for military action were valid and legitimate.⁴³ This was followed by the announcement of bilateral cuts in nuclear arsenals during the summit in Texas in November 2001, applauded as heralding a new era in the strategic relations of the former Cold War adversaries and laying ground for a new strategic framework while addressing Russia's anxieties over U.S. intentions to abolish the ABM Treaty.⁴⁴ Although not abandoning their opposition to the NMD, Russia's officials sound more realistic and more assured on this issue than previously.⁴⁵

Most importantly, Russia has given the United States great support and facilitated its gaining bases in Uzbekistan and Tajikistan in return for tacit Western approval of its attacks on "Islamic terrorists" in Chechnya and their supporters in Georgia. More far-reaching cooperation seems in train on strategic arms and relations with NATO. President Vladimir Putin has attributed much of this dramatic shift to September 11th: "It is quite obvious to any

⁴³ Washington Post, "Remember Chechnya", November 14, 2001

⁴⁴ The New York Times, "Bush and Putin Agree to Reduce Stockpile of Nuclear Warheads," November 14, 2001

⁴⁵ The *New York Times*, "Facing Pact's End, Putin Decides to Grimace and Bear It," December 14, 2001

objective observer that we can find an effective response to these challenges only if we pull our efforts together.” To do this, both the United States and Russia must shed “the fears of the past” and understand that they share a commitment to democratic values and market economics. Those who think otherwise “simply do not understand the way the world has changed.”⁴⁶

President Bush recently shifted his administration’s views on foreign aid, proposing to increase aid by \$5 billion over the next three years. In his speech announcing the new initiative, Bush said:

Poverty doesn't cause terrorism. Being poor doesn't make you a murderer. Most of the plotters of September 11th were raised in comfort. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror. In Afghanistan, persistent poverty and war and chaos created conditions that allowed a terrorist regime to seize power. And in many other states around the world, poverty prevents governments from controlling their borders, policing their territory, and enforcing their laws. Development provides the resources to build hope and prosperity, and security.⁴⁷

After victory in Afghanistan, it seems that the term terrorism will recur unless the United States and its allies deal with the conditions that bore it. The speech President Bush made on the "axis of evil" in January 2002, set out America's

⁴⁶ *The New York Times* “Putin Urges A ‘New Level’ of the Trust With America,” 11 November 2001
“Plan to Help Developing Nations” Remarks by the President on Global Development, Inter-American Development Ban”, <http://www.whitehouse.gov/news/releases/2002/03/20020314-7.html>

⁴⁷ President Proposes \$5 Billion

rationale for extending the war on terrorism to Iran, Iraq and North Korea, states that made up an " axis of evil ".

President Bush used the " axis of evil " speech to single out Iran, Iraq and North Korea. According to him states like these, and their terrorist allies can be seen as a threat to the peace of the world due to their aims of arming and seeking weapons of mass destruction. And 9/11 is projected to show the rightness of his observations about which he added, so we must act pre-emptively to ensure that those who have that capability aren't allowed to proliferate it.⁴⁸

In considering the future of the campaign against terrorism, the picture is complex. Success in large-scale operations will likely be harder and more costly in Afghanistan. In toppling the regime in Afghanistan, many Afghans hated the Taliban government, the Taliban had almost no air defense, the Northern Alliance was a relatively powerful and skilled opposition group, and the United States and the coalition enjoyed a good amount of luck in Afghanistan. (Cordesman: 2002)

3.4 Iraq War

The launching of the war against Iraq is seen in the U.S. as part of the global war against terrorism. Russian leaders have thus far been eager to cooperate with the U.S. in fighting terrorism in Afghanistan and Caspian region. Many in Russia, however, see the attack on Iraq as part of an effort by the U.S. to monopolize the world petroleum markets and further its political and economic domineer on the globe.

⁴⁸ Xinhua News Agency, 'Why has war on Iraq broken out ?' , March 21, 2003

The US administration said that the main purpose of the attack on Iraq was to disarm Iraq and reduce the threat of international terrorism.

On March 18, when issuing the ultimatum for Iraqi President Saddam Hussein and his sons to leave Iraq within 48 hours or face a US-led invasion, US President George W. Bush said, "The danger is clear: Using chemical, biological or, one day, nuclear weapons obtained with the help of Iraq, terrorists could fulfill their stated ambitions and kill thousands or hundreds of thousands of innocent people in our country or any other." According to Bush, this gave the United States the authority to foil such possible plots to launch terrorist attacks in a preemptive way.⁴⁹

Though the Bush Administration has advocated the war against Iraq under the pretext of the struggle against terrorism, its Iraqi war is not directly related to the campaign against Al Qaeda. The United States, the United Kingdom, and other nations claim that Iraq poses an imminent threat to international security because it has weapons of mass destruction and operational connections to the Al Qaeda terrorist network. U.S. Secretary of State Colin Powell asserted in his presentation to the Security Council on 5 February that Iraq has made no effort to disarm and is concealing efforts to redevelop weapons of mass destruction. Powell restated old allegations that the United States had made prior to the 8 November passage of Resolution 1441. He presented new intelligence about Iraqi efforts to conceal its weapon capabilities, and he reiterated previous information about the likely existence of chemical and biological agents from the 1990s, but he did not prove that there is a new grave threat from Iraqi weapons of mass destruction. Nor did he show a link between Iraq and September 11th, or an operational connection between Saddam

⁴⁹ Xinhua News Agency, 'Why has war on Iraq broken out?', March 21, 2003.

Hussein and Al Qaeda. The Powell presentation attempted to link the Iraqi government to the Al Qaeda terrorist network. Powell claimed, "Iraq today harbors a deadly terrorist network headed by Abu Musab Zarqawi, an associate and collaborator of Osama bin Laden." He asserted that the network is training its operatives in the use of deadly toxins, and that Iraq provides "active support" for these efforts.

President Bush has tried to link Iraq to September 11th. In his State of the Union address the president asserted that Saddam Hussein "could provide one of his hidden weapons" to Al Qaeda or other terrorists. The President evoked the grim specter of Iraq supplying deadly weapons to terrorists: "Imagine those 19 hijackers. . . armed by Saddam Hussein . . . to bring a day of horror like none we have ever known." No credible evidence has ever been presented linking Saddam Hussein to the September 11th attacks. Powell's claims about an Al Qaeda cell in Iraq are serious, but they need to be verified independently. The evidence reported by Powell is based primarily on interrogations of captured suspects conducted under "unspecified circumstances of psychological pressure," according to the *New York Times*.⁵⁰

However, no evidence had been found about the linkage between al-Qaeda and Saddam. According to various sources:

⁵⁰ The New York Times, "Intelligence Break Led U.S. to Tie Envoy Killing to Iraq Qaeda Cell," February 6, 2003

- Veteran CIA analyst Melvin Goodman summarizes what many in the intelligence community on both sides of the Atlantic believe. "I've talked to my sources at the CIA," he said, "and all of them are saying the evidence [of a link between al-Qaeda and Saddam] is simply not there."⁵¹
- The former chief of Pakistan's spy agency declared, "Ideologically and logically, they [Iraq and Al-Qaeda] cannot work together . . . Bin Laden and his men considered Saddam the killer of hundreds of Islamic militants."⁵²
- The U.S. State Department's *Patterns of Global Terrorism* report of April 2001 stated, "the [Iraqi] regime has not attempted an anti-Western terrorist attack since . . . 1993."⁵³

Although President Bush and Russian President Vladimir Putin have built a strong partnership in the post-Sept. 11 world, Russia feels it has little to gain and much to lose by supporting U.S. plans for a war against Iraq. 'Polls show that the vast majority of Russians are against a war. Russia has political and financial ties to Iraq, including a multibillion-dollar role in developing that country's vast oil fields, that make war a difficult prospect for Moscow to accept.'⁵⁴ Despite speculation at the beginning of the year by many that Moscow would give implied consent to U.S. actions in Iraq, the Russian leadership threatened a veto in the UN Security Council

⁵¹ *The (London) Observer*, "False trails that lead to the al-Qaeda 'links'", February 2, 2003.

⁵² Associated Press Online, "Saddam, al-Qaida would be unusual allies," January 29, 2003

⁵³ U.S. Department of State, Office of the Coordinator for Counterterrorism, *Patterns of Global Terrorism 2000*, 30 April 2001. <http://www.state.gov/s/ct/rls/pgtrpt/2000/2441.htm> (9 October 2002)

⁵⁴ BBC Monitoring International Reports, March 12, 2003

and warned against an attack. Early in the year it appeared that Russia was prepared to support the U.S. as Russia's top leadership called for immediate Iraqi disarmament. In November of last year, Russia supported UN Resolution 1441, which called on Iraq to submit to weapons inspections or face the threat of forced compliance.

In late January, Putin announced just hours ahead of U.S. President George W. Bush's State of the Union address that Moscow would toughen its line on Iraq should Baghdad fail to come clean on its weapons program. He also admitted the Kremlin did not want a confrontation with Washington over Iraq, prompting the influential daily *Kommersant* to assert that for Russia, "America is more important than Iraq." Nevertheless, opposition to military action against Iraq surfaced within the Russian government soon thereafter. The Russian Foreign Ministry was the first to openly state its opposition to "aggressive" U.S. policy against Iraq. Even as Putin came out in personal support of a strong UN resolution forcing Iraq to submit to inspections, Foreign Minister Igor Ivanov began criticizing the harsh stance taken by the Bush administration against Iraq. Putin, though clearly against unilateral U.S. military action in Iraq, in the beginning maintained a fairly low profile, even into February when he visited Paris as the personal guest of French President Jacques Chirac, the most vocal critic of the U.S. within the UN Security Council. Putin also visited German Chancellor Gerhard Schroeder, another vocal critic of Bush administration policies in the Middle East. Putin and his presidential staff seemed to be using Foreign Minister Ivanov as a sounding board both internationally and within Russia itself. It became clear that a good majority of Russians were against any U.S.

military action in Iraq without UN blessing. In a major televised interview on Feb. 21, Putin warned about a “growing aggressiveness of influential forces in certain countries.” This seems to have been the turning point in Putin’s official stance toward the U.S. (Ferguson: 2003)

Russian-American partnership had intensified, particularly, in the aftermath of the September 11 until the Iraqi war. Russia has cooperated with the United States on the Performance-Based Roadmap for Israeli-Palestinian negotiations. But revelations of a continuing Russian supply of arms and potential WMD technology to Iraq and Iran, Moscow's very blunt opposition to the war, and Russia's intelligence sharing with Iraq are upsetting this relationship, as well as Anglo-Russian relations.⁵⁵ If Russia continues such provocative policies, it will risk increasing American suspicion of its motives, though U.S. rhetoric is still in a forgiving mode.⁵⁶

Nevertheless, this impending retribution has not deterred Moscow from its chosen course. Russia is too proud and too powerful to feel that it needs American absolution for following its own interests. And more importantly, such great power rhetoric is a weapon used by the military foreign policy elites in Russia to mobilize popular support, assert their institutional interests, and gain economic assets. (Blank: 2003)

⁵⁵ New York Times, "Aftershocks: The Administration: New U.S. Concerns on Iran's Pursuit of Nuclear Arms," May 8, 2003 & The Times (London), "Russia May Have Passed Intelligence on Blair to Iraq," April 14, 2003

⁵⁶ Reuters, "Powell in Moscow for Talks on Iraq and Terrorism", May 14, 2003

On the other hand, Moscow has long argued that the United States can only stay in its bases for the duration of the war against terrorism in Afghanistan. This opposition to the U.S. presence in territory Moscow regards as vital to its interests has been a constant feature of Russian policy since the inception of cooperation with the United States. The victory in Iraq did not alter U.S. needs to maintain commitments in Afghanistan or in Caspian region that the war against global terrorism is not over, moreover reconstituting itself. (Blank: 2003: 59)

Consequently, the events of 11 September and the war in Afghanistan provided Washington with the opportunity to exploit the pretext of fighting against terrorism to establish a foothold in the Caspian region. The Iraq war also aided America's policy in this regard. As an important player in the region, Russia, despite its displeasure, remained silent in the period leading up to the Iraq war, and in a speech that country's President Vladimir Putin even supported America's military presence in the Caucasus and Caspian region.

3.5 Conclusion

The impact of the events of September 11th and their aftermath on globalization and world politics can best be summed up by borrowing a famous phrase from Arthur C. Clarke: "The future is not what it was." September 11th was a turning point in world affairs; its effects have been and are being felt worldwide in economic, political, social, and psychological terms, and they will certainly have a profound impact on the contours, character, and pace of the process of globalization.

President Bush and Russian President Vladimir Putin have built a strong partnership in the post-Sept. 11th world, but as for the war against Iraq as the first objective of 'axis of evil', Russia feels it has little to gain and much to lose by supporting U.S. plans to this end.

The Iraq war would greatly influence world stability, the balance of political strength and security in the Middle East. The war, which is drawing attention from all over the world, is certain to have a tremendous negative impact on the situation in the Gulf, the Middle East political landscape and the world order as a whole.

CONCLUSION

President Vladimir Putin's policy in the last three years constitutes a reversible part Russian foreign policy regarding the global events in the world. With the election of Vladimir Putin, whose policy can be examined in the two periods, Russia faced a new era providing for almost merely its economic interests. While Russian foreign policy during the years 2000-2001 was primarily aimed at the European Union, after the terrorist attacks of September 11th 2001, the United States has become Russia's closest Western ally. This emerging partnership between the United States and Russia is the most significant geopolitical realignment attempt since the Second World War.

The election of the Russian President Vladimir Putin and September 11th attack were the turning points for Russian foreign policy. Aiming to strengthen the Russian economy and ensure a stable environment, hoping to regain its status as a great power economic, Putin has intensified relations with the US and the EU.

The terrorist attacks that rocked the United States on September 11th opened a new chapter at home and abroad that forced the US to reorient radically its foreign policy whose major principal has become international terrorism. After this incident, U.S. foreign policy took an adventurous turn and America decided to display its military power and advantage to the world. In particular, as an aftermath of September 11th, relationship between the U.S. and Russia have conjoined much closer than before around their common threat 'terrorism'. Russia plays a leading

role in the U.S.-led anti-terrorism and this coalition became an indispensable ally of the United States during the campaign in Afghanistan. Being a major area of competition for the construction of the pipelines to transport oil and natural gas from the region to the world, the Caspian Region has been important in the post-September era especially in terms of US and Russian acquisition of political and economical hegemony in this area. From the American point of view, Putin made the strategic choice to support fully the antiterrorist coalition by not interfering with US over flights and bases in Caspian Region. Elimination of the Taliban -whose influence has destabilized a number of Caspian region countries, and whose spillover effects within the Islamic areas of the Russian Federation- from Afghanistan have caused Moscow great concern over the past years. The anti-terrorist coalition has promised to bring greater stability to the Caspian Region as well as Russia.

Moreover, the launching of the war against Iraq was seen in the U.S. as part of the global war against terrorism. Russian interests in Iraq include future access to the Iraqi energy market and repayment of old Iraqi debts. Russian leaders were thus far eager to cooperate with the U.S. in fighting terrorism in Afghanistan and Caspian Region. Many in Russia, however, saw the attack on Iraq as part of an effort by the U.S. to monopolize the world petroleum markets and further its political and economic hegemony on the globe. The Iraqi war has served to intensify this presence that is under the control of Russia.

Post-Saddam issues such as the proliferation of weapons of mass destruction to regional states and the potential Russian opposition to U.S. actions in the Caspian region will affect the U.S.-Russian relations. Moscow also considers Iran as an ally.

U.S. criticism of Iran due to concerns over WMD proliferation, its involvement with terrorism, and its interference to destabilize Iran have been issues of Russia's concern.

Caspian Region and the Caucasus may be a long way from Europe and the United States, but their future will be key to dealing with the longer-term threat that terrorism poses in a globalising world. The EU and the United States should discuss more systematically a possible framework for post-Taliban cooperation in the Caspian Region. This could include the U.S., the EU, Russia and the Caspian Region states and would involve creating and maintaining a more stable environment in the related regions.

APPENDIX

Chronology of U.S.-Russia Relations

January-March 2003

Jan. 14, 2003: U.S. President George W. Bush signs special orders to release more than \$310 million in frozen funds to help Russia secure or eliminate nuclear, biological, and chemical weapons. The president's orders free more than \$150 million to build a facility to destroy chemical munitions in Shchuch'ye, Russia.

Jan. 14, 2003: Russian Defense Minister Sergei Ivanov says in an interview that Russia could collaborate with the U.S. in building a missile defense system under certain conditions.

Jan. 17, 2003: A group of congressional Democrats outline a proposal to eliminate the provisions of the Jackson-Vanik amendment, which Congress passed in 1974 preventing Russia from achieving permanent normal trade status.

Jan. 21, 2003: Russian Defense Minister Ivanov is interviewed on Al-Jazeera TV and concedes that Russia has come under U.S. pressure to abandon nuclear cooperation with Iran. Ivanov says that Russia would continue cooperating with Iran and that two new nuclear reactors would be built in that country.

Jan. 23-24, 2003: On a visit to Moscow U.S. Deputy Secretary of State Richard Armitage says that Russia should not rule out the possibility of preventive strikes on Chechen terrorists, even those on Georgian territory. "A country that believes in preventive strikes will find it difficult to criticize another country for doing the same."

Jan. 26, 2003: U.S. Secretary of Commerce Donald Evans meets with Russian Economic Development and Trade Minister German Gref in Davos, Switzerland. Evans promises his personal support to Russia in tackling current bilateral trade problems.

Jan. 27, 2003: The *New York Times* reports that sometime in the early 1990s, Russian SVR agents had installed secret nuclear detection equipment inside the Russian Embassy in the North Korean capital Pyongyang at the request of the Central Intelligence Agency. The equipment was designed to pick up emissions of the isotope krypton, which would signal that North Korea had resumed plutonium reprocessing at its Yongbyon nuclear reactor.

Jan. 28, 2003: In an interview with *Itogi* magazine Russian Foreign Minister Igor Ivanov says U.S. plans to develop and deploy a national missile defense system should not present an obstacle in bilateral ties between Moscow and Washington, a reversal of the previous Russian position.

Feb. 3, 2003: The Bush administration announces that it will cut the aid Russia and the countries of the former Soviet Union will receive under the Freedom Support Act. The allocation for Russia will fall to \$73 million from \$148 million.

Feb. 9-11, 2003: Russian President Vladimir Putin conducts a three-day state visit to Paris and meets with French President Jacques Chirac. The two announce their opposition to U.S. plans to impose a deadline on Iraq that would lead to military strikes.

Feb. 20, 2003: Secretary of State Colin Powell announces U.S. plans to blacklist three Chechen groups suspected of the attack on a Moscow theater in October 2002.

Feb. 21, 2003: In a nationwide television interview President Putin states that he is very concerned about the “breakdown” of the balance of power in the world and the “growing aggressiveness of influential forces in certain countries.”

Feb. 24, 2003: U.S. Under Secretary of State for Arms Control and International Security

John Bolton meets with Russian Deputy Foreign Minister Georgii Mamedov for talks on global strategic security and nonproliferation.

Feb. 24, 2003: Russian Presidential Chief of Staff Aleksandr Voloshin travels to Washington, D.C. and meets with National Security Advisor Condeleezza Rice to discuss the Iraq situation. President Bush steps in for a short visit.

Feb. 28, 2003: The State Department officially announces that it is imposing sanctions on three rebel groups in the breakaway Russian republic of Chechnya because of their involvement in terrorism, including participation in an attack on a Moscow theater.

March 4, 2003: GAO releases report highly critical of the Cooperation Threat Reduction program, also known as the Nunn-Lugar program on U.S.-Russian bilateral nonproliferation efforts.

March 5, 2003: Russia joins with France and Germany in pledging to block any UN resolution authorizing war in Iraq.

March 7, 2003: In a powerful bipartisan endorsement for improved relations with Russia, the U.S. Senate unanimously approves a treaty that would cut active U.S. and Russian long-range nuclear warheads by two-thirds.

March 7, 2003: On Russian TV, FM Ivanov warns against a “unilateral” U.S. decision to

go to war. Ivanov states, "That would be a violation of the United Nations Charter."

March 10, 2003: Sen. Richard Lugar, Indiana Republican, introduces a bill that would repeal the Jackson-Vanik amendment if passed into law, allowing Russia permanent normal trading status with the U.S.

March 11, 2003: Russian Minister of Atomic Energy Alexander Rumyantsev and Secretary of Energy Spencer Abraham sign three agreements in Vienna, under which Russia will shut down three of its nuclear reactors. The agreements include a provision on financing Russian projects on building new conventional power facilities in Seversk and Zheleznogorsk, the communities in which nuclear reactors are to be shut down.

March 12, 2003: U.S. Ambassador to Russia Alexander Vershbow warns that Russian opposition to U.S. policy in Iraq could cause serious damage to U.S.-Russian relations.

March 23, 2003: U.S. accuses Russian technicians in Iraq of attempting to help set up and operate a system that interferes with U.S. global positioning technology used to guide coalition missiles and aircraft.

March 24, 2003: President Bush telephones President Putin to strongly condemn the supply by a Russian firm to Iraq of jamming technology, antitank missiles, and nightvision goggles.

March 26, 2003: Addressing the Duma, Russian FM Ivanov harshly criticizes U.S. actions in Iraq in terms, according to some, "not heard since the end of the Cold War."

Source: Ferguson, Joseph (2003), "U.S.-Russia Relations:U.S.-Russia Partnership: a Casualty of War?", *A Quarterly E-Journal on East Asian Bilateral Relations*, 5 (1, April)



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