The Caspian Direction in Putin’s
‘Energy Super-Power’ Strategy for Russia

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Introduction

The Caspian area constitutes a rather vague and awkwardly structured object in Russian policy. Being a Caspian state itself, Russia cannot treat it as a domain for foreign policy, which mostly focuses on the Caucasus and Central Asia, two regions separated rather than connected by the Caspian Sea. For that matter, the tensions with Georgia that have escalated to the level of top priority issue in Russia’s current political agenda are generally not perceived as pertaining to Caspian affairs. Relations with Kazakhstan, important and extensive as they are, do not have a significant Caspian dimension. Carefully cultivated ties with Iran are seen more in global geopolitical context than as a part of the Caspian ‘neighborhood’. There is certainly a group of specific problems related to this landlocked sea and its littoral, from border delimitation to shipping to ecology, but it is the greatly increased attention to the hydrocarbon riches that makes it possible to distinguish a particular Caspian direction in Russian policy.

The shift of Russian energy interests towards the Caspian area has started in the mid-1990s but in the first few years, the discord between corporate strategies and uncoordinated activities of federal bureaucracies prevented the emergence of a coherent state policy. By the end of that decade, two features of the shifting political and security landscape of that non-region, situated between several conflict zones, had clearly manifested themselves. The first one was the diffuse nature of interactions that did not resemble at all the ‘Great Game’ model but involved great many small games and petty intrigues played by state, sub-state and non-state actors. The second feature was the reasonably safe environment for investment with significantly lower level of risk of violent inter-state as well as intra-state conflicts than predicted.¹

Vladimir Putin, assuming unexpected leadership in late 1999, was not entirely comfortable with the first feature and not at all convinced that the second one could last, with the new war in Chechnya gearing up. He took energy interests very seriously and saw perhaps not the need in protecting them but rather the possibility for their

¹ Speculative and alarmist interpretations of the stakes and risks in the ‘Great Caspian Game’ were aplenty; for a sober and balanced analysis, see Müller (2000); for a captivating travelogue, see Kleveman (2003).
advancement by employing Russia’s traditional source of strength, the military. Translating these possibilities into new realistic guidelines for the Caspian policy was the agenda for the special meeting of Russian Security Council on 21 April 2000.² Pragmatism moderated ambitions in these guidelines, so the ‘energy-military’ nexus would have probably remained quite limited if not the massive alteration of the security situation since mid-September 2001. The main focus was hard-to-reach Afghanistan, so as Cornell (2006, p. 29) argued, ‘With strategic access crucial to the prosecution of the war, the republics of Central Asia took center stage in the most important conflict to confront the United States in decades.’ While by no means a ‘Caspian war’, this engagement had a massive resonance; a pre-Iraq RAND analysis concluded: ‘The likelihood of Army deployment to Central Asia with a mission that is internal to the region has increased greatly in the post-September 11 security environment, at least for the near term.’³

Counter-terrorism has become the strategic rational for the swift ‘securitization’ of the energy agenda in the Caspian area, from which both Russia and the US expected to benefit. It appears possible to suggest, five years into the campaign, that on balance Russia has been able to collect more dividends as the US struggled with keeping the engagement in Afghanistan on track while concentrating efforts and resources on the multi-faceted war in Iraq.⁴ The overall size of that dividend, however, has proved to be moderate, since the usefulness of military instruments in the Caspian has turned out to be quite limited and the drive to ‘securitization’ has exhausted its power. This paper will first examine Russia’s continuing military build-up in the context of persistent Caspian security tensions; it will then attempt to identify Moscow’s aims in orchestrating the

² Important as that meeting was, I cannot quite agree with Oksana Antonenko (2004, p. 247) who presented it as a ‘pivotal event’ after which ‘economic interests became paramount’ whereas before ‘Russian policy in the Caspian had been motivated primarily by political and security considerations.’
³ Oliker & Szayna (2003, pp. 356-357) also argued that ‘a critical determinant of the potential for US involvement in the near future will be the evolution of the counterterrorist campaign… A lower level of success will probably mean an increased US presence in the Caspian region.’
⁴ As Iraq climbed to the top priority issue, Rajan Menon (2003, p. 191) predicted: ‘Resolve and staying power have become paramount in the war against terrorism, and the American leadership will worry that a hasty departure from greater Central Asia will send the wrong message and invite more acts of terror. Accordingly (if paradoxically), the more unstable greater Central Asia becomes, the more pronounced America’s nervousness about disengagement will be.’
interplay between counter-terrorism and counter-revolution; finally, it will look into the special case of Dagestan, which has more relevance to the Caspian security than is commonly assumed.

Gunboat diplomacy and the Caspian boundaries

One of the key international controversies in the region that Putin inherited from the 1990s was the protracted dispute about dividing the Caspian seabed and waters into national sectors. Seeking to achieve a quick breakthrough, he appointed experienced Viktor Kaliyzhny (former minister for fuel and energy) as a special envoy with the mandate to hammer out a compromise paying particular respect to the Iranian claims. In order to add some muscle to this ‘shuttle diplomacy’, naval exercises were staged as a background for Putin’s visit to Baku in January 2001. These diplomatic efforts and displays of the ‘small stick’ were upset in July 2001, when Iran sent a couple of patrol crafts (inevitably labeled as ‘gunboats’) and a jet fighter to chase a BP-owned exploration vessel out of the disputed waters that Azerbaijan claimed as its ‘indisputable’ possession. That exercise in ‘gunboat diplomacy’ (which was not repeated once in the next five years) not only created an uproar in the Western media but convinced Moscow that a targeted application of a small force could make a big difference, since that promising area remained completely closed for development.

Putin kept pushing for a summit meeting of the Caspian five, despite Kaliyzhny’s reports about irreconcilable differences and deadlocked arguments. After several postponements, the summit took place in Ashgabat, Turkmenistan on 24 April 2002 – and did not produce any last-minute compromises as the political will was predictably absent (Romanova, 2002). That discord was portrayed as a failure of Russian policy and Putin himself expressed deep disappointment about the ‘irrational claims’ of his counter-parts. With hindsight, however, it is possible to suggest that he achieved exactly the result he

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5 Detailed examination of this loaded issue can be found in Polat (2002, pp. 151-166).
6 That was hardly an impressive ‘show of force’ as Russia was able to deploy only a fraction of forces that were used in the assault on Baku in January 1990; see ‘Uneasy aftermath…’ (2001).
7 That isolated episode is put in the perspective in Katik (2004).
The Caspian direction in Putin’s strategy

wanted. Indeed, an agreement, however imperfect, would have paved the way for removing a major security problem from the agenda and, perhaps, to demilitarization of the ‘five owners’ sea. The lack of agreement, to the contrary, preserved the security challenge and made it possible for Moscow to put into play its main trump card – the Caspian Flotilla.

It was to the base of this naval grouping in Astrakhan that Putin headed from Ashgabat and ordered Admiral Kuroedov, the Commander-in-Chief of the Navy, to organize in just three months time large-scale exercises ‘maximum close to real combat’. The unprecedented exercises (the name was never revealed) took place in the first two weeks of August and involved 10,500 troops and 60 combat and auxiliary ships. Besides such ‘politically correct’ aims as search-and-rescue, fire drill and hot pursuit of caviar poachers, the exercises also included the landing of a marine battalion for exterminating a designated ‘terrorist band’ blocked in a coastal area by Army units. There were no aims directly related to hydrocarbon production or border disputes but Defense Minister Sergei Ivanov observed the naval maneuvering from an oil platform owned by LUKOIL. As I argued at that time ‘it is not the oil as such that is the target for the military might. What Russia aspires to is the role of security guarantor/provider for the inherently unstable region’ (Baev, 2002).

The resonance from these war games was perhaps not quite what Moscow expected as Kazakhstan and Iran expressed in no uncertain terms their disapproval of such threatening activities. The exercises of this scale and duration have not been repeated since but Putin has made sure that his order to increase Russia’s military presence in the Caspian was implemented. In 2003, the Caspian Flotilla received a new flagship, missile frigate Tatarstan; the 77th Marine brigade based in Kaspisk has received new landing crafts and artillery and was gradually relieved from any combat duties in

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8 Comments in Russian media emphasized that ‘the Caspian summit was not fruitless: its result was the serious revision by the Kremlin of its power politics in the region’ (Golotuyk, 2002).
9 Detailed description of these exercises can be found in Sokut (2002).
10 In June 2004, large-scale military exercises were conducted in the Far East showing the ability to deploy troops by air over huge distances; in my opinion, ‘instead of setting off a tsunami wave of alarmist comments in the West with another exercise in the Caspian area, on par with those in summer 2002, Moscow makes the point in a subtler but no less efficient way’ (Baev, 2004).
The Caspian direction in Putin’s strategy

Chechnya; a new series of gunboats was launched in the St. Petersburg shipyard, with the first ship *Astrakhan* arriving to the Caspian in 2006 and two other, *Kaspiisk* and *Makhachkala*, scheduled for 2007 and 2008.\(^{11}\) Seeking to emphasize this superior force, Putin met with the representatives of the Caspian states at a security conference in July 2005 on board of *Tatarstan* (Blagov, 2005).

While building its military muscle, Moscow took care to resolve its border problems with Azerbaijan and Kazakhstan through bilateral agreements, so that nothing would stand in the way of developing the oil and gas fields in the northern part of the sea. At the same time, always emphasizing the value of maintaining the multilateral formats of networking, Putin has taken no fresh initiatives aimed at reaching a comprehensive solution, so the tensions between Azerbaijan, Iran and Turkmenistan persist and the exploration of the southern part of the sea remains stalled.

Russia has shown eagerness in developing bi-lateral military ties with each of the four Caspian neighbors but does everything possible to discourage Azerbaijan’s and Kazakhstan’s cooperative engagements with US and NATO. As seen from the Kremlin, such generous gestures as, for instance, the delivery of three rapid patrol boats from the US to Kazakhstan’s Border Service is certainly not aid but ‘unwanted interference’.\(^{12}\) It appeared entirely possible to neutralize this encroachment by, for instance, staging joint exercises ‘Caspian 2006’ involving primarily Russian and Kazakh border guard units but the Caspian Flotilla as well (McDermott, 2006b). Seeking to make it double on every US military ‘gift’ to Kazakhstan, Putin could not do the same with Azerbaijan which did not stop him from expressing his disapproval of US encroachment in no uncertain terms. Moscow would grumble about the US-sponsored Caspian Guard program, limited as it is, but it goes positively ballistic when the issue of establishing a US base in Azerbaijan comes up.\(^{13}\) Its main argument, however, is not the risk of an arms race in the Caspian but

\(^{11}\) On the naval build-up, see Mukhin (2004), on the new series of gunboats, see Timchenko (2006).
\(^{12}\) As Roger McDermott (2006a) observed in this case, ‘all too often, the initiatives and foreign aid programs are not supported by the authorities in Astana that are responsible for taking the necessary decisions to boost Caspian security’.
\(^{13}\) For the tense but essentially hollow debates on a hypothetic US base, see Ismail (2005); for a reaction on Donald Rumsfeld’s visit to Baku in April 2005, see Talyshli (2005). As one Russian analyst pointed out
The much more direct risk of triggering a nervous over-reaction in Iran, and the looming US-Iran confrontation is certainly a conflict that Baku would absolutely prefer to stay clear of.

Whatever small capabilities Azerbaijan and Kazakhstan acquire and Iran gradually builds, Russia’s military dominance in the Caspian is firmly established and in the near future might even increase. Moscow could stage some more demonstrations of its might but overall it has not been able to gain that much political leverage from this position of power. The oil deals have been struck or broken without much regard to the potential combat capabilities, and Kazakhstan is currently contemplating the options for delivering its oil to Azerbaijan paying very little attention to the guns of the Caspian Flotilla. It is even possible to argue that it is exactly the Russian unquestionable naval superiority that has ensured relative stability in the hydrocarbon-rich zone that has too many seats of conflict around it. At the same time, the practical usefulness of military instruments for advancing energy-related interests has proven to be far smaller than most geopolitically-minded strategists in Moscow hoped for.

Transforming counter-terrorism into counter-revolution

Putin was remarkably quick to see the strategic importance of energy interests in the Caspian area but from the very start the key leitmotif of his policy certainly was counter-terrorism. It appeared only natural to try to establish a nexus between the two but the Kremlin soon discovered that counter-terrorism was a topic on which a superficial consensus was easy to reach, but substantial cooperation was hard to promote. While every state designated its own ‘enemy of choice’ in the universal struggle against terrorism, none of Russia’s Caspian neighbors was prepared to compromise on the energy

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recently, ‘under the noise of Russian-Georgian scandal, Baku continues its integration into NATO.’ (Kusov, 2006).

14 As Steven Main (2005, p.7) argued in an excellent recent study, ‘Whether we in the West like to admit it or not, Russia’s military presence in the Caspian Sea not only ensures that the Russian interests in the region are safeguarded, but also guarantees that the other littoral states derive security benefits from having a creditable military force in the region, large enough to act as a deterrent, which they do not have to pay for and which ensures a degree of stability in the region as a whole.’
agenda. To a large degree, that was the result of Putin’s own clearly communicated desire to keep Chechnya out of any international discussions. The Caspian states had no problem with treating the issue as Russia’s ‘internal affairs’ but then there appeared to be very little substance in the counter-terrorist theme.\(^{15}\)

The US decision to undertake a military intervention in Afghanistan in response to the terrorist attack of 9/11 changed completely the profile and the content of this theme. Putin might have found some satisfaction in that validation of his trademark concern but he could not fail to see that his decision to join the US-led coalition, against the advice of his lieutenants, reduced Russia’s role to that of a supporting partner. The August 2002 Caspian naval exercises were portrayed as ‘counter-terrorist’ but even that unprecedented demonstration of military might did not in any significant way challenged the US ability to determine the course of the newly-launched war against terror.

The majority view in Moscow was that counter-terrorist cooperation could not ‘soften’ the competition for the Caspian hydrocarbons and that the US, using its new role as security provider, was seeking to gain advantage in access to these resources.\(^ {16}\) This view reflected, often in a distorted way, geopolitical analysis abundant in Washington at that time, which meshed together the strategic significance of Central Asia in the war against terror with US energy interests.\(^ {17}\) Trying to outplay the US in this competition, Moscow encountered a problem that was often hidden in simplistic geopolitical schemes, while it did not really take a microscope to discover it: The energy and counter-terrorism policies have different geographic foci. Indeed, in US and European strategic thinking, the counter-terrorism map is centered on Kabul and the Caspian energy map – on Baku; the distance between these two focal points (which are both outside post-Soviet Central Asia) is no less than 1,600 km. Russian military-security thinking is centered on Dushanbe and Bishkek, where its troops are based, while the energy-related assessments are concentrated about a 1,000 km to the West at the Caspian shores of Kazakhstan and

\(^{15}\) I examined these low-content interactions in Baev (2001), for my more recent analysis that informs the narrative in this section, see Baev (2006a).

\(^{16}\) One characteristic example is Khodarenok (2002); that view correlated nicely with the argument that the main goal for the US intervention in Iraq was establishing control over its oil reserves; see Bykov (2003).

\(^{17}\) See, for instance Fairbanks (2002); one more recent example can be found in Cohen (2005).
Turkmenistan, where major oil and gas projects are being implemented. The main consequence of this huge gap was that for Azerbaijan, Kazakhstan and Turkmenistan the theme of counter-terrorism did not appear that urgently relevant, so despite its persistent exploitation by Moscow (as well as by Washington) Baku, Astana and Ashgabat saw not a threat but an opportunity to gain freedom of maneuver between the two competitors.

US invasion into Iraq in March 2003 made the gap even more apparent as Washington’s attention to Central Asia sharply declined. As Peter Rutland (2003, p. 47) noted, it ‘alarmed Caspian Basin leaders, who were already pursuing a “weather vane” foreign policy, finely tuned to the ebb and flow of US interests in the region.’ Russia, however, found few new opportunities to advance its positions as the Caspian states saw little need in accepting its ‘patronage’. What changed that attitude was the specter of ‘colored revolution’ that had acquired frightening proportions by early 2005. Iran has remained immune to that scare, but each of the post-Soviet Caspian states had its particular exposure to the risk of a spontaneous explosion of public protest – and Moscow was keen to exploit the fears of the ruling regimes.

Testing ground for the creative merger of the strategies of counter-terrorism and counter-revolution was found in Turkmenistan and it was there that the first success was registered before the dynamics of the ‘colored revolutions’ acquired full power in 2004. Paying a visit to Ashgabat in April 2002 in order to renew for another ten years the Friendship and Cooperation Treaty (1992), Putin found President Sapurmurat Niyazov not particularly receptive either to his anti-terrorist proposals or to gas-focused advances. Terrorism had never been a matter of concern for Niyazov since he managed to strike an informal deal with the Taliban in the late 1990s and then established an ‘understanding’ with the post-Taliban regional authorities in Herat and Mazar-e-Sharif. Feeling reasonably safe against the threat of Islamic radicalism, Niyazov saw no need in

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18 It is unclear to what degree drug-trafficking was a part of that deal and there is very little data on the present-day situation on the Afghan-Turkmen border, which opium caravans reportedly cross with little harassment; see Khohlov (2005) and for a broader perspective, Cornell & Swanström (2006).
committing himself to fixed contracts for exporting natural gas and abruptly cancelled in 2001 the project for Transcaspian pipeline much favored by the US.\textsuperscript{19}

Putin appeared to be the only leader in the world who considered the self-appointed ‘Father-of-Turkmens’ (or Turkmenbashi) as a man he could do business with and in just half a year after his visit to Turkmenistan this assessment was proven correct. The turning point was the arrest in Ashgabat of Boris Shikhmuradov, the leader of the opposition, after which severe repressions were unleashed on all opposition groups accused of having collectively organized an assassination attempt on the president.\textsuperscript{20} It is entirely possible that the ‘conspiracy’ was a crude fabrication of Nyiazov’s special services, but Putin appeared ready to buy it as a genuine ‘terrorist attack’ that justified the swiftly executed ‘counter-measures’. The reward was the deal, finalized during Niyazov’s visit to Moscow in April 2003, granting Russia for the next 25 years the exclusive right to buy all Turkmen gas that was not covered by previous arrangements.

That framework deal was certainly not the end of the story; Niyazov is a capricious customer indeed and his mood swings are far less predictable than the movement of his grandiose statue in Ashgabat that has been engineered to follow the sun. Moscow nevertheless remained confident that Turkmenistan would deliver on its part of the bargain even when the gas tap was suddenly turned off in early 2005.\textsuperscript{21} The main source of that assessment is political insight: Niyazov is as scared by the specter of revolution as any other post-Soviet ruler. He could have summoned this ‘evil spirit’ himself in late 2002, but the ‘sudden death’ of Akaev’s regime in Kyrgyzstan in February 2005 turned the fake enemy into a frighteningly real challenge.

\textsuperscript{19} In early 1999, Turkmenistan after due consultations with Turkey signed an agreement with PSG International, a branch of Bechtel Corp., on launching the Transcaspian pipeline project with the estimated cost of 2.5 billion US$; the information is still available at the Bechtel website, see ‘PSG secures lead role’ (1999). In December 1999, at the OSCE summit in Istanbul, Azerbaijan, Georgia, Turkmenistan and Turkey signed a letter of intent on this project.
\textsuperscript{20} An insightful analysis can be found in ‘Cracks in the Marble’ (2003).
\textsuperscript{21} Ashgabat demanded a significant increase in price from 1 January 2005 but GAZPROM flatly refused referring to clear contract obligations; see Shahinoglu, Mazaeva & Skornyakova (2005).
The period from mid-2004 to mid-2005 was indeed the *anni ... leaders found convincing and easy to subscribe to.

The first one was that the revolutions of whatever color were not spontaneous eruptions of public protest but subversive operations carefully planned by Washington obsessed with the spread of ‘democratization’. The second proposition established that such operations could be defeated by determined application of force and that it was only the lack of political will to crush the externally-guided ‘revolutionaries’ that had resulted in spectacular events in Tbilisi, Kiev and Bishkek.22

The imaginative transformation of the counter-terrorist strategy provided a usable political discourse for this second proposition. It was rather difficult to portray the ‘tulip revolution’ in Kyrgyzstan as an operation of Islamic extremists particularly as the new leadership very quickly turned to Russia in order to maintain its shaky grasp on power.23

It was the uprising in Andijan, Uzbekistan in May 2005, brutally suppressed by troops acting on direct orders from president Islam Karimov, that provided a perfect case for applying the retooled policy of ‘counter-terrorism/revolution’. Moscow with few doubts asserted that the uprising was in fact a terrorist attack and effectively shielded Karimov from international pressure.24 That unambiguous stance made an impression on the concerned neighbors while the US condemnation of the indiscriminate use of force against civilian population strengthened the suspicions that Washington was aiming at consecutive ‘regime changes’ by the means of encouraging radical actions of pro-Western opposition groups.25

22 Gleb Pavlovsky (2005), one of the masterminds of Russia’s disastrous interference in Ukraine, formulated the thesis of ‘punching a revolution in the face’.
23 For an elaborate and insightful analysis of this political break-down, see Marat (2006).
24 It was Defense Minister Sergei Ivanov who most clearly spelled this message at the meeting of Russia-NATO Council, asserting that an incursion of terrorists from Afghanistan was the main cause of the bloodshed; see Dubnov (2005).
25 Critical analysis of missed opportunities and uncoordinated efforts in US policy towards Uzbekistan can be found in Daly, Meppen, Socor & Starr (2006).
While the focus of that particular political intrigue was on Uzbekistan, Moscow was definitely aiming at a larger audience with its policy of integrating counter-revolutionary aims and counter-terrorist means. Kazakhstan was perhaps the central target and the Kremlin calibrated its aim with utmost precision. President Nursultan Nazarbaev had never been impressed by Putin’s counter-terrorist rhetoric and not particularly worried about domestic Islamic radicalism, merely indicating to Russia that its troops were expected to ‘hold the line’ in Tajikistan in order to prevent a spill-over of destabilization. The revolutionary threat, however, was an entirely different matter: Nazarbaev felt vulnerable since presidential elections were approaching; it was possible to postpone them by a year but he could not be sure that time was on his side. Leaving nothing to chance, Nazarbaev put effective pressure on the opposition and made sure that all the necessary repressive instruments were in functional order. Moscow reassured him in its unwavering support – but it was provided at a price.

Kazakhstan had to agree on a joint development (with no Western participation) of a colossal Kurmangazy oilfield that was estimated to contain up to 980 million tons of extractable reserves and required some 22-23 billion US$ of direct investments (Glumskov & Shahnazaryan, 2006). Uzbekistan, finding itself on the receiving end of demarches and even sanctions orchestrated by the US and the EU, reached agreements with GAZPROM on transporting gas through its pipelines and on exporting additional volumes of gas to Russia. Turkmenistan also agreed to expand energy cooperation, and President Niyazov visiting Moscow in January 2006 showed his best behavior in terms of prices and every readiness to back the Russian position in the gas confrontation with Ukraine (Blagov, 2006a). Russia’s counter-revolutionary leadership covered by counter-terrorist rhetoric appeared to generate tangible energy dividends.

26 A ‘lessons learned’ memo from Kazakh Interior Minister Turisbekov to Prime Minister Akhmetov was leaked to the press and caused a no small scandal with its straightforward emphasis on readiness to use armed force against demonstrators; see Solovyev (2005).

27 Becoming the operator on the strategic gas pipelines in Uzbekistan, GAZPROM agreed to invest 100 million US$ in their modernization in order to increase the transit of Turkmen gas by some 20% (Samedova & Gavshina, 2005); Uzbekistan exported to Russia 8 million m$^3$ of gas in 2005 and agreed to deliver 9 million m$^3$ in 2006 (Grivach, 2006).
By mid-2006, however, that momentum had visibly slackened. Kazakhstan was again exploring ‘multiple vectors’, while Turkmenistan confronted Russia head on demanding a sharp prices increase on the gas, which GAZPROM needed to buy as cheap as possible in order to keep in black its complicated balance of payments between domestic market and export contracts.  

Partly that new decline of Russia’s influence was a consequence of the visible reduction of the revolutionary threat: Presidential elections in Kazakhstan in December 2005 went according to Nazarbaev’s plan with no excesses; and in Uzbekistan, social protest was effectively subdued so Karimov regained authority despite Western ostracism. Partly it was a response to the revised political message from Washington which emphasized that the support for democracy did not imply planning any revolutions and that the Nazarbaev regime was perfectly acceptable; Vice President Cheney personally delivered these reassurances visiting Astana in May 2005. To a no small degree, however, this rollback of Russia’s dominance was caused by a more sober assessment of its intentions and capabilities in the Caspian states. Their leaders had to recognize the perhaps disheartening fact that the Kremlin never planned for sending expeditionary forces in order to suppress a revolution threatening an ally; it merely promised assistance and political coverage to the friendly regimes that had stomach to defend themselves with force in an emergency situation.

Granting Russia privileged access to energy resources appears to be a price too high for this limited security guarantee but the specter of revolution has not disappeared for good and might perform a spectacular comeback. Uzbekistan remains fundamentally unstable but of all Caspian states it is certainly Turkmenistan that has the most pronounced predisposition to a sudden failure. Turkmenbashi could not be sure that his troops, demoralized by several purges in the officer corps, would follow ‘shoot-to-kill’ orders should an Andijan-type emergency occur. Presiding over a hyper-centralized despotic regime, he is probably even more afraid of the threat of a ‘palace coup’, perhaps

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28 While Turkmenbashi acted in a direct violation of agreed contract, his position was strengthened by GAZPROM’s agreement to pay Kazakhstan a higher price; see Polivanov (2006).
29 Stephen Blank (2006) suggested that Cheney’s visit ‘may also signify the administration’s increased awareness that its democracy project ran into the sand and was terribly counterproductive in Central Asia.’
provoked by rumors about his failing health.\textsuperscript{30} Hence the endless reshuffling in the leadership of the army and law enforcement structures as well as in the government, which only increase the worries in the key political clans that might become tempted to consider options for a ‘preventive decapitation’. Therefore, a tricky customer as he is, Turkmenbashi cannot afford alienating Russia which is the only ally with a vested interest in his survival and, in the worst case, a ‘safe heaven’. Russia may even enjoy treating Turkmenistan as an energy-rich ‘protectorate’ but the Kremlin can hardly deny that the life-time of Turkmenbashi’s exotic regime would quite probably run out in the near future and that it had few options for influencing the outcome of a crisis that would cut it short.\textsuperscript{31}

\textit{Dagestan in the Caspian}

Most analyses of the energy-security interplays in the Caspian area include into their ‘natural’ scope such countries as Kyrgyzstan, Tajikistan and even Afghanistan despite the geographically obvious fact that they are no closer to the sea in question than, for instance, Syria. At the same time, the impact on the ‘littoral’ security situation from the protracted crisis in Dagestan, a uniquely troubled ‘subject’ of the Russian Federation, is commonly left out, despite the easily observable length of its Caspian shore, not much shorter than that of Azerbaijan. In most cases, Dagestan is analyzed in the context of political processes in the North Caucasus where it administratively belongs; however, it is separated from the rest of this sub-region by the Chechen war zone and so faces many particular challenges that resonate across the Caspian area.

It was not by chance or miscalculation that the famous Chechen terrorist Shamil Basaev and his Arab deputy known as Khattab attempted to establish a new independent base in the mountain areas of Dagestan by invading it with the expedition force of some 300-500 \textit{mujahideen}. Their immediate goal was to take control over several villages in the Botlikh

\textsuperscript{30} This issue comes up quite often in Western media; see, for example, ‘Turkmenistan: How healthy is Niyazov?’ (2005).

\textsuperscript{31} As I have recently argued, ‘Russia is stuck with its insincere embrace of ungrateful Turkmenbashi knowing too well that this ‘mad tea party’ could end abruptly at any moment leaving it with a pile of broken china’ (Baev, 2006b, p. 15)
The Caspian direction in Putin’s strategy

district that had decided to administer their life in accordance with the Sharia law, but the larger strategic goal was to unite Chechnya and parts of Dagestan in one Islamic state that would have access to the Caspian Sea and thus acquire a prominent international profile.32 The armed incursion met a strongly negative response in Dagestan where Basaev and Khattab were perceived as adventurers who sought to break the traditional balance of power between ethno-political clans; this response translated into armed resistance that helped the Russian troops to repel the attack in the course of three weeks of heavy but rather ineffectual fighting.33

This local victory on the eve of the Second Chechen War had made it possible for Moscow to execute its strategic plan for isolating Chechnya and re-routing all major communications in the wider Caucasian region around that ‘black hole’. Of particular importance in this respect were the rail link to Azerbaijan through Dagestan and the new by-pass oil pipeline connecting Baku with Novorossiisk without crossing the Chechen territory. With that infrastructure in place, Russian troops were given orders to destroy the refineries and pipelines in Chechnya (and even the Oil Institute in Grozny) beyond repair, while in the first war they had been spared to the degree possible.34

That transport ‘corridor’, however, did not increase to a significant degree the strategic importance of Dagestan. The main rear bases for military operations in Chechnya were in North Ossetia (Mozdok, Vladikavkaz) and further north in Rostov-on-Don and Volgograd. The main naval base on the Caspian and the headquarters of the Caspian Flotilla were in Astrakhan, while the strengthened 77th Naval Infantry Brigade based in Kaspiisk, Dagestan was at the start of this decade mostly involved in combat operations in Chechnya. In the geo-economic perspective, the expanding drilling projects that explored the hydrocarbon fields in the Russian sector of the Caspian Sea were also based in Astrakhan, which had the advantage of river communications and a tanker terminal, so Dagestan did not feature in the plans for developing the energy sector. In essence, it was

33 Abdullaev (1999) provided a precise picture of the shift in attitude in Dagestan; for a competent and detailed description of combat operations, see Blandy (2000).
34 For a background on Chechen oil industry, see Ebel (1995).
pretty much left alone by Moscow to boil in its own political juices and that brought in the matter of a few years a near-catastrophic deterioration of the internal security situation in the republic.\textsuperscript{35}

The Russian leadership continued to ignore the disturbing fact that during 2004 and first months of 2005, there were more ambushes and explosions in Dagestan than in Chechnya until newly-appointed presidential envoy Dmitry Kozak raised the alarm.\textsuperscript{36} His memo to the Kremlin identified a ‘critical level’ in accumulation of social-economic and political problems and suggested that ‘a clear territorial concentration of ethno-political problems could prompt the extremist forces to create de-facto several quasi-state structures in the North, South and in the central part of Dagestan, which would amount to a break-up of the republic.’\textsuperscript{37}

Putin responded with a brief visit to the FSB center outside Makhachkala and a border post near Derbent on 15 July 2005; he emphasized the awareness in Moscow of the situation in Dagestan, but took no action on Kozak’s proposal for introducing a direct administrative control from Moscow or, at least, for removal of the scandalously corrupt leadership of Magometali Magomedov. Ignoring Kozak’s warning about the risks of ‘pushing the problems deeper inside’ by applying forceful methods, Putin promised more troops insisting that the southern borders of Dagestan should by sealed off in order to prevent the penetration of rebels towards the resorts of the Krasnodar kray, where ‘millions of Russians are making their holidays’.\textsuperscript{38} That self-deceiving ‘net assessment’ of risks as coming from outside was strikingly inadequate to the real structure of the crisis in Dagestan that was driven by the angry public protest against the degeneration of the predatory system of power.

\textsuperscript{35} For an informed analysis of the situation in Dagestan in the early 2000s and useful comparison with Chechnya, see Kisriev (2003); another comparative perspective is Zürcher, Baev & Koehler (2005).

\textsuperscript{36} As Sergei Markedonov (2005) argued, ‘In the largest republic of the North Caucasus we face with terrorism of a higher level and quality than in the neighboring Chechnya.’

\textsuperscript{37} Much the same way as the larger ‘Kozak Report’, the memo was leaked to tabloid press so that the resonance would make it impossible for the Kremlin to ignore it; see Deeva (2005).

\textsuperscript{38} This rather odd, if not bizarre evaluation of the situation was reported by the press but omitted from the presentation of the trip on the presidential website. As Yulia Latynina (2005) argued, ‘The rebels do not infiltrate into Dagestan, they live here… To speak in the war-time Dagestan about protecting the holiday-makers in Krasnodar kray essentially means to write Dagestan off.’
An explosion of mass unrest was expected by those experts who dared to have an independent view, but it actually happened not in Makhachkala but in Nalchik, Kabardino-Balkaria in October 2005.39 While the ‘victory’ came easy for the troops that outnumbered the desperate rebels 20:1, the Kremlin was alarmed by the continuation of the chain of ‘colored revolutions’ and finally launched the long-overdue cadre reshuffling, starting from the ‘irreplaceable’ Magomedov. It was the spread of Islamic networks, revealed by Nalchik, that forced Moscow to revise its ‘have-no-worry’ threat assessments, and on a closer look it discovered that many villages in central Dagestan, for instance Gimry, had turned to self-governance according to strict Sharia law, much the same way as Karamakhi did back in early 1999.40

That placed Dagestan in a very different geopolitical picture: Instead of being an insignificant corner in the Caspian area, it emerged as a crucial gateway of global radicalized Islam that had blazed important inroads across the North Caucasus and even towards the Muslim communities in Moscow numbered in hundreds of thousands.41 Moscow could have paid little attention to the repeated explosions on the ‘non-strategic’ oil and gas pipelines in Dagestan but all of a sudden Putin, making an express-visit to Grozny in December 2005, gave his full attention to the need to rectify the ‘distorted interpretations of the Koran’ propagated by ‘those on the other side’.42

These words would have hardly made much of an impression by themselves, but combined with the removal of the most notoriously corrupt politicians, more restraint use of brutal force and new funding they did contribute to a decrease of tensions noticed by many observers in mid-2006 (Izmailov, 2006). The Year 2006 started with yet another

39 Garry Kasparov argued after visiting Dagestan that ‘an explosion in the North Caucasus is inevitable and the whole region might split from Russia’ (Ryklin, 2005), while Boris Sokolov (2006) pointed out that ‘there are no rational reasons for keeping the republics of the North Caucasus in Russia’.
40 Nick Paton Walsh (2005) accurately portrayed these ‘Sharia enclaves’; for a more complex picture in mid-2006, see Latynina (2006); I looked into the interplay between Islam and insurgency in Baev (2006c).
41 Dunlop and Menon (2006, p. 111) suggested that ‘if Islamic extremists establish secure footholds across the North Caucasus, the political equation in Muslim Azerbaijan and Central Asia could also be changed.’
42 On the explosions on the pipelines in Dagestan, see Tsyganok (2004); my brief comment on Putin’s non-requested pledge to protect Islam is in Baev (2005).
massive manhunt in the mountains of Dagestan with the use of artillery and aviation (Rogozhnikova, 2006); in late October, however, the questions Putin received from Kaspiisk during the annual TV show were no different from those asked in nine other pre-selected locations. A sustained de-escalation of the deeply rooted conflict, however, could be achieved not by pouring federal subsidies but only by gaining a new dynamism of economic development by Dagestan’s far greater engagement into the energy-related projects in the Caspian area. These projects are increasingly prioritized by Moscow, which has remained reluctant to subject them to the security risks emanating from Dagestan. Russia is also asserting its opposition to the re-formatted projects for trans-Caspian pipelines and oil transportation that, in principle, could have connected Dagestan to key energy flows (Blagov, 2006b). This reasonable caution and ‘rational’ desire to channel northwards the hydrocarbon transit leave only limited opportunities for reducing these risks and in fact narrow the scope of inter-state cooperation in the Caspian.

Conclusions

From the start of Putin’s second presidential term, Russia has assumed a pro-active course in the Caspian area seeking first to block and then to roll back the tide of ‘colored revolutions’ and advance its energy interests on the strength of its posture as ‘security provider’. Counter-terrorism was the key strategy for maintaining the relevance and applicability of military instruments that guaranteed for Moscow a position of unquestionable superiority. The build-up of strike capabilities of the Caspian Flotilla and every naval/air force/special services exercise in the area, from the large-scale show of force in mid-2002 to the joint exercises with Kazakhstan in June 2006, were centered on the preparations for deterring and repelling terrorist attacks. The much-valued ‘position of strength’, however, was proven to be essentially unusable.

43 According to local journalists, that ‘live event’ was organized and controlled like a ‘special operation’; see Rybina (2006).
44 One possibly important initiative was taken by Lukoil in October 2006 when it entered into direct negotiations with Dagestan’s president Mukhu Aliev about an off-shore exploration project with the first oil well to be drilled in summer 2007; see Isaev (2006).
Aliev’s regime in Azerbaijan managed to organize the dynastic father-to-son transfer of power without Russia’s assistance and effectively suppressed the ‘revolutionary’ opposition with the silent approval of the US, which acquired only very limited security access to this pivotal corner of the Caspian. Turkmenistan granted Russia an exclusive deal on exporting its gas but refused it any direct involvement in the production cycle; without exploitable military-security ties Moscow cannot be sure that mercurial Niyazov would deliver on his part of the deal. Kazakhstan accepted a tighter alliance with Russia when the threat of ‘colored revolution’ was at its peak but then has found a way to disentangle itself from a too tight embrace and began to cultivate oil connections with Azerbaijan. The place where military power and counter-terrorist strategy were most immediately relevant was Dagestan but Moscow up until late 2005 had remained in denial of the need to address this crisis and later has shown reluctance to grant this troubled republic a place in the Caspian security system.
The Caspian direction in Putin’s strategy

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