

Geopolitics of the Caspian Sea Basin in the 21st Century and its Implications for Regional and Extra-Regional Actors

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Abstract

There are immense volumes of onshore and offshore energy resources which increase the significance of the Caspian Sea Basin in international politics and economy. Caspian Sea acts as a link between landlocked, yet energy rich, states of Central Asia and rest of the world, particularly energy hungry countries like China and Europe besides the USA which are endeavoring to expand their spheres of influence in an effort to lessen the impact of Iran and Russia in the region. Both of countries have been facing Western rage and different sanctions. However, there are facts which cannot be ignored as they are at the core of energy producing and transitioning countries including CARs, Russia, Alaska and Canada, reflecting geopolitics of energy and its role in foreign policy of states. This is qualitative research using the case study method. The critical analysis is used to conduct this research. Its exploring nature makes it contemporary and helps in understanding emerging geopolitics of the Caspian Sea Basin, opening avenues for further research.

Keywords

Energy Politics, Extra Regional Actors, EU, US, China, and Pipelines.

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1. Introduction

Caspian Sea has a substantial place within Eurasian politics throughout history; however, energy reserves and contemporary era politics have converted this region into an epicenter of geopolitics in which military, political, and economic interests have acted as prime dynamics besides intrinsic geographical realities (Kuniholm, 2000). Strategically, the value of this basin is due to energy politics revolving around oil and gas reserves, trade routes, energy supply chains, and corridors. According to estimates, the basin may yield an additional 184 million barrels of oil (White, 1920).

According to Litvishko, Novoselova, and Kalabekova (2022), Caspian Sea region holds significant geopolitical importance due to the presence of conflicting interests at multiple levels. Garibov and Frappi (2014) argue that Russia, Iran, and other states which emerged after the disintegration of the Union of Soviet Socialist Republics (USSR), have become significant players in the Caspian Sea Basin, both regionally and within the international community because of energy resources and pipelines.

Caspian Sea Region's most significant dynamic is energy resources in terms of high quality, rich volumes, production, refineries, pipelines connectivity, terminals and transportation. Despite all drilling projects, there are several unexplored areas rich in hydrocarbons and other energy avenues. Central Asian Republics (CARs) rimming Caspian Sea are in actual possession of energy resources, but due to lack of resources as well as expertise, and sophisticated technology required for exploration, exploitation, production, refinement of these hydrocarbons and secure supply, Russia's overarching role cannot be overlooked which gives more physical and operational control to Russia in CARs. On the other hand, these energy reserves are more than domestic needs of producing countries, therefore meant to be extracted and exported extensively by staying independent in further opening up of their businesses for foreign investors (Moussavi, 2023).

Nonetheless, hydrocarbons are not the sole source of energy being exploited by Caspian states. The region is rich in thermal and hydel resources. There are countries in Central Asia which have made

substantial commitments to support and develop non-traditional or renewable energy. The Caspian Sea Basin proximity with politically and ideologically challenging the states such as Russia and Iran; territorial conflicts; and legal complexities regarding the Basin resources are further complicating international politics. Besides the three (Kazakhstan, Turkmenistan, Azerbaijan) Central Asian Republics (CARs), Russia and Iran have been key regional actors in the Caspian Sea Basin; therefore, their hold on resources and policies shape up regional politics by and large (Bajrektarevic & Posega, 2016).

Studying emerging geopolitics of the Caspian Sea Basin in the contemporary era is linked predominantly with significant patterns of convergence and divergence at regional and international levels due to number of factors like foreign policy shifts, e.g. Iran's Look East Doctrine- *Nigah Ba Sharq* which was launched in 2005, infrastructure and energy-based agreements and arrangements with regional and extra regional actors, convergence of interests between Iran and Russia particularly in the wake of Russia-Ukraine issue, divergence between Russia and CARs particularly Kazakhstan over Ukraine issue, and increasing role of actors like China and *Türkiye* for political and economic interests (Moussavi, 2023). Therefore, the core argument of the undertaken research is, "Regional and extra-regional actors exhibit a certain pattern of convergence and divergence of interests within the Caspian Sea Basin following specific international happenings primarily attributable to geostrategic location of the region, abundance of energy resources and international system further causing profound implications on the economic, political, and military dimensions of established entities including terrorist organizations."

According to Alam (2022), the collaboration between Russia and the US, as well as other Western nations, in combating terrorist organizations and the insurgency in Afghanistan has resulted in an augmented role and significance for Russia within Caspian region. Moreover, Bajrektarevic and Posega (2016) have identified a distinct set of problems that afflict Caspian region, encompass a variety of factors, including the ambiguous legal standing, territorial disagreements, ethnic

unrest, and proximity to other volatile regions, such as the ongoing conflicts in the Middle East and the recently ignited tensions in Ukraine.

This research is based on critical analysis which explains the role of regional and extra-regional actors and their interests in the wake of certain international incidents resulting into foreign policy shifts. The research method used for this work is case study. It is aimed at exploring emerging geopolitical trends and potential implications for regional and extra-regional players in the region. The data used for this research is secondary and tertiary, analyzed and used in discussion.

The research undertaken is organized into five sections as follows: i) Structural Realism as Theoretical Pivot, ii) Regional Actors in the Caspian Sea Basin, iii) Extra-Regional Actors' Interests, iv) Implications of Emerging Geopolitical Trends for the Caspian Sea Basin, and v) Conclusion.

2. Research Question

1- Why are extraterritorial conflicts, such as those arising from the clashing interests of stakeholders, important to the geopolitical strategies of the countries in the Caspian Sea basin?

2- Why do the Central Asian Republics (CARs) struggle to manage and export their energy resources independently, and what role does foreign investment play in this process?

3. Structural Realism as Theoretical Pivot

Structural realism is the theory of international politics, formulated by Kenneth N. Waltz which is used by the researcher to explain the undertaken research. The theory of structural realism asserts that within an international system lacking a central governing body, nation-states have to function within a self-reliant paradigm due to anarchy and absence of control wherein their primary preoccupations revolve around the sustenance of their existence, the accumulation of power, and the safeguarding of their national security. Furthermore, Waltz posits that the presence of an anarchic system and the distribution of capabilities act as influential restraints and incentives, resulting in a tendency for authorities to exhibit similar behaviors. Moreover, the field of

international relations is characterized by an absence of central authority and a lack of hierarchical organization. Instead, it consists of units that possess similar functions. Additionally, the structure of the international system, or the arrangement of power, is contingent upon the distribution of capabilities among these components. Therefore, states prioritize self-preservation and are inclined to imitate one another, in order to provide an explanation for the repetitive patterns and outcomes observed in international relations. These include the formation of power balances, the varying traits for war based on power distributions, and the recurrent establishment of alliances (Meier, 2015). Within the framework of the Caspian Sea Basin, this theoretical perspective illuminates the intricate interplay among Russia, Iran, and a myriad of regional and international entities competing for authority over the region's copious energy reserves.

The manifestation of a convergence of interests between Russia and Iran becomes readily apparent when viewed through the lens of structural Realism (Lobell, 2017). Both nations hold the perception that the Caspian Sea Basin serves as a pivotal arena for ensuring access to vital energy resources, which are not only essential for their economic prosperity but also for fortifying their military capacities and overarching national security. As a result, it can be observed that Russia and Iran have astutely engaged in strategic collaboration across various domains, encompassing energy and diplomatic ventures, with the overarching objective of optimizing their sway within the region and ensuring the protection of their energy resources. Nevertheless, it is essential to acknowledge that structural realism places significant emphasis on the perpetual rivalry that exists between nation-states. In the basin of Caspian Sea, various actors, both regional and extra-regional, such as the United States, China, and European powers, have intensified their involvement in order to ensure access to valuable energy resources and further their geopolitical objectives. The escalating rivalry inherent in this competitive landscape may engender disparate interests and prospective clashes, as sovereign entities endeavours to offset each other's sway and assert their preeminence within the geographical sphere.

Furthermore, it is imperative to acknowledge that structural realism places significant emphasis on the inherent capacity of states to effectively adjust and respond to the ever-evolving power dynamics that shape the international system. In light of the dynamic shifts in global power dynamics that have materialized in the 21st century, both Russia and Iran find themselves compelled to engage in a process of strategic recalibration. This imperative arises from the necessity to adapt their respective approaches in order to effectively navigate the ever-evolving geopolitical landscape. It thoroughly evaluates the intentions and capabilities of various actors within the Caspian Sea Basin, thereby necessitating intricate negotiations, formations of alliances, and emergence of rivalries. Moreover, the theoretical framework's notion of the security dilemma holds particular pertinence when contemplating the burgeoning challenges that confront the Caspian Sea Basin. Russia and Iran's strategic initiatives to bolster their regional presence and exert influence are construed as potentially a menace to the active actors (Russia, USA) in the region. The aforementioned perception has the potential to exacerbate tensions and stoke the flames of competition, thereby giving rise to a precarious security milieu.

4. Regional Actors in the Caspian Sea Basin

Another significant dynamic behind the Caspian Sea Basin geopolitics is quite complex as it is marred with multitude of interests of regional actors, including Russia, Kazakhstan, Turkmenistan, Iran, and Azerbaijan.

4.1. Russia

Russia is the main regional actor which has control over the Caspian Sea Basin. Russia is desirous to maintain its dominance over the region and its politics and economy. Caspian states are reliant on Russia in terms of security and other operational issues linked with the supply chains; electrical grid, and oil and gas pipelines which have fundamentally been built by the West and USA. Therefore, Russia has significant involvement in regional politics as well as influence over the policy making processes of CAR's. This behavior by Russia is strengthened due to CARs' domestic political leadership who tried to

maintain good ties with Russian authorities to preserve their power despite their political independence. However, CARs are content with Russia's softer approach towards them; particularly, Azerbaijan, Kazakhstan, and Turkmenistan do not reflect overt dissatisfaction or distrust regarding Russia's foreign policy toward the Caspian Sea Basin issues. Since Russia has maritime zones extended over 24 percent of the Caspian Sea Basin and further to Black Sea, Russia's Caspian Flotilla is believed to be important foreign policy tool to extend its maritime interests in Caspian Sea and other oceanic spaces (Braw, 2023). It provides maritime security to the stakeholders from Russian coasts to Europe against non-traditional security challenges including terrorism, illegal migration, transnational organized crime, and trafficking from Central Asia to Europe. Therefore, it ensures regional states' interests in Caspian Sea to Black Sea by providing maritime security cover in the region.

Although there is no domestic need for more energy in Russia, the country's economy benefits from the increased transit costs brought about by the delivery of more energy from Central Asia. If it can establish a monopoly over Central Asian gas, it might also experience financial gains. Additionally, it enables Russia to keep control on prices on which Europe and China agree to purchase energy as well as the prices on which Central Asian nations sell their energy. More pipelines that cross Russian territory have a dual function. Economic benefits come from increasing Central Asian export capability, and at the same time, these pipelines secure energy that could have flowed straight to the West, Iran, or China. The Russian South Stream pipeline project is to be a direct opponent of the Nabucco pipeline. There is a competition to see which pipeline can be energized first because these pipelines serve the same market and both cannot be commercially viable (Milov & Olcott, 2007).

4.2. Kazakhstan

Kazakhstan is important among energy exporting countries of Caspian, and has been following a multi-vector foreign policy aiming at having cordial relations with every country proven successful in case of

Kazakhstan (Diyarbakırlıoğlu & Yiğit, 2014). However, Kazakhstan has a clear stance over Taiwan, Kosovo, South Ossetia, or Abkhazia; besides quasi-state territories, i.e., Lugansk and Donetsk (Klitina, 2022). Kazakh leadership has good ties with the US, China and EU as major international actors, without challenging neighboring countries. In order to avoid upsetting Russia, Kazakhstan has cautiously sought out agreements with the EU and China in its energy sector, which is where their relationship is most obvious. However, their relations are following a bumpy ride since the Ukraine issue; nonetheless avoiding confrontation or direct involvement in the crisis.

Kazakhstan has around 10,715 km. long pipeline network, yet that is deficient in fulfilling the need of energy transportation even at domestic level. The reason is old infrastructure set up initially during the Soviet era to support the USSR needs, and infrastructure is not developed for Kazakhstan. Therefore, Western petroleum network supplies energy to Russia from Kazakhstan, and for domestic needs, it has to import energy from Siberia (Krug, 2021). The Caspian Pipeline Consortium Pipeline is aimed at resolving such redundancy which connects Tengiz oilfield to Novorossiysk port of Russia (Reuters, 2022).

In addition to promising governmental backing for pipeline routes, Kazakhstan has commenced an open approach toward foreign investment. International oil corporations demanded concrete guarantees for their investments, protection from nationalisation, and inclusion of taxation stability clauses in their contracts. Kazakhstan decided to take a balanced approach and open its doors to foreign oil corporations, taking into account the interests of all active actors in the region. The Kazakh leadership believed that this plan is aligned with the nation's foreign policy objectives to retain relationships with important regional powers and use oil earnings to achieve sustained economic growth (Vanderhill, Joireman, & Tulepbayeva, 2020). The winners in this race included multinational corporations including ChevronTexaco, ExxonMobil, Agip/Eni, Royal Dutch Shell, British Group, Total FinaElf, Impex, and others (Pradhan, 2022). The energy sector in Kazakhstan becomes more stable with the help of the West, Russia, and China. This strategy supports in maintaining a balance of power in the Caspian region.

4.3. Turkmenistan

Turkmenistan being the energy leader among the Caspian Sea Basin states besides CARs maintains hydrocarbon-based economy. It holds huge gas and oil reserves, measuring 600 million barrels of oil reserves and 19.5 trillion cubic meters of natural gas, by the end of 2020, according to the 2021 British Petroleum (BP) Statistical Review of World Energy (International Trade Administration, 2022). There are five gas pipelines which transport Turkmen gas to other parts of country as well as to the region, i.e., Turkmenistan-Uzbekistan-Kazakhstan-China Pipeline functioning since December 2009, a system of gas pipelines named as Dovletabad-Deryalyk comprising of different segments, Korpeje-Kurtkui Pipeline from Turkmen gas field to Iran, another one to Iran named as Dovletabad-Sarabs-Hangeran Pipeline, and East-West Gas Pipeline which is under construction. Trans-Caspian Gas Pipeline has extended Turkmen gas supply chain to Europe making it more dependent on Turkmen gas but not operational (Ministry of Foreign Affairs of Turkmenistan, 2017). On the other hand, Turkmenistan has limited oil pipeline infrastructure which transports oil from onshore oil pipelines to the refinery at Turkmenbasi and Turkmen ports to fulfill domestic needs without having international oil pipelines meant to export oil.

Turkmenistan brought a foreign policy shift in 2006 from a closed to open approach which changed political dynamics at regional level, and provided a chance for foreign investment (Arınç & Elik, 2010). Turkmenistan has interest in the EU due to its substantial gas reserves, and open foreign policy has enabled European countries and other foreign investors to increase engagement with Turkmenistan. The offshore deposits of Turkmenistan can yet be developed by European businesses. The Kyapaz/Serdar field in Caspian Sea is disputed by Turkmenistan and Azerbaijan, which stands in the way of Turkmen energy exports having a more Western focus (Arınç & Elik, 2010).

Turkmenistan's energy policy is based on a variety of operationalisation and channelisation strategies for energy resources, efficiency and energy savings, optimal use of energy resources, energy security, investments, energy diplomacy, innovations, and the growth of renewable or green energy resources. Additionally, broadening energy

export channels, increasing export capacity, safeguarding energy transportation and networks to external markets, and improving internal and national production capacity to meet external demands are also significant aspects of its energy policy. However, Turkmenistan does not intend to challenge Russia's control over energy supply chain through the state instrument Gazprom. Moreover, its approach regarding energy is balanced as it has developed ties with Russia and China. A \$40 billion memorandum of understanding was signed in July 2022 between the Russian gas company Gazprom and the National Iranian Oil Company (NIOC) (Regenhardt, 2021). In order to develop the Kish and North Pars gas fields, increase the pressure in the South Pars field, develop six oil fields, exchange gas and products, complete LNG projects, and build gas export pipelines, Gazprom assists NIOC (Regenhardt, 2021).

4.4 Iran

Iran perceives Caspian Sea as a valuable asset within the region, and expeditiously establishing its legal framework to serve as a representation of power equilibrium and economic harmonization in the contemporary era. It has the potential to facilitate the legitimate and lawful entry to Caspian Sea and its latent reservoirs of resources. Iran is committed to acting upon this conviction. It appears to be a rational course of action to centralize all matters pertaining to security within the framework of a unified and collective entity, bolstered by the participation and endorsement of all coastal nations involved (ISO & UNDO, n.d.).

In pursuit of this objective, Iran asserts that the completion of the legal framework governing Caspian Sea should be approached with a strategic mindset that benefits all countries bordering the sea. This approach is rooted in several fundamental principles: The Convention on the Legal Status of the Caspian Sea was signed on August 12, 2018, by the leaders of Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan. The Convention is a good step forward for initiatives like Trans-Caspian Pipeline (TCP) (Norton Rose Fulbright, 2018).

4.5. Azerbaijan

The economic foundation of Azerbaijan lies in extraction and utilization of petroleum and natural gas resources, which serve as core drivers for the state's overall economic performance (Onal-Kilicbeyli, Mikail, & Çora, 2021). The finite nature of submarine resources within Caspian Sea is juxtaposed with boundless sovereign presence exhibited by active actors. The imperative for Azerbaijan lies in upholding sovereignty of the nation, while concurrently fostering a secure and harmonious existence within a socio-economic milieu that is conducive to a high quality of life. This pursuit necessitates transcending the confines of national borders; thereby ensuring the enduring prosperity and progress of Azerbaijan (Onal-Kilicbeyli, Mikail, & Çora, 2021). Furthermore, the allocation of maritime resources has potential to bestow upon Azerbaijan the requisite financial resources for advancement of its economic landscape, fostering a heightened sense of autonomy from Russia, and augmenting its influence within the regional sphere vis-à-vis amicable powers (Chufrin & Stockholm International Peace Research Institute, 2001). Azerbaijan has substantial energy routes including Middle Corridor's capacity and transport logistics (no maritime segment), Trans Adriatic Pipeline (maritime segment), Baku-Tbilisi-Ceyhan (BTC) Pipeline, Baku-Tbilisi-Erzurum (South Caucasus Pipeline SCP), South Caucasus Pipeline Expansion Project (SCPX) and Trans-Caspian Oil and Gas Pipelines.

Azerbaijan possesses a notable 32.5% ownership interest in the esteemed Caspian Consortium. Conversely, it is noteworthy to mention that Russia currently holds a significant 24% stake in the aforementioned entity. Russia has bolstered its oil and gas transportation in order to mitigate the significance and utilization of alternative pathways, thereby engaging in a dynamic energy diplomacy. Russia, in light of its legal standing regarding Caspian Sea, has deemed it necessary to assert the illegitimacy of the Azerbaijani Consortium. In order to strengthen Russia's geopolitical position and lessen the impact of alternative energy initiatives, Russia is utilising its control over energy delivery lines. It also challenges the legality of Azerbaijani-led Caspian Sea projects in

order to safeguard its own interests and keep a commanding position in the region's energy politics (Skalamera, 2022).

5. Extra Regional Actors' Interests

Caspian Sea has been an attractive region for different actors in different time periods. The contemporary era has witnessed this tendency soaring due to multiple factors as discussed above. Extra regional actors have their distinct sets of interest entangled with regional dynamics which intensify the geopolitics.

The United States of America's approach to regional states of the Caspian Sea Basin has exhibited a relatively steadfast consistency since the dissolution of the USSR. The United States has provided its backing to democratic and market-driven transformations in the former Soviet states. It has actively advocated for their swift inclusion in global political, economic, and security organizations. Additionally, it has played a pivotal role in promoting the resolution of conflicts and preventing the spread of weapons of mass destruction. Furthermore, Washington has actively pursued its own commercial interests within these republics (Croissant, 2007). The primary objective of United States policy has been to actively foster the emergence of tranquil, secure, and democratic nation-states within the new geographical boundaries (Croissant, 2007).

The US interests pertaining to the Caspian Sea Basin are primarily derived rather than inherent. The strategic tangentiality of the region persists as long as its resources remain accessible to divergent interests. In addition to finite availability of hydrocarbons, which may not sufficiently warrant a substantial commitment from the US to the region, it is vital to perceive the US interests as contingent upon specific circumstances and as integral to a broader emphasis on fostering stability in Türkiye, Russia, China, and Persian Gulf. At global level, the focus lies in safeguarding the region from becoming a fertile ground for illicit trade of weaponry, regulated technologies, and narcotics (Jaffe, n.d.). Additionally, they aim to prevent the emergence of ethnic and religious divisions that could potentially instigate political fragmentation, not only within the region but also in neighboring countries such as Türkiye,

Russia, China, and South Asia. Ultimately, it is vital for the US policy vis-à-vis the region to duly consider humanitarian implications in order to ameliorate fundamental plight endured by individuals consequent to the disintegration of the USSR. This includes addressing the profound disruption in essential economic operations and concomitant deterioration in the provision of vital social services that were hitherto facilitated by the Soviet system (Jaffe, n.d.).

In the Trump era, Washington diverged significantly from any preceding administrations witnessed by the nations of the Caspian Sea Basin. They perceive the resounding cries of ‘America First!’ They closely observe the intricate dynamics of Washington's relations with Moscow and Beijing (Hoagland, 2020). The US’ focus on the region experiences fluctuations, mirroring a pattern that has persisted over the course of the past three decades. However, it is highly unlikely that the US imminently disengages from the region. It comprehends comprehensively and maintains a composed demeanor while persistently exemplifying the notion that establishing a robust and diverse influence in Caspian Sea aligns harmoniously with its inherent imperatives pertaining to national security and economic prosperity (Hoagland, 2020). The US’ biggest foreign policy success in the region has been Baku-Tbilisi-Ceyhan Pipeline (BTC) and Baku-Tbilisi-Erzurum Pipeline (BTE), besides bolstering the profits of its oil and gas giants. The US and its companies need a measure of stability in the region to reap the benefits of their long-term investments and strategic interests. That is why the intra-regional conflicts are controlled and managed.

The European Union (EU) is motivated by both tactical foreign goals and internal goals. Due to its local energy needs, it has to import energy from Central Asia which places it in need of Russian pipelines. Therefore, it is in the EU’s strategic interest to increase energy security by building additional pipelines that are not under Russian control (Central Asia, n.d.).

The empirical data clearly indicates that the European Union stands as one of the foremost energy-consuming and import-reliant regions on a global scale. The energy consumption of the EU-countries accounts for approximately 10.3% of the global energy consumption (Alekperov,

2004). Simultaneously, it is noteworthy to mention that a mere 4.4% of the total global energy production emanates from the member states of the EU. In addition, it is noteworthy that the EU's energy consumption has exhibited a consistent upward trajectory in recent years, escalating from 833.10 million tons of oil equivalent (mtoe) in 2015 to 885.79 mtoe in 2018 (Alekerov, 2004). The escalating levels of consumption have merely exacerbated the European Union's energy dependency rate, which has now ascended to a staggering 58%. In order to satisfy the burgeoning energy requirements, Brussels finds itself compelled to seek out external providers. From a strategic standpoint, it is significant for the European Union to recognise the paramount significance of Caspian region, given its abundant reservoirs of energy resources (Alekerov, n.d.).

In recent years China has made a massive inroad into the oil and gas sectors of Central Asia especially Kazakhstan and has built the southern energy corridor of the China-Central Asia pipeline for transportation of gas and oil from the region. This has led to the lessening of Kazakhstan's dependence on Russia for energy transportation. Moreover, China is expanding its Belt and Road Initiative (BRI) and it is contributing in linking Caspian Sea Region to global markets (Kunaka, 2018).

6. Implications of Emerging Geopolitical Trends for the Caspian Sea Basin

Some of the key emerging challenges in the Caspian Sea Basin include:

6.1. China's Energy Security as Threat to Russian Energy Control in Central Asia

Due to its domestic demands for increased energy consumption, China, like the EU, is motivated to intervene in Central Asian energy geopolitics. It also has strategic reasons for looking to increase its energy security. China obtained its first international pipeline through the pipeline agreement with Kazakhstan, and it now plans to add a gas pipeline robustly to this oil pipeline. Although China and Russia have been working together in Central Asia since Shanghai Cooperation Organisation (SCO) (Carnegie Endowment for International Peace, 2024), their unwillingness to continue relying on each other for their

overland energy supplies shows that China is aware of the possible danger posed by a Russian energy monopoly (Petersen & Barysch, 2011).

6.2. Competition over Distribution of the Caspian Sea Basin Resources

It is believed that the Caspian Sea Basin holds major portion of world's energy resources (Sikri, 2008), whereas adjacent Central Asia has tremendous potential as an electricity generation hub. Global energy geopolitics will be primarily governed by the 'arc of energy', stretching from the Gulf region to the Caspian Sea, through Siberia and the Arctic region to the Russian Far East, Alaska and Canada. It is in this region that nearly 80 percent of the world's oil and gas, including potential reserves, are located. There have been negotiations for decades to determine legal status of Caspian aimed at developing a formula to resolve disputes over access to its resources among the five rimming states of Caspian Sea (Ozat, 2023).

Being classified as a lake or a sea is a problem for the Caspian compared to the issue of how to distribute the reserves among the neighboring nations, both on the seabed and the shore. The creation of a Special Working Committee to assist in reaching a deal on the sea has been prompted by the failure of attempts to reach a multilateral agreement. In the absence of a multilateral agreements, Russia appears to have taken the initiative in creating bilateral agreements. According to the agreement 'Convention on the Legal Status of the Caspian Sea' Signed on August 12, 2018, Russia, Kazakhstan, and Azerbaijan have signed an agreement to distribute the resources. The distinct line dividing the Northern, Middle, and Southern regions of the Caspian into hydrocarbon fields is known as the Median delimitation line. Three contentious fields between Russia and Kazakhstan are resolved between the parties involved based on the agreements. The term of the agreement applies to the seabed resources (Committee on Economic Affairs and Development, 2002).

6.3. Shifting Geopolitics: Russia and the USA

In the immediate aftermath of the Cold War, the West had an advantage to get access in the region which had been closed to the world previously. This opening up of the region and access facilitates them to take part in the emerging geopolitics of Central Asian energy. Russia was busy with domestic strife, while China lagged behind in making a significant regional impact, however, Russia has realized the potential political and economic benefits of exerting its dominance over all of Central Asia.

6.4. Kazakhstan-Azerbaijan Strategic Partnership

The Kazakhstan-Azerbaijan strategic partnership encompasses a wide range of regional and extra-regional matters, with a particular focus on bolstering political, economic, cultural, and humanitarian collaboration. Additionally, there is a concerted effort to deliberate upon the enhancement of the Middle Corridor's capacity and the optimisation of its transport logistics (Ali, 2023).

The Trans-Caspian East-West-Middle Corridor Initiative commonly referred as the 'Middle Corridor,' has a strategic undertaking that originates in Türkiye and traverses the Caucasus region by way of Georgia and Azerbaijan. Moreover, it proceeds to cross the expansive Caspian Sea, making its way through Central Asia before ultimately reaching the vast expanse of China. Kazakhstan and Azerbaijan are currently establishing a comprehensive framework that facilitates a resilient trade partnership, with the ultimate objective of broadening the scope of international consumer markets within the region (Asian Development Bank, 2020).

Historically acknowledged as a domain predominantly under Russian sway, this area necessitates renewed attention and concerted efforts towards cooperation. Given their strategic positioning along the Middle Corridor, it is evident that the roles played by Kazakhstan and Azerbaijan in the global political economy have assumed greater significance (Çolakoğlu, 2023). In the realm of transit routes that interlink Europe and Asia, it is discernible that the Middle Corridor, in comparison to its counterpart, the Northern Corridor traversing Russia,

exhibits superior cost-efficiency and expeditiousness. Hence, the optimal exploitation of the route's auspicious potential mandates the augmentation of bilateral ties between Kazakhstan and Azerbaijan, as evidenced by the concerted efforts (Çolakoğlu, 2023).

6.5. Interplay of Actors in the Backdrop of Ukraine War

The incursion by Russia into Ukraine has engendered a complex situation, one that has the potential to significantly impact the foreign relations of the United States and NATO. Moreover, the notable geopolitical ramifications stemming from Russia's military conflict with Ukraine is a notable upsurge in regional integration along the Middle Corridor. The Trans-Caspian Corridor, serving as the most expeditious route linking Europe and Asia, affords Central Asian nations such as Kazakhstan the opportunity to circumvent their customary export channels, which have historically been oriented towards Russia (Eldem, 2022). It is primarily a trade route via freights, transportation of oil and gas via middle corridor is a complex and time-consuming process unless TCP is built. Furthermore, this corridor does not have the potential to replace the northern corridor. Nonetheless, it affords shorter route, reducing the transportation time resulting in diversification of trade routes. The incursion of Russia into Ukraine has compelled Kazakh government to actively pursue alternative avenues for exportation of its energy resources. Anticipated advancements in the bilateral collaboration between Azerbaijan and Kazakhstan are poised to heighten, particularly in view of the uncertainties engendered by Russian incursion into Ukraine. The manifestation of Russian aggression in Ukraine, coupled with its consequential ramifications such as the imposition of sanctions, trade limitations, and political coercion, has effectively underscored the imperative of augmenting collaboration within the Caspian Sea Basin. Historically regarded as a sphere of influence dominated by Russia, this geopolitical context necessitates renewed attention and concerted efforts towards fostering cooperation (Eldem, 2022). However, anticipated advancements in bilateral collaboration between Azerbaijan and Kazakhstan are poised to escalate, particularly in view of uncertainties engendered by Russian incursion into Ukraine (Council of the European Union, 2023).

6.6. Convergence between Iran and Russia

The dynamic alliance between Russia and Iran in the region can be perceived as a manifestation of their astute strategic calculations, carefully devised and executed within the confines of the prevailing global framework. The geopolitical significance of the Caspian Sea Basin in relation to Russia and Iran arises from its abundant energy resources and strategically advantageous geographical position. Both states recognise the imperative of ensuring access to these resources in order to bolster their energy security and national security. The mutual inclination towards resource accessibility acts as a compelling impetus for their collaborative endeavors within the region.

Throughout history, the great nations of Russia and Iran have been entangled in a multifaceted interplay of collaboration and rivalry. Although they have experienced divergences and intermittent competition, they have also acknowledged the merits of collaboration in order to advance their shared goals. The adoption of this pragmatic methodology has engendered fruitful collaborations pertaining to energy supplies and regional stability initiatives within the Caspian Sea Basin.

Therefore, the aforementioned apprehension regarding security predicament has been having the potential to intensify strains within the region, as neighboring Caspian nations were compelled to pursue their own measures aimed at bolstering security. The long-standing situation of uncertainty and vulnerability (Council of the European Union, 2023) has now started to incline toward cooperation and mutual consensus over resolution of the predicaments.

7. Conclusion

The Caspian Sea Basin has historically served as a prominent locus of both regional and extra-regional interests, exhibiting a discernible pattern of convergence and divergence of interests that is propelled by a multitude of international occurrences. The substantial energy resources in the Caspian Sea Basin serves as a pivotal catalyst for the convergence and divergence observed among both regional and extra-regional actors in the area. The basin possesses abundant reserves of oil and natural gas, rendering it a pivotal participant in the global energy market.

Nevertheless, it is important to acknowledge that the divergent interests among various actors in the region have emerged as a direct consequence of the geostrategic significance associated with the Caspian Sea Basin. To some extent, Extra regional conflicts, such as those arising from the clashing interests of stakeholders in the Middle East, have also influenced these interests, shaping the geopolitical strategies of both regional and external players in the basin.

Furthermore, the basin is enveloped by an intricate network of nations, namely Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan, each harboring distinct geopolitical objectives and aspirations. Since the theoretical underpinning of this study is structural realism, there are numerous structural constraints due to the presence of regional and extra regional actors of international system that make this region a complex of conflicting interests as well as interdependence. The flux within the spectrum of challenges and opportunities in this geographical landscape has repeatedly given rise to conflicting assertions of territorial ownership, disagreements pertaining to maritime demarcations, and struggles for dominance among these actors. The intricacies of the international system introduce additional complexities, as dominant global actors such as the US and China have ambitions to assert their sway within the region, occasionally exacerbating pre-existing tensions.

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