

## Caspian Sea and its global importance

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### **ABSTRACT**

*The Caspian region geographically includes parts of Central Asia and the Caucasus, which, particularly, became geo-economically and geo-strategically important after the collapse of the Soviet Union in 1991. This issue attracted the attention of regional and trans-regional powers in this region. In fact, the power vacuum created in the Caspian region after the collapse of the Soviet Union turned this space into a place for the superpowers to compete for geopolitical supremacy. The complexity of competition in this strategic region and the rich underground resources, natural, human resources and location at the crossroads that connect Russia, China, Iran and Turkey and the European Union. These issues have added to the role and importance of the Caspian Sea.*

*Keywords: Caspian region, Soviet Union, Strategic Region, Competition*

### **Introduction**

The Caspian region, with an area of approximately 368,000 square kilometers, was under the influence of the superior land and sea powers during the Cold War. Thus, during this period, the Caspian region was important only in terms of geostrategic issues for the Western powers, which, by signing treaties with their regional allies such as the Santo, sought to prevent the ideology of communism to penetrate the Rimland Belt along the Soviet sphere of influence. The substantial tenets of the Cold War were stagnation and immobility in the geopolitical structure of the world, but in the current context each geopolitical sphere basically has convergent and divergent forces that operate under certain conditions and compete for their own interests. Among the factors affecting each geopolitical region is the pattern of competition of inter-regional powers. In the Caspian region, these powers have disturbed the geopolitical balance of the region by gaining resources and trying to control competitive factors, and conflicting patterns (Mahmoud Shams Dolatabadi: 2007, 103) have been formed in the region. In addition to the geopolitical vacuum created by the collapse of the Soviet Union, other geopolitical indicators emerged in the region that were tempting for world powers. Among these indicators, we can mention the importance of issues such as geostrategic values of the region, energy resources, transportation, security, etc.

### **Research Methodology**

In this article, an attempt has been made to investigate this region and its competitions with a descriptive-analytical approach of statistical data and re-analysis of geopolitical causes.

### **Geopolitical and geoeconomic importance of the Caspian Sea**

The Caspian geopolitical region, which gained its new identity after the Soviet collapse, is an active region with special functions. The main reason for the change in the geopolitical identity of the Caspian Sea should be sought in the evolution of the balance of power model during the Cold War and the emergence of a new world power structure. Because during the Cold War, which was characterized by stagnation and inactivity in the global geopolitical structure, there was a kind of peace and calmness in the Caspian region. However, after the structure of the international system went through changes, the

Caspian Basin, which was out of the control of the balance of power model, became active in the region and enjoyed a special dynamism in connection with the active forces outside the region. Regarding the geopolitical and geoeconomic importance of the Caspian Sea, it should be noted that the newly discovered energy resources have been the most important factor in the geopolitical and geoeconomic position of the region. In fact, the oil and natural gas resources of the Caspian-Central Asian region have a direct and bilateral relationship with the geopolitical situation in this region. On the one hand, due to geopolitical complexities, these resources face limitations in extraction and transfer to global consumer markets, and on the other hand, the existence of these resources has increased the geopolitical importance of the region. In addition, this sea has recently attracted the attention of superpowers like Britain. The British government's attempt to dominate the largest lakes in the world—the Caspian Sea—located far from the high seas and traditional areas of British military influence, could not, under the conditions prevailing in neighboring areas, in the primary territory and Iran, and both in India's neighborhood have been unrelated. A military presence and action in the Caspian Sea required Britain to overcome various obstacles, including political ones. Especially since a neutral country like Iran had been chosen as the gateway for the British operational forces. Therefore, the nineteenth century can be considered as the beginning of a new chapter in the history of the Caspian Sea and its basin. From an economic and security point of view, despite the fact that the Caspian Sea was closed environment, it developed rapidly throughout the nineteenth and early twentieth centuries, facilitating its connection to various regions inside and outside. These communication systems were:

- 1- The Black Sea - Dardanelles Strait - Mediterranean, which led to the Atlantic and Indian Oceans.
- 2- Caspian Sea - Volga - Arctic Ocean
- 3- Caspian Sea - Volga - Baltic Sea
- 4- Railways of the strategic region of Central Asia in the vicinity of China, Pamir, Afghanistan, and Iran, which separated the deserts and steppes from the European route. (Mohammad Ali Kazem Beigi: 2005, p. 6)

### **Caspian Sea geopolitical areas**

The Caspian Basin consists of four geopolitical areas: Azerbaijan from the Caucasus, Turkmenistan and Kazakhstan from Central Asia, Russia as the successor to the Soviet Union and a political unit active in the international system and one of the largest exporters of oil and natural gas to in the north. And the Islamic Republic of Iran in the south of the Caspian Sea, which has huge reserves of oil and natural gas and oil industry.

### **Resources in the Caspian Sea**

The strategic importance of oil in the new world order and the efforts of the great powers to dominate these resources, has made the basin of Caspian Sea, a special geopolitical and strategic importance. The Caspian Sea Basin is the third largest oil field in the world, after Siberia and the Persian Gulf, the most important resources of which are located near the coasts of Azerbaijan, Kazakhstan and Turkmenistan. (Elahe Kolaei: 1997, p. 137)

### **Kazakhstan**

In the northeastern and eastern part of the Caspian Sea, the total inland and offshore hydrocarbon resources of this country are between 99 to 17.6 billion barrels. Most of Kazakhstan's oil production is located in the Tengiz, Karachaganak and Kashagan basins.

Tengiz is located in a wetland on the northeastern shores of the Caspian Sea. Renewable oil resources are estimated at 9 to 67 billion barrels. Tengiz and Kashagan oil fields also have natural gas. (Bahram Mostaghimi: 2005, pp. 71-69)

Another important area of Kazakhstan's work is Amangel'dy in the south of the country. Kazakhstan's proven natural gas reservoirs are estimated at about 6 trillion cubic feet. Kazakhstan exports oil through three routes: The Northern Pipeline (via the Russian pipeline and railway network), the Western Pipeline (via the Caspian Consortium pipeline), and the Southern Pipeline (via shipping to Iran).

## Turkmenistan

Turkmenistan is another Caspian littoral country located in the eastern part of the Sea. The sheer volume of gas reservoirs has kept the country away from many of the political and territorial conflicts that other similar countries face. Turkmenistan's continental shelf resources account for about 30 to 40 percent of the country's total oil and gas reserves. Turkmenistan currently has eight major oil and gas fields. Turkmen oil is mostly found in the basins of Katurtepe, Nabitdag, Cheleken near the Caspian Sea. In terms of energy transmission routes, Turkmenistan has built a small pipeline that delivers about 3 billion cubic meters of gas to Iran. Another route is a 1,500-kilometer pipeline that runs through Afghanistan to Pakistan, the Indian Ocean coast, and possibly India in the future. (Bahram Mostaghimi, 2005: 74-73). Dependence on Russia is the biggest economic challenge for Turkmenistan. The disagreement between Azerbaijan and Turkmenistan over how to divide the sea has created other differences over the ownership of the Kepez-Serdar.

## Azerbaijan

The Republic of Azerbaijan is located in the east of the Caucasus region and on the west coast of the Caspian Sea. Azerbaijan has a long history of oil extraction and export. It supplied 75 percent of Soviet oil in the 1940s, but with the discovery of oil in the Urals and Siberia, Azerbaijan's share of Soviet oil supply declined. The first refining center was established in 1901 in this country as well. (Gholamreza Hashemi, 2002, pp. 33-34) In the offshore, there are layers of oil deep in the sea, and crude oil is extracted directly from the seabed in the "Dashlari oil" resources near Baku and the waters of the Abshuran Peninsula from the Caspian seabed. More than 27 oil and gas fields have been discovered in the Azeri part of the Caspian Sea, 14 of which have either been controlled or are under development. (Jeffrey Camp and Robert Harkari, 2004: p. 223) Azerbaijan's oil resources are located in three regions: Azeri field, Cheragh and Gunshli. There are currently three pipelines for exporting Azerbaijani oil. Northern route or Baku-Novorossiisk pipeline, western route or the Baku Suspa Pipeline and the other pipeline, Baku-Tbilisi-Erzurum, which starts from Baku and leads through Tbilisi in Georgia to the port of Ceyhan on the Turkish coast (Bahram Mostaghimi, 2005: 69).

## Russia

The Russian Federation is located in the northern part of the Caspian Sea. Most of the country's oil reservoirs are located in western Siberia between the Ural Mountains and the Siberian Plateau. But the Russian government also extracts oil from the Caspian Sea bed and around the Autonomous Republic of Dagestan, which is Russia's main oil activity in the Caspian Sea basin.

**Table 1.** Discovered and proven oil and gas reservoirs in the four regions of the Caspian Sea

| Region            | Oil billion barrels | gas trillion cubic feet | Billion barrels | Total crude oil |
|-------------------|---------------------|-------------------------|-----------------|-----------------|
| North Caspian Sea | 10.8                | 156.9                   | 8.9             | 45.8            |
| Amudarya (Ceyhan) | 0.8                 | 230.4                   | 1.2             | 40.3            |
| South Caspian Sea | 1.4                 | 36                      | 0.5             | 23.9            |
| North Osto leaf   | 2.4                 | 2.4                     |                 | 2.8             |
| Total             | 31.4                | 425.7                   | 112.8           | 112.8           |

Source: Hashemi, Morteza, Journal of Energy Economics, August and September

**Table 2 .** Production and export of crude oil in the Caspian Basin in 2010 (thousand barrels per day)

| Countries    | Production in 1999 | Production in 2000 | Possible production |
|--------------|--------------------|--------------------|---------------------|
| Azerbaijan   | 259.3              | 290                | 1200                |
| Kazakhstan   | 602.1              | 660                | 2000                |
| Turkmenistan | 124.8              | 150                | 200                 |
| Uzbekistan   | 86.2               | 170                | 200                 |
| Iran         | 0.0                | 0                  | 0                   |
| Russia       | 144.0              | 19                 | 200                 |
| Total        | 1216.4             | 1288               | 380                 |

Source: Hashemi, Morteza, Journal of Energy Economics, August and September

**Table 3 . Production and export of natural gas in the Caspian Sea basin (billion cubic feet per year)**

| Countries    | Production in 1990 | Production in 2000 | Possible production in 2010 |
|--------------|--------------------|--------------------|-----------------------------|
| Azerbaijan   | 349.6              | 220                | 1100                        |
| Kazakhstan   | 251.2              | 380                | 1100                        |
| Turkmenistan | 3099.5             | 1640               | 3900                        |
| Uzbekistan   | 1439.5             | 2000               | 2400                        |
| Iran         | 0.0                | 0                  | 0                           |
| Russia       | 119.0              | 30                 | 8.4                         |
| Total        | 5258.48            | 4270               | 8500                        |

Source: Hashemi, Morteza, Journal of Energy Economics, August and September

**Table 4. The amount of crude oil and natural gas reserves (discovered definitively and possibly) in the countries of the Caspian Sea basin**

| Countries    | Crude oil discovered and proven (billion barrels) | Possible crude oil (billion barrels) | Total oil (billion barrels) | Natural gas discovered and definite (trillion cubic feet) |
|--------------|---|--------------------------------------|-----------------------------|---|
| Azerbaijan   | 12.5 - 316  | 32                                   | 36.45                       | 11  |
| Iran         | 0.9   | 15                                   | 15                          | 0   |
| Kazakhstan   | 10.0 – 17.6                                       | 92                                   | 102-110                     | 53-83   |
| Russia       | 2.7   | 14                                   | 17                          | 8.7   |
| Turkmenistan | 1.7   | 80                                   | 82                          | 98-155  |
| Uzbekistan   | 0.3   | 2                                    | 2                           | 74.88   |
| total        | 18.4 – 34.9                                       | 235                                  | 253-270                     | 236-337   |

**Table. 5 Different estimates of oil and natural gas reserves in the Caspian region**

| Reference                                 | Oil (billion barrel) | gas (trillion cubic feet) |
|---|----------------------|---------------------------|
| US Department of Energy                   | 15-29                | N/A                       |
| James Baker Institute                     | 15-31                | 8.2-12.8                  |
| international Energy Agency               | 15-40                | 6.7-902                   |
| Wood Mackenzie Consultants                | 28                   | 8.7                       |
| Kazakhstan Institute of Strategic Studies | 5.5                  | 8.7                       |

### The Impact of the Position of the Caspian Basin Energy Pipelines on Central Asia and the Caucasus

Prior to the collapse of the Soviet Union, energy pipelines in Central Asia and the Caucasus were under the control of Russia, and the region's geopolitics saw the one and only regional power—the Russians. Following the collapse of the Soviet Union in 1991, and the independence of each of the countries in Central Asia and the Caucasus, as well as the Russians' economic weakness in controlling the situation, and the Gorbachev-Yeltsin open-policy era led to the presence of regional and supra-regional actors under the pretext of exploiting energy, as well as the construction of pipelines to transfer energy from the region. The lack of access to the high seas of the Central Asian and Caucasus republics has led to a kind of dependence on transit countries that affects the geopolitics of the region; This shows how the transfer of energy transform from a commercial and economic issue to a political and geostrategic issue (Yazdani, 2008: p. 194)

Of course, it should be noted that the geopolitical situation in the region will depend on the way of extraction and transport of oil and natural gas. In fact, focusing on all of these factors, such as the political geography of oil as well as internal crises, in the Caspian Sea basin may have led to geopolitical changes. In fact, it can be said that energy resources once again shape the geopolitical map of the Caspian basin. These energy resources, especially their oil and natural gas reserves, depended on the Russian pipeline, but with the collapse of the Soviet Union and their avoidance from dependence on Russia, how to transfer oil and gas in this area is now one of the problems of the Caspian littoral states. (Yazdani, 2008: p. 191)

Based on this, the location of the four main pipelines in the Central Asian and Caucasus region and their impact on the geopolitics of this region are discussed. These pipelines are:

- 1- Nabucco pipeline
- 2- Baku-Tbilisi-Ceyhan oil and gas pipeline

- 3- Baku-Tbilisi-Erzurum gas pipeline
- 4- Energy transmission pipeline to China.

### **1- Nabucco pipeline**

The international agreement on the Nabucco gas pipeline was signed by the Prime Ministers of Turkey, Bulgaria, Romania, Hungary, Austria and the President of the European Commission in Ankara on July 13, 2009.

The project, which will be implemented with the aim of reducing Europe's dependence on Russian gas, will pass through Azerbaijan, Turkey, Georgia, Bulgaria, Romania and Hungary and reach Austria.

The United States, as a world hegemonic power after the Cold War as well as cultural and political commonalities between Western Europe and the United States, has caused a special sensitivity to this region after the collapse of the Soviet Union and the Islamic revolution in Iran. Therefore, it has declared its serious support for the construction of the Nabucco project, in order to influence Europe (Heidari, 2009: p. 30).

### **2- Baku-Tbilisi-Ceyhan oil pipeline**

The Baku-Tbilisi-Ceyhan oil pipeline project has been proposed in Turkey since 1991. The pipeline, which was completed after lengthy negotiations between Turkish, Russian and US government, has been in operation since 2005.

This oil project is clearly an uneconomic but with political benefits. At the time, the signing of Kazakhstan's contract for the project by Prime Minister Nursultan Nazarbayev was seen as a possibility of new energy disputes with Russia. In addition, the pipeline is a strategic issue that promotes US national security interests.

### **3- Baku-Tbilisi-Erzurum pipeline**

Diversifying energy sources and reducing Russia's role in European energy markets is one of the EU's emphasized policies.

This gas pipeline is located in parallel to the Baku-Tbilisi-Ceyhan oil pipeline and is the first gas pipeline to transport natural gas from the Caspian basin to the European market via Georgia and Turkey.

### **4- Energy transmission pipeline to China**

China's rapid economic growth in recent years has led to a massive increase in energy consumption in the country. For instance, the country's oil consumption doubled between 1995 and 2005, reaching 6.8 million barrels per day. According to the International Energy Agency, China's oil consumption reached 4.1 million barrels per day in 2009 and 4.5 million barrels per day in 2010. Some estimates suggest that the country's energy consumption will reach 12 and 16 million barrels per day by 2020 and by 2030 respectively.

For this reason, the country is focusing on building a 4,200-kilometer network of oil and gas pipelines from the western China—Xinjiang province—to the west coast and Shanghai metropolis, which is approved at the 16th Congress of “look east” for investment in energy resources of Russia and Central Asia. (Kolaei and Tisheh Yar, 2010: 127)

China considers Central Asia and the Caspian Sea basin as one of its strategic regions, where the US military shadow is heavy in this region under the pretext of "war on terror". Although Central Asia is part of China's energy strategy. But other powers see it as a rival. In terms of raw materials, Central Asia is the second most vital region for China after the Persian Gulf. The region rich in oil and natural gas resources, especially in Kazakhstan, Turkmenistan and, to a lesser extent, Uzbekistan, where China has built pipelines to extract energy. In June 1994, the China National Petroleum Corporation bought a 60% stake in Kazakhstan's Aktobe Oil Company for \$ 3.4 billion. (Zera'at Peyma, 2010: p. 10)

Energy cooperation between China and Turkmenistan has also expanded in recent years. In July 2007, the China National Petroleum Corporation signed a production sharing agreement with the Turkmen government to develop gas fields in the Amu Darya Basin. Under the agreement, the company will have to export 1.1 trillion cubic meters of natural gas annually to China from 2009.

## Conclusion

The Caspian Sea is facing serious risks due to the presence of numerous regional and trans-regional actors with differences of interests.

According to some experts in regional studies and international relations observers, part of the competition and struggle between the superpowers to influence in the region will be turned soon and if reasonable political and economic measures are not taken by the coastal countries in the coming years, the possibility of bringing this strategic region into a crisis is not far from expectation. The involvement of the superpowers in the internal decisions of the countries of the region, makes the Caspian Sea basin the field of challenges of the superpowers of the world and the region, and the issues of this area act as an obstacle to solving regional problems of development of the countries in the region.

It should be noted that entering trans-regional powers with different economic and military/security perspectives to the region reduces stability and security. Therefore, in terms of regionalism, due to the high geopolitical value of the Caspian Sea, these countries are not yet seeking convergence, because political considerations on the national interests of countries in the Caspian region are always influenced by the regional powers decision in the geopolitics of the Caspian Sea.

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