

# Russian Policy in the Transcaucasian “Near Abroad”

## The Case of Azerbaijan

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**T**he unexpected collapse of the Soviet Union opened a new era of geopolitical and economic competition on the territory of a failed empire that had only recently encompassed one-sixth of the land area of the world. Perhaps nowhere is this new geopolitics more evident than in the Caspian Sea basin. Where once two countries, the Soviet Union and Iran, bordered the Caspian Sea, there are now five littoral states: Russia, Iran, Kazakstan, Turkmenistan, and Azerbaijan. In the Transcaucasus, a frontier region where ethnic and religious differences have begotten tremendous strife throughout history, regional and global rivalries, most long-dormant, have been rekindled and are now superimposed on the local patterns of conflict. The Transcaucasian political cauldron is stirred further by significant deposits of oil in the Caspian Sea basin. Central to the resulting competition of national and international interests that now characterizes the region's politics are those of Russia. What follows is a consideration of certain of the geopolitical factors now at work shaping developments in the Caspian region, particularly in Transcaucasia and more specifically in Azerbaijan. Of primary importance to this inquiry is Russia's geopolitical role.

Transcaucasia is an area of complex ethnic, religious, and linguistic diversity that has been likened to a “kaleidoscopic jumble of races and nations, languages, religions and civilizations such as exists nowhere else in the world.”<sup>1</sup> Its strategic location was once the buffer zone between Persia and the Ottoman and Russian empires. In the current political landscape, Transcaucasia is again strategically located between Russia, Turkey, and Iran, with each of these countries viewing the area as within its sphere of influence. Generating more than just a regional rivalry, the Caspian's oil potential has fueled ardent interest in the United States and other Western countries. Today, in the Caucasus and Central Asia, a global

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contest wages for influence and control. This contest has been compared by more than one analyst to the “Great Game” of the late nineteenth century, in which the British and Russian empires vied for geopolitical control of the Caucasus and Central Asia.<sup>2</sup>

On the political chessboard of this new “Great Game”, no space is as important as that of Azerbaijan and its Baku oil fields. Coveted at one time or another throughout its history by foreign investors, Russian imperialists, revolutionary Bolsheviks, Nazis, and central planners, Baku has come full circle and is again the object of intense interest among foreign investors. The city is located at the historic confluence of sea and caravan routes. Offshore, but in close proximity, are significant oil reserves. These proven reserves, coupled with the necessity in this landlocked region to transport oil through pipelines, assure Baku a central role in the development of the economy and communications of the Caspian region. Like the keystone in an arch, Azerbaijan is the essential component in any link between Central Asia, the Caucasus, and Europe. The development of such a link, while in the interests of the West, threatens the Russian regional energy and transportation monopolies. Primarily for these reasons, Azerbaijan has been called the Kuwait of the Caspian and is the acknowledged focal point of the geopolitical competition in the region. The following analysis reviews Russia’s basic foreign policy goals in the Transcaucasus as well as some specific policies toward Azerbaijan. A review of the leading institutional actors in the Russian government that participate in the formulation of Russia’s regional foreign policy and of their interests is also undertaken.

### **Russia’s Basic Foreign Policy Goals in the Near Abroad**

The basic goals of Russian foreign policy in the Near Abroad<sup>3</sup> are twofold. Moscow’s first goal is to play the central if not sole role in mediating the resolution of armed conflicts on the territory of the Near Abroad. Pursuit of this goal is both strategic and political. Stability along its southern frontier in the area described as the “arc of instability” is in Russia’s geopolitical interest. Control over the transportation and communication routes is no less important. The importance of the Caspian Basin in Russia’s Near Abroad policy is illustrated as follows:

The Caspian issue is one of the most important geopolitical problems on the territory of the former USSR. The interests of the world’s major states are intertwined there. Strategically, important oil fields and fish stocks are located there. Oil and gas pipelines of vital importance to the Caspian states (including Russia) will originate there.<sup>4</sup>

At a 3 June 1996 summit meeting of the heads of state of Russia, the three Caucasus states of Georgia, Armenia, and Azerbaijan, and leaders of the North Caucasus regions, Russian President Boris Yeltsin outlined five principles of Russia’s Caucasus policy. The first principle stated, in part, “We need stability, security and cooperation throughout the entire Black Sea-Caspian area. Otherwise it will be impossible for Russia, Azerbaijan, Armenia and Georgia to develop normally.”<sup>5</sup>

In the domestic political context, Yeltsin’s reelection team believed that a pos-

itive role in resolving conflicts on the periphery would translate into votes in the June presidential elections. The validity of this view is difficult to assess, but there is some evidence to suggest that the active role of Yeltsin and his administration in efforts to resolve conflicts in Transcaucasia and, in particular, in Chechnya, bolstered the incumbent at the polls.<sup>6</sup>

The second basic goal of Russia's Near Abroad policy is reintegration. Russia seeks reintegration in the form of economic, political, and military union with the countries that once made up the Soviet Union. Upon taking office as foreign minister in early 1996, Yevgeny Primakov immediately stated that priority would be placed on relations with states of the Near Abroad. The Commonwealth of Independent States (CIS) remains the primary structure for reintegration, although new and closer ties such as the emerging union with Belarus are also being actively pursued. A host of political, economic, and military agreements concluded on a bilateral basis between Russia and the countries of the Near Abroad contribute significantly to reintegration. In Yeltsin's statement on the five principles of Russia's Caucasus policy, he also declared, "The road to prosperity for our peoples lies through the development and deepening of cooperation, through integration. I proceed on the basis of the joint experience of economic, political and cultural ties that have been built up over centuries, and the shared culture and history of Russia and the other Caucasian states."<sup>7</sup>

The deft flexibility of the Russian approach is worth emphasizing. Yeltsin has stated that integration may take place not only at different levels but in different areas. Within the CIS, the primary vehicle for reintegration is the Russian Border Guards Force, which is currently deployed in most of the former republics to safeguard the CIS's "common" borders. In those areas where agreements to deploy the Border Guards have not been made (Azerbaijan being particularly noteworthy in this regard), Russia has proceeded through political, economic, and cultural means in its efforts at reintegration. A prime example of this flexibility is a special edition of the Russian magazine *Ogonyok*, published in May 1996 and devoted entirely to Azerbaijan in commemoration of Azerbaijan's Independence Day on 28 May. It was, according to the editor's foreword, the first such special issue published in the nearly 100-year history of the magazine. Such use of the press, which is heavily dependent on the state, is one example of Russian activity on the cultural front. The characteristic Soviet approach to projecting power through military force is being replaced by an indirect and much subtler approach.

Russia's pursuit of reintegration is viewed with particular concern by her newly independent neighbors and by Western observers who believe that successes in reintegration strengthen neoimperialist tendencies within the Russian government to the detriment of democratic development.<sup>8</sup> Political elites in the new independent states of the former Soviet Union strive to ensure that the Commonwealth of Independent States operates, as its name indicates, as a true commonwealth. Meantime, Russia's dominant role is more and more noticeable. One Russian political commentator describes the situation:

A political or economic union takes shape according to two models—the integration of two or several equivalent states, or unification around a leading center. The

convergence of now independent and sovereign states is inevitably taking on the features of restoration, re-integration, and return to the sponsorship of Russia.<sup>9</sup>

With this in mind, Western analysts have asserted that, “if Russia successfully executes its policy of imperial restoration . . . Russian democracy will have little or no prospect of survival.”<sup>10</sup>

While regaining the absolute mastery over the peripheral regions that were lost when the Soviet Union dissolved is neither a realistic nor obtainable foreign policy goal, Russia is determined to re-establish hegemony. This sentiment was aptly expressed as regards the Caspian Basin in the once progressive but now more nationalistic newspaper *Segodnya*: “Not just oil officials and diplomats, but cultures

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and geopolitical orientations are clashing there. The status quo there will not be maintained for long. The only question is who will change it and to whose benefit. Only one solution can satisfy Russia—pre-dominance on the Caspian.”<sup>11</sup>

The combination of Russian policy and perception have resulted in Russia’s own version of the Monroe Doc-

trine. Russia believes it has a proprietary interest in the resources on the territory of the former Soviet Union. This unstated policy confers legitimacy on Russia’s interests in the region and warns outside powers that the area is off-limits. To date, Russia has met with considerable success in pursuit of its policies in the Near Abroad. A major contest is being played out, however, in Azerbaijan.

#### **Russia’s “Near Abroad” Policies in Transcaucasia**

A complete study of Russia’s policies in Transcaucasia would require more space than is available for the purposes of this article. However, a review of Russian policies directly related to Azerbaijan will demonstrate the scope and the seriousness of purpose with which Russia pursues its foreign policy goals in the Transcaucasian Near Abroad.

*Presidential politics.* In the Caspian region it is said that if oil is king then Baku is the throne. In the years since Azerbaijan’s independence, Moscow has played an increasing role in determining who would sit on the throne. Former Azerbaijani President Elchibey, a leader of the pro-Western Popular Front, was elected in June 1992. He pursued a policy of scorning Moscow and developing close ties with Turkey. He successfully resisted pressure to join the CIS and struck oil production deals with a number of Western companies. Elchibey was ousted in June 1993 by a military rebellion reportedly supported by Russia. Elchibey’s successor was Heidar Aliyev, former Azerbaijan SSR KGB and Communist Party chief and alternate member of the Brezhnev politburo, ousted by Gorbachev in 1987.

Aliyev reversed Elchibey's pro-Turkish policies and acquiesced to Russian insistence that Azerbaijan join the CIS. However, Aliyev has proved to be less compliant than Moscow had anticipated. His independence has been demonstrated in a number of subsequent decisions in which he has attempted to strike a compromise between the interests of Russia, the United States, and his own country. Since coming to power, Aliyev has been the target of four coup attempts, reportedly with the support of Moscow.<sup>12</sup>

*Production politics.* To many in Azerbaijan, Russia's proprietary attitude toward the resources of the Near Abroad is eerily reminiscent of the actions of the Bolsheviks in 1918. Amid the general turmoil that followed the collapse of the tsarist empire, Azerbaijan declared its independence on 28 May 1918. Nevertheless, revolutionary Bolsheviks controlled Baku and its oil wealth. When the Treaty of Brest-Litovsk was signed between the Russian Bolsheviks and the Germans in September 1918, Article 3 stipulated that the Russian government would take upon itself the responsibility for exploitation of the oil fields in the Baku region with the condition that one-fourth of the total oil produced would be provided to the Germans.<sup>13</sup> Independence supported by oil wealth again offers Azerbaijan an opportunity to develop statehood. The problems it faces on this path closely parallel those encountered in 1918.

Crude oil production in Azerbaijan peaked in 1941. Since then the oil sector has been in a long, slow decline, where it remains today.<sup>14</sup> A description of the Azerbaijani oil sector after the turn of the century, when Baku crude accounted for half of the world's output, again holds true today: "Overall, the Russian oil industry, particularly around Baku, continued to decline in the decade before the First World War. Its technology was stagnating and falling behind that of the West."<sup>15</sup> The maxim that oil in the ground is useless pertains to the current status of the Azerbaijani fields. The reserves are far from depleted, but the level of Soviet extraction technology has been surpassed. Western technology and know-how are required to boost production.

With this fact in mind, President Elchibey, in 1993, signed a contract with a British-American consortium to further develop the oil fields. Russia challenged the legality of Azerbaijan's claim to the Caspian Sea's resources and enlisted Iran as its ally in this attempt. Redefining the Caspian's status as an "isolated intercontinental salt lake," the Russian Ministry of Foreign Affairs (MFA) has called for joint ownership and development of Caspian Sea resources.<sup>16</sup> This Russian position is further clarified in a letter from the MFA to the British Embassy in Moscow. The letter states, in part, "Any steps by whichever Caspian state aimed at acquiring any kind of advantages with regard to the areas and resources . . . cannot be recognized . . . [and] any unilateral actions are devoid of a legal basis."<sup>17</sup>

It has been difficult to determine the nature of the Russian MFA's challenge in the face of differing signals emanating from other branches of the Russian government and from Russian corporate actions. In a subsequent reorganization of the Azerbaijani International Operating Company (AIOC), the Russian oil giant, LUKoil, has signed on as a limited partner with a 10 percent stake. Also, Russian

Fuel and Energy Minister Yuri Shafranik told Azerbaijani officials that work on the project could begin without waiting for the “official verdict” on the Caspian Sea status.<sup>18</sup> Some analysts have interpreted the inconsistency of Russian statements on the status of the Caspian as indicative of institutional disagreements within the Russian government and between the Russian government and the emerging private sector. (The institutional dimensions of Russia’s policy will be discussed in more detail below.)

Russia continues to use the legal status of the Caspian as its trump card. Currently, Azerbaijan and Kazakhstan view the Caspian Sea as an inland sea that should be divided among the five littoral states for their use. Russia, Turkmenistan, and Iran view the sea as an inland lake, the use of which should be decided jointly among the littoral states. Meanwhile, new contracts are being signed, the Russian ministry of fuel and energy (Minenergo) is continuing to cooperate with Azerbaijan on developing the Caspian, and new consortia, with LUKoil among their membership, are being formed. In fact, LUKoil is the only participant other than the State Oil Company of Azerbaijan (SOCAR) in all three consortia formed to date.

*Pipeline politics.* The current energy infrastructure of the Caspian Sea basin, inherited from the former Soviet Union, links the producing states in the region (Azerbaijan, Turkmenistan, and Kazakhstan) with only Russia and other members of the Near Abroad. To realize the wealth inherent in the oil deposits of the region, the producing countries and the operating contractors with whom they have signed agreements must transport the oil to Western markets. Local, regional, and global geopolitics intersect in all their complexity over the issue of pipeline transportation. On this issue, an article in *Izvestiya* stated:

The struggle for future routings of crude oil from CIS countries to the world market is entering a decisive stage. The victor in this struggle will receive not only billions of dollars annually in the form of transit fees. The real gain will be control over pipelines, which will be the most important factor of geopolitical influence in the Transcaucasus and in Central Asia in the next Century.<sup>19</sup>

The oil potential of the Caspian will not be developed without substantial Western investment of money and technology. Given the fact that significant and proven oil reserves have already been located in the region, the economic risk to the Western investor is low. However, the need to construct new pipeline routes across areas beset with civil wars, separatist movements, and other armed dissident actions poses a significant political risk.<sup>20</sup> A variety of groups have developed numerous pipeline route proposals. In every case, the proposed route would cross an area plagued by armed violence. Controlling the political risks associated with the various options is a major goal of every actor involved in the issue.

Feverish activity on the part of the major powers involved in pipeline decisions has accompanied deliberations on pipeline route selection. A number of related pipeline decisions ultimately will be made as development of the Caspian oilfields continues. The first such decision was announced on 9 October 1995 with the unveiling of the “contract of the century.”

The Azerbaijani International Operating Company decided that initial production of oil (early oil) would be shipped via two different routes to Western consumers. The first route, called the northern or Russian route, will follow existing pipelines from Baku through Russia to the Black Sea port of Novorossisk. The second route, called the western or Georgian route, will transport oil across Georgia to Batumi on the Black Sea. This route will require considerable spending to upgrade existing pipelines.

The selection of two routes was widely viewed as a compromise between Russian and Western interests. *Izvestiya* viewed the decision as a victory of the American aphorism: "Don't put all your eggs in one basket," over the Russian: "If you chase after two hares, you won't catch either of them."<sup>21</sup>

Others took a less-folkloric view, suggesting that the Russian MFA had been completely impotent in defending the countries' interests.<sup>22</sup> The significance of the compromise decision is that it did not exclude Russian or Western interests. Rather, from the Russian point of view, it "reflected the current objective constellation of forces in the region." From the American perspective, it "took into account the geopolitical realities of the region."<sup>23</sup> Both routes will cross war-torn areas, the northern route through Chechnya, and the western through Abkhazia.

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The AIOC's decision on early oil can be viewed as the first skirmish in a much larger battle. Currently, the efforts of the major powers in the region are focused on the next decision: the shipment of what has become known as "main oil." The volume of oil to be shipped is vastly greater, engendering much higher economic and geopolitical stakes.

The route selection decision for main oil is scheduled to be made in mid-1997. Two options will be reviewed. The first will be the same northern or Russian route selected as one of the early oil routes. The second, the southern or Mediterranean route, would extend from Baku through Armenia and across Turkey to the Mediterranean port of Ceyhan. Planners initially designed the route to cross Iran but canceled this variant in the face of threats by U.S. investors to withdraw from the consortium to comply with the U.S. economic boycott of Teheran.

Competition is intense. Early depictions of the two competing choices as northern versus southern were based on geography. In a reflection of clear battle lines in the cold war over pipeline routes, the routes are now often referred to, in the Russian press, as the Russian variant and the Western variant. Turkey, a Western ally, is Russia's direct regional competitor for the transport of the oil from both Azerbaijan and Kazakstan. In a move decried by the Russian government, Turkey has introduced new restrictions on passage of oil tankers through the Bosphorus

straits. This move, ostensibly made on safety and environmental grounds, threatens the volume of Russian shipping passing through the straits from Novorossisk and increases the attractiveness of the West's route to the Mediterranean that bypasses the straits.<sup>24</sup> Russia has responded with its own plan for circumventing the Bosphorus, a proposed pipeline across the Balkan peninsula from Burgas, Bulgaria to Alexandroupolis, Greece. The plan would allow Russia to bypass the straits, but its price may make Russia's route economically unviable.<sup>25</sup> But economics is only one of the criteria on which the main oil route decision will be made. Observers in nearly all the participating states recognize politics, particularly as regards the security of routes, as the principal criterion, followed by geopolitics.<sup>26</sup>

*Peacekeeping politics.* As was noted above, wars endanger both pipeline routes chosen for the transport of early oil. The same is true for both of the routes under consideration for the transport of main oil. Russia's route passes through war-torn and autonomous Chechnya and its capital of Grozny. One of the primary goals of the Russian attack on Chechnya in December 1994 was to secure control of this pipeline.<sup>27</sup> Any conflict in the region with potential ramifications on the transport of oil is sure to attract the attention of other major powers. Russian observers have accused Turkey of supplying and otherwise supporting the Chechen rebels.<sup>28</sup> For reasons of domestic politics and oil geopolitics, Russian leaders grudgingly accepted the peace plan and troop withdrawal engineered by General Lebed in the late summer of 1996.

The Western route for main oil also traverses hostile terrain. The section through southeast Turkey will be subject to the hostile activity of the Kurdish minority. The Kurdish question, of interest to both Turkey and Iran, is not likely to be resolved in the near future. Of more particular concern for the focus of this article is the war in Nagorno-Karabakh. It is in this small Armenian enclave, located inside Azerbaijan, that ethnic and religious identities clash against a backdrop of oil and security policies.

War between the Shi'a Muslim Azeris and the Christian Armenians broke out in 1988. The Armenians demanded complete independence from Azerbaijan. The terms of the CIS Collective Security Treaty call for mutual defense against an outside aggressor but do not address the event of internal aggression or the aggression of one CIS member toward another. In 1992, Moscow proposed that Russia become the guarantor of peace in the region and send in 3,000 peacekeeping troops. The Organization for Security and Cooperation in Europe (OSCE) countered Russia's unilateral plan with a multilateral effort known as the Minsk group. Competition continues over who will broker the peace in Nagorno-Karabakh and under what terms.

Russia's unique political-military position in the region has allowed it to play the leading role in conflict resolution or, if it suits Russian interests, conflict continuation. Nagorno-Karabakh is a case in point. The then-Soviet government in Moscow did not precipitate the conflict. However, successive regimes in the Kremlin have exploited it to advance their own aims in the region.<sup>29</sup> Moscow's aim in the current context is to control the transport of oil from Azerbaijan. It has

a clear interest in continuing the war in Nagorno-Karabakh or alternatively, in being the sole broker, for a price, of a peace plan. The price to Azerbaijan will be political and economic concessions in the oil sphere. Russia, in effect, offers the return and subsequent protection of occupied territory for leverage over Azerbaijani decisionmaking and a percentage of oil profits. Meanwhile, Moscow serves as a military ally of Armenia.

During the week of 13-17 March 1996, in what has been billed in both the United States and Russia as a bilateral diplomatic offensive on ending the Nagorno-Karabakh war, Deputy Secretary of State Strobe Talbott and Deputy National Security Advisor Sandy Berger visited the Transcaucasus region and met with senior Russian officials and the presidents of Armenia and Azerbaijan. Moscow's benevolence, when viewed in light of its goals in the region, should not be taken at face value. First, while delaying tactics have worked in Moscow's favor to date, the flow of early oil will soon bring petrodollars to Baku. That those petrodollars could potentially fund an Azerbaijani arms build-up is not lost on any of the players. At present, the correlation of forces in the region, viewed from Russia, is shifting.

Second, it is possible, albeit remotely, that the conflict in Nagorno-Karabakh could be settled without Russian involvement. The United States has considerable influence with both Azerbaijan and Armenia. One Russian news correspondent suggested that the United States was, in fact, offering to pressure Armenia in return for concessions to U.S. oil companies.<sup>30</sup> Russia will continue to strive for a unilateral role in mediating the conflict. However, rather than be without influence in any potential settlement, Russia has decided to participate in U.S. efforts. Meanwhile, Moscow continues its efforts to play the predominant role in the resolution of regional conflicts, on its own terms. Immediately after the Talbott visit to Transcaucasia, the Russian news service Itar-Tass announced that Yeltsin had agreed with Georgian President Eduard Shevardnadze to organize a conference in Vladikavkaz (the name of the city, in all its irony, means "Ruler of the Caucasus").<sup>31</sup> A pan-Caucasus conference among the political elites of Russia, the Transcaucasian states, and the North Caucasus regions was organized and held in Kislovodsk, Russia at the beginning of June 1996.

### **Russia's Institutional Actors**

In the contest over control of the Caspian Sea's oil resources and the transportation of those resources from producer to consumer, there has emerged on a number of occasions a seeming divergence of views within the Russian government. Early signs of an apparent rift in Russian policy appeared in a July 1995 newspaper article titled, "The Foreign Ministry Reproaches the Fuel Ministry for its Connivance in 'Tearing the Caspian Away From Russia.'" <sup>32</sup> While the foreign ministry insisted that no agreements could be made until the legal status of the Caspian was resolved, the Ministry of Fuel and Energy (Minenergo) warned that, "while we sit and wait, they will be pumping out oil." The Russian oil company LUKoil also appeared to be charting its own course in the Caspian. LUKoil president Vagit Alkperov stated, "We are working. We don't engage in politics. Our

work involves carrying out technological projects and our project . . . is approved by the government of Russia.”<sup>33</sup> He was later quoted as saying, “My main concern is to earn dividends for LUKoil shareholders.”<sup>34</sup>

The confusion over official Russian policy was most evident at the time of the signing of the “contract of the century.” LUKoil’s participation in the consortium once again was viewed as undercutting the Russian MFA’s position. It was further suggested that Minenergo supported LUKoil’s position and was, in turn, supported by Prime Minister Viktor Chernomyrdin, lord of the country’s sprawling natural gas monopoly.<sup>35</sup> The internal rivalry over oil policy is such that, in the words of one observer, “the mere mention of the name of Russia’s largest oil

company at the foreign ministry often evokes a whole range of negative emotions.”<sup>36</sup>

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Emotion aside, one should not make too much of the policy differences within the Russian government. While LUKoil may appear to be operating at variance with official policy, this is unlikely. The close connection between LUKoil and the government was cemented

during LUKoil’s formative stage. At this time, LUKoil’s president, Vagit Alekperov, ensured that a large number of LUKoil shares went to key political figures in the Russian government.<sup>37</sup> It is more likely that LUKoil’s actions are part of an overall carrot and stick approach on the part of the Russian government. There are indications that the legal status of the Caspian Sea is the stick Moscow is holding in hopes of influencing the upcoming transport decision in favor of transporting the Caspian’s main oil via the Russian route. In the interim, LUKoil is the carrot that represents Russian commercial interests in the Caspian and, to date, has done well in complex dealings with local and Western firms. As was noted earlier, LUKoil is the only company outside Azerbaijan that is a participant in all three of the international oil consortia signed by Azerbaijan to date. Its attainment of a 10 percent stake in the AIOC while offering no equity in return suggests that it enjoys influential political protection.

The ministerial confusion exhibited over the Caspian Sea oil issue has been reported to be the result of a domestic power struggle between forces supporting Russia’s military-industrial complex on the one hand, and forces supporting the oil and gas complex and the prime minister on the other.<sup>38</sup> This portrayal may not be entirely correct, as even more Russian ministries and major oil organizations have been identified as being involved in Caspian oil politics.<sup>39</sup> The significance of the reported split in the Russian government is also brought into question by the director of the Russian Foreign Ministry’s legal department, Aleksandr Khodakov, who dismissed the rumors as innuendo, saying, “Their [MFA and Minenergo] tactical lines may differ, which is only natural in policy-making. But they

do share views of their strategic interests."<sup>40</sup> Given Russia's considerable interests in the Black Sea–Caspian Sea region, it is understandable that a host of government ministries and commercial organizations would each have a role in policy formulation. Conspicuous, however, in their absence from the list of Russian ministries and oil organizations involved in oil decisionmaking (see note 39), are both the Defense Ministry and the security services. The strategic interests shared by the other participants are determined and articulated, first and foremost, by these participants. To underestimate their key role in the Caspian regional oil geopolitics would be negligent.

While Russia's desire to be the sole peacemaker and peacekeeper in the Near Abroad has been discussed above, it should also be noted that Russia's influence in the Near Abroad is spread through military basing agreements and deployment of Border Guards units to defend the common borders of the CIS. So far, Azerbaijan, due in large part to the political savvy of President Aliyev, has withstood Russian pressure. Neighboring Georgia and Armenia have not. Recent statements by Aliyev indicating he may be willing to subscribe to a border agreement with Russia indicate that the precarious balance he has maintained is increasingly susceptible to upset.<sup>41</sup> At meetings between Russian Deputy Prime Minister Aleksey Bolshakov and Azerbaijani Deputy Prime Minister Abbas Abbasov, held in the border area of Dagestan in early July and attended by the leadership of the border troops of both countries, the two sides agreed on the urgency of resolving problems related to transportation, communications, and border crossings.<sup>42</sup> Meanwhile, the Azerbaijani press reports that elements of the Russian Black Sea Fleet, consisting of border troops and other shore units, will be transferred to Astrakhan on the Caspian Sea.<sup>43</sup> Russia's strategic aims in Azerbaijan are clear. It remains to be seen whether Western interests can muster the strength to support Azerbaijan's efforts to remain outside the Russian sphere of influence.<sup>44</sup>

Foreign Minister Primakov, a keen Kremlin authority on the Islamic world, is clearly seen as someone with whom Azerbaijan can do business. The Azerbaijani ambassador in Moscow characterized Primakov as being "familiar with Azerbaijan and its problems. I am convinced that Yevgeny Maksimovich will do much that is good for the mutually beneficial development of relations between our countries."<sup>45</sup> It was not mere diplomatic platitudes. A source in the presidential administration in Baku stated, "The chances of peace in Nagorno-Karabakh are 'real by 90 percent' after Yevgeny Primakov took office."<sup>46</sup> Primakov's experience in the Caucasus (he grew up in Tbilisi, Georgia) and in the Middle East, coupled with his background as a Soviet insider, foreshadow a heightened threat to Western interests in the Caspian region.

The magnet of oil has attracted a variety of opposing forces to the Caucasus. The stakes are high in this new "Great Game." Besides national and corporate treasuries, Caspian oil will fuel the region's political development. Russian neoimperialist tendencies in the region, if not checked, will doom the political development of the newly independent states of the region. Furthermore, the same tendencies, reinforced by success, will threaten Russia's own transition to democracy.

## NOTES

1. Fitzroy MacLean, *To Caucasus* (London: Jolly & Barber, 1976), 12.
2. See, for example, Ariel Cohen, "The New 'Great Game': Oil Politics in the Caucasus and Central Asia," Heritage Foundation *Backgrounders* No. 1065, 25 January 1996; and Rossen Vassilev, "The Politics of Caspian Oil," *Prism*, 12 January 1996.
3. The fourteen former republics of the Soviet Union, apart from Russia, are categorized by Russian policymakers and observers as the Near Abroad.
4. *Segodnya*, 8 September 1995, 9. Trans. in FBIS-SOV-95-188-S.
5. *Rossiyskiye vesti*, 4 June 1995, 1. Trans. in FBIS, MM0406105196.
6. For example, Yeltsin's short-lived but successful courtship of populist former army Lt. Gen. Aleksandr Lebed, who had promised during his own presidential campaign to bring a quick settlement to the fighting in Chechnya, helped win a second term for the Russian president in the July 1996 runoff election. Yeltsin reluctantly gave Lebed a free hand to negotiate a settlement with Chechen rebel leaders.
7. *Rossiyskiye vesti*, 4 June 1996, 1.
8. See for example, Brzezinski, Zbigniew, "The Premature Partnership," *Foreign Affairs*, 73, no. 2 (March/April 1994). In fact, the conclusion to the section of Brzezinski's article titled "The Imperial Impulse" emphatically states that, "Russia can be either an empire or a democracy, but it cannot be both."
9. *Nezavisimaya gazeta*, 17 May 1996, 3. Trans. in FBIS-964E1382A.
10. William E. Odom and Robert Dujaric, *Commonwealth or Empire? Russia, Central Asia and the Transcaucasus* (Indianapolis: Hudson Institute, 1995), 1.
11. *Segodnya*, 8 September 1995, 9. Trans. in FBIS-SOV-95-188-S.
12. Cohen, "The New 'Great Game'," 4.
13. The pro-independence political works of Ali Mardan-Bek Topchibashev, the leader of the Azerbaijani parliament in 1918, have been reprinted and are widely cited in Azerbaijan in the context of current efforts to maintain independence. The Bolshevik presumption of control over Baku is cited in A. M. Topchibashev, *Memorandum to Representatives of the Entente Powers from the Azerbaijan Minister-Plenipotentiary*, 1918 (Reprint Baku: Azerbaijan Press, 1993).
14. Robert E. Ebel, *Caspian Sea Pipeline Issues* (Washington: Center for Strategic and International Studies, 1995), 23.
15. Daniel Yergin, *The Prize: The Epic Quest for Oil, Money & Power* (New York: Simon & Schuster, 1991), 133.
16. Baku Radio Turan in English, 1315 GMT, 16 May 1995, in FBIS-NC1605184495.
17. Stephen Blank, "Energy and Security in Transcaucasia," *Problems of Post-Communism*, July-August 1995, 14.
18. *Ibid.*
19. *Izvestiya*, 15 June 1995, cited by Ebel, *Caspian Sea Pipeline Issues*, 14.
20. See Ebel, *Caspian Sea Pipeline Issues*.
21. *Izvestiya*, 10 October 1995, 2.
22. *Moskovskie Novosti-Business*, 18 October 1995, 1.
23. *Ibid.* Zbigniew Brzezinski, quoted in *Segodnya*, 12 October 1995, 7.
24. See "Russia, Turkey in Straits Spat," *Washington Times*, 15 April 1996, A13.
25. See "Trans-Balkan Pipeline Deal May Unravel," *Moscow Tribune-Business*, 29 March 1996, 40.
26. For example, "Burning Topic: Where Will Kazakhstan's Oil Flow?" *Aziya-Ezh*, in Russian, August 1995, trans. in FBIS-SOV-95-160-S; and "The Main Condition Is the Project Should Be Cheap and Safe," *Rezonansi*, in Georgian, 2-3 May 1995, trans. in FBIS-SOV-95-091.
27. Testimony of Ambassador John Maresca, U.S. Department of State, in hearing, *Ethnic Violence in Transcaucasia, Commission on Security and Cooperation in Europe*, 103rd Congress, 1st Session, 8 March 1993, 8. Cited by Cohen, "The New 'Great Game'," 7.

28. *Krasnaya zvezda*, "Who Holds the Key to Caspian Oil?" 23 January 1996, 3.
29. Blank, "Energy and Security in Transcaucasia," 5.
30. Interfax (Independent Russian News Agency), Moscow, 14 March 1996.
31. Reuter from Moscow, 19 March 1996.
32. *Segodnya*, 19 July 1995, 2.
33. *Zerkalo*, 25 May 1995, 7.
34. *Rabochaya tribuna*, 18 July 1995, 2, trans. in FBIS-SOV-95-138.
35. *Kommersant-Daily*, 10 November 1995, 4.
36. "A Small Oil War: The 'Battle for the Caspian' in Russian Corridors of Power," *Segodnya*, 8 September 1995, 9, trans. in FBIS-SOV-95-188-S.
37. *The Moscow Times*, 27 February 1996
38. *Moskovskie Novosti-Business*, 3 October 1995, 15.
39. *The Moscow Tribune-Business*, March 29, 1996. The roster of players on the Russian team in this great game include five ministries: the Office of the Prime Minister, the Ministry of Fuel and Energy, the Foreign Ministry, the Ministry of Economics, and the Ministry of Foreign Economic Relations. Other major oil organizations include Gazprom, LUKoil, Roszneft, Transneft, and Zarubezhneft.
40. Interfax, 4 November 1996, in FBIS-SOV-95-214.
41. *Zerkalo*, 24 February 1996, trans. in FBIS-SOV-96-046.
42. Baku Radio Baku Network in Azeri, 1800 GMT, 9 July 1996, trans. in FBIS-NC0907200396.
43. Baku Radio Turan in English, 1700 GMT, 12 June 1996, in FBIS-NC1306073796.
44. In the United States, the immediate problem is repeal of Section 907 of the Freedom Support Act which forbids U.S. concerns from rendering all but humanitarian aid to Azerbaijan. The section was the result of America's large and politically active Armenian lobby.
45. *Nezavisimaya gazeta*, 19 January 1996, 3, trans. in FBIS-SOV-96-025-S.
46. Interfax, 29 January 1996, in FBIS-SOV-96-020.