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*Any views or opinions herein expressed are solely the author's and do not necessarily represent those of the NATO Association of Canada.*



## Euro-Caspian Energy Security and Geoeconomics

*Robert M. Cutler*

*interviewed by Michael Hilliard*

This edited transcript of a 40-minute podcast interview (1 November 2020) covers the Caspian Sea's legal regime, national interests of its littoral states, Turkey's role in Euro-Caspian energy security, American and Chinese interests in the region, and why the Caspian Sea's significance will increase still more in future.



The Energy Security Program, directed by Dr. Robert M. Cutler ([rmc@alum.mit.edu](mailto:rmc@alum.mit.edu)), is an activity of the NATO Association of Canada, Toronto, a non-profit organization having the mission to keep Canadians informed about the significance of NATO. The Energy Security Program (<http://natoassociation.ca/category/programs/energy-security/>) seeks, in addition, to inform the international policy community on energy-related issues of significance to NATO member-states.

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# Euro-Caspian Energy Security and Geoeconomics

ROBERT M. CUTLER *interviewed by* MICHAEL HILLARD<sup>1</sup>

## 1 INTRODUCTION

**Michael Hilliard:** Robert M. Cutler is Senior Research Fellow and Director of the Energy Security Program at the NATO Association of Canada. He is also a Fellow of the Canadian Global Affairs Institute. Robert is *the* expert when it comes to energy policy and strategic issues in Central Asia, and we are very pleased to have him join us today. Robert, can you explain in broad terms why the Caspian Sea is so important, not just to the Central Asian countries and Russia, but basically to the world at large?

**Robert M. Cutler:** Thank you for inviting me. The biggest player in the Caspian Sea region is and always has been Russia, at least since they expanded into Central Asia in the nineteenth century. The Caspian Sea is a unique body of water in the centre of Eurasia, bordered by Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan. If you zoom out from the Caspian Sea, you get eventually Siberia, you get China, you get India (although the Himalayas are in the way), you also get the South Caucasus, and you even get over to the Black Sea. Thus, although it seems a bit remote and isolated when regarded from some distant parts of the world, still it is in fact a very important region to the great powers in the area, and even to the United States and the European Union, especially because of its energy resources.<sup>2</sup>

## 2 THE LEGAL REGIME OF THE CASPIAN SEA

**Michael Hilliard:** In 2018 the five countries with coastlines, the so-called littoral countries, signed the Convention on the Legal Status of the Caspian Sea in Aktau, Kazakhstan. It is therefore sometimes called the Aktau Treaty. One of the Aktau Treaty's major points was to determine whether the Caspian Sea was legally a sea or lake. What difference does this make in real terms?

**Robert M. Cutler:** Well, this was a question of trying to find a legal regime for the sea after the Soviet Union fell apart. The old Soviet-Iranian regime arrangement did not work anymore, because you had three new independent states. In fact, neither of the proposals, to treat the Caspian Sea as a lake or as a sea, was adopted. Let me explain why. The significance was, that if it was to be considered an international sea, then the UN Convention on the Law of

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<sup>1</sup> For the original podcast, see: Interview of Robert M. Cutler by Michael Hilliard, "Who Controls the Caspian Sea?", *The Red Line*, (audio) Podcast 29, 1 November 2020, <<https://podcasts.apple.com/us/podcast/29-who-controls-the-caspian-sea/id1482715810>>.

<sup>2</sup> Robert M. Cutler, "The Central Eurasian hydrocarbon energy complex", *Newsletter* [of the International Institute of Asian Studies], No. 62 (Winter 2012): 24–25, <[https://www.iias.asia/sites/default/files/nwl\\_article/2019-05/IIAS\\_NL62\\_2425.pdf](https://www.iias.asia/sites/default/files/nwl_article/2019-05/IIAS_NL62_2425.pdf)>.

the Sea would apply. That would have enabled each state to claim full jurisdiction up to 12 nautical miles from its shoreline, and an exclusive economic zone (EEZ) for another 24 miles. Outside of that, there would be an area in the centre of the sea for which the regime would still have been undecided.

Russia made such a proposal in the mid-1990s, suggesting that this centre portion should be subject to a regime called “joint-use”, meaning that nothing could be done without everybody agreeing to it. The other option under international law was to consider the Caspian Sea as an inland lake. That would have meant that no coastal state could take unilateral action to establish national control over seabed resources; all the others would have to agree. This would be a *liberum veto* regime (literally “free veto”, i.e. anyone can say no).

In fact, the Aktau Treaty arrived at a third arrangement that could have been foreseen in the beginning, insofar as the Caspian Sea, in fact like the Black Sea, is not only a unique but also a rather particular body of water, therefore needing a specially tailored (in law *sui generis*, i.e. of its own kind) arrangement. The Caspian Sea thus now has unique legal regime, treated neither as an inland lake or as an international sea. All of these points were hammered out over the course of negotiations.

The major point for Russia is that no non-littoral country can put its flagged ships, including warships, into the Caspian Sea. Only ships with the flags of one of the five coastal countries can go there. The Russians wanted this, because they are the dominant naval power there and wish to remain so. The other major point of the Convention was that, due to the insistence of Turkmenistan and Azerbaijan in particular, the national sectors of the seabed collectively exhaust the seabed. That is, there is no undefined region in the centre.

It is thus not the case that every country of the five has to agree with any project to lay pipelines or exploit resources. For example, in the case of the famous Trans-Caspian Gas Pipeline (TCGP) project between Turkmenistan and Azerbaijan, the two countries’ sub-sea sectors share a border; so if they decide to build this pipeline, the Aktau Treaty enshrines their irrevocable right (that they always had, by the way, under international law) to do that without needing anyone else’s permission. The other countries can ask questions about environmental conservation, but they cannot veto the project. And those are the two major points of the Aktau Treaty: Russia conserves its superior naval influence, and resource exploitation is not dependent on unanimity.<sup>3</sup>

**Michael Hilliard:** In the negotiations, Russia and the former Soviet republics wanted to divide up the sea basically in proportion to their share of the coastline, but Iran wanted five equal parts. Can you take us through why Iran would have preferred this second option?

**Robert M. Cutler:** Yes, you are referring to a rule called the “modified median line” rule, which is a rule for drawing the lines that divide the seabed. The details are unimportant here, but it is a well-used, standard, conventional rule. If they used that rule, or frankly if they used any other standard method for which there is precedent in international law, then Iran would get only 13 or 14 percent.

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<sup>3</sup> Robert M. Cutler, “The Caspian Convention and Caspian Energy”, *Energy Security* (blog), NATO Association of Canada, 14 August 2018, <<https://natoassociation.ca/the-caspian-convention-and-caspian-energy/>>.

The other thing to know about the Caspian Sea is that the north of it is very shallow and the south of it is very deep; and Iran, of course, is in the south, but it does not have the technology to explore or exploit the energy resources in its offshore. That requires very advanced technology, to which they have no access, due to the various embargoes and so on, except for a probably smuggled-in Swedish design that they used to construct one relatively shallow platform some years ago.

### 3 THE NATIONAL INTERESTS OF THE LITTORAL STATES

**Michael Hilliard:** In terms of major funding and infrastructure projects, the cities on the Caspian Sea have always taken a second place to those on the Black Sea. Why would that be the case?

**Robert M. Cutler:** That is a very good question. Azerbaijan, Kazakhstan, and Turkmenistan are newly independent states. When they were part of the Soviet Union – or of the Russian Empire before then – Russia already had Astrakhan, which obviated the need for any other port, although Baku was developed somewhat for its oil and gas. Kazakhstan has an important southern coastal city, Zhanaozen, but it is not a specifically energy-related city. As for Iran, the history of Persian civilization has been mainly concentrated in areas away from the Caspian Sea littoral, and all the great conurbations of the various Persian empires and of Iran are away from there, so it was not regarded as of great strategic interest, at least not until these new energy resources became exploitable in the post-Soviet era: because even though the Soviets had mapped some of them already, they lacked the technology to develop them. Now these regions are seen as more strategic than they were in the past.

**Michael Hilliard:** Staying with Iran, what do you think Tehran's overall strategic goals are in the Caspian Sea?

**Robert M. Cutler:** Aside from general prestige questions mentioned before, they desperately want to exploit the energy resources in their offshore. This is the Caspian Sea's main potential benefit to them. But as I said, their part of the sea is very deep; they lack the technology and are barred from acquiring it. In fact, one of the several side-deals that got the Aktau Treaty done was that the Russians offered to build platforms for the Iranians in Astrakhan and float them across the Caspian Sea for Iran to use. This was one of the ways in which Iran's agreement was purchased.

**Michael Hilliard:** Let us look to the north now. The Caspian Sea is the only sea to which Kazakhstan has access. Can you take us through why the Caspian Sea is so important to Kazakhstan, and what its overall strategic goals might be here in the region?

**Robert M. Cutler:** Well, here it would be convenient to mention Kazakhstan and Azerbaijan together. Aside from securing the access to and the egress of their energy resources, Kazakhstan and Azerbaijan, as well as a number of other countries to the east and the west, from China to Turkey, and including Central Europe, are cooperating in what called the Trans-Caspian International Transport Route (TCITR).

The TCITR is an infrastructure project for transportation of commodities via containerization. Baku has built up a very impressive port with multimodal capabilities to play this role, and Kazakhstan has done the same on its own coast. Promoting intercontinental transport from Asia to Europe is one of the definite interests of both Kazakhstan and Azerbaijan in the Caspian region. They have been cooperating for some years on this, as construction of such infrastructure requires very specific and detailed technical cooperation.

**Michael Hilliard:** In your opinion, with almost all of Kazakhstan's major trade routes and energy infrastructure going through Russian territory, would they be trying to diversify their trade routes in case things ever go bad with Moscow?

**Robert M. Cutler:** Yes, of course; and that is exactly what they are doing. If you can get from Aktau to Baku, then there are other markets that you can serve. The routes will go into Turkey and then Southeast Europe from there. Since the distances on such route are shorter than through European Russia, the cost of transport is more economical, so the route – at least so they hope – will be more patronized by shippers.

**Michael Hilliard:** Does this also apply to Turkmenistan, where they have similar goals for the region?

**Robert M. Cutler:** Turkmenistan is also involved there, building up infrastructure on its own coast, for example at a town called Kuryk, near Aktau. The TCGP is also important to them, and in that connection, I should probably mention also the so-called Trans-Caspian Oil Transport System (TCOTS) from Kazakhstan. This has been on the drawing-boards for over a dozen years, since 2007, when France's President Nicolas Sarkozy welcomed Kazakhstan's President Nursultan Nazarbayev to Paris. That would be a way to get more Kazakhstani energy to Europe. Kazakhstan has enormous resources. In the northwest of the country there is the Tengiz oil field, which is onshore, and also there is the Kashagan gas and condensate field, which is offshore and where, after years and years of development, the consortium has finally taken the decision to proceed with its next investment stage.

In fact, Kazakhstan is going to have a problem in the next few years. They are going forward with the next stages of development not only of the Kashagan offshore oil and condensate field, but also of the onshore Tengiz oilfield. Kazakhstan simply lacks enough pipeline capacity to carry all the anticipated production, so it is in Kazakhstan's interest to find consumers and then find ways to get their production to market. Turkmenistan shares this interest because almost all Turkmenistan's exports now go to China. They have started exporting a little to Russia again, but not by any means the amount that they used to, more like one-tenth the volume that they used to. Turkmenistan thus also shares this desire for a trans-Caspian corridor.<sup>4</sup>

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<sup>4</sup> Robert M. Cutler, "The Caspian Sea Basin and Europe's Energy Security", *Geopolitics and International Security Studies* (Brussels: Beyond the Horizon ISSG, 6 February 2019), <<https://behorizon.org/the-caspian-sea-basin-and-europes-energy-security/>>, English translation by the author of his presentation, "Le bassin de la mer Caspienne et la sécurité énergétique de l'Europe", at the Conference *Les récentes découvertes d'hydrocarbures dans les voisinages de l'UE; portée et conséquences*, Université Saint-Louis, Brussels, 31 January 2019.



**Michael Hilliard:** What about Azerbaijan? Should they be worried about the Russian dominance of the Caspian Sea, or the fact that Russia is moving their Caspian naval base much closer to Azerbaijani waters? How do you view the Russians' move here? Do you think moving from Astrakhan to Kaspysk is a signal to Baku that Russia is taking the Caspian Sea region more seriously, or is moving the fleet into Dagestan (a historically problematic region for Moscow) in the same vein as Chechnya, just simply a jobs program for the region?

**Robert M. Cutler:** You are correct that the Russians are building a new naval base in Dagestan at Kaspysk, and they are going to transfer their main operations to there from Astrakhan. But the Azerbaijanis and Russians are actually strategic partners. Notice that in the recent Nagorno-Karabakh conflict, the Russians have not come in on the Armenian side, contrary to the expectations of many people who observe things from a great distance without attending to local details. Russia will not send troops there unless they are peacekeeping troops at the end of the conflict. But to return to your question about Azerbaijan, no, Baku is not concerned. It is not a zero-sum game for them. From 2005 to 2008, Azerbaijan bought \$5 billion in Russian military equipment. Russia still remains their second-largest military weapons-system supplier.

Azerbaijan has done a very good job of diplomatic hedging, you know: it has these relations with the US and Europe and Iran. It has good relations with Iran because of their situation, and it also has very good relations with Turkey. Azerbaijan, as it always has been, remains stuck in the middle amongst Russia, Turkey, and Iran. And they have done a very good job of keeping their margins of manoeuvre open. President Aliyev in Baku and President Putin in Moscow have very good personal relations. The militaries of the two countries have very good relations. Therefore, I do not believe that Azerbaijan has any trepidation over Russia, even if Russia is moving its fleet and its headquarters from Astrakhan to Kaspysk.

#### 4 TURKEY AND EURO-CASPIAN ENERGY SECURITY

**Michael Hilliard:** An increasingly big player in this region is Turkey. Does Ankara have a strategy for the Caspian Sea?

**Robert M. Cutler:** Turkey of course, as you remark implicitly, is not a littoral state of the Caspian Sea. Turkey's interest in the region has mainly to do with the pipelines, because the fabled Southern Gas Corridor (SGC) that the European Union has been building begins in Baku and goes through Tbilisi into eastern Turkey, then crosses Turkey via the so-called TANAP pipeline (which is the Turkish acronym for the Trans-Anatolian Natural Gas Pipeline) into Greece and ends in southern Italy through the Trans-Adriatic pipeline (TAP); and all these pipelines need to be filled.

Turkey off-takes gas from TANAP. The SGC's construction is complete now that the TAP is finished; it is going to open in the very near future.<sup>5</sup> It is therefore in Turkey's interest

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<sup>5</sup> It opened two weeks after this interview: "Trans Adriatic Pipeline Starts Operations", *Offshore Engineer*, 17 November 2020, <<https://www.oedigital.com/news/483273-trans-adriatic-pipeline-starts-operations>>.

as well as Azerbaijan's interest, since the State Oil Company of the Azerbaijani Republic (SOCAR) is the majority owner of TANAP. In fact, Azerbaijan is the largest foreign direct investor in Turkey, through the energy infrastructure. It is in their common interest to assure and to expand the volumes of gas that might flow through the SGC, including the TANAP and the TAP.

**Michael Hilliard:** If the TCGP is completed and enters into operation, and gas flows freely from Turkmenistan all the way through to Europe, do you think this will put a dent in the political leverage that Russia has over Europe due to EU reliance on Russian gas exports?

**Robert M. Cutler:** Exactly. The Germans have tried to build the NordStream Two (NS2) pipeline, because they are uncomfortable with their sole dependence on the route for Russian gas through Ukraine and Poland. But even if NS2 were completed, any final political decision about it will be challenged in EU courts and then will be appealed; and this will go on for years, during which it is unclear whether gas will ever flow.<sup>6</sup>

In the next year or two, German and European gas demand will not increase too much, because of the economic recovery from the government lock-downs. But after two years, this demand is going to soar. They have the capacity to import liquefied natural gas (LNG) from the US, Qatar, or anywhere else. But two years out, the price of that LNG is going to be much higher. And they are going to need energy more, because their own domestic EU gas production is falling off.

The European Green Deal is severely affected at the same time, because many of the funds originally planned for that will now be used instead to promote economic recovery from lock-downs. This is why – given that NS2 has problems and the TurkStream Two (TS2) has problems – the EU is still interested in gas from Turkmenistan flowing via the TCGP into the SGC. All conditions are in place now for the TCGP to be realized, and Europe will welcome Turkmen gas.<sup>7</sup>

If Turkmen gas does not get to Europe for whatever reason, that would not be the end of the world for Europe; they would find something else. In fact, it is the economic recession – the financial situation resulting from the lock-downs – that has brought the TCGP back onto the agenda. So yes, the TCGP definitely has this opportunity. Europe is interested, and the pipeline would make a difference. But the ball is really in Turkmenistan's court now.

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<sup>6</sup> NATOCANADA [NATO Association of Canada], "What Next for the Nordstream 2 Pipeline?", Webinar of the NATO Association of Canada's Energy Security Program, YouTube Video, 1:22:00, 16 September 2020, <<https://www.youtube.com/watch?v=7nHCZPRL0a4>>.

<sup>7</sup> For details on the geoeconomics, see Robert M. Cutler, "How Central Asian energy complements the Southern Gas Corridor", *EurActiv*, 24 January 2018, <<https://www.euractiv.com/section/energy/opinion/how-central-asian-energy-complements-the-southern-gas-corridor/>>; for particular details of the business plan, see Robert M. Cutler, "Third time lucky for Trans-Caspian Gas Pipeline?", *Petroleum Economist*, 6 June 2019, <<https://www.petroleum-economist.com/articles/politics-economics/europe-eurasia/2019/third-time-lucky-for-trans-caspian-gas-pipeline/>>; for a detailed synthesis and historical and current developments as of early 2020, see Robert M. Cutler, *The Trans-Caspian Is a Pipeline for a Geopolitical Commission*, Energy Security Program Policy Paper 1 (Toronto: NATO Association of Canada, March 2020), <<https://www.natoassociation.ca/wp-content/uploads/2020/04/Trans-Caspian-Pipeline-Geopolitical-Commission-ESPPP01.pdf>>.



## 5 AMERICAN AND CHINESE INTERESTS IN THE REGION

**Michael Hilliard:** With the Aktau Treaty keeping out foreign-flagged ships, the US has no ability to put American naval ships into the Caspian Sea. Does that mean that the US has no Caspian Sea policy? Does the US have a strategic goal for the Caspian Sea?

**Robert M. Cutler:** In February 2020, the US came out with a new strategic document for Central Asia through 2025, including Afghanistan. That is because the bureaus of the State Department were reorganized some time ago, so that the Central Asian desk is now concerned with Afghanistan as well. But right now, the main strategic US interest in the Caspian Sea region is the Northern Supply Route to Afghanistan via Georgia, Azerbaijan, and Central Asia proper. That is the principal US strategic interest. Of course, there are also American industrial companies that produce very highly-specialized capital goods for the energy sector, and this fact augments the American interest in helping the EU to diversify its sources of energy supply. The TCGP is an obvious candidate for that.<sup>8</sup> So those are the two main prongs of the US interest there. There are others, but those are the two main ones.

**Michael Hilliard:** And what about China? Beijing has been putting a lot of money into the Central Asian region lately, indeed for a long time. Will that translate into a Caspian Sea policy for Beijing?

**Robert M. Cutler:** The Chinese have in fact been present in the Caspian Sea region since the mid- to late 1990s. They took a majority stake in certain onshore fields in western Kazakhstan fields, and they took losses for years in order to keep that foothold. Eventually, in 1997, they succeeded in negotiating an agreement for an oil export pipeline from Kazakhstan. Different sections of it were constructed through the first decade of the century. This oil pipeline runs all the way from western Kazakhstan, across Kazakhstan, into western China and from there into central China.

After the Turkmens and the Russians fell out over the April 2009 gas pipeline explosion, for which each blamed the other, the Turkmens turned even more definitely toward the Chinese. The Chinese stake in Turkmenistan is in the eastern part of the country greatly expanded, although not on the Caspian Sea coast. They helped to develop the immense Galkynysh gas field, as well as the nearby Altyn Asyr gas field, and to build the pipeline from there into China. China is interested in the infrastructure, but that happened well before the Belt and Road Initiative (BRI).

China continues trying to get footholds, like in Georgia's projected Black Sea port at Anaklia, which was to have been developed into a mega-port with a lot of multimodal capability; but it is not clear whether that is going to go through now. There was a lot of Chinese investment there that no one knew about, and it is not clear what happened to all the money.

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<sup>8</sup> Matthew Bryza, Robert M. Cutler, and Giorgi Vashakmadze, "US foreign policy and Euro-Caspian energy security: The time is now to build the Trans-Caspian Pipeline", *EnergySource* (blog), Atlantic Council, 12 June 2020, <<https://www.atlanticcouncil.org/blogs/energysource/us-foreign-policy-and-euro-caspian-energy-security-the-time-is-now-to-build-the-trans-caspian-pipeline/>>.

China has been trying to get a foothold in Azerbaijan since the late 1990s, originally through energy investment, but now they have been trying to project power strategically through more general economic investment.

## 6 SIGNIFICANCE OF THE CASPIAN SEA TODAY AND TOMORROW

**Michael Hilliard:** The other four states on the Caspian Sea besides Russia have friendly with Moscow. But will that relationship last forever? And if one of those countries does eventually turn against Russia, which one do you think would be the most likely candidate?

**Robert M. Cutler:** Well, forever is a long time; but relationships souring with Moscow is not likely in the foreseeable future. All of these countries may be unhappy with certain things that Russia may do, but that is international relations. You have partners, you are happy with some of the things they do, and you are unhappy with some of the things they do.

Look at the list. Kazakhstan exports grain to Russia and oil through Russia. There is a long history of cooperation with Russia. Kazakhstan had a special place in the Soviet Union. The Soviet lexicon used to refer to “Kazakhstan and Central Asia”, *viz.*, they considered Kazakhstan to be a special country apart from Central Asia. It is a special country, but it is in fact part of Central Asia.

As for Turkmenistan, it has no reason to turn hostile to Russia or express displeasure with Russian affairs: nor Azerbaijan, for the reasons that I discussed previously. Iran has no capability or interest to do so because, to borrow Henry Kissinger’s infelicitous phrase about Bangladesh (which ruined Bangladesh’s reputation for decades), I do think that it is increasingly apropos to refer to Iran as an “economic basket-case”, and moreover of their own doing.

Iran’s problems have been in the headlines; so, people who want to know the details, know the details; and I do not have to go into that. But Iran has no motive to sour relations with Russia either, as Tehran needs all the help it can get from those who can help, especially under conditions of international sanctions. Iran has no motive to contradict or to make unfriendly noises about Russia. For the foreseeable future, therefore, there are no foreseeable reasons why any of these countries would want to have unhappy relations with Russia.

**Michael Hilliard:** My last question is, do you think the Caspian Sea will become more important or less important to the wider geopolitical community over the next two or three decades?

**Robert M. Cutler:** I alluded to this in the reply to one of your previous questions. The Caspian Sea region is much more central than it used to be to international relations. This region is where a lot of things come together. The international system still has sets of bilateral relations, but networks are at least as important now, especially for the second- and third-tier powers. Networks have nodes, and the Caspian Sea region is a key node, and it will become still more so now, also in a much more material and down-to-earth way.

The Caspian Sea region will continue to be important and Caspian oil- and gas-producing states will not lose their geopolitical significance, because of their centrality. Even though many Western companies (though not all of them) have been withdrawing assets from and selling their stakes in Caspian Sea energy projects, BP is still there and it is going to

stay there, along with others. The region will continue to be central, first of all because the EU will continue to pursue gas-supply diversification. It will push for the pipelines of the Southern Gas Corridor to operate at their full capacities. For that to happen, more gas fields in the Caspian Sea region have to come on-line, including from Turkmenistan.

Actually, Turkmenistan's gas field is ready to go. They just need to build a pipeline under the sea to operate at the necessary capacities. The US, despite wishing to promote its own LNG exports, has endorsed and will continue to endorse efforts to diminish Russia's market share. Second, the consortia that are already invested in the mega-projects in the Caspian Sea region need to get their investments back. They want to ensure a reasonable return on their already sunk costs, so they are not going to abandon it either. In fact, when they have more capital and when demand rises towards the middle of the decade, they are either going to be making more investment decisions in so-called "brownfield" old fields, like Azerbaijan's offshore sector, or also "greenfield", which would be new ones.

So for all these reasons, the Caspian Sea region broadly considered – or what might be called, to my mind, the Greater Caspian Sea region (and which would include the South Caucasus and possibly even the entire Black Sea coast, as well as southwestern Siberia, western Kazakhstan and Turkmenistan, and northern Iran) – will continue to be geopolitically and strategically important, both for the obvious material reasons and for the slightly more abstract systemic reasons that I outlined before. These countries' importance will therefore increase and certainly not decrease.

## 7 CONCLUSION

**Michael Hilliard:** The Caspian Sea will have a far greater impact on the entirety of Eurasia than we ever thought possible, and every country bordering it seeks to use it to its own advantage. Iran is desperate for friends and trading partners and sees the Caspian Sea as a source of additional energy resources. With US sanctions, what other choice do they have? Kazakhstan sees not only the energy potential on its western shores but also has a Caspian Sea insurance policy. Right now, Kazakhstan is very much reliant on Russia to transport its goods onward to European markets. And whilst Moscow and Nur-Sultan are partners right now, all that is fine.

But if and when storm clouds start appearing on the horizon with Russia, Kazakhstan will require another route into Europe; and that route may be over the Caspian Sea into Azerbaijan. Azerbaijan already has the biggest city on the sea (Baku, its capital), and already has pipelines heading through Turkey from the western shores of the Caspian. The Azerbaijanis are setting themselves up to be the alternative gateway into Europe for the Central Asians, because even if Kazakhstan and Turkmenistan do not use the option through Azerbaijan, Russia will still have much less leverage over them if it knows that they have another vector to use if they are pushed too hard. One of the larger major players will be Turkmenistan, home to the fourth largest gas fields in the entire world, gas that Europe desperately wants.

Europe's gas pipelines thousands of kilometres all the way from Central Europe to Baku, but it is just that last 300 kilometres across the floor of the Caspian Sea that stop Turkmenistan from being a gas giant in Europe. If they could bridge that gap through the Caspian, then Ashgabat would be connected to Europe, and everyone from Turkey to Germany would be tied to Turkmenistan's fate. Doing that would undermine much of the cheap-gas leverage

that Russia has over Europe. The secret to breaking Germany's dependence on Moscow may be discovered in those 300 kilometres of pipeline across the floor of the Caspian Sea.

#### FOR FURTHER READING (*Selected Publications of Robert M. Cutler*)

- 2020 Azerbaijan's Place in West Central Eurasian Energy Security. Chapter 4 in *Azerbaijan's Geopolitical Landscape: Contemporary Issues, 1991–2018*, edited by Farid Shafiyev. Prague: Charles University Press. <https://press.uchicago.edu/ucp/books/book/distributed/A/bo51154022.html>.
- 2019 The Caspian Sea Basin, Georgia and NATO Energy Security. Pages 25–29 in *NATO at 70 Years: Selected Topics in World Security*, edited by Joseph McQuade, Ben Patterson and Antalya Popatia. Toronto: NATO Association of Canada. <https://natoassociation.ca/wp-content/uploads/2019/04/NATO-at-70-Selected-Topics-in-World-Security.pdf>.
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