Introduction

Ever since the formulation of a regional policy toward the former Soviet south in the mid 1990s, the Caspian Sea has played a special role in the White House's Eurasian policy. The geographical collocation of the basin, right in the heart of the Eurasian landmass at a critical crossroads of influence projection from the main regional actors, coupled with the presence of relevant and largely unexplored energy resources, were the main features providing the Caspian with a relevant place in US strategic thinking and on its foreign policy agenda.

Over the course of the last twenty years, a wide scholarly and institutional debate has developed around the nature of US interests at play in the Caspian area. All the more so, as the notion of a new ‘Great Game’ – taking place in the Caspian area and aimed at exploiting and transporting its energy resources as a key tool for regional influence – gained consensus among International Relations scholars and analysts.\(^1\) Although the reference to the nineteenth-century Great Game proved misleading, not recognizing the higher complexity of post-1991 regional dynamics, it is nonetheless equally true that competition for influence has been fierce and the efforts made and role played by the United States in the political, institutional and economic regional transition proved to be decisive.

That said, although the debate on the nature of US interests in the Caspian quite properly concluded that the United States had no *vital interest*

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in the area, this consideration does not diminish the importance of Caspian politics in the regional power transition, making it a significant subject of study in order to understand the dynamics and evolution of the United States' post-Cold War Eurasian policy.

Moreover, starting from the assumption of the lack of a vital US interest at play in the Caspian area, it is also possible to agree with those who said that the United States' policy toward the region – and hence the basin – has been largely a derivative of other objectives i.e. that the US never arranged a Caspian policy per se. However, the relevance of such objectives, accentuated by the strategic location of the basin – the convergence point of different and crucial regional security complexes – has made US Caspian policy both a strategic vector and a key tool for US action in different Eurasian scenarios.

Against this backdrop, the aim of the article is to highlight patterns of continuity and discontinuity in US policy toward the Caspian – i.e. objectives pursued and instruments adopted – by analyzing the evolution of both energy and security cooperation, which have simultaneously represented the main tools and testing grounds of the White House regional policy.

10.1 Engaging the Caspian: Clinton Administration strategic thinking and policies

Assuming office one year after the dissolution of the Soviet Union and the emergence, along with Iran, of four newly independent riparian states, it was chiefly the Clinton Administration which took responsibility for laying the foundations of the US Caspian policy.

Despite the fact that the Administration’s choices marked the course of the White House regional policy from then on, the latter was rather slow in identifying US interests in the basin and, broadly speaking, in the area. This attitude apparently contrasted with the greater activism of US private interests, which reached the Caspian Sea long before the policy makers turned their attention to the area. Indeed, although US energy companies were already engaged in the attempt to develop Caspian offshore resources on the eve of the

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Soviet collapse, the US Administration was not quick to follow and support private initiative.

Various were the motivations behind this initial reluctance to be actively involved in the area, the most relevant being the will not to jeopardize the unprecedented entente with the Kremlin which, moreover, came to be regarded as a stabilizing force in the volatile post-Soviet environment, whose ‘wrenching’ economic and political transitions posed “troubling uncertainties” to US strategic planning. Such an attitude resulted, on the one hand, in a *laissez faire* policy toward Russia – which *de facto* gained an indirect form of recognition of a privileged set of interests in what came to be regarded as the Russian ‘near abroad’ – and on the other hand, in an indirect ‘proxy’ engagement pursued mainly through Turkey, whose liberal-democratic and secular model appeared to be a natural reference and inspirational point to be provided to the former Soviet republics, and especially to those linked to Turkey through ethno-linguistic affinity. Therefore, the very first phase of US policy toward the former Soviet Union was marked by a lack of regional or sub-regional focus, with the sole but relevant exception of disarmament policies, which brought specific regional actors – namely Belarus, Ukraine and Kazakhstan – onto the White House foreign policy radar.

It was only with the gradual decline of the so-called *Russia First* policy that, from late 1994, the White House set up a consistent regional policy toward the former Soviet south. In this scheme, Caspian Sea policy became a key vector for advancing US regional and sub-regional interests and goals, mainly due to the basin’s resource extraction potential.

The development of the Caspian Sea energy potential was functional to the achievement of three core objectives of Washington’s foreign and energy policy. Above all, it represented a key tool with which to support and foster the newly independent states’ recently-achieved independence and sovereignty, as well as help them overcome the tough economic crisis inherited at the end of the Soviet system. Indeed, concerns connected to state failure were paramount for the US view of the region and, therefore, while the successful transition of the newly-emerged and emerging democracies in Europe and the former Soviet Union was considered to be “vital to world stability”, more specifically the Clinton Administration acted from the assumption that “a stable and prosperous Cau-

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4. The reference goes primarily to the contacts established by the Kremlin, since 1987, with Chevron and BP for the development of Kazakh Tengiz field and Azerbaijani Azeri filed. S. LeVine, *Il petrolio e la gloria. La corsa al dominio e alle ricchezze della regione del Mar Caspio*, Fagnano Alto, Il Sirente, 2009, pp. 97ss.


casus and Central Asia will help promote stability and security from the Medi-
terranean to China".7

Secondly, and consistently with the approach institutionalized by the 1998 Comprehensive National Energy Strategy,8 the development of Caspian energy potential responded to the need to diversify hydrocarbon producing ar-
eas. Under this perspective Caspian resources would have allowed a reduction in over-dependence on Middle-Eastern suppliers and, at the same time, to limit OPEC’s grip on the oil market.9

The third and central tenet of the Clinton Administration’s Caspian policy was “vigorous promotion of US business interests”.10 Indeed, in the Admin-
istration’s view the engagement of national firms in projects aimed at the develop-
ment and export of the basin’s hydrocarbons provided the ‘single best avenue’ for enhancing cooperation, as well as a favored tool for fostering regional coop-
eration among the newly-independent states.11 Moreover, besides being func-
tional to the enhancement of bilateral relations, US – and, broadly speaking, Western – private initiatives were seen as a way to promote the reform of the national energy sectors as well as an incentive for producer states to improve business practices and the investment climate, thereby fostering the path toward the free market and, hence, toward regional prosperity and stability.12 Thus, sup-
porting national companies meant advancing a logic of mutual convenience, al-
lowing US companies to circumvent key constraints to activities in the area, and producer countries to attract FDI.

Against this backdrop, between 1993 and 1997, US firms supported by the White House took the lead in the development of the most promising Cas-
pian oil and gas fields, especially in the Kazakh and Azerbaijani offshore sec-
tors of the basin (see Table 1).

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11 Ibid.
Table 10.1 - US firms stakes in major Caspian area oil and gas fields (at December 1998)

| Field                  | Country   | Company              | Stake   | Year*
|------------------------|-----------|----------------------|---------|------
| Tengiz                 | Kazakhstan| Chevron (Texaco)     | 50%     | 1993 |
|                        |           | ExxonMobil (Mobil)   | 25%     |      |
| Karachaganak           | Kazakhstan| Chevron              | 20%     | 1997 |
| Azeri-Chirag-Guneshli  | Azerbaijan| Amoco                | 17.01%  | 1994 |
|                        |           | Penzoil              | 9.82%   |      |
|                        |           | Unocal               | 9.52%   |      |
|                        |           | McDermott            | 2.45%   |      |
| Nord Caspian Sea       | Kazakhstan| ExxonMobil           | 18.52%  | 1997 |
| (incl. Kashagian)      |           | ConocoPhilips        | 9.26%   |      |
| Absheron               | Azerbaijan| Chevron              | 30%     | 1997 |

* year refers to the signing of the PSA and Joint venture establishment for Tengiz

Sources: Compiled by the author from various sources.

Closely related to the aforementioned goals, US Caspian policy pursued other equally important strategic aims, the relevance of which went beyond the boundaries of the Caspian area, gaining relevance in a broader regional perspective. The White House energy policy in fact represented a key tool for keeping “Turkey in, Iran outside and Russia tied down” in the wider Caspian area, to paraphrase Lord Ismay’s famous slogan.

Starting from the assumption that Ankara’s and Washington's interests in the region complemented each other and from the need to work together to achieve common goals, keeping “Turkey in” basically meant actively supporting Ankara’s regional projection and, in particular, its Caspian energy strategy – both in terms of Turkish firms’ participation in upstream projects and of support for Turkocentric infrastructural projects. This goal had both an economic and a strategic rationale. Indeed, while it was functional to the enhancement of relations between Ankara and the Turkic states of the wider Caspian area, at the same time it aimed to ensure that the growing Turkish demand for energy would not result in an increase in dependence – and hence vulnerability – on energy imports from Russia and Iran.

Against this backdrop, diversification of Turkish energy supply channels was in itself both an aim and a tool for achieving wider regional goals. In White House strategic thinking, Turkey had a greater role to play in US regional policy than merely offering an outlet for Caspian hydrocarbons. Turkey’s strategic location between the Caspian basin and the European market

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provided a natural bridgehead for infrastructure projects, allowing the basin’s newly-independent producers to benefit from an export network able to reach Western consumers by simultaneously bypassing existing Russian infrastructures to the North and potential Iranian routes to the South. Put forward in the second half of the 1990s, the concept of an East-West energy corridor between Central Asia and Europe became the centerpiece of US Caspian policy and was one of the main reasons behind the support provided, since early 1995, to the Azerbaijani-Georgian-Turkish route for the export of oil and gas extracted in Azerbaijan – seen as the Western leg of the corridor project. In this context, the Caspian basin gained “double value” for the US regional energy policy – not only as a producing area for relevant and largely unexplored energy resources but also, potentially, as a key transit channel for Central Asian hydrocarbons going westward.

In the Clinton Administration’s view, the primary justification of the East-West Corridor was the need to prevent Caspian exports from being dependent on transit through the territory of existing producer states – which could prioritize their own exports rather than those of Caspian producers – as well as from being dependent on an already-congested regional choke point such as the Strait of Hormuz or the Bosphorus.15

Besides addressing commercial logic, such a stance was consistent with the US broader strategic approach to the former Soviet southern tier. Indeed, while circumvention of the Russian network was a way to avoid perpetuating forms of economic – and therefore political – dependence on Moscow, the firm exclusion of Iran from the Caspian was the result of the long-standing crisis in bilateral relations and, simultaneously, the will to avert the expansion of Tehran’s influence in the post-Soviet space. To simplify this, it may be argued that US Caspian policy was pursuant to a ‘double containment’ strategy which, however, worked at different degrees of intensity vis-à-vis Iran and Russia.

Keeping ‘Iran outside’ Caspian development represented an absolute imperative for US policy, an isolation strategy which went as far as vetoing any participation of Iranian companies in Caspian oil development projects.16 On the contrary, the Administration’s policy toward Russia was more nu-
anced. With the ultimate goal of balancing, and not eradicating, Moscow’s influence in its neighborhood, and consistent with the desire to keep dialogue and cooperation channels open, US policy toward Russia was a delicate balance of containment and engagement strategies—a “carrot and stick” approach in which Caspian energy development was one the most visible examples. Therefore, although on the one hand US Caspian policy was basically aimed at breaking the Russian monopsony on the purchase of regional hydrocarbons—as well as limiting its dominant position on the Turkish market—on the other hand the White House constantly sought to avoid giving energy competition the connotation of a “zero sum game” between Russian and US interests. On the contrary, with the ultimate goal of keeping Moscow “tied down” in energy cooperation, it always stressed the win-win nature of Caspian development, welcoming joint ventures involving respective NOCs and advocating a ‘multiple pipeline’ scheme for the export of Caspian resources, fully compliant with the East-West Corridor concept.

The multiple pipeline logic was adopted on both shores of the Caspian. In Azerbaijan, it materialized in the support simultaneously provided for the Northern and Western routes—toward the Russian and Georgian Black Sea shores respectively—for the export of Early Oil extracted in the Azeri-Chirag-Guneshli (ACG) offshore field. In Kazakhstan, the US supported the Caspian Pipeline Consortium pipeline instead, designed to carry oil from the Tengiz field to the Russian Black Sea port of Novorossiysk, running along the northern Caspian shores (see Table 10.2).

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17 Besides being consistent with the aforementioned logic, the prudent mix of containment and engagement policies was the result of the awareness that Moscow lacked a single and coherent vision of the relations with the neighbors, torn between neo-imperial tendencies and liberal views. Under this perspective, the engagement strategies were functional in supporting the “dovish” positions within the establishment, favoring a transition suited to US interests and policies.
### Table 10.2 - US multiple pipeline scheme for the Caspian oil and gas export

<table>
<thead>
<tr>
<th>Pipeline</th>
<th>Main source</th>
<th>US Companies</th>
<th>Commissioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baku-Supsa</td>
<td>Azeri-Chirag-Guneshtli (ACG) Early oil</td>
<td>Chevron, ExxonMobil, Devon Energy</td>
<td>1999</td>
</tr>
<tr>
<td>Baku-Novorossysk</td>
<td>ACG Early oil</td>
<td>Hess Corporation, Chevron, ExxonMobil, Devon Energy</td>
<td>1997</td>
</tr>
<tr>
<td>Baku-Tbilisi-Ceyhan (BTC)</td>
<td>ACG</td>
<td>Chevron, ConocoPhillips, Hess Corporation</td>
<td>2005</td>
</tr>
<tr>
<td>Caspian Pipeline Consortium</td>
<td>Tengiz, Karachaganak</td>
<td>Chevron, Arco, ExxonMobil, AMOCO, Orient</td>
<td>2001</td>
</tr>
<tr>
<td>South Caucasus Pipeline</td>
<td>Shah Deniz</td>
<td>No US company</td>
<td>2006</td>
</tr>
<tr>
<td>Trans-Caspian Gas Pipeline</td>
<td>Turkmenistan</td>
<td>----</td>
<td>----</td>
</tr>
</tbody>
</table>

Besides helping overcome the technical and financial issues that hampered the realization of pipeline projects, US involvement in the Caspian energy competition proved to be essential in coordinating governmental and private activities, and building a wider consensus and solidarity of intent among stakeholders which allowed for the laying of Caspian pipelines. Such consensus was all the more relevant for the realization of the Baku-Tbilisi-Ceyhan (BTC) pipeline which, though representing the fulfillment of US regional vision and primary goals, had a weak economic rationale compared to alternative export routes due to the high costs of the project and the low energy prices in the world market throughout 1990s. Indeed it is difficult to overestimate the relevance of the BTC, which realized the US Administration’s vision and goals in terms of development of the basin’s resources, enhancement of cooperation...

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18 US support for pipeline projects proved to be decisive in involving international and national financial institution as well as in helping coordinate stakeholders activities. Under the latter perspective, particularly significant was the 1998 opening, in Ankara, of the Caspian Finance Center, aimed at coordinating regional activities of US export finance agencies. Moreover, a key provision for the realization of the regional goals was the creation of the post of Special Advisor to the President and the Secretary of State for Caspian Basin Energy Diplomacy, entrusted since July 1998 with the task of “assuring maximum coordination within the Executive Branch of US policy and programs relating to the development of oil and gas resources in the Caspian Basin”. The White House Office of the Press Secretary, Morningstar Named Secretary of State for Caspian Basin Energy, Statement by the Press Secretary, 24 July 1998.

19 As per coeval critic views on BTC economic rationale, see D. Dettke (ed.), *A great game no more: oil, gas and stability in the Caspian Sea region*, Friedrich-Ebert-Stiftung, Washington and Berlin, 1999.
The Caspian Sea Basin in United States Strategic Thinking and Policies

among regional actors and containment of both Russian and Iranian regional influence. In such a context, the October 1998 Ankara Declaration of support for the BTC as the main export pipeline project from Azerbaijan – subscribed to by the Turkish, Azerbaijani, Georgian, Kazakh and Uzbek presidents – and the November 1999 signing of the intergovernmental agreements for the pipeline construction were the main diplomatic achievements of Clinton’s Caspian energy policy.

Although economic and commercial considerations were paramount for US regional projection – at least at first sight – security cooperation was a relevant and ineluctable component of US policy toward the Caspian Sea. Moreover, investing in security cooperation with Caspian partners – simultaneously a key aim and a precious tool in view of regional development and stabilization – represented a basic tool for reducing the ‘above ground’ risks faced by US and Western investors in the energy sector.\(^20\)

However, against the backdrop of the tensions generated by the NATO eastward enlargement, the will not to antagonize Russia as well as the difficult situation of the Caspian littoral states\(^21\) prevented the US from directly engaging in the area – with the partial exception of the Congress-approved foreign military education and training programs and activities.\(^22\) Therefore, security cooperation was mainly pursued through multilateral means, both directly and indirectly.

From the former point of view, although maritime cooperation never came to the fore, Caspian states were engaged in the process of transformation of the NATO from a defense alliance to a wider security cooperation mechanism projected over the wider Eurasian space. The main tools for engaging Caspian littoral states were the Partnership for Peace and the Euro-Atlantic Partnership Council (EAPC), launched in 1994 and 1997 respectively. While the EAPC involved partners in political dialogue, providing them with a significant yet indirect form of territorial integrity guarantee, under the PfP scheme bilateral programs were initiated in order to reform the military apparatus,

\[^{20}\] As per a coeval perspective on the close link between energy or economic issues and security in the region, see S. Blank, *Energy and Security in Transcaucasia*, Strategic Studies Institute, US Army War College, Carlisle Barracks, 1994.

\[^{21}\] Under this perspective, the 1994 Department of Defense Annual Report highlighted that: “Establishment of programs with [...] the Caucasus nations awaits a peaceful settlement to their armed conflicts, and cooperation with other Central Asian nations has been deferred until they implement political and economic reforms”. US Department of Defense, Annual Report to the President and the Congress, Washington: US Government Printing Office, 1994, p. 81.

\[^{22}\] Under the International Military Education and Training Program, 2,821 thousands dollars were allocated to Kazakhstan between 1992 and 2000, while 1,553 thousands dollar were allocated to Turkmenistan between 1994 and 2000. Moreover, in the same timeframe Kazakhstan and Turkmenistan received 7,050 and 2,150 thousands dollars under Foreign Military Financing program. Due to the restrictions on assistance to Azerbaijan established by the Section 907 of the Freedom Support Act, no security cooperation was established between Department of Defense and Baku. Department of Defense Security Cooperation Agency, “Foreign Military Sales, Foreign Military Construction Sales And Other Security Cooperation. Historical Facts”, *Financial Policy And Analysis Business Operations*, DSCA, September 2012, pp. 531-533; 697-699.
improve defensive capabilities, foster regional cooperation, build mutual understanding and promote interoperability of forces.

Besides developing under the NATO umbrella, security cooperation was simultaneously pursued through the promotion of multilateral mechanisms for regional cooperation. The foundation of the GUAM (Organization for Democracy and Economic Development) organization was a key initiative to support and foster regional cooperation outside Russian-promoted and hegemonized frameworks. Established in 1997 by Georgia, Ukraine, Azerbaijan and Moldova, the grouping had tight relations with the Clinton Administration. Moreover, though GUAM included only a single littoral state, the emphasis placed by the group on the coherent and effective development of the Caspian extraction and export potential, as well as the need to protect regional infrastructures, nevertheless provided the forum with a special role in US policy toward the basin. Against this backdrop, although systemic and regional conditions prevented security cooperation proposals and objectives from actually being achieved, nonetheless such a vector of GUAM cooperation signaled the priority given to security both in relations among its members and between them and Euro-Atlantic partners, as well as in the White House’s conception of regional policy.

10.2 Bush Administration’s ‘security first’ approach toward the Caspian

The advent of the George W. Bush Administration did not change the main drivers of US regional and Caspian policy. This was especially true in the energy policy field, since the crisis experienced by the US in 2000-2001 placed the issue high on the electoral and presidential agenda, providing fresh stimulus to the fulfillment of the Clinton Administration’s regional goals.

Hence it was not by chance that one of the first initiatives undertaken by the new Administration was the establishment of a National Energy Policy Development Group which, under the guidance of Vice President Dick Cheney, was charged with the task of developing a comprehensive long-term strategy to meet US energy requirements – embodied by the May 2001 National Energy Policy.

24 For instance in 1998 GUAM members discussed about the possibility of establishing a regional peacekeeping force aimed at the protection of the Caspian pipelines to work, possibly, within the framework of the PfP. A. Burke, A US Regional Strategy for the Caspian Sea Basin, Naval War College, Newport, 2000, p. 16.
25 As per the primacy of security and energy, along with internal reform, for the US projection toward the area, see A.E. Jones, “Central Asia: Developments and the Administration’s Policy”, Testimony Before the Subcommittee on the Middle East and Central Asia House International Relations Committee, Washington, DC, 29 October 2003. The same goals were put forward into the March 2006 US National Security Strategy.
Besides tackling the energy issue from the traditional domestic demand perspective, the so-called “Cheney Report” devoted special attention to the supply and external components of the energy equation, balancing domestic energy interests against international strategic concerns for the first time. Above all, the international scope of the document was the result of the shelving of the “energy independence” rhetoric, which resulted in greater emphasis on the external component of energy security policies and the need to enhance the linkage between US international relationships and energy security – therefore making the latter a priority of US trade and foreign policy. The document maintained, “US national energy security depends on sufficient energy supplies to support US and global economic growth”.

In the above scheme, the Caspian Sea was regarded as one of the key areas in which the Administration was called to engage in order to strengthen trade alliances, deepen dialogue with major oil producers and work for greater oil production with a view to ensuring diversification of supply. In particular, the Report recommended that the Presidency deepen commercial dialogue with Caspian states – and particularly with Kazakhstan and Azerbaijan – in order to provide a strong, transparent and stable business climate for energy and related infrastructure projects. Moreover the Report recommended supporting the efforts of private investors and regional governments to develop the BTC oil pipeline and the Shah Deniz gas pipeline – the latter being seen as a way “to help Turkey and Georgia diversify their natural gas supplies and help Azerbaijan export its gas via a pipeline that will continue diversification of secure energy supply routes”.

Besides being able to rely on the political and institutional channels set up by the previous Presidency, the Bush Administration’s Caspian energy policy took advantage of the steady rise in oil prices which contributed to remove one of the main commercial hurdles to the implementation of pipeline projects along the Azerbaijani-Turkish route. Therefore, having helped pipeline projects receive financial support from the World Bank, the European Bank for Reconstruction and Development and the Overseas Private Investment Corporation (OPIC), the Bush Administration presided over the construction of the BTC and BTE, inaugurated in 2005 and 2006 respectively.

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30 The price of West Texas Intermediate oil – the U.S. benchmark – fell, in consequence of the Asian crisis, till $11.28 in December 1998. Instead, at the start of the BTC construction, in September 2002, the price was above $30 – while by the time first Azerbaijani oil reached Ceyhan, in May 2006, the price increased to $70.84.
Notwithstanding the high degree of continuity between the Clinton and the Bush administrations’ approach toward the Caspian, the main difference between them lay in the balance of their major vectors i.e. the prioritization of energy and security considerations and policies. While energy policy took priority over security cooperation during the Clinton presidential mandates, the Bush Administration marked the reversal of these priorities.

Clearly, the 9/11 attack on the US represented the single element triggering such a change in policy priorities – a change whose nature was tactical rather than strategic, basically accounting for an acceleration of policies initiated in the course of the previous decade. Above all, 9/11 had a direct and deep impact on the domestic premises of US Caspian policy, greatly influencing the public opinion’s conception of the area. While before 9/11, it appeared difficult for the US Administration to pursue a more direct engagement toward an area perceived as remote and far from the national interest, after the terrorist attacks a broad consensus emerged on the need for a more proactive policy. Moreover, at a systemic and regional level, the anti-terrorist campaign launched after 9/11 generated an important convergence in transatlantic policies as well as a relevant yet short-lived ‘honeymoon’ between Washington and Moscow, which lent support to the US in the Central Asian Enduring Freedom campaign. Both trends facilitated a proactive US policy toward the Caspian basin and, broadly speaking, toward the Caucasus and Central Asian regions.

While continuing to lend support to the multilateral regional and sub-regional security cooperation frameworks, the Bush Administration’s Caspian policies were characterized by a greater emphasis on the bilateral level of relations with partners. In such a context, the main accomplishment which made it possible for the White House to pursue a more coherent Caspian policy was the possibility – granted to the Administration by Congress – to waive on an annual basis section 907 of the 1992 Freedom Support Act, which pre-

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31 In the wake of 9/11 events, the emerging of high expectations raised by Washington-Moscow entente the consequent possibility of building a “truly cooperative security regime across the former Soviet Union” are best portrayed by the vision of even US traditionally hard-liners. See e.g. S. Blank, The Future of Transcaspian security, Policy Papers, US Army War College, 2002.

32 The reference goes particularly to NATO and GUAM. While the US supported the re-launching of GUAM framework under the denomination of GUAM-Organization for Democracy and Economic Development, NATO regional focus deepened considerably in the wake of September 11 and as a result of the decisions taken at Prague and Istanbul summits in 2002 and 2004. At Prague Summit Allies agreed to deepen bilateral cooperation through the Individual Partnership Action Plans (IPAP), a tailored mechanism designed to ensure that the various mechanisms in use correspond to partners’ priorities. Along with Georgia (2004), Armenia (2005) and Moldova (2006), Azerbaijan agreed the first IPAP with NATO in May 2005, while Kazakhstan in January 2006. Moreover, in Prague the North Atlantic Council launched the Partnership Action Plan against Terrorism (PAP-T), aiming at improving bilateral cooperation in the fight against terrorism, through political consultation as well as practical measures. Both Azerbaijan and Kazakhstan participate in the PAP-T framework. The Istanbul Summit marked the further deepening of NATO’s focus on the wider Caspian area, as primarily testified by the decision to create the post of Secretary General’s Special Representative for the Caucasus and Central Asia along with two NATO Liaison Officers, based in Georgia and Uzbekistan.
vented direct military assistance to Azerbaijan. The circumvention of this legislation, unsuccessfully but constantly pursued also by the previous Administration, was indeed facilitated by the aforementioned national consensus on the need for a proactive regional policy on the one hand, and the prompt support that Baku ensured for the Enduring Freedom operation on the other. Azerbaijani support – along with Kazakh and Turkmen support – proved to be critically important for the success of military operations in Afghanistan, as well as being fully in line with the guidelines for action outlined by the National Security Strategy released in September 2002. As a key transit area for reaching the Afghan scenario, the littoral states’ granting of overflight, landing and refueling rights in support of operations in Afghanistan, along with the availability of their port and road networks for sea and land transportation of non-lethal equipment, made the Caspian a vital corridor for US and NATO regional power projection within the so-called Northern Distribution Network (NDN). In addition, the burden-sharing problem of the NATO-led International Security Assistance Force (ISAF) participants, as well as the disagreement regarding the mission’s scope and threat perception, made the contribution of regional non-NATO partners all the more important to the US.

Therefore, as of 2002 the United States launched bilateral military cooperation with Azerbaijan and intensified its existing ties with Kazakhstan and Turkmenistan, providing the littoral states with a considerable amount of military aid, mainly under the Foreign Military Financing, Counterterrorism Fellowship Program and the International Military Education and Training programs (see Table 10.3). Against this backdrop, US military assistance acquired a significant maritime dimension, designated to improve the partners’ ability to prevent and respond to terrorism, nuclear proliferation and other transnational threats in the Caspian, such as drug and human trafficking. These, in particular, were the basic aims of the Caspian Guard Initiative, launched in 2005 to coordinate activities in Azerbaijan and Kazakhstan with those of the

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34 The NDN is composed of three main land routes. Among these, the Southern Route connects Georgian Black Sea port of Poti to the Kazakh Caspian port of Aktau – and from here to Afghanistan – via Baku and a sea route. Along the same route runs also an air corridor linking the US Incirlik base, in Anatolia, with Central Asia. The remaining NDN land routes connect Baltic ports to Afghanistan through the Kazakh territory. As per the relevance of NDN for US cooperation with Southern Caucasus and Central Asian partners, see A. Spruds, D. Poljornikija (eds.), Northern Distribution Network: Redefining Partnerships Within NATO and Beyond, Riga, Latvian Institute of International Affairs, 2013.

US Central Command and other US government agencies with a view to enhancing Caspian security.36

Table 10.3 - Annual funds budgeted for US annual security assistance* to Caspian littoral states (FY2002-2008, in millions dollars)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>14.82</td>
<td>10.79</td>
<td>18.47</td>
<td>33.14</td>
<td>33.02</td>
<td>33.56</td>
<td>47.41</td>
<td>191.21</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>17.32</td>
<td>28.71</td>
<td>52.55</td>
<td>42.34</td>
<td>19.35</td>
<td>60.64</td>
<td>60.39</td>
<td>281.30</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>5.93</td>
<td>0.96</td>
<td>2.70</td>
<td>6.58</td>
<td>1.75</td>
<td>5.27</td>
<td>5.37</td>
<td>28.56</td>
</tr>
</tbody>
</table>

*Amounts refer to both Department of State and Department of Defense

Source: U.S. Department of State, U.S. Government Assistance to and Cooperative Activities with Eurasia, Country Assessments

As a matter of fact, while bilateral cooperation with the two littoral states steadily improved during the Bush administrations, cooperation with Turkmenistan turned out to be more limited in scope and depth, mainly due to Ashgabat’s positive neutrality policy which restricted military exchanges with the US, and to isolationist policies that also had negative repercussions on energy cooperation – especially under Saparmurat Niyazov’s rule (1991-2006). Indeed, although the US was successful in overcoming the challenge of westward transportation of Caspian resources from Azerbaijan and Kazakhstan, this was not the case with Turkmenistan, whose involvement in the TCGP project did not materialize.37

Due to its strategic location in the heart of the Central Asian mass, and its positive attitude toward cooperation with the White House, Kazakhstan became one of the key partners in view of the US power projection toward Afghanistan. Along with their cooperation under the NATO aegis, Washington and Astana developed bilateral security cooperation with a significant naval component. Although the topic of Caspian Sea militarization falls outside the scope of this article, it is worth noting that after 2003 the US contributed to the build-up and modernization of the Kazakh Caspian fleet and naval infra-

36 S. Quigley, European Command transforming to accommodate new challenges, American Forces Press Service, 10 March 2006.
37 Several were the factors which led to the failure of the TCGP project. Besides the fierce opposition of Moscow and Teheran, based upon the lack of a comprehensive agreement among littoral states, two were the main causes. Firstly, the completion of Blue Stream gas pipeline between Russia and Turkey (2003) seemed to limit the market prospects of Turkmen gas. Secondly, the realization of the pipeline was hindered by the lack of multilateral agreement over status of the Caspian which would provide legal basis for construction of such a pipeline.
structure, as well as to the formulation of a national military naval doctrine. A key component of US-Kazakh security cooperation was the attempt to provide Astana with ground, sea and air-force support capabilities to protect its Caspian offshore and coastal energy infrastructure.

Protection of offshore energy infrastructures has also represented a special focus within US-Azerbaijani bilateral security cooperation in the Caspian basin. It is worth noting that besides responding to a counterterrorism logic, the maritime cooperation was simultaneously – though indirectly – functional to defuse the risk of interstate crisis linked to cross-claims on offshore deposits, in the absence of a collective agreement on border demarcation. This was particularly true in the case of Iran, whose claims on the Azerbaijani Alov field led to the July 2001 incident between an Iranian warship with air support and two BP prospecting vessels that were forced to cease operations. The linkage between maritime cooperation and the Iranian threat emerged mainly through the August 2003 Gas and Oil Platform (GOPLAT) joint maritime exercise, involving the Araz-Alov-Sharg deposits area and strongly criticized by Teheran as an attempt by Washington to interfere in the Caspian legal status issue.

The relevance of the Central Asian chessboard for US strategic thinking, as well as the primacy of the security consideration, also had a relevant impact on the conception of energy security and energy cooperation. Indeed, with more emphasis than in the 1990s, the development of the Caspian energy potential came to be regarded as a strategic asset for stabilizing and averting state-failure in the Central Asian region, as well as limiting Russian leverage on European allies once again and isolating Iran from potential new markets and business opportunities.

While the linkage between energy cooperation and Central Asian stabilization would become a key feature under Barack Obama’s Presidency (cf. infra), the trend toward securitization of energy policy had already emerged during the Bush Administration. Against the backdrop of renewed tensions between Washington and Moscow, this trend became particularly evident in the wake of the so-called gas crisis between Russia and Ukraine (2006 and 2009) and, broadly speaking, as a result of Moscow’s ostensible tendency to resort to ‘energy leverage’ in relations with both neighbors and buyers. Accordingly, the will to bolster a European gas supplies diversification policy was the main

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38 US-Kazakh naval security cooperation was part of a wider agreement reached in September 2003 and aimed simultaneously at combating terrorism, developing peacekeeping forces, bolstering air defense capabilities. The agreement was extended twice, in 2008 for a four-year period and in 2012 till 2017.
42 In the aftermath of 2006 Russo-Ukrainian gas crisis, speaking in Vilnius US Vice President Dick Cheney referred to Moscow’s “supply manipulation or attempts to monopolize transportation” as “tools of intimidation or blackmail”. See S. Wagstyl, “Cheney rebukes Putin on energy blackmail”, Financial Times, 4 May 2006.
driver behind the support the US ensured for the EU Southern Corridor concept, aimed at connecting the Caspian Sea with European gas markets – and in particular for the Nabucco pipeline, its most ambitious project in terms of both transport capacity and markets targeted. Besides the relevance of the Southern Corridor in defusing the risk connected to the EU’s over-dependence on Russian gas supplies, US support for the Nabucco project was fully in line with Washington’s traditional regional energy policy goals. Indeed, the Southern Corridor ratio almost overlapped with the Clinton Administration’s East-West Corridor concept – in terms of potential suppliers, transit routes and regional development goals. Moreover, thanks in part to US pressure, the Southern Corridor project took over the principle of Iranian isolation from Caspian energy projects.

However, the switching role of the US - which moved from being the main promoter of Caspian infrastructure projects to being the supporter of EU plans – manifested a relevant regional transition, with Washington taking a backseat in the international competition for westward transportation of Caspian gas, leaving Brussels as the main external Euro-Atlantic anchor for regional producer and transit states.

10.3 Obama Administration’s Caspian policy: reinventing regional commitment

Having left the EU with the “responsibility to lead” the implementation of pipeline projects on the Caspian-Anatolian axis, under the Obama Administration United States Caspian policy has been primarily linked to Afghan policy. The only exception to this trend has been the support the US provided to the upgrading of the Kazakh oil westward export network, in view of the production growth resulting from the second and third phases of the Kashagan field development which made the current CPC capacity inadequate. Against the backdrop of the difficult negotiations on the CPC’s expansion, the US supported the development of the Kazakhstan Caspian Transportation System (KCTS), whose linchpin is the creation of a trans-Caspian naval connection system between the Kazakh port of Kuryk and Baku.

Besides leaving the frontline of the Caspian energy competition, US interests and policies regarding the basin’s resource development gradually de-

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43 In expressing the reasons for the support of the Southern Corridor, in 2012 a Congressional Minority Staff Report from perfectly highlighted the overlap between European energy policy and traditional US Goals, emphasizing that: “The next phase of the Southern Corridor would advance several US and NATO foreign policy objectives: it would further isolate Iran, assist in cultivating partners in the Caucasus and Central Asia and bolster their sovereign independence, and perhaps most importantly, curtail Russia’s energy leverage over European NATO allies”. Energy and Security from the Caspian to Europe, Minority Staff Report Prepared for the Use of the Committee on Foreign Relations, United States Senate, 12 December 2012, Washington, US GPO, p. 2.
tached themselves from those of Europe. Indeed, the center of gravity of the
White House's Caspian policy gradually shifted eastward, moving from the
South Caucasus-Anatolian to the Central-Southern Asian pole. Above all,
such a shift was the result of the aforementioned attempt to stabilize the Cen-
tral Asia region in view of withdrawal of the ISAF force from Afghanistan –
an ambitious goal wherein energy cooperation emerged as a key tool. Thus,
the main feature of the Obama Administration's policy toward the wider Cas-
pian area became its attempt to move from a security-first approach – which
proved to be inconsistent and indeed counterproductive in both Afghan and
Southern Caucasus scenarios – to an economic-oriented, trade-based ap-
proach.

The watershed for the White House's Caspian policy was the Novem-
ber 2010 NATO Lisbon Summit, which fixed the 2014 deadline for the with-
drawal of forces from Afghanistan and forced the US Administration to set up
an holistic policy aimed at preventing troop withdrawal from turning into re-
gional disengagement. Such a policy – labeled the “New Silk Road” initiative –
was disclosed in July 2011 by Secretary of State Hillary Clinton. It revolved
around the key goal of turning Afghanistan into a regional trade hub i.e. the
core of “an international web and network of economic and transit connec-
tions” aimed at ensuring Central Asian stability through development and
economic interdependence.45

Against this background, US Caspian Sea policy turned out once more
to be a key component of the White House’s Eurasian initiatives, from two
perspectives. Firstly, from being conceived and exploited as a strategic sea and
air route in support of coalition efforts in Afghanistan, the Obama Admin-
istration came to view the basin as a potentially vital commercial route, epit-
omizing its transition from a security-first to an economically-oriented ap-
proach. Such a view was embodied by the new role envisioned for the NDN.
Indeed, although the strategic value of the Network was far from reduced due
to its relevance in view of the pullout of forces from Afghanistan, nonetheless
it was gradually portrayed and promoted as a critical trade catalyst, enabling
Central Asia to overcome its still poor regional integration with the world
economy.46 Secondly, the development of Caspian producers’ energy potential
and diversification of export routes – besides being consistent with the Admin-
istration’s overall aim of enhancing global energy security47 – emerged once

45 See H. Clinton, Remarks on India and the United States: A Vision for the 21st Century, Anna Centenary Li-
07/168840.htm (last retrieved on 20 March 2014).
46 See the US Assistant Secretary’s remarks at James A. Baker III Institute for Public Policy at Rice University,
in R. Blake, The Obama Administration’s Priorities in South and Central Asia, 19 January 2011, available at:
47 As per the main priorities of Obama Administration Central Asian policy, see the statement by George Krol,
Deputy Assistant Secretary of State, Bureau of South and Central Asian Affairs, in: “Reevaluating US Policy in
more as a key tool for achieving the economic security, sovereignty and prosperity of Central Asian partners.

The centerpiece of Obama’s Caspian energy policy has been the relaunch of the gas pipeline project connecting Turkmenistan to India through Afghanistan and Pakistan – whence the acronym TAPI – which, first proposed by Unocal in the mid 1990s, was frozen due to the strained relations between the US government and the Taliban regime in Kabul. As was the case for Azerbaijani infrastructures a decade earlier, the White House has supported the pipeline project firstly and foremost by engaging with and assisting involved stakeholders, ranging from partner countries to US energy companies and IFIs. Under the current scheme and consistently with the agreements signed over the last five years, the 1700 km TAPI pipeline will run from the eastern Turkmenistan Dauletabad field to New Delhi through Herat and Quetta, with an annual capacity of 33 billion cubic meters of gas. Realization costs for TAPI – labeled by the Obama Administration as the ‘peace pipeline’ – are estimated at 7.6 billion dollars, to be partially provided by the Asian Development Bank.

The US effort to promote the TAPI pipeline was facilitated by the 2006 presidential succession in Turkmenistan. Indeed, Gurbanguly Berdymuhamedow’s rise to the presidency resulted in the overcoming of the excesses of the country’s isolationist tendencies and a renewed attempt to pursue an export diversification policy aimed at decreasing dependence on the Russian export network. In such a context, although Kazakhstan – considered to be the Central Asian “economic powerhouse” – remained a key regional interlocutor for the White House, after years of distrust in Washington-Ashgabat relations, Turkmenistan became de facto the lynchpin of the US Caspian and Central Asian energy strategy.

The eastward shift of US Caspian energy policy showed some continuity with the former administrations’ strategies but, simultaneously, entailed a new set of tough challenges for the White House. As a matter of fact, the Iran isolation policy – along with the overall aim of making energy cooperation a key vector for regional development and cooperation – represents the main continuity factor linking Obama's Caspian strategy to those of the former administrations. Indeed, against the backdrop of the worsening Iranian nuclear program crisis, one of the main aims of the TAPI project has been to prevent Southern Asian importing countries – namely Pakistan and India – from set-

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48 Since 2010, as other Central Asian states, Kazakhstan was involved in the Annual Bilateral Consultations (ABC) with United States. The ABC format was replaced and elevated through the creation of a Strategic Partnership Commission, whose first meeting was held in April 2012 in Washington. Under the SPC framework, several working groups were created, including non-proliferation and disarmament, economic cooperation, and science and technology.
ting up a supply channel from Iran. Thus, as various declarations from US officers clearly show, TAPI represents an alternative to the Iran-Pakistan-India gas pipeline (IPI), a project set up in the mid 1990s and relaunched after 2009 in order to simultaneously tackle the energy crisis which Islamabad faced after 2008 and India’s growing need for gas imports.

The discontinuity factors relate, on the other hand, to regional competitors as well as the relationship with European partners. Indeed, while in the 1990s the attempt to relaunch the Newly Independent States’ energy sector saw Russia as the main regional hurdle and competitor, the current energy strategy has to deal with the steady rise of China as a key energy partner for the Caspian eastern littoral states. Driven by the steady growth in energy consumption, since 2005 Beijing has reached out to Eastern Caspian producers with a resolve oil and gas procurement strategy. This strategy has enabled China, in a very limited timeframe, to set up its first land import infrastructures between the Caspian area and Xinjiang – i.e. the Kazakhstan-China oil pipeline originating in the port of Aktau, and the Central Asia-China Gas Pipeline (CACGP), a 1,800 kilometer infrastructure with a capacity of 40 Bcm/y originating in eastern Turkmenistan.

Although China’s Central Asian projection seems not to be entirely in contradiction with US regional objectives, it nevertheless poses a major challenge to the White House. The key element ensuring complementarity for US and Chinese Caspian energy strategies is the diversification of regional producers’ export channels which, traditionally pursued by the White House, was ensured by the realization of the Beijing-promoted oil and gas pipeline connecting Central Asia to Xinjiang. Moreover, as long as Beijing and Teheran do not put forward joint infrastructural projects, Chinese pressure on Caspian producers would seem to play into the US hand by downgrading the attractiveness of alternative export routes toward Iran and the Persian Gulf.

That said, it is difficult to overestimate the challenging nature of Beijing’s Caspian strategy for the US, both in quantitative and qualitative terms. Under the former perspective, Chinese pressure on Eastern Caspian producer states, by addressing the same counterparts involved in US projects, reduces the feasibility of the pipelines supported by the White House. This is particularly evident in the case of Chinese gas imports from Turkmenistan through the CACGP, which apparently could absorb the bulk of the Turkmen gas production increase and, consequently, the resources necessary for the realization of TAPI – all the more so after the recent agreements to upgrade the import network and increase the import flow from 40 to 65 Bcm/y by 2020.\footnote{See, for instance, declaration by US Ambassador to Pakistan, R. Olson, “US supports TAPI but not Pak-Iran gas pipeline”, The Nation, 5 March 2013.}
The Chinese challenge is no less significant in qualitative terms i.e. in relation to Beijing’s way of doing business in the Caspian. The typical convergence of interests and policies of Chinese governmental, banking sector and energy institutions provides the target countries with a business model which has no parallel in the USA or other Western countries. Such a model – embodied by the so-called oil-for-loans policy\(^{51}\) – provides Beijing with a competitive advantage which bore its fruits in the race for Caspian energy resources, all the more so due to the grip on the national energy sector held by local executive powers. Moreover, the Chinese “no strings attached” policy – which postulates doing business without interfering in political issues – gives Beijing a flexibility and degree of adaptability to local conditions hardly achievable by the United States, for which the promotion of democratization represents a key regional policy priority.

Along with the impressive results achieved in Kazakhstan – where China’s share of the current oil production has reached 24%\(^{52}\) – the Turkmen case best embodies Beijing’s competitive advantage over the US. In Turkmenistan, the Chinese National Petroleum Corporation (CNPC) has managed to overcome the typical defense posture of the authorities, becoming the first foreign company to hold exclusive rights over significant onshore gas fields – typically granted only for offshore field development. This consideration is all the more relevant as the enduring failure of US companies – namely Chevron and ExxonMobil – to acquire analogous rights in Turkmenistan, notwithstanding the White House’s firm support for them, is currently one of the main impediments to the realization of the TAPI project.

The gradual decoupling of US and EU Caspian strategies is the second key factor of discontinuity between Obama’s and his predecessors’ regional energy strategies. Indeed, although the White House supports the EU attempt to feed the Southern Corridor with Turkmen gas, nevertheless the priority given to the implementation of TAPI makes the United States a competitor rather than a supporter of European plans – as demonstrated by the Turkmen authorities’ supposed prioritization of TAPI over TCGP.\(^{53}\) Indeed, in a situation in which it is hardly questionable whether Turkmenistan would have sufficient gas resources to feed the TAPI project, intra-Atlantic infrastructural competition weakens EU plans to set up a trans-Caspian gas pipeline, resulting

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\(^{51}\) The oil-for-loan policy revolves around the concession of loans in exchange for future oil supplies to governments in search of financial assistance – a model which took advantage of the global economic crisis following 2008. By doing so, Beijing ensured future supply, while simultaneously finding inroads into previously closed markets, deepening trade partnerships and providing fresh opportunities to national companies, both within and outside the energy sector. See A.C. Alves, “Chinese Economic Statecraft: A Comparative Study of China’s Oil-backed Loans in Angola and Brazil”, *Journal of Current Chinese Affairs*, vol. 42 no. 1, 2013, pp. 99-130.

\(^{52}\) Xinhua, 27 September 2013.

in a dangerous hiatus that threatens to undermine the interests and policies of the broader Western front.

**Conclusions: the Caspian Basin in US strategic thinking**

As this chapter has attempted to demonstrate, although US Caspian policy has been largely derivative over the last twenty years, nonetheless the magnitude of interests at stake in the wider Caspian area – plus the key role the basin plays in the context of all major issues in the Eurasian post-bipolar system – have placed the Sea high on the White House’s foreign policy agenda. This largely derived from the basin’s two main geopolitical assets i.e. its critical geographic collocation in the heart of the Eurasian system and the significant presence of largely-unexploited hydrocarbon reserves, whose has development turned into a key tool for littoral and regional actors’ policies. From this perspective, it may be affirmed that Caspian policy was simultaneously a key vector and a test-case for the post-Cold War process of redefinition of the interests and strategies of the main regional and international players active in the Eurasian space – and not least so for the United States and its key Atlantic allies.

The Clinton Administration deserves credit for having set the priorities and key tools of Caspian policy along key guidelines which are still valid today. Indeed, the overall aims of supporting the then-Newly Independent Caspian State’s independence, sovereignty and development, and creating business opportunities for US companies while simultaneously limiting Russian regional influence and preventing the spread of Iranian influence, may be considered the main common features linking the three presidencies under scrutiny - three presidencies whose mandates roughly overlap the same number of stages of US Caspian policy.

Though working as an accelerator rather than a watershed for US Caspian policies, 9/11 and its resulting regional developments had a double impact by changing the regional objectives from which the policies derived. In the short-term, 9/11 presided over the prioritization of security cooperation versus energy cooperation, consistently with the needs of the Enduring Freedom Afghan operations. Hence, while in the 1990s requests for security cooperation and guarantees were primarily made by the Caspian actors and addressed to their Euro-Atlantic state and super-national interlocutors, in the following decade this trend was reversed and the White House regional interlocutors came to be viewed as security providers rather than security consumers. Moreover, the priorities reversal was facilitated by the simultaneous conclusion of the first phase of Caspian energy policy i.e. by the realization of the BTC and SCP pipelines which, by breaking the Russian monopsony over the basin’s resources, still stand as the main accomplishment of US Caspian policies.
Over the medium-term, the effects of post 9/11 regional developments on Caspian policy resulted primarily in the prioritization of the eastern dimension at the expense of the western one, consistently with the White House’s need to put forward a regional stabilization strategy in view of the withdrawal of forces from Afghanistan. Significantly, this trend appears to have presided over a fragmentation of the wider Caspian area in US strategic thinking, with the Southern Caucasus and Central Asian regions gradually becoming detached from one another and the Caspian Sea being dragged into the latter, rather than into the wider Black Sea region. Still in fieri, such a strategy sees the Obama Administration walking a difficult tightrope, which is all the more slippery due to the enduring instability of the Central Asian scenario and whose inherent contradictions seem to further undermine the “Atlantic Ticket”. An Atlantic Ticket which, already regionally weakened by the burden-sharing issues arisen in Afghanistan, seems instead to be crucial for allowing the US – as well as the EU – to counteract old and new pressures exerted on its Caspian partners by Russia and China.