

Establishing an Energy Security Subcomplex in the Caucasus: India, a Prospective Partner

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The paper applies the concept of Regional Security Complex (RSC) to gauge the dynamics in broad Caucasus through the prism of energy security, hypothesizing it as a Regional Energy Security Subcomplex (RESsC). The region has always remained strategically important, which especially has been the case in the recent years due to geopolitical events that have occurred there and impacted global security. Powerful parties, both states and non-states (including multilateral institutions), are stakeholders to the region. Each of them has tried to maximize its individual interests/agendas, and seldom collective. With such larger interests at play, actors from within the region and those with integral interests (particularly Russia) have clamored to achieve energy security and maneuvered accordingly. The paper, while examining energy-driven engagements between different actors in the region, derives that it remains largely fragmented, however, positioned towards becoming an RESsC if stakeholders make coordinated attempts towards achieving that. This would then result in an increase in overall trade, economic prosperity and energy security in the region and across Eurasia. India, which is increasing its energy portfolio worldwide, has a well-timed opportunity to scale up engagements with other actors in the region to increase its national energy security and build strategic inroads into Eurasia.

Introduction

At present, the Caucasus region is at the front line of a new geopolitical competition—a contest over oil and gas. The region is drawing profound attention among policy makers, international relations academia and big oil companies in the unfolding 'Great Game' across Eurasia.¹ The current version of the Great Game is not limited

¹ John Mackinder (1904), "The Geographical Pivot of History", in his article submitted to the Royal Geographical Society advances his Heartland Theory. The article, while introducing geopolitics to the world, builds complex and interdependent connections between the grand strategy and the earth. It says whoever ruled the heartland (landlocked region of central Eurasia) had the best chance to dominate the world. The "Heartland Theory" and the "Great Game" has resonated among academics and practitioners starting from the time they were hypothesized and continuing till at present. The Great Game has experienced varying dynamics over time, and especially the involved actors that have impacted the nature of the contestation; Halford J Mackinder (1904), "The Geographical Pivot of History", *The Geographical Journal*, Vol. 23, No. 4, pp. 421-437; Halford J Mackinder (1943), "The Round World and the Winning of the Peace", *Foreign Affairs*, Vol. 21, No. 4, pp. 595-605; Also see T de Waal (2010), "The South Caucasus: An Area of Great Western Strategic Interest?", Atlantic News Blog, September 14, available at <http://www.atlanticcouncil.org/blogs/natosource/the-south-caucasus-an-area-of-great-western-strategic-interest>

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to a few powerful states that are attempting to make absolute gains or balancing one or more restive states by creating alliances. Rather, it involves the participation of numerous actors, ranging from states (both from within and outside the region) to non-states (like multilateral institutions, ethno-national groups, etc.) that are either directly or indirectly involved with the dynamics in the region. These participating actors are endeavoring to secure relative gains through cooperation and competition among themselves.

The Caucasus forms an “interconnecting land-bridge between Europe and Asia”,² therefore, it inevitably becomes a heartland within Eurasia. Its strategic location significantly increases its importance in the ongoing Great Game, which is witnessing increasing political assertion among Eurasian powers (states and non-states native to the region) towards building multipolarity at the world stage.

This paper attempts to find out if at present the Caucasus is a functioning Regional Energy Security Subcomplex (hereupon RESsC) within the larger Russia-dominated Regional Energy Security Complex (RESC), which encompasses the territories of the Former Soviet Union (FSU), except the Baltic states. If yes, how so, and if not, why so? While doing that, the paper applies the concepts of Regional Security Complex (RSC) and Regional Security Complex Theory (RSCT)³ and Regional Energy Security Complex (RESC).⁴ Further, it outlines a road map for India to enter the region as a co-partner for developing its hydrocarbon energy resources (oil and gas) as energy shortages continue to impinge on the country.⁵ Despite the growing share of renewable energy in India’s energy basket, and especially in the recent years, ‘energy poverty’ remains endemic in the country.⁶ Finally, it analyzes the existing challenges and future opportunities in the process of India’s entry in the region, and how it may contribute towards developing a well-functioning energy subcomplex there, resulting in shared benefits to all engaging parties.

² T de Waal (2010), “Introduction”, in *The Caucasus: An Introduction*, Oxford University Press, New York, USA.

³ B Buzan and O Wæver (2003), “Security Complexes: A Theory of Regional Security”, in *Regions and Powers: The Structure of International Security*, Cambridge University Press, Cambridge, UK.

⁴ M Palonkorpi (2008), *Energy Security and the Regional Security Complex Theory*, Aleksanteri Institute, University of Helsinki, Finland; available at <http://busieco.samnet.sdu.dk/politics/nisa/papers/palonkorpi.pdf>.

⁵ India is positioned 76th on Energy Transition Index (ETI), compiled by Geneva-based World Economic Forum (2019), that benchmarks 115 countries on the basis of how well they are able to balance energy security and access with environmental sustainability and affordability. The year before India ranked 78th in the very list, and constantly finds itself among the countries with high energy insecurity and energy poverty coupled with high levels of pollution levels and relatively high CO₂ intensity in its energy system.

⁶ According to the Renewables 2018 Global Status Report by REN21, “the share of renewable energy in India’s power sector remained placed on an upward trajectory; however, its share in the total final energy constituted a meager 10.4%. Also, inclusion of renewable energy stood at 10% in transport sector and 3% in heating and cooling sectors respectively, both sectors being among the top energy consuming sectors.” In essence, it could be derived that there is more of a media buzz surrounding the renewable energy growth in India than in real terms. REN-21 (2018), “Renewables – Global Status Report 2018”, available at http://www.ren21.net/wp-content/uploads/2018/06/17-8652_GSR2018_FullReport_web_final_.pdf

Brief Explanation of Applied Theories

Wæver and Buzan in support of their RSCT say that security in any geographical part of the world can be witnessed in any or all four specific contexts: at the local level, between states, between regions and on a global level. The primary focus of the RSCT is on the regional level because “most threats travel more easily over short distances than over long ones”; therefore, security interdependence is normally patterned into regionally-based clusters. The theory stipulates four main levels of analysis and defines how they could get interconnected. The four levels are: (a) domestically in the states of the region, i.e., the vulnerabilities generated from within them; (b) state-to-state relations (which generate the region as such); (c) the region’s interaction with neighboring regions; and (d) the role of global powers in the region (the interplay between the global and regional security structures). The four levels when taken together form the security constellation.

RSCs are a group of actors, generally states, whose major processes of securitization, desecuritization or both are greatly interlinked to the extent that their security problems cannot rationally be analyzed separate from one another. According to Buzan and Wæver, RSCs have four characteristics: (i) Social interaction between states’ decision makers leads to securitization and desecuritization of certain issues; (ii) This leads to anarchy inside the specific RSC; (iii) Geographical proximity leads to centralization of these issues inside the RSCs and results in mutual exclusion of complexes; and (iv) Subcomplexes, great powers, superpowers, insulator states and RSCs exist simultaneously.

The theory outlines two different interaction concepts relevant to alliances between states penetration and overlay. Penetration occurs when a state outside an RSC makes security alignment with states inside the RSC. This is a situation where two or more RSCs get linked together, but each RSC retain its exclusivity in terms of its defining characteristics. Overlay is a situation where security in a region is excessively dominated, or greatly penetrated, by a (militarily) powerful state in a way that local pattern of security almost nears to an end. Unstructured regions are embodied partly by the absence of regional dynamics or partly by the void areas left on the world map when all of the other security regions have been filled.

Moreover, the paper examines the concept of RESsC as hypothesized by Mikko Palonkorpi in his research paper.⁷ Palonkorpi defines RESsC as those which are formed by energy-related interaction between two or more states in a limited geographical area comprising an energy dependency relationship between the involved states, and this dependency perception constituting as a threat (securitization). The energy interaction includes transactions like production (export), purchasing (import) and transit of energy. Similar to Buzan and Wæver’s RSC theory,

⁷ Palonkorpi (2008), *op. cit.*

Palonkorpi asserts that the threats arising from energy dependencies are commonly more intense between states (or regions) in close geographical proximity. However, a long distance pipeline crossing many states can physically linkup states located far away from one another into a single chain of energy (inter)dependency vis-à-vis an intra-country pipeline or a pipeline that connects two geographically adjacent countries; hence, the regional distribution of energy resources and regional energy dependencies in an RESsC could be considered as corresponding to the allocation of military power in political-military-based security complexes.⁸

Understanding South Caucasia

The South Caucasia—usually being referred to as Transcaucasia/Caucasus—comprise of Armenia, Azerbaijan, and Georgia—which came into existence as Newly Independent States (NIS) after the dissolution of the Soviet Union in 1991. The region lies on the south of the Greater Caucasus Range (Caucasus Mountains), and is inhabited by ten main nationalities, namely, Ossetians, Abkhaz, both Muslim and Yezidi Kurds, Talysh, and Lezgins, alongside three main ethnic groups—the Azerbaijanis, Georgians, and Armenians.⁹ The languages of these ethno-national groups are mostly unfathomable to one another.

Over the past two-and-a-half decades, South Caucasian states have accrued increasing importance at the global level largely due to their geo-strategic location, connecting Europe with Asia, and sovereignty in determining their foreign policies. The US and Western European countries have continually nurtured desires to turn this region into a new energy transit corridor connecting the energy-consuming Europe with the energy-producing Caspian and Central Asian regions.¹⁰ They have provided support, both in terms of financing and political patronage, to build energy-pipelines, such as the Baku-Tbilisi-Ceyhan pipeline and Baku-Supsa pipeline.¹¹ Even at present, they are backing the construction of more such pipeline projects that have either been put on the backburner, such as the Nabucco pipeline (renamed Nabucco West pipeline),¹² or have faced roadblocks in becoming fully operational, such as

⁸ A V Belyi (2007), "Energy Security in International Relations Theories," Higher School of Economics, Cathedra on political issues of international energy.

⁹ *Ibid.*, at 2.

¹⁰ T de Waal (2010), "The South Caucasus: An Area of Great Western Strategic Interest?," Atlantic News Blog, September 14, available at <http://www.atlanticcouncil.org/blogs/natosource/the-south-caucasus-an-area-of-great-western-strategic-interest>

¹¹ R Morningstar (2006), "The Baku-Tbilisi-Ceyhan Pipeline: A Retrospective and a Look at the Future," Central Asia and Caucasus Institute Analyst, August 23, available at <https://www.cacianalyst.org/publications/analytical-articles/item/11010-analytical-articles-caci-analyst-2006-8-23-art-11010.html?tmpl=component&print=1>

¹² G Gotev (2015), "Bulgaria Wants to Revive Nabucco, Azerbaijan Says Pipeline Name 'Not Important'," *Euractiv*, March 5, available at <https://www.euractiv.com/section/energy/news/bulgaria-wants-to-revive-nabucco-azerbaijan-says-pipeline-name-not-important/>; R M Cutler (2018), "Commentary: US Push Could Revive Turkmen Gas Hopes", *Gandhara*, January 23, available at <https://gandhara.rferl.org/a/turkmenistan-united-states-gas-pipeline-caspian/28991140.html>

the Southern Gas Corridor.¹³ Whilst in process, other neighboring powers and great powers, like Turkey, Iran and even China for that matter, have joined the fray to perpetuate their national (energy) interests in the region. Last but not the least, Russia has continued to extensively meddle in political and economic affairs in all the three South Caucasus states (although to different degrees) and across the region.

From the time of the collapse of the erstwhile Soviet Union, rather some time before that, the South Caucasus region started witnessing three major ethnic conflicts, each of them having a distinct secessionist outlook. The most important of these conflicts is the Nagorno-Karabakh conflict in south-western Azerbaijan, between the majority ethnic Armenians of Nagorno-Karabakh backed by the Republic of Armenia against the Republic of Azerbaijan. This conflict initially emerged to the fore during the late 1980s when the USSR was beginning to fall apart.¹⁴ The two other important ethnic conflicts are: Abkhazia, where Abkhaz ethnic tribe with the backing of Russia have maintained a de facto independent Russia recognized republic vis-à-vis Georgia,¹⁵ and South Ossetia, where ethnic Ossetians with the support of Russia have maintained a similar de facto independent Russia recognized republic vis-à-vis Georgia.¹⁶ Both Abkhazia and South Ossetia have experienced frequent outbreak of military skirmishes between local armed forces (assisted by Russia) and Georgian troops; however at certain instances these minor skirmishes have even turned into active violence.¹⁷

The three conflicts have turned into Protracted Conflicts (PCs) over time.¹⁸ They have continued until today, despite many rounds of bilateral and multiparty negotiations. They will likely continue in the foreseeable future, unless a breakthrough agreement is achieved which satisfactorily accommodates interests of the belligerent parties, and takes into consideration Russia's interests and position on each of these

¹³ K Cherigate (2018), "US Congress Affirms Support for Southern Gas Corridor," Caspian Policy Center, December 26, available at CPC <https://www.caspianpolicy.org/u-s-congress-affirms-support-for-southern-gas-corridor/>; R M Cutler (2018), "The Southern Gas Corridor in 2018 and Prospects for 2019," National Association of Canada, December 19, available at <http://natoassociation.ca/the-southern-gas-corridor-in-2018-and-prospects-for-2019/>

¹⁴ M Kuburas (2011), "Ethnic Conflict in Nagorno-Karabakh", *Review of European and Russian Affairs*, Vol. 6, No. 1.

¹⁵ I Tekushev et al. (Eds.) (2013), *Abkhazia: Between the Past and the Future*, Medium Orient, Prague, The Czech Republic.

¹⁶ F Splidsboel (2009), "Russian Power and the South Ossetian Conflict," Brief, Royal Danish Defence College, Copenhagen, Denmark.

¹⁷ Violent clashes happened between Georgians and Ossetians in the region of South Ossetia in 2004 and 2008. Similarly, there were major violence between Georgians and Abkhaz in the region of Abkhazia in 2006 (Kodori crisis) and 2008; S A Sotiriou (2019), "The Irreversibility of History: The Conflicts in South Ossetia and Abkhazia," *Problems of Post-Communism*, Vol. 66, No. 3, pp. 172-185.

¹⁸ While they (protracted conflicts) may exhibit some breakpoints during which there is a cessation of overt violence, they linger on in time and have no distinguishable point of termination...Protracted conflicts, that is to say, are not specific events or even cluster of events at a point in time; they are processes; Azar et al. (1978), "Protracted Social Conflict: Theory and Practice in the Middle East", *Journal of Palestine Studies*, Vol. 8, No. 1, pp. 41-60.

conflicts. In essence, the conflicts have profoundly contributed in defining the overall dynamics in the region, including the conduct of energy trade and prevailing energy (in)-security.

Understanding North Caucasia

North Caucasia, also called 'Ciscaucasia', is the territory spread across the northern slopes of the Greater Caucasus Range. It lies between the Black Sea and the Caspian Sea and within European Russia. Politically, it includes the North Caucasian and Southern Federal Districts of the Russian Federation.

The region remains largely isolated and naturally untouched even today. It is an assortment of mainly Muslim nationalities, and Islam has remained the dominant religion for many centuries there.¹⁹ It comprises the seven autonomous republics in the Russian Federation, namely, Adygeya, Karachayevo-Cherkesiya, Kabardino-Balkaria, North Ossetia, Ingushetia, Chechnya and Dagestan, which are mostly autonomous within the Russian Federation.²⁰ Dagestan is the largest among these autonomous regions, and is sometimes referred to as the Eastern Caucasus due to its overall importance. The North Caucasus, concentrated within a small geographical area on the southern fringe of the Russian Federation, is one of the most ethnolinguistically diverse regions in the world. The Chechens, has a population of around 1.26 million,²¹ while the smallest, such as the Aguls in Dagestan, have a population of around 35,000.²²

Historically, the region was divided into a number of small *khanates*, principalities, and so-called military democracies, which were embroiled in unceasing rivalries over the limited natural resources, pasture and farmland in the rugged Greater Caucasus Range and the foothills and lowlands to the north. Centralized states, in the Westphalia-based sense, have existed there for just short periods, and especially during periods of foreign occupation. They were usurped into a completely centralized state system only during the time of the Soviet Union.²³ During the 1990s, the region, likewise to its southern counterpart, witnessed many violent conflicts. The violence happened mainly due to demands for secessionism by local ethnic groups, such as Chechens participating in the First Chechen Campaign (1994-1996) and Second Chechen Campaign (1999-2000), and outbreak of some smaller conflicts for autonomy in the Muslim-dominated republics of Russia, such as Dagestan, Ingushetia,

¹⁹ "Islam: Islam in the Caucasus and the Middle Volga," Encyclopedia.com, October 20, 2019, available at <https://www.encyclopedia.com/environment/encyclopedias-almanacs-transcripts-and-maps/islam-islam-caucasus-and-middle-volga>

²⁰ U Halbach (2001), "Islam in the North Caucasus," *Archives De Sciences Sociales Des Religions (Archives of Social Science of Religion)*, No. 115, p. 103.

²¹ "Chechnya Fast Facts", CNN Library, July 22, 2019, available at <https://edition.cnn.com/2013/10/17/world/europe/chechnya-fast-facts/index.html>

²² "Aghul in Russia", Joshuwa Project, available at https://joshuaproject.net/people_groups/10184/RS

²³ E Souleimanov (2011), "The Caucasus Emirate: Genealogy of an Islamist Insurgency," *Middle East Policy Council*, Vol. XVIII, No. 4, Washington, DC, USA.

Kabardino-Balkaria and Karachay-Cherkessia.²⁴ These conflicts embodied certain exclusive dynamics corresponding to the region that subdued them relatively soon after their outbreak, at least in an overt manner. The dynamics include geographic location of the conflict zones within the sovereign territories of Russia, rise of Vladimir Putin—a former head of Russian intelligence, Federal Security Service (FSB)²⁵—as the President of Russia, and his rise coinciding with the inflow of large petro-dollars into the country starting from the late 1990s for the first time after the Soviet dissolution.²⁶

Russia, under the leadership of Putin, militarily crushed the ethno-national dissidence and bought political loyalty of powerful clans/families that held sway among their ethnic communities. For example, Akhmad Abdulkhamidovich Kadyrov, who was the Chief Mufti of the Chechen Republic of Ichkeria in the 1990s during and after the First Chechen War, broke with the rebels and sided with the Kremlin (i.e., Putin administration) right ahead of the outbreak of the Second Chechen War.²⁷ In return for his support, he got appointed as the acting head of the civilian government in 2000; and in 2003, he got elected as the first President of Chechnya. After his death, his son Ramzan Kadyrov initially got appointed as deputy prime minister of the Chechen Republic and then shortly became the President of the Republic due to his continued loyalty to the Kremlin. Kadyrov has allowed Russia to carry out militarily operations to crush the rebels, while he has continued to support his own clan members and rebuild Chechnya, resulting in (superficial) peace in the region.²⁸

In essence, the North Caucasus region has remained under the effective control of the Russian federal authorities, except for the early 90s when an independent Chechen government had come up.²⁹ However, reports have surfaced indicating that few Western countries, like the US, the UK, Finland and others, have continued to support the Chechen rebels, either directly or indirectly. They have provided assistance to both top and middle-ranking militant leaders, who are being pursued by Russia for being convicted on terror-related charges, treachery or other major crimes under the Russian law. For example, in 2003, Britain granted political asylum to the leader of the Chechen government in exile, Akhmed Zakayev, who Russia has accused of

²⁴ D Domitilla Sagramoso (2007), "Violence and Conflict in the Russian North Caucasus," *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 83, No. 4, pp. 681-705; E Wessenlink (1995), "Dagestan", *Refworld*, November 1, available at <http://www.refworld.org/docid/3ae6a6bd4.html>

²⁵ "Vladimir Putin Biography, Biography", February 06, 2017, *Biography.com*. Retrieved from <http://www.biography.com/people/vladimir-putin-9448807#president-of-russia-1st-and-2nd-terms>

²⁶ United States of America (2010), "Proceedings and Debates of the 111th Congress: First Session – Congressional Record", Vol. 156, Part 15, pp. 22302, United States Government Printing Office, Washington.

²⁷ F Brugger (2008), "Whence and Whither Political Islam? – The History of Political Islam since 1945, Current Trends and Developments," *Mag. phil. Thesis, Institute of Political Science, University of Vienna*.

²⁸ D T Brian (2011), "Coercion in the North Caucasus", in *State Building in Putin's Russia: Policing and Coercion After Communism*, Cambridge University Press, New York, US.

²⁹ T de Waal (2010), "The South Caucasus: An Area of Great Western Strategic Interest?," *Atlantic News Blog*, available at <http://www.atlanticcouncil.org/blogs/natosource/the-south-caucasus-an-area-of-great-western-strategic-interest>

many terror charges, ranging from kidnappings to murders and armed rebellion.³⁰ John Laughland, in an article published with *The Guardian* (2004), says, "The Washington neocons' commitment to the war on terror evaporates in Chechnya, whose cause they have made their own".³¹ Also, the Western-supported human rights organizations, such as Human Rights Watch and Amnesty International, have continually supported human rights activists, political dissidents and LGBT rights activists working there in different ways, including providing capacity-building trainings,³² condemning arrests,³³ and so on.

The Role of External Actors in the Caucasus

International Organizations/Legal Entities

In the 1990s, most multilateral organizations, and especially the ones supported by the Western countries, attempted to play an influencing role in shaping the emerging dynamics in the Caucasus region, both south and north for that matter. These multilateral organizations implemented development programs for economic advancement, regional integration as well as democratization. For example, International Monetary Fund (IMF) and World Bank's debt relief program—"Highly Indebted Poor Countries" (HIPC)—that aimed at lowering debts to sustainable level, OECD's "Task Force for the Implementation of the Environmental Action Program for Central and Eastern Europe" (EAP Task Force) that promoted integration of environmental considerations into the processes of economic and political reform; and so on. However, these programs were mostly executed independently, and rarely coordinated with one another got addressing energy security concerns of the targeted states, despite energy (in)security remained a priority issue to all of them. Even Russia, which is most energy abundant country in the region, has faced increasing energy (in)security concerns surrounding its oil and gas supplies to the international market, and especially to the European market.³⁴ As a result of that, the influence of multilateral organizations has waned over time, and today they lack the teeth to be taken seriously by any Caucasian state.

Moreover, the activities of these organizations have slowly become the tools of the dominant state(s) constituting or supporting them to further their vested interests

³⁰ J Mrázek (2003), "The Zakayev Case: Cui Bono?," *Prague Watchdog*, available at <http://www.watchdog.cz/?show=000000-000004-000003-000095&lang=1>

³¹ J Laughland (2004), "The Chechens' American Friends", *The Guardian*, available at <http://www.theguardian.com/world/2004/sep/08/usa.russia>

³² "Dagestan Russia a Landscape of Kidnappings Torture and Extrajudicial Killings", Seminar Organized by Civil Rights Defenders, North Caucasus, "International Commission on Missing Persons", available at <https://www.icmp.int/the-missing/where-are-the-missing/north-caucasus/>, also see "Russia: Events of 2016", Human Rights Watch, available at <https://www.hrw.org/world-report/2017/country-chapters/russia>

³³ U Gunnar (2019), "Western 'Rights Advocates' Rush to Chechen 'Activists' Aid," *New Eastern Outlook*, available at <https://journal-neo.org/2019/04/06/western-rights-advocates-rush-to-chechen-activists-aid/>

³⁴ Russia's energy security depends on energy supply dynamics, i.e., uninterrupted flow of energy, high energy price and free market access (particularly the European market).

in the region, instead of doing genuine good to the states there. For instance, immediately after the end of the Cold War in 1991, the North Atlantic Treaty Cooperation (NATO), a US-led military undertaking, created the North Atlantic Cooperation Council to reach out to the countries that had been members of the Warsaw Pact and NIS in the former Soviet Union. Then in 1994, it started the Partnership for Peace (PfP) initiative to which all three of the South Caucasian states became a party the same year. Moreover in 1997 it started the Euro-Atlantic Partnership Council, a forum for fostering practical cooperation between states party to PfP and allies.³⁵ These 90s initiatives of NATO were meant to engage the Eastern European countries and NIS by establishing a sustained interaction process and by enabling them to stand on their own as sovereign states. However, in the post-9/11 era, the US has tried to use the very engagement programs of NATO to evince direct or indirect concessions to substantiate its strategic interests across Eurasia.³⁶ Similarly, the Commonwealth of Independent States (CIS) peacekeeping forces, constituting largely Russian armed forces, have been present in parts of the South Caucasus (Abkhazia and South Ossetia), from the time of Soviet collapse, despite political resistance from a few governments in countries there. Until the Russia-Georgia war in 2008, Russia maintained limited peacekeepers (military observers and civilian staff) in Abkhazia and South Ossetia,³⁷ however, immediately after the war it increased the number of peacekeepers with armored personnel carriers and helicopters, to nearly 2,600 troops in the conflicted zone, so called "zone of responsibility" around South Ossetia and Abkhazia.³⁸ Some international organizations, such as the OECD, have tried to play a peacemaker role even in the broader Caucasus region, including in northern stretches, but their role and influence have been almost negligent.³⁹

Big oil companies during the initial years after Soviet collapse attempted to take advantage of the existing pipelines in the region. They planned to position these Soviet-era pipelines into their larger energy connectivity schemes for the future. However, Russia even under President Boris Yeltsin, a pro-market reforms advocate,⁴⁰ resisted giving in to the plans and pressure of the foreign oil companies, and

³⁵ R F Simmons Jr. (2007), "Ten Years of the Euro-Atlantic Partnership Council: A Personal Reflection", NATO, available at <http://www.nato.int/docu/review/2007/issue2/english/art5.html>

³⁶ S E Cornell (2005), "US Engagement in the Caucasus: Changing Gears", *Helsinki Monitor*, Vol. 16, pp. 111-119; P Antonopoulos, R Velez and D Cottle (2017), "NATO's Push into the Caucasus: Geopolitical Flashpoints and Limits for Expansion", *Defense and Security Analysis*, Vol. 33, No. 4, pp. 366-379.

³⁷ "Georgia - Background," United Nations Observer Mission in Georgia, available at <https://peacekeeping.un.org/mission/past/unomig/background.html>

³⁸ F Fuller (2006), "Georgia: Issue of Russian Peacekeepers Heats Up," *Radio Free Europe/ Radio Liberty*, available at <http://www.rferl.org/content/article/1069946.html>

³⁹ I Traynor (2000), "UN Chief Ends Futile Chechnya Trip," available at <https://www.theguardian.com/world/2000/apr/04/chechnya.unitednations>; Russia under the leadership of Putin has denied international organizations to operate freely, and especially in matters related to mediating security in the republics falling in North Caucasus and in the conflicted zones on both sides of the Caucasus Mountains; "Independent International Fact-Finding Mission on the Conflict in Georgia Report," Max Planck Institute, Vol. I, pp. 1-33.

⁴⁰ R Nixon (1992), "Opinion Yeltsin Needs Us. We Need Yeltsin," *New York Times*, available at <https://www.nytimes.com/1992/06/12/opinion/yeltsin-needs-us-we-need-yeltsin.html>

especially the major Western ones.⁴¹ For example, BP and partners in the Azerbaijan International Operating Company (AIOC)⁴² sought to take advantage of the existing Tikhoretsk-Baku oil pipeline by reversing the direction of flow of early oil from the offshore Azeri-Chirag-Gunashli (ACG) oilfields so that up to 100,000 barrels per day could be shipped out from Novorossiysk, a port city on the Black Sea.⁴³ However, the re-designed oil transportation scheme would have completely bypassed Russia; hence, Yeltsin's government denied necessary clearances to the project proponents to execute their plan that would have involved Russian pipelines and related infrastructures.

External States, Including Russia in the South Caucasus

The role of the external states (i.e., great powers, regional powers and the superpower) involved in energy matters in Caucasus region has continually remained crucial and influencing. These external states have vigorously competed with each other in this region, and particularly in the South Caucasus;⁴⁴ thereby, turning the region into a "geopolitical playground" in Eurasia and at the global stage. Also, in the process, they have made temporary and situational alliances to further their energy-based national interests. The US, under President George Bush Sr., facilitated the process of signing and execution of "Contract of the Century" between the wholly State Oil Company of Azerbaijan (SOCAR) and a consortium of western oil companies (AIOC) in 1994.⁴⁵ Starting from then, the US has remained an external stakeholder partner in Azerbaijan's energy sector, which, in turn, has relied on its oil and gas export revenues as its main national income source till at present.⁴⁶

After a series of initial conflicts in Abkhazia, South Ossetia and Nagorno-Karabakh, Russia succeeded in establishing a status quo in Georgia and across the South Caucasus by the mid-1990s. The newly established status quo enabled Russia to shape the post-conflict scenario to its self-benefit in the coming years.⁴⁷ In order

⁴¹ C E Chow and L E Hendrix (2010), "Central Asia's Pipelines: Field of Dreams and Reality," The National Bureau of Asian Research, Special Report #23.

⁴² Azerbaijan International Operating Company (AIOC) is a consortium comprising 11 international oil companies from seven countries that got involved in the development of Azeri-Chirag-Gunashli, the largest known offshore oil fields in the Azerbaijan Section of the Caspian Sea; "Oil Section," Azerbaijan International, available at <https://www.azer.com/aiweb/categories/topics/Oil/oil.html>

⁴³ Chow and Hendrix (2010), *op. cit.*, pp. 29-42.

⁴⁴ "In the Caucasus, Competition Will Limit Cooperation", Stratfor, February 7, 2018, available at <https://worldview.stratfor.com/article/caucasus-competition-will-limit-cooperation>

⁴⁵ A Sanjian (1997), "The Negotiation of the 'Contract of the Century' and the Political Background to the Revival of Azerbaijan's Oil Industry", The Armenian Center for National and International Studies, Yerevan, Armenia.

⁴⁶ In recent years, especially after the oil reserves Azerbaijan has tried to diversify its national income and come out of its excessive dependency on revenues coming from oil export; however, even as of today its dependency on oil exports to foreign companies constitute the mainstay of its national income; "Country Analysis Executive Summary: Azerbaijan," US Energy Information Administration, January 7, 2019, available at https://www.eia.gov/beta/international/analysis_includes/countries_long/Azerbaijan/azerbaijan_exe.pdf

⁴⁷ J Boonstra and N Melvin (2011), "Challenging the South Caucasus Security Deficit," Working Paper, 108, FRIDE, Madrid, Spain.

to sustain that arrangement over the next two decades, Russia has acted (both politically and militarily) as an integral stakeholder actor to almost all state of affairs in the region, even when that became a costly proposition or criticisms about that arose among its highest political-military ranks.⁴⁸ This situation reflects a perfect case of 'penetration' of an external power into a RSC.

Russia destroyed the early democratic movement in Azerbaijan, and forced the latter's participation in the CIS.⁴⁹ Turkey joined Russia in the fray to perpetuate its strategic interests in Azerbaijan, which turned Azerbaijan into a battleground between the two regional powers.⁵⁰ Armenia, considering the fact that Russia and Turkey openly competed for power at its vicinity and since Karabakh conflict erupted, soon developed a siege mentality. This gets reflected from its self-imposed isolation during the 1990s that continued into the 2000s.⁵¹ Further, Azerbaijan and Turkey imposed economic siege on Armenia through targeted sanctions to prevent it from independently engaging in foreign trade, including energy trade.⁵² Russia has profited from continuation of the Karabakh conflict for it acted as a motive force to the conflict by supplying weapons to both belligerent parties and lending political support to its ally (Armenia) vis-à-vis Azerbaijan. Moreover, it has gained from the combination of Armenia's isolation and Azerbaijan's political fragmentation, enabling it to use the former as a political-military lever against the latter.⁵³

⁴⁸ The fact that international recognition of the two regions has not been more forthcoming strengthens Russia's relative isolation on the international scene, and its involvement in the regions makes it more difficult for Russian foreign policy to stress the values of sovereignty and non-interference. The financial and military assistance also cost the Russian budget hundreds of millions of dollars per year. The expenditure, according to one calculation, amounts to only 0.016% of the state budget; Gerrits, W M Andre and Max Bader (2016), "Russian Patronage Over Abkhazia and South Ossetia: Implications for Conflict Resolution," *East European Politics*, Vol. 32, No. 3, pp. 297-313.

⁴⁹ Sultanova Shahla (2014), "Challenging the Aliyev Regime: Political Opposition in Azerbaijan", *Demokratizatsiya*, Vol. 22, No. 1, pp. 17-18.

⁵⁰ While Russia struggled through a period of serious political and economic turbulence after the Soviet Union's dissolution, Turkey took the opportunity to claim its regional ambitions in the areas culturally, ethnically and linguistically close to Turkey but previously impenetrable to the expansion of its influence; P Shlykov (2018), "Russian-Turkish Relations in the Wider Black Sea Region: Cooperation and Competition", *Perceptions*, Vol. XXIII, No. 2, pp. 93-116; R Olson (1998), "Turkish and Russian Foreign Policies, 1991-1997: The Kurdish and Chechnya Questions", *Journal of Muslim Minority Affairs*, Vol. 18, No. 2, pp. 209-227.

⁵¹ S Sachs (2004), "Armenia's Isolation Grows Only Deeper", *New York Times*, available at <https://www.nytimes.com/2004/12/26/world/europe/armenias-isolation-grows-only-deeper.html>; Also see, E Cornell Svante (2011), *Azerbaijan Since Independence*, pp. 154-155, M E Sharpe, Armonk, New York.

⁵² In 1993, amid the war over Nagorno-Karabakh, Turkey imposed a full economic embargo on Armenia in support of Azerbaijan and subsequently closed its border with Armenia. "Azerbaijan and Turkey's Evolving Military Ties", *Stratfor*, July 19, 2013, available at <https://worldview.stratfor.com/article/azerbaijan-and-turkeys-evolving-military-ties>; Also see Y Azadian Edmond (2010), "Armenia Under Diplomatic Siege", *Armenian Mirror-Spectator*, available at <https://mirrorspectator.com/2010/03/17/armenia-under-diplomatic-siege/>; Also see "Nagorno-Karabakh: Risking War," (2007), *International Crisis Group, Europe Report*, No. 187, p. 12.

⁵³ R Cutler (1996), "Towards Cooperative Energy Security in the South Caucasus", *Caucasian Regional Studies*, Vol. 1, pp. 71-81.

Under the fast changing realities, both Turkey and Armenia have started cooperating in recent years to bury the historic political animosity towards one another.⁵⁴ In fact, the cooperation first began on a low-key note when Turkey started reciprocating to business overtures being made by the emerging industrial and technical class in Armenia when Karabakh situation was flaring up.⁵⁵ The perseverance to normalize bilateral relations and trade was attained in 2008 when Turkish President Abdullah Gul became the first-ever Turkish head of state to visit Armenia,⁵⁶ which has been followed by a number of high-level official visits from both sides. Despite normalization of relationship,⁵⁷ certain internal resistances remain on both sides due to the mass massacre of Armenians by Turks in 1915 that Armenians calls a genocide and which Turkish government refuses to accept.⁵⁸

The region has witnessed a modest makeover in recent years due to on the ground events that have unfolded there and changing global political realities. The factors contributing towards this makeover include Azerbaijan's shunting of political affinity from the West towards Iran and other Muslim countries (including Pakistan),⁵⁹ Georgia's growing determinedness to become a part of NATO and EU,⁶⁰ China's entry as a major economic player in the region,⁶¹ etc. Nevertheless, Russia's position in the region has got even more entrenched vis-à-vis its position in the initial years after Soviet collapse. Also, the relations between the conflicting South Caucasian states have further deteriorated. During the 2000s, the national political establishments of both Azerbaijan and Armenia made more aggressive rhetoric than in the 1990s, and this has continued in the 2000s. Even after the 47th round of Geneva International

⁵⁴ I Gorst (2010), "Armenia Extends Russia's Military Lease", *Financial Times*, August 18, available at <https://www.ft.com/content/fe01cbf2-aae7-11d1-9e6b-00144feabdc0>; R Elliott (2019), "Russia to Boost Armenian Military, Fighter Jets Approved", *Armenian Weekly*, February 5, available at <https://armenianweekly.com/2019/02/05/russia-to-boost-armenian-military-fighter-jets-approved/>

⁵⁵ Cutler (1996), *op. cit.*

⁵⁶ R Giragosian (2009), "Changing Armenia-Turkish Relations," *Focus Sud Caucasus*, available at <http://library.fes.de/pdf-files/bueros/georgien/06380.pdf>

⁵⁷ Elliott (2019), *op. cit.*

⁵⁸ J Dougherty (2009), "Armenia, Turkey Sign Historic Agreement", *CNN*, October 10, available at <https://www.nationalgeographic.com/magazine/2016/04/armenia-massacre-turkey-kurds-history/>; Also see "Erdogan: Turkey will 'Never Accept' Genocide Charges" (2016), *Deutsche Welle*, June 4, available at <https://www.dw.com/en/erdogan-turkey-will-never-accept-genocide-charges/a-19307115>

⁵⁹ A Garibov (2019), "Iran and Azerbaijan Proceed with Rapprochement as Diplomatic Exchanges Multiply", *Eurasia Daily Monitor*, Vol. 16, No. 39; Also see F Shahbazov (2017), "Azerbaijan's Growing Military Cooperation With Pakistan", *The Diplomat*, January 13, available at <https://thediplomat.com/2017/01/azerbaijans-growing-military-cooperation-with-pakistan/>

⁶⁰ "Final Planning Conference of NATO-Georgia Exercise 2019 in March 2019", Ministry of Defence of Georgia, January 31, 2019, available at <https://mod.gov.ge/en/news/read/7101/final-planning-conference-of-nato-georgia-exercise-2019-in-march-2019>; Also see N Hauer (2019), "The West Takes NATO for Granted. One Country Still Wants In", *The Atlantic*, available at <https://www.theatlantic.com/international/archive/2019/04/west-georgia-nato/586225/>; Also see G Gotev (2019), "Georgia Suggests Taking an Unconventional Path to EU Accession", *EurActiv*, available at <https://www.euractiv.com/section/eastern-europe/news/georgia-suggest-taking-an-unconventional-path-to-eu-accession/>

⁶¹ V Huseynov and A Rzayev (2018), "Is China's Economic Expansion in the South Caucasus a Myth?", *The Diplomat*, November 29, available at <https://thediplomat.com/2018/11/is-chinas-economic-expansion-in-the-south-caucasus-a-myth/>

Discussions on Security and Stability in Transcaucasia, where the EU, the UN and OSCE participated as negotiators between Georgia, Abkhazia, South Ossetia and Russia, could not achieve any practical progress relating to acceptable solutions among the conflicting parties.⁶²

This reflects the profound interests of the external states to maintain strategic military presence in Caucasus and remain involved in its important energy sector. This, in turn, has impacted the decision-making processes of the governments in the region, including local governments in the North Caucasus. Under such a prevailing scenario, ruling governments have struggled to pursue independent course of activities to further security and development within their respective territories.

Limited Number of Interconnecting Regional Pipelines

During the time of the Soviet Union, a systematic and extensive grid of energy pipelines was built across the country. Moscow, then the capital of Russian Soviet Republic which hosted the Kremlin, exploited the centralized design of the grid to enforce its dictates in all parts of the country. Caucasus region, which was socio-politically restive even during the Soviet time,⁶³ did not have a network of regionally and locally interconnected energy pipelines for Moscow did not wish to build close intraregional connections.

After two-and-a-half decades of Soviet breakdown, the region has not much changed in terms of energy interconnectivity. No new major energy pipeline projects have either been conceptualized or constructed, save the Baku-Novorossiysk Pipeline—that primarily consists of upgraded and in some cases rebuilt sections of pipeline from Baku to Novorossiysk via Grozny (in Chechnya) and Tikhoretsk (in Krasnodar Krai).

Following are the only three pipelines that traverse between the north and south Caucasus:

- Baku–Novorossiysk pipeline (a.k.a. Northern Route Export or Northern Early Oil pipeline). This 1,300 km long oil pipeline runs from Baku, Azerbaijan, northward through Dagestan along the Caspian Sea, turning west toward Grozny and across Chechnya to its terminus at Novorossiysk on Russia's Black Sea coast. The pipeline also transports oil from Kazakhstan and Turkmenistan that is delivered via tanker to the Caspian seaport of Makhachkala, Dagestan.⁶⁴ The continuous flow of oil through this pipeline

⁶² "On the 47th Round of the Geneva International Discussions", US Mission to the OSCE, April 11, 2019, available at <https://osce.usmission.gov/on-the-47th-round-of-the-geneva-international-discussions/>

⁶³ J Hays (n.d.), "Caucasus Under Russia and the Soviet Union", *Facts and Details*, available at http://factsanddetails.com/russia/Minorities/sub9_3d/entry-5091.html; N Boškovska and J Peroviæ (2018), "Manifestations of Nationalism: The Caucasus from Late Soviet Times to the Early 1990s", *Europe Asia Studies*, Vol. 70, No. 6.

⁶⁴ J R Haines (2014), "The Third Chechen War? The Islamic State's Imagined Qoqaz Caliphate and Russia's Fractious Ciscaucasia", *Foreign Policy Research Institute E-Notes*, available at <http://www.fpri.org/articles/2014/09/third-chechen-war-islamic-states-imagined-qoqaz-caliphate-and-russias-fractious-ciscaucasia>

has been interrupted on several occasions, and primarily due to Russia's pressure tactic on Azerbaijan to comply to its dictates.⁶⁵

- **Mozdok-Makhachkala-Kazi Magomed Pipeline:** This 680 km long natural gas pipeline runs from Baku, Azerbaijan, through Chechnya and Dagestan to Mozdok, Republic of North Ossetia-Alania. There it connects with the Novo Filya gas metering station, and further connects with the North Caucasus-Moscow line. It was originally brought into operation to import Russian oil to Azerbaijan; however, from 2009 onwards, the flow of oil has been reversed and Azeri oil has been getting exported to Russia.⁶⁶ This pipeline has witnessed several terrorist bomb attacks in the Dagestan region with an attempt to disrupt the flow of gas.⁶⁷
- **Makat-North Caucasus Pipeline:** This 944 km long natural gas pipeline runs from Makat, Atyrau Region in Kazakhstan, via the Russian Caucasus (Northern Dagestan and Northern Caucasus) and Ukraine.⁶⁸ In 2005, this pipeline was further linked to Mozdok-Kazi Magomed pipeline in Russia.⁶⁹ In 2018, Gazprom (Russia's major oil company) completed a new branch pipeline "Hosutobu-Free-Kharabali" connecting to the existing pipeline with the purpose of gasification of the Northern districts of the Astrakhan region.⁷⁰

In sum, the problems of terrorist attacks, limited capacity of pipelines, political pressures by Russia, occasional resistance from the South Caucasus countries and lack of foreign funding from institutional and big oil companies have prevented the development of new north-south pipelines in the Caucasus, unlike east-west pipelines and other east-west connectivity infrastructures (roads and railways).⁷¹

⁶⁵ "Transneft Suspends Part of Baku-Novorossiysk Oil Pipeline", Russian News Agency, January 10, 2014, available at <https://tass.com/economy/714101>

⁶⁶ *Ibid.*

⁶⁷ "Two Gunmen, One Civilian Killed in Daghestan", Radio Free Europe/Radio Liberty, July 6, 2006, available at <https://www.rferl.org/a/1059703.html>; "Bomb Blast Cuts Gas Supplies to 214,000 in Russia", *China Daily*, January 13, 2010, available at http://www.chinadaily.com.cn/world/2010-01/13/content_9316368.htm

⁶⁸ I S Zonn, A N Kosarev, M H Glantz, A G Kostianoy (2010), *The Caspian Sea Encyclopaedia*, Springer-Verlag Berlin Heidelberg, New York, p. 39.

⁶⁹ "Makat-North Caucasus and Mozdok-Kazi Magomed Pipelines Linked", Gazprom, November 14, 2005, available at <http://www.gazprom.com/press/news/2005/november/article63326/>

⁷⁰ "'Gazprom' has Completed the Construction of a Gas Pipeline in the Astrakhan Region", Investment Potential of Astrakhan Region, October 7, 2018, available at http://invest.astrobl.ru/en/mass_medium_articles/112

⁷¹ The east-west energy pipelines came up after the Soviet collapse as Azerbaijani energy industry was opened to foreign investment, allowing Western oil companies to develop infrastructure to reduce their reliance on Russian oil and natural gas. Hence, oil and natural gas from Azerbaijan could be easily shipped through these pipelines to Georgia, Turkey and farther afield to Europe. Examples include, Baku-Tbilisi-Ceyhan (BTC) oil pipeline, Baku-Tbilisi-Erzurum (BTE) natural gas pipeline and the Baku-Supsa oil pipeline; *Ibid* at 44.

North Caucasus and South Caucasus – Two Competing Energy (Transit) Regions

Both the North and South Caucasus have acted as competing alternate zones for the passage of oil and gas pipelines. Russia has tried to promote the North Caucasus as a transit region for its east-to-west traveling pipelines and make it an interconnecting zone where oil and gas coming from South Caucasus through pipelines or from Turkmenistan via tankers are connected with its own pipelines, which then travel westwards.⁷² The Putin administration⁷³ has tried to pursue this strategy for achieving greater economic prosperity of Russia's Muslim majority republics in the North Caucasus. The administration has upheld the Soviet stance of building and maintaining large interstate pipeline projects for generating jobs and business opportunities for local Russians, whilst deterring separatist tendencies among the ethnic and religious minorities in the hinterlands, particularly in the North Caucasus.⁷⁴ The Russian government and Transneft (a state-owned oil pipeline company in Russia) even built a 283 km bypass between Khasavyurt (in Dagestan) and Tikhoretsk to promote the Northern Route as the preferred option of being the main oil pipeline.⁷⁵

On the other hand, Azerbaijan and Georgia have mostly joined hands, while excluding Armenia, to defeat or undermine Russia's energy-related strategies and promote the South Caucasus as a preferred transit region for all major east-to-west pipelines connecting Asia with Europe (and Turkey).⁷⁶ While doing that, they have constantly emphasized their territories are more peaceful vis-à-vis Russia's the North Caucasus. This strategy has enabled them to secure major Western-backed projects, such as Baku-Tbilisi-Erzurum gas pipeline, Baku-Tbilisi-Erzurum gas pipeline, etc.

On May 2014, Azeri authorities revoked the contract for transiting Azerbaijan's oil via the Baku-Novorossiysk pipeline through Russian territory, in effect for 17 years, and instead it chose the Baku-Tbilisi-Ceyhan oil pipeline.⁷⁷ Prior to that, the contract was renewed after the end of each contract period; however, then onward SOCAR

⁷² "Meeting of the State Council Working Group on Developing Caspian Region Infrastructure", President of Russia, February 19, 2019, available at <http://www.en.kremlin.ru/events/president/news/59862>; <http://www.en.kremlin.ru/misc/59270>

⁷³ Putin administration has continued from Putin's first presidential term (1999-2008), followed by his protégée Medvedev taking over as President (2008-2012) and he regaining presidency in 2012 and continuing till present.

⁷⁴ Edward C Chow (2004), "Russian Pipelines: Back to the Future?", *Georgetown Journal of International Affairs*, Vol. 5, No. 1, pp. 27-33.

⁷⁵ Bernard Schreiner (2002), "Europe and the Development of Energy Resources in the Caspian Sea Region", EU Parliamentary Assembly Report, December 12, available at <http://assembly.coe.int/nw/xml/XRef/X2H-Xref-ViewHTML.asp?FileID=9934&lang=en>

⁷⁶ M Tsereteli (2013), *Azerbaijan and Georgia: Strategic Partnership for Stability in a Volatile Region*, Silk Road Studies Program, Central Asia-Caucasus Institute.

⁷⁷ G Dadashova (2014), "Azerbaijan Defines Route for Pumping Additional Oil Volumes", *Azernews*, January 13, available at http://www.azernews.az/oil_and_gas/63315.html

(Azerbaijan's state oil company) has been increasingly pumping its own oil by the BTC pipeline to the global markets.⁷⁸ However, Azerbaijan failed to renew its gas supplies through the Mozdok-Makhachkala-Kazi Magomed pipeline after the termination of a delivery contract with Russia from 2010-2015.⁷⁹ This has enabled Russia to determine matters related to the important energy industry in Azerbaijan and influence its domestic and foreign policies. Georgia under anti-Russia governments, except for Eduard Shevardnadze-led government, has openly challenged Russia on all energy pipeline and transportation-related issues, which has pushed Russia to respond with military force at times in order to hold on to its hegemon position in the broad region.

Caucasian Energy Subcomplex: Current State and Opportunities

Notwithstanding the involvement of numerous external actors in the South Caucasus and Russia's sovereign control over the North Caucasus (with limited concessions over local political autonomy), there has been noticeable intra-systemic connectivity developments happening in the Caucasus RES, and especially in the recent years. These developments are being initiated by state and non-state actors on both sides of the Greater Caucasus Range. For example, in 2010, Georgian government under President Mikheil Saakashvili removed visa requirements for citizens of Russia's North Caucasus Republics to stay in Georgia;⁸⁰ Middle East-North Caucasus, a project operating under Foundation for Presidential Grants (Russia), works on inter-ethnic and inter-religious peace activities in the North Caucasus Republics, Azerbaijan, Armenia and other countries;⁸¹ Caucasus Network for Children, an umbrella association comprising 15 members from across the North and South Caucasus works for free access of education among children.⁸²

Such aforesaid developments are steadily interlinking the South Caucasus with Russia's North Caucasus. In fact, the (sub-national) political relationships and conflict(s) are blurring the nation-state border separation there. This is leading to the emergence of an enlarged security space—"the big Caucasus".⁸³ However, the

⁷⁸ G Dadashova (2014), "SOCAR, Transneft Update Deal on Baku-Novorossiysk (UPDATE)", *AzerNews*, February 19, available at https://www.azernews.az/oil_and_gas/64526.html

⁷⁹ That mainly happened due to its dwindling gas reserves and cost competition for Russian gas imports trend, May 16, 2018; "Russia Reveals Volume of Azerbaijan's Gas Import," *AzerNews*, available at https://www.azernews.az/oil_and_gas/132063.html; Also see, <https://www.buzzfeednews.com/article/maxseddon/azerbajians-dependence-on-oil-prices-is-bad-for-the-governme>

⁸⁰ R Synovitz (2010), "Georgia Offers North Caucasus Residents Visa-Free Travel as Kremlin Cries Foul," *Radio Free Europe Radio Liberty*, October 20, available at https://www.rferl.org/a/Georgia_Offers_North_Caucasus_Residents_VisaFree_Travel_As_Kremlin_Cries_Foul/2196150.html

⁸¹ In 2016, the Group was declared a 'foreign agent'. But the label was revoked in December 2017 when the government found no trace of foreign income in the Group's activities. Available at <https://rwr.fm/interviews/six-months-of-injustice-possible-closure-of-case-involving-the-attack-against-russian-environmental-activist-without-finding-the-attackers/>

⁸² "Six Months of Injustice: Possible Closure of Case Involving the Attack Against Russian Environmental Activist without Finding the Attackers," *Real World Radio*, July 28, 2018, available at <http://www.caucasuschildren.net/cnc-members>

⁸³ Boonstra and Melvin (2011), *op. cit.*

role of interstate energy pipelines, i.e., a primary component for building an RESc, has remained low. Geopolitics surrounding energy pipelines, which are issues of international and regional importance, have prevented the building of new inter-connecting pipelines and have posed as a threat to the smooth flow of oil and gas through the existing pipelines. This, in effect, has hindered the creation of close interdependent relationship between people and societies residing on two sides of the mountain range.

This scenario of limited number of interstate pipelines between the North Caucasus and South Caucasus offers an opportunity to stakeholders in the 'Great Game', including India,⁸⁴ to participate in developing new ones. The stakeholders, both existing and potential, stand to profoundly benefit if they work together in building the Caucasus region as an interconnecting hub for energy transportation between Europe and Asia. So, in the process, this would also address the energy security of the region.

India: A Potential Player in Caucasus

At present, India is diversifying its energy (oil and gas) sources from around the world in an attempt to reduce its excessive dependence on oil coming from the Middle East. India's oil companies, both publicly and privately-owned, are acquiring and diversifying energy businesses in overseas markets.⁸⁵ Moreover, the previous Narendra Modi-led National Democratic Alliance (NDA) government acted proactively to strengthen India's position at major international conventions and forums, such as the 2015 Paris Conference, UNGA 2014 and 2019, etc., by committing to act more responsibly on important global issues.⁸⁶ The government has engaged with countries worldwide, and

⁸⁴ "India has been a factor in the global balance of power since at least 1510, when the establishment of a Portuguese trading colony at Goa broke a seven-century monopoly on the Indian Ocean spice trade by Muslim empires, unlocking the wealth of the East to European maritime states, which used it to build global empires. Possession of India propelled Britain to the peak of world power in the 19th century."; D Twining (2006), "The New Great Game", *Washington Post*, December 25, available at <https://www.washingtonexaminer.com/weekly-standard/the-new-great-game-14219>; Also see P J John Brobst (1973), *The Future of the Great Game: Sir Olaf Caroe, India's Independence, and the Defense of Asia*, The University of Akron Press, Akron; S M Burke, pp. 148-150.

⁸⁵ "OVL, Partners Buying 49% Stake in Vankor Cluster Oilfields", *Live Mint*, September 1, 2019, available at <https://www.livemint.com/companies/news/ovl-partners-buying-49-stake-in-vankor-cluster-oilfields-1567315435098.html>; Also see, Reuters (2018), "Cairn Buys into Seacrest-backed British North Sea Oilfield", *The Economic Times*, June 14, available at <https://economictimes.indiatimes.com/news/international/business/cairn-buys-into-seacrest-backed-british-north-sea-oilfield/articleshow/64587794.cms>; Also see Reuters (2017), "Vedanta Completes Cairn India Acquisition After Months of Delay", VC Circle, April 12, available at <https://www.vccircle.com/vedanta-completes-cairn-india-acquisition-after-months-of-delay/>; "ONGC Acquires 10 per cent Stake in UAE's Oil Offshore Concession", *The Economic Times*, February 11, 2018, available at <https://economictimes.indiatimes.com/industry/energy/oil-gas/ongc-acquires-10-per-cent-stake-in-uaes-oil-offshore-concession/articleshow/62861205.cms>

⁸⁶ G Ananthkrishnan (2016), "Modi Asks Rich Nations to Cut Emissions, Share Carbon Space with Poor", *The Hindu*, March 25, available at <https://www.thehindu.com/sci-tech/energy-and-environment/cop21-paris-climate-conference-narendra-modi-cautions-against-unilateral-steps-in-combating-climate-change/article7933873.ece>; Also see "Modi UNGA Speech: The World Should Stand as One Against Terrorism, Says PM", *The Economic Times*, September 27, 2019, available at <https://economictimes.indiatimes.com/news/politics-and-nation/pm-narendra-modi-unga-speech-imran-khan-india-pakistan/liveblog/71337965.cms>

with a focus on energy producing countries, to redefine and reinvigorate bilateral and multilateral relationships.⁸⁷ In the process, India has been significantly contributing towards shaping global events and trends, whilst also prioritizing its national interests that subsumes energy security to meet its fast growing energy needs.

Currently, India's trade with Caucasus countries comprise only a minor portion of its trade happening within the Commonwealth of Independent States (CIS). So, here lies an opportunity for India to increase its energy engagements in the region. It holds good political relations with all countries there, save Georgia even with which it has increased high-level diplomatic engagements in recent times, and, of course, Russia.⁸⁸ The present NDA government needs to prioritize this in its foreign policy agenda to reap positive dividends within a short time period. The government can do this even while continuing the ongoing activities related to the region, where India has participation and interests, such as the International North-South Transportation Corridor (INSTC), and strategic partnership with Russia on a number of joint initiatives, some of which may involve third countries.⁸⁹ However, it needs to execute that with meticulous planning and drive up the execution speed.

India has a privileged advantage to shape the functioning course of the INSTC, which is now nearing completion.⁹⁰ It is one of the founder members of this transnational corridor project, and has diligently steered it over the years, outmaneuvering many obstacles.⁹¹ It has taken a lead to bring in other states as member parties to the project, and shares congenial bilateral relationship with all of them.⁹² Further, India attaches vital importance to the project for this would be

⁸⁷ C Mahapatra (2015), "Modi 365: Reshaping India's Foreign Policy", *Pioneer*, May 31, available at <http://www.dailypioneer.com/sunday-edition/agenda/cover-story/modi-365-reshaping-indias-foreign-policy.html>

⁸⁸ ANI (2019), "PM Modi Meets Armenian Counterpart Nikol Pashinyan on Sidelines of UNGA", *Business Standard*, September 26, available at https://www.business-standard.com/article/news-ani/pm-modi-meets-armenian-counterpart-nikol-pashinyan-on-sidelines-of-unga-119092600191_1.html; Also see A Goel (2018), "India & Azerbaijan: Trade Realism & Romanticism", *Observer Research Foundation*, April 10, available at <https://www.orfonline.org/expert-speak/india-azerbaijan-trade-realism-romanticism/>; Also see "Georgia, India Inch Closer to Free Trade Agreement", *Agenda.ge*, January 14, 2019, available at <https://agenda.ge/en/news/2019/97>; Also see S Saran (2019), "India and Russia Share an Evergreen Relationship of Trust and Confidence", *Observer Research Foundation*, September 14, available at <https://www.orfonline.org/expert-speak/india-russia-share-evergreen-relationship-of-trust-and-confidence-55459/>

⁸⁹ D R Chaudhury (2018), "India to Partner US & Russia to Build Capabilities: The Idea of the Corridor will be Discussed at Next Week's Indo-Russian Annual Summit," by Dipanjan Roy, September 27, "The INSTC, Transregional Connectivity and Geopolitics", *Castreach Associates*, August 2, 2019, available at <https://economictimes.indiatimes.com/news/defence/india-to-partner-us-russia-to-build-capabilities/articleshow/65973385.cms?from=mdr>

⁹⁰ *Ibid.*

⁹¹ A A Pikayev (2010), "Why Russia Supported Sanctions Against Iran", *Middlebury Institute of International Studies*, June 23, available at <https://www.nonproliferation.org/why-russia-supported-sanctions-against-iran/>; C C Fair (2007), "Indo-Iranian Ties: Thicker Than Oil", *Yale Global Online*, June 14, available at <https://yaleglobal.yale.edu/content/indo-iranian-ties-thicker-oil>

⁹² S Jha (2015), "In Central Asia, Modi Jump-Starts India's 'Look North' Strategy", July 16, <https://www.worldpoliticsreview.com/articles/16243/in-central-asia-modi-jump-starts-india-s-look-north-strategy>

a gateway to expand its trade and investment links with countries across Eurasia and as far as northern Europe.⁹³ According to estimates, the INSTC after becoming operational will significantly reduce costs and travel time for freight transport,⁹⁴ thus saving significant volumes of energy now being incurred in transportation.⁹⁵

India needs to cherish its historic fraternal relationship with Russia, and use this as a medium to deepen its engagements with other state and non-state actors in Caucasus and across Eurasia. India and Russia can widen their scope of existing collaboration in wide-ranging sectors and across territories by pooling in their respective strengths, such as India's advanced IT and Russia's heavy machineries. In the process, both countries will benefit in terms of scaling up businesses and political clout as strategic partners in Eurasia and at the world stage. This is needed for both countries to remain as strategic partners under fast changing circumstances in the 21st century, such as emerging political blocs at the world level and China's rise as the next new global superpower.⁹⁶ The realization of the Free-Trade Agreement (FTA) between India and Eurasia Economic Union, which is currently just at the entry point of negotiation,⁹⁷ will give a real impetus to India and Russia business ties beyond their respective borders.

The time is right for India to dedicatedly work towards building a peaceful and business-conducive environment in the strategic Caucasus region. It needs to bring local stakeholders there, both state and non-state, to the negotiation table to discuss and derive consensus on contentious issues, including matters related to their national (energy) security. It can employ the existing international and regional forums where it holds a prominent position, like BRICS, NAM, etc. to achieve that. Further, India needs to initiate more high and middle level visits and exchanges of government officials, corporate leaders and academic/think-tank experts between all countries in the region. These confidence-building initiatives if sustained over the years will become institutionalized. While in the process, they will yield tangible results in

⁹³ "India-Russia Joint Statement During Visit of President of Russia to India", October 05, 2018, Ministry of External Affairs, Government of India, available at https://mea.gov.in/bilateral-documents.htm?dtl/30469/IndiaRussia_Joint_Statement_during_visit_of_President_of_Russia_to_India_October_05_2018

⁹⁴ According to the first dry run report, INSTC, reduces freight carriage cost by 30%, transit time by 40% as compared to the Suez Canal route. This in real term the reduction percentage could be pared \$2,500 per 15 tons of cargo; transit time reduced to 25-30 days compared to present 40-60 days; R Dayal (2019), "Expert Group Meeting on Enhancing Efficiency of Selected Intermodal Transport Corridors in Asia", Asian Institute of Transport Development and United Nations Economic and Social Commission for Asia and the Pacific, available at <https://www.unescap.org/sites/default/files/5%20AITD-Rising%20expectation%20of%20INSTC.pdf>

⁹⁵ B Chatterjee and S Singh (2015), "An Opportunity for India in Central Asia", *The Diplomat*, May 4, available at <http://thediplomat.com/2015/05/an-opportunity-for-india-in-central-asia/>

⁹⁶ "Seven Ways China is Shaping Up to Become the World's Number One Superpower", (n.d.), BBC Minute, available at <https://www.bbc.co.uk/programmes/articles/JG9nqGfQnm3WnXHvV6tD3/seven-ways-china-is-shaping-up-to-become-the-worlds-number-one-superpower>

⁹⁷ "India to Commence Negotiations on Eurasian Economic Union Free Trade" (2019), *Russia Briefing*, available at <https://www.russia-briefing.com/news/india-commence-negotiations-eurasian-economic-union-free-trade.html/>

different manner, such as increase in overall trade (both in terms of value and quantity), enrich cultural linkages, achieve energy security and so on. The accrued gains will then be evenly shared between India and its engaging counterparts in the region.

Conclusion

The paper both factually and analytically confirms that at present the Caucasus region does not qualify as an RESsC within the Russia-dominated RESC. However, it could still be best described as a 'fragmented-RESsC' with prospects of becoming a full-fledged RESsC, if stakeholder parties (both state and non-state actors) work in tandem in that direction. These stakeholder parties need to cooperate and compliment one another's activities to increase the flow of trade, and especially in energy and associated sectors, at an intra- and inter-regional level. The increased trade and resulting economic gains will ensure peaceful co-existence among all parties in the Caucasus. This will then contribute towards establishing peace across Eurasia and at the world level.

India, while considering its growing energy demand, should not hold back from getting involved with the challenging state of affairs in the region. Rather, Modi 2.0 should support public and private Indian oil companies to increase business engagements with local partners in all the Caucasian countries. This will create mutually complementing bilateral and multi-lateral relationships between India and prospective partner countries in Eurasia, which is needed under the changing global and regional realities, such as Pakistan's growing strategic-military partnership with Azerbaijan. Last but not the least, India needs to enhance its engagements with the energy-rich Caucasian countries to transition from being a regional power in South Asia to becoming a Eurasian and global power. ▣

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