The Caspian Sea as Battleground

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The Begin-Sadat (BESA) Center for Strategic Studies

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EXECUTIVE SUMMARY

Back in 1991, in the immediate wake of the collapse of the Soviet Union, the Israel desk of Armenia’s foreign ministry—populated at the time by fluent Hebrew speakers—waited for a phone call that never came. The ministry was convinced that Israel, with whom Armenia shared an experience of genocide, was a natural ally. But Israel never made the call. Their shared experience could not compete with Armenia’s Turkic nemesis, Azerbaijan, with which Armenia was at war over Nagorno-Karabakh—a majority ethnic Armenian enclave on Azerbaijani territory.

“The calculation was simple,” an Israeli official said at the time. “Azerbaijan has three strategic assets that Israel is interested in: Muslims, oil, and several thousand Jews. All Armenia has to offer is at best several hundred Jews.”

Azerbaijan had another important asset as well: close political, security, and energy ties to Turkey, which was supporting it in its hostilities with Armenia. The pro-Israel lobby in the US and American Jewish organizations that had had longstanding ties to Turkey for years helped Ankara defeat proposals in the US Congress to commemorate the 1915 mass murder of Armenians.

The Turkey-Israel relationship has soured in recent years as strains between the two have grown more acute over issues like the status of East Jerusalem, held by Israel since 1967’s Six-Day War; the Palestinian question; Iran; political Islam; and President Recep Tayyip Erdoğan’s touting of antisemitic conspiracy theories.

Dr. James M. Dorsey, a non-resident senior associate at the BESA Center, is a senior fellow at the S. Rajaratnam School of International Studies at Singapore’s Nanyang Technological University and co-director of the University of Würzburg’s Institute for Fan Culture.
What has not changed is Israel’s close relationship with Azerbaijan, which put it on the same side as Turkey in renewed animosity between Armenia and Azerbaijan following the former’s defeat in the Second Karabakh War. This is a reflection of the Caspian basin’s inextricable links to the greater Middle East’s myriad conflicts and the fluid and fragile nature of regional alliances, partnerships, and animosities across the Eurasian landmass. Writing in *Baku Dialogues*, Svante Cornell emphasized this important point, noting the “gradual merger of the geopolitics of the South Caucasus and the Middle East” and going so far as to say that Azerbaijan in particular is “more closely connected to Middle Eastern dynamics than it has been in two centuries.”
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STRADDLING DIVIDES

Turkey, which has opportunistic partnerships with Russia and Iran (both of which are littoral Caspian states that pushed for a ceasefire but were seen as partial to Armenia), and Israel, with its close ties to Moscow, rank among Azerbaijan’s top arms suppliers. (A senior aide to President Ilham Aliyev confirmed that the Azerbaijani military was using Israeli and Turkish-made killer drones in the Second Karabakh War, which began in late September 2020.)

If Israel and Turkey seem strange bedfellows, Saudi Arabia and the United Arab Emirates (UAE) appear to be in a bind. The two Gulf States have invested in Azerbaijan to counter Iranian influence in the Caspian but seem inclined to favor Armenia because of their animosity toward Turkey, which they accuse of interfering in internal Arab affairs. Saudi Arabia signaled where it stood by backing Armenian calls for a ceasefire within the first two days of the renewal of hostilities and giving voice to Armenia’s rather than Azerbaijan’s side of the story in state-controlled media.

By the same token, Israeli ties to Azerbaijan—which has worked hard to deepen its ties to Iran—potentially put it at odds with the UAE and Bahrain, with which it recently established diplomatic relations in order to strengthen their alliance against Iran and Turkey. Nonetheless, this may be one instance in which Israel’s finding itself on the other side of a divide from Gulf States may work in the Jewish State’s favor. Israeli sources suggest that the Second Karabakh War potentially creates an opportunity for back-channeling by which Israel could try to drive a wedge between Turkey and Iran.

“The arms shipments to Azerbaijan and the flareup in Nagorno-Karabakh is a reminder that the periphery alliance may not be entirely dead,” said prominent Israeli commentator Anshel Pfeffer in early October 2020.
Pfeffer was referring to the Israeli policy prior to the opening of relations with Arab states to maintain close relations with its non-Arab neighbors in the absence of official Israeli ties to its Arab neighbors.

Iran’s ethnic Azerbaijanis account for up to a quarter of that country’s population and are influential in Iran’s power structure. Supreme Leader Ayatollah Ali Khamenei is himself of ethnic-Azerbaijani decent. The regime in Tehran, which is often perceived as sympathetic to Armenia, walked a fine line when calling for a ceasefire in the Second Karabakh War and offering to mediate an end to the fighting. Iranians in nearby border areas stood on hilltops to watch the fighting in the distance. Security forces clashed with demonstrators in Iranian cities who chanted, “Karabakh is ours. It will remain ours.”

Iran, in line with international law, has long recognized Nagorno-Karabakh as part of Azerbaijan. But the demonstrations are reminiscent of environmental protests that took place in the Iranian province of East Azerbaijan at the time of the 2011 popular Arab revolts—protests that often turned into manifestations of ethnic-Azerbaijani nationalism.

**Naval Posturing**

Even before the hostilities between Armenia and Azerbaijan erupted on the northwestern inlands of the Caspian, Iran had stepped up its naval posturing on the basin’s southern coast. Analysts like Jamestown’s Paul Goble and Russian conservative writer Konstantin Dushenov, as well as Iranian naval commanders, raised the specter of enhanced US sanctions-busting military cooperation between Moscow and Tehran in the Caspian and beyond.

These and other analysts suggested, in what appeared to be an echo of unconfirmed reports of closer Chinese-Iranian cooperation that circulated for an extended period and were discussed widely in policy circles despite their lacking credulity, that Russia and Iran were planning an extended military collaboration to include naval exercises in the Caspian as well as in the Gulf and the Strait of Hormuz.

The analysts, including the aforementioned Dushenov (who was reportedly jailed a decade ago on charges of antisemitic incitement),
claimed further that Iran had offered Russia naval facilities at three ports—Chabahar, Bandar Abbas, and Bandar Bushehr—on the Islamic Republic’s Gulf coast, a move that would violate its foundational principle of permitting no foreign presence on its soil. It would also contradict Iran’s proposal for a regional Middle Eastern security architecture that would exclude the involvement of nonregional powers.

Nevertheless, raising the specter of a more assertive attitude, senior Iranian commanders have stepped up visits to naval facilities and a shipyard on Iran’s Caspian coast where a destroyer is being repaired and modernized. The officials, including Iranian navy commander Rear Admiral Hossein Khanzadi, his deputy Admiral Habibullah Sayari, and Admiral Amir Rastegari (who reportedly oversees naval construction), stressed the importance to Iranian national security of the Caspian on tours of facilities on the coast.

They also urged closer cooperation and joint naval exercises with other littoral states like Azerbaijan and Turkmenistan. “The Caspian Sea is the sea of peace and friendship and we can share our military tactics with our neighbors in this region. We are fully ready to expand ties with neighboring and friendly countries,” Khanzadi said.

The Iranian moves are about more than just strengthening the country’s military presence in a basin it shares with Russia, Azerbaijan, Turkmenistan, and Kazakhstan. A 2018 agreement among the littoral states, made necessary by the collapse of the Soviet Union, barred entry to the basin by military vessels of non-littoral states but failed to regulate the divvying up of the sea’s abundant resources.

Closer naval ties with Caspian Sea states would allow Iran to leverage its position at a time when Central Asians are worrying about greater Chinese security engagement in their part of the world. That engagement threatens a tacit understanding in which Russia shoulders responsibility for regional security while China focuses on economic development. Increased Chinese engagement raises the specter of the export of aspects of the People’s Republic’s vision of the twenty-first century: an Orwellian surveillance state. There is widespread anti-Chinese sentiment in countries like Kyrgyzstan and Kazakhstan as a
result of Beijing’s brutal crackdown on Turkic Muslims in the troubled northwestern province of Xinjiang.

Hard-hit by the economic fallout of the coronavirus pandemic, Central Asians are torn between wanting to benefit from Chinese willingness to reinvigorate projects related to the Belt and Road Initiative and their concerns about the way enhanced Chinese influence could affect their lives. Popular sentiment forced Kyrgyzstan early on in the pandemic to cancel a $275 million Chinese logistics project. The Kazakh foreign ministry summoned the Chinese ambassador to explain an article published on a Chinese website that asserted that the Central Asian country wanted to return to Chinese rule. Kazakh media called for China and the US to leave Kazakhstan alone after the Chinese foreign ministry claimed the coronavirus had originated in US-funded laboratories in the country.

Iranian efforts, boosted by the Indian-funded deep sea port of Chabahar, which serves as a conduit for Indian exports to Central Asia, benefit in the margin from big Asian power rivalry. That rivalry has opened the region, including the Caspian basin, to greater competition with the Islamic Republic’s chief Gulf opponents, Saudi Arabia and the UAE.

Iran hopes geography and Central Asian distrust of past Saudi promotion of its ultra-conservative strand of Islam will work to its advantage. That hope may not be in vain. Tajik FM Sirodjidin Muhriddin, despite past troubled relations with the Islamic Republic, opted a year ago to ignore a Saudi invitation to attend an Organization of Islamic Cooperation conference in the kingdom and visit Iran instead.

Iran has since agreed to invest $4 billion in the completion of a five-kilometer tunnel that will link the Tajik capital of Dushanbe with Tajikistan’s second-largest city, Khujand. That has not, however, put a halt to recurring strains. In September 2020, Iran summoned the Tajik ambassador in Tehran in protest the broadcast of an anti-Iranian documentary on the Central Asian country’s state television channel.

Perhaps Iran’s strongest trump card is that by linking the Caspian to the Arabian Sea it can provide what the Gulf States cannot: cheap and short access to the IndoPacific. Indeed, Iran is already written all over Uzbek
President Shavkat Mirziyoyev’s transportation infrastructure plans. A decree issued in late 2017 identified various corridors as key to his plans, including the extension of a rail line to connect Uzbekistan’s Termez to Afghanistan’s Mazar-i-Sharif and the Afghan city of Herat, from where it would branch out to Iran’s Bandar Abbas port, Chabahar, and Bazargan on the Iranian-Turkish border.

“As Tashkent seeks to diversify its economic relations, Iran continues to loom large in these calculations. For Uzbekistan, not only do Iranian ports offer the shortest and cheapest route to the sea, but several future rail projects cannot be accomplished without Tehran’s active participation,” wrote Central Asia analyst Umida Hashimova in January 2020.

Iran, together with Russia and India, has been touting a sea and rail hookup involving Iranian, Russian, and Indian ports that would link South Asia to northern Europe as a viable alternative to Egypt’s Suez Canal. This link would constitute an addition to China’s Belt and Road Initiative.

In July 2020, Iranian and Indian officials suggested the route would significantly cut shipping time and costs from India to Europe. About a month earlier, Senior Indian Commerce Ministry official B.B. Swain said the hook-up would reduce travel distance by 40% and costs by 30%.

The Iranian-Indian-Russian push is based on a two decades-old agreement with Russia and India to establish an International North-South Transport Corridor (INSTC), as well as more recent free trade agreements concluded by the Russia-dominated Eurasian Economic Union (EAEU) with Iran and Singapore.

The agreements have fueled Central, South, and Southeast Asian interest in the corridor even if the EAEU itself groups only a handful of countries (Russia, Belarus, Armenia, Kyrgyzstan, and Kazakhstan, another Caspian Sea state). Exploiting the momentum, Russia has been nudging India to sign its own free trade agreement with the EAEU. The grouping is also discussing an accord with ASEAN, which, as it happens, just signed a Regional Comprehensive Economic Partnership with China, Japan, South Korea, Australia, and New Zealand.
If successful, the Iranian push, backed by Russia and India, would anchor attempts by Iran to project itself—as opposed to Saudi Arabia and the UAE—as the key Middle Eastern player in Russian and Chinese ploys for regional dominance. Leveraging geography and Central Asian distrust of past Saudi promotion of its ultraconservative strand of Islam, Iran expects that kickstarting the INSTC will give it a significant boost in its competition with Saudi Arabia and the UAE for the region’s hearts and minds. The INSTC would also strengthen Iran’s position as a key node in BRI on the back of a two year-old rail link between western China and Tehran that runs across Kazakhstan, Uzbekistan, and Turkmenistan.

The INSTC would link Jawaharlal Nehru Port, India’s largest container port east of Mumbai, through the Iranian deep-sea port of Chabahar on the Gulf of Oman, which is funded by India to bypass Pakistan. It would also link the Islamic Republic’s Caspian Sea port of Bandare Anzali to Russia’s Caspian harbor of Astrakhan at the mouth of the Volga and onward by rail to Europe. The Iranian push was boosted by an agreement in March 2020 between Russia and India that would enable the shipment of goods through the corridor on a single invoice, a requisite for shippers to persuade banks to issue letters of credit.

**History repeats itself**

Invoices and letters of credit may not make the difference as long as Iran asserts itself and Russia seeks to fend off a Turkish challenge in the South Caucasus, its Chechen Muslim soft underbelly, and potentially among Russia’s Turkic Muslim minorities, as well as Central Asia’s former Soviet republics—territories Moscow has long considered its preserve.

“If it turns out that [...] we just hum and dither and do not force our southern neighbor to swallow his insolence along with his own teeth [...] ; and if [it turns out that] we take sixteenth place in Azerbaijan while Erdoğan is number one; then what is our position in Kazakhstan, in Central Asia, in [...] Ukraine (considering Crimean Tatars and military supplies)? And what will our position be in Tatarstan, in Bashkiria, in Yakutia and Altai, where Turks also live? This is not theory, it is reality,” said prominent Russian commentator and head
of the Moscow-based Middle East Institute Yevgeny Satanovsky in October 2020.

Saudi Arabia and the UAE have fared somewhat better in Azerbaijan and Uzbekistan. Saudi utility developer ACWA Power, in which China’s state-owned Silk Road Fund has a 49% stake, and the UAE’s Masdar or Abu Dhabi Future Energy Company have agreed to invest in Azerbaijani renewable energy projects. ACWA Power has also signed agreements in Uzbekistan worth $2.5 billion for the construction of a power plant and a wind farm.

CONCLUSION

Armenia’s humiliating defeat at the hands of an emboldened, Ankara-backed Azerbaijan is likely to turn the Caspian basin into one more battlefield in multiple power struggles across the greater Middle East aimed at shaping a new regional order.

The Azerbaijani and Turkish sense of moral and military victory, coupled with Erdoğan’s assertive regional policies, bodes ill for the need for Azerbaijan to balance its success with gestures and magnanimity that will rebuild confidence in Azerbaijani assurances that the safety, security, and rights of the Armenian population in Nagorno-Karabakh will be safeguarded amid their fears of renewed displacement or even ethnic cleansing. It also throws into doubt longer-term relations between Russia and Armenia, with many feeling betrayed by Moscow’s refusal to come to Armenia’s aid under a defense pact between the two countries. (Russia maintains a couple of military bases in Armenia under the pact.)

Turkey’s inevitable role in any negotiations to resolve the Armenian-Azerbaijani conflict adds to the balancing act Russia and Turkey are performing to ensure that their alliance is not undermined by multiple regional conflicts in which the two countries back opposing sides.

Russia is likely to worry about pan-Turkish and nationalist voices demanding that Turkey capitalize on Azerbaijan’s success to increase its influence in Central Asia, a region of former Soviet republics with ethnic, cultural, and linguistic links to Turkey.
The pan-Turkic daily Türkiye—a newspaper with the fourth-largest circulation in Turkey—urged the government to leverage the Azerbaijani victory to create a military alliance of Turkic states: “The success in Karabakh has brought once again to the agenda one of the West’s greatest fears: the Turan Army. Azerbaijan, which has become stronger with the military training, joint drills, and support with armed drones that Turkey has provided, has broken Armenia’s back. This picture of success that has appeared has once again brought to life the hopes concerning a Turan Army that would be the joint military power of the Turkic states,” Türkiye said. (“Turan” is the term used by pan-Turkists to describe Turkic Central Asia.)

So far, Turkey’s bet that history would repeat itself appears to be paying off. The South Caucasus is the latest former Soviet region, after political crises in Belarus and Kyrgyzstan and the electoral defeat of pro-Russian forces in Moldova, in which Moscow’s ability to maintain stability is being challenged.

For now, Erdoğan has strengthened his position in what will lead inevitably to a rejiggering of the balance of power in the Caucasus between not only Russia and Turkey but also Iran, at a time that the tradeoff for Israeli support of Azerbaijan is believed to be the Jewish State’s ability to surveil the Islamic Republic. “The message sent from Tel Aviv to Tehran is very clear: ‘Syria is my backyard, and I will be in Azerbaijan, your backyard,’” said Sadik Öncü, a Turkey-based international relations analyst, referring to Iranian support for Syrian President Bashar Assad.
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