

RUSSIA AND THE CASPIAN SEA: PROJECTING POWER OR COMPETING FOR INFLUENCE?

Tracey German

This monograph examines Russia's policy toward the Caspian Sea region as Moscow seeks to counterbalance growing American involvement within what it perceives to be its zone of privileged interest, focusing on the recent expansion of the Caspian Flotilla and the rationale behind this. The Flotilla has been the focus of significant investment in recent years, part of a wider expansion and renewal of Russia's naval (and broader military) capabilities. Russia is focused on the establishment of forces that are able to deploy rapidly and cope with instability on its periphery, but that also signal its intent to remain a dominant force in the region. A range of new vessels has been commissioned into the Caspian Flotilla over the past decade, these are developed to operate in shallow littoral waters, rather than blue-water operations, and conduct low-intensity maritime security operations such as the protection of Russian shipping and Russian offshore hydrocarbon production facilities, as well as to monitor the extraction of hydrocarbons and bio-resources in disputed areas of the Sea. The upgrade of the Flotilla's capabilities is a visible signal of intent that Russia is unwilling to cede any further influence and intends to remain the predominant power in the Caspian Sea region.

The decision to upgrade the Flotilla was made when Vladimir Putin came to power at the beginning of 2000 and identified Russia's south and the Caspian region as an area of strategic interest. The Caspian Sea is part of Russia's "southern underbelly" (*yuzhnaya*

podbryush'ye), a term that underscores the sense of vulnerability it feels along its southern border. Rich in resources, the broader Caspian region is also an area of ongoing border disputes, transnational threats, and growing international interest. Over the past few decades, it has become pivotal for the United States (and the West), both in terms of its hydrocarbons, which provide an alternative source to Middle Eastern and Russian resources, and as an important transit route for the International Security Assistance Force logistics operation. Russia traditionally has been the biggest regional power and, despite the appearance of new actors within the region, it remains the principal economic and military power. Moscow considers the former Soviet states around the Caspian to be a sphere of its exclusive influence, or, as former Russian President Dmitry Medvedev has put it, Russia's "zone of privileged interest," and has sought to counterbalance the growing involvement of other actors.

The Russian narrative was (and remains) dominated by talk of "competition" and the need to be "competitive" with the West. Russian policies vis-à-vis the Caspian region (and the wider former Soviet area) are focused on maintaining influence and protecting Russia's political and economic interests in the region. This monograph analyzes the drivers of the increasing competition for influence, focusing on developments within the energy sector, and assesses the implications of Russia's consolidation of its dominance for security

and stability in the region. Russia's investment in its Caspian Flotilla has been reflected by an increase in the expenditure and capabilities of the other four littoral states. After years of underfunding, Azerbaijan, Kazakhstan, and Turkmenistan have been upgrading their naval capabilities recently, largely to ensure better control over their oil and gas reserves and installations in the Caspian, but raising the specter of a worrying militarization of the Sea.

Moscow's desire to limit the influence and presence of external actors, especially the United States, and ensure its own dominance in the region undermines the sovereignty of the other littoral states and their ability to pursue an autonomous foreign policy. This desire also has significant implications for states outside the region, such as the United States, who wish to deepen their engagement with, and influence on, the Caspian states. A clear understanding of Russian strategic thinking and threat perception in the Caspian Sea is vital in order to facilitate effective U.S. policy in the wider Caucasus and Central Asian region, particularly in the wake of the crisis in Ukraine.

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