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# Back to the future in the Caspian corridor

By Simon Tisdall  
guardian.co.uk - 30/10/2008

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Russia's attempts to re-establish its Soviet-era spheres of influence seem to have caught the US on the hop

Russia's efforts to control oil and gas supplies to Europe from the Caspian basin and central Asia could advance significantly at the weekend when the Kremlin hosts a summit meeting of the leaders of long-time south Caucasus rivals Azerbaijan and Armenia.

The talks, convened by President Dmitri Medvedev, are primarily aimed at settling the dispute over Nagorno-Karabakh, one of the region's so-called frozen conflicts. In the early 1990s the two neighbours went to war over the enclave, which Azerbaijan regards as sovereign territory and which is currently controlled by ethnic Armenian forces.

Russia's altruism should obviously be applauded. But Moscow's peacemakers are probably more concerned with increasing their political and economic influence in the crucial energy corridor connecting Baku, Azerbaijan's capital, with Georgia, Turkey and the west. This effort is seen by some regional experts as part of Russia's broader attempt to re-establish Soviet era spheres of influence beyond its borders.

The Kremlin has been tirelessly wooing Azerbaijan's Moscow-educated president, Ilham Aliyev. Earlier this year Gazprom, the Russian gas monopoly, informed Azerbaijan as well as Turkmenistan, Uzbekistan and Kazakhstan that it was ready to pay higher European market prices for their gas.

The offer stripped away much of the economic rationale for the proposed US and EU-backed Nabucco pipeline that, if built, would transport gas direct to Europe from the Caspian. It would also reduce producer countries' transit costs.

"Some experts in Baku believe the Gazprom gambit will be successful in achieving its main aim - to frustrate American and EU efforts to establish an alternative export network that would circumvent Russia," said industry writer Khadija Ismayilova on Eurasianet.org.

Russia's summer conflict with Georgia, though which key oil and gas pipelines to Turkey pass, and Europe's vacillating response have also left Azerbaijan reconsidering its westward-leaning stance. After the Soviet Union's collapse, Baku pursued links with the EU, encouraged investment by companies such as BP, and built ties to Nato.

But resentment about recent western neglect, particularly by the US, coupled with concerns about its reassertive northern neighbour and the impasse over Nagorno-Karabakh, is enticing Azerbaijan towards a Russian-dominated "Eurasian" sphere, said regional experts Borut Grgic and Alexandros Petersen in the Wall Street Journal.

"Azerbaijanis were disappointed by the west's reaction to events in Georgia and the growing inclination in many European capitals to capitulate to Russia in the broader Black Sea region," they said. "Now Moscow, a long-time friend of Armenia in the Karabakh conflict, has begun quietly supporting Azerbaijan's position in the hopes of securing a deal for all of [its] available natural gas exports."

"In the absence of incentives or even attention from the west, Baku is seriously considering a major foreign policy reversal." And if the shift into Russia's camp came about, Grgic and Petersen warned, a "strategic chunk" of central Asia would likely follow suit.

Russia is working hard to keep Armenia on board, too. Medvedev went to Yerevan earlier this month and signed a sheaf of cooperation agreements. After meeting President Serge Sarkisian, the Russian leader said talks on settling Nagorno-Karabakh were at "an advanced stage".

Russia's diplomatic and economic offensive in the south Caucasus has not gone wholly unanswered. Turkey, with its own energy and security interests at stake, is in effect leading western mediation efforts over Nagorno-Karabakh - though getting little credit for it. President Abdullah Gul made a landmark visit to Armenia earlier this year in a bid to mend fences with an historic enemy. US envoys have also joined the fray.

But western attempts to stay in the game are hampered by factors ranging from the absence of common EU policies on Caspian energy, the south Caucasus conflicts and Turkey to the US Congress's lopsided grandstanding on the Armenian genocide and the political transition in Washington. Criticism of Azerbaijan over human rights and this month's presidential election, won by Aliyev by a suspiciously large margin amid an opposition boycott, is also something Baku does not have to put up with from Moscow.

Alarmed that the regional balance is shifting, the US vice-president and former oilman Dick Cheney dashed to Baku in September after visiting Georgia. He did not stay long and it is unclear what, if anything, he achieved. No sooner had Aliyev bidden Cheney goodbye than he flew to Moscow for consultations. It was a good indicator of where the power lies.

Cheney's sudden appearance prompted wry questions in Baku about why it took him eight years to make the trip. It also left some observers suggesting the Bush administration has already "lost the Caspian" - and only just realised.

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