

# The struggle for Caspian oil, the crisis in Russia and the breakup of the Commonwealth of Independent States

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As NATO troops occupy Kosovo and the media is busy justifying the bombing of Yugoslavia, new struggles are developing away from the front lines which could lead to much greater military conflagrations. Such conflicts are taking place on the territory of the former Soviet Union, the source of the world's largest untapped reserves of oil and gas and a region where Russian influence has declined dramatically.

Following the dissolution of the Soviet Union on December 8, 1991, the Commonwealth of Independent States (CIS) was founded, consisting of Russia, White Russia and the Ukraine. On December 21 of the same year a further eight former Soviet republics joined the CIS—the states of Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenia and Uzbekistan. The Commonwealth was founded in Alma Ata, the former capital of Kazakhstan. In 1993 the Caucasus republic of Georgia also joined the union.

Russian power was the cement which held the CIS together. However the economic, political and military weakening of Russia has brought into the open the centrifugal forces which had led to the dissolution of the Soviet Union in the first place and have marked the CIS from its very beginning. Two events have accelerated this process: the financial crisis in Russia of August 1998 and the political humiliation of Russia by NATO in the war against Yugoslavia.

At the beginning of the 1990s Russia was able, with its powerful military apparatus, to exert its influence over various political conflicts taking place within the former Soviet republics. By stationing troops Russia was able to ensure a temporary status quo between Armenia and Azerbaijan in the conflict over Nagorno-Karabakh; in Georgia it supported the Abkhazia separatist movement; in Tajikistan it maintained the weak pro-Moscow puppet government of Imomali Rachmonov against the Islamic opposition (UTO); in Moldova it backed the Russian separatist Transnistria republic.

More recently Moscow's military grip over these republics has weakened, while new conflicts have arisen and old ones have reemerged. This development is bound up with Russia's own decline and the fact that the Central Asian and Caucasus regions have developed relations in other directions.

Overall internal trade between the CIS states has fallen by two-thirds since 1991. The percentage of foreign trade has declined from 78 percent in 1991 to 24 percent today. Trade of White Russia, the Ukraine, Moldova and Kazakhstan with Russia is down between 40 and 60 percent; between Russia and the Caucasus republics of Georgia, Armenia and Azerbaijan trade has fallen by an average of 23 percent; between Russia and the rest of the Central Asian republics

(Turkmenia, Uzbekistan, Kyrgyzstan and Tajikistan) the decline on average is 13 percent. While the Ukraine, Moldova and Georgia are striving to develop close links with the European Union, the Central Asian republics and Azerbaijan aim to develop relations with Turkey, Iran and China.

This process has intensified considerably since last year's financial crisis in Russia. Up to that point Russia, as the most stable of the CIS economies, was able to artificially maintain links to the republics by buying products which were uncompetitive on the world market and making available non-repayable credits.

Since the August crisis, however, Russia has been “transformed from a centre of gravitation to a source of economic tremors. The main concern of all its former partners has been to put sufficient distance between themselves and Russia”, according to Yuri Shishkov, deputy chairman of the Institute for World Economy and International Relations of the Russian Academy of Science. “All of the integration programmes within the framework of CIS are a thing of the past”, he wrote in the weekly *Obshaya Gazeta* of May 13-19, 1999.

The atmosphere between Russia and the “partner countries” has cooled considerably. Whereas a chorus of “hope and optimism” greeted the founding of the CIS, today it is regarded as a “listless organisation”, whose authority is not taken seriously by any of the member countries. Kyrgyzstan, for example, recently joined the World Trade Organisation (WTO) in open defiance of the customs regulations drawn up by five of the CIS member countries. Turkmenia, which was formerly only able to offer its gas to the world market via Russian pipelines and with a Russian subsidy, now delivers through Iran and is gradually breaking all its relations with Russia. Train connections and travel without a visa between Moscow and the Turkmenian capital, Ashkhabad, have been stopped.

The most significant organisation to emerge as a challenger to Russian influence is the union of states known as GUAM, formed in 1998 by Georgia, the Ukraine, Azerbaijan and Moldova. In April 1999 the union was extended to include Uzbekistan (after which the organization's name was changed to GUUAM). From its outset the proclaimed aim of the alliance was the revival of the “Silk Road”.

This point was first made by the Georgian president and former foreign minister of the Soviet Union under Gorbachev, Edward Shevardnadze. At an Asian Pacific Economic Community (APEC) forum in 1994 he called for the integration of the Central Asian and Caucasus states into the world market with the aid of a trans-European Caucasus/Pacific communications system.

The heart of this system is a transport route for Azeri oil which *circumvents* Russia and its spheres of influence. The trans-Caucasian states of Azerbaijan and Georgia would become key elements in a transport system linking Asia and Europe and controlling the passage of goods by road and rail. Such a system would be highly attractive to investors. The first projects involved in this system, such as the construction of a highway from the north Turkish industrial town of Samsun to the Georgian port of Batumi, are being built or—as with the oil pipeline between the Azerbaijani capital of Baku and the Georgian Black Sea port of Supsa—are already finished.

The European Union, which partly financed this latter project, seeks as well to participate in an oil transport route between Poti and Ilytshovsk. This will secure a direct route for Azerbaijani oil to the states of western and southeastern Europe fully independent of Russia. Instead of the existing route from Grosny to Novorossik in Russia, it is to be transported by rail from Baku to the Georgian port of Poti and then transported by ship to the Ukrainian port of Odessa Ilytshovsk.

Ukraine and neighbouring Moldova are making their own oil pipeline available to the Czech and Slovakian republics and Rumania, and then to Western Europe and the Balkans. By so doing they can free themselves altogether from Russian oil interests and grab their own share of business. Talks are being held with Turkmenia over oil and gas pipelines through the Caspian Sea over Baku, and further on to Georgia and Turkey.

A major problem, however, is the existence of ethnic conflicts in these countries. Up until now these antagonisms were utilised by Russia to maintain its control and hinder the efforts of these states to free themselves from Moscow's grip. But with Russia's decline the GUUAM states are more and more openly opposing Moscow and seeking the support of the United States in order to assert their own interests.

Uzbekistan's entry into the GUUAM alliance took place in Washington during the festivities to mark the fiftieth anniversary of NATO, which were boycotted by Russia in protest over the bombing of Yugoslavia. For their part the presidents of the GUUAM states made clear their unqualified support for the actions of the US and NATO.

Moreover, since the beginning of the year joint military maneuvers by the Ukraine, Azerbaijan and Georgia have been taking place for the first time without the participation of Russia. The maneuvers were conducted as defence exercises for the newly opened oil routes. Immediately after the CIS summit in Moscow last April, these countries asserted their *de facto* withdrawal from the treaty of Tashkent, agreed in 1992 between the CIS states with the aim of creating a “joint defence framework”.

The United States has warmly approved the aims of GUUAM. As early as 1997 the US Congress passed a resolution declaring the Caspian and Caucasus region to be a “zone of vital American interests”. At the end of April this year Clinton's special envoy for energy diplomacy, R. Morningstar, outlined American interests in a number of points: 1) independence, sovereignty and welfare in these countries to be secured through the imposition of economic and political reforms; 2) reducing the danger of regional conflict through the involvement of the states in international economic collaboration; 3) strengthening the energy security of the USA and its allies with the help of the countries of the Caspian region and; 4) expanding the opportunities for American corporations.

An especially aggressive role is being played by oil-rich Azerbaijan, where American petroleum concerns are responsible for more than 50

percent of oil investment. Its president, Heydar Aliyev, has repeatedly boasted that “the great possibilities for the deepening and broadening of economic and military collaboration with the USA and NATO have been fully exploited”. Intense efforts have been made to establish an American, Turkish or NATO base as a counterpart to Armenia (which is supported by Russia) on the territory of the former Soviet air defence base “Nasosnaya”, located 45 km north of Baku.

The US, which is evidently prepared to impose its interests in the region by means of military force, sent a working group of American officers under the leadership of General Charles Box on a special mission to the area. According to the Russian weekly *Vyek* (century), they examined the possibilities of stationing NATO troops “for the strengthening of security and stability in the Caucasus.”

It was more than empty words when Azerbaijani Defence Minister Safar Abiyev called for “a peace intervention by NATO” in connection with renewed fighting in Nagorno-Karabakh. He had already offered NATO the use of Azeri air installations for the Alliance's operations in Yugoslavia.

Europe is also well aware of the significance of the region. NATO General Secretary Javier Solanas, who has visited the region twice in the past two years, stated, “Europe cannot be totally secure as long as the Caucasus states remain outside the borders of European security.”

Russian influence and CIS stability are also under threat from the Islamic side. Because of the decline in Moscow's authority, President Rachmonov of Tajikistan was forced to make further concessions to the Islamistic United Tajik Opposition (UTO), which has controlled half of the shattered country since the end of the five-year civil war in 1997. The opposition has close relations to the Afghan Taliban militia, and in the latest conflict opposition leader Nuri received four additional ministerial posts in the coalition government that was formed after the civil war.

Uzbekistan, where a third of the population belongs to the ethnic Tajik minority, fears for its future amid growing pressure from Tajikistan and an increase in incidents on its short border with Afghanistan. Were Russia to desert its neighbour Tajikistan, and the latter to fall into the hands of the Islamists, Uzbekistan would hardly be in a position to defend its borders. This is why Uzbekistan President Karimov is seeking to secure his rule with the help of the US and GUUAM.

The only CIS state to maintain unconditional loyalty to Russia is White Russia, whose economy has hit rock bottom. During the Soviet era White Russia was closely integrated into the Russian economy and was known as the Russian “tool-shop”. Today its economy is totally uncompetitive on the world market, and its output has declined to less than 30 percent of the level in 1989.

Those seeking to determine the source of future military conflicts should follow the flow of oil and gold. The ethnic conflicts encountered along the way could well serve as the trigger for new NATO interventions.



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