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DEPARTMENT OF INTERNATIONAL AND EUROPEAN STUDIES

MASTER PROGRAM IN ENERGY, STRATEGY, LAW AND ECONOMICS

THE REGION OF CASPIAN SEA: A POINT OF GLOBAL GEOPOLITICAL CONFLICTS, ENERGY COMPETITION AND LOCAL TERRITORIAL DISPUTES.

By

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(υπογραφή)

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EIKONA: https://www.tehrantimes.com/news/430418/Representatives-from-5-Caspian-Sea-states-to-meet-in-Tehran-on

THE REGION OF CASPIAN SEA:

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Keywords: Caspian Region, Kazakhstan, Azerbaijan, Russia, Turkmenistan, Iran, UNCLOS, Energy, Crude oil, Natural Gas, Transportation Routes, USA, EU, EEZ.

Abstract

The aim of this thesis is to build a strong geopolitical analysis of the Caspian Region, based on the geography of the area and the historical - cultural (religion), political and economic relations of the countries in the area, from the collapse of Soviet Union to our days. This thesis is based on solid and current data, in order to capture the special conditions of the area, such as the territorial disputes between the countries and their competition for energy and economic hegemony in the region, which will be presented later. Another subject that we are going to discuss in this thesis is the Caspian Sea legal regime and how this affects the relations of countries in the area and the prospects for energy cooperation between them. Last but not least, the energy security (problems and potentials) of the region and all the major actors in the region (private sector and states) are mentioned. Concluding, the study proposes some synthetic geographical and legal representations and scenarios of Caspian energy geopolitics.

INDEX

ACRONYMS

EEZ	Exclusive Economic Zone
EU	European Union
USSR	Union of Soviet Socialist Republics
NATO	North Atlantic Treaty Organization
CIS	Commonwealth of Independent States
ACG	Azeri Chirag Guneshli
AIOC	Azerbaijan International Operating company
BTC	Baku – Tbilisi - Ceyhan
BP	British Petroleum
CEH	Caspian Economic Hinterland
CITES	(UN) Convention on International Trade in endangered species of wild fauna and flora
CPC	Caspian Pipeline Consortium
EIA	U.S. Energy Information Agency
KEPCO	Khazar Exploration & Production Co.
KMG	Kazmunaigaz
PSA	Production Sharing Agreement
SGC	Southern Gas Corridor
UNCLOS	United Nations Convention on the Law of the Sea
CNPC	China National Petroleum Company
ENI	Ente Nazionale Idrocarburi
b/d	Barrels per day
mb/d	Million Barrels per day
tb/d	Trillion Barrels per day
cm	Cubic meters
bcm	Billion Cubic meters

tbc	Trillion Cubic meters
FDI	Foreign Direct Investment
FSU	Former Soviet Union
GDP	Gross Domestic Product
GG	Governmental Guarantee Agreement
IGA	Inter - Governmental Agreement
HGA	Host Government Agreement
IEA	International Energy Agency
OPEC	Organization of Petroleum Exporting Countries
OSCE	Organization for Security and Cooperation in Europe
SOCAR	State Oil Company of the Azerbaijan Republic
TCGP	Trans – Caspian Gas Pipeline
TCO	TengizChevroil
IMO	International Maritime Organization
NIS	Newly Independent States
OECD	Organization for Economic Cooperation and Development
OKIOC	Offshore Kazakhstan International Oil Company
TPAO	Türkiye Petrolleri Anonim Ortaklığı
	(Turkish Petroleum Corporation)
TRACECA	Transport Corridor Europe – Caucasus - Asia

PART A

Chapter 1: Introduction

This Thesis constitutes the result of my studies in the Department of International and European Studies of the University of Piraeus, in the postgraduate program of Energy, Strategy, Law and Economics. It presents the importance of Caspian region from the geopolitical aspect and by the term ***"Geopolitical**, **we refer to the analysis of the geographic influences on power relationships in international relations"*** (Deudney, 2021)**.** In this thesis we also examine the legal status of the area and by that we refer to the possibility of handling the volume of the water which exists in the region as if it was a sea or a lake and also the environmental agreements and international mining practices, that have been reapproved and agreed between all the parties.

Solid and current data are the basis of this Thesis, such as the geography of the Caspian area and the historical - cultural (religion), the political and economic relations of the countries and the people of this certain area, while it aims to build a strong geopolitical analysis. In order to achieve that, an extensive analysis of all the Post – Soviet countries of the region (Kazakhstan, Azerbaijan, Turkmenistan) and of course the two super powers of the region Russia (modern descendant of USSR) and the Islamic republic of Iran (former known as Persia), are presented in the second chapter. In this chapter, their common past history, the current role in the modern world for each one and their different future and perspectives are examined and presented. In the following chapter (chapter 3) we are going to present the numerous environmental issues in the area and the international mining practices, which are followed (states environmental agreements in the region). In the fourth chapter, we analyze Caspian Sea's legal regime and how this affects the relations of countries in the area and the prospects for energy cooperation between them. Moving to chapters 5 and 6, the energy security and its affects will be the protagonists (problems and potentials) of the region and all the major actors in the region, but also we present the potential rival states between the two main geostrategic actors of the area (Russia & Iran). Concluding, in the seventh and last chapter of my thesis, some interesting outcomes are presented and at the same time some possible scenarios and recommendations for the Caspian area, based on solid and current data of the synthetic geographical and legal aspects of energy geopolitics.

Chapter 2: Geopolitical analysis of the area (of the countries in the region)

2.1: AZERBAIJAN

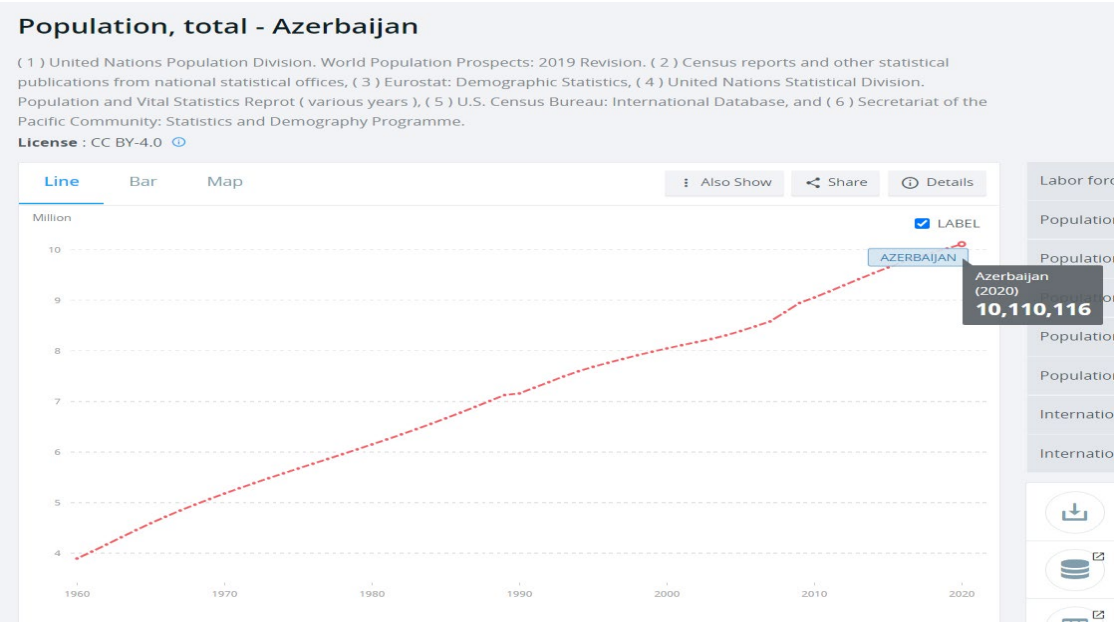
Azerbaijan is located in Southwestern Asia and borders the western shore of Caspian Sea. It is located between Iran and Russia, with a small European portion north of the Caucasus range. Until the collapse of the Russian Empire, it was a part of it, but following the collapse of Russian Empire and for a very short period of time, between 1918 to 1920 more precisely, it enjoyed a two years' period of independence. Soon after the Bolshevik Revolution, the red army reconquered the region and was annexed into the Transcaucasian Soviet Socialist Republic in 1922. Later the country was reestablished as a separate Soviet Republic on 05/12/1936 and stayed under the Soviet rule for the next seven decades. Finally, Azerbaijan declared independence after the collapsing of Soviet Union on Aug. 30, 1991. ***"In the 30 years following its independence, Azerbaijan succeeded in significantly reducing the poverty rate and has directed revenues from its oil and gas production to develop the country's infrastructure. However, corruption remains a problem, and the government has been accused of authoritarianism. The country's leadership has remained in the Aliyev family since Heydar ALIYEV became president in 1993 and was succeeded by his son, President Ilham ALIYEV in 2003. Following two national referendums in the past several years that eliminated presidential term limits and extended presidential terms from 5 to 7 years, President ALIYEV secured a fourth term as president in April 2018 in an election that had serious shortcomings, as international observers noted. Reforms are underway to diversify the country's non-oil economy and additional reforms are needed to address weaknesses in government institutions, particularly in the education and health sectors, as well as the court system"*** (infoplease, 2020).

PICTURE 1 SOURCE: (the-world-factbook, 2021)

As we have already mentioned, Azerbaijan is located in Southwestern Asia, between Iran and Russia, with a small European portion north of the Caucasus range. The region is a mountainous country, and only about 7% of it is arable land. The Kura River Valley is the area's major agricultural zone. It shares borders with five countries:

Armenia (996 km), Georgia (428 km), Iran (689 km), Russia (338 km), Turkey (17 km). As a landlocked country, Azerbaijan has no coastline[1]. However, Azerbaijan's borders of the Caspian Sea are estimated to be around 713 km. Azerbaijan's climate is dry, with the country's percentage of agricultural land use estimated around 57.6% and of that, the 22.8% is estimated to be arable land and only 2,7% to be permanent crops (the-world-factbook, 2021).

The state's population is estimated around 10 million people (10,282,283 / July 2021 est.), the 89th more populated country in comparison to the rest of world. The population is mainly concentrated in the far eastern area of the county, in and around Baku. Apart from smaller urbanized areas, the rest of the country has a fairly light and evenly distributed population. The ethnic groups existing in the country are mainly Azerbaijani (with Turkic origin[2]) with the impressive percentage of 91.6%, but we also meet some minorities, such as Lezghin (2%), Russian (1.3%), Armenian (1.3%), Talysh (1.3%), other (2.4%) (2009 est./ ciafactbook). Azerbaijani is the main and official language of the country, with the impressive percentage of 91,6%. Also, Russian is widely spoken (1.4%/ official data), Armenian (1.4%/ official data) and other dialects 4.7% (ciafactbook/2009 est.) Azerbaijan is a secular nation with a majority Turkic, Shia Muslim population, in percentage of 96.9%. Also there are Christian 3%, other <0.1 and unaffiliated <0.1 (the-world-factbook, 2021)



PICTURE 2 SOURCE: (worldbank, n.d.)

[1] ***"This entry gives the total length of the boundary between the land area (including islands) and the sea"*** (the-world-factbook, 2021).

[2] Cause of the fact that the two countries, Turkey and Azerbaijan, were always very close and supportive to each other. From the year 1991 that Azerbaijan claimed its independence, Turkey was there to support and to enchase the position of the new established country (the-world-factbook, 2021).

"Azerbaijan remains involved in the protracted Nagorno-Karabakh conflict with Armenia. Nagorno-Karabakh was a primarily ethnic Armenian region that Moscow recognized in 1923 as an autonomous oblast within Soviet Azerbaijan. In the late Soviet period, a separatist movement developed which sought to end Azerbaijani control over the region. Fighting over Nagorno-Karabakh began in 1988 and escalated after Armenia and Azerbaijan attained independence from the Soviet Union in 1991. By the time a ceasefire took effect in May 1994, separatists, with Armenian support, controlled Nagorno-Karabakh and seven surrounding Azerbaijani territories. The 1994 ceasefire continues to hold, although violence continues along the line of contact separating the opposing forces, as well as the Azerbaijan-Armenia international border" (the-world-factbook, 2021). However, in 27/09/2020 Azerbaijan attacked the Armenian military forces, which were located in the autonomous region of Nagorno Karabakh, known also as the Democracy of Artsakh and with a small scale conflict, just in 44 days (27/09/20 – 09/11/20), it managed to reclaim the south part of the Democrasy of Artsakh. After the ceasefire, a new treaty was signed by which seven regions that were part of the Democracy of Artsakh and were controlled by the Armenians from 1993, were given back to Azerbaijan. Also as part of the agreement, Russian soldiers were placed in the borders of the two countries in order to maintain the ceasefire. "***The final status of Nagorno-Karabakh remains the subject of international mediation by the Organization for Security and Cooperation in Europe (OSCE) Minsk Group, which works to help the sides settle the conflict peacefully. The OSCE Minsk Group is co-chaired by the United States, France, and Russia"*** (ΑΝΔΡΙΑΝΟΠΟΥΛΟΣ, 2016).

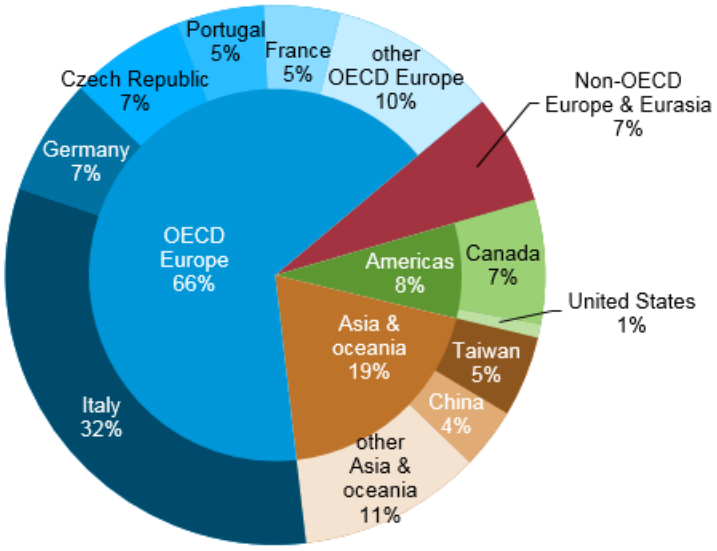
PICTURE 3 SOURCE: (worldbank, n.d.)

Azerbaijan is a country that is rich in natural resources, such as petroleum, natural gas, iron ore, nonferrous metals and bauxite. Azerbaijan's industries produce mainly products, which are relative to petroleum and its substances/ sub-products, natural gas, oilfield equipment, steel, iron ore, cement, chemicals and petrochemicals[3].

[3] **"Most of Azerbaijan's proved natural gas reserves, which were estimated at about 35 trillion cubic feet (Tcf) in January 2018, are located in the Shah Deniz offshore natural gas and condensate field. Preliminary 2016 estimates show decreases in the country's natural gas consumption and production of about 2.5% from 2015 to 2016. In 2017, the field produced about 360**

However, we should also mention that the country produces an important variety of agricultural and animal products, such as fruits, vegetables, grain, rice, grapes, tea, cotton, tobacco, cattle, pigs, sheep, goats. The country is considered as an important worldwide oil and natural gas exporter, too. As a result, the production and the exports are central to "***Azerbaijan's economy and government revenues. Azerbaijan had a crude oil refining capacity of 120,000 b/d in 2017 and at the same time is estimated that the same years its exports reached about 700,000 b/d of crude oil in 2017"*** (the-world-factbook, 2021).

Figure 4. Azerbaijan crude oil exports by destination, 2017



eia Source: U.S. Energy Information Administration, based on Azerbaijani partner country import statistics, Global Trade Tracker

Especially since 2014, prior to the decline in global oil prices, Azerbaijan's high economic growth was attributable to rising energy exports and to some non-export sectors. The changes in oil and gas prices has had an important effect in Azerbaijan's economy, too. Especially in 2015 – 2017, "***declining oil prices caused a 3.1% contraction in GDP in 2016, and a 0.8% decline in 2017, highlighted by a sharp reduction in the construction sector. The economic decline was accompanied by higher inflation, a weakened banking sector, and two sharp currency devaluations in 2015***" (infoplease, 2020). Those bad economic circumstances, in combination with the high economic dependence of state from its energy exports and pervasive public and private sector corruption and structural economic inefficiencies, remain a drag on long-term growth, particularly in non-energy sectors. Moreover, the lack of foreign investment in non-energy fields and country's involvement in the long term and costly conflict of Nagorno Karabakh, are an important blow in Azerbaijan's economy (infoplease, 2020).

billion cubic feet (Bcf) of natural gas and 19 million barrels of condensate. Also Most oil production occurs offshore in the Caspian Sea and is exported to the West. In 2017, the production-sharing agreement (PSA) for Azerbaijan's main offshore
Azeri-Chirag-Gunashli (ACG) fields was extended through 2049, indicating that with added investment and enhanced recovery, Azerbaijan is expected to remain a strong oil producer. Under the new PSA, SOCAR's share in the ACG complex increased to 25%. In 2017, more than 70% of Azerbaijan's total oil output—about 588,000 b/d—came from the ACG fields, down from 630,000 b/d in 2016" (u.s. energy information administration (eia), 2019, p. 2).

While trade with Russia and the other former Soviet republics remains important, Azerbaijan has expanded trade with Turkey and Europe and is seeking new markets for non-oil/gas exports - mainly in the agricultural sector - with Gulf Cooperation Council member countries, the US, and others[4]. It is also important to mention that, at the same time, the country has taken huge steps in the field of infrastructures, such as Baku airport and the Caspian Sea port of Alat, using it as a regional transportation and logistics hub. To sum up, despite the fact that long-term prospects depend on world oil prices, it is important to mention Azerbaijan's ability and will to develop export routes for its growing gas production, and its ability to improve the business environment and diversify the economy. Last but not least, "***in late 2016 the president of the country approved a strategic roadmap for economic reforms that identified key non-energy segments of the economy for development, such as agriculture, logistics, information technology, and tourism. In October 2017, the long-awaited Baku-Tbilisi-Kars railway, stretching from the Azerbaijani capital to Kars in north-eastern Turkey, began limited service"*** (ADA Univercity, 2016).

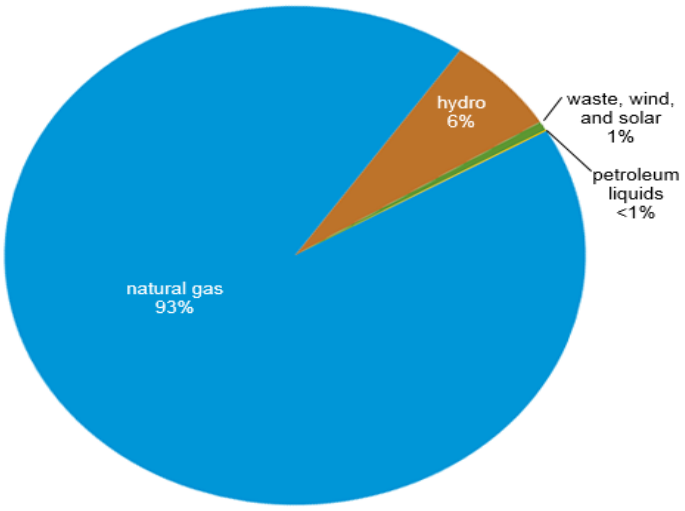
PICTURE 4 SOURCE: (worldbank, n.d.)

[4] ***"Azerbaijan exported about 284 Bcf of natural gas in 2016.12 The country ships most of its natural gas exports from the Caspian through Georgia to Turkey and southern Europe. The expansion of the Baku-Tbilisi-Erzurum (BTE) pipeline will be connected to the Trans-Anatolian Pipeline (TANAP), which will cross Turkey, and to the Trans Adriatic Pipeline (TAP), which is slated to run from the Turkish border under the Adriatic Sea to southeast Europe and Italy"*** (u.s. energy information administration (eia), 2019, pp. 4-5).

PICTURE 5 SOURCE: (worldbank, n.d.)

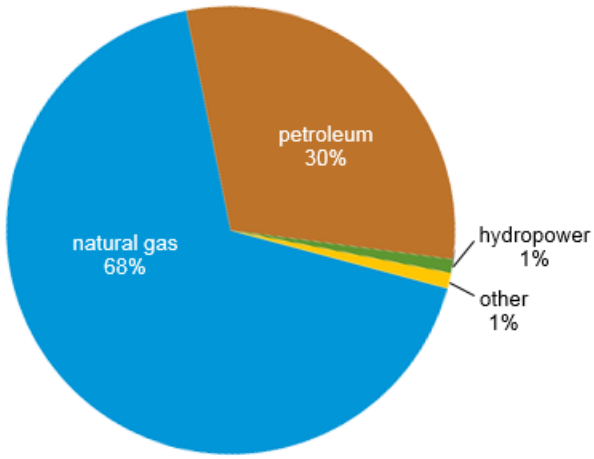
"Natural gas accounts for about two-thirds of Azerbaijan's total domestic energy consumption. Oil supplies are less than one-third of total energy consumption. Azerbaijan's electricity consumption remained about 21.6 billion kilowatt-hours in 2016. More than 90% of Azerbaijan's electric power in 2015 came from natural gas-fired generation, and less than 1% came from oil-fired generation. Hydropower accounted for about 7% of total electric generation in 2015" (u.s. energy information administration (eia), 2019).

Figure 6. Azerbaijan electricity generation by fuel type, 2015



Source: U.S. Energy Information Administration, based on International Energy Agency

Figure 1. Azerbaijan primary energy consumption, 2015



Source: U.S. Energy Information Administration based on International Energy Agency

2.2: IRAN

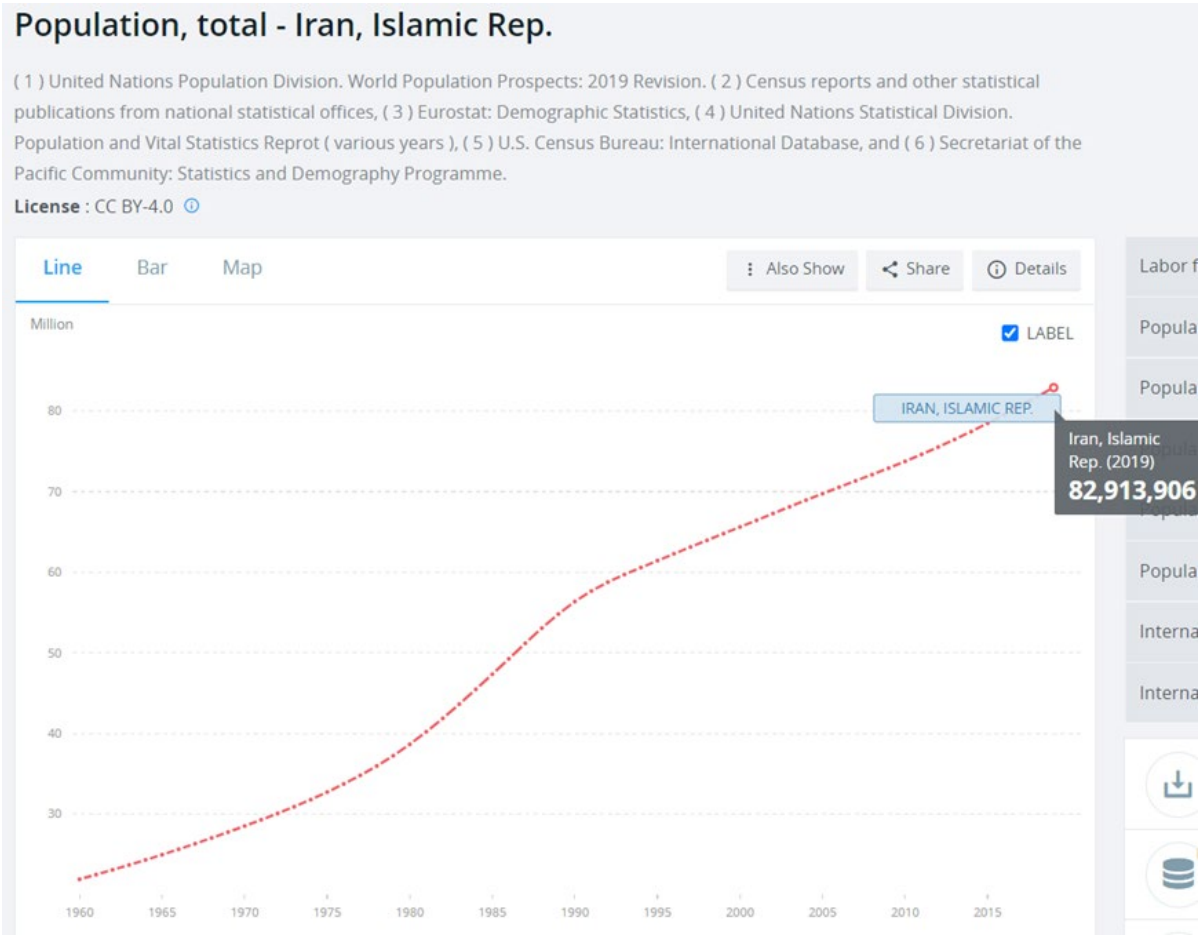
PICTURE 6 SOURCE: (the-world-factbook, 2021)

Known as Persia until 1935, the Islamic republic of Iran is a Middle Eastern country and it is located on the south of the Caspian Sea and on the north of the Persian Gulf. It shares borders with seven countries: Iraq (1599 km), Turkey (534 km), Azerbaijan (689 km), Turkmenistan (1148 km), Armenia (44 km), Afghanistan (921 km), and Pakistan (959 km). The country's pro-Axis allegiance in World War II led to Anglo-Russian occupation of Iran in 1941 and deposition of the shah in favor of his son, Mohammed Reza Pahlavi. Iran became an Islamic republic in 1979 after the ruling monarchy was overthrown on eleven of February and Shah Mohammad Reza PAHLAVI was forced into exile. "***Pahlavi's Westernization programs alienated the clergy and led the conservative clerical forces led by Ayatollah Ruhollah KHOMEINI to established a theocratic system of government / theocratic republic, with the ultimate political authority to be vested in a religious scholar referred to commonly as the Supreme Leader who, according to the constitution, is accountable only to the Assembly of Experts (AOE), which is a popularly elected 88-member body of clerics"*** (infoplease, 2020). Since 1979 (after the ruling monarchy was overthrown) and until 18 of June in 2021, the date of the recent the Presidential elections. For almost 40 years Ayatollah Ruhollah KHOMEINI was the Supreme Leader in Iran's theocratic system of government (theocratic republic), but now his successor commonly known as Ebrahim Raisi or Ebraheem Raeesi, seems to be as radical as the previous president, and maybe more, as many support. As he claims, Iran will continue without foreign interferences and further delays its nuclear program, in order to establish and secure its geostrategic place worldwide, and not only as a regional superpower (the-world-factbook, 2021).

The Islamic republic of Iran (Jomhuri-ye Eslami-ye Iran) is the 19th bigger in world comparison, with total land mass of 1,531,595 sq km and water mass of 116,600 sq km. The country is located in an extremely strategic location on the Persian Gulf and in Strait of Hormuz, which are vital maritime pathways for crude oil transport and also others shipments. Its coastline holds the impressive number of 2,440 km, with the 740 km of its total coastline to be at the side of Caspian Sea. Country's terrain is mostly rugged and mountainous with big parts of dessert, except only the small and discontinuous plains along both coasts (in the south, the Caspian Sea, and in north, the Persian Gulf). The climate of the country is mostly arid or semiarid and subtropical along Caspian coast. Iran has enormous quantities of significant minerals such as

petroleum, natural gas, coal, chromium, copper, iron ore, lead, manganese, zinc, sulfur. Also it is important to mention that the country's percentage of agricultural land use is around 30 %. (the-world-factbook, 2021).

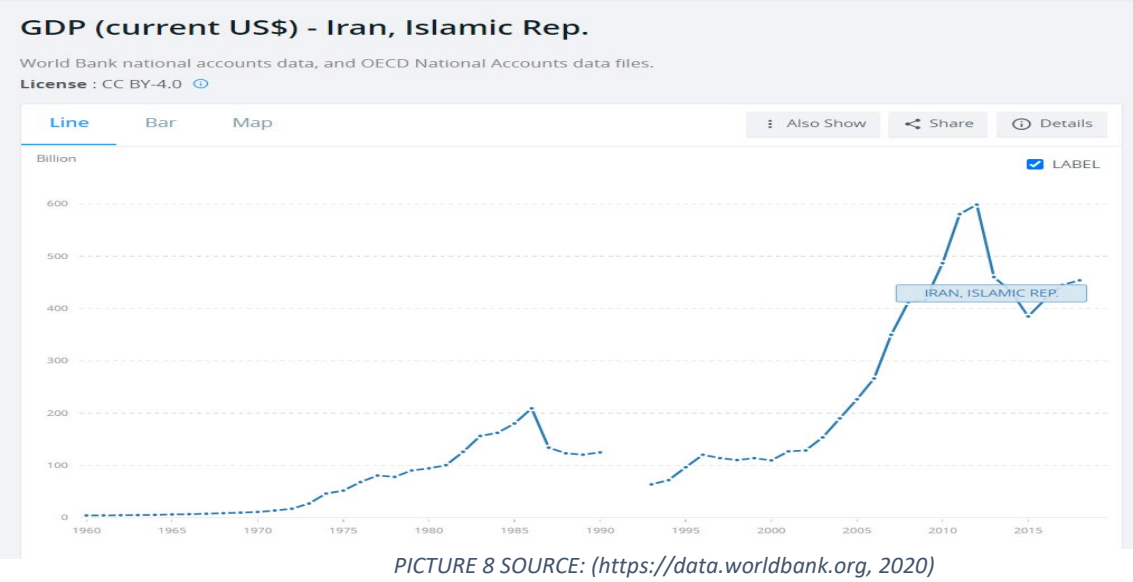
Country's population is estimated around 86 million people (85,888,910 / July 2021 est.), it is the 17th more populated country in comparison to the rest of world. The population is mainly concentrated in the north, northwest, and west cities of the country (The country is divided in 31 provinces). In Tehran, which is the country's capital, live around 9 million people (9.259 million/ 2021 DATA). Also quite impressive is the number of different ethnic groups (Persian, Azeri, Kurd, Lur, Baloch, Arab, Turkmen and Turkic tribes), religions [(official: Muslim 99.4% / Shia 90-95%, Sunni 5-10%), other (includes Zoroastrian, Jewish, and Christian) 0.3%, unspecified 0.4% (2011 est.)] and languages (official language: Persian Farsi. Other: Azeri and other Turkic dialects, Kurdish, Gilaki and Mazandarani, Luri, Balochi, Arabic) that coexist in the same region (the-world-factbook, 2021).



PICTURE 7 SOURCE: (https://data.worldbank.org, 2020)

Iran's economy is mainly based on oil and gas exports and for this exact reason, its course is not steady and is marked by statist policies, inefficiencies (GDP: $1,027,238,000,000 / 2019 est.). Also significant for Iran's economy are the agricultural, industrial[5], and service sectors. It is also important to consider that the Iranian government directly or indirectly owns and operates hundreds of state-owned enterprises, which many of these companies are affiliated with the country's security forces. "***This state interventionism in the economy has led to the reduction of private sector and the lack of private initiative. As a result, the majority of Iran's private sector activity includes small-scale workshops, farming, some manufacturing, and services, in addition to medium-scale construction, cement production, mining, and metalworking. Significant informal market activity flourishes and corruption is widespread"*** (the-world-factbook, 2021).

"We should also take into consideration that the lifting of most nuclear-related sanctions under the Joint Comprehensive Plan of Action (JCPOA) in January 2016 sparked a restoration of Iran's oil production and revenue that drove rapid GDP growth, but economic growth continues to decline in 2017 as oil production plateaued. Even since before the JCPOA sanctions (01/2016), Iran's economy continues to suffer from low levels of investment and from high levels of unemployment, especially among women and the college-educated Iranian youth" (the-world-factbook, 2021).



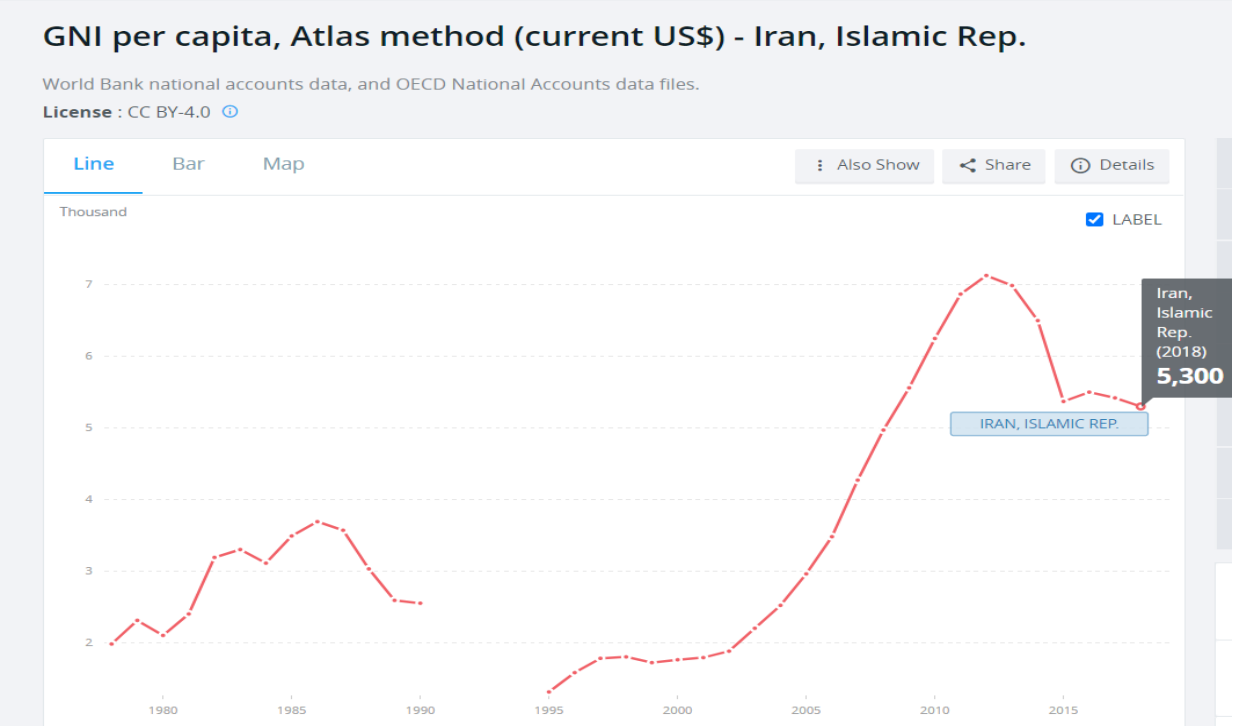
PICTURE 8 SOURCE: (https://data.worldbank.org, 2020)

[5] Iran's industry is mainly based in the production of big volumes of crude oil and in the production of refined petroleum products, such as petrochemicals, gas, fertilizer, caustic soda, textiles, cement and other construction materials. Also, food processing (particularly sugar refining and vegetable oil production), ferrous and nonferrous metal fabrication and armaments. We should also mention that in 2017, Iran's Industrial production growth rate was 3% (the-world-factbook, 2021).

GDP - composition, by sector of origin

Agriculture	9.6%
Industry	35.3%
Services	55%

table1 SOURCE: WORLDBANK



PICTURE 9 SOURCE: (https://data.worldbank.org, 2020)

SOME INTERESTING ECONOMIC DATA FOR IRAN'S ECONOMY

IMPORTS $76.39 billion (2017 est.)

rice
corn
broadcasting
equipment
soybean
products
beef

Table2 SOURCE: WORLDBANK

Imports - partners (2019)

China	28%
United Arab Emirates	20%
India	11%
Turkey	7%
Brazil	6%
Germany	5%

Table3 SOURCE: WORLDBANK

Exports $101.4 billion (2017 est.)

crude petroleum
polymers
industrial alcohols
iron
pistachios

Table4 SOURCE: WORLDBANK

Exports – partners (2019)

China	48%
India	12%
South Korea	8%
Turkey	6%
United Arab Emirates	5%

Table5 SOURCE: WORLDBANK

As far as Iran's energy production is concerned, 272.3 billion kWh (2016 est.) and consumption, 236.3 billion kWh (2016 est.), based on 2020 data we know that the whole population has electricity access, the production of which is mainly based on fossil fuels (84% of total installed capacity / 2016 est.) Other sources which generate electricity, in order to cover Iran's needs in energy, are nuclear power (1% / 2017) and the hydroelectric power (15% / 2017). As we have already mentioned, Iran covers its huge energy needs by fossil fuels, which possesses in large quantities. In fact, based on current data, Its Crude oil - proved reserves are considered to be the 4th bigger in the world, 157.2 billion bbl. (1 January 2018 est.) and the same stands also for its natural gas - proved reserves, which are considered to be the 2nd bigger in the world, 33.72 trillion cu m (1 January 2018 est.). (the-world-factbook, 2021)

IRAN NATURAL RESOURCES

Crude oil - proved reserves	**157.2 billion bbl (1 January 2018 est. / 4th bigger in the world)**
crude oil production	4.251 million bbl/day (2018 est. / 6th bigger in the world)
Crude oil exports	750,200 bbl/day (2015 est. / 16th bigger in the world)

Table6 SOURCE: WORLDBANK

natural gas - proved reserves	**33.72 trillion cu m (1 January 2018 est. / 2nd bigger in the world)**
natural gas production	214.5 billion cu m (2017 est. / 3rd bigger in the world)
natural gas exports	11.64 billion cu m (2017 est. / 18th bigger in the world)

Table7 SOURCE: WORLDBANK

Last but certainly not least, Iran's transnational issues should not be overlooked. In fact, Iran is in rivalry with most of its neighbors, such as Afghanistan which accuses that limits the flow of dammed Helmand River tributaries during drought. To the West, Iraq's lack of a maritime boundary with Iran prompts jurisdiction disputes beyond the mouth of the Shatt al Arab in the Persian Gulf. Also up to our days, Iran and UAE have claims in Tunb Islands and Abu Musa Island, which are occupied by Iran. Iran continues to have disputes with Azerbaijan, Kazakhstan, and Russia, about the delimitation of Caspian seabed. In fact, Azerbaijan, Kazakhstan, and Russia have already ratified Caspian seabed delimitation treaties based on equidistance, while Iran continues to insist on a one-fifth slice of the sea. Last but not least, we definitely should mention the country's involvement in Syrian conflict, in which its military presence is enormous and of important significance. We know for fact, that Iran has recruited, trained, and funded thousands of Syrian and foreign fighters to support the ASAD regime during the Syrian civil war (the-world-factbook, 2021).

2.3: KAZAKHSTAN

Kazakhstan is the largest landlocked state in the world and is located in Central Asia, in northwest borders of China. It has common borders with five countries: China (1765 km), Kyrgyzstan (1212 km), Russia (7644 km), Turkmenistan (413 km), Uzbekistan (2330 km). Kazakhstan's national capital is Astana (formerly Aqmola, in Soviet era) and is one of five countries that border the Caspian Sea (1,894 km) Despite the enormous size of the country (the tenth largest in the world) it has small population, at around 18 million (63% Kazaks, 24% Russians and 13% other minorities). Until now the signs of Soviet era are very clear in the country, in which serious environmental problems developed by the late 20th century, owing to the region's intensive agricultural development and its use as a testing ground for nuclear weapons by the Soviet government (infoplease, 2020).

Source: Central Intelligence Agency, *The World Factbook*

Kazakhstan is a country, which consist of important ethnic and religious minorities groups. "***Ethnic Kazakhs, are in fact, a mix of Turkic and Mongol nomadic tribes with additional Persian cultural influences, migrated to the region in the 15th century. Russia conquered the hole area between 18th and 19th centuries, and Kazakhstan became a Soviet Republic in 1925. During the era of USSR, repression and starvation associated with forced agricultural collectivization led to a massive number of deaths in the 1930s. During the 1950s and 1960s, the agricultural "Virgin Lands" program led to an influx of settlers (mostly ethnic Russians, but also other nationalities) and at the time of Kazakhstan's independence in 1991, ethnic Kazakhs were a minority"*** (the-world-factbook, 2021).

After the fall of USSR, Kazakhstan proclaimed its membership in the Commonwealth of Independent States on Dec. 21, 1991, along with ten other former Soviet republics. Additionally, an important date for the country of Kazakhstan was 1993, date in which the new – established country overwhelmingly approved the Nuclear Non-Proliferation Treaty. Until 1997 president's Nursultan Nazarbayev tried to restructure and consolidate the majority of state operations, eliminating a third of the government's ministries and agencies. Another important factor to mention is that the reformation had a huge impact in the country, decreasing important the degression, which caused from the corruption and the bureaucracy (the-world-factbook, 2021).

In 1997, the national capital was changed from Almaty, the largest city, to Astana (formerly Aqmola). During that same time large groups of Non-Muslim ethnic

minorities departed Kazakhstan in large numbers (mid-1990s through the mid-2000s) and an enormous national program was launched, through which about a million ethnic Kazakhs (from Uzbekistan, Tajikistan, Mongolia, and the Xinjiang region of China) been repatriated back to Kazakhstan. As a result of this shift, the ethnic Kazakh share of the population now exceeds two-thirds. As far as Kazakhstan's economy, it is considered to be the largest in the Central Asian states, mainly due to the country's vast natural resources. The political agenda of the governance includes: the diversification of the economy and the continuation of obtaining membership in global and regional international economic institutions and finally as a result, enhancing Kazakhstan's economic competitiveness, and strengthening relations with neighboring states and foreign powers (the-world-factbook, 2021).

"The state of Kazakhstan, is considered to be an important oil producer since 1911. In fact, it possesses the second-largest proven oil reserves and the second-largest oil production after Russia among the former Soviet republics. Kazakhstan is a major oil producer. The key to its continued growth in liquids production is the development of its giant Tengiz, Karachaganak, and Kashagan fields[6]. However, it is essential for Kazakhstan to further develop its export capacity, in order to continue its production growth. Although Kazakhstan became an oil producer in 1911, its production did not increase to a meaningful level until the 1960s and 1970s, when production plateaued at nearly 500,000 barrels per day (b/d), a pre-Soviet independence record-production level. Since the mid-1990s, and with the help of major international oil companies, Kazakhstan's production first exceeded 1 million b/d in 2003" (u.s. energy information administration (eia), 2019).

Kazakhstan's enormous drawback as a global energy producer is the fact that is a landlocked state, whose distance from international oil markets is too large to be economically interesting, until now of course. The lack of access to the open ocean makes the country dependent mainly on pipelines to transport its hydrocarbons to world markets. Pipelines, as mean of transportation are considered to be very costly and time consuming as projects, because of their permanent nature. Kazakhstan is considered an important transit country for oil and natural gas pipeline exports to China, too. "***Kazakhstan is one of five countries that border the Caspian Sea. In August 2018, these five countries met regarding a decades-old delimitation dispute about the maritime and seabed boundaries of the Caspian. An agreement between "Caspian states" could allow additional offshore exploration and infrastructure in what were previously contested waters"*** (u.s. energy information administration (eia), 2019).

[6] ***"Oil field production in the Kashagan field began a significant ramp-up in 2017 after years of delays. In July 2016, the Tengizchevroil consortium made a final investment decision on a project to increase liquids production by about 260,000 b/d beginning in 2022. Kazakhstan's recent oil production has primarily been at the giant Tengiz and Karachaganak onshore fields in the northwest of the country and the offshore Kashagan field in Kazakhstan's territory in the Caspian Sea. Kashagan first started oil production in October 2016 after years of delays, but production began to significantly increase in 2017"*** (u.s. energy information administration (eia), 2019).

Kazakhstan's major oil and natural gas fields

Field Name	Companies	Start year	Liquids production	Natural gas production
Tengiz (& Korolev)	Chevron, ExxonMobil, KazMunaiGaz, and Lukoil	1991	586,000 b/d petroleum and other liquids production in 2017 Expansion project to add 260,000 b/d of crude production beginning in 2022	272 Bcf dry marketed gas production in 2017
Karachaganak	BG, Eni, Chevron, Lukoil, KazMunaiGaz	1984	247,000 b/d total liquids production in 2017 An expansion project is under consideration, but potential production volumes are uncertain	About 300 Bcf marketed gas production in 2017
Kashagan	KazMunaiGaz, Eni, ExxonMobil, Shell, Total, China National Petroleum Corporation, Inpex	2016	370,000 b/d liquids processing capacity with current development	More than 100 Bcf natural gas production capacity

Source: U.S. Energy Information Administration based on TengizChevroil, Chevron, Karachaganak Petroleum Operating (KPO), and Eni

Oil and Gas Production

Since the 1970s, several large discoveries were made in the coastal waters of Kazakhstan, including the discovery of two enormous reservoirs the Karachaganak and Tengiz fields. However, the development of these fields until very recently was not possible, due to technical challenges of developing the deep, high-pressure reservoirs.

But it was this situation that we could say changed drastically, since that international oil companies began to participate in Kazakhstan's petroleum sector and as deep water deposits became technically and commercially viable, these fields have become the foundation of the country's petroleum liquids production. "***In July 2016, the Tengiz partners made a final investment decision to proceed with the Future Growth Project. This expansion project is expected to be completed by 2022, bringing about 260,000 b/d of additional liquids production from Tengiz. An expansion project has also been proposed for the Karachaganak field, but it is at a less-advanced stage of planning. The Kashagan an also enormous field is being considered as the largest known oil field outside of the Middle East and the fifth-largest field in the world in terms of reserves. It is located off the northern shore of the Caspian Sea near the city of Atyrau, in the coastal waters of Kazakhstan. Kashagan's recoverable reserves are estimated at 7 billion to 13 billion barrels of crude oil"*** (u.s. energy information administration (eia), 2019).***" Production restarted at the Kashagan field in October 2016. When the project reaches full capacity, it is expected to produce about 100 billion cubic feet (Bcf) of natural gas per year for domestic consumption, with additional produced gas reinjected into the reservoir to boost liquids recovery"*** (u.s. energy information administration (eia), 2019, pp. 2-4)**.**

It is also very important to be mentioned the fact that Kazakhstan's largest petroleum liquids fields also contain substantial volumes of natural gas, most of which is reinjected into oil wells to improve oil recovery rates/ oil production (more than 35%, in 2016). Actually, most of Kazakhstan's natural gas reserves are in crude oil or condensate-rich fields. For instance, the two largest petroleum liquids fields, Karachaganak and Tengiz, are also the two largest natural gas fields (u.s. energy information administration (eia), 2019). Tengiz and Karachaganak are the largest oil and gas fields of the country and their importance for growth of the country is enormous, but unlike the Tengiz project, which includes a natural gas processing plant, the Karachaganak project has insufficient natural gas processing capacity. As a result, most of the raw marketed production from the Karachaganak field must be exported to Russia to be processed at a natural gas processing plant in Orenberg. A fact that makes all the process costlier and of course complicated, due to Russia's foreign policy and the geopolitical games in the region of Caspian (u.s. energy information administration (eia), 2019).

Oil exports

Kazakhstan is an exporter of both crude oil and gas. Most of Kazakhstan's crude oil exports travel around or across the Caspian Sea to European markets and through transit countries, such as Italy and Netherlands, around the globe. However, a small percent of Kazakhstan's crude oil exports flowed east via a pipeline to China. In fact, Kazakhstan is one major country producer and of course exporter of crude oil and due to the fact that is a landlocked country, it has an enormous pipeline system which runs approximately 3.400 miles of pipelines. However impressive that may sound, we should mention that the majority of the infrastructure dates back to Soviet era, despite the actions of the government to try modernizing them. ***"Major crude oil export pipelines include the Caspian Pipeline Consortium (CPC) pipeline to the Black Sea port of Novorossiysk, the Kazakhstan-China pipeline, and the Uzen-Atyrau-Samara***

pipeline to Russia (Figure 2). Following an expansion of the pipeline in 2017, CPC has a design capacity of 1.4 million b/d.4" (u.s. energy information administration (eia), 2019, pp. 4-6)

Figure 2. Kazakhstan map of major crude oil pipelines

PICTURE 10 Source: (u.s. energy information administration (eia), 2019) Administ 1

"Kazakhstan also exports crude oil via the Caspian Sea and via rail. Oil is loaded onto tankers or barges at Kazakhstan's port of Aktau or the smaller Atyrau port and then shipped across the Caspian Sea, where it is loaded into the Baku-Tbilisi-Ceyhan pipeline or the Northern Route pipeline (Baku-Novorossiysk) for onward transport, mainly to Europe. In addition, Kazakhstan has an extensive rail network, which is used for transporting liquid fuels for domestic consumption and for exports. Another export route possibility for Caspian crude oil is via swaps with Iran. For years, Kazakhstan and other Central Asian countries delivered their crude oil to Iran's Caspian Sea port of Neka. From there, the crude oil was delivered to refineries in Tehran and Tabriz, and the refined products were distributed and consumed in northern Iran. In exchange, Iran exported equal volumes of crude oil out of its Persian Gulf ports on behalf of Kazakhstan. Swap volumes have varied over the years, with little to no crude oil swapped since 2011. Sanctions against Iran reportedly complicated swap arrangements, especially the marketing of the crude oil exported in the Persian Gulf, which had been done by Iran. Also complicating the swap arrangements was Iran's desire to raise the fee it charged Kazakhstan for each barrel of crude oil swapped." (u.s. energy information administration (eia), 2019, pp. 4-6) Summarizing, the key to Kazakhstan's future ability to increase production passes through the expansion and diversification of country's petroleum liquids transport capacity and particularly through the country's export capacity.

GAS EXPORTS

Kazakhstan has two major export pipelines for natural gas, the Central Asia Centre or CAC and the Turkmenistan-China pipeline. The first (CAC), traverses the western edge of Kazakhstan on its way to Russia and points further west, and the second (Turkmenistan-China) pipeline, traverses the southern edge of the country on its way to China. Both pipelines are considered to be of significant importance energy infrastructures to the country, as they are part of the regional Caspian export infrastructure. Although, we should definitely consider the fact that both pipelines mainly carry natural gas exports from Turkmenistan, along with smaller but still significant volumes of exports from Kazakhstan and Uzbekistan (infoplease, 2020). Nevertheless, "***the CAC pipeline also serves local natural gas demand in western Kazakhstan, including northwestern Kazakhstan, where most of the country's production is located. There is also another third major international pipeline, the Bukhara-Tashkent-Bishkek-Almaty pipeline, which only serves the local demand in southern Kazakhstan. Two of Kazakhstan's three underground natural gas storage facilities are located along this pipeline, too"*** (u.s. energy information administration (eia), 2019).

The fact that the majority of Natural gas production in Kazakhstan is concentrated in the northwest (About three-fourths of Kazakhstan's domestic natural gas consumption comes from the country's three main oil and natural gas fields) is worth mentiond and, until recently, it has not been connected to population centers in the south, north, center, and east of the country. In fact, before 2016, consumers in southern Kazakhstan were supplied with imported natural gas from Turkmenistan or Uzbekistan. "***The first significant change of the situation took place in the late of 2015 (11/2015) after KazTransGas (the state-owned natural gas pipeline operator) decision to completed the final link in the new Beinu-Bozoi-Shymkent pipeline[7]. This pipeline allowed Kazakhstan to supply natural gas to communities along the route of the pipeline that previously had no access to gas. It has also connected the natural gas fields and infrastructure in the northwest of the country to the population centers in the south of the country, replacing imported natural gas in those markets with domestically-produced gas"*** (u.s. energy information administration (eia), 2019).

[7] ***"Completing this link in the new Beinu-Bozoi-Shymkent pipeline also connected Kazakhstan's producing regions with the CAC to China, allowing production from northwestern Kazakhstan to be exported to China. Natural gas was first delivered to China from Kazakhstan China via the CAC pipeline grid in late 2017"*** (the-world-factbook, 2021).

Last but not least, we should take into account the plans of the country to further develop its infrastructures and the network of pipelines, in order to supply the majority of the country with natural gas and connect them to the existing infrastructure in the West and South. The main obstacles in this objective are the vast distances and relatively low population density in the north, center, and east, which make the whole concept, for the construction of any potential natural gas pipeline project in order to serve those regions, at least challenging and not profitable economically[8] (u.s. energy information administration (eia), 2019)

Figure 3. Kazakhstan map of major natural gas pipelines

PICTURE 11 Source: (u.s. energy information administration (eia), 2019) Administ 2

[8] ***"Kazakhstan has been exploring the potential to produce and market methane from coal mines and coal beds"*** (u.s. energy information administration (eia), 2019, p. 10)**.**

2.4: RUSSIA

PICTURE 12 SOURCE: (the-world-factbook, 2021)

Historically known as Russian Empire, under the rule of the emperor PETER I (ruled 1682 - 1725), the hegemony was extended to the Baltic Sea and during the 19th century, more territorial acquisitions were made in Europe and Asia, creating an enormous and powerful empire. All that changed after the defeat in the Russo-Japanese War of 1904 - 1905, which contributed to the Revolution of 1905 and in combination with the bad economic situation of the empire, resulted in the formation of a parliament and other reforms. Afterwards, World War I followed and finally the overthrow in 1917 of the ROMANOV Dynasty and the seize of power under Vladimir LENIN (1928 - 1953) and the communists, forming USSR soon after. After defeating Germany in World War II as part of an alliance with the US (1939 - 1945), the USSR expanded its territory and influence in Eastern Europe and emerged as a global power (infoplease, 2020). The USSR was the main adversary of the US during the Cold War (1947 -1991), ideologically, economically and also militarily. Stalin's death was followed by an attempt from General Secretary Mikhail GORBACHEV (1985 - 1991), who seized the power and "***introduced glasnost (openness) and perestroika (restructuring) in an attempt to modernize communism"*** (infoplease, 2020), trying to modernize communism, but his initiatives finally led to the dissolution of the USSR (12/1991) into Russia and the creation of fourteen other independent states (the-world-factbook, 2021).

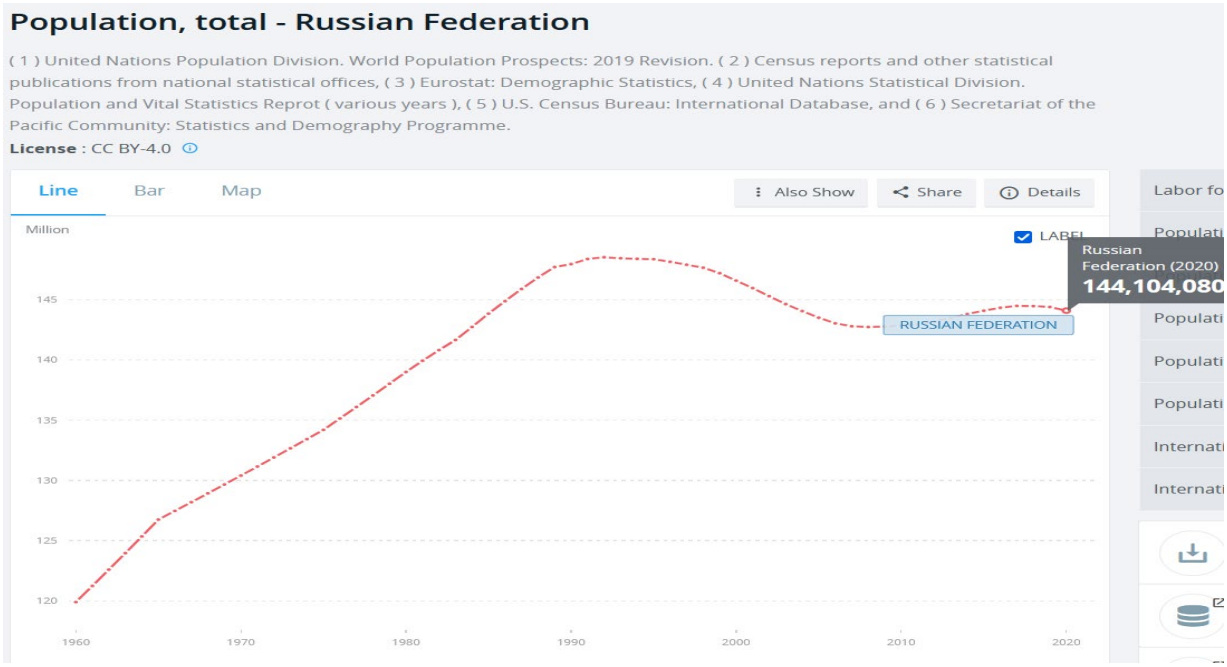
After General Secretary Mikhail GORBACHEV (1985 - 1991) and the collapse of USSR, President Boris YELTSIN (1991 - 1999) came in power and afterwards Vladimir PUTIN (2000 – 2022 seized the power and led Russia toward a centralized authoritarian state, which is characterized as cruel and brutal regime in which the regime seeks to legitimize its rule through managed elections, police violence and lack of free speech. The Russian Federation is a federal semi-presidential republic. A semi-presidential system is one in which there is a prime minister who leads the legislature and exercises some authority, but there is also a president who fulfills an executive role in the government. Country's foreign policy is mainly focused on enhancing the country's geopolitical influence, and commodity-based economic growth. Russia faces a largely subdued rebel movement in Chechnya and some other surrounding regions, although violence still occurs throughout the North Caucasus and Ukrainian regions. In 2014 Crimea, was occupied by Russian armed forces and after that Donbas in East Ukraine (2020-21), which is mainly under the control of the Russian-backed separatist forces of the self-declared Donetsk and Luhansk People's Republics. However, in 24th

of February 2022, Russia invaded Ukraine, on the pretext of specia / peace operation in the region of East Ukraine. (24/02/2022-16/05/2022) (infoplease, 2020).

The Russian Federation (Rossiyskaya Federatsiya) or Russia, as is commonly known, is the largest independent state in the modern world, in terms of area with land mass of 16,377,742 sq km and it has twice the size of USA (1.8 times). It occupies most of eastern Europe and north Asia, stretching from the Baltic Sea in the west to the Pacific Ocean in the east, and from the Arctic Ocean in the north to the Black Sea and the Caucasus in the south. Its enormous coastline is estimated to be 37,653 km. Despite its enormous size much of the country lacks of proper soils and climates (either too cold or too dry) for agriculture. Russia shares borders with the impressive number of fourteen countries: Kazakhstan (7,644 km), China (Southeast - 4,133 km) and (South - 46 km), Mongolia (3,452 km), Ukraine (1,944 km), Belarus (1,312 km), Finland (1,309 km), Georgia (894 km), Azerbaijan (338 km), Latvia (332 km), Estonia (324 km), Lithuania (Kaliningrad Oblast - 261 km), Poland (Kaliningrad Oblast - 210 km), Norway (191 km), and North Korea (18 km). Russia has a wide natural resource base including major deposits of oil, natural gas, coal, and timber, but also has many strategic minerals, such as bauxite and reserves of rare earth elements. Also it is important to mention that, the state's percentage of agricultural land use is around 13%. (13.1% / 2018 est.) (the-world-factbook, 2021)

The Federation's population is estimated around 142 million (142,320,790 / July 2021 est.), the 9th more populated country in comparison to the rest of the world. The population is mainly concentrated in the westernmost fifth of the country extending from the Baltic Sea, south to the Caspian Sea, and eastward parallel to the Kazakh border. Also we can find sizeable pockets of population, which are isolated and generally found in the south. In Moscow, which is the country's capital, live around 12.5 million people (12.593 million/ 2021 DATA). Also it is impressive the number of different ethnic groups (Russian 77.7%, Tatar 3.7%, Ukrainian 1.4%, Bashkir 1.1%, Chuvash 1%, Chechen 1%, other 10.2%, unspecified 3.9% / 2010 est. DATA), religions [9](Russian Orthodox 15-20%, Muslim 10-15%, other Christian 2% (2006 est. DATA) and languages (official :Russian 85.7%, Tatar 3.2%, Chechen 1%, other 10.1%; note – data represent native language spoken \ 2010 est. DATA). (the-world-factbook, 2021)

[9] It is also important to mention the fact that in Russia a large part of the population is non-practicing believers and non-believers, as a result decades of official atheism under Soviet rule. However, Russia officially recognizes Orthodox Christianity, Islam, Judaism, and Buddhism as the country's traditional religions (the-world-factbook, 2021).



PICTURE 13 SOURCE: (worldbank, n.d.)

Since the collapse of the Soviet Union, Russia has experienced major changes Not only on a social but also on an economic and financial aspect. From the start of 20th century Russia's economy is trying to move on and coexist with the West, leaving behind its Soviet past and its centrally planned economy and move on towards a more market-based system. However, in recent years we can see that both economic growth and reforms have stalled and as a result Russia's economy predominantly statist a high concentration of wealth remaining in officials' hands. During 1990s an important economic reform took place, in which important sectors of Russia's economy were privatized, with notable exceptions in the energy, transportation, banking, and defense-related sectors. As a result, the Russian government still plays a major role in directing the country's economy, with the Kremlin exercises tight control over ostensibly private companies and private initiative, in general. The protection of property rights is still weak, and the state continues to interfere with the free operation of the private sector, too (the-world-factbook, 2021). Another problem for Russian economy we could say that is corruption and the lack of proper control mechanism for the economy and for the state in general. All that in combination with the problem of bureaucracy creates a difficult environment for the Russian economy, in which is especially difficult for a private company to thrive.

PICTURE 14 SOURCE: (worldbank, n.d.)

Russia's economy is heavily based on producing and exporting its natural resources, such as timber, fossil fuels (crude oil, coal & natural gas), metals (steel & aluminum) and other important minerals (rare earths). ***"As a result, Russia is heavily dependent on the movement of world commodity prices as reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the volatile swings in global prices. The economy, which had averaged 7% growth during the 1998-2008 period as oil prices rose rapidly, has seen diminishing growth rates since then due to the exhaustion of Russia's commodity-based growth model"*** (the-world-factbook, 2021). An example of such economic behavior was clearly for the Russian economic model, especially the years 2015 – 2016, in which a combination of falling oil prices, international sanctions, and structural limitations pushed Russia's economy into a deep recession with its GDP falling by close to 2.8%. The downturn continued the next year, with its GDP failing another 0.2%, but luckily this situation was reversed in 2017 as world demand in fossil fuels, such as oil and natural gas, picked up and so did their prices. Since that point Russian government has increased its effort to diversify the economy away from extractive industries, such as fossil fuels (oil, gas & coal) exports (https://data.worldbank.org, 2020).

SOME INTERESTING ECONOMIC DATA FOR RUSSIA'S ECONOMY

PICTURE 15 SOURCE: (worldbank, n.d.)

GDP - composition, by sector of origin

- agriculture: 4.7% (2017 est.)
- industry: 32.4% (2017 est.)
- services: 62.3% (2017 est.)

Table8 SOURCE: WORLDBANK

IMPORTS

$366.919 billion (2019 est.)

cars and vehicle parts
packaged medicines
broadcasting equipment
aircraft, computers

Table9 SOURCE: WORLDBANK

Imports - partners

China	*20%*
Germany	*13%*
Belarus	*6%*

Table10 SOURCE: WORLDBANK

Exports

$551.128 billion (2019 est.)

Crude Petroleum
Refined Petroleum
Natural Gas
Coal
Wheat
Iron

Table11 SOURCE: WORLDBANK

Exports - partners

China	*14%*
Netherlands	*10%*
Belarus	*5%*
Germany	*5%*

Table12 SOURCE: WORLDBANK

As far as Russia's energy sector is concerned, its production is really impressive, with 1.031 trillion kWh (2016 est.) and consumption, 909.6 billion kWh (2016 est.). Based on 2020 data we know that the whole population has electricity access, the production of which is mainly based on fossil fuels (68% of total installed capacity / 2016 est.) Other sources which generate electricity, in order to cover Russia's needs in energy, are nuclear power (11% / 2017), the hydroelectric power (21% / 2017) and from other renewable sources (1% / 2017). As we have already mentioned, Iran covers its huge energy needs by fossil fuels, which is possessed in large quantities. In fact, based on current data, its Crude oil - proved reserves are considered to be the 4th bigger in the world, 157.2 billion bbl. (1 January 2018 est.) and the same stands also for its natural gas - proved reserves, which are considered to be the 2nd bigger in the world, 33.72 trillion cu m (1 January 2018 est.) (the-world-factbook, 2021). As it has already been mentioned, Russia is one of the biggest oil and natural gas producers and it uses them in order to cover its economic, but also its energy needs. . In fact, based on current data, Its Crude oil - proved reserves are considered to be the 8th bigger in the world, 80 billion bbl (1 January 2018 est.) and the same stands also for its natural gas - proved reserves, which are considered to be the biggest in the world, 47.8 trillion cu m (1 January 2018 est.) (the-world-factbook, 2021).

RYSSIA'S NATURAL RESURCES

Crude oil - proved reserves	**80 billion bbl (1 January 2018 est. / 4th bigger in the world)**
crude oil production	10.759 million bbl/day (2018 est. / 2nd bigger in the world)
Crude oil exports	74.921 million bbl/day (2015 est. / 2nd bigger in the world)

Table13 SOURCE: WORLDBANK

natural gas - proved reserves	**47.8 trillion cu m (1 January 2018 est. / world's biggest)**
natural gas production	2665.6 billion cu m (2017 est. / 2nd bigger in the world)
natural gas exports	210.2 billion cu m (2017 est. / world's biggest)

Table14 SOURCE: WORLDBANK

Last but not least, we should take into account Russia's transnational Issues and the relations with its neighbor countries. In more recent events Russia seems to be worried about the situation in Afghanistan, after the USA retreat and Taliban's almost complete occupation of the country (85% according to Taliban's representative). For that reason, Moscow has already declared that it is willing to use military force if that is necessary in order to secure its safety. It is no coincidence that last week Russia conducted big military scenarios with its neighbor and ally Tajikistan and president Vladimir Putin declared to its counterpart president of Tajikistan that Russia is ready to support military the country, if that needed. As far as Ukraine is concerned, the regions of Crimea continues to be occupied from Russian armed forces and Donbas in East Ukraine, is mainly under the control of the Russian-backed separatist forces of the self-declared Donetsk and Luhansk People's Republics (2014-2021). "***Also Russia until these days faces a largely subdued rebel movement in Chechnya and some other surrounding regions, although violence still occurs throughout the North Caucasus. Russia's military support and subsequent recognition of Abkhazia and South Ossetia independence in 2008 continue to sour relations with Georgia. With japan the main dispute was and still is dispute over the islands of Etorofu, Kunashiri, Shikotan, and the Habomai group or as is known in Japan as the "Northern Territories" and in Russia as the "Southern Kurils," occupied by the Soviet Union from 1945"*** (the-world-factbook, 2021).

On the other hand, China and Russia have demarcated the once disputed islands at the Amur and Ussuri confluence and in the Argun River in accordance with the 2004 Agreement, ending their centuries-long border disputes. Moreover, in the Caspian region, Azerbaijan, Kazakhstan, and Russia ratified Caspian seabed delimitation treaties based on equidistance, while Iran continues to insist on a one-fifth slice of the sea. Norway and Russia signed a comprehensive maritime boundary agreement in 2010 too (the-world-factbook, 2021). A major issue is the active role of Russia during peace talks, between Azerbaijan and Armenia, after their recent conflict. Last but not least,

Russia has also been involved in Syrian conflict, in which its military presence is enormous with significant importance. We know for fact, that Russia has recruited, trained, and funded thousands of Syrian and foreign fighters to support the ASAD regime during the Syrian civil war.

2.5: TURKMENISTAN

Present-day Turkmenistan covers territory that has been at the crossroads of civilizations for centuries and it was part of many empires, such as the Persian Empire or part of the empire of Alexander the Great. One reason why this area was so important since the ancient times is on account of its special location and by that we mean that it is placed exactly in the middle of the Silk Road. In the late 18th century the area of modern Turkmenistan was in fact part of the Russian empire and afterwards part of USSR[10]. Turkmenistan later figured prominently in the anti-Bolshevik movement in Central Asia.

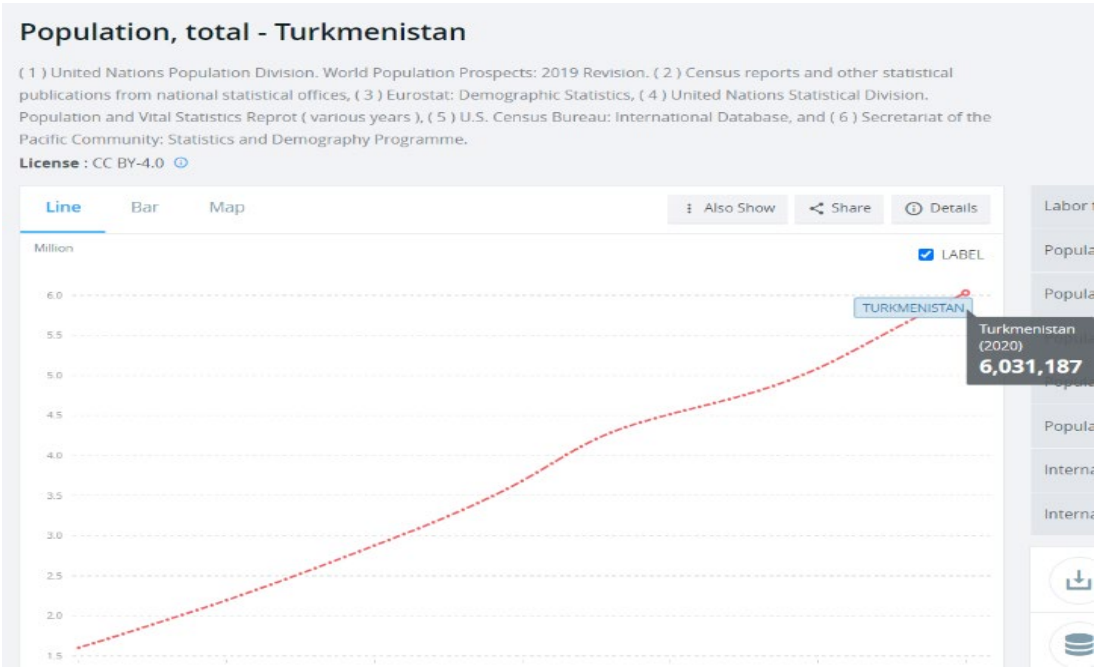
PICTURE 16 SOURCE: (the-world-factbook, 2021)

Finally, it achieved its independence after the dissolution of the USSR in 1991. "***The first president of the country, (President for Life) Saparmyrat NYYAZOW, died in December 2006, and Gurbanguly BERDIMUHAMEDOW, a deputy chairman under NYYAZOW, emerged as the country's new president. BERDIMUHAMEDOW won Turkmenistan's first multi-candidate presidential election in February 2007, and again in 2012 and in 2017 with over 97% of the vote in both instances, in elections widely regarded as undemocratic and illegal"*** (infoplease, 2020).

Turkmenistan is located in Central Asia and it covers a total area of 488,100 sq km (land: 469,930 sq km & water: 18,170 sq km). It is located between Iran and Kazakhstan, bordering with the Caspian Sea and also four other countries: Afghanistan 804 km, Iran 1148 km, Kazakhstan 413 km, Uzbekistan 1793 km and its coastline its borders to Caspian Sea estimated about 1,768 km. Its climate is subtropical desert and its terrain is mainly sandy desert with dunes rising to mountains in the south and low mountains along border with Iran. Its land use is mainly agricultural (72% DATA:2018 est.), with permanent crops just 0.1% (DATA: 2018 est.). It also important to mention the existence of renewable water resources, which are estimated around 24.765 billion cubic meters (DATA: 2017 est.) (the-world-factbook, 2021)

[10] In 1924, Turkmenistan became a Soviet republic (the-world-factbook, 2021)

Turkmenistan's population is estimated to be around 5 million citizens (5,579,889 / July 2021 est.). However, this number it may not be very accurate, because according to some sources, as they suggest Turkmenistan's population could be as much as 1 to 2 million people lower than available estimates because of large-scale emigration (mainly in Turkey) during the last 10 years. Also the nomad way of life, by which its citizens live until our days makes it difficult to estimate the exact number of population. The most densely populated areas are the southern, eastern, and northeastern oases. On the other side of the coin, it is estimated that approximately 50% of the population and maybe more, lives in and around the capital of Ashgabat. It is also important to take into account the ethnic groups that live in the country. The majority of the people are Turkmen with the impressive percentage of 85% and then Uzbek follow with 5%,



PICTURE 17 SOURCE: (worldbank, n.d.)

Russian with 4% and other with 6% (2003 est.) Also we should mention the languages that are spoken in the country with the Turkmen, which are also the official country's language, with the impressive percentage of 72% and then Russian follow with 12%, Uzbek with 9% and other with 7%. Last but not least, the religions of the country are mainly the Muslim with the impressive percentage 93% and then Christian follow with 6.4% and other (Buddhist <1%, folk religion <1%, Jewish <1%, other <1%, unspecified <1%) (2020 est.). (the-world-factbook, 2021)

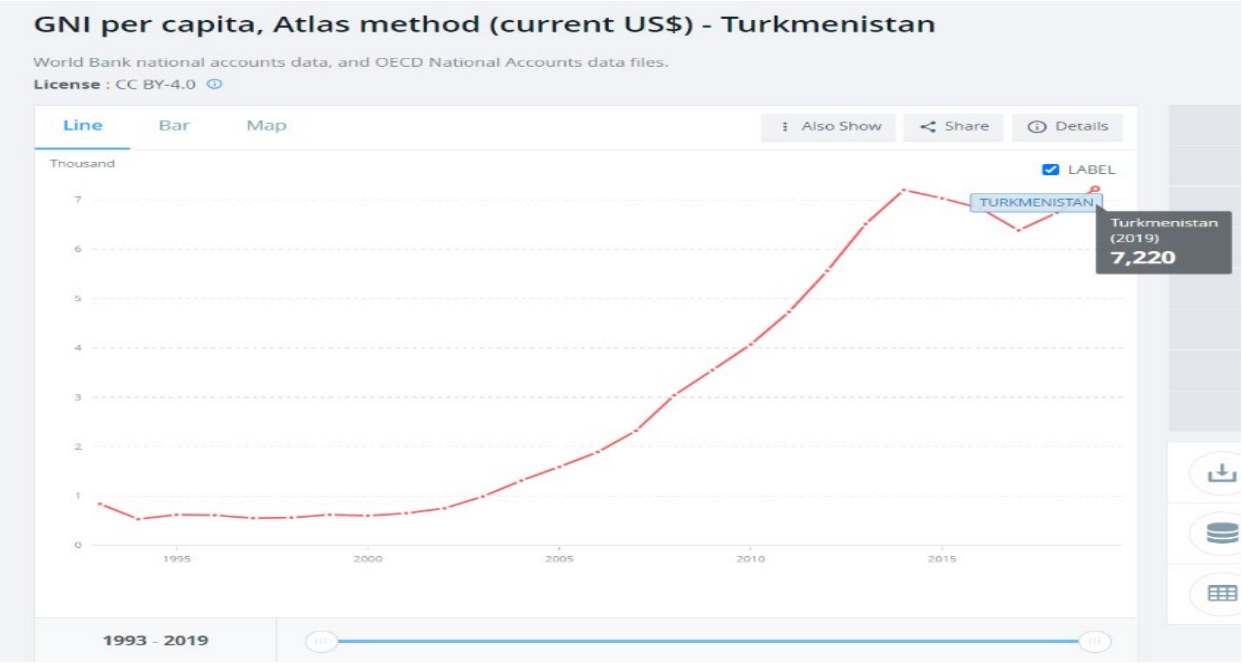
Turkmenistan is an extremely rich in natural resources country such as, petroleum, natural gas, sulfur, salt and agricultural products too, such as milk, wheat, cotton, tomatoes, potatoes, watermelons, grapes, sugar beet, beef, rice. Its industries are related mainly natural gas, oil, petroleum products, textiles and food processing However, the country has yet to fully exploit its extensive hydrocarbon/natural gas reserves. ***"As of late 2019, Turkmenistan exported the majority of its gas to China and small levels of gas were also being sent to Russia. Hydrocarbon exports, the bulk of which is natural gas going to China, make up 25% of Turkmenistan's GDP. Ashgabat has explored two initiatives to bring gas to new markets: a trans-Caspian pipeline that would carry gas to Europe and the Turkmenistan-Afghanistan-Pakistan-India gas pipeline. Both face major financing, political, and security hurdles and are unlikely to be completed soon. Turkmenistan's reliance on gas exports has made the economy vulnerable to fluctuations in the global energy market, and economic hardships since the drop in energy prices in 2014 have led many Turkmenistan to emigrate, mostly to Turkey. Turkmenistan's autocratic governments under presidents NIYAZOW (1991-2006) and BERDIMUHAMEDOW (since 2007) have made little progress improving the business climate, privatizing state-owned industries, combatting corruption, and limiting economic development outside the energy sector. High energy prices in the mid-2000s allowed the government to undertake extensive development and social spending, including providing heavy utility subsidies"*** (the-world-factbook, 2021).

PICTURE 18 SOURCE: (worldbank, n.d.)

GDP - composition, by sector of origin

- *Agriculture: 7.5% (2017 est.)*
- *Industry: 44.9% (2017 est.)*
- *Services: 47.7% (2017 est.)*

Table15 SOURCE: WORLDBANK



PICTURE 19 SOURCE: (worldbank, n.d.)

SOME INTERESTING ECONOMIC DATA FOR TURKMENISTAN'S ECONOMY

Imports

$4.571 billion (2017 est.)

Imports – partners (2019)

Turkey	*25%*
Russia	***18%***
China	***14%***
Germany	***6%***

Table16 SOURCE: WORLDBANK

Imports – commodities (2019)

iron products
harvesting machinery
packaged medicines
broadcasting equipment
tractors

Table17 SOURCE: WORLDBANK

Exports

$7.458 billion (2017 est.)

Exports - partners

China 82% (2019)

Exports - commodities (2019)

natural gas
refined petroleum
crude petroleum
cotton fibers
fertilizers

Table18 SOURCE: WORLDBANK

As far as Turkmenistan's energy production is estimated around 20 billion kWh (21.18 billion kWh / 2016 est.) and its consumption around 15 billion kWh (15.09 billion kWh / 2016 est.). We should probably mention the fact that Turkmenistan is able to make energy exports and based to 2015 data, are estimated in 3.201 billion kWh. Also based on 2020 data we know that the whole population has electricity access, the production of which is completely based on fossil fuels. Turkmenistan's crude oil production is the 32th bigger in comparison to the world, 244,000 bbl/day (2018 est.) and its Crude oil exports reach at 67,790 bbl/day (2015 est.). Its Crude oil - proved reserves are in fact considered important (43th bigger worldwide / 600 million bbl (1 January 2018 est.). It is also of highly importance to mention the natural gas production, which is the 11th bigger in comparison to the rest of the world, 77.45 billion cu m (2017 est.) and its natural gas exports which are 10th bigger in the world, reach at 38.14 billion cu m (2017 est.). Last but not least, its natural gas - proved reserves are also considered enormous. In fact, its natural gas - proved reserves are considered to be the 5th bigger

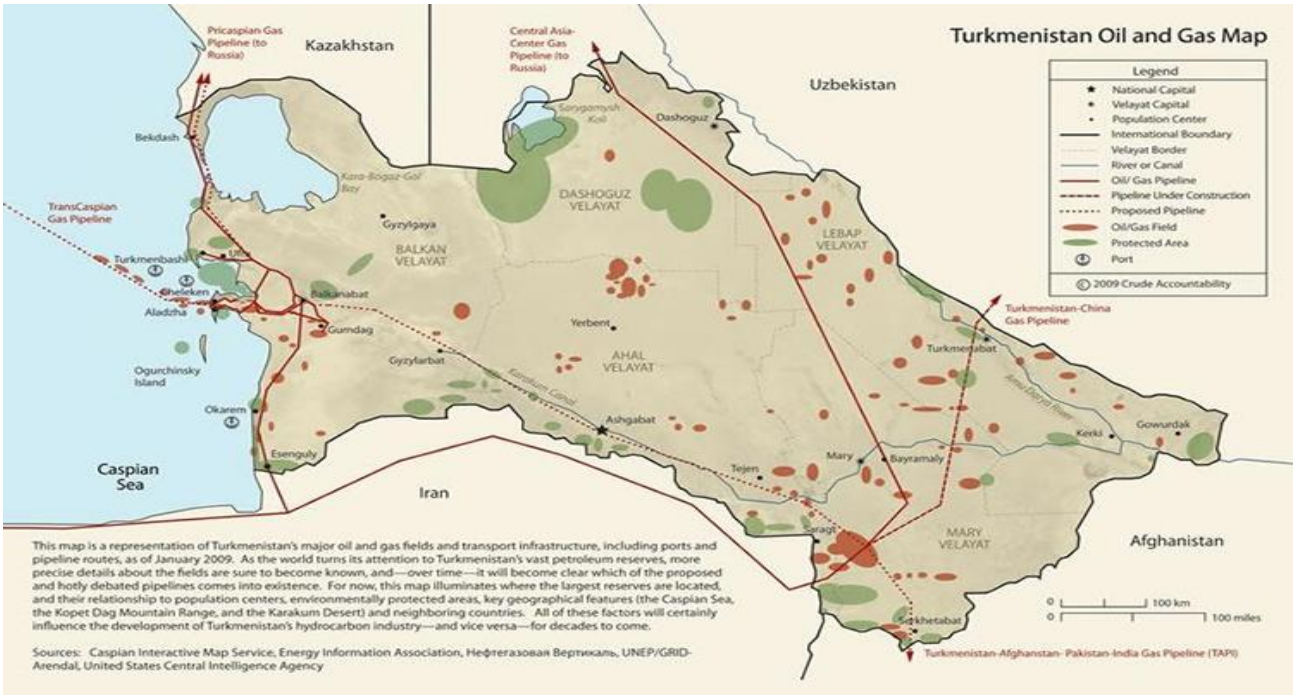
worldwide, 7.504 trillion cu m (1 January 2018 est.) (u.s. energy information administration (eia), 2019).

Crude oil - proved reserves	**600 million bbl (1 January 2018 est. / 43th bigger in the world)**
crude oil production	244,000 bbl/day (2018 est. / 32th bigger in the world)
Crude oil exports	67,790 bbl/day (2015 est./ 38th bigger in the world)

Table19 SOURCE: WORLDBANK

natural gas - proved reserves	**7.504 trillion cu m (1 January 2018 est. / 5th bigger in the world)**
natural gas production	77.45 billion cu m (2017 est. / 11th bigger in the world)
natural gas exports	38.14 billion cu m (2017 est. / 10th bigger in the world)

Table20 SOURCE: WORLDBANK



PICTURE 20 SOURCE: (u.s. energy information administration (eia), 2019)

Chapter 3: Environmental issues and international mining practices

3.1 The environmental issues of the region.

The Caspian case is unique in the whole world, because it is the biggest body of landlocked water, without however any connection to the sea. As a result of the changes that earth experienced in the Pleokainos age (approximately1.8 million years ago), the Caspian region is an isolated part of flora and fauna of the two neighboring oceans (Mediterranean & Arctic). Its size is truly enormous, with its coastlines to be estimated around 7.000 chl., its length from North to South is estimated around 1200 chl m and its length from East to West around 466 chl m. In the North side of the Caspian's cost the climate is continental, but in the South-West side is semi-continental. The variety of flora and fauna of the region is truly exceptional, with many endangered species living there, making the region a unique and at the same time very important for the planet's ecosystem (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

Despite the rich ecosystem of the region ,[11] as a result of human's catastrophic intervention, an important part of the unique flora and fauna of the region has been destroyed or is in danger. One such example of human's catastrophic intervention in the Caspian environment is the case of the Sturgeon Beluga fish, which the 90% of its population is estimated to live in Caspian Sea and as a result of human's catastrophic activities to the environment, its numbers have been reduced so much, that in our days it is considered an endangered animal. Economic activities such as, the enormous fishing industry and the pollution of water from agricultural, hydrocarbon and chemical industry and their byproducts have caused the intense reduction of the population. To make the situation worst, it is noticed that sadly there is lack of coordination between the five Caspian countries in the subject (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

As a response to this problematic situation in the 1997" the conference of the parties" (the five Caspian countries) decided to take initiatives and to establish new legislation about the fishing of certain species. Afterwards in 01/04/1994, the "Convention international Trade Endangered Species" (CITES) of wild flora and fauna, in order to stop the illegal trade of Sturgeon Beluga fish and its eggs, decided to impose some new stricter rules for its exports. However, the problem still remains until our days with the illegal fishing and trade of the fish to be still intense (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

Caspian region is a heavily polluted area, with some of those environmental issues to be the pollution the water, air and the subsoil of the region. This phenomenon

[11] In the Caspian Sea there are 87 different species of algae (seaweed), 47 different species of phytoplankton and around 133 different species of fishes and at least 15 in danger species of birds live in the area.

is mainly caused more by the catastrophic human's activities and less by natural phenomena, such as earthquakes and floods. The mining industries of minerals in Kazakhstan and Russia are considered to be crucial elements of pollution in the region. Also the uranium mines, which are located South Kazakhstan and the mineral mining industries of Iran are considered to be an environmental danger for the Caspian region. As the most air polluted areas are said to be the countries of Azerbaijan, Iran and Turkmenistan, which they may have important hydrocarbon and mining industries, but their infrastructures are obsolete, dating back to Soviet era. Last but of equal importance, is the fact that in Russia, Azerbaijan and Turkmenistan operate huge places of storing nuclear dumbs and in Kazakhstan case its subsoil is extremely polluted from nuclear weapons test, which took place during cold war. All these human activities in combination with some natural catastrophic phenomena such as earthquakes and floods, have led to the desertification of the Caspian costs, the distraction of forest areas and the pollution of the sub soil and water. Furthermore, this extensive environmental distraction for the depopulation of coastal areas, internal immigration and further urbanization in the Caspian countries (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

3.2The mining practices, which are followed in the Caspian region.

First of all, it should be taken into account the fact that are two kinds of methods, in which contracts are made and researches move on. The first par is after a two-part negotiation and the second through international competition. In the first case, most of the times, we see that the terms of the contract are in favor of the company and are usually caused to the weakness of the country (economic, technological or both of them) to proceed alone to exploration and exploitation of its resources. On the contrary, through the second option, of national competition, the country is able to achieve better terms and conditions in the contract. Generally speaking, in the global market and case studies we see four different kinds of contracts, that countries and companies use:

I. Service Contract
II. Concession or license
III. Joint Venture
IV. Production Share Agreement (PSA)

Despite all of their limits, all the contracts have two commons elements and that is the fact that whatever the kind of contract, its purpose is to determine the way, which profits and expanses will derive among the country and the company/ies (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

The Caspian region is in fact a highly interesting case study, unique even so, because between those five countries in the region neither case is similar to another. Even between Azerbaijan and Kazakhstan, that both have signed PSA contracts, neither case is similar to the other and they have major differences between them. Also there is Iran's case, which strictly uses Service Contracts Agreements. Russia

case exploits its resources by itself because it has the economic capability and of course the expertise to pull it off. Last but not least, Turkmenistan despite the fact that its proven natural gas reserves are enormous, have not yet succeed to fully exploit them. The main reasons for its weakness to exploit its resources, are its geography (landlocked country), the intense corruption, the strict state control in the economy and the absence of private initiative and foreign investments. Sadly, the routes of this situation lays in its soviet past and they lead to its modern failure to adjust to the modern circumstances. An important matter to bear in mind, is that Turkmenistan's governance has exclude all its land gas fields (are bigger than the underwater fields), from PSA contracts (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018)[12].

Starting with the case of Azerbaijan the PSA contract, it firstly adopted from the governance and implemented as a law of the country, but afterwards the contract's terms adjusted to the specific economic and socially elements – characteristics of the country. On the other hand, In Kazakhstan's case the governance which may claim that was desperate for foreign investments to the country, because its economy after the collapse of USSR needed a boost in order to improve the life for its citizens. At first it signed a few PSA contracts in some major gas fields of the country, but afterwards decided to change the economic terms of the contracts, which had already signed, without any negotiation. As a result, the

Διαφορές μεταξύ των φορολογικών μοντέλων EPT-PSA[542]

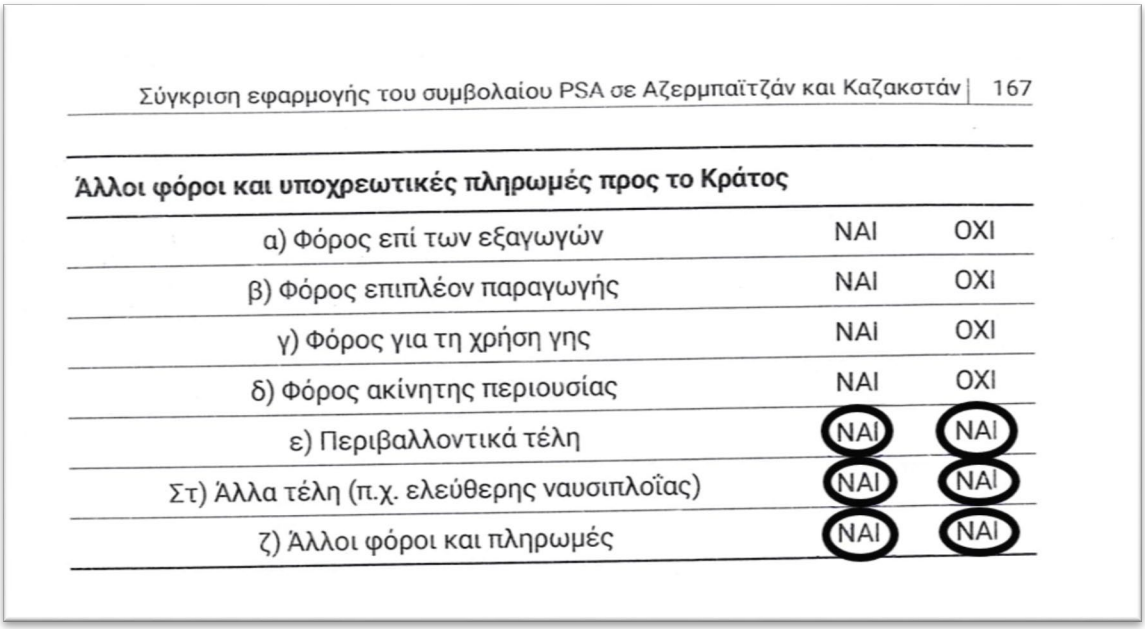
ΦΟΡΟΙ	EPT	PSA
Ειδικοί φόροι και πληρωμές εντός των συμβολαίων		
α) Bonus	ΝΑΙ	ΝΑΙ
β) Royalties (φόρος εξόρυξης από το 2009)	ΝΑΙ	ΟΧΙ
γ) Φόρος επιπλέον κέρδους	ΝΑΙ	ΟΧΙ
δ) Καταμερισμός της παραγωγής	ΟΧΙ	ΝΑΙ
ε) Επιπλέον πληρωμές	ΟΧΙ	ΝΑΙ

PICTURE 21 ΠΗΓΗ: ΥΔΡΟΓΟΝΑΘΡΑΚΕΣ ΤΑ ΣΥΜΒΟΛΑΙΑ ΕΚΜΕΤΑΛΛΕΥΣΗΣ ΤΩΝ ΥΠΟΘΑΛΑΣΙΩΝ ΚΟΙΤΑΣΜΑΤΩΝ Η ΠΕΡΙΠΤΩΣΗ ΤΗΣ ΚΑΣΠΙΑΣ. ΑΘΗΝΑ: ΝΟΜΙΚΗ ΒΙΒΛΙΟΘΗΚΗ (ΣΕΛ166)

trust of the market in the country was demolished and the foreign companies was afraid the economic and politic instability of the country and so they left and with them the so important for the country foreign investments (Aitor Ciarreta, 2011, pp. 287-290).

[12] With some few exceptions and one gas field, which is in fact located into the Caspian Sea.

On the whole, the main differences between the PSA contracts of those two countries are been spotted in subjects, such as taxation, the publicity of the contract's index, the environmental terms of the contracts and the term "local content", which in fact there is only Kazakhstan's case. Additionally, for the environmental subjects responsible in Kazakhstan's case are the district consuls (Akimats) and their presidents (Akims), on the other hand in Azerbaijan's case responsible for the environmental subject is the governance. Also about the taxation between the two countries there are some major differences. The Kazakhstan's case has characterized as Excess Profit Tax (EPT)model, because the state demands from the foreign company/ies to pay additionally, the tax of additional profit, in order to ensure state's interests. Last but not least, Publicity of the contract's interest must be highlighted. In the past, Azerbaijan has published the terms of some of its contracts, such as the context of its oil field of AZERI – CHIRAG – GUNESHLI. Contrary to that, Kazakhstan has never until our days published anything about its contract's terms and explorations agreements.



Σύγκριση εφαρμογής του συμβολαίου PSA σε Αζερμπαϊτζάν και Καζακστάν | 167

Άλλοι φόροι και υποχρεωτικές πληρωμές προς το Κράτος		
α) Φόρος επί των εξαγωγών	ΝΑΙ	ΟΧΙ
β) Φόρος επιπλέον παραγωγής	ΝΑΙ	ΟΧΙ
γ) Φόρος για τη χρήση γης	ΝΑΙ	ΟΧΙ
δ) Φόρος ακίνητης περιουσίας	ΝΑΙ	ΟΧΙ
ε) Περιβαλλοντικά τέλη	ΝΑΙ	ΝΑΙ
Στ) Άλλα τέλη (π.χ. ελεύθερης ναυσιπλοΐας)	ΝΑΙ	ΝΑΙ
ζ) Άλλοι φόροι και πληρωμές	ΝΑΙ	ΝΑΙ

PICTURE 22 ΠΗΓΗ: ΥΔΡΟΓΟΝΑΘΡΑΚΕΣ ΤΑ ΣΥΜΒΟΛΑΙΑ ΕΚΜΕΤΑΛΛΕΥΣΗΣ ΤΩΝ ΥΠΟΘΑΛΑΣΙΩΝ ΚΟΙΤΑΣΜΑΤΩΝ Η ΠΕΡΙΠΤΩΣΗ ΤΗΣ ΚΑΣΠΙΑΣ. ΑΘΗΝΑ: ΝΟΜΙΚΗ ΒΙΒΛΙΟΘΗΚΗ (ΣΕΛ. 167)

Chapter 4: Caspian Sea legal regime and the territorial disputes of the region

4.1: The history and the legal status of the Caspian region

We may claim that the history of the region is not only complex but interesting too. In fact, it is divided between two main periods of time. The first one begins in the 17th century around 1722, the era of Peter the Great, and it ends with the collapse of the Soviet Union in the year 1991. The second period begins after the collapse of the Soviet Union and continues until our days. During the first period in the 17th century (1722-1991) there was an informal status of condominium of waters in the Caspian Sea, especially after the treaty of Turkmanchai (22/02/1828), in which the Russian empire gave to Iran's warships the right of free shipping in Caspian Sea. In fact, after the treaty of Turkmanchai, Caspian Sea was equally divided between Russian empire (afterwards known as Soviet Union and today as Russia) and Persian empire (modern Iran). This treaty is considered to be very important for the history of the region, because it is considered as the legal base on which all the next agreements (economic and political) between the two parties were based. After the collapse of the Soviet Union three new countries were created as a result of the economic and political changes that occurred in the area: Kazakhstan, Azerbaijan and Turkmenistan. Despite the fact that the agreement signed between the Russian empire and Persia was considered obsolete and wasn't very clear about the legal status of the area, the new countries had to respect it, until a modern and a better agreement that would satisfy their interests was signed. What we should probably take into consideration is that the agreement signed in 1954 between the two parties, the Soviet Union and Iran, had as a result the informal separation of the Caspian Sea which in fact enforced the previous agreements between Russian empire and Persian empire for the separation of the Caspian waters. The borders of the agreement were set between Astara (modern Azerbaijan) and Gasan - Holi (modern Turkmenistan). Overall, this agreement gave the Soviet Union the 88.5% of the Caspian Sea, which included the areas of the modern independent countries of Azerbaijan, Turkmenistan and Kazakhstan. On the other hand, Iran took just the 11.5% of Caspian waters, but through this agreement the boundaries between the two parties were clear and that brought peace and prosperity between the two countries. Furthermore, Soviet Union in '90s proceed in formal separation of the Caspian Sea bed in four areas the Russian sector with 17.1%, the sector of Azerbaijan with 20.5%, the sector of Turkmenistan with 21% and the sector of Kazakhstan with 29.7% of the total cement of the Caspian Sea (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

Until the collapse of the Soviet Union the agreements of friendship and cooperation of 1921 and 1940 and the mutual understanding between the two parties for the separation of the Caspian Sea, with the agreement of 1954, stood active. In fact, those treaties had successfully solved most of the problems between the two countries, but all that changed suddenly after the collapse of the Soviet Union and the creation of three new countries: Azerbaijan, Kazakhstan and Turkmenistan. However, as we have already mentioned above, those agreements were considered obsolete and they weren't diversifying the new legal status of the Caspian Sea, but they have been accepted

temporarily by the new countries until the signing of a new modern treaty that Will clarify the sea's borders. (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

Focusing more on the legal aspect of the Caspian Sea, because of the uniqueness of this case. In fact, we could say that the term *"Sea"* in the Caspian case is at least problematic. In essence, from the strict legal point of view, despite the enormous size of the Caspian mass of water, we cannot support that it is a sea. Taking into account the classical term, much more it can't be characterized as an *"Open Sea"* because of its location and by that we mean that it has no obvious connection with another open sea. However, we could characterize it as an enclosed sea, if we take into account the geography of the region. According to the article 122 of the UNCLOS, the term *"enclosed sea"* is prescribed as ***"an enclosed or a semi - enclosed sea, a sea which is surrounded by two or more States and connected to another sea or the ocean by a narrow outlet or consisting entirely or primarily of the territorial seas and exclusive economic zones (EEZ) of two or even more coastal States"*** (Hanna Zimnitskaya, 2010)**.** Having said all that, we should also mention that the Caspian coastal States haven't fully separated their exclusive economic zones yet. The Caspian Sea waters end up in the Russian port of Astrakhan and connect with Caspian Sea, Black sea and Baltic sea. Also, the canals Volga - Don, Volga - Baltic waterway and Moscow Canal connect the Caspian Sea with the sea of Azov, White sea, Baltic sea and Black sea. Thereby, according to the article 122 of the UNCLOS and considering the fact that the Caspian Sea is connected through a small canal (River Volga) with another open sea, we could support the claim that the Caspian Sea is in fact a *"Enlosed Sea"* (Hanna Zimnitskaya, 2010). As we have already stated, and as we can see from above, Caspian Sea is a unique case study with no similar case to compare with. It is also interesting to consider the possibility for the Caspian Sea to be characterized as a lake. In this situation, the status of the Caspian waters would be very different from the today's status. In fact, the five countries should have to share equally the Caspian waters in five same sectors. Also, the fact that Caspian Sea would considered legally as a lake wouldn't give the right in any of the coastal States to make international invitations in foreign companies, in order to explore and exploit their natural resources that lay in the sea bed of the Caspian Sea and that's because there is no legal framework for lakes however their size, that it would secure the interests of the national companies.

A very important step for the conflict resolution and the prosperity of the region took place at the city of Aqtau of Kazakhstan in 12/08/2018. The agreement is the result of the successful Russian foreign policy. If we carefully examine the agreement, we could easily highlight the Russian position as it has been expressed since 2000 at the responsible council of national security of Russia. The agreement includes the majority of the articles that had been agreed in 4th summit of Astrakhan (2014), too (Coote, 2017). The agreement accepts the Russian position completely and characterizes the Caspian region as a unique legal case, which can't be defined by the UNCLOS. Additionally, the agreement defines the Caspian Sea as ***"an eclosed sea without way out in open sea or ocean"*** (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018, p. 54). Key points of the agreement are the follow:

- Every coastal state has 25 n.m. (15 n.m. territorial waters and further 10 n.m. EEZ, only for fishing activities)

- After the point of 25 n.m. that every country owns, the waters are common.
- The surface of the Caspian Sea is common for all the coastal states, in contrast with the sea bed which is separated in sectors.

An agreed upon legal convention stipulates that the surface of the Caspian Sea will be classified as a sea, with each country controlling 15 nautical miles from its shoreline for mineral exploration and 25 nautical miles from its shoreline for fishing. The delimitation of the seabed itself, where most energy resources are located, is left pending and subject to bilateral agreements between each of the Caspian countries.

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At this point, we should mention the Article 8 of the agreement, which highlights the fact that Caspian waters remain in common use by all the coastal countries for activities, such as shipping and fishing. In contrast, the Caspian Sea bed would be separated in 5 unequal sectors, which will be defined by the coastal states, with two parts of the agreement based to UNCLOS and the previous agreements between Russia, Azerbaijan and Kazakhstan. Also, the agreement forbids the presence of military powers, which do not belong to any of the countries of the area. Through this term, Russia and Iran didn't give the chance to West (EU & USA) to have military presence in the area. As a result, Russia and Iran secured their hegemonic presence in the area, which is based on their military superiority over the rest Caspian states (Turkmenistan, Azerbaijan and Kazakhstan). Last but not least, the Article 14 of the Agreement gives to all coastal states the permission to place underwater cables, without the consent of all the countries of the region, but only of the countries of interest (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

Caspian Sea Summits

The first Caspian Sea summit in Ashgabat, Turkmenistan, in April 2002.	The conference yielded no concrete results.
Tehran hosted the second Caspian Sea summit in October 2007.	Russian opposition in the presence of foreign military powers in the area.
The third Caspian Sea summit, held in Baku in November 2010.	Bilateral deal, between Turkmen President Gurbanguly Berdimuhamedov and Azerbaijani President Ilham Aliyev, to legally build a trans-Caspian pipeline between the two countries. Russia and Iran still objected.
The fourth Caspian Sea summit, held in Astrakhan in September 2014.	Unproductive in making headway toward defining a legal status for the sea.
The fifth summit in Aktau, Kazakhstan, on August 12, 2018.	The summit resulted in the signing of the Convention on the legal status of the Caspian Sea. The Convention stipulated that each state shall have its national sector of the seabed, while the surface of the sea should be treated as international waters.

(COUNCIL, 2017)

4.2: The bi-lateral agreement between Kazakhstan and Russia

The protocol between the two neighboring countries of Azerbaijan and Kazakhstan in the November of 2001, was in fact the start of a new era for the whole region, because it was the first agreement signed between two countries of the region, dating back to Soviet – Iranian agreements. We could support that this agreement showed the right path to the rest of the countries. The agreement between Kazakhstan and Azerbaijan was supporting the separation of the Caspian Sea bed based on **"modified median line"** and according the Russian point, which insists in the common management of the surface waters, preserving free navigation and common ecological standards for the littoral states. (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

The bi-lateral agreement between Russia and Kazakhstan was signed on July 6, 1998 and it was in fact the first Caspian- related agreement. Its Protocol was finally adopted on 13 May 2002. The agreement between the two countries is in fact the result of the change of Russian foreign policy, abandoning the old strategy of winning influence by political and military means for a more pragmatic approach. The main Russian objectives was to sustain its diplomat power in the region, the definition of the

legal status of the Caspian Sea (according to its interests) and trying to achieve a five party consensus through a system of bi-lateral agreements.

Russia, faced with the loss of valuable petroleum resources and its diplomatic power in the Caspian region (former Soviet Union), was compelled to adopt a new diplomatic approach/ strategy of signing bi-lateral agreements with the newly independent bordering Caspian states (former post Soviet democracies). The negotiations between the two parties started in 1996, when both presidents declared their will to separate the sea bed of the north part of Caspian Sea. Later, in 06/07/1998, they actually proceeded in their commitment (Hanna Zimnitskaya, 2010). Overall, in 09/10/2000, in Astana, Kazakhstan's capital, a new declaration was signed between the presidents of both countries. This declaration supported the separation of the Caspian Sea bed based on **"modified median line"** method of delimitation and according to the Russian point, which claims that the surface of the Caspian Sea is common for all the coastal states, except for the sea bed which should be separated in national sectors, known as ***"common waters, divided bottom principle".*** That principle secures that each state sustains its rights to its national sector of the Caspian seabed, while excluding rights for foreign shipping and allowing each littoral state to pursue its own security concerns (Hanna Zimnitskaya, 2010). We should also mention that based on this agreement, the two countries started the exploitation of three very important energy fields, which are located in north Caspian Sea, KURMANGAZY, KHVALINSKOYE and TSENTRALNOYE (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

4.3: The agreement between Russia and Azerbaijan

Russia and Azerbaijan entered into a bi-lateral agreement in September 2002, under which both states agreed to delimitate the seabed into national sectors, based on the Soviet Union's administrative borders of 1970. (Hanna Zimnitskaya, 2010)The two-part agreement between the two neighboring countries took place at 23 of September in 2002 and included the majority of the points which had been agreed in the declaration of Baku (09/01/2001), always based in the Russian point, which insists in the common management of the surface waters, preserving free navigation and common ecological standards for the littoral states ***("common waters, divided bottom principle")*** That principle secures that each state sustains its rights to its national sector of the Caspian seabed, while excluding rights for foreign shipping and allowing each littoral state to pursue its own security concerns. (Hanna Zimnitskaya, 2010). We should also mention that, based on this agreement, the two countries started the exploitation of the important underwater oil/natural gas field of YALAMA (D-222), which is located between the two countries and its location did not allow the exportation to each side, until the signing of the agreement. Afterwards, LUKOIL (60%) and SOCAR (40%), the two national energy companies of Russia and Azerbaijan, commonly exploited the energy field (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).

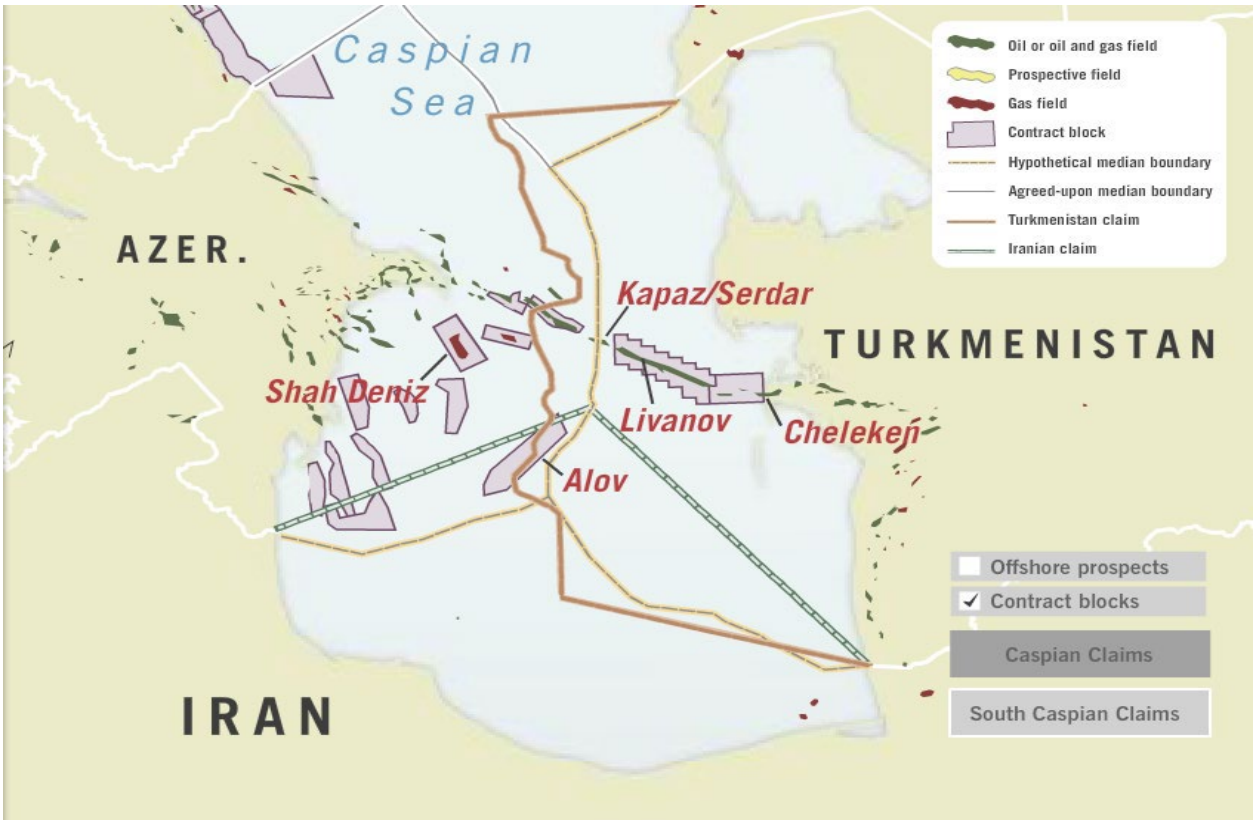
4.4: The trilateral agreement on the Caspian Sea

The trilateral agreement was signed between Russia, Azerbaijan and Kazakhstan, in the city of Almaty of Kazakhstan in May of 2003, where they accepted the ***"modified median line"*** method of delimitation. This agreement is also based on the Russian point, which claims that the surface of the Caspian Sea is common for all the coastal states, except for the sea bed, which is separated in sectors ***("common waters, divided bottom principle")*** That principle secures that each state sustains its rights to its national sector of the Caspian seabed, while excluding rights for foreign shipping and allowing each littoral state to pursue its own security concerns. (Hanna Zimnitskaya, 2010). The agreement defines the Caspian Sea as ***"a body of water which is restricted between the terrain of the countries with its coastlines, been noted in the map as an integrated part of the agreement."*** (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018, p. 59)

Furthermore, we should mention that the trilateral agreement, does not cancel the previous two part agreements between the countries (Russian – Azerbaijan & Russian – Kazakhstan). On the contrary, we could claim that it supports and enhances them. "***The bi-lateral agreements were based on a division of seabed resources along a median line equidistant from each country's shores, much in line with UNCLOS principles. According to this technique, the width of exclusive economic zones is resolved by drawing a median line parallel and equidistant from the coastlines of states that lie opposite one another. The length of the exclusive economic zone is calculated to run proportionally along a state's territorial coast, thus dividing the sea into separate sectors"*** (Hanna Zimnitskaya, 2010). [13] Thus, according to the modified median line method, that separates the seabed of Caspian Sea in sectors, Russia gets 18.5% of the seabed, Azerbaijan and Turkmenistan receive around 19%, Kazakhstan has 29% and the remaining 14% of the seabed belongs to Iran. However neither Iran or Turkmenistan have joined in the protocol (SHAFFER, 2005) or have signed any bi-lateral agreement.

[13] ***"The same method was applied in the 1958 Convention on the Continental Shelf to divide overlapping sections of the shelf between states with adjacent and opposite coastlines, and has since been applied in various international maritime boundary disputes, including a recent delineation of the Red Sea between Yemen and Eritrea."*** (Hanna Zimnitskaya, 2010)

To conclude with the bi-lateral agreements brought significant benefits to all three countries, but especially to Azerbaijan and Kazakhstan. First of all, it provided a solution to the lack of a clear legal title to the Caspian Sea that had significantly obstructed the task of attracting foreign investment, which both countries so desperately needed and also gave them the tools to create opportunities for cooperation among them. Last but not least, we should mention that ***"the legal power of those treaties is not entirely clear since it depends on whether the old Soviet–Iranian treaties remain in force, as Iran argues they do. If the 1921 and 1940 treaties dissolved along with the Soviet Union in 1991, or if they never effectively governed ownership of the Caspian, then the bilateral treaties should be governing law in the Caspian. On the other hand, if the old Soviet era treaties are still in force, Iran may have justice on its side"*** (Hanna Zimnitskaya, 2010).



Picture 23 SOURCE: CIA/ Boundary representation is not necessarily authoritative.

PART B

Chapter 5: Energy Security of the region and the prospects for energy cooperation between the landlocked post-soviet countries (Kazakhstan, Turkmenistan, Azerbaijan), Iran and Russia.

The Central Asia, the geographical space in which Caspian Basin is located, despite its geographic isolation is in fact a place of intense confrontation and competition between the great powers of 21th century. The Caspian region is located in the geographical space of Eurasia, where Russia and China meets Europe/ West (European Union and USA[14]). There the democratic ideology of West confronts the authoritarianism of Asia, and different civilizations (Anatolian & Western) and religions (Islam & Christianism) come in touch. Its location in combination with the important natural resources, which are located in the area, have triggered the intense interest of the important global players. The countries in the region, especially the post-soviet democracies (Azerbaijan, Kazakhstan, Turkmenistan) face many economic and political difficulties (Gasimli, -). Their economies are still problematic and fragile, because they are extremely relayed in hydrocarbons exports[15] and their governances are in fact authoritarian regimes who characterized from intense corruption and lack of respect in human rights (N.MAPKETOY, 2008).

PICTURE 24 SOURCE: THE FOREIGN POLICY OF POST SOVIET LANDLOCKED STATES

[14] Known also as "Rimland", with this term N. Spikeman gave as definition for that geographic point, in which the land superpowers (Russia & China) collide with the naval superpower (USA & Great Britain) (N.MAPKETOY, 2008, pp. 76-77).

[15] For example, Azerbaijan's main export product is oil (86%) and its incomes reach at 26 billion dollars. Also Kazakhstan's main export product is oil (69%) and its incomes reach at 54 billion dollars (ΑΝΔΡΙΑΝΟΠΟΥΛΟΣ, 2016, pp. 122-123).

It is obvious that the Caspian region is in fact a field of contradistinctions and confrontations, not just between the super powers but also between the countries of the area[16]. However, despite its difficulties as an area, the Caspian region from geopolitical and geo-economic aspect could be characterized as "a worthy geostrategic prize" (SHAFFER, 2005).

5.1 Azerbaijan

Starting with Azerbaijan, we should mention that is the first country in the world to extract oil in 1847, and until the WW2 and German invasion in USSR half of Soviet oil were produced in Azerbaijan. In 2010 the country reached its peak of oil production 1 m bpd. Its Main oil field the ACG (PSA 1994) and main gas field Shah Deniz (PSA 1996) which can also produce 120.000 bpd of condensate. Nowadays, its oil exports revenues reach at 26 billion dollars (86% of its exports) (ΑΝΔΡΙΑΝΟΠΟΥΛΟΣ, 2016). However, its main oil exports are through the Baku-Tbilisi-Ceyhan Pipeline (2006), the Baku-Novorossiysk, and the Baku-Supsa Pipelines, remaining until our days the main economic driver of the country (Sitaras V.). At the same time, efforts to boost Azerbaijan's gas production are underway, especially with the expansion of the main natural gas pipeline of the country the SC, to be westwards as "Southern Gas Corridor" (2020).

The first step toward to this direction completed in November of 2018, by connecting the two pipelines TANAP and TAP, in the Greek – Turkish borders (TAP, 2021).

PICTURE 25 SOURCE: tap-ag.gr

[16] It is not by accident, that Z. Brzezinski characterizes in its book, the Grand chessboard, the Caspian region as the Eurasian Balkans (Brzezinski, 1997).

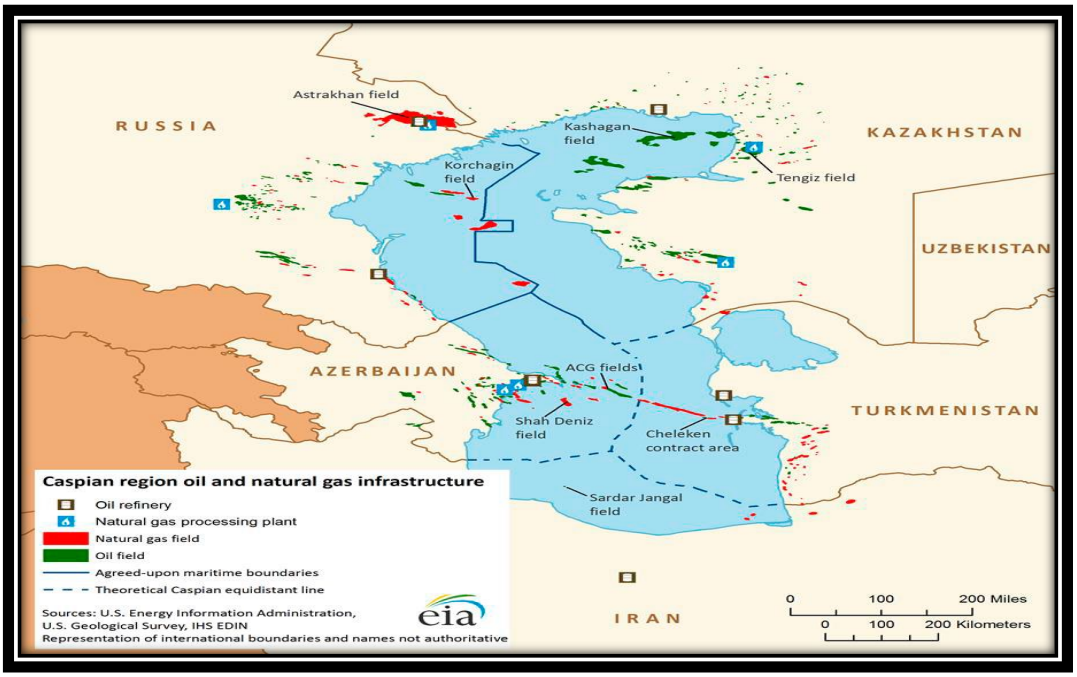
More recently, at 16/09/2021 TAP AG it has confirmed that 5 bcm of natural gas entered Europe, from Azerbaijan through the connection point between TAP and TANAP in Greek – Turkish borders. Its transportation capability at the point is 10 bcm of natural gas, but there is always the option in the future to double that volume of natural gas. The completion of this project is critical both for Europe's energy independence and at the same for economic and political independence of Azerbaijan (Energy Press, 2021).

PICTURE 26 SOURCE: SITARAS

Azerbaijan in the 30 years following its independence succeeded in reducing significantly the poverty rate and has directed revenues from its oil and gas production to develop the country's infrastructure. However, corruption remains an important problem, and the government has been accused of authoritarianism. The country's leadership has remained in the Aliyev family since 1993, when Heydar ALIYEV became president and then he was succeeded by his son, President Ilham ALIYEV in 2003. Prior to the decline in global oil prices since 2014, Azerbaijan's high economic growth was attributable mainly to rising energy exports (Aitor Ciarreta, 2011). However, since 2016-17, in which the declining oil prices caused a 3.1% contraction and 0.8% in GDP of the country, the president of the country, Ilham ALIYEV, trying to diversify country's economy, approved a strategic roadmap for economic reforms that identified key non-energy segments of the economy for development, such as agriculture, logistics, information technology, and tourism. Last but not least, we should keep in mind the fact that Azerbaijan has signed more contracts for exploration and production of hydrocarbons, than any other country in the area (Nasirov, 2011). After 1994 and the signing of the agreement for the Joint Development of the Azeri-Chirag-Gunashli Fields in the Azerbaijani Sector of the Caspian Sea and Production Sharing ("contract of the century")[17], the country has signed 30 more PSA agreements for fields

[17]***"On September 14, 2017, at Heydar Aliyev Center in Baku, a signing ceremony was held for the amended and revised agreement for the Joint Development of the Azeri-Chirag-Gunashli Fields in the Azerbaijani Sector of the Caspian Sea and Production Sharing. Development of the Azeri-Chirag-***

both in the sea (1998 - 2000) and land (after 2000). All these new energy discoveries create for Azerbaijan new capabilities and new prospects and give him new geopolitical dynamic in the area, but also as a worldwide energy exporter (Sitaras V.), especially after Russia's attack in Ukraine. That development has improved significantly Azerbaijan position worldwide, which appears more than willing to provide the solution in European energy crisis and to become a vital alternative to Russia's energy monopole (Τουχτίδου, 2022).



PICTURE 27 SOURCE: (u.s. energy information administration (eia), 2019)

5.2 Kazakhstan

Afterwards, Kazakhstan should be mentioned. Kazakhstan is the biggest land-locked country in the world and its economy is the biggest in Central Asia. Only its revenues from oil exports are estimated around 54 billion dollars (69% of its exports) (ΑΝΔΡΙΑΝΟΠΟΥΛΟΣ, 2016)Its oil production is enormous [18], reaching at 1 m bpd in 2003 and according to estimations, it will surpass 2 m bpd by 2020, with potential for up to 3 m bpd later that decade. In the country there are two giant oil fields, Tengiz (1979-Chevron, Exxon) and Kashagan (2000-ENI, Total, Exxon, Shell, KazMunai)[19] The CPC pipeline (1.510 km) is operational since 2001, (the only independent oil p. in

Gunashli oil field by the New Agreement is extended until 2050. The new agreement includes a gradual increase of $3.6 billion in bonus payments by foreign investors and an increase in SOCAR's share from 11.6% to 25%. It is expected that the level of oil profit will reach 75% in Azerbaijan. This agreement establishes a new stage in the development of the oil industry in Azerbaijan." (The ministry of energy of the Republic of Azerbaijan , 2020)

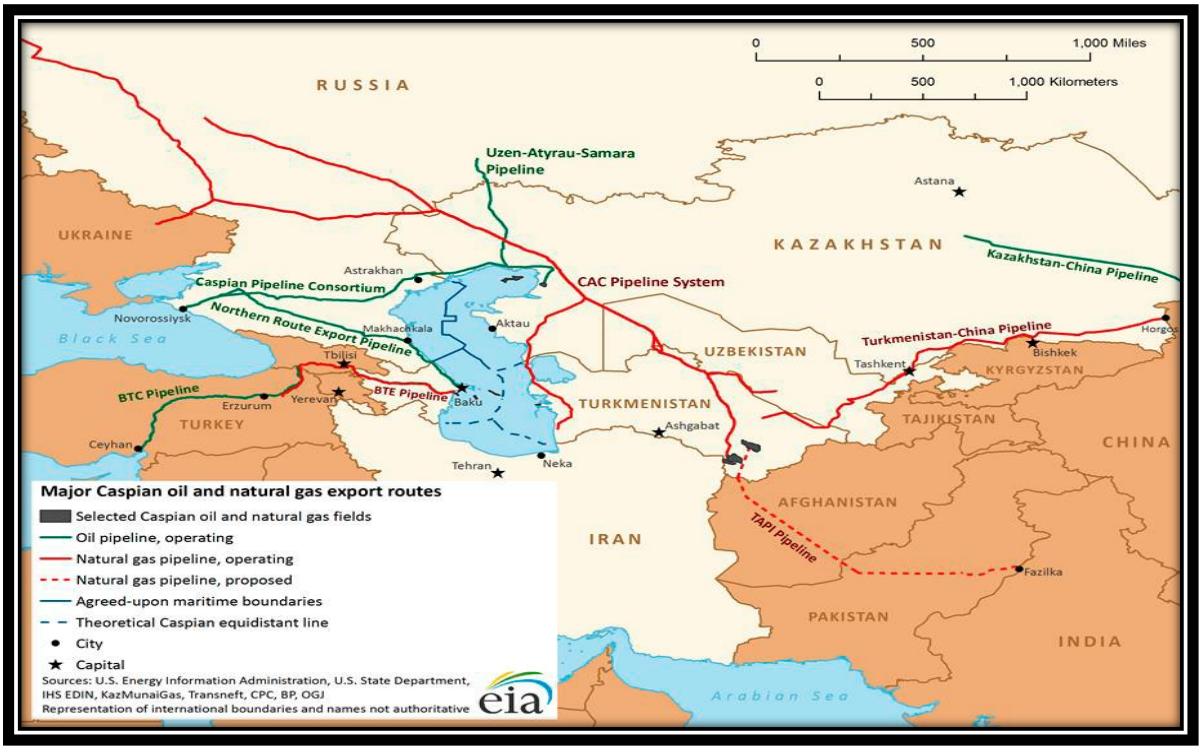
[18] since the czar times (1911) (Sitaras V.)

[19] ***"Kashagan by far the most expensive energy project in world history, at well over $ 100 b."*** (Sitaras V. , p. 13)

Russia) with its capacity to be planned to expand to 1.35 m bpd. An additionally important oil pipeline which connects Kazakhstan to China (2.230 km). The pipeline is in place since 2006 and currently an expansion is under way, in order to reach the 400.000 bpd. In fact, we may say that these two oil pipelines are the main economic drive of the country (Sitaras V.).

However, the government of Kazakhstan also realized that its economy suffers from an overreliance on oil and extractive industries and decided to proceed to important changes, in order to diversify its economy by targeting sectors like transport, pharmaceuticals, telecommunications, petrochemicals and food processing for greater development and investment. Kazakhstan's enormous oil and gas fields has established the country as one of the most important oil/gas producers worldwide. However, the lack of modern infrastructures in the oil/gas industry (producing/refining/distributing), in combination with the geography of the country[20], are important drawbacks for the country's further development (u.s. energy information administration (eia), 2019).

Kazakhstan's governance confronted with those problems that we just mentioned, decided to proceed to important investments in its oil/gas industry. First of all, "***a $36.8 billion expansion of Kazakhstan's premiere Tengiz oil field by Chevron-led Tengizchevroil should be complete in 2022. Meanwhile, the super-giant Kashagan field finally launched production in October 2016 after years of delay and an estimated $55 billion in development costs. As far as Karachaganak oil field, which is smaller from the other two, an expansion project is under consideration"*** (Mostafa*, 2013). Moreover, we should mention that in 2010, Kazakhstan joined Eurasian Economic Union (EAEU) in an effort to boost foreign investment and improve



PICTURE 28 SOURCE: (u.s. energy information administration (eia), 2019)

[20] Kazakhstan is landlocked and depends on Russia to export its oil to Europe, except only to China, in which directly exports oil.

trade and in fact Kazakhstan's exports to EAEU countries increased 30.2%. As a result, Kazakhstan's total oil production in 2017 climbed 10.5% (Babali, 2009).

5.3 Turkmenistan

Turkmenistan is considered to be the second most isolated countries in the entire world after North Korea. However, in the country's areas there are enormous natural gas reserves (fourth largest gas reserves worldwide and the second largest gas field worldwide is Galkunush, 2006)[21]. It is estimated that by 2030 it will be producing more than 230 bcma, so it desperately needs new export markets. Until very recently the main customer was Russia, but nowadays China dominants via CNPC gas pipeline, which launched in 2009, with capacity of 55 bcma. As of late 2019, Turkmenistan exported the majority of its gas to China, making up the 25% of Turkmenistan's GDP and a small level of gas were also being sent to Russia, too. At the time Turkmenistan is considering financing new projects such as, TAPI that would reach the Sub-Continent with capacity of 33 bcma TAPI and Trans-Caspian pipeline, planned for Europe with capacity of 30 bcma (Sitaras V.).

The Trans-Caspian gas Pipeline (TCP) is a project of huge economic and energy importance for the Caspian area. Dating back to mid-1990s, the Trans-Caspian gas Pipeline (TCP) was estimated to transport up to 33 bcm of natural gas annually from the sea port of Turkmenbashi, which is connected with the Turkmen fields, through the recently completed "East-West pipeline" to the Sangachal terminal south of Baku. The terminal station south of Baku is in fact the starting point of the Southern Gas Corridor, which would be connected with the Trans Anatolian Pipeline (TANAP) at the Greek-Turkish border, crossing Northern Greece, Albania and afterwards connecting through the Adriatic Sea before coming ashore in Southern Italy, in order to connect to the Italian natural gas network (TAP), with final destination the rest of Europe energy network (Cobanli, 2014). It is obvious that the Southern Gas Corridor is a highly important energy project for Europe for the decades that will come, because it improves the security and diversity of the EU's energy supply (ADA Univercity, 2016).It covers all infrastructure projects involved in bringing natural gas from the Caspian Sea to Europe and combined with the Trans-Caspian gas Pipeline (TCP), that will connect the rich Turkmen fields with those of Azerbaijan, we may claim that it is a reliable alternative energy solution for Europe's energy needs. However, we should refer to the fact that despite the financial and diplomatic support that EU and USA offered, no significant progress on the TCP has been observed so far, for a variety of reasons, like economic instability

PICTURE 29 SOURCE: (ADA Univercity, 2016)

[21] Its natural gas proven reserves are estimated to be around 7.504 trillion cu m (1 January 2018 est.), the 5th bigger volume worldwide (u.s. energy information administration (eia), 2019).

and geopolitical relations (Sitaras D. V., 2017).

Even more importantly, in the case of this project was completed, it could be the start for something bigger and by that we mean a regional cooperation between all the Caspian states, with a common energy network of pipelines that would connect all the energy fields of the Caspian area and it would be able export big volumes of oil/natural gas in both East (EU) and West (China). A starting point perhaps is the proposal of Russia in Teheran's conference for the creation of a join organization of economic cooperation of Caspian region, something similar to Eurasian Economic Union (EAEU) (TAP, 2021)

5.4 The energy capabilities of the landlocked post-soviet countries

Having said all that about the energy capabilities of the landlocked post-soviet countries, it is now time to analyze about their prospects for energy cooperation with Iran and Russia. First of all, we should mention the protocol between Kazakhstan and Azerbaijan, Russia and Azerbaijan, Russia and Kazakhstan and of course the three-part agreement between Russia, Kazakhstan and Azerbaijan (Shaffer B. , 2010). Those agreements, which have already been mentioned in chapter 4, are the result of years of diplomacy between those countries, but at the same time shows an intention for cooperation between the countries (Bahgat, 2007). Even Russia, which is a local, but also global superpower, decided to change its strategy and to make some concessions, in order to satisfy some requests of the other countries of the region and at the same time through this diplomatic movement managed to secure access in the enormous natural gas/oil reserves of the area and at the same time to alienate the area from the West (Akhrarkhodjaeva, 2009). For example, after signing of those agreements

Table one: Estimates of Recoverable Oil and Gas Resources in the Caspian Region

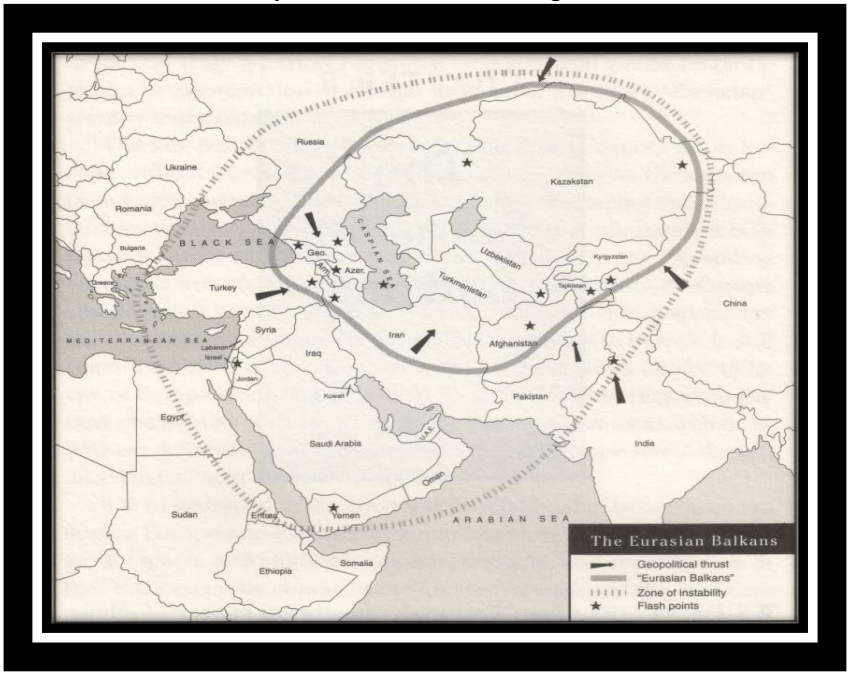
	Proven oil Billion b.bl.	Possible oil	Total	Proven gas Trillion cubic m	Possible gas	Total
Azerbaijan	3,6	27,0	31	0,3	1,0	1,3
Kazakhstan	10,0	85,0	95,0	1,5	2,5	4,0
Turkmenistan	1,5	32,0	33,5	4,4	4,5	8,9
Uzbekistan	0,2	1,0	1,2	2,1	1,0	3,1
Russia	0,2	5,0	5,0	N/A	N/A	N/A
Iran	N/A	12,0	12,0	0	0,3	0,3
TOTAL	15,6	163	178	8,3	9,3	17,6

(Dr. Ariel Cohen, *U.S. Interests in Central Asia and the Caucasus: The Challenges Ahead*, Central Asia and the Caucasus, 2/2000).

Kazakhstan[22] and Azerbaijan[23] started in cooperation with Russia the exploration and exploitation of important underwater oil/gas fields in the area of North Caspian Sea (Marshall, 2016).

Chapter 6: The main actors within the "Eurasian Balkans": Russia, Iran, Turkey and their potential rivals

The main actors within the ***"Eurasian Balkans"*** (Brzezinski, 1997, p. 89) are three neighboring powers: Russia, Turkey, and Iran, though China may eventually become a major protagonist as well. Additionally, involved in the competition, but more remotely, are EU, Ukraine, Pakistan, India, and the distant America (through states fully affiliated with Euro–Atlantic alliance, such as Turkey and Georgia). Each and every one of these countries have different interests, which shape their alliances, too. In most cases their primary goal may not be what the reader of this text implies and by that we mean of course the insurance of energy reserves, but we may claim that their goal is more complex and may aim to secure the energy security of the region, banding at the same time the presence of other foreign powers (N.MAPKETOY, 2008).



PICTURE 30 SOURCE: (BRZEZINSKI, 1998)

It would only be appropriate to the writer's view to start with Russia, because it is the most powerful country of the region, but also worldwide and also because she has strong historical impulses in the area. Russia still remains an important and especially active geostrategic player in the Eurasia region and by that we mean that ***"as a state has the ability and the national wealth to affect out of its borders, in order to change the existing status quo"*** (N.MAPKETOY, 2008, p. 78) **.** For Russian high command Central Asia and the 14 former Soviet Democracies (the borders of USSR) are considered to be the geostrategic border of modern Russia (Spechler, 2009, pp. 617-625). In fact, Russia's foreign policy has characterized them with the term "Near

[22] Kyrmangazy field (3-4 b. barrels of crude oil), Khvalinskoye field (322 b.cm. of natural gas & 36 m.t. of crude oil), Tsentralnoye field (3-4 b. barrels of crude oil) (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018).
[23] The important field Yalama (D-222) (ΚΑΡΑΓΙΑΝΝΗ, ΔΕΚΕΜΒΡΙΟΣ 2018)

Abroad", which clearly implies an ownership state on those states and reflects the special interests that Russia has in those areas. These interests are based mainly in three factors: their historic background, their proximity to Russia and the Russian population that still lives in those areas[24]. According to Russia's point of view, those regional countries should follow compromising policies towards Russia and not trying to balance their interests or to confront her (Zabortseva, 2011). However, the post-soviet countries of the area (Azerbaijan, Kazakhstan, Turkmenistan), especially Azerbaijan because of its location, through their growing trade and economic relation with countries such as USA, EU, Turkey, China and Japan have in fact succeed to reduce their reliance from Russia. Having noted all these, we should mention that for Russia it is essential to put Azerbaijan under her control, because as Z. Brzezinski says in his book "Azerbaijan is the cork in the bottle that includes the wealth of Caspian Basin and Central Asia" and if Russia succeeds in controlling it, it will also control the whole area (N.MAPKETOY, 2008).

As far as Turkey and Iran are concerned, those countries are the main adversaries of Russia in the region, mainly because of their proximity and in case of Turkey also because of their ethnic-linguistic routes in the area, with a common sense of identity of the Turkic people of the area. At the same time Turkey is been presented from the West as ***"political example of civil Islamic state"*** (N.MAPKETOY, 2008, p. 81), however given Turkey's much more limited political and military power compared to Russia and Iran, it is rather impossible for them to create an exclusive zone of political influence similar to Russia's. Rather, we should suppose that Turkey's point of view stands as potential leader of a loose Turkic speaking community, taking advantage to that end of its appealing relative modernity, its linguistic affinity, and its economic means to establish itself as the most influential force in the nation-building processes underway in. However, Iran as the second strongest country of the regions, s called to sustain the balance in the area and at the same time blocking the geostrategic extension of Russian foreign policy in the region of Persian Gulf. Last but not least, it should be mention that it has great interests in Turkmenistan. It is not a secret that Iran has proposed many times the transfer of the Caspian oil/natural gas through Iran and Persian Gulf, which is in fact cheaper than any other project (ΑΛΕΞΟΠΟΥΛΟΣ, 2001).

On the other hand, the US and the EU's goal in recent years to attain significant economic, diplomatic and maybe even military presence in the area, mainly through states fully affiliated with Euro–Atlantic alliance (Turkey, Georgia, Ukraine), in order to restrict Russia's, Iran's and China's influence in the region. At the other end of the spectrum, the primary goal of Russia and Iran was not focused on winning the "pipeline battle", but to sustain the status quo of the area and to maintain (Russia) or attain (Iran) their presence in the area and above all to cut off any possibility of western mainly military, presence in the region. Lastly, we should mention that is a common goal for all the players in the area to secure energy resources. However, for china we may say that this is its main goal, because China in order to confront the USA economically, and

[24] ***"Moscow's foreign policy statements have made it plain that it views the entire space of the former Soviet Union as a zone of the Kremlin's special geostrategic interest, from which outside political--and even economic-- influence should be excluded"*** (N.MAPKETOY, 2008, p. 78).

military should firstly secure rich energy reserves, exactly like the ones located in Caspian Basin and especially in Kazakhstan which due to its geographical position is in fact the best solution in China's energy isolation (Spechler, 2009, pp. 626-629). As a last note, in the further South part, India supports Russia foreign policy in the area, trying to break the axis between Turkey, Azerbaijan and Pakistan in order to limit Pakistan's support to Tailbones in Afghanistan and other Islamic terrorist groups in the area and at the same time block the energy ambitions of Islamabad (N.MAPKETOY, 2008).

Chapter 7: Conclusions and Future Perspectives

In conclusion of the thesis, the main highlights are based on the importance of Caspian region from geopolitical and geo-economic aspect. Its unique location Has its own advantages and disadvantages, mainly for the countries of the area and that's because the former soviet democracies of the, Azerbaijan, Turkmenistan and Kazakhstan, because they are landlocked states without any access to sea and as a consequence they are heavily depend on Russia. However, that's only one aspect of the situation, because at the same time its geostrategic value especially after the new energy findings reached them to their peak. As a result, the region has concentrated the interest of all the major actors of the West (USA, EU, Great Britain), but also has drawn the attention of its major rivals (China, Russia, Iran, India and Pakistan), making the area a field a geopolitical confrontation between East and West with geostrategic prize the whole region of Central Asia and its reach natural resources (Brzezinski, 1997). We should also mention that after the very recent withdraw of USA forces from Afghanistan, the USA lost their access in South Asia and all of their geostrategic leverages and by that we mean that since they are absent from the region, other countries would try to fill the gap of power, such as China, Russia, Iran, Pakistan, India. Even Turkey which certainly has not either diplomatic, economic or militia dynamics to succeed seems that is trying to claim its new geostrategic place in the area (Charlick-Paley, 1999-2000). USA on the other hand having abandoned the area is impossible for them to trying control the geostrategic actors, especially "the dangerous Iran", "the expansionist Russia" and of course its main opponent China (N.MAPKETOY, 2008).

Having said all that I would also like to add that this intense antagonism between all these important geostrategic players, may be in fact a chance for the smaller states of the area, such as Azerbaijan, Kazakhstan and Turkmenistan to improve their place in the global geostrategic board, but in order to achieve that it is essential for them to have multi-directional strategic orientation[25], special policies toward their transit states [26]and to invest in infrastructures in their ports states (as Azerbaijan did in Georgia and Turkey) (Shaffer A. I., 2011).

[25] ***"which entails refraining from joining exclusive alliance systems and maintaining cooperation with competing alliance systems"*** (Shaffer A. I., 2011, p. 243).

[26] ***"including significant concessions and actions taken to foster good relations with the transit states, stability in the neighboring states, and continuity of the transit"*** (Shaffer A. I., 2011, p. 243).

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