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The dismemberment of the Soviet Union prompted a very unstable decade of decline for Russia, and generated numerous conflicts in the post-Soviet space. Russia regained influence at global and, chiefly, regional level from 2000, after Vladimir Putin became president and the price of hydrocarbons rose. Arguably, energy policy played an essential role. The South Caucasus, where three secessionist conflicts took place, leading to Russian political, diplomatic and military intervention, was crucial for the Russian geo-energy interests. This article examines and discusses the impact of intervention on Russian geo-energy interests, in particular since Putin came to power. The working hypothesis proposes that Russia’s involvement in the three secessionist conflicts in the South Caucasus has considerably benefited the many Russian geo-energy interests.

Keywords: secessionist conflicts, South Caucasus, energy policy, hydrocarbons, geo-energy interests

Following the collapse of the Union of Soviet Socialist Republics (USSR), the Russian Federation remains an energy superpower. However, in the 1990s the country experienced a decade of instability and decline during which its international influence and, more troubling for Russia, regional influence declined. The dissolution of the USSR also coincided with surplus crude oil on the world market in combination with price stability and suppression. Consequently, energy became less prominent as a traditional Russian tool of influence. This occurred in conjunction with the Russian state’s loss of control over the country’s energy sector.

From 2000, Russia began to regain global and, more importantly, regional influence with President Putin’s rise to power, recovering oil prices from 1998 (in a new cycle characterised by excess demand), and the start of the Second Gulf War. Two decades later, it is claimed that “the Russian foreign and security policy framework is characterised by a regional power that is striving to reacquire the global power it enjoyed during the Soviet era” (translated from Marquina 2012, 6).

Russia’s energy policy is the cornerstone upon which this recovery rests. It has two interrelated functions: an internal function, which essentially involves the practice of “energy nationalism”, and an external function (the focus of this article), which concerns Russian influence in three regions: post-Soviet Europe, Central Asia and the South Caucasus.
These regions compose Russia’s “near abroad” or “sphere of influence” and include the fourteen former Soviet republics. The term South Caucasus is politically neutral and more geographically accurate than Transcaucasia. The term in its classical sense refers to the region formed by Georgia, Armenia and Azerbaijan, former Soviet republics that became independent states in 1991.

Historically, the South Caucasus has been vital to Russian national interests. For two centuries, Georgia, Azerbaijan and Armenia were part of the Tsarist Empire and then the USSR. Russia’s post-Soviet relations with the South Caucasus have been heavily influenced by its geo-energy interests and intervention in unresolved secessionist conflicts in South Ossetia and Abkhazia (Georgia) and Nagorno-Karabakh (Armenia/Azerbaijan). These are recognised as “frozen conflicts”, territorial and ethnic disputes arising after the disintegration of the USSR that create multiple risks and threats. The Russian-Georgian war of 2008 demonstrated the fragility of the security system in this region and in nearby states (Novikova 2012, 550–51).

Although there are many unresolved territorial tensions in the South Caucasus (for example, Adjara or Samtske-Javakheti in Georgia, Nakhichevan in Azerbaijan), the conflicts over South Ossetia, Abkhazia and Nagorno-Karabakh have a secessionist character, where de facto independent territories have emerged out of armed conflicts, although without international recognition. In the context of Russian energy policy, one central strategy adopted to obtain geo-energy benefits in the post-Soviet South Caucasus has involved intervening in these conflicts politically, economically and militarily. In turn, expanding Russia’s regional influence (the traditional goal of its foreign policy) necessitates the implementation of this energy policy. Hence, this strategy reinforces itself.

Over the last two decades, researchers have discussed this strategy and analysed conflict in the post-Soviet South Caucasus (Fall 2006; Hewitt 2001; Hoesli 2006; Lacoste 1996; Novikova 2012; Taibo 2004, 2006; Thual 2001; Van der Leeuw 1998; Yakmetchouch 1999). However, while the South Caucasus is central to Russian geo-energy interests, and although Russia’s intervention in such conflicts is evident, two areas for improvement have been detected in the literature, including literature focusing on energy issues (Ashour 2004; Blank 1999; Ebel and Menon 2000; Olcott 1999; Rachinskiy et al. 2007; Van der Leeuw 2000).

First, a direct, specific and clear connection in terms of concrete benefits is missing between Russia’s intervention in the three secessionist conflicts in the South Caucasus and the defence of Russian geo-energy interests. Second, a comprehensive and organised presentation of such benefits has not been accomplished, particularly since Putin’s rise to power. This article aims to address these limitations.

The following question summarises the research problem:

How has Russian intervention in the three post-Soviet secessionist conflicts in the South Caucasus affected Russian geo-energy interests? Our hypothesis is that Russia’s intervention in the three post-Soviet secessionist conflicts in the South Caucasus has greatly benefited its geo-energy interests.

1. Post-Soviet Russia’s Geo-energy Interests and Regional Influence: The Importance of the South Caucasus

Russia is a quintessential energy superpower. The country is self-sufficient in energy, and its immense energy resources represent one of its main geopolitical strengths. This article focuses on oil and gas resources. Fossil fuels dominate the global energy mix, and remain this century’s main energy supply (International Energy Agency 2013, 1-2).

Russia alternates with Saudi Arabia as the main global oil producer and with Iran as the country with the largest proven gas reserves (Oil and Gas Journal 2013). Russia may also possess the largest reserves of shale oil, and has the ninth-largest reserves of shale gas (U.S. Energy Information Administration/Advanced Resources International 2013, 6). Russia supplies Europe with approximately one-third of its oil and gas needs and increasingly supplies oil to East Asia. Approximately 50 percent of the state’s revenues come from energy, but “the energy sector is far more than a commercial asset for Moscow; it has been one of the pillars of Russia’s stabilisation and increasing strength for more than a century” (Goodrich and Lanthemann 2013, 1). Moreover, even though the “instrumentalisation of power for political purposes is a
well-known strategy in Russia [...] and goes back to Soviet times [...], with Putin’s arrival to power, a policy was established to restore Russia’s influence – increase its power – in neighbouring regions but also beyond. It is also the case that this has been based on its energy capacity” (translated from Sánchez Ortega 2014, 234).

Russia’s energy policy possesses the two features described. Domestically, Russia has practiced energy nationalism, which is also practiced in Venezuela and Algeria (Mañé 2006). This has been accompanied by highly coercive measures focussing on control of pipelines, and by the expeditious and opaque nature of Russian approaches to political power (Politkovskaya 2005, 2007, 2011). The state has asserted control over virtually the entire Russian gas sector through its state-owned monopoly Gazprom, and since 2003 the oil sector has undergone a process of disguised renationalisation through the creation of state-owned companies (Rosneft and Gazpromneft) and state-linked private companies (Lukoil, TNK-BP and Surgutneftegaz) (Hanson 2009; Pirani 2010).

With respect to external energy policies, Russia has manipulated energy to alter the balance of power in neighbouring regions: post-Soviet Europe, Central Asia and the South Caucasus. Russia has maintained its dominant position in the European market, the dependency on former European Soviet republics, and control over pipeline systems that run from post-Soviet Europe to Western Europe. Similarly, it has managed to maintain its position as the main export route for oil and gas from Central Asia.

However, it is precisely in the South Caucasus, and particularly in Georgia, that Russia’s strategy may be most threatened. The South Caucasus, a globally significant geopolitical and geostrategic region, is bordered to the north by the troubled North Caucasus (Russia); to the south by Turkey and Iran (Russia’s rivals for influence over the South Caucasus); to the west by the Black Sea; and to the east by the Caspian Sea. As highlighted by Batalla (2009, 3): “the Caucasus, the backyard of the Tsars, whether white or red, is considered by Vladimir Putin’s Russia as the sphere of influence that will again make Russia great in a global context”. Additionally, the South Caucasus is particularly relevant within the Caucasus as a whole, given its critical geo-energy importance. The region is of great interest to Russia for two fundamental reasons:

a) The region is very rich in proven hydrocarbon reserves, but these reserves are distributed unevenly. According to the U.S. Energy Information Administration, in May 2013 Azerbaijan’s proven reserves were 7 billion barrels of oil (bbl) and 35 trillion cubic feet (cf) of gas, while Georgia possessed 40 million bbl and 300,000 million cf, respectively. Azerbaijan produced 921,750 bbl per day (bbl/d) (20th in world rankings) and 606,560 million cf of gas annually (30th). Georgia produced 1,000 bbl/d and 200 million cf of gas annually but is a net importer of oil and gas (fulfilling its gas needs largely from from Azerbaijan). For its part, Armenia, which is devoid of hydrocarbon assets, buys nearly 100 percent of its domestically consumed gas and oil from Russia (2.1 billion cubic meters (cm) and 50,000 bbl/d in 2013 (Central Intelligence Agency 2014).

b) The existence of these reserves and the pipeline system built during the Soviet period, which runs from the Caspian Sea to the Black Sea, in addition to recent geopolitical conflicts, continue to encourage major investments in pipeline-building and maintenance (Morales Hernández 2004, 2). This trend will become even more prominent as production grows, as in the case of the Caspian Shah Deniz gas fields (I and II), Azerbaijan’s largest deposit.

The South Caucasus is crossed by four strategic pipelines that are primarily directed towards Europe: three oil pipelines and one gas pipeline. Given its presence in the South Caucasus, this infrastructure provides Russia with an instrument for exerting pressure over the West. However, the gas pipeline and two of the three oil pipelines are owned and operated by Western companies and do not cross Russian territory, enabling the export of Azerbaijani resources and thus allowing Georgia to mitigate its energy dependence on Russia. Hence, Russia has a strong interest in maintaining and strengthening its influence in the South Caucasus, and particularly in Georgia, and in opposing the construction of offshore pipelines through the Caspian Sea so that extracted
resources are transported by land (shipping by LNG tankers is extremely expensive).

The four strategic pipelines are:

a) The Baku-Novorossiysk Oil Pipeline completed in 1996, which can transport up to 105,000 bbl/d over 1,330 kilometres from Azerbaijan to the Russian oil terminal of Novorossiysk (on the Black Sea).

b) The Baku-Tbilisi-Ceyhan Main Export Oil Pipeline (BTC oil pipeline), which was built to rival the Baku-Novorossiysk pipeline and took advantage of Russia’s weak state in the 1990s. Also completed in 2006, it can transport up to one million bbl/d of crude oil from the Caspian Sea to the Mediterranean and from there to Europe in oil tankers. The pipeline is 1,768 kilometres long, crossing Azerbaijan, Georgia and Turkey. Although companies involved in its construction considered other, more efficient routes, Azerbaijan, Georgia, Turkey and especially the United States asserted domestic interests to select this final route.

c) The Western Route Export Pipeline (WREP) completed in 1999 transports crude oil from the Caspian Sea to the Black Sea and from there in oil tankers to Europe. The 829-kilometre route begins in Azerbaijan, crosses Georgia, and terminates at the Supsa Terminal in Georgia.

d) The Baku-Tbilisi-Erzurum Gas Pipeline (BTE gas pipeline) completed in 2007 can transport up to 20,000 million cm of gas annually 980 kilometres from the Caspian Sea to Erzurum, Turkey, following the same route as the BTC oil pipeline. The BTE gas pipeline may in future connect with Turkmenistan via the offshore Trans-Caspian Gas Pipeline (TCGP) pipeline project.

In this sense, the South Caucasus, and Azerbaijan in particular, represents a potential corridor to Central Asia and East Asia. In fact, the West urges the South Caucasus to host pipeline projects that may in the future form a Fourth Corridor, which would be designed to reduce dependence on Russian gas and gas pipelines importing Azerbaijani gas and Turkmen and Kazakh gas through pipelines that cross the Caspian Sea and continue through Azerbaijan and Georgia towards Europe. However, in order to accomplish this, Russia (and, to a lesser degree, Iran) would need to unblock the building of offshore pipelines in the Caspian Sea, which is highly unlikely, as this would contradict Russian geo-energy interests (for Azerbaijan, Turkmenistan and Kazakhstan, the Caspian Sea is a lake, but for Russia and Iran, it is an inland sea). Pipeline-building would thus require an agreement between the five countries that likely would not include Russia, which is interested in operating pipelines that cross its own territory.

As part of Fourth Corridor framework, various gas pipeline projects involving different routes and destinations have been proposed, with Azerbaijan and the European Union favouring some more than others: Nabucco, the South-East Europe Pipeline (SEEP), the Turkey-Greece-Italy Interconnector (ITGI), the White Stream and the currently most viable Trans Adriatic Pipeline (TAP), initially proposed by the United States and led by British Petroleum and the State Oil Company of the Azerbaijan Republic (SOCAR).

The oldest and most ambitious and expensive proposal is the Nabucco project, which would initially connect Erzurum with Austria but could then be connected to the BTE gas pipeline and thus Turkmenistan and Iran (which is building a gas pipeline close to its borders with Turkey, Azerbaijan and Armenia). Russia prefers Azerbaijan and Turkmenistan to sell gas to Russia, as demonstrated by President Medvedev, who attempted to persuade his two counterparts on this issue as one of his first foreign policy actions.

Currently, however, the Nabucco project is still infeasible, mainly due to doubts surrounding the availability of sufficient Azerbaijani gas. This requirement also implies that only smaller projects connected to Azerbaijan are viable within the Fourth Corridor: TAP and perhaps SEEP, a smaller version of Nabucco. The plan is also impractical at present for geopolitical reasons and due to a lack of strong EU support; the existence of the rival Russian South Stream project, which is highly advanced and will occupy the floor of the Black Sea; the project’s high cost; and the absence of a prominent Western company in upstream Turkmenistan to lobby for the deal.
The White Stream project is much less strategic, as it involves transporting gas through Ukraine and requires an expensive connection with Georgia via the Black Sea. Concerning ITGI and TAP – rival projects for gas transport to Greece and Italy – in 2013 the Greek crisis caused Azerbaijan and the consortium that operates Shah Deniz to select the TAP (which can transport 16 billion m³ annually) for transporting gas to Europe. The first section of the TAP will run through Azerbaijan and Georgia, thus acting as an extension of the BTE gas pipeline, and will connect with a second section in Turkey: the Trans-Anatolian Pipeline (TANAP). This arrangement will finally provide a connection to Greece and Italy.

2. Russian Intervention in the South Caucasus Conflicts: Geo-energy Benefits

Currently, only Azerbaijan and Armenia are members of the Commonwealth of Independent States (CIS, Georgia left in 2008), and only Armenia is a member of the Collective Security Treaty Organisation (CSTO, Azerbaijan and Georgia left in 1999). Although their relations are not free from tension, Armenia has traditionally acted as Russia’s stable and strategic partner in the South Caucasus for reasons that go beyond the mere fact that their populations are largely Christian and of Indo-European ethnicity. Armenia needs Russian troops to remain in its territory (where they have been since the Soviet era), and given Armenia’s inability to guarantee the security of its borders, Russian border guards monitor its borders with Turkey and especially Iran.

Relations between Russia and Azerbaijan are conditioned by Azerbaijani energy capacities and the Armenian-Azerbaijani conflict over Nagorno-Karabakh. Although Azerbaijan is not Russia’s partner, relations between the two countries have improved in recent years. Compared to Russian-Georgian relations, which broke down in 2008 following the war and Russia’s recognition of South Ossetia and Abkhazia, relations have changed only marginally.

The present article does not intend to elaborate on the origins and development of the three conflicts but rather to explain Russian intervention and to show how Russia’s willingness and ability to intervene (citing, among other reasons, the need to protect Russian citizens, ethnic Russians and Russian speakers) have been favoured by certain characteristics of these conflicts and by regional and geopolitical dynamics. The three conflicts are polyhedral and operate within global geopolitics, as clearly exhibited by the presence of important stakeholders aside from Russia (the United States, the European Union, Turkey and Iran), whose interests have often collided (Askari and Taghavi 2006; Cornell 2001; Demirbas 2010; Koolaee and Hafezian 2010).

Each of the three conflicts possesses endogenous and exogenous components. All three have been defined in different ways since the late 1980s; initial designation as ethnic conflicts was followed by redesignation as ethnopolitical and political-ethnic conflicts; some authors have also treated them as conflicts between states without ethnic motivations while others deem them territorial conflicts. As noted by Rusetsky (2012, 62), “the inadequate perception of the content and sociology of the conflicts is one of the basic and legally fundamental causes of their unsolvable nature”.

The South-Caucasus Institute of Regional Security (SCIRS) (2014) argues that each conflict has followed the same evolutionary pattern and provides an understanding of how the conceptualisation and definition of these conflicts attracted Russian intervention, and the reason for the inability to reach satisfactory and definitive agreements – which benefits Russia.

According to SCIRS, conflicts first arose between various parties. Next, parallel pseudo-conflicts emerged that deepened these conflicts by exacerbating, modifying or suppressing true motivations and incorporating players who were allegedly involved or interested in the conflicts (mainly Russia, Russian citizens and individuals of Russian origin or from Russian-speaking areas in conflict zones). Pseudo-conflicts artificially fostered the ethnic component of political conflict and a resurgence of interest in the historical origins, thus ethnically essentialising these originally political conflicts. This fostered ethnic hatred and led to the third phase, in which actors that are actually contributing to the conflict (Russia in particular) are postulated as mediators and peacemakers between alleged rival ethnic or nationalist groups.

Georgians, South Ossetians and Abkhazians are primarily, in ethnic terms, Georgians, Ossetians and Abkhazians, respectively (although most are Christian). Approximately 75
percent of the population of Nagorno-Karabakh is Christian and ethnically Armenian, while Azerbaijan is predominantly Muslim and ethnically Azeri. However, these differences alone do not explain the occurrence of conflict or the interests of these and other actors in perpetuating both the conflicts themselves and pseudo-conflicts in order to obtain benefits and achieve a standby or quasi-peace phase, which is nearly completely subordinate to Russia’s geo-energy interests. This quasi-peace inhibits the true resolution of real conflict and the materialisation of real peace. Consequently, as Alexander Rusetsky states: “the development paradigm of the Caucasian conflicts is oriented toward the side of the crisis and not toward the side of regulation” (2012, 62), as is shown in the following section.

2.1. Georgia: South Ossetia and Abkhazia

In 1990, the Georgian region of South Ossetia declared itself independent as the Republic of South Ossetia, to which the Georgian Soviet Socialist Republic responded by abolishing its autonomous status. In 1991, Georgia was recognised as an independent state, and territorial tensions heightened in South Ossetia. In January 1991, Georgian troops attempted to enter the South Ossetian capital of Tskhinvali and started a war in which Russia supported South Ossetian. The war ended with the defeat of Georgia and the signing of the Dagomis Agreements between Russia and Georgia in July 1992, which made Russia responsible for ensuring the security of both parties and established a security corridor through Georgia for Russian troops.

After Abkhazia unilaterally declared itself an independent region of Georgia in September 1992, fighting erupted between Georgian troops and Russian-Abkhaz paramilitaries, which occupied much of Abkhazia, including the capital Sukhumi. The fighting persisted until 1993. In 1994, Russian peacekeepers were deployed, this time under the direction of the CIS (the United Nations Observer Mission in Georgia, established in August 1993 to verify compliance with the ceasefire agreement between Georgia and Abkhazia. The mission ended in 2009, when the United Nations Security Council failed to reach a consensus on the issue).

In 1992, the majority of South Ossetians (nearly 90 percent possess Russian citizenship) voted in favour of joining Russia, and this began to encourage secessionism and the delivery of aid and troops from North Ossetia (which is part of Russia). After 1995, tensions between Georgia and South Ossetia intensified with recurring clashes, and more fighting broke out in Abkhazia in 1998 and 2001.

In 2006, a majority of South Ossetians voted for independence in a referendum deemed illegal by Georgia. In July of that year, the Georgian parliament called for an end to Russian peacekeeping operations in South Ossetia and Abkhazia and for the replacement of Russian peacekeeping troops with international police contingents. The Georgian parliament considered the presence of Russian troops to be a major obstacle to a peaceful resolution and warned that the troops would be viewed as an occupying force if they refused to leave. In 2006, Georgian forces occupied Upper Abkhazia, and in 2007, Georgia created the Provisional Administrative Entity of South Ossetia.

The independence of Kosovo in 2008, which Russia rejected, deepened Russia’s special bilateral relationships with South Ossetia and Abkhazia and its political and financial support of both regions. In April 2008, Putin announced that Russia would grant preferential treatment to both regions and act as a defender of the rights, freedoms and interests of their populations. Russia expanded social benefits for these populations (when Putin came to power in 2000 he began granting them passports to travel to Russia and receive Russian social benefits).

Georgia, meanwhile, accused Russia of backing the breakaway regions and intending to grant Russian citizenship en masse to their inhabitants, thus “silently” annexing them. On the evening of 7 August 2008, Georgian troops invaded and bombed South Ossetia (Operation Clear Field, later considered by many to be a serious strategic error), which automatically provoked a Russian intervention in Georgia in defence of the two regions and the cessation of a similar Georgian operation in Abkhazia (Operation Rock). Russia, claiming to be conducting peaceful operations, responded militarily to Georgia and entered its first interstate conflict since Soviet times: the Russian-Georgian war of 8–12 August 2008.
Russia defeated Georgia and expelled Georgian forces from South Ossetia and Abkhazia, with which it immediately established diplomatic relations and recognised as sovereign states. Russia maintains military bases with thousands of troops in both territories and claims that this action is justified by the need for peace operations, by the fact that the Russian legal system requires the defence of Russian citizens wherever they are, and by agreements signed with both territories for mutual assistance in cases of external aggression (de facto protectorates that Russia may annex at any time). This war established Russia as a prominent player in the South Caucasus.

2.1.1. Geo-energy Benefits for Russia

Russia’s intervention in secessionist conflicts in South Ossetia and Abkhazia, especially after the 2008 war, has brought it significant geo-energy benefits. Specifically, Russia has strengthened and increased its presence in Georgia, greatly weakening a state that is very refractory to Russian interests (at the same time, Russia has achieved it without friction with Azerbaijan, a country rich in energy resources). Georgia holds a key strategic position in South Caucasus energy corridors and provides the only real alternative to the Russian pipeline system for transporting oil and gas from the Caspian Sea and Central Asia. (No regional strategic pipeline passes through Armenia given strained Armenian-Azerbaijani relations due to the conflict in Nagorno-Karabakh.) Even Russian gas that reaches Armenia is carried through a pipeline that runs through Georgia.

Following the war of 2008, Russia acquired complete control over the Abkhaz coast to strengthen the already massive presence of its naval fleet in the Black Sea and to control the flow of hydrocarbons and the Abkhaz continental shelf and its deposits (in the long term), as well as to acquire significant income by signing contracts to build energy networks. To the detriment of the Caspian Sea area, Russia has managed to strengthen the Black Sea area in order to control strategic regional pipelines and block access to the Black Sea. It has also managed to exert more direct control over pipelines that connect Azerbaijan (including Nakhichevan, which is separated from the rest of the country by Armenia) with the South Caucasus, Russia, and Iran.

Russia has also prevented the creation of new pipelines through the South Caucasus and Georgia avoiding Russian territory. In the war of 2008, Russia largely destroyed the Georgian army, which protected the oil pipelines, as well as the main commercial port (Poti), which included an oil terminal and which was crucial to the East-West corridor (only the Baku-Novorossiysk Oil Pipeline was fully operational throughout the war, but Russia did not attack any pipeline to avoid alienating Azerbaijan and Turkey). Russia has also tightened its control over rail transport of oil in the South Caucasus (since the closure of the Abkhaz-Georgian border, Russian oil enters Georgia through the Black Sea and is transported to Armenia by rail).

Similarly, to the detriment of the Caspian Sea area, Russia has managed to strengthen the Black Sea as a transport corridor to promote the advancement of its South Stream project. In 2009, Gazprom inaugurated the Dzuarikau-Tskhinvali gas pipeline, which connects Russia and the South Ossetian capital. Russia has succeeded in forcing Kazakhstan to cancel major investments in energy infrastructure in Georgia and, despite US efforts, has prevented the planning of new pipelines to link Central Asia with the South Caucasus and the South Caucasus with Western countries avoiding Russian territory (Cohen 2009, 11).

Hence, Russia has prevailed as the major transit corridor for current and future pipelines and resisted US and European efforts to ensure that essential import routes from Central Asia avoid Russian territory, and to and limit their dependence on Russia. Despite the importance of the South Caucasus to the West, this situation has been reinforced through the crisis in Ukraine, which is a vital source of EU gas imports via pipelines from Russia.

These processes have prevented Georgia, an ally of the United States, from joining the North Atlantic Treaty Organisation. Even before the 2008 war, Germany and France vetoed Georgia’s accession, citing among other reasons the existence of such problems. In turn, Russia has distanced the South Caucasus from the United States (and from NATO), which possesses its own geo-energy interests in the region.
Finally, with the 2008 war, Russia indirectly warned those states with territorial tensions within its sphere of influence that collaborating with NATO or the EU could harm Russian geo-energy interests (underlined in 2014 by Russia’s annexation of Crimea). Furthermore, in recognising South Ossetia and Abkhazia as sovereign states, Russia indirectly informed Armenia and Azerbaijan that the Nagorno-Karabakh conflict will follow Russian interests and signalled Azerbaijan that Russia may also recognise Nagorno-Karabakh.

2.2. Armenia-Azerbaijan: Nagorno-Karabakh


In 1993, Armenia belonged to the CSTO in the CIS framework, as did Azerbaijan (which left the CSTO in 1999). Although Russia was officially neutral in the conflict, it supplied arms to both sides. In May 1994, a ceasefire sponsored by Russia came into effect, although peace talks held since have failed to resolve the conflict (the Armenian-Azerbaijani border is the most militarised in the world and dozens die there annually, especially in sporadic sniper incidents).

Armenia considers Nagorno-Karabakh an independent state that should be present in the peace talks of the OSCE Minsk Group, which is composed of Russia, the United States, Armenia, Azerbaijan, Belarus, Finland, France, Germany, Italy, Sweden and Turkey. According to Azerbaijan, Armenia must withdraw from Nagorno-Karabakh and surrounding Azerbaijani territories, and the return of refugees and displaced persons should be allowed. Azerbaijan maintains an economic embargo against Armenia, as does Turkey and Iran (in addition, Turkey traditionally maintains a hostile attitude towards Armenia). Lacking oil and gas resources and access to the sea, Armenia is thus dependent on having a powerful ally such as Russia to ensure its survival and national identity and to provide the population with a certain degree of welfare through state aid and Russian business investments. In 1997, Russia and Armenia signed a Treaty of Friendship, Cooperation and Mutual Assistance.

However, throughout the Nagorno-Karabakh conflict, Russia has not positioned itself against energy-rich Azerbaijan, which is strategically placed across energy corridors. Since 1991, Russia has attempted to maintain a calculated and complex balance between Armenia and Azerbaijan while favouring its own geo-energy interests. For example, Russia supplied weapons to both sides. On this issue, the International Institute for Strategic Studies (2010) stated that Russia was striking a new balance in its relations with Armenia and Azerbaijan. For example, after a meeting between President Medvedev and the Azerbaijani President in September 2010, to continue improving traditionally frosty relations between the two states, unofficial sources reported a significant delivery of Russian weaponry to Azerbaijan; however, Russian-Azerbaijani relations are not without residual tensions, as demonstrated in late 2012 by the failure of negotiations to renew the lease of Russia’s Liaki-2 radar station installed in Azerbaijan in 1985, after Russia rejected Azerbaijan’s conditions.

However, in August 2010, Russia signed new military agreements with Armenia that have expanded the supply of Russian weapons and the direct involvement of Russian troops in support of Armenia’s security. Additionally, Armenia will allow Russia to keep its 102nd Military Base in Gyumri until 2044 (established in 1995), which has acquired greater importance throughout the South Caucasus and which is regarded as a guarantee of Armenian security against Azerbaijan and Turkey. Using this strategy, Russia simultaneously pressured Azerbaijan and Armenia to cease hostilities over Nagorno-Karabakh, defended its interests, strengthened its presence in the South Caucasus’s security and relational system, and increased revenues through the sale of weapons (International Institute for Strategic Studies 2010, 1–3).
After Medvedev developed a negotiating agenda to resolve the conflict with unusual intensity in 2008–2011 (knowing that negotiations had been blocked for two decades and that it was unlikely that the parties would reach an agreement), Putin resumed strategies to maintain a complex balance that intensified tensions between the two states, in geo-energy terms benefiting Russia. For example, days after Putin announced relevant trade agreements with Azerbaijan in 2013 (questions on the Nagorno-Karabakh conflict were avoided), Armenia, concerned that Russia would increase the supply of arms to Azerbaijan, which has not renounced its military occupation of Nagorno-Karabakh, announced its entry into the Customs Union of Russia-Belarus-Kazakhstan. Thus, Armenia forwent its impending Association Agreement with the EU (Armenian society largely supported the incorporation of Armenia into the Russia-Belarus Union). In December 2013, Putin announced a price reduction for gas, petroleum products and weaponry supplied to Armenia.

The conflict resolution protocol of the Minsk Group requires that Armenia return the seven districts surrounding Nagorno-Karabakh to Azerbaijan, which has not renounced its military occupation of Nagorno-Karabakh, and allow the return of refugees and displaced persons. However, Armenia and Azerbaijan do not agree on the protocol’s implementation, and so far the only advance is that the parties seem to have accepted the practical impossibility of resolving the conflict militarily. Therefore, Nagorno-Karabakh may:

a) Maintain its current status or a similar status: formally Azerbaijan territory but de facto independent and closely linked to Armenia.

b) Become integrated into Armenia.

c) Become a sovereign state but supervised by Armenia and, above all, by Russia.

The first scenario is the most favourable for Russia because any other outcome would require it to intervene militarily to support Armenia against Azerbaijan, where it has many geo-energy interests. In fact, Russian intervention in the conflict has always aimed at maintaining the status quo. Although it is unlikely that the parties will reach an agreement, Russia insists on resolving the conflict through dialogue and reserves the right to intervene militarily if any party employs the use of force (as in Georgia). However, as in the conflicts in South Osetia and Abkhazia, Rusetsky (translated from 2012, 65) observes:

Russia is part of the conflict. Although Russia maintains military cooperation with Azerbaijan and Armenia at the same time, the asymmetry of the conflict is evident (…) both legally and militarily, because Armenia is a member of the Collective Security Treaty Organization. Additionally, the Russian Federation will be interested in regulating the conflict only if it regains complete control of the region’s situation. As a party to the conflict, Russia cannot play the role of intermediary. Additionally, the Abkhaz variant is not excluded, where Russia, being part of the conflict, became active and occupied Georgian territory.

2.2.1. Geo-energy Benefits for Russia

With respect to Azerbaijan, the current scenario allows Russia to refrain from antagonising a state that is so critical to transportation systems and hydrocarbon reserves (much of which are exported through Russian territory) by continuing to consider for Azerbaijan the option to regain Nagorno-Karabakh and the seven districts. Russia prevents Azerbaijan from expanding its relations with Turkey, while Azerbaijan also blocks Iranian influence in the South Caucasus. However, Russia has also informed Azerbaijan that a conflict resolution that favourable to Azerbaijan’s interests will only be possible if Azerbaijan does not harm Russian geo-energy interests, for example by constructing offshore pipelines in the Caspian Sea. Nonetheless, Azerbaijan prefers to exploit its own resources, rather than being a transit state for Turkmen gas.

Azerbaijan’s support of building (primarily by US companies) the WREP and BTC oil pipelines caused Russia to reject Azerbaijan as a partner (the considerable involvement of foreign interests and capital in the Azerbaijani energy sector and the desire for political and energy independence explain why Azerbaijan uses different export routes). However, Russian pressure largely explains why Azerbaijan and the consortium that operates Shah Deniz field (including the Russian company Lukoil) chose in June 2013 to transport gas to Europe via the...
TAP in place of the Nabucco West route (the European Commission is currently negotiating an agreement with Azerbaijan and Turkmenistan to build an offshore pipeline to Europe). Azerbaijan and companies that operate within this field hold important interests in Russia, and the TAP project was chosen because it will not supply gas to states with high dependence on Russian gas.

In this context of developing Russian-Azerbaijani energy relations, SOCAR and Russia’s Rosneft agreed a joint venture in August 2013, and SOCAR announced plans to transport Russian oil through the BTC oil pipeline in the near future and to reverse the flow of the Baku-Novorossiysk oil pipeline to transport Russian oil to Azerbaijan. To the extent that the BTC oil pipeline is intended to reduce Europe’s dependence on Russian oil and transport routes through Russian territory, this could entail a major shift in the geo-energy outlook of the South Caucasus. Russia has taken advantage of the fact that Azerbaijan’s oil production and revenues have decreased in recent years by offering the possibility of capitalising more on the transmission of oil through the BTC oil pipeline, which would be fed with Russian oil. Russia has also taken advantage of decreased activity in Azerbaijani oil refineries by offering to provide Russian oil through the Baku-Novorossiysk oil pipeline (Stratfor 2013).

In addition, by keeping the Nagorno-Karabakh, South Ossetia and Abkhazia conflicts frozen, Russia has managed to sow doubts over the construction of the TAP and other pipelines that cross the South Caucasus or those being planned that intend to avoid Russian territory, which may support military objectives. As already noted, no pipeline currently crosses Armenia due to strained Armenian-Azerbaijani relations, and this also benefits Russian geo-energy interests.

With regards to Armenia, by maintaining the current status of Nagorno-Karabakh, Russia has managed to maintain a historical ally while also distancing it from the EU, because although Russia does not explicitly support the formal independence of Nagorno-Karabakh or its annexation by Armenia, it tolerates the de facto independence of secessionist, pro-Armenian territory as well as Armenian control over the seven Azerbaijani districts. However, for the reasons stated, throughout the Nagorno-Karabakh conflict Russia has not positioned itself against Azerbaijan as Armenia wished, though Armenia must remain loyal to Russia to continue to exist as a state. In addition, like Azerbaijan, Russia has informed Armenia that a conflict resolution strategy favourable to Armenian interests will only be possible if Armenia does not infringe upon Russian geo-energy interests. Russia has even managed to involve Armenia in the Russian-Georgian conflict, which has been intensified by the existence of the Gyumri military base near Georgia.

Russian pressures have prevented Iranian-Armenian negotiations on hydrocarbons from prospering (Russian troops closely monitor gas pipelines connecting Armenia with Iran). Russia has also ensured that Armenia will continue to buy virtually all of its gas and oil from Russia. From 2014 to 2018, Russia will supply Armenia with 2.5 billion cm annually, representing approximately 350 million euros per year despite price reductions in 2013. In January 2014, Gazprom acquired 100 percent of the shares of its Armenian equivalent, AmRosgasprom (created in 1997), which was renamed Gazprom Armenia (Gazprom had acquired 80 percent in 2006). Russia holds considerable geo-energy interests in Armenia’s current and future participation in gas transportation projects and infrastructure, electricity generation and the use of natural gas vehicles. The latter sector is well developed in Armenia. Additionally, Gazprom owns Armenia’s gas transportation system.

Finally, by maintaining the present conditions in the territory of Nagorno-Karabakh, Russia has managed to maintain an ally in the South Caucasus. Although Russia has not recognised Nagorno-Karabakh as an independent state or expressly supported its annexation by Armenia, Russia tolerates its current de facto independence. At the same time, Russia has also conveyed to authorities of Nagorno-Karabakh that a resolution of the conflict that is favourable to the region’s interests (becoming a sovereign state or joining Armenia, which would both entail dependence on Russia) will only be possible if they do not infringe upon Russian geo-energy interests.
3. Conclusions

The present article illustrates the direct and clear connection between Russia’s intervention in the three conflicts and the defence of Russian geo-energy interests in the post-Soviet era, especially since Putin’s rise to power. Interventions in South Ossetia and Abkhazia, especially those following the 2008 war, have allowed Russia to consolidate and intensify its presence in Georgia, which is positioned as a strategic energy corridor from the South Caucasus and which presents the only alternative to the Russian pipeline system for oil transport from the Caspian Sea and Central Asia. After the war, Russia acquired complete control over the Abkhaz coast to strengthen its already massive presence in the Black Sea, to control hydrocarbon transport and the Abkhaz continental shelf and gas fields, and to obtain considerable income by signing energy contracts. Russia has strengthened the Black Sea region in order to control strategic regional pipelines to the detriment of the Caspian Sea area and to block access to the Black Sea.

Russia closely monitors pipelines connecting Azerbaijan with the rest of the South Caucasus and with Russia itself, and has prevented the development of new pipelines that would cross the South Caucasus while avoiding Russian territory (Russia has caused Kazakhstan to cancel major investments in Georgian energy infrastructure) as well as the planning of new pipelines avoiding Russian territory that would connect Central Asia with the South Caucasus, and the South Caucasus with Europe.

Equally to the detriment of the Caspian Sea region, Russia has also increased the significance of the Black Sea as energy corridor while enhancing the South Stream project. Thus, Russia prevails as the main transit route for current and future pipelines, contradicting Western desires for importation routes avoiding Russian to reduce dependency.

In addition, Russia has limited relations between the South Caucasus and NATO, and Georgia could only join NATO if it renounced sovereignty over South Ossetia and Abkhazia (one-sixth of its territory) and accepted defeat. Additionally, with the 2008 war, Russia warned states with territorial tensions in its sphere of influence that approaching the EU or NATO could harm Russian geo-energy interests. Additionally, by recognising South Ossetia and Abkhazia as sovereign states, Russia warned Armenia and Azerbaijan that the Nagorno-Karabakh conflict will follow the Russian roadmap. In particular, Russia warned Azerbaijan that Russia could recognise the sovereignty of Nagorno-Karabakh.

The current conditions of the conflict significantly favour Russia, and Russian intervention has always sought to maintain this arrangement. Although it is unlikely that the parties will reach an agreement, Russia insists on resolving conflicts through dialogue and reserves the right to intervene militarily.

With respect to Azerbaijan, the current scenario allows Russia to refrain from antagonising a highly strategic state with respect to energy policy by maintaining for Azerbaijan the option of regaining Nagorno-Karabakh and the seven districts. However, Russia has simultaneously informed Azerbaijan that a conflict resolution favourable to Azerbaijan’s interests will only be possible if Azerbaijan does not harm Russian geo-energy interests.

While Azerbaijan’s support for the building of the WREP and BTC oil pipelines caused Russia to reject Azerbaijan as a partner, Russian pressure largely explained why Azerbaijan and the consortium that operates the Shah Deniz field chose the TAP for gas transport to Europe in 2013. In the current context of developing Russian-Azerbaijani energy relations, SOCAR and Russia’s Rosneft signed a joint venture in 2013, and SOCAR announced plans to transport Russian oil through the BTC oil pipeline in the near future and to reverse the flow of the Baku-Novorossiysk oil pipeline to send Russian oil to Azerbaijan. This could imply a major shift in the geo-energy outlook of the South Caucasus.

In addition, in keeping the Nagorno-Karabakh, South Ossetia and Abkhazia conflicts frozen, Russia has managed to sow doubts over the future of TAP and other existing or proposed pipelines that intend to cross the South Caucasus while avoiding Russian territory, which may represent military targets. No pipeline currently crosses Armenia due to strained Armenian-Azerbaijani relations, and this benefits Russian geo-energy interests.

With respect to Armenia, by maintaining the present conditions in Nagorno-Karabakh, Russia has retained a
Although Russia does not explicitly support the de facto historical ally while limiting the region’s relations with the EU. Although Russia does not explicitly support the formal independence of Nagorno-Karabakh or its annexation by Armenia, it tolerates the territory’s de facto independence and Armenian control over the seven Azerbaijani districts. However, Russia has not positioned itself against Azerbaijan, in which Russia holds a strategic interest in geo-energy terms. In addition, as it did with Azerbaijan, Russia informed Armenia that a conflict resolution agreement favourable to Armenian interests will only be possible if Armenia does not harm Russian geo-energy interests.

Thus, Russian pressure has prevented Iranian-Armenian negotiations on hydrocarbons from progressing. Russia has also ensured that Armenia will continue to buy virtually all of its gas and oil supplies from Russia, generating significant revenue. In 2006, Gazprom acquired 80 percent of the shares of its Armenian equivalent, ArmRosgazprom, and in 2014 purchased the remaining 20 percent. Russia holds significant geo-energy interests in Armenia’s current and future participation in gas transportation projects and transport, electricity generation and the use of NGVs. Gazprom owns the Armenian gas transportation system, and Russia has even managed to involve Armenia in some way in the Russian-Georgian conflict, enhancing the Gyumri military base.

Finally, concerning the territory of Nagorno-Karabakh, by maintaining the present scenario, Russia has managed to acquire another ally within the South Caucasus. Although Russia has not recognised the territory as an independent state or expressly supported its annexation by Armenia, Russia tolerates its current de facto independence. At the same time, Russia has also conveyed to the authorities of Nagorno-Karabakh that a conflict resolution agreement favourable to the territory’s interests (becoming a sovereign state or incorporation into Armenia) will only be possible if it does not harm Russian geo-energy interests.

Azerbaijan, Armenia and Nagorno-Karabakh are aware that the evolution of these conditions will primarily be determined by Russia. All three are forced to adhere to Russia’s interests if they wish for Russia to attend to their conflicting interests.

We therefore conclude that Russia’s interventions in the three post-Soviet secessionist conflicts in the South Caucasus have greatly benefited Russian geo-energy interests.

References
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