The Caspian Sea Resources: The Foundation for a Path Forward for the Economic, Political and Social Development of Azerbaijan and Turkmenistan

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This case study explores the Caspian Sea energy politics, specifically the Trans-Caspian Gas Pipeline (TCGP) project and the Azeri-Turkmen conflict over the three offshore oil and gas fields. The conflict has been a deadlock of the project. It is almost unfeasible constructing the TCGP underneath of the sea without finding a viable solution to the Azeri-Turkmen conflict. Discovering the essence of the problem may help to understand what is going on over there. However, without exploring domestic and international barriers in front of the bilateral (on the disputed offshore fields) and multilateral (on the TCGP project) negotiations, none could find a viable solution to these entangled problems. Thus, areas of the domestic-international interaction of the problem are addressed through a comparative analysis of the two countries under the guidance of the ‘two-level games’ theory. This study argues by making small compromises to each other Azerbaijan and Turkmenistan will see not only the long term economic benefits of the TCGP but also immediate political and social benefits. Consequently, this work suggests this is the right time to build the pipeline to develop oil and natural gas resources of the Caspian Sea for the economic, political and social development of Azerbaijan and Turkmenistan.
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ABBREVIATIONS

AIOC- Azerbaijan International Operating Company

BP-British Petroleum

BTC- Baku-Tbilisi-Ceyhan

BTE-Baku-Tbilisi-Erzurum

CACI-Central Asia-Caucasus Institute

CPI- Corruption Perceptions Index

EEZ-Exclusive Economic Zone

EITI- Extractive Industry Transparency Initiative

EU-European Union

ILSA-Iran-Libya-Sanctions Act

MEP - Multiple Export Pipeline

LNG-Liquid Natural Gas

Nabucco- Turkey–Austria gas pipeline

NATO-North Atlantic Treaty Organization

NOCs-National Oil Companies

OPEC- Organization of the Petroleum Exporting Countries

OSCE-Organization for Security and Co-operation in Europe

SAIS- School of Advanced International Studies

SIPA-Colombia University’s School of International and Public Affairs

SOCAR- State Oil Company of Azerbaijan Republic

SOEs-State Owned Enterprises

TAP-Trans-Adriatic Pipeline

TAPI -Turkmenistan-Afghanistan-Pakistan-India gas pipeline
TCGP-Trans-Caspian Gas Pipeline

TGI- Turkey-Greece-Italy

UN-United Nations


US-United States

USSR- Union of Soviet Socialist Republics
1. INTRODUCTION

“Foreign policy is not as foreign as you think; there are domestic components of it”. (Robert L. Ostergard, Jr)

Oil and natural gas resources of the Caspian Sea have become vital to Azerbaijan and Turkmenistan for their economic, political and social development. However, the land-locked location of these countries has made it difficult to export those resources successfully to the world market. The westward export option of the Turkmenistan, Trans-Caspian Gas Pipeline (TCGP) project has been primarily precluded because of its territorial conflict with Azerbaijan over the three disputed oil and gas fields in the Caspian Sea. On the other hand, as Tsereteli (2010) argued lack of strong political commitment and purchasing guarantee by the European consumers prevent Turkmenistan from taking such a risk. Thereby, construction of the TCGP is impossible by any unilateral endeavors. A viable solution for the problem necessitates 1) a bilateral negotiation between Azerbaijan and Turkmenistan over the disputed offshore fields, and 2) a multilateral agreement among participant countries of the project.

First, a negotiation over the three disputed offshore oil and gas fields will accelerate the settlement of a new legal regime on the Caspian Sea. A step by step solution through bilateral agreements over the delimitation of the Caspian Sea has come to a deadlock between Azerbaijan and Turkmenistan. Azerbaijan’s unilateral activities in the development of above-mentioned fields caused a reaction from the Turkmen side in 1997. As Lee (2005) said the country has continued to explore oil in the Azeri and Chirag fields while stopped developing the Kyapaz field, even though Turkmenistan requested a stop to production at all of three fields until a maritime status of the Caspian
Sea is settled. Therefore, if they solve the problem, the same practice might be applied in the case of a disputed Inam field between Iran and Azerbaijan too. Finally, bilateral agreements which are a prerequisite for the general agreement on the delimitation of the Caspian Sea will be completed.

On the other hand, there is an approach that the construction of the TCGP might be possible without a solution over the disputed fields. As Tsereteli (2010) said Turkmenistan could supply natural gas for the pipeline from the other fields in its sector. However, this option failed at the first attempt ten years ago because of the reluctance of oil companies to invest in such a disputed area and the failed bargaining between Azerbaijan and Turkmenistan over the volume share of gas supply through the pipeline. Otherwise, accomplishment of the TCGP will innately help to solve the conflict. Therefore, a viable solution to the conflict between Azerbaijan and Turkmenistan is a necessary step for the future security of the pipeline and to attract foreign investment.

Second, an agreement among participant countries of the project will serve as a political commitment. As Tsereteli (2010) stated consumers of the TCGP which are Bulgaria, Hungary, Romania, Austria under the umbrella of the European Union (EU) could be a mediator to solve the conflict between Azerbaijan and Turkmenistan. Turkey will also buy a significant volume of the natural gas through this pipeline, but it is difficult to say it could be a mediator alone. Nevertheless, Turkey can play the role of a transit country and therefore, it could contribute to the solution of the problem. Georgia will participate to the TCGP project as a transit country. Greece, Italy and Ukraine, potential consumers will also support the project.
The vulnerable energy security of the European countries necessitates them to find an alternative supply which bypasses Russia. Otherwise, they will always face a Russian threat as they did in 2006 gas crisis. As Tsereteli (2008) argued Europe could handle this dependency by following a proactive policy and this also could be possible with a unified, strategic policy toward new alternatives of economic and energy security. He adds that the Black Sea and the Caspian region is a potentially significant market for the EU not only for energy resources but also for the trade and social potential of the region.

Furthermore, international actors such as global and regional powers strongly affect energy politics in Central Asia and Caucasus. As Shaffer (2009) asserted current dynamics of international energy politics could be understood within the example of Baku-Tbilisi-Ceyhan (BTC) oil pipeline. However, the TCGP seems more complicated than the BTC pipeline because of the involvement of many actors. At the regional level, Turkey, Iran and Russia remind us of the tripartite rivalries of the 18th century. At the global level, great games of the Great Britain and Russia in 19th century seem now to be enhanced with the participation of other powers such as the US, China onto the EU and Russia. As Cutler (2001) said the complex system of the post-Cold War world makes even middle powers and local particularities driving forces in an international system which self-organizing now from bottom up.

Accordingly, this study focused on bilateral negotiation for the solution of the Azeri-Turkmen conflict, and multilateral agreement on the TCGP project. Thus, by providing a brief overview of the problem in chapter two, I provide a theoretical literature review on international negotiations in chapter three. I specifically used Robert Putnam’s
theoretical approach on two-level games in international negotiations. Methodology of this study has also been provided in the same chapter.

By illustrating domestic-international entanglements around the Azeri-Turkmen conflict and the TCGP I passed to the “When?” and “How” questions of the problem in chapter four. Five including sovereignty, legal, oil and gas companies, international actors, and pipeline dimensions of the Azeri-Turkmen conflict are discussed in this chapter. After providing an illustrative picture of the conflict, attentions will be drawn to importance of the win-set sizes in order to begin bilateral and multilateral negotiations.

Chapter five primarily analyzes domestic and international barriers in front of the bilateral and multilateral negotiation process. Chapter six shows potentials of the Caspian Sea resources and discusses bargaining tactics of the Azeri and Turkmen leaders at the first attempt for the construction of the TCGP. Advantages of current positions of Azerbaijan and Turkmenistan in comparison to a decade ago will be explained in order to show the feasibility of the project in a second attempt, which means now. And then, I carry issues one step further than what has been done so far by discussing my independent interviews with Dr. Jan Sir, Dr. Mamuka Tsereteli, Dr. Frederick Starr, and Dr. Jenik Radon.

2. **CASPIAN SEA BACKGROUND**

By holding more than two-fifth of the world’s total lacustrine body of waters, the Caspian Sea is counted as the largest lake in the world. According to Mirfendereski (2001), the Caspian Sea has a surface area of 143,000 sq mi (370,400 km²) which is smaller than the Baltic Sea but greater than the Great Lakes of North America. Its length
is around 750 mi (1207 km) and average width is 200 mi (322 km). Total circumference of the sea is about 4,000 mi (6438 km).

The Caspian Sea is divided into three regions consisting of the Northern, Middle and Southern Caspian. According to Mostafaeipour (2010), the Northern side is divided from Middle Caspian by a line that runs from the Mangyshlak threshold to Chechen Island and Cape Tiub-Karagan. A line which runs from Apsheron threshold to Zhiloi Island and Cape Kuuli determines the South-Middle boundary. As he shows, total volume of the sea is 78,200 km³ (18,800 cu mi), but water distribution varies in each region. For example, South and Middle holds 66% and 33% respectively while Northern Caspian shares only 1% of the total volume of the sea. Accordingly, the depth of the Caspian Sea is different in each region. Northern Caspian is the shallowest place of the sea with an average depth of 5-6 meters while Middle Caspian’s average depth is 190 meters. The deepest place of the Middle Caspian is Derbent Depression at 500 meters. The Southern part is the deepest part of the Caspian Sea that reaches to more than 1,000 meters.

The Caspian Sea inflows are provided by more than 130 rivers, but the five largest: the Volga, Kura, Terek, Ural and Sulak provide more than 90% water of total inflows of the sea (Ghafouri, 2008). According to Mostafaeipour (2010), the sea has 1.2% salinity which is 3 times less than water from the ocean because of inflowing fresh waters.

2.1. Tripartite and Multipartite Struggles over the Caspian Sea Region

Present research and studies mostly focus on the post-Cold War era episodes of the Caspian Sea and region. Some of those studies briefly summarize historical
background, while most of them discuss today’s complicated events. On the other hand, there is scarcity of historical resources over the Caspian Sea, because it has been studied as a part of other issues such as tripartite rivalries among Persian, Ottoman and Russian Empires or multipartite struggles over the whole region during the Great Game of 19\textsuperscript{th} century. Whereas, the Caspian Sea centered studies are necessary to understand the issues of this region of the world. From this viewpoint, a brief historical overview of the Caspian Sea has been provided in Appendix A for those who are interested in to understand in depth the present issues of the region.

As a summary, the Caspian Sea was a main foreign policy objective of Persian, Ottoman and Russian Empires in their tripartite contest over the Caspian Sea in 18\textsuperscript{th} century. Russia’s offensive and Persia’s defensive position pushed away the Ottoman Empire from the Caspian Sea in 18\textsuperscript{th} century. Russia used the sea as a door which was opened to Central Asia and further India during the Great Game struggle of 19\textsuperscript{th} century with the European powers. Although, Iran preserved southern parts of the sea during these games, its position was mainly passive in the Caspian Sea. European powers planned to reach the South and East Asia through Iran and the Caspian Sea. However, as they could not achieve this goal, their hope was also destroyed with the formation of the Soviet Union in the first quarter of 20\textsuperscript{th} century.

In the meantime, there is an interesting anecdote about a Persian Shah’s vision on the Caspian Sea and how Persians had lost the sea to Russians. As Mirfendereski (2001) told, one of the ministers of shah conveyed to him Russia’s desire for the Caspian Sea. After the Shah learned from his minister that its water was salty he thought for a while and said “in that case, let them have it” (p. 3). Indeed, Mirfendereski (2001) tells that this
conversation happened between the Fathali Shah Qajar (1797-1834) and his minister Hajji Mirza Aqasi. Nobody could understand the real reason of shah’s decision at that time, but minister Aqasi whispered that “We are not about to embitter the Tsar of Russia and his sweet disposition over the Caspian’s saline waters” (Mirfendereski, 2001, p. 3). However, understanding of the value of the Caspian Sea has been changed substantially since the reign of Persian shahs or Russian tsars.

The Caspian Sea is more attractive today than ever before in the history of region and its value is rapidly increasing due to recent geopolitical changes and the huge energy resources of the offshore. It will not be given anymore to anybody even if it is salty. People know how to use saline water and how to transform it into fresh water with the modern technology. The question is as follows, do Turkmenistan and Azerbaijan know and understand deeply how to use the Caspian Sea resources for their future development? Whether or not, the truth is that actions and policies of littoral states turns into the determining factor of how they will understand the increasing value of the Caspian Sea.

In fact, political scientists could only focus on the post-Soviet era events of the Caspian Sea. There is no binding relation with the history of the Caspian Sea and today’s events when we consider the collapse of the Soviet Union. In the aftermath of this unexpected event, all previous agreements lost their validity unless they were reaffirmed. Furthermore, Russia’s disavowal of the Soviet offshore regulations after 1990s definitely necessitates a new international legal regime over the Caspian Sea. Therefore, we have directly begun to discuss the post-Cold War era events of the Caspian Sea and connected the big picture with our case study.
2.2. Puzzled Tangle: Disputed Legal Status of the Caspian Sea after 1991

The unexpected collapse of the Soviet Union and the emergence of the new sovereign states in the region have made inevitable settlement of a new legal status of the Caspian Sea. Dissatisfaction of any of the Caspian littoral countries in the resolution of the new regime would be a trigger of new conflicts in this unstable area. Mirfendereski (2001) describes, former Soviet republics confirmed their commitments to the Soviet treaties unless those were not contrary to their constitutional procedures with the Minsk (1991) and Alma Ata (1992) declarations. Moreover, he adds these results were appropriate for Azeri and Turkmen sides according to their domestic legislation. The overall situation of the Caspian Sea would be divided into five jurisdictional national sectors if the littoral states kept their commitments to the old Soviet regime of the Caspian Sea. In this context, the Iranian part would be the south of the Astra-Hassanqoli line and the north of this line would be equally divided into four national sectors as a natural result of the Soviet legacy. However, realpolitik and other unidentified factors would tell the reverse of this regime.

Furthermore, the growing role of the Caspian Sea oil and gas resources in the world energy market was another factor that compelled the new legal regime on the Caspian Sea. As Lee (2005) noted, the discovery of huge new deposits of hydrocarbon resources in the Caspian Sea also brought urgency for the setting of the new regime. On the other hand, this factor probably was the bigger cause to the breakage of the old Soviet-Iranian regime in the Caspian Sea rather than any other reasons. For example, Mirfendereski (2001) states “under the old Soviet regime, if continued, Russia would have had to concede the exploration of huge proven and potential offshore deposits to
Azerbaijan, Kazakhstan, and Turkmenistan” (p. 187). As he added, Russia therefore, disavowed both the Soviet offshore regulations and Astra-Hassanqoli line, and proposed a notion of “equal but undivided share of the sea” (p. 188).

This proposal was also a great opportunity for Iran which was suffering from the lack of known offshore deposits in the north of the Astra-Hassanqoli line. This would be more wealth than what Iran would get from the old regime. Therefore, Mirfendereski (2001) explained “when Russia floated the idea of ignoring the Astra-Hassanqoli boundary line, Iran jumped at the opportunity” (p. 188). This approach would show Russia to still be influential in the region while increasing the chances for Iran to have an active role in the regional affairs.

Iran’s policy toward the young Central Asian states was to connect them to the world market through its own territory in order to stimulate its own economy. As Freij (1996) noted Iran has tried to build its bridge role between Central Asia and the outside world with the highway, railway and pipeline systems as well as becoming a trading partner for these young states. Iran perceived itself as he defined as “a natural geopolitical player” (p. 77) and really wanted to be an alternative access for Central Asian states which would potentially “go further toward de-linking the Central Asian countries from Russia and tying them closer to Iran” (p. 79).

From this point of view, ‘equal but undivided share of the sea’ notion was crucial for Iran. On the other hand, Russia again achieved its macro plan and convinced Iran to cooperate against the growing interests of other major powers in the Caspian Sea by showing this opportunity. This situation could be defined as common prevention of the Caspian Sea resources from the outside actors instead of commonly sharing the sea.
On the other hand, Kazakhstan, Azerbaijan and Turkmenistan have generally supported another notion of division of the seabed into national sectors due to its advantages for their national interests. Although, their views have changed several times because of some international situations, their interests remain same that supporting the division of the seabed. As Trend News, one of the largest private news agencies in Azerbaijan (2010) reported, 27th Caspian Sea littoral states meeting was hold in Iran in 2010. According to this news agency’s report 70% of the questions on the legal status of the Caspian Sea have been resolved in the previous meetings. Moreover, as The Moscow Times (2010), Russia’s daily newspaper reported, leaders of the Caspian bordering countries met to discuss the remaining 30% problems of the Caspian Sea legal dispute in Baku on November 18th of the same year. However, there was no agreement settled about the legal status of the Caspian Sea at the third summit of Caspian leaders. After defining how 70% of issues have been resolved, I discussed the 30% unresolved puzzling tangle in the determination of the Caspian Sea legal status.

Generally, there is a shifting trend in the determination of the legal status of the Caspian Sea. Mamedov (2001) attempted to sort out this trend within the three stages: investigation period of reasonable solutions (1991-1994), time of emerging new ideas and their discussions through several multilateral meetings (1995-1999), and implementation of Russia’s new approach toward the general solution since 2000. After Vladimir Putin ascended to power he appointed Viktor Kaliuzhny who was previously head of Gazprom as a special representative with a full authority in the Caspian Sea issues in order to solve the tangled situation in favor of Russia’s new approach. Kaliuzhny’s proposal advocated the notion of “the division of the seabed in conjunction with joint development of
disputed oilfields” (Lee, 2005, p. 42). This strategy aimed to realize the general agreement by solving problems through bilateral talks.

An agreement on the division of the seabed, but with common use of the surface area which had been signed between Russia and Kazakhstan in 1998 was a positive step toward the implementation of Kaliuzhny’s proposal. As Mamedov (2001) said, this agreement was reaffirmed during the Putin’s visit to Kazakhstan in 2000. Although, Azerbaijan was silent during Kaliuzhny’s visit in 2000, then it signed an agreement with Russia in 2002 and with Kazakhstan in 2003 (Lee, 2005). Moreover, according to the Trend News (2010) reports Kazakhstan, Azerbaijan and Russia signed a trilateral agreement on the delimitation of borders in the Caspian Sea in 2003.

On the other hand, Iran’s position was the condominium or if it is shared it should be divided into 20% for each. Furthermore, as Lee (2005) mentioned, “Turkmenistan agreed on the principle of dividing the sea but not on the method” (p. 44). He also claims about the general situation that “the Caspian littoral states have reached an informal understanding on how to develop the sea’s resources” (p. 37). This emergence of an informal regime in the Caspian Sea and positive developments in the use of its energy resources are usually perceived as a 70% development in the setting of legal status of the Caspian Sea.

As we saw above, the dispute on the principle of the seabed division and mining rights of riparian countries seem to be almost over. As Mehdiyoun (2000) noted “all the littoral states now favor sectoral division of the seabed. The dispute has therefore shifted from whether the seabed should be divided to how that division might be accomplished” (p. 189). When it comes to the bilateral agreement between Azerbaijan and
Turkmenistan, it was a deadlock because of three disputed offshore oil and gas fields. In fact, both sides have agreed on a middle line division, but the dispute about where that line will lie is still not resolved. Turkmen side claims these fields belong to Turkmenistan and it should not be developed unilaterally until a legal status on the Caspian Sea is settled.

On the other hand, Azerbaijan SSR had an agreement with the Soviet Union for the development of those oil and gas fields because of its technological infrastructure in January 1991. As Lee (2004) stated, the country also signed an agreement which is called as “contract of the century” (p. 105) with the British Petroleum (BP)-led consortium to develop Azeri, Chirag and Guneshli oilfields in 1994 for 30 years period. Thus, these two fields have been crucial for Azerbaijan as much as offshore Guneshli field. Moreover, as Çelik & Kalaycî (2000) described, a long time exploration of Azeri oils and lack of new technologies have caused a decline in onshore fields of Azerbaijan and therefore, oil production and development works focused mainly on those fields. Thereby, Azerbaijan claims Azeri, Chirag and Kyapaz fields belong to itself. However, when the country attempted to develop Kyapaz oil and gas field, the Turkmen side reacted with a request to stop developing this field until a legal status on the Caspian Sea is settled.

Turkmenistan has begun to use the legal dimension of the problem as a political tool in this dispute. The unclassified status of the Caspian Sea which caused either sea or lake discussion is usually asserted as a main problem. However, as Lee (2005) quoted “attempting to determine the rights and duties of the states concerned by a process of

* Guneshli is an offshore oil field in Azerbaijan’s own sector.
deductive reasoning based on the status of the Caspian Sea as a sea or a lake is largely, if not entirely, a pointless endeavor” (p. 39). Thus, there is no applicable international law to the Caspian Sea, whether or not as Mirfendereski (2001) said the legal status of the Caspian Sea should be determined by the littoral countries.

In addition, domestic politics of Turkmenistan and Azerbaijan which aim at maximizing their national interests affect general consensus on the legal status of the Caspian Sea. For instance, Shaffer (2009) notes “most bordering states frame their claims as questions of legal rights, when in reality economics, politics, and power relations are shaping the developments in delimitations” (p. 77). As we see, domestic politics which focused on maximizing national interests are really different than what has been asserted in this dispute. Otherwise, the solution for the development of the disputed oil fields is technically possible.

In addition, the Trans-Caspian Gas Pipeline lies at the direct focus of many Western countries. Hence, the domestic politics of Azerbaijan and Turkmenistan is not only affected by the unsettled international legal status of the Caspian Sea but also international contest for the energy resources of the sea has an effect on their foreign policy choices. For instance, as Shaffer (2009) mentioned legal and environmental disputes are a Russian blockage for the construction of the TCGP. After a lot of discussions and meetings, Turkmenistan and Azerbaijan could not still come to a negotiation for the development of disputed oil and gas fields and therefore, the TCGP is still in discussion. I analyzed those domestic and international factors which prevent these countries from coming to a viable solution.
3. **THEORETICAL APPROACH & METHOD**

Throughout the recent political history of nations, many international negotiations have been achieved, while some of them have failed because of some entangled reasons. Most of the time, domestic politics and international relations affect each other in the international negotiations. There are a lot of works on the international negotiations such as James Rosenau’s “linkage politics”, theories of Karl Deutsch and Ernst Haas on regional integration, and Graham Allison’s “bureaucratic politics” as well as Peter Katzenstein and Stephen Krasner’s work on structural factors, etc. Thereby, a summarizing literature on the international negotiations is given in this chapter to illustrate theoretical background of the issues.

On the other hand, many of abovementioned studies have primarily focused on domestic or international levels of the games respectively. However, theories on the international negotiations have not figured out yet either domestic politics determine international relations or vice versa. Games played in the domestic and international levels make it difficult to understand which one determines which one. Hence, by avoiding solving this puzzle, Putnam (1988) draws attentions to the interaction of domestic and international factors as well as specific “When?” and “How?” questions of the subject. His theoretical approach to this issue mainly argues that the politics of many international negotiations could be analyzed case by case within the framework of two-level games. In here, we will discuss Robert D. Putnam’s article entitled “Diplomacy and Domestic Politics: The Logic of Two-Level Games” as a main theoretical framework for our work.
The methodology part is a kind of window which relates the theoretical framework to the case. This section briefly summarizes the whole structure of the case. I have used my independent interviews with some scholars and their remarkable works which initiate new comprehensive trends toward a viable solution not only for Turkmenistan and Azerbaijan but also for the whole region. I have analyzed political and economic feasibility of the postponed the Trans-Caspian Gas Pipeline project as a case study. While trying to find out obstacles for foreign investment in the Caspian Sea energy projects, I have also tried to draw attentions to the necessity of urgent changes: (1) at the domestic level, in order to attract foreign investment and (2) at the international level, for international actors to support the positive developments in the region through multidimensional investments for their future security, especially in energy and trade sectors as well as in education.

3.1. Literature Review on International Negotiations

International negotiations usually occur between governments as bilateral or multilateral agreements in order to solve disputes, managing relations and reaching mutual decisions. Non-governmental actors of the international arena enhance the sphere of international negotiations from solely governments to other actors. Thereby, international negotiations could primarily be perceived as any cross-border negotiation. As Kimura (1999) said resolving a conflict of interests through a negotiation has two methods: resorting to force or using peaceful means. Resolution to the problems by peaceful methods creates a long-lasting negotiation between parties, while to apply force as a solution merely covers the problem.
Dissatisfaction of any negotiating parties at international negotiations will lead to a potential problem. As Habeeb (1988) said many international negotiations are more likely asymmetrical which means inequality of power resources and capabilities of the two negotiating actors. Weak countries thereby are usually left to the mercy of strong countries. Injustice in the division of rights at asymmetrical negotiations is a source of trouble. On the other hand, any discontent at a symmetrical negotiation which means equality of powers in a negotiation may provoke war.

Furthermore, international negotiations are the beginning of international cooperation while failure of those negotiations is the causes of conflict among states. These kinds of outcomes have been usually analyzed through the international actors of the scene in international relations. In other words, international negotiations have been studied at the international level of analysis. Domestic factors of the international negotiation process have not been studied together with the international factors. There are a lot of separate works on domestic influences on the foreign policy decision making or international effects on the domestic politics. Some of those works had actually made general observation about the effects of each other.

Linkage politics of James Rosenau could be counted one of the first studies of domestic-international interaction in international negotiations. As Putnam (1988) mentioned Rosenau created a cumulative research on the correlation between domestic politics and international relations. Lohmann (1997) says “literature on linkage politics is based on the assumption that governments trade off achieving objectives on different dimensions” (p. 39). She adds “conflict and cooperation among nations may not be well understood without reference to the nature of the underlying domestic politics. In
principle, domestic-international linkage can increase or decrease the prospects for cooperation” (p. 41). Briefly, Rosenau had drawn attention to the idea that national and international affairs are linked with each other, while Lohmann told that linkage determines the level of cooperation between states.

Another theory which shows influence of domestic factors on international negotiations is Karl Deutsch and Ernst Haas’ work on regional integration. They underlined effects of domestic groups on the integration process of Europe (Putnam, 1988). Thereby, one part of the coin was shown which primarily pointed out effects of internal factors on an international event. How this international occurrence affected specific policy changes in domestic politics was missed in this work. On the other hand, Joseph Nye and Robert Keohane highlighted impact of interdependence and transnationalism on domestic politics. However, domestic factors in their work were almost neglected (Putnam 1988).

Moreover, there are transgovernmental relations that affect international negotiations. Keohane & Nye (1974) differentiate transnational and transgovernmental relations from each other by saying “‘transnational’ applies when we relax the assumption that states are the only actors, and ‘transgovernmental’ applies when we relax the assumption that states act as units” (p. 41). As they said transgovernmental coalitions which means sub-units of government have contacts with one another affect sometimes domestic politics of a government. Keohane & Nye (1974) noted “to improve their chances of success, governmental sub-units attempt to bring actors from other governments into their own decision-making processes as allies” (p. 47).
In the meantime, they distinguish international organizations from transnational organizations. As Keohane & Nye (1974) quoted “the international organization requires accord among nations; the transnational organization requires access to nations. . . . International organizations embody the principle of nationality; transnational organizations try to ignore it” (p. 40). As a result, their studies highlight how international factors affect the domestic politics in international negotiations.

School of foreign policy analysis developed bureaucratic politics model which is important to understand the domestic factors of the domestic-international interactions in the international negotiations. As Putnam (1988) quoted “applied to relations between nations, the bureaucratic politics model directs attention to intra-national games, the overlap of which constitutes international relations (p. 431). However, this work has been limited simply with the effects of bureaucratic politics on foreign policy decision making.

Leaders of organizations, ministries and other agencies of the government are not a monolithic group. In contrast, each of them is a player of a central and competitive game. According to Allison (1969), this game is called bureaucratic politics which is a “bargaining along regularized channels among players positioned hierarchically within the government. Government behavior can thus be understood according to a third conceptual model not as organizational outputs, but as out-comes of bargaining games” (p. 707). Thereby, internal bargaining games among the domestic actors are significant to understand international bargaining games during the negotiation processes.

Accordingly, as there are many players at the domestic table, there are many diverse issues they have to handle. As Allison (1969) said “in terms of no consistent set
of strategic objectives but rather according to various conceptions of national,
organizational, and personal goals, making government decisions not by rational choice
but by the pulling and hauling that is politics” (p. 707). Furthermore, no unitary leader
makes all decisions even in the most authoritarian or totalitarian governments. The
misperception of which a leader makes all decisions and others are implementing his
orders is a mistake. For example, Hopmann (1996) says

“obviously, some states are more pluralistic and others are more centralized in
their structure, but the bureaucratic politics perspective on negotiations
emphasizes that all states to some degree try to reconcile conflicting interests and
needs on the parts of constituent groups and individuals, and thus all states are
affected to a greater or lesser degree by this kind of bureaucratic and political
pluralism” (p. 154).

Every government has a decision making mechanism or a central apparatus. As
Allison (1969) said “the apparatus of each national government constitutes a complex
arena for the intra-national game. Political leaders at the top of this apparatus plus the
men who occupy positions on top of the critical organizations form the circle of central
players” (p. 707). According to him, becoming a member of this circle pledges an
independent standing. Thus, an authority is given to a negotiator by this circle, in other
words by governmental authorities. As Hopmann (1996) said a negotiator’s authority
varies “not only from one political system to another or from one country to another, but
also from one issue to another” (p. 154).

National interest of countries guides leaders at the international negotiations.
Different interpretations of the national interest generally affect behaviors of leaders. As
Hopmann (1996) noted “the national interest does not necessarily persist with continuity
over time. Interests may shift as a result of changes in the domestic political balance or
governments may change due to electoral defeat or revolution” (p. 155). Thus, the circle of central players makes decisions about issues that affect fundamental national interests.

Decision makers are almost always individuals within the circle of central players, but the last decisions are approved by the leader of the country. This leader could be most of the time chief negotiator at international negotiations. Indeed, Hopmann (1996) says “decision makers are those individuals who are empowered by virtue of their position to act on behalf of the state in its foreign relations” (p. 156). As we also discussed above, hierarchical structure of these decision makers affects to take foreign policy decisions individually. Hopmann (1996) adds that “as one descends the hierarchy, individuals assume increasingly specialized roles along functional lines, with individuals at each successively lower layer of the hierarchy being responsible for an increasingly specialized area of concern or sphere of competence” (p. 156).

Moreover, Peter Katzenstein and Stephen Krasner’s work draws attention to another domestic determinant of foreign policy. According to them domestic structural factors affect government policies. For example, Katzenstein (1976) states “government policies are shaped not by the character of the issue but by the constraints of domestic structures” (p. 43). He reiterates the importance of domestic factors in foreign economic policies of governments. Katzenstein says the essence of the problem that “the main purpose of all strategies of foreign economic policy is to make domestic policies compatible with the international political economy” (Putnam (1988, p. 431).

In addition, domestic factors are matter of foreign policy determination even in comparison to weak state or strong state arguments. According to Putnam (1988) state strength is simply perceived as the opposite of governmental fragmentation. In this
connection, strong state must have independent power in decision-making*. However, he theorizes “if we term ‘state’ is to be used to mean ‘central decision-makers,’ we should treat it as a plural noun: not ‘the state, it …’ but ‘the state, they…’” (p. 432). This implies, how growing role of bureaucracy challenges Max Weber’s ‘monopoly of power’*, because as Weber predicted bureaucratization of the state is a rational end. And he indeed observed that decision-making by a prince or a king was gradually shifting to bureaucracy which is the essence of modern state. Breiner (1996) adds to Weber’s idea “the longer the modern large state is simply dependent upon a bureaucratic basis” (p. 135)

Thus, Putnam (1988) argues “state-centric literature is an uncertain foundation for theorizing about how domestic and international politics interact” (p. 433). Gourevitch (1978) also clarifies that the discussion about the identity of governing coalition is meaningless, because it varies from issue to issue or year to year. Thereby, domestic determinants of the foreign policy and international relations could be understood by emphasizing politics. (Putnam, 1988). Accordingly, all internal factors such as formal (legislative, parties elections, etc) and informal (interest and pressure groups, tribal leaders and groups) institutions consist of domestic politics.

On the other hand, power has a significant place in the politics. For example, Weber identifies politics as “striving to share power or striving to influence the

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* In here, I don’t include influence of close advisors of President, apparatus of President. In the meantime, circle of close advisors of Sultan was also called as “Humayun” in Ottoman Empire’s literature. Humayun in both old and new meaning acts as a one person that means as a leader’s own decision, but bureaucratization of the state challenges to Humayun’s power now.

* Max Weber defines state as “a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory”.

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distribution of power, either among states or among groups within a state”. According to him, state is only entity that has a legitimate right to use the force or violence. He notes:

When a question is said to be a ‘political’ question, when a cabinet minister or an official is said to be a ‘political’ official, or when a decision is said to be ‘politically’ determined, what is always meant is that interests in the distribution, maintenance, or transfer of power are decisive for answering the questions and determining the decision or the official's sphere of activity. He who is active in politics strives for power either as a means in serving other aims, ideal or egoistic, or as ‘power for power’s sake,’ that is, in order to enjoy the prestige-feeling that power gives.

Definition of power is so expanded now which includes any kind of material or non-material things that help to influence others. Therefore, power could be said equal to influence. And domestic constituents have this influence now over the central-decision makers.

Accordingly, central players of governments need usually to consider both domestic and international politics together. Since, central decision makers which mean state face pressures by both domestic and international factors (Putnam, 1988). In this manner, leaders of the countries who are simultaneously international actors are affected by both domestic and international factors. Katzenstein (1976) says therefore, “analysis of contemporary foreign economic policies is inadequate as long as it focuses only on the ‘internationalization’ of international relations; the ‘externalization’ of domestic structures is also of great importance” (p. 2).

As we discussed earlier, national interest of a country is interpreted differently among the central decision makers. Putnam (1988) states “on nearly all important issues ‘central decision makers’ disagree about what the national interest and the international context demand” (p. 432). As he added even the executive has not unified views in the
case of exclusion of the legislature branch of the government in this analysis. In the meantime, central executives consider both domestic and international pressures and play a role of mediator between those pressures.

Otherwise, we would miss effects of the international factors on domestic politics. As Putnam (1988) said recent works of some scholars such as Alt, Evans, Gourevitch, and Katzenstein tell us the impact of the international economy on domestic politics and domestic economic policy. For example, Gourevitch (1978) asserts “two aspects of the international system have powerful effects upon the character of domestic regimes: the distribution of power among states, or the international state system; and the distribution of economic activity and wealth, or the international economy” (p. 883). In short, he summarizes war and trade as two factors that shape political development. As we observed, interactions of domestic-international factors affect the outcomes of international negotiations.

3.2. “Diplomacy and Domestic Politics: The Logic of Two-Level Games”

Until now, the effects of domestic-international interaction in international negotiations were discussed. Accordingly, some of them concentrated on domestic factors while some of those discussions were about the international factors. As Putnam (1988) asserted “these works do not purport to account for instances of reciprocal causation, nor do they examine cases in which the domestic politics of several countries became entangled internationally” (p. 433). Therefore, he has improved the theory one step further and has attempted to integrate both spheres and discovering the areas of entanglement between them. In other words, Putnam focused on more “When?” and
“How?” questions of the discussion within an integrated manner of both domestic and international factors.

Thus, I have chosen Robert D. Putnam’s article entitled “Diplomacy and Domestic Politics: The Logic of Two-Level Games” as the main theoretical framework to figure out what factors are preventing Turkmenistan and Azerbaijan from negotiation of the unending Caspian Sea summits. When we consider the positive developments through bilateral agreements toward a general solution for all littoral countries, any viable solution between these two countries will certainly accelerate the process of a sustainable negotiation designed for all. Putnam (1988) states “the politics of many international negotiations can usefully be conceived as a two-level game,” (p. 434). I have attempted to analyze the conflict between Turkmenistan and Azerbaijan which is a deadlock part of a feasible international negotiation over the Caspian Sea within the framework of two-level game theory.

Using the Bonn summit of G7 countries in 1978 as an illustrative example for the entanglement of domestic politics and international relations, Putnam (1988) argues that using only domestic or international analysis could not explain the event. He discusses how the approval of Western recovery proposal was politically possible at that summit rather than its economic dimension. Moreover, the point that “how the domestic politics of several countries became entangled via an international negotiation” (Putnam, 1988, p. 430) could not be missed in the story, otherwise, simple cause and effect relations of domestic politics and international relations could be analyzed with partial equilibrium theory. Therefore, according to the article, the interaction of domestic and international factors should be intended instead of general equilibrium theory.
In this article, Putnam (1988) tries to give a conceptual framework for the interaction of diplomacy and domestic politics. As we discussed above, with the brief overview of previous literatures such as James Rosenau’s “linkage politics”, theories of Karl Deutsch and Ernst Haas on regional integration, and Graham Allison’s “bureaucratic politics” as well as Peter Katzenstein and Stephen Krasner’s work on structural factors he shows missing parts of those works for the explanation of two-level games. For example, after mentioning a work of several scholars on how domestic politics are affected by the international economy, Putnam (1988) says “these case studies, representing diverse methodological approaches, display a theoretical sophistication on the international-to-domestic causal connection far greater than is characteristic of comparable studies on the domestic-to-international half of the loop” (p. 433). Nevertheless, I will use some of those works in the coming chapters in order to explain my case study broadly.

Furthermore, behavioral theory of Richard E. Walton and Robert B. McKersie is discussed as related to the two-level games. Putnam (1988) says their work is applicable to the international conflict and cooperation. According to him “they pointed out, as all experienced negotiators know, that the unitary-actor assumption is often radically misleading” (p.433). It is different than the usual perception that a negotiator has great authority to decide at the international negotiations. As given in the example of Robert Strauss, a negotiator needs to negotiate with both domestic constituents and international counterparts.

Above all, two-level games theory has been developed most specifically in addressing the entanglement areas of the interaction between domestic and international factors in an integrated way rather than merely which one affects which one discussion.
With the instance of behavioral theory, Putnam (1988) shows how a key negotiator works with both domestic and international constituents and then summarizes the two-level games:

“At the national level, domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments” (p. 434).

Moreover, details about how this two-level game is played at each level are illustrated within the scope of two-table metaphor. Accordingly, the complexity of the two-level games is very hard to explain separately. Descriptive analysis of this could be possible by determining the interaction of domestic politics and international relations together and looking at the general picture with a comprehensive view. As we mentioned above there are national level and international level of the two-table metaphor.

Therefore, as Putnam (1988) puts together

“Each national political leader appears at both game boards. Across the international table sit his foreign counterparts, and at his elbows sit diplomats and other international advisors. Around the domestic table behind him sit party and parliamentary figures, spokespersons for domestic agencies, representatives of key interest groups, and the leader’s own political advisors (p. 434)

In any case, there are several domestic and international factors that affect the chief negotiator who has been considered as an individual in the theory. Putnam (1988) states “any key player at the international table who is dissatisfied with the outcome may upset the game board, and conversely, any leader who fails to satisfy his fellow players at the domestic table risks being evicted from his seat” (p. 434). Thus, a negotiator plays a bridge role between domestic and international factors which necessitates mediation of both side on a single proposed issue.
Daniel Druckman has detected a negotiator’s efforts at the international negotiations. According to him, a negotiator “attempts to build a package that will be acceptable both to the other side and to his bureaucracy” (Putnam, 1988, p. 434). Druckman analyzes separately domestic and international processes and concludes interaction between them could be analyzed via an investigation.

Another interesting point is the US and the Soviet Union case which they used each other as a case at international negotiations. The former was considering primarily domestic politics while latter seeks its international objectives at the international negotiations. Robert Axelrod discusses this situation as “Gamma paradigm” (Putnam, 1988, p. 434). However, this approach is also missing the interaction of the two-level process.

An empirically based theorizing of Glenn Snyder and Paul Diesing about the link between domestic and international bargaining was interesting to understand the two-level games. According to their work, central decision-makers were not unified in half of the crises they looked through. As Putnam (1988) said “they concluded that prediction of international outcomes is significantly improved by understanding internal bargaining, especially with respect to minimally acceptable compromises” (p. 435).

Based on a single leader or chief negotiator assumption interaction process has been divided into two stages as a negotiation phase, that called Level I, and ratification phase called Level II. We could say briefly, Level I represents international factors while Level II shows the domestic constituents. Putnam (1988) describes the absence of independent policy preference of the chief negotiator and therefore, that leader tries to
maximize the interests of his Level II constituents while seeking a balance between his international counterparts as well as increasing his own ability to build coalitions inside.

Accordingly, this situation could be realized through an understanding of a set of options for domestic constituents. Putnam (1988) identifies the set of options as ‘win-set’ and therefore, emphasizes the term ‘win-sets’ at several places within the consideration of all international negotiations’ win-sets for generalization. He states that “we may define the ‘win-set’ for a given Level II constituency as the set of all possible Level I agreements that would ‘win’ – that is, gain the necessary majority among the constituents – when simply voted up or down” (p. 437).

Moreover, if the wins or options of the set are determined as a result of domestic bargaining among Level II constituents; Level I negotiators bargain with each others at the international table according to the size of those options or wins. Ostergard (2010) defines “‘win- set sizes’ is not an issue of how the big issue itself is; it is how many options are there to satisfy the parties”*. This makes understandable Putnam’s (1988) words above “gain the necessary majority among the constituents” which means to satisfy the counterpart’s domestic constituents, namely the other side. In short, win-sets size is a range of alternative proposals which are determined on an arrow between parties.

Any proposal to the international negotiations is in the beginning discussed at the domestic table of each side; then minimum (larger win-sets) and maximum (small win-sets) sizes of concessions are determined by domestic constituents. In other words, larger outcomes (larger win-sets) and small outcomes (small win-sets) are decided at the

* He gave an example; if we are asked to bake a cake, we will have many options, but if we are asked to bake a chocolate cake our options will be narrowed down and again we are asked to bake a certain kind of cake we will have very small options to bake a cake.
domestic table. By playing on the range of the sizes of those wins, key negotiators come to agreement with their foreign counterparts. Putnam (1988) defines “any successful agreement must fall within the Level II win-sets of each of the parties to the accord” (p. 437-8). Otherwise, according to him, the maximum win-sets would make Level I agreement almost unchanged, or smaller win-sets might terminate conversations.

Extraordinarily, there is an important point in the article that voluntary and involuntary defections of the international negotiations are matter in the win-sets. Putnam (1988) suggests discrepancy between these defections is necessary in the game theoretic analysis. He defines “voluntary defection refers to reneging by a rational egoist in the absence of enforceable contracts” (p. 438). On the other hand, according to him, “involuntary defection instead reflects the behavior of an agent who is unable to deliver on a promise because of failed ratification” (p. 438).

Voluntary defection could be realized with the analysis of prisoner’s dilemma and some dilemmas of collective action. In prisoner’s dilemma, as Keohane (1984) described “the players exist in a state of nature with respect to one another. An obvious aspect of this situation is that they are unable to enforce commitments” (p. 71). According to him, “players are assumed to be ‘possessive individualists’. They are rational in the calculating sense: they seek to maximize their expected utility, uninfluenced by ethical principles or standards of fairness” (p. 73). In consequence, one player’s choice might not match with another’s even if it was rationally calculated because each of them don’t know what his opponent will choose. Therefore, each one prefers defecting as a dominant strategy.
Voluntary defection may rapidly reduce if the parties expect to meet again. In other words, the second attempt will be more cooperative rather than defective. Keohane (1984) notes for Prisoner’s Dilemma that “defecting is a dominant strategy – depends on the assumption that the game is only played once, or at most a small number of times. If the game is played repeatedly by the same players – that is, in ‘iterated’ Prisoners’ Dilemma – it is generally agreed that players may rationally cooperate” (p. 75).

Moreover, Putnam (1988) emphasizes “the temptation to defect can be dramatically reduced among players who expect to meet again” (p. 438).

Involuntary defection may be realized through the analysis of the dilemma of collective action. In this case, individuals in a group decision-making don’t according to their personal interests rather they decide to gain minimal objectives that every member gets. In other words, they involuntarily defect other available alternatives as a result of external pressures or considerations. Olson (1965) argues “rational, self-interested individuals will not act to achieve their common or group interests” (p. 2). They will not act voluntarily even if all members of the group behave rationally. He clarifies:

The notion that groups of individuals will act to achieve their common or group interests, far from being a logical implication of the assumption that the individuals in a group will rationally further their individual interests, is in fact inconsistent with that assumption.

Indeed, according to Ostrom (2000), his argument “challenged a cherished foundation of modern democratic thought that groups would tend to form and take collective action whenever members jointly benefitted” (p. 137). She notes that “this argument soon became known as the zero contribution thesis” (p. 137).
The main logic between the involuntary defection and the dilemma of collective action is impact of external factors on the decision-making of individuals. For example, as Putnam (1988) mentioned negotiators commonly use “I’d like to accept your proposal, but I could never get it accepted at home” at the negotiation table. In this case, the chief negotiator face dilemma of collective action at the domestic table and choose sometimes what domestic constituents want instead of his own interest. And the dilemma of collective action at the international table also affects the domestic table decision-makers.

Understanding to the limitations of win-sets at the Level II is significant to understand Level I agreements because of two reasons. According to Putnam (1988), first, “larger win-sets make Level I agreement more likely, *ceteris paribus*” (p. 438). Second, “the relative size of the respective Level II win-sets will affect the distribution of the joint gains from the international bargain” (p. 440). As it is illustrated on Figure 1*, Xm and Ym represent the maximum outcomes of X and Y, respectively. On the other hand, X1 and Y1 show the minimum outcomes that could be ratified. Negotiation is possible between Y1 and X1, but if Y1 needs to move to Y2 because of the domestic constituents, the negotiation room will be narrowed down between X1 and Y2. Moreover, if Y has to move from Y2 to Y3 negotiation will not be possible anymore. Thus, overlap of options between parties is significant for the initiation of negotiation process.

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Putnam’s (1988) explanation: “The ‘sweet-and-sour’ implications of win-set size are summarized in Figure 1, representing a simple zero-sum game between X and Y. Xm and Xm represent the minimal outcomes that could be ratified. At this stage any agreement in the range between X1 and Y1 could be ratified by both parties. If the win-set of Y were contracted to, say, Y2 (perhaps by requiring a larger majority for ratification), outcomes between Y1 and Y2 would no longer be feasible, and the range of feasible agreements would thus be truncated in Y’s favor. However, if Y, emboldened by this success, were to reduce its win-set still further to Y3 (perhaps by requiring unanimity for ratification), the negotiators would suddenly find themselves deadlocked, for the win-sets no longer overlap at all” (p. 440-41)
In addition, win-set sizes are determined by several determinants during the interaction process of the international negotiations. Putnam (1988) analyzed three important sets of factors as determinants of the win-set sizes: 1) “Level II preferences and coalitions”, 2) “Level II institutions”, and 3) “Level I negotiators’ strategies” (p. 442). We will discuss each of these sets of factors separately now.

The first determinant that affects win-set sizes at the international negotiations is domestic politics which means power and preferences of central players at the Level II. For example, Putnam (1988) says “the size of the win-set depends on the distribution of power, preferences, and possible coalitions among Level II constituents” (p. 442). In other words, this determinant is power and preferences of possible domestic coalitions among Level II constituents. Putnam (1988) says this could also be matched with other perspectives such as interest group pluralism, bureaucratic politics, and etc. In short, outcomes of bargaining games among the Level II constituents will determine different level of win-set sizes.

Avoiding the discussion of domestic politics, it is better to move to types of win-set sizes. First, no-agreement at an international negotiation table is the smaller win-set and it represents status quo. Sometimes, no-agreement will lead to worse situations. Ratification of an international negotiation is not possible with no-agreement version, but with other alternatives is possible (Putnam 1988). Furthermore, Putnam (1988) notes
there are isolationists who oppose generally international cooperation, and internationalists who support all kind of cooperation. As he said the relative sizes of these two groups in domestic politics affect the win-set sizes.

Moreover, sometimes lack of visionary goals of Level II constituents may lead to strong disagreement among themselves. Thus, no-agreement at the international negotiations could be result of the fight of conservatives who afraid to take risk and liberals who want changes. Putnam (1988) differs clearly those groups by determining “the most significant cleavage within the Level II constituencies is likely to be between ‘hawks’ and ‘doves,’ depending on their willingness to risk a strike” (p. 443). As a result, those kinds of discussions at the Level II affect the win-set sizes.

Accordingly, preferences of Level II constituents are homogenous and heterogeneous. Thereby, as Putnam (1988) said Level I negotiators face two kinds of conflicts which are homogenous (boundary) and heterogeneous (factional) conflicts. In the case of the former, Putnam (1988) says “the negotiator may use the implicit threat from his own hawks to maximize his gains (or minimize his losses) at Level I” (p. 444). As he added the main problem of the Level I negotiator in the homogenous conflict is to manage the discrepancy between the expectations of Level II constituents and outcomes of negotiations.

Thus, the domestic conflicts of conservatives may terminate a possible international agreement. Putnam (1988) says “the effect of domestic division, embodied in hard-line opposition from hawks, is to raise the risk of involuntary defection and thus to impede agreement at Level I” (p. 444). On the other hand, heterogeneous conflict is more complicated than the homogenous conflict. However, this is potentially interesting,
because negotiators of Level I may find some silent allies at his opponent’s domestic
table due to the different views of domestic constituents. Putnam (1988) says “thus,
transnational alignments may emerge, tacit or explicit, in which domestic interests
pressure their respective governments to adopt mutually supportive policies. He shows
1978 Bonn summit as an example for that and reiterates domestic divisions potentially
develop international cooperation.

In addition, multi-issue negotiations are very difficult because domestic groups
have different preferences on numerous issues. For example, as Putnam (1988)
illustrated Defense Ministry will consider about the sea-lanes while Ministry of Interior
concentrate on sea-bed mining rights, and so on in the Law of the Sea negotiations. If
you allow them to handle their issues individually the completed package will almost be
non-negotiable. Thereby, chief negotiator faces tradeoffs on the different issues.

The second determinant of the win-set sizes is political institutions which are
important for the ratification of the international negotiations. According to Putnam
(1988), “ratification procedures clearly affect the size of the win-set” (p. 448). For
example, in the United States two-thirds vote is necessary for ratification of an agreement
instead of simply the majority of the votes. As Putnam (1988) determined this situation
reduces the possibility of international cooperation even though it increases bargaining
power of American negotiators. These kinds of barriers impede possible international
cooperation among countries.

In here, there is a discussion of state strength and state autonomy which
theoretically increase the level of win-set. Putnam (1988) says “the greater the autonomy
of central decision-makers from their Level II constituents, the larger their win-set and
thus the greater the likelihood of achieving international agreement” (p. 449). However, greater autonomy of the state sometimes could be weaker at the international table. Therefore, it is important to be powerful in both scenes not with a dictatorship, but with the power of democracy.

Thus, institutional structures are significant factor that determines the win-set sizes at international negotiations. North (1990) argues “the major role of institutions in a society is to reduce uncertainty” (p. 6). He adds “institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic” (p. 3). However, there are many institutional uncertainties in the ratification procedures of international negotiations in these two countries.

Strategies of the Level I negotiators are the third determinant of the win-set sizes. Motives of the negotiators are quite mixed, because they want to maximize other side’s win-set, but considering his constituents’ win-set sizes. Thus, as Putnam said negotiators face tactical dilemma which means a support from his constituents at the Level I bargaining and on the other hand, such tactics may damage the interests of those Level II constituents. In this case, negotiators may play with the side-payment concessions which will increase the likelihood of ratification.

Level I negotiators sometimes play in collusion with each other against the Level II constituents of other sides. For example, experienced negotiator who knows well his domestic tables could maximize the cost-effectiveness through some concessions in order to ratify his initiatives abroad. And in this sense, Level I negotiators helps each other to reach a final deal. Thereby, as Putnam (1988) said a chief negotiator who is strong in
domestic politics can also easily win ratification of his foreign initiatives by using specific side-payments. Therefore, the collusion of Level I negotiators will affect the win-set sizes.

Uncertainty and bargaining tactics are very important factors in the international negotiations. For example, Putnam (1988) says “uncertainty about the size of a win-set can be both a bargaining device and a stumbling block in two-level negotiation” (p. 452). Since, Level I negotiators usually misinformed about the Level II politics of other side. Therefore, bargaining tactics will begin with the perceptions of negotiators about the win-set sizes of the other side. They try to negotiate with each other but will learn about their misperceptions. They will reinvestigate their position and opposite side’s position and will come to the table again. And this process will continue until their win-set sizes match.

One knows his domestic politics better than his opposite side. As Putnam (1988) quoted “governments generally do not do well in analyzing each other’s internal politics in crises, and indeed it is inherently difficult” (p. 452). Therefore, this uncertainty is used most of the time as bargaining tactics. He adds “when negotiators seek to exploit divisions within their own government by saying, in effect, ‘You’d better make a deal with me, because the alternative to me is even worse” (p. 453). Thereby, uncertainty affects the general outcomes of the international negotiations.

Restructuring the negotiations should generally be to seek better solutions. However, as Putnam (1988) said “ in reality, however, much of what happens in any bargaining situation involves attempts by the players to restructure the game and to alter
one another’s perceptions of the costs of no-agreement and the benefits of proposed agreements. Thereby, this kind of tactic is more difficult in two-level games.

The role of the chief negotiator is important in the international negotiations. Since, chief negotiator is only formal link between Level I and Level II in the two-level negotiations. As Putnam said “the chief negotiator has no independent policy views, but acts merely as an honest broker, or rather as an agent on behalf of his constituents” (p. 456) There are three primary motives of chief negotiator: 1) enhancing his standing in the Level II game by increasing his political resources or by minimizing potential losses, 2) shifting the balance of power at Level II in favor of domestic policies that he prefers for exogenous reasons, and 3) to pursue his own conception of the national interest in the international context.

3.3. Method: A Metaphor for Domestic-International Interactions

The purpose of this study is to explore the Caspian Sea energy politics, specifically, the Azeri-Turkmen conflict on offshore oil and gas fields and the Trans-Caspian Gas Pipeline. This case study analyzes the feasibility of the TCGP. As discussed earlier, the Azeri-Turkmen conflict on three offshore oil and gas fields in the Caspian Sea creates barriers both domestically and internationally in front of the pipeline. Hence, main nature of the Azeri-Turkmen conflict was analyzed in order to make a clear feasibility study of the TCGP. Although, construction of the TCGP is possible without a resolution on the disputed offshore oil and gas fields, that dispute might create future conflicts. On the other hand, if I could find a viable solution to the Azeri-Turkmen
conflict that will accelerate the settlement of the legal status of the Caspian Sea which is the biggest blockage in front of the TCGP.

However, a qualitative research method was applied to this study due to fact that this method is naturalistic in its approach. Naturalistic is defined as being founded on discovery, insight, and understating of what the data are presenting to the researcher (Merriam, 1988). In qualitative research, the researchers attempt to understand the individuals being studied through the participant’s perspective. This was done through the use of rich, detailed descriptions which Geertz (1973) labelled, “thick description” (as cited in Glesne, 1999, p. 22). Thick descriptions were utilized to explain the essence of experiences and interpretations of the person[s] or phenomenon studied.

This study proposes to examine the Caspian Sea energy politics, especially the Azeri-Turkmen conflict in depth, and domestic and international barriers in front of construction of the Trans-Caspian Gas Pipeline. Four major questions are addressed in this research study as follows:

1. What is the essence of the problem in the Caspian Sea and the Azeri-Turkmen conflict?
2. Why a viable bilateral (on the Azeri-Turkmen conflict) and multilateral (on the construction of the TCGP) negotiations are precluded?
3. How could Azerbaijan and Turkmenistan find a viable solution on the disputed offshore oil and gas fields?
4. How could the Trans-Caspian Gas Pipeline be built under these conditions?

I provided brief overview of the big problem in the Caspian Sea and analyzed the Azeri-Turkmen conflict and the TCGP which are a small part of the big picture. I will
further focus on a viable solution for five littoral countries around the Caspian Sea in my PhD dissertation.

Participants and Procedure

The participants for this study were four adult male professors who aged 35 to 60 were purposefully selected. In qualitative research purposeful selection is necessary for the researcher(s) in order to “best help the researcher understand the problem and the research questions” (Creswell, 2003, p. 185). The basic criteria for choosing particularly these participants are among other people within more experiences and information regarding Turkmenistan and Azerbaijan, as well as the problem in the Caspian Sea.

They constituted a “sample of convenience,” as Lonner & Berry (1986) call it; interviews were conducted at various places including university campuses at the Johns Hopkins University’s the Central Asia-Caucasus Institute (CACI) in the Paul H. Nitze School of Advanced International Studies (SAIS), American University’s the Center for Black Sea-Caspian Studies, in Washington D.C and Colombia University, School of International and Public Affairs (SIPA), in New York City. Participants represented two universities in Washington D.C, and one university in New York City as identified above.

Participants are: Dr. Jan Sir, an energy expert at SAIS's Central Asia-Caucasus Institute, at Johns Hopkins University whose specialty is Turkmenistan's domestic and international politics; Dr. Frederick Starr, is Chairman of the Central Asia-Caucasus Institute and Silk Road Studies Program who is a Research Professor at the Paul H. Nitze School of Advanced International Studies, at Johns Hopkins University; Dr. Mamuka Tsereteli, an Assistant Professor at the School of International Service at American University, who is Director of the Center for Black Sea-Caspian Studies; and Dr. Jenik
Radon, Adjunct, Assistant Professor at Columbia University's School of International and Public Affairs.

**Data Collection**

The study was used in-depth independent interviews and observation to elicit the lived experience of four male participants. The interviews were based on the use of four in-depth, open-ended questions asked in semi-structured to encourage people to talk about their experiences in matters related to Azeri-Turkmen conflict; specifically, experiences at the problems in the Caspian Sea. The participants were recruited in summer, 2010 in Washington D.C, through my network of professional and organizational contacts.

I sent an email and made a phone call to members of this network. When potential participants agreed to participate in study, I distributed information sheets to them before their interview take place. Participants of this study were informed that their participation is voluntary and that they may withdraw from the interview at any time without any penalty as no signature was collected. During the interviews participants were allowed to use pseudonyms so as not to be identified by name in the study. Fortunately, they allowed me to use their names in the study.

**Data Analysis**

All data for each individual participant will be analyzed before moving on to the analysis of the data for the next participant. Bogdan and Biklen (2003) explain that in collecting and analyzing data in a qualitative study, treating each participant individually helps the researcher keep the data to organize and to avoid confusion. Interviews were not audio-taped in order to make them to feel comfortable, but paper noted during the
interview. Afterward I transcribed immediately those notes to a paper and provided to the participants for review and member checking.

Member checking is generally considered an important method for verifying and validating information transcribed by the investigators (Merriam, 1998; Mertens, 1998; Stake, 1995) and is meant as a check and critique of the data. Additionally, guided by Creswell’s process for analyzing qualitative data (1998), the interview, observation and filed notes were transcribed verbatim (Pooley, Breen, Pike, Cohen, & Drew, 2008). This was provided a complete record of the discussion and facilitated data analysis. Next, the content of the interview was analyzed first using identified major themes by sorting words than were categorized them to discover themes.

According to Dr. Jan Sir, the Azeri-Turkmen conflict has major six dimensions including history, sovereignty, legal, oil and gas companies, international actors, and pipeline dimension. Therefore, I provided a comprehensive overview of the historical dimension of the problem. In order to keep my study as brief as possible I included that part to Appendix. I used other five dimensions as a framework to explain the essence of the problem. Dr. Sir’s main suggestions to the third question were that Turkmenistan and Azerbaijan could solve their territorial dispute in the Caspian Sea through swapping oil and gas, exchange of oil fields, by sharing 50% to 50% those fields.

Dr. Frederick Starr’s approach to the problem was very interesting. He argues it is not a legal issue, but all are manipulations of Russia and Iran in order to benefit from the Caspian Sea resources. Turkmenistan and Azerbaijan can develop disputed oil fields by sharing 50% and 50%. Dr. Starr said “Building a pipeline under the Caspian Sea is a huge environmental issue” However, he adds “Russians built a pipeline under the Black
sea and they don’t care so much about environment. Therefore, Russia uses environmental issues also as a problem”.

Moreover, role of leaders including Turkmen President Gurbanguly Berdimuhamedov* and Azeri President Ilham Aliyev* is significant in this process. Dr. Mamuka Tsereteli draws attentions to the domestic problems of Russia. As he said “there is not one head in Russia, otherwise, volume of natural gas which will flow from Turkmenistan is one tenth of Russia’s gas export to Europe”. He implies there are many factions in Russia such as formal and informal institutions. He argues Iran will agree if Azerbaijan and Turkmenistan solve their problem, because majority will create a pressure on Iran. His main argument for a viable solution is necessity of a reliable mediator in this process. He thinks five countries Austria, Hungary, Bulgaria, and Romania under the EU as well as Turkey will be the best mediator. Dr. Tsereteli explored actually the problem clearly by saying as political commitment from consumers is essential, political resolution at the Presidential level necessary to initiate negotiation.

* He is incumbent President of Turkmenistan since 2007.
* At the same time, he is Azerbaijan’s third President Heydar Aliyev’s (1993-2003) son. Ilham Aliyev is current President of Azerbaijan since 2003.
process. This was a starting point for me to develop the idea of visionary leader role in this process.

Dr Jenik Radon discussed mainly institutional structure of Turkmenistan that needs to be developed in order to provide 100% legal security for foreign investment. He enhanced the landlocked problem of the country from geographical meaning to the level of being socially land-locked situation of Turkmenistan. He argues that Turkmen government needs to invest to education in order to create a dynamic bureaucracy to compete with outside world. This talk was an impetus for me to include social development of the country to study. Dr. Radon argues that after the implementation of Turkmenistan-China gas pipeline Russian threat over Turkmenistan was removed and therefore, Russia will not harm very much when Turkmenistan build the trans-Caspian pipeline. I concluded from this interview that the second attempt of Turkmenistan will succeed now.

4. **DOMESTIC – INTERNATIONAL ENTANGLEMENTS**

Complex and sensitive structure of the post-Cold War era makes difficult to understand the politics of the Caspian Sea region. Vast energy resources of the region and the backlash after the Soviet Union have pushed international actors to develop strategies toward the region. On the other hand, strategic positions of intra-regional powers across those balances have often determined the victory of outside players in the regional energy contest. Although, Azerbaijan and Turkmenistan have affected the presence of outside players, their foreign policy directions have been developed most of the time according to their balance of powers relations with international actors, especially global powers. General picture of those international and domestic
interactions seems somehow entangled. We will begin to discover the “When?” and “How?” questions of the domestic-international entanglements of the Azeri-Turkmen conflict in the Caspian Sea.

Contest over the control of energy routes has been a concern of major powers which determines the local preferences for future cooperation. Energy security issues have been directly correlated with the economic security of the countries after the post-Cold War era. As Klare (2001) said economy and resource concerns have placed at the core of restructuring the new world order in this era. He terms this particular character “economization of international security affairs” (p. 10).

From this point of view, the Caspian Sea resources have become vital for the economic recovery of Azerbaijan and Turkmenistan in an unusual transition process after their independence. Border disputes in the Caspian Sea between these two countries have remained unsettled so far. Olcott (2000) says “until they are resolved, they will be barriers to normal relations between states in Central Asia and the South Caucasus” (p. 136). The Azeri-Turkmen conflict over the oil and gas fields in the Caspian Sea not only became obstacle for the normal relations between two countries but also that precluded the proposed Trans-Caspian Gas Pipeline. Thereby, this intra-regional conflict affected the prospects of future cooperation with international actors.

On the other hand, international actors have affected this conflict through their multidimensional policies toward the region. As international actors have come up to the Caspian Sea issues by considering their relations among themselves, Azerbaijan and Turkmenistan has also acted by balancing those powers rather than each other’s interests. Regional and intra-regional powers have been remained less influential in their foreign
policy decision making rather than global powers. As Anceschi (2010) said about Turkmen regime, “domestic consolidation was not a foreign policy result sought through relations with Iran and Azerbaijan. Conversely, the regime has attempted to shape the relationships between Turkmenistan and the Great Powers∗ with domestic objectives in mind” (p. 93).

4.1. Domestic-International Interactions in the Azeri - Turkmen Conflict

The conflict between Azerbaijan and Turkmenistan over the Caspian Sea delimitation has entered in a multidimensional level now including sovereignty, legal, oil and gas companies, international actors, and pipeline dimensions. Although, Azerbaijan signed bilateral agreements with Russia and Kazakhstan over the Caspian Sea, coming to a viable negotiation with Turkmenistan was hard because of the conflict of their national interests. Indeed, there are many domestic and international factors that affect their foreign policy decision making toward a viable solution between each other. As Sir (2010) said we could sort out those factors mainly as sovereignty, legal, oil and gas companies, international actors, and pipeline dimensions. We will begin to discuss how interaction of those dimensions causes the conflict between Azerbaijan and Turkmenistan.

Sovereignty Dimension

Sovereignty seems to be an uneasy issue in the conflict between Azerbaijan and Turkmenistan. As Radon (2004) conceptualized, it “stems from the word "sovereign," which literally means being possessed with supreme power” (p. 2). He states control in

∗ In his study, he discusses Russia, China, the European Union and the United States as Great Powers because of their energy oriented relations with Turkmenistan. I also used these countries as Great Powers or in most place as global powers.
this sense is usually defined by territory even if the borders are uncertain, and this power is never absolute. Accordingly, the first article of the constitution of Turkmenistan determined that “Turkmenistan possesses supreme and plenary power in its own territory and independently implements its domestic and foreign policies. The sovereignty and territory of Turkmenistan are united and indivisible. The government defends the independence and territorial integrity of Turkmenistan”.

On the other hand, there is a statement in the constitution of Azerbaijan Republic; “The territory of the Azerbaijan Republic is sole, inviolable and indivisible” Article 11. Interestingly, there is a note about the Caspian Sea in the Azeri constitution while there is no statement in the Turkmen constitution about that. Accordingly, “Internal waters of the Azerbaijan Republic, sector of the Caspian Sea (lake) belonging to the Azerbaijan Republic, air space over the Azerbaijan Republic are integral parts of the territory of the Azerbaijan Republic” Article 11. Moreover, the same article defines that “the Azerbaijan Republic will not give any part of its territory to anybody” As we will see, Caspian Sea is vital for Azerbaijan and the rights are preserved constitutionally.

As we mentioned earlier, the Soviet delimitation of the Caspian Sea was appropriate for Azerbaijan’s national interest. Likewise, Mehdiyoun (2000) mentioned insistence of Azerbaijan over its part in the Caspian Sea has been arisen from economic, geographical and political considerations. The country had already lost 20% territory of its land because of the Nagorno-Karabakh war and around 1 million people were refugees (Lee, 2004). This war was an armed conflict between the majority ethnic Armenians of Nagorno-Karabakh province in Azerbaijan backed by the Republic of Armenia, and Azerbaijan Republic during the 1988 and 1994 years. Moreover, gradual decline at the
onshore oil fields of the country naturally forced Azerbaijan to sign the agreement with
the BP-led international consortium in 1994 and to maximize its share in the Caspian Sea.

On the other hand, Turkmenistan has opposed any exterior activities in its portion
of the Caspian Sea which is recognized under the Soviet internal delimitation.
Turkmenistan was also the first country as Lee (2004) noted, that asserted sovereignty in
the Caspian Sea by adopting Law on the State Border in 1993. Nevertheless,
Turkmenistan had supported common use of the sea principle until 1997, and this
ambiguity makes it more difficult to understand the problem.

Furthermore, the country changed its view when oil companies began to explore
oil in its sectors which Azerbaijan also claims as its own. As Lee (2004) mentioned
Turkmen President Saparmurat Niyazov * (1991-2006) was not against the ‘contract of
the century’. However, when the companies touched the sovereignty of the country
positions changed. It seems that Turkmenistan had supported the common use of the sea
in appearance in order to preserve its rights on the Caspian Sea with diplomacy and this
position would continue unless another country violated its sovereignty. As well,
Kepbanov (1998) says about why the territory is a matter in the Caspian Sea problem:

The problem of the legal status of the Caspian Sea is first of all a territorial
matter, the issue of the national security of the Caspian states. It suggests the
establishment of territorial limits for each littoral state—zones of national
jurisdiction. Any state must have its state boundaries, not only on land but also on
sea. First, this is necessary for the prevention of territorial disagreements and
disputes, and second, it is important to realize that accurately defined territory is a
matter of state security, and the necessary material base of a state’s normal
existence (p. 3).

* Saparmurat Niyazov was the first President of Turkmenistan between 1991-2006 years. He was the first
Secretary of the Central Committee of the Communist Party of the Turkmen SSR during 1985-1991 years.
He was also given a title, Turkmenbashy (in Turkmen language- Türkmenbasy means head of all
Turkmens).
In addition, this could be explained with a part of theory about how external factors affected the domestic politics of Turkmenistan. Therefore, short-term game of mirrors policy of Turkmenistan faced with reality in the Caspian Sea which forced the country to take serious precautions. As Radon (2004) said “despite the advent of the myth of absolute sovereignty, the reality of complete domestic control never materialized, as expanding trade forced states to compromise and negotiate with one another” (p. 2). However, Turkmenistan has not come to a negotiation over the disputed oil fields with Azerbaijan.

**Legal Dimension**

Legal dimension of the conflict is probably the most influential factor that provides legitimacy in the claims of both parties. Lee (2005) narrates Turkmen President Niyazov’s clarification about the situation that none has rights to develop the disputed oil fields unilaterally until maritime boundaries were determined in the Caspian Sea by all littoral countries. Likewise, as Mehdiyoun (2000) noted “Azerbaijan believes that lack of clear title over these reservoirs makes the task of attracting foreign investment in its energy projects more difficult” (p. 184). Thus, disputed legal status of the Caspian Sea which is an issue among five littoral countries affects the conflict between Azerbaijan and Turkmenistan.

On the other hand, the skirmish of these two states has made a deadlock over almost whole situation in the Caspian Sea. As Kepbanov (1998) noted “demarcation of the jurisdiction zones of Azerbaijan and Turkmenistan in the Caspian is not only a problem of relations between the two countries but a problem of defining the status of Caspian Sea as a whole” (p. 4). On the contrary, the conflict which had arisen from the
voluntary rejection of the two sides at the negotiations over the disputed oil fields might also be said, has been come out from the absence of international legal regime of the Caspian Sea. Thus, the ambiguity on the status of the Caspian Sea has two-sided effects.

Meanwhile, the labeling of the sea is quite important in the dispute of Azerbaijan and Turkmenistan. It is usually called an enclosed sea, a closed sea, an inland sea, a sea, the largest lake and finally internal body of water. As Mehdiyoun (2000) stated “the labeling is significant because the category determines which body of law applies to delimitation of the waters and the resources of the subsoil” (p. 179). In any case, everybody agrees term, the Caspian Sea is a unique body of water and therefore, riparian states may benefit from all kind of international laws to set a sustainable legal regime on the Caspian Sea. Moreover, four freedoms of the high seas which are freedoms of navigation, over flight, fishing, and laying of submarine cables and pipelines should be considered in the settlement of a legal regime.

Indeed, Caspian states are coming to a viable solution on the legal status of the sea with diverse practices, interpretations and experiences. There are also noteworthy developments with the step by step solution method toward the resolution. Toward the end of the 1990s, as Kepbanov (1998) listed, there were three approaches on the legal status of the Caspian Sea.

First, Azerbaijan’s frontier lake vision which promotes the idea of the division of both seabed and water surface into equal sectors between littoral states. In this case, each country would gain the right of absolute sovereignty on its own sector. However, “the demise of the freedom of navigation in the Caspian will snuff out the opportunity that national shipping enterprise may have to become economically viable” (Mirtfendereski...
This idea is not applicable because of its denial of three of the four freedoms of high seas.

Second, the legal status of the sea should be regulated with the UN Convention on the law of the sea (UNCLOS 1982). Accordingly, each state will have 12 nautical miles territorial sea, fishing zone, and recognize as an open sea area the remaining parts of the sea. Seabed must be equally divided into national sectors. Moreover, part five of the 1982 UNCLOS mentions exclusive economic zone (EEZ) regulations and part six writes about continental shelf application. According to the article 57 “the exclusive economic zone shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured” (p. 44). Each coastal state can explore natural resources in this zone.

On the other hand, continental shelf application allows exploration of a coastal state after the area of territorial sea that extends until the continental margin or to a distance of 200 nautical miles (Article 76). However, the width and depth of the Caspian Sea is not suitable for the application of this law. Nevertheless, the Turkmen side proposed an idea of 45 nautical miles, while the remaining parts should be as an open sea in 1993 (Mirfendereski 2001). Otherwise, according to 1958 Continental Shelf Convention, littoral states should negotiate on the boundary line or median line division.

Third, the Caspian Sea is a unique body of water and therefore, it is hard to regulate with the existing international norms and practices. In the Caspian case, both applications could be applied that the norms of international law of seas and the international practice of delimitating frontier lakes. Furthermore, Caspian states should form their own mechanisms for the agreements on the status of the sea. As Kepbanov
(1998) added, supporters of this view also suggest the idea of condominium use of water surface.

As we see above, the first approach would be very hard to apply because of violating the four freedoms of the high seas and preventing trade. The second view is also not a compelling approach for the Caspian states to follow. As Mirfendereski (2001) said the 1982 UNCLOS could not bind these countries because of two reasons. First, the document has not been ratified by these littoral states, except Russia because of their land-locked situation. Second, the convention does not recognize the Caspian as a sea. Nevertheless, they can use the international application of the convention in the Caspian Sea delimitation. The third approach could be said draws a wide avenue for the littoral states to negotiate and to maximize their interests with respect to others.

Figure 2 shows the disputed Omar/Azeri, Osman/Chirag, and Serdar/Kyapaz* oil and gas fields. Kyapaz/Serdar field has estimated 0.5 billion barrels (bbl) oil reserves while Azeri/Omar and Chirag/Osman fields have 4-5 billion barrels (bbl) oil reserves. These fields are placed in the north of Astra-Hassanqoli line and therefore, it is beneficial for Azerbaijan to support the Soviet-Iranian border. However, in the case of Turkmenistan those fields will fall almost in the east of middle line division and that is a disadvantage for Azerbaijan. As Mirfendereski (2001) noted Omar/Azeri field is placed 73 miles from the Turkmen coast, but 100 miles from Azerbaijan, Osman/Chirag lays 82 miles from the nearest place of Turkmen coast, and 92 miles from Azeri coast, and Serdar/Kyapaz is 65 miles from the Turkmen beach, but 115 miles from Azerbaijan.

* As Jackson (2009) noted Omar, Osman, and Serdar are Turkmen names, while Azeri relevant names are Azeri, Chirag, and Kyapaz of those disputed fields.
Figure 2. Claim of Turkmen side for its sector in the Caspian Sea

Source: http://www.mapcruzin.com/free-maps-middle-east/caspian_sea_s_rel01.jpg
International Oil and Gas Companies

International oil and gas companies are an influential factor in the Caspian Sea centered energy games. They usually affect domestic politics of the littoral countries and become a symbol of the presence of their representing countries in the Caspian Sea. As Mirfendereski (2001) stated oil companies have a significant role on the unilaterally actions of the Caspian Sea countries. Oil companies have been a factor that was a cause for the emergence of pragmatic and informal regime on the Caspian Sea, while they have been affected by the conflict between littoral countries. They make possible the exploration of oil and gas resources and exports of them even in such disputed places.

On the other hand, the conflict of interest between the oil companies and the government of Azerbaijan and Turkmenistan directly affects the skirmish between two of them. For instance, BP-led oil consortium began to production of oil in the Azeri and Chirag fields, while Russian Lukoil and Rusneft oil companies attempted to develop Kyapaz field in 1997. As a result of Turkmen reaction to these activities, Kremlin withdrew its oil companies from Kyapaz field. However, oil companies in the international oil consortium (in figure 3) are still exploring oil from the Azeri and Chirag fields as a result of the ‘Contract of the Century’. Figure 3 shows shareholders of this agreement are given with their relative shares. They have a 30 years agreement to develop the oil fields in the Azerbaijan sector of the Caspian Sea. Therefore, those oil giants would pay attention neither to Turkmenistan nor their own governments in order to maximize their own profits. De facto activities of the oil companies at the disputed oil fields in the Caspian Sea also fuel the conflict between Azerbaijan and Turkmenistan.
Meanwhile, it is important to differentiate national and private oil companies from each other. As Radon (2009) said state owned enterprises (SOEs) manage almost 90% of the world’s oil reserves. State owned enterprises hold the top 10 reserves of the world or rather national oil companies (NOCs) control 77% (886 billion barrels) of total proved oil reserves which equal 1,148 billion barrels. In other words, 14 of the top 20 oil producers are national oil companies (BIPR 2007). In this regard, the exploration of the Caspian Sea resources is crucial for private companies. It is also clear to see that how national oil companies affect the domestic politics and become an effective foreign policy tool of their countries toward the Caspian Sea.

Furthermore, the definition of state owned enterprises has not yet been fully described. According to Radon (2009) it is usually defined as government’s ownership or control over an enterprise while universally recognized definition of the SOE is absent. In the abovementioned instance of oil companies we can see two examples. First, Lukoil
stopped its activities with the order of Kremlin even though it is a private oil company of Russia. As Gorst (2007) explained that “the company sometimes pioneering oil policy, sometimes following orders, has always acted in close coordination with the government, often presenting itself as a faithful servant of state” (p. 1). On the contrary, British Petroleum that is a private oil company and others are still continuing their exploration at those disputed oil fields under the Azerbaijan International Operating Company (AIOC) which is a new frame of the consortium.

In addition, conceptualization of the conflict of interest between an oil company and a cooperating state should be made. Radon (2009) discussed the term as “the existence of diametrically or significantly opposing or competing interests” within the example of public and private division (p. 12). According to him disregard of public-private division and dual role of the government by becoming owner, operator and businessperson, and regulator of the SOE is the main source that lies at the heart of the conflict of interest in SOE. He draws attentions to the SOEs in the natural resource sector especially in such countries that a large part of revenue is coming from the export of natural resources. “Conflicts of interest figure more prominently within SOEs in the natural resource sector because of their heightened importance in their countries’ economies and gross national product, as well as in their extended national, if not global, reach” (Radon 2009, p. 12).

Accordingly, as conflict of interest at the domestic level extend to the international conflicts; in such a manner conflict of interests among international oil companies has effects on domestic politics. For example, ‘contract of the century’ would be signed in 1993 if everything happened as planned. At that time, as Lee (2004) said
Azerbaijan’s second President Abulfaz Elchibey planned not to include any Russian or Iranian oil companies, but he was overthrown through a military coup. As he added, the third President Heydar Aliyev became flexible to include Russian oil companies into the consortium in order to be sure. Moreover, as Sagheb & Javadi (1994) mentioned Azerbaijan gave 10% concession to the Russian oil company, Lukoil from its own 30% stake in the consortium. Lukoil would play an active role to change the Russian approach over the Caspian Sea in the following years. I will discuss about how oil companies affect international relations in the following chapters.

*International Actors Dimension*

International actors dimension is significant to understand the conflict between Azerbaijan and Turkmenistan in the Caspian Sea. This illustrates how international relations, balance of power, and conflict of interests at international level change domestic politics of these two countries. It is also interesting to know that how Azerbaijan and Turkmenistan use major powers against each other and balance them in their foreign relations. Lee (2005) quotes:

The issue of the Caspian Sea is one of the most important geopolitical problems on the territory of the former USSR. It is here that the interests of the world’s major powers are intertwined. It is here that strategically crucial oilfields and fish stocks are located. It is from here that oil and gas pipelines of vital importance to the Caspian littoral states (including Russia) will originate. (p. 38).

With the end of bipolar world system, regional conflicts have begun to emerge, especially in the former Soviet Union. Uni-polar system of the world could not stand for a long time and therefore, a very complex multi-polar world system has begun to replace it. As Sadri (2003) said old enemies are now friends or old friends turn to enemies in this complex system. As he gave an example this situation is clearly illustrated with the
relatively recent James Bond movie, “The World is not Enough” that shows how the games are played on Azerbaijan and the Caspian oil and construction of the new pipelines.

Indeed, countries are still struggling to maximize their share of interests in this new evolution. As Bugajski (2010) said “Russia’s leaders believe that the world should be organized around a new global version of the 19th century ‘Concert of Europe’ in which the great powers balance their interests, and smaller countries orbit around them as satellites and dependencies” (p. 5). And therefore, as he added Russia has entered into a contest to win over its satellite countries with its adversaries such as NATO and the US. However, Azerbaijan and Turkmenistan which were perceived as Russia’s satellite states are gradually breaking their dependencies on Russia.

**Pipeline Dimension**

Pipeline dimension of the conflict between Azerbaijan and Turkmenistan is probably a key issue that lies at the heart of the national interests of not only these two countries but also of other countries. As Shaffer (2010) said discussion is not about the volume of the Caspian Sea reserves, but which direction infrastructure will lie. Construction of an oil or gas pipeline is usually perceived as a success for the building countries. As Shaffer (2009) termed “peace pipelines’– an oil or natural gas pipeline routed between countries in conflict as a means to achieve peace” (p. 4) – could not be successful yet as so-called peace pipelines but they have begun to serve as a guarantor of long-term relations among countries.

On the other hand, oil and natural gas pipelines are becoming a foreign policy tool of countries. According to Shaffer (2009) there are oil and gas weapons that countries
apply usually for political reasons. The OPEC oil embargo of 1973 could be given as an example to the oil weapon. However, the gas weapon plays a very different role than the oil weapon for political reasons because of its different transportation. Although, there is liquid natural gas (LNG) supply it is frequently carried through pipelines. As Shaffer (2009) noted “natural gas is supplied generally in bilateral framework between the supplier and the consumer, and due to logistical limitations that limit opportunities for supply alternatives, is more subject to political influence” (p. 34). Russia’s gas supply interruption in January of 2006 to Europe could be an example to that.

Pipelines had been used within a state or a larger political entity to carry the oil from the fields to ports in the second half of the twentieth century. However, as Shaffer (2009) stated increasing use of natural gas globally, rise of oil and gas production in landlocked countries, and the collapse of the Soviet Union which created a direct pipeline infrastructure among the former Soviet countries has created two types of energy pipeline transport. They are pipelines that connect directly producers and consumers, and multiple-state oil transport entities such as EU and the US.

There is an example of this new energy pipeline trend. For example, Baku-Tbilisi-Ceyhan (BTC) and the Baku-Supsa oil pipelines and Baku-Tbilisi-Erzurum (BTE) natural gas pipeline which bypass Russia and Iran. Shaffer (2009) says “the BTC pipeline is important for understanding some of the current dynamics of international energy politics” (p. 53). As it is shown at the figure 4 British Petroleum and State Oil Company of Azerbaijan Republic (SOCAR) holds more than 50% of the BTC oil pipeline’s share.
Thus, they have a larger influence on the decisions of Azeri President Ilham Aliyev. On the other hand, British Petroleum and Statoil Oil and Gas Company of Norway hold more than 50% share of the BTE pipeline. I will discuss later how this case was important on the conflict between Azerbaijan and Turkmenistan over the volume share of natural gas which would flow through the TCGP.
Oil and gas resources of the Caspian Basin had already begun to be known in early 1990s by Western countries. Hence, as Cornell, Tsereteli & Socor (2005) said there were three major options to transport those resources to the Western market. First, the northern direction through expanding Russian pipeline system and second a southern way through Iranian newly built pipelines, and the third option was the US-supported idea of via multiple pipelines in order to prevent any monopoly over the energy transportation.

Successfully implementation of the BTC (2006) which is the second longest oil pipeline (1,087 miles) in the world and the BTE (2007) pipelines has demonstrated victory of the West. However, Russian intervention in Georgia in 2008 ceased the Western action for a while and proved that Russia could control Caucasian energy route directly. As Cornell, Popjanevski & Nilsson (2008) said failure of the West to protect Georgia from Russia cut off the Western dream and caused Central Asian states to turn to China. Thus, the long disputed Trans-Caspian Gas Pipeline project has been postponed once again. I will discuss later political implications of the TCGP project broadly and how the West achieved the BTC pipeline in order to illustrate what kinds of international factors prevent the TCGP.

4.2. The Importance of Win-Sets in a Viable Azeri-Turkmen Negotiation

Recently, bilateral relations between Azerbaijan and Turkmenistan have begun to get better. For instance, according to Turkmenistan.ru, online daily issued by Media-Service-TM (2010) reports leaderships of both countries addressed that there is no open issue between their countries and they are willing to solve any problem on mutually agreeable terms, at 10th Summit of Heads of Turkic-speaking countries in Istanbul, in September, 2010. This rapprochement gives hope for the solution of the long-disputed
conflict between Azerbaijan and Turkmenistan. Furthermore, according to Iranian Students News Agency (ISNA) (2010) reports there was the 27th meeting of Caspian Sea littoral states in this November in Tehran at the level of foreign ministers. Therefore, it is important to illustrate the process until now toward such a positive progress on the negotiation over the disputed issues.

Bilateral agreement of Azerbaijan with Turkmenistan on the delimitation of the Caspian Sea had been postponed while Russia and Kazakhstan respectively signed bilateral agreements with Azerbaijan. Turkmenistan agrees on the division of the seabed into national sectors principle, but not with the method which offers fewer shares than its claim. Turkmenistan’s national interest in the Azeri-Turkmen conflict over three offshore oil and gas fields is officially to get all of those fields from Azerbaijan, but the current situation of the Caspian Sea does not allow doing that. Practically, Azerbaijan uses Azeri and Chirag fields at the present, and only Kyapaz field has been frozen. In this stage, Turkmenistan could not use any of those fields.

On the other hand, Azerbaijan’s national interest in the Azeri-Turkmen conflict over three offshore oil and gas fields is to develop those fields as soon as possible. And therefore, Azeri government signed an agreement with BP-led international consortium in 1994 and gave them a privilege to produce oil in Azeri and Chirag fields. Similarly, Azerbaijan gave a privilege to Russian private oil company, Lukoil developing the Kyapaz field in 1997 in order to alleviate Russian pressure. In the meantime, Azerbaijan supports the idea of sharing Kyapaz field 50% to 50% while it claims complete sovereignty over the other two fields.
As mentioned earlier, Turkmenistan was not against of the contract of century, namely to the developing Azeri and Chirag fields. However, when Kyapaz field which is 65 miles away from the Turkmen beach, but 115 miles from Azerbaijan was begun to be developed, Turkmenistan reacted. This gives a clue to understand the unexpressed national interest of Turkmenistan. And then, Turkmenistan began to request to stop the development of all three fields until a maritime status of the Caspian Sea was settled. In consequence, Turkmenistan’s minimum objective (maximum compromise) might be to own Serdar/Kyapaz field as well as gaining 50% (if possible) of Azeri field that is placed 73 miles from the Turkmen coast, but 100 miles from Azerbaijan. Thereby, Azeri and Chirag fields might have been used as bargaining tools.

On the other hand, Azerbaijan accepted Turkmenistan’s request to stop oil production in Kyapaz field, while rejecting for Azeri and Chirag fields. And also, Azerbaijan began to ask 50% share from the Kyapaz field. These factors show Azerbaijan’s minimum objective (maximum compromise) might be to gain Azeri and Chirag fields while 50% share request for the Kyapaz field might have been used as a bargaining tool against the Turkmenistan’s claim over those fields. Maximum objectives of Turkmenistan could be to get Serdar/Kyapaz and Omar/Azeri fields while Azerbaijan’s maximum point could be to acquire Chirag/Osman and Azeri/Omar fields. Otherwise, Turkmenistan wanted 3 fields while Azerbaijan requested 2.5 fields and in this stage negotiation would be impossible. From this perspective, an understanding to the win-set sizes of the negotiation is important.

Furthermore, analysis of the strategies of both countries since 1997 is important to understand the realities behind the expressed and published intentions of the parties. First
of all, Turkmenistan approaches the Caspian Sea issue only from a legal dimension. It is a positive step for such a vulnerable country to seek its rights within the sphere of international law. As Shaffer (2009) said “most bordering states frame their claims as questions of legal rights, when in reality economics, politics, and power relations are shaping the developments in delimitations” (p. 77). Turkmenistan had faced the dilemmas of collective action in the conflict of disputed fields with Azerbaijan because there was no consensus on the division of the Caspian Sea into national sectors, except Azerbaijan’s individual activities in 1997. As a result of bilateral step by step solution Turkmenistan knew what share it would obtain. And thereby, it chose to support common use principle of the sea in order to get an equal share instead of losing greater parts by involuntarily defecting or to maintain status quo until gaining some bargaining power.

In the meanwhile, there was no official negotiating discussion, because Azerbaijan voluntarily refused Turkmenistan’s request a stop to production in Azeri and Chirag fields, while it imperatively accepted to stop developing Kyapaz field. Azerbaijan had given Azeri and Chirag to Azerbaijan International Operating Company (AIOC) which consists of 10 major oil companies that signed the contract of the century and therefore, to ratify such a request at the domestic table was almost impossible. At the same time, accumulated interests of giant international oil companies prevented Turkmenistan to stop them for the developing the Azeri and Chirag fields. Turkmen government’s offers for the development of Serdar/Kyapaz field to several companies
such as Exxon Mobile have been rejected because of the ongoing conflict and probably the balance of power considerations among oil companies.

Moreover, there was not any significant attempt from Azeri side to offer a solution. Azerbaijan faced the prisoner’s dilemma because Azerbaijan had no time to wait for the general solution on the legal status of the Caspian Sea due to dependence of its economy on the resources of the sea. Thereby, in spite of the withdrawal of Lukoil and Rusneft from Kyapaz field, other oil companies had continued to their activities in other two fields which supposedly belong to Turkmenistan. Consequently, Azerbaijan had no chance rather than choosing to continue its activities at the disputed oil fields. If Russian President Boris Yeltsin (1991-99) did not withdraw Russian oil companies from the Kyapaz field, Azerbaijan would probably continue its activities at this field too.

Furthermore, the ambiguous legal status of the Caspian Sea and uncertainty about the win-set sizes of another side forced Turkmenistan to wait until the legal status on the Caspian Sea was settled. Turkmenistan was not in need of the Caspian Sea resources as much as Azerbaijan and it had other alternatives such as Trans-Caspian Gas Pipeline versus to Trans- Afghanistan Gas Pipeline project. However, that uncertainty would be a stumbling block of the negotiation between Azerbaijan and Turkmenistan which would stand for a longer time than it was expected.

In addition, it was aware of European need for Turkmen gas in order to build a natural gas pipeline from Azerbaijan to the West which is also directly related with the production growth in the Caspian Sea and region. As Tsereteli (2010) said “Europe’s natural gas demand is projected to increase substantially in the future and exceed 700

* Role of oil companies in the Caspian Sea issue will be a future work for me.
bcm. Even according to conservative scenarios, the demand for importing natural gas to the EU will reach 400 bcm per annum by 2030” (p. 25). Hence, Turkmen officials had probably supposed that Azerbaijan would offer some concessions to develop those oil fields and provide some compromises in the construction of the TCGP.

On the other hand, Azerbaijan could not predict very well how the Turkmen side would act, and began bargaining from the top level which means larger win-set size. The country was also aware of its potential as a transit country and probably the best option for Turkmen gas exports. Azerbaijan thereby probably expected an inviting offer from the Turkmen side and began to prepare for concessions. As Rasizade (2002) said Azerbaijan has previously shown its ability to make small concessions when its greater interests are at risk by giving a portion from its transit fees in the BTC pipeline to Georgia. He adds that Heydar Aliyev most likely thought Saparmurat Niyazov may also be ready to bargain because of his failed attempt to host the Caspian Summit in Ashgabat in 2000.

As we mentioned above, Turkmenistan’s reaction was involuntarily defection and it used to have some forcing factors for involuntary defection. Domestic perception of a Russian threat and some other invisible costs forced Turkmenistan both to wait for the solution of its Azeri conflict and to ask upfront payment for the construction of the TCGP in order to make a guarantee. In any case, Turkmenistan is still maintaining its position that is a larger win-set size, even though Azerbaijan offers the joint development of those fields. Both sides have taken a huge risk of rejection by abandoning the negotiation over the disputed fields. That’s why Azerbaijan has begun to shift from its previous position by offering fifty-fifty share of the production from the disputed fields. As a result of
recent developments in Turkmenistan’s energy sector and a growing demand from the EU Turkmenistan might also shift from its position toward a negotiation point.

In fact, the discussion of the Caspian Sea issues has shifted from the level of Presidents to the foreign ministers’ level. As a consequence, there were 27 unsuccessful meetings of foreign ministers until now. As Tsereteli (2010) said the resolution to the conflict between Azerbaijan and Turkmenistan mostly depends on the Presidents of these two countries. He told if they request a resolution experts and officials on the issue will find a solution, because it is technically possible. However, he adds without a strong purchasing guarantee of the consumers and political commitment as it was in the case of the BTC pipeline construction of the Trans-Caspian Gas Pipeline will be difficult.

Thus, the leaders of Azerbaijan and Turkmenistan have remained a key of a viable solution. However, various factors which are beyond their control affect their decision making. Those barriers are not only domestic constituents but also international pressures. As Anceschi (2010) said “Berdimuhamedov’s foreign policy has been implemented in rather new international surroundings, in which Western partners have ceased to systematically employ conditionality while dealing with the Turkmenistani regime” (p. 97). Thus, international pressures are diminishing because of the changing international energy trends. However, leaders almost always face domestic pressures and bargaining in the international negotiations.

Figure 6 will illustrate the win-sets sizes situation at the Azeri-Turkmen negotiation process. As assumed above, Turkmenistan’s official objective (Maximum objective) is to get all of those three fields (TM1), but this is unrealistic. However, unexpressed objective (smaller win) could be getting Serdar field and if possible 50%
share from Azeri field (TM3). Azerbaijan’s maximum objective is all of those fields (AZ1) which is unrealistic. However, its official claim is Azeri and Chirag fields plus 50% share from Kyapaz field (AZ2). Its minimum objective might be to get Chirag and Azeri fields (AZ4). There is no overlap and therefore, the negotiation process stopped. In order to initiate the negotiation process Turkmenistan needs to move from TM1 to TM2 and Azerbaijan needs to shift from AZ2 to AZ3. Otherwise, even their minimum objectives are also not overlapping.

**Figure 6. Possible win-set sizes of an Azeri-Turkmen negotiation.**

Accordingly, win-set sizes are important for a viable negotiation between these two countries. First, if they continue to claim again the same assertions which are maximum gaining they will never begin to a negotiation. And their many vital projects such as the TCGP will be precluded again. Second, if they begin to give compromise or side payments they will initiate the negotiation process. For example, Turkmenistan could say that “I will give you 20% concession and invest other 30% in Azerbaijan, etc. If they want there are many ways of negotiating which we will discuss details later. In short, win-set sizes are important for the initiation of new negotiation process.

5. **WHO SUPPORTS WHOM?**

As we mentioned above, it is really hard to predict who supports whom in the complex system of post-Cold War era. As Davutoglu (2010) said global contest has been replaced with the regional rivalries, conflicts and challenges. And in this context, as
Cutler (2001) said littoral basins have become very significant which could be seen in the phenomena of the Black and Caspian Sea regions. He says two principal reasons could be shown in the development of this occurrence. “First, in a complex system, which really is a network, communication becomes more important than realpolitik control. Second, the international political agenda now requires multilateral cooperation to solve these problems, because they are not zero-sum” (p. 21). This chapter will analyze the domestic and international barriers in front of a viable solution for the Azeri-Turkmen conflict and the Trans-Caspian Gas Pipeline.

As the Trans-Caspian Gas Pipeline is not only a matter of Azerbaijan and Turkmenistan, the case of Azeri-Turkmen conflict is also so much interest of others. If it was just an issue between Turkmenistan and Azerbaijan a viable solution would not be very difficult. However, as international balance of power parameters preclude such a vital TCGP project, internal bargaining factors also make the problem difficult. Thereby, analysis of the bureaucratic politics, interest groups and political institutions is essential to understand domestic barriers while analysis of international factors and strategies of negotiators are necessary to capture the whole picture. Fortunately, there is a consistent indicator which is national interests of countries. Geopolitics of the region is therefore affected by the matching and conflict of national interests of major powers with Turkmenistan and Azerbaijan. Moreover, resource rivalries among major powers force them to come together around their common interests or common enemies.

5.1. **Domestic Barriers of Bilateral and Multilateral Negotiations**

Win-set sizes are significant in the two-level games to settle international negotiations. There are several domestic factors which affect the overall situation in the
negotiation process. As Putnam (1988) said “at the national level, domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians seek power by constructing coalitions among those groups” (p. 434). The conflict between Azerbaijan and Turkmenistan over the disputed oil fields has not been solved yet primarily because of the larger win-set size claims of parties. On the other hand, this situation has primarily precluded the TCGP project. From this point of view, it is important to look through domestic barriers of the problem.

Analysis of the domestic politics of Turkmenistan and Azerbaijan are very difficult due to lack of transparency. Institutional procedures of ratification process in these two countries are also uncertain. That uncertainty makes it difficult to analyze their domestic politics as it opens broader avenue for elites to corruption. Analysis of each of these countries’ domestic politics is complex and therefore, I focused on more about the domestic politics of Turkmenistan by putting off Azerbaijan’s domestic politics as a future work.

5.1.1. Bureaucracy and Interest Groups in Turkmenistan and Azerbaijan

As we discussed earlier, the vertical and horizontal distribution of power, preferences of elites and possible coalitions among Level II constituents determines the relative size of win-sets in the international negotiations. As the win-set sizes determine outcomes of the international negotiations, they also illustrate results of internal bargaining games of the bureaucracy and interest groups with the President. For example, at the first attempt of the TCGP in 2000 a struggle between bureaucracy in the Ministry of Oil and Gas and in the Ministry of Foreign Affairs of Turkmenistan affected
President Niyazov’s foreign policy decision-making. Objectives of the Ministry of Oil and Gas were at that time to acquire all of three disputed fields in the Caspian Sea and to guarantee Russian threat\(^*\). These objectives forced the President to ask upfront payment from European consumers for the construction of the TCGP and 25 billion cubic meters volume share from the pipeline.

On the other hand, objectives of the Ministry of Foreign Affairs were to construct the TCGP which would strengthen the foreign policy of Turkmenistan by solving the conflict with Azerbaijan over the disputed offshore oil and gas fields, and to guarantee Russian threat. First, objective necessitated for the President Niyazov to give some compromises. However, conflict of interests with the President and the Foreign Minister caused to lose the game for the Ministry of Foreign Affairs. Thus, dilemma of the Ministry of Foreign Affairs forced Turkmenbashy to support the bureaucracy in the energy sector.

As a consequence, Turkmenbashy’s two-sided situation among domestic constituents, and dilemma among international actors illustrate why he acted like that at the international negotiation on the TCGP. On the other hand, his personal role in this process was significant. Significance of leaders is greater in authoritarian countries because of the vertical distribution of power. The Presidents of Azerbaijan and Turkmenistan mainly keep the energy sector’s control in their hands in country even though energy sector and politics seem different from each other. Nevertheless, analysis

\(^*\) Russia’s role in the foreign policy decision-making of Turkmenistan was influential because of the Turkmenistan’s large export of natural gas to Russia and through Russian territory. As ECSSR (2000) wrote Russia cut the natural gas import from Turkmenistan in 1996 and this caused a temporary shortage in the country. Turkmenistan could not handle if Russia cut the flow of natural gas in 2000 as a result of the TCGP construction in the Caspian Sea. However, Turkmenistan achieved China option in December, 2009 and handled the Russian gas cut in April 2009. For the second attempt this threat is lower.
of bureaucratic politics of these countries shows how elites, bureaucracy and interest groups create barriers in front of the foreign policy decision-making of the Presidents.

First of all, energy and politics are not separable from each other. Energy lies at the core of all issues of the governments. Shaffer’s (2009) one of the main arguments in her recent book, “Energy Politics” is that energy trends in the twenty-first century could not be understood in a separable manner of energy and politics. When we consider the large share of oil and gas revenues in Azerbaijan and Turkmenistan’s budget their energy sector gets more significance. Thereby, as energy issues increase to the level of Presidents, energy sector has also turned to a determinant of country’s fate. Therefore, politicization of oil and gas sector precludes Trans-Caspian Gas Pipeline project as well as a viable resolution of the Azeri-Turkmen conflict.

Moreover, politicization of oil and gas projects at international level reminds us transnational networks of power between elites of other countries and Azerbaijan and Turkmenistan. Thereby, as Denison (2009) noted power relations among elites of countries are as influential as normal doctrines and declarations on the determination of foreign policy in Central Asia. For example, an early Turkmenistan-Iran-Turkey gas pipeline project has been opposed by the US Senate due to lack of such a powerful network of Turkmen elites at that time to lobby the project beyond the US-Iran conflict. Trans-Afghanistan gas pipeline project has also been precluded several times because of almost similar reasons. We can conclude same results that the Trans-Caspian Gas Pipeline project has also been precluded due to lack of strong relations between Western and Turkmen elites. On the contrary, this might be reverse; Russia maybe creates strong
barriers in front of the TCGP by using their pro-Russian elite networks in Turkmenistan and Azerbaijan.

The literature about the elites, bureaucracy in Central Asia and Caucasus has been limited. As Horak (2010) argued academic circles have recently begun to pay more attention to research into political elites in Central Asia. Although, as he adds there are broader research about elites in Kyrgyzstan, Tajikistan and Kazakhstan, researches into elites in Turkmenistan are very limited except some people’s inadequate work. Therefore, I analyzed specifically influence of elites, bureaucracy and interest groups in Turkmenistan on Turkmen foreign policy decision making. Nevertheless, I briefly addressed general picture of the domestic politics of Azerbaijan too. Brief overview of relation between State Oil Company of Azerbaijan Republic (SOCAR) and President will be given in order to understand the related issues of this topic.

Oil industry of Azerbaijan is mainly ruled by the State Oil Company of Azerbaijan Republic. As it is written on the website of the company it works directly “under the order of the president of Azerbaijan republic”. This company is one of the largest oil companies of the world with around $20 billion revenue. It is important to know who controls this amount of money. Hoffman (2001) says “the mechanisms for controlling Azerbaijan’s oil sector are tightly clustered around the president” (p. 63). Indeed, close ties between leaders of SOCAR and Azerbaijan’s President illustrate domestic politics of the country.

There are 13 boards of members of SOCAR. Hoffman (2001) argues “in principle, SOCAR is governed by a board of directors that consists of 13 individual and nine corporate permanent members; in reality, however, three principal actors direct most
of SOCAR’s affairs” (p. 60). Those individuals were Natik Aliyev (no relation to Azerbaijan’s President Heydar Aliyev) who was SOCAR’s President, Ilham Aliyev, SOCAR’s Vice President (Heydar Aliyev’s son), and Valekh Aleskerov who was responsible from SOCAR’s negotiations with foreign oil companies.

As political support provides wider prospect for SOCAR to act, this also opens a way for corruption in the country. Hoffman (2001) notes “the overriding political favoritism undergirding SOCAR’s position also minimizes bureaucratic interference at the higher levels of the government, thus helping oil projects sidestep many potential administrative pitfalls and delays” (p. 63). Indeed, politicization of the oil industry through a strong oil company causes to govern oil projects according to political and personal advantages rather than economic development of the country. Lack of the bureaucratic interference to the energy industry of the country innately directs attentions to the ruling elites.

On the other hand, as formal ties such as the relations between SOCAR’s leadership and President are important to understand how bureaucratic system of the country works, it is also significant to look through informal ties of elites with President too. Hoffman (2001) argues “the highest levels of the Azerbaijani political system are dominated by a series of tight networks, centered on President Aliyev, which serve to reinforce economic and political interests of the ruling elite” (p. 62).

Moreover, he adds the most of these elites are from regional tribe, Azeris from Armenia (Yeraz) and Nakhichevan which is President Heydar Aliyev’s own province. According to him, another influential group is bureaucrats and new businessmen who had close relations with President during the Soviet era. Rasizade (2003) argues “Azerbaijan
is not merely an autocratic state, it is a de facto oligarchy (or, strictly speaking, plutocracy) of the rich protected by an authoritarian regime. When we consider Presidential shift from father to son in Azerbaijan that gives some idea about continuity of the same system.

In Azerbaijan implementation of oil contracts could be different than what was agreed. Rasizade (2002) mentions “in Azerbaijan, 60 per cent of companies surveyed reported frequent extortion and blackmailing, and complained of incessant delays and illicit charges requested to move business matters along” (p. 50). As we discussed above, SOCAR-President relations creates institutional uncertainty. Hoffman (2001) notes “SOCAR now regularly demands a 50 percent stake in each new project” (p. 64). However, this was before below the 20% for each project.

One of the examples of how institutional uncertainty affects oil contracts’ implementation is construction of the Baku-Supsa oil pipeline. This situation proved how SOCAR uses uncertainty against other companies in its contracts. Hoffman (2001) discusses “perhaps the most visible expression of contractual ambiguity came in 1998, when it was discovered that the second pipeline for AIOC ‘early oil’ would cost $591 million, and not $315 million as originally estimated and budgeted” (p. 64). He argues SOCAR thus forced AIOC to pay the $276 million difference.

National Assembly of Azerbaijan has 125 members, but Parliament has never rejected oil contracts that came from SOCAR (Hoffman, 2001). In short, there are no institutional barriers that limit President’s or SOCAR’s affairs. Hoffman (2001) says “although SOCAR contracts must be ratified by the Parliament, this is a mere formality, not only due to the tight ties between SOCAR and President Aliyev, but also to the
feebleness of Parliament itself” (p. 63). Unmanageable actions of the circle of central players in Azerbaijan therefore, prove institutional weaknesses which create barriers at the international negotiations.

Literature about domestic politics of Turkmenistan is scarce in academic circles. Nevertheless, there are some recent publications about that such as Slavomir Horak and Jan Sir’s, and Luca Anceschi’s books and articles as well as Sebastien Peyrouse’s articles. Horak & Sir (2009) argue “even the academic world did not pay systematic attention to Turkmenistan’s domestic situation and thus failed to provide deeper insights into the very essence of the Turkmenbashy regime” (p. 10).

On the other hand, those literatures simply analyze domestic politics and foreign policy of Turkmenistan together. Anceschi (2010) argues “Comparative emphasis on the domestic determinants of foreign policy – and particularly those connected with the political survival of the national regimes – sheds useful light on two key dynamics” (p. 143). According to him, first, foreign policy is mainly determined according to Turkmenistan’s relations with Great Powers such as Russia, China, the EU and the US. Second one is “the triangular relationship between nation building, foreign policy and regime consolidation” (p. 144). Although, there is lack of specific literature on Turkmen domestic politics, available literatures illustrate this study’s argument.

There is an interesting analogous between Niyazov and Berdimuhamedov’s early years in Presidency. Both of them needed to negotiate with Turkmen elites during their consolidation of power process. Niyazov tried to follow an independent foreign policy apart from Moscow’s influence until 1995 which is appropriate for interests of Turkmen elites. However, he could not consolidate his power in a unanimous way with them and
therefore, he derived his power from Russian groups in Turkmenistan and Russia against local groups. Horak & Sir (2009) argue “his appointment by Gorbachev” did not significantly alienate the elites in Ashgabat. In post-1991 Turkmenistan, two main factors—the fact that Turkmenbashy operated outside the main influential groups, and his eccentric personality—facilitated establishment of an extremely centralized regime” (p. 13). Thus, elites and bureaucrats during Niyazov’s era were not very influential on foreign policy decision making except his close advisors.

Indeed, Turkmen elites and bureaucrats could prevent centralization of his regime during the early years. However, maximization of their own interests by taking advantage in the uncertainty years of Niyazov’s regime caused to lose completely their influence on President’s decisions. Former Foreign Minister, Boris Shikhmuradov (2001) notes “many of us, including myself, do not deny responsibility for being involved at a certain period of time in the vicious practice of governing the country, and willingly or unwillingly promoting the personality cult of Niyazov”. Afterward, Niyazov applied a brutal regime survival policy which means regime maintenance was at the core of all issues. In other words, Turkmenbashy built his patronage system which works through the revenue from oil and gas exports.

Although, Niyazov achieved to build its absolute control on Turkmenistan’s domestic politics he faced an intrinsic dilemma in his foreign policy. As Anceschi (2010) noted main targets of the foreign policy were to expand export options for natural gas and to attract foreign direct investments to develop energy industry of the country. However,

*Mikhail Gorbachev was the General Secretary of the Communist Party of the Soviet Union from 1985 until 1991.*
implementation of these objectives could be achieved through an enhanced cooperation with others such as the Western, Eastern and Southern consumers. Turkmenistan’s close cooperation with the West among those consumers would harm relations with Russia, Turkmenistan’s key international partner. Anceschi (2010) argues “Niyazov’s response to this foreign policy dilemma, as many observers have remarked, was straightforward: the political survival of his regime was to be given priority over any other policy consideration” (p. 94). This policy precluded many economically feasible projects. Anceschi (2010) argues:

A calculated opening to the Western world and the establishment of a client-patron relationship with Russia thus became typical features of Turkmenistani foreign policy under Niyazov. The implementation of such policy precluded the achievement of key objectives, including the geographical expansions of gas export routes and the technological advancement of the Turkmenistani energy industry.

Regime survival policy of Turkmenbashy brutally removed possible rivals and successors from their positions. Anceschi (2010) says “in relation to the strategies adopted to recruit the Turkmen foreign ministers, only unconditional loyalty towards the regime has generally been rewarded with long-term tenure” (p. 145). He argues two Foreign Ministers, A.O. Kuliev and B.O. Shikhmuradov were removed from their positions because of this reason. According to the People’s Daily (2001) reports, another Foreign Minister, Batyr Berdiyev was also removed from his position because of drunkenness. However, when we consider failed the TCGP negotiations in 2000, removal dates of Foreign Ministers, Shikhmuradov and Berdiyev give a clue that they had some conflict of view with President on the Caspian Sea affairs.
On the other hand, Shikhmuradov was appointed as a Special Envoy dealing with the Caspian Sea issues in June 2000. He served at this position until March 2001 when he was sent to People’s Republic of China as an Ambassador. Starr (2010) says Shikhmuradov and Niyazov and some other persons around them were very close colleagues and had long term plans to break Russian monopoly in gas sector. He adds many people argued President was undermining Shikhmuradov by sending him to China. However, Niyazov sent him to China to explore Chinese gas export option.

This argument logically fits the realities in the energy diversification policy of Turkmenbashy. As Anceschi (2010) argued Niyazov’s main foreign policy which could be seen throughout his Presidency was disengagement from Moscow albeit he often approached Russia because of strategic reasons. As we will discuss later Niyazov had tried other options such as trans-Afghanistan and trans-Iran-Turkey pipelines. However, when sequential failures also followed in the trans-Caspian option, Turkmenistan had innately no other alternatives rather than China. Therefore, Niyazov might send Shikhmuradov, one of his best diplomats to China.

Berdimuhamedov’s ascendance to power has created a hope both inside and outside the country toward the liberalization of Turkmenistan. His new domestic and international agenda and his promise at his presidential election campaign became a strong signal for that. However, Sabol (2010) argues “after three years in office, changes are notable but at a glacial pace” (p. 6). Promises which were given during his Presidential election have not been kept precisely because of several reasons.

As we made an analogous above, Berdimuhamedov has also faced a consolidation process of power since 2007. His domestic and international environment was different
than the former President. As Horak & Sir (2009) argued he would not be absolute power above Turkmen elites as former President became. Berdimuhamedov has faced to manage oligarchic elite structure at domestic level and multipartite international actors at international level.

First, he has derived his power from domestic sources that forced him to negotiate with his Level II constituents or to purge potential rivals. Horak & Sir (2009) note “while Niyazov was installed and afterwards also backed by Moscow, especially at the beginning of his rule, Berdimuhamedov draws support primarily from domestic sources” (p. 16). As they argue relatives and natives of President would play more role in governmental affairs than during his predecessor. However, he needed to mitigate both formal and informal Turkmen oligarchs and elites or eliminate them.

Formal elites were his colleagues who worked with him under the former President and many of them were influential on Berdimuhamedov. Horak & Sir (2009) called them as “men of December 21” (p. 27) which refers members of the State Security Council who elected him an interim President on December 21, 2006. He purged many of them in a very short time while worked closely with some of them.

**Informal Structures**

On the other hand, there are informal elites’ structures in Turkmenistan that derive power from regional and tribal constituents. They have not maybe very strong positions in government, but they have strong influence in the circle of central players. For example, Horak & Sir (2009) mention “minister of agriculture, Payzgeldi Meredow, was dismissed and subsequently jailed in the summer of 2007” (p. 26). They noted that
“Meredow was believed to be one of the most influential Turkmen “oligarchs” and an informal leader of the Mary Tekke in Ashgabat” (p. 26).

In the meantime, energy sector was mainly controlled by elites from the western province of Turkmenistan. Horak (2010) tells “Energy, as a key sector in the Turkmen economy used to be in the hands of the elites from the Balkan velayat even under Turkmenbashy, i.e., under the control of the Yomud tribe” (p. 40). However, he argues this sector has also begun to be controlled by the Ahalteke tribe. For example, Minister of Oil and Gas, Vice-Premier for Energy was replaced. But according to Horak (2010), “the Balkan Yomuds continued to maintain their influence over particular companies (Turkmennebit, Turkmengaz and, until October 2009, the Ministry of Oil and Gas, as well). Centralization of energy sector under the Berdimuhamedov era shows how bureaucracy in this sector was influential during the former President.

The purges of elites in the energy sector happened mainly because of the 2009 crisis of Turkmenistan with Russia and Ashgabat completely took the control of this sector in its hands. For example, Horak (2010) notes “at the symbolic level, the change in control over the energy sector was confirmed by moving the headquarters of Turkmennebit (Turkmenneft’), the national oil company, from Balkanabat (the former Nebit Dag) in western Turkmenistan to Ashgabat in January 2009” (p. 41). These kinds of internal struggles affect foreign decision making of President Berdimuhamedov.

Second, formulation and implementation of the foreign policy have been affected by two factors. They are as Anceschi (2008) argues expansion of international support for his regime and establishment of economic bilateral partnerships in energy sector by balancing multipartite partners. He notes “the Berdimuhamedov regime had therefore to
manage two competing influences: matters of domestic political consideration on the one hand, and the often-clashing interests of the Great Powers on the other” (p. 43). This dilemma proves how difficult to make a decision for President on the disputed offshore oil and gas fields and the TCGP by mediating all those Level II and I constituents.

There are three factors that affect the foreign policy decision making in Turkmenistan now. They are as Anceschi (2010) defined “external conditionality, internal perceptions of external pressures for political liberalization and the regime’s energy security priorities” (p. 93). He argues “President Berdimuhamedov has failed to liberalize the Turkmenistani domestic political landscape in any significant way” (p. 96). As this factor shows conservatives and liberals in Turkmenistan this cleavage proves also groups of isolationists and internationalists in the country. It seems conservative bureaucrats in Turkmenistan are more than liberals. Otherwise, liberalization of the country would be easily achieved. As a consequence, isolationists in the country probably choose no-agreement version which is smaller win-set sizes in Turkmenistan’s international negotiations instead of losing more.

Accordingly, relative size of hawks (conservatives) and doves (liberals) in Turkmenistan determines the win-set sizes and their willingness to take risk in a vital issue like the territorial dispute with Azerbaijan and the TCGP will initiate bilateral and multilateral negotiation process on those issues. Moreover, lack of a strong tendency between Turkmen and Western elites also might be another factor. Denison (2009) suggests “research on how these transnational networks of power operate really would unlock the keys to understanding regime survival strategies and techniques of authority reproduction in Central Asia (p. 431). This is a future research topic that needs to be
explored to show how domestic politics of other countries affect the domestic politics of Turkmenistan and its international negotiation.

5.1.2. Ratification: Political Institutions at the Level II of Each Country

It is difficult to portray an exact picture of the conflict between Azerbaijan and Turkmenistan because of the lack of transparency and their changing policies toward each other. As Sir (2010) noted there are some institutional changes in the statistic departments of Turkmenistan in order to reach international standards. According to Revenue Watch reports, Azerbaijan also has some positive initiatives such as Extractive Industry Transparency Initiative (EITI). However, these countries most of the time exaggerate the reality or cover their failures in order to preserve a better image in international arena.

Corruption level of Azerbaijan and Turkmenistan is really worse. For example, Rasizade (2003) tells his friend’s advice that “never ask a ‘new Azeri’ where he made his first million” (p. 354). He says “Ten years of chaos allowed many opportunists to get rich quick. Some did so honestly; but most cheated and swindled fellow citizens, bribed and purloined from the state or small investors. That era is coming to an end” (p. 354). According to Transparency International’s 1999 index, Azerbaijan was the third most corrupt country in the world with 1.7 Corruption Perceptions Index (CPI) score in the range of 10 that 10 shows not corrupted. Transparency International’s 2009 index shows

* “The Revenue Watch Institute is a non-profit policy institute and grant-making organization that promotes the responsible management of oil, gas and mineral resources for the public good” (http://www.revenuwatch.org/about-rwi).
Azerbaijan CPI score was 2.3 while Turkmenistan’s CPI score was 1.8 in 2009. As a consequence, there are some developments in this area.

On the other side, other countries which have close relations with them may frequently determine their policies toward Turkmenistan and Azerbaijan according to the image which is reflected in the mirror. As Putnam (1988) quoted “governments generally do not do well in analyzing each other’s internal politics in crises, and indeed it is inherently difficult” (p. 452). It is also hard as he added even in the normal times. Thus, domestic politics of these two countries could be often reflected different than the reality in the mirrors of others.

First of all, it is useful to give a conceptual definition to the term ‘game of mirrors’. This term is not commonly used in the analysis of international politics. Nevertheless, there is a well-known work by Francisco Letamendia about the term that focused mainly on the center-periphery conflict. Letamendia (2000) discusses reactions of periphery that is other ethnic groups around the central ethnic group which is described as the nation-state in this work. In return, he draws attention to the responses of the center to these reactions. As Letamendia (2000) noted “it is to the explanation of the very complex interactions which take place, in the era of the nation state, between center and the periphery, by way of a game of mirrors” (p. 3). Thus, his game of mirrors term defines essentially tangible reactions of periphery and responses of the nation-state. However, it is different in the case of Turkmenistan and Azerbaijan.

On the other hand, intangible factors are also involved in the Caspian Sea conflict between these two countries with the power of diplomacy. You can perceive the things in the mirrors as real, but could not touch them. When you attempt to touch those things,
the picture disappears as an empty promises or fear. As Radon (2010) said, Turkmenistan could maintain the same price level of natural gas with China even if by keeping the TCGP on the agenda and playing the game of mirrors. Thus, countries could play in some cases with others like they have such and such things by showing the absence as a presence.

In Turkmenistan, vital decisions were being made at the People’s Council which consists of 2500 members. As Horak & Sir (2009) said constitutional changes of December 26, 2006 gave the authority of this council to the State Security Council which consists of several people who are in the circle of central players. This is a matter for the resolution of Azeri-Turkmen conflict, because such an oligarchic structure needs to make decision on such a vital issue.

On the other hand, oil and gas sector of Turkmenistan is mainly controlled by President. As we discussed earlier, control of this sector shifted from western Turkmenistan to the center. Horak (2010) argues:

This is testimony to the fact that energy policy is being decided by people in positions outside the appropriate bureaucracies, whose role is technical rather than political. In reality, the energy sector in Turkmenistan is under the overall dominance of the Ahalteke and, particularly, of Berdimuhamedov and his family (p. 41).

According to the 1992 constitution of Turkmenistan, there are 50 deputies of Turkmen Parliament. Although, there are some institutional developments in Parliament’s functions, it is difficult to say that Parliament has a balanced power with the executive body of the government. Hoffman (2001) tells about Azerbaijani Parliament that “Parliament, irrespective of the constitution, exercises virtually no oversight powers, and there is a distinct lack of horizontal distribution of state power within the
government, resulting in a heavily deformed regulatory and legal regime” (p. 63). Same kind of structure is also matter for Turkmen Parliament. For example, Zaman newspaper in Turkmenistan (2010) reports “Türkmenistanyň Prezidenti Gurbanguly Berdimuhamedow wise-premýer T.Japarowa we Mejlisíň Başlygy A.Nurberdiýewa de-gişli kanunçylyk namalaryny işläp taýýarlamagy tabşyrdy”*. The term “tabşyrdy” means in here is “ordered” in English.

In short, President ordered to do something to the head of Parliament. This might be a mistake of reporters, but these kinds of mistakes are used in state television and newspapers, and this situation represents a reality. Accordingly, ratification procedures of international contracts mainly depend on President’s order rather than institutional regulations. President’s superiority in domestic politics creates an opportunity to get more win from international negotiations. However, his position could be sometimes weaker at the international table. This also demonstrates vulnerable state institutions are big obstacles for foreign investments in Turkmenistan.

5.2. International Barriers: Matching National Interests and Resource Rivalries

It is easy to understand that if countries act together around their common interest, but sometimes “enemy’s enemy is friend” principle works in the case of the Caspian Sea region. Thereby, it is hard to predict the future cooperation of the countries in the region in the complex system of the world. Although, the Azeri-Turkmen conflict seems an issue between the Turkmen and Azeri governments it has really been affected by both

* Translation: “President of Turkmenistan Gurbanguly Berdimuhamedov ordered to prepare relevant laws to Vice Premier T. Japarova and Head of the Parliament A. Nurberdiyeva”.
domestic and international factors. International barriers are mainly tied with the TCGP project, namely the Azeri and Turkmen conflict is usually used as a trump card in hands of international actors in order to create a blockage for the pipeline project or to make bargaining with Azeri and Turkmen governments. Davutoglu (2003), foreign minister of Turkey illustrates this big picture:

Vertical and horizontal relation and alliance structures among global actors which have power to develop global scaled strategies such as the USA, Germany, France, England, Russia, China, and Japan, regional powers like Turkey, India, Pakistan, Iran even Ukraine and South Korea, and intra-regional powers kind of Uzbekistan, Kazakhstan, Turkenistan Azerbaijan, Kyrgyzstan and Tajikistan has opened for these balance of power parameters to take very complex and sensitive characteristics. (p. 468)

Furthermore, Davutoglu (2003) argues that responses of those actors to the regional transformation in Central Asia could be discussed around three main analyses: a) Central Asia among the global balance of powers and strategic view of global powers, b) strategic view of regional powers, and c) efforts of intra-regional powers to determine strategic position across those balances. This section will analyze tripartite rivalries of Iran, Turkey, and Russia at the regional level and then the US, EU, Russia and China quadripartite competition at the global level considering their national interests.

First of all, tripartite rivalries among Iran, Turkey and Russia have the best analogous in the 18th century contest of Russian, Persian and Ottoman empires over the Caspian Sea and region. Thereby, historical context of the situation is very significant to understand today’s challenges. Although, it reminds us the 19th century’s great game over the region, examples in the 18th century are the best explanation of regional level contest when other factors are constant. As Davutoglu (2003) said the Central Asian countries had four alternatives to access the world market after the Cold War. They are
1) northern way through Russia to Europe and Atlantic, 2) eastern direction via China to Pacific, 3) southern gate through Afghanistan, Pakistan and India to Indian Ocean and 4) western road from the south of the Caspian Sea via Iran and Turkey to the Mediterranean. Thus, from the perspectives of those ways there is a serious contest among Iran, Turkey and Russia over the Central Asian energy resources.

Furthermore, there is also another crossroad from Caucasus to Black Sea through the Caspian Sea. As Davutoglu (2003) adds this crossroad creates a competition area with Russia and the connection of Central Asia to Persian Gulf through Iran is a competition area of Turkey with Iran. However, he says Turkey has experienced serious imbalances with Iran and Russia because of entering the region with an image as a representative of western powers. According to him, that led a rapprochement of Russia and Iran even though their interests were totally different. In fact, without that image, there is innately a competition among these three countries over the region as it was in history. The Trans-Caspian Gas Pipeline is therefore supported by Turkey, but it is opposed by Russia and Iran. Accordingly, how energy demand of the US and the EU from the region through Caucasus makes Turkey stronger in this contest against Russia and Iran. Energy supply from Central Asia will definitely make Caucasus stronger too.

**Iran:** as we mentioned before, Iran sees itself as a natural geo-political player which provides a bridge between Central Asian countries and outside world. As Freij (1996) said there are three objectives of Iran in its Central Asian policy. First, stability of the Caspian region is very important for Iran that is arisen from a defensive motivation of the country. Any ethnic conflict in the central Asia and Caucasus might threaten its
integrity, because there are Azeri and Turkmen ethnic groups in Iran. Therefore, Iran is very sensitive to the territorial conflicts between Azerbaijan and Armenia.

Second one is economic objective which has three dimensions. Iran has planned as we discussed above, to connect Central Asia and Caucasus to Persian Gulf with roads, railroads and energy routes. Iran has succeeded to connect Turkmenistan to Persian Gulf through its territory with roads and railroads. However, as Kandiyoti (2008) said “during his trip to Washington in May 1998, Niyazov unsuccessfully battled to have the Turkmenistan-Iran-Turkey pipeline excluded from the ILSA (Iran-Libya-Sanctions Act)” (p. 193). As a result, international funding of the project was impossible with the ongoing US opposition to Iranian route. Third objective of Iran is messianic that Iran perceives itself as a guardian of Islamic heritage. This also affects the relations of Iran with Central Asian countries which have major Sunni populations.

The Turkmenistan-Iran-Turkey gas pipeline would be a better solution for the access of Central Asian resources to the world market if it was achieved. This pipeline would be also environmentally better than the TCGP as well as its better economic feasibility. However, the international contest among major powers, especially the US opposition precluded this option. Therefore, Iran opposes the TCGP option of the Central Asia.

Russia has traditional interests in the Caspian Sea region and its new approach is reintegration with the former Soviet sphere. As Cutler (2001) said Vladimir Putin’s policy was a moderate reintegration with the “Near Abroad” (p. 29). As we mentioned above, Russia’s multipolar world perception which great powers balance their interests and satellites and dependencies orbit around them is important to understand Russia’s
national interest in the Caspian Sea region. Therefore, Russia still maintains its influence over the Caspian issues and by becoming powerful in the regional affairs Russia tries to balance its position in the international arena.

Russia remained as an influential power in Central Asia and Caucasus, even though there was flexibility in its policy toward Central Asia. Davutoglu (2010) calls the time period from 1989 to 2001 as “the era of long-cease fires” which means either war or peace. He adds therefore, a lot of regional problems were frozen after the Cold War which could be said as frozen conflicts. As Ipek (2009) said Russia perceived itself as a regional power that was against of any change in the status quo of the region or any unilateral attempts to handle the “frozen conflicts” (p. 228). However, Peimani (2001) says:

“From political and strategic viewpoints, a Caspian Sea region with fully developed energy industries could assist certain states to achieve their strategic objectives. In particular, the region could contribute to at least two interrelated phenomena: it could help consolidate the independence of Azerbaijan, Kazakhstan, and Turkmenistan and, therefore, enable them to function as a barrier to Russia’s southward expansion. This would also delay the reemergence of Russia as a fully fledged global power” (p. 26).

**Turkey** has three objectives in its Caucasus and Central Asia policy. As Davutoglu (2003) said they are 1) to connect the Caspian Sea with the Black Sea through North-Caucasus countries by promoting gradually their position inside Russian Federation, 2) to reinforce the relations with Iran through dynamic and rational economic cooperation and thus, to balance the Russian influence over the Central Asia and Caucasus, and 3) to promote any cooperation among Central Asian countries. According to him if this cooperation is ignored because of some small conflicts, results will push away again Turkey from the Caspian Sea Basin as a replacement of the Soviet Empire
with Russian Empire. Thereby, as we discussed Turkey might be pushed away from the Caspian Sea as it was in the tripartite rivalries in the 18th century. Although, Russia won the Caspian battle with the Blue Stream pipeline, the TCGP is still very significant from this perspective for Turkey.

Quadripartite rivalries among the US, EU, Russia and China seem as an enhanced version of the 19th century’s great game. However, this time, local peculiarities are changing the overall situation. For example, the US and EU backed BTC and TCGP had been primarily failed at the first attempt because of the conflict between Azerbaijan and Turkmenistan. Russia has also achieved to keep the legal status and environmental problems of the Caspian Sea as an agenda for the construction of the TCGP. It is also hard to say only local conflicts caused the failure of these two pipeline projects, because China accomplished even harder pipeline project than those two of them. Although, BTC was completed in 2006, TCGP has still discussed by the participants of the project. This complexity therefore, could be explained through two-level games.

The United States has five objectives in the Caspian Sea region. Peimani (2001) lists:

1) “Strengthening the sovereign independence of Azerbaijan and its fellow newly independent states bordering the Caspian Sea and reducing Russian influence over a traditional sphere of influence
2) Promoting a westward orientation of Azerbaijan and its fellow newly independent states bordering the Caspian Sea and reducing Russian influence over a traditional sphere of influence
3) Diversifying the world’s energy supplies, including reducing global overdependence on the oil reserves of the Persian Gulf.
4) Excluding Iran from any access to the economic benefits of regional development
5) Advancing US corporate interests in the region” (p. 11).

Furthermore, the US has great plans over the Central Asian and Caucasus energy
resources which are to control the EU through the Nabucco gas pipeline and to keep
Pakistan and India in its hand through the Trans-Afghanistan gas pipeline as well as
balancing China with India and Pakistan. In other words, to control two export routes of
Central Asian countries. For example, as Kandiyoti (2008) said Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline has been failed because of the Al-Qaeda
attacks on two US Embassies in East Africa in 1998. He adds the pipeline project was
reinitiated by American companies in 2004-5 and that was “encouraged by the US State
Department, anxious to draw Indian and Pakistani attention away from the Iran-Pakistan-
India pipeline project” (p. 197).

In fact, the TAPI gas pipeline is competing with the Myanmar-Bangladesh-India
(MBI) gas pipeline. As Kandiyoti (2008) said MBI gas pipeline has been precluded
because of the reluctance of Bangladeshi government. Thus, participant countries of the
TAPI have recently signed an intergovernmental agreement for the construction of the
pipeline. However, the Iran-Pakistan-India gas pipeline as Starr (2010) said is a Russia’s
plan to harm Turkmenistan in the long-term. Accordingly, Russia plans to create a
blockage through the Iran-Pakistan-India pipeline for Turkmenistan’s TAPI project.

Some member states of the **European Union** have a direct interest for the natural
gas resources of the Caspian Sea region through Nabucco gas pipeline. As Tsereteli
(2008) said “two-thirds of the EU’s total energy requirements will be imported by 2020,
with natural gas imports estimated to rise to 75% of gas imports (p. 22). The Caspian Sea
region is very important therefore for the EU energy security. Gas crises in 2006 of
European countries with Russia necessitate for the EU to seek alternative supply of
natural gas resources.
Turkmenistan is a significant supplier of natural gas for the EU and therefore, construction of the TCGP is a priority for European countries. Horak & Sir (2009) says “Turkmenistan has been perceived as a possible alternative source of natural gas supplies to Europe, thus contributing to the security of energy supply for the EU member states” (p. 66). Thereby, EU interests match with the interests of Turkmenistan in the energy sector. However, as Sir (2009) added “relations between Turkmenistan and democratic countries in Europe or North America have been significantly hampered by human rights issues” (p. 63). Human rights issues are a trump card of European countries which they use this as a bargaining pressure over the relations with Turkmenistan. Nevertheless, there are significant developments in the relations of Turkmenistan with Europe after Berdimuhamedov’s ascendance to power.

On the other hand, Azerbaijan’s oil is crucial for the EU in the diversification of its oil supply. As Tsereteli (2008) said the Union imports currently its oil from Russia, Middle East, Africa and Norway and the Caspian oil will also be an alternative for EU. However, as Cutler (2001) said despite the general interests of EU match with the US interests of diversification of energy supplies, European countries is curious about the flowing of Baku oil to the Mediterranean Sea through the BTC. They want Baku oil for themselves not for the US. Indeed, as Tsereteli (2008) noted interests of the EU, and Central Asian and Caucasus countries match beyond energy sector with a broader economic sense which could potentially provide economic security of the EU. For that reason, construction of the TCGP will serve as a foundation of long term EU-Caspian region relations.
Russia’s position in this global contest is strong as a major oil and gas supplier to both the EU and China. It balances its western and eastern consumers very well. Its geographical presence in the Caspian Sea is also an advantage for the country. However, as we discussed above unified efforts of Central Asian and Caucasus countries around their common economic interests will be a game breaker in this contest. For example, a close cooperation among Turkmenistan, Kazakhstan and Uzbekistan opened a way to the eastern direction with the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline. As Mankoff & Miller (2010) said China and Russia used to have close collaboration in Central Asia against the penetration of the western powers. “Lately, however, a perceptible shift has overtaken the region. In 2010, the biggest threat to China and Russia's Central Asian interests may now be each other” (Mankoff & Miller, 2010).

Central Asian countries see cooperation with the US and EU as a balance against China and Russia. This is a right time as Mankoff & Miller (2010) discussed for the US to act in Central Asia by supporting their energy diversification policies. The TCGP project probably lies at the heart of this cooperation between Central Asia and the US and EU. As we see matching national interests bring the major powers together with the Central Asian and Caucasus countries, while “clash of competing interests” (Horak & Sir, 2009, p. 66) makes those outside powers rival in the energy politics of the region.

China has reached to the energy resources of the Caspian Sea region through Turkmenistan-China natural gas and Kazakhstan-China oil pipelines. As Sir (2010) mentioned China acquired privileges to explore natural gas at the onshore of Turkmenistan which Russia could not take since the 1990s. China’s national interest in the Caspian Sea region could be counted as 1) to access the region’s energy resources, 2)
stability of the region because of its integrity issues in Xinjiang province, and 3) active economic engagement in the investment of every possible project in the region.

Complex system of the Post Cold War era is very different than ever before. Cutler (2001) says “complex-system analysis draws special attention to undersea pipeline projects, because they unify elements of adjacent sub-regions in new ways that can alter the inherited balance of power Geopolitics” (p. 21). These areas of the interactions between domestic politics and international relations could be analyzed through two-level games. As Putnam (1988) said “at the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments” (p. 434). Therefore, it is really hard for Azerbaijan and Turkmenistan to balance all of those factors together.

5.2.1. *Strategies and Maneuvers of the Level I Negotiators*

The Trans-Caspian Gas Pipeline is a proposed submarine pipeline which will extend from Sakhra station near to Turkmenbashy city in Turkmenistan to Baku in Azerbaijan. It has a significant strategic place in the Caspian centered energy games. The pipeline will connect Tengiz field of Kazakhstan and potentially all Central Asian gas resources while implementation of many US and EU-backed pipeline projects such as Nabucco, Turkey-Greece-Italy (TGI), Trans-Adriatic Pipeline (TAP) as well as White Stream pipeline heavily depends on the construction of it. Ironically, such an important project has been postponed because of the several factors that otherwise would be completed according to early plans in 2003. Recent rapprochement between Turkmenistan and Azerbaijan, and Turkey’s new gas agreement to buy 16 bcm from
Turkmenistan in 2013 as well as increasing gas demand of Europe give a hope for the construction of the TCGP now.

Indeed, the TCGP will initially connect to BTE pipeline which is going from Azerbaijan through Georgia to Turkey. Its annual volume will be 30 bcm of natural gas which 16 bcm of it will go to Turkey while 14 bcm is planned to be sold to Europe (Cutler, 2001). Its length will be 1700 km and cost of this project is 2.5 billion dollars.

As Rasizade (2002) said construction of the TCGP was given to Pipeline Solutions Group (PSG) international, a joint venture of American companies Bechtel and General Electric as well as Royal Dutch Shell in 1999. However, this consortium withdrew from building the pipeline because of the territorial conflict between Azerbaijan and Turkmenistan over the disputed offshore fields.

As we mentioned above, the first attempt to build TCGP was failed because of several factors. Rasizade (2002) says “the lack of adequate export infrastructure is probably the most difficult problem facing investors in the region. Construction of new export pipelines has become a priority. However, most routing options are fraught with technical, financial, legal and political difficulties” (p. 40). It is important to analyze the first failure in order to predict feasibility of the project now. As Ozturk & Hepbasli (2004) said Turkmenistan, Azerbaijan, Georgia and Turkey signed an Intergovernmental Declaration which outlined the principles of the construction of the TCGP at the aforementioned OSCE meeting in 1999. However, a dispute over the allocation of annual volume of the TCGP between Turkmenistan and Azerbaijan killed the project. And then, this reignited the long-lasting territorial dispute over the offshore fields in the
Caspian Sea. Limited gas demand of Turkey and competing pipelines over the Turkish market precluded the TCGP project.

First of all, the discovery of the Shah Deniz gas field in the Azerbaijani sector of the Caspian Sea in 2000 forced Azerbaijan to set a quota on the TCGP which was not initially a matter. Thereby, Azerbaijan wanted 14 bcm annual volume of the pipeline which would go to Europe. As Cutler (2001) said this negotiating position of the country over the volume allocation of the pipeline was based upon its potential export capacity, because BP-Amoco which were operating companies of the field estimated they would reach to the maximum volume in two years. Hence, Azerbaijan wanted to guarantee its future gas export to Europe. On the other hand, Turkmen President Niyazov discussed it would take at least five years to reach maximum capacity and therefore, he refused Azerbaijan’s request which was almost half of the total volume of the pipeline. Azerbaijan could not reach even half of that volume yet which demonstrates Niyazov was right.

In fact, Azerbaijan had a right to set a quota on any pipeline which crosses its territory. As Cutler (2001) noted “Azerbaijan would be able to limit the volume of gas from Turkmenistan to be allowed into the TCGP across its territory, it could have killed the project by making the financial parameters uninteresting to investors” (p. 26). This quota of Azerbaijani government precluded actually the TCGP project. As a result, Turkmen side was also reluctant to take Russian risk for only half volume of the TCGP, because Russia had already promised to buy 30 bcm of natural gas from Turkmenistan next year.
Furthermore, Niyazov accused John Wolf, the US special envoy to the region because of the 50-50 split of the volume of the pipeline. For example, Pope (2000) quotes Niyazov’s word to Wolf that “you are deliberately holding up the project, specifically you. You lay out the political conditions for us and have begun to blackmail us”. Whereas, the envoy claimed they requested 20% compromise from Turkmenistan. Thus, Niyazov gave one month period to Wolf to figure out a new financial and project plan to guarantee that if Turkmenistan agreed to Azerbaijan’s demands it would not lose money (Cutler, 2001).

In the meantime, Niyazov attempted to solve the problem with his counterpart Heydar Aliyev. According to the press report of Turkmen President, he would agree to give one-sixth of the volume of TCGP to Azerbaijan. Aliyev would come to Turkmenistan due to the invitation of his Turkmen counterpart if only everything was agreed on the allocation of the pipeline. However, Niyazov didn’t go to a summit in Baku before the planned meeting in Ashgabat. Cutler (2001) says “such an attempt to pressure the Azerbaijani side, without agreeing the contract terms before Aliyev’s trip to Ashgabat projected later in April, would have put Aliyev in the role of supplicant going to Niyazov” (p. 27). He also quotes that Aliyev saw that a maneuver of Niyazov against the Russia for the ongoing Turkmen-Russian gas agreements. Thus, the project has been primarily precluded because of the disagreement between two countries.

Main natural gas and oil transportation routes in the Caspian Sea and the South Caucasus are shown on figure 7 and 8 below. Accordingly, figure 7 shows the alternative pipelines of Turkmenistan. For example, Turkmenistan-China natural gas pipeline was completed in 2009 and discussions to build the TAPI pipeline is going on nowadays.
Russia wants to renew the old Soviet pipeline system. In the left side of the map, Nabucco and South Stream pipelines are shown which are competing with each. When we consider this competition, it is understandable why Russia oppose the TCGP. On the other hand, figure 8 shows the BTC oil pipeline which was built in 2006 and an ongoing Kazakhstan China oil pipeline which will be completed this year.

**Figure 7. Main natural gas transportation routes in the Caspian and South Caucasus**

On the other hand, the TCGP was competing with two pipelines over the Turkish market. As Rasizade (2002) noted “the two giant gas projects, ‘Blue Stream’ from Russia and the trans-Caspian gas pipeline from Turkmenistan, plus the new line from Azerbaijan, are racing to get to the Turkish market first” (p. 44). Turkey abandoned its precondition on Azerbaijani gas sale which was Turkmen gas delivery through the TCGP.
Thus, Azerbaijan and the Shah Deniz consortium built the BTE gas pipeline with a maximum capacity of 20 bcm annually to Turkey in 2006. Ironically, as we will see in the Figure 7, Russia built the Blue Stream pipeline to Turkey under the Black Sea with 16 bcm annual capacity which was the same volume of Turkmen gas to be delivered to Turkey. Consequently, after losing the game Turkmenistan began to reclaim its right over the disputed oil and gas fields in the Caspian Sea which shocked everyone, whereas this matter had been settled before at the OSCE meeting in 1999.

Finally, oil companies have frustrated primarily because of the conflict of Turkmenistan with Azerbaijan over the offshore fields. The US-backed Baku-Ceyhan Main Export Pipeline system has failed with the preclusion of the TCGP. However, situations are different now than before, because several developments happened in both countries. As we mentioned above both countries have existing pipelines beyond Russia...
now. If Azerbaijan and Turkmenistan could take the opportunity cost of the project, both of them will win from that.

First of all, if we want to make a metaphor, feasibility of the project depends on 70% to Azerbaijan and Turkmenistan, while 30% of it looks to consumers. Therefore, Azerbaijan and Turkmenistan should act now with a precise negotiation on all the disputed issues which prevent the TCGP project. It is impossible to initiate the process without giving any concessions to each other. They used to have some hidden costs at the first attempt such as Russian and Iranian risks. They were unable to predict what could these “transport-holders” (Cutler, 2001, p. 21) do if they built bilaterally the TCGP across the Caspian Sea. At the moment, it is predictable and Azerbaijan and Turkmenistan know how much their costs and benefits as well as risks will be when they construct the undersea pipeline. Mirfendereski (2001) states the general situation over the Caspian Sea very clearly:

All five Caspian countries have been engaged for a decade in an endless struggle to appropriate as much of the sea’s enormous oil and gas reserves as possible. Because Russia is the biggest player here, the other four countries play into its hand, and often against each other. In the southern Caspian, Russia’s policy has resulted in a three-way mess among Azerbaijan, Iran, and Turkmenistan, each at odds with the other two over claims to adjacent offshore areas” (p. 208).

This is a right time to act for Turkmenistan and Azerbaijan because their positions against Russia and Iran are more powerful now. If they could unify around their common economic interests their bargaining powers will definitely increase against the major powers. For example, there was a Turkmenistan-Kazakhstan energy summit in Ashgabat in 2007. And as Horak & Sir (2009) said “during this meeting, both Central Asian partners confirmed their intention to expand energy exports in all directions and
coordinated their steps to present a more unified position in their negotiations with Russia” (p. 48). Results of this cooperation have brought a Turkmenistan-China gas and Kazakhstan-China oil pipelines to the region. Similar experience could also be applied in the case of Azerbaijan and Turkmenistan.

Iran has needs to political support in the international arena now because of the economic sanctions. Recently initiated Dauletabad–Sarakhs–Khangiran gas pipeline from Turkmenistan to Iran with a 12 bcm capacity is an example of that. There is another gas pipeline Korpedje–Kordkui, a 200 kilometer (120 mi) long natural gas pipeline between Turkmenistan and Iran. It was built in 1997 and its annual capacity is 8 billion cubic meters. Thereby, Turkmenistan exports potentially 20 bcm of natural gas to Iran which is significant for Turkmenistan’s economy. In fact, Iran used sometimes the Korpedje–Kordkui gas pipeline as a political tool against Turkmenistan. However, it is hard for Iran to play these two pipelines as a political pressure over Turkmenistan because of the TCGP in the middle term.

Russia is a significant economic partner of Turkmenistan among the former Soviet republics. However, after the gas crisis of 2009 between Russia and Turkmenistan Russia reduced its natural gas export from Turkmenistan to 10 bcm annually. As Horak & Sir (2009) said “Turkmenistan and Gazprom have a long history of crises dating all the way back to the beginning of the 1990s” (p. 45). In contrast, Turkmenistan cut off the relations with Gazprom and initiated with a Russian company Itera and Zarubezhneft. As Turkmenistan.ru (2010) reported “Russian Itera and companies will conduct exploration work in the Turkmen shelf of the Caspian Sea as part of the joint project until 2012”. Thus, Turkmenistan balances its relations with Russia.
After the Chinese presence in Turkmenistan through the gas pipeline Turkmenistan’s Russian threat has been reduced. Russia probably played its one of the last trump card against Turkmenistan with the explosion of the Central Asia Center pipeline. China is a soft power now and it has good relations with Central Asian countries, especially with Turkmenistan. China may play Turkmenistan-China gas pipeline as a political tool in order to keep same level of gas imports in the future as well as for other reasons. However, China could not play this trump card in the middle term until it gets payback of its investment on the pipeline.

Azerbaijan has turned to net exporter of natural gas after the development of Shah Deniz gas field. It has mainly achieved to export its oil and gas to Western markets. As it was shown in Figure 7 and 8 Azerbaijan has several options to export its gas. For example, the country annually sells 1 bcm of natural gas to Russia and 6.6 bcm to Turkey as well as 800 million cubic meters to Greece. However, as we will see in the Figure 9 these volumes are less than to support proposed pipelines in the future. Thus, the situation also necessitates the construction of the TCGP which will provide transit fees to Azerbaijan.

**Figure 9.**

Source: US Energy Information Administration
Azerbaijan’s Iran and Russia risk is smaller than of Turkmenistan because Azerbaijan lived difficult days with Russia after its independence, but achieved to find alternatives. Russia has used Armenia as an effective trump card against Azerbaijan as it was in the examples of Nagorno-Karabakh war, territorial disputes and etc. Iran is very sensitive toward its Azerbaijani policy, because as Freij (1996) said there are around ten million Azeris in Iran. Any serious conflict between Azerbaijan will cause unpredictable results. Thereby, outside influence over Azerbaijan in the context of the TCGP is not higher.

The Nabucco and White stream pipelines will likely bring benefits to both Azerbaijan and Turkmenistan. Azerbaijan could not supply such pipelines alone and therefore, TCGP is not a rival now for Azerbaijan. As mentioned above, the Nabucco pipeline which will be carrying 31 bcm of natural gas will be completed in 2014-15. Turkey, Romania, Bulgaria, Hungary and Austria signed an intergovernmental agreement for Nabucco on 13 July 2009. The Turkey Greece-Italy gas pipeline which will connect Greece and Italy to Turkey has a potential 11 bcm capacity per annum while Trans-
Adriatic Pipeline will import 20 bcm of natural gas annually. These projects are potentials of Azeri and Turkmen gas which necessitates urgent construction of the TCGP.

Furthermore, the White stream pipeline will also open a door to the Eastern Europe. As Horak & Sir (2009) said Ukraine has been a main consumer of Turkmenistan even though there is no direct export now. And thus, if the TCGP is constructed Ukraine will connect via White stream to Turkmen and Azeri gas pipelines. Moreover, as Horak & Sir (2009) mentioned there is a great interest in Belarus for Turkmen gas because of Russia's reduction in the energy subsidies to the country. Thereby, consumers of Azeri and Turkmen gas are ready, but Turkmenistan and Azerbaijan should immediately act to sign an intergovernmental agreement with those consumers for the proposed pipelines.

6. CASPIAN SEA AND REGION – SMELLING ISHEKLI

I made a metaphor to explain the Azeri-Turkmen conflict briefly. There are many literatures which resembled the Caspian Sea to a cake. However, we have tried to compare the Caspian Sea to a Turkmen food “Ishlekli” which is Turkmen version of pizza. However, it is covered with dough and therefore, we could not guess exactly what kinds of ingredients its underneath. Ironically, it is difficult to predict exact resources of the Caspian Sea. The shelf seems just salty water, but there is not only uncertain volume of oil and gas deposits but also other mineral resources.

Interestingly, there are different speculations about the oil and gas resources of the Caspian Sea and region. Nevertheless, international oil companies, powers and local powers are aware of huge potential of the region. Therefore, I compared the Caspian Sea and region to a smelling Ishlekli which its smell reaches to everybody. However, this
smell is not same at everywhere. Pictures below are Ishlekli’s pictures which are before and after cooked.

**Figure 11. Turkmen food Ishlekli**

Source: [http://www.saudiaramcoworld.com/issue/200601/turkmenistan.on.a.plate.htm](http://www.saudiaramcoworld.com/issue/200601/turkmenistan.on.a.plate.htm)

There are some figures and table which shows potentials of Azerbaijan and Turkmenistan below. Table 1 shows proven oil and gas resources, productions and consumptions of Azerbaijan and Turkmenistan. Figure 12 shows Turkmenistan’s energy production trend from 1990 to 2008 which was mainly shifted according to its export changes. Figure 13 shows Azerbaijan’s energy production trend which began to increase after the implementation of new pipelines for oil and gas exports. Ironically, these two countries have only oil and gas productions.
Table 1. Oil and Gas Review of Azerbaijan and Turkmenistan in 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Proven Oil Reserve (billion barrels)</th>
<th>Oil Production (thousand barrels per day)</th>
<th>Oil Consumption (thousand barrels per day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>7</td>
<td>1033</td>
<td>60</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>0.6</td>
<td>206</td>
<td>120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Proven Natural Gas Reserve (trillion cubic meters)</th>
<th>Gas Production (billion cubic meters annually)</th>
<th>Gas Consumption (billion cubic meters annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>1.31</td>
<td>14.8</td>
<td>7.7</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>8.10</td>
<td>36.4</td>
<td>19.8</td>
</tr>
</tbody>
</table>

Source: BP Statistical Review of World Energy June 2010. bp.com/statisticalreview

Figure 12. Energy Production of Turkmenistan 1990-2008

Table 2 shows estimated oil and gas reserves of Turkmenistan generally.

<table>
<thead>
<tr>
<th>Basin</th>
<th>Area (sq km)</th>
<th>Oil (billion tons)</th>
<th>Gas (trillion cubic meters)</th>
<th>Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Caspian</td>
<td>40,000</td>
<td>2</td>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>Central Caspian</td>
<td>30,000</td>
<td>1</td>
<td>2.8</td>
<td>23</td>
</tr>
<tr>
<td>Amu Darya River</td>
<td>16,000</td>
<td>1.1</td>
<td>1.8</td>
<td>74</td>
</tr>
<tr>
<td>Western Kopetdag Misiryansk</td>
<td>22,000</td>
<td>0.8</td>
<td>2.9</td>
<td>71</td>
</tr>
<tr>
<td>Pre-Kopetdag</td>
<td>20,000</td>
<td>0.6</td>
<td>2.5</td>
<td>56</td>
</tr>
<tr>
<td>Deryalyk-Dowgan Trough</td>
<td>40,000</td>
<td></td>
<td>0.75</td>
<td>23</td>
</tr>
<tr>
<td>Northern Karabogaz</td>
<td>14,000</td>
<td></td>
<td>0.6</td>
<td>11</td>
</tr>
<tr>
<td>Repetek–Kelif Uplift</td>
<td>5,000</td>
<td>0.03</td>
<td>0.47</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: APS Review Gas Market Trends. (September 18, 2006)

Azerbaijan is known by its huge oil reserves estimated at 30 billion barrels as well as its significant volume of natural gas, while Turkmenistan is recently emerging as a natural gas giant with potential of 24-38 trillion cubic meters of natural gas reserves.

6.1. Bargaining Tactics: Help to Cook then You May Eat Ishlekli

All games of Azerbaijan and Turkmenistan which has played since 1997 against each other could be considered as bargaining tactics that aimed maximization of their
national interests in the Caspian Sea delimitation. As Rasizade (2002) said oil companies failed to invest for the construction of the Trans-Caspian Gas Pipeline because of this bitter dispute. A side-effect of the Azeri-Turkmen conflict would continue and postpone many crucial projects for both countries.

First, the United States attempted to build the BTC pipeline in 1997 as a part of the greater plan to carry the Caspian oil westwards and simultaneously to bring foreign investment to the region’s countries. However, this attempt failed because of the conflict of interest between the US government and oil companies. As Joseph (1999) said Washington could not focus on oil companies as much as focusing on Azerbaijan in this process. He says the world has experienced once again that oil companies have a significant geopolitical influence as sovereign countries. The best explanation of this failed attempt could be ignoring the interests of private companies because they consider their own profits more rather than the US geopolitical interests. Failure of the Clinton administration to provide financial support for such a risky project shows how the domestic politics of one country affect the international relations of another.

On the other hand, the dispute between Azerbaijan and Turkmenistan caused the reluctance of oil companies to invest not only for the construction of Trans-Caspian Pipeline but also as a side-effect of that to the BTC pipeline. Since, completion of one would promote another one. Furthermore, the Russian and Iranian contest over the Turkish gas market with Turkmenistan has significant effects on the failure of the TCP construction. As Rasizade (2002) said, the US brought leaders of Turkey, Georgia, Azerbaijan, Kazakhstan and Turkmenistan together to sign a package of legal framework agreements to stop the continuing disputes and to revitalize the ongoing projects in
Istanbul in 1999. Main objectives of the meeting that is also called as an OSCE meeting were to push out Russia from the Caspian Sea and thereby diminish its political influence over the Caucasus, and to isolate Iran in the region.

Unfortunately, construction of the TCGP was postponed because of Russian and Iranian opposition and the unresolved legal status of the Caspian Sea even though leaders of those countries signed many agreements related to the construction of pipelines in the region. It seems Russia won the gas pipeline battle with Turkmenistan over the Turkish market. Turkmenistan was probably scared to harm relations with Russia this time which had begun to develop. The reason for the Turkmen rejection this time was also probably the Turkish betrayal and frustrating proposals of the West. ECSSR (2000) noted Turkey signed the competing Blue Stream Gas pipeline project with Russia instead of the Trans-Caspian Gas Pipeline project just one day before that to sign the TCGP with Turkmenistan in 1997. Therefore, Turkmenistan has begun to develop a long-term plan to break the Gazprom’s monopoly by keeping simultaneously good relations with Russia.

Accordingly, Turkmenistan planned to play its bargaining tactics by balancing all factors until finding the best time to come to a negotiation with Azerbaijan. As Shaffer (2009) said “even international law recognizes the centrality of power to shape border-delimitation outcomes by making ownership title dependent on a state’s ability to exert its control over an area” (p. 77). Therefore, Turkmenistan began to develop a Chinese option for its natural gas export diversification. Niyazov’s reluctance for the Trans-Caspian Gas Pipeline option was also an advantage in order to attract East Asian consumers. However, after the implementation of the Turkmenistan-China natural gas
pipeline in 2009, Turkmenistan began to discuss explicitly the TCGP project. This is an example of how Turkmenistan plays the game of mirrors.

In addition, Turkmenistan plays the game of mirrors with the European countries by equally focusing on Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline project. It is hard to predict which one could be implemented first. For example, Starr (2010) predicts TAPI will be implemented first while Radon (2010) says it will not be realized yet. In any case, it is obvious Turkmenistan has enough gas to supply both of those pipelines and it prepares infrastructure with the East-West pipeline in its own territory in order to meet its commitments.

On the other hand, Azerbaijan is also continuing to diminish the bargaining power of Turkmenistan. As Rasizade (2002) said with the discovery of Shah Deniz gas field which holds 1 tcm of natural gas in its own sector of the Caspian Sea, Azerbaijan has begun to explore and to sell natural gas to Turkey. Thereby, Azerbaijan has shifted from being a transit country for Turkmen gas to becoming a rival in gas contest over the Turkish market even though its export of natural gas volume is low.

Furthermore, Azerbaijan’s de facto exploration activities even at the disputed fields in the Caspian Sea have caused the emergence of an informal regime over the sea. As Mirfendereski (2001) quoted Azerbaijan holds the key to the resolution of the problem over the legal status of the Caspian Sea. Since, it mostly depends on Azerbaijan to find a conciliatory point not only for Turkmenistan but also for Iran.
Figure 14. Azerbaijan’s Current Gas Export (SOCAR)

Therefore, as Rasizade (2002) said Ashgabat accused Azerbaijan because of its unilateral actions which created a blockage in the general agreement of the Caspian Sea littoral states. However, Turkmenistan rejects the joint development idea of Azerbaijan. If Turkmenistan and Azerbaijan come to an agreement the same method could be applied with Iran too.

Indeed, Turkmenistan’s inflexible approach makes talk about a negotiation more difficult. For instance, as Lee (2005) said, Turkmenistan called for a moratorium on Azerbaijan’s activities to develop the disputed Azeri and Chirag fields. However, Azerbaijan rejected this demand and therefore, as a response to that Turkmenistan closed its embassy in Azerbaijan in 2001. Recently, the President of Turkmenistan Gurbanguly Berdimuhamedov initiated positive relations with Azerbaijan and re-opened Turkmen Embassy in that country in 2008. Despite those kinds of positive developments, attempts to solve the dispute were unfruitful. As Valiyev (2009) said after discussing the issues
related to ownership of the disputed oil fields with a special session of the government in 2009, the Turkmen President requested from Vice Premier Rashid Meredov a study of the legality of Azerbaijan’s claims and to submit the results to international arbitration.

These actions of Turkmen government have raised tensions once again and endangered trans-Caspian gas export option of Turkmenistan. Pragmatic leader of Turkmen government has tried to solve the long-lasting problem immediately. However, international factors such as gas crisis with Russia in 2009 made the European export option inalienable. On the contrary, if Turkmenistan carried the dispute to the international arbitration that would be an advantage for Russia. Since, as Stone (2010) said resolution of the dispute at the international court will get years while Nabucco gas pipeline is expected to be built in 2014.

Moreover, he adds Turkmenistan may lose its bargaining power which is European and Turkish pressure on Azerbaijan because of TCGP if it initiates the construction of the pipeline before solving the dispute. Thereby, as a chain of international events affect the conflicted issue between Azerbaijan and Turkmenistan domestic politics of these countries comprise a deadlock in front of the international projects that will affect international relations.

When we consider Turkmenistan’s closing its embassy in Azerbaijan in 2001, we could see how serious the conflict between these two states has become. Therefore, side-effect of the Azeri-Turkmen conflict creates unexpected results. Shikhmuradov (2001) argues “I can tell you that the collapse of the Trans-Caspian Gas Pipeline project was really caused by Niyazov’s tricks and intrigues. He wanted to get an immediate profit out of his tricks and bargain. He started asking for $5 billion, and stepped down gradually to
$500 million”. It is a mistake to ask such amount of money especially for such a vital project.

6.2. Second attempt: Restructuring the Negotiation Process

Restructuring the negotiation process primarily based on costs of no-agreement and benefits of proposed agreements. However, as it is difficult in the two-level games, initiation of a new negotiation process between Azerbaijan and Turkmenistan is also difficult. In fact, there are more advantages of Azerbaijan and Turkmenistan now than the previous attempt in 2000. Horak & Sir (2009) argue “closer regional cooperation is essential for addressing critical trans-border problems in Central Asia, such as asymmetric security threats, division of water reserves, or the environmental disaster of the Aral Sea” (p. 55). Thereby, cooperation between Azerbaijan and Turkmenistan is necessary to solve regional problems too.

First attempt could be explained with the Figure 6 like that:

International Relations* >> Domestic Politics* >> Turkmen government >> TM1 (expressed goal) >> Breakdown of the negotiation >> International Relations.

International Relations >> Domestic Politics >> Azeri government >>AZ2 (expressed goal) >> Deadlocked the negotiation >> International Relations.

* Russian threat was higher at that time for Turkmenistan. Strong purchasing interest from the EU and the US were determining factors of Azerbaijan’s domestic politics.
* Perception of Russian threat and other invisible costs of domestic groups including bureaucracy, interest groups pressure groups, etc. that affected central decision-making of Turkmenistan. AIOC’s agreement with Azeri government developing Chirag and Azeri fields forced central decision making of Azerbaijan to ask these two fields. President Heydar Aliyev used probably 50% share from the Kyapaz field as a bargaining tool. Moreover, the British Petroleum’s promise that planned to produce 14 billion cubic meters of natural gas from Shah Deniz field in two years caused a disagreement with Turkmenistan on the volume share of the TCGP.
However, Turkmen government has some hesitations to begin to the negotiations with Azerbaijan and European consumers even though Azerbaijani side offers 50% and 50% share option. Therefore, as it was shown in the Figure 6 Azerbaijan needs to move from AZ2 toward AZ3 while Turkmenistan needs also to shift from TM1 toward TM2 or to TM3. Conventional agreement will be between TM3 and AZ4.

When I discussed with Dr. Starr (2010) he argued with the construction of the East-West gas pipeline through its own territory, Turkmenistan prepares for both the TAPI and the TCGP. According to him, Turkmenistan’s hesitation probably comes from this dilemma. On the other hand, Dr. Radon (2010) told me he has no idea about why Turkmenistan hesitates for the TCGP. But he guesses Turkmen government’s reluctance or current incapability to improve social life and institutional base in Turkmenistan which Europe requests as conditionality for cooperation might be a big reason for Turkmenistan’s reluctance.

Indeed, Anceschi (2010) provides a clue which matches with both of those arguments. He argues Turkmenistan’s foreign policy posture is affected factors below:

1. Internal perceptions of regime stability;
2. The energy security priorities of the Turkmenistani regime and of the international actors dealing with Turkmenistan;
3. The ways in which external actors have perceived Turkmenistani authoritarianism and how such perceptions influenced more pragmatic facets of the bilateral relationships they established with the Berdimuhamedov regime (p. 97).

As observed, Anceshi’s approach enhanced the idea by including as a matter that priorities and perceptions of international actors. This supports Tsereteli’s (2010) idea that a political commitment by the consumers is also necessary. All these arguments fit
Davutoglu’s (2010) early mentioned three kinds of analyses for Central Asian politics.

In a no-agreement version, Azerbaijan will lose only exploration of oil from one disputed offshore oil field, but it will agree as Rasizade (2002) said with Kazakhstan to build oil and probably gas pipelines across the Caspian Sea. And then, Uzbek natural gas also will flow through this pipeline. Azerbaijan will benefit transit fee from both Kazak and Uzbek gas export through its territory. Thus, Azerbaijan will win from pipeline policy in any case, but will lose benefits from disputed Kyapaz oil field which is more beneficial for the country than benefits of transitional fee.

On the other hand, Turkmenistan as Starr (2010) said may lose the competition with Kazakhstan over the Uzbek gas which will potentially flow through either Turkmenistan or Kazakhstan. In a general picture, Kazakhstan and Turkmenistan may lose Uzbek gas export through their territories to Russia. Starr (2010) draws attention to another interesting competition which is between the TAPI and the Russia-backed Iran-Pakistan-India gas pipeline. Turkmenistan encounters very complicated regional pipeline battle now. It is difficult to predict if the TAPI or the TCGP is priority of Turkmenistan. According to Starr (2010), the TAPI will be completed before than the TCGP. Trend News (2010) reports also give a signal to this idea which is a signed intergovernmental agreement on the TAPI pipeline on December 11, 2010.

Moreover, Starr (2010) gave an example with the TAPI which could provide regional energy security. According to him, distribution of shares for the TAPI will create agglomeration of the interests on a single project.
Turkmenistan maybe hesitates because of the financial feasibility of the project in the Caspian Sea. Starr (2010) argues Turkmenistan is being more dependent to China rather than Russia now. Otherwise, if you request from China to build a pipeline it will build it in a short time, but Turkmenistan will depend more to China. Therefore, according to him, division of shareholders which was also shown on graphs 2 and 3 are important.

Ironically, complicated international surroundings of new Turkmen government have brought several opportunities. Berdimuhamedov’s regime has various advantages than his predecessor. Anceschi (2010) notes that:

A major factor in the emergence of this new scenario has been represented by the evolution of the energy security priorities of the European Union and of the United States. Central Asia in general, and Turkmenistan in particular, have been assigned key functions in the new energy security paradigms conceptualized by Brussels and Washington (p 96).

Changes in the priority and perception of international actors have brought new friends and enemies to Turkmenistan. Anceschi (2010) mentions “Berdimuhamedov’s foreign policy has been implemented in rather new international surroundings, in which Western partners have ceased to systematically employ conditionality while dealing with the Turkmenistani regime” (p. 97). This time, as Turkmenistan competes with regional and intra-regional actors for the pipeline battle; international actors also compete with each other. This situation creates more opportunity for Turkmenistan and Azerbaijan rather than disadvantages.

Furthermore, bargaining positions of Azerbaijan and Turkmenistan against each other is more different than their previous positions in 2000. Turkmenistan built a natural gas pipeline to China in 2009, while Azerbaijan completed the Baku-Tbilisi-Ceyhan
(BTC) oil pipeline in 2006. However, Russian intervention in Georgia in 2008 demonstrates insecurity of the BTC pipeline. On the other side, China is a soft power now, but it could also play the pipeline as a political tool against Turkmenistan after the replacement of its cost. Therefore, if Azerbaijan and Turkmenistan take the opportunity cost of the TCGP now, it will balance China and Russia for Turkmenistan, while it reinforce Multiple Export Pipeline (MEP) system in the South Caucasus toward westward which potentially reduce Russian influence over the MEP due to agglomerated interests on the South corridor.

The pipeline will also connect Tengiz field of Kazakhstan and potentially all Central Asian gas resources to Baku while implementation of many the US and EU-backed pipeline projects such as Nabucco, Turkey-Greece-Italy (TGI), Trans-Adriatic Pipeline (TAP), as well as White Stream pipeline heavily depends on the construction of it. Thereby, such a significant pipeline in the Eurasian energy politics will certainly raise bargaining power of Azerbaijan and Turkmenistan against major powers and oil companies.

In addition, Azerbaijan and Turkmenistan can’t postpone the transformation of their societies both in economic and political sense in a competing world. As Radon (2010) argued it is impossible to challenge with around ten millions vulnerable population to the five billion people of the world. Therefore, both governments need to educate their population and make them integrated with the outside world. Both countries have successfully preserved domestic stability until now, except Nagorno-Karabakh conflict. However, it is hard to tell about the future because of the examples in their neighboring countries such as Kyrgyzstan, Uzbekistan and Georgia. Therefore, the
TCGP will provide stability to Azerbaijan and Turkmenistan which will serve as a foundation for their social development if the revenue from the natural resources is wisely invested.

In short, second attempt for the construction of the TCGP seems possible now. Horak & Sir (2009) discuss “closer cooperation will enable successful completion of common infrastructure projects essential for improved access to world markets” (p. 55). Supporters of the TCGP are more than rivals at the moment and therefore, Turkmenistan and Azerbaijan needs to act more quickly. Tsereteli (2010) suggests Azerbaijan could give more concessions to Turkmenistan because of higher risk of Turkmenistan rather than Azerbaijan. Turkmenistan and Azerbaijan may shift from their expressed goal to unexpressed goal now because of the recent domestic and international developments. Accordingly, a connection could be shown like that:

International Relations* >> Domestic Politics* >> Turkmen Government >> unexpressed goal (TM3) >> Initiation of the Negotiation process >> International Relations

International Relations >> Domestic Politics >> Azeri Government >> unexpressed goal (AZ4) >> Initiation of the Negotiation process

6.3. Role of Visionary Leaders in a Viable Solution

Role of chief negotiators at international negotiations are essential. Although, they don’t have independent policy views, they can act as honest broker. Tsereteli (2010) and Starr (2010) focused on importance of leaders of Azerbaijan and Turkmenistan to

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* Turkmenistan has stronger international position now rather than in 2000 and strong demand from the EU. With the ongoing East-West gas pipeline in its territory, it promises enough supply to the EU. Azerbaijan’s international position has also stronger than in 2000 and strong demand from the EU necessitates to develop Kyapaz field too and to benefit from the transition fees of the TCGP.

* Domestic perception of Russian threat is lower than in 2000 because of the Turkmenistan’s Chinese alternative. Azerbaijan needs more energy production and therefore, it can give some compromises.
initiate negotiation process and gain fruitful results. First, political commitment between Berdimuhamedov and Aliyev is necessary to initiate bilateral negotiations on both disputed fields and the Trans-Caspian Gas Pipeline. Tsereteli (2010) argues a reliable mediator which is according to him, European Union is necessary to mediate Turkmen and Azeri leaders. Mediator role of the EU could not be ignored during the bilateral relations. However, in any case, Turkmen and Azeri leaders need to act first. And then, they can initiate multilateral negotiation process with European leaders on the construction of the TCGP.

When the pragmatic foreign policy operationalization of Berdimuhamedov is considered, the Turkmen-Azeri relations are growing fruitfully. Recent rapprochement between two countries and reestablishment of the Embassies give hope for the future cooperation between these two neighbors. As Rejepova (2010) quoted Turkmen President Gurbanguly Berdimuhamedov stated “We have no intention of spoiling our friendly relations with Azerbaijan” at the 10th summit of Turkic speaking countries. Azerbaijani President Ilham Aliyev also addressed about bilateral relations, “we have high-level relations with Turkmenistan. We solve major disputes in cooperation and we should share both the natural gas and the oil”.

Another positive development happened at the 3rd summit of leaders of the Caspian states in Baku in December 2010. As Hasanov (2010) reported “Turkmen President said Turkmenistan firmly believes that pipeline projects under the Caspian seabed should be implemented only with the consent of those countries, through which sections of these pipelines will pass”. Thus, this pragmatic action shows Turkmenistan excludes other Caspian states for the construction of the TCGP. And Turkmenistan
seems may act without considering any international barriers in the Caspian Sea if it agrees on the win-set sizes with Azerbaijan.

Ironically, this pragmatic action shows that Turkmenistan has shifted from its previous view which wanted to solve the problem at international arbitrary court. Berdimuhamedov (2009) stated at that time:

It is much more important for Turkmenistan to solve a legal problem as a whole than to argue about ownership of separate geographical areas. If we do not arrive at a mutually acceptable agreement on the definition of the median line of the sea in clear geographical coordinates, it is simply impossible to continue the process of political and economic development of the region as a whole, and solve the urgent problems of preservation of biological resources of the Caspian Sea, and zones of jurisdiction of littoral countries.

This shows the Azeri-Turkmen conflict is mainly about the median line division. However, this could be resolved only mutually acceptable agreement between two governments. Maybe, they preclude the certain division until the legal status of the Caspian Sea is settled, but it is meaningless to delay the exploration of the disputed oil and gas fields. They can as Sir (2010) suggested develop those fields through several ways.

Currently, Turkmenistan maintains balanced relations with major powers in energy sector. Although, there was 2009 gas crisis with Russia, Turkmenistan achieved to normalize relations with Russia. Because, as Anceschi (2010) argued “Berdimuhamedov’s policy does not therefore share much similarity with the comprehensive strategy of political, economic, and military disengagement from Russia that Niyazov unsuccessfully pursued in the early post-Soviet era (1992-1995)” (p. 99). Furthermore, Chinese relations will continue in a normal sense unless Turkmenistan
interrupts gas supply to China. There is strong demand from European Union and support from the US government.

Above all, Turkmen President Berdimuhamedov and Azeri President Aliyev could be visionary leaders who could take some short time risks for the sake of long term benefits. One of the best examples for visionary leader is the US President Bill Clinton who was groundbreaker for the development of the Caspian Sea resources. As Joseph (1999) said President Clinton achieved to initiate the BTC pipeline and opened a way for the West to access the Caspian Basin’s resources which are considered as the third largest oil and gas reserves of the world. However, he took a huge risk which needed to sacrifice immediate revenue and to convince oil companies to invest in the Caspian Sea region. Although, immediate results were not achieved because of inappropriate surroundings at that time, the fruit of his initiatives in that region is noteworthy now.

As they were discussed earlier, there are three primary motives of chief negotiator: 1) enhancing his standing in the Level II game by increasing his political resources or by minimizing potential losses, 2) shifting the balance of power at Level II in favor of domestic policies that he prefers for exogenous reasons, and 3) to pursue his own conception of the national interest in the international context. A viable resolution of the Azeri-Turkmen conflict and the construction of the TCGP pipeline will certainly bring those three objectives to Berdimuhamedov and Aliyev.
7. CONCLUSION

In conclusion, this study analyzed the Caspian Sea energy politics, especially the Azeri-Turkmen conflict on the disputed offshore oil and gas fields and the feasibility of the Trans Caspian Gas Pipeline project. These case studies suggested toward a viable solution to the conflict two key steps that 1) a bilateral negotiation between Azerbaijan and Turkmenistan over the disputed oil and gas fields, and 2) a multilateral agreement among participant countries of the TCGP project. Accordingly, this study analyzed the essence of the problem in-depth in order to figure out precisely why the barriers placed in front of a viable solution. I relied on theories on international negotiations, especially the two-level games theory and guidance of my independent interviews with well-known professors on the Caspian Sea issues as well as literature reviews when I conducted this study.

According to this study there are primarily historical, sovereignty, legal issues, oil and gas companies, international actors, and pipeline dimensions of the Azeri-Turkmen conflict. However, as there are several dimensions of the Azeri-Turkmen conflict, various domestic and international barriers preclude bilateral and multilateral agreements for a viable solution. By analyzing the problem and barriers for the solution, this study explored possibilities of a viable solution and how can they be achieved.

- Historical dimension is usually missed in the Caspian Sea studies, but it is very significant to understand behavioral subconscious of current leaders. Today’s conflicts are in one way or another, productions of the tripartite and multipartite struggles of 18th and 19th centuries over the Caspian Sea region as
well as the confrontation of the Soviet Union and the West during the Cold War era.

- Sovereignty is one of the key issues in the Azeri-Turkmen conflict, because this conflict is mainly about territorial division that related directly with sovereignty.

- Legal dimension has two faces that look to legal rights of Azerbaijan and Turkmenistan on their territorial dispute and other three Caspian countries which create international barriers in front of the TCGP project.

- International oil and gas companies usually affect domestic politics of the littoral countries and become a symbol of the presence of their representing countries in the Caspian Sea. Oil companies have been a factor that was a cause for the emergence of pragmatic and informal regime on the Caspian Sea.

- The Azeri-Turkmen conflict and taking longer of the TCGP are an extension of the power contest of international actors among themselves which has usually determined domestic politics of Azerbaijan and Turkmenistan. On the other hand, Turkmenistan and Azerbaijan’s response to balance those actors affect problem.

- Pipeline battle or competition in this region directly affects the conflict between Azerbaijan and Turkmenistan. Therefore, the TCGP and the Azeri-Turkmen conflict are correlated to each other.

Interactions of these factors among each other create the Azeri-Turkmen conflict. Lack of power distribution at domestic level opens a way for leaders and some oligarchic
groups in each government to act most of the time according to their own benefits. This situation led leaders to act irrational and internal bargaining among elites, bureaucrats, interest groups, and informal power structures force leaders of these two countries to mediate those factors internally. In short, domestic politics in Turkmenistan and Azerbaijan determine win-set sizes at the international table. On the other hand, institutional structures are not promising for the foreign investments. Lack of institutional guarantee for the foreign partners mainly creates another domestic barrier in front of a viable solution. Above all those factors affect the win-set sizes of Azerbaijan and Turkmenistan which are significant to initiate negotiation process.

Competition over the Caspian Sea energy resources among Turkey, Iran, Russia at regional level, and Russia, China, the United States and European Union at global level forces Turkmenistan and Azerbaijan to determine their foreign policies according to the balance of those parameters. The first failed attempt of former Presidents Niyazov and Aliyev for the construction of the TCGP in 2000 provided enough bases to study the cases in-depth. Their mismanagements, wrong bargaining tactics and maximization of their interests as well as difficult international surroundings precluded the TCGP project and stopped the negotiation process over the disputed offshore oil and gas fields.

However, bargaining positions of Azerbaijan and Turkmenistan against each other is more different than their previous positions in 2000. Turkmenistan built a natural gas pipeline to China in 2009, while Azerbaijan completed the Baku-Tbilisi Ceyhan (BTC) oil pipeline in 2006. Their economic level is also better than their previous positions and there is a strong demand from Western consumers. Russia plays its last trump cards over Turkmenistan and Azerbaijan. If these two countries solve their problems and get a
unified position as Turkmenistan and Kazakhstan already did, they can use the Caspian Sea resources efficiently for their economic, political and social developments.

To sum up, this study explored how domestic politics of Turkmenistan and Azerbaijan determine international relations while how international relations affect the domestic politics of these countries. As Robert Putnam’s two levels game theory draws the attentions to the significance of the domestic politics in the international relations, this study has also explored how domestic politics affected international relations and has changed the direction of international relations to an advantage now relative to the first attempt in 2000. There is an analogous between this study and the Putnam’s theory. This case study is an application of the two-level games theory. As theories of political science focused on international actors in the analysis of international relations before his theory, studies of the Central Eurasian politics focused on international actors by ignoring the role of domestic factors in those studies. This study has therefore explored how domestic politics of Turkmenistan and Azerbaijan is important in the Caspian Sea centered games.

As a result, this study suggests two ideas. First, visionary leaders who can take short term risks for long term benefits are necessary to solve the problems. Therefore, Berdimuhamedov and Aliyev need to give some concessions to each other and accelerate the negotiation process. They will certainly benefit more from those concessions from the TCGP project and the development of the disputed oil and gas fields by investing revenues to other sectors. They need to avoid from small scale conflicts and get a unified position in this situation against the bigger games of international actors on their own resources. Therefore, they need to make urgent changes at the domestic level, in order to attract foreign investment and to meet domestic demands.
On the other hand, at the international level, international actors, especially European countries need to support the positive developments in the region through multidimensional investments for their future security, especially in energy and trade sectors as well as in education. In brief, as problem is arisen from the interaction of the domestic and international factors, solutions also will come from the interaction of domestic and international constituents in this two-level game. Visionary leaders will achieve to mediate both sides when they negotiate among themselves.

Future work of this study will be to study domestic politics of Azerbaijan in order to explore how domestic politics of Azerbaijan affect the international relations on the Caspian Sea related issues. Moreover, how international oil companies affect the situation of the Caspian Sea issues will also be a future work of this study.
**APPENDIX**

*Brief Historical Overview of the Caspian Sea and Region*

There are a lot of interesting stories about the Caspian Sea in history. Interestingly, the Caspian Sea has been always seen like a puzzle which needs to be solved. For example, Kvachidze (2006) says “when we delve into old manuscripts, we discover that they were, indeed, very puzzled about the Caspian” (p. 58). Ancient people understood the Caspian Sea to be an ocean and even Alexander the Great (356-323 BC) was curious if Caspian Sea reached to the Arctic Ocean. Actually, it was probably a part of Paratethys bay of the Tethys Ocean millions years ago.

The first known expedition to map the Caspian Sea was accomplished by Russian explorer Patrokov during 283-282 BC (Kvachidze, 2006). He gave almost the same scale about the length and width of the Caspian Sea as it is today. The sea was not very useful for the people of early times due to the lack of shipping facilities. Although, trade, fishing, navy and technology as well as the innovation of big ships developed in Europe during the early Middle Ages, it was hard to see those things in the Caspian Sea until 18th century. Noteworthy events and developments on the Caspian Sea happened after 1700s. Thus, the value of the Caspian Sea increased once again and became crucial in the politics of powerful empires such as Russian, Persian and the Ottomans. Following these events, Caspian Sea turned a strategic place in the Great Game of 19th century. There is an illustrative analysis of the historical dimension of the present conflicts over the Caspian Sea and region.
2.1.1. **Tripartite Rivalries of 18th Century over the Caspian Sea and Region**

Assessment of the struggles of rising Russian and waning Persian as well as Ottoman empires on the Caspian Sea and region in the first quarter of the 18th century provides an illustrative background to understand present problems of the littoral countries. There were two important treaties summarizing the character of tripartite rivalries between above mentioned empires. The first one, the Treaty of Alliance which was signed between Russian and Persian empires in 1723 reveals the besieged situation of Persia at that time and Russia’s desire for the Caspian Sea and region. The second, the Russian-Turkish Treaty of 1724 was evidence of international recognition of the presence of Russia in the Caspian region and cessation of Turkish access to its historical roots via the Caspian Sea.

First, the Treaty of Alliance which is also known as the Treaty of St. Petersburg was a humiliating treaty for Persia. An analogous situation could be seen in the Treaty of Sevres (1920) in the history. Both situations involved stronger powers taking advantage of a weakened neighbor. In the case of the Treaty of St. Petersburg, Davud Khan’s conspiracy in Lezgia and Daghistan in 1721 and conquest of Mahmud, the chief of Afghans the Isfahan, capital city of Persia in 1722 forced Tahmasp to send his Ambassador Ismail Beg to enlist Russian military assistance to Tahmasp in order to suppress internal rebels and defend Persia from invaders such as Afghans and Turks.

In place of that, according to the treaty Russia would get cities of Darband, Baku and provinces of Gilan, Mazandaran, and Astrabad alongside the length of the Caspian Sea at the expense of friendship and military assistance to Tahmasp (Mirfendereski,
The Treaty of St. Petersburg was superseded gradually with the Treaty of Rasht (1729), Treaty of Peace (1732) and Ganja accord (1735), but Russia gained a right on the condition of retaking the restored Persian provinces if any one of them was given to any third power. The term, “length of the Caspian Sea” was not defined exactly in the agreements.

Indeed, Russia explicitly declared its intention and gained a de jure right for its presence in the Caspian region through the Treaty of St. Petersburg. According to further agreements of 1729, 1732 and 1735 Russia would stand against any third power on the Caspian Sea, especially against the Turks and that was a pillar of Russia’s foreign policy. For example, Tsar Peter’s words “Russia would not permit any other power to establish itself on the Caspian Sea” (Mirfendereski, 2001) in the letter to his ambassador in Constantinople in 1723 challenged directly to Ottoman Turks.

On the other hand, Ottoman Turks opposed the Russian expansion toward the Gilan province and assistance to Tahmasp against Davud Khan and Mahmud. Since, as Mirfendereski (2001) said Ottoman sultan was claiming both of them as under his protection. Thus, growing tension between Russia and Ottomans came to the edge of war on the Caucasus and Caspian Sea. Nevertheless, Ottoman Turks on their own began to advance in the Persian lands from west and northwest to stop Russians. Tsar Peter was also aware of the Ottoman power at that time and as Mojtahed-Zadeh (2006) mentioned he achieved to convince Ottomans for the joint efforts of occupation of the northern and western provinces of Persia.

Meanwhile, Peter sent Prince Boris Meshcherskii to Tahmasp for the ratification of the Treaty of Alliance. Tahmasp refused ratification of the treaty because of hearing
about the Russian-Turkish approach for the occupation of Persian lands. As Mirfendereski (2001) determined peace between Russia and Ottomans would be an ultimate betrayal or in other words, a nightmare of Tahmasp. Furthermore, he began to believe that Russians had not sufficient power in Caucasus to defeat the Afghans and Peter’s failure of keeping his promise. As a result, Tahmasp’s repudiation would increase people’s support in the ground level and led to the conquests over Afghans and Russians in the coming years.

Russian-Turkish Treaty of 1724 was another important treaty which explained how Ottomans lost the contest over the Caspian Sea and just satisfied with western and northern parts of Persia. According to the agreement as Mojtahed-Zadeh (2006) noted Russia would get the mentioned areas in the Treaty of Alliance whereas Ottomans hold Tabriz, Hamedan, and Kermanshah as well as adjacent places. Indeed, by signing the treaty Turks left Persia alone in the struggle with Russia over the Caspian Sea. In other words, Russia deported Ottomans as Russians claimed from their lake and brought them to confront with Persians.

On the other hand, the treaty could be said for Turks as continuance of losing lands to Russia when we consider the traditional north strategic policy of Ottomans against Russia even though there were some advances through Persian territory. As Arslan (1999) described the policy, the Ottomans planned to keep Russians above the Azov and Caspian Seas and nearing place of Don-Volga River in order to protect Noghai, Circassians, Chechens, and Kabardiyan people from growing Russian threat. Therefore, they initiated the Don-Volga (Ten-Idil) Canal project which would connect Sea of Azov to Caspian Sea through the connection of Don and Volga rivers as a precaution against
Russia in 1563 (Arslan, 1999). However, two sided wars of the Ottomans with Persia and growing Russia stopped the project and resulted in the gradual loss of the above mentioned areas.

Eventually, the Treaty of St. Petersburg and Russian-Turkish Treaty of 1724 hide keys of understanding Russia’s policies and failures of the Turks in the Caspian Sea region. As Mirfendereski (2001) pointed out analysis of Russian-Iranian Treaty of Alliance is still important for today’s Caspian studies due to three compelling reasons. First, it created a starting point to the discussion of Persian-Russian relations in the Caspian region and caused flying of the Russian flag over the southern shores of the Caspian Sea as an immediate result of Caspian Campaign by Peter I. Next, it gave a clue to understand Russian desire which was ultimately to turn the Caspian into Russian lake and drew geopolitically a natural frontier with Persia from Alborz Mountains. Thirdly, the treaty was a legal title of the dominion of Russia over Persian territories.

On the other hand, the Russian-Turkish Treaty was a determinant of regional delimitation of Russia with Ottoman Empire. Legally, Russia created a blockage for the access of Turks to the shores of the Caspian Sea. The most important factor we should consider is achievements of the Russian army and losing control of Persia over the southern parts of the Caspian Sea had become as Sotavov (2001) mentioned a trigger for the interference of other powers such as the British and French into the Caspian centered games under their anti-Russia policies for Eastern Barrier. An apparent example could be seen in the Nadir Shah’s struggle for the building of Persia’s own navy. Although, Nadir Shah’s accession to the power restored the destroyed image of the Persian Empire for a
while, he was the last strong opponent of Russia and the first victim of the great game which would be played for centuries over the Caspian Sea region.

2.1.2. **Caspian Sea during the Great Game of 19th Century**

Politics over the Caspian Sea and region shifted from being tripartite rivalries of three regional powers including Russia, Iran and Turkey into a great game of international superpowers after the assassination of Nadir Shah in 1747. Collapse of the central authority created a backlash domestically and made Persia more vulnerable against invaders. As Atkin (1980) described this empire would be governed by a set of local rulers for a half century without any serious attempt for the restoration of the fallen empire. Many of those provincial rulers aimed their own consolidation of power and legitimized authority at the expense of their rivals. Once again, “divide and rule” tactics of outside powers such as Russia and British Empire would be applied in the lands of Persia.

It is interesting; invasion of a country serves usually as a unifying factor for the people of that country, but it could be different sometimes in Asian countries. The history of Persia from the death of Nadir Shah until Agha Mohammad’s ascendancy to power in 1794 could probably be the best example to that. While, Russia and Western powers played a variety of intrigues for the Persian lands, local leaders fought with each other for the throne by being deceived by empty promises of enemies. This situation makes one thing clear to us; everybody is concerned primarily with their own interests.

On the other hand, Russia was preparing to open the doors of Central Asia, potentially of India via the Caspian Sea. Renewed foreign policy of Russia under Tsarina Catherine II aimed to reach India through Central Asia and therefore, shifted the Russian
focus from the Gulf of Oman via Persia. Advancing in the Persian lands was not important anymore as much as east of the Caspian Sea. However, occupation of the northern provinces of Persia was necessary for the security of the Caspian door toward Central Asia. As Mirfendereski (2001) pointed out preparation for the east road toward Bukhara and India and acquiring the northern provinces of Persia was a two-prong objective of Russia at that time.

Meanwhile, French and British influence would increase at the southern parts of Persia. Dynamic powers of fallen empire were still in northern side of the Persia. Among those powers, Agha Mohammad from Qajar Turkmens defeated all his rivals even though some of them were supported by Russia and he became the founder of Qajar dynasty which would last until 1925. As Mirfendereski (2001) reiterated Russian ploy could not thwart Agha Mohammad, however, he made Tehran, his Persia’s capital in 1795. After one year he was declared Shahanshah or King of Kings in Persia. The title itself was a signal of reunification of separate Persian provinces.

Furthermore, Agha Mohammad’s campaign was the initiation of a long-term planned restoration of Persia and foundation of today’s Iran. “His campaign there in 1795 marked the beginning of a generation of fierce competition for hegemony” (Atkin, 1980, p. 10). His understanding to the significance of the Caspian Sea probably pushed him to control the south-western sides of the sea. Therefore, as Atkin (1980) mentioned Agha Mohammad chose Tehran as a geopolitically well-situated place in order to control Khorasan and eastern Caucasus. He began to subjugate separatist forces in Khorasan, but circumstances were very different in eastern Caucasus, because local rulers already began
to claim their independence by finding an opportunity from the situation as well as Russian expansion.

There was a trend toward the independency among Caucasian people at that time. As Dulian (2009) said Treaty of Georgievsk was signed between the Russian Empire and the east Georgian kingdom in 1783. This could be an example for the independence trend in Caucasia. Hence, Agha Mohammad conquered Tbilisi in 1795 as a lesson to others. However, his immediate assassination led to Russian intervention in Tbilisi in 1799. Nevertheless, Fathali Shah tried to maintain peaceful relations with Tsar Paul I until Tsar’s death in 1801. As Mirfendereski (2001) noted renewed rivalry over Georgia and following of Tsarina Catherine’s forward policy in the Caucasus by Alexander I ignited the Russian-Persian wars of 1804-1813 which was ended with the Golestan Treaty in 1813.

Russian-Persian wars of 1804-1813 were destructive for the both sides even though there was apparent victory for Russia. Disparately from the Russo-Persian wars of 1722-23, wars of the first decade of eighteenth century displayed how the chain of international events interrelated with each other. As Atkin (1980) said Caucasian front was in the secondary place for Russia comparing to European. Since, Russia was at the battle with France, Ottoman Empire and Sweden as well as officially with Britain. On the contrary, these wars became very important for Persia’s reunification.

On the other hand, Britain and France supported Persia against Russia for the advance of their own interests respectively. Britain was in threat for its Indian colony from Durrani Afghans and aimed to keep Russia over the north of Caucasus. Thus, it supported Persia against both Durrani Afghans and Russia. Meanwhile, France signed the
Treaty of Finkenstein in 1807 with Persia which aimed to support Persian attacks on Russia and therefore, Russian forces would be weakened in Europe. According to Atkin (1980) Treaty of Tilsit signed with Russia aftermath of the victory at Friedland in 1807 changed Napoleon’s policy toward Persia and then Persian affairs would be reduced to the minor issue in his eyes. Alliance with Tsar Alexander for the division of Europe would be more beneficial for Napoleon rather than Iran. Furthermore, entering a war with Spain also delayed his plans to access India through Persia.

Above all, changing balances in the international arena affected Russian-Persian wars and technological advances of Russian troops begot the humiliating Treaty of Golestan of 1813 for Persia. According to the treaty, as Mirfendereski (2001) wrote a boundary line was drawn that followed Aras River from Odina Basara in the east to the south of Baku on the Caspian Sea and northern parts of this line were ceded to Russia. Each side also gained shipping rights in the Caspian Sea and land access to the territories of each other for free trade. However, Russia barred any warships of Persia as well as any third country on the Caspian Sea. The treaty was the end of long standing wars between two empires, but unresolved problems would lead to the next war.

Abbas Mirza with his strong 35,000 cavalry crossed the border with the hope of regaining former territories in 1826. However, Russia defeated the Persian army once again and that war ended with the treaty of “peace and friendship” in 1828. As Atkin (1980) explained this time Russia’s victory over Persia was more decisive rather than the first war as an apparent difference. The Treaty of 1828, also known as Treaty of Turkmenchai repeated the same matters in the former Treaty of Golestan. As a change
Persia recognized Russia’s suzerainty over Erivan, Nakhchivan and the remainder of the Talysh khanates.

In addition, there was not any significant conflict or change on the Caspian Sea between Persia and Russia aftermath of the Treaty of Turkmenchai until the Soviet Revolution of 1917. As a result of the treaty today’s Azerbaijan dispersed from Persia and inhabitants were also given free will either moving or not from Persia’s Azerbaijan district to the Russian side during one year. Moreover, Akhal-Khorasan Treaty which was signed between Persia and Russia in 1881 was very significant treaty in the history of today’s Turkmenistan. Since, its present border with Iran was drawn with this treaty. Afterward of this treaty “the length of the Caspian Sea” term in the previous agreements became de facto almost certain. Thus, Russia would not see Persia as an obstacle for itself in the great game over the Central Asia. Furthermore, there was an Exchange of Territory Convention between Persia and Russia in 1893 over the Turkmen lands.

In the meantime, there were several Khanates in so-called Turkestan before the Russians arrived. They could not unite against Russia even though visionary advice was given by the Ottomans in the nineteenth century. While they were fighting with each other Russia occupied Tashkent (1865), Bukhara and Samarkand (1868), Khiva (1873) and Kokant (1876). Russia also orchestrated an expedition to Kabul in 1878, but that was unsuccessful because of British power behind the Afghans. As compensation for this defeat the Tsar deployed General Lomakin to launch an expedition against Teke Turkmens in 1879 and Russian forces were defeated again at the Geok Tepe fortress. This war is known as Geok Tepe war in the history and it has a significant place for Turkmens. Russian prestige began to decline not only in Persia but also in all places of
Central Asia. Given that, this was the strongest resistance against Russia in Central Asia without any support of the outside powers.

Such a defeat in the hands of tribesmen would not be acceptable and according to Russia it could not be unrevenged. Thus, as Morris (1975) said Russian minister of war Milyutin ordered General Skobelev to conquer Geok Tepe and stopped the plan moving toward Merv. Skobelev launched an expedition to Geok Tepe with full-scale in December, 1880. After 23 days resistance Russian forces captured the castle and Skobelev’s success brought a relief in St. Petersburg. We can see its importance for Russia in the Milyutin’s comment: “The brilliant success at Geok Tepe, after last year’s failure of Lomakin, undoubtedly repairs our position not only in the Transcaspian area but in the whole of Asia” (Morris, 1975, p. 532).

2.1.3. The Soviet-Iranian Sea

The creation of the USSR destroyed all hopes of the Western powers for the Caspian Sea, and Russia maintained its de facto status as the only owner of the Caspian Sea. Iran’s attempts to control once again its old places and the Caspian Sea by finding an opportunity from the internal instability of Russia which arose from the October Revolution failed with the victory of the Soviets. With the Treaty of Friendship which was signed between Iran and Russian Socialist Federative Soviet Republic (RSFSR) in 1921, all prior treaties were abrogated and a new legal regime was reestablished in the Caspian Sea (Mehdiyoun, 2000). Although, Russia gave some privileges to Iran in this agreement, some limitations were set on Iran. This paradoxical situation demonstrates that Russia has rejected any activities in the Caspian Sea beyond her control.
Furthermore, there is the Treaty of Commerce and Navigation of 1940 between Iran and the Soviet Union. The Caspian Sea was also declared a “Soviet-Iranian sea” with the exchange of notes in the same year. Moreover, regulations on the third-country national activities were included in the notes. Timing of this treaty is very important when we consider possible attacks over the Caspian oil, especially Baku oils which was one of the well-known oil fields of the Soviet Union at that time. As Jensen (1968) described Germany attacked the Soviet Union in order to obtain Russian oil resources in 1941 and attempted to get Baku oils in 1942. If Hitler reached to the Baku oil fields, Second World War might have turned in favor of Germany. The Battle of Stalingrad could be a good example to this which was a turning point of the Second World War. As a result, Russia built a strong precaution with Iran by signing a treaty against the growing German threat, and interestingly, stopped German troops almost at the line of the traditional Ottoman north barrier which was above the Azov and Caspian Seas.

Above all, there was no agreement on the mining rights in the Caspian Sea, even though an exact line was drawn between the Soviet Union and Iran in these treaties. These two treaties have a *de facto* implementation and from some perspectives *de jure* force in the disputed legal regime of the Caspian Sea now. Therefore, we will discuss more about these two treaties when we analyze legal dimension of the present conflicts over the Caspian Sea in the following chapters.

In addition, Russia made clear its assertion over the Caspian Sea and drew the Astra-Hassanqoli line as the Soviet-Iranian boundary in the sea with the frontier agreements of 1954 and 1957. These agreements were ratified with the Aram-Pegov exchange of notes in 1962 which is also known as the secret covenant (Mirfendereski,
Resulting from this Astra-Hassanqoli line consensus, Iran could not object to any activities of Russia in the north of the line. For example, as Mirfendereski noted, 1970 delimitations of the Soviet Union regarding the oil and gas explorations were not objected to by Iran. When it comes to the division of the north of the Astra-Hassanqoli line among the Soviet littoral republics as an internal delimitation in 1982, Iran had nothing to say legally.

Eventually, it could be said Russia violated or disregarded the 1940 CN Treaty with the exploration of oil and gas of the Caspian Sea. As Mehdiyoun (2000) said its unilateral actions in the Caspian Sea were against the “common sea” (p. 182) principle of 1940 and that would be a cause for some diplomatic protests of Iran. We can detect in here, Iran’s dissatisfaction for the unilateral actions of Russia in the Caspian Sea, and willingness to use the Caspian as a common sea. “Given Soviet technological superiority in the exploration and exploitation of subsoil resources, one can easily understand Iran’s reluctance to ‘share’ the Caspian with its northern neighbor” (Mehdiyoun, 2000, p. 181). If we could delve into the secret covenant of 1962, we may find the key about Russian desire for the control of Caspian Sea and Iran’s common use principle.
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