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Constructive competition or destructive conflict in the Caspian Sea region?

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CHAPTER 7: Conclusion

The starting point of this doctoral dissertation was the notion that the New Great Game literature reflects the extended version of the James Bond movie *The World is Not Enough* because the misconceptions and stereotypes that fuelled the plot of the movie are also fuelling the relevant academic and media discussions. In the final scene of the movie, Bond defeats the Russian villains with help of an American nuclear expert named Jones. In doing so they help Electra achieve her family's dream of constructing an 800-mile pipeline from Azerbaijan to the Mediterranean. For this narrative, the movie draws upon long-standing Western stereotypes about the Caspian Sea region's reputation for rivalry, instability, and richness in natural resources. The movie's core ideological message about the Caspian Sea region is predominantly negative and hopeless, as is the relevant literature's core message. Because the Western agent saved the Caspian Sea region from the Russian villains in a "winner takes all" fashion, we may conclude the movie even promotes the notion that geopolitics is a zero-sum game. One can observe this type of ending in many movies, but in the real world it works differently.

This dissertation argued that the assumptions that the New Great Game literature is based on, promote less systematic and shallow discussion as these assumptions ignore and misunderstand historical, material, political, economic, and normative differences in the Caspian Sea region. This dissertation argued that because of this, the New Great Game literature does not only overlook developments, changes, and actors that are not identified in traditional geopolitics, but also fails to see developments in the region that are very important to traditional geopolitics. This doctoral dissertation aimed to shift away from the restrictive understanding that the New Great Game literature offers through its reliance on realist doctrines and it aimed to shift towards more cautious, synthetic, and analytical ways of discussing the Caspian Sea region. I revisited and revised classical functionalist theory via social constructivism in order to offer an alternative and more nuanced reading of the developments in the Caspian Sea region and in order to demonstrate that there is much more going on in the Caspian Sea than is often assumed by geopolitics.

This thesis asked the question: which new insights in cooperation and conflict are provided by revised functionalism in comparison with the New Great Game narrative? Should these new insights lead to a re-evaluation of the regional dynamics? More specifically, this thesis asked: How did issue-specific and technical cooperation on environmental issues in the

Caspian Sea region reduce the likelihood and severity of regional conflicts and reduce perception of insecurity? How have the Caspian littoral states' perceptions of the regional cooperation been socially shaped and redefined by working together on transnational infrastructure projects? Have the BTC and the SGC projects changed the value and role of the regional conflicts and, if so, how? Who are the key actors besides states that are involved in shaping and constructing the Caspian Sea region's politics and how do their preferences (political and economic) and networks affect the capacity, opportunity, and will of governments (e.g., ministries, parliaments, presidents etc.) to cooperate?

Drawing on insights from my revised functionalist framework (chapter 3), I studied three interrelated cases, all of which unfolded in the last decade, namely the Caspian Environmental Program (CEP), the Baku–Tbilisi–Ceyhan (BTC) pipeline project and the Southern Gas Corridor (SGC) project. I aimed to show and explain the as-yet-undiscussed and neglected aspects of the recent developments in the Caspian Sea region. By using these interlinked cases, this thesis mainly aimed to analyse the Caspian Sea region per se, rather than discussing conflict and cooperation either in the South Caucasus or in Central Asia as that has already been described quite thoroughly. This enabled me to dig deeper and offer a more systematic, comprehensive, and critical analysis of the Caspian Sea. Although the regional conflicts (e.g., Nagorno-Karabakh) did not take place between the Caspian littoral states, I included them in my discussion because they took place on the edge of the region and because the BTC and SGC projects pass near the conflict areas.

An Alternative Image of the Caspian Sea Region

By discussing the current state of the region, chapter 2 showed that the New Great Game literature does not help us understand cooperative competition and destructive conflict in the Caspian Sea region. The relevant literature repeats a political and academic debate that goes back to the 19th century, which argues that the essence of relations is still struggle for power and dominance. More specifically, chapter 2 illustrated that in addressing Caspian Sea region's natural resources developments (infrastructure projects and ecological issues), the relevant literature lacks knowledge of the Caspian Sea region and its specific circumstances; instead it knows the rules to a certain game and applies those rules to the situation in the region. Within this discussion, interests, identities, social contexts, and principles are taken to be fixed, i.e. not

prone to change or to any sort of adjustment. Ecological issues are depicted as either a tool used by states to block infrastructure projects or as a reason for conflict. In the same vein, both states in the region and external states (Russia, Iran, Armenia, and China) have been identified as the main players behind every single issue or threat in the planning and construction phases of transnational infrastructures in this discussion. The relevant literature also predicted transnational projects would trigger rivalry and even war in the region following their construction (e.g., in Nagorno-Karabakh). The relevant scholarship assumes and pretends that it sufficiently covers three phases (planning, construction, and post-construction) of transnational infrastructure projects. In reality, the relevant literature constantly repeats fixed arguments about developments in each of these three phases. It does not recognize or explain the specific changes, processes, and developments that occur in each phase and that are geopolitically important. Chapter 2 showed that this understanding of the natural resources offered up the misleading conclusion that if there are natural resources, there will always be conflict and rivalry. In doing so, this chapter showed that the state-centric assumptions of the New Great Game literature have offered explanations that are too simplistic to be helpful in trying to understand the complexity of the contemporary Caspian Sea region. Against this established backdrop, this dissertation posited that it is not sufficient to think about and scrutinise natural resources only in terms of rivalry and inter-state war. Viewing the Caspian Sea region as a geopolitical battleground obscures important layers of a more complex reality, as well as the underlying dynamics of material and non-material interdependency.

In order to dismantle the simplistic and dominant New Great Game literature conception of the contemporary Caspian Sea region and unpack its complexities, chapter 3 established revised functionalism as an alternative and eye-opening approach to understanding the region. In order to formulate a less ambitious and better applicable theoretical framework, chapter 3 started by reiterating the crucial insights of classical functionalism, which challenge the outdated realist assumptions. These insights include the role of actors besides and beyond states, socialization, spillover, the role of shared issues, changing preferences, and the importance of having a technocratic starting point. By using social constructivist lens, chapter 3 has advanced and slightly broadened these insights. This cross-fertilization between functionalism and social constructivism has offered more comprehensive and inclusive reference points for explaining the complex, interlinked dynamics and salient issues between the Caspian Sea littoral states, such as the specific form their cooperation takes and the types of interdependent relations between them. Additionally, this cross-fertilization between functionalism and constructivism

has formed a critical and innovative challenge to pessimistic traditional thinkers, stuck in an ontological swamp of the 19th century.

Through using this social constructivist lens, six main features of revised functionalism were formulated. First, revised functionalism defines the scope of technical cooperation as broader than just common agreements and regulations. It highlights that technical cooperation and dialogue are not limited to international agreements, administrative bodies, policy regulations, or common rules and norms but also deal with the realization of (transnational) infrastructure, which is one of the incentives for technical cooperation in the non-Western regions. Building on insights from social constructivism, this thesis has highlighted how the material, subjective, and intersubjective worlds interact in the social construction of reality, and construe the identities, interests, and boundaries of actors. This applies to transnational infrastructure as that is a material body that helps implement transnational agreements and common regulations because they facilitate movements of people and goods. Similar liberal lines of theory lack inclusion of this technical part because these theories (regime theory, institutionalism, and multilevel governance, for instance) constantly emphasize transnational agreements and/or governmental documents.

Second, by highlighting technical cooperation, revised functionalism argued that Mitrany was wrong in distinguishing technical aspects from political aspects. But when they are perceived as technical, cooperation is easier (e.g. issues become framed as technical rather than political, enacting a separation of politics and conflicts). By (artificially) eliminating an issue or specific stakes from a political ground to a technocratic or bureaucratic ground there can be changes in the type of actors involved, in their power relations and interests as well as their logical approaches and modes of reasoning about issues and stakes.

Third, by considering the current global economic, technical and political developments, revised functionalism included the role of private actors (TNCs) as functional agencies (either directly as members, indirectly as powerful lobbying groups or as concrete stakeholders in the maintenance of infrastructure). In practice they are included because private actors provide the functional instruments (economic, technical, and administrative) that most states in the region do not have, and their involvement thus has to be described in any theoretical analysis of the region. In contrast to neoliberal and realist literature, which grant a limited role to private actors, this thesis has emphasized that they do more than just create/pay/lower transaction costs and they are not “empty actors” as they can arouse and constrain state interests. States, of course,

have diplomacy as their functional instrument, but diplomacy is blurred by traditional thinking (sovereignty discourse). In light of this, private actors can be said to offer more creative instruments while sidelining sovereignty discourse.

Fourth, and related to this, revised functionalism highlighted the role of coordination and networking between different functional organizations, such as TNCs, IGOs, and NGOs. Coordinating them effectively can provide opportunities for dealing with economic, political, and technical challenges and can grant access to global donors that most states in the region may not be able to reach by themselves.

Fifth, revised functionalism highlighted the economic and technical leverage of international organizations, which can be used as a means of restraining the aggressive behaviour of states or facilitate cooperation among different states. It was argued that states are more likely to accept the norms and values of international organizations if they can receive economic and technical assistance in the form of grants, loans, credits, or access to other financial sources.

Finally, this thesis has illustrated that revised functionalism offers valuable tools to explain specific types of cooperation, competition and conflict in the non-Western regions and countries through sidelining the European benchmark of expecting cooperation anywhere in the world to rigidly follow the EU's example. More specifically, revised functionalism and its insights should not be confined to specific conditions and geographic areas (e.g., Europe). Drawing insights from social constructivism, chapter 3 has emphasized that regions (Western or non-Western) are socially constructed and can be redefined. By understanding this, one can explain how and why the interests, identities, and principles change over time. The three case studies illustrated that the Caspian Sea countries are cooperating, but are not following the European pathway. This is because the Caspian littoral states react differently to the similar type of issues, and the issue-specific cooperation influences them differently. However, while using the functionalist insights, scholars always need to specify for whom cooperation is functional and to what purpose. Therefore, functionalism should not just be equated to "servicing human needs", as it necessarily includes servicing ruling elites and specific organizations. This does not mean that human needs are ever disregarded, but it means that hierarchy of needs should be considered.

Drawing insights from revised functionalism, I addressed five main empirical points, which are missing from the relevant scholarship. The first key point is the increasing role of actors beyond and besides states, such as TNCs, NGOs, and IGOs in the Caspian Sea. The aim of this work was not to show whether they matter or play a role because the literature on this

topic has already sufficiently established this. The main point of this work was instead to show how and in what way these actors play a role in constructing a framework for interaction and articulating new interests and norms in the Caspian Sea region as their roles have previously been too narrowly understood and described. In this sense, the main aim of this thesis was to unpack the tools and techniques they used in the socially constructive aspects of their functioning. In the 1990s, external and regional great powers (the US, China, the EU, Turkey, Iran, and Russia) were depicted as the main actors in the Caspian Sea region. Later the newly independent littoral states (Azerbaijan, Kazakhstan and Turkmenistan) were also included within the existing discussion. By showing and explaining the role and significance of other actors, I moved one-step further by deemphasizing, if not undermining, but at the very least nuancing, the Great Game framework.

The three case studies showed that BP, the UNEP, the UNDP, the EBRD, the GEF, the AIIB, and the World Bank are the main players in the Caspian Sea region who offer technical, political, economic, social, and security assistance. They frame issues, help set agendas, and mobilize financial support. Although states are depicted as the leading actors in the Caspian Sea region, the three case studies showed that these non-state and intergovernmental actors are indeed the drivers behind every project. More specifically, by using their leverage in international political and economic networks, these actors contribute to the transnational infrastructure projects (the BTC and the SGC); offer solutions for shared problems (e.g., environmental pollution); and facilitate discussion, creating a habit of cooperation and dialogue among the governments of the Caspian littoral states.

Chapter 4 showed that the UNEP, the UNDP, the GEF, and the World Bank are the main technocratic actors who initiated, facilitated, and funded the environmental cooperation among the governments of the Caspian littoral states. Chapter 4 illustrated that by using their technical, economic, and political leverage these actors brought the littoral states under the common umbrella of the CEP which is an issue-specific program. Chapter 4 illustrated that the common environmental issues could be framed as an apolitical and functional opportunity for the Caspian littoral states' governments to work together. The governments' main goal is not to address environmental issues per se, but to improve the interactive atmosphere and practice the habit of dialogue under an apolitical umbrella. Therefore, the CEP has more effects than its environmental policy outcomes. The littoral states' preferences and interests have thus changed as the result of environmental cooperation and joint projects. In the same vein, chapter 5 and 6 showed that without the systematic support of energy companies and international financial

institutions, transnational infrastructure projects (the BTC and the SGC) would never have been completed successfully. These actors have all made their contributions to cooperation and security, in line with their own distinctive set of goals and objectives. Therefore, the collapse of the Soviet Union did not only lead to the independence of Azerbaijan, Kazakhstan, and Turkmenistan but also facilitated the involvement and emergence of TNCs, NGOs, and IGOs in the Caspian Sea. This means that the Caspian Sea region is no longer the exclusive playground of states, either those in the region or external powers, but that inter-governmental and non-governmental actors have also started playing significant roles in the different fields of cooperation. Therefore, the cooperation in the Caspian Sea region should be placed in a global, non-exclusively-governmental context.

The second main empirical point is the importance of shared technical issues, namely the pollution of the Caspian Sea damaging its ecology and the construction of the transnational infrastructure projects. The three case studies illustrated that these functional challenges encouraged multiple actors (state, non-state, and semi-state) to cooperate because their connection and interaction were needed to face the functional challenges in the Caspian Sea region. Environmental cooperation on the issue of pollution was functional for states, private companies, and intergovernmental actors because it created vested interests, and it was a useful entry point into the regional dynamics and promised shared future gains. It was functional for the governments because it allowed them to work towards solutions for a common problem and learn how to deal with it. The environmental cooperation was also functional because the governments receive money from other actors to deal with these issues, which keeps them at the bargaining table. It was functional also for environmental IGOs because they got a foothold in the Caspian Sea region and could start to address the issue of protecting its ecology. This cooperation eventually fostered further cooperation and spilled over to other issue areas such as the discussion of the legal status of the sea. Chapter 4 illustrated that the CEP was not an isolated case of low politics or a niche area compared to traditional geopolitics but had an interdependent relationship with other issue areas, such as the discussion of the sea's legal status and pipeline construction. In contrast to the outcomes predicted on the basis of geopolitical assumptions, chapter 4 illustrated that the environmental requirements within the Legal Status Convention cannot be explained without reference to how the environmental interests of the governments of the littoral states were redefined and constructed under the CEP and later the Tehran Convention during the early 2000s. Drawing insights from revised functionalism, chapter 4 illustrated that understanding how the interests and preferences of the Caspian Sea

governments were established is the key to explaining a broad range of developments in the region, which the relevant (neo)realist literature has either misunderstood or neglected to do. While discussing the CEP program however, this thesis had to focus on non-environmental influence of the program only. In this regard, further research should consider the possible environmental influence of the program, such as the change in pollution level, fish stocks, the rise of the sea level, and biodiversity.

Another functional issue that brought multiple actors together is the construction of transnational infrastructure projects. This thesis has argued that the complexities and value of infrastructures are only narrowly understood by the relevant realist scholarship. By discussing three phases of the BTC and the SGC infrastructure projects, chapters 5 and 6 showed challenges and restrictions that arose beyond and besides those stemming from geopolitics. This thesis conceptualized the transnational infrastructure projects as consisting of three intertwined phases firstly because they are complex undertakings. I used the three phases as a heuristic tool to comprehensively analyse the pipelines a material artefacts. Secondly, each phase has its unique challenges, changes, actors and game results, which affect the other phases and the infrastructure development. Unlike the realist literature, chapters 5 and 6 illustrated and explained the unique role of different actors, challenges, and developments in each phase. The geopolitical literature argues and assumes that it covers these phases but, in reality, it constantly reproduces the same arguments and explanations in the three phases.

While the geopolitical challenge faced by actors cooperating in the Caspian Sea region is one of the pieces of the puzzle, it does not represent the full picture. In this regard, I showed that it is necessary to address interconnected construction challenges. These challenges include environmental issues, workers' protests, extra financial costs, low energy prices, NGO protests, and technical difficulties, which increased the cost of the projects and halted them from time to time. Despite their diversity, they have common features. These issues respect no national or international boundaries and cannot be resolved through unilateral national action. They created a strong functional need for collective action because the cooperation of multiple actors was necessary to address and manage these challenges. On the one hand, these challenges showed that simply signing energy contracts does not mean that natural gas or oil will flow. Rather energy will flow only when these neglected technical issues have been properly addressed. On the other hand, these complex difficulties brought multiple actors together (state, private, intergovernmental, non-governmental). The New Great Game literature misses that the SGC and the BTC are not just state properties. There are also non-state shareholders, who deal with

technical and non-technical challenges during the construction phase. Therefore, it is necessary to consider the developments in the three phases of transnational infrastructure to attain the full picture. However, it is worth noting that the BTC and SGC projects are specific cases, ones in which pragmatic and issue-specific cooperation can be observed. When using the same analytical structure (planning, construction, and eventual use of infrastructure) scholars should now consider regional differences and characteristics as well.

The third key point, in line with the previous one, is that the BTC and the SGC have created constructive competition in the region because they influenced, changed and shaped the relationship between the Caspian littoral states after their construction. As explained above, the littoral states started to experience and establish the practice of cooperation and interaction under the CEP as it function as icebreaker between the governments of the littoral states in the 1990s and led to two agreements signed by the Caspian littoral states; the Tehran Convention and the Legal Status Convention. Chapters 5 and 6 have shown that the stage for cooperative habits was not limited to environmental and legal agreement but it continued and became more compelling throughout the BTC and the SGC projects. More specifically, these pipelines led to non-calculative cooperation behaviour and offered the littoral states a functional way to interact. It was non-calculative because in the planning phase Kazakhstan, Russia, and Turkmenistan were not part of the project, but following the construction of the BTC, these countries have started to use the pipeline to transport their resources since it offers them an alternative transport opportunity for their natural resources. This infrastructure is functional because it offers the possibility of contractual and material cooperation as well as adherence to international standards. It is also an alternative to the unrealistic goal of political integration which helps the littoral states bypass the thorny issues of nationalism and political difference while still creating material interdependence in the long run.

The fourth key point is that these infrastructure projects impact on the regional conflicts, which are at the margin of the Caspian Sea region. The New Great Game literature sees only the negative effects of infrastructure projects, and it therefore focuses on the regional conflicts' possible influence on infrastructure projects instead of the positive effects these projects might have on the conflicts. However, chapters 5 and 6 illustrated that the New Great Game literature fails to see some of the developments that are important for geopolitics. In contrast to the outcome that the New Great Game scholars predicted, the BTC pipeline's construction did not lead to a war between Armenia and Azerbaijan. On the contrary, the BTC project has influenced and changed political and economic value of the regional conflicts as it has introduced new

economic and political restrictions. Later, these political and economic restrictions were intensified by the SGC project. Due to their economic, political and technical costs, the projects have made the regional conflicts less beneficial and ultimately less feasible. Additionally, chapters 5 and 6 illustrated that if there were not the SGC and the BTC pipelines, regional conflicts would not have gotten much attention from the West. Some of the Western countries pay more attention to the regional conflicts because their companies or financial institutions are part of the SGC and the BTC pipelines. This means the BTC and the SGC projects have changed the value and recognition of the regional conflicts in the international arena. Additionally, since the BTC and the SGC are owned both by regional and international actors, any conflict would also threaten business interests of the West in the region. The parties in most conflicts (e.g., Armenia and Azerbaijan) are aware of this situation, which makes these parties reluctant to use violence in the region. Therefore, the pipelines are one of the salient reasons why the current “no peace, no war” situation in the region took shape.

The fifth key point is that the Caspian Sea region is driven by different functional pursuits than in Western Europe was in the 1950s and the governments of the littoral states are responding to a different set of converging interests. As mentioned in my introduction chapter, two studies (Blum 2002, Petersen 2016) used classical functionalism to explain developments in the Caspian Sea region. In contrast to Blum and Petersen’s conclusions, I found that functionalism is capable of explaining constructive cooperation among the Caspian littoral states. Unlike Blum and Petersen, I did not analyse and judge the performance of cooperation in the Caspian Sea against the benchmark set by Europe in the 1950s. Rather, my revised functionalism offers a less ambitious and more realistic framework to explain developments in the Caspian Sea region. In turn, the three case studies illustrated that the habit of cooperation was developed by dealing with the shared environmental issues and it continued and spilled over into the signing of the Legal Status Convention. This functionalist cooperation continued and grew stronger through the BTC and the SGC projects. Although the governments of the littoral states have signed a number of documents, regulations, and agreements to expand their cooperation in other areas, such as in technology, agriculture, and industry, the habit cooperation has not spilled over to anything beyond the transportation of natural resources. This is because non-oil and -gas industry only represents a small share of their total exports. Since there is a lack of production and development in non-oil and -gas industries, there is limited room for expanding cooperation to different sectors or issue areas. In this regard, economic and political agreements, document signings, or treaties would only start to play an actual role if the littoral states develop their non-oil and -gas industry sectors.

The Caspian littoral states aim to strengthen their sovereignty, regime survival, and the position of their rulers and prevent the intervention of other actors by cooperating on specific issues, creating specific organizations, or interacting with other actors, unlike Western Europe did in the 1950s. Their governments aim to address the needs of the authorities rather than addressing the needs and rights of citizens. Therefore, functionalism is mainly in service of ruling elites in the Caspian Sea region. These findings also show that the Caspian Sea region has its own functional objectives and approaches to cooperation and impulses. In contrast to Western Europe, the Caspian littoral states do not aim for integration per se, because the littoral states view integration loss of their sovereignty and freedom of decision making. The littoral states rather aim for functional cooperation because cooperation means working together for shared issues without losing autonomy. However, due to the scope of the thesis, I could not discuss how and in what way transnational infrastructure project strengthened the elites in authoritarian states and helped them establish and maintain a neo-feudalist government structure in the Caspian Sea region (Fails 2019; Guliyev 2012; Heinrich and Pleines 2012). Further research should shed light on these aspects.

All these points together illustrate that the Caspian Sea region is not a hopeless or desperate place, full of conflicts and rivalry. More concretely, the three case studies showed that interests, identities, the practice of cooperation, conflict, and competition are not fixed but they emerge and then change over time. While these findings create a less pessimistic view, they do not mean that the Caspian Sea region is an ideal place or a paradise for cooperation and interaction. Rather these findings mean that it is necessary to understand the complexity, interdependent nature and interconnected dynamism in the region. The three case study chapters illustrated that despite the existing conflicts, competition, and geopolitics, the Caspian littoral states have been cooperating on shared issues since the end of the Cold War. This cooperation is not a standalone or isolated area but it has autonomy in the face of geopolitics and conflict. When one zooms out, one can see that there are several unsolved issues and barriers, but when one zooms in one can see that cooperation and dialogue are ongoing and intended to solve and manage the shared issues in a way that is tailored to the region. Whether this way is right or wrong is another question, but it is necessary analyse it for its own sake rather than depicting the Caspian Sea region from a black and white perspective.