



## ON THE EVE OF THE V CASPIAN SUMMIT IN ASTANA

Current geopolitical situation in the Caspian region clearly demonstrates the necessity for searching a mutually acceptable solution regarding both establishment of the new legal status and determination of the regime of use of the Caspian Sea. For more than two decades, the littoral countries have been trying to adopt a five-party document regulating legal obligations for the parties in maintaining rights to use waters above the seabed, the seabed, the subsoil, and the airspace above the Caspian Sea. Improved political dialog among the regional states is one of the crucial pre-conditions for the successful implementation of normative regulations. Witnessing contradictory and sometimes mutually exclusive actions of the Caspian Five states about the interpretation of the international legal norms the parties clearly understood that a regional compromise lies in direct political consultations at the highest level. As a result, at the beginning of 2000s the heads of the littoral states agreed to establish the five-sided mechanism of negotiations, namely, the Caspian Summit format.

To date, there have been four meetings of the Caspian Five leaders within the framework of the Caspian Summits. However, the positive impact of these negotiations was widely acknowledged only after a decade of consultations. For instance, on the first day of the I Caspian Summit held in Ashgabat on April 23-24, 2002, all Caspian Five Presidents expressed their ideas about the sea delimitation issue demonstrating no flexibility or mutual understanding.

The confrontation between Azerbaijan's President Heydar Aliyev and Turkmenistan's President Saparmurat Niyazov, over the disputed offshore oil and gas fields (Azeri-Chirag-Kyapaz/ Omar-Osman-Serdar) made the situation more complex. As a result, the heads of the Caspian states refused to sign a joint declaration and the first attempt to discuss the issue of the Caspian legal status failed. Therefore, it is not surprising that the parties could not manage to hold the next Caspian Summit in Tehran in April 2003 as it was planned.

However, the Ashgabat high-level meeting triggered some positive developments. Actually, in a month period Baku officially declared that exploration works at the disputed offshore hydrocarbon fields Alov-Araz-Sharg known as Alborz by the Iranians, would be stopped until resolving the border issue. The situation started to seem more promising when some progress was achieved on drafting the Convention on the legal status of the Caspian Sea during the 8th session of the Special Working Group at the level of the

Caspian states' Deputy Ministers of Foreign Affairs held in Baku in February 2003.

Nevertheless, it took the littoral states 5 years to arrange the II Caspian Summit in Tehran on October 16, 2007. This time, the discussion on prospects for multilateral cooperation and the legal status of the Caspian Sea was held in a constructive atmosphere. As a result, the parties adopted a 25-point joint declaration, which touched upon several issues such as navigation, transportation, security, etc. The parties unanimously agreed that the littoral states would neither use their armed forces against each other nor allow any other state to use their territory for military operations against any of the littoral states (Article 14-15). Moreover, the Tehran Declaration reflected that shipping in the Caspian Sea should only be carried out under the flags of the littoral states (Article 7). Furthermore, the document enshrined the North-South transport corridor as an integral part of the Caspian dimension (Article 4). Therefore, the first political document signed by all Caspian Five Presidents during the Tehran Summit indicates widening the Caspian agenda by including economic, energy and security issues.

Despite a convergence of positions on some core issues essential for reaching an agreement on the Caspian Sea regime, the III Caspian Summit also faced with endless delays. It was expected to be held in Baku in 2008. However, due to serious disagreements the Baku Summit was held on November 18, 2010. Since the most important and most controversial issues of the sea delimitation were essentially bypassed, the parties could manage to sign the extended joint declaration, which consolidates the provisions of the Declaration approved by the Caspian Five during the II Caspian Summit in 2007. Moreover, during the Summit the parties inked the first five-sided official agreement, which marked the beginning of a new period in the Caspian interrelations. The Agreement on Security Cooperation in the Caspian Sea specified the areas for security cooperation such as combating terrorism, poaching, organized crime and smuggling, and ensuring safe shipping.

It should be mentioned that the Summit's participants were unable to move beyond the framework of the initial agenda discussing the harmonization of the width of the national maritime zones. As a result, the parties agreed to instruct corresponding agencies to prepare suggestions concerning the sea borders of 24 or 25 miles off the coast within the next three months.

However, the solution to the problem of national maritime zones was postponed. The

Caspian Five could manage to revert to the issue only in the four-year period, in particular, during the IV Caspian Summit held in Astrakhan on September 29, 2014. The issue was resolved by adopting a 19-point final communique. According to this communique, the littoral countries would extend their national sovereignty out 15 nautical miles off their respective coasts, with exclusive fishing in 10 nautical mile areas. Besides, at the end of the Summit, the Agreement on the conservation and rational use of marine biological resources, the Agreement on cooperation in the field of prevention and liquidation of emergencies and the Agreement on cooperation in the field of hydrometeorology of the Caspian Sea were signed.

Encouraged by recent developments in the Caspian talks the parties felt confident that a definitive delineation and division of the Caspian's offshore waters and seabed would be achieved at the V Caspian Summit to be held in 2016 in Kazakhstan. Actually, the President Nursultan Nazarbayev clearly declared that during the Astana Summit the parties would adopt the final version of the Convention. However, during the meeting of the Caspian Ministers of Foreign Affairs in Astana on July 13, 2016, the high-ranking officials stated that there was still a number of problems that need to be addressed. According to the optimistic scenario suggested by the Foreign Minister of Russia, Sergey Lavrov, there is a strong possibility that the document would be signed in the first half of 2017. As a result, the Astana Summit could be postponed until the completion of the process of drafting the Convention.

On the other hand, the parties could suspend signing the Convention during the Summit in order to discuss the most important problems of regional cooperation. In that case, the V Caspian Summit will particularly focus on the Caspian Five's economies. For instance, the littoral states leaders could consider the creation of a Caspian Free Trade Area suggested by Kazakhstan or concentrate on drafting an Agreement on trade and economic cooperation initiated by Turkmenistan.

Therefore, the meeting at the highest level is a major factor in the revitalization of the negotiation process on the Caspian Sea. Since the start of the Caspian Summits, the littoral states have carried out joint activities in almost all major issues of partnership in the region. Therefore, even if the Convention is not signed during the forthcoming Summit, the meeting at the highest level still has the most potential to settle the dispute on the legal status of the Caspian Sea.

## Politics, Foreign Affairs and Security

- The President of Russia, Vladimir Putin, called on the recently elected 7<sup>th</sup> State Duma (Parliament) to support the candidacy of Vyacheslav Volodin as its Speaker. The previous State Duma Speaker, Sergey Naryshkin, was appointed as the Head of the Russian Foreign Intelligence Service.
- On the sidelines of the UN General Assembly held in New York, the Minister of Foreign Affairs of Russia, Sergei Lavrov, and the U.S. Secretary of State, John Kerry, took part in the meeting of the International Syria Support Group. The parties discussed the implementation of the package of five documents aimed to bring about ceasefire in Syria reached during the Geneva talks.
- On the sidelines of the UN General Assembly the Ministers of Foreign Affairs of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan vowed to jointly counter security threats in the Central Asia region including fight against terrorism and extremism, illegal drug trafficking and organized crime. The sides also pledged to implement the goals of the Central Asian Nuclear-Weapon-Free Zone.
- During his official visit to Bishkek, the Deputy Prime Minister of Tajikistan, Azim Ibrokhim, and the Vice Prime Minister of Kyrgyzstan, Zhenish Razakov, discussed the issue of the delimitation and demarcation of the state border highlighting the necessity for strengthening bilateral relations.
- According to the Chairman of the Azerbaijani Central Election Commission, Mazahir Panahov, about 53,000 observers were registered for the upcoming referendum in Azerbaijan. It was also noted that 5,627 polling stations will be set up during the referendum, and about 10 observers will be able to monitor the voting in one polling station.
- During his official visit to Azerbaijan, the State Secretary of the Security Council of Belarus, Stanislav Zas, and the Minister of Internal Affairs of Azerbaijan, Ramil Usubov, discussed the necessity to strengthen efforts in combining international terrorism, illegal migration, illegal drugs trade and cyber-crimes.

- According to the Border Guarding Service of Kyrgyzstan, Uzbekistan reopened a border crossing with Kyrgyzstan and withdrew its police and border guards from a disputed part of the Kyrgyz-Uzbek border in the area of the Ungar-Too mountain.

## Economy, Finance and Energy

- During the 13th Session of the Azerbaijan-Kazakhstan Intergovernmental Commission on Economic Cooperation held in Astana, the Minister of Energy of Kazakhstan, Kanat Bozumbayev, offered Azerbaijan's state oil company SOCAR to consider the possibility of participation in the international Eurasia project designed for searching hydrocarbon deposits in the Caspian basin. Lukoil, Rosneft, Shell, Chevron and China's CNPC have already expressed their interests in the project estimated at about \$523 million.
- The Minister of Energy of Kazakhstan, Kanat Bozumbayev, reported that Kazakhstan's annual gas production would reach 65 billion cubic meters by 2020. It was also stated that improved production would both increase gas export and help displace coal in domestic energy market significantly decreasing harmful emissions.
- The Director of the State Agency for Regulation of Fuel and Energy Complex of Kyrgyzstan, Taalalibek Nurbashev, announced that due to the economic crisis and worsening of the social situation the tariffs for electricity and heating in the country would remain unchanged until August 2017.
- According to the National Energy Holding of Kyrgyzstan, Kazakhstan began returning electricity to Kyrgyzstan within the electricity exchange agreement. In August, Kazakhstan received 197.5 million kilowatt-hours (kWh) from Kyrgyzstan. It was noted that until the end of September, Kazakhstan would transfer 62.8 million kWh. It is planned that Kyrgyzstan would receive 118.2 million kWh and 23.1 million kWh in October and November respectively.
- The First Deputy Prime Minister of Uzbekistan, Rustam Azimov, proposed the creation of a green corridor simplifying the procedure of customs and phytosanitary clearance for Uzbek fruits and vegetables on Uzbekistan-Russia border.

- The Head of the Astana International Financial Centre (AIFC), Kairat Kelimbetov, reported that the Hong Kong Trade Development Council signed an agreement with AIFC in order to promote investment projects in Kazakhstan in the framework of One Belt One Road initiative.
- During the meeting of the Russian-Vietnamese Intergovernmental Commission, the First Deputy Prime Minister of Russia, Igor Shuvalov, reported that the free trade zone agreement between the Eurasian Economic Union (EAEU) and Vietnam would come into force in October 5, 2016. It was also noted that all domestic procedures in the EAEU member-states and Vietnam were finalized.
- According to the Fitch International Rating Agency, Russia's budget deficit is forecasted to reach to 3.9% of GDP in 2016 and reduce to 2.8% of GDP in 2017.

## Society and Culture

- According to the Deputy Chairman of the National Security Committee of Kazakhstan, Nurgaly Bilisbekov, the Kazakh security forces have prevented nine terrorist attacks in the country since the beginning of 2016. It was also noted that 64 violent extremist acts have been prevented at early stages of preparation and disrupted since 2011.
- The Russian space agency, Roscosmos, announced that the launch of the Soyuz MS-02 carrying commander Sergey Ryzhikov, flight engineer Andrey Borisenko and NASA astronaut Shane Kimbrough was delayed indefinitely for technical reasons after the test at the Baikonur Cosmodrome in Kazakhstan.
- The President of Turkmenistan, Gurbanguly Berdimukhamedov, opened an international airport worth over \$2 billion in the country's capital Ashgabat. It was noted that the new airport's two passenger terminals would have the capacity to serve 17 million passengers and the freight terminal could handle 200,000 tons of freight annually.
- The Ministry of Agriculture of Kazakhstan banned sturgeon fishing in all regions of the country in order to combat illegal fish trade.