The dissolution of the Soviet Union in 1991 and the emergence of the independent states of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and the south Caucasus (Armenia, Azerbaijan, and Georgia), coupled with vast oil and gas resources around the Caspian Sea Basin, have increased the geostrategic importance of this region. The Caspian Basin has the potential to emerge as an additional source of energy supplies over the coming decades, and could therefore reduce pressure on the Persian Gulf to meet the growing global demand for oil and dampen upward pressure on oil prices. The states of Central Asia and the south Caucasus, moreover, are generally eager to reduce their dependence on Russia and to develop political, economic, and security relations with the outside world. The emergence of strong, stable, and independent Western-oriented countries along Russia’s southern borders would discourage a revival of Russian neo-imperialism, and thus advance the West’s broader goal of seeing Russia adopt a non-expansionist and responsible foreign policy.

At the same time, however, the states of the former Soviet south are potentially weak and unstable, and the region is vulnerable to centrifugal forces. Over the next 10–15 years, the Caspian states will face serious internal and intraregional threats to their security and stability as they navigate the difficult transition to modern, post-independence nation-states. These challenges (to name but a few) include regional, tribal, ethnic, and clan disputes; severe poverty and economic hardships; growing disparities in income distribution; underdeveloped political institutions, civil societies, and national identities; environmental degradation; political repression; lack of viable
succession mechanisms for the peaceful transfer of power; rapid population growth; mass urbanization; conflict over land, water, and energy and mineral resources; ethnic separatism; and pervasive corruption. In short, the Caspian states generally suffer from the usual problems of “weak” or “failed” states that could lose the capacity to govern effectively and maintain order unless their governments are able to meet the basic expectations of their populaces.

Moreover, the Caspian region is the object of an intense competition for influence and access to oil and gas resources among external powers that could threaten the security of states in the region, foment instability, and provoke military intervention. Because of the region’s central geographic location and potential energy prospects, large-scale conflict and instability could threaten the stability and security of much of the Eurasian continent. As Graham Fuller has noted, particularly at stake are

- the future domestic evolution of Russia, Turkey, China, Afghanistan, India, and Pakistan,
- the prospects for cooperation or conflict among Turkey, Russia, China, Iran, Afghanistan, India, and Pakistan,
- the formation of new blocs, alliances, and coalitions among the states in and around central Eurasia, and
- Iran’s position in the region and its relationships with the West, Russia, and other key neighboring countries.

From NATO’s standpoint, therefore, the independence of the Caspian states, as well as their internal evolution and external orientation, presents both opportunities and dangers that could have implications for the Alliance’s security interests, tasks, and military requirements. Stability in the south Caucasus, in particular, is critically important because of its common border with Turkey and the possibility that future rounds of NATO enlargement could include countries (e.g.,

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Romania, Bulgaria, and possibly Ukraine) that would bring the south Caucasus even closer to NATO's borders. If conflict in the region draws Turkey in, the potential exists for wider NATO involvement. Moreover, chronic violence or instability could precipitate Russian, Chinese, or other outside military intervention. Under these circumstances, the West could perceive a growing challenge to important interests and perhaps even pressure for crisis management, peacekeeping, or military intervention.

This study examines the emerging security environment in Central Asia and the south Caucasus and its implications for NATO and the West. Chapter Two discusses Western strategic interests and objectives in the Caspian region. Subsequent chapters examine threats to these interests and opportunities for Caspian energy development and Western energy security. The final chapter discusses the implications of these security trends for NATO's strategy, plans, security functions, and force posture.