



THE JAMES A. BAKER III
INSTITUTE FOR PUBLIC POLICY
OF
RICE UNIVERSITY

*UNLOCKING THE ASSETS: ENERGY AND THE FUTURE OF
CENTRAL ASIA AND THE CAUCASUS*

US NATIONAL INTERESTS IN THE CASPIAN BASIN:
GETTING BEYOND THE HYPE

JOE BARNES
RESEARCH FELLOW
JAMES A. BAKER III INSTITUTE FOR PUBLIC POLICY
RICE UNIVERSITY

PREPARED IN CONJUNCTION WITH AN ENERGY STUDY BY THE CENTER FOR INTERNATIONAL POLITICAL
ECONOMY AND THE JAMES A. BAKER III INSTITUTE FOR PUBLIC POLICY
RICE UNIVERSITY – APRIL 1998

Introduction

Central Asia and the Caucasus are suddenly news.

The United States Government, after several years of what many have criticized as neglect, has begun to show interest in the countries of the Caspian Basin. Over the past 18 months, a number of regional leaders have made high-profile visits to the United States. Senior Administration officials have delivered well-publicized policy declarations on the importance of Central Asia and the Caucasus to the United States. And a US military exercise in the region, though long-planned and small in scope, has been cited both there and here as a signal of our strategic interest in the region. The usual apparatus of an American diplomatic offensive, in short, has been put into predictable gear. There has still been no state visit by President Clinton to the region. But the Caspian Basin, once a backwater of American foreign policy, has achieved a new and surprising salience with the US Government.

An intensified American focus on the region is not limited to the diplomatic arena. Seminars and conferences on the Caspian Basin are drawing ever more interest from academics and businessmen alike. The American press -- whose coverage of the region has been by and large scanty -- has produced a flurry of news reports and opinion pieces on the Caspian Basin. Central Asia and the Caucasus, we are told, are important to the United States. In fact, the region is *so* important, according to some observers, that the region requires a new and more assertive US policy towards it. The vast majority of Americans may still be unable to point to the Caspian Basin on a map, much less name even one of the states that comprise it. Still, informed American opinion is probably more aware of the region, if only in general terms, than at any time since it gained independence from the Soviet Union in 1991.

Why? At one level, the answer is simple: *oil and gas*. The Caspian Basin is rich -- perhaps *very* rich -- in both. But this begs another, more interesting question: why *now*?

After all, Azerbaijan has been a major petroleum producing area since the 19th century. And Turkmenistan and Kazakhstan, for their part, have been known for years to possess extensive deposits of oil and gas.

Background

The answer rests on a convergence of economic and political factors.

For *American energy companies* there is a growing frustration with pace of progress on hydrocarbon development in the former Soviet Union. Immediately after the fall of the USSR, American and other foreign companies focused their efforts on Russia, with its huge hydrocarbon reserves and extensive if obsolete energy infrastructure. The result, with few exceptions, was disillusion. Conflict with powerful domestic monopolies, a chaotic legal climate and, above all, a deep-rooted Russian suspicion of foreign ownership, caused energy companies to look elsewhere -- specifically south to the Caspian Basin.

At one level, American energy companies have enjoyed signal success with their southern strategy. International consortia have been organized, major deals signed, significant investments committed. But little revenue has been generated. Development of the Caspian Sea itself is entangled in a legal dispute among the littoral states. And the whole issue of transportation routes from the region has proven both economically complex and politically contentious.

One result of this frustration has been a campaign by American energy companies to pressure the US Government to intervene on their behalf. The AIOC, a consortium of American and other companies seeking to develop and export Azerbaijani oil, has been especially active. It has acquired the services of a number of prominent former US policy-makers and launched an ambitious public relations and congressional lobbying campaign.

American energy companies have found no shortage of allies in the American foreign policy establishment. The region, after all, borders not just Russia, but Iran and China. Each of these countries is viewed by influential experts as a current or potential threat to American interests in the region and more broadly. This is particularly true of Russia, still viewed with suspicion by many in the American foreign policy elite.

The frustration of the American oil companies is not just matched but exceeded by *the regimes of the Caspian Basin themselves*. There is a palpable sense in the region that windows of opportunity are slamming shut.

The leaders of countries like Azerbaijan, Kazakhstan and Turkmenistan -- whose current political systems range from the mildly autocratic to the unabashedly dictatorial -- see the earliest possible flow of energy revenues as important, perhaps decisive determinants of their medium- to long-term legitimacy. The populations of all three states have endured sharp declines in living standards since the end of the Soviet period. They are acutely aware that their material futures will hinge in large part on exploitation of their countries' energy resources. Further delay could lead to public disenchantment with leaders unable to deliver long-promised but much-deferred prosperity.

The regimes of the region also view the early flow of energy revenue as essential in bolstering their countries' sovereignty. While Moscow's attitude toward the region is complex, there are influential Russian elements that would like to reassert Moscow's traditional dominance in the Caspian Basin. From the perspective of regional capitals, there exists real urgency in gaining as much economic independence and international attention as possible *now*, while Russia is still militarily and economically enfeebled.

For *the United States Government*, there has been a modest but distinct shift from the Russo-centered approach of the Bush and early Clinton years.

The independence of these countries in 1991 came, from the Bush Administration's perspective, as an unexpected bonus of the end of the Cold War. In contrast to the

liberation of Eastern Europe and the Baltic States, self-determination for the Soviet Republics of the Basin had not been an explicit or even implicit goal of American foreign policy. Independence was a surprise.

Indeed, after an initial diplomatic effort associated with recognizing these new states and, in the case of Kazakhstan, securing its pledge to forgo the nuclear option, American attention returned to Moscow. The Caspian Basin was not completely ignored. Washington continued to conduct an active if low-key diplomacy in the region and to provide a modest but welcome amount of assistance. But the emphasis was clearly on domestic developments in Russia and Moscow's evolving post-Cold War relationship with Washington.

During the first term of the Clinton Administration, this focus, if anything, intensified. Deputy Secretary of State Strobe Talbott, in particular, became identified with what could be called a "Russia-first" policy. His role within the Administration earned Talbott the enmity not just among those advocating closer American ties to the Caspian Basin but also among foreign policy critics who viewed Russian interests as fundamentally incompatible with those of the United States. Whatever its ultimate merits, the Administration's Russia-first policy was indeed plausible. Decisive developments in Russia, such as the presidential election of 1996, and vital bilateral issues, notably Moscow's acquiescence in NATO expansion, suggested prudence when it came to a more ambitious US policy in the Caspian Basin.

By 1997, however, the Administration had begun to move, however subtly, towards greater engagement in the Caspian Basin. Russia was safely past its presidential election. Moscow's acceptance of NATO expansion, however grudging, would be secured that spring. A significant body of opinion within the Administration had, in any case, been urging a more assertive policy in the Caspian Basin for some time. American energy companies therefore found increasingly sympathetic ears within an Administration well known -- and often criticized -- for its emphasis on "dollar diplomacy."

American Interests

What *are* American interests in the Caspian Basin?

By most conventional standards, our interests in the region are *modest*. The countries of the Caspian Basin are geographically remote from the United States, militarily insignificant, sparsely populated and poor. Despite talk of a new "Silk Road," their physical remove from important markets and major sea-lanes renders them unlikely candidates to become, as some optimistically suggest, the new "Tigers" of Asia, even assuming a commitment to economic reform to date largely absent in the region. Separated from the Persian Gulf by Iran, dependent on the Bosphorus for access to the Mediterranean, blocked from Europe by the vast expanse of Russia, and bordered to the East and Southeast by some of the most inhospitable terrain in the world, the region possesses little obvious geopolitical import. Nor are countries of the Caspian Basin, with the exception of Georgia and Kyrgyzstan, at all appetizing in terms of democratic governance and respect for human rights. Today, in short, the Caspian Basin would appear to have little claim on the attention, much less affection, of high-level American policy-makers -- except, of course, for the region's gas and, especially, oil reserves.

But even here it is important to get beyond hype. Public estimates of oil and gas reserves, in the Caspian Basin as elsewhere, are as much art as science -- and an art, moreover, extremely amenable to political and commercial manipulation. It is clearly to the advantage of both regional governments and international energy companies to give higher rather than lower figures. The much-cited estimate of 200 billion barrels in regional oil reserves is a dramatic case in point. This number reflects an upper-end figure for *possible* reserves. It should *not* be used in comparison with estimates of *proven* reserves in other regions. The estimated proven reserves of the Caspian Basin, for instance, run between 15 and 30 billion barrels. By comparison, Saudi Arabia's are 259 billion, Russia's 155 billion and Iraq's 112 billion.

The proven oil reserves in the Caspian Basin, however, *are* significant. They represent, in terms of oil, a find perhaps of the rough magnitude of the North Sea. But they *do not* constitute a second Persian Gulf.

Even under optimistic assumptions, regional production in 2010 would be roughly 3-4 million barrels per day -- or perhaps 3-4 percent of estimated world production. Any number of developments in oil markets -- Iraq's return to pre-Gulf War export levels, the privatization of Mexican oil industry along the lines of the Venezuelan model or even a thorough reform of the Russian energy sector -- could yield a similar and perhaps larger increase in world output.

Even after discounting much of the exaggeration associated with energy in the Caspian Basin, however, the fact remains that development of the region's potential is a worthy goal of US foreign policy. It will create significant commercial opportunities for American firms. In addition, the flow of the region's petroleum to world markets will tend over time to depress the price of oil or restrain increases in it, a clear advantage to a petroleum-importing country like the United States (or, for that matter, Japan.) Third and most importantly, bringing the Caspian Basin "on line" will diversify world oil supply and, on the margin, lessen the dependence of global oil markets on exports from the volatile Persian Gulf. It is worth noting that we can achieve the last two objectives

-- downward pressure on prices and diversification in world supply -- without American firms being directly involved in the exploitation of energy resources in the Caspian Basin.

Our interest in diversification has very specific consequences. It strongly argues, for instance, *against* an export pipeline through Iran. This preference, it must be stressed, is independent of our troubled relations with Tehran. Even were those relations to improve rapidly -- an unlikely scenario, despite very cautious preliminary steps in that direction -- Iran would remain problematic as a transport route. Central Asian oil would still flow to or near the Persian Gulf, the location of two major wars in as many decades. More generally, as a matter of simple security of supply, the United States would prefer, where

economically viable, a multiplicity of exports routes. This minimizes the possibility of disruption of supply by accident, terrorism, unrest or action by transit countries. All questions of their geopolitical ambitions in the region aside, both Russia and Iran are energy competitors of the countries of the Caspian Basin. A major transit route that avoids both would therefore also serve our interest in supply diversity.

We have of course other interests in the region. Some, such as our concerns about the Caspian Basin's use in transit of illicit drugs or transfer of controlled technologies, constitute an important part of our bilateral agenda with the various countries in the region. So does the Caspian Basin's integration into the global economy. But all are the stuff of what could be called "normal" American diplomacy. And none today justifies an expanded US role in the region. For that, we must turn to other US interests -- real or imagined -- in the Caspian Basin.

The Russian Threat

One such interest, much bandied about when discussing the Caspian Basin, is strategic. It is a cliché of *Realpolitik* that power abhors a vacuum. The states of the Caspian Basin may represent no threat to the United States. But what of other countries that might seek influence, even hegemony in the region? There is, after all, no shortage of candidates.

Iran, Turkey and China all border the Basin. But all, for a number of reasons, are unlikely to exert decisive influence in the short- to medium-term. Tehran's appeal, based largely on religion, is severely limited by the fact that the majority of the region's Muslims are Sunni, not Shia. Ankara, itself economically troubled and politically divided along secular and Islamic lines, possesses neither the resources nor prestige to promote "Pan-Turkism" much beyond the rhetorical level. Beijing, despite its recent pipeline agreement with Kazakhstan, has essentially defensive objectives in the region, above all a desire to limit agitation among its own Muslim minority in Western China.

This leaves Russia, which by virtue of its proximity, size and past domination of the region, is clearly a serious contender for hegemony in the future. At present, Russia is constrained in its ability to exert influence in the region. Moscow is militarily weak, economically distressed and led by a government beset both by external opposition and internal rivalry.

Russian attitudes toward the Caspian Basin are far more complex and, indeed, contradictory than often assumed. Even the relationship between the Russian Government and the country's two major energy firms is both highly ambiguous and constantly evolving. The assumption, still prevalent in certain American foreign policy circles, that there exists a coordinated Russian grand strategy toward the Caspian Basin is over-simplified at best. This is certainly true when it comes to the development of energy resources in the Caspian Basin. There, two major Russian companies -- Gazprom and Lukoil -- now have major financial stakes in the region, making them less likely simply to act as agents of the Russian Government.

Still, there are plainly powerful elements in Russia, both within and outside the government, which would like to see Russia resume its traditional dominant role in the region. Clearly, Russia's policies towards the Caspian Basin, from public economic pressure to covert internal meddling, are colored in part by this view.

Moscow will plainly continue to exert influence in the region. As Russia recovers, militarily and economically, that influence is likely to increase. But the precise form of Moscow's influence -- its extent, intensity and intrusiveness -- remains an open question. The answer to it will be shaped in part by events within the Caspian Basin itself and by the actions of other powers, including the United States, within the region. But it will essentially be determined in Russia. There, to oversimplify, the great debate between the "Westerners" and "Easterners" continues. The debate pits those who see Russia's future as part of a democratic Europe against those who seek to restore hegemony, even empire in the former Soviet Union. In short, Russia is today in the midst of a grand historical

debate over what sort of country it wants to be; and Russia's decision, for better or for worse, will drive its ultimate attitude towards the Caspian Basin.

Recommendations that the United States forcefully counter Russia in the Caspian Basin now, while Moscow is weak -- possibly by making Uzbekistan our *de facto* regional surrogate -- may only increase the likelihood of a Russian effort to re-exert more direct control over the region. The argument that a firm anti-Russian stand in the Caspian Basin will undermine, rather than embolden, neo-imperialists in Moscow only makes sense if we are willing to commit the resources and offer the guarantees necessary to back up our position.

There is simply no evidence *whatsoever* that the United States is willing to do so. American *per capita* civilian assistance to the region, with the exception of Armenia and Kyrgyzstan, is minimal. Given budgetary constraints and the abiding distaste of the American public for foreign aid, this situation is most unlikely to change. The same holds true for military assistance.

The idea of US security guarantees for the states of the Caspian Basin -- ones backed up by the plausible threat of force -- is at this time risible. Even supporters of an anti-Russian policy in the region balk at the idea. The United States may be the world's sole superpower. But both our material resources and political will remain finite. Only our rhetoric, it seems, is boundless. Absent real resources and guarantees, for instance, talk of "containing Russia" in Central Asia can only be counterproductive. This is especially true were we to move forward, as some in the Clinton Administration have intimated, with expanding NATO to include the Baltic States. Combined with a more assertive American stance in the Caspian Basin, such an effort would play into the hands of those in Moscow calling for an aggressive re-imposition of Russian hegemony in Central Asia and the Caucasus.

At this point, a direct Russian takeover of the region is remote; a use of the region by Moscow to threaten American interests elsewhere -- for instance in Turkey or the Persian

Gulf -- is more remote still. There may or may not be a Russian future "threat" to the region and American interests there or elsewhere. But a premature American effort to exclude Russia from influence in the Caspian Basin is likely both to increase the likelihood of such a threat and to intensify its severity should it appear.

The Islamic Threat

In all but two countries of the region -- Armenia and Georgia -- Muslims are a majority of the population. This has prompted predictable -- and predictably alarmist -- talk about an Islamic threat in the region. It is true that Islam, after decades of suppression under Communist rule, is undergoing revival throughout the Caspian Basin. But talk of Islamic fundamentalism sweeping the region is dangerously exaggerated. Most Muslims of the Caspian Basin belong to the Hanafi tradition, the most liberal form of Sunni Islam. And all countries boast strong secular elements, particularly among governmental elites. That said, there *is* a real threat of Islamic fundamentalism in the medium- to long-term. It arises from the corrupt and authoritarian nature of most of the regimes in the region. In time, radical Islam could become a form of alternate personal allegiance and a vehicle for political opposition, as it did in pre-Revolutionary Iran and does today in Egypt.

Ironically, those who call for closer American ties to the regimes of the Caspian Basin -- whether to ensure stability, contain Russian influence or both -- may actually be encouraging the rise of radical Islamic fundamentalism. At present, there is little anti-Western sentiment in the region. Too intimate an American relationship with secular but authoritarian local regimes could feed it. Nearly two decades later, some in the American foreign policy establishment still seem unable to draw the obvious lessons of the Iranian Revolution. In the Persian Gulf, at least, one might argue that our vital interests justified the choice of regional strongman, whatever the risks we ran should he fall from power. But in the Caspian Basin, we have no such vital interests -- and no need to pick a favorite from among the potential Shahs of the region.

Stability and Sovereignty

Finally, what of two other supposed American interests in Caspian Basin – stability and independence? Both would appear, on first glance, to be unexceptionable. Who after all, is *against* stability and independence? But both, on inspection, are ambiguous concepts and dubious guides to American action.

Given our current unchallenged pre-eminence, the United States is an essentially conservative power. The reason is simple: we have more to lose than gain by a change in the international *status quo*. As such our preference -- all other things being equal -- is for stability. This innate conservatism explains in part the Bush Administration's hesitant approach to the break-up of the Soviet Union. Even there, however, stability was essentially a *derivative* goal, related to other American interests involved -- notably a concern that progress on arms agreements be consolidated and that unified command over the Soviet nuclear arsenal maintained.

Stability therefore is important less in itself than for the other interests it either protects or promotes. This is as true of the Caspian Basin as it is elsewhere. In Tajikistan, for instance, those interests are modest and our response to date has been unsurprisingly minimal. The Armenian-Azerbaijani dispute is qualitatively different. There, potential for conflict between Turkey, a NATO ally, and Russia, our partner in a dialogue on arms control and other critical issues, *does* raise our interest in a peaceful resolution to a higher plane. Our ability to serve as an honest broker in the conflict, however, has been seriously impaired by a congressionally driven tilt toward Armenia.

Our interest in stability in the Caspian Basin, therefore, is case-specific, not general. And it nowhere rises to our critical stakes in stability in North America, Europe or East Asia.

We should, as a matter of course, encourage where possible the peaceful resolution of disputes and foster regional security arrangements that minimize the risk of conflict. Close cooperation between Kazakhstan and Uzbekistan, for instance, clearly works to the

advantage of both parties and to the region as a whole. However, absent direct involvement of other American interests, we should limit our role to low-cost, low-risk support of international initiatives by organizations such as the OSCE. To suggest anything more is to raise patently false expectations. Our extreme reluctance under both Bush and Clinton Administrations to intervene in Bosnia, only a few hundred miles from the heart of Europe, illustrates the narrow limits of our commitment to stability *even when* other, arguably important interests are involved.

Like stability, support for sovereignty has often been cited as an American interest in the region. It has clearly served as the rhetorical centerpiece of our policy towards the Caspian Basin. This has made sense in both specific and general terms. There was much fear at the time of independence that Moscow might reassert its formal claim to the states of the Caspian Basin or that the region itself might fall into chaos. And, as a general principle, the United States *does* support national sovereignty.

But "sovereignty" is a very elastic concept, indeed. Lebanon is sovereign but a client state of Syria; South Korea is sovereign but under the tutelage of the IMF; Mexico is sovereign but profoundly dependent on Washington's whims in such areas as immigration and trade.

Given the reality, however unfortunate, of their relative weakness, the states of the Caspian Basin can expect to see their sovereignty constrained. Moreover, they will see it limited in different ways, depending on their size, wealth, demographic composition and proximity to Russia. Uzbekistan, for instance, will clearly enjoy a far greater freedom of action than Kazakhstan, say, or Georgia. Again, the questions are the form and extent of independence. There is clearly a great difference, for the region as a whole and for individual countries, whether Russian influence takes the form of Syria's over Lebanon or the United States' over Mexico.

To the extent that we seek diversity of supply to world oil markets, we would clearly prefer that Azerbaijan and Kazakhstan enjoy energy policies free from Russian control, if not influence. One thing, however, is clear: making an idealized form of sovereignty the

heart of American policy towards the region is both intellectually untenable and -- insofar as it might foster unrealizable hopes -- potentially dangerous.

Conclusion

Much of this paper has been an attempt to bring perspective to American interests in the Caspian Basin -- to get beyond the hype that has clouded much of our debate about it. Such hype is perhaps understandable. American energy companies have huge sums at potential stake in the region. Foreign policy experts are keen to put their personal stamp on US strategy in a region largely unencumbered by past policies or current commitments. And many regional specialists, in government and academia, feel a deep personal attachment to the long-suffering peoples of the Caspian Basin. Money, influence, passion: the combination is not one likely to lead either to sobriety of analysis or modesty of ambition.

Two points should be made clear: to speak of limited American interests in the Caspian Basin is not to suggest that they are non-existent; and to stress the constraints circumscribing our freedom of action in the region is not to argue that we need take an entirely passive approach. But we should, nonetheless, exercise great caution as we reassess American policy towards the region -- and particularly as we contemplate a shift towards an explicitly or even implicitly anti-Russian policy in the Caspian Basin.

Some critics have argued that we have unduly neglected the Caspian Basin because of our fixations elsewhere -- notably Russia and the Persian Gulf. This may have some truth to it. We clearly cannot view the Caspian Basin *exclusively* through the prism of our policies toward Russia and the Persian Gulf. At a minimum, our interest in an additional independent supply of oil to world markets argues otherwise. But we will -- and *should* -- continue to view our policies in the region *largely* through those prisms.

For instance, our interests in the Caspian Basin pale in comparison to our vital interest in working towards a continued orderly reduction of Moscow's nuclear arsenal. That arsenal,

though much reduced by arms control agreements and general disrepair, remains capable of effectively destroying the United States. Our interests in the Caspian Basin are also modest compared to our interests in the Persian Gulf, where, less than a decade ago, we fought a major war to maintain our dominant position in the region. With or without oil from the Caspian Basin, the Persian Gulf will remain by far the most important supplier of petroleum to world markets.

This is *not* to argue that we confront an either/or decision -- a choice, say, between cooperation with Moscow and an American role in the Caspian Basin. Rather, it suggests that we should continue to put Moscow's relationship with the region on our broader bilateral agenda. Our object should not be to exclude Russia from the region, but to shape its role there in ways that advance our own interests, most notably in an independent supply of oil to world markets. And we should never forget that our policies outside the Caspian Basin -- especially any attempt further to expand NATO -- will directly affect our ability to so shape Moscow's behavior in the region.

The same complexity will hold true for our dealings with Tehran if and when a thaw occurs in our relations. The idea that the differences between the United States and Iran are the result of bitterness and misunderstanding alone is misguided. All question of the Islamic revolution aside, Iran is a large, populous and potentially rich country with a strongly nationalist population and clear regional ambitions. American domination of the Persian Gulf -- dramatically illustrated by our defeat of Saddam's bid for regional hegemony -- will clearly cause strains between Washington and Tehran. There is much to be said for a dialogue between the United States and Iran. But even the resumption of full diplomatic relations will leave, as with Moscow, a long, complex and contentious bilateral agenda of which the Caspian Basin will be only part.

As we approach our policy toward the region we should above all avoid the easy assumptions that implicitly color much of the debate about the Caspian Basin.

The first is that the regimes of the region are plucky little democracies struggling to free themselves from Moscow's cruel yoke. They are, with the two exceptions noted earlier, autocratic, corrupt or both. The second assumption is that the interests of these regimes necessarily coincide with those of the United States. In certain areas -- like a pipeline route through Iran -- they do not. The third assumption is that the flow of oil revenues to the region is a panacea for every economic, strategic and political ill in the Caspian Basin. It *may* improve the welfare of the region's populations -- but only if revenues are not siphoned off by corrupt elites or channeled into unproductive, if impressive, pet projects. It *may* enhance stability -- but only if revenues are not used to fuel a regional arms race. And oil revenues might actually, in the short- to medium-term, *diminish* the prospects for more open political systems by providing authoritarian regimes with the external recognition and internal resources necessary to maintain power.

The last unpleasant truth has led some to argue that the United States should refrain from gestures, like extending invitations for leaders to make state visits to the United States, that bolster the domestic legitimacy of regimes in the region. But it is unclear how such an approach, absent an array of other positive incentives or punitive measures, would in fact achieve much in terms of improved human rights or democratic governance. On balance, an American approach grounded in engagement rather than isolation, combined with pressure from the World Bank and the IMF in areas such as corruption, would likely prove more effective, if perhaps still only marginally so.

But these critics *are* right to suggest that we avoid too close an association with the regimes in the Caspian Basin. We neither require nor can effectively control a surrogate in the region. We should be particularly chary of anything beyond small-scale military exchange programs and modest joint military exercises. The idea of an expanded American role in providing the states of the Basin with the means necessary to protect their borders is particularly problematic; one state's defensive weaponry is, notoriously, its neighbor's offensive threat. And, as always, we should be wary of intelligence

cooperation that may give the appearance of American support for indigenous secret police.

Any *de facto* alliance would in any case lock us into a relationship in a region whose independence is still in its infancy and whose future course remains breathtakingly open. We would be wise to remember how new the states of the Caspian basin really are. They have hardly begun the process of building enduring post-Communist institutions; they are still forging their post-colonial national identities. Above all, we would be foolish to assume that the current regimes will still be in power a decade or even five years hence. Our relative lack of interests in the region is, in the final analysis, a great advantage: we enjoy the luxury of influence without entangling commitment. It will serve us well in a region where change, dramatic as it has been in the last seven years, is only likely to accelerate in tempo and deepen in intensity.