

THE CASPIAN PROJECT

A WEEKLY EDITION FROM THE MODERN DIPLOMACY WWW.MODERNDIPLOMACY.EU



THE INTERNATIONAL POLITICAL ECONOMY ISSUE

12

ABSOLUTE POWER AT HOME AND ABROAD

THE FSB AND SIGINT

BRUCE ADRIANCE

A PERFECT CYBER STORM

RUSSIA AND CHINA TEAMING TOGETHER

LAURA GARRIDO



CYBER COUSINS BUT NOT CYBER BROTHERS

CHINA AND RUSSIA

DR. MATTHEW CROSSTON

CONFRONTING THE DOUBLE-EDGED SWORD

TURKMENISTAN'S COLLECTIVE SECURITY DILEMMA

JESSICA REED

WHY AN IRANIAN NEW DEAL WAS NECESSARY

AN ANTI-THEORY OF SANCTIONS

DIANNE VALDEZ

THE PERSIAN LION STILL ROARS

RC

WHY THE JCPOA WON'T TURN IRAN INTO THE NEXT SAUDI ARABIA

GREGORY BREW

UNTYING THE KNOT

DIVORCE AND WOMEN'S RIGHTS IN ISLAM

ALYSSA BENOIST



THE “GLOBAL SPIRAL” OF CASPIAN ENVIRONMENTAL POLITICS

ANDY DEAHN

KAZAKHSTAN STEERING THROUGH TROUBLED WATERS

JEANETTE “JJ” HARPER

THE RISE OF SOUTH-SOUTH DEVELOPMENT

EVAN THOMSEN

RUSSIA: FACILITATING TRADE WITH AFRICA

INTERVIEW WITH MAXIM CHERESHNEV



www.moderndiplomacy.eu
Caspian@moderndiplomacy.eu

THE CASPIAN PROJECT

BI-WEEKLY DIGITAL EDITION

DIMITRIS GIANNAKOPOULOS
Modern Diplomacy, Editor-in-chief
DR. MATTHEW CROSSTON
The Caspian Project, Director

PROJECT TEAM

PETRA POSEGA
TEJA PALKO
LUISA MONTEIRO
NINA LAVRENTEVA
GABRIELA PASCHOLATI DO AMARAL
BRUCE ADRIANCE
GREGORY BREW
STACEY COTTONE
ANDY DEAHN
JARED S. EASTON
LAURA GARRIDO
AMY HANLON
JEANETTE "JJ" HARPER
JONATHAN HARTNER
BRIAN HUGHES
PAULA MALOTT
MEGAN MUNOZ
TAYLOR MORSE
JOSHUA PATTERSON
JESSICA REED
EVAN THOMSEN
DIANNE A. VALDEZ
CHRISTOPHER WHITE

CRISIS, CASH, AND CAPITALISM



Prof. Dr. Matthew Crosston

*Senior Editor,
Director, The Caspian Project*

Continuing in the tradition of previous Caspian Project issues, an overarching theme has emerged with No.12: the geopolitical impact of development and political economy. While economics is understandably a subject that often forces people's eyes to glaze over, this issue I believe is a stellar example of how fascinatingly important and increasingly essential knowledge of the global economic system is for those who wish to know the ways of war and peace in the 21st century.

This issue challenges readers to understand the theoretical flaws behind sanctions, offers an alternative consideration of the Iran nuclear deal, and explains how South-South development relations might be an actual challenge to long-accepted Western economic dominance. Additionally, the delicate and problematic investment climate in Kazakhstan, Turkmenistan's unique development security dilemma, and the 'Global Spiral' theory of Caspian environmental politics are all investigated in-depth within this issue. Finally, there are a couple of interesting analyses of the China-Russia cyber partnership and an important and thought-provoking piece dissecting the complex world of Islamic marriage and divorce and how it may impact 80% of the Caspian region.

In short, this international political economy issue isn't just about the crisis of cash or the conundrum of capitalism, but also considers important cascade effects to the world Caspian citizens actually live in and the social challenges these economic dilemmas create. For that is where IPE separates itself from standard discussions of money: it is more than anything else about how money and politics and social reality all intersect, interact, and engage one another. One thing is certain: after reading this issue cover to cover it is highly doubtful our readers will ever see economics in a boring or eye-glazing way again.

ABSOLUTE POWER AT HOME AND ABROAD

THE FSB AND SIGINT



BRUCE ADRIANCE

Bruce Adriance is a graduate of the Master of Science program in International Security and Intelligence Studies at Bellevue University in Omaha, Nebraska, USA.

The Russian Federal Security Service (FSB) should easily be considered one of the most influential and powerful intelligence organizations in the world today. Its primary functions and roles include: law enforcement, counterintelligence, domestic surveillance, and internal intelligence functions at the national level. These roles mirror many of the functions assigned to the Federal Bureau of Investigation in the US (FBI). However, while many of these functions would put the FSB squarely in the realm of law enforcement instead of security or intelligence, the FSB also has mission responsibilities that organizations such as the FBI do not. The most significant being the mission of signals exploitation (SIGINT). This article focuses on the SIGINT capability of the FSB and its threat to US political, economic, and diplomatic policies as well as the threat in the new environment of cyber espionage.

Initially an internally focused organization, the FSB threat profile changed in 2003 when, under Presidential Edict No. 314, the missions and authorities of the Federal Agency for Government Communications and Information (FAPSI) were transferred to the FSB. This meant the FSB would now have both the resources and authorities for SIGINT collection against its adversaries and information assurance for all Russian government information systems.

A SINGLE INTELLIGENCE SERVICE WITH THE CAPABILITIES TO CONDUCT HUMAN INTELLIGENCE, COUNTER-INTELLIGENCE, LAW ENFORCEMENT, BORDER SECURITY, COUNTER-SURVEILLANCE, AND SIGNALS COLLECTIONS

This transition established the FSB as a much larger player in the intelligence exploitation community and a larger threat to US interests. Most Western intelligence services separate the responsibilities and missions of SIGINT to a single intelligence organization, like the National Security Agency (NSA) in the US, which has only that authority. Other intelligence services handle matters such as counterintelligence and military-related intelligence. This is not the case with the FSB, which after Presidential Edict No. 314 controls elements of all major aspects and disciplines of intelligence, essentially giving it both unfettered access to collected intelligence as well as the ability to potentially restrict other Russian organizations from accessing the collected data. What exists is a single intelligence service with the capabilities to conduct human intelligence, counterintelligence, law enforcement, border security, counter-surveillance, and signals collections.

This represents a significant amount of authority and global reach that cannot be compared to any one intelligence service within the US or most other modern developed states. With the transition of SIGINT responsibilities, increased authority on border security, and cryptographic responsibilities to the FSB, the comparison of it to the US Intelligence Community also transitioned. Its domestic protection roles still most closely align with the FBI, but its SIGINT responsibilities mirror that of the National Security Agency (NSA), while the border security functions are more akin to the US Customs and Border Patrol (CBP) or even Immigration and Customs Enforcement (ICE).

On top of all of this, the FSB has become increasingly connected to all issues cyber as well. The world continues to become more interconnected. The internet has become an integral part of our daily lives and, for some, even a necessity.

It supports everything from e-commerce to sensitive governmental correspondence. So when a country's intelligence service inserts itself into business transactions, there becomes an increased risk that sensitive data could be syphoned off and used to support both commercial and national intelligence interests at home and abroad.

Even though the Russian IT registration requirement is only for private companies operating within Russia, this means little in the interconnected world of the internet where data crosses many geographical boundaries between transmitter and receiver. The internet is a medium susceptible to signals collection just like any other and when countries or intelligence services have access to all internet-based traffic that falls within their borders, then that threat is not only very real but actually amplified.



One example of this threat is the Russian SORM program. SORM, or System for Ensuring Investigated Activity, is a mechanism that permits the FSB to monitor all phone and internet traffic coming in and out of the Russian Federation. While arguments are that this program is a law enforcement and internal security tool, the FSB still remains an intelligence service with a mission set that goes beyond internal security and law enforcement. It is worth noting that until a Russian Supreme Court ruling was handed down in late 2000, the FSB was under no obligation to inform Internet Service Providers (ISPs) that agents were accessing the system. The work undertaken by the FSB to support signals exploitation is not just limited to Russian companies, therefore, but extends to international entities with a presence in the Russian Federation.

On 11 April 2011, for example, a government source told the Interfax news agency that the FSB was not proposing a ban on Gmail, Skype or Hotmail in Russia. The FSB expert speaking at this meeting only expressed concerns that a number of those servers provide services outside of the national legal framework. The inferred concern was that because these companies utilize encryption for securing the communications of users, and none of them are directly based in Russia, the FSB requirement under SORM may not be implemented properly.

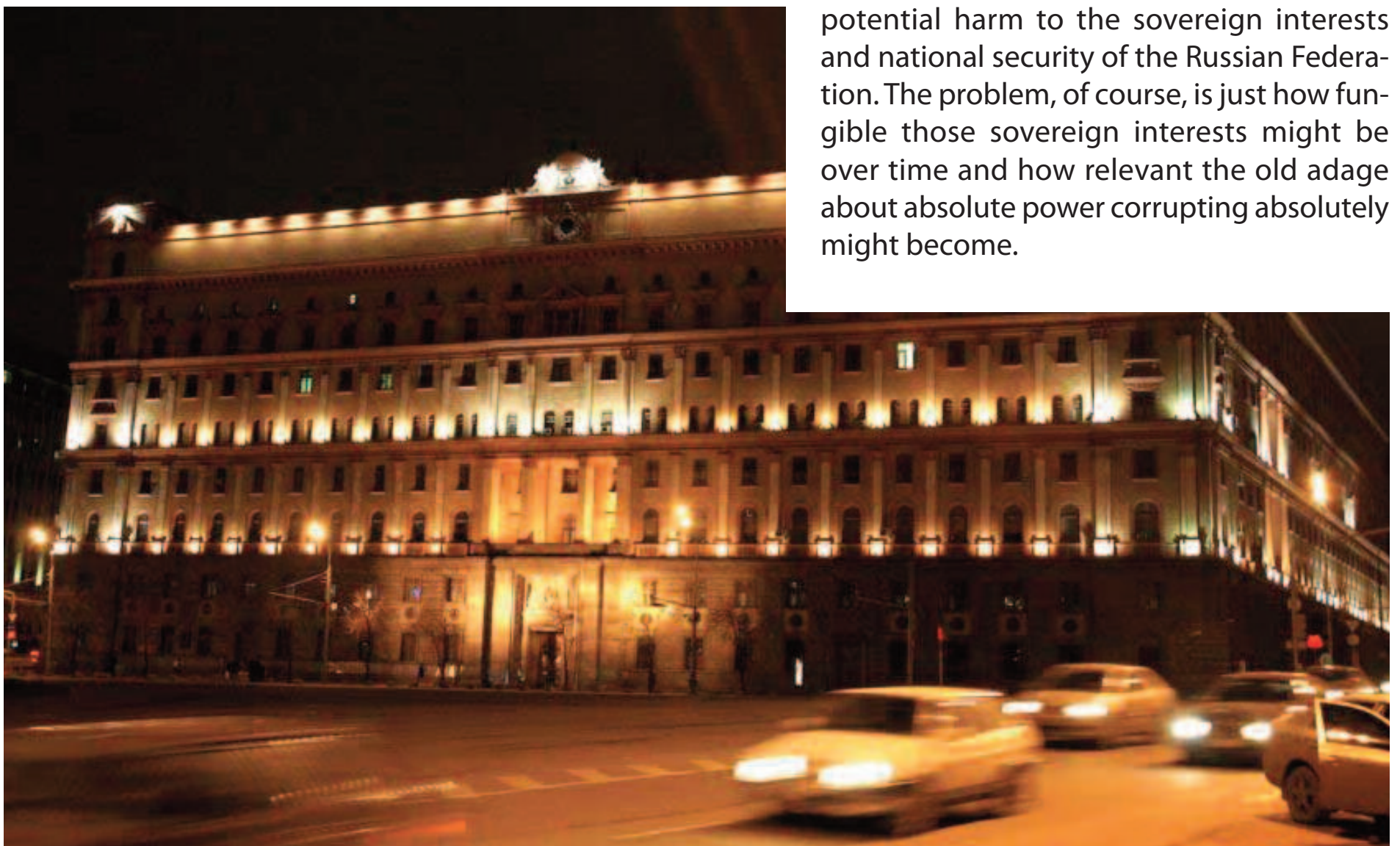
It is interesting that the FSB would take the time for an interview to highlight its effort to find a solution to make the functioning of these services on Russian territory 'comply' with national laws.

This statement, while perhaps innocuous on the surface, speaks to the potential level of penetration the FSB can gain into all aspects of communications, both traditional and emerging.

On 8 June 2011 Microsoft Russia made a statement with respect to the FSB and the on-line communications service Skype. In a statement carried by the Russian Federal Security Service-owned but supposedly editorially-independent Russian news agency Ekho Moskvyy, Microsoft denied claims it had provided the FSB with encryption algorithms for the internet service. It did, however, admit that the source code for the program was provided. With its charter to protect and monitor cryptographic systems for the Russian government, the FSB has access to those individuals who both create and decipher cryptographic algorithms as part of the newly transferred FAPSI functions.

With these vast resources, it is not a giant leap of logic to think the FSB will be sorely tempted to conduct eavesdropping on any entity it wishes, without the support of said company, as long as a suitable connection to 'national security' is found.

These two examples are a sample of how cyber seems to be a new focus of FSB SIGINT collection efforts. And while, for now, they focus solely on what has occurred within Russian territory, it is important to note the FSB has recognized links in over 80 countries and formal offices in at least 18 of them. This level of global reach and interaction means its SIGINT mission can be transferred anywhere the FSB maintains a presence. As these capabilities are deployed, they provide the FSB with a larger SIGINT capability than most intelligence agencies around the world. The FSB of course formally declares that it honors all international treaties and pursues only legitimate inquiries that hold potential harm to the sovereign interests and national security of the Russian Federation. The problem, of course, is just how fungible those sovereign interests might be over time and how relevant the old adage about absolute power corrupting absolutely might become.



THE 10 MOST IMPORTANT THINGS YOU NEED TO KNOW ON CASPIAN SEA REGION

THE CASPIAN DAILY NEWSLETTER

Receive
your daily roundup
of Caspian Region
news and analysis
from sources
around the globe

#CaspianDaily





A PERFECT CYBER STORM

RUSSIA AND CHINA TEAMING TOGETHER

LAURA GARRIDO

Laura Garrido is currently finishing her Master's degree in the International Security and Intelligence Studies Program at Bellevue University in Omaha, Nebraska, USA. Her primary research interests cover the post-Soviet space and the fight against radical Islamism.



United States intelligence agencies have listed cyber-attacks as the top threat to American national security, ahead of terrorism. These threats are increasing in sophistication, scale, frequency, and severity of impact. Also, the range of actors, attack methods, targeted systems, and victims are expanding. In February 2015, James Clapper, the Director of National Intelligence in the United States, announced that the estimation of the Russian cyber threat had been elevated, pushing Russia to the number one spot on the list of countries which pose the greatest danger to the United States. Since the collapse of the Soviet Union, Russia has faced political, military, and economic challenges which it worried could mean that its national interests could be ignored by other powers. In order to protect their interests defensively, and free up their offensive capabilities for deployment elsewhere, Russia and China signed an agreement in April 2015 vowing not to attack each other, while also agreeing to share intelligence and software and cooperate in law enforcement and investigations.

This is a direct challenge to the United States because not only are Russia and China working together to get ahead in the energy race but this agreement meant they were now trying to combine their capacities in the digital world.

IT IS ESTIMATED THAT IN THE LAST FEW YEARS, CHINESE HACKERS HAVE ATTEMPTED ATTACKS ON 2,000 COMPANIES, UNIVERSITIES, AND GOVERNMENT AGENCIES IN THE U.S.

China and Russia, by far, have the most sophisticated cyber capabilities in the world. The offensive cyber capabilities of each individual country was a threat already to the United States but if they now work together in earnest the United States could be facing an unprecedented cyber danger. According to senior military officials, Russia's Ministry of Defense is establishing its own cyber command that will be responsible for conducting offensive cyber activities such as propaganda operations and inserting malware into enemy command and control systems. A specialized branch for computer network operations is also being established by Russia's armed forces. Computer security studies claim that unspecified Russian cyber actors are developing ways to access industrial control systems remotely. Industrial control systems manage critical infrastructures such as electrical power grids, urban mass-transit systems, air-traffic control, and oil and gas distribution networks. "These unspecified Russian actors have successfully compromised the product supply chains of three ICS vendors so that customers download exploitative malware directly from the vendors' websites along with routine software updates."

Russia was one of the first nations to move assertively into the cyber sphere. In 1998, long before most nations even began thinking about cyber-security, the Kremlin-backed "Directorate K", a government agency, began operations to monitor and defend against hackers and spammers. However, in recent years Directorate K has taken on a more offensive role in the digital sphere. Russia has been cyber-probing the United States for many years. In 1999, it was discovered that the Moonlight Maze virus had been stealing information from the Department of Defense, Department of Energy, NASA, and military contractors for two years.

In early 2015, Russian hackers were able to access an unclassified server belonging to the United States Department of State. Through this they were able to penetrate sensitive areas of the White House computer system and access information such as the real-time non-public details of President Barack Obama's schedule. The FBI, Secret Service, and other United States intelligence agencies were all involved in investigating the breach and said that it was the most sophisticated attack ever launched against an American governmental system. The breach was pinpointed to hackers working for the Russian government based on "tell-tale codes and other markers," even though the intrusion was routed through computers all around the globe. The attack was believed to have begun with a phishing email launched using a State Department email account that the hackers had previously stolen.

China has also recently increased the amount of time, manpower, resources and money spent on cyber espionage. China's People's Liberation Army (PLA) includes a special bureau within its intelligence community specifically managed for cyber espionage.

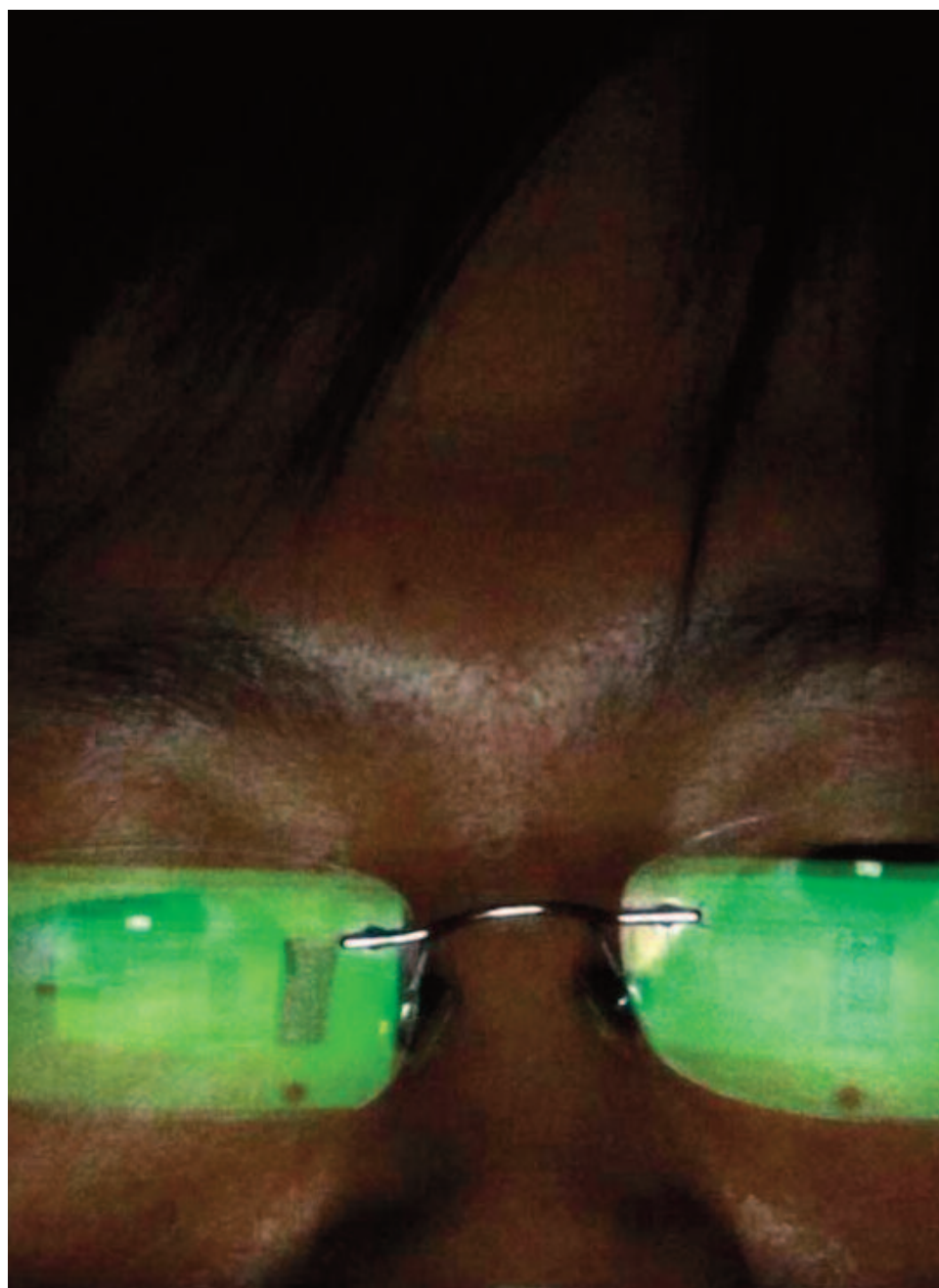
The PLA, according to recent intelligence reports, is not only capable of advanced surveillance and collection but also possesses malware that could take down foreign electricity and water grids.

However, it seems that China so far has only been motivated to commit financial and economic espionage, rather than any outright physical infrastructure attacks. Nevertheless, the United States has been getting compromised by China for many years. "It is estimated that in the last few years, Chinese hackers have attempted attacks on 2,000 companies, universities, and government agencies in the United States." In 2003, China launched Titan Rain against United States military and government agencies. Titan Rain targeted US defense networks in an attempt to obtain confidential national security information.

While no information was reported as stolen, it was considered to be one of the largest attacks in cyber espionage history. Titan Rain is particularly unnerving because the attack was meant to be completed in as little as 20 minutes and was able to target high-profile agencies such as NASA, the US Army Information Systems Engineering Command, the Defense Information Systems Agency, the Naval Ocean Systems Center, and the US Army Space and Strategic Defense Installation simultaneously in one day.

These cyber threats from Russia and China were always a major concern for the United States because they undermined American economic competitiveness and at least tried to compromise national security interests. As of now, a "cyber armageddon" may not be a high risk but low to moderate-level attacks over time could pose serious financial and security risks to the United States.

Especially if this supposed cyber alliance ever truly takes root and begins to create new innovative cyber strategies for attacks. "In the United States alone, the value of the information that is compromised due to international hacking is somewhere between 25 billion to 100 billion dollars annually." With Russia's tactics of using cyber-attacks to block any and all communications from within a nation-state and China's habit of economic and financial cyber-attacks, the two countries combining could be a perfect storm of political and economic havoc that may not yet have the United States' proper attention and deterrence capacity.



CHINA AND RUSSIA

CYBER COUSINS BUT NOT CYBER BROTHERS



DR. MATTHEW CROSSTON

Senior Editor, Caspian Project Director

Matthew Crosston is Professor of Political Science,
Director of the International Security and Intelligence Studies Program,
and the Miller Chair at Bellevue University



There seems to be a strong divergence in perception behind China's desire to command cyberspace offensively. On the one hand, there is the assumption that this is a natural manifestation of its growing desire to achieve global superpower status. On the other hand, there is the counter-argument that emphasizes China's own perception to be unable to operate effectively against the United States in a conventional military confrontation. (Hjortdal 2011) Indeed, many Chinese writings suggest cyber warfare is considered an obvious asymmetric instrument for balancing overwhelming US power. (Hjortdal 2011) This latter argument is more compelling based on the stark military realities:

In overall spending, the United States puts between five and 10 times as much money into the military per year as does China.

Chinese forces are only now beginning to be brought up to speed. Just one-quarter of its naval surface fleet is considered modern in electronics, engines, and weaponry.

In certain categories of weaponry, the Chinese do not compete. For instance, the U.S. Navy has 11 nuclear-powered aircraft-carrier battle groups. The Chinese navy is only now moving toward the complete construction of its very first carrier.

In terms of military effectiveness, i.e. logistics, training, readiness, the difference between Chinese and American standards is not a gap but a chasm. The Chinese military took days to reach survivors after the devastating Sichuan earthquake in May of 2008, because it had so few helicopters and emergency vehicles. (Fallows 2010)

Given this state of military affairs, a Chinese perception of insecurity is not surprising. Even more logical is the Chinese resolve to evolve its asymmetric cyber capabilities: such attacks are usually inexpensive and exceedingly difficult to properly attribute, meaning the victim is unlikely to know who was directly responsible for initiating the attack. It is even more complex for states, where cyber-attacks can be 'launched' from inside of neutral or allied countries. (Ollman 2011)

**RUSSIA'S CYBER MINDSET
IS DOMINATED BY SHORT-TERM
THINKING, LARGELY MOTIVATED
BY THE PURSUIT OF MASSIVE PROFIT
AND WIELDING INEQUITABLE
POLITICAL POWER**

Given an authoritarian state's capacity for paranoia, it is illogical for China to not develop its offensive cyber capabilities. In this case the weakness - conventional military strength - is quite real. To that end, the People's Republic of China has endeavored to create its own set of lopsided military advantages in the cyber domain:

The Pentagon's annual assessment of Chinese military strength determined in 2009 that the People's Liberation Army had established information warfare units to develop viruses to attack enemy computer systems and networks.

The PLA has created a number of uniformed cyber warfare units, including the Technology Reconnaissance Department and the Electronic Countermeasures and Radar Department. These cyber units are engaged on a daily basis in the development and deployment of a range of offensive cyber and information weapons.

China is believed to be engaged in lacing the United States' network-dependent infrastructure with malicious code known as 'logic bombs.' (Manson 2011)

The official newspaper of the PRC, the Liberation Army Daily, confirmed China's insecurity about potential confrontation with the United States in June 2011. In it, the Chinese government proclaimed that, "the US military is hastening to seize the commanding military heights on the Internet... Their actions remind us that to protect the nation's Internet security we must accelerate Internet defense development and accelerate steps to make a strong Internet Army." (Reisinger 2011) Clearly, the Chinese have sought to maximize their technological capacity in response to kinetic realities. This is not to say the United States is therefore guaranteed to be in an inferior position (information about American virtual capabilities at the moment remains largely classified), but the overt investment, recruitment, and development of Chinese virtual capabilities presents opportunities that the US should also be willing to entertain.

How does all of this compare and contrast with the Russian approach to the cyber domain? Anyone studying cyber conflict over the last five years is well aware of Russia's apparent willingness to engage in cyber offensives. The 2007 incident in which the Estonian government was attacked and the 2008 war with Georgia are universally considered examples of Russia using cyber technology as the tip of their military spear.



While it is true that Russia actively encourages what has come to be known as ‘hack-tivism’ and lauds ‘patriotic nationalist’ cyber vigilantism as part of one’s ‘civic duty,’ there are still distinct differences with China. Much of Russia’s cyber activity, when not in an open conflict, seems to be of the criminal variety and not necessarily tied directly into the state. Indeed, Russia seems to utilize organized crime groups as a cyber conduit when necessary and then backs away, allowing said groups continued commercial domination. Russia, therefore, almost acts as a rentier state with criminal groups: cyber weapons are the ‘natural resource’ and the Russian government is the number one consumer.

This produces a different structure, style, and governance model when compared to China.

Purpose
China’s purpose in developing its cyber capability seems motivated by protectionist instincts, based largely on the perception that it is not able to defend itself against the United States in a straight conventional military conflict. Russia’s purpose seems utterly predatory. This is no doubt influenced by the fact that most of the power dominating cyber capability in the Russian Federation is organized and controlled by criminal groups, sometimes independently and sometimes in conjunction with governmental oversight.

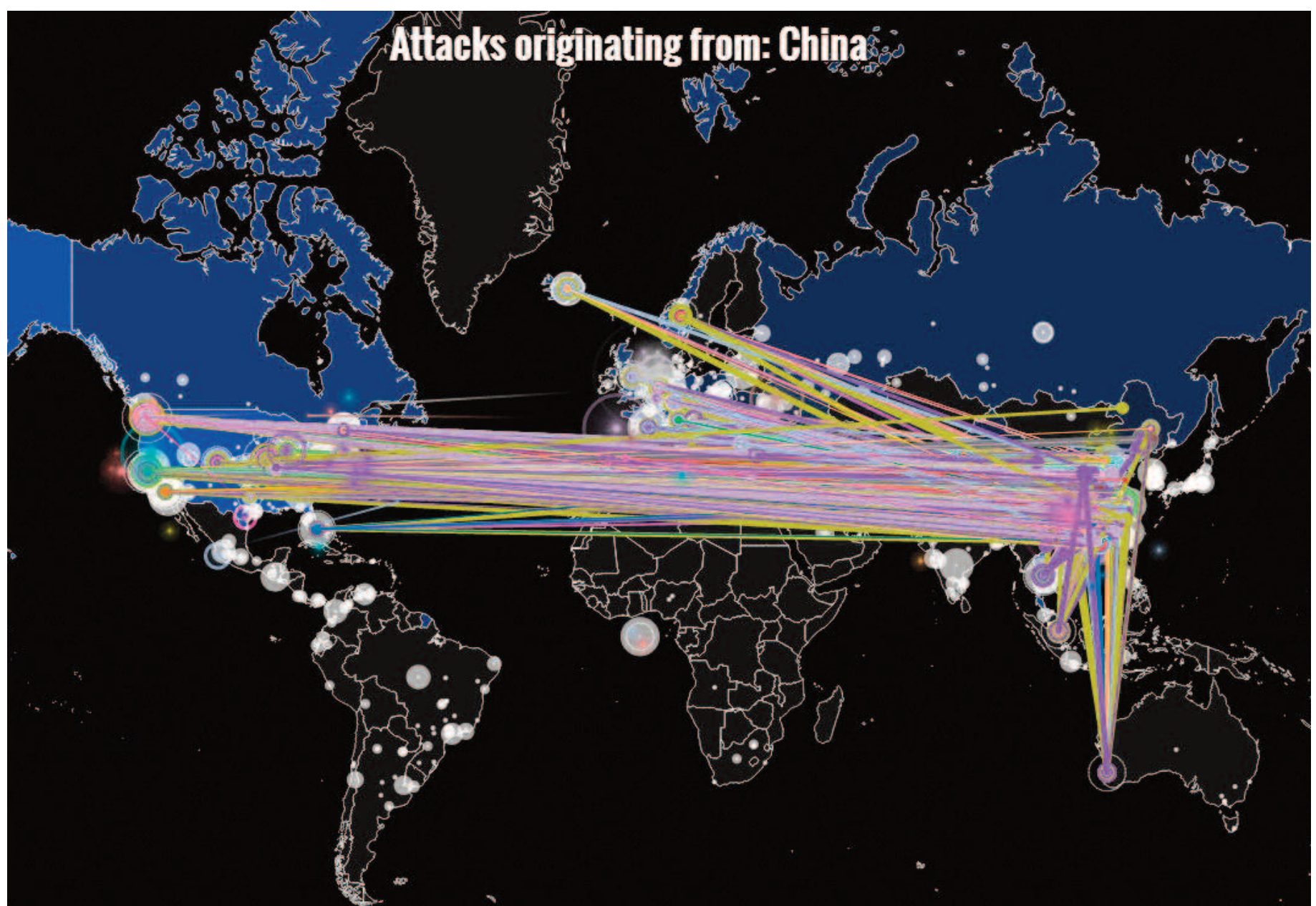
Psychology

The operational mindset of China seems to be both long-term and rational. It develops its strategies based on future strategic objectives and its position within the global community. Most if not all of China's goals in the cyber domain can be clearly understood if rational self-interest is taken into consideration. Russia's cyber mindset is dominated by short-term thinking, largely motivated by the pursuit of massive profit and wielding inequitable political power. When analyzing just how much of Russian cyber activity is in fact controlled by the desire for wealth it is hard to not have an overall impression akin to state cynicism.

Style

The atmospheric style in which Chinese cyber activity takes place is strategic. The state strives to control the cyber environment and maintain influence over all groups in the interest of the state.

The Russian cyber atmosphere unfortunately resembles nothing if not anarchy. The state engages criminal groups whereby the relationship's authority structure is blurred if not non-existent. As a result, there is little confidence that the government of Russia exclusively controls its cyber environment.





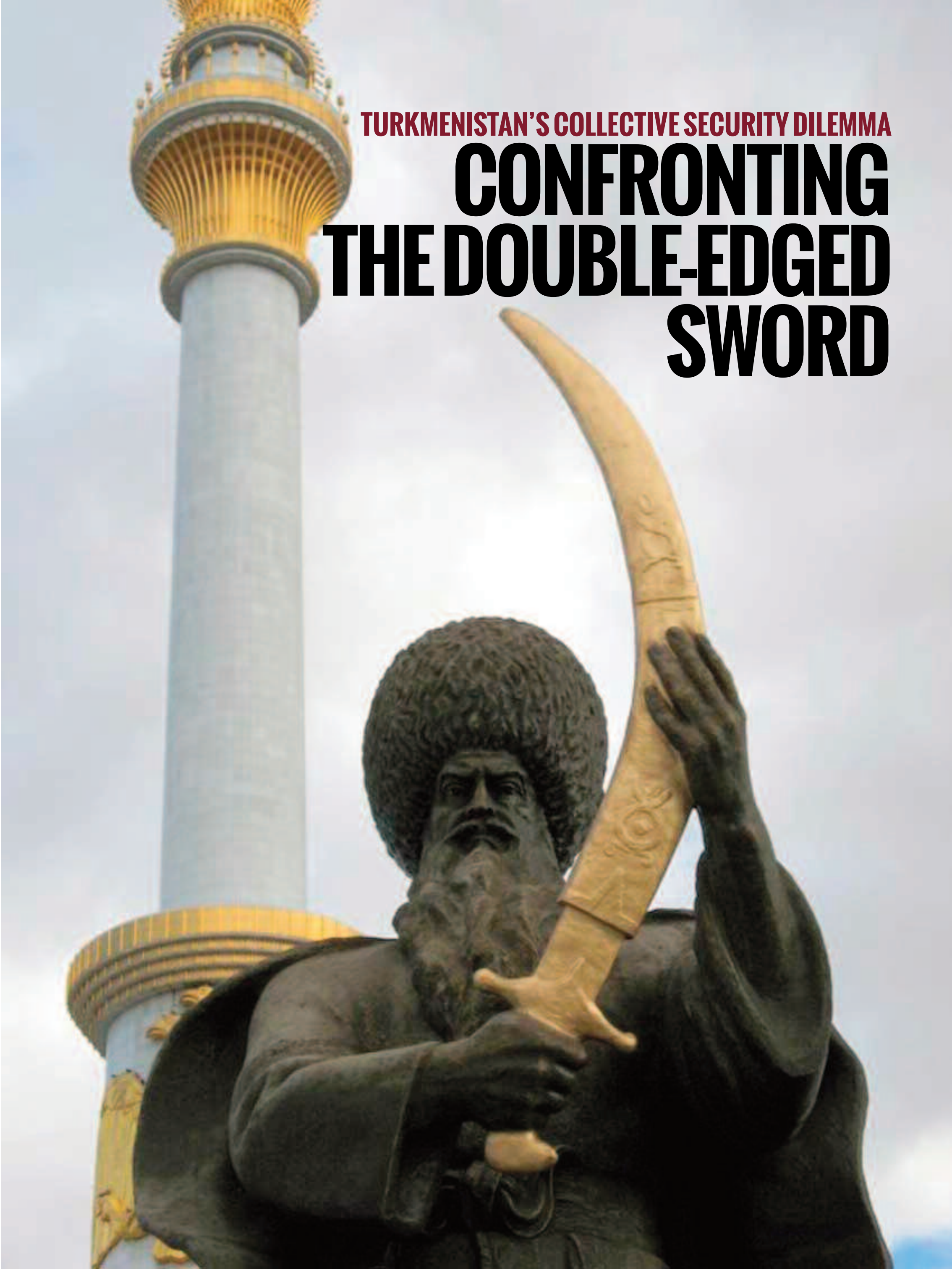
Governance Model

It is clear that China's cyber governance model is state-centric. This may not be most ideal for democracy, but it shows how China does not allow competing authorities or shadow power structures to interfere with its own national interests. Russia's cyber governance model is crimino-bureaucratic. It is not so much that the state is completely absent from the cyber domain in Russia: it is rather the ambiguity of power and authority that defines the cyber domain. Russia may enjoy claiming the allegiance of its patriotic nationalist hackers, but it does not in fact tightly control its own cyber netizens, at least not in comparison to China.

While both Russia and China are not afraid to use offensive cyber weapons, there are dramatic structural, motivational, strategic, and philosophical differences. Russia seems to embody a criminal-governmental fusion that has permeated the entire state apparatus. The cyber domain there is used for temporary forays to achieve state objectives and then returns to more permanent criminal projects

As such, the domain is not truly state-controlled, is relatively anarchic, and cannot establish any deterring equilibrium. China, on the other hand, may be the first state to truly embrace the importance of tech-war: it has realistically assessed its own kinetic shortcomings and looked to cyber for compensation. In short, it has fused Sun Tzu with Machiavelli: better to quietly overcome an adversary's plans than to try to loudly overcome his armies.

This analysis paints Russia in a relatively stark strategic light. While these differences do not give rise to a trusted alliance with China, the manner in which China approaches its cyber domain presents interesting new ideas about how the US or the West should approach the global cyber commons. Russia has room to improve still on the cyber front if its interests are in greater cooperation internationally with the world's other great powers. If it prefers its current 'lone wolf' approach, then it is doubtful the cyber commons will ever see any organized or honored regime of rules and proper behavior.



TURKMENISTAN'S COLLECTIVE SECURITY DILEMMA

CONFRONTING THE DOUBLE-EDGED SWORD

JESSICA REED

Jessica Reed is a graduate student pursuing her Master's degree in the International Security and Intelligence Studies Program at Bellevue University in Omaha, Nebraska, USA. Her research interests include the security dilemma and combating radical Islamic terrorism.



In early July, naval delegations from Russia, Azerbaijan, Iran and Kazakhstan met in St. Petersburg to discuss the idea of a collective security system among the Caspian Sea States, alongside other important security issues. The proposed collective security system would include the creation of “a council of naval commanders” and “a five-sided agreement on preventing incidents on the Caspian and the airspace above it,” Russian Defense Minister Sergei Shoigu described. In addition, the joint security initiative will include emergency response exercises likely to be carried out in 2016. Although the proposal of such a collective security system has been hailed as a major move forward for the Caspian Five, interestingly, Turkmenistan was not represented among the delegations at the meeting. Such an absence may reflect a larger dilemma for Turkmenistan in this collective security proposition.

In particular, the proposed collective security system has been perceived by some as a Russian attempt to limit Western influence in the Caspian Sea region. This likely stems from tensions mounting as a result of the crisis in Ukraine which has undoubtedly put Russia at odds with the West, threatening both Russia's economic viability and its military influence in the region.

**HOWEVER, DUE TO THE FACT
THAT THE CASPIAN FIVE HARBOR
SERIOUS MISTRUST ISSUES
WITH EACH OTHER,
COLLECTIVE DEFENSE
WILL PROVE HIGHLY DIFFICULT
AND LIKELY INEFFECTIVE**

However, a collective security system would eliminate virtually all outside military presence on the Caspian, allowing Russia to maintain a monopoly of military power. Considering Russia has built up its Navy on the Caspian, to include adding stealth frigates to its collection, and the fact that the former Soviet states Turkmenistan, Kazakhstan, and Azerbaijan only began building their navies after the collapse of the Soviet Union, a monopoly of military power on the sea is not inconceivable. In addition, the Trans-Caspian Gas pipeline is meant to transport gas from Turkmenistan to Azerbaijan, and finally to eager European nations looking to circumvent Russia's dominance as Europe's largest external gas supplier. Naturally, Russia is opposed to the pipeline which would divert considerable profits from Russia's state-controlled gas company, Gazprom.

Therefore, a Caspian Five collective security system can be seen as a Russian attempt to reorient Turkmenistan from the West, enough to discourage the creation of the pipeline. Needless to say, Russia has a lot at stake in the formulation of a collective security agreement.

Russia is not the only Caspian Sea state banking on a collective security system, however. Iran also maintains a significant military presence in the region, particularly through its naval force comprised of 90 vessels, which certainly exceeds that of Kazakhstan and Turkmenistan. Consequently, isolating the Caspian Sea from any potential outside interference will only strengthen Iran's military clout on the sea. Although Iran very recently struck a UN Security Council-endorsed agreement with major world powers its less-than-perfect reputation for honoring past agreements makes more violations possible. Thus, increasing the gap between Iran and the Western sphere of influence will only benefit the defiant state.

All of these competing interests stand to create a major dilemma for Turkmenistan. Firstly, Turkmenistan maintains considerable ties to Western nations, particularly the U.S. The strategically located nation has acted as a valuable transportation hub for American forces in Afghanistan, notably by supporting refueling operations and supplying a substantial amount of fuel for the war effort. Moreover, the U.S. has been helping Turkmenistan build up its naval capabilities on the Caspian, namely by providing equipment and technical assistance. Turkmenistan has also acquired naval equipment from Turkey, including two patrol boats. Turkmenistan's relationship with Europe is arguably even more consequential than its relationship with the U.S., considering the high hopes for the Trans-Caspian Gas Pipeline.



The Central Asian nation holds the fourth largest gas reserves in the world, making it a prime candidate for a long-term supply relationship with Europe and thus a prime recipient of billions of dollars' worth of revenue. For better or worse, these competing geostrategic interests make Turkmenistan's role in the Caspian Sea region highly complicated. Ultimately, it seems Turkmenistan has found itself facing a double-edged sword in the Caspian Sea. More specifically, getting on board with a Caspian Sea collective security system could severely compromise Turkmenistan's ties to the West. A Russian monopoly of military power coupled with a security system that blocks all possibilities of outside intervention could leave Turkmenistan highly vulnerable to Russian influence and coercion. At a minimum, Russia could use military dominance in a Caspian Five collective security agreement to

influence the outcome of any future pipeline projects. Such an outcome would prove detrimental to Turkmenistan's future economic prosperity. Additionally, completely eliminating the possibility of a foreign military presence, including NATO or U.S. military bases, as well as the use of airspace over the Caspian Sea would leave Turkmenistan virtually exclusively dependent on its Caspian neighbors for defense. However, due to the fact that the Caspian Five harbor serious mistrust issues with each other, collective defense will prove highly difficult and likely ineffective. This may become a serious issue when confronting regional security threats like terrorism, as dangers such as the Islamic State of Iraq and Syria (DAESH in Arabic) undoubtedly require international cooperation and information-sharing which these nations at the moment simply do not have.

Further still, Turkmenistan's staunch principle of neutrality may prove challenging in a collective security system in which Iran is a member state. Iran's aggressive stances on numerous issues with the West may drag members of the Caspian security system, including Turkmenistan, into a conflict in which they must choose between their collective security arrangement and major Western powers. While this scenario is difficult to determine considering the fact that the terms of the collective security system have not yet been clearly outlined, it is apparent Turkmenistan's firm principle of neutrality may soon be tested.

Turkmenistan's dilemma does not end with its reasons to not endorse the Caspian collective security system. The Russo-Turkmen relationship is complicated, characterized by empire and linguistic ties.

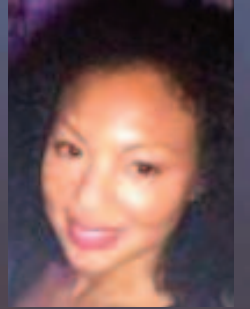
Turkmenistan's considerably limited experience in self-governance, combined with a cultural inclination towards Russia, makes maintaining close security ties with the world power a reasonable option for the weak Turkmen diplomatic corps. Turkmenistan has received naval equipment from Russia as well, including several military ships which the underdeveloped Turkmen navy undoubtedly needs. Finally, Turkmenistan's close proximity to Russia and Iran incentivizes it to ensure security becomes a collective obligation in the Caspian. Essentially, rejecting a collective Caspian security system could see Turkmenistan facing a highly formidable and potentially resentful Russian neighbor. Without a doubt, Turkmenistan has some serious options to weigh in considering these future defense paths. Hopefully, it finds one that does not result in it being impaled on an extremely sharp, double-edged geopolitical sword.



WHY AN IRANIAN NEW DEAL WAS NECESSARY

DIANNE VALDEZ

Dianne Valdez just completed her Master's degree in the International Security and Intelligence Studies Program at Bellevue University in Omaha, NE, USA and continues her interests in the geopolitics of this important region, along with political strife in Africa.



While the debate over the wisdom of concluding the Iran nuclear deal continues, this article takes a slightly more involved intellectual approach to explain why an alternative to the long-standing sanctions was likely inevitable. This is especially the case if there is a sincere desire to see Iran incorporated long-term into the global community and not simply continue to punish it as a pariah into political perpetuity. Several conceptual and theoretical explanations have been used to highlight key indicators that counteract the effectiveness of sanctions within the Middle East and how the spread of certain ideologies and social practices have impacted the success of international mediations. This microcosm analysis of the various social variables, mostly stemming from historical and political events, supports the need to judge more harshly the long-term efficacy of sanctions. It provides an analysis concerning weapons proliferation within Iran and will question the overall potential success of sanctions against such targeted states.

In an effort to provide a clearer scope of imposing sanctions against independent states, it is required to assess the overall political stratagem.

IN TERMS OF CONSIDERING STATE NATIONALISM AND THE SUCCESSFUL OUTCOMES OF SANCTIONS, RESEARCH HAS PROVEN THAT APPLYING SANCTIONS TO COUNTRIES WITH STRONG NATIONALIST PERSPECTIVES WILL MOST LIKELY FAIL

According to many political theorists, the application of sanctions against various states has become the most popular alternative to military force that may otherwise lead to war. Past war efforts, however, have provided a misguided concept of the efficacy of sanctions, implying that a one-size fits all approach will produce identical results. "Sanctions — either bilateral, in conjunction with informal coalitions of like-minded countries, or through international organizations like the UN — have long been a staple of U.S. foreign policy.

Their appeal is obvious: sanctions provide an intermediate step, between normal negotiations and outright hostilities, in our attempts to a) alter the behavior of foreign states or even b) force the removal of their governments. There is a voluminous and disputatious literature on the effectiveness of sanctions." (Baker) Put another way, the overpopularity of sanctions as a policy refuge demonstrates a lack of awareness within the international political spectrum, implying that all political arenas are the same and general applications can bring about similar change. This is simply false.

Unfortunately, it was not until the recent failures of multiple Western-imposed sanctioning projects that security theorists began to see key variables that have contributed to the lack of effectiveness within such measures. Such factors have included: considering the targeted state's form of government; levels of state patriotism; and unilateral control. To begin with, assessing the form of government of the subjected state has proven crucial in generating success of applying sanctions. "Because of different institutional incentives, economically punishing sanctions are less likely to succeed against a non-democratic target than against a democratic target. Sanctions increase rents. This benefits nondemocratic leaders more than democratic ones.

Also, nondemocratic leaders have smaller winning coalitions, so their core constituents suffer less from sanctions than democratic leaders." (Souva) This certainly was the case with Iran, and other targeted states with authoritarian-led regimes, in that democratic societies are human rights driven and tend to focus on the overall well-being of their societies. Democratic states in general maintain multiple parties. Majority-led parties can then petition their views by vote which can in turn push sanction compliance. On the other hand, authoritarian-led regimes like Iran lack this outlet, resulting in the authority of the government being the only and final determination of sanction negotiations, regardless of differing views, isolation, or general populace suffering.

In terms of considering state nationalism and the successful outcomes of sanctions, research has proven that applying sanctions to countries with strong nationalist perspectives will most likely fail. This mitigating context is widely seen throughout countries with strong anti-Western perspectives and can definitely be applied to the case of Iran.



“Nationalism is as strong among Iranians as it is among Americans. And it is easy to imagine a similar ‘rally round the flag’ effect were the United States to face foreign pressure aimed at altering our policies. It is one of the curiosities of our foreign policy that Americans often assume that foreigners will act in ways that we ourselves never would.” (Baker) As seen with Iran, the original premise of institutionalizing sanctions was to negatively impact the country’s economy, hoping to turn the people against its own government. The reality is that the Iranian state, along with many other authoritarian countries, maintains strong anti-Western perspectives that often engender a counter-reaction to sanctioning efforts. Such countries often effectively lay blame on Western leaders for increasing levels of poverty that then contribute to the growth of stronger nationalist perspectives and thus increase the long-term resistance against Western sanctions.

Multilateralism, also explained as the concept of international control, has been identified as a contributing variable to the overall effectiveness of state-centered sanctions. Due to many economic interdictions often involving the international cooperation of surrounding states, individual compliance by other countries is required. “Multilateralism, according to Ruggie’s definition and quoted by Martin, ‘requires that states sacrifice substantial levels of flexibility in decision-making and resist short-term personal temptations in favor of long-term universal benefits.’ Effectively, international cooperation is often described as a product of national self-interest in an increasingly interdependent world.” (Golliard) Thus, multilateralism holds that independent states must not only be aware of their individual contributions but also that they sacrifice the possible individual benefits of pursuing their own interests.



This is quite indicative of one of the ways the Iranian case went wrong, as some nations contributed to Iran's resistance simply by not dismissing their own international personal benefits in order to ensure sanctioning success.

Thus, the form of government, levels of nationalism, and multilateralism are all factors to be considered when looking at the potential success (or lack thereof) of sanctions as a general phenomenon. The presence of these elements, as well as their intertwining relationships, can often undermine the overall efficacy of employing sanctions to coerce change within a subjected state like Iran. In "Thinking Strategically about Sanctions," the author Olivier Schmitt discussed the onset of factors in deciding to introduce sanctions against a country. This especially considered the overall environment of the subjected state and how that might produce primal behaviors that would ultimately lead to future violent conflict. "And once the process is launched, studies of potential radicalization of the actors are needed.

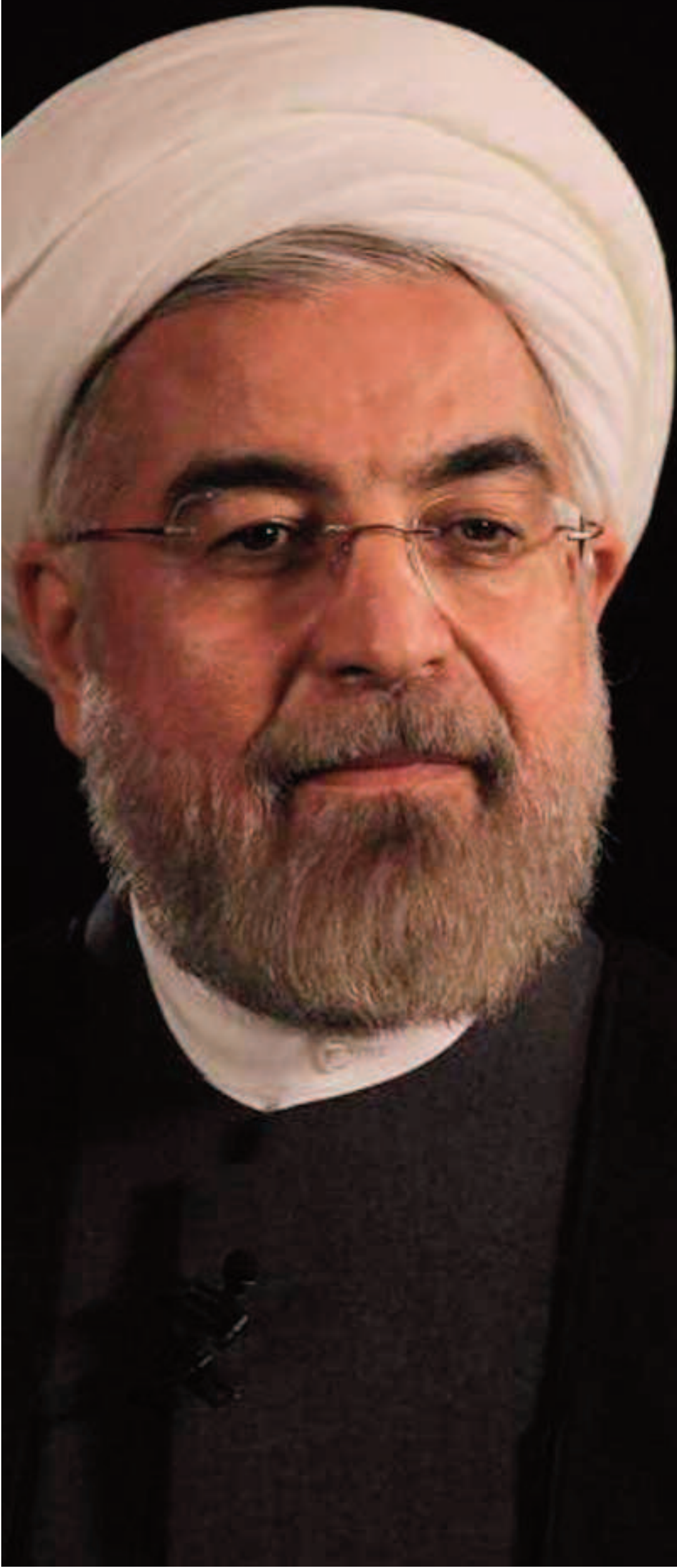
I am not here talking about a 'path-dependency' phenomenon. Rather, using the 'rise to the extremes' theory, I suggest that the beginning of sanctions imposition can have a radicalizing effect on the targeted country." (Schmitt) Therefore prior to enforcing sanctions on such poorly-positioned states like Iran, someone should have acknowledged these negative characteristics independently and how they can lead to negative results and further disastrous outcomes.

After reviewing the conceptual shortcomings of instituting sanctions and assessing theoretical flaws, it is clear for many reasons that UN-led sanctions were arguably always going to fail majorly in pushing Iran to cease its nuclear enrichment program or soften its general anti-Western stances. In spite of multiple efforts at coercion by the U.S. and facing heavy declines in Iran's economy, the nuclear enrichment program not only continued to exist, but the authority of the theocratic regime was able to fairly easily handle the largest public resistance against it back in 2009 with the Green Revolution. Therefore it was arguably always imperative to the future of international security that policymakers and diplomats alike began to consider alternative approaches to the subject of deterring Iran's nuclear weapons capabilities. This alternative would have to be something not exclusively based on punishment and isolation but rather inclusiveness and mutual accountability and responsibility. For these reasons the new Iranian deal, even with misgivings and far from perfect, is a step of progress compared to the old long-standing sanction regime.

WHY THE NUCLEAR DEAL DOES NOT SOLVE ALL PROBLEMS THE PERSIAN LION STILL ROARS

R.C

"RC" is pursuing his Master of Science degree in International Security and Intelligence Studies at Bellevue University in Omaha, Nebraska, USA. He is currently employed by the United States government in a capacity that deals with Iranian issues.



Why does Iran still harbor such distrust and animosity towards the United States? This question is a key factor for understanding the continuous failures of negotiations, even after the concluded nuclear accord.

Much of Iran's bitterness and mistrust towards the United States can be traced back to the Iran-Iraq War. Iranians refer to the war as the "Imposed War" because Iranians believe the United States orchestrated and funded Iraq's war efforts against Iran (Riedel, 2013). In July 1988, a U.S. Navy ship shot down Iran Air flight 655 killing all 290 people aboard. Iran still marks the anniversary of the incident, alleging the U.S. intentionally destroyed the civilian aircraft. Since the U.S. military maneuvers near Abu Musa Island in 1994, the Iranian government is suspicious of any U.S. military presence in the region. This was further compounded by rhetoric such as President Bush's declaration of Iran as part of the Axis of Evil and Senator McCain's call for the U.S. to support regime change in Iran. Cyber-attacks like the Stuxnet virus against Iran's nuclear facilities further increased animosity and suspicion of U.S. policies and goals.

Understanding the Iranian mindset requires an insight into the foundation of their national identity and national security interests. Shia Islam and nationalism are inextricable elements of Iranian culture.

TO BE LIMITED BY THE PAST IN ANALYSIS, PERCEPTIONS AND POLICY FLEXIBILITY IS A NATURAL HUMAN TRAIT, BUT IN TODAY'S CIRCUMSTANCES IT WOULD BE SELF-INDULGENT AND SELF-DEFEATING

Neglecting this knowledge will lead to more exclusionary policies devoid of the cultural aspects that make negotiations more palatable to Iranians. There are two distinct facets of Iranian culture that form the foundation of all relations: Iranian nationalism and Shiite particularism. According to Bar (2004), Iranians have a strong self-image dating back to an ancient civilization. Persian pride pervades every cultural, political, and economic facet in Iranian affairs. Iranian national identity is birthed from a lineage of Persian history, mythology, kings, and a massive empire. Conversely, this self-image drives their discrimination against Arabs and other non-Farsi groups. A successful policy must address the Persian and Iranian nationalism factors. Ignoring the cultural aspect will likely be seen as more exploitation of Iran's affairs and so-called rightful hegemonic influence in the region.

Iran's Security Interests

The first security strategy is regime survival. The foundation of the Islamic Republic is the concept of *velayat-e fagih*, which is rule of the jurist. The Supreme Leader exercises complete governing authority under the guardianship of *velayat-e fagih*.

The constitution was later amended to give the Leader extrajudicial powers to correct any "flaw" in the judiciary. He enjoys the full support of the Islamic Revolutionary Guards Corps (IRGC), which refer to him as "Imam" or Source of Enlightenment. The IRGC are the protectors of the revolution and view themselves as the continuity and security of the regime's ideals.

The second national security interest is defending the country against all adversaries. Initially, this meant defense against military threats from other nation-states but has since evolved to include soft power as well. The Supreme Leader, the IRGC, and the Basij continue emphasizing Iran's efforts in the soft war supposedly being waged by the West against them. The soft war entails all aspects of soft power against Iran's Islamic and cultural values.

The third national security interest is expanding Iran's regional influence. More specifically, this includes all efforts to export Iran's Shia ideology throughout the region, support Shia uprisings, and become the Shia authority in the region. Davis, Martini, and Alireza further assert, "This involves increasing military support for its allies in the region, especially Hezbollah, Hamas, Syria, and, increasingly, Iraq. Iran sees not only Israel but also Sunni Arab states (such as Egypt) and Turkey and Pakistan as geopolitical rivals" (2011).

Considering the Iranian perspective is not just tallying up prior injustices, identifying the cultural and geopolitical causes of conflict provide insight into the state's mindset. Hunter writes, "Indeed, both sides have become prisoners of the past; both have a long list of grievances. To be limited by the past in analysis, perceptions and policy flexibility is a natural human trait, but in today's circumstances it would be self-indulgent and self-defeating."



Parasility adds, "After three decades of mutual hostility and infrequent direct diplomatic contacts, differences in political culture and diplomatic style, disproportionate involvement of intermediaries and message carriers, and sometimes confusing and mixed signals from those presumed to be speaking for those in authority, such clarity cannot be assumed." The recently concluded deal does not, of course, eliminate these concerns or these complex relationships. In fact, engagement with Iran doesn't only make the nuclear fear not go away, it may make the problem in some ways more daunting and challenging.

Complex Problem

The most significant continued concern is Iran's nuclear aspirations. Additionally, other problems include: Iran's support for terrorist groups; the regime's hostility towards Israel; the expansion of Shia theology throughout the region; Iranian threats to close the Straits of Hormuz; Iran's proliferation of instability through proxy groups; and the theological contention between the Qom and Najaf Howza. Iran's strategic objectives clash with U.S. goals for the region. Robb and Wald (2012) write, "Tehran's strategic objectives to expand its influence, export revolution and undercut the Middle East peace process have threatened longstanding U.S. efforts to maintain a regional balance of power, defend key allies and support Arab-Israeli peace". Moreover, Iran's strategic objectives adversely affect other nations.

IN FACT, ENGAGEMENT WITH IRAN DOESN'T ONLY MAKE THE NUCLEAR FEAR NOT GO AWAY, IT MAY MAKE THE PROBLEM IN SOME WAYS MORE DAUNTING AND CHALLENGING

Israel

Israel views Iran as the biggest threat to their national security. Israel contends that Iran is will never try to build a peaceful nuclear program but rather that Iran is enriching uranium to build nuclear weapons to use specifically against the Jewish homeland. On October 1, 2013, Israeli Prime Minister Benjamin Netanyahu addressed the United Nations General Assembly (UNGA). In his remarks, Netanyahu (2013) stated, "Israel will never acquiesce to nuclear arms in the hands of a rogue regime that repeatedly promises to wipe us off the map. Against such a threat, Israel will have no choice but to defend itself." Israel does not consent to any negotiations that allow Iran to pursue a nuclear program, regardless of the enrichment levels. Israel does not accept containment. This is why Israel still does not accept or consider the new deal as a positive step or one to secure a new kind of Iran for the future.

Turkey

Turkey supports Iran's pursuit of a peaceful nuclear program and has occasionally acted as a mediator to support Tehran's efforts. Despite Turkey's assistance, Iran and Turkey are regional rivals with diametrically opposed worldviews. According to Barkey, "Turkey is a constitutionally secular state where the military is the self-appointed guardian of secularism. Iran is a theocracy in which Islamic law rules and clerics play decisive roles, including control over the military." (2012). Like its neighbors, Turkey opposes any Iranian efforts to build a nuclear weapon, which Turkey views as a destabilizing, regional factor.

The Gulf States

Iran maintains strained relationships with its regional neighbors. The Gulf States or the Gulf Cooperation Council (GCC), which consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE), collectively oppose the prospect of a nuclear Iran building a nuclear weapon. The GCC warns that a nuclear Iran would threaten the stability of the region well into the Persian Gulf. This would also change the balance of power by enhancing Iran's persistent efforts to export its ideology and influence the internal affairs of Gulf Coast states. Some of the most notable examples are the violent, Iranian-supported Shia protests occurring in Bahrain and Yemen and the continued dispute over the islands of Abu Musa and the Greater and Lesser Tunbs (Fulton & Farrar-Wellman, 2011).

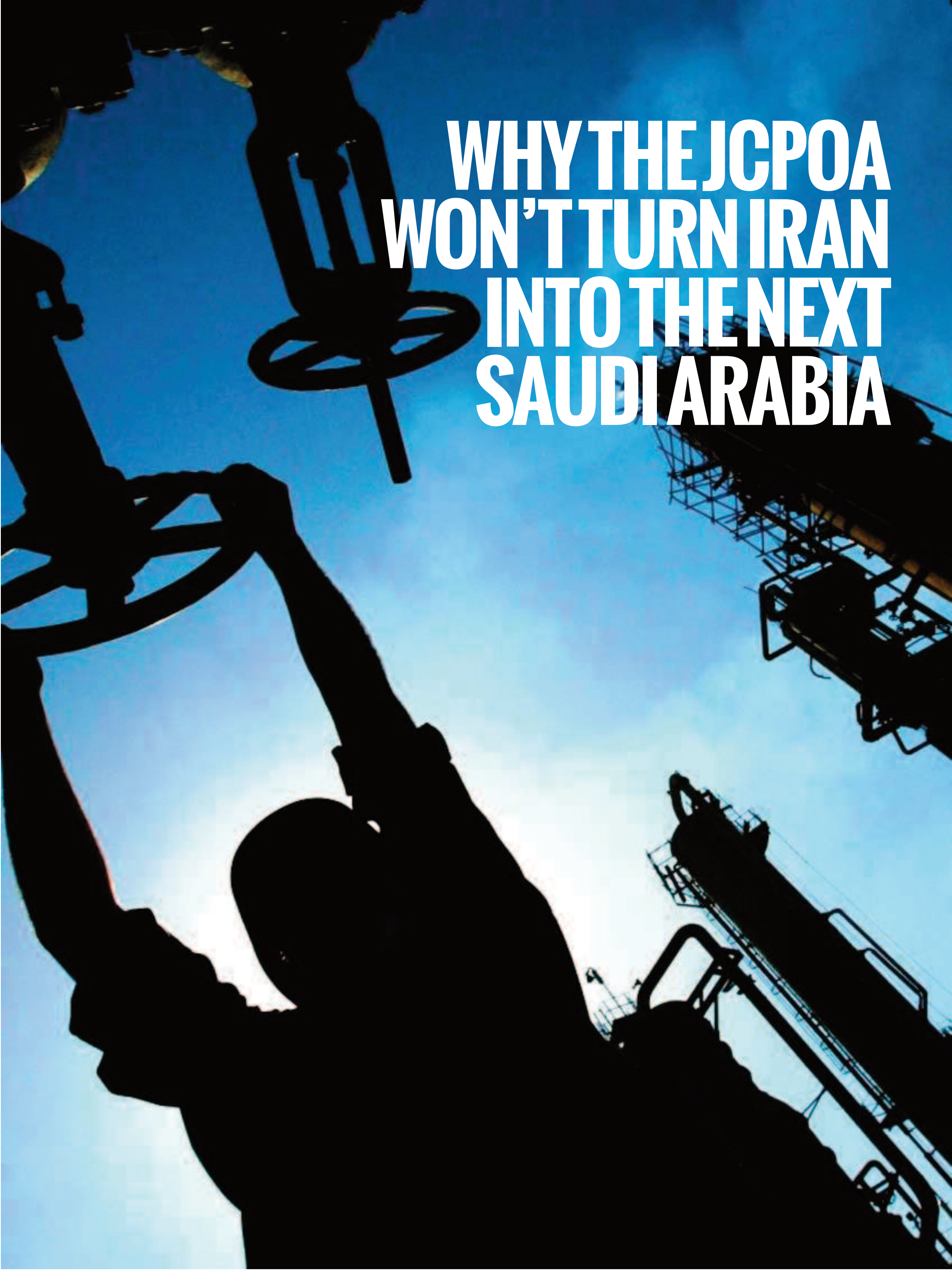


Russian and Chinese Interests in Iran

Russia and China have a unique and somewhat symbiotic relationship with Iran. The Iranian government has been steadily increasing exports to both countries despite international sanctions. Russia and China openly state their opposition to any Iranian efforts to build nuclear weapons, but also believed in alternative approaches beyond punitive and extreme sanctions. Both countries have conceded to international sanctions against Iran but also violate the sanctions when it is opportunistic for them both. Russia and Iran continue to bolster the Iranian government through military arms shipments, dual-use technology, oil purchases, and financial transactions. Iran is a strategic partner for them both and serves to limit Western influences in the region in a way that benefits both Chinese and Russian geopolitical interests.

No Easy Fix

Iran’s new accord could and hopefully will signal a new engagement that builds new channels of trust and interaction with rivals, both regional and global. Even if this most optimal outcome does occur, however, the national, cultural, historical, and geopolitical tensions that caused issues to begin with will not completely disappear. Iran not having a nuclear weapon will of course be good news to Europe, the United States, and Israel, just to name a few. But that will by no means stop Iran from pursuing its long-held belief in being an important global player and unquestioned regional hegemon. As the saying goes, the game has only just begun!

A low-angle, upward-looking photograph of industrial machinery, likely an oil pumpjack, silhouetted against a clear blue sky. The machinery is dark and complex, with various pipes, valves, and structural elements visible. The perspective creates a sense of height and scale.

WHY THE JCPOA WON'T TURN IRAN INTO THE NEXT SAUDI ARABIA

GREGORY BREW

PhD Student, Georgetown University
Department of History

Of all the anxieties surrounding this summer's groundbreaking accord between the United States and the Islamic Republic of Iran, concern over oil has been among the most prevalent. Once the terms of the Joint Comprehensive Plan of Action (JCPOA) are firmly in place, sanctions on Iran's economy, including a set of rigorous restrictions on its oil industry, will begin to recede.

This could unleash a potentially-gargantuan supply of Iranian oil onto an already-saturated world oil market and augment the abilities of the Islamic Republic to influence regional politics. The Washington Institute has warned that a "post-sanctions windfall" will allow Iran to "rescue the Syrian regime, reshape Iraq's political environment, expand its terrorist proxy activities in various theaters, and otherwise amplify the effects of its destabilizing regional posture."

There is fuel for such speculation. Iran has the fourth-highest proven oil reserves in the world, and the second-largest gas reserves. If it gains the ability to tap these enormous resources, Iran could potentially become a major world oil and gas producer, rivaling Saudi Arabia, its major regional competitor. Yet it is far from certain that the JCPOA will have anything like the cataclysmic effect some have predicted. Moreover, it is questionable how far Iran will push its newly-freed oil economy once sanctions are lifted, with a host of infrastructural challenges, as well as some compelling historical experience, potentially foiling the country's rise into major petro-state status.

**WHILE THE IMPACT OF GREATER
IRANIAN PRODUCTION COULD
FURTHER DEPRESS OIL PRICES
WHICH HAVE STRUGGLED FOR
OVER A YEAR, IRAN WILL LIKELY
EXPERIENCE A SUDDEN
ECONOMIC STIMULUS**

Before the U.S. began pressuring it to give up its nuclear ambitions, Iran was a major oil exporter, second only to Saudi Arabia among the OPEC member-states. Production reached 4 million barrels per-day (bpd) in 2007 before dropping to 3.6 million bpd in 2011; sanctions took that down to 2.85 million bpd by July of 2015, with exports dropping from 2.6 million bpd to 1.4 million bpd. Expectations for Iran to immediately increase its production once sanctions begin to taper off are high. Iran's oil minister Bijan Zanganeh boasted in July that Iran would increase its national production by 1 million bpd within one month of sanctions being lifted.

While more moderate analysts debate this figure, most agree that Iranian production will increase by the end of 2015, dropping the anticipated price of crude by \$10-12 per barrel.

While the impact of greater Iranian production could further depress oil prices which have struggled for over a year, Iran will likely experience a sudden economic stimulus. The World Bank estimates that Iran's economic growth forecast for 2016 could increase from 3% to a robust 5% if the JCPOA is approved, signaling a real end to the economic stagnation that set in with the sanctions regime.

Commentators and skeptics of the Iran deal have suggested that Iran's aspirations to regional hegemony will finally become attainable once oil revenues are freed from sanctions limitations. There is the immediate impact of \$150 billion in frozen assets to consider, money Iran will potentially be able to access once sanctions are lifted. This enormous windfall along with greater oil revenues will lead to a more strident Iranian policy, challenging Saudi and Gulf interests and ratcheting up support for Bashar al-Assad's regime in Syria.

But considerable debate surrounds the precise amount of capital Iran has locked away in overseas accounts: \$150 billion is the oft-quoted sum, but the Obama Administration has dropped its estimate from \$100 billion to \$50 billion, and one analysis in *Fortune* based on information from Iran's Central Bank suggests that only \$29 billion will be immediately available.

Depressed world oil prices will likely increase Iran's oil revenues by a relatively small amount, from \$50 billion to about \$65 billion, roughly what it was earning in 2013 before prices fell. Rather than a sudden, tremendous surge in new assets, Iran will see a modest and gradual financial windfall over the course of 2016 and 2017.



How that new income will affect Iran's foreign policy is difficult to say with any precision. The regime spends an estimated \$10 billion per year on foreign "adventures" like the wars in Syria and Yemen, yet this amount dropped in 2014 in light of lower oil prices and seems trifling when compared to the amounts spent by Riyadh on similar endeavors. Saudi Arabia military spending surpasses that of Iran by five times and the UAE's small force spends 50% more than Tehran on new weapon systems and arms. It is unlikely that any increase in oil revenues will upset this balance.

Support for Iran's regional allies, proxies and clients will likely be overshadowed by investment that Iran will direct towards its domestic oil industry. Some of Iran's most important oil fields are 70 years old and after a decade of

sanctions the country's infrastructure, from the wellhead to the refinery, has suffered considerable degradation for want of investment. Even the CIA, in a recent intelligence analysis, predicts that Iran's economy will take precedence over support for regional allies.

An estimate from Iran's oil ministry puts the total cost of industry upgrades at \$200 billion, roughly half of Iran's gross domestic product. Iran will have to pump a considerable amount of its new revenues into rebuilding its industry, and while external agents (including the massive Western oil firms like Royal Dutch-Shell, ENI and Total) have shown considerable interest in investing, the Obama Administration continues to warn off American companies, arguing that Iran's aging infrastructure makes it a poor candidate for increased investment.



Even if its production reaches former levels, Iran must fight to win back market share from Saudi Arabia, which has increased its own production to record levels in order to force out new producers and bring the price back up. Saudi Arabia dominates the oil market and will likely continue to do so, as its production level (nearly 10 mbd) dwarfs that of Iran. Iran must effectively triple its current production level in order to compete, a feat that could take decades to accomplish.

Finally, a strong historical argument exists that might very well deter Iran from aggressively embracing increased oil production. Oil revenues largely funded the 1960s and 1970s regime of Mohammed Reza Shah Pahlavi, who pumped most of the country's earnings into its military and expansive modernization programs. The Shah's policies made Iran a regional power but over-heated the economy, created powerful inflationary effects and so destabilized his regime that it collapsed in the 1978-79 Islamic Revolution. Ayatollah Ruhollah Khomeini, Iran's Supreme Leader, cut Iran's oil production in half after 1980, causing it to fall from 6.6 million bpd to 3 million bpd. He believed Iran needed a "revolutionary economy" separate from the wider capitalist world.

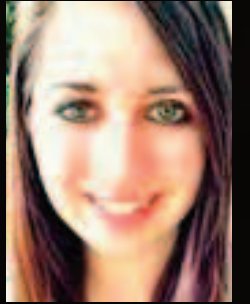
Khomeini may have been driven by ideological concerns more than hard economics, but his reasoning was largely validated by post-1970s scholarship. Influential texts by Terry Lynn Karl, Hossein Mahdavy and Richard Auty point to a "resource curse" that affects country's overly dependent on export earnings and rents from oil production. Today, oil-rich economies like Venezuela and Russia are struggling with such dependence.

If history is any guide, Iran will likely steer clear of such a policy, using its new oil revenues to bolster domestic economic growth and infrastructural development, shoring up the political support for its hardline regime (which has staked a considerable amount on reducing sanctions) while continuing its support for regional proxies and allies. The effect of a sanctions-free Iranian oil industry may take some years to reveal itself, but it is unlikely to be as dramatic as some have speculated. After all, the world oil market remains glutted; the Middle East remains a region riven by conflict; and neither the U.S. nor Iran have indicated that they plan to alter the nature of their postures towards one another. Iran's oil may alter this situation, but it probably won't upend it completely.

DIVORCE AND WOMEN'S RIGHTS IN ISLAM **UNTYING THE KNOT**

ALYSSA BENOIST

Alyssa Benoist is the America's Region Intelligence Analyst for a Silicon Valley Fortune 500 tech company. She graduated with her Master's degree in International Security and Intelligence Studies from Bellevue University in Omaha, Nebraska, USA.



Many religions have their own guidelines regarding marriage and what it entails. This information, found in religious texts and documents, tends to cover a wide range of marriage-related topics. Such topics might include dowries, treatment of spouses, the roles of husbands and wives, polygamy, and even divorce. Islam, the second largest religion in the world, covers the concept of marriage and its dissolution in detail. Under Islamic law, otherwise known as sharia law, divorce is permitted, but there are separate rules regarding divorce for men and women. For a man, the manner of obtaining a divorce from his wife can be as simple as a phrase and a waiting period. For a woman, divorce from her husband is a far more complicated ordeal that tends to involve reimbursement to her husband, or sacrificing child custody and financial support.

The infringement on women's rights regarding divorce has been an issue in recent years, particularly as a result of modernization in Muslim countries and the backlash from conservative members of the public who are trying to maintain tradition. In several of the more conservative Muslim countries, there have been cases of women facing discrimination in the divorce process in the form of outrageous requirements or outright denial of divorce.

UNDER ISLAMIC LAW, OTHERWISE KNOWN AS SHARIA LAW, DIVORCE IS PERMITTED, BUT THERE ARE SEPARATE RULES REGARDING DIVORCE FOR MEN AND WOMEN

This paper will discuss the subject of women's rights regarding divorce within the context of Islamic tradition and modern society, as well as explain the current threat to women's rights that arises from discriminatory divorce practices. This is an important issue in the Caspian region, as fully four of the five littoral nations are Islamic, with a diverse range in terms of secularism.

Divorce existed long before Islam, but according to Jaafar-Mohammad and Lehmann (2011), "The advent of Islam made the divorce process much more favorable to women" (np). This is because Islamic law allowed women to retain their property and earnings, as well as entitled a woman to support and maintenance from her former husband if she required it.

Islam recognizes marriage as a contract and because marriage is a contract it can be dissolved through certain procedures. Islamic law recognizes three types of divorce: ta laaq, khula, and tafriq. Mohammed, edited by Greenberg (2008), explains the differences between the three. The first, ta laaq, is a form of divorce that can only be initiated by the husband.

To invoke a divorce, the husband can use a verbal pronouncement to state his intention of divorce. However, the husband must undergo a waiting period based off of his wife's menstrual cycles – typically three cycles – before the divorce can be considered finalized. The second form of divorce, khula (also spelled khul'), is also known as no-fault divorce. A khula divorce can be initiated by the wife, or by mutual consent of the husband and wife. No-fault divorce means that the person asking for a divorce does not need to prove martial misconduct in order to receive the divorce. Merely being unhappy with the marriage is sufficient grounds for ending the marriage.

Through the process of khula, the wife "secures the divorce by paying an agreed sum of money, or by repayment of the dowry or part thereof." The third form of divorce recognized by Islamic law is tafriq. Tafriq relies on the court to order the divorce "either in the absence of the husband, or upon his refusal to consider the wife's petition." Only ta laaq and tafriq entitle the woman to any sort of compensation or maintenance from her former husband.

Khula is referenced in both the Quran and Hadith. One of the famous cases in Islam regarding khula was the story of the wife of Thabit bin Qais. The wife of Thabit bin Oais told the Prophet that she did not like her husband and the Prophet asked her if she would return the garden that he gave her as a dowry.



When she replied yes, the Prophet had Thabit take back the garden and divorce his wife (Sahih Bukhari Volume 7, Book 063, Hadith 197). This example of khula revealed that women did not need to show any obvious fault or reason for wanting a divorce. The woman only had to compensate her husband for what he had given her. However, as with most religious teachings, modern interpretations of what khula entails and how it is carried out tend to vary by region and state.

In more traditional societies, khula is viewed as having a negative impact and there are

several members of these societies that would prefer to see khula laws repealed. Ghalwash (2011) explains the stance of opposition to khula in Egyptian society, writing, "Islamists particularly single out the khul' law....They argue that this law does not reflect the values and customs of Egypt's very traditional society....they agree on the fact that the khul' law is bad for society and must be repealed" (np). Khula tends to be a woman's last resort for divorce and societies attempting to repeal khula will undoubtedly create dangerous infringements on women's rights.

Another reason cited as to why academics believe that women face inequality in the divorce process stems from the financial situation of women. Many women in Muslim countries cannot rely on the court for a tafriq divorce, which would grant them financial compensation from their husband. The reason women cannot rely on tafriq divorce can result from any number of factors, such as they do not meet the criteria for obtaining a divorce, they do not wish to wait the lengthy period it takes to obtain the court-based divorce, or they are unfairly denied a divorce based on a conservative or discriminatory ruling from the judge. Women who cannot obtain a tafriq divorce through the court have the option of filing for a no-fault khula divorce in order to end an unhappy marriage.

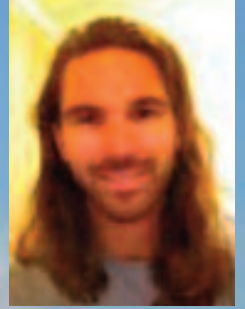
Khula divorce requires the relinquishment or compensation of funds from the woman and this can oftentimes serve as a deterrent for women wishing to obtain a divorce. In a study of divorced women in Pakistan, Critelli (2012) found "loss of valuable assets was a frequent consequence for the women, leaving them more vulnerable and with few resources to support themselves.... Several respondents lost inheritances of land and other property from their marriages. Others were embroiled in protracted legal challenges because of their husband's efforts to deny them child support and maintenance."

Women in Muslim countries are oftentimes financially dependent on their husband and therefore do not have the necessary funds to pay back their dowries as required by the khula process. Furthermore, women who are unable to financially support themselves after a divorce because they have relinquished financial support from their husband through khula must instead rely on their family members for financial support. Many women are reluctant or unable to rely on family members because they do not want to be a burden or they do not have their family's support after going against the social norm in the first place.

Islamic law is often criticized as being too backwards where women's rights are concerned. In the case of divorce, Islamic law is actually much more liberal in some regards than the Western audience gives it credit for. Divorce is both allowed and acceptable under Islamic law and either the husband or wife can individually initiate the separation. What is far less liberal is the modern-day interpretation regarding divorce found in a number of conservative Muslim societies. But even then there are non-Muslim countries that are just as bad – if not worse – in matters regarding unfair divorce policies. While no divorce system in the world could be considered a perfect system, it is important to alter policies that are unfair against a certain population group. Ignoring the problem not only undermines the institution of marriage, but can also infringe on aspects of human rights. Ultimately, this may be one of the fundamental social issues that four of the five Caspian states need to make improvement on as they all integrate deeper into modern global society.

THE “GLOBAL SPIRAL” OF CASPIAN ENVIRONMENTAL POLITICS

ANDY DEAHN



Andy Deahn is a 2015 graduate with a Bachelor of Science degree from Bellevue University's International Security and Intelligence Studies program. He is currently employed as a Field Service Engineer at the Sierra Nevada Corporation (SNC) providing aerial surveillance and intelligence analysis for the Department of Defense throughout various worldwide locations. He had previously worked as Special Tactics-Tactical Air Control Party member in the U.S. Air Force supporting Army Special Forces ground teams as a Joint Terminal Attack Controller.



The Energy Information Administration (EIA) estimates that the Caspian Basin holds more than 48 billion barrels of oil and more than 292 trillion cubic feet of natural gas. In addition, the sea itself is home to over 400 wildlife species native to Caspian waters and has remained the largest producer—over 90 percent—of the world's sturgeon and caviar outputs. However, this abundance of resources and their economically developing properties have come with a price in the form of severe contamination. Russia, the largest superpower in the region, is also the region's largest contributor to pollution, with the second biggest contributor being Azerbaijan. Furthermore, some activist groups such as Greenpeace have went even further, labeling Russia as the world's worst oil polluter, claiming that its extraction and refinement activities have expanded past its own homeland and the Caspian Sea, having caused environmental damage throughout the Arctic Ocean. Russia is undoubtedly the dominant geopolitical player in both landmass and charisma in the Caspian Region and its ambitions for energy extraction are unmatched compared to the other regional states.

However, while Russian extraction and refinement of oil and natural gas outpaces the other littoral Caspian nations, it has also damaged relations with those states in regards to energy and pollution.

**“THE GLOBAL SPIRAL” THEORY
DESCRIBES THE EFFECTS INCREASING
POPULATIONS AND CONSUMPTION
RATES OF RESOURCES HOLD AGAINST
THE AVAILABILITY AND ABUNDANCE
OF THOSE RESPECTIVE RESOURCES**

Russia’s pollutant contributions in the Caspian Sea come in the form of wastewater from coastal industrialization and massive amounts of sewage waste directed into the Volga River. This river, which is native to Russia, is the most significant river responsible for supplying the sea’s water supply, making it the greatest contributing pollutant source. To put it into perspective, pollution from Azerbaijan comes in the form of oil by-products, waste, and spills. The impact of Azerbaijan’s energy pollution has become so great that the Caspian Environmental Information Center considers the Apsheron Peninsula—which includes the Capital city of Baku—and the waters that surround it to be the most ecologically devastated geographical area in the world. This title is specifically awarded to the Azeri peninsula due to the severe air, soil, and water pollution from oil extraction, refinement, and transportation of oil resources. Moreover, this severe pollution is exacerbated by Russia’s contributions, which as an upstream nation is also responsible for the destruction of the Apsheron Peninsula.

The ratification of the Tehran Convention by all littoral nations was based upon four protocols: biodiversity conservation; preventing land-based sources of pollution; preparedness, response and cooperation in combating oil pollution incidents; and producing environmental impact assessments in a trans-boundary context. However, as described above, despite the geostrategic significance of the Caspian Sea’s resources, we observe that geopolitics can hinder attempts to manage the pollution severely infecting the waters. For example, in 2013 Iran threatened to sue oil giant British Petroleum (BP) for allegedly discharging waste directly into the Caspian Sea and for not following the Tehran Convention covenants.

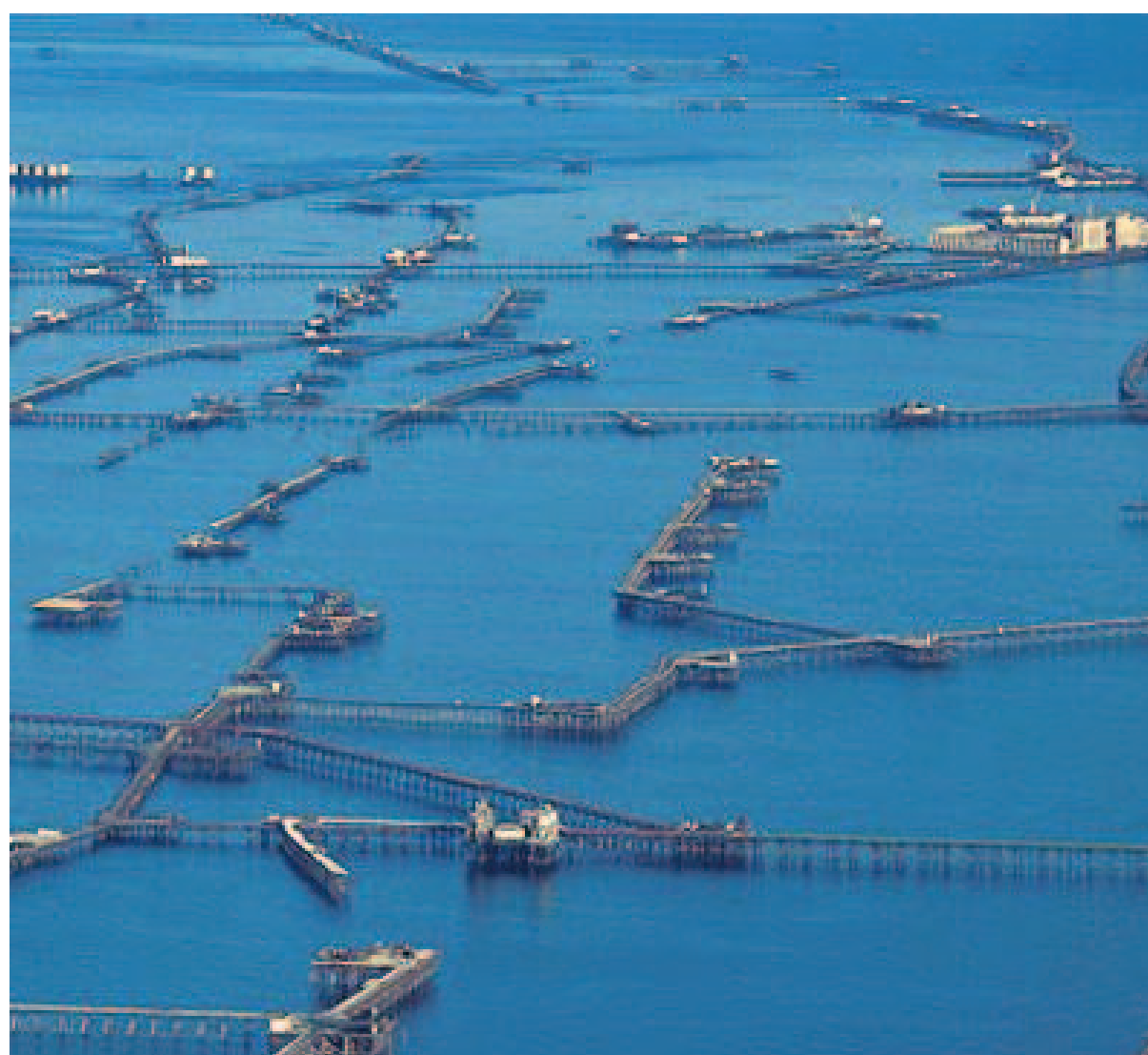
These accusations were aimed at Azerbaijan in reality, which permits BP to operate the Azeri-Chirag-Gunashli oil field and Sha Deniz natural gas field off of the nation’s coast. Furthermore, Iran claimed that due to these flawed practices there have been severe economic, health, and environmental damages, mainly from contaminated water decreasing fisheries and poisoning soil and groundwater. In the late 1990s BP also bought a 50 percent stake in the Russian TNK (Tyumen-skaya Neftyanaya Kompaniya) oil company, to form the oil giant known as TNK-BP. To go even further, remember that BP was also responsible for a catastrophe in the US—the 2010 Deep Water Horizon oil-rig that exploded in the Gulf of Mexico. The common link of giant oil ambitions and extraction is resulting in environmental and economic impacts that prove the relevance of the “Global Spiral” theory and the increased importance of protecting the world’s environment.

“The Global Spiral” theory describes the effects increasing populations and consumption rates of resources hold against the availability and abundance of those respective resources.

Utilizing this spiral model and applying it specifically to the nations of the Caspian Region, we can conclude that when the populations of the Caspian states continue to expand (in both population size and industry), each nation will unilaterally attempt to secure and exploit the various natural resources found both on and underneath the Caspian Sea. This “resource race” has already escalated inter-state tensions, with the potential end-result being inter-state conflict as the other nations respond to unilateral actions with similar measures to best secure and exploit resources for themselves. While this is a typical model for energy conflicts, pipeline politics, and/or resource wars throughout the globe, I do not think the means have met the ends in the Caspian scenario. This is because as the race for resources continues to escalate in the Caspian Region the impact of severely damaging pollution and new shifting geopolitical dynamics will destabilize energy and resource security overall. The Global Spiral also determines that the strain on those resources and the resulting pollution from their exploitation will become so great that preventative measures put in place to regulate availability and pollution will become uncontrollable - hence, the term the “Global Spiral” and its ability to lead to global catastrophe.

The question that needs to be asked now is that if each of the five Caspian nations can barely enforce or follow an endorsed inter-state agreement, does the international community have a role to intervene in the sovereign affairs of states in order to secure energy resources and ensure that any agreements and standards are honored? International interventions would only fuel Russian suspicions, however, and could aggravate inter-state relations between all regional players.

Russia as the leading superpower in the region holds both the obligation and the capacity to live up to the agreed-upon standards outlined in the Tehran Convention. International cooperation is a fundamental necessity for ensuring that the Caspian states do not escalate inter-state tensions into inter-state conflicts that have global cascade effects. However, future strategies for preventing a “Global Spiral” in the Caspian region will only be accomplished by improving relations between radical regimes, recalcitrant presidents, and divisive autocrats. This is no easy task when each believes the best strategy is likely extracting the resources provided to the nation for economic advancement, rather than focusing on the collective responsibility of environmental protection and economic limitation.



Қазақстан
Ұлттық
Банкі



KAZAKHSTAN STEERING THROUGH TROUBLED WATERS



JEANETTE "JJ" HARPER

Jeanette "JJ" Harper is a graduate student in the International Security and Intelligence Studies program at Bellevue University in Omaha, NE, USA.



Earlier this year, the Central Asian nation of Kazakhstan announced a new campaign called "Invest in Kazakhstan," which was designed to attract foreign investors. Throughout the campaign it released new commercials that enticed potential investors with exemptions from corporate income tax, land taxes, property taxes, and customs duties for up to ten years. To lure new stockholders, the commercials promised state-in-kind grants (like goods, services and expertise), stability of investment legislation (drawing on the 2003 Kazakh Law of Investments which virtually guaranteed the stability of assets), strong protection of investors' rights, no work permits for foreign labor, and visa-free entry for citizens of many countries. As if these benefits weren't enough, Kazakhstan went even further, offering thirty percent cash back on investments.

One would think that with this kind of economic bait – and the fact that Kazakhstan had very low debt – foreign investors would be jumping at the opportunities. So why hasn't the country been able to draw more foreign investment?

**IT APPEARS THAT KAZAKHSTAN
STILL RESOLUTE TO INTEGRATE
INTO THE GLOBAL MARKET COMMUNITY,
HAS AN AMBITIOUS PLAN TO USE
ITS WTO AND EEU MEMBERSHIPS
TO BOOST ITS IMAGE AND ATTRACT
NEW INVESTMENTS**

Perhaps, with the exception of multinational oil companies, potential investors are turned off by the many disadvantages there are to investing in Kazakhstan. In addition to being quasi-democratic and geographically landlocked, Kazakhstan's private sector lacks experience, still has to develop a larger educated workforce, and suffers from global doubt as to its financial ability to follow through on the aforementioned promises. It also doesn't help that Kazakhstan acts like an autocracy at times in that its government is known for its lack of transparency and has high levels of corruption. It maintains tight controls over the press, lacks diversity, and has an unimpressive civil rights record. Dealing with these political complications would be an inevitable headache for investors.

Perhaps most importantly, Kazakhstan is currently dealing with a currency crisis where capital is hemorrhaging at an alarming rate. The tenge, Kazakhstan's native currency, was tightly controlled for years until the government decided to switch to a floating exchange rate.

This decision, due to falling crude prices around the globe, caused the tenge to lose almost a quarter of its value. However, as the dominoes have fallen in reaction to cheap oil from China to South Africa, Kazakhstan's government still does not appear too concerned. In fact, while everyone else is calling it a crisis, Kazakh leadership is calling it a normal "transition."

Even though Kazakhstan has recovered some of its losses (ten percent), there is still a very good possibility it will drop again in the next few weeks. This is because of the tremendous pressure on Kazakhstan by its neighbors. Like other emerging markets in the region, Kazakhstan – a country that is sandwiched between Russia and China – is economically dependent on both regional superpowers. Its economy is linked to Russia's and has been negatively impacted by the Russian sanctions caused by the crisis in Ukraine. This impacts Kazakhstan on two fronts: the Russian ruble has become so weak that Russians can hardly afford Kazakh goods and, at the same time, Russian imports are threatening to flood Kazakhstan's market with low-cost imports. To make matters worse, there is a weaker demand for Kazakhstan's exports by China, the second-largest economy in the world. China's recent move to devalue its currency – the Yuan – may have been done to boost the country's exporters in an attempt to make their products cheaper and easier to sell. This could very well spark a currency war in the region and further damage susceptible currencies in emerging markets, including Kazakhstan. In sum, China's devalued currency, Russia's plummeting ruble and crushing sanctions, and the likely increased supply of oil from Iran after the new nuclear accord – all exacerbate the problem in Astana and may be putting Kazakhstan's long-term economic future on shaky ground.



It appears that Kazakhstan, still resolute to integrate into the global market community, has an ambitious plan to use its WTO and EEU memberships to boost its image and attract new investments. Furthermore, the Asian Development Bank (ADB) just announced it will loan Kazakhstan one billion dollars so it can resume governmental programs designed to stimulate the country's economy. This loan presents Kazakhstan with an opportunity to diversify, create new jobs, provide continued support and services to its disadvantaged citizens, grow its private sector, and build up smaller businesses. Unfortunately, making substantial domestic policy changes pertaining to civil liberties and democratic freedoms do not appear to be a part of the strategy at the moment.

While it is difficult to know exactly how this complex economic strategizing will play out in Kazakhstan, there is one thing we do know. Kazakhstan's President Nursultan Nazarbayev – the only leader the former Soviet Republic has had since its independence in the early 90s – has great energy and enthusiasm for the future of his country. His grand geopolitical ambitions strive to take the country to new heights of economic, political and industrial growth. While Kazakhstan is considered authoritarian by international standards, by regional standards it is regarded as a much "softer" version than its Asian counterparts. This may give it an important edge as it strives to stay innovative and relevant while expanding its political, military, diplomatic, and economic reach.



Another important demographic factor is just how young the country is, in both population and geopolitical terms. For one, Kazakhstan has managed to utilize its resources and the productive capacity of citizens to not only break away from its domineering progenitor but also set itself up for long-term sustainability. It transformed itself mostly into a market economy that, under the right conditions and strategies, could dramatically transform and deepen from international trade and investment. While it would certainly be a stretch to describe Kazakhstan as a wealthy nation, it most definitely is not a poor one. Post-Soviet Kazakhstan has been remarkably responsible with its fiscal, industrial, trade and macroeconomic policies. Plus, it has worked very hard to carefully cultivate relationships with other countries so that Kazakhstan is largely regarded within the region as a stable and rational geopolitical voice.

While Kazakhstan still needs to diversify its overconcentration on natural resources, the country still has time, opportunities, important economic alliances, and room to grow. Kazakhstan's economy and political ties do not necessarily have to remain constrained by corruption and political controls either. For the country to overcome the challenges it currently faces and to attract foreign investors, it needs to continue to embrace innovation that can accommodate social unity and a more balanced policy geared towards diversification and development. Perhaps the greatest challenge of all, but also provide definitive proof to the global community (and its foreign investors), is the willingness of the country to venture more boldly with democratic freedoms and civil liberties experiments that will accentuate and reinforce its sound economic strategies. Being able to develop both economically and democratically, to show the world that unlike so many emerging economies Kazakhstan is not afraid to give its people and its system more independence and freedom, might be the one element of harmony that will distinguish the country from all other competitors and, ironically, provide it with the stability to ride out the cyclical nature of economic crisis.

SOUTH-SOUTH DEVELOPMENT



EVAN THOMSEN

Evan Thomsen is a graduate of the International Security and Intelligence Studies Program at Bellevue University in Omaha, NE and is currently a Master's student at the world-renown Elliott School of International Affairs at The George Washington University in Washington, DC. He has just joined with the Eastern Congo Initiative as Strategic Partnerships Officer.



In an era when we all seek an alternative, from foods to music to lifestyle, it should come as no surprise that the international order of donor and recipient states has also sought (or supplied) an alternative: South-South development partnerships. This emerging order, which is effectively led by China but commonly features a supporting cast of the BRICS (Brazil, Russia, India, China, South Africa) and the MINT (Mexico, Indonesia, Nigeria, Turkey) nations, is presenting serious challenges to what some would call the post-historical world. While competition between donors could offer substantial benefits to recipients, in practice this is more the exception rather than the rule. Competition in development often favors expediency over long-term effectiveness. This is different from competition in markets, where the better product for the better price wins out (at least in theory). Furthermore, state competition over who develops increasingly involves strategic considerations, as in, it is not so much about the quality of the partnership but the mere existence of the partnership that matters.

The concern is that competition is positively correlated to expediency and strategy. This article contextualizes the rise of South-South development partnerships and assesses its impact on the future of international development.

THE FALL OF THE SOVIET UNION IS STILL THE INTERNATIONAL RELATIONS BOGEY MAN WHEN IT COMES TO COMPLICATING THE ONCE, AND AT TIMES LONGED FOR, BIPOLAR STATUS QUO

While I hesitate to espouse the proverbial cause of international phenomena in a simplified form, there are two prominent features that make up the recent rise of South-South commitments - the end of the bipolar geostrategic order with the fall of the Soviet Union and relative gains made within the global South vis-a-vis the Western world. These features, while far from exhaustive, are critical towards contextualizing the shifting paradigm.

The Catch-all For Foreign Policy Woes

The fall of the Soviet Union is still the International Relations bogey man when it comes to complicating the once, and at times longed for, bipolar status quo. All at once new strategic opportunities arose, new threats and intelligence blind spots were drawn from the shadows, and organizational rigidity was exposed as new expertise and flexibility was demanded of state and international actors. These challenges were as present and dramatic in economic development as they were in defense and diplomacy.

In what could have been a Marshall Plan 2.0, the past two decades have exposed frailties in the designs of liberal institutionalism. Whether this is a structural flaw or a lack of applicability towards its object, one thing is clear - the Western order has manifested a subversive order or has at least seeded ground for alternatives in the expanding economic bubble. Defining the South-South arrangement, at least in terms as clear as mainstream Western-led donor states and institutions, presents difficulties. Two points of analysis are useful in understanding the nature of their rise to significance. It remains to be seen whether the South-South arrangement is strategic opportunism in the face of relative Western decline or a loose confederacy of states offering an alternative to a general lull in Western engagement. The South-South arrangement does have one point of clear unity and distinction, however, and that is language - they are not donors, they are partners. And these partnerships, at least in rhetoric, come with relatively no strings attached.

Everyone is Rising

Today it is easy to find common headlines along the lines of Africa Rising, The Rise of China, and even a 'meta-alternative' relative to this article - Caspian Energy: A Viable Alternative to The Persian Gulf. Apparently everyone is rising. This is of course from a Western perspective and is thus viewed as rising relative to the Western world. It is not just raw economic data that supports these hopes and fears, but the very fact of South-South development. On the lower end of development, many States are graduating up the World Bank scale of economic distinction. From the World Bank's perspective this is not just a token of prestige, but a substantive policy category that sets parameters for loans, grants, investments, and most importantly, interest rates.

On the higher rungs of the South-South movement are many former recipient nations who have become donors. In some case, many States are operating both as recipients and donors.

This apparent paradox not only complicates financial flows (with so many States both requesting economic assistance and exerting economic influence), but it complicates the geopolitical landscape with layers and knots of complicated, competitive, and interdependent arrangements. Nowhere are these conditions more apparent, and more complicated, than in the Caspian, where the global need for energy resources, market share, and projected long-term demands have sought to make this regional alternative a critical strategic chess piece.

A Critique of the New

South-South development, namely the BRICS, has earned the ire of many Western development professionals. The object of Western condemnation is not exclusive to the emerging order, however, as mainstream donors are criticized for currently tying aid to strategic objects, while the rising South-South framework is criticized for altogether dropping standards of governance in development.

This, upon analysis, strongly suggests that poor governance not only negates long-term development but sublimates positive economic conditions (read: resources). I believe that this vocal duality, which frames the future debate and sets parameters for the divide, is a red herring. This debate, which is effectively about tactics on the ground, misses the broader geostrategic point - South-South development is not an experiment, a new trend, or a deviation from our most recent version of relative economic barbarism. It is a strategic consortium set to challenge the West on the world stage.

I am not belittling the importance of understanding governance as it pertains to long term development or the debate surrounding bilateral and multilateral investment initiatives. I believe it necessary to improving our collective engagement in the developing world. My concern is that the frame of the debate has been created and sustained by a singularly liberal institutionalist order - one that often excludes grand and strategic analysis. In this sense, South-South development is less an alternative in development/donor options and more an alternative or challenge to power relations. To think otherwise would be delusional. Great powers are still at play: their tactics may be temporary and fluid but their interests are eternal.

This analysis has significant applications for the developing world, especially the Caspian region. The most critical question is how can the Caspian states tie their clear strategic importance to the international community into a deal that balances this importance with their own sovereign needs? Elite bargains have been occurring, and will continue to occur, in this energy rich region. Ensuring that such deals do not come at the expense of Caspian sovereignty or at the expense of its people is the real challenge moving forward into the future. This is where I believe development experts and practitioners should focus their attention on influencing these elite bargains. Without understanding the strategic concerns of great powers and developing states this influence will be misplaced and strategically critical regions like the Caspian and beyond will suffer.



12 КРАСНОЯРСКИЙ
ЭКОНОМИЧЕСКИЙ ФОРУМ

КРАСНОЯРСКИЙ
ЭКОНОМИЧЕСКИЙ ФОРУМ

12 KRASNOYARSK
ECONOMIC FORUM

INTERVIEW WITH MAXIM CHERESHNEV

RUSSIA FACILITATING TRADE WITH AFRICA

KESTER KENN KLOMEGAH

Kester Kenn Klomegah is an independent researcher and writer on African affairs in the EurAsian region and former Soviet republics.



Russian Export and Investment Fair (REIF) to be held on 19-20 November 2015, for the first time, will gather high level participants from more than 50 countries and 80 regions in Russia. The purpose of the REIF is to create an international platform for professional dialogue of the business community.

The REIF is designed to help government leaders, representatives of ministries, departments, business corporations and industries from across the world to meet new partners. It will also offer participants the opportunity to receive up-to-date information on the current trends, challenges and prospects of development of export and investment activities of world-class professionals as well as to expand the circle of business contacts.

In this exclusive interview, Maxim Chereshnev, the Chairman of the Board of the Council for the Development of Foreign Trade and International Economic Relations, explains to Kester Kenn Klomegah about the significance of the forthcoming corporate business event.

Q:What are the key objectives of the forthcoming Russian Export and Investment Fair scheduled for November in Moscow?

Russian trade and economic development council jointly with Agency of Strategic Initiatives have initiated this Fair as the first platform in Russia for direct business community international dialogue. After examining the experience in events organizations in other part of the world, particularly in China, Hong Kong, Korea and Singapore, the decision was made to adopt the best practices in Russia. Indeed, REIF is aimed at providing business with opportunities for meetings and the beginning of cooperation between Russian and foreign companies. Within REIF it will be possible to present export and import possibilities of Russian and foreign companies, their investment projects, to attend training courses and seminars, to arrange b2b sessions as a way of sharing views and so forth.

Q:Is this an effort directed at promoting Russian export products and services as Vladimir Putin has urged businesses to do?

As President Vladimir Putin noted in his message to the Federal Assembly, raising business development, diversification of economy and non-resource export are key priorities for economic prosperity of Russia. RTEDC as a trade promotion organization is exactly aimed at global communication

development and mutually beneficial business relations strengthening in compliance with the governmental politics. RTEDC activity and REIF initiative definitely suit investment promotion, trade facilitation and export support of Russian companies as instruments for new opportunities creating for small and medium enterprises.

Q:Do you think that the Fair can help stimulate export transactions and the flow of corporate business deals abroad?

REIF is a result of long and hard work on strengthening b2b communication between Russian and foreign companies. RTEDC has a range of 20 priority countries for collaboration. RTEDC special representatives and chairmen of profile RTEDC committees for cooperation with these countries assist to different business cases realization which RTEDC deals with. These are examples of private business interest. Without doubts, REIF will lead to growth of general mutual interest, demonstrate facilities of Russian companies and highlight favorable conditions for active business interaction. Prearranged meetings and business matching will allow to find partners and investors for projects realization both abroad and in Russia. REIF is not just fair but also the platform where participants will get opportunity to negotiate and to make agreements with new partners. After REIF, RTEDC will provide companies with full assistance in all communications.

Q: As it shows, so who should attend this Russian Export and Investment Fair? Can we expect something new in terms of foreign participation?

Foreign manufactures and companies which are interested in localization in Russia or in joint production, companies which search for projects and investment to Russia or those business representatives that are looking for export from Russia or would like to present their own products and technologies as well as Russian export companies, Russian regional representatives are invited for participation in this business event. We suppose that matchmaking and working sessions will be really useful for mutual benefits of REIF exponents and guests. REIF would specially welcome companies from Asian and African countries as participants and visitors. Thus, nowadays perspectives of business contacts between Russian and African business are actually underestimated, however, there are a huge number of opportunities for technology exchange, trade promotions, mutual investment between Russia and South Africa, Morocco, Zimbabwe, Namibia, Egypt, Kenya and other African countries.

Q: How important is this corporate business event for Africa?

Import substitution policy in Russia and general course on economic diversification are favorable for other countries to export/import relations development and investment with Russian companies. It includes interests of African countries within their economic development and independence from traditional and new monopolists in African markets. At present African continent with its total economic growth rate 5-5,5% per year on average attracts attention of international business community.

It puts Africa on the second place in the world growth rates.

According to forecasts by 2033 African GDP will reach to East Europe figures, including Russia, and by 2039 – to Latin America rate. It's pleasure to note that Russia and African states have a long story of relations. Import of coffee, cacao, tea, citrus, sea products from African states is important for Russia. At the same time Russia is interested in African market for joint production and export of technical, military, industrial equipment and services in satellite communications, geological survey and power engineering.

Some Russian companies such as Gazprom, ALROS, RusAl, Norilsk Nickel and others are already operating in Africa. Moving on, Russia is the 5th country in total volume of investment among all states in Africa. What is very important today is the fact that new opportunities are arising for small and medium enterprises of Russia and Africa for their collaboration. For instance, agricultural, high-tech, medicine, energy-saving technologies, logistics and infrastructure projects are really perspective for strengthening Russia-African economic cooperation. That's why we invite participants from Africa for establishing closer contacts and continue cooperating in key sectors of the economy. We call on all interested companies and organizations to register on REIF website (www.rusfair.com) and provide us with information about their needs and requests from this first Russian Export and Investment Fair.