How Russia and China are Reshaping the South Caucasus

The Russia brokered negotiated end of Nagorno-Karabakh conflict has laid the basis for a major geo-political transformation of the South Caucasus. While Russia’s role in bringing the military conflict to an end and holding the ceasefire did put it in-charge of the South Caucasus, subsequent developments show how Russia has expanded its role and consolidated its position in its backyard. Its primary importance lies in the fact that no extra-regional and Western powers were or are still involved in that part of the world, which is one reason why ceasefire has not been violated. While Turkey and Iran were involved in brokering the ceasefire, the matter has always been a Russian affair. Also, Russian brokered peace and ceasefire came crucially at the expense of the Minks Group. It has allowed Russia to massively erode US ability to use this region to light fires on its periphery to create conditions for the expansion of the NATO eastward.

Controlling the region is important for the US also because it has emerged as one of the most suitable routes for the extension of China’s Belt & Road Initiative into Europe. The US, by keeping itself entrenched here, would want to control an important artery of the BRI. But the South Caucasus, under the Russian political influence and Chinese economic investment, is rapidly changing into a territory miles away from the reach of the US tentacles.

As the latest World Bank Data shows, China’s economic footprint has massively increased in past few years. Azerbaijan is widely believed to be an important link in China’s New Silk Road routes connecting it with Europe. Since 2005, Chinese trade turnover with Armenia, Azerbaijan and Georgia increased around 2,070 percent, 380 percent and 1,885 percent, respectively.

Azerbaijan has particular importance for China-Central Asia-West Asia Economic Corridor, principally the Trans-
Caucasus Transit Corridor (TCTC), that connects China to Europe via a network of railways, seaports, roads, and potentially pipelines.

While the current volume of trade between China and Azerbaijan is not high, the recent trends show important upward jump. According to World Bank data, “the trade volume between the two countries was 1.3 billion USD in 2018, about 6 percent of total Azeri trade, and half of that amount in 2013.” The World Bank estimates that the BRI is quote likely to transform the geo-economic capacity of Azerbaijan and that the country’s GDP could increase by a whopping 21 per cent in the long run. Azerbaijan’s participation in the BRI could allow it to tap into global value chains and diversify its economy.

With Nagorno-Karabakh now effectively under Azeri control and being managed under Russian supervision, and with China having recently signed an investment deal with the EU, there is no gainsaying that China will be paying a special attention to build a transit route through this region. China is developing a trade route via Kazakhstan that crosses the Caspian from the Kazakh port of Aktau to Baku. Chinese scholars have described this route as the hub of BRI and extremely pivotal to the success of the deal it has signed with the EU.

The connectivity and business generation opportunity that China is offering is also linked with Russia’s own plans to lay a new geography of trade involving Azerbaijan and Armenia. This was quite evident during the most recent meeting between Russian, Azeri and Armenian leaders in Moscow. The meeting was followed by an announcement to implement “measures involving the restoration and construction of new transport infrastructure facilities necessary for the organisation, implementation and security of international traffic carried out through the Republic of Azerbaijan and the Republic of Armenia, as well as transportations carried out by the Republic of Azerbaijan and the Republic of Armenia, which require crossing the territories of the Republic of Azerbaijan and the Republic of Armenia.”

The plan, as it stands, is to reactivate old “Caucasian Silk Roads” that would allow major countries in the region to connect with Russia and thus open avenues to boost trade, thus leaving no to minimum room for extra-regional powers like the US and France to play their old ‘divide & rule’ politics.

All of these developments also indicate a receding US presence and role in the region. But the US, under the Biden administration dominated by liberal interventionists, is likely to put its house in order and attempt a comeback in some form. In fact, the US is already making its come-back calculations.

The US Congress recently authorized the Director of National Intelligence to submit a report identifying core US strategic interests in the region, including US military assistance to both Azerbaijan and Armenia and how this could be used effectively to serve US interests.

As it stands, Washington is already gearing up for a geo-political struggle in the region around Nagorno-Karabakh. In October 2020, the US House Intelligence Committee head Adam Schiff “urged” the US to recognize Nagorno-Karabakh or the “Republic of Artsakh” as an independent state. The call for recognition as an “independent state” reflects how the US aims to insert itself in the region to play its usual divisive politics.

However, as the details given above show, there is a lot of politics of connectivity being planed and implemented to counter the politics of division the US is gearing up for.

Therefore, as it stands, political and economic agreements being made and implemented will massively reduce the space for a conflict to re-emerge and destabilize the region. It is only through such an occurrence that the US can possibly step in and push for reactivating the Minsk Group.

Salman Rafi Sheikh, research-analyst of International Relations and Pakistan’s foreign and domestic affairs, exclusively for the online magazine “New Eastern Outlook”.