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**Geopolitical Rivalry in Central Asia and
Turkmenistan's power as a weak state**

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Declaration of Authorship

1. The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.
2. The author hereby declares that all the sources and literature used have been properly cited.
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References

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Abstract

Research on weak states and their position in the international system has been a widely discussed topic for decades, especially in relation to the Cold War bipolar system that revolved around Russia and the United States as great powers. Yet what is lacking is a contemporary analysis that concentrates on the current multipolar system in which the importance of economic alliances and power surpass military power, and how this affects weak states' foreign policy behavior and trade opportunities. This research therefore offers an empirical analysis on great power geopolitical competition between Russia and China over Turkmenistan's economic allegiance, specifically regarding its natural gas export, and seeks to explain how this geopolitical competition has affected Turkmenistan's foreign energy policy behavior as a weak state vis-á-vis these great powers. Additionally, this research seeks to examine how Turkmenistan has even instrumentalized this competition to further its national interest of energy export diversification. More specifically, this research shows that great power competition has played a considerable role in the formation and successfulness of Turkmenistan's foreign energy policy between 1991 and 2006.

Abstrakt

Výzkum slabých států a jejich postavení v mezinárodním systému je široce diskutovaným tématem po celá desetiletí, a to zejména ve vztahu k bipolárnímu systému studené války, který se kolem Ruska a Spojených států, jako velmoci, točí. Co však chybí, je současná analýza, která se soustřeďuje na současný multipolární systém, v němž význam ekonomických aliancí a moci překonává vojenskou moc a také jak to může ovlivňovat chování zahraniční politiky a obchodních příležitosti slabých států. Tento výzkum proto nabízí empirickou analýzu velké geopolitické konkurence mezi Ruskem a Čínou v souvislosti s hospodářskou oddaností Turkmenistánu, konkrétně v souvislosti s vývozem zemního plynu, a také se snaží vysvětlit, jak tato geopolitická konkurence ovlivnila chování turkmenské zahraniční energetické politiky jako slabého státu vůči těmto státům. Tento výzkum se navíc snaží prozkoumat, jak Turkmenistán tuto soutěž dokonce reprodukoval, aby podpořil svůj národní zájem o diverzifikaci vývozu energie. Konkrétněji tento výzkum ukazuje, že velká konkurence moci hrála významnou roli při formování a úspěšnosti zahraniční energetické politiky Turkmenistánu v letech 1991 až 2006.

Keywords

Weak states, great powers, bargaining power, geopolitical strife, natural gas, pipeline, export, diversification, Turkmenistan, Russia, China

Klíčová slova

Slabé státy, velmoci, vyjednávací síla, geopolitický spor, zemní plyn, potrubí, vývozní, diverzifikace, Turkmenistán, Rusko, Čína

Název práce

Geopolitické soupeření ve střední Asii a moc Turkmenistánu jako slabý stát

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Introduction

Weak states and their position in the international system has been a widely discussed subject matter in the field of international relations. The topic of weak states and their potential bargaining power against the great powers they deal with is a particularly dividing one, with some scholars attributing no powers to weak states while others inflate and overestimate their possibilities. This research discusses the Central Asian country of Turkmenistan which will be classified and analyzed as a weak state. Turkmenistan has had a turbulent history, of which being dominated by Russia and being part of the USSR has been a big part. With the disintegration of the USSR and the start of Turkmenistan's newfound independence, possibilities of managing its domestic resources opened up. These possibilities have been hindered, however, by historical ties of which dependence on Russia has arguably been the most influential.

More specifically, Turkmenistan's energy industry has been tied to Russia through export routes. Since the export of natural gas is one of Turkmenistan's most important sources of income, Turkmenistan has sought to change this reliance since its independence. There were many project proposals of which just as many failed to come into existence. However, new energy-demanding actors came into the picture and in 2006 Turkmenistan and China reached an agreement on the establishment of the Central Asia-China natural gas pipeline, which was eventually commissioned in 2009. This new export route effectively broke Turkmenistan's dependence on Russia for the export of its natural gas.

What I want to focus on in this research is the process of coming to this agreement. More specifically to what degree geopolitical strife between Russia and China over Turkmenistan's allegiance and resources benefited the latter's bargaining power towards these great powers, as well as how weak states are able to effectively utilize such strife over their allegiance or, in other words, weak states utilizing geopolitical rivalry as a source of bargaining power in their foreign policy.

There is a number of theoretical works that discuss the influence of geopolitical rivalry on the bargaining position of weak states, but there is a limited amount of focused case studies, in particular after the disintegration of the USSR and relating to the newly independent republics. By presenting this research I aim to fill a gap in weak state academia by providing an accentuated

examination of the particular case of Turkmenistan, as well as providing a more contemporary application of weak state theory. I aim to do so by analyzing Turkmenistan's instrumentalization of the geopolitical rivalry between Russia and China over its allegiance as a means of improving its bargaining position in its foreign policy, especially regarding its energy trade. By applying this research's theoretical framework on weak states and their bargaining power to a case study on Turkmenistan's foreign policy behavior related to its energy export diversification, I aim to determine to what extent Russia and China's great power rivalry over the (economic) allegiance of Turkmenistan as a weak state has affected the latter's foreign policy behavior and trade negotiating position in relation to its natural gas export diversification.

The research question is formulated as follows: 'What caused Turkmenistan's ability to diplomatically maneuver between Russia and China during negotiations regarding the export of its natural resources between 1991-2006, culminating in the agreement on the Central Asia-China natural gas pipeline?'. This research's timeline starts with the formation of Turkmenistan as a newly independent state and ends at the agreement on the Central Asia-China natural gas pipeline between Turkmenistan and China in 2006, the latter of which is also the year that marks the death of Turkmen President-for-Life Saparmurat Atayevich Niyazov.

The first chapter of this study presents the literature review in which I discuss scholarly debate on the concept of weak states as well as the potential sources of power of such weak states. This is meant to give the reader an overview of the existing concepts and ideas on these topics, in order to put the main weak state theory from scholar Michael Handel, that is used in this research, into a larger framework. Handel's theory as well as the methodology are presented after the literature review where after I give a brief overview on the selected case. The selected case is Turkmenistan's foreign policy regarding its export diversification, which eventually culminated in the agreement on the Central Asia-China natural gas pipeline. I will therefore present information on this pipeline project in the case selection chapter, in order to move on to the empirical analysis on Turkmenistan's foreign (energy) policy in the following chapter of analysis.

In order to explain Turkmenistan's foreign policy behavior as a weak state, I apply Handel's theory on weak states' bargaining power to Turkmenistan's foreign policy decisions and results relating to its energy trade and bilateral relations with Russia and China. In order to do so, the empirical chapter of the research studies the main instrumentalizing aspects that I have derived from

Handel's theory in the theoretical framework chapter: the existence of historical ties between the weak state and one of the great powers, trade (re)negotiations, great powers offering economic cooperation and support to the weak state and lastly great powers encouraging the weak state to integrate in their international security or economic organizations.

By studying these aspects in relation to Turkmenistan's foreign policy behavior towards Russia and China, the empirical section of this research shows that these aspects derived from Handel's theory on weak states have all, to a certain extent, influenced Turkmenistan's foreign policy behavior and aided it in its energy diplomacy with both Russia and China. This is reflected in Turkmenistan's improved negotiating position in the final years leading up to the Central Asia-China pipeline agreement, during which Turkmenistan was able to improve its existing natural gas trade agreements with Russia, as well as come to a profitable new natural gas pipeline agreement with China. These findings indicate that in order for a weak state such as Turkmenistan to successfully negotiate new or improved trade agreements with great powers, external factors such as great power competition over a weak state's allegiance play a considerable role.

List of Acronyms and Abbreviations

bcm	=	billion cubic meters
CIS	=	Commonwealth of independent States
cm	=	cubic meters
CNPC	=	China National Petroleum Corporation
EIA	=	Energy Information Administration
FDI	=	Foreign Direct Investment
FSU	=	Former Soviet Union
GDP	=	Gross Domestic Product
GNI	=	Gross National Income
GNP	=	Gross National Product
R&D	=	Research and Development
SCO	=	Shanghai Cooperation Organisation
tcm	=	trillion cubic meters
USSR	=	Union of Soviet Socialist Republics

1.Literature review

This literature review will provide the reader with the needed background information in the form of a presentation on existing academic debate on the concept of weak states, which is a prominent concept in this research as this dissertation aims to analyze Turkmenistan within the framework of it being a weak state. Equally important is the scholarly debate on weak states' sources of strength in the international system that will be presented in order to put our main theory on weak states' bargaining power in perspective.

1.1 The conceptualization of weak states

Many different concepts are given on weak states and there does not exist one internationally accepted definition on either small or weak states. This means that scholars have attempted to delineate and define the concept in their own research in order to present their personal definition of this concept. In the theoretical section of this thesis I will present the primary concept and theory that will be used for the analysis, but first the differing definitions and concepts that exist alongside our main theory will have to be discussed to put it in perspective and acknowledge different points of view.

According to researcher Robert Rothstein, the difficulty of providing a definition on weak or small states is partially due to the fact that determining the distinctive features of prevalent descriptions and ideas such as national power, a state's weakness, or a state's size has always proved a challenge for those studying international relations¹. Transitioning from vague descriptions to precise definitions has proven to be complex. The challenge of providing such a precise definition has frequently been confused by quantifiability, which has led to definitions sufficiently delineated with precise quantitative criteria, but has also resulted in definitions with too many exceptions². In such a case the definition is too narrow. An example of a scholar using a quantitative method is Maurice East, who defines weak states based on four assumptions: 'a weak state is a state with a small territory, a small population, a small GDP and little military strength and potential'. To take population size as an example, East defines those states with a population of less than 23.7 million

¹Robert L. Rothstein, *Alliances and Small Powers* (New York: Columbia University Press, 1968), 23.

²Jeanne A. K. Hey, *Small States in World Politics: Explaining Foreign Policy Behavior* (Boulder, CO: Lynne Rienner, 2003), 3.; Michael Handel, *Weak States in the International System* (New York: Routledge, 1990), 28.

as small³. While there is a very precise border, it risks excluding those states that might be defined weak or small in other aspects.

According to scholar Matthias Maass, the study on weak and small states has, in addition to the quantitative issue, been complicated by the divide between those scholars who believe it to simply be impossible to create a definition for weak or small states and so called “empiricists” who embark on research and choose to neglect the problem of providing a definition. In addition, scholars have not always given the proper attention to the definition question, and ended up mixing certain criteria in a casual manner, says Maass. A final issue mentioned by Maass which is the fact that the definition has to be applicable in different time periods as well as over different geographical sections of the world. Within those studies that do aim to define small and weak states there is a certain noticeable distinction. In order to do so, scholars either categorize small or weak states as materially small or as systemically little and insignificant regarding its environment⁴. Focus is either put on population, land size, GDP and military size or on states’ lack of power and their inability to provide for their own security. This distinction is one of the main reasons why an overall accepted definition on small or weak states has not been reached⁵.

The latter argument of a small state’s insignificance as opposed to their environment is closely connected to their perceived powerlessness which is often connected to general state weakness in academia. Some scholars have argued in their studies that weakness means that a state is “impotent in international power politics” and that “a weak state can easily be disregarded by great powers⁶. This relative weakness of small or weak states in relation to their direct environment, the regional great powers and the general states system, as well as their susceptibility to being coerced by great powers is an important factor in the studies of multiple scholars, as well as in this study.

A prime example of this argument is presented by researcher Michael Handel, who firstly emphasizes that it is impossible to define a state as solely weak or strong, especially through using quantitative indicators, as the study regarding international relations is highly affected by relative phenomena; a problem which was also mentioned by Rothstein. Handel argues that it is therefore

³ Maurice A. East, “Size and Foreign Policy Behavior: A Test of Two Models,” *World Politics* 25, no. 4 (July 1973): 563.

⁴ Matthias Maass, *Small States in World Politics: The Story of Small State Survival, 1648-2016* (Manchester: Manchester University Press, 2017), 20-24.

⁵ Matthias Maass, “The Elusive Definition of the Small State,” *International Politics* 46, no. 1 (2009): 80.

⁶ Maass, *Small States in World Politics*, 28.

important to differentiate between different aspects of a state that can be either weak or strong. States that would be classified as strong by quantitative economic indicators have their own weaknesses. On the other hand, states that would be classified as weak by quantitative economic indicators have their own internal strengths which they have learnt to use to their advantage. Handel stresses countries' *relative strength or weakness*, countries can have certain strengths but overall be a relative weak state. Moreover, when trying to determine a country's position of weakness or strength, it is vital to observe a country as opposed to its neighbors. A weak state will be characterized by possessing limited external pressurizing power on the great powers surrounding it. Being coerced by great powers is therefore a main security concern of weak states⁷.

Joseph Nye ties into Handel's argument by stating that "Power depends on the context in which the relationship exists" and "All power depends on context – who relates to whom under what circumstances (...)"⁸. Scholar Martin Wight further builds on this by stating that one defines a state as a weak state primarily in relation to the environment in which this state exists⁹. A state can thus be classified as weak in one environment, but as 'moderately strong' or even strong in another environment.

Scholar George Liska in turn, describes weak states as states that enjoy less of the characteristics attributed to great powers, or an unbalanced combination of certain attributes, which makes them in turn more susceptible to great powers that do enjoy them¹⁰. Researcher Annette Baker Fox puts less focus on the lacking of such attributes but more on weak states' inability to successfully utilize the attributes of power they do possess, or withstand the competent administering towards them by great powers¹¹. David Vital presents a similar argument by stating that weak states are more vulnerable to possible pressure on them in the international system compared to great powers, and as a result they more regularly operate in a tense atmosphere and furthermore have fewer opportunities to resolve such kinds of problems¹².

⁷ Handel, *Weak States in the International System*, 133.

⁸ Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2009): 2&16.

⁹ Martin Wight. "The Balance of Power." In *Diplomatic Investigations: Essays in the Theory of International Politics*, ed. Herbert Butterfield and Martin Wight (London: George Allen & Unwin, 1966), 61-62.

¹⁰ George Liska, *International Equilibrium: A Theoretical Essay on the Politics and Organization of Security* (Cambridge, MA: Harvard University Press, 1957): 25.

¹¹ Annette Baker Fox, *The Power of Small States* (Chicago: The University of Chicago Press, 1959): 2-3.

¹² David Vital, "The Inequality of the States: A Study of Small Power in International Relations," in *Small States in International Relations*, ed. Jessica Beyer et al (Seattle: University of Washington Press, 2006), 77.

Dutch researcher Jaquet presents a comparable concept for a states' capabilities and puts primary focus on weak states' limited capabilities to utilize power politics that are related to the military or economic power of a state due to the fact that weak states often possess smaller and weaker militaries and economies. According to Jaquet: "a Small Power is a state which independently is unable to realize or to protect its own national interests, through power politics"¹³. Matthias Maas builds on this idea by defining the weak state as "(...) a structurally negligible unit in the power-driven and power-structured international states system (...)"¹⁴. He comes to this definition by arguing that weak or small states are both inadequate as opposed to their environment, as well as that these states are of no relevance to the structure of the state-system. Small or weak states are thus units that are individually irrelevant to the international system, an idea which is grounded in the realist school of thought¹⁵.

In contrast to the previously presented concepts and definitions, researcher Hans Mouritzen foregoes any attempt to precisely define weak and strong states altogether by concentrating on the position of a state in relation to the international system around itself. Though this idea ties in with the previously mentioned 'relative power' in relation to a state's environment, Mouritzen believes that there is not only no possibility to define weak states but also no need for such a definition. To support his argument Mouritzen gives Sweden as an example, which can be defined as a weak state by some and not by others. According to Mouritzen, discussing whether Sweden is a weak state or not is unnecessary as it is clearly significantly weaker than the United States and the, at the time of his research, Soviet Union. Instead, Mouritzen focuses on offensive and defensive power of weak states, the ability to affect the environment and the ability to avoid being influenced from the environment as well as the ability to resist the offensive capabilities of other actors¹⁶.

This section of the literature review has laid out a few of the most well-known definitions of weak states presented by different scholars, as well as highlighted the main difficulties that come with attempting to formulate such a concept. Some scholars have focused on quantitative definitions, some on qualitative and others completely renounce the idea of such a definition. In the analysis

¹³ L.G.M. Jaquet, "The Role of Small States Within Alliance Systems", in *Small States in International Relations*, ed. A. Schou and A.O. Brundtland (Stockholm, Almqvist and Wiksell, 1971), 58-59.

¹⁴ Maass, *Small States in World Politics*, 19.

¹⁵ Maass, *Small States in World Politics*, 31.

¹⁶ Hans Mouritzen, "Tension between the Strong, and the Strategies of the Weak," *Journal of Peace Research* 28, no. 2 (May 1991): 219.

section of this thesis I will apply Handel's theory which puts primary importance in the previously discussed concept of 'relative power' as I deem this framework to be most applicable to the problem presented in this research. An additional argument is that, opposed to other researchers, Handel not only goes into great detail on his own conceptualization, he also provides a scheme on how to define a weak state as well as a theory on weak states' sources of strength which can be applied to the case study. The latter will be discussed in the upcoming section of this literature review.

1.2 Weak states' sources of strength in the international system

After presenting the differing views on the concept of weak states, it is now necessary to discuss a further question related to weak states that is of importance for this thesis. This study aims to analyze weak states' sources of strength in their foreign policy as opposed to great powers. This section will therefore discuss different points of view within academia on this topic.

Firstly, scholar Rovshan Ibrahimov who discusses the realist view on weak states, argues that the primary factors of state power are a country's geographical location, the availability of natural resources, a strong economy, a large population and a strong military. According to Ibrahimov a states' goal is to constantly increase their power and capacity. Weak states however, are generally unable to achieve this goal. They are for example often unable to ensure their own national security which in turn prohibits them from fully or partially realizing their national interests. Until the mid-20th century, the primary task of any weak state was thus merely to survive and protect the continuation of its own existence¹⁷.

However, since then the international system has changed and, in particular since WWII, there has been an order of collective security. This means that while great powers are hypothetically able to forcefully invade weak states and absorb them into their system, the latter are now guaranteed of their existence for the sake of collective security organizations and international norms. The primary objective of small powers has gone from protecting their mere existence to establishing and enacting their foreign policy in line with their national interests¹⁸. On this topic both Handel

¹⁷ Rovshan Ibrahimov, "Energy and Power Politics in the Cases of Azerbaijan and Turkmenistan," *PERCEPTIONS* 22, no. 2-3 (Summer-Autumn 2017): 132.

¹⁸ Ibrahimov, "Energy and Power Politics," 131-132.

and Rothstein agree and present a similar argument on the influence of state's adherence to international law and the lessened occurrence of war, leading to international ethical norms. As equality between states has increased, and the use of force has been denounced more often, it has given weak states more abilities to defend themselves and influence the great powers around them^{19/20}.

Ibrahimov agrees that since the mid-20th century the international system has changed, and argues that now the success of weak state's foreign policy and thus their strength, depends largely on the availability of resources and capacity and their ability to use them. He stipulates that weak states are confronted with a certain limit to achieving their goals because they are still dependent on the goals of great powers, in particular those that are geographically near the weak states. When the interests of great powers and weak states align, the latter will pursue the protection of the great powers by entering into coalitions and alliances. On the other hand, if their interests do not align, weak states will aim to keep a neutral position or look for opportunities to offset any actions from the great powers that may negatively affect them²¹.

There is a large number of scholars who argue that, in general, small states are unable to influence the bigger system of great powers surrounding them. An example is Keohane, who understands small or weak states as “system-ineffectual” states. By this statement he means that, unless they form alliances, small and weak states are unable to impact or change the systemic forces to which they are subjected in a uni-, bi- or multipolar international system²².

Analyzing economic relations in particular, Peter Katzenstein takes a similar stance by differentiating between great powers as “rule makers” and small/weak states as “rule takers”²³. Godfrey Baldacchino words it slightly different by characterizing small and weak states as “price

¹⁹ Handel, *Weak States in the International System*, 15.

²⁰ Robert L. Rothstein, *The Weak in the World of the Strong: The Developing Countries in the International System* (New York; Guildford: Columbia University Press, 1977), 144.

²¹ Ibrahimov, “Energy and Power Politics,” 132.

²² Robert O. Keohane, “Lilliputians’ Dilemmas: Small States in International Politics,” *International Organization* 23, no. 2 (1969): 296.

²³ Peter J. Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, NY: Cornell University Press, 1985), 191.

takers” and great powers as “price makers”²⁴. These statements indicate that weak states are effectually powerless when facing their more powerful opponents.

Scholar Hans Mouritzen in turn, argues that tension between great powers is a condition that has a direct effect on the power position of weak states. This effect is primarily dependent on the “constellation” these weak powers exist in, i.e. the weak power’s relationships with the great powers in its environment²⁵. Mouritzen states that the balance of power between those great powers surrounding the weak state has a significant effect on the latter’s foreign policy strategy and abilities, but focuses more on the level of tension between these great powers and the effect that has on a weak state’s strategy. Among others, he proposes that in a bipolar environment, a higher level of tension between the two strong actors leads to higher offensive power of the weak state²⁶. This proposition is primarily based on work of scholar Goldmann, who hypothesizes that weak states are able to use conflict between great powers to their benefit, as increased conflict heightens the ‘market value’ of the weak state’s resources. As a result, weak states experience greater opportunities to ‘play’ great powers against each other²⁷.

Tension between great powers is a factor discussed by more researchers, more often than not in the context that more inter-power tension is beneficial for the bargaining position of weak states. A lower level of tension and increased great-power cooperation has the opposite effect. Handel is a prime example of this argument: “(...) the higher the level of tension and competition between the super powers, the higher the price they will be willing to pay for the alliance or continued neutrality of the weak non-aligned states. For such non-aligned states, competition between the super powers is preferable to their cooperation and agreement”²⁸.

This phenomenon, which we can also call ‘bargaining power’ is further discussed by scholars such as Christer Jönsson, who argues that the benefit of bargaining power falls not automatically to the actor in possession of superior resources, but to the actor that possesses resources that are

²⁴ Godfrey Baldacchino, “Thucydides or Kissinger? A Critical Review of Smaller State Diplomacy,” In *The Diplomacies of Small States: Between Vulnerability and Resilience*, ed. Timothy M. Shaw (Hounds Mills: Palgrave Macmillan, 2008), 26.

²⁵ Mouritzen, “Tension between the Strong, and the Strategies of the Weak,” 218.

²⁶ Mouritzen, “Tension between the Strong, and the Strategies of the Weak,” 218-219.

²⁷ Kjell Goldmann, “Tension Between the Strong, and the Power of the Weak: Is the Relation Positive or Negative?,” in *Power, Capabilities, Interdependence: Problems in the Study of International Influence*, ed. Goldmann and Sjöstedt (London: Sage Publications, 1979), 123.

²⁸ Handel, *Weak States in the International System*, 180.

specifically applicable to the issue at hand, is able to communicate “resolve” in a clear and convincing manner, and is able to take advantage of asymmetries in its relation with its opponent²⁹. To support his argument, Jönsson cites researcher Robert Keohane who I previously discussed as arguing that weak states are unable to influence the international system as a whole. Keohane does, however attribute a degree of power to weak states under certain conditions.

To elaborate on these conditions, Keohane specifically discusses the occurrence where bargaining parties/opposing actors are part of a common organizational framework but value it differently. He points to the great powers of the cold war, who attached a symbolic value to the cohesion and preservation of their alliance as a valuable indicator of a great power’s strength. In turn, this symbolic value poses an opportunity in the form of bargaining power for the weaker states. This is particularly the case when the alliance is threatening to disintegrate, when the weaker states are moving towards a neutral stance or even realignment it can be possible for the weaker state to get the great power to make concessions and/or compromises³⁰.

Scholars often connect this bargaining power to state systems such as bi- or multipolarity, Handel argues that a near equal division of strength between great powers, or a balance of power system, leads to a strengthened position for weak states: “(...) the more nearly equal the division of strength between the super powers, the greater the need to improve their relative positions, even the small increments of strength obtained by alliances with the non-aligned weak states. position of the weak states is strengthened and they can ask and obtain higher prices for their cooperation”³¹. In contrast, Robert L. Rothstein argues the opposite by stating that an international system with an equal division of strength between great powers decreases weak state’s opportunities to accomplish their own objectives³².

It has become clear that there are many different perceptions in academia on weak states’ sources of strength against great powers. While some focus on their inability to affect the structure of the international system, others concentrate on the presence of certain conditions that enable weak

²⁹ Christer Jönsson, “Bargaining Power: Notes on an Elusive Concept,” *Journal of Cooperation and Conflict* 16, no. 4 (1981): 256.

³⁰ Robert O. Keohane, “The Big Influence of Small Allies,” *Foreign Policy*, no. 2 (1971): 163.

³¹ Handel, *Weak States in the International System*, 180.

³² Rothstein, *Alliances and Small Powers*, 237.

states to wield a degree of bargaining power over their stronger opponents. Scholars also differ in opinion on which conditions are the most beneficial in such a situation.

It is important to not over-exaggerate the capabilities and ‘bargaining power’ of weak states. In academia, two basic approaches can be found in the theoretical discussions on weak states. One stresses their preoccupation with problems of survival and their limited freedom of maneuver. The other approach tends to inflate the influence of the weak states out of proportion to their real power. In this case, the concept of relative power should be stressed, as is done by researcher Handel: “But all in all, the great powers are still more powerful than they are weak, and the weak states are characterized by their relative weakness, not strength. Weak states do not usually ‘twist the arms’ of the big powers”³³.

Handel thus takes a position in between the two approaches. He attempts to present a balanced account not only of the weaknesses and vulnerability of weak states, but also of the opportunities with which they are, to a degree, able to compensate for their deficiencies under certain conditions. Those conditions under which their security is endangered and those under which it is enhanced. Many of the problems faced by the weak are, to a lesser extent, also shared by the most powerful. Handel stresses the importance to remember that if weakness and strength were *absolute* rather than *relative*, and fixed rather than dynamic qualities, the result of each conflict and collision of interests between weak and powerful states would always end in favor of might³⁴. Bargaining power suggest that the advantage goes to the most powerful, but powerful qualities of strong states are no universal advantages in bargaining situations and often have a contrary value. Thus, Handel argues that while weak states are the subject of notable vulnerability in the international system, they also enjoy, under certain conditions explained in his theory, capabilities and strengths to lessen these deficiencies. This positions him between those who argue that weak states are completely defenseless against great powers and those who overestimate weak states’ powers.

This idea of relative power is what this thesis builds on in its analysis. By both utilizing Handel’s previously discussed concept of weak states, and applying his theory on weak states’ bargaining power against great powers on my case study I aim to provide a thorough analysis and eventually

³³ Handel, *Weak States in the International System*, 61.

³⁴ Handel, *Weak States in the International System*, 22.

present the reader with a well-grounded conclusion. The next section will discuss the theoretical framework in which I will present Handel's theory in more detail.

2. Theory

2.1 Handel's method of analyzing weak states

In his book ‘Weak states in the international system’, (1990) Handel attempts to observe the international system through the eyes and experiences of weak states. Methodically, he focuses his attention at the level of analysis referred to by Kenneth Waltz as ‘the third image’ and by Graham Allison as the ‘rational actor’ model. The ‘third image’ concentrates on the primacy of the international system for determining foreign policy. The ‘rational actor’ model assumes that states are unitary, purposive, value-maximizing calculators wherein governments are the primary actors³⁵.

According to Handel, domestic determinants of foreign policy are less salient in weak states because the international system leaves them less room for choice in the decision-making process. Their smaller margin of error and hence greater preoccupation with survival makes the essential interest of weak states less ambiguous. Neo-realist Kenneth Waltz’s ‘third image’ is therefore a most relevant level of analysis as it is focused on world politics/international system level. Secondly, because of the reduced scale of complexity of bureaucratic and decision-making structures of weak states, there are usually fewer bureaucratic influences on foreign policy making, which makes Graham Allison’s ‘rational actor’ model more appropriate. This model determines governments to be the primary actors in states³⁶.

Handel states that it has been suggested in academia that “the most obvious fact about small powers is that their foreign policy is governed by the policy of others”³⁷. It is therefore important to concentrate on the environment in which the subject exists. What is also important is the historical period and structure of the international system in which the position of a weak state is examined. It is possible to distinguish between cycles of security and insecurity and influence or impotence of weak states in the international system. The position and relative security of any weak state must thus be judged in terms of the specific international system in which it is operating. Furthermore, at the same time in history, weak states located in different areas have different

³⁵ Handel, *Weak States in the International System*, 20.

³⁶ Handel, *Weak States in the International System*, 20.

³⁷ Handel, *Weak States in the International System*, 20.

neighbors and thus face different problems. This indicates the central importance of geographical location³⁸.

To summarize, Handel bases his analysis on Kenneth Waltz' ‘third image’ level of analysis and Graham Allison’s ‘rational actor’ model that focus on the importance of the international system for foreign policy making and the government being a state’s primary actor. He also stresses several important factors to keep in mind when studying weak states, such as their geographical position and the timeframe. The next section will present Handel’s conceptualization of weak states.

2.2 Handel’s conceptualization of weak states

In the literature review I have discussed concepts and definitions of other scholars on the question of ‘what is a weak state?’. I have also already briefly presented Handel’s concept which will be discussed in more detail in this section. A considerable part of Handel’s research focuses on this question, and in contrast to many other scholars Handel presents the reader with a relatively detailed idea, without actually providing a clear-cut definition. In addition, Handel also discusses other researchers’ opinions and explains why he believes them to be unsatisfactory or why he holds a different view.

When discussing weak states, Handel does not primarily focus on quantitative characteristics such as population and size of a country. He rather observes a range of criteria such as military/marine strength and economic indicators such as total GNP and GNP per capita, energy reserves and production as well as energy consumption (per capita). According to Handel, the actual and potential economic strength of a state has become the most important for determining its rank in international hierarchy due to the fact that interstate warfare has become infrequent. In turn, their economic strength is often reflected in its military and political power. One of Handel’s main arguments throughout his work is that it is impossible to define a state as solely weak or strong.

³⁸ Handel, *Weak States in the International System*, 21.

This is especially related to using quantitative indicators because the study regarding international relations is highly affected by relative phenomena³⁹.

It is therefore important to differentiate between different aspects of a state that can be either weak or strong as states that would be classified as strong by quantitative economic indicators have their own weaknesses. As examples Handel gives the US's inability to win the Vietnam war or influence Cuba's foreign policy after Castro's overtaking. Secondly, the Soviet Union was also unable to translate its political and military power into total political influence over states such as Albania, Yugoslavia and Romania⁴⁰.

On the other hand, states that would be classified as weak by quantitative economic indicators have their own internal strengths which they have learnt to use to their advantage, Handel says. While in general they are unable to continuously force a certain outcome from a 'great power' they have learnt to manipulate the strength of great powers on their own behalf and to draw on this external source of strength to further their own national interests in certain situations⁴¹.

Handel's work thus stresses states' *relative strength or weakness*. States can have certain strengths but overall be a relative weak state. As we mentioned before, a country's geographical location is of high importance in addition to the afore mentioned factors when looking at the relative strength of a state. Many scholars merely focus on a country's size when determining its weakness or strength, but a country's geographical location determines a country's access to international waters, agricultural opportunities and export route options which majorly affect a state's (economic) development.

Another argument presented by Handel which ties into the importance of geography is that it is impossible to rank all states in the world against one another. When seeking to determine a country's position of weakness or strength, one should observe a country against its neighbors. An example is Poland, which in the early 20th century was widely recognized as a middle power but was positioned in a vulnerable geographical location in between hostile sides that were seeking

³⁹ Handel, *Weak States in the International System*, 25.

⁴⁰ Handel, *Weak States in the International System*, 53.

⁴¹ Handel, *Weak States in the International System*, 57.

another partition of Poland. It was also in conflict with its smaller neighbors which depreciated its real strength and thus made it into a weak state⁴².

As another example Handel mentions Ireland, which in absolute terms would be perceived as a weak state but has no threatening enemies in its surroundings and is thus effectively in a strong position. Lastly Handel presents the example of Israel, whose armed forces are large in absolute terms but small in relation to the combined forces of the Arab states, making Israel weak⁴³. The power of a state is thus best measured not as opposed to the entire world, but in relation to its neighbors as well as by the degree to which the strength at its disposal matches its national goals and ambitions.

As has become clear, Handel does not present a clear definition of what a weak state is. He therefore presents a methodological model that reflects this problem of characterizing the relative power of a state which aims to take into account the difference in power between a weak and a strong state, while also acknowledging that the border between strength and weakness is not always easy to distinguish in reality. Handel proposes two ideal types: the completely weak state on one hand and the ‘almighty’ super power on the other. He also includes certain characteristics (marked with *) that are often found in weak state literature with which he does not fully agree and contests in his work:

Table 1: Model of the perfectly weak and strong state

Criteria	The Weak State	The Strong State
Population	Very small	Very large
Area	Very small	Very large
Economy	1. GNP small in absolute terms 2. Little or no heavy industry 3. High degree of specialization in a narrow range of products 4. Small domestic market, hence high dependency on	1. GNP very high in absolute terms 2. Very large, highly developed heavy industry (including weapons) 3. Very high degree of specialization in a large variety of products

⁴² Handel, *Weak States in the International System*, 62.

⁴³ Handel, *Weak States in the International System*, 62.

	<p>foreign markets for exports and imports</p> <p>5. Very low R&D in absolute terms</p> <p>6. High dependence on foreign capital</p>	<p>4. Very large domestic market, hence little dependence on foreign export/import trade</p> <p>5. Very high R&D in absolute terms</p> <p>6. No dependence on foreign capital</p>
Military Power	<p>1. Cannot defend itself against external threats by its own strength; high or total dependence on external help</p> <p>2. Total (or very high) dependence on weapon acquisition in foreign countries</p> <p>3. A high proportion of strength always mobilized or at its disposal; longer range war potential very low</p>	<p>1. Can defend itself by its own power against any state or combination of states; very little reliance on external support</p> <p>2. Has full array on nuclear weapons and their delivery systems</p> <p>3. Domestic production of all weapons systems</p> <p>4. Large standing armies, combined with very high war potential</p>
The International System	<p>1. Limited scope of interests (usually to neighboring and regional areas)</p> <p>2. Little or no influence on the balance of power (or the nature of the system)</p> <p>*3. Mainly passive and reactive in foreign policy</p> <p>*4. Tends to minimize risks, especially vis-à-vis the powers</p> <p>*5. Can be ‘penetrated’ relatively easy</p> <p>*6. Strong support for international law and norms of international organizations</p>	<p>1. Worldwide (global) interests</p> <p>2. Weighs heavily in world balance of power; shapes the nature of the international system</p> <p>*3. Pursues a dynamic and active foreign policy</p> <p>*4. Tends to maximize gains (rather than minimize risks)</p> <p>*5. Relatively difficult to ‘penetrate’ (depends on the nature of the internal political system)</p> <p>*6. Low regard for international law and organizations; prefers power and summit policies</p>

Source: Handel, *Weak States in the International System*, 62

It is specifically stressed that these two types ought to be perceived as exaggerated abstractions of reality, as a given state may have more in common with one of the types but will never be identical with it. In reality, any state is a mixture of the characteristics presented in the model. The relative strength of these opposing qualities determine whether a country has more in common with the ideal weak state or the ideal great power. It thus stresses the relative qualities of each type rather than dealing with absolute measures⁴⁴.

The afore going section has presented Handel's conceptualization of weak states which will be used and applied in this research. In order to operationalize this concept, I will succinctly present my interpretation of Handel's conceptualization in order to come to a clearer definition that will then be utilized in this research's case study on Turkmenistan. As the first aspect of a weak state and arguably the least important, I expect its population size as well as its territory to be small. Secondly with regard to economic indicators I expect a low GNI per capita, a low GDP, a high degree of specialization in a limited range of products, a high degree of export- and import dependency, a small domestic market and a low level of R&D.

Thirdly with regard to military strength I expect a weak state to have a small military force, dependency of weapon acquisition in foreign countries, a low degree of military spending (leading to insufficient and outdated equipment) as well as lacking in international partnerships such as membership in international security organizations. I have decided to include this last indicator due to the fact that, while raw military strength has become less important, interconnectivity and expanding security blocs have gained importance over the past decades. As a consequence, military weakness in numbers coupled with military weakness in the sense of lacking (more powerful) allies is seen as a weakness.

Lastly, I have chosen to include geographical location. Does a state have access to international waters or is it landlocked? What kind of climate does it have and who are its neighbors? These factors influence for example the agricultural possibilities of a country, its accessibility, the ease of internal transport as well as its export opportunities. Lastly, I want to stress *relative power*. When I use terms such as 'low GNP', I mean that a weak state's GNP is low compared to its neighbors and/or the states that the weak state is compared to. Other indicators such as 'a high

⁴⁴ Handel, *Weak States in the International System*, 64.

degree of specialization in a limited range of products' and 'a high degree of export- and import dependency' are easier to determine in itself, for example in relation to a certain product's export income share of GDP. I thus examine the state in question as opposed to its surroundings or the particular countries the supposedly weak state is compared to, and how these states score on the population/economy/military/geography scale. In this research's definition a weak state fulfills the following criteria:

- I. A weak state has a small population as well as a small territory
- II. A weak state scores low on quantitative economic indicators such as GNI and GDP, specializes in- and is dependent on a small range of products which it exports to a limited number of importers and has a small domestic market
- III. A weak state has an inadequate number and quality of military force available compared to its size (both in personnel and equipment) and is barely or not at all engaged in collective security organizations
- IV. A weak state has geographical disadvantages with regards to, for example, access to international waters, access to export markets, bordering certain unstable states and availability of agricultural land
- V. A weak state scores poorly on the previously mentioned indicators as opposed to the (group of) state(s) it is compared to

The first section of the analytical chapter will present my examination and conceptualization of Turkmenistan as a weak state, in which I measure Turkmenistan on all the afore mentioned indicators as well as compare its 'score' to Russia and China which are the opposing actors in this research. After defining Turkmenistan as a weak state I will proceed to the latter parts of the analysis directly relating to the case study on Turkmenistan's foreign policy behavior regarding its natural gas export diversification amid great power geopolitical rivalry over its allegiance. In the now proceeding section I will first discuss Handel's theory on weak states' bargaining power against the great powers they interact with.

2.3 Weak states' bargaining power against great powers

In the first part of his book Handel discusses the concept of weak states and how he defines them, in the second part he proceeds to present his theory on weak states' bargaining power as opposed to great powers. In his research Handel differentiates between internal, and external sources of state strength. Four different elements determine the internal strength of a state⁴⁵:

- I. Geographical data (area of the territory, nature of the frontiers).
- II. Material data (absence or presence of natural resources and industrial capacity).
- III. Human resources (size of the population, ethnic homogeneity and social integration, national character and morale).
- IV. Organizational capabilities (the structure and stability of political institutions, administrative capabilities, the qualities of command and military preparedness).

Compared to great powers, Handel states, weak states have fewer resources and, moreover, are unable to resolve their defense problems by their own strength. The internal, autonomous strength thus constitutes a smaller part of weak state's total strength. Therefore, in most cases external sources of strength are more crucial for weak states. As external sources of strength Handel names⁴⁶:

- I. Formal membership of international organizations.
- II. Formal alliances with great powers, other weak states or mixed alliances.
- III. Informal patron-client relationships and informal collective good and goals.

Instead of relying on their internal strength, weak states must learn to 'draw' on or 'borrow' the strength of other states. They will try to manipulate and commit, if they can, the strength of other states (mostly great powers) in order to secure their own interests. There are two major ways in which the weak states can recruit the support of other countries, Handel says. They may either enter into a formal alliance with other states, or they may reach an informal, though not necessarily less helpful, understanding with partners sharing common interests⁴⁷.

⁴⁵ Handel, *Weak States in the International System*, 78.

⁴⁶ Handel, *Weak States in the International System*, 78.

⁴⁷ Handel, *Weak States in the International System*, 121.

While acknowledging the importance of military and political factors in the relations between powerful and weak states, Handel points to the interrelated economic sphere and goes on to discuss the economic position of weak states in the international system. He puts primary focus on the economic sphere due to its increased importance as a result of states being less inclined to utilize their military power in our contemporary state system. The economic aspect of international relations is emphasized more and more, which will also be the case in this study.

Military power is not the primary strength of a country anymore, but great powers in military and political terms do tend to be great powers in economic terms as well. In the past they could take advantage of their military superiority to improve their economic position vis-à-vis the weak states. They did so by directly controlling the economies of the weak states through their imperialistic and colonial policies; by exploiting special trade relations with less developed states dependent on their markets; by explicit or veiled threats of military intervention; by raising the specter of economic sanctions, and later by threatening to withhold positive economic rewards such as loans, financial aid and private investments. Later a new breed of states that are (at the time of publishing Handel's book) militarily weak and technologically underdeveloped but economically strong seemed to be appearing, as examples he names Kuwait and Saudi Arabia⁴⁸.

In addition to the overall weakness of states, Handel stresses the relevance of analyzing the economic weakness of states in particular, due to the decreasing importance of military power. In order to analyze weak states in the economic sphere, Handel discusses weak states through traditional economic theory. Firstly, economically weak states frequently produce only a limited number of products. For this reason, they are sometimes referred to as one-dimensional states which is also due to their frequent dependency on primary products and a narrow range of products⁴⁹. As a consequence, they are more vulnerable to political pressures from the great powers that purchase their products. Furthermore, since their products are less diversified, economically weak states have little chance to achieve autarky and have generally high foreign trade/export proportions that are sensitive to trade fluctuations. Any shift in demand for their exports will mean a relatively large proportional change in the demand for the country's total product. Moreover, the

⁴⁸ Handel, *Weak States in the International System*, 200.

⁴⁹ Handel, *Weak States in the International System*, 202.

unavailability of abundant and diversified resources and a limited domestic market obstruct a small country's capacity to accommodate such sudden changes in demand for its products.

Besides producing a limited number of goods, weak states tend to export to relatively few states which means that they become dependent on the goodwill of one great power. This great power can easily supply the weak state with the technology it needs for producing its product that the latter cannot make itself. In contrast, the great power could often relatively easily acquire those products it buys from the weak state somewhere else. A trade stoppage would therefore generally inflict more damage to the weak state than the great power⁵⁰.

Another characterization of economically weak states is that they often suffer from dis-economics of scale due to a low level of competitiveness. They are for example unable to establish aircraft industry or large-scale chemical industry. If they do succeed in developing large mass-producing industries, they must be export-oriented and hence more dependent on foreign markets. For the same reasons, weak states are presumably at a disadvantage in R&D of new industrial products. Moreover, because the volume of their exports and imports is small, weak states are of necessity price-takers. The prices they demand and pay are set by the world market, independent of their domestic conditions of supply and demand⁵¹.

To summarize, economically weak states tend to⁵²:

- I. Produce a much narrower range of products than the larger states and hence are less likely to achieve autarky. As a result, they depend to a large extent on foreign trade.
- II. Have a much higher ratio of exports and imports in relation to their GNP than the economically strong states.
- III. Conduct their foreign trade with fewer trading partners than do the great powers.
- IV. Be relatively disadvantaged with respect to large-scale industries based on mass-production techniques. If they do develop mass-production industries, they are more dependent on external markets. Also, they usually have little to invest (in absolute terms) in R&D.

⁵⁰ Handel, *Weak States in the International System*, 202-207.

⁵¹ Handel, *Weak States in the International System*, 209-210.

⁵² Handel, *Weak States in the International System*, 210.

To these points Handel adds that because economically weak states depend heavily on external market conditions, they are more sensitive to foreign developments beyond their control; their economic dependence on others could thus easily lead to political dependence as well.

Handel then continues to discuss some caveats to this stated overall impotence of weak states in traditional theory. He comments that there are many exceptions to the general rules and that economically weak states are able to reduce their vulnerability by taking precautionary measures. In this section he points back to what I have previously discussed regarding the development of the political environment which, since the 1950s, tends to work in favor of the weak states by restraining the great powers through collective security organizations and internationally adopted norms. Especially in the markets of primary commodities weak states can have an advantage. As an example Handel points to the oil industry. The demand for oil is inflexible and great powers compete for the right to purchase it. In addition, there are no effective substitutes for oil and the number of large oil-producing countries is relatively small. The oligopolistic situation works to the benefit of the oil producing countries *vi-a-vis* the consumers, or the great powers. Similar conditions exist in other markets for primary commodities or can be created through cooperation among weak states that are leading producers of these high-demand commodities⁵³.

By improving their own coordination, allocating quotas, regulating production, and taking advantage of the growing demand of both food and raw materials, the weak states can improve their terms of trade and, in some markets of great strategic and industrial importance, can even improve their political standing. Although weak states should try to diversify their products, a limited variety does thus not necessarily mean greater vulnerability⁵⁴.

Handel does not claim that great powers cannot easily pressure weak states economically. The weak states, however, are not helpless. They compensate for internal weakness by adding or drawing from the strength of foreign states. A primary argument in Handel's work is that weak states can take advantage of competition between great powers that are ready to offer these weak states economic support in the face of rivalry from another great power. Weak states can, for this reason, usually maneuver easily and change their trade partners quickly. It also pays to fight back: by resisting economic pressures, a weak state can maintain its political integrity and exact a high

⁵³ Handel, *Weak States in the International System*, 211.

⁵⁴ Handel, *Weak States in the International System*, 212.

price from the great power. The latter points not only towards an economic price, but also a loss of prestige resulting from the appearance of ‘bullying’ a weak state and failing to achieve political goals. When the great powers fail to cooperate with each other and approach the weak state separately, it strengthens the latter’s bargaining power. The diplomatic art of weak states is to obtain, commit and manipulate, as far as possible, the power of other, more powerful states in their own interests. Thus, Handel says, for weak states it is not so much the structure of the international system that is the most important, but a certain condition of tension and conflict between the powers and an absence of rigidly defined and mutually respected spheres of influence⁵⁵.

Handel’s fundamental argument on weak state’s bargaining power is that in times of uncertainty between great powers, it leads them to compete for the support and alliance of weak states. Such competition often works in favor of the weak states in the sense that, if they are free to offer their allegiance, they can raise their price and ask the great power(s) for more support or certain benefits. When the division of strength between the great powers is almost even or when the system is in tension and there is a state of conflict, the importance of the weak state rises and the powers are willing to pay a higher price for collaboration and partnership. In this situation the weak state tends to pursue a destabilizing policy of the power balance, contradicting the classical rules of the system by adding their weight to the stronger side⁵⁶.

In a bipolar system which is characterized by the existence of two major powers that each possess overwhelming strength in relation to others and organize around itself a group of allies or a closely controlled ‘recognized’ sphere of influence, (ideological) competition between the two major powers and the continual danger of conflict between them creates a highly competitive atmosphere. One result is that each major contending power (or bloc leader) tightens its control over its allies, limits their freedom of action, and jealously guards its respective sphere of influence against intruders. The competition between the major powers over unaligned states is a zero-sum game, as each tries to outbid the other, pays inflated prices for favors, and encourages defection of allies from the opponent’s side⁵⁷.

⁵⁵ Handel, *Weak States in the International System*, 220-221.

⁵⁶ Handel, *Weak States in the International System*, 171.

⁵⁷ Handel, *Weak States in the International System*, 176.

As competition between the major contenders escalates, each attaches greater symbolic importance to the states within its alliance or sphere of influence. The ‘traditional’ great power watches the weak states in its sphere carefully, and may intervene in their internal affairs in order to prevent a loyalty switch to their opponent. The greater the competition between hegemons, the higher the price they are ready to pay for the allegiance of non-aligned and non-committed states. Under such conditions, the price asked by neutrals or marginal members for their allegiance to one side or another will rise steadily and the tone of politics will become more intense in the sense that each decision will seem to involve the entire future of the coalition. As a result, the danger of conflict will increase and the two main opposing powers will exhaust their resources in maintaining their alliances and other nations will, as a result, become more powerful⁵⁸.

In a tight bipolar system, a great power not only pays to attract the non-aligned weak states to its side; it is also ready to pay simply to prevent them from joining the opponent’s side. The major power’s desire to deny the other power access to the territory of weak states is as important as its wish to have them under its own control, Handel states⁵⁹. In most cases, the weak states have been able to take advantage of this situation by collecting aid and support from both sides. Weak states can thus sometimes manipulate and lead a great power, almost against its own will. This source of power is called ‘*derivative power*’⁶⁰, as small states that lack overwhelming material sources of power may derive power from great states by convincing them to take actions that boost the weak states’ interests.

It is impractical for a weak state to try to change the overall disposition of a great power, but it can be possible to change the great power’s policy on a specific matter of interest to the weak state. While these are seemingly minor changes for the great power, they can be overwhelmingly important for the weak state. Derivative power is not reserved for weak states, but in contrast to great powers it is an essential approach for the weak states.

Concerning weak state power, Handel’s idea is thus that weak states are able to diplomatically obtain, commit and manipulate great powers in favor of their own interests in certain conditions. This idea diverts from traditional realist thinking on power, and instead chooses a more liberal

⁵⁸ Handel, *Weak States in the International System*, 176.

⁵⁹ Handel, *Weak States in the International System*, 178.

⁶⁰ Handel, *Weak States in the International System*, 235.

approach in which social (inter-state) relations are accepted as a source of power⁶¹. Additionally, Handel stresses the increasing importance of economic power as opposed to military power, which is a factor allowing me to more easily apply Handel's theory to this research's case study on Turkmenistan's foreign policy regarding its natural gas export diversification.

From discussing Handel's theory on weak state bargaining power I have derived four primary phenomena, or conditions, that are present in such a case wherein a weak state's foreign policy benefits from geopolitical competition between great powers over the weak state's (economic) allegiance. This is in order to operationalize this study's main theory for the empirical analysis section on Turkmenistan's foreign policy:

- I. The existence of historical ties between the weak state and one of the great powers. A weak state being historically aligned to one of the great powers makes the great power seek to keep the weak state in its orbit and will push the great power to make concessions vis-à-vis the weak state.
- II. Price/trade (re)negotiations between (one of) the great powers and the weak state. Renegotiations between (one of) the great powers and the weak state show a willingness of the great power to increasingly accommodate, or be perceptive to, the weak state's wishes in order to secure its allegiance. It can also show the formation of new alliances through the establishment of new projects. In our case this is related to negotiations regarding energy trade.
- III. Great powers offering economic cooperation and support to the weak state. Examples are soft loans and foreign investment. The offering of such economic support and cooperation indicates that the great powers aim to gain a weak state's gratefulness as well as allegiance through soft power. By 'outbidding' their opponent great powers try to secure their foothold in the weak state.
- IV. Great powers encouraging the weak state to formally integrate in their international security or economic cooperation organizations. In a situation where the weak state is unaligned, the great powers will encourage the weak state to join their respective economic and security organizations to secure formal support from the weak state.

⁶¹ Handel, *Weak States in the International System*, 235.

At the time of publishing his book, Handel predicted that in the future many weak states would be able to improve their economic position vis-à-vis great powers due to the increasing demand for primary commodities. In the analysis section of this research I will apply Handel's theory to my case study on Turkmenistan's foreign (energy) policy, in order to determine to what extent geopolitical rivalry has played a role in Turkmenistan's foreign (energy) policy towards Russia and China, as well as its successfulness. This part of the paper discussed the theory that we will be using, the next chapter will present the methodology of the research as well as the case selection.

3. Methodology and Case Selection

3.1 Methodology

The goal of this research is to further explore the instrumentalization of great power's geopolitical strife by weak states for their own foreign policy interests. There has been research on this phenomenon, as has been presented in the literature review, but there are not many practical examples. This research seeks to fill that gap by presenting an empirical analysis on Turkmenistan's instrumentalization of geopolitical strife between Russia and China over its (economic) allegiance. More specifically, I seek to examine how Russia and China's geopolitical competition over Turkmenistan's natural gas resources affected Turkmenistan's foreign (energy) policy behavior vis-à-vis the great powers in order to 'manipulate' these great powers in their energy trade relations, for the sake of furthering Turkmenistan's own export diversification objective. In order to do so, I am applying Handel's theory on weak states' sources of strength on Turkmenistan's foreign policy behavior with respect to its natural gas export diversification objective, particularly in relation to the successful agreement between Turkmenistan and China's on the construction of the Central Asia-China natural gas pipeline in 2006.

After a short outline of the case selection which is Turkmenistan's foreign (energy) policy behavior culminating in the agreement with China on Central Asia-China natural gas pipeline, the first step towards providing an answer to the research question will be to analyze Turkmenistan within this study's framework of a weak state. In order to be able to define Turkmenistan as a weak state and base our observations and conclusions on a theoretical framework, I will apply Handel's theory that has previously been presented, as well as the operationalized definition I have derived from it.

Thereafter I will specifically analyze the influence of geopolitical strife on Turkmenistan's foreign policy in the chapter of analysis. Handel presents a qualitative theory on weak state bargaining power; it is therefore necessary to operationalize his theory by delineating a number of aspects that I will focus on in the empirical analysis. At the end of the previous section I have presented a number of conditions that I have derived from Handel's theory as increasing weak states' bargaining power in their foreign policy towards great powers. The empirical analysis will study those four conditions:

- I. The existence of historical ties between the weak state and one of the great powers

- II. Trade (re)negotiations between (one of) the great powers and the weak state
- III. Great powers offering economic cooperation and support to the weak state
- IV. Great powers encouraging the weak state to integrate in their international security or economic cooperation organizations

By applying Handel's theory to the research question that aims to explain Turkmenistan's diplomatic maneuverability against the great powers in its energy export diversification, I seek to find evidence of these four aspects of study to have had a certain effect on Turkmenistan's foreign policy behavior regarding its energy trade relations with the great powers. This is in order to determine a certain degree of causality in this case study through which geopolitical competition between Russia and China over the (economic) allegiance of Turkmenistan as a weak state caused the latter to benefit from an improved trade bargaining position and allowed it to further its own foreign policy objective, specifically the diversification of its export routes.

For this reason, the answer I aim to find on this study's research question is that over the period 1991-2006, increased geopolitical strife between Russia and China over Turkmenistan's allegiance and its natural gas resources broadened the latter's field of maneuver in its energy diplomacy, which eventually led to the agreement on the Central Asia-China natural gas pipeline between Turkmenistan and China. Russia and China are defined as great powers who compete over the allegiance of Turkmenistan, who is defined as a weak state. I thus hypothesize that geopolitical strife over Turkmenistan's allegiance augmented its trading opportunities vis-à-vis the great powers, and that this will be reflected in Turkmenistan's foreign policy behavior regarding its energy trade diplomacy.

The method I will use to answer the research question is a case study. More specifically, the testing format of the case study will be analyzing the (decision making) processes and turn of events through process tracing, which means that I will follow a chain of events linked to this research's case study within the timeframe. This chain of events includes Turkmenistan's foreign (energy) policy and decision-making in relation to Russia and China, most importantly with respect to these states' trade relations. The events included in the process tracing relate to the four studied aspects, of which trade (re)negotiations is a rather important one which will include a large share of the studied events.

Through the process tracing method, and by applying Handel's theory to my case study on Turkmenistan's foreign energy policy, I will focus on those four aspects that I have derived from my theoretical framework, and evaluate the events related to Turkmenistan's energy trade/foreign policy within this framework. To affirm my expectations that the geopolitical competition between Russia and China influenced Turkmenistan's foreign policy, as well as benefitted its objective of export diversification, I will have to observe a certain connection between the four studied aspects of geopolitical strife between the great powers with Turkmenistan's foreign policy behavior and decisions, as well as its success of securing the natural gas pipeline agreement with China in 2006.

The research will be a qualitative case study in which the process tracing will be carried out through document analysis. The empirical data which examines Turkmenistan's foreign policy with a focus on its energy policy, will be gathered from academic articles, think tanks and books discussing this policy that transpired within our timeframe. The sources for the analysis are published during or after the timeframe. I do not limit my sources to those written within the timeframe. Therefore, sources that have been published post-2006 will have been able to completely reflect on the events within the timeframe, while others were written during the timeframe and thus may analyze only a part of the complete selection of events.

The relevant data is collected from think tanks, academic journals and books discussing Turkmenistan's foreign (energy) policy behavior and decisions towards Russia and China as well as Turkmenistan's greater energy trade relations with Russia and China and the latter's relations with Turkmenistan and Central Asia overall. While gathering the sources, I have focused on those academic articles and books that analyze Central Asia's or specifically Turkmenistan's economic and political development after the disintegration of the USSR, Turkmenistan's bilateral relations with Russia and China post-1991, international energy trade with a focus on Central Asia, Turkmenistan's foreign (energy) policy, geopolitical competition in Central Asia as well as so called 'power politics' in the FSU. The majority of the academic articles originate from academic journals targeting Central Asian foreign policy developments in particular, as well as energy trade and geopolitics.

Regarding the usage of think tanks, examples are Chatham House and the Center for Strategic and International Studies. Examples of journals that have been consulted are 'World Politics'; 'Asian politics and polity'; 'Asian Security Studies'; 'Foreign Affairs'; 'Journal of Chinese Political

Science'; 'Journal of Eurasian Studies'; 'Asian Affairs'; 'Central Asian Survey'; 'Geopolitics' and 'Post-Soviet Issues'. Examples of books are 'Natural Gas and Geopolitics' (chapter by Martha Brill Olcott); 'Export Pipelines from the CIS Region: Geopolitics, Securitization, and Political Decision-making' (chapter by Boris Barkanov); 'Nation-building and personality cult in Turkmenistan: The Türkmenbasy phenomenon' by Fabio De Leonardi and 'Turkmenistan: Strategies of Power, Dilemmas of Development' by Sebastian Peyrouse.

It should be stressed that these sources are mere examples of the data that is used in this research in order to give the reader a better grasp on the method that I have chosen to gather my information. All data is properly cited and added in the bibliography which constitutes the final pages of this document. For a complete overview of the data that this research utilizes, I therefore refer the reader to the final section of this document.

3.2 Case selection

This case study concentrates on Turkmenistan's foreign (energy) policy in relation to the Central Asia-China natural gas pipeline project. This includes, firstly, Turkmenistan's handling of its traditional relations with Russia as well as its new-found bilateral relations with China; secondly Turkmenistan's energy trade negotiations with both Russia and China; thirdly, any economic support that Turkmenistan has managed to attract from the great powers and lastly, Turkmenistan's decision-making regarding its participation in Russia and China's formal economic and security organizations. The current section will give a brief overview on the Central Asia-China pipeline project to provide the reader with more context on the result of Turkmenistan's foreign (energy) policy decisions between 1991-2006.

The Central Asia-China pipeline is a 1,833 km long natural gas pipeline running from the Bagtyyarlyk compressor station on the right bank of the Amu Darya river at the Turkmen/Uzbekistan border, through Uzbekistan and Kazakhstan towards the city of Khorgas, in the Chinese Xinjiang region at the Kazakh border. From there, the gas is transported further east through the West-East gas pipeline⁶². The pipeline is supplied with Turkmen gas from the Bagtyyarlyk gas fields:

Figure 1: Turkmenistan gas pipeline infrastructure



Source: Natural Gas World (Central Asia-China pipeline depicted under the name 'Turkmenistan-China pipeline')

⁶² Simon Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export* (Oxford Institute for Energy Studies, 2012), 84.

After China and Turkmenistan came to an agreement in 2006, construction of the pipeline was started in August 2007 by the China National Petroleum Cooperation (CNPC). Along the route through Uzbekistan and Kazakhstan were projected to run two parallel pipelines, line A and line B with an annual capacity of 30 bcm. Line A was commissioned in December 2009, line B a little over half a year later in July 2010⁶³.

In the following years, initiatives towards opening additional gas pipelines along the same route appeared. In 2014 line C was commissioned which runs parallel with line A and B, raising the annual capacity to 55 bcm⁶⁴. There have been talks on constructing a line D which would add an additional 25 bcm to the pipeline system, upping its total capacity to 80 bcm⁶⁵. Unlike the others, line D is supposed to run from Turkmenistan through Uzbekistan, Tajikistan and Kyrgyzstan towards China. Whether this additional pipeline will actually be a reality is for now unclear⁶⁶. Besides Turkmenistan, Uzbekistan and Kazakhstan also supply natural gas to the system.

Since the discovery and production of its natural resources, Turkmenistan had been dependent on Russia for its export. Turkmen natural gas went through the Russia operated Central Asia-Center (CAC) gas pipeline system from 1967 onwards, running from Eastern Turkmenistan through Uzbekistan, Kazakhstan and Russia in order to reach the European consumer market⁶⁷. This effectively gave Moscow a monopoly on the transit and export of Turkmenistan's gas. The commissioning of the Central Asia-China natural gas pipeline brought Turkmenistan's export dependency on Russia to an end. This event has been of primary importance for Turkmenistan in its post-1991 quest for independence and prosperity due to its dependency on natural gas export revenue. It is moreover a substantial change with regards to the traditionally tight Turkmenistan-Russia relations. Because of the great importance of this project for Turkmenistan and the greater geopolitical implications it has had for Turkmenistan-Russia in particular and Central Asia-Russia relations in general, this event is of sufficient importance to form the base for a research topic.

⁶³ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 83.

⁶⁴ "CNPC: Line C of Central Asia-China Gas Pipeline Operational," LNG World News, last modified June 9, 2014, <https://www.lngworldnews.com/cnpc-line-c-of-central-asia-china-gas-pipeline-operational/>.

⁶⁵ "Central Asia-China Gas Pipeline Expansion Delayed Again," Eurasianet, last modified March 3, 2017, <https://eurasianet.org/central-asia-china-gas-pipeline-expansion-delayed-again>.

⁶⁶ "Why Didn't Turkmen, Uzbek Leaders Mention 'Line D' To China?," Radio Liberty, last modified April 27, 2018, <https://www.rferl.org/a/why-didn-t-turkmen-uzbek-leaders-mention-line-d-to-china-/29196288.html>.

⁶⁷ "Central Asia's Energy Rush," The Diplomat, last modified July 3, 2014, <https://thediplomat.com/2014/07/central-asias-energy-rush/>.

The agreement on the Central Asia-China pipeline forms the peaking event that our research is based on. It is, so to say, the end result of Turkmenistan's foreign (energy) policy behavior and decisions towards Russia and China between 1991-2006. It is therefore necessary to provide the basic information on this project in order for the reader to put the remainder of this research into context. However, this research thus focuses more on the process towards this final event, than the final agreement itself. More specifically, applying Handel's theory on the events leading up to the final agreement between Turkmenistan and China on this pipeline project, will provide us with a better understanding of Turkmenistan's foreign policy behavior as a weak state, and how this foreign policy has been affected by the great powers it interacts with.

4. Analysis

4.1 Is Turkmenistan a weak state?

As the first step of the analytical chapter of this research it is necessary to determine to what extent Turkmenistan fits into Handel's framework and definition of a weak state in order to be able to apply the rest of Handel's theory on weak states to my case study. I have previously acknowledged that Handel does not believe in defining states as entirely weak or strong. The different characterizations of a state can be either weak or strong and the sum of these attributes in relation to its surroundings is what essentially determines a country's strength. In connection to this, Handel's perception of relative strength or weakness is important to remember. States can have certain strengths but overall be a relative weak state in relation to their surroundings, geography thus plays an important role.

In order to determine Turkmenistan's weaknesses and strengths, I will return to Handel's schematic indicators as well as the definition I have derived from his conceptualization. I will discuss the criteria of population, area, economy, military power and the international system. In addition, I will discuss Turkmenistan's geographical location. As part of my analysis I present a few statistics on Turkmenistan, Russia and China. My reasoning for including the statistics of the great powers is my focus on the *relative power* of a weak state, which means that a country's weakness or strength can only be assessed in relation to its neighbors or partners. Because this paper examines Turkmenistan in relation to Russia and China I will compare Turkmenistan against them. This will allow me to analyze Turkmenistan in relation to these great powers. Figures will be presented for the years 1991 (1992/1993 if 1991 is unavailable), 2000 and 2006 in order to provide an overview on the development over the complete timeline. I have determined that these three years reflect the overall development of these indicators over the complete time frame. If there are any outliers, they are mentioned and explained in the text.

Population

With the help of Handel's framework I have established that the first characterization of a weak state is a small population. While a small population is not necessarily a primary indicator of a state's weakness, it does have a direct effect on a state's available (human) resources which can impede its economic development. In addition, a small population can point to bigger overarching

problems such as low life expectancy⁶⁸ and a high mortality rate among infants⁶⁹, in which Turkmenistan scores decidedly worse compared to China and Russia. Overall, Turkmenistan does have a small population compared to its size, to its direct neighbors Uzbekistan, Afghanistan and Iran⁷⁰ as well as to Russia and China. While Russia's population is also very small compared to its land mass, it still dwarfs Turkmenistan's numbers. A positive point is that Turkmenistan's small population enables it to export a large amount of its natural resources:

Table 2: Total population of Turkmenistan, Russia and China

Year	Turkmenistan Population	Russia Population	China Population
1991	3,789,185	148,624,000	1.151 billion
2000	4,516,131	146,596,557	1.263 billion
2006	4,810,105	143,049,528	1.311 billion

Source: The World Bank, Data for Turkmenistan, Russian Federation, China

Area

The second indicator of a weak state is a very small territory. As a matter of fact, Turkmenistan is a rather sizable country. According to the US Central Intelligence Agency Turkmenistan's statistics are: Total: 488,100 sq. km; Land: 469,930 sq. km; Water: 18,170 sq. km⁷¹. Compared to the world this ranks Turkmenistan at rank 54. However, in comparison to Russia and China Turkmenistan is merely a small country. Russia is the largest country in the world, whereas China is the fourth largest after Canada and the U.S. More important than the size of a country is its location and geographic attributes which will be discussed in the final section of this chapter.

Economy

An important indicator of a weak state is a weak economy, which encompasses several separate indicators. The first economic characterization of a weak state is 'a very small GNP (Gross

⁶⁸ "Life expectancy at birth, total (years)," The World Bank, accessed March 25, 2019, <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?end=2011&locations=TM-CN-RU&start=1990>.

⁶⁹ "Mortality rate, infant (per 1,000 live births)," The World Bank, accessed March 25, 2019, <https://data.worldbank.org/indicator/SP.DYN.IMRT.IN?end=2011&locations=TM-CN-RU&start=1990>.

⁷⁰ "Data for Iran, Islamic Rep., Uzbekistan, Afghanistan," The World Bank, accessed March 25, 2019, <https://data.worldbank.org/?locations=IR-UZ-AF>.

⁷¹ "The World Factbook, Central Asia: Turkmenistan," Central Intelligence Agency, last modified April 30, 2019, <https://www.cia.gov/library/publications/the-world-factbook/geos/tx.html>.

National Product)’. Currently GNP is no longer a widely used term that is easily accessible, I have therefore opted to use GNI (Gross National Income) per capita instead (*at the closing of this section there is an additional explanation included on the reasoning behind this from the World Bank). I have additionally chosen to include GDP as this is currently a widely used variable to assess a country’s economic strength:

Table 3: GNI per capita and GDP of Turkmenistan, Russia and China

Year	Turkmenistan GNI per capita	Turkmenistan GDP	Russia GNI per capita	Russia GDP	China GNI per capita	China GDP
1993 GNI/1991 GDP	\$800	\$3.208 billion	\$2,920	\$517.963 billion	\$420	\$383.373 billion
2000	\$600	\$2.905 billion	\$1,710	\$259.708 billion	\$940	\$1.211 trillion
2006	\$1,890	\$10.277 billion	\$5,800	\$989.931 billion	\$2,060	\$2.752 trillion

Source: The World Bank, Data for Turkmenistan, Russian Federation, China

When examining this data, it is clear that Turkmenistan scores low on both GNI per capita and GDP, especially but not only in comparison to Russia and China. Individual income in Turkmenistan is low, despite the government’s revenue from the energy industry. Revenue derived from the export of natural gas is of the utmost importance for Turkmenistan, but this revenue is centrally controlled and utilized by the central authorities to preserve their power through elaborate security services and patronage networks⁷². It is clear that only a very small part of Turkmenistan’s population reaps the benefits from this industry. Moreover, the average income in Turkmenistan is presumably much lower than what is depicted in this table as a result of income inequality between the narrow elite group and the remainder of the population.

A second economic indicator of a weak state is a low degree of heavy industry. Turkmenistan does have a heavy industry sector, though it is heterogeneous and consists primarily of the oil and gas

⁷² Annette Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism* (Chatham House, Russia and Eurasia Programme, 2016), 71.

sector. This industrial sector employs a mere 14% of the population but accounts for 25% of Turkmenistan's GDP. A non-heavy industry of significant importance is Turkmenistan's agriculture; it accounts for only 8% of its GDP but employs nearly half of its total workforce. The production of cotton for export and wheat for domestic consumption are the main agricultural sectors⁷³. It is clear that there exists a considerable disparity between Turkmenistan's main industry in relation to its labor force versus its national income.

Subsequently, a weak state's economy is often highly specialized and therefore dependent on a narrow range of products that it exports to only a few states. In this case Turkmenistan's economy fits perfectly as it is characterized by profitably producing only a few products that it exports to a limited number of countries, namely natural gas, oil and cotton⁷⁴. Out of these three, natural gas is by far the most important one, with the share of cotton in Turkmenistan's exports decreasing⁷⁵. For example, in 2002, natural gas made up 57% of Turkmenistan's total export⁷⁶. It is no wonder that the natural gas industry is such an important source of revenue, Turkmenistan's natural gas reserves have always been estimated as considerable with corrections upward over the past decades. In 2006, Turkmenistan's gas reserves were estimated to be 71 Tcf⁷⁷, in 2016 this was corrected to 265 Tcf, making Turkmenistan the sixth largest natural gas reserve holder in the world⁷⁸. These reserves are primarily located in the western part of the country in the South Caspian basin, the Amu Darya basin in the northeast as well as the Murghab basin in the southeast⁷⁹.

Because of the specialized nature of a weak state's economy it is expected to experience a high degree of both export- and import dependency. In Turkmenistan's case it is both highly dependent on the export of its hydrocarbon resources and products like cotton as well as on the import of

⁷³ "The World Factbook, Central Asia: Turkmenistan," Central Intelligence Agency, last modified April 30, 2019, <https://www.cia.gov/library/publications/the-world-factbook/geos/tx.html>.

⁷⁴ Central Intelligence Agency, "The World Factbook, Central Asia: Turkmenistan."

⁷⁵ Ishanguly Jumayev, *Foreign Trade of Turkmenistan: Trends, Problems and Prospects* (University of Central Asia: Institute of public policy and administration, 2012), 13.

⁷⁶ Theresa Sabonis-Helf, "The rise of the post-Soviet petro-states: energy exports and domestic governance in Turkmenistan and Kazakhstan," in *In the Tracks of Tamerlane: Central Asia's Path to the 21st Century*, ed. Dan Burghart and Theresa Sabonis-Helf (CreateSpace Independent Publishing Platform, 2005), 162.

⁷⁷ "International Energy Outlook 2006, Natural Gas," EIA, last modified June 2006, https://www.eia.gov/outlooks/archive/ieo06/pdf/nat_gas.pdf.

⁷⁸ "Country Analysis: Turkmenistan," EIA, last modified July 2016, <https://www.eia.gov/beta/international/analysis.php?iso=TKM>

⁷⁹ EIA, "Country Analysis brief: Turkmenistan," January 2012, 4.

technical equipment, consumer goods and food stuff due to the limited agricultural possibilities on its dry desert lands as well as the small domestic market⁸⁰.

This specialized nature of a weak state's economy is also one of the reasons why a weak state's economy is more often than not marked by a low level of research and development (R&D) and a low incentive for technological progression. Due to the closed nature of Turkmenistan's regime it is difficult to find reliable information or figures on R&D under Niyazov's presidency. However, judging the information I do have, I assume that R&D and technical development within this study's timeframe were most likely low considering it was not a strategic focus point for the authorities as opposed to developing its energy trade relations.

In addition to low levels of R&D, a weak state's economy tends to be dependent on the inflow of FDI. In Turkmenistan this is not completely true. Turkmenistan's failure to implement economic reforms post-1991 have hampered its establishment of economic ties with the West and in result its attraction of FDI⁸¹. While the government has announced its desire to attract investment, the reality has shown that these statements are not followed up by legislative change. Turkmenistan's challenging investment climate, which is characterized by extensive bureaucracy, a weak rule of law, a lack of transparency, corruption⁸² and elaborate methods of state-control in which private property is poorly protected, has had a deterring effect on potential business investors⁸³, and has consequentially had a negating effect on the level of FDI. Thus, more so than the other way around, Turkmenistan has had difficulty to attract the FDI it needs despite its energy resources. The combination of Turkmenistan's efforts to keep foreign companies out of the exploration and production of its gas fields and its limited domestic access to technical equipment and skilled labor have all been factors hampering its economic development⁸⁴. This is particularly applicable to Turkmenistan's economy prior to its pipeline agreement with China, as this agreement was accompanied by a significant inflow of Chinese FDI. To illustrate, we present numbers on the inflow of FDI as a percentage of GDP:

⁸⁰ Timur Dadabaev, "Trajectories of Political Development and Public Choices in Turkmenistan," *Asian Affairs: An American Review* 34, no. 3 (2007): 137.

⁸¹ Charles J. Sullivan, "Pipeline Politics in the Post-Soviet Space: The View from Ashgabat," *The Journal of Energy and Development* 34, no. 1 (2011): 121.

⁸² Global Witness, *It's a Gas—Funny Business in the Turkmen-Ukraine Gas Trade* (Global Witness, April 2006), 17.

⁸³ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 41.

⁸⁴ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 83.

Table 4: FDI as a % of GDP of Turkmenistan, Russia and China

Year	Turkmenistan: FDI as a % of GDP	Russia: FDI as a % of GDP	China: FDI as a % of GDP
1993	2.49	0.278	6.187
2000	4.51	1.031	3.475
2006	7.112	3.798	4.509

Source: The World Bank, Foreign direct investment, net inflows (% of GDP)

When examining this data, we can see that even though the investment climate in Turkmenistan is poor, Turkmenistan's FDI as a percentage of GDP is higher than that of Russia in all the selected years and higher compared to China in the second half of the timeframe. On the other hand, it is also known that Russia suffers from a poor investment climate with struggles comparable to those of Turkmenistan, and has therefore failed to attract the FDI it needs, specifically as opposed to other transition economies of which China is in this case a good comparison⁸⁵. We can carefully conclude that Turkmenistan is more dependent on the inflow of FDI than Russia and China are, due to its limited domestic resources its economy would most likely benefit from more FDI.

Military Power

While military power used to be the primary indicator of a state's strength, economic power tends to be of higher importance in our current international system. I have previously established however that these two factors tend to accompany each other (i.e. militarily strong states tend to be economically strong as well). Militarily weak states have a small number of armed forces with a high degree of external influence and/or dependency and low (inadequate) military spending and investments. According to the data, Turkmenistan's military force is small, especially compared to Russia and China. There are logical reasons for this, one being that Russia and China simply have much more elaborate and volatile foreign relations, as well as a bigger land-mass. When examining the statistics, one can conclude that Turkmenistan would be no match for either one of the great powers:

⁸⁵ Nathalie Fabry and Sylvain Zeghni, "Foreign direct investment in Russia: how the investment climate matters," *Communist and Post-Communist Studies* 35 (2002): 293.

Table 5: Total military personnel of Turkmenistan, Russia and China

Year	Turkmenistan: Total Armed Forces	Russia: Total Armed Forces	China: Total Armed Forces
1992	28,000	1,900,000	3,160,000
2000	14,500	1,427,000	3,910,000
2006	22,000	1,446,000	3,605,000

Source: The World Bank, Armed forces personnel, total

Following the disintegration of the USSR, the number of Turkmenistan's military personnel decreased significantly and has undergone ups and downs since then, though staying under the 1992 level. It shows that directly after the USSR's disintegration there was a relatively high number of personnel present in Turkmenistan. This was because during the Soviet era there was a considerable amount of Soviet Union armed forces in Turkmenistan due to its role as a border region between the USSR and potential adversaries such as Iran and Afghanistan. With the disintegration of the Soviet Union this changed, as Turkmenistan formed its own national defense structure and transitioned to its foreign policy of 'positive neutrality' and isolationism. In addition to its foreign policy, this neutral stance was applied to Turkmenistan's military by openly refraining from the (theoretical) use of coercion to further its national interests. For example, Turkmen troops even refrained from participating in peacekeeping missions, making its armed forces not only small but also poorly trained. Evidently, Turkmenistan's military force under Niyazov focused less on external attacks as opposed to protecting the domestic order⁸⁶.

Regarding external influence in Turkmenistan's military Russia was important, especially concerning Turkmenistan's border security. The disintegration of the USSR was followed by a severe drop in available military personnel in Turkmenistan, as well as a dependency on outdated Soviet military equipment. As a consequence, Turkmenistan was dependent on Russia for the supply of modernized material for the majority of the 1990s (although in recent years Turkmenistan has bought the main share of its weapons in Turkey and China)⁸⁷.

⁸⁶ Dmitry Gorenburg, *External Support for Central Asian Military and Security Forces* (Stockholm International Peace Research Institute, 2014), 13.

⁸⁷ Dr Aude Fleurant, Pieter D. Wezeman, Siemon T. Wezeman and Dr Nan Tian, "Trends in International Arms Transfers, 2016," Stockholm International Peace Research Institute, February 2017, <https://www.sipri.org/publications/2017/sipri-fact-sheets/trends-international-arms-transfers-2016>

A factor that has undoubtedly weakened Turkmenistan's military power is the low military spending and lacking investment in the education and training of military personnel. This has resulted in personnel being unable to operate their equipment⁸⁸. In the theoretical case of an external attack these insufficiencies would be detrimental. An additional remark on the topic of equipment is Turkmenistan's dependency on a small number of external suppliers for its weaponry. Turkmenistan was the only state in the Central-Asian region that did not inherit a Soviet arms making facility after the disintegration of the USSR and has therefore been highly dependent on import, mostly from Russia and Turkey⁸⁹. Over the years however, Turkmenistan has made efforts to reduce its military dependency on- and cooperation with Russia, of which its equipment import diversification is an example.

The International System

In addition to a weak economy and military, a weak state characterization is a limited scope of interest in its foreign policy which is usually limited to neighboring states and regional areas. In Turkmenistan's case I classify this as applicable as a consequence of its policy of neutrality and isolationism during Niyazov's regime. Officially, Turkmenistan has been involved in few partnership cooperation's such as its membership in the North Atlantic Cooperation Council in 1992 (eventually to become the Euro-Atlantic Partnership Council) as well as its involvement in the NATO Partnership for Peace (PfP) programme since 1994⁹⁰. But besides its ties to such rather vague and loose initiatives, Turkmenistan has kept largely to itself by focusing on domestic (regime) stability and getting its main export products abroad.

Besides lacking interest for global relations, Turkmenistan has even showed minimal interest in the fostering of neighborhood connections by repetitively declining to partake in regional cooperative economic and security organizations⁹¹. Turkmenistan thus not only has little to no influence on the balance of power, or the nature of the system, but does furthermore have no such aspirations both in the larger sphere and regarding regional leadership. As opposed to the myriad of Russian-led regional initiatives, the lack of Central Asian regional security related cooperation

⁸⁸ Gorenburg, *External Support for Central Asian Military and Security Forces*, 13.

⁸⁹ Gorenburg, *External Support for Central Asian Military and Security Forces*, 14.

⁹⁰ "Relations with Turkmenistan," NATO, last modified September 28, 2018, https://www.nato.int/cps/en/natohq/topics_50317.htm.

⁹¹ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 61.

or training is in this study's framework also perceived as a weakness as there is no basis for regional assistance or cooperation in the case of an external attack.

Geography

The final indicator of discussion is the geographic location of a state. While this particular indicator is not included in Handel's scheme I felt compelled to include it due to the fact that in his work it is presented as a very influential factor. A country's geography has a major impact on its economic opportunities regarding, for example, the export of its domestic produce as well as its agricultural possibilities. For a country such as Turkmenistan that is dependent on the export of its natural gas which necessitates the construction of large-scale infrastructure, it is particularly influential:

Figure 2: A map of Central Asia



Source: Geographic Guide, The Caucasus and Central Asia – 2009

As becomes evident from this map, Turkmenistan is positioned between its Central Asian neighbors to the east and north; Iran and Afghanistan to the south-east and the Caspian Sea in the west. This has a considerable impact on Turkmenistan's export opportunities as it does not have direct access to open seas and thus needs to cooperate with its neighbors to transport its resources

across several borders to the market, while most of the neighboring countries are energy producers themselves.

To reach Europe, Turkmenistan is for now dependent still on the Russian route. The proposed Trans-Caspian pipeline (30 bcm) that would bring Turkmenistan's gas directly to Europe is mired with geopolitical difficulties with both Iran and Russia being opposed to the project for the sake of protecting their own European market share⁹². The project is ridden with such major difficulties that it is not even perceived as a viable option by Turkmenistan itself⁹³, making this initiative doubtful. In the south towards the Indian market Turkmenistan is 'blocked' by Iran and Afghanistan which are states that pose difficulties in a geopolitical and security sense, both in regards to the defense of Turkmenistan's borders and the export of its commodities.

An exception is the Korpéje–Kordkuy pipeline of 8 bcm/y which connects Turkmenistan's gas to Northern Iran since 1997. This was a significant development in the sense that it broke Russia's monopoly over the transport of Turkmen gas, but its limited size failed to majorly further Turkmenistan's diversification targets⁹⁴. Moreover, civil war and overall turbulence in Afghanistan have hindered the projected Turkmenistan-Afghanistan-Pakistan-India (TAPI, 33 bcm/y) pipeline in the 1990s⁹⁵. It is only decades later that the project now, in 2019, seems to take off, although security risks still pose a challenge⁹⁶. Turkmenistan's location thus necessitates extensive infrastructure and significant investments in order to further its export targets and broaden its delivery base.

A final detail connected to Turkmenistan's location is its subtropical desert climate, which poses a challenge for the cultivation of crops⁹⁷. In addition to the dry climate, Turkmenistan's access to water is complicated by its dependency on water streaming down from Kyrgyzstan and Tajikistan

⁹² Bryce A. Cason, "The Trans-Caspian pipeline: implications for the five littoral states," *Journal of World Energy Law and Business* 8, no. 5 (2018): 477.

⁹³ Andreas Heinrich and Heiko Pleines, "Mixing geopolitics and business: How ruling elites in the Caspian states justify their choice of export pipelines," *Journal of Eurasian Studies* 6 (2015): 112.

⁹⁴ Yusin Lee, "Opportunities and risks in Turkmenistan's quest for diversification of its gas export routes," *Energy policy* 74, (2014): 332.

⁹⁵ Sullivan, "Pipeline Politics in the Post-Soviet Space: The View from Ashgabat," 122.

⁹⁶ "Tapi gas pipeline to move forward after decades of delays," Reuters, last modified November 13, 2018, <https://in.reuters.com/article/emirates-oil-tapi/tapi-gas-pipeline-to-move-forward-after-decades-of-delays-idINKCN1NI1EB>.

⁹⁷ "Country Profile: Turkmenistan," Library of Congress Federal Research Division, last modified February 2007, <https://www.loc.gov/rr/frd/cs/profiles/Turkmenistan.pdf>, 4.

as Turkmenistan is a downstream state⁹⁸. Getting sufficient water to its agricultural fields is therefore difficult and limits the range of crops that Turkmenistan can grow, which in turn elevates its import needs. The dry climate and geography of the country complicates supplying the population itself with drinking water as well⁹⁹.

In this section I have examined Turkmenistan against this study's conceptualization of a weak state with the help of available data on its population, area, economy, military, international relations and geography. While some components are more applicable than others, it is clear that Turkmenistan is a relatively weak state, in particular in relation to the great powers of Russia and China. Taking all the afore mentioned factors into account, I conclude that Turkmenistan fits well into Handel's conceptualization of a weak state, which enables me to further apply Handel's theory on weak states to Turkmenistan's foreign policy. The next section of the empirical analysis will discuss the first studied aspect of weak state's bargaining power.

*Why is there no Gross National Product (GNP) estimate? "The World Bank uses terminology in line with the 1993 System of National Accounts and refers to GNP as "Gross national income" or GNI. GNI measures the total domestic and foreign value added claimed by residents, and comprises GDP plus net receipts of primary income (compensation of employees and property income) from nonresident sources. The World Bank uses GNI per capita in U.S. dollars to classify countries for analytical purposes and to determine borrowing eligibility" (The World Bank n.d.).

4.2 Historical ties

The first aspect of analysis is 'the existence of historical ties between the weak state and one of the great powers'. This is particularly related to a situation in which one of the great powers traditionally has had a large degree of influence on the weak state, for example in its statehood or economic wealth. According to Handel's theory, such a relation between a weak state and a great power offers the weak state bargaining power in a period of geopolitical struggle between this

⁹⁸ Andrew C. Kuchins, Jeffrey Mankoff and Oliver Backes, *Central Asia in a Reconnecting Eurasia - Turkmenistan Evolving Foreign Economic and Security Interests* (Report of the CSIS Russia and Eurasia program, 2015), 7.

⁹⁹ Dadabaev, "Trajectories of Political Development and Public Choices in Turkmenistan," 137.

great power with historical ties, and a ‘new’ great power seeking to establish bilateral relations with the weak state. This is due to the fact that the traditional great power desires to maintain its hold or influence over the weak state, wherein the latter shows full allegiance to its traditional ‘benefactor’ as opposed to engaging in multivectorism. This case study fits well into this concept, with Russia and the Soviet legacy being Turkmenistan’s traditional ties seeking to maintain the status quo, while China on the other hand seeks to build newfound bilateral ties with Turkmenistan.

Post-1991: Russia’s confidence in continuity

Russian influence and the shared Soviet legacy in particular have considerably affected Turkmenistan’s post-independence statehood. Post-1991, Turkmenistan was faced with the task of developing a capitalist market economy, creating new trade relations from the ground up and designing a new governmental system¹⁰⁰. Saparmurat Niyazov, who had been the First Secretary of the Central Committee of Turkmenistan’s Communist Party since 1985 took the leading position as president¹⁰¹. Over the course of his presidency, Niyazov enjoyed an extremely high degree of domestic power until his passing in 2006¹⁰². His domestic power was not mirrored in his foreign policy opportunities however, and one of the biggest post-independence challenges of Turkmenistan was balancing its (economic) dependency on Russia, as well as fostering new diplomatic relations.

The fostering of such new relations by Turkmenistan was primarily focused on lobbying for new export destinations and infrastructure in order to further the development of Turkmenistan’s natural gas sector that forms the basis of its economic security. A problematic factor was Russia, that kept Turkmenistan on a tight leash. Following the disintegration of the USSR, Russia did not cease to perceive the former Soviet republics as a group of states in which it had a privileged position of influence, in Turkmenistan’s case this was not any different.

The bulk of Russia’s foreign policy attention towards Turkmenistan was focused on the latter’s energy industry. Moscow, being the center of power in the USSR, had traditionally been highly involved in Turkmenistan’s energy industry as its gas reserves were an important energy source

¹⁰⁰ Ibrahimov, “Energy and Power Politics,” 141.

¹⁰¹ Dilip Hiro, *Between Marx and Muhammad. The Changing Face of Central Asia* (London: HarperCollins, 1994), 145.

¹⁰² Fabio De Leonardis, *Nation-building and personality cult in Turkmenistan: The Türkmenbasy phenomenon* (Oxford; New York: Routledge, 2018), 75.

throughout the Soviet Union. In favor of maintaining the status quo, Moscow saw the disintegration of the bloc not as a terminating factor for its strong position in this industry. Gazprom, Russia's state owned natural gas company that was created in 1989, even described Turkmenistan's newfound independence in the 1990s as "...a temporary aberration"¹⁰³, a clear indicator of Russia's confidence in the continuity of its authoritative role in Turkmenistan's economy.

What is more, Moscow did not expect the continuation of its hold over the Turkmen gas industry to pose a challenge for the sake of Soviet ties between senior members of the (Soviet) gas industry. Gazprom's management consisted of such senior members who were well acquainted with those working on the Turkmen side of the industry. The latter had been their colleagues, as well as their subordinates, which led Russia to count on a continuation of these relations that would be institutionalized through both formal and informal agreements¹⁰⁴.

In addition to these ties, the most important factor that solidified Russia's control was its central ownership over the complete Soviet-era energy transit system that is located in Russia and that connects Turkmenistan to the European gas market. As the sole transit route of Turkmen gas, this enabled Russia to keep control over Turkmenistan's energy export. Not only did Russia decide on the volume of gas that would be transited, Russia also perceived the transit of Turkmen gas via Gazprom's infrastructure at prices that worked for Russia rather than Turkmenistan as a natural right¹⁰⁵. For this reason, Russia regarded Central Asia's dependency on the Soviet-era pipeline system as a prime foreign policy instrument to continue its influence in the former USSR¹⁰⁶.

Russia's foreign policy towards the CIS during the 1990s under the leadership of Boris Yeltsin was characterized by ad-hoc ness and the materialization of diverging interests in different areas of the CIS. After the disintegration of the USSR, some scholars observed an initial aspiration in Russia to concentrate on its own economic reforms and domestic changes which consisted of

¹⁰³ Jan S. Adams, "Gazprom is on a collision course with Moscow, neighboring states, and the European Union," *Problems of Post-Communism* 49, no. 3 (May/June 2002): 16.

¹⁰⁴ Martha Brill Olcott, "International gas trade in Central Asia: Turkmenistan, Iran, Russia, and Afghanistan," in *Natural Gas and Geopolitics*, ed. David G. Victor, Amy M. Jaffe and Mark H. Hayes (Cambridge: Cambridge University Press, 2006), 222.

¹⁰⁵ Martha Brill Olcott, *Turkmenistan: real energy giant or eternal potential?* (James A. Baker III Institute for Public Policy of Rice University, 2013), 15.

¹⁰⁶ Heinrich and Pleines, "Mixing geopolitics and business: How ruling elites in the Caspian states justify their choice of export pipelines," 109.

radical market reforms and a diplomatic focus towards ‘the West’. A possible reason for this ad-hoc ness was thus Russia’s internal ‘split’ between advancing its Western diplomatic ties, executing challenging economic reforms in the face of domestic crises, and preserving the CIS region’s allegiance and dependence. It did not take long for this stance to change, however, and only a few years later around 1993 Russia re-intensified its focus on maintaining its influence and ‘peace-keeping’ role in its so called near abroad in order to avoid this vacuum to be filled by others¹⁰⁷. Starting with Putin’s presidency in 2000, Russia ultimately put its ‘attempts’ to foster a liberal domestic political climate aside and concentrated on re-solidifying its close relations with-and influence over the CIS by asserting its dominance through pushing new bilateral agreements¹⁰⁸.

Another approach is that Russia did never truly loosen its grip on the FSU region. While Russia attempted to foster new relations with the West and paid a great deal of diplomatic energy towards this goal, this does not determine that this was a way of Russia ‘releasing’ the CIS to seek their own path. Arguably, it was more a demonstration of Russia’s self-assurance that its traditional grip on the CIS region was safely established and merely required continuation. This attitude was sufficient in the 1990s, when geopolitical competition over Turkmenistan’s energy reserves was relatively limited which in turn limited Turkmenistan’s foreign policy opportunities. However, with increased diplomatic efforts from China in the 2000s to secure Turkmenistan’s gas for its energy demanding economy, Russia’s historical ties with Central Asia and Turkmenistan in particular, eventually turned out to be a motivating factor to shields its ‘sphere of influence for foreign influences in order to keep the historical bloc with Russia as its undoubted leader intact.

China disrespecting Russia’s historical ties to Central Asia?

Handel’s theory prescribes that in a situation where there exist two major powers that each possess overwhelming strength in relation to the others (i.e. the weak states), each of these great powers establishes around itself a closely controlled and constricted orbit of weaker states. With the entering of a new great power in this orbit, it results in rising competition between the two major powers over the allegiance of the weak states. This in turn creates a competitive atmosphere that leads the traditional bloc leader to tighten its control over its allies, limit their freedom of action,

¹⁰⁷ Nicole J. Jackson, *Russian Foreign Policy and the CIS* (London: Routledge, 2003), 67.

¹⁰⁸ Jackson, *Russian Foreign Policy and the CIS*, 77.

and jealously guard its respective sphere of influence against the intruder(s). The competition between the major powers over unaligned or wavering states can often turn into a zero-sum game when competition is related to, for example, energy resources that are believed to be of limited quantity.

In our case study Russia is the great power that considers to have a certain ‘traditional right of influence and power’ over the former Soviet Republics, including Turkmenistan. Russia did not perceive the republics’ newfound independency to warrant any profound change in their bilateral relations with Russia. Moreover, Russia expected to maintain its privileged access to their domestic resources. Maintaining the status quo was thus what was desired but also expected. The limited foreign relations of the newly independent states could have been a possible factor making Russia feel so confident of a continuation of its relations vis-á-vis the newly independent states.

It is true that after gaining independence Turkmenistan had to build its foreign relations from the ground up, which proved to be all but straight-forward judging its inward ‘positive neutrality’ strategy. Relations between China and Central Asia had essentially been non-existent during the USSR as there was one central foreign policy with Moscow as the political center. During the 1990s, with the newly independent states able to conduct their own foreign policy, China became more diplomatically present in the region albeit still limited. Its presence initially mostly manifested itself in the region’s import of inexpensive Chinese goods and the influx of Chinese labor migrants¹⁰⁹. In addition, however, China’s economic growth encouraged the development of energy targeted relations with Turkmenistan. This facet of China’s and Turkmenistan’s bilateral relations particularly intensified towards the end of the 1990s and into the 2000s, when the possibility of constructing a connecting natural gas pipeline became increasingly serious.

According to some scholars, China’s main issue-specific policy over the past decades has been its attempt towards restructuring the international system. They argue that for a long time, China conducted a relatively inward policy by concentrating on its domestic economic growth and development. This economic growth that eventually did reach impressive heights allowed China to conduct a more active foreign policy which, according to these academics, has been increasingly

¹⁰⁹ Jan Šír and Slavomír Horák, “China as an Emerging Superpower in Central Asia: The View from Ashkhabad,” *China and Eurasia Forum Quarterly* 6, no. 2 (2008): 76.

targeted towards multipolarity¹¹⁰. One of China's foreign policy instruments has been the creation of its own international economic and security structures that are able to compete with existing organizations such as NATO¹¹¹. An example of such a strategy is the establishment of the Shanghai Cooperation Organisation (SCO) in 2001, a structure that can be perceived as a counterweight to existing global economic and security structures. In the Central Asian region, it is Russia that historically has had the predominant power. By becoming more active in this region China changed this status-quo.

An encouraging factor for the development of Turkmenistan's and China's bilateral relations was the fact that they are complimentary to each other. China needed to fulfill its growing energy demand while Turkmenistan sought to diversify its exports. Having access to Central Asia's energy resources is of particular importance for China as it is otherwise dependent on import from for example the Middle East, meaning that these supplies have to cross multiple maritime choke points in order to reach Asia. These choke points form a threat to China's energy supply, especially in the theoretical case of military conflict in the Asia-Pacific region. Securing land delivered supplies on a safe distance from, among others, U.S. military power was therefore a considerable objective and motivator of China's energy diplomacy in Central Asia¹¹².

In addition, the development of Turkmenistan-China bilateral relations was facilitated by factors such as the existence of a comparable ideological stance, a focus on strong central leadership to promote domestic stability, as well as the importance of state sovereignty. As a result, China and Turkmenistan managed to further cooperation not just in the energy sector but also in transportation, telecommunications and textile¹¹³. Turkmenistan lacking capital and technology and China being capital-rich resulted in the latter supplying Turkmenistan with the necessary machinery and technology it needed for its domestic industries. This in turn provided China with an increased presence in Turkmenistan as well as in Russia's 'sphere of influence' in general.

¹¹⁰ Mehdi P. Amineh and Melanie van Driel, "China's Statist Energy Relations with Turkmenistan and Kazakhstan," *African and Asian Studies* 17 (2018): 81.

¹¹¹ Serafettin Yilmaz, "China's Foreign Policy and Critical Theory of International Relations," *Journal of Chinese Political Science* 21 (2016): 86.

¹¹² Yury Fedorov, "The Turkmen gas games," *Security Index: A Russian Journal on International Security* 16, no. 3 (2010): 41.

¹¹³ Šír and Horák, "China as an Emerging Superpower in Central Asia," 80.

This increased Chinese presence in Central Asia was perceived as a worrying development by Russia, that saw its traditional authority challenged. This was especially true as Central Asia is not just a region of economic and political interest for Russia. A factor that has substantially steered Russian foreign policy towards Turkmenistan in particular and Central Asia overall has been Russia's consideration of the region as a buffer zone between itself and its foreign competitors and military threats such as NATO and Europe, but also China, which Russia only borders in the Far-East. Russia's strategy in Central Asia consisted of keeping a secure foot on the ground as well as a high level of influence in these countries' foreign relations and domestic industries¹¹⁴. Seeing another great power impose itself in this region was thus not only perceived as a threat to Russia's economic and political influence, but also to its regional security buffer.

What once was Russia's respected sphere of influence developed to be increasingly 'infiltrated' by China. In accordance to Handel's theory, such an absence or 'departing' of rigidly defined and mutually respected spheres of influence occurs when a great power has enjoyed a privileged relation with a particular region or group of weaker states for an extended period of time, but this relation is subjected to diplomatic changes which allow and incentivize the weak state to change its behavior. These diplomatic changes are created by the great power that is not respecting the delineated sphere of influence by 'courting' the weak state(s). In such conditions when the great powers fail to cooperate with each other and approach the weak state separately instead, it strengthens the latter's bargaining power.

During the 1990s, Turkmenistan's foreign policy opportunities were still relatively constricted. While China did show interest in economic partnership with Turkmenistan, their bilateral relations were still in the starting phase and Russia's control over Turkmenistan's energy industry was still securely established. However, Turkmenistan did manage to continuously pursue progress in its bilateral relations with China. When during the 2000's China intensified its energy diplomacy towards Turkmenistan, the degree of geopolitical strife over the latter's resources increased, which in turn provided Turkmenistan with greater bargaining power in its foreign (energy) policy vis-à-vis the great powers. This development will be illustrated in the following studied aspect: trade (re)negotiations

¹¹⁴ Rafis Abazov and Nazym Zhurbai, 'Kremlin Tunes Its Foreign Policy: Will Putin's New Russia Reconfigure Its Policy Toward China and Central Asia?,' *Asian Politics and Polity* 4, no. 4 (Oct-Dec 2012): 584.

4.3 Trade (re)negotiations

The second aspect of analysis is trade (re)negotiations between the weak state and the great powers. In this case this is related to (re)negotiations regarding energy trade between Russia, China and Turkmenistan. According to Handel's theory, the greater the competition between hegemons over for example a weak state's resources, the higher the price these great powers are ready to pay for the allegiance of either non-aligned or non-committed states. Under such conditions the price asked by neutrals or marginal members for their allegiance to one side or another will rise steadily.

Handel's theory prescribes that such trade (re)negotiations point towards a weak state being able to 'force' the arm of the great power they are negotiating with. Such renegotiations towards a more favorable agreement for the weak state indicate that the great power is willing to make concessions in order to maintain or gain the weak state's allegiance. Besides negotiating better trade conditions, a weak state can thus use the interest of the traditional great power to foster new trade relations with a new actor. The fundamental idea is that more interest for a commodity increases its perceived value and thus the great power's competition over their access to this commodity. In this study I analyze energy trade negotiations between Turkmenistan and the great powers, and examine whether I observe Turkmenistan being increasingly able to use the geopolitical competition over its resources to its benefit in its foreign energy policy. This can be perceived in Turkmenistan taking a tougher stance vis-á-vis the great powers during negotiations on new agreements, or demanding improved trading conditions regarding existing agreements in the form of a higher price.

The 1990s: Russia's 'winner takes all' strategy

During the Soviet-era, Turkmenistan's gas was supplied to the rest of the Soviet Union which made it the second most important supplier of natural gas after Russia. In the final years of the USSR, Turkmenistan's gas production was at an all-time high at around 90 bcm per year; this high output declined rapidly however after the disintegration of the USSR, which effectively eliminated Turkmenistan's export market¹¹⁵. For Turkmenistan's gas export Moscow was an important actor, it had been the controlling force in the natural gas industry in the USSR and sought to continue this role throughout the region after the disintegration of the bloc¹¹⁶.

¹¹⁵ Fedorov, "The Turkmen gas games," 43.

¹¹⁶ Adams, "Gazprom is on a collision course," 14.

In December 1991, Russia agreed to allow a limited amount of Turkmen natural gas to transit through Gazprom's pipelines towards the European market¹¹⁷. Payment for this gas was largely barter based on terms determined by Gazprom¹¹⁸. The fact that Turkmenistan's gas would flow through Russian owned pipelines meant that it had to share the pipeline with Gazprom. Turkmen gas was thus seen as competition to Gazprom gas¹¹⁹, indicating that in case of oversupply, Gazprom's gas would be prioritized. This competition for pipeline space surfaced early on as Russia denied the transfer of 9 bcm of Turkmen gas to Azerbaijan in 1992 on the grounds of insufficient capacity¹²⁰.

With Russia blocking the transport of Turkmenistan's gas, it quickly became clear for the latter that it could not rely on Russia to be a stable transit country and provide secure revenue for Turkmenistan. As a result, Turkmenistan started to intensify its energy diplomacy in an effort to explore other export destinations. China in particular was of particular interest as its economic growth in combination with declining domestic oil and gas production formed a great incentive to expand its portfolio of energy suppliers in order to satisfy its rising energy demand. In turn, Central Asia was of particular interest for China's energy policy due to its geographic proximity, which meant that there was a possibility of constructing a natural gas pipeline between the two regions. Moreover, Central Asia's gas reserves played into China's energy diversification strategies towards cleaner energy, as opposed to the traditional oil and (especially) coal consumption¹²¹.

Direct relations between Turkmenistan and China started up quickly with China officially recognizing the Central Asian newly independent states in 1991, and establishing full diplomatic relations in 1992, which included the opening of a Chinese embassy in Ashgabat. In the same year Niyazov made an official exploratory visit to China, during which the bases of their respective bilateral cooperative relations were officially determined¹²². It was during this visit that Niyazov originally coined his idea for a connecting pipeline, and although China showed interest, it was

¹¹⁷ Kathleen J. Hancock, "Escaping Russia, looking to China: Turkmenistan Pins Hopes on China's Thirst for Natural Gas," *China and Eurasia Forum Quarterly* 4, no.3 (2006): 73.

¹¹⁸ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 79.

¹¹⁹ Olcott, *Turkmenistan: real energy giant or eternal potential?*, 15.

¹²⁰ Gawdat G. Baghat, "Exporter updates: Azerbaijan, Kazakhstan, and Turkmenistan," *Oil & Gas journal* 107 (June 2009): 24.

¹²¹ Hancock, "Escaping Russia, looking to China," 71.

¹²² Marc Lanteigne, "China's Energy Security and Eurasian Diplomacy: The Case of Turkmenistan," *POLITICS* 27, no. 3 (2007): 147-149.

¹²³ Šír and Horák, "China as an Emerging Superpower in Central Asia," 77.

still a vague and distant project. The first diplomatic step was taken however, and Turkmenistan had made its aspirations for stepping out of Russia's orbit clear.

Turkmenistan's movement away from Russia's 'sphere of influence' included its self-proclaimed foreign policy of neutrality, which led Turkmenistan to not align itself with any of Russia's economic cooperation initiatives. Although Turkmenistan was one of the 'founding states' of the CIS by signing its creation agreement in December 1991, it never actually ratified the Charter of the CIS in 1993, and thus never became an official member¹²³. This was a sore point for Yeltsin in particular because the CIS was criticized in domestic Russian politics; but also for Russia overall, as it was a blow to its hierarchical stance vis-à-vis the former Soviet Republics.

In 1993, Russia routed 11 bcm of Turkmen gas to Europe, for which the latter was perfectly able to pay. As what is believed to be retribution for Turkmenistan's 'defection', Russia held back two months of payment (roughly \$185 million) for Turkmenistan's supplies towards Europe¹²⁴. Moreover, in October 1993 Gazprom blocked Turkmenistan's export access and decided that, from then on, Turkmen gas would only be exported to Ukraine and other former Soviet republics that were already in considerable debt to Turkmenistan as a result of their inability to pay for their gas deliveries¹²⁵. This decision was undoubtedly a negative development for Turkmenistan, whose export revenue was going to be dependent on economically struggling states.

This less than ideal situation possibly spurred Niyazov to try to entice Russia into better export opportunities and payment by suggesting that Turkmenistan might join the CIS Economic Union, as well as by granting Russians dual citizenship and letting Russian troops on the ground at Turkmenistan's border with Iran and Afghanistan¹²⁶. However, Gazprom did not alter the terms of trade, and the insufficient or even completely absent payments from the former Soviet republics led Turkmenistan to curtail its exports to Azerbaijan, Georgia and Ukraine in February 1994. This meant that Gazprom had to supply Ukraine instead, if it wanted to continue its export towards Europe¹²⁷. In this case Turkmenistan's bargaining position was clearly weak, and Russia's

¹²³ Hancock, "Escaping Russia, looking to China," 71.

¹²⁴ Hancock, "Escaping Russia, looking to China," 71.

¹²⁵ Boris Barkanov, "The Geo-Economics of Eurasian Gas: The Evolution of Russian–Turkmen Relations in Natural Gas (1992–2010)" in *Export Pipelines from the CIS Region: Geopolitics, Securitization, and Political Decision-making*, ed. Andreas Heinrich and Heiko Pleines (Stuttgart: Ibidem, 2014), 155.

¹²⁶ Hancock, "Escaping Russia, looking to China," 72.

¹²⁷ Barkanov, "The Geo-Economics of Eurasian Gas," 155.

aspirations of keeping Turkmenistan's close in its 'sphere of influence' turned out to be an insufficient incentive to improve the terms of trade.

In April 1994, Turkmenistan refused to sign the CIS Economic Agreement, thereby underscoring its shift away from Russian led structures. Around the same time, Russia and Ukraine managed to come to an agreement on the latter's gas import from Turkmenistan. The new agreement was still largely barter based with Ukraine sending \$200 million in goods to Turkmenistan every 3 months, though Ukraine now also committed to paying \$78 million in cash, where after Turkmenistan resumed its exports to Ukraine¹²⁸. Turkmenistan conceded to this deal in order to restart its primary revenue base. Its inability to directly supply its gas to its end consumers necessitated gas export on unfavorable terms such as the low prices and barter payment that was agreed on¹²⁹. Turkmenistan was backed into a corner, which added more incentive to move away from this disadvantageous business structure.

To further Turkmenistan's diversification objective Niyazov had engaged in talks with Iran on the establishment of a new pipeline. His efforts were successful, and in March 1994 Turkmenistan and Iran came to an agreement on a 25-year gas contract which included the construction of the 200 km long Korpelje–Kordkuy pipeline through which a maximum of 8 bcm of gas per year was designed to flow¹³⁰. Bigger projects had been discussed but were not viable due to global sanctions on Iran. While it did not suffice in providing Turkmenistan with a satisfactory export market, it had significant symbolic meaning. The agreement on this project constituted Turkmenistan's first step towards diversification and an improved negotiating position in the face of Russian strong-arming.

While the construction of this pipeline was a negative development for Gazprom, the Korpelje–Kordkuy pipeline was only a mild threat. Firstly, because it did not threaten Russia's European market share and secondly because of its small capacity which would not hinder Turkmenistan's ability to produce gas for Russian routed pipelines. However, Russia did ramp up its efforts to actively discourage the establishment of new pipeline proposals that would threaten Russia's hold

¹²⁸ Hancock, "Escaping Russia, looking to China," 72.

¹²⁹ Farkhod Aminjonov, "Challenges Along the Way Towards a Maximally Secure Central Asian Gas System," in *Export Pipelines from the CIS Region: Geopolitics, Securitization, and Political Decision-making*, ed. Andreas Heinrich and Heiko Pleines (Stuttgart: Ibidem, 2014), 137.

¹³⁰ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 92.

over the energy market by bypassing its territory such as the Trans-Caspian pipeline. Part of Russia's strategy was encouraging the construction of additional pipelines that would go through its territory instead, as well as being more involved in Central Asia's upstream activities. However, having its own financial struggles during Russia's economic crises in the 1990s, Russian companies were unable to come up with sufficient capital for the needed technology and material¹³¹.

The exploratory ideas between Turkmenistan and China in 1992 were continued in spring 1994, with clearer talks over a possible Turkmenistan-China natural gas pipeline as Li Peng, the premier of the State Council of the People's Republic of China conducted an official visit to Ashgabat. During this visit, the explicit idea of constructing a new pipeline project that would run from Central Asia to China was first presented. Besides a natural gas pipeline, the route was envisioned to be a transport and communication corridor. In addition to these talks, a Turkmen embassy was opened in China which formed the next step in institutionalizing China-Turkmenistan bilateral relations¹³². To develop this idea, CNPC and Turkmenistan expressed intentions to do a feasibility study and signed a protocol of intent on cooperation in the development of oil and gas industry¹³³.

In the meantime, Turkmenistan was still dealing with missing payment for its gas as well as declining export and production. Overdue debts from former Soviet republics, inadequate and old Soviet equipment, low prices and insufficient market- and thus pipeline space for Turkmenistan led to severe output decline¹³⁴. In the first half of 1997, Turkmenistan was owed more than \$1 billion for its gas exports, of which 92% was owed by Ukraine. This issue led Turkmenistan to once more halt its exports to the former Soviet republics in an attempt to demand the payment it was owed as well as a higher price for future export¹³⁵.

The ensuing negotiations with Gazprom did not deliver any results however, which was illustrated by then Gazprom CEO Rem Vyakhirev stating that Turkmenistan "would be forced to eat sand if it would not agree to sell gas to Russia under his conditions"¹³⁶. Gazprom's conditions included a

¹³¹ Karen Smith Stegen and Julia Kusznir, "Outcomes and strategies in the 'new great game': China and the Caspian states emerge as winners," *Journal of Eurasian Studies* 6, no. 2 (2015): 95.

¹³² Šír and Horák, "China as an Emerging Superpower in Central Asia," 78.

¹³³ Šír and Horák, "China as an Emerging Superpower in Central Asia," 82.

¹³⁴ James P. Dorian, "Turkmenistan's future in gas and oil hinges on certainty for export options," *Oil & Gas Journal* 100, no. 41(2002): 20.

¹³⁵ Adams, "Gazprom is on a collision course," 16.

¹³⁶ Barkanov, "The Geo-Economics of Eurasian Gas," 164.

price of \$36 per 1000 cm and transit payment in hard currency, as opposed to commodities and produce.

This price dispute, coupled with Turkmenistan's aspirations to sell its gas directly to European buyers instead of to Gazprom thus led to a prolonged halting of Turkmenistan's gas transit¹³⁷ which was then used by Gazprom as a means of protecting its market share. This led to a severe decline in the export and production of Turkmenistan's gas in 1997 and 1998 as there was no available destination. Natural gas production in 1998 amounted to only 13.3 bcm, which was about equal to Turkmenistan's level of domestic gas consumption¹³⁸ while a mere 1.8 bcm of gas was exported to Iran, as mentioned, export towards Ukraine had completely stopped¹³⁹. The resulting cash-flow dilemma in the following two years had a crippling effect on Turkmenistan's struggling domestic economy, as well as on Turkmenistan-Russia relations which became ever more chilly¹⁴⁰.

Aside from the economic aspect of their dispute, the decline in bilateral relations between Turkmenistan and Russia was also linked with Turkmenistan's unwillingness to formally align itself to the CIS and Russia in particular. Russia's strategy at the time seemed to be to punish Turkmenistan rather than seeking to keep it under its wing. This method of doing business from Russia vis-à-vis Turkmenistan in this decade can be characterized with the 'winner-takes-all' strategy, in which Russia "...abuses its power, acts like a monopolist, and shuts Turkmenistan out of the lucrative European trade"¹⁴¹. At this time Russia did not perceive any serious threats yet to its political and economic hold over Turkmenistan and was therefore not incentivized to alter its energy diplomacy towards Ashgabat.

As opposed to Turkmenistan's deal with Iran, its negotiations with China were to have significant consequences both on a symbolic and actual volume level. The building blocks of the Turkmen-Chinese bilateral relations were further strengthened when Niyazov was presented with an honorary award at the Chinese People's University in 1998 during his visit to Beijing. During this visit, Turkmenistan and China agreed on the establishment of "an intergovernmental commission for trade and economic cooperation" which would form the basis for future negotiations primarily

¹³⁷ Fedorov, "The Turkmen gas games," 43.

¹³⁸ Ishanguly Jumayev, *Foreign Trade of Turkmenistan*, 8.

¹³⁹ Ibrahimov, "Energy and Power Politics," 144.

¹⁴⁰ Adam N. Stulberg, "Moving Beyond the Great Game: The Geoeconomics of Russia's Influence in the Caspian Energy Bonanza," *Geopolitics* 10 no. 1 (2005): 10.

¹⁴¹ Barkanov, "The Geo-Economics of Eurasian Gas," 154.

in the energy industry as well as bolster Chinese interests in Turkmenistan. In addition, China supplied Turkmenistan with a state loan under preferential conditions in order for the latter to be able to afford the acquiring of both the material and human resources to start its upstream activities at the Bagtyyarlyk fields that would form the resource base for the future pipeline to China¹⁴².

As China's interest in Central Asia's resources increased, it started to perceive Turkmenistan's resources and commercial opportunities in Central Asia of higher importance. As a consequence, China sought to curb Russia's hold over Turkmenistan's energy industry and take steps in favor of its own domestic energy security¹⁴³. Russia's economic and political hold over Central Asia was thus increasingly perceived as an adversary to China's own regional interests which was reflected in the increased seriousness of the latter's trade negotiations with Turkmenistan.

While Turkmenistan was negotiating with China, it was also exploring options that could lead its gas West-ward by bypassing Russian territory. At the end of the 1990s Turkmenistan started to show interest for the Trans-Caspian pipeline project, a big project that would bypass Russian territory by crossing the Caspian Sea towards the European market. Turkmenistan's evident interest for this potentially threatening project coupled with increased European gas demand were reasons for Russia to eventually reopen its pipelines for Turkmen gas¹⁴⁴. It was clear from the start that major obstacles had to be overcome in order for the Trans-Caspian project to become a reality in the distant future, the importance of Turkmenistan's interest in this project should therefore not be overstated as the main factor in Russia's decision making. However, I argue that it did have some significance, as such a project would have completely put a stop to Turkmenistan's export dependency on Russia and furthermore set a dangerous precedent for future infrastructure projects bypassing Russia.

In combination with a growing gas market in Europe, Turkmenistan was able to export its gas through Russia's pipelines again in 1999, albeit in limited quantities. The agreement-making process was not easy however. After extended negotiations, gas was eventually routed towards Ukraine for the low, Russian forced price of \$36 per 1000 cm. In the following months it did not take long for Turkmenistan to stop the gas flow again because Ukraine was once more unable to

¹⁴² Šír and Horák, "China as an Emerging Superpower in Central Asia," 78.

¹⁴³ Stulberg, "Moving Beyond the Great Game," 3.

¹⁴⁴ Fedorov, "The Turkmen gas games," 43.

pay for the gas it had received¹⁴⁵. Not exporting its gas towards Europe at all was cheaper for Turkmenistan than exporting without payment.

From ‘winner takes all’ to ‘rent sharing’?

With the start of Putin’s presidency on 31 December 1999, Russia’s energy diplomacy towards Turkmenistan also changed, though Putin’s influence was already evident in the months before the official start of his presidency. In contrast to Gazprom’s openly harsh diplomacy in the 1990s, Russia now actively tried to restore its (energy) relations with Turkmenistan and come to a pricing agreement in order to reopen Turkmenistan’s gas transit. Niyazov was hoping for a better price by asking for \$40-42 per 1000 cm, though Gazprom did not give in to this demand. Eventually the new trade agreement prescribed that Gazprom would purchase 20bcm of Turkmen gas for \$36 per 1000 cm¹⁴⁶. While Niyazov did not receive the higher price he wanted, Gazprom did agree to pay 40% in cash, which was an improvement compared to the previous agreements based on barter¹⁴⁷. This new agreement showed that Russia was able to offer some leeway, albeit very limitedly.

While Russia was refocusing its attention on establishing its control over Turkmenistan’s resources, the latter was still strengthening its energy diplomacy with China. China’s President Jiang Zemin’s visit to Turkmenistan in 2000 proved to be an important event during which a declaration on mutual understanding on certain issues such as human rights and the “one China principle”, as well as oil and gas cooperation was signed¹⁴⁸. Following this declaration, China sent its CNPC energy specialists to Turkmenistan to assess the latter’s natural gas production potential in order to determine the possibilities¹⁴⁹.

While CNPC increased its activity in exploring prospective Turkmen drilling sites it also supplied Turkmenistan with technical equipment to benefit the efficiency of its gas production. The visit and China’s gas field exploration laid the foundation for a production sharing agreement (PSA) allowing CNPC to explore the natural gas reserves located on the right bank of the Amu Darya river in the Bagtyyarlyk fields, which were affirmed to form the reserves for the future Turkmenistan-China pipeline. The agreement was a major development illustrating the seriousness

¹⁴⁵ Adams, “Gazprom is on a collision course,” 16.

¹⁴⁶ Barkanov, “The Geo-Economics of Eurasian Gas,” 156.

¹⁴⁷ Smith Stegen and Kusznir, “Outcomes and strategies in the ‘new great game’,” 96.

¹⁴⁸ Šír and Horák, “China as an Emerging Superpower in Central Asia,” 78-79.

¹⁴⁹ Fedorov, “The Turkmen gas games,” 44.

and diplomatic commitment for this project as CNPC was the first foreign gas company Turkmenistan allowed to work onshore on such a PSA basis¹⁵⁰.

As previously mentioned, Russia started to put more attention towards Central Asia's gas trade in the 2000s. This was connected to several factors. Firstly, economic recovery in Russia and economic growth in Europe boosted energy demand. Secondly, Russia wanted to get Turkmenistan back into the fold and reconsolidate its stake in Turkmenistan's energy industry. Thirdly, oil prices were rising and therefore also the oil-linked gas prices in Europe¹⁵¹. The latter particularly motivated Russia to push Central Asian gas export in order to reroute it to Europe.

During Yeltsin's presidency, Russia's foreign policy towards Central Asia was reactive, ad hoc, and uncoordinated while being publicly unaccommodating to Turkmenistan and characterized by Gazprom's unwillingness to make any concessions in trade negotiations¹⁵². Putin's presidency constituted a break from this foreign policy by seeking to mend Russia's strained trade relations with Turkmenistan as Gazprom's harsh 'take it or leave it' attitude changed to more diplomatic talks in order to reassert Russia's economic and diplomatic interests abroad.

In May 2000, as an illustration of this new-found diplomatic strategy, Putin declared after a meeting with Niyazov that although gas pricing was "[...] a question for commercial talks [...] it is clear that it must correspond to international rates and must be beneficial to both Russia and Turkmenistan"¹⁵³. Gazprom's energy diplomacy towards Central Asia under the new presidency was characterized as employing an opportunistic carrot-stick strategy with difficult, but possible compromise regarding fairer revenue distribution with the prospect of higher prices in the future in order to come to an export agreement that would maintain Gazprom's hold over the export of Turkmenistan's natural gas¹⁵⁴.

Part of Gazprom's changed strategy included leadership change. New management led by Alexei Miller was installed and tasked with reasserting control of "dissipated" assets (i.e. assets 'lost' during privatization in the 1990s), rebuilding Russia's energy expertise and pulling back resources

¹⁵⁰ Šír and Horák, "China as an Emerging Superpower in Central Asia," 82.

¹⁵¹ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 77.

¹⁵² Stulberg, "Moving Beyond the Great Game," 5.

¹⁵³ Barkanov, "The Geo-Economics of Eurasian Gas," 156.

¹⁵⁴ Barkanov, "The Geo-Economics of Eurasian Gas," 164-165.

of the newly independent states¹⁵⁵. This goal which included Gazprom's control of the gas transit system throughout the former Soviet Union, as well as its ownership of any new projects in the region that would come up was clearly voiced by Miller in 2001: "This system," he writes, "was created over years and must be preserved for future generations"¹⁵⁶. This new course demonstrates the value Russia attached to its influence over the former Soviet republics and heightened interest in re-establishing its control over these so-called 'dissipated assets'. This implied that, to further this objective, Russia would be prepared to go to greater lengths than it had in the previous decade.

In April 2003, Russia and Turkmenistan signed a new cooperation agreement which included the direct purchase of Turkmen natural gas by Russia. Throughout the 1990s and the early 2000s, Russia was not actually a direct buyer of Turkmenistan's gas. Traders would buy the gas at Turkmenistan's border, after which it was transported through Uzbekistan, Kazakhstan and Russia to Ukraine, where it was sold to the national Ukrainian oil and gas company Naftogaz or private traders¹⁵⁷. However, in 2003 Russia changed from merely transiting Turkmenistan's gas to buying it. The reason for this was Gazprom's struggle in increasing its domestic gas production to fulfill rising European demand. In light of the high natural gas prices at the time, it was important to export to full capacity. Because production costs of Turkmenistan's resources were lower, the latter's export dependency formed a good opportunity for Russia to buy this cheap gas and re-export it to Europe for a substantial profit.

To illustrate, Gazprom's exports to Europe in the mid-2000s made up less than one third of its total exports, but approximately two thirds of its revenue¹⁵⁸. For this reason, Turkmenistan's gas production was increasingly regarded as vital for Russia's domination of the European gas market, which elevated the value of Turkmenistan's gas for Russia¹⁵⁹. Through buying cheap gas from Turkmenistan and supplying the European market with it, Russia not only sought to make a profit but also to keep both the Turkmen and the European market under its control.

In order to increase its control over Turkmenistan's gas trade further, Russia took two important steps. Firstly, Russia and Turkmenistan agreed on the 2003 long-term gas trade agreement, which

¹⁵⁵ Smith Stegen and Kusznir, "Outcomes and strategies in the 'new great game,'" 95.

¹⁵⁶ Adams, "Gazprom is on a collision course," 21.

¹⁵⁷ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 78.

¹⁵⁸ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 78.

¹⁵⁹ Sullivan, "Pipeline Politics in the Post-Soviet Space: The View from Ashgabat," 123.

stipulated Russia importing 2 tcm of Turkmen gas over the next 25 years for \$44 per 1000 cm, compared to \$36 in 1999¹⁶⁰. The annual volume was planned to increase up to 70-80 bcm in 2008-2009, such a considerable increase would have necessitated the construction of additional pipeline infrastructure. For this reason, talks on a second pipeline towards Russia arose, during which Russia allegedly forced Turkmenistan to denounce regional/European pipeline options excluding Russia in order to protect Gazprom's market share¹⁶¹. Additionally, Gazprom wanted to invest in reconstructing the CAC pipeline system in order to modernize it, increase its capacity and thus increase Turkmenistan's export volume. The capacity of the CAC system was planned to increase from 45 bcm/y to 55 bcm/y between 2006 and 2010¹⁶². None of these plans eventually transpired however, and in reality Turkmenistan's natural gas export to Russia over the coming years was considerably lower at about 40 bcm annually, never reaching the expected 70-80 bcm¹⁶³.

The following table presents Russia's purchase price of Turkmen gas at Turkmenistan's border and Russia's sale price of natural gas at Europe's border from 2005 till 2008. The price difference between Turkmenistan and Europe clearly illustrates how lucrative the purchasing and re-exporting of Turkmenistan's gas was for Russia:

Table 6: European vs. Turkmen border price of natural gas

\$/mcm	2005	2006	2007	2008
European border price (est.) (Russia's sale price)	213.70	285.20	294.10	418.90
Turkmen border price (Russia's purchase price)	44-60	65	100	130-150

Source: Simon Pirani, Central Asian and Caspian Gas Production and the Constraints on Export

In addition to this 2003 trade agreement and possibly more importantly, Gazprom declared in August 2004 that post-2007 there would be no more direct gas trade between Turkmenistan and Ukraine's Naftogaz, while the latter had been the primary importer of Turkmenistan's gas for years. Russia's decision was eventually settled with Ukraine in 2006 shortly after the first gas price dispute between the two, during which Russia terminated the gas flow towards Ukraine for four

¹⁶⁰ Barkanov, "The Geo-Economics of Eurasian Gas," 158.

¹⁶¹ Hancock, "Escaping Russia, looking to China," 72.

¹⁶² Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 78.

¹⁶³ Fedorov, "The Turkmen gas games," 45.

days in January 2006. Eventually Ukraine agreed to pay a higher price, and all Turkmen gas that would be routed towards Ukraine was to be bought by Gazprom at the border¹⁶⁴. Russia was able to pressure Naftogaz into signing this agreement due to its full control of the pipeline infrastructure leading Turkmen gas to Ukraine. As a result, Russia further secured its new position as main buyer of Turkmen gas by finishing direct Turkmenistan-Ukraine energy related commercial ties¹⁶⁵.

In light of rapidly increasing European gas prices and being aware that Russia was making a substantial profit on Turkmenistan's gas of which Turkmenistan itself was not benefitting, Niyazov was no longer satisfied with the price of \$44 that he had agreed to in 2003. As a result, in December 2004 Niyazov demanded a price increase from \$44 to \$60 per 1000 cm of Russia and Ukraine, as at the time there was still direct natural gas trade between Ukraine and Turkmenistan¹⁶⁶. Gazprom did not give in to this request and refused to pay the heightened price, offering to pay in US dollars instead of barter payment instead¹⁶⁷. As a response, Turkmenistan seized its gas exports where after Ukraine was forced to agree to the price of \$60, which was still inexpensive compared to market prices that were around \$220-250 at the time. It was not long after, in April 2005, that Turkmenistan lowered its price to Ukraine back to \$44 when the latter took a stance comparable to Gazprom, with the requirement that payment would now be 100% in cash¹⁶⁸.

It was still clear for Niyazov that while Russia was profiting from reselling Turkmenistan's cheap gas for inflated prices, Turkmenistan was left out of the spoils. For this reason, and enjoying a stronger negotiating position thanks to its ever more serious negotiations with China, Niyazov repeatedly demanded a price increase in the following years, stating "Should Ukraine and Russia not accept our price, we will wait a year or five"¹⁶⁹. This stance reflected Niyazov's confidence in the (symbolical) importance of Turkmenistan's gas for Russia, as well as its confidence that Russia would be willing to pay a higher price for Turkmenistan's resources in order to preserve its access to them. In December 2005 Gazprom eventually agreed to a price rise to \$65¹⁷⁰. Russia eventually

¹⁶⁴ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 78.

¹⁶⁵ Lee, "Opportunities and risks in Turkmenistan's quest for diversification of its gas export routes," 332.

¹⁶⁶ Luça Zs. Vasánczki, *Gas exports in Turkmenistan* (Institut français des relations internationales, 2011), 8.

¹⁶⁷ Rostyslav Pavlenko, "Ukraine, Turkmenistan and Russia: peculiarities of the triangle," in *Ukraine: Post-revolution Energy Policy and Relations with Russia*, ed. Olena Viter, Rostyslav Pavlenko, Mykhaylo Honchar and Kevin Rosner (London: GMB Publishing Ltd., 2006), 628.

¹⁶⁸ Hancock, "Escaping Russia, looking to China," 73.

¹⁶⁹ Hancock, "Escaping Russia, looking to China," 73.

¹⁷⁰ Barkanov, "The Geo-Economics of Eurasian Gas," 159.

conceded to Turkmenistan's demanded price; this concession can be perceived as an effort of Russia trying to maintain Turkmenistan's allegiance and at the same time attempting to lower Turkmenistan's diversification incentive in order to block the implementation of new pipeline projects that would break Russia's near monopoly over Turkmenistan's gas, particularly the pipeline to China¹⁷¹.

Russia's concessions in the mid-2000s can be ascribed to the 'rent-sharing' strategy', in which Russia shares a portion of its spoils on the European gas market with its supplier. Going off Handel's theory, this would mean that Russia hoped that making such concessions would be an incentive for Turkmenistan not to go through with competing pipeline projects¹⁷². Turkmenistan in turn, assessed the changed bargaining dynamics and insisted on a better deal with improved trading conditions. When confronted with Russia's opposition to its demands, Turkmenistan clearly announced its interest for- and opportunities of alternative pipeline routes that would bypass Russia and remove Russia's monopoly over Turkmen gas. In this case Turkmenistan was effectively able to pressure the great power to improve the conditions of trade¹⁷³.

Turkmenistan's bargaining power vis-á-vis Russia thus increased, while Russia became (albeit slightly) more receptive to Turkmenistan's price increase demands. Turkmenistan had been a "price and volume taker" regarding its natural gas trade for the majority of its post-independence statehood. With the rise of great power interest in Turkmenistan's resources, its opportunities for weighing in on the terms of trade increased and even (to a certain degree) allowed it to 'play both sides' as Ashgabat and China eventually came to a trade agreement in spite of Russia's concessions¹⁷⁴.

The Central Asia-China pipeline agreement

In April 2006 Niyazov travelled to Beijing, and this summit proved to be a major development in Turkmenistan-China bilateral relations and their cooperation in the energy industry. The two states concluded an intergovernmental framework agreement on the establishment of the Central Asia-

¹⁷¹ Aminjonov, "Challenges Along the Way Towards a Maximally Secure Central Asian Gas System," 138.

¹⁷² Barkanov, "The Geo-Economics of Eurasian Gas," 153.

¹⁷³ Indra Overland and Stina Torjesen, "Just good friends: Kazakhstan's and Turkmenistan's energy relations with Russia," in *Caspian energy politics: Azerbaijan, Kazakhstan and Turkmenistan*, ed. Overland, I. and Kjaernet, H. (London: Routledge, 2011), 142.

¹⁷⁴ Lee, "Opportunities and risks in Turkmenistan's quest for diversification of its gas export routes," 334.

China natural gas pipeline which would be constructed by China. The new pipeline was projected to deliver natural gas to China from the Bagtyyarlyk fields on the right bank of the Amu Darya river from 2009 onwards. The PSA agreement prescribed Turkmenistan to deliver 30 bcm of natural gas annually over a period of 30 years. More specifically, Turkmenistan would produce 17 bcm, whereas CNPC would produce the other 13 bcm¹⁷⁵. The reserves in the Bagtyyarlyk fields were thus to be jointly developed in order to optimize production and fill the pipeline's capacity.

The PSA between Turkmenistan and China made CNPC the sole foreign enterprise with direct access to Turkmenistan's onshore field activities¹⁷⁶. Granting international companies with only service contracts in partnership with state-owned Turkmen enterprises and centrally appointed targets as opposed to PSA's had been a way for Turkmenistan to protect its central ownership over its resource fields and their production¹⁷⁷. But Turkmenistan's unwillingness towards granting equity stakes in its onshore upstream gas reserves was one of the causes for the low levels of foreign investment in Turkmenistan's energy sector¹⁷⁸. The unprecedented PSA that Ashgabat granted to CNPC therefore displayed a contrast with the past in which Turkmenistan kept foreign companies completely out of its upstream activities¹⁷⁹.

The exact price that China agreed to pay for Turkmenistan's gas is unknown. But there are a few factors indicating that it was an improvement compared to what Turkmenistan had been receiving from Russia since its independence. Firstly, China agreed to pay in US dollars which was positive for Turkmenistan as opposed to the traditional barter trade with Russia and Ukraine¹⁸⁰. Secondly, the price was allegedly to be linked to oil prices, which ensured that Turkmenistan would not miss out on global energy price developments as had happened in the previous years¹⁸¹. Regarding the price, China thus showed willingness to offer better trading conditions in favor of Turkmenistan in order to bypass Russia's hold over Turkmenistan's energy sector.

The agreement on the Central Asia-China pipeline effectively broke Russia's monopoly over Turkmenistan's gas export, which had considerable consequences for Russia's strategic grasp over

¹⁷⁵ Vasánczki, *Gas exports in Turkmenistan*, 36.

¹⁷⁶ EIA, "Country Analysis brief: Turkmenistan," January 2012, 6.

¹⁷⁷ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 61.

¹⁷⁸ Kuchins, Mankoff and Backens, *Central Asia in a Reconnecting Eurasia - Turkmenistan Evolving Foreign Economic and Security Interests*, 2.

¹⁷⁹ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 85.

¹⁸⁰ Hancock, "Escaping Russia, looking to China," 77.

¹⁸¹ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 85.

Turkmenistan as it would no longer be able to control how much gas Turkmenistan could export, where to, and for what price. It directly strengthened Turkmenistan's bargaining position in its future trade negotiations with Gazprom regarding its Russia-routed gas and, moreover, directly affected Russia's gas export revenue due to the fact that in the past Russia had essentially used Turkmenistan as a cash-cow by reselling its gas for inflated prices¹⁸². However, while Russia's profit on Turkmenistan's gas was undoubtedly going to decrease, this by no means brought about a devastating income-gap. More important were the symbolical indications of Russia losing its energy market dominance in its 'sphere of influence' as well as economic and political leverage regarding future negotiations with Turkmenistan both in- and outside of the energy industry.

A factor that strengthened Turkmenistan's leverage in its negotiations at the time was the fact that the true extent of its natural gas reserves was still unknown. As a consequence, the agreement on the Central Asia-China gas pipeline formed a threat to Turkmenistan's supplies to Russia, turning the geopolitical competition over Turkmenistan's resources into a zero-sum game. This was even more so the case because it was stipulated in the 2006 pipeline agreement that in the case of insufficient gas volumes in the PSA covered deposits at the Amu Darya river, additional gas would be taken from Southern fields that traditionally produced gas for the Central Asia-Center gas pipeline system¹⁸³. In such a case, this would directly affect Turkmenistan's gas supplies to Russia, in the sense that Turkmenistan would prioritize its export towards China.

Around the time that Turkmenistan and China concluded their agreement it was not just China that was moving into the Central Asian energy market. As a result of the Russia-Ukraine gas dispute in January 2006, the EU was evaluating its own options of lowering its dependency on the import of Russian gas, possibly through the construction of a Trans-Caspian pipeline. Besides European interest in Turkmenistan's gas, India expressed its interest in participating in the TAPI pipeline project due to its economic development and growing energy demand¹⁸⁴. Actually building the TAPI or Trans-Caspian pipeline was, and still is, another story, but the interest was there and put forward; enough to put Russia on edge.

¹⁸² Barkanov, "The Geo-Economics of Eurasian Gas," 170.

¹⁸³ Šír and Horák, "China as an Emerging Superpower in Central Asia," 86.

¹⁸⁴ Lee, "Opportunities and risks in Turkmenistan's quest for diversification of its gas export routes," 333.

China in particular but also other players such as Europe and India moving into the Central Asian gas market posed both an economic and geopolitical threat to Russia. Firstly, Russia was set to lose transit fees by surrendering its control over Turkmenistan's gas transit, as well as the profit from re-exporting Turkmen gas towards Europe. If this agreement proved to be only a first among more projects bypassing Russia, it could threaten the latter's dominant European market share as well. Moreover, Turkmenistan's gas supplies to China would form a threat to Russia's own gas export opportunities towards China, although Chinese demand is so substantial that there is most likely enough room for both suppliers, which has become evident with the construction of the Power of Siberia pipeline aimed at bringing Siberian gas to China. Even so, Russia's bargaining position regarding this pipeline was definitely weakened by the construction of the Central Asia-China natural gas pipeline.

Secondly and arguably more importantly than the negative economic consequences such projects implied for Russia, foreign players moving into the Central Asian gas market by establishing new pipeline infrastructure were recognized by Russia as a threat to its geopolitical power over Turkmenistan¹⁸⁵, as well as the greater Central Asian region. Not only Russia's influence over Turkmenistan was threatened, the Central Asia-China pipeline was also a clear infringement on Russia's power over Uzbekistan and Kazakhstan, as they were going to provide the pipeline with gas as well, and were thus also set to profit from this new initiative.

What intensified the geopolitical great power competition over Turkmenistan's resources was the afore mentioned fact that according to estimations at that time, Turkmenistan's proven gas reserves were insufficient to export to all the great powers, including Europe and India¹⁸⁶. This made the competition a zero-sum game, as the perceived scarcity upped the value of Turkmenistan's resources which led the great powers to try and secure control over these resources in order to prevent their opponent from being able to access these resources, which in turn increased Turkmenistan's foreign energy policy maneuverability¹⁸⁷. For Russia this was a matter of keeping control and not losing it, towards which it had already taken steps through for example the 2003 gas trade agreement. With regards to Turkmenistan's delivery commitment in this agreement, Turkmenistan's estimated gas reserves at that time did not leave much room for export to other

¹⁸⁵ Lee, "Opportunities and risks in Turkmenistan's quest for diversification of its gas export routes," 333.

¹⁸⁶ Lanteigne, "China's Energy Security and Eurasian Diplomacy: The Case of Turkmenistan," 152.

¹⁸⁷ Hancock, "Escaping Russia, looking to China," 80.

countries. Foreign threats to Russia's monopoly over Turkmenistan's gas therefore compelled it to be more open to Turkmenistan's price demands in the final years before the Central Asia-China pipeline agreement. Russia's objective changed from making as much revenue as possible from Turkmenistan's gas to simply keeping control over it¹⁸⁸, although these 'efforts' eventually proved to be too insubstantial in the face of China's more profitable propositions.

This shift in Russia's attitude thus proved to be too little too late, as both Turkmenistan and China were already committed to the construction of a new pipeline. Besides a country's logical desire of diversifying its export destinations, Russia's harsh stance towards Turkmenistan during the 1990s was undoubtedly an added incentive for Turkmenistan to put its diplomatic efforts behind new initiatives that would bypass Russia instead. Increased competition between the great powers over Turkmenistan's natural gas resources led to Russia intensifying its diplomatic efforts and making some concessions in its trade relations in order to maintain its hold over Turkmenistan's energy industry. However, as opposed to incentivizing Turkmenistan to remain in Russia's orbit, this presumably merely improved Turkmenistan's bargaining position in its trade negotiations with China, and allowed it to foster new trade relations. Russia proved to be overly confident in its traditional hold over Turkmenistan, while doing too little to rectify their bilateral relations under Putin's presidency.

4.4 Economic support

The third aspect of analysis is 'great powers offering economic cooperation and support to the weak state'. According to Handel's theory, such a situation relates to the competing great powers being ready to offer the weak state(s) economic support in the face of rivalry from the other great power. This can either be an attempt to keep the weak state in the great power's sphere of influence and secure its previously established allegiance, or to gain a weak state's allegiance that has traditionally been aligned to another great power. The prime example of such economic support is the provision of loans under favorable conditions, but also the provision of machinery and

¹⁸⁸ Overland and Torjesen, "Just good friends: Kazakhstan's and Turkmenistan's energy relations with Russia," 143.

technology to the weak state's domestic industry for soft prices or substantial foreign investment in, for example, a weak state's domestic infrastructure.

China's strategy of economic support vs. Russia's impassiveness

China's strategy of development engagement has led it to embark on economic cooperation projects with weaker states in particular. An important motivator has been China's increasing energy demand, which has led to numerous cooperation agreements with its regional neighboring states that are able to deliver resources to China. While these projects are focused on fostering economic relations that are beneficial for both parties, they are also meant to provide China with influence in these countries outside of the energy sphere¹⁸⁹. I have previously mentioned China's aspirations of growing its external influence. While working towards this objective, China aims to disguise these bigger aspirations by presenting itself as a partner and not a threat through the fostering of economic cooperation with a large group of weaker states, while assuring other great powers of non-interference through its 'common development' vision¹⁹⁰.

China's increased energy needs and Turkmenistan's quest for new export markets complemented each other well since Turkmenistan houses the largest natural gas reserves compared to its Central Asian neighbors¹⁹¹. Additionally, Turkmenistan fitted well into China's newly developed foreign policy strategy and considered China to be a promising potential trade partner firstly due to China's increasing natural gas demand and secondly due to it being a great power that possesses the necessary capital, material and personnel resources to make a project such as a new natural gas pipeline come into existence. As a result it would enable Turkmenistan to overcome its limited capacities and opportunities from it being a weak state¹⁹².

The foreign policy decisions made in relation to the Turkmenistan-China natural gas pipeline agreement, can be taken as an example of a great power offering a weak state economic support in order to gain a weak state's cooperation or allegiance in the face of great power competition, in this case in the form of Russia's transit monopoly. Turkmenistan did not possess the capital to construct such a new pipeline itself, or invest in the necessary production of new fields; China's

¹⁸⁹ Jeffrey Reeves, *Chinese Foreign Relations with Weak Peripheral States: Asymmetrical Economic Power and Insecurity (Asian Security Studies)* (London: Routledge, 2016), 2.

¹⁹⁰ Zille Huma, "China's foreign policy towards Central Asia, Expanding the Concepts of National Interest and National Security" (DPhil thesis, University of Sussex, 2014), 150-151.

¹⁹¹ Ishanguly Jumayev, *Foreign Trade of Turkmenistan*, 10.

¹⁹² Ibrahimov, "Energy and Power Politics," 144.

monetary assistance was thus necessary. In addition, while the establishment of this pipeline was a majorly important development for Turkmenistan, the conditions of the agreement do show an inflated level of leniency in several aspects from China towards Turkmenistan. Firstly, China allegedly promised Turkmenistan to pay oil-linked prices. Secondly, CNPC promised to build the new pipeline with its own financial resources. Thirdly, China committed to investing in Turkmenistan's Bagtyyarlyk gas fields and provided Turkmenistan with substantial soft loans¹⁹³.

China could have perceived Turkmenistan's need for export diversification as sufficient incentive for the latter to agree to a less profitable trade deal with China and used it as such during negotiations, the prospect of breaking Russia's monopoly on Turkmenistan's gas could have been of high enough importance for Ashgabat to agree to a less attractive deal. On the other hand, Turkmenistan was in the position of using the existing Central Asia-Center pipeline system as a pressuring point on China, by suggesting that it could stay in the orbit of its traditional hegemon instead of commit to doing business with a new great power. What is clear is that China perceived Turkmenistan's resources of sufficient importance and value to commit to investing in Turkmenistan's domestic industry, and provide the latter with additional loans and material to expedite the development and eventual implementation of the agreement.

As previously mentioned, China offered supplementary financial support to Turkmenistan by financing new projects up front and exploring potential new energy fields, as well as constructing the necessary infrastructure and providing Turkmenistan with a new export market in a very small time window from the agreement to the commissioning of the pipeline. Moreover, China provided Turkmenistan with billions of US dollars in investment, and offered loans on preferential terms in order to construct the needed gas production and processing industrial structures¹⁹⁴. In total, Turkmenistan received more than 8 billion US dollars in loans on preferential terms in order to develop the gas transit system and gas fields¹⁹⁵.

The difference in strategy we can examine between China and Russia is that China challenged Russian dominance over Turkmenistan's resources by paying a higher price for them that included concessional loans and pledges to construct the new pipeline. With the initial pipeline agreement

¹⁹³ Lee, "Opportunities and risks in Turkmenistan's quest for diversification of its gas export routes," 334.

¹⁹⁴ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 78.

¹⁹⁵ Olcott, *Turkmenistan: real energy giant or eternal potential?*, 19.

China supplied Turkmenistan with a \$25 million loan with low interest (3%) in order to buy Chinese technical drilling equipment for gas production, this was later followed up with additional loans, eventually amounting to billions of dollars¹⁹⁶. As a result, China effectively strengthened its ties with Turkmenistan even further as the latter was now using Chinese equipment instead of Russian equipment. Russia did not commit to the same strategy. In the previous section of this chapter I mentioned Russia's pledge to Turkmenistan to expand the Central Asia-Center pipeline as well as to construct an additional natural gas pipeline from Turkmenistan to Russia. These plans never came to fruition however; Russia did not display the same commitment to these infrastructure projects as its great power opponent and failed to invest in Turkmenistan's domestic industry.

In this section I thus examine a clear contrast between Russia's strategy of maintaining its control over Turkmenistan, and China's strategy of gaining access to Turkmenistan's resources. Russia offered minimal economic opportunities and assistance in the mid-2000s for example with the proposed CAC capacity increase which would be completely financed by Russia. This plan was never realized, and Turkmenistan by that time had already concentrated its cooperation and allegiance to China, who had provided Turkmenistan with loans and investment very early on in the negotiating process. The geopolitical competition between Russia and China over Turkmenistan's resources thus allowed the latter to draw considerable economic benefits from China. Though these soft loans and material resources were merely a fraction of China's state budget, they were of considerable importance to Turkmenistan's domestic industry.

4.5 Intergovernmental cooperation organizations

The final aspect of analysis is 'great powers encouraging the weak state to integrate in their cooperation initiatives in the form of security or economic organizations'. According to Handel's theory, when the division of strength between the great powers is almost even or when the system is in tension and there is a state of conflict or competition, the importance of the weak state rises and the great powers are willing to pay a higher price for its collaboration and partnership. In such

¹⁹⁶ Hancock, "Escaping Russia, looking to China," 77.

times of uncertainty between great powers, it leads them to compete for the support and alliance of weak states, and as competition between the great powers escalates, each attaches greater symbolic importance to the weak states within its alliance.

In order to either maintain or gain the alliance of the weak state, the great powers will (repeatedly) ask the weak state to formally align itself to the great power by becoming a member of its international cooperation structures. In order to persuade the weak state to align with their respective organizations, the great powers might present the weak state with certain benefits if it does choose to join its organization. The great power that has a historically established influence over the weak state might also ‘punish’ the weak state if it chooses not to stay in- or join this power’s structures in order to force it into alignment.

Russia's initiatives vs. Turkmenistan's positive neutrality

Between the disintegration of the USSR and 2006, Russia has given Turkmenistan ample opportunity to formally realign itself with Russia for the sake of regional economic and security cooperation. These cooperation agreements are all characterized by Russian leadership meant to officially reinstall and reconsolidate its hierarchical position of the FSU. The first cooperation initiative was the 1991 CIS, to which eight more initiatives were added in our timeframe: the 1993 agreement on forming a customs union, the 1993 Ruble zone in which the signatories agree to taking on the Russian Ruble, the 1994 Free Trade Area, the 1995 Customs Union Agreement, the Treaty on a Union between Russia and Belarus, the Eurasian Economic Community modeled after the EU and the 2004 Single Economic Space¹⁹⁷. The newly independent republics have respectively signed between zero and all of the agreements, Turkmenistan has only signed a very limited amount.

Turkmenistan initially showed considerable interest in participating in international organizations in an effort to be recognized as a competent member of the international community under Niyazov's leadership. Examples are Turkmenistan's founding role of the CIS in December 1991, its entry into the Organization for Security and Cooperation in Europe (OSCE) in 1992, its March

¹⁹⁷ Hancock, “Escaping Russia, looking to China,” 67-68.

1992 UN membership and its subsequent participation in projects and agencies such as UNESCO, the WHO, the IMF and the World Bank¹⁹⁸.

Not long after joining these organizations however, Turkmenistan introduced its ‘positive neutrality’ foreign policy doctrine. This doctrine is widely discussed within academia and accordingly there are differing viewpoints to be found, for example, on when exactly it was launched and where this doctrine has led Turkmenistan. Some argue, as I have just mentioned, that the establishment of this doctrine led to the destruction of the earlier multilateralism, and consequentially ushered in Turkmenistan’s isolationism from such international organizations and affairs¹⁹⁹. On the other hand, there are others who argue that Turkmenistan’s intense isolationism commenced precisely at the establishment of its independence and continues to the present day only with some negligent changes²⁰⁰.

In line with Turkmenistan’s self-proclaimed foreign policy of neutrality, it chose to align itself as little as possible with Russia’s cooperation initiatives. I previously mentioned that, to Russia’s dissatisfaction, Turkmenistan never became an official member of the CIS. In addition, Turkmenistan decided not to join the CIS Collective Security Treaty in 1992 which made it the only Central Asian state not to do so. Niyazov also refrained from joining its successor organization, the Russia-led Collective Security Treaty Organization (CSTO) in 2003, as well as the Eurasian Economic Community or the Central Asian Cooperation Organization which eventually merged in 2006²⁰¹.

Russia holding back payment for Turkmen gas in mid-1993 and deciding that, from then on Turkmen gas would only be exported to the former Soviet republics that were already in considerable debt to Turkmenistan, was believed to be a form of punishment for Turkmenistan refusing to formally align itself with Russia. By not signing the CIS accords, Turkmenistan made it clear that it sought to distance itself from Russia’s hegemony rather than get closer to it. This did not compel Russia to stop proposing deeper integration however.

¹⁹⁸ Utku Yapici, “From Positive Neutrality to Silk Road Activism? The Continuities and Changes in Turkmenistan’s Foreign Policy,” *Journal of Balkan and Near Eastern Studies* 20, no. 3 (2018): 294.

¹⁹⁹ S. Sabol, ‘Turkmenistan: flawed, fragile and isolated’ in *Stable Outside, Fragile Inside? Post-Soviet Statehood in Central Asia*, ed. Emilian Kavalski (Farnham: Ashgate Publishing, 2010), 185

²⁰⁰ S. Peyrouse, *Turkmenistan: Strategies of Power, Dilemmas of Development* (New York: M. E. Sharpe, 2012), 10-13.

²⁰¹ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 65.

In January 2002, Putin proposed the establishment of the so called Eurasian Gas Alliance, which was intended to include Russia, Turkmenistan, Uzbekistan and Kazakhstan. This alliance, which allegedly would lead to efficiency optimization through export unification was in reality merely another way for Russia to dictate the volume and directions of regional gas exports in order to optimize its own revenue and further consolidate its influence over Central Asia's gas industry²⁰². Niyazov declined, allegedly partly as a reaction to Russia pushing Turkmenistan out of the European market during the foregoing years²⁰³. Besides that, it was most likely perceived as an erroneous strategic step for Turkmenistan overall, especially in light of its diversification target. The alliance never came off the ground, with only Kazakhstan showing interest. Uzbekistan presumably noted the same harmful consequences such an alliance would have for its domestic industry.

Despite never being a full CIS member, Turkmenistan distanced itself even further from the organization in 2005 when it officially downgraded its status to "associate member"²⁰⁴. Taking this step essentially changed nothing, but it can be interpreted as a 'rebelling act' as during this time Turkmenistan was becoming more assertive overall by demanding higher prices for its gas export to Russia. The more Turkmenistan distanced itself, the clearer the signs were for Russia that if it wanted Turkmenistan to stay in its orbit, it would have to step up. Russia did eventually grant Turkmenistan with improved trading conditions which included a higher price for Turkmenistan's gas.

China's SCO vs. Turkmenistan's multivectorism

China in turn had also been trying to build its relations with Turkmenistan by inviting it into the Shanghai Co-operation Organisation (SCO), which was founded in 2001 by China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan with the official goal of strengthening regional co-operation both in an economic and security sense²⁰⁵. Though Russia is a member, the heavy weight of the organization is China; the organization works both as a potential trade platform for China and as a means of furthering Chinese diplomatic presence abroad, with a focus on the

²⁰² Stulberg, "Moving Beyond the Great Game," 8.

²⁰³ "Russia: Moscow Promoting CIS Integration Through Gas Alliance," Radio Liberty, last modified June 21, 2002, <https://www.rferl.org/a/1100058.html>.

²⁰⁴ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 65.

²⁰⁵ "The Shanghai Cooperation Organisation, about SCO," SCO, last modified September 1, 2017, http://eng.sectsco.org/about_sco/

Eurasia region²⁰⁶. In spite of seemingly sharing security concerns and economic opportunities with the members of the SCO, Turkmenistan turned down the invitation of joining the organization as either a member or even just as an observer. This decision clearly depicted Turkmenistan's foreign policy of neutrality, in this sense it has made no exceptions for either one of the great powers, but rather kept both at arms-length in order to diplomatically engage both sides without restriction.

Turkmenistan's foreign policy of neutrality has gone much further than simply not aligning itself with these particular international organizations. Niyazov kept all sorts of cooperative initiatives at bay, supposedly in order to prevent the intrusion of foreign/democratic influences which could possibly threaten the stability of the central regime²⁰⁷. An example of such a situation would be the Arab Spring, a horror scenario for the Turkmen regime (although there are many more differing societal factors between the Middle East and Central Asia that play a role in impeding such a revolution). Turkmenistan's avoidance of international alliances outside of the natural resources realm is regarded as a major factor that has allowed for the continuation of its tight authoritarian regime²⁰⁸.

In addition, Niyazov's neutrality was used as a method of dodging military and security related responsibilities and commitments in regional organizations while still being able to enter into economic cooperation agreements with a diverse number of states that have their own geopolitical issues such as Iran, as it cares little about the public relations of a country²⁰⁹. Among other, more technical reasons, this also pushed China and Turkmenistan closer together as opposed to Turkmenistan and Europe. Fostering economic relations with the West is besides sheer economic opportunities also build on basic comparable values and attitudes towards issues such as democracy, human rights and civil society. International bodies such as the OSCE, the EU and the UN have all expressed concerns with regards to the human rights situation in Turkmenistan²¹⁰.

More importantly, possible Turkmen dependence on the West as an export market through a new natural gas pipeline was perceived as problematic by Turkmenistan's regime, as the West could leverage Turkmenistan's economic dependency on this particular pipeline in order to force

²⁰⁶ Lanteigne, "China's Energy Security and Eurasian Diplomacy: The Case of Turkmenistan," 152.

²⁰⁷ Yapici, "From Positive Neutrality to Silk Road Activism?," 298.

²⁰⁸ Sabonis-Helf, "The rise of the post-Soviet petro-states," 167.

²⁰⁹ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 63.

²¹⁰ Bohr, *Turkmenistan: Power, Politics and Petro-Authoritarianism*, 47.

democratic developments. With China this is not an issue as it does not criticize authoritarian regimes, making it a more attractive business partner for Turkmenistan²¹¹.

It should be acknowledged that while Europe is formally concerned with human rights, this is not a deciding factor in the face of a profitable and viable deal that would diversify Europe's energy supplies. I presume that if the construction of the Nabucco pipeline (Southern gas corridor) would have happened, and if the Trans-Caspian pipeline would be possible in the future, the EU would still be very interested in doing business with Turkmenistan while taking a soft approach on its domestic human rights issues²¹². This can be explained by Europe's own diversification goals that bypass Russia, such projects are very capital intensive and require great commitment and cooperation from all partners involved, which is one of the reasons why the Nabucco project in particular failed²¹³.

Turkmenistan's strategy of remaining neutral and refraining from aligning with overarching security and economic organizations is also referred to as 'multivectorism' which is defined by scholar Sullivan in the case of Turkmenistan and in light of its efforts towards export diversification as "...a strategy that is designed to alleviate a country's economic and/or political dependency on any one Great Power by effectively balancing the competing energy interests of rival Great Powers"²¹⁴.

This multivectorism was also reflected in Turkmenistan's energy policy in the sense that political and strategic considerations were perceived as being of low importance when assessing possible new export destinations. In general, Turkmenistan preferred to sell its gas at the border, after which the buyer takes full responsibility for its transport. In addition, the buyer is in charge of the construction of any new pipeline infrastructure²¹⁵. For Turkmenistan the particular state it cooperates with is thus relatively unimportant, simply reaching its diversification objective is what is most important. This multivectorism therefore posed a way for Turkmenistan to maximize its maneuverability and bargaining power in order to further its domestic diversification interests²¹⁶.

²¹¹ Overland and Torjesen, "Just good friends: Kazakhstan's and Turkmenistan's energy relations with Russia," 143.

²¹² Global Witness, *Why the European Union is wrong to bow to the dictatorship of Turkmenistan* (Global Witness, Nov 2009), 4.

²¹³ Olcott, *Turkmenistan: real energy giant or eternal potential?*, 20.

²¹⁴ Sullivan, "Pipeline Politics in the Post-Soviet Space: The View from Ashgabat," 124.

²¹⁵ Pirani, *Central Asian and Caspian Gas Production and the Constraints on Export*, 99.

²¹⁶ Smith Stegen and Kusznir, "Outcomes and strategies in the 'new great game,'" 93.

On the other hand, Turkmenistan's isolationism can also be an obstructing factor for its economic development. For example, in order to construct the Central Asia-China pipeline it was necessary for Turkmenistan to coordinate and cooperate with Uzbekistan and Kazakhstan on the route of the pipeline. Turkmenistan's isolationism had resulted in rather cold relations with its neighbors however. Probably the peak of this chill was in 2002, when Niyazov accused Uzbekistan of sheltering members of the group that allegedly carried out the assassination attempt on his transport²¹⁷. In order to come to an agreement on the route of the future Central Asia-China pipeline, China had to send its own diplomats to Uzbekistan and Kazakhstan.

According to my analysis, Turkmenistan's main objective with its foreign policy of positive neutrality was to avoid international scrutiny, limit external influence and ideologies while still being able to act independently in fostering economic development, primarily on its gas transit diversification. The rivalry between Russia and China was a zero sum game due to the at the time believed limited energy reserves of Turkmenistan, the task of getting Turkmenistan to align with their respective international organizations therefore gained even more importance, as such alignment would have most likely ended this zero sum game²¹⁸. But matching its official isolationist foreign policy, Turkmenistan refrained from entering into the many economic and security cooperation organizations it was presented. This policy of non-alignment made it impossible for the great powers to strengthen their ties with Turkmenistan through this method, and in turn gave Turkmenistan more diplomatic room to engage in talks and negotiations with both of the great powers.

²¹⁷ Dadabaev, "Trajectories of Political Development and Public Choices in Turkmenistan," 135.

²¹⁸ Lanteigne, "China's Energy Security and Eurasian Diplomacy: The Case of Turkmenistan," 148.

Conclusion

In this research I have sought to provide an answer on this study's research question that questioned Turkmenistan's ability to diplomatically maneuver between Russia and China during negotiations regarding the export of its natural resources between 1991-2006, culminating in the agreement between Turkmenistan and China on the construction of the Central Asia-China natural gas pipeline. Focus was put on the development of Turkmenistan's foreign (energy) policy behavior towards Russia and China in relation to great power competition over its resources. I chose to analyze Turkmenistan's foreign policy in connection to weak state bargaining power vis-à-vis great powers in times of geopolitical competition over a weak state's allegiance.

In order to explain Turkmenistan's foreign policy behavior regarding its energy trade, I have applied Michael Handel's theory on weak states, whose main idea is that great power competition over the allegiance of a weak state broadens the latter's diplomatic maneuverability. By executing an empirical analysis on the aspects of historical ties, trade negotiations, economic support and integration into international organizations, I have been able to examine Turkmenistan's foreign policy behavior within the framework of it being affected by geopolitical strife between the great powers of Russia and China.

In the first studied aspect of my empirical analysis I determined that historical ties between Turkmenistan and Russia played a considerable role in their respective bilateral relations, as Russia perceived to have a certain right of influence and power over Turkmenistan. During the 1990s this translated to Russia both politically and economically pressuring Turkmenistan into compliance, which was a display of Russia's confidence in the strength of its established ties with Turkmenistan. During the 1990s Turkmenistan was very vulnerable to such pressure, and unable to demand trade concessions from Russia. However, in the 2000s, when China's presence in Central Asia increased, it acted as an incentive for Russia to protect Turkmenistan's allegiance in the face of great power competition, which widened Turkmenistan's foreign (energy) policy opportunities. China formed this competition, in the form of slow engagement in the 1990s that intensified in the years leading up to the eventual natural gas pipeline agreement with Turkmenistan.

This increased geopolitical competition was reflected in the decisions made regarding energy trade negotiations between the three actors, as well as their results. Russia applied a ‘winner takes all’ strategy in the 1990s, which limited Turkmenistan’s trade opportunities, but incentivized the latter to strengthen its bilateral relations with China. China and Turkmenistan’s intensifying diplomatic and economic relations compelled Russia to be more receptive to making energy trade concessions vis-à-vis Turkmenistan with the ensuing of Putin’s presidency, in order to protect Russia’s hold over Turkmenistan’s natural gas resources. Meanwhile, China intensified its economic ties and negotiations with Turkmenistan, who was in turn able to make more demands in its energy trade in order to firstly improve its conditions of trade with Russia and secondly eventually come to a profitable pipeline deal with China.

Regarding economic support, China decidedly invested in its bilateral relations with Turkmenistan in the form of providing soft loans, technical machinery and equipment, and additional investments into Turkmenistan’s domestic industries. This was in contrast with Russia, who failed to show a similar level of commitment. I ascribe this firstly to Russia’s confidence in its traditional ties with Turkmenistan, that Russia perceived to be sufficient in maintaining its influence over the country, and secondly to Russia’s lower capital reserves that impeded the quick implementation of new energy infrastructure projects that would have re-established Turkmenistan’s ties to Russia. Turkmenistan nevertheless managed to receive considerable economic support from China both prior to, as part of, and following the final pipeline agreement.

Both Russia and China attempted to push Turkmenistan towards formal alignment by proposing it to integrate in their respective international organizations. However, Turkmenistan showed a clear foreign policy of neutrality. By doing so it was able to ‘play’ both powers by keeping its formal allegiance undetermined. This was especially important as the strife over Turkmenistan’s resources at that time was a ‘zero-sum’ game, in which Turkmenistan was perceived to be able to supply only one of the two great powers. The absence of Turkmenistan’s formal alignment added a certain degree of uncertainty to its trade negotiations with the great powers, and as such allowed it to engage both sides in order to eventually reach a beneficial agreement with China.

Taking these observations into account, it suggests that geopolitical rivalry between great powers did play a role in Turkmenistan’s foreign (energy) policy behavior and success between 1991 and 2006, and that it was specifically relevant in the final years leading up to the natural gas pipeline

agreement between Turkmenistan and China. As the great powers ascribed a higher value to Turkmenistan's resources and allegiance, it enabled Turkmenistan to intensify its energy diplomacy towards both sides, in order to eventually secure a new and more profitable pipeline agreement with China that diversified Turkmenistan's natural gas export away from Russia. Great power competition was thus an influential factor in Turkmenistan's policies and moreover, its ability to successfully diversify its natural gas export. This implies that in Turkmenistan's case, more so than domestic conditions and developments, external factors played a bigger role in the formation and success of this weak state's foreign policy. This ties in to Handel's notion that weak state's foreign policy is governed by the policy of others, which furthermore indicates that, in order to further diversify its export, it is necessary for geopolitical competition over Turkmenistan's natural gas reserves to continue. Possible new great powers actors are India and Europe over the TAPI and Trans-Caspian pipeline.

While this research has aimed to provide a better understanding of weak state foreign policy behavior in relation to great power competition, it is impossible to consider the theoretical framework applied to this study as valid for all comparable cases. The theory's focus on *relative power*, which emphasizes the geographical importance of a state's respective strengths and weaknesses, is only part of the reason why separate research is necessary for case studies with different weak states and great powers. I do believe this study to be relevant for the greater Central Asian region in particular however, as these states share many commonalities regarding for example their domestic industries and great power relations. Nevertheless, I encourage future research in the foreign energy policy of the other Central Asian states, Kazakhstan would pose a particularly interesting case study as it shares Turkmenistan's diversification objective for its oil and gas reserves.

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DISSERTATION PROJECT

Name: Emma Welsink

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Academic year: 2018/2019

Dissertation title: Geopolitical rivalry in Central Asia and Turkmenistan's power as a weak state

Expected date of submitting: 10-05-2019

Head of the Seminar: Mr. Vykoukal

Supervisor: PhDr. Jan Šír, Ph. D

Title:

Short description of the topic: The research will be an analysis of Turkmenistan's energy export diversification strategy/foreign policy behavior as a weak state from independence in 1991 to the Central Asia-China natural gas pipeline agreement in 2006 between Turkmenistan and China. The thesis particularly focuses on weak state's sources of strength against great powers when there exists geopolitical competition between these great powers over the weak state's allegiance. Turkmenistan is analyzed as a weak state vis-à-vis Russia and China as great powers.

Proposed structure:

- Introduction
- Literature review on the concept of weak states and their bargaining power against great powers
- Theoretical framework, discussion of main theory on weak states
- Methodology and Case selection
- Analysis including empirical data examining Turkmenistan's foreign policy affected by geopolitical competition by applying the theoretical framework
- Conclusion
- Bibliography

Sources (basic selection):

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