



Geopolitical Report



Geopolitics of Makhachkala Sea Trade Port in the Caspian Sea and Eurasian interconnectivity

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Geopolitics of Makhachkala Sea Trade Port in the Caspian Sea and Eurasian interconnectivity

by Giuliano Bifulchi*

English

At the beginning of August 2020, the Russian Federation planned to improve the Makhachkala Sea Commercial Port on the Caspian Sea to transform this infrastructure into a logistic hub able to connect Russia with Iran, the Central Asian republics, the Belt and Road Initiative. According to the Kremlin's Strategy 2025 to boost the North Caucasian socio-economic development, the Republic of Dagestan, especially the city of Makhachkala, might become the Russian Eurasian interconnector with regional partners (especially Iran) and Asian markets. This research investigates the Russian strategy to realise a logistic hub in the Dagestani city and the possible repercussion on regional dynamics considering that the city of Makhachkala might challenge the near Baku and the Azerbaijani government's desire to become the Caspian interconnection.

Key Words: Makhachkala Sea Trade Port, Caspian Sea, Russia, Iran, Dagestan, geopolitics, Eurasia

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Introduction

In recent years, the study of Eurasia connectivity has assumed a leading role in the academic world and the media, especially after Beijing launched the Belt and Road Initiative.¹ In this context, the Caspian Sea has assumed an essential role as a point of passage and connection between Europe and Asia and communication and exchange of goods. Since the Caspian Sea has a strategic position in the middle of Eurasia and is rich in natural and energy resources, this region has become an area of competition among international powers and regional actors.

After the collapse of the Soviet Union and particularly since the beginning of the 21st century, the Caspian region has witnessed the contrast between the West (the United States and the European Union) and the Russian Federation. Brussels designated the region as a potential market to diversify its oil and natural gas imports and become less dependent on Russian exports.² Washington has striven to extend the NATO presence in the region to control the Caucasus and Central Asia, counteracting the Kremlin's expansion, confronting Tehran, therefore accomplishing the final mission of governing the Eurasian region and influencing the destiny of the world as predicted by Sir Halford Mackinder's Heartland Theory.³

Since 2013 Beijing has entered the competition between the West and Russia over Eurasia after the Chinese President Xi Jinping launched the Belt and Road Initiative (BRI). Since then, the Chinese government started copiously financing economic and infrastructural development projects in the region, challenging U.S. and Russian interests in strategic post-Soviet republics such as Kazakhstan, Turkmenistan, and Azerbaijan.⁴ The Caspian region appears to be the land bridge capable of connecting Europe and Asia and supporting the implementation of the Chinese BRI, avoiding the Russian

¹ Susan M. Walcott, Johnson Corey, *Eurasian Corridors of Interconnection: From the South China to the Cas*, New York, Routledge, 2014, <https://www.routledge.com/Eurasian-Corridors-of-Interconnection-From-the-South-China-to-the-Caspian/Walcott-Johnson/p/book/9780415857710#>; Alexander Libman, Evgeny Vinokurov, *One Eurasia or Many? Regional Interconnections and Connectivity Projects on the Eurasian Continent*, Washington D.C., 2021, https://www.centralasiaprogram.org/wp-content/uploads/2021/03/ONE-EURASIA-OR-MANY_-1.pdf.

² Ulviyye Aydin, Dina Azhgaliyeva, *Assessing Energy Security in the Caspian Region: the Geopolitical Implications for European Energy Strategy*, Tokyo, November 2019, <https://www.adb.org/publications/assessing-energy-security-caspian-region>, pp. 7–8.

³ Eldar Ismailov, Vladimer Papava, *Rethinking Central Eurasia*, Singapore, June 2010, https://www.silkroadstudies.org/resources/pdf/Monographs/2010_MONO_Ismailov-Papava_Rethinking-Central-Eurasia.pdf, pp. 83–102.

⁴ Matthew Bryza, 'The Greater Caspian region: A new Silk Road, with or without a new belt - Atlantic Council', *Atlantic Council*, february 29, 2020, <https://www.atlanticcouncil.org/blogs/new-atlanticist/the-greater-caspian-region-a-new-silk-road-with-or-without-a-new-belt/>.

Federation. The Caspian Sea is a crucial region in the Piraeus to Khorgos route to connect the port of Athens with Central Asia across the Georgian terminals of Batumi and Anaklia in the Black Sea and the terminals of the ports of Baku and Aktau in the Caspian Sea.⁵ The recent three-way *Cross-Sea Transport Channel Agreement* signed by Azerbaijan, Georgia, and Kazakhstan underlines Beijing's attempt of establishing a Eurasian corridor to link the Chinese Xinjiang region with Europe through the Black and Caspian Sea.⁶

Considering the geopolitical and economic competition over the Caspian basin, special attention should be given to the Makhachkala Sea Trade Port in the Republic of Dagestan. Makhachkala is located in the Republic of Dagestan, a Russian federal administrative entity of the North Caucasus Federal District (NCFD). This Russian territory is well-known for its high unemployment, slow economic performance, interethnic conflicts, local militants and terrorist organisations' violent attacks.⁷ Since its establishment in 2010, the Russian central authority has financially supported the NCFD through the 'Strategy for the Socio-economic development in the North Caucasus to 2025' (from now on Strategy 2025) and the *Kurorti Severnogo Kavkaza* project (North Caucasus resorts project) with the final goal of boosting the regional economic performance and attracting foreign direct investments (FDIs).

The North Caucasus has a significant role in the Russian domestic and foreign policy and the Eurasian chessboard because the region is a 'bridge' between Europe and Asia and a 'barrier/frontier' between the Orthodox and the Muslim worlds.⁸ Nestled be-

⁵ Marat Birimzham, 'Kazakhstan will be a key node in the road to recovery | Seatrade Maritime', *Seatrade Maritime News*, June 19, 2020, <https://www.seatrade-maritime.com/opinions-analysis/post-covid-world-kazakhstan-will-be-key-node-road-recovery>.

⁶ Tristan Kenderdine, 'Caspian Sea is China's best bet for Belt and Road - Nikkei Asia', *Nikkei Asia*, September 14, 2017, <https://asia.nikkei.com/Politics/Caspian-Sea-is-China-s-best-bet-for-Belt-and-Road>; Chris Devonshire-Ellis, 'Caspian Sea Agreement Paves the Way for Belt and Road Integration - Silk Road Briefing', *Silk Road Briefing*, August 17, 2018, <https://www.silkroadbriefing.com/news/2018/08/16/caspian-sea-agreement-paves-way-belt-road-integration/>.

⁷ Maciej Falkowski, *On the Periphery of Global Jihad. The North Caucasus: the Illusion of Stabilisation*, Warsaw, 2014, https://www.osw.waw.pl/sites/default/files/pw_46_ang_kaukaz-polnocny_net.pdf; Elena Pokalova, 'The North Caucasus: from mass mobilization to international terrorism', *Small Wars and Insurgencies*, vol. 28, no. 3, May 2017, <https://www.tandfonline.com/doi/abs/10.1080/09592318.2017.1307615>, pp. 609–628.

⁸ Abdurahman Abtorkhanov, Marie Bennigsen Broxup, *The North Caucasus Barrier: The Russian Advance Towards the Muslim World*, London, Palgrave Macmillan, 1992; Giuliano Bifulchi, 'The role of the North Caucasus in the Russian Middle East strategy and Russian-Arab world relations', *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*, vol. 23, no. 6, 2018, p. 26.

tween the Black Sea and the Caspian Sea, the North Caucasus geographically and culturally connects Russia to Turkey, Iran, Central Asia, and the Middle East. Given its geographical position, the Makhachkala Sea Trade Port has become vital in the Kremlin's strategy to establish a logistic hub in Dagestan connected to the Belt and Road Initiative (BRI), the Middle East and Central Asia, to secure sustainable growth and strengthen the countries' cooperation. Therefore, the Kremlin's idea of transforming Makhachkala in the main Eurasian corridor on the one side might boost the regional economic development and contrast the Western strategies. On the other hand, if the Russian approach will result in a failure or the Kremlin will not be able to transform the port of Makhachkala into a logistic hub completely, to attract FDI and increase commercial trade, not only the North Caucasus but the entire Russian Federation might face negative consequences in domestic and foreign policy.

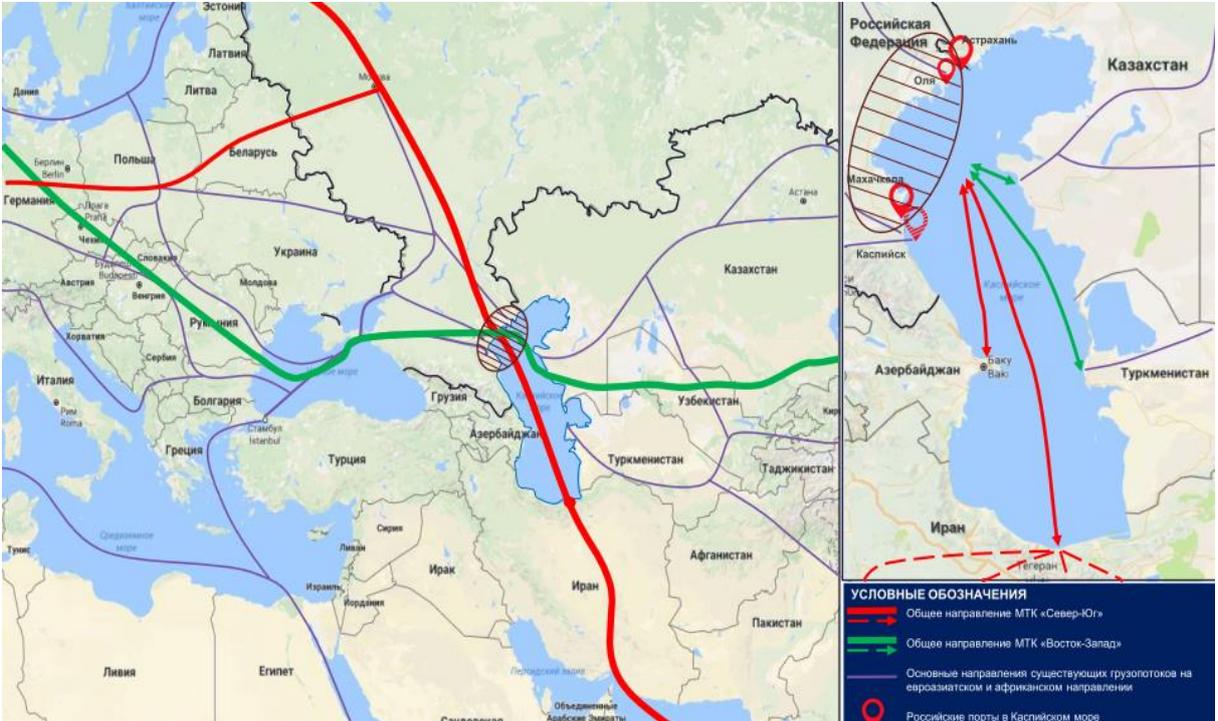


Figure 1 The Kremlin's logistic strategy in the Caspian Sea aims at improving the role of the Makhachkala Sea Trade Port and connecting the region with the North-South and the West-East Transport Corridor. Source: 'Konceptsiya razvitiya transportno-logisticheskogo klastera v Kaspijskom bassejne', Minkavkaz, 2017.

The Makhachkala Sea Trade Port

The Makhachkala Sea Trade Port is the only non-freezing and deep-water port of Russia in the Caspian Sea. It accepts ships up to 150 meters in length and up to 4.5 meters draft. The port infrastructure includes a dry cargo harbour with a transshipment complex with a capacity of 3 million tons per year, berths for general, bulk cargo and containers for 1.2 million tons per year, railway and car ferry terminals with a capacity of

1.3 million tons, and last but not least a grain terminal with a volume of 0.5 million tons per year. There is a railway crossing the Makhachkala Sea Trade Port (the only Russian infrastructure crossing the Caspian Sea) designed for ferries such as *Makhachkala-1*, *Petrovs*, and *Sovetsky Dagestan*. The oil harbour of the port is a modern complex for the processing of petroleum products equipped with high-performance facilities for handling tankers with a carrying volume of 13 thousand tons and a draft of up to 6.5 meters. Near the port, the North Caucasus' largest oil deposit can simultaneously store 540 thousand cubic meters. This deposit is connected to the Baku-Novorossiysk pipeline that transports 5 million tons of oil per year. The Makhachkala Sea Trade Port can handle goods and oil from Kazakhstan, Turkmenistan, Iran and Azerbaijan, reducing the delivery time thanks to the North-South Transport Corridor.⁹

In 2018, the Russian Minister of Defence Sergey Shoigu decided to transfer the Caspian flotilla from Astrakhan to Makhachkala and Kaspiysk in Dagestan to overcome the military readiness' problem that the Astrakhan port had considering that this infrastructure is 100 km far from the Caspian basin on the Volga river which during the winter times is usually frozen.¹⁰ In 2019, the Deputy Prime Minister of Dagestan, Ramazan Jafarov, stressed the importance of speedy completion of the construction and redeployment of the Caspian flotilla and the creation of appropriate infrastructure for the regional socio-political and socio-economic situation.¹¹

In 2019, the Makhachkala Sea Commercial Port was the leader in trade turnover among the Russian ports in the Caspian Sea. The first shipment of diesel fuel produced in Turkmenistan was delivered to Makhachkala in late 2019, for the first time since 2014. In 2019, statistics showed that one of the main problems for the Makhachkala port was the insufficient development of the road network. As the head of Livecargo Company Karen Gomktsyan stated to the Russian media, the local government should have created transit routes between the Dagestani capital and the Kizilyurt side and the tunnel Buynaksky pass to improve the transport situation in Makhachkala itself.¹²

⁹ 'Maxachkalinskij mezhdunarodnyj morskoy torgovyj port. Obshhaya xarakteristika', AO «Maxachkalinskij morskoy torgovyj port», n.d., mmpport.ru: <https://mmpport.ru/общие-сведения/>.

¹⁰ Inna Sidorkova, Konstantin Tkachenko, 'Zachem Shoigu perevodit Kaspijskuyu flotiliyu iz Astraxani v Dagestan', *RBC.ru*, april 2, 2018, <https://www.rbc.ru/politics/02/04/2018/5ac204939a79472f9efd74f7#>.

¹¹ Anton Nikitin, 'Vlasti Dagestana prizvali uskorit' perebazirovanie Kaspijskoj flotilii.', *Vzglyad*, march 31, 2021, <https://vz.ru/news/2019/4/12/973048.html>.

¹² Nurlan Aliyev, 'Russia's Strategic Economic Projects in the Caspian: Reality and Perspectives', *The Central Asia-Caucasus Analyst*, july 22, 2019, <https://www.cacianalyst.org/publications/analytical-articles/item/13581-russias-strategic-economic-projects-in-the-caspian-reality-and-perspectives.html>.

In August 2020, the Russian Federation planned to improve the Makhachkala Sea Commercial Port on the Caspian Sea to transform this infrastructure into a logistic hub. Mikhail Babich, the First Deputy Minister of Economic Development of the Russian Federation, stated that the minister wanted to understand the necessary steps to attract additional volumes of goods to develop the Dagestani economy confirming the Kremlin's desire of boosting its activities in the Caspian Sea.¹³

Although in 2020 the amount of cargo handled by Russian seaports decreased by 2.3%, the port of Makhachkala registered an increase of 10.1% (4.6 million tons). In fact, in 2020, the Makhachkala port took more than 4.7 million tons of cargo which amounted to about 60% of all cargo handled during the year in all Russian ports of the Caspian basin. Makhachkala port's general director, Murad Khidirov, informed the Russian media that in 2021 the local authorities forecast to handle more than 4.8 million tons of cargo. Also, considering that the oil price in the world market might gradually grow, the Makhachkala port could return to transshipments, including oil products.¹⁴

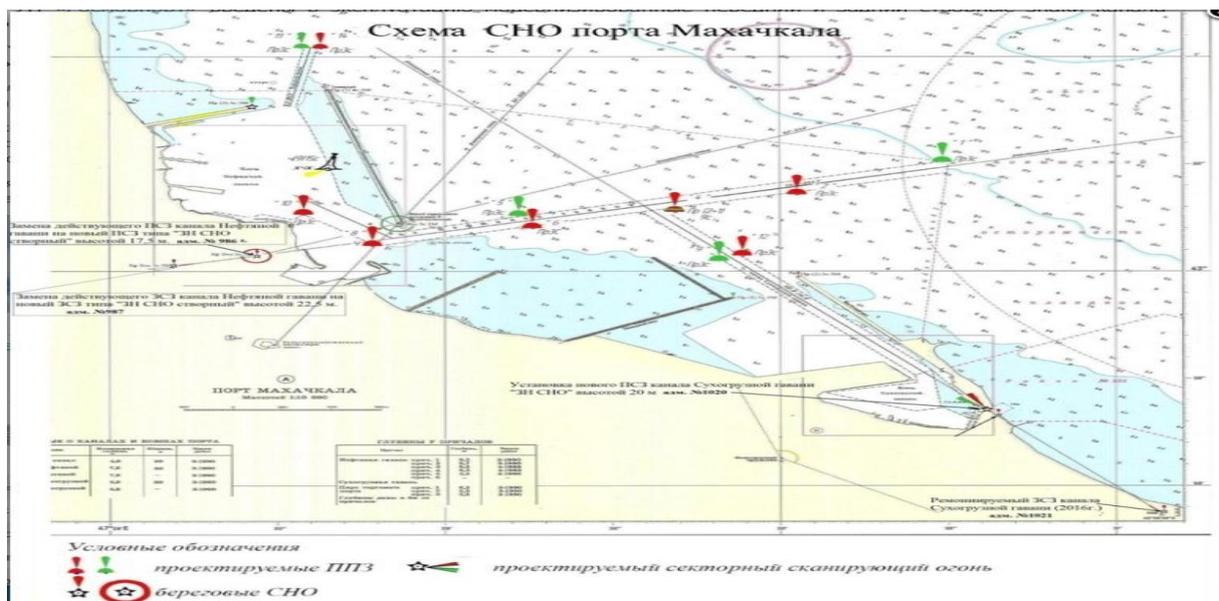


Figure 2 Logistics and infrastructure of Makhachkala Sea Trade Port. Source: 'Vvedeny v ehkspluataciju perednij i zadnij stvornye navigacionnye znaki kanala Neftjanoy gavani porta Mahachkala', *PortNews*, august 6, 2018. <https://portnews.ru/news/262402/>.

¹³ 'Perspektivy razvitiya Maxachkalinskogo morskogo porta', *RGVK Dagestan*, july 28, 2020, <https://www.rgvktv.ru/obshchestvo/67410>.

¹⁴ 'Maxachkalinskij port v 2020 godu perevalil 60 % vseh gruzov v Kaspijskom bassejne v RF', *Korabel.ru*, january 30, 2020, https://www.korabel.ru/news/comments/mahachkalinskiy_port_v_2020_godu_perevalil_60_vseh_gruzov_v_kaspijskom_bassejne_v_rf.html.

In December 2020, the Association of Transport Security and the Fund Transport Security established the award 'Transport security Russia 2020' (*Transportnaya bezopasnost' Rossii — 2020*) with the Russian Duma and the Russian Ministry of Transport's support. The Makhachkala Sea Trade Port Company (*AO Maxachkalinskij morskoy trgovyj port*) won the award for the 'best STI or carrier of sea or river transport that has implemented the requirements in the field of transport security'.¹⁵

On February 16th, 2021, the Dagestani Ministry of Transport and Roads, Shirukhan Gadzhimuradov, chaired a meeting to create port infrastructure to organise sea tourism on the Caspian Sea. Among the participants, there were members of the Dagestani minister and representatives of the local FSUE Rosmorport Makhachkala branch who discussed the development of sea tourism in the cities of Makhachkala and Derbent to support the order of the Government of Russia No. 1365-r of June 25th, 2019 which aims at developing the Russian seaports on the Caspian basin and regional rail and road infrastructures in the period up to 2030.¹⁶

At the beginning of March 2021, the Dagestani Head of State, Sergey Melikov, stated that Makhachkala port might be privatised to exploit all the potentialities of development that the infrastructure offers.¹⁷ The privatisation of Makhachkala port aims at attracting foreign investors in the infrastructural development projects considering that at the beginning of 2020, as the general director of the seaport Muradom Khidirovym reported, 100% of the port's shares were State-controlled.¹⁸

The Iranian 'factor'

Iran plays a pivotal role in Russian foreign policy because Tehran is an opportunistic Russia's ally against the U.S. 'Anaconda strategy' that Washington elaborated to sur-

¹⁵ 'AO «Maxachkalinskij morskoy trgovyj port» — Maxachkalinskij trgovyj port – laureat Nacional'noj premii «transportnaya bezopasnost' Rossii-2020», AO «Maxachkalinskij morskoy trgovyj port», november 18, 2020, <https://mmport.ru/махачкалинский-торговый-порт-лауре/>.

¹⁶ 'V Dagestane rassmatrivayut vozmozhnost' stroitel'stva morskix passazhirskix terminalov v Maxachkale i Derbente', *Morskie Vesti Rossiy*, february 18, 2021, <http://www.morvesti.ru/news/1679/88284/>.

¹⁷ 'Pravitel'stvo RF rassmatrivaet privatizaciyu porta Maxachkaly', *IA Krasnaya Vesna*, march 4, 2021, <https://rossaprimavera.ru/news/46227671>.

¹⁸ 'Vmesto Maxachkalinskogo porta privatiziruyut tualet Central'nogo Banka', *Novoe Delo*, january 12, 2020, <https://ndelo.ru/novosti/vmesto-mahachkalinskogo-porta-privatiziruyut-tualet-centralnogo-banka>.

round Russia and create a surveillance network in Eastern Europe, the Near East, Central Asia and Southeast Asia.¹⁹ In recent years the world of international relations has witnessed the rise of the Iranian-Russian partnership on regional and global issues such as the Caucasus, Central Asia, and the Middle East.²⁰ Incontestably, Tehran shares geopolitical and economic interests with Moscow in Syria and Iraq. The Islamic Republic of Iran might counterbalance the rising Turkish role in the Caucasus and Central Asia²¹ as prevent NATO influence in Eurasia and limit Salafi and Wahhabi ideology promoted in the post-Soviet space by Saudi Arabia, Qatar, and Pakistan.



Figure 3 The Caspian basin in the framework of the North-South Transport Corridor. Source: Moria4ok, 'Kaspijskaja petlja', *Kont*, October 25, 2016. <https://cont.ws/@Moria4ok/410091/full>.

¹⁹ Ali Reza Jalali, 'Il limes tra il mondo russo e mondo iranico. Una questione geopolitica controversa', *Geopolitical Report*, vol. 2, 2016, http://www.asrie.org/wp-content/uploads/2016/10/Geopolitical-Report-Volume-2_2016_Russia.pdf, pp. 63–73.

²⁰ David Jijelava Hamed Kazemzadeh, Andrea Weiss, Yana Zabanova, 'Iranian Influences in the Caucasus', *Caucasus Analytical Digest*, vol. 92, 2017, www.laender-analysen.de/cad, pp. 1–18; Emil Avdaliani, *Tehran-Moscow Cooperation Goes Beyond Syria*, January 24, 2019, <https://besacenter.org/wp-content/uploads/2019/01/1072-Iran-Russia-Cooperation-Beyond-Syria-Avdaliani-final.pdf>.

²¹ Giuliano Bifulchi, 'Turkey and pan-Turkism in Central Asia: challenges for Russia and China', *ASRIE Analytica*, May 3, 2021, <http://www.asrie.org/2021/05/turkey-and-pan-turkism-in-central-asia-challenges-for-russia-and-china/>.

Since the Kremlin aims at playing a leading role in the Caspian Sea and the Makhachkala Sea Trade Port is a crucial asset in this strategy, the Russian Federation has recently improved its commercial and cultural cooperation with Iran by inviting Tehran to be actively involved in the North Caucasian market and Dagestani infrastructural and socio-economic development projects. Essentially, Dagestan's location is vital to the growth of the North-South Transport Corridor between Russia and India and Russia's ability to extract, export, or else transship Caspian oil supplies. Iran has a cardinal role in the Russian attempt to seize a more significant share of Caspian trade and prevent Azerbaijan from dominating the East-West transit of goods through the Caucasus and Europe.²²

On the one hand, the Kremlin has striven to attract Iran into the North Caucasus. On the other hand, the NCFD has an exceptional value for the Islamic Republic of Iran since Tehran remains the largest exporter of the North Caucasian republics together with Azerbaijan, China, and Germany. The U.S. sanctions pushed Iran and Russia to find alternative markets and trade routes to avoid the economic embargo. Therefore, the North Caucasus has become one of the most profitable routes for Russia-Iran commercial trade and goods movement through the Caspian Sea.²³ Indeed, since the oil price crisis, U.S. sanctions against Iran and the pandemic, the Islamic Republic of Iran has looked at the NCFD as the ideal economic market where Tehran can export its hydrocarbon and agricultural products in conjunction with Russia's import restrictions following European sanctions.

After the Iranian Nuclear Agreement signed by Iran and the P5 + 1 countries (United States, United Kingdom, France, China, Russia, plus Germany), Tehran tried to become an essential player on international markets by allocating large sums to investments abroad. At the time of the agreement, the diplomatic crisis between Russia and Turkey due to the shooting down of the Russian Sukhoi SU-24 plane by Turkish military forces pushed the Kremlin to issue economic sanctions against the Turks and created an opportunity for Iran to replace Turkey's financial and entrepreneurial presence

²² Kamil' Gadzhiev, 'Dagestan sozdaet platformu dlya integracii v transportnyj koridor «Sever-Yug» ', *Argumenti i Fakti Dagestan*, december 11, 2017, https://dag.aif.ru/society/dagestan_sozdaet_platformu_dlya_integracii_v_transportnyy_koridor_sever-yug; Nicholas Trickett, 'Russia and Iran on the North-South transport corridor: security, control, and power | Global Risk Insights', *Global Risk Insights*, march 28, 2017, <https://globalriskinsights.com/2017/03/russia-iran-north-south-transport-corridor-security-control-power/>; N. Aliyev, *cited*.

²³ 'Severnyj Kavkaz – samyj vygodnyj region dlya vyxoda na rynki Irana', *Torgovo-promyshlennaya palata Rossijskoj Federacii*, december 12, 2017, <https://tpprf.ru/ru/news/severnyy-kavkaz-samyy-vygodnyy-region-dlya-vykhoda-na-rynki-irana-i219267/>.

in the North Caucasus to find another access channel to the Russian Federation market.²⁴ The Republic of Dagestan has turned out to be one of the leading Iranian targets in the NCFD since Tehran and Moscow discussed the possibility to create a 'Green Corridor' that would favour transport and the export of agricultural products in the region through the Caspian Sea.²⁵

Based on common goals on the Eurasian chessboard and the economic partnership brought about by Western sanctions, the Islamic Republic of Iran has become the privileged geopolitical actor with whom Moscow can cooperate in the North Caucasus to attract Iranian investments and increase foreign capital in the regional projects focusing on tourism and agribusiness. Simultaneously, Moscow is welcoming an economic partnership with Iran more than with other nations of the Arab-Muslim world, such as Saudi Arabia, the United Arab Emirates, and Egypt. These Arab countries have proven their ability to destabilise the North Caucasus and encourage local terrorism through their religious ideological campaign based on the promotion of Salafism, Wahhabism or political Islam.²⁶ Furthermore, unlike the Gulf countries, the Islamic Republic of Iran has been a historic enemy of the United States since its birth in 1979. Therefore, the significant Iranian presence in the North Caucasus region could further deter the threat of the enlargement of NATO in the area.

Geopolitical consequences

There is an open competition in the Caspian Sea between Azerbaijan and Russia in energy logistics. The rise and development of the Makhachkala port can strengthen Europe-Asia connectivity and cause significant geopolitical changes in the regional balance.

The Russian Federation has elaborated a logistic and socio-economic development strategy in Dagestan to transform the North Caucasian republic into a logistic hub, especially the city of Makhachkala. To realise this project, the Kremlin needs internal stability and security and the modernisation and full development of the local ports. In this context, the rise of Makhachkala (and Lagan, Olya, and Astrakhan) seems to be

²⁴ Valery Dzutsati, 'In Courting Iran, Russia Seeks Politically Safe Foreign Investment for the North Caucasus', *Eurasia Daily Monitor*, vol. 13, no. 87, may 2016, <https://jamestown.org/program/in-courting-iran-russia-seeks-politically-safe-foreign-investment-for-the-north-caucasus-2/>.

²⁵ 'Russia Setting UP "Green Corridor"', *Financial Tribune*, april 25, 2016, <https://financialtribune.com/articles/domestic-economy/40250/russia-setting-up-green-corridor>.

²⁶ Ramazan Alpaut, 'Kak shiitskij Iran probiraetsja v sunnitskij Severnyj Kavkaz', *Kavkaz. Realii*, november 16, 2017, <https://www.kavkazr.com/a/kak-shiitskiy-iran-probirayetsya-v-sunnitskiy-severnyj-kavkaz/28855726.html>.

part of the geopolitical game that has characterised the entire Caucasus and Caspian regions since the beginning of the 21st century. The control of energy pipelines, communication and interconnection ways might help the Kremlin counter the EU and U.S. strategy in the post-Soviet space orchestrated to diversify the oil and gas market and decrease the dependence on Russian exports.

Iran has a strategic role in Makhachkala port's development because Tehran has at different times asserted its support in regional development projects. A close partnership between Moscow and Tehran might counter the EU strategy in the South Caucasus and Brussels' attempt to exploit the port of Baku as the logistic hub interconnected with Central Asian markets and the BRI. These purely economic interests could improve Russian-Iranian relations, thus promoting the image of Russia in the Shiite Muslim world at the expense of the Sunni one. By contrast, the Iranian involvement in the North Caucasian socio-economic development might accentuate some contrasts between Tehran and the local Muslim community divided between a majority of Sunni Sufi Muslims and a minority of Sunni Salafi Muslims.

The rise of the Makhachkala Sea Trade Port threatens the near city of Baku, the capital of Azerbaijan, where the local authorities have invested vast amounts of monetary funds in developing the city port and the local infrastructure to transform Baku and entire Azerbaijan into a Eurasian logistic hub. In 2018, the Azerbaijani Government inaugurated the Baku International Sea Trade Port, describing this project as the largest in the Caspian basin. According to Azerbaijani authorities, when it will be completed, the Baku International Sea Trade Port will process 25 million tons of general cargo and will receive 11 vessels simultaneously. The port is located 70 km from the Azerbaijani capital in the Alat settlement, where national railway and highway networks converge. Baku should become the Europe-Asia interconnector in the Azerbaijani leadership's strategy since cargo from Asia can reach Europe exploiting Baku-Tbilisi-Kars (BTK) Railroad. Due to its large capacity, strategic location, and modern infrastructures, the Baku International Sea Trade Port is considered a logistic hub in the Caspian basin that might create advantageous conditions to expand cooperation and increase the trade volume among the regional countries and support the North-South and East-West corridors.²⁷

²⁷ Orkhan Baghirov, 'Competition Among Ports in the Caspian Sea and the Significance of the Port of Baku - Jamestown', *Eurasia Daily Monitor*, vol. 17, no. 145, October 2020, <https://jamestown.org/program/competition-among-ports-in-the-caspian-sea-and-the-significance-of-the-port-of-baku/>.



Figure 4 Military and energy infrastructures in the Caspian Sea. Source: Moria4ok, 'Kaspijskaja petlja', *Kont*, October 25, 2016. <https://cont.ws/@Moria4ok/410091/full>.

Conclusion

The Makhachkala Sea Trade Port has become one of the main strategic Russian assets on the Caspian basin in logistics, commercial trade, and oil and gas transport sectors. The massive investments that the Kremlin promoted to improve Makhachkala port's activities and capacity underline that this infrastructure might outshine the Baku International Sea Trade Port. Considering that Azerbaijan is among the main partners in the EU Eastern Partnership and EU Energy Security Strategy (by which Brussels planned to diminish its dependence on Russian energy export) and the Caspian Sea is the epicentre of several energy pipelines and projects which link Central Asian and Caucasian oil and gas fields to Europe, if Moscow were to succeed in transforming the port of Makhachkala into the Eurasian transport and logistics hub, the EU would be forced to strengthen its ties with Russia. This eventuality could change the geopolitical balance in the Eurasian region, favouring the Russian Federation and pushing Brussels to change its policies towards Moscow.

In conclusion, since Russian-Iranian cooperation in the Caspian Sea has become more active in different fields and due to the influence that Moscow wields over Kazakhstan and Turkmenistan, the EU should consider the increasing role that the Makhachkala

Sea Trade Port is playing in Europa-Asia connectivity because the complete affirmation of this infrastructure as the Eurasian logistic hub will increase Brussels 'dependence' on the Kremlin. In this framework, it is possible to predict that the Caspian Sea region will continue to play a vital role in Europe-Asia connectivity and attract more and more interests from regional and international actors interested in shaping local dynamics.



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As part of series of reports in which ASRIE Analytica researchers examine the geopolitical implications of national strategies, this report explores the role of the Makhachkala Sea Trade Port in the Russian Caspian Sea policy. In particular, this investigation stresses the Kremlin's strategy to transform the Makhachkala Sea Trade Port into a logistic hub challenging the near Baku International Sea Trade Port and strengthening the Russian-Iranian cooperation in the Caspian region.

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