

Geopolitics and Business Development in the Caspian Region

17-18 September 2005 | Judge Business School | University of Cambridge





Conference Report
Hratch Tchilingirian and Stacy Closson

This report summarizes the ideas, observations, analyses and discussions presented by 25 speakers and panelists, and scores of delegates who took part in the conference on “Geopolitics and Business Development in the Caspian Region” at the Judge Business School, University of Cambridge. Views expressed here do not necessarily represent the position of Eurasia Programme or Judge Business School or the University of Cambridge. The report highlights the main issues as presented and discussed in the conference. We hope it would stir further reflection and thinking and would enhance the continuation of the dialogue started in Cambridge.

Geopolitics and Business Development in the Caspian Region
17-18 September 2005

<i>Sponsors & Partners</i>	<i>Delegates from</i>	
Alcatel	Armenia	Pakistan
BAE Systems	Azerbaijan	Russia
BBCMonitoring	Belgium	Slovenia
BP	China	Spain
Caspian Investors	Croatia	Sweden
Eurasia House	France	Tajikistan
Mobilex Energy Ltd.	Georgia	Turkey
VivaCell	Germany	UK
	India	Ukraine
	Kazakhstan	USA
	Lebanon	

Executive Summary

The Fourth Annual Eurasia Conference on “Geopolitics and Business Development in the Caspian Region” was held on 16 and 17 September 2005 at Cambridge University's Judge Business School. Over 80 government officials and representatives, business leaders, corporate executives, academics, experts and scholars from over 20 countries took part in the proceedings.

This year's conference reflected the changing geostrategic dynamics in the wider Eurasia region. While in previous years the discussions had concentrated on political events - such as unresolved border disputes, regional conflicts and tensions among major regional players - this year there was more focus on the growing economic interests and opportunities in the Caspian region. Indeed, beyond oil and gas, the scope of issues addressed in the conference has widened to include transportation, telecommunications and the future of the energy sector. In terms of geopolitics, two significant new players and investors, China and India, have assumed larger economic and strategic roles in the Caspian region.

Was this an
evolutionary or
revolutionary
year in Eurasia?

The conference took place at a critical juncture in world affairs and global energy issues in particular. For instance, the effects of the conflict in Iraq on the energy markets, the debate and conflict over Iran's nuclear programme, near-term shortages in refined oil, and the effects of Hurricane Katrina are yet to be fully realised. On the other hand, the energy-rich Eurasia region itself is still going through a process of transition, including changes in leadership, the opening of pipelines and agreements for new routes, unresolved conflicts and security concerns, growing disparities in economic growth and alarming freedom and human rights abuses.

Several issues were identified as future challenges and became focal themes of discussions. Was this an evolutionary or revolutionary year in Eurasia? What are the qualifiers and quantifiers of 'success' in the transformation of political environment and who should be the 'judge'? Is this resource-rich region going to change at a more rapid pace in the future and where would the main geopolitical influences come from? What do political institutions and business want for the region; are their goals complementary or contradictory? And what are the potential opportunities for business development in the transportation and telecommunications sectors?

Larger questions that need further exploration and discussion are related to the actual effects of energy development and transportation on societies in the region and on the environment. It remains to be seen whether political (governance) and economic (structural) developments would complement each other in this still transitional region and bring prosperity to their societies or whether narrow political interests would pose hindrances to business development and equitable growth.

1. Political Evolution or Revolution?

Time will tell whether the events in Georgia, Ukraine and Kyrgyzstan were revolutions or just changes of leadership; whether these “revolutions” were real shifts in governance or a continuation of the abuse of power. Some argue that transformation requires a strong leader, but the revolutionary leaders in this region are yet to deliver real improvements to their people and are politically weaker. Indeed, it is important to measure the success of 'Orange movements' beyond the role of individual actors. There is agreement that the lack of strong institutions, transparency, rule of law and freedom of expression make measuring political transformation in the post-Soviet space more difficult. Perhaps one measure is to see whether foreign businesses are investing in the local economy and whether “revolutions” lead to economic progress. Conversely, are economic indicators clear signs or measures of political progress?

Priority is another question: which one comes first, political or economic reform? Some argue that economic reforms before political reforms may work, for example, in Kazakhstan, but it may not work in Georgia, Ukraine or Uzbekistan. Indeed, two major players in Eurasia, China and Russia, present the two varying examples of the process. China exercises centralized control in economic growth, while Russia is attempting to simultaneously develop a market oriented economy and a liberal democracy. Nonetheless, many agree that in the long run sound economic transition should go hand-in-hand with political transformation.

Some argue that the sweeping changes at the top should not be labelled as ‘revolutions’. Suspicion and narrow self-interest among the region’s leaders have halted the momentum for transformational movements across the region. Unpopular leaders continue to perpetuate the idea that radical or “revolutionary” change of leadership would not actually change the existing system. Others contend that those who came to power in Kyrgyzstan, for instance, had strong links to organized crime.

Another question is the significance of the ‘Orange movements’ in the region. Are they an extension of the wider East-West struggle or US-Russia competition for influence in the region? Or are they rather an indication of true generational change, which are bringing new ideas, dynamism and more western influence to the region? There is evidence that the new and stronger middle class in the region is looking for outlets in their respective countries for political and economic opportunities. Thus, the future would appear to hold more efforts of this type.

There is also a general impression in Russia and some CIS countries that the EU or the West is conspiring to export ‘Orange revolutions’ in the region. Many in the region fail to make the important distinction between principles

the new and stronger middle class in the region is looking for outlets in their respective countries for political and economic opportunities

and processes, which the EU supports, and individuals who run various movements. For instance, more attention should be given to preparations leading up to elections rather than just focusing on monitoring, which is not an exact science. It is argued that if dissent is stifled and discussion of ideas are not part of the election process, then the result would likely be the election of a 'favored candidate' without real change. As examples show, governments based on fair principles are much stronger and have more legitimacy to govern.

2. The Future Geo-political and Geo-economic Landscape

Perspectives on the region vary according to parties and their interests (e.g., religion, geography or natural resources). The question is whether Eurasia will become a region of international cooperation or a battlefield of conflicting interests. Will the countries in the region seek unilateral, bilateral or multilateral frameworks to address security issues? While currently the security trend is mainly unilateral - and in some instances bilateral - there is a gradual merger of security interests and concerns and a growing shift towards the formation of regional security and cooperation organisations, such as the embryonic Eurasian Community.

A number of delegates underlined the growing role and influence of China in the Caspian region. It was predicted that perhaps in 20 to 30 years time, the biggest winner in this region would be China. For instance, Uzbekistan is surviving thanks to loans and investments from China. The Kazakhstan-China pipeline is vital to both countries' economic growth. On the other hand, the competing efforts of India and China to purchase Petrokazakhstan underlined the impact of economics on geopolitics. Even as the Chinese won the competition, India is likely to increase its influence in the region with pipeline construction - although not on the level of China. Meanwhile, Iran has great potential, especially as an alternative pipeline route; however, given Tehran's political isolation any movement in this direction is unlikely in the near future.

The gravity of power in Central Asia is shifting from the US to Russia in the background of growing Russian-Chinese relations. Yet, Russia's relative power may decline as it faces the challenge of restructuring qualitatively its relations with regional states from a superpower to a partner. Some argue that the declining US and EU influence in Central Asia could perhaps be improved through more opportunities of direct investments. Others argue that opposition to the West may decrease once Central Asia becomes more prosperous economically.

As for Russia, it is not clear whether it will become a powerbroker or a part-

**India will
become an
'oilaholic' in
about five
years time**

ner in the realm of energy security. Some argue that Russia ought to reconfigure its political and business architecture to address the economic realities of the region. While there are elements of economic cooperation that makes sense in a post-Soviet era, Russia needs to explore new models of economic cooperation and business partnerships. Today business interests do not have national boundaries and Moscow would find it increasingly difficult to block or influence third party deals.

The near-term role of the EU in the Caspian region is not clear. Turkey's potential entrance into the EU may increase European influence in the region, however, that is unlikely in the foreseeable future. Some believe that the EU is experiencing 'expansion fatigue' and therefore it may not expand further east. Others argue that the institutional enlargement of the European space should be seen separately from the expansion of European laws and norms into the Caspian region. These processes can be parallel, as evidenced by Ukraine's harmonization of its regulations with the EU, for the establishment of a democratic and sustainable economic framework, even without a formal EU offer of membership.

Central Eurasian countries are experiencing various levels of transition and overlapping integration. The challenge is to find ways to manage shared and contradictory goals. One such area is the need for a new approach to energy security, diversification of supplies and cooperative mechanisms in the region. Previously, energy security was about diversification of sources for consumers; today it is increasingly about suppliers. For instance, the strong push to gain access to retail markets in the West is resulting in cross-ownership schemes (swap shares to provide access to markets).

Existing regional political and economic clubs - such as the Eurasian Economic Community, Shanghai Cooperation, CIS, NATO PfP and GUAM - present a mosaic of overlapping integration processes in Central Eurasia. A 'Great game' rhetoric or approach to these developments is not useful. There is a need to open a wider dialogue where all legitimate interests are recognised. A potential cooperation formula would include strong relations among Russia, China, the West (US/EU) and the countries in the Central Asian neighbourhood.

India will become an 'oilaholic' (like the US and China) in about five years time. Indeed, India's gas demand is so large that it will most probably influence future prices. As a big and growing democracy, India is searching for business opportunities in the wider region and directing investments from Sakhalin to the Sudan. Even India's recently found large offshore gas deposits are unlikely to meet half of its domestic demand, estimated to jump from 82 cubic meters per day to over 400 by 2025.

Increasingly India is paying serious attention to the Caspian region for continued expansion of LNG sources and transportation routes. India could also play a critical role in the establishment of a series of pipeline systems, for instance: through Iran and Pakistan to India and on to China; from Afghanistan to India; and others. However, currently these possibilities are seriously challenged by the sanctions on Iran. It is believed that India's state-owned or state-backed companies have an advantage over conventional private companies in the US, Europe and Japan. They are better positioned to

offer energy deals as part of larger diversified trade packages and deals, which may include bartering rather than straight cash.

China's increased development and opening up of its northwestern frontier is connected to Beijing's vital interests in the Caspian region. There are huge supply-demand opportunities for China in Central Asia. In turn, this benefits the energy-producing countries' need to diversify upstream transportation routes for oil and gas from the Caspian and boosts the economies of the region. Now that China is at the verge of owning Petrokazakhstan, the fourth largest producer in Kazakhstan, there are opportunities to transport oil from the Caspian through pipelines rather than rail, which would break Russia's (Transneft) monopoly. Eventually, pipelines could be extended into China's domestic market. Some analysts believe that these projects are feasible, but question the ambitious timetable (estimated completion 2010/2011) and the cost estimates of the Chinese-Kazakh deal to construct pipelines from Kazakhstan to China.

The thinking in Beijing is more towards a 'peaceful rise' in the international arena rather than through 'confrontation'

It is likely that cooperation in the energy sector would lead to a variety of other business ventures and cooperation between China and Central Asian partners. This could include national companies and local governments, as well as potential roles for Western companies to invest and infuse projects with technology and know-how.

In recent years, the Chinese leadership has paid considerable attention to relations with Caspian countries. The thinking in Beijing is more towards a 'peaceful rise' in the international arena rather than through 'confrontation'. It is argued that China cannot afford a military confrontation, even in the case of Taiwan or Japan, unless it is a matter of 'face', such as declaration of independence by Taiwan. Furthermore, it is believed that as businesses operate in a freer environment in China, the influence of the government will gradually decrease. Nevertheless, China still needs to improve human rights in the country and do more people-to-people diplomacy in the West, rather than just leader-to-leader relationships.

3. Business and Politics: Complementary or Conflicting?

A number of critical issues in the region continue to pose impediments to business development. The list includes ongoing and potentially explosive conflicts, for instance in the North and South Caucasus, political instability, corruption, rise in drugs, human and weapons trafficking through organized criminal elements, internally displaced persons and poverty.

On the other hand, progress towards resolving the legal status of the Caspian could greatly enhance future business opportunities in the Caspian Sea region. There is positive progress in this direction, however, the Iranian position continues to evolve as Tehran attempts to adjust its position vis a vis the

fact that already bilateral or trilateral agreements have been signed by several littoral states, led by Russia and Kazakhstan. Even as Iran is carefully studying the developments in the legal direction, five key issues of legal convention are critical to the process of delineation of the Caspian Sea: legal status of the water, property rights of the seabed, military presence, transit, and oil and gas infrastructure.

Iran's nuclear ambitions and possible further sanctions remain at the forefront of international affairs. Analysts believe that the problem is solvable in the near term. However, pipeline politics in the Caspian region, including upstream routes and development of businesses, remain mired in unresolved conflicts (e.g. Abkhazia, Karabakh, South Ossetia, Chechnya), blockades (of Armenia by Azerbaijan and Turkey; of Abkhazia by Georgia), sanctions (Iran) and ecological concerns (oil spills in the Caspian Sea, Bosphorus Straits).

In terms of business models, there are a number of questions related to especially Russia. What types of businesses should operate in the Eurasian energy sector? Is Russia a more or less big business? Should Russia consolidate or unbundle its energy companies? Should they be private or state-owned? In the end it is important for confidence in Russia that the Yukos affair is a one-off or isolated case. It was argued that business would develop and investments would be made, especially in the energy sector, only when companies felt secure and confident to operate in Russia.

Energy from the wider Caspian region is increasingly an important issue for Europe as well. Decisions and policies made in Brussels and regional capitals in the coming years will probably have a major impact on European investors and citizens. Indeed, the way EU-Central Eurasian relations are managed could influence the region positively in the long run. Successful cooperation in the energy sector could create advantageous conditions for future cooperation in other areas, such as the problem of terrorism, drug trafficking, and illegal immigration/migration.

An ongoing debate pertinent to this region is the question as to whether it is wise to remain a single resource-based economy given the lifespan of hydrocarbon profits. Oil-based economies have a history of damaging long-term economic growth and corrupting governing bodies (e.g. Nigeria). In the short term, Russia is likely to remain a hydrocarbon- and natural resource-based economy. The case of Azerbaijan is still unclear. Will the enormous increase in oil revenues bring opportunities for prosperity or will it bring the dangers of Dutch Disease with relatively no impact on living standards in the country? There are some encouraging signs in Azerbaijan. The challenge is openly acknowledged and the government is attempting to bring more transparency and accountability in the energy sector.

The election of the new President in Iran, a reflection of rising nationalism in the country, was a surprise to observers both inside and outside Iran. The election has two main implications. First, those who fought the war with Iraq in 1980-88 are now running the state (and not the victors of the 1979 Revolution) and there are real divisions between the reformist (business) and conservative factions. Second, the supreme spiritual leader is now in charge of state affairs and the country. His position is unlikely to be challenged in the

The way EU-Central Eurasian relations are managed could influence the region positively in the long run

near future. Iran's economy is in a dire condition and is getting worse. There is no real economic program in the country and the government continues to spend oil revenues irresponsibly. Tensions between the government and society are likely to grow, but not threateningly.

In the context of regional developments, there is business interest and need to cooperate with Iran in building new pipelines to reach the Indian market, but politics has and could continue to block cooperation. Since the new President's election, relations between Iran and the West have worsened. Tehran seems to believe that it could find ways around the sanctions by taking advantage of the seemingly divergent approaches among Western powers. However, Iran's continued pursuit of nuclear ambitions will have the opposite effect. Despite differences among Western countries, it is highly unlikely that Iran would be successful in alleviating the effects of the sanctions.

4. Future Directions

Future development directions in the region include telecommunications, alternative routes for transport of hydrocarbons, and other energy resources beyond oil and gas.

While multibillion investments have been made in energy resources, pipelines, railroads and roads, far less has been done towards building communications infrastructure to connect the Caspian region with the outside world. WTO integration and railway competition could be positive factors for the development of telecommunications in the wider region. Indeed, the development of IT and telecom sectors are not dependent on oil and gas and all the countries in the region have capabilities of developing the necessary infrastructure. However, good planning and business vision are critical to the success of these sectors. Many argue that the long-term prospects for success is not in oil and gas, but in a knowledge-based economy and untapped human talent in the region.

long-term prospects for success is not in oil and gas, but in a knowledge-based economy and untapped human talent in the region

Even as the global economy has become the driving force in linking states and societies, it has created growing disparities between developed and undeveloped nations. Information Technology can bridge this gap domestically (urban and rural) and between developing and developed countries. The development of a serious IT sector in a country could, arguably, enhance liberalization, privatisation and attract foreign investments. For example, in recent years Chinese companies have become strong competitors of Western companies. It would be a mistake to equate progress with development of infrastructure alone. Business investment must broaden to include services, application, functionality and controlling processes. The global IT market grows 9% every year or \$40bn in 2004. Global IT users tend to outsource (the US and Canada outsource to India and China). And yet, there are no major foreign R&D facilities in the Caspian region outside of Russia. India has a dedi-

cated IT education programme and is therefore capturing the market.

The challenge is to raise funds and create an environment that attracts investments. Tajikistan, for example, has a moratorium on import tax for the next five years, whereby no customs duties are paid and VAT is low at 5 percent. There are laws protecting business investments and the EBRD has provided development funds. Recently, the Chinese won 75 percent shares in a digital networks project in Tajikistan. The government's plan is to privatize all state owned companies in the telecommunications industry.

Eurasia could better promote the region through knowledge-based markets, first, by creating international linkages and establishing trust in the regional markets. Uzbekistan, for instance, has serious political problems and is unlikely to attract investments. Secondly, Eurasia could create human linkages based on the example of India's and Israel's diaspora communities, who contribute to business success in their respective homelands. Third, new laws should be instituted and enforced in the region to protect businesses and investments, for instance, by eliminating piracy. Fourth, put in place a national plan for development, which requires top-down support of and coordination among government leaders, various ministries and all stakeholders. Finally, create a national infrastructure that would make long-term development possible. Given the high level of scientific knowledge and specialists in this part of the world, one possible niche market in the Caspian region is the development of specialty software, for example security software and applications. The market is already entering a second phase of technology. A parallel infrastructure with content applications is being developed. Elite software development combined with massive development in an open atmosphere could allow micro companies in Eurasia to capitalise this niche area.

Another major challenge for future business development is finding alternative energy transportation routes and means. Turkey has plans to develop Ceyhan as the second largest per hydrocarbon volume port in the world after Rotterdam. Alternative transportation routes are being explored, especially those extending from North to South by railroad and potentially by pipeline.

Turkey is strategically located between producers and consumers and is putting into effect plans to enhance world energy access in two directions: East-West and North-South. The Iraq war has had a major impact on Turkey in terms of energy sources, economics and politics. While the pipeline from Iraq to Ceyhan is still operational (oil), it operates far below its capacity of pf 2.5 million bpd. Turkey has been forced to look for oil revenues elsewhere. The Baku-Tbilisi-Ceyhan is expected to come on-line in December 2005 and should offset the loss from Iraq. Paradoxically, a major oil producing country like Iraq is now forced to import oil form the outside: currently Turkish companies supply 40-45 percent of Iraq's oil needs through imports from Syria and Jordan.

Turkey is increasingly becoming a major energy hub: the Shah-Deniz Azeri gas will arrive in Turkey by 2006; there are plans to extend the Russia-Turkey (Ankara) underwater gas pipeline to Ceyhan for export to Cyprus and Israel; another pipeline will extend from Turkmenistan through Turkey to the Black Sea by 2007. Once all these pipelines are in service, Turkey's position as a major energy corridor will be considerable and would make Ceyhan a signif-

It would be a mistake to equate progress with development of infrastructure alone. Business investment must broaden to include services, application, functionality and controlling processes

icant oil terminal. It is also hoped that these new transport routes would provide the alternatives needed to bypass the heavily used Bosphorus Strait (for 3.7% of the world's energy supplies).

One major alternative outlet for hydrocarbons is the North-South transport corridor, which would link Russia with the Indian Sea through railroad, the Caspian Sea via Iranian railroad to the Indian Ocean and to Africa and Southeast Asia. It would take only one-third to one-half of the time required to transport goods from northern Europe to India (10-15 days shorter) as there would be no need for embarkation and the distance would be shorter. Current through tonnage is 6 million with a target of 100 million tons per year. The project was activated after a trilateral Russia-India-Iran agreement was signed in 2000. Since then, Armenia, Oman, Azerbaijan, Kazakhstan and Syria have joined. The UAE has expressed interest, but has abstained from investment due to territorial disputes with Iran.

The project is not a success story yet and there are many sceptics. It has been variously called 'corridor without caretakers' and 'corridor without any requirements'. It requires \$100 million in private investment and substantial support from participating governments. A new investment fund was recently set up in Russia and Moscow has agreed to provide \$2.5 million for 2005. Still, agreement on a single operator appointed by member countries is needed, as well as a plan to compete with alternative projects, such as EU's TRACECA, linking the Caspian region with Europe in an East-West corridor.

Another transport issue is looming for Kazakhstan in 2008/9 when estimates of deposits in Kashagan come on-line. By 2010, Kazakhstan will produce 2 mln bpd and by 2015 3 mln bpd. The CPC pipeline via Russia (Transneft) and the BTC pipeline to Ceyhan may experience capacity problems. While the Chinese route should be operational by then, the controversy over southern route through Iran is likely to remain a major hurdle. Thus, Kazakhstan is studying other possible routes, including via Croatia, Bulgaria, Greece and the Baltic states.

Russia is to remain a major player and factor in the transportation of Caspian hydrocarbons. Oil producing countries in the region do not have direct access to maritime routes, as such the figures of energy carriers from Caspian to world markets is important. In 2004, 42 million tons of hydrocarbons were transported through Russia. In 2005 this figure will be between 50 and 55 million tons. These lines include: Atyrau-Samara-Novorossyisk; Baku-Makhachkala-Novorossyisk; and Atyrau-Komsomolsk-Novorossyisk (CPC). Future plans include increasing the capacity of Atyrau-Samara-Nov (Transneft) and CPC, as well as diversifying export routes of Russian gas to the northeast and southeast.

Russia has several concerns over transportation. Internally, there is a need to diversify transit by constructing more railroad lines in an attempt to break the monopoly pipeline company's hold on the market. Considerations are given to refurbish the North-South line. Externally, Moscow is trying to avoid being cut out of the market due to transit problems through Armenia, which is blockaded by Azerbaijan and Turkey. Russia is also taking into consideration Turkey's ecological concerns and attempting to decrease its use of the Bosphorus Straits.

The North-South transport corridor, which would link Russia with the Indian Sea through railroad, the Caspian Sea via Iranian railroad to the Indian Ocean and to Africa and Southeast Asia. It would take only one-third to one-half of the time required to transport goods from northern Europe to India (10-15 days shorter) as there would be no need for embarkation and the distance would be shorter.

Finally, there are a growing number of alternative energy projects and considerable thought is being given to revitalizing older sources (e.g., nuclear). Kazakhstan, for instance, has set up an Innovation Fund to support petrochemicals and a legal framework for renewable energy investment. There are plans to triple investment figures over the next 5 to 10 years by \$5-10 billion (10 percent of one company's global investment upstream portfolio). Nuclear fuel remains plagued by the fact that irradiated nuclear fuel can be used for nuclear weapons. Research approaching \$100 billion is tied up in various nuclear power fuel stations all over the world. The question remains how to build new facilities while reducing the risk of nuclear terrorism and WMD. The lack of agreement on the matter between the US and Russia is the foremost difficulty in resolving the problem. A team of specialists have prepared a draft agreement on the issue, which will be presented to the US and Russian leaders during a summit in St. Petersburg in July 2006.

Russia's stance towards Iran is critical. New Russian legislation allows companies to send spent fuel to Russia. This could have an impact on the negotiations regarding the Bushehr nuclear plant in Iran, where Russian-supplied fuel is enriched. While Russia possesses modern technology to manage spent nuclear fuel, there is little movement towards assisting Iran in handling such matters. Should Russia sell uranium to Iran, the NPT would impose safety regulations. Other possibilities are Russian nuclear reactor ships, which could be moved to a territory to provide power, while allowing monitoring of the return and decommissioning of spent fuel.

Conclusion

In the coming years and decades, the wider Caspian region will continue to be an important region in international affairs. While in terms of reserves and production the Caspian is not a match for the Middle East, there will be increasing competition for market share in the future. Many believe that the Caspian at best can produce 8-10 mln barrels of oil per day, only two-thirds of the Persian Gulf. However, the global appetite and market for energy is there for everyone to benefit, even though it would take some time for investments in the Caspian to result in the extraction and transportation of reserves into production. A considerable rise in Caspian output is expected in the near future, but the Middle East, still dominated by state companies, will be highly reactive to the market and only expand in times of high demand. As such, it is expected that the commercial elements in the Caspian will move faster to bring in revenues and, therefore, the Caspian is likely to play a disproportionately higher role in production than the Middle East. This will also be affected by the exponentially significant Chinese and Indian interest and involvement in the Caspian hydrocarbon market.

In the coming years, the Caspian appears to be moving towards multiple

transport routes in multiple directions and funded by consortia of investors and government guarantees. The expansion of existing routes and the construction of new ones will depend on prices and markets that each route brings to investors and governments.

The potential and opportunities to develop the non-energy sectors in the region is there, but they need serious national and regional planning, business vision and leadership. Economic development and equitable distribution of national wealth depend on political reforms, transparency, strong legal framework, guarantees of basic rights and openness in society. In this sense, the region is still evolving, both internally and externally.

In addition to Russia and US as major players in the wider Caspian region, China and India have become new players with significant economic engagement and strategic interests. Meanwhile, unresolved conflicts in the region and in the immediate neighbourhood will continue to have an impact on political, military and business developments. In the coming years the wider Caspian region will remain a critical region in world affairs not only for its energy resources, but also for its enormous geostrategic significance.

Conference Programme

Friday 16 September 2005

1000-1015 Introduction

Hratch TCHILINGIRIAN

Associate Director, Eurasia Programme
Judge Business School

Welcome Address

Dame Sandra DAWSON

Director, Judge Business School

Moderator

John DEFTERIOS

Group Vice President, FactBased
Communications (FBC)

1015-1045 KEYNOTE DIALOGUE

Armen SARKISSIAN

Director, Eurasia Programme
and President, Eurasia House International

1045-1130 Discussion

1150-1300 SESSION I

The Caspian and Geopolitics in Eurasia

Erlan IDRISOV

Ambassador of Kazakhstan to the UK

Valentine IVANOV

Member of the State Duma,
Committee on Energy Transport and
Communication, Russian Federation

Vyacheslav KUZNETSOV

President, Eurasia Security Studies,
Russian Academy of Sciences

Eduard FUDKARADZE

Deputy Chief of Government of Adjara
Republic of Georgia

1500-1600 SESSION II

What is Ahead? Economic & Political Outlook

Grigory ROZHKOV

Head of Eurasia Studies, Institute of Social and
Political Studies, Russian Academy of Sciences

Farid JAFAROV

Eurasia Security Studies, Russian Academy of Sciences

Vasil HUDAK

Vice President, EastWest Institute

1620-1800 SESSION III**The Caspian and its Neighbourhood****a. CHINA & ASIA****John ROBERTS**

Energy Security Specialist, Platts

Zhi Zhong QIU

Chairman, Quartz Capital Advisor Ltd.
Hong Kong

b. EUROPE & MIDDLE EAST**Simon SMITH**

Head of Eastern Department
Foreign and Commonwealth Office, UK

Fred HALLIDAY

Professor of International Relations,
London School of Economics

Saturday 17 September 2005**1000-1020 KEYNOTE ADDRESS****Said ZUVAIDOV**

Minister of Communications, Tajikistan

1020-1100 Discussion**Moderator****Hratch Tchilingirian**

Associate Director, Eurasia Programme
Judge Business School

1120-1300 SESSION I**Energy Sources and Markets: Exploration,
Production, Transportation****Oguz ÖZGE**

Director General for Economic Affairs
Ministry of Foreign Affairs, Turkey

Neil CARMICHAEL

Strategic Adviser -CIS, Shell International

Beibut ATAMKULOV

Chairman, Rahat JV, Kazakhstan

Mikhail SAVVA

Chief of Section, Economic Department,
Ministry of Foreign Affairs, Russian Federation

1500-1600 SESSION II

**The Development of Non-Energy Sectors
in the wider Caspian region**

Johan VANDERPLAETSE

Vice President, Alcatel CIS

Björn HEMSTAD

President

Market Unit Eastern Europe and Central Asia

Ericsson AB

Ara MELIKYAN

Head of Middle East and Africa Division

Ministry of Economic Development and

Trade, Russian Federation

1620-1730 SESSION III

Risks, Priorities and Prospects for Eurasia

Vitaly KEONDJIAN

Chairman, Alliance Group,

Association of Non-Proliferation and Ecological Improvement

Ashot DJAZOYAN

General Secretary, International

Confederation of Journalists' Unions;

Director, Eurasia Media Centre, Moscow



CAMBRIDGE
Judge Business School

Eurasia Programme
Judge Business School
University of Cambridge
Trumpington Street
Cambridge CB2 1AG, UK
Tel. +44 (0) 1223 765455
Fax +44 (0) 1223 339595
eurasia@jbs.cam.ac.uk
www.jbs.cam.ac.uk