



## EURASIA AFTER UKRAINE WAR

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Eurasia has a geopolitical importance, with natural resources and many other opportunities as well as risks at the regional and global levels. The recent ongoing Russia-Ukraine war has introduced further instability in the geopolitics of the region. It has also made the region another battleground for the ongoing rivalries, such as Russia and the West, and the U.S. and China. The Ukraine war already implies a lasting impact in the region and beyond, with the reshuffling of alliances concerned in the war. Thus, the Ukraine war affects Eurasian geopolitics and the other countries in the region and neighboring regions have become a central point of discussion, not only within policy circles and but also in academic and expert communities as well. To understand these major dynamics that are reshaping Eurasian geopolitics during the Ukraine war, and to shed light on the main discussions about the current Eurasian geopolitics during the ongoing war, on 15th February 2023, the Center for International Policy Research (CIPR) organized a workshop, in cooperation with the Center of Analysis of International Relations, bringing together scholars, academics and practitioners from Qatar, Azerbaijan, and Türkiye. This policy brief was built upon ideas and opinions discussed in the workshop, entitled "Eurasia after Ukraine War."

### Eurasia and the Impact of the Ukraine War

The Ukraine war has introduced a range of differing instabilities. Since the first anniversary of the Ukraine war without a resolution, the position of the Western powers from the angles of security and economy have affected the course of the war and triggered an energy crisis starting from the EU and reaching the rest of the world. The war has brought great power rivalries into the spotlight. The Western powers responded to the Ukraine war through strict sanctions against Russia that were imposed by the EU, the U.S., and other pro-Western states. The sanctions included restrictions on Russia's financial industry, Central Bank, and energy sector.

The Russia-Ukraine War has brought forward security challenges to Eurasia such as migration from Russia, decrease in remittances and a substantial loss of foreign investment. It has also had socio-economic effects with regards to sanctions, high inflation, budget deficits, and social unrest. Once the present situation in Eurasia is considered, there are changes to regional alliances as well as regional conflicts and tensions.

Before the war, at a time when the tension between Russia and Ukraine was escalating, President Ilham Aliyev visited first Ukraine and then Russia. Azerbaijan continued its traditional balanced policy during this war because Azerbaijan has had deep economic and political ties with both countries. On the other hand, Azerbaijan continued to send humanitarian aid, supporting Ukraine's territorial integrity, while not standing up against Russia. It responded to the security threats created in the region by deepening its military-security cooperation with Türkiye within the framework of the Organization of Turkish States (OTS). In parallel, the Non-Aligned Group brought its policy to the fore and

made its principles more visible in this area. Central Asian security occurs within a multi-level interplay of the powerful roles of Russia and China, and other international regional actors. Russia remains one of the key figures, despite its weakening status after the deadlock in the Ukraine war, and the Wagner incident in mid-2023. The United States is an important player in Central Asia, while China restricts itself to selective engagements. The EU and Iran play less significant roles. Iran has relatively less influence on Central Asia, in which there are four Turkic language speaking countries, Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan. Tajikistan is a Persian speaking country; thus, Iran has more chance of cultural influence in that country. For Central Asia, Afghanistan represents another point of tension and a security threat. Once the internal dynamics in Central Asia are considered, there are also the issues of power transition, border security and water management, among others.

The Ukraine war forces Caspian littoral countries to recognize the great potential for international cooperation in the Caspian region. The cooperation is possible in the sectors of transportation, joint security initiatives, trade, humanitarian issues, and – on the top of all – energy. There are also opportunities for Gulf-Caspian cooperation through intra-regional connections. In addition to energy, agricultural products, more importantly humanitarian issues, further opportunities can be tapped into by the regional countries, namely between Gulf and Caspian states.

### Russia's Economy After the Invasion of Ukraine and Energy Sector

The initial indicators suggest that the Russian economy will have shrunk by at least 8-11% in 2022. This blow to the Russian economy can be seen as the initial wave of the economic shock in reaction to sanctions. While certain stabilization measures have been set, the deterioration of the economic situation has not ended yet. However, scholars argue about

further falls in the economy, and stability in the Russian economy is not yet on the horizon in any sense. It is expected that the contraction of the Russian economy will continue, but probably not as drastically as it did in 2022.

The contraction in the Russian economy is unpredictable. Russia needs the reintegration of its supply and exchange routes to the international economy, and large-scale infrastructural investments to build a viable economy, and of course sustainable financial support to achieve all of these. Energy sector sanctions will continue to have a significant impact on the Russian economy. The scale of negative risk factors affecting the performance of the Russian economy implies a risk of global recession. Considering the natural limits of the oil and gas markets, diminishing logistical options, and the confines of existing pipeline and oil equipment depositors, the fluctuating oil prices will most probably be reality right through 2023 and beyond.

The Russia-Ukraine war has not ended, and it has had various variables and moving parts on the ground. Although Qatar is not geographically part of this conflict, from the economic and humanitarian perspectives, it is very close to this crisis. From the economic perspectives, the Qatar LNG (liquid natural gas) has offered great opportunities for addressing Europe's dependency on other energy. Qatar has positively contributed to dealing with the energy crisis in Europe. After signing contracts with some core European countries, dependency on Qatari energy has increased. From the humanitarian perspective, Qatar supports the grain for Ukraine initiative, and all other humanitarian initiatives in the region. Qatar's position is to support the rule of law and a peaceful resolution to the conflict. Politically, Qatar enjoys good relations with both Ukraine and Russia. Since the beginning of the war, it has been made clear to the Russian side

that Qatar is against this aggression. However, Qatar has maintained open lines of communication, and has been keen to support a political solution, and mediation between the conflicting parties.

## Great Power Rivalries and Sub-Regions of Eurasia

During the Russia-Ukraine war, the countries of the South Caucasus and Central Asia are concerned about the spillover of the conflict into their neighborhood. Under Russia's assertiveness, the region between Europe and Russia includes the South Caucasus countries. The invasion of Ukraine by Russian forces has had profound effects on European politics, security and economy, concerning its dependence on Russian energy supply.

The U.S. pursues strong alliance building with the members of NATO and the EU, both in terms of imposing sanctions on Russia, and providing funds to Ukraine. The U.S. and UK, among others, have also coordinated efforts to impose a series of increasingly more severe sanctions on Russia, covering different areas. Furthermore, to deter Russian aggression, the U.S. and NATO increased their military presence in Central and Eastern Europe, is in the process of integrating Sweden and Finland into its ranks and have deployed additional armed forces in Europe. China does not hide its alliance with Russia but has held back from providing military assistance to Russia so far. China has greater room for maneuver in its own region.

The EU has imposed several rounds of sanctions on Russia; and since 2022, it has provided military assistance and financing to Ukraine. The EU has engaged in greater cooperation with NATO. It has reshaped its common security and defense policy (CSDP), as well as its neighborhood policy (ENP) in response to the geopolitical realities. The EU countries have managed to decrease their dependence on Russian energy, and its share is about 8-9% of total EU consumption. The EU is interested

in importing more gas from reliable countries like Azerbaijan, Egypt, Qatar, and the U.S.

Considering the recent geopolitical realities, the EU has changed its security role in Eastern Europe. The EU wants to engage more with Eastern partners in the new era. There are some initiatives undertaken by the EU, such as those pursued by the EU's missions in Ukraine, Moldova, and Armenia. They aim to contribute to stability in border areas. The EU is aware of the high strategic importance of the region, considering the transportation corridors and energy resources. The EU has an incremental strategic engagement with the South Caucasus, via developing bilateral relations and regional cooperation in an inclusive and flexible Eastern partnership perspective.

In the South Caucasus, Azerbaijan plays a significant role in the region. The outcome of the Russian-Ukraine war could create new opportunities as well as challenges for Azerbaijan. These opportunities can be built upon cooperation between Azerbaijan and the Gulf countries. In addition, Azerbaijan, located in the Caspian basin and on the east-west and north-south transportation routes, is significant for the global market. These features offer various opportunities in terms of Azerbaijan's cooperation with regional states.

Azerbaijan is one of the countries that accept remittances from Russia, though this plays a smaller role than in Armenia and Georgia. Nevertheless, for Azerbaijan, reduced remittances and decreasing trade turnover with Russia has had certain effects, especially on exporters of agricultural products and importers of food products. At the same time, Azerbaijan gets most of its wheat from Ukraine and Russia. This war has created some challenges in this area as well. Especially Russia has export controls to meet its domestic requirements, and this has caused

Azerbaijan to seek alternative sources.

### Emerging Geopolitics of Caspian Basin & Gulf Region and the Impact of the Ukraine War

The Russia-Ukraine War has had far-reaching repercussions on the broader region and neighboring geographies. The new energy geopolitics emerging in the wake of the conflict has created new challenges and opportunities for the Gulf countries. Going in the other direction, Caspian basin countries are landlocked and to supply their energy resources to global energy markets, they need necessary energy infrastructure through the transit countries. Both regions are rich with hydrocarbon resources, and their economies depend on energy earnings. The ongoing Russia-Ukraine war has clearly demonstrated the volatility in global energy markets. Sanctions on Russian energy exports have raised the importance of energy resources from these regions.

Since the start of the War, Central Asian countries have been directly affected by the war concerning socio-economic factors such as high living costs, food prices, and high energy prices. Specifically, Tajikistan, Kyrgyzstan and Uzbekistan are the countries mostly affected. The sanctions against Russia led to uncertainties and resulted in challenges for the Central Asian states. Moreover, the region's largest economy, energy-rich Kazakhstan is also affected by the ongoing war. For 20 years, Kazakh oil has been shipped through the Caspian Pipeline Consortium (CPC) pipeline to Russia's Novorossiysk, which provides access to the global energy markets. Thus, the outcome of the Russia-Ukraine war will directly affect Russia-Kazakhstan relations.

From a general perspective, following the war in Ukraine, the Central Asian countries will have to consider the new geopolitical environment and regional integration. Now, China, Russia, the U.S. and Türkiye are trying to gain more economic and political leverage in the region. The outcome of the Russia-Ukraine war will open new opportunities and create

new challenges for Central Asian states. For them, it is important to deepen regional integration and balance the “third power” interests in the region. In recent years, there has been active engagement of Turkic speaking Central Asian states with Türkiye and Azerbaijan. They are interested in deepening economic ties and defense cooperation with the former. At the same time, energy and transportation decisions taken within the framework of the OTS (Organization of Turkic States) have accelerated. This is due to the opportunities that are likely to emerge after the war on the one hand, and the desire to increase solidarity between the countries on the other. Especially within the framework of the OTS, a new process has started for the development of the South Caucasus-Central Asia cooperation platform, and Azerbaijan is leading this process for now.

### Türkiye’s Reaction to Russian Revisionism

In an evolving process, Türkiye has reacted to the challenge of a resurgent Russia in the Ukraine war. In principle, its response was to develop its own ways of accommodating Russian revisionism. Instead of trying to counter it, or pursuing a counterbalancing strategy, Türkiye has rather tried to find accommodation with Russia. This stance is not only an issue in the bilateral ties between the two countries, or Ankara’s regional policies in the Black Sea basin or the Caucasus but is also related with Türkiye’s connection with the transatlantic world.

The Turkish stance on the Russia-Ukraine war is affected by several internal, regional, and international events and experiences. Türkiye has its own reasons, to a great extent related to the conventional Turkish understanding of keeping the Black Sea Basin as a stable area. This has been one of the essential pillars of the country’s strategy. That is why, Türkiye’s reaction toward

Russia is a balancing act, and maintaining an accommodation strategy with Russia. Lastly, Türkiye supports Ukrainian territorial integrity, but there is also ongoing engagement with Russia, including in some aspects of the economic realm. Ankara provides active support to Ukraine but refrains from alienating Russia. In some areas, Türkiye goes even further, in deepening economic engagement with Russia.

### Policy Recommendations

Azerbaijan definitely supports the territorial integrity of Ukraine. Since the beginning of the war, Azerbaijan has continued its humanitarian support to Ukraine and supported Europe’s search for alternative energy sources. Despite these, Baku has continued its relations with Russia, and did not turn its support for Ukraine into anti-Russian policy. Qatar calls on all parties to work for a peaceful resolution of the Russia-Ukraine crisis through dialogue and diplomatic means. Qatar contributes in multilateral ways, responding to the food security crises as a credible international actor. Qatar supports Azerbaijan’s position on the Karabakh issue. From a Qatari perspective, a negotiated and peaceful solution to the remaining problems between Azerbaijan and Armenia will serve security and stability in the strategic South Caucasus region, with positive implications for the Gulf region.

The following policy recommendations can be addressed:

- The Russia-Ukraine war has created opportunities as well as challenges for the Middle East and the South Caucasus. The search for alternative energy sources in the world has increased the importance of Qatar and Azerbaijan as natural gas and oil producing states. On the other hand, the search goes on for alternative corridors between East and West, where the Middle Corridor has gained importance. Therefore, a need for cooperation has arisen

between the Middle East and the South Caucasus. Azerbaijan and Qatar can play a leading role in this process.

- The Russia-Ukraine war has accelerated the transition to a multipolar world system, and this is also a process in which the importance of regionalization has gained momentum. In this context, it is important to increase cooperation between Central Asian and South Caucasian countries, and between them and the Gulf region.
- Azerbaijan is the leading country in the South Caucasus and Central Asia cooperation platform and is a member of the OTS. In this context, Azerbaijan can be an important route for the development of relations between Qatar and Central Asian countries.
- Azerbaijan and Qatar are strategic partners of Türkiye, a regional power with global implications. In this context, Azerbaijan-Qatar-Türkiye trilateral talks on regional issues are needed sooner rather than later.
- Qatar and Azerbaijan could cooperate regarding investments in the renewable energy field.
- Energy security is an important issue for both Qatar and Azerbaijan, and both countries could cooperate on energy security.
- Qatar, having maintained open lines of communication between the conflicting parties in the Russia-Ukraine war, which could facilitate mediation efforts means the country could be part of the political mediation that is likely to take place toward the end of this crisis. Qatar and Azerbaijan could be part of the pathway toward the ending of the crisis, and work in cooperation with other actors on how to deal with the post-war reconstruction process.
- Qatar and Azerbaijan, as prominent non-Western countries, could enhance cooperation opportunities in fighting against rising Islamophobia, to contain its societal as well as geopolitical implications within the cultural and physical worlds in which they belong.

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