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**DEVELOPMENT OF THE ECONOMIC COLLABORATION IN THE
CASPIAN SEA: NEW CHALLENGES AND WAYS OF RESOLUTIONS**

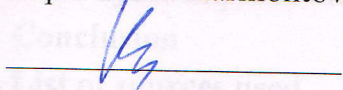
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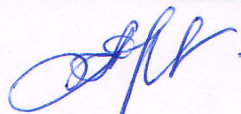
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Symbols and abbreviations

EU	European Union
US	United States
USSR	Union of Soviet Socialist Republics
EAEU	Eurasian Economic Union
CAC	Central Asia and Caspian countries
OCEC	Organization of the Caspian Economic Collaboration
ICCI	International center for Caspian
SCO	Shanghai Cooperation Organization
TNC	Transnational corporation

Introduction

Relevance of research. Interstate economic cooperation is becoming an important component in the development of the regional economy, an important part of the globalization and internationalization of the processes taking place in many regions and countries of the world. And also interstate economic cooperation helps to resolve certain issues of external economic relations, including for which impossible to make decisions at a higher level, and to strengthen historically established ties. Today, the importance of interstate economic collaboration is growing due to the gobalization by the economy, the development of regional cooperation, and significant changes in the political arena of the world.

Economic regions are formed as a result of the economic integration of two or more states, while functional ties and functional economic cooperation do not always require the creation of supranational structures for managing the processes of economic integration.

Since becoming an independent state, Kazakhstan has received many opportunities to interact with various other developed and developing countries through the Caspian Sea. Because previously, the Caspian Sea was the state border line of only two states, the USSR and Iran. And after the collapse of the USSR, the Sea coast immediately became the border center of 5 states, and in proving the status and property of the Caspian Sea, the interests of these 5 states coincided.

The Caspian Sea is an important source for the development of multilateral collaboration between the five countries that have access to it — the Republic of Azerbaijan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Russian Federation and Turkmenistan. Today, the Caspian region is in the focus of the interests of Russia, Western Europe, the United States, as well as the influential states of the East-Iran and Turkey, and other states that applying for the role of regional leaders. China, Japan and other states of Greater Eurasia are paying increasing attention to the region.

The region has large reserves of oil and gas resources and is on the agenda in the perspective of the energy policy of the EU and the US. The inclusion of the Caspian Sea in a number of projects of the Silk Road Economic Belt and the North-South international transport corridor demonstrates its special transport and logistics potential.

The energy policy of the Caspian states is heterogeneous, furthermore, the development of economic and subsequently interstate political relations served as a basis for consolidating sovereignty. The investments made by western states, state-owned companies, and TNCs assumed that they would continue to be protected. The activities of corporations in the Caspian region are the clearest example of the politicization of the economy. Economic processes associated with mining, processing, and transportation of oil and gas in the Caspian Sea has a political subtext, which is largely a determining factor in the development of the energy industry in the region.

According to the concept of the foreign policy of the Republic of Kazakhstan for 2020-2030, special attention is paid to the issues of protection of the Caspian Sea, such as “practical implementation together with the Caspian countries of provisions of the” Framework Convention for protection of the marine environment of the Caspian sea” and the protocols thereto” [1].

In a statement to the nation “Kazakhstan in a new Reality: a time for action” September 1, 2020, President of the Republic of Kazakhstan K. K. Tokayev noted, “thanks to the far-sighted policy of the First President – Elbasy, Nursultan Abishevich Nazarbayev, strong foundations have been created in economic development, and a serious authority has been gained on the world stage” [2].

Thus, in recent years the countries of the Caspian basin have increased their desire to create an effective trade and economic infrastructure, actively increasing their economic potential. The issue of creating a special five-way platform in the Caspian Sea has begun to be worked out. The signing of the convention on the legal status of the Caspian Sea and the agreements on trade and economic activities of the Caspian states allowed to focus on further joint development of the region and opened a new stage in cooperation. The relevance of the selected research topic is determined by the need to explain the economic cooperation of the Caspian countries, as well as the main directions, mechanisms and instruments for its implementation.

The purpose and objectives of the project. Therefore, the main purpose of this research is to consider the prospects for the development of economic cooperation in the Caspian region based on the current situation, in the context of new challenges and solutions. According to this goal, the following tasks are formulated:

- examining and receiving the theoretical foundations for the development of economic collaboration;
- identifying features and mechanisms of the impact of collaboration on the development of country;
- analysis information on the research problem in the Caspian region, indicating the prospects for cooperation.

The research is divided into three sections. Following the introduction, the first section provides theoretical foundation for the development of economic collaboration. The second section describes features and mechanisms of the impact of collaboration on the development of a region or country. The third section is about prospects for the development of economic cooperation in the Caspian Sea and how pandemic affects economy of cross-border relations.

Literature review

Currently, there are enough national and foreign scientific jobs that study and evaluate the role and potential of economic cooperation of the Caspian littoral countries. Thus, an extensive set of sources was used to write the work, the study of which made it possible to recreate a fairly complete picture of the development of economic collaboration in the Caspian region.

The range of sources used in this research is quite wide and differed in nature. The problems and prospects for the development of cooperation in the Caspian region are of great interest to foreign authors. Among the most significant are the works of such researchers as Streeck W., Kenworthy L [3], Cornell S [4], Knoke D., Pappi F., Broadbent J., [5], Borzel T [6]. It can also be noted that the publications of foreign researchers consider issues of political networks, security, economic and energy policy.

In the works of Russian scientists, such as Kapitsyn V. M [7], Zhiltsov S [8], Burtsev S. N [9], Glazyev S [10], Borovsky Yu., Trachuk K [11]. Modern researchers pay great attention to the question of the Caspian Sea: Z. Karazhanov [12], P. Stanislav [13], A. Syzranov [14].

The problems of the country's foreign policy are studied by experts and analysts of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan. There are also developments on the foreign policy of Kazakhstan by experts of the Institute of World Economy and Politics under the Foundation of the First President of the Republic of Kazakhstan-the Leader of the Nation.

As part of the research work, a number of sources was collected to write the topic of the master's project and divided into several groups:

- the first group of sources provides the legislative part, the regulatory and legal act concerning the Caspian cooperation (the Law of the Republic of Kazakhstan "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues related to the Implementation of Activities in the Caspian Sea", the Declaration between the Republic of Kazakhstan and the Russian Federation on Cooperation in the Caspian Sea, the Protocol on the Protection of the Caspian Sea from Land-based Sources, the Convention on the Legal Status of the Caspian Sea, the Law of the Republic of Kazakhstan dated February 8, 2019 No. 222-VI SAM on the ratification of the Convention, Federal Law on ratification of the Convention of October 1, 2019 N 329-FZ, Law of the Republic of Azerbaijan on ratification of the Convention of February 22, 2019, Law of Turkmenistan on ratification of the Convention of December 1, 2018 [15]).

- the second group of sources includes speeches, messages of the Head of State, and there is annual statement of the President to the nation of Kazakhstan. Speeches of the leaders of the five Caspian states at the summits, in the first Caspian Economic Forum (Turkmenistan 2019).

- the third group – materials of the official website of public administration, archival and documentary materials (the Ministry of Foreign Affairs, the structures

of the foreign Ministry of functional duties of departments, information about international organizations).

- the next group of sources will be bulletins, collections that contain indicators and target indicators (Information and reference materials on the oil and gas industry of Kazakhstan, "Collection of documents on international law").

Research method

The research inputs provide also practical interest. To reveal the topic, you can use scientific practical methods - description and study of documents, theoretical methods of analysis. The result of this work is that the analysis of the oil and gas sector helped to identify trends, regulation in this area, and the role of the fuel and energy complex of Kazakhstan in ensuring the country's energy security is shown.

The method of studying and summarizing the materials for writing the work is the analysis of information on the problem under study, as well as Kazakh, Russian and other foreign publications on this issue.

The research inputs provide also practical interest. To reveal the topic, you can use scientific practical methods - description and study of documents, theoretical methods of analysis . The methodological basis represents:

the functional method is used in the analysis of the interrelationships of phenomena and facts in the economic relations of the Caspian countries with the United States and China, to identify the facts of the purposeful impact of cooperation on the economic policy of the Caspian region countries;

the comparative method - used when comparing the process for instance between the the United States and Canada on the Northern Seas and passages.

Analysis and results of the study

1 Theoretical foundation for the development of economic collaboration in the Caspian Sea

1.1 Theoretical concepts of interstate collaboration based on the Caspian Sea

The theory of political networks has recently become one of the most promising new methodological approaches in the study of supranational governance as part of global and regional politics. At the regional level, political networks have become an integral element of the operation of the political management mechanism and can be considered as part of a uniform system of supranational governance, which has long been functioning in practice. At the global level, due to the lack of a unified system of power institutions, in circumstances in a low degree of integration compared to the regional level, the problems of political networks are revealed in completely different aspects [16].

A political network is a system of state and non-state entities in some form of politics that interact with each other on base for resource reliance in order to reach agreement on a political issue of interest to all, using formal and informal norms [17]. Political networks are composed of the following components: political management actors, political interests, power relationships and collective actions [5]. The concept of political management actors involves organized groups – associations of citizens or officials and state organizations. Political interests affect either separate objects of regulation, or management problems. In the course of power relations, is going on an exchange of resources, primarily information and material.

A.V. Kurochkin characterizes political networks as follows: they consist of many actors besetting their own interests; political networks exist owing to the interrelationship of actors; the structure of a political network is a more or less long-term and steady relationship between interrelated actors; the subject of these relations is political problems or programs [18].

T. Borzel gives the following: a political network is a recruit of relatively stable relationships, by nature non-hierarchical and interdependent, connecting a variety of actors who share common interests and exchange resources in order to advance these interests, accepting that cooperation is the best way to achieve common goals [6]. Attention may be drawn to the fact that the participants of the political network pursue not separate, but common interests, and they choose cooperative ways of activity to achieve them. It should also be noted that such participants are many and they are different.

Special attention may be paid to multilateral interstate economic collaboration. Such multilateral collaboration makes it possible to find diverse factors impacting development and use them to enhance the effectiveness of interstate economic cooperation. Interstate economic cooperation is the emerging

relations between states in the processes of the international division of labor, the regulation of trade, international industrial cooperation, investment activities, and the development of financial ties.

The development of interstate economic relations reveals that successful cooperation is possible not only between equal partners, but also between developed and developing countries, large and small. Economic comparison of two specific countries will show both possible similarities and compulsory differences, since all national economies are inimitable. There is always a place for interstate mutual economic cooperation, and it can be mutually beneficial.

In contrast to international economic cooperation, the concept of "economic integration" is actively developing "it restricts the sovereignty of the member states, laying in their relations the elements of a real economic relationship". Integration is the process of uniting sovereign states in order to establish a single economic space in which goods, services, capital, and labor can freely circulate, that is, what are called economic factors of production. For economic cooperation as a method of legal regulation, the method of coordination is more characteristic, and for economic integration - the method of subordination [19].

Thus, interstate economic cooperation is a global multi-level system of international economic interaction of all subjects for the international system, aimed at ensuring sustainable mutual economic development and obtaining economic benefits [20].

In the years since independence, the international relations of the Republic of Kazakhstan have achieved many specific results which have strengthened the country's position and authority on the world stage. After the collapse of the Soviet Union and the formation of independent states, new geopolitical regions were formed by the name of the "Caspian region". Speaking in a narrow sense, the Caspian region includes only the Caspian countries: Russia, Kazakhstan, Azerbaijan, Turkmenistan, and Iran. And in a wider geopolitical and legal sense, the concept of the "Caspian region" includes those countries whose geographical location and policies have a significant impact on the laying of oil and gas pipeline routes, other transport lines, and the overall situation in the region. These are countries such as Turkey, Georgia, China, Pakistan, Afghanistan, Kyrgyzstan, Tajikistan and Uzbekistan.

An overview of the main options for establishing regional borders, based exactly on geo-economic and geopolitical considerations, is presented, for example, in the exploration by the Royal Institute of International Relations in London [21].

At the same time, it should be emphasized that the Caspian Sea is known for its rich resources, including oil and biological resources. Furthermore, the Caspian sea is an important source for the development of multilateral cooperation between the five landlocked countries. In recent years, the economic and political potential for the Caspian Sea has been actively developing only thanks to the collective approach and support of the coastal countries of the Caspian basin. They began to work on the formation of a five-sided mutually beneficial platform. In order to develop and strengthen economic cooperation, Caspian summits and economic

forums are regularly held, as well as exhibitions, business forums, round tables, and conferences are organized. The signing of the historic convention on the legal status of the Caspian Sea and agreements on trade and economic activities of the Caspian states allowed to focus on further joint development of the region and opened a new milestone in cooperation.

Because of its geographical setting, the Caspian is also of central interest for the European energy security, although the supply chain from the region has been traditionally kept under Russian control. However, for the past decade or so, the EU is becoming increasingly ambitious in planning Caspian pipelines that exclude Russian territory and the Nabucco Pipeline project was in the center of these strategic efforts for a considerable amount of time. And even with development in the Caspian, signaling the signing of a legal agreement on the status of the Caspian Sea, it will nevertheless remain at a crossroads between grand and conflicting energy interests of Russia and Western Europe, be it a sea or a lake.

From the above, it becomes obvious that, in general, a political network is a system of state and non-state entities in a certain field of politics, which interact with each other on the basis of resource dependence in order to reach a general agreement on a political issue of interest to all, using formal and informal norms. Also interstate economic cooperation is the relationship between states in the processes of international division of labor, regulate trade, international industrial cooperation, investment activities, and the development of financial ties. The development of such relations shows that successful cooperation is possible not only between equal partners, but also between developed and developing countries, large and small. The Caspian Sea is an important source for the development of multilateral cooperation between the five countries that have access to it — the Republic of Azerbaijan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Russian Federation and Turkmenistan.

1.2 Modern political geography of the Caspian Sea

The Caspian region is located between Europe (Central and Eastern) in the north and the Greater Middle East in the south. The length of the Caspian Sea from north to south is about 1200 km, from west to east-up to 435 km. The length of the coastline is distributed as follows:

- Azerbaijan – 955 km;
- Iran-724 km;
- Kazakhstan – 2320 km;
- Russia-695 km;
- Turkmenistan-1200 km [22].

According to the criterion of geographical proximity to the Caspian Sea, only coastal territories that are comparable with the scale of the sea itself should be included. Then the region includes most of Azerbaijan, the Caspian territories of Russia (Dagestan, Kalmykia, Astrakhan region), western Kazakhstan, virtually all

of Turkmenistan and Northern Iran. To this list, some authors add the Volgograd and Rostov Regions, the Stavropol Territory, Ingushetia and Chechnya [23].

The geopolitical position of the region most extent defines the nature of foreign policy factors, ensuring stable and secure development of the region. Another characteristic of the region is its ethnopolitical and ethno-confessional specifics. It was here that the most serious conflicts in the inter-ethnic sphere took place, religious and political extremism and terrorism became widespread. Geopolitical and geo-economic realities require considering the region with the inclusion of countries in their territorial integrity as a single political structure. This is also confirmed by the use of the presence of large oil and gas reserves as a generating factor. The energy resources concentrated in the region are of enormous importance not so much for those bordering the sea administrative divisions, as many as for the Caspian states themselves as a whole.

The Harvard B. Shaffer Research Program it is based on the understanding of the region as a space of social interaction, the intersection of economic and military-strategic interests. According to the above approach, the Caspian region also includes Armenia, Georgia and Uzbekistan. However, such views in determining the boundaries of the region do not agree with other already established one categories. The Caspian region is also part of broader territorial systems, such as the Black Sea-Caspian, Caucasus-Caspian, and Mediterranean-Caspian regions. At the same time, speaking about the significance of the Black Sea-Caspian region, the researchers refer to the geopolitical concept of A. G. Dugin, according to which the Moscow–Tehran axis has a decisive influence on the relations between the West and the East [24].

At the same time, the Eurasian concept is interest of Z. Bzezinski, according to which the Caspian region is included in the territory of the “Eurasian Balkans” along with Transcaucasia, Central Asia and Afghanistan. At the same time, Kazakhstan, Turkmenistan and Russia are included in the Central Asian region. G. V. Kosov and O. M. Litvishko draw attention to the widespread concept of the “Caspian Basin”, which in addition to coastal countries also includes Georgia, Armenia and Turkey [25].

The interests of the United States in the region were presented in 1998 in the Bill Clinton Administration's report "National security strategy in the new century". Special attention is paid to the Caspian region with its vast oil and gas reserves. It is implied that the US tasks in the region are to ensure access to the energy market, diversify the routes for transporting raw materials, and ensure sovereignty and independence in the newly formed republics [26].

Senator Sam Brownback [4] reflected the views of the american government regarding the US presence in the Caspian region in the article "U.S. Economic and Strategic Interests in the Caspian Sea Region: Policies and Implications". Brownback gives five reasons why the focus of American foreign policy in the region is necessary. Firstly, the region of Central Asia and the South Caucasus serves as a "bastion" from antiwestern extremism in Iran's politics. Secondly, the Caspian resource potential is an alternative to the Middle East. Thirdly, strengthening the

economies of countries in the region, such as Azerbaijan, Kazakhstan, and Turkmenistan, is an act of deterrence to Russia and China. Fourthly, strong independent states in the region are the guarantee of the stability and prevent Russia from spreading weapons of mass destruction to the south. Finally, the region represents an unprecedented historical opportunity for the United States to spread the cultural and ideological ideals of freedom and democracy in Asia. This position illustrates the high importance of the region in West-East relations, so the overall architecture of existing interstate relations between the leading world powers depends on regional stability in the Caspian Sea. The global level of research for the Caspian region provides for the study of not only coastal countries, but also non-regional actors with economic, political and geostrategic goals. State-owned multinational corporations, as well as their countries of origin, may also be included. The interests in the region of India and Pakistan, which seek to develop routes for the supply of raw materials, need a single transport network connecting them with the Caspian region.

It should be also noted that the geographical location of the Caspian region is of great strategic military importance. Being located between the West and the East, the secular and islamic worlds, the region is an unstable entity with certain premise for turning it into a center of international tension. The Caspian region occupies a strategic niche in geopolitics. From a geographical point of view, the Caucasus-Caspian region is: firstly, a bridgehead connecting the Black Sea and Caspian sea spaces; secondly, from a military-strategic point of view, it is the most important bridgehead to pressure and offensive in any direction, on any country, not only in this region, but also in adjacent regions; thirdly, it is a springboard for controlling communications; fourth, from an economic point of view, it is not only a global crossroads of transport routes along the East — West, North-South axes, but also a region with huge petroleum resources adjacent to it [9].

The Caspian countries have own military fleets, build and modernize naval bases. In addition, many aspects of the trade and economic, investment, energy, transport and logistics development of the Caspian region are cross-border and cannot be resolved by the efforts of individual states. Therefore, the constructive interaction of the Caspian countries is extremely important both for the region itself and for the whole world.

At the fifth summit, an agreement was signed with the Caspian parties for the prevention of incidents in the Caspian Sea, also three protocols to the agreement on cooperation in the field of security in the Caspian Sea, 2010, which directed on ensuring the security of navigation of warships and flights of aircraft of the military forces of the caspian states on the Caspian Sea and the airspace above it [27]. The agreement aims at implementing the basic principles of interaction between states – respect for sovereignty and territorial integrity, undiminished security for each other, compliance with agreed confidence measures in the military sphere in predictability and transparency in accordance with common efforts to consolidate regional security and stability.

It would be wrong to say that the geopolitical approach does not take into account socio-cultural, ethnic, religious differences, features of the peoples of the region. These criteria are studied in the context in which they influence regional policy. The geopolitical approach considers the Caspian region as a center of concentration of geopolitical interrelations of the goals and interests of various actors of world politics. It is worth noting that the geographical fragmentation of the world largely determines its division into geopolitical regions. Nevertheless, the complex cross-border structure of the Caspian region, which is a transit zone between Europe and Asia, a space with historical, cultural, civilizational, humanitarian, economic and political characteristics that are not common, but somewhat homogeneous and similar, suggests the practical possibility of optimizing regional cooperation between the Caspian states, creating common strategic goals in the interests of all coastal countries without exception, determining the political and legal status of the Caspian Sea, and its complete demilitarization., development of effective energy diplomacy.

As a result of consideration the matter, can be said that geopolitics and political geography are important for every country and hold a special place in modern international political and economic life. By analyzing the geopolitics, can be represented the future of the country. And also, should be taken of the opinions of many foreign scientists and require a geopolitical approach in taking international decisions. On the basis of the decisions, enhance the prospects for geopolitical development.

Thus, to establish a system of collective security in the Caspian region is a very significant objective. Favorable conditions and legal security have been created to freedom and maritime safety in the Caspian Sea. All Caspian countries are guaranteed free access from the Caspian Sea to other seas and the World Ocean.

1.3 The main directions of interstate economic cooperation in the Caspian region

Moving from the definition of the region to the main direction of economic cooperation in the Caspian Sea, it should be noted that in the 90s of the twentieth century, the economy of the Caspian Sea was dominated by the topic of energy resources. All the Caspian states sought maximum autonomy and the extraction of benefits from the Caspian oil reserves, the transition to self-reliance of internal needs and the export of significant volumes of raw materials. To this end, they tried to delineate the seabed and the subsoil of the Caspian Sea and attract foreign investment in the exploration, production and transportation of oil and gas.

Contemporary trends of the development for international relations indicate a global transformation of the system of forming effective economic relations between states, which manifests itself in the redeployment of economic growth factors and the permutation of priorities of foreign economic activity. Such changes are also reflected in the strengthening of the integration of friendly states in the post soviet space within the EAEU [28].

The most important economic factors should include the sectoral structure of the economies of the Caspian states, investment attractiveness, the development of industrial and social infrastructure, and socio-economic problems. Accordingly, political factors include the development of interstate relations, the political orientation of the governments and elites of the coastal countries. Particular attention is paid to such socio-cultural factors as the common historical path of development, the proximity of cultures and civilizations. The institutional factors influencing cross-border cooperation in the Caspian region include the existence of interstate administrative structures, the development of the legal field of regional political, economic and socio-cultural relations. Among the local factors, it must be noted cooperation in the prevention of cross-border crime (for example, poaching), illegal migration, and the prevention of environmental and technological disasters.

On October 3, 2008, during the conference in Astrakhan, all parties discussed various aspects of cooperation and even raised the issue of forming the Organization of the Caspian Economic Collaboration. Within the Organization, cooperation is expected in the fields of transport, energy, trade and ecology. In addition, research centers – economic and political-should be created. The organization includes all five Caspian countries: Russia, Iran, Kazakhstan, Azerbaijan and Turkmenistan. The founding of such an organization will contribute to the consolidation of the potential of the Caspian Five, as well as to the achievement of a new level of economic development on the basis of multilateral projects. These issues will be discussed in detail in the second chapter.

The importance of active participation and assistance from international organizations and financial institutions in the development of international economic cooperation in the Caspian Sea was noted. It is recognized that it is necessary to association efforts to realize the significant potential of the economic sectors of the Caspian countries. To take the necessary steps to increase the attractiveness of the economies of the Caspian countries in order to further actively integrate the Caspian region into the international economic space [29]. Encourage the attraction investment and encourage innovation in the energy, industrial, transport, trade and other sectors of the economies of the Caspian states. Ensure further strengthening of regional cooperation in such areas as socio-economic development, environmental protection, science and innovation, and exchange of economic information.

One of the most promising areas of the five-party cooperation is the development of the transit potential of the region, including international transport corridors and related infrastructure. The relevance of this direction is associated with the high transit potential of Russia and the Eurasian Economic Union as key areas for the transportation of goods from the Caspian region and the implementation of joint infrastructure projects. It is important for Russia to use its transport and transit potential, first of all, the international transport corridor “North-South” via the Caspian Sea and railways. The development of the digital economy is seen as important. In cooperation with the Caspian states, the digital agenda could focus on the development and implementation of information and communication technologies and digital infrastructure, the effective use of information resources for

the digitalization of economic contacts and foreign trade operations, cargo transportation and logistics.

Taking into account the cultural, historical and natural features of the region, tourism is another promising area of cooperation. Among the important areas of cooperation is the formation of a common tourist space, new tourist routes, including cruise routes on the Caspian Sea with visits to the port cities of the countries of the region, as well as exchange of experience and information in the field of tourism, including on the development of industry infrastructure tourism, creation of new tourist products, projects and programs. It seems useful to think about the idea of creating a single (common for the five countries) regional logo the “Caspian brand” for further synchronous promotion in national and foreign markets. Also, the use of the existing Caspian edition or the creation of new joint media products in order to promote the region as a tourist destination can give a synergistic effect [30].

The development of the energy sector is one of the key issues of Kazakhstan's foreign and internal policy. At the same time, it is obvious that the practical development of the resources of the Caspian Sea is ahead of the pace of work to determine its legal status. Development of the fuel and energy industry in the Caspian states, extensive production and transportation of oil and gas, they were the cause of environmental degradation of the Caspian Sea. Environmental problems in the region have largely changed the vector and format of energy cooperation between states, interaction between states and corporations.

An important role in shaping energy policy of the Caspian states are played by transnational corporations. In many respects, they determine the volume of investment flows, laying routes of pipelines and, as a result, the countries of suppliers of energy resources and the sales market. The role of transnational corporations in global economic and political processes has been updated since the 1970s [11].

The oil and gas industry of the Caspian countries is one of the main sectors of their economies, a source of interest in the region from the world's largest players. However, in the context of the coronavirus pandemic, the global economic crisis, the decline in energy demand and the transition to a green economy, the prospects for a new oil klondike do not look obvious. The proven oil reserves in the Caspian Sea amount to 50 billion barrels, and gas reserves are estimated at 10,0 trillion cubic meters. The possible reserves, according to various data, are 3-4 times higher than the volume of explored resources. At the same time, it should be noted that the Caspian countries account for about 17.5% of the world's oil reserves and 45.9% of gas reserves. Data on the reserves of the Caspian States for 2019 are presented in Table 1.

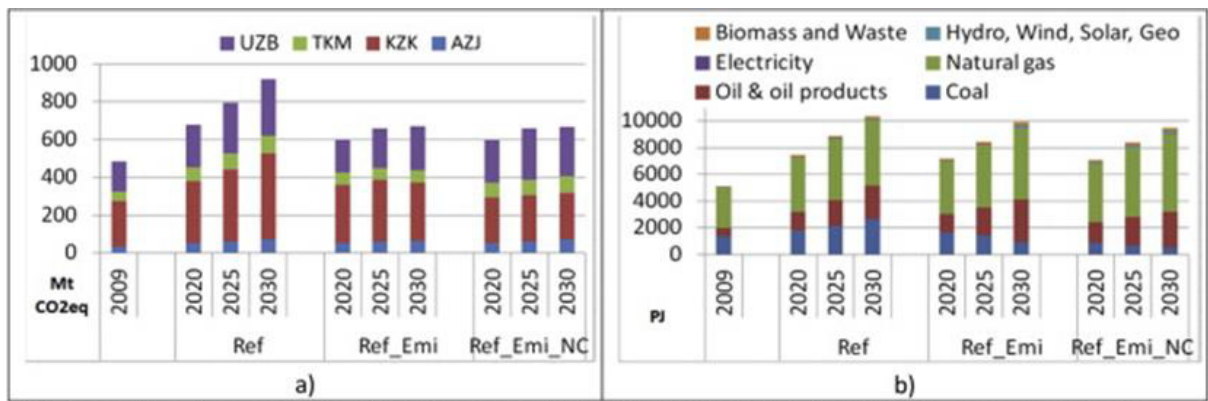
“Table 1. Oil and gas reserves of the Caspian States at the end of 2019 [31].

Caspian countries	Oil reserves (billion barrels)	Gas reserves (trillion cubic meters)
Azerbaijan	2	2
Kazakhstan	4,6	3,9
Turkmenistan	0,12	63,2
Russia	106	34
Iran	155	50
Total	267,7	153,1

The fuel and energy industry occupies a special place in the economic systems of coastal countries. This causes a high the importance of energy policy and its foreign policy manifestation energy diplomacy in the internal and external development strategies of the Caspian states. Energy security in the Caspian region should be viewed more broadly as protection from the challenges and threats posed by the oil and gas sector. Under the coast and under the shelf of the Caspian Sea are the largest reserves of natural gas, gas condensate and oil. Many of the fields have been developed for decades and have gained international fame. For example, Oil stones in Azerbaijan. They are listed in the Guinness Book of Records as the oldest offshore oil platform and at one time were the world's largest offshore oil field both in terms of reservoir capacity and volume of oil produced. Others, such as the Astrakhan gas condensate field or Kazakhstan's Kashagan, have only recently begun to be intensively developed.

Within the framework of the forum of the 2019 conference in Turkmenistan, proposals on the use of innovative and information and navigation technologies for expanding transport flows were discussed. And according to the President of Turkmenistan Gurbanguly Berdimuhamedov, that is the energy of the Caspian Sea that should become the basis for the dynamic development of the region's economy. An increase in petroleum production can fundamentally change the entire economic landscape of the Caspian countries and successfully integrate them into the global economic space. The Caspian region is traditionally a crossroads of international economic relations [32].

Among the four Central Asia and Caspian countries, only KZK committed to adopt climate change mitigation policies. No decisions have been taken beyond 2020; in this study we assume that gas emissions from the energy system of KZK stabilize after 2020 to the 2010 levels (Pic.1, scenario Ref_Emi_NC). Summing up the emissions of the other three countries, which are not committed to any limitation, a total of about 670 MtCO₂eq is emitted by CAC countries in 2030. If the same limitation is applied to the four CAC countries together, KZK reduces its domestic effort and still achieves its commitments by purchasing quite substantial emission permits from the neighbors.



Ref = cooperative reference scenario, with stationary export levels, without emission limitations; Ref_Emi = cooperative reference scenario, with stationary export levels and emission limitations on the CAC bubble; Ref_Emi_NC = Ref Emi non-cooperative

Pic.1 – a) Gas emissions of Central Asia and Caspian countries area by country and scenario; b) Total primary energy supply (TPES) of Central Asia and Caspian countries area by fuel.

Source: Cooperation benefits of Caspian countries in their energy sector (<https://www.sciencedirect.com/science/article/pii/S2211467X14000406>)

This analysis of four Central Asian Caspian countries – Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan – and their energy systems assumes that their transition towards a market economy continues and completes by 2030. With this assumption, the use of technical-economic equilibrium growth models underlines the importance of policies that achieve two objectives: the energy efficiency of the domestic systems and the maximum cooperation among the four countries. In 2021, Kazakhstan plans to adopt the Concept of Low-carbon Development until 2050. The transition to green energy involves decarbonizing the economy. However, this does not mean a complete rejection of traditional energy that oil and gas are not the only basis for the sustainable development of the Caspian region, the better it will be for everyone. Both for economic reasons and because of the increasing environmental requirements.

2 Features and mechanisms of the impact of collaboration on the development of a region or country

2.1 Key instruments for implementation economic collaboration directions

The key instruments for implementing the main areas of economic cooperation are programs, projects and agreements on cooperation in various sectors of the economy.

On October 3, 2008, during the conference in Astrakhan, all parties discussed various aspects of cooperation and even raised the issue of forming the Organization of the Caspian Economic Collaboration. Within the Organization, cooperation is expected in the fields of transport, energy, trade and ecology. In addition, research centers – economic and political-should be created. In the future, the OCEC countries will establish a collectively bank to provide financial support to regional projects. The organization includes all five Caspian countries: Russia, Iran, Kazakhstan, Azerbaijan and Turkmenistan. The founding of such an organization will contribute to the consolidation of the potential of the Caspian Five, as well as to the achievement of a new level of economic development on the basis of multilateral projects. The OCEC should be formed on the basis of the experience and similarity of such regional organizations as the organizations of the Baltic Region and the Black Sea Economic Collaboration. Cooperation, first of all, should be focused in such areas as energy, transport, ecology, water and biological resources, finance, investment, trade — "plus broad cooperation of the business community" [33].

One of the main areas of its activity should have been interaction in the field of oil and gas development in the Caspian Sea. It was assumed that within this organization, cooperation in the area of shipping, the use of biological resources, and environmental protection would also be developed. However, the idea was not realized, mainly due to the position of Azerbaijan, which insisted on the priority solution of the problem for the legal status of the Caspian Sea.

And furthermore, in the future, this idea was not put into practice at that time. The reason was the development of a Convention on the legal status of the Caspian Sea as well as documents on problems — on the protection of the marine environment, the rescue of sturgeon, ensuring safety in the reservoir.

This convention is a major achievement of the five States. If you look at similar documents in the world, in some cases, countries may not negotiate, for example, between the United States and Canada on the northern seas and passages. And in the Caspian Sea there were the interests of five states that shared not just the territory, but also the biological and petroleum resources of the sea.

The third (Baku, 2010), fourth (Astrakhan, 2014) and fifth (Aktau, 2018) summits allowed the parties to make significant progress in forming the international legal framework for cooperation in various fields, as well as to reach a new high level of mutual understanding in the political sphere. A number of five-party

documents were adopted that allow building multi-level cooperation on a systematic basis and creating permanent mechanisms. During the Astrakhan summit, the heads of state called for the increase of trade, economic and transport cooperation in the Caspian Sea, including the idea of convening a forum, creating a single logistics hub, a free trade zone.

The Fifth Caspian Summit perceived the signing of an Agreement between the governments of the Caspian states on trade and economic cooperation and an Agreement between the governments of the Caspian States on cooperation in the field of transport, contributing to the further strengthening and promote interaction between the coastal states in industrial, trade, energy, transport and logistics, innovation, tourism, information and other interesting areas. To realize these agreements, meetings of the competent authorities of the Caspian states will be held on a regular basis [34].

In order to systematically develop conceptual and analytical materials on the geopolitical and economic problems of the Caspian region, consider the possibility of establishing an International center for caspian (political and economic) Studies (ICCI) with the participation of government and business structures of Russia and the Caspian countries.

The convention on pipelines is of great importance for economic activity in the Caspian Sea. By securing the common right of coastal states to lay submarine cables and pipelines along the bottom of the Caspian Sea, it makes a special specification for trunk, that is, trans-Caspian pipes — in this case, strict conditions must be observed. Such projects must comply with the environmental requirements and standards set out in international treaties to which all five countries are parties, including the Framework Convention for the Protection of the Marine Environment of the Caspian Sea of 2003. and the relevant protocols to it. In particular, this problem is regulated by the Protocol on Environmental Impact Assessment in a Transboundary Context (EIA), signed by all the Caspian states in Moscow on July 20, 2018, which contains a very detailed description of the procedure for joint assessment by the Caspian states of the possible environmental consequences of planned large-scale infrastructure projects, including pipeline projects [35].

And the signing of the intergovernmental Agreement on the prevention of incidents in the Caspian Sea during the summit is aimed at implementing the basic principles of interaction between states – respect for sovereignty, territorial integrity, non-harming each other's security, compliance with agreed confidence-building measures in the field of military activities in the spirit of predictability and transparency in accordance with common efforts to strengthen regional security and stability. In order to ensure the interests of the coastal states in the field of security, the Presidents confirmed the need to develop and adopt coordinated confidence-building measures in the Caspian Sea in the field of military activities at sea. The Presidents welcomed the signing of the protocols on cooperation in the fight against terrorism, organized crime, and cooperation between border agencies to the Agreement on Cooperation in the Field of Security in the Caspian Sea of November

18, 2010, aimed at countering current challenges and threats, as well as at suppressing illegal activities [36].

The Caspian Five countries not only shared the biological and petroleum resources of the Caspian Sea, but also agreed on closer cooperation in the military sphere. There is a security agreement between the Caspian countries, but each state develops its armed forces as it sees fit. The agreement on the non-presence of the armed forces of other countries at sea was reached back in 2007, but now this is indicated in the Convention. Based on the thesis that the agreement between the governments of the Caspian states on trade and economic cooperation, considering economic ties in the Caspian Sea as an important element in strengthening regional cooperation, is aimed at promoting and facilitating the expansion of trade and economic ties between the five countries on the basis of equality.

Trade and economic relations in the field of oil and gas between the two countries The United States, the European Union, large TNCs, and the Caspian littoral countries are highly politicized. Economic benefits corporations in some cases lose priority when they do not correspond to the military-strategic, political goals of the States of origin. In this regard, it is inappropriate to assert the independence and independence of corporations in determining the development strategy in the Caspian region. However, the exception is corporations, which, in order to achieve their foreign economic objectives, are able to influence not only the policies of the host states, but also the domestic and foreign policies of the country of origin.

Eventually, would like to emphasize the following, the main instruments for realization the directions of economic cooperation are programs, projects and agreements, such as the Organization of the Caspian Economic Collaboration, the Convention on the legal status, the agreement between the governments of the Caspian states on trade and economic cooperation and the agreement on cooperation in the field of transport, and also the agreement on the prevention of incidents in the Caspian sea and the convention on pipelines.

A great contribution to the development of economic cooperation between the government and businesses of the five riparian countries on the basis of a balance the interests, especially in the energy sector, could be made by the coherence efforts of the states member of the OCEC. Within the framework of the OCEC, the Caspian countries will be able to effectively find mutually beneficial solutions to a number of contentious problems.

Further decision by the leaders the agreements on trade and economic cooperation and on cooperation in the sector of transport created new favourable conditions and a strong legal basis for the development of economic cooperation in the Caspian Sea. There are good prospects for the development of collectively mutually beneficial projects and initiatives, including such as transport infrastructure and logistics, links and communications, tourism, digitalization, etc. They contribute to the further development of sea, road, rail, air and multimodal transport and transit by ensuring equal and mutually advantageous conditions.

2.2 Transport and logistics infrastructure of the Caspian region

The Caspian region is involved in a number of transport projects – the Chinese “One Belt, One Road”, the Baku – Tbilisi-Kars road and many others. “There is already active movement in three directions: east, west and north. Now the question with Iran is when Iran will complete its Qazvin-Rasht and Qazvin-Astara railway in order to fully circle the southern direction to the Indian Ocean” [7]. Of course, the main difficulties in ensuring the functioning of sea routes in the Caspian Sea are, first of all, insufficient port capacity. However, the necessary modernization of the port infrastructure will provide China with new markets for products, as well as provide optimal delivery routes. On the one hand, it will make China even more involved in regional politics. On the other hand, China will become dependent on the Caspian countries.

At the moment, there is a strategy for the development of ports in the Caspian basin until 2030. The strategy itself was approved in 2017, and it involves building transit trade in the Caspian Sea as a competitive alternative to the Black Sea and Mediterranean Straits, as well as the traditional sea route through the Suez Canal. The main cargo movement is carried out from the territory of China and India towards European countries, as well as cargo in the direction of Saudi Arabia and other countries of the Persian Gulf.

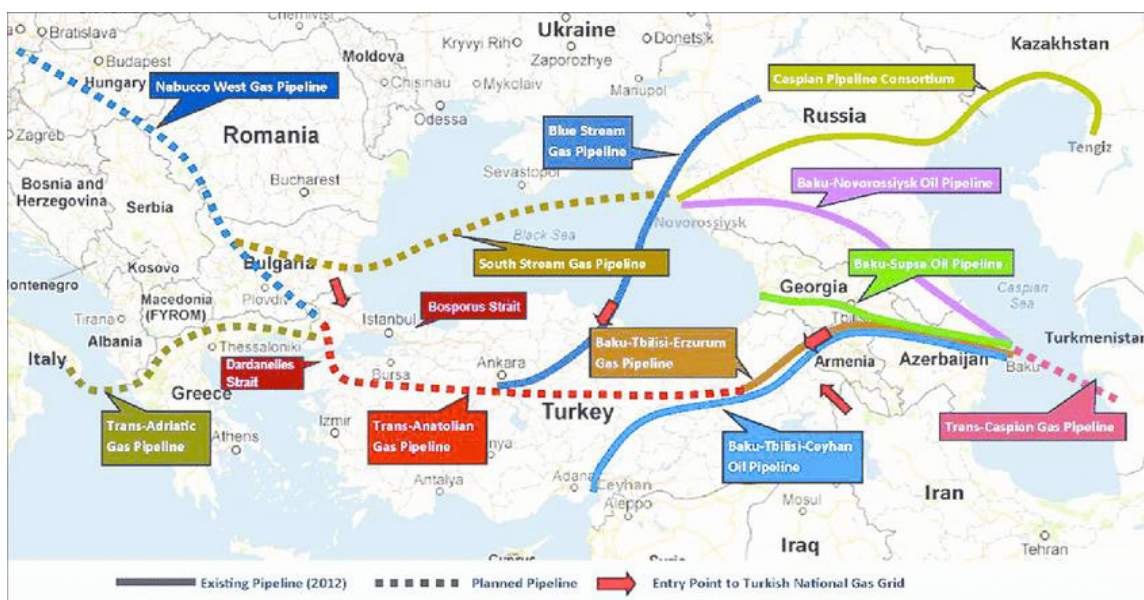
Today, 12 ports are located in the Caspian Sea, of which 5 have a capacity of more than 10 million tons, these ports already have a developed infrastructure and opportunities for further cargo movement by road and rail, as well as by oil pipelines. At the same time, it is necessary to modernize the existing port complexes to expand their capabilities. It should be noted that the governments of the Caspian littoral states recognize the possible mutual benefits and advantages of close cross-border regional cooperation. Confirmation of this the process of creating free (special, special) economic zones in the region can serve as a fact. SEZs are territories with tax benefits, customs preferences, and access to engineering, transport, and business infrastructure. For the implementation of investment projects in the field of industrial production in the Astrakhan region, the special economic zone “Lotos” operates [37]. Work has also begun on the creation of a special economic zone such as a free trade zone in Baku [38]. There are nine FEZs in Kazakhstan: “Astana-new City”, “Aktau Seaport”, “Information Technology Park”, “Ontustik”, “Burabai”, “National Industrial Petrochemical Technopark”, “Khorgos - Eastern Gate”, “Pavlodar” and “Saryarka”. Special attention in this study should be paid to the FEZs in Atyrau and Aktau [39]. There are seven special economic zone (“Qeshm”, “Kish”, “Chabahar”, “Bandar-Enzeli”, “Aras”, “Arvand” and “Maku”) and 16 special economic zones on the territory of Iran [40]. This trend is developing less actively in the Turkmenistan, where there is actually one special economic zone – Avaza National Tourist Zone [41].

The agreement between the governments of the Caspian littoral states on cooperation in the field of transport was signed by the parties in an effort to create and develop international transport corridors. The document emphasizes the

importance of transport infrastructure, improving the quality of transport services and creating favorable conditions for the functioning of all kinds of transport that transport passengers and freights between the Caspian states. The goal is to develop the Caspian Sea region as a major international transport and logistics hub with a developed infrastructure and a high level of interaction between the coastal countries in the implementation of international transport. For its implementation, the parties: collectively develop and implement actions that contribute to the development of freight transport between the littoral States, as well as to attract additional transit traffic; to promote the development of tariff conditions for transportation, including within the framework of international transport corridors and alignment of tariff rates to increase the volume of freight traffic; attracting investment in these projects; contribute to the simplification of the visa, administrative, customs and other control procedures [42].

One of the most important aspects of the Caspian countries energy policy is the transportation of oil and gas. Resource transit routes affect the demand for fuel and energy complexes in coastal countries, determine the final consumer, and are the object of significant investments. The key directions of the existing pipelines in the Caspian region are the Baku-Supsa, Baku-Tbilisi-Erzurum-Ceyhan, Tengiz-Atyrau-Astrakhan Region-Novorossiysk, Baku-Grozny-Tikhoretsk-Novorossiysk, and the Baku-Tbilisi-Erzurum gas pipeline.

The main routes for the transportation of petroleum from the Caspian Sea to the West are shown in Pic.2. The South Stream and Blue Stream gas pipelines are indicated here in order to clearly demonstrate the significance of the unrealized Nabucco project for the European gas consumption market.



Pic. 2 – Caspian-Europe pipelines routes
 (Source: https://www.researchgate.net/figure/Existing-and-planned-oil-and-natural-gas-pipelines-to-Europe_fig2_301679045)

The routes of transportation of Caspian raw materials to the east are provided in Pic.3. Here, the major objects of transport infrastructure are the oil pipelines

“Central Asia–China” (Turkmenistan-Uzbekistan Kazakhstan-China), its separate part “Kazakhstan-China” (Aktyubinsk Kumkol-Alashankou-Pichan) and the gas pipeline “Turkmenistan-Iran” (2 lines of the route Dovletabat-Serakhs-Hangeran and Korpedje - Kurt-Kui).

Since 2019, the Trans-Adriatic gas pipeline has been put into operation, passing through the Turkish-Greek border, Greece, Albania and the Adriatic Sea to Italy. The Trans-Adriatic pipeline will continue the route of the Trans-Anatolian project (Erzurum, Eskisehir, Turkish-Greek border). Together, these projects are an extension of the South Caucasus transportation route and will connect the gas fields of Azerbaijan with the markets of Turkey, Greece, Italy, Albania and in the future with the markets of Bulgaria and the countries of South-eastern Europe.



Sources: “China’s Worldwide Quest for Energy Security” International Energy Agency 2000:

Pic. 3 – Caspian-China pipeline projects

(Source: «China’s Worldwide Quest for Energy Security». International Energy Agency <http://www.allchinareview.com/china-and-central-asia-asignificant-new-energy-nexus/>)

The main pressure on the global oil market and the choice of routes for its delivery to the main consumers is exerted by: conflicts between Iran and the West; conflicts between Russia and the West; the situation in Afghanistan related to the withdrawal of American troops; unresolved economic problems of the European Union and the United States; the critical situation in the Middle East.

Both external and internal factors influence the choice of ways to transport oil and gas to the world market, especially to Europe, either via Russia or bypassing Russia. The European Union, as the main consumer of the Caspian Sea's mineral resources, is pursuing a policy of reducing dependence on oil and gas producers, while also seeking to diversify both sources and routes of their transportation. Fast and barrier-free passage of borders, in this regard, it is necessary to develop

cooperation of customs authorities — "green corridors". They are important both for transit cargo and for direct trade, and there is a great potential for creating added value. It is necessary to increase business activity in the entire region; the Eurasian Economic Commission is actively engaged in this task, and it is possible to achieve this with the introduction of modern technologies that allow comfortable business conduct, especially in the field of multimodal transport. The introduction of digital technologies and the ability to integrate information systems, especially in the field of customs regulation and communication of transport companies, is becoming important. Building an interconnected digital environment is actively being conducted not only by the countries of the Caspian region, but also throughout the Eurasian space [43].

The above highlights the need to understand the importance of organizing regular five-party cooperation between the maritime administrations of the coastal states with the aim of effective and mutually beneficial cooperation in the field of maritime transport in the Caspian Sea. It should also be noted that the need to prepare a five-party agreement on cooperation in the field of maritime transport in the Caspian Sea.

It should be highlighted the importance of transport infrastructure, improving the transport service quality and creating enabling environments for the transport of passengers and cargo between the Caspian littoral States and transit through their territories, as well as the importance of multimodal transport to increase the efficiency of the transport chain.

3 Prospects for the development of economic cooperation in the Caspian sea: the impact of the pandemic on the economy

3.1 The Caspian region in the background of the global crisis and the coronavirus pandemic

The pandemic has affected almost all countries and people of the world and has dealt a serious blow to the economy of all countries. And in the context of the COVID-19 coronavirus pandemic and restraining measures, the world economy has fallen by 4.3%, according to the UN report “World Economic Situation and Prospects” [44]. The crisis caused by the virus is called the strongest in the last 90 years.

The quick widespread of COVID-19 disease has a significant and negative impact on the economy, security and state of the peoples of the Caspian region. The region's borders with three major spots, such as China, Iran, and Russia pose particular challenges. To contain the progression of the pandemic, the governments of the Caspian littoral countries have imposed emergency restrictions, including border closures, countrywide lockdowns and quarantine measures, and have changed economic activity to priority essential goods and medicines [45]. The negative effect of these necessary measures is aggravated by the slackening world economy and declining oil prices. The region's economy, highly dependent on income from fossil fuels, raw material exports, remittances mainly coming from Russia, the informal economy, and tourism, has been hit hard, and a severe economic slowdown is expected to last for at least a few years.

Azerbaijan has spent 1 billion manat (\$589 million) on an economic stimulus plan to alleviate the effects of COVID-19 [46]. This plan will be a great benefit businesses that comply with government measures and do not authorize job or wage cuts [47]. As part of its global efforts to combat the spread of the coronavirus, Azerbaijan has donated \$5 million to the World Health Organization dedicated to fighting the pandemic worldwide [48]. In the future, it is planned to establish a Business Council "Kazakhstan-Azerbaijan" to promote economic cooperation, formulate recommendations for the public administrations of our countries, and resolve problematic issues.

Kazakhstan has imposed a \$10 billion stimulus measure package to alleviate the influence that COVID-19 and declining oil prices are projected to have on the economy. Portion of this funds for the stimulus measures package came from the country's \$60 billion sovereign wealth fund [49]. Stimulus packages have been developed to increase social benefits, improve medical technologies, and support employment in infrastructure projects [50].

Despite the official statement that there are no substantiated cases of COVID-19 in Turkmenistan, the government applies strict rules in accordance with its neighbors. In addition, ahead of a visit by World Health Organization officials, the government has reportedly cleared quarantine zones in a possible attempt to hide COVID-19 cases [51].

In addition to giving essential personal protective equipment to advanced medical professionals in the Caspian region, the United States has committed more than \$25 million to help Caspian countries strengthen their health systems and medical technologies in anticipation of an influx of COVID-19 patients to the region [52].

Table 2. United States Assistance to the Caspian region [53].

Recipient	Amount in USD	Type	Purpose
Azerbaijan	1.7 million	Health assistance	Health assistance to prepare laboratory systems, activate case-finding and event-based surveillance, support technical experts in response and preparedness, and bolster risk communication
Kazakhstan	1.6 million		
Turkmenistan	920,000		

The COVID-19 pandemic presents opportunities, not just threats for the Caspian region. The measures that countries are making can have important long-term consequences. Viewed through this lens, the lessons learned from the pandemic and the measures taken to combat it may lead to closer ties between countries in the region and deeper cooperation on cross-border issues. The world after COVID-19 will be a another place. What will not change, however, is the desire of the Caspian countries to support a multivector foreign policy that tries to balance the influence of Russia, China, the European Union, and the United States. The current US National Security Strategy in Central Asia clearly makes their desire part of US policy.

Another important point can be noted, Azerbaijan and Turkmenistan signed a Memorandum of understanding on collective exploration, development and development of petroleum resources of the "Dostlug" field in the Caspian Sea. The Dostlug field is located at the same distance - 140 km-from the coasts of Azerbaijan and Turkmenistan. There is not enough gas in Azerbaijan to fill the Trans-Anatolian Gas Pipeline (TANAP), as its capacity has gradually increased, eventually reaching 60 billion cubic meters. Turkmenistan, which has the fourth largest natural gas reserves in the world — is an obvious candidate for sending gas via TANAP to Europe [54].

Russia has contributed to stabilization of the coronavirus situation in Kazakhstan, transfer personal protective equipment, tests, reagents, medicines for COVID-19, and sent doctors. In April, the Russian Foreign Minister paid a visit to Kazakhstan. During the visit, they discussed the current state and prospects for the development of Kazakh-Russian cooperation in the political and economic fields, transit-transport, energy, military-technical spheres, as well as cooperation between

the two countries within the framework of international organizations and regional integration associations. The second Caspian economic forum will be held in Moscow in August this year. At the same time, preparations are being made for the sixth Caspian summit. A very solid document package is being prepared for this event. Will be continued to strengthen the cooperation of the Caspian five, which have primary responsibility for ensuring security, transport, environmental protection, tourism development, and scientific relations in the Caspian region [55].

Furthermore, it is important to increase the effort of trade volume, which can stimulate internal economic activity in the countries of the Caspian Sea and Central Asia and reduce the negative influence of the pandemic. It is necessary to rush the process of connecting transport and logistics hubs between the Caspian region and Central Asia, which, besides developing of regional trade, will help to entering new markets and socio-economic progress.

In the future, one of the important links of the East-West international transport corridor may be the construction of the China-Kyrgyzstan-Uzbekistan railway, which was announced at the SCO summit in Bishkek on June 14, 2019 by President of Uzbekistan Shavkat Mirziyoyev and President of Kyrgyzstan Sooronbay Jeenbekov. The implementation of this project will not only expand the transit potential of Central Asia, thereby increasing rail transport between Asia and Europe, but also integrate it into the trans-Afghan transport corridor [56].

Due to the downfall in oil prices and the epidemic of coronavirus infection, the investment attractiveness of the Caspian region may soon decrease. And all the countries of the Caspian region should focus on the development of regional cooperation. The importance of expanding cooperation between the countries in various sectors of the economy can be noted. They have great prospects in the agricultural sector, tourism and construction. The pandemic has also promoted the Caspian littoral countries to offer innovative new policy solutions. For example, Kazakhstan has immediately responded to the public health challenge by increasing its digitalization of primary health care services and strengthening its diagnostic capacity of laboratories.

Based on the above, it can be concluded that against the background of falling oil prices and the COVID-19 pandemic, a further decline in the investment attractiveness of the Caspian region in the future is not excluded. The oil and gas sector is no longer the main factor for attracting investment and developing the economy. In such circumstances, the Caspian countries need to look for other opportunities. In the Caspian region, there are other prospects in the agricultural sector, tourism, construction and other industries.

For the Caspian region, the factor of sustainable growth will not be the global economy, but the nearest countries. In particular, the Caspian states will continue to export energy resources to far abroad countries. Almost all Caspian countries import products and goods not from each other, but from neighboring regions such as Europe, China, and Turkey. Economic and trade ties between them should be strengthened [57].

In march of this year, President of Kazakhstan K. Tokayev took part in the 14th summit of the Economic Cooperation Organization. The event was also attended by the Prime Minister of Pakistan I. Khan, the President of Turkey R. Erdogan, the President of Turkmenistan G. Berdimuhamedov, the President of Afghanistan A. Ghani, the President of Azerbaijan I. Aliyev, the President of Iran H.Rouhani, President of Kyrgyzstan S. Zhaparov, President of Tajikistan E. Rahmon, President of Uzbekistan Sh. Mirziyoyev, Secretary General of the Economic Cooperation Organization Hadi Suleymanpour [58].

The main focus of the presentation was on overcoming the negative economic consequences of the pandemic. Cooperation with the ECO is one of the priorities of Kazakhstan's foreign policy. Major infrastructure and social projects should be the basis for cooperation within the organization. One of the most promising projects is the TransCaspian international transport route, which is being formed jointly with China. In particular, in November 2019, a container train was launched on the route Xi'an-Istanbul-Prague, connecting Kazakhstan, China, Azerbaijan, Georgia and Turkey. In April last year, the first container train passed on the route Xi'an-Izmir.

Today, in pandemic cooperation in the agricultural sector has a good potential, and the demand for food products is stable. It is also possible to actively develop in the production of light petroleum products. In addition, the countries of the region have the potential for cooperation in the sector of light industry. It opens up huge opportunities for the countries of the region to trade with each other.

And also, could say about the development of petrochemicals. However, this industry requires large investments, which means that it will require the involvement of serious investors. Petrochemicals are related to the needs of industrial enterprises, so no breakthrough is expected in this area. To do this, it is necessary to create an industrial base, requiring serious actions on the part of the governments of the Caspian states aimed at strengthening the confidence of potential investors.

There is also great potential for the development of tourism, which is associated with low economic growth in the Caspian countries and, as a result, with the "freezing" of the population's income. Vacation in foreign countries is becoming an expensive pleasure, so there are opportunities for the development of regional tourism.

3.2 Ways to improve the development of economic cooperation in the Caspian Sea

The core analysis of the prospects for the development of the Caspian region reveals the availability an important points of interests and requirements of the Caspian littoral states. Nevertheless, Russia is the main trading partner for all the countries of the region. According to the results of 2019, Russia's foreign trade turnover with the Caspian states (Kazakhstan – 19 billion USD, Azerbaijan – 3 billion USD, Turkmenistan – 6.9 million USD, Iran - 1.5 billion USD) amounted to 24.2 billion USD [59]. The growing trend of both the general indicators of trade statistics of Russia with the Caspian states and with individual countries continued.

One of the most promising ways of the five-party cooperation is the development of the transit potential of the region, including international transport corridors and relevant infrastructure. For Russia, it is necessary to use its transport and transit potential, the international transport corridor "North-South" through the Caspian Sea and railways to accommodate the demands of consumers for transport services and streamline freight flows. The evolution of the international transport corridor "North-South" will contribute to the receiving of promising volumes of cargo flows, increase the production of oil and other natural resources in the Caspian basin, as well as reinforcing trade and economic ties in general.

One more prospective sphere of cooperation is tourism. Among the main ways of interaction are the formation of a common tourist space, new tourist routes, along with cruise routes through the Caspian Sea with visits to the port cities of the region, also the exchange of information in the field of tourism, with a further focus on the development of the tourism industry, and the creation of new tourist projects. It is planned to establish a single regional logo "Caspian" common for the five countries for further use and advance in internal and external markets.

Digital economic development is seen as important. In cooperation with the Caspian states, the digital agenda could focus on the development and introduction of information and communication technologies and digital infrastructure, the effective use of information resources for the digitalization of economic contacts and foreign trade operations, cargo transportation and logistics [60].

In considering detailed the prospects available in the Caspian region, we can identify the following most important problems and ways to resolve them:

- for the implementation of all development projects of the Caspian region is needed to attract foreign investment, and for this the Caspian region has advantageous geographical location and attracts attention of the largest trading countries in the world, therefore attracting investment from external countries such as China, India, Pakistan, Bangladesh might significantly accelerate the development of the region.

- the political situation around Iran and Russia has an impact on the economic development for the Caspian region. Hence, the development of bilateral agreements and trade in national currencies, as well as the development for regional relations, also becomes a significant factor that removes the imposed restrictions.

- the infrastructure development of the region requires the involvement of all the Caspian countries equally. A modern port infrastructure is being developed on the Caspian Sea, which will allow developing tourist activities in the region.

To this may be included a number of proposals for the development of interstate cooperation:

- expansion of the transport system for the delivery of petroleum resources. Pipeline projects affected by the demand for the region's resources, so the expansion of the transport system gets into the priorities of the national energy strategies of all the Caspian countries.

- participation of the Caspian States in interstate associations. Development of the economic policy of the Caspian region also it depends on the integration trends

in which the coastal countries participate. Thus, the EEU, of which Kazakhstan and Russia are members, takes active act to make key decisions in the region for integration in the Eurasian space [3]. Another interstate association for the Caspian region is the SCO. Despite the widespread opinion about the SCO as an organization in the security sector, to its goals and objectives include trade and economic cooperation [8].

- development of strategic-military cooperation in the region. The strategic – military cooperation of some states with the NATO member states contributes to their non-participation in some integration processes of the SCO and the EEU.

Based on the analysis of the prospects for the development of interstate cooperation, it can be noted that all the listed causes of influence are interrelated and it is necessary to solve all other regional problems. Regional problems could be resolved by strengthening the institutional political component in interstate interaction. It is also advisable to form a Parliamentary Assembly of the Caspian States. This initiative was discussed and accepted at the round table in the State Duma of the Federal Assembly of the Russian Federation "Strengthening the role of the Russian Federation in solving cross-border environmental issues in the Caspian Sea" in May 2015. Such a structure will allow to develop a vector of cooperation between the Caspian states and ways to solve regional problems. But the effectiveness of such decisions will depend on a number of internal and external factors, the political process on the world stage and within each coastal State.

The pandemic and the global crisis will evermore reduce the interest of major western investors to the Caspian region. The Caspian countries should think about looking for new opportunities and developing regional economic cooperation. Political analysts do not exclude a further decline the investment attractiveness in the background of falling oil prices and the COVID-19 pandemic, Now it is intended that western companies, having implemented their strategies, by connecting the Caspian Sea to world markets, returned their investments and made a profit, lose interest to the region.

The actions of the governments of the Caspian countries should be directed at simplifying the working conditions of economic subjects. This is a package of measures that includes a simplified procedure for registering enterprises, tax preferences, and the development of a competitive environment. In addition, the government should, of course, improve the efficiency of the work of state bodies, the judicial system and law enforcement agencies. Such measures should be aimed at creating additional protection measures for foreign investors and investments.

Mention should also be made of the fact that the all Caspian cooperation has good prospects for development, considering that will be complement both the existing economic cooperation on a bilateral basis and the five-party political dialogue. The importance of organizing five-sided cooperation between the maritime administrations of the coastal states for effective and mutually beneficial cooperation in the field of maritime transport in the Caspian Sea can be emphasized. It noted the need to prepare a five-sided agreement on cooperation in the field of maritime transport in the Caspian Sea, work on which has already begun.

For the active development of the economy in the region, it must be noted the following premise: increasing investment attractiveness, developing infrastructure (port, road, railway), storage and distributional complexes, customs terminals.

All the events taking place in the world dictate the need for detail the bargains completed, taking into account new challenges and threats. One of these challenges is digitalization, which creates additional high-tech mechanisms for external control over the resource allocation. Currently, digitalization is carried out on local platforms, which will later be integrated into global digital platforms. However, the countries that are ahead in technological development will have control over all the processes. The Caspian states are open to economic cooperation with non-regional countries, but they have not yet built protective mechanisms taking into account digital trends. Therefore, penetration through investment and technology can also influence the political agenda in the region.

Conclusion

As a result of the study, the material was obtained, the analysis of which allowed to conclude that the Caspian countries collaborates in the fields of industry, trade, agriculture, tourism and other sectors of the economies of common interest. To implement cooperation in these sectors, promote the effective use of economic resources, the implementation of collective projects, the development of cooperation between regions and cities of states, etc.

It should be emphasized that the Caspian region, due to its geopolitical position and the availability of natural resurces, is an object of intense rivalry by regional and extraregional powers. The presence of promising and long-term projects related to the Caspian region indirectly or directly, as well as the growing interest to these projects, suggest an increase in the international importance of the region as a whole. And it can be said that the long-term prospects for the development of the Caspian region largely depend on geopolitical factors and the state of regional security. Geopolitics and political geography are important for every country and hold a special place in modern international political and economic life. By analyzing the geopolitics, can be represented the future of the country.

Traditionally, the Caspian region is understood as the territory of the Caspian Sea and the parts of the land adjacent to its shores - the coastal territories of Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. The Caspian region is a space where the geopolitical, economic, and military-strategic interests of the Central Asian states, Russia, China, the United States, and the EU intersect. At the same time, if the region is of interest to the European Union and China in the energy sphere, then for the United States and, in many respects, for Russia, the importance of the Caspian Sea rather lies in its most important location.

The countries of the Caspian Sea in the early 1990s were characterized by low investment attractiveness for corporations. This is due to political risks, as well as the lack of data on the volume of oil and gas required for geological studies. In addition, some key transport projects were found to be economically unprofitable.

The theoretical analysis allows to identify a promising direction of development, that the energy policy in the Caspian region is aimed at achieving effective cooperation in the field of oil and gas production, diversifying the routes of transportation of petroleum resources, as well as regulating the environmental component of subsurface use in the Caspian Sea. Energy diplomacy is carried out within the framework of interaction between public and private corporations, representatives of states, the conclusion of interstate agreements and their implementation, interaction within the framework of integration associations.

The Caspian Five countries not only shared the biological and oil and gas resources of the Caspian Sea, but also agreed on closer cooperation in many areas, including the military. There is a security agreement between the two countries, but each state develops armed forces as it sees fit. As for the military flotillas in the Caspian Sea, traditionally Iran and Russia had military fleets, and during the collapse

of the USSR, the soviet Caspian flotilla was divided. All the states of the Caspian region had military naval flotillas. Therefore, the armament of the five states in the Caspian Sea has an objective reason, being part of the historical process.

All the Caspian states are developing their naval fleets. There are legal agreements on non-aggression, and the settlement of all disputes in the Caspian Sea by peaceful means, but these documents do not oblige countries to eliminate their warships and not to care about their security. In addition, warships are also needed to combat smuggling, drug trafficking and poaching. In general, we can confidently say that the Caspian countries will not fight among themselves for resources [13].

These researches have contributed to the development of cooperation, but the current problems are: the implementation of all projects for the development of the Caspian region requires the involvement of external investments; the political situation around Iran and Russia has an impact on the economic development of the Caspian region; the infrastructure development of the region requires the involvement of all the Caspian countries equally. The expansion of the transport system for the delivery of hydrocarbon resources, the participation of the Caspian states in interstate associations, the development of military-strategic cooperation in the region seems to be a promising direction in the interaction of states and international organizations.

It is needed to expand entrepreneurial activity in the country, and the Eurasian Economic Commission is actively engaged in this objective. Only it can be achieved with the introduction of modern new technologies that allow comfortable management of multimodal transport.

The introduction of digital technologies is becoming important and integrate information systems in the field of customs regulation and communication of transport companies. An interconnected digital environment is actively being conducted by the countries of the Caspian region and throughout the Eurasian space. Also, the lifting of administrative and tariff barriers is also required. To create conditions for transportation and the formation of the economic development of entrepreneurship, to coordinate legislation, regulations, and tariff regulation. A number of free trade agreements and tariff reductions may be created to encourage the creation of new value chains.

And to attract investment to the region, the possibility of creating a special investment fund is being considered. Investments should be the same in all countries of the region in the creation of infrastructure, this will create the necessary conditions for the development of the region. China is ready to invest in the creation of the necessary infrastructure on favorable terms for all parties. The Trans-Caspian trade transport corridor opens the way for the development of the entire Eurasian space.

The convention on pipelines is of great importance for economic activity in the Caspian Sea. By securing the common right of coastal states to lay submarine cables and pipelines along the bottom of the Caspian Sea, it makes a special specification for trunk, that is, trans-Caspian pipes — in this case, strict conditions must be observed. China is the largest buyer of Turkmen gas. If Azerbaijan and Turkmenistan agree to launch the Trans Caspian pipeline, China will naturally

interfere in all this. For sure, there is an agreement between Turkmenistan and China. If there are any problems with the supply of gas to China, China will defend its right and its interests. For sure, China will negotiate with Turkmenistan to abandon the implementation of this gas pipeline. China already has its own interests in the Caspian region, and it is already present here. Turkmenistan, of course, depends on China. Therefore, the Chinese factor is present.

The trade and economic relations of states and non-regional corporations should differ in the mechanism of regulating their activities. Control and regulation of oil and gas production should be carried out by a collective body. Military-strategic cooperation in the region can be within the framework of regional integration associations. The existing institutional environment of interstate interaction does not correspond to the solution of regional problems. In this regard, the establishment of the Parliamentary Assembly of the Caspian States with the powers and functions to develop a regional strategy, as well as the signing of the Convention and the Agreement responsible for the implementation and implementation of such a strategy, seems timely and necessary.

The creation of these two structures will allow us to develop a vector of cooperation between the Caspian states, mechanisms for solving regional problems (the Parliamentary Assembly), as well as directly act in the practical implementation of the required measures of the (Economic Cooperation Organization). But, the effectiveness of such organizations will depend on a number of internal and external factors, the political process on the world stage and within each coastal State.

Today the COVID-19 pandemic presents opportunities, not just threats for countries of Caspian region. The measures that countries are making can have important long-term consequences.

The pandemic and the global economic crisis have made serious adjustments to economic cooperation in the region. It should be focused on innovative areas, since without the development of processing industries, without a high technology economy, it is not possible to achieve long-term development of the region's economy.

During the pandemic Azerbaijan and Turkmenistan signed a Memorandum of understanding on collective exploration, development and development of petroleum resources of the "Dostlug" field in the Caspian Sea. The Russian Foreign Minister visited Kazakhstan. In the current year, the second Caspian economic forum will be held in Moscow. At the same time, preparations are being made for the sixth Caspian summit.

And all the countries of the Caspian region should focus on the development of regional cooperation, such as the agricultural sector, petrochemicals, tourism. They have a good and stable potential. Also possible to actively develop in the production of light petroleum products. It opens up huge opportunities for the countries of the region to trade with each other. Petrochemicals are related to the needs of industrial enterprises, so no breakthrough is expected in this area. Vacation

in foreign countries is becoming an expensive pleasure, so there are opportunities for the development of regional tourism.

Thanks to the heads of the Caspian countries, the Caspian Sea is becoming a zone of stability and cooperation. And the geopolitical position in the region has stabilized thanks to the negotiations of all five riparian countries. There are no serious challenges between the countries of the region that affect security in the region, there are no inter-state conflicts and challenges from outside. At the same time, there are still a number of technical unresolved issues between states that require long-term work - security, ecology, etc. Summing up, it should be noted the importance of the development of the Caspian region for each country.

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Analytical note

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<p>The idea of the project</p>	<p>DEVELOPMENT OF THE ECONOMIC COLLABORATION IN THE CASPIAN SEA: NEW CHALLENGES AND WAYS OF RESOLUTIONS</p>
<p>Problem situation (case)</p>	<p>Description</p> <p>The quick widespread of COVID-19 infection has a significant and negative impact on the economy, security and state of the peoples of the Caspian region. The region's borders with three major spots, such as China, Iran, and Russia pose particular challenges. To contain the progression of the pandemic, the governments of the Caspian littoral countries have imposed emergency restrictions, including border closures, countrywide lockdowns and quarantine measures, and have changed economic activity to priority essential goods and medicines.</p> <p>Due to the downfall in oil prices and the epidemic of coronavirus infection, the investment attractiveness of the Caspian region may soon decrease.</p>
<p>Available solutions to this problem</p>	<p>Classification of existing approaches</p> <p>Azerbaijan has spent 1 billion manat (\$589 million) on an economic stimulus plan to alleviate the effects of COVID-19. Kazakhstan has imposed a \$10 billion stimulus measure package to alleviate the influence that COVID-19 and declining oil prices are projected to have on the economy. Despite the official statement that there are no substantiated cases of COVID-19 in Turkmenistan, the government applies strict rules in accordance with its neighbors.</p> <p>Advantages</p> <p>Disadvantages</p> <p>The negative effect of these necessary measures is aggravated by the slowing global economy and</p>

	<p>falling oil prices. The region's economy, heavily dependent on income from fossil fuels, raw material exports, remittances mainly coming from Russia, the informal economy, and tourism, has been hit hard, and a severe economic downturn is expected to last for at least a few years.</p>
<p>Proposed solution to this problem</p>	<p>Description of the alternative approach, the procedure for its implementation</p> <p>In the future, it is planned to establish a Business Council "Kazakhstan-Azerbaijan" to promote economic cooperation, formulate recommendations for the public administrations of our countries, and resolve problematic issues. Stimulus packages have been developed to increase social benefits, improve medical technologies, and support employment in infrastructure projects.</p> <p>It is important to increase the effort of trade volume, which can stimulate internal economic activity in the countries of the Caspian Sea and Central Asia and reduce the negative influence of the pandemic. It is necessary to rush the process of connecting transport and logistics hubs between the Caspian region and Central Asia, which, besides developing of regional trade, will help to entering new markets and socio-economic progress.</p> <p>Opportunities</p> <p>Caspian countries have great prospects in the agricultural sector, tourism and construction. The pandemic has also promoted the Caspian littoral countries to offer innovative new policy solutions. For example, Kazakhstan has immediately responded to the public health challenge by increasing its digitalization of primary health care services and strengthening its diagnostic capacity of laboratories. It is also possible to actively develop in the production of light petroleum products. In addition, the countries of the region have the potential for cooperation in the sector of light industry. It opens up huge opportunities for the countries of the region to trade with each other.</p> <p>Risks</p>

	<p>Petroleum products require large investments, which means that it will require the involvement of serious investors. Petrochemicals are related to the needs of industrial enterprises, so no breakthrough is expected in this area. To do this, it is necessary to create an industrial base, requiring serious actions on the part of the governments of the Caspian states aimed at strengthening the confidence of potential investors. There is also great potential for the development of tourism, which is associated with low economic growth in the Caspian countries and, as a result, with the "freezing" of the population's income. Vacation in foreign countries is becoming an expensive pleasure, so there are opportunities for the development of regional tourism.</p>
<p>Expected Result</p>	<p>For the active development of the economy in the region, it must be noted the following premise: increasing investment attractiveness, developing infrastructure (port, road, railway), storage and distributional complexes, customs terminals.</p>
<p>Literature</p>	<p>List</p> <ol style="list-style-type: none"> 1. Statement of the President of the Russian Federation at the Fifth Caspian Summit. Aktau, August, 12, 2018. 2. "UPDATE: The United States Is Continuing to Lead the Humanitarian and Health Response to COVID-19." U.S. Department of State 3. The caspian region and u.s. engagement during and after the covid-19 crisis special report by the caspian policy center 4. The Caspian Basin Oil and Its Impact on Eurasian Power Games. -London