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# Intelligence Report

Office of DCI Environmental Center

20 October 1997

## The Caspian Sea: Environmental Challenges and Government Responses

*The littoral states of the Caspian Sea face two major environmental challenges: the rising waters of the Caspian and the declining population of the sturgeon. Various reporting suggests that national efforts focus more on dealing with the rising waters of the Caspian, while protecting the sturgeon appears to be a shared regional concern. A number of multilateral agreements are in place, but progress is slow and tangible results are few. Meanwhile, existing political and economic differences are important factors influencing the states' cooperative zeal, and curbing expanding sturgeon poaching activities remains a formidable task.*

### What initiatives have the five littoral states of the Caspian Sea taken unilaterally to address environmental issues of the region?

The Caspian states--Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan--face two environmental challenges involving the Caspian Sea: protecting their citizens and infrastructure from the rising waters of the sea and preserving the declining sturgeon population. National responses to these challenges vary according to each country's economic capability and sense of urgency over potential loss--depending on the location of population centers and infrastructure along the shore line and the importance of the caviar trade to its economy. Examples of national efforts include:<sup>1</sup>

- [redacted] Azerbaijan is upgrading and protecting the port at Baku, refurbishing offshore oil and gas facilities at the Guneshli and Oily Rocks fields, and developing--with World Bank support--a national action plan.
- [redacted] Iran is monitoring--with International Atomic Energy Agency assistance--the rising water level and radioactivity in the sea and has built emergency seawalls. The government also has ratified a bill to create the International Sturgeon Institute of the Caspian Sea.

<sup>1</sup> The appendix to this paper provides more detail on the unilateral and joint efforts to protect the Caspian environment. [redacted]

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- Kazakhstan has begun reconstruction work on the seaport of Aktau, built and reinforced dikes to protect oil fields and deposits, and taken steps to build sturgeon hatcheries and fish breeding plants, [redacted]  
[redacted] Kazakhstan also has sought to incorporate environmental protection measures in its oil exploration business contracts with foreign firms.
- Russia has reinforced its border police force to curb sturgeon poaching in Russian territorial waters and in border areas, according to press reports.  
[redacted]

**To what degree are the five states already cooperating to address the rising sea level and sturgeon protection?**

Regional cooperative efforts associated with the rising sea level involve monitoring activities and research projects. The bulk of multilateral environmental efforts, however, appear to focus more on protecting the sturgeon. Regional agreements involve fishing in the Caspian Sea, joint operations to prevent poaching, and the restoration and preservation of the sea's ecological system and bioresources.

- Earlier this year, the five Caspian states agreed to embark on 12 environmental projects, with assistance from UN-affiliated international organizations, according to press reports. The projects include a plan to observe changes in the water level of the Caspian, examine polluting agents and their effects, and conduct joint research projects.

[redacted]


- In September 1997, representatives of agencies managing fish reserves in Russia, Azerbaijan, Kazakhstan, and Turkmenistan agreed on joint operations to stop sturgeon fishing in the Caspian Sea and to prevent poaching, according to press reports.
- According to press sources, various agreements on the protection and preservation of the Caspian and its natural resources--including the sturgeon--also exist between Russia and Azerbaijan, Russia and Kazakhstan, and Iran and Russia. [redacted]

[redacted]

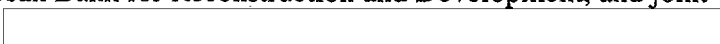


**What factors could facilitate cooperation among the littoral states?**

The existence of regional agreements addressing the environmental problems of the Caspian Sea make it likely that governments will be open to new proposals involving similar cooperative arrangements or mechanisms.

- Area experts, scientists, and policymakers suggest using regional agreements to develop long-term strategies for such problems as restoring and stabilizing sturgeon resources, according to press. Other proposals reported by local press sources call for the creation of an independent commission--made up of scientists and specialists from littoral states--to conduct environmental impact studies of seismic prospecting and the exploitation of offshore deposits.
- Last month, despite ongoing disagreements over the demarcation of the Caspian Sea, representatives of agencies managing fish reserves in Russia, Azerbaijan, Kazakhstan, and Turkmenistan met and agreed to step up joint efforts against poaching, according to press reports. 

The Caspian states also may be more likely to accept proposals under the auspices of international organizations that treat littoral states equally--particularly in light of sensitivities over sovereignty; the differences among states along ethnic, religious, and economic lines; and the disagreements over the Caspian Sea demarcation.


- Several ongoing projects in the area already involve international organizations that provide technical and financial support. These entities include the European Union, the World Bank, the International Atomic Energy Agency, the United Nations, the Intergovernmental Oceanographic Commission, the International Hydrological Program, the European Bank for Reconstruction and Development, and joint-venture companies, 





***Sturgeon Protection: A Losing Battle?***

*Russian efforts to enhance enforcement activities along its borders may be undermined by the extent of criminal activities along the Caspian coast and the reluctance of enforcement agencies in neighboring countries to coordinate with Russian border guards. Local press sources say the number of detected crimes has tripled in the last three years. Russian officials claim that the shores of the Caspian and the Sea of Azov have been divided up by criminals into zones of control.*

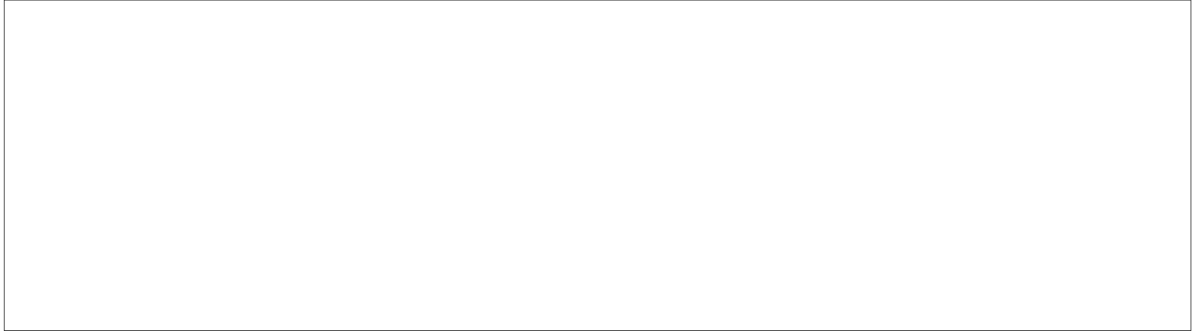
- *Since 1993, Russia has posted 500 officers along the Volga's delta every spring, but only a handful of perpetrators ever go to jail. Local news reports say the poorly paid officers, who can double their monthly salaries by selling a few kilograms of caviar, often work with smugglers.*
- *Murders and bomb attacks against border guard families also severely demoralize officers and discourage effective enforcement.* 






**What factors could inhibit further cooperation?**




Area experts believe that mutual mistrust, sensitivities about sovereignty issues, and the lack of consensus on the demarcation of the Caspian Sea could hinder future cooperative efforts among the Caspian states. Proposals giving Russia preference or authority, in particular, are likely to be received negatively.



Poverty and industrial stagnation among the Caspian states also could make cooperative efforts to effect a complete ban on commercial fishing extremely unpopular and unenforceable. Press sources say some experts believe that establishing international catch limits may be the sturgeon's only hope, but even that may be difficult to achieve.

- The five Caspian states disagree on the amount of fish catches allowed, according to press and other open sources. Total catch limits, where fish are caught, and over what time periods are major discussion points, along with individual country quotas. Iran and Russia had previously agreed on these issues, but a new agreement needs to be reached with the other states. 

Ongoing disputes over the Caspian's demarcation lines and the nature of existing relations among the Caspian states are also major factors that could hinder cooperation. For example:

- Turkmenistan and Azerbaijan are in dispute over property rights to Caspian seabed energy sources. Some progress has been made toward a resolution, but problems with details could still derail an agreement.   
 Moscow has become involved because Russian firms purchase oil from the region.
- Relations between Russia and Azerbaijan have been marred by disputes over the Nagorno-Karabakh issues, accusations involving a Russian citizen spying for Armenia, and Baku's resistance to Russian efforts to limit Iranian influence in the area by establishing a Russian military presence along Azerbaijan-Iran border 



## APPENDIX

**AZERBAIJAN**

**GOVERNMENT RESPONSES TO THE RISING CASPIAN SEA**

The government has initiated projects designed to upgrade or protect facilities threatened or damaged by rising sea waters, according to press reports. [redacted]

[redacted]

**Capabilities and Limitations**

[redacted] four institutions in Azerbaijan dealing with data on Caspian Sea pollution. These were the State Committee for Control Over Ecology and Use of Nature (SCCEN), The State Committee for Hydrometeorology, The Caspian Water Supervision Committee, and The Republic Center for Hygiene and Epidemiology. SCCEN--the main source of data--provided information to the other organizations. [redacted]

**Plans and Intentions**

In June, press sources reported that Azerbaijan was awaiting decision on a World Bank loan--worth approximately \$22 million--to support additional reconstruction work on the port of Baku. The matter was up for discussion at the Bank's Board of Directors meeting in mid-July. There has been no further information on the Board's decision. [redacted]

[redacted]

[REDACTED]

Experts from the State Committee for Ecology and Wildlife Management believe that the evacuation of coastal residents is Azerbaijan's best option. Therefore, the government needs to prepare and introduce a state program on priority evacuation measures, starting with the development of an automated system of forecasting possible flood zones and their graphic presentation. According to press reports, Azerbaijani specialists had been aiming to complete relevant studies in 1997. [REDACTED]

### **GOVERNMENT INITIATIVES TO PROTECT THE STURGEON**

Press reports in June said the World Bank and public, scientific, and other organizations in Azerbaijan began reviewing the national plan of action to support the environment. The plan outlines three priorities--institutional development of the state committee for ecology; making available short-term high-return investments, such as cleaning up oil spills; and long-term investments, such as promoting fish breeding farms. According to preliminary information, the World Bank could allocate between \$1 to \$1.5 million toward implementing the plan. [REDACTED]

In May, local press sources reported that a biological cleanup project devised by scientists in Azerbaijan had been selected by the European Commission for implementation. The project was designed to study the natural cleansing process by which micro-organisms in the Caspian Sea synthesize special ferments capable of oxidizing oil and petroleum products in the water. The project--expected to begin in Baku Bay--was to involve scientists from universities in Great Britain, Italy, the Russian Federation, Ukraine, and Azerbaijan. [REDACTED]

The head of the state oil company--SOCAR--said in May that current oil projects in Azerbaijan cannot meet the ecological standards set and adopted in the former Soviet Union, according to local press reports. Adopting the USSR standards would require large capital investments to build biological purification facilities to meet the maximum pollution level allowed--0.5 milligrams per liter for the Caspian. Instead, Azerbaijan's national assembly developed its own standards and set the limits for effluence of waste oil products at 40 MG/L and up to 20 MG/L for areas close to shore. [REDACTED]

### **Capabilities and Limitations**

Local press reports have quoted the head of the Caspian State Committee for Ecology and Rational Use of Natural Resources as saying that financial difficulties are a main obstacle to organizing effective ecological monitoring of the activities of foreign companies in the Caspian area. [REDACTED]

[REDACTED]



## IRAN

### GOVERNMENT RESPONSES TO THE RISING CASPIAN SEA

Iran receives support from the International Atomic Energy Agency (IAEA) in monitoring the rising water level and radioactivity of the Caspian Sea. [REDACTED]

Iranian press sources reported in 1993 that Iran built emergency sea walls in areas, such as Tonekabon, to protect against rising sea waters. [REDACTED]

### GOVERNMENT INITIATIVES TO PROTECT THE STURGEON

The majles ratified a bill in July to allow the government to take steps to establish the International Sturgeon Institute of the Caspian Sea and to ratify its charter, according to local press reports. The bill--aimed at protecting the sturgeon in cooperation with other Caspian states--is currently awaiting a second round of discussions and final ratification. [REDACTED]

Iran is a party to CITES--which, in June, listed all 23 sturgeon species as threatened. [REDACTED] the Iranian delegation was the only party to voice objection to the listing over the failure of the proponent countries--Germany and the US--to consult with it on the proposal. Iran was invited--but had failed--to attend an earlier meeting hosted by Russia on this issue. [REDACTED]



**Plans and Intentions**

Press reports say Iran plans to pour 8 million Beluga roes into the Caspian this year.



**KAZAKHSTAN**

**GOVERNMENT RESPONSES TO THE RISING CASPIAN SEA**

Reconstruction has begun on the seaport of Aktau on the Caspian Sea, according to press reports. Officials say the four-year project--financed with a \$70 million European Bank for Reconstruction and Development (EBRD) loan--involves raising the entire 400-meter long pier by two meters to protect it from the rising sea. [REDACTED]


Press reports in April said Kazakhstan's state petroleum agency--EMG--spent \$13.3 million in 1994-96 to build and reinforce two dikes to protect its oil deposits. EMG's oil reserve is estimated at 507 million barrels. [REDACTED]

**Capabilities and Limitations**


In May 1996, local press reports indicated that, although Atyrau expended maximum effort to protect itself against the sea, it could do no more than erect temporary earthen dams annually. Critics blamed Almaty for failing to provide funds to support the effort, but officials there responded that there simply was no money. In 1994, Atyrau managed to erect some 726 kilometers of dams, and in 1995, local enterprises contributed work and materials on the promise that they would be reimbursed. Atyrau's inability to repay those debts reportedly have led some of the enterprises to the verge of bankruptcy. In 1996, a government decree finally confirmed the fact of the emergency and mapped out a number of priority measures to protect the area and relocate the most important coastal facilities. Atyrau also was promised more money, but as of the date of the report, Atyrau received funds enough to build only one dam. [REDACTED]



## GOVERNMENT INITIATIVES TO PROTECT THE STURGEON

Press sources reported in 1993 that Kazakhstan has tried to incorporate measures to protect the environment in its business dealings by demanding that companies granted oil exploration rights in the Caspian conduct a full environmental survey of the region and pay for any environmental damage that their activities cause. 

### Capabilities and Limitations

Kazakhstan has limited resources to devote to the Caspian Sea because of the number and magnitude of environmental challenges--for example, the deterioration of the Aral Sea--that the country faces. 



[REDACTED]

## RUSSIA

### GOVERNMENT RESPONSES TO THE RISING CASPIAN SEA

The interdepartmental commission of the Russian Security Council met in April to address ecological security measures to ensure the ecological security of the Caspian, according to press reports. [REDACTED]

Russia has issued Government Resolution No. 328, dated March 23 and entitled "On Priority Measures for 1996-1997 for the Protection of the Population and the Prevention of the Flooding of Economic and Other Facilities Situated on the Caspian Sea Coast," according to press reports. [REDACTED]

[REDACTED]

### Plans and Intentions

In April the Russian Security Council recommended government approval of a federal draft program--Solution of Social, Economic, and Ecological Problems Connected with Raising the level of the Caspian Sea, according to press reports. The council also required the Commission on the Caspian Sea Problems to submit in August 1997 a progress report on the fulfillment in 1996-97 of Government Resolution No. 328. The council also recommended that the Russian Foreign Ministry and the Ministry of Natural Resources to speed up on finishing and coordinating agreements with other Caspian states on a rational use of nature resources of the Caspian Sea and on their protection. Press sources say the Commission believes this work should be done jointly with the government of the Republic of Dagestan, the government of the Republic of Kalmykia, the local administration of the Astrakhan region, and corresponding federal executive bodies. [REDACTED]

### GOVERNMENT INITIATIVES TO PROTECT THE STURGEON

Under the edict, *On Measures to Provide for Protection of Marine Biological Resources and for State Control in this Sphere*, the government has given the federal border service responsibility for protecting Russian bioresources in the territorial sea, the Russian, exclusive economic zone, and the continental shelf, according to local press reports. Russian military officials say that under edict--signed by President Yeltsin last month--the service will restructure its marine forces into marine guards to exclusively control fishing in Russian territorial waters and border areas. The service will be staffed with specialists from the Federal Fisheries Administration and other maritime protection organizations.

[REDACTED]

### Capabilities and Limitations

The Russian Federal Border Service naval forces commander has acknowledged that border guard personnel need specialized training in conducting inspections, collecting and documenting evidence of a violation, and other procedures to effectively carry out their duties, according to Russian press sources. The lack of special higher educational institutions to conduct training means that border guards have had to learn these skills on the job. The service has taken action by revising the curricula and training programs at its service academy to enhance training in this area. [REDACTED]

Russian press reports say the Russian Federation's Ministry of Natural Resources lacks resources to conduct expanded studies on the ecological consequences of oil exploration. Oil companies also have refused to conduct such studies. [REDACTED]

### Plans and Intentions

Plans are underway to provide the marine forces of the Federal Border Service with new equipment, in conjunction with its new duties, according to local press sources. The forces already have a strong coastal infrastructure, points for observing surface activity, and up to 100 ships and cutters to provide simultaneous monitoring at sea. Russian officials quoted by the local press say a shipbuilding program also is underway to produce 10 additional ships and 30 cutters and to completely replace the force's equipment by 2010. [REDACTED]

Press reports say the Caspian Scientific Research Institute for the Fishing Industry has developed a \$150 million program to replenish sturgeon stocks in the Caspian Sea basin and to increase declining catches to 12,000 tons by 2010. All five Caspian states are expected to participate in the program, which has been referred to the Russian government for reconsideration. The program will see stocks replenished at a rate of 150 million to 180 million sturgeon a year, compared with the current 60 million, according to local press reports. [REDACTED]

## TURKMENISTAN

### GOVERNMENT INITIATIVES TO PROTECT THE STURGEON

Under the terms of the first round of an international tender for oil exploration and recovery within the Turkmen shelf of the Caspian, the government requires potential investors to include in their applications a list of environmental protection initiatives they will undertake as part of their activities, according to press reports. [REDACTED]

[REDACTED] in late July, the Ministry of Environmental Protection and the Harvard Institute of International Development of Central Asian Countries and Kazakhstan conducted a USAID-sponsored conference in Ashgabat. The conference, entitled *The Efficiency of Environmental Protection Requirements Implementation in the Oil and Gas Business of Turkmenistan*, addressed environmental problems resulting from oil and gas industry development. [REDACTED]

[REDACTED] Turkmen officials say the mejlis or parliament passed a law on *Protection and Rational Use of the Animal World*, which attempts to balance national interests with international conventions. According to local press sources, Turkmenistan now leads the CIS in the number of legislative acts on environmental protection. [REDACTED]

[Redacted]

[Redacted] under the auspices of the TACIS Ecological Program, Turkmenistan has proposed four projects related to the Caspian and Aral Seas, the Cheleken Peninsula, and Turkmenbashi. [Redacted]

**Capabilities and Limitations**

The drive to improve the economy by exploiting the Caspian Sea's oil resources may force Turkmenistan to sacrifice the environment for economic development. [Redacted]

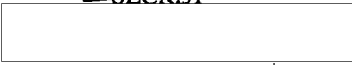
[Redacted]


[Redacted]



## JOINT EFFORTS TO ADDRESS THE RISING CASPIAN SEA

- In June, press sources reported that the World Bank was ready to extend Azerbaijan and other littoral countries a grant for projects to address the rise in sea level, to preserve the biosphere of the Caspian, and to monitor, determine, and regulate what may be disposed of in the Caspian. [REDACTED]
- Earlier this year, the five Caspian Sea littoral states reportedly agreed on 12 environmental projects to be launched jointly with assistance from international organizations affiliated with the United Nations, according to press reports. The announcement was made by an Iranian delegate at the second meeting of the Coordination Committee on Water Related Issues, Meteorology and Environment Protection of the Caspian Sea held in Baku. The approved measures included setting up a maritime weather forecasting network, an environmental protection control system, and a joint data bank. There also were plans to observe changes in the water level of the Caspian Sea, to examine polluting agents and their effects, and to conduct joint research projects. The third meeting of the coordinating committee is to be held in Iran in 1998. [REDACTED]
- An Internet source reports that, in May 1995, the Intergovernmental Oceanographic Commission (IOC) and the International Atomic Energy Agency (IAEA), in cooperation with the International Hydrological Program of UNESCO, organized a workshop on the causes of the sea level rise of the Caspian and the international cooperation required to tackle the problem. The workshop was attended by specialists from the Caspian states and by representatives from France and other organizations. The participants agreed to initiate the Caspian Sea Project, which would involve the conduct of relevant studies and training, with IAEA and IOC support. The participants also discussed and prepared a coordinated work plan on joint activities that could be undertaken by countries specifically in 1995-96. A workshop was to be held in 1996 to review the results of the initial phase of the feasibility study. In addition, the participants formulated proposals for future cooperative efforts-- including establishing a regional monitoring system and a coordinating mechanism-- and stressed the need for establishing a network of key stations equipped with modern technology for sea-level measurements. [REDACTED]
- Iranian press sources reported in 1993 that Iran and Russia signed articles of a charter setting up the Research and Study Center for the Caspian Sea Water Sources, under which littoral states were supposed to coordinate all activities on studies and research and the implementation of projects to halt sea encroachment. Kazakhstan, Azerbaijan, and Turkmenistan also were expected to sign the charter. At the same time, Iranian



officials said Iran and Turkmenistan had agreed to open a canal allowing water to enter the Qara Boghaz Bay to allow rising water along the coasts of the Caspian Sea littoral states to subside. 



## JOINT EFFORTS TO PROTECT THE STURGEON

- [redacted] the head of the Russian Foreign Ministry's Caspian Working Group said in September that an agreement on fishing in the Caspian Sea is almost ready for signing by the littoral states, but the major stumbling block appears to be the plan to set aside an ecological zone in the northeast sector of the Caspian. The Russian official gave few details, but he said that one proposal under consideration would give the zone--which would be off limits to oil drilling and exploration--a percentage of Caspian oil profits. Press sources reported that Kazakhstan and Russia established a sanctuary in the northern part of the Caspian and the deltas of the Volga and Ural rivers in the 1970s. The sanctuary reportedly still exists, but the rules prohibiting geological and seismic prospecting in the area and instituting special rules of water use, shipping, and other activities now are being broken constantly. Kazakhstan, for example, has begun seismic prospecting on its own coast, and Russian firms have followed suit. [redacted]
- In September, representatives of agencies managing fish reserves in Russia, Azerbaijan, Kazakhstan, and Turkmenistan agreed--under the Commission on the Biological Resources of the Caspian Sea--on joint operations to stop sturgeon fishing in the Caspian sea and to prevent poaching, according to press reports. [redacted]
- [redacted] this year all 23 species of the sturgeon were listed under the Convention on International Trade in Endangered Species (CITES) in an effort to curtail the illegal caviar trade and to ensure the sustainable use and management of wild sturgeon stocks--particularly those of the Caspian Sea. The CITES coverage takes effect 1 April 1998 when wildlife inspections at ports of entry will be enforced to detect illegal shipments of fish and caviar. Under CITES, parties designate both a management authority and a scientific authority to exercise joint responsibility in issuing permits and certificates to authorize trade. These permits must accompany shipments and be presented at customs points. Even nonparties must comply with the CITES requirements in order for their exports to be accepted into countries that are parties.
- Russia's management authority remains the competent entity for issuing permits for all the CIS states, until they choose to become parties to CITES themselves or unless they lodge an objection with the CITES secretariat [redacted] None of the nonparty Caspian states have raised public objections to Russia issuing their permits. Azerbaijan, Kazakhstan, and Turkmenistan are being encouraged to join

CITES so they may protect their sovereignty interests and participate in the decision making process. Under the sturgeon resolution, these countries may also receive technical assistance in the implementation of the sturgeon listing and on conservation management of sturgeon stocks. [redacted]

- Press reports say that, under Article 22 of the Treaty of Friendship, Cooperation, and Mutual Security signed this year by the Russian Federation and the Republic of Azerbaijan, both countries agree to cooperate on environmental issues, particularly on the protection and restoration of the ecological system of the Caspian Sea. [redacted]
- In June, press sources reported that Russia had proposed that the governments of Azerbaijan, Kazakhstan, and Turkmenistan sign an agreement on the rational use of the bioresources of the Caspian Sea. Russian officials reported that all appropriate documents and requests were transmitted to representatives of these nations, but some of the states said they would sign only after the legal status of the Caspian has been determined--a process that could take several years. [redacted]
- Russia and Kazakhstan signed in April 1996 the Statement on Cooperation in the Use of the Caspian Sea, which states, among others, that the complex of legal provisions in a convention on the legal status of the Caspian Sea should include regulations on the use of biological and mineral resources and should address the rising of the Caspian Sea, according to local press reports. [redacted]
- In May 1996, Iranian press reports said Iran and Russia signed a memorandum of understanding to expand cooperation in the field of fisheries. The two sides agreed on points involving conservation and improvements in the use of marine bioresources in the Caspian Sea, measures to address the illegal caviar trade, the promotion of fish breeding in inland and sea waters, the establishment of fishing organizations, the use of new technology to facilitate information exchange between scientists and fisheries experts in both countries, and the coordination of fishing regulations. [redacted]