



# Moscow Plans to Expand Canal System Between Caspian and Azov Seas

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**OE Watch Commentary:** Russia surprised many last year when it used its internal canal system to shift military vessels from the Caspian Sea to the Sea of Azov to ramp up pressure on Ukraine. In fact, river and canal traffic has always played an enormous role in Russian history and Moscow's plans. Now, the Russian government has announced a new project to expand its internal transit links between these two bodies of water, both for security reasons and to expand east-west trade in a way that will compete with the rail systems of China and the West.

Building a new, larger canal system across the North Caucasus has been on Moscow's agenda on and off since at least 1932; but its security interests, budgetary stringencies and geo-economic goals make it more likely to be carried out now. Moscow has shifted its main Caspian Flotilla naval base away from Astrakhan in the north, down to Kaspisk, on the outskirts of the Dagestani capital of Makhachkala, where it is in a position to more readily project power around the Caspian. The prospect of a new canal between the Caspian and the Sea of Azov is real enough that it has sparked competition between Dagestan and Kalmykia over its proposed route.



*Caspian Sea and the Sea of Azov.*

Source: Texas University via Wikimedia, [https://commons.wikimedia.org/wiki/File:Caspian\\_sea\\_oil\\_gas-2001.jpg](https://commons.wikimedia.org/wiki/File:Caspian_sea_oil_gas-2001.jpg), Public domain, CC BY-SA 4.0.

Currently, water connections between the two seas are limited to the Lenin Volga-Don Shipping Canal, opened in 1952. Part of what Moscow calls the Unified Deep-Water System of European Russia, this canal is too shallow and has too many locks to be useful for large-scale trade or the shifting of larger military vessels. To compensate for that, the Soviet government began construction of a deeper canal alongside it in the 1980s, but that project died with the Soviet Union. However, in the early 2000s, Moscow again brought up the idea of a canal, albeit in a different location and far deeper and with fewer locks, in order to project power and to compete with alternative east-west projects being promoted by China, Europe and the United States.

This project was christened the Eurasia Canal. If built, it would be 700 kilometers long, four times the length of the Suez Canal and eight times that of the Panama Canal. It would be 6.5 meters deep, have few locks, and would be capable of carrying over 75 million tons of cargo yearly. If completed, this would transform the geo-economics and thus geopolitics of the region.

For years now, many had assumed that it was going nowhere fast given its potentially enormous price tag (various figures have been suggested and all have been rising), the absence of outside investors given Western sanctions, and competing transportation projects through Azerbaijan and Georgia. But a year and a half ago, Moscow adopted a new "Strategy for the Development of Russian Ports in the Caspian Basin," which called for the building of new port facilities on the Caspian, developing rail and road links to them, and also building a canal to the Sea of Azov via the route Moscow had been talking about three decades before.

That development appears to reflect the convergence of three things: First, China has indicated that it is interested in investing in such ports and a canal. Second, Moscow's experience last year with moving naval vessels from the Caspian to the Azov Sea has brought the Russian defense ministry in on the side of such construction, transforming it from an economic project to one with national security implications. And third, Moscow is concerned that progress in the development of east-west rail, highway and pipeline projects passing from the Caspian through Azerbaijan and Georgia—and potentially across Armenia, given the recent shift in government there—could undercut its influence in the region, something Russia is not prepared to tolerate.

Such behind-the-scenes calculations have now surfaced largely because officials in Dagestan and Kalmykia are in open competition for the location of the new commercial port on the Caspian and hence on the route of a canal westward. Dagestan appears to have the inside track: it already has a large commercial port (Makhachkala) and a rapidly expanding military one (Kaspisk) as well. Consequently, building a new commercial port and linking it to a new canal system would seem to be the most advantageous choice. But the situation is not nearly as clear-cut; and Kalmyk officials are now arguing that they should be given the port and the money it would bring because Moscow is already subsidizing Dagestan via the development of the naval port there. Given the security risks, they say, Kalmykia is a better choice.

Competition between the two North Caucasus republics may in fact slow the canal project down, even if China comes in with the money to finance this gigantic enterprise. But it is worth watching because of how these competing arguments shed light on Moscow's thinking about the ports and the canal as well as about its intentions in the region and more broadly. **End OE Watch Commentary (Goble)**