THE SOUTH CAUCASUS AND THE WEST

From hegemony to contestation

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Introduction
From the viewpoint of political elites in Washington and European capitals, the South Caucasus remained for most of the twentieth century a remote and exotic area, at the meeting point of declining and falling empires. With the end of the Cold War and as the twenty-first century was ushered in, geostrategic views of the region sustained an impetus for greater Western engagement (Cornell 1999; Shaffer 2009). Some in the West have made compelling arguments for promoting Western interests in the region (Manning and Jaffe 1998), centred on the hydro-carbon resources of the Caspian as well as the expansion of the liberal political and economic principles underpinning the North Atlantic Treaty Organisation (NATO) and the European Union (EU). Western integration subsequently became a major geopolitical tool for the expansion of European and United States (US) influence in regional and local politics (Stefanova 2005). These expansionary impulses are more recently confronting the limits of the neo-liberal economic and political models that have sustained Western global dominance since the end of Second World War. Due to Russia’s leading regional position and its interaction with US and European politics on a global scale, Moscow has the ability to shape policies in the South Caucasus. Russia’s interests and capacities have become more salient in Baku, Tbilisi and Yerevan’s calculations, as the South Caucasus, much like other peripheral regions, became an echo chamber of the global power dynamics involving the US, Europeans and Russia (see Chapter 19).

This is the background for this chapter’s analysis of the important yet inconsistent steps taken by the US and the EU in their integration of the South Caucasus into Western institutions. We argue that the West has sought a combined US and EU strategy towards the region, which has nevertheless lacked sophistication and long-term perspective. Western interest has varied considerably across time and has been subject to competing geopolitical calculations, especially where Russian interests are engaged. Difficult relations with Turkey and Iran have also limited the ability of Western actors to engage through a constructive view of regional dynamics as a whole. The South Caucasus’ ethno-political diversity and especially differing external engagement preferences of its three countries call for nuanced
views and approaches when dealing with the region, which the short-term agenda of Western democracies has failed to produce.

By the end of the second decade of the twenty-first century there emerged a sharp contradiction between the Western discourse of institutional integration vis-à-vis the countries of the South Caucasus (in addition to Ukraine and Moldova) and the lack of investment in the multilateral cooperative order that defined Europe since the 1990s. This has been largely due to the diminishing importance of Caspian energy for the US economy and the reduction of the US military presence in Afghanistan and Central Asia. Although the EU remains a relevant international partner, vaguely articulating a view of a shared security community with its neighbours, it has been unable to address the root causes of instability hampering economic integration and political association with its neighbourhood, including in the South Caucasus (Simão 2018). In a context of exposure to global geopolitical and geo-economic competition, the societies in the South Caucasus have also failed to articulate a coherent narrative about the future of the region, and each of the three South Caucasus countries seems to believe it can pursue distinct patterns of external engagement. This has made them vulnerable to the volatility of external actors’ interests, often with negative impacts for their ability to govern.

Achieving sovereignty at the height of the Western liberal order

The end of the Soviet Union and the independence of the Soviet successor states recognised by the international community demanded fast adaptation by all sides. Independence required the small states of the South Caucasus to develop mechanisms of international governance and to incorporate onto their foreign and security policies the interests of Western partners. In the late 1980s and during a large part of the 1990s, Armenia, Azerbaijan and Georgia were engulfed by war within their own borders and with their neighbours (on regional conflicts, see Chapter 15). Exercising sovereignty under these conditions made the role of the US and of the Western European states particularly relevant, since they composed the majority of the United Nations Security Council permanent members, mandated to address peace and security issues in global affairs. They were also among the largest world economies and therefore a source of much needed economic investment and development assistance. Most importantly, political recognition and support were crucial to offset Russian attempts to keep control over regional dynamics in its ‘near abroad’ (Kanet 2015). Overall, independence arrived at a time of unparalleled hegemony of liberal democratic ideas and policy prescriptions, materialised in reform agendas and transition roadmaps.

For the newly created EU and its foreign and security policy, the end of the USSR demanded a policy for the new independent states of the Soviet Union, which reflected the hegemonic stance of liberal democratic principles. EU policy varied in terms of the level of engagement and ambition (Delcour 2011: 26–27). The Baltic and the Warsaw Pact states in Eastern Europe were given accession perspectives to the EU and NATO in the early 1990s, with large bipartisan support in the US. Expanding the Euro-Atlantic institutions was understood at the time as the most effective way of assuring the integration of these states into the West’s sphere of influence.

For the remaining successor states to the Soviet Union, including Russia, the EU designed new political agreements that were rooted in the EU’s liberal political and economic principles. The Partnership and Cooperation Agreements (PCAs), signed with all of the Soviet successor states, opened the way for the EU’s presence in the region through the medium of democracy and human rights promotion, state-building, namely institutional capacity-building.
and legal frameworks, as well as some technical assistance and aid (Akiner 2000: 111). EU member states supported the peaceful resolution of the conflicts in Nagorny Karabakh, South Ossetia and Abkhazia through the Organization for Security and Co-operation in Europe (OSCE) and the United Nations (UN), whereas the EU focused on measures aiming at the peaceful transformation of conflicts and confidence-building (see Helly 2003; Popescu 2011). This was a division of labour to accommodate Russian interests in the region and evidencing the lack of more ambitious goals in the region by EU member states.

Moscow’s role in the political, military and economic stability of the South Caucasus was seen as pre-eminent during the 1990s and early 2000s (this is dealt with in more detail in Chapter 19). Until the 2008 war between Russia and Georgia, a Russia-first approach prevailed among EU member states, preventing any major steps towards Euro-Atlantic integration for the South Caucasus states. Overall, as Averre (2009) argues, competing rationalities have underpinned EU and Russian approaches, but to some extent, the same argument could be made of the EU and the US. This has resulted in the immense paradox that despite the EU’s ambitions to act as a force for regional peace and stability, it failed to deliver on that goal. EU policy can be criticised for lacking proposals to address Russia’s perceptions of Europe’s role in the politics of the former Soviet republics, as well as for not putting forward significant offers that would offset Russian pressure over these countries. But it ‘takes two to tango’. Russia actively contributed to the failure of the EU’s cooperative approach envisioned by the European Neighbourhood Policy (ENP).

In the US, a mix of disapproval of Russia’s imperial impetus towards the countries of the former Soviet Union and pragmatic engagement was pursued (Toal 2017: 22–33). The US interest in the South Caucasus – and Eurasia more broadly – is to a great extent dependent on Congress’s ability to push the topic onto the foreign policy agenda. In the 1990s a bipartisan view prevailed that Russia needed to be contained through NATO and EU enlargements (Brzezinski 1997). Whereas this led to a substantive alignment between the US and European leaders during the 1990s and early 2000s with regard to pushing a reformist agenda in relations with these countries, after that time the reformist agenda became obscured by the US and EU’s differing economic and security interests in the region.

Under Presidents Clinton and George W. Bush, the fight against terrorism, energy development, and the promotion of Western democratic values made the South Caucasus a central theatre. Georgia and Azerbaijan were particularly important in the field of energy, leading to the opening of the Baku-Tbilisi-Ceyhan oil pipeline and the South Caucasus Pipeline, in 2006, which for the first time brought Caspian oil and gas to European markets without crossing Russian territory (Jafalian 2004). Baku also served as a logistics platform for US troops on route to Afghanistan, after 9/11. A Shi’a-majority Muslim country and close ally to Turkey, Azerbaijan gained prominence in US foreign policy, leading to the annual waiver, from 2002, of Section 907 of the Freedom Support Act, passed by the US Congress in 1992, restricting US Government assistance to Azerbaijan until Baku terminates its blockade against Armenia and Nagorny Karabakh (King and Pomper 2004). Armenia remained more marginal in US strategy, but its large diaspora in the US has kept Congress well aware of its interests, which included a foreign policy of complementarity between Russia and the West, largely explained by Armenia’s role in the Armenian–Azerbaijani conflict.

NATO’s Western expansion is perhaps the most striking element of the Bush administration’s policy towards Eurasia. This is also the most serious bone of contention with Russia. Following the so-called colour revolutions, in Georgia in 2003 and Ukraine in 2004, a dramatic shift in these countries’ foreign policy orientation towards the West took place (Forbrig and Demes 2007; Welt 2010). In Georgia, Mikheil Saakashvili was elected president
in January 2004, ending the troubled regime of Eduard Shevardnadze, and running a political platform that pushed for drastic reforms and for closer ties with the EU and NATO, which remains largely supported by Georgians (IRI 2016, 2007) (see Chapter 11). In the winter of 2004, Ukraine’s presidential elections were also contested by popular demonstrations, claiming that massive fraud had been committed. Viktor Yushchenko was eventually recognised as president, with a clear pro-EU and pro-NATO agenda. These events had strong US support (Mitchell 2010), as the Bush administration remained clearly committed to giving NATO membership perspectives to both countries. This geopolitical drive, however, also meant that US policy makers and to some extent European ones, were more willing to overlook poor performance in reforms. At the NATO Bucharest Summit, in April 2008, the US failed to convince Germany and France of the need to give these countries membership into NATO. The August 2008 war, involving Georgia, Russia and the de facto authorities in Abkhazia and South Ossetia, which resulted in the denting of Georgia’s claim to sovereignty over the two separatist regions in a more permanent and definitive way, also represented a major obstacle to the country’s accession to NATO.

Integration perspectives of the South Caucasus into Western institutions remain incomplete and rather superficial. This results from the contingent and indirect interest of Western leaders and institutions in the region, often side-lined by other, more prominent, issues in their agendas. At the same time there were also some important breakthroughs, including the establishment of the EU’s Neighbourhood Policy and a more robust US military presence in Georgia. However, because discourses on these countries’ integration into the EU and NATO are not sustained by shared identities and dense institutional relations, they prove to be ineffective in the absence of major powers’ interests. The diverse nature of these countries’ foreign policy preferences reinforces a view of a fragmented region. It is in this context that the establishment of a more robust EU engagement with the region, under the European Neighbourhood Policy, in 2004, opened new possibilities.

**From US foreign policy prominence to the European neighbourhood policy**

By the early 2000s, EU enlargement incorporating ten new member states, including eight former Warsaw Pact members, pushed relations with the newly independent states of the former Soviet Union onto the EU’s agenda. Thus, Poland (together with Sweden and Britain) led the way for an EU policy that would address the potential negative impacts of the transformation of Polish borders with Ukraine and Belarus into the external border of the EU (Simão 2018: 59). The Baltic countries were also actively seeking to convince other EU member states and EU institutions that part of the instruments developed for managing their own accession to the EU could be reinvented, adapted, and used for designing a policy towards the Eastern neighbours of the enlarged EU. From a US perspective, the ENP did not justifi the ideological commitment which the US had made to EU enlargement as a mechanism for the realisation of a vision of Europe ‘whole and free’ (Tassinari 2007). Consequently, bilateral relations remained the priority for US foreign policy towards the region.

The second set of events facilitating EU engagement with the newly independent states were the colour revolutions in Georgia and Ukraine, in 2003 and 2004 respectively. The strong pro-EU and pro-NATO rhetoric of the two new leaders built on the idea of a shared European identity that needed to be regained. They were also strongly engaged with a reformist agenda, and aligned themselves – at least rhetorically – with democratic standards, human rights, and economic liberalisation, as a means to gain political and
financial support from Western partners. Attracting new investments was crucial to keep the levels of popular support and the modernisation of the Georgian and Ukrainian economies. The economy and the reformist agenda would thus stand to benefit from closer relations with the EU market and US investors.

In a 2006 article, published at the prominent EU Institute for Security Studies, Dov Lynch argued eloquently that Georgia did matter for EU policy (Lynch 2006). Georgia, he argued, not only encompassed many of the challenges the EU had identified in its 2003 European Security Strategy, but it did so in the EU’s periphery, where EU ambitions of being recognised as a relevant security actor were higher. Moreover, the political, economic and social reforms announced by President Saakashvili in Georgia (analogues of which were similarly announced by President Yushchenko in Ukraine) were perfectly aligned with the EU’s own understanding of how stability through reforms – the promotion of good governance – was the best way to assure regional stability. In fact, democratic reforms in Georgia failed to translate into a coherent approach to the issues of secessionism and regional relations with Russia that was conducive to peace.

This was the dominant view in the EU, including in many national capitals, for a large part of the early 2000s. Security-wise, this period was marked by the 9/11 attacks in the US and the Bush administration’s ‘Global War on Terror’. This gave the South Caucasus states new prominence in US military strategy, and signified that EU engagement in post-Soviet Eurasia could strengthen Western interests by anchoring these countries into the EU agenda. In the Laeken European Council of December 2001, the EU identified itself as an actor willing to ‘set globalisation within a moral framework’ and ‘to anchor it in solidarity and sustainable development’ (European Council 2001). The first step towards this end would be achieved by ‘[sharing] the benefits of the EU’s 2004 enlargement with neighbouring countries in strengthening stability, security and well-being for all concerned’ (European Commission 2004: 3).

The ENP, proposed by the European Commission in March 2003, aimed at establishing a ring of friends in the periphery of the EU. It focused on ‘[preventing] the emergence of new dividing lines between the enlarged EU and its neighbours and to offer them the chance to participate in various EU activities, through greater political, security, economic and cultural co-operation’, which nevertheless fell short of full accession (European Commission 2004: 3). The South Caucasus made it to this first iteration of the ENP only as a footnote, which merely stated: ‘Given their location, the Southern Caucasus therefore also fall outside the geographical scope of this initiative for the time being’ (European Commission 2004: 4). Despite the hesitant engagement of the EU with the region, it did appoint, in 2003, an EU Special Representative (EUSR) for the South Caucasus. His work was an important first step towards structuring a common EU outlook on the region, including on issues related to conflict resolution and peace and stability (Council of the European Union 2003). The European Parliament also adopted a series of resolutions dealing with the region and, finally in 2004, the European Commission recommended that the Council extend the ENP to the three South Caucasus states and begin negotiations for individual Action Plans, which would structure reforms and assistance.

This marked a period of increased interaction between the EU and the three countries of the South Caucasus. Despite initial interest and enthusiasm for EU attention in Baku, Tbilisi and Yerevan, the need for differentiation rapidly became evident (Bachev 2011). Tbilisi was actively demanding stronger Western engagement, particularly aimed at managing the difficult and tense relations with Moscow. NATO membership was repeatedly evoked by President Saakashvili as the most important foreign policy option for Georgia (Saakashvili...
The Georgian president cultivated personal ties with many US leaders and hoped this could lead to a NATO Membership Action Plan for Georgia during the second Bush administration. However, relations with European capitals were weaker and Georgia failed to convince Europeans to side-step Russia in their own calculations – at least until 2008 (Simão 2018: 215–44). There are several explanations for Europe’s caution with Saakashvili, but the most prominent is the fact that many European leaders valued good relations with Russia and perceived the Georgian leader’s commitment to long-term democratic reforms and peaceful conflict resolution as less than solid. Overall, Georgia seemed less committed to European ways of doing politics than it was to American ones.7

For Azerbaijan, inclusion in the ENP and closer relations with European capitals in the early 2000s meant an opportunity to lobby Western capitals on the Armenian–Azerbaijani conflict, as well as new energy contracts that would make Azerbaijan an important partner in the energy development of the EU’s southern corridor. Close relations with Turkey proved particularly relevant for this latter goal. The fact that EU and NATO membership were not on the table under the ENP, made Azerbaijan authorities more at ease with this new cooperation. This enthusiasm proved short-lived, however. EU criticism of Azerbaijani politics, including the increasingly undemocratic nature of the Aliyev regime, created problems in bilateral relations. As regards relations with the US, American interest in the Armenian–Azerbaijani conflict declined after the failure to break through at US-hosted talks at Key West, Florida, in April 2001 and the emergence of the new challenges in the ‘Global War on Terror’, contributing to disappointment (Broers 2016; Simão 2018: 200–206).

For Armenia, approximation to the EU and the US also bore some challenges. Despite the country’s official foreign policy doctrine of complementarity between Russia and Western states, Armenia remained dependent on Russia in political and economic fields, as well as in terms of its security. Armenia is a founding member of the Collective Security Treaty Organization (CSTO, est. 2002) and, from January 2015, a member of the Eurasian Economic Union (EAEU). It also hosts a Russian military base in Gyumri, which is part of the CIS (Commonwealth of Independent States) Air Defence System, and receives significant arms supplies from Russia, at reduced prices. It signed a series of significant bilateral treaties with Russia in the late 1990s, as well as conceding numerous strategic economic sectors and infrastructural assets to Russian ownership in return for debt relief. This meant only a limited commitment to the reforms promoted by the EU under the ENP, and reluctance under Robert Kocharyan’s and Serzh Sargsyan’s leaderships to pursue them (Babayan and Shapovalova 2011). The country remained at best a hybrid regime with strong oligopolistic characteristics (Simão 2018: 163–72).

The balance of EU engagement in the South Caucasus under the ENP remained rather weak. Each country had signed individual ENP Action Plans with the EU by 2006 and EU support for reforms through budgetary funding and technical assistance began to develop, but tense relations with Russia, and the permanence of important security challenges at the regional level, particularly the intractable conflicts in Abkhazia, South Ossetia and Nagorny Karabakh, prevented any meaningful engagement of either side.

The EU’s Eastern Partnership and the contestation of the West

The year 2008 was a difficult one for Western powers. Several factors contributed to a growing sense of contestation and decay of Western political, social and economic models. The year began with Kosovo unilaterally declaring independence from Serbia – a decision that led to divisions among EU member states and put a great deal of stress on US and EU
relations with Russia. The global financial crisis also deepened and hit the US and EU economies harder, subsequently spreading to other countries, including Russia and others in Eurasia. This led to restrictions on EU and US international assistance, including towards the South Caucasus, but also to the undermining of Western and European solidarity, as the Eurozone crisis was addressed through the imposition of top-down reforms upon the EU members with the weakest economies. Furthermore, 2008 also saw Russia engage in a devastating five-day war with Georgia (IIFFMCG 2009), followed by President Dmitry Medvedev’s recognition of Abkhazia and South Ossetia as states independent from Georgia and Moscow’s subsequent de facto annexation of these two ‘de facto states’.

These events contributed greatly to undermining the perceived superiority of Western powers (Delcour 2018). The recognition of Kosovo’s independence by many major powers, including several EU member states and three members of the United Nations Security Council including the US, raised expectations in Eurasia’s de facto states that a similar approach would be pursued in the region by European states and the US. The argument that Kosovo’s case was not replicable and therefore similar support for the recognition of Eurasia’s separatist states was not to be expected undermined regional perceptions of Western powers’ support for self-determination (Broers 2013). With Russia’s actions in Georgia in 2008, the inability of the West to protect – rhetorically, at least – an important ally in Russia’s ‘near abroad’ undermined the credibility of Western support to these countries.

This was the context for the establishment of the EU’s Eastern Partnership (EaP) in 2009, with the aim of strengthening political association and economic integration with six countries of the Eastern Neighbourhood: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. For Georgia, the EaP represented a much sought-after commitment by the EU, including the possibility of signing a new political agreement, which included a Deep and Comprehensive Free Trade Agreement (DCFTA). The new association agreements (AAs) also recognised explicitly the European ambitions of some of these countries, including Georgia, and provided the basis for closer political interaction with the EU and its member states. Armenia initially signalled its interest in negotiating an AA with the EU, including the DCFTA, but then revoked the prospective agreement in 2013 under Russian pressure (see below). Azerbaijan declined to sign an AA with the EU and proposed instead a new agreement that would accommodate the country’s economic and political interests. A more flexible partnership, focusing on economic modernisation and less charged in terms of normative political commitments was seen as more suitable to Baku’s interests (Nuriyev 2008).

The EaP documents reflected the acknowledgement that differentiation was needed to accommodate varying interests and levels of ambition in the EU’s periphery. Russia played an important role in the way the EaP played out, including in the South Caucasus. The 2013 Euromaidan in Ukraine polarised relations between Russia and the West, which were exacerbated further by the annexation of Crimea, sending shock-waves across Europe and Eurasia (Paul 2015). This included the South Caucasus. Azerbaijan was particularly concerned at how Ukraine’s territorial integrity was challenged by Russia’s actions (Veliyev 2014). In the context of the Karabakh conflict’s unresolved status, and its ongoing collaboration with NATO and the EU, Baku appeared newly vulnerable to Russian retaliatory behaviour after the Ukrainian crisis. Moreover, Azerbaijan also sought to reassert its understanding of the conflict in Karabakh as an aggressive irredentist conflict driven by Armenia, by reference to Russia’s actions in Ukraine. Georgia, meanwhile, had already seen its two separatist regions de facto annexed in 2008 and saw Russia’s actions in Ukraine as a vindication of its view of Russia as an aggressive regional power.
For Armenia, the ‘Euromaidan Revolution’ and Crimea’s annexation raised further uncomfortable questions regarding the utility and viability of Yerevan’s foreign policy of ‘complementarity’. Under Russian pressure, Armenia had in September 2013 abandoned negotiations with the EU on a new AA and decided to join instead the Eurasian Customs Union (Giragosian 2014). Sargsyan’s public statements endorsing Russia’s actions in Crimea in March 2014 made abundantly clear that the Armenian leadership was unable to make independent and autonomous decisions vis-à-vis Russia (Danielyan 2014). Moreover, Russia’s arms sales to Azerbaijan reinforced existing doubts surrounding the policy of ‘complementarity’. This view was amply confirmed in April 2016, by Russia’s decision to continue arms sales to Baku, despite Azerbaijan’s armed incursion into the Armenian-controlled territories around Karabakh. The severing of ties between Moscow and European governments and the US administration, including through the imposition of mutual sanctions, in the aftermath of the annexation of Crimea, also dashed any expectations that negotiations on Nagorny Karabakh within the OSCE Minsk Group would result in meaningful steps. Considering this context, ‘complementarity’ regained new life, as Armenia needed to reengage all partners in a push for new solutions.

The South Caucasus remains a peripheral and fractured region in global politics (Ohanyan 2015; Broers 2018). Its peripheral status is visible in the region’s inability to define its foreign policy autonomously and in its vulnerability to global dynamics. The region remains particularly vulnerable to oscillations in relations between Russia and the US, affecting its prospects of development, including in strategic sectors like energy. Because the EU looks at its international role as being grounded on structural reforms and the reinforcement of resilience, meaning the self-sufficient capacity to address external shocks, in its periphery, its interests in the South Caucasus are less prone to significant shifts. This has been visible in the way the EU remained engaged in the negotiation of new political and economic agreements with Georgia, Armenia and Azerbaijan, despite Russia’s punitive actions. The high level of institutionalisation of EU relations makes it harder for both sides to disentangle the network of sectoral commitments made.

Although the EU’s presence in the South Caucasus is rather fragmented, with varying levels of political and economic engagement reflecting the geopolitical realities of the region and the domestic contexts in each country, the EU has established itself as an important partner. Trade relations are a solid basis for relations with Georgia. The EU is Georgia’s main trade partner, representing around 29 per cent of Georgia’s global trade. The EU is also Azerbaijan’s main trading partner, with more than 48 per cent of the global share despite the lack of a DCFTA. Hydrocarbons represent a significant part of EU imports from Azerbaijan. And despite the fact that Armenia joined the EAEU, the EU remains Armenia’s main export market and the EU accounts for more than 23 per cent of Armenia’s total trade.10

The EU has also assumed an important role in conflict management issues in Georgia (Popescu 2011; Simão 2014). Following the 2008 war between Russia and Georgia, Moscow vetoed the continuation of the United Nations Observation Mission to Georgia (UNOMIG), established in 1993 to verify compliance with the Georgian–Abkhaz ceasefire agreement. In June 2009 the UN Security Council failed to secure the necessary consensus for the renewal of UNOMIG’s mandate. The OSCE Mission to Georgia was also closed in 2009, due to Russia’s vetoing the extension of the Mission’s mandate. The Mission contributed actively to managing the Georgian–South Ossetian conflict, building on the OSCE’s comprehensive approach, and actively supporting the Joint Control Commission – the main mediation format for the conflict until 2009.
As the international presence in Georgia was severely reduced with these moves, persuading EU member states to deploy a European Security and Defence Mission to Georgia was perceived in Tbilisi as being crucial to prevent further Russian aggression. In fact, President Mikheil Saakashvili had actively lobbied EU member states and institutions for greater EU engagement in the conflicts, although with little success. This strategy to internationalise the conflict mediation formats was achieved only after the 2008 war, as the EU finally agreed to deploy an EU Monitoring Mission (EUMM) to Georgia. The agreement among the 28 EU member states to deploy the mission was remarkably fast and by October 2008 – a mere two months after the conflict had erupted – the EUMM was deployed and operational (Freire and Simão 2013; Freire et al. 2015).

French President Nicolas Sarkozy, who held the Presidency of the European Council in the second half of 2008, was also mediating the initial days of the conflict and successfully secured a ceasefire agreement between Georgia and Russia. The EU also appointed Pierre Morell in September 2008 to the position of EU Special Representative for the South Caucasus and the Crisis in Georgia, with a mandate to accompany and promote reforms under the ENP, and to support peace negotiations in Georgia. The so-called Geneva International Discussions remain the single most significant mechanism for dialogue between the parties, but no meaningful results in terms of reaching a potential peace agreement between Georgia and the separatist authorities have been achieved (Mikhelidze 2010; Forsberg and Seppo 2011). On the other hand, after 2008, Georgia successfully portrayed the conflicts as being one between Georgia and Russia, rather than between authorities in Tbilisi and those in Tskhinvali and Sukhumi. This move made Russia’s role in these conflicts more explicit and undermined its position as a mediator. However, it also contributed to making the multi-layered causes of the separatist conflicts less visible, as they were now portrayed by Georgian authorities as a monocausal by-product of Russia’s interventionist agenda in Georgia.

Overall, the EU’s engagement with the South Caucasus has deepened and become denser under the ENP’s EaP. The EU has differentiated the level of engagement with partners considering their respective needs and levels of ambition. And the EU has been more forthcoming with issues relating to trade and visa facilitation, which were politically important topics for the region. The EU has also assumed a greater role in conflict management, especially in Georgia, but as relations with Russia hit a new low after the events in Crimea, finding common ground has become harder. Looking at the main challenges facing the region, the roles of the EU and of the US remain central. Without the engagement of the US, many in the region fear that no sustainable solutions will be achieved, especially with regard to regional security issues. This is also true from the viewpoint of their relations with other regional powers, including Iran and Turkey, and from the perspective of how regional situations of tension evolve.

The West and regional dynamics around the South Caucasus

Energy has been one of the most important drivers of Western interest in the South Caucasus. Caspian energy development has driven both commercial and state international interests towards Azerbaijan and Kazakhstan, but also towards Georgia, which presented itself as a privileged transit route to Western markets, given the Armenian–Azerbaijani conflict (German 2009; Lussac 2010). Early US interest in the Caspian energy reserves pushed the Clinton and later the Bush administrations to lobby for Georgian integration into NATO and for developing close ties with the Azerbaijani leadership. Turkey was a crucial partner in this vision of a network of pipelines bypassing Russian territory and bringing energy...
directly to European and global markets through the Mediterranean. Turkey, under the Justice and Development Party, also articulated a vision of itself as an important energy hub and gradually developed the regional links to access energy reserves from Azerbaijan, but also from Iraq and elsewhere in the Middle East to sell in its internal market and to feed energy-hungry European markets (Aras 2013).

Under the Barroso European Commission, a European energy policy began to take shape, partly stimulated by Russia’s tensions with Ukraine, which led to energy cuts in the winters of 2006 and 2008. Diversification of supplies and energy sources raised the profile of the Caspian region and Turkey as important alternatives that required increased attention and investments. The EU began to invest in the development of a so-called southern energy corridor, avoiding reliance on Ukraine and this provided added leverage to countries like Azerbaijan and Turkey in their relations with Brussels. For the US, this was a welcome scenario, contributing to the reinforcement of the South Caucasus’s strategic importance to European partners and undermining Russia’s regional position. However, as the US became an energy exporter itself, European markets also became important and the investments needed in the development of the energy links that would sustain the southern energy corridor to the EU did not become available. Moreover, with the unfolding of the Arab Spring in the Middle East and the civil war in Syria, it became harder to tap into the energy reserves from this southern axis. Finally, Russia also developed an assertive policy of energy investments that competed with the EU’s for investment and financing, including in Turkey (Hill 2003). The Blue Stream and the North Stream pipelines are two important examples of this policy. The most tangible outcome of the Southern Energy Corridor has been the Trans-Adriatic Pipeline (TAP) and the Trans-Anatolian Pipeline (TANAP), which link to the already existing South Caucasus Pipeline. The project is nearing conclusion and will reinforce Azerbaijan’s strategic role as a supplier of natural gas to EU markets (see Chapter 23).

Armenia remained alienated from the Caspian energy development, relying on Iran and Russia for its energy needs, as well as on the Metsamor nuclear power plant. Armenia’s borders with Azerbaijan and Turkey remain closed as a result of the Armenian–Azerbaijani conflict, and in the case of Turkey, unresolved issues from Armenian–Turkish relations; an effort to normalise relations with Turkey in 2009–10, referred to as ‘football diplomacy’ was not successful (Torbakov 2010). The process was eventually abandoned, partly due to Azerbaijan’s pressures on Turkey, and this meant that Armenia remained estranged from these important developments. The EU and US support for the process of normalisation of relations between Ankara and Yerevan was insufficient, evidencing also the limited leeway Brussels has over Turkey, despite the ongoing accession process to the EU.

US-Turkey relations under the Obama administrations were also tense, in part due to the fact that President Obama pursued a policy of approximation to the Armenian diaspora and was convinced that the non-recognition of the Armenian genocide was a historical injustice that needed to be corrected. Ultimately, he felt short of recognising it, but it was evident that, especially during his second mandate, he privileged a North-South axis in the Caucasus, including Armenia and Iran, that created anxiety in Ankara and Baku. The Iranian nuclear deal, negotiated with US, EU and Russian support, represented a short-lived break in the traditionally tense relations between Iran and the US. It was positively perceived also in the South Caucasus, removing fears of a potential war over Iran’s nuclear deal. The prospects of a Western-led war with Iran had hung over the region for a large part of the second Bush administration and this would represent a catastrophic scenario for the South Caucasus. Thus, the Obama administration’s investment in a nuclear deal with Iran was welcomed in all three South Caucasus capitals, but particularly so in Baku, as well as in
Moscow (Giragosian and Sharashenidze 2015). With the Trump administration reversing many of the gains reached under the nuclear deal, Iran is likely to remain marginalised in many regional dynamics (see Chapter 22).

**Conclusion**

The South Caucasus states became independent in a context affirming Western models of economic and political development. The market economy and liberal democracy were placed at the heart of Western engagement with the region. Nevertheless, due to the violent conflicts in the Balkans and the EU Common Foreign and Security Policy, it was only by the mid-1990s that the EU designed a policy for the region. US engagement focused primarily on energy development and mediation of the violent conflicts through the United Nations. Cooperation with NATO and the EU gradually assumed greater relevance in the foreign policies of countries in the South Caucasus. In the early 2000s, the Georgian ‘Rose Revolution’ pushed a geopolitical shift in the region and the ENP helped structure the EU’s relations with regional actors. As the three regional states engaged in sectoral reforms driven by EU conditionality, the vision of the region under the hegemony of Western models of development began to change. Secessionist conflicts dating back to the 1990s reimposed themselves, keeping the foreign policies of South Caucasus states highly rigid. Both the EU and the US have had only marginal interest in addressing the conflicts and Russia has been the most significant regional player in that process. The lack of successful democratic reforms has pushed South Caucasian societies into an entrapment where the conflicts justify the presence of leaders in power.

The future of the region is very likely to reflect the existing partnership with the EU. Whether this partnership will produce tangible results in terms of reforms and regional peace depends both on the ability of the EU to remain committed to its neighbourhood and these countries’ outlook in terms of regional relations. The EU is the most important market for these countries, but more integration may be needed if economic results are to become more visible. The EU is also investing in its Common Security and Defence Policy, creating new possible instruments and tools to address violent conflicts in its ‘neighbourhood’, namely by providing security guarantees. Western relations with Russia remain a problematic aspect, as the region becomes an area of contestation for their wider policies. The sustainability of EU-led reforms is contingent on several factors, not least the internal dynamics in these countries and the perceived legitimacy of Western models. But the future of the EU itself also needs to be factored into the equation, especially considering Brexit and the election of nationalist and xenophobic governments in many EU countries.

The US is also undergoing major upheavals in its foreign policy. Although Congress has been very vocal in keeping the US engaged in Eurasia, US foreign and defence policy over the last decade has clearly focused on China and the Pacific region as a major priority. The future of EU-US relations needs to evolve in a positive light, beyond the current negative agenda of Russian containment, if the South Caucasus is to be supported in its path towards greater integration into the EU and NATO. The EU is crucial – after all, the region is a neighbour to the EU, not the US – but Washington remains a global broker, capable of defining the dynamics unfolding in many regions. Russia’s role is paramount in this regard and the future of US-Russia relations may continue to be a key factor in shaping the future of the South Caucasus.
Notes

1 We use EU to refer to the European Union institutions and their policies, as well as the European Union member states’ policies.

2 The Warsaw Pact states included Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland, Romania and the USSR. Albania maintained special agreements for participation.

3 International Republican Institute surveys in Georgia show how support for NATO integration has remained high. In 2007, 47 per cent of Georgians surveyed favoured the country’s future in NATO. This number reached an all-time high of 70 per cent in September 2008, and has remained well above 50 per cent ever since (see IRI 2016, 2007). This appreciation remains visible in Georgia today, as made evident in many conversations with Georgian political leaders and civil society members conducted by this author over the last decade.

4 These arguments were made abundantly clear to the author in the interviews conducted in Brussels, with EU and EU member-state policy makers during 2007.

5 These arguments were visible in many public statements made by the new leadership in Georgia, after 2004, and confirmed in interviews with members of the first Saakashvili government, conducted in Tbilisi by the author in 2013.

6 Author interviews with representatives of the Ministries of Foreign Affairs in Baku, Tbilisi and Yerevan, conducted between 2006 and 2009, confirm the view that there were positive expectations regarding the ENP and what that might mean for each country’s development and specific interests.

7 This view was expressed on several occasions in interviews, conducted by this author in Brussels, with EU and EU member-state officials, already in 2007.

8 This view is based on the author’s conversations with de facto authorities in Nagorny Karabakh in 2009 and with de facto authorities in Abkhazia in 2013.

9 Since 1997 Azerbaijan has participated in NATO’s Partnership for Peace Planning and Review Process, which aims at increasing interoperability with NATO of selected units of Azerbaijan’s armed forces. It is also working with NATO on the jointly agreed Defence Education Enhancement Programme, since 2008. And since 2014, under the Partnership Interoperability Initiative, Azerbaijan has participated in the Interoperability Platform, as an active contributor to NATO’s operations.


11 The Geneva International Discussions are international talks, launched in October 2008, to address the consequences of the 2008 conflict in Georgia. Co-chaired by the Organization for Security and Co-operation in Europe (OSCE), the European Union (EU), and the United Nations (UN), the Geneva process brings together representatives of the participants of the conflict – Georgia, Russia, Abkhazia and South Ossetia – as well as the United States.

References


The South Caucasus and the West


