# Can the South Caucasian States Establish Themselves as Independent Actors?

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**Can the South Caucasian states succeed in establishing themselves as independent actors on the international stage, rather than objects of other countries' policies?**

The Soviet Union was the first and the last of a succession of empires present in the South Caucasus to have such a strong hold on the region, considerably shaping its present-day situation. In 2008, the first abroad Russian military campaign was only the latest expression of a series of unresolved secessionist conflicts crippling the region along with ample geopolitical rhetoric of imperialism, regional interest and alike has been used in past years. At the same time, the three South Caucasian countries of Georgia, Armenia and Azerbaijan face, nowadays, very distinct economic and socio-political realities. A closer analysis of what possibilities and constraints these countries have in shaping their foreign policy, two decades after the collapse of the Soviet empire, is therefore justified.

This essay proceeds in separate analyses of each South Caucasian country in order to elucidate the possibility of each being able to shape their own foreign policy. It explores a set of questions in analysing the situation of each country: how dependent are the countries with regards to external actors? What are the economical and political constraints for shaping an independent foreign policy? Ultimately, the essay will argue that the South Caucasian countries varying independence on the international stage is shaped primarily by different domestic contexts, especially with the role of local conflicts, the economic situation of a country and the international strategy of a government.

**Georgia**

In its international policy, Georgia can clearly be viewed as the most western oriented country of the South Caucasus since the 2003 Rose Revolution that brought President Saakashvili into power[1]. However, Georgia finds itself in an uncertain situation following the 2008 war against Russia. For Georgia, it was a war that it started "with no solid security guarantees, domestic or international" (Shirinov, 2012, p.2), finally costing it important political credit in the West and the ability to bring itself closer to a tighter integration with Europe or NATO. Influential Germany has always been reluctant to risk its politically stable relations with Russia for a country whose territorial status was not resolved and not of primary strategic interest in terms of energy resources (this interest being, for Germany, the Northstream pipeline across the Baltic Sea). Western support before the war was primarily of American origin. The USA, Georgia, Poland and the Ukraine formed a timely, more symbolic "Community of democratic choices" in 2005 to mark an opposition against Russian influence in the post-Soviet space. Government changes in the USA and Ukraine disallowed it from lasting long, with the Obama administration literally pushing the reset-button at a meeting between US Secretary of State Clinton and Russian Foreign Minister Lavrov. Since then, "the Obama administration is struggling to make sense of Georgia's place in US foreign policy" (in Zoylan et al., 2010, p.8).

Russia's more assertive position towards Georgia was a consequence of Saakashvili's policy of turning westwards. In 2006, following a Georgian veto on Russia's WTO accession, Moscow issued an embargo on Georgian wine and mineral water, combined with a diplomatic blackout (Stewart 2010). However, Russia's attempt to coerce Georgia back into Russian influence provoked the opposite. Georgia diversified its commercial links with the West and Asia

and President Putin had to change tactics, sending his ambassador back to Tbilisi the following year. While Russia used to be Georgia's most important trading partner, this crisis and the following war left their mark in trade statistics[2]. Being kept at distance from the biggest market of the region, Russia, undeniably remains a handicap for the economic prosperity of the Georgian state.

As for the EU, it developed a series of regional programmes (EU Neighbourhood Policy (ENP) South Caucasus, Eastern Partnership, Black Sea Region) that have been said to work around problems instead of working on them, not taking in account the enormous constraints that local conflicts impose on external policy makers (Halbach, 2010). Beyond Georgia, unsolved conflicts indeed constrain the political actions of all the Caucasian states. But, the scope of actions for international actors is also tightly narrowed down (see Azerbaijan and Armenia parts). In the Georgian case, the EU is trapped between bearing values of international law, recognising Georgia's full territorial integrity, and the secessionist reality on the ground.

The ENP measures (see Delcour and Duhot, 2011), however, focus on domestic institutional reforms, insufficiently addressing the core issue of local conflict resolution. For example, the EU Monitoring Mission, an attempt by the EU to internationalise not so much the resolution, but the observation of the conflict between Georgia and its secessionist regions, has been rather unsuccessful. After Russia vetoed the United Nations UNOMIG observer mission, the EUMM was deployed as an alternative. But, because of Russian opposition, it can only be active on the Georgian side of the frontline. It de-facto contributes to cement a border that the EU officially does not recognise. For Georgia and its relations with the EU, the broader question is one of long-term perspectives: will Georgia, one day, be able to join the EU and therefore have a viable alternative to their present situation, which is marked by Russian influence and Saakashvili's singular policy? The signs are ambiguous. While the EU has extended its Eastern Partnership to the region in order to create new Deep and Comprehensive Free Trade Areas (DCFTA), these agreements present no guarantee for future EU membership, leaving a certain malaise about Georgia's geopolitical orientation.

The West's main interest in Georgia has always been portrayed in its geopolitical important location, as a corridor between the Caspian and the Black Sea. At the core of this argument are the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Baku-Tbilisi-Erzerun (BTE) gas pipeline and the railway linking Akhalkalaki to Kars for oil and good shipments. While those three arteries have tied Georgia to the international energy market, they did not prevent Russian interference and gave no political leverage towards its northern neighbour. Together, with the reserved attitude of the Obama administration towards Georgia, this can be an indication that the level of the country's geopolitical importance, at least from a US perspective, had been inflated during the Bush era with its ideology driven foreign policy (Zoylan et al., 2010).

One of the only practical points of leverage Georgia had in hand against Russia was the veto power against WTO membership, as mentioned above. That Georgia finally agreed to withdraw its veto might be because of US pressure, potential rewards (both having been officially denied) or a new strategy by the Georgian side to internationalise the conflict resolution between the two countries. The entire negotiation process certainly helped to gain international attention again for the Georgian cause. Though, on the long term, Georgia's political leverage can theoretically be increased through the WTO in regards to combatting arbitrary embargos by the Russian side. The Russian market remains a big potential for the Georgian industry, especially with its historical ties with the USSR. Georgian wine, for example, is still more familiar to Russian customers than to their European counterparts (Gorst, 2012b,c).

In the end, Georgia finds itself internationally in a weak position, kept at a safe distance by the West following the war and put under pressure by Russia. This situation is partially due to the young elites' strong identity-driven foreign policy, which sees Georgia not as a post-Soviet or Caucasian country, but only as a European state on the Black Sea (Shirinov et al., 2012).

**Armenia**

Armenia is the country in the South Caucasus with the strongest ties to a single external actor, in this case Russia. The close association with Russia is largely determined because of its regional isolation, a consequence of the

unresolved conflict over Nagorno-Karabakh that led not only to a political necessity of a strong ally, but also to a calling for economic support.

The Karabakh conflict at the end of Soviet rule isolated Armenia not only on its Eastern, but also on its southern border with Turkey. The 2009 negotiations conducted with Turkey, ending in an official agreement to reopen the borders, have not been followed through in practice. Turkey, which sees itself as Azerbaijan's protective power in the conflict, has refused to ratify it until the settling of the Karabakh conflict. The relationship of Turkey and Azerbaijan with Armenia is emotionally overloaded since the 1915 Armenian genocide, still denied by Turkey. Azerbaijanis, ethnical Turks but traditionally of Shia faith, are stigmatised and lumped together with national Turks by Armenians. The situation between Azerbaijan and Armenia seems to be deadlocked, with each side emphasising its role as a victim of ruthless aggression, excessively instrumentalising its history for the purpose of patriotic education, and consequently establishing a habit of irreconcilable people. Nonetheless, Turkey seems to have been morally forced to comply with its Azerbaijani ally (Halbach, 2010).

In its geographic isolation, Armenia depends heavily on Georgian transit routes. Over 80% of its trade transits are via its northern neighbour. However, relations with Georgia have always been distant. Armenians and Georgians, despite being the only two Christian nations in the region (but with different Churches), historically have strongly emphasised their own identity and culture, even during the Soviet era. In addition, Georgia has a compact and isolated Armenian community on its territory along the southern border. While they have never seriously strived for secession, the Georgian state has been suspecting them of doing so (Cornell, 2001), leaving these communities isolated from the rest of Georgian society.

The economic factors that drove Armenia in a close alliance with Russia are partly domestic, somewhat due to the enemy's economic rise. Azerbaijan's oil and gas capital puts it in a situation of superior armament potential, which the clearly weaker Armenian economy simply cannot follow[3]. Reflected in arms purchases, Armenia spent less than $2 billions during the last five years, while Azerbaijan's expenditure was $11 billion (Rettman, 2012). In the long-term and in the case of war, without Russian support, the Armenian side would face difficulties to preserve the territorial gains it made during the war two decades ago. A sociological, as well as economical, specificity of Armenia compared to its Caucasian neighbours is the important role of the diaspora. The international network of Armenian people accounts to 9.6% of the GDP (Connolly, 2007) through remittances, also making it more directly vulnerable to international crises.

The dependence and association with Russia is expressed in Armenian exports and imports figures[4]. Looking closely at the economic structure of the country, the situation is even more telling. It has been described as the "Kaliningradisation" (Stewart, 2010, p.28) of Armenia. Major parts of the Armenian industry are under direct Russian ownership. In the energy sector, Gazprom enjoys a monopoly on gas. The Armenian politics' acceptance of Russian control, probably because of no other viable option, has been illustrated by the example of when Armenia planned to diversify its gas supplies through Iran. Gazprom has been allowed a 75% share in the project and imposed a pipeline with a smaller cross-section, delivering just enough gas for domestic use, but not for further export (to Georgia for example). The financial and mining industry are other strategic sectors in which Russian enterprises are dominant. Russia also has a total of 7000 troops stationed in the country (Stewart, 2009).

Nevertheless, Armenia has important links with the West, mostly through its well-organised diaspora in countries like France and the USA. It has been suggested that Armenia practices a dual policy between Russia and the West, coined as being the "complementarism" of its foreign policy (Zoylan et al., 2010, p.2). Certainly, this might be true on the diplomatic level. The Armenian diaspora in the USA lobbied successfully for a correction of US financial aid, with Armenia beeing given the same advantages as Azerbaijan. In addition, Armenia joined the NATO Partnership for Peace programme.

Despite these efforts, Armenia still seems an island of strong Russian presence in the region. This is also illustrated by public polls, which show Russia as the most trusted international partner and Russian as the most important foreign language (CRRC, 2009). Neither the EU nor, probably, the US could have offered Armenia an alternative to Russia; one of the fundamental questions, then, is to what extent would one defend, at least undercover, Armenia's

claim over Karabakh? Russia's de-facto leadership in the Minsk group, ideally seeking to help resolve the conflict, is probably dictated more by a wish to keep the status quo than to actively pressure for a solution, even though the deadlock for compromise exists also with Azerbaijan, as seen above. Armenia might have an apparent independent foreign policy, balancing between the Russian, Western and Iranian sides; however, the political and economic costs of war and isolation have been supported solely by Russia, in exchange of a non-negligible abandonment of Armenian independence.

**Azerbaijan**

Of the three South Caucasian states, Azerbaijan is the country with the biggest power in shaping its foreign policy, whether as an emerging regional leader or as a global player on the energy market. Even though more symbolic than having practical consequences, Azerbaijan joined the Non-Alignment Movement in May 2011 and demonstrated by following through, exhibiting independence in matters of international relations (Shirinov, 2012). Azerbaijan's power is based on the successful oil and gas industry it developed during Heydar Aliyev's presidency in cooperation with western investors. Azerbaijan's non-aligned position is also expressed in export-import figures[5]. The most important exports destinations are Western countries. Nevertheless, in its imports, Azerbaijan is still closely connected with regional powers like Turkey and Russia.

With two major pipeline routes, BTC and BTE westwards through Georgia, Azerbaijan freed itself, as well, from Gazprom's export network, at the same time augmenting its bargaining power for higher commodity prices. Azerbaijan's national oil and gas company SOCAR cooperates closely with western investors in the prospection and extraction of oil and gas. The latest cooperation agreement is between SOCAR with British Petroleum and the Norwegian Statoil for the extended exploitation of the Sha Deniz field feeding the South Caucasian Pipeline, which is important for providing Georgia with non-Russian gas (Gorst, 2012a,d).

The acquired economic power has enabled Azerbaijan to assert a more active role in the region. Signs are still discreet, but might have long-term issues. Azerbaijan bought shares in the Georgian pipeline infrastructure (Stewart, 2010). This move could be interpreted as a possible action against Armenia, which relies on the Georgian gas transit. As mentioned above, Azerbaijan, suffering a military defeat and important territorial losses against Armenia two decades ago, has rearmed rapidly, even though the Georgian war has clearly shown that violent conflict resolution seems to lead nowhere (Halbach, 2010). At this point, the hypothesis should be that Azerbaijan's interests in the Karabakh region are lower than the on the Armenian side. While all national rhetoric argues the opposite, a relative stable environment for international investors in the oil fields around Baku can be weighted as being more important for the Azerbaijani elite. This, however, is not to say that the political price of acknowledging the facts established by the Armenians on the ground would necessarily be too high for the Aliyev regime. The Azerbaijani elite, despite heading an emerging regional leader in the South Caucasus, are themselves bound to international business interests and, domestically, to inflexible policy in relation to the Karabakh conflict.

Contrary to the situation Georgia, Russia has never dared to apply similar constraining policies on Azerbaijan, despite the establishment of alternative trade routes beyond Russian control. For Russia, even though Azerbaijan is not a close ally and the relationship is marked by periodical tensions, turning another South Caucasian country against itself would be against Azerbaijan's wider interest in the post-Soviet space, especially among its Caspian neighbours of Central Asia who were irritated with Russia's war in the land of a former Soviet Republic. The Russian and Azerbaijani regimes have an authoritarian political culture in common that has led the local political establishment to watch with suspicion of Western influences, especially following the Arab Spring (Shirinov, 2012)[6]. In conclusion, it seems that Azerbaijani foreign policy, while being backed by economic independence achieved through an orientation westwards, is nevertheless rooted locally. It has been determined by the long-term political interests of an authoritarian regime whose nature is hardly compatible with the wider aim of European human rights and the democratic policies found in institutional programmes such as NEP.

**Conclusions**

This essay has analysed the potentials of the three South Caucasian states, Georgia, Armenia and Azerbaijan, in

shaping an independent foreign policy. It has revealed a heterogeneous situation among the three different countries. Georgia, while having a clear lookout towards Europe, has lost international credit and lacks the external foreign policy anchor of potential EU membership. At the same time, it is heavily constrained by the unresolved secessionist conflicts. Armenia, while having an apparent balanced foreign policy, the high economic dependence on Russia and the political constrains of the Karabakh conflict make it the most dependent country in the region. Azerbaijan exposes itself as an emerging regional player backed with important economic resources. The Azerbaijani regime has the necessary independence from Russia to act freely in its foreign policy. Nevertheless, a closer integration with Europe, going beyond business relations, is still very unlikely, taking into account the authoritarian nature of the regime, which would be incompatible with European values.

A methodological consequence of these findings is that, at least for international relations issues[7], treating the South Caucasus as one defined region is very credulous, which consequently runs the risk of blurring the complexities of regional policy-making. With historical hindsight however, the complexity of the present situation does not seem extraordinary. The multitude of powerful actors present in the region, the local conflicts defining wider politics and the way local political entities are forced to navigate between them have been the reality of these lands trapped between the Caspian and Black Sea throughout the centuries, with the Soviet era of unified foreign relations being rather at odds.

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[1] The important pro-western attitude, though not as dominant as portrayed by the government, was captured by opinion polls: 43% of Georgians express their "trust" towards the EU. This is significantly higher than its neighbours: 31% in Azerbaijan and 30% in Armenia. CRRC (2009).

[2] Most important exports – partners: Turkey 14.1%, Azerbaijan 11.2%, Bulgaria 10%, US 9.8%, UK 9%, Canada 6.7%, Ukraine 6.1% (2010). Most important imports – partners: Turkey 15%, Ukraine 9.2%, Azerbaijan 8.5%, Russia 6.5%, Germany 6.1%, US 5.9%, China 5.4% (2010). CIA (2012).

[3] Armenian GDP per capita PPP: $5400; Azerbaijan: 10'200. CIA (2012).

[4] Exports: Russia 16.4%, Germany 12.1%, Bulgaria 11.7%, Netherlands 9%, Iran 8.3%, US 7.8%, Belgium 5%, Canada 5%, Georgia 4.6% (2011 est.) Imports: Russia 16%, UAE 9.4%, Georgia 6%, Iran 5.5%, China 5.1%, Ukraine 5.1%, Turkey 4.8% (2011 est.)

[5] Exports: Italy 26.8%, US 8.4%, Germany 7.1%, France 6.7%, Czech Republic 4.9%, Russia 4.4% (2010). Imports: Turkey 17.7%, Russia 14.5%, Germany 9.9%, China 9.6%, UK 7.2%, Ukraine 7% (2010)

[6] Compare with Bader et al. for a theoretical framework about authoritarian regimes favouring a similar system in their neighborhood.

[7] This does not, of course, mean that the South Caucasus does not present certain general characteristics and common legacies, which would define a deeper Caucasian identity. For example, the role of Adat, traditional common law, can be viewed as a common cultural good that shaped the region as a whole and still does.

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*Written by: author name withheld*
*Written at: University of Birmingham, Centre for Russian and East European Studies*
*Written for: Dr. Galina Yemelianova*
*Date written: April 2012*

### About the author:

The author/s of this content have been verified by E-international Relations, but wish to remain anonymous.