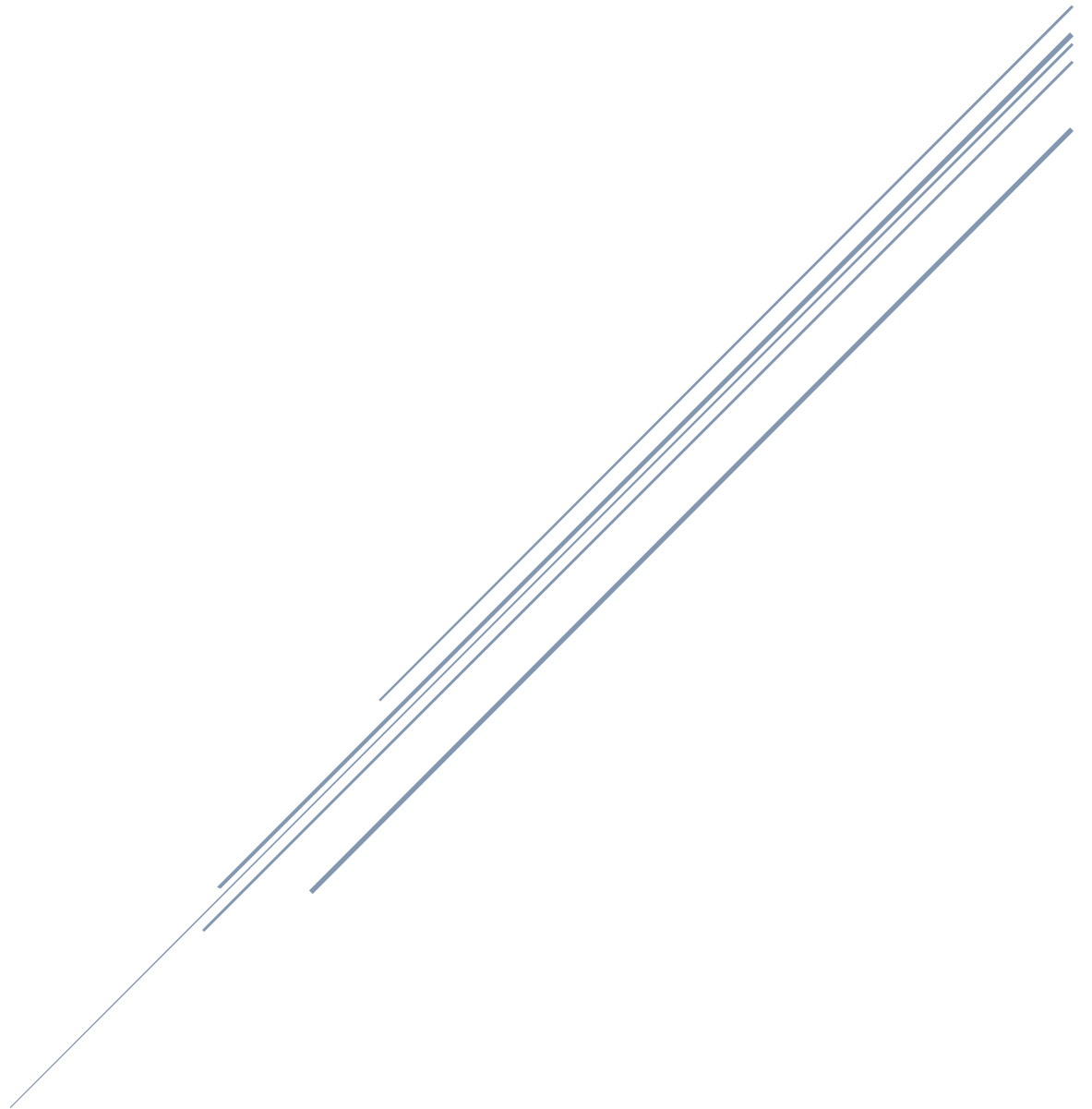


# THE ROLE OF GLOBAL AND REGIONAL ACTORS IN THE SOUTH CAUCASUS

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This paper is an analysis of the policies of global and regional actors in the South Caucasus for the past 25 years. This paper will look at each of these actors – the US and NATO, the EU, Russia, Turkey, and Iran – to analyze the web of overlapping or conflicting interests and patterns of influence and affiliation. This analysis is used to then propose a rethinking of policies of all five actors with implications for the countries of the South Caucasus and the conflict context. This will be done with the vision of increasing the fraction of shared interests and decreasing the confrontation of interests and the conflict potential in the region.

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# The Role of Global and Regional Actors in the South Caucasus

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By Orhan Gafarlı, Arevik Anapiosyan, Mehmet Fatih Öztarsu, Khatuna Chapichadze

## **Introduction: competing interests in conflict contexts**

For the past few centuries, regional and global powers have struggled to gain or maintain hegemony or influence over the South Caucasus. The region is important economically because it is on the Silk Road and geopolitically because it is a buffer zone lying between regional powers (Świętochowski 1995).

In the early 20th century, during the disintegration of Tsarist Russia, the Caucasus communities used the opportunity to exercise their right to self-determination, taking advantage of the power vacuum in the region. Azerbaijan (1918-1920), Georgia (1918-1921), and Armenia (1918-1920) in the South Caucasus and the Gorskaya Republic (1917-1920) in the North Caucasus declared independence (Hille 2010). Although the republics were recognized internationally, there were territorial disputes and even wars between them related to borders. The present-day internationally recognized borders of the Azerbaijani, Armenian, and Georgian republics were established by the Soviet authorities and are subject to grievances by many. The disintegration of the Soviet Union led, once again, to the formation of independent states in the South Caucasus in 1991.

The disputes over the Soviet-era autonomous entities led to the wars in Nagorno-Karabakh, Abkhazia, and South Ossetia bringing economic instability and security problems to the South Caucasus. These on-going conflicts weakened the South Caucasus states and provided an opening for the regional and global powers to restart their competition for influence over the region. Russia acted to regain the power it had lost after the collapse of the Soviet Union through the “Controlled Conflict Strategy” (Lowenthal 1971). Since Turkey has a common cultural and religious affiliation with Azerbaijan, it stood by Baku in the Nagorno-Karabakh conflict, while Iran maintained a neutral position. Russia, initially backing the territorial integrity of Georgia<sup>1</sup>, later accepted a more assertive position regarding the conflicts in South Ossetia and Abkhazia by openly supporting those regions and recognizing their independence in 2008 following the war in August of that same year.

Among the countries in the South Caucasus, Armenia has been the only one that entered a strategic alliance with Russia due to security concerns related to the Nagorno-Karabakh conflict and the concern that Turkey might intervene militarily in support of Azerbaijan. In 2013, the partnership that had been established through the Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO) took an even longer-term outlook when Armenia announced that it would enter into the Eurasian Customs Union, a precursor to the Eurasian Economic Union (EAEU), established by Russia, Kazakhstan, and Belarus. Although an Iran-Azerbaijan rapprochement took place in 1991-1993, relations changed when the nationalist Popular Front came to power in Azerbaijan led by Abulfaz Elchibey. Starting from 1998, the formation of regional alliances among Turkey, Georgia, and Azerbaijan engaged Iran into closer cooperation with Armenia and Russia.

Until 2008, the United States’ (US) policies related to the South Caucasus were determined by energy considerations and the competition with Russia for influence over the region. As a result, alternative energy routes that would bypass Russia were established, and the Caspian policy was developed in 1994. A member of North Atlantic Treaty Organization (NATO) since 1956, Turkey had played an important role in the US-led containment policy toward the Soviet Union. In the post-Cold War period, the US supported Turkey’s growing influence in the South Caucasus to create alternative energy routes. The White House supported the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Baku-Tbilisi-Erzurum (BTE also known as the South Caucasus Pipeline) natural gas pipeline. To develop closer relations with the West, the cooperation platform called GUAM (Georgia, Ukraine, Azerbaijan, and Moldova; Organization for Democracy and Economic Development) was formed, supported by the US. This also pushed the US to support the Azerbaijan-Turkey-Georgia geopolitical line in the South Caucasus, while developing a separate

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<sup>1</sup> While the official position of Moscow was that of support towards Georgia’s territorial integrity in the early years of the conflict in Abkhazia, the role of the Russian military in the South Caucasus is argued to have been independent from the central government’s role in tacit or even direct support to the Abkhazians (Lepingwell 1994, 75).

relationship with Armenia.

The European Union's (EU) policy towards the South Caucasus is a result of its own internal debates and the sometimes divergent interests of the individual states that make up the Union. Although the EU is a structure above states, differing policies of the United Kingdom, Germany, France, and other states categorized as 'Old Europe' on the one hand and Poland, the Czech Republic, and other Eastern European states categorized as 'New Europe' on the other hand have shaped the EU policies towards the South Caucasus. Since 2008, the EU's Eastern Partnership (EaP) program has been important for the former Soviet countries of Azerbaijan, Georgia, Ukraine, Belarus, and Armenia, and the 'New Europe' countries played an important role in this coordination.

With Iran emerging out of its own decade-long isolation, its policies towards the South Caucasus will be shaped around the aspirations to contributing to the Southern Gas Corridor and expanding trade with Armenia and Georgia. Iran's policies will be conditioned by the possibility of overcoming differences with Azerbaijan and negotiating with Russia around its own greater involvement in the South Caucasus.

This paper will look at each of these actors – the US and NATO, the EU, Russia, Turkey, and Iran – to analyze the web of overlapping or conflicting interests and patterns of influence and affiliation. This analysis is used to then propose a rethinking of policies of all five actors with implications for the countries of the South Caucasus and the conflict context. This will be done with the vision of increasing the fraction of shared interests and decreasing the confrontation of interests and the conflict potential in the region.

### **The US and NATO in the South Caucasus**

With the collapse of the Soviet Union and the end of the bipolar world, the three newly independent and internationally recognized states of the South Caucasus – Armenia, Azerbaijan, and Georgia – found themselves in a new geopolitical scene where the administration of President George W. Bush tried to redesign US foreign policy in the immediate aftermath of the Cold War. Meanwhile, Russia was busy with handling the socio-economic challenges facing the country.

The US has had a few foreign policy strategies in this region. From the neorealist perspective, the US has no vital interest at stake in Armenia, Azerbaijan, or Georgia. However, as a buffer zone situated between three regional powers – Russia, Turkey, and Iran – the South Caucasus becomes an important piece for the US on the world chessboard. The involvement in regional affairs can help advance the US interests in the projects of the Caspian basin, as well as contain the influence of Iran and Russia. With a growing rift between Russia on the one hand and the US and the EU on the other regarding Ukraine and Syria, and an escalating conflict in Nagorno-Karabakh that might draw in regional powers, the South Caucasus may well become the third spot for employing the strategy of encircling Russia (Suny 2010) (Melvin 2016).

In addition, Armenia, Azerbaijan, and Georgia have their strings to pull trying to impact the US policy towards the South Caucasus. Two lobbying organizations of the Armenian diaspora are operating in the US advancing Armenian interests<sup>2</sup>. At the same time, Azerbaijan knows the importance of its energy resources as an alternative to Iranian and Russian energy supplies, and Georgia with its geographical position and relatively stable relations with neighbors becomes a hub for regional projects and also plays a decisive role in upholding the presence of Russia in the region or threatening Russia with its Western integration aspirations, particularly with NATO.

### **Democratic enlargement: The Clinton doctrine**

At the beginning of the 1990s, the so-called Clinton doctrine of US foreign policy was aimed at democratic enlargement with the emphasis of promoting US economic interests in the world and supporting democracy, particularly in the former Soviet Union (Brinkley 1997). At the time, the US also adopted a relatively cautious policy

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<sup>2</sup> The Armenian National Committee of America and the Armenian Assembly of America are the two Armenian lobbying organizations. They closely work with certain congressmen and other politicians to further Armenian interests. It is noteworthy that these organizations might often disagree on a range of issues, and the interests they pursue might even vary from (but not contradict) those of the Republic of Armenia.

towards the South Caucasus as the region was not perceived in Washington as a stand-alone geopolitical unit: policies towards it were seen as a continuation of the US policy towards Russia (Dawisha and Dawisha 1995, 310).

With free trade at the core of the US foreign policy throughout the first term of the Clinton administration, the geoeconomic and geopolitical importance of the South Caucasus was not acknowledged until the mid-1990s. The year 1997 marks the turning point in the US foreign policy towards the South Caucasus when a number of political scientists started to bring the attention of American politicians to the internal socioeconomic and financial problems faced by Russia and its reduced capacity of maintaining exclusive hegemony in the South Caucasus. Furthermore, the Clinton administration saw an opening for the US to access the energy resources of the Caspian basin. Hence, the US engaged in a policy U-turn towards the South Caucasus.

Publicly, the region started gaining attention in the speeches of high ranking officials of Washington. Deputy State Secretary Strobe Talbott, while analyzing the prospects for US economic engagement in the South Caucasus and Central Asia in 1997, mentioned that “It would matter profoundly to the United States if that [conflict escalation] were to happen in an area that sits on as much as 200 billion barrels of oil. That is yet another reason why conflict resolution must be job one for US policy in the region” (Talbott 1997).

Of course these conflicts did not appear in 1997 and the US was already involved in the conflict resolution, specifically over the Nagorno-Karabakh conflict. Still, 1997 marks a new level of engagement, when the western oil companies started to study the commercial viability of the BTC oil pipeline project<sup>3</sup> (Çağaptay and Gencsoy 2005). Certain lobbying groups in the US acknowledging the economic and political importance of the pipeline started to work for the waiver or repeal of Section 907 of the Freedom Support Act<sup>4</sup>. Section 907, which banned any kind of direct US aid to Azerbaijan, was the result of lobbying efforts by Armenian-American organizations in response to Armenia’s blockade by Azerbaijan.

The manifestations of US active engagement in the region starting in the late-1990s were financial assistance, support to the enhancement of democratic institutions, military cooperation bilaterally and via NATO, and diplomatic involvement in the regional conflicts. In the Nagorno-Karabakh conflict, the US is one of the Co-Chairs of the Minsk Group international mediation initiative. However, not much was gained towards advancement of democratic institutions or conflict resolution. Further, a former co-chair of the Minsk Group has noted that had the US had a genuine interest to resolve the conflict it would have done so (Bryza 2015). The US involvement in the Abkhazia and South Ossetia conflicts in this period was less intensive. Moreover, in the post-Rose Revolution period and until the August 2008 war, the US would encourage Georgia to collaborate with Russia in developing settlements in the two regions (Nixey 2010, 127).

## The “War on Terror” and NATO

The terrorist attacks of 9/11 and the following “Global War on Terror” of the Bush administration gave a new impetus to the US policy in the South Caucasus: the region was now viewed as a launching pad for the US military forces on the way to Afghanistan and Iraq (Nixey 2010, 126). The three countries of the South Caucasus supported the US in its fight against terrorism, which resulted in a more intensified involvement with NATO-led activities, including the deployment of military personnel. Noteworthy is the fact that Armenia, Georgia, and Azerbaijan joined NATO’s Partnership for Peace in 1994. One of the four axes of the Clinton foreign policy was about marginalizing security competition and reducing the risk of large-scale war in Europe, East Asia, and the Middle East (Walt 2000). This implied becoming or remaining militarily engaged in each of these regions and advancing the NATO enlargement.

The foreign policy of George W. Bush, compared with Clinton’s, was more tailored to the needs and potentials of the regional countries. Following Georgia’s declaration of the willingness to join NATO in 2002 (Kavadze and Kavadze 2014) and supporting Georgia in and after the Rose Revolution in November 2003, for a certain period the

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<sup>3</sup> The project for the construction of the BTC oil pipeline began in 1992, when Turkish Prime Minister Süleyman Demirel called on the Central Asian countries and Azerbaijan to export energy resources through Turkey. In 1993, Turkey and Azerbaijan signed a framework document on the construction of the pipeline.

<sup>4</sup> In January 2002, Section 907 was waived by President George W. Bush.

US administration perceived Georgia as probably the most pro-American country in the world (Nixey 2010). Nevertheless, the Georgian public felt betrayed by the US when it remained largely passive during the war of August 2008. The Russian aggressive behavior, mainly provoked by the NATO Bucharest Summit earlier in 2008 that had opened the prospect for Georgia and Ukraine to join the Alliance, sent a clear signal to the US that it should proceed more cautiously in its aspirations of enlarging NATO or trying to contain Russia, at least in the South Caucasus. And while Georgia continued aspiring to further integrate with NATO, high-ranking NATO officials, despite the Bucharest commitments of 2008<sup>5</sup>, became more reserved in their statements about Georgia's membership (North Atlantic Treaty Organization 2015).

NATO's relations with Armenia are limited to training and reform of its defense and security sectors. As a member of the Russia-led CSTO, however, Armenia never expressed interest in joining the Alliance. Neither did Azerbaijan, preferring an independent path and relying on a strong bilateral alliance with Turkey. However, both Armenia and Azerbaijan remain involved in the Individual Partnership Action Plans with NATO.

### What is next?

After taking office in 2009, Obama's administration once again reversed the US course towards the South Caucasus with its "Russian reset" policy that subordinated the relations with the South Caucasus countries to its relations with Russia. This implied accepting the South Caucasus as a region within the sphere of Russian influence, as a result adopting a much more limited engagement with the region. And while the "reset" policy clearly failed, highlighted by the disagreements over the Europe-based missile defense system, NATO's eastward expansion, Iran's nuclear program, conflicts in Syria and Ukraine, and numerous other developments, the US presence and influence in the South Caucasus has visibly decreased.

The Obama administration has somewhat detached the US from the South Caucasus politically and in terms of its support for democracy and civil society, maintaining an active role in matters only concerning the energy sector. It will be important to see whether the upcoming US administration would follow Obama's line or commit to another direction. Would the South Caucasus continue to be seen as Russia's domain, or would it be treated as a separate geopolitical region or a pressure point to open the third front against Russia? The election year rhetoric indicates that a Hillary Clinton administration is more likely to adopt a proactive policy in the region, taking pages from the playbook of the George W. Bush administration rather than Obama's, while Donald Trump would further prioritize relations with Russia.

### **The EU in the South Caucasus**

The EU's institutional involvement in the South Caucasus dates back to the Partnership and Cooperation Agreements with Armenia, Georgia, and Azerbaijan signed in 1996 and entered into force in 1999. The region gained importance for the EU due to its energy resources and as a transportation corridor between East and West, North and South, as well as for security purposes in terms of building "a ring of friends" outside the EU borders. The EU development and integration policies for the region have been between political constructivism and idealism.

### The European Neighborhood Policy and the EU enlargement

In 2004, the EU announced its new instrument – an integration mechanism called the European Neighborhood Policy (ENP). The countries of the South Caucasus were also included in the new policy. The policy served as a framework for the EU to promote democracy and human rights in the region and increase political, economic, and trade relations with Armenia, Georgia, and Azerbaijan. The ENP was implemented through action plans developed separately for each country. However, these action plans were similar, indicating that the region *was* perceived by the EU as one geopolitical unit.

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<sup>5</sup> At the Bucharest Summit in 2008, NATO leaders agreed that Georgia will become a member of NATO, provided that it meets all the necessary requirements.



When the ENP was formed in 2004, the EU was facing a completely different set of geopolitical challenges than it does today. At the time, the EU was enlarging, its economy was growing, and the development of “a ring of friends” from the Caucasus to the Sahara was a priority for the EU foreign affairs<sup>6</sup>.

With the accession of new member states in 2007, the EU went even further in its intentions of enhancing relations with the South Caucasus, and the European Security Strategy stressed the importance of “the need to avoid new dividing lines in Europe” suggesting that the EU would “take a stronger and more active interest in the problems of the South Caucasus” (Efe 2012, 187).

To develop a more nuanced strategy towards its neighbors, in 2009 the ENP was split into two regional blocks – the Southern Partnership and the EaP. Thus, the countries of the South Caucasus became part of the EaP and started to negotiate higher-level integration with the EU. Armenia and Georgia started to negotiate Association Agreements, part of which was the Deep and Comprehensive Free Trade Agreement (DCFTA)<sup>7</sup>. Since then, the three countries of the South Caucasus followed different paths toward EU integration.

Since the launch of the EaP, the EU has intensified its involvement in the reform of institutions in the region. The prospect of signing the Association Agreements with Armenia and Georgia was a strong driving force for supporting the reform of the normative framework within the countries as well as institutions dealing with trade, customs, and taxation.

Moscow, however, started signaling that it was rather unhappy with the over-involvement of the EU in the South Caucasus and used its extensive influence in Armenia to restrain it from signing the Association Agreement with the EU. On September 3, 2013, one month before the Vilnius summit, Armenia’s President Serzh Sargsyan announced Armenia’s intention to join the Russia-led economic integration process – the Eurasian Customs Union. Surprised by this unexpected turn of events, Brussels and other European capitals criticized Sargsyan’s decision, while Yerevan announced its willingness to continue cooperation with the EU as long as it did not contradict Armenia’s accession to the Eurasian Customs Union. The reason cited by Sargsyan for this political U-turn was the reliance on Russia for security in Armenia’s confrontation with Azerbaijan.

With Armenia’s refusal to sign the Association Agreement, there was a long debate over the mode of cooperation between the EU and Armenia. On October 12, 2015, the Foreign Affairs Council authorized the European Commission and the High Representative to open negotiations on a “new, legally binding and overarching agreement with Armenia, and adopted the corresponding negotiating mandate” (European External Action Service 2015). Finally, in December 2015, the EU and Armenia started working on developing a new framework for cooperation (European External Action Service 2015).

Unlike Armenia, Azerbaijan has not shown interest in signing the Association Agreement with the EU. Currently, the EU cooperates with Azerbaijan economically within the framework of the agreement on extracting gas from the Shah Deniz Stage 2 bed in Azerbaijan, according to which 10 billion cubic meters of gas will be imported to Europe starting at the end of 2019 (European Commission 2013). The other framework for cooperation is the Visa Facilitation and Readmission Agreement. However, the absence of political freedoms in Azerbaijan and unwillingness to adhere to the EU human rights frameworks undermine its implementation.

Currently, the legal basis for the cooperation framework between Azerbaijan and the EU has been the same as between Armenia and the EU – the Partnership and Cooperation Agreement (1999), the ENP (2004), the EaP (2009), and the Visa Facilitation and Readmission Agreement (2014). However, unlike in Armenia where the EU has been successful in advancing certain reforms, EU dependence on Azerbaijan’s energy supplies undermined the EU’s ability to advance democratic reforms and human rights protection. The Azerbaijani government, meanwhile, legislatively restricted civil society activities and imprisoned and persecuted scores of civic activists and human rights advocates, which led to a split within the EU member states’ approach to the country. Some countries evaluate

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<sup>6</sup> It would be difficult to anticipate then that the “ring of friends” would turn into a “ring of fire” within 10 years.

<sup>7</sup> Azerbaijan and Belarus were left out of this process, as it is a precondition for membership in the World Trade Organization (WTO) for entering DCFTA negotiations with the EU.



the EU-Azerbaijan relations through the prism of their energy dependence on Azerbaijani oil and gas (Merabishvili 2015), while others prioritize human rights. As a result, although EU officials voice their concerns about human rights violations in Azerbaijan, the improvement of civil and political liberties is rarely, if ever, used as a precondition for trade relations between the EU and Azerbaijan.

The Azerbaijani government, regarded as authoritarian in the West, was expected to make some concessions to the EU and the US to gain back a certain degree of legitimacy (Rumyansev 2014). These concessions implied institutional reforms, respect for human rights, and adherence to other “western” values and principles. The Azerbaijani government carried out imitations of such changes and poured resources into public relations campaigns aimed at improving its image abroad. Consequently, any criticism of Azerbaijan or its government was taken defensively. The criticism from the EU, however, led to growing anti-European rhetoric in Azerbaijan, although this rhetoric has been skillfully applied against the specific European or American organizations that criticize the Azerbaijani regime, and not the western countries per se. The anti-West rhetoric in Azerbaijan is further fueled by the popular discourse that the West, and particularly France and the US, are in the pocket of the Armenian lobby.

Regarding the Nagorno-Karabakh conflict, the EU largely stays out of the official process rhetorically supporting the work of the OSCE Minsk Group Co-Chairs and periodically mentioning that the status quo is not sustainable and the situation over the line of contact raises concerns (Council of the European Union 2016). The EU, leaving the official track to the US and Russia, has assumed the role of the international actor that supports civil society efforts. The EU commits substantial amounts of funding to the Nagorno-Karabakh peace process through a mechanism called the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK). The funding is transferred to European non-governmental organizations and according to publicly available information only the small part of it reaches the conflict zone. Between 2012 and 2015, out of a total of almost €6 million allocated to confidence building in the Nagorno-Karabakh conflict through the EPNK, only €100,000 were distributed to organizations on the ground through Regional Grant Initiative according to the official web-site of the EPNK (The European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh 2013). An additional yet undisclosed amount served to support the work of sixteen sub-contractors of the European NGOs in the South Caucasus. As EPNK had limited presence and visibility on the ground, it had little impact on the peace process.

Unlike Armenia and Azerbaijan, Georgia remained committed to its path toward the EU integration for many years despite the changes in leadership and in the geo-political situation. The EU supports Georgia, first of all, because of its steady commitment to institutional reform and democratization, the history of relatively free and fair elections, the fight against corruption, and more. Furthermore, given the geographic proximity of the conflicts in Abkhazia and South Ossetia to the EU, its member states acknowledge the importance of contributing to the peace processes and to stability, as mentioned in the EU Security Strategy of 2003. During the war of August 2008, the EU led the mediation between the conflict parties by putting forward a ceasefire agreement, providing humanitarian assistance, conducting a civilian monitoring mission, and ensuring financial assistance to Georgia (Whitman and Wolff 2010). Although the EU-appointed fact-finding mission acknowledged the Georgian artillery’s attack on Tskhinval/i calling the following Georgian offensive “questionable”, it criticized all sides for violating humanitarian and human rights law and condemned Russia for recognizing Abkhazia and South Ossetia (Independent International Fact-Finding Mission on the Conflict in Georgia 2009). With Georgia being the final ‘loyal to the EU’ country in the South Caucasus, the EU shows no signs of abandoning the integration processes. In June 2014, the EU and Georgia signed the Association Agreement, and it included the DCFTA. In December 2015, the EU declared Georgia’s progress on the Visa Liberalization Action Plan and granted it a visa free regime starting from summer 2016.

### **Russian foreign policy in the South Caucasus**

After the collapse of the Soviet Union, Russia, mindful of its own ethno-territorial conflicts, had a limited yet important influence on the conflicts in the South Caucasus throughout the 1990s. However, starting from 2000, when Vladimir Putin came to power, Russia’s role in the South Caucasus grew. Arguably, the conflicts served as an efficient tool for augmenting Russian influence in the region.

The two questions addressed in this section are:

- What were the main objectives of Russia's policy in the South Caucasus since 2000 and what role did the CIS, CSTO, and Eurasian Economic Community (EAEC) play in this policy?
- What was or was not achieved and why?

Russia's major goals since President Putin assumed office have been the reestablishment and maintenance of the Russian sphere of influence in the former Soviet Union, including the South Caucasus<sup>8</sup>, and the impediment the EU's, and more so NATO's expansion into the South Caucasus to prevent "the Western encirclement of Russia" (Friedman 2008).

The main instruments for achieving these goals have been the CIS and the CSTO, and the former has proved itself quite ineffective. Only a small percentage of the agreements its members signed since its inception in late 1991 have been implemented. The second one, which numbers far less countries than the CIS, as well as the Single Economic Space (SES), have been more efficient in achieving their tasks. In later years, Moscow created several more comprehensive integration projects, such as the EAEC, the Eurasian Customs Union, and the EAEU. In October 2014, Armenia, the only South Caucasus country that participated in these initiatives, signed its EAEU Accession Agreement, which came into effect in 2015.

Complications that the CIS and the CSTO face are those connected with security in Central Asia due to the increasing violence in northern Afghanistan. In addition, according to the statement of the Russian President Vladimir Putin, some 5,000 to 7,000 people from the CIS were fighting alongside Islamic State militants (Radio Free Europe/Radio Liberty 2015).

### Russia-Georgia relations

The Georgian Rose Revolution and the Ukrainian Orange Revolution, followed by the EU association and NATO accession negotiations, rang alarm bells for Russia's national security. After the US promise that NATO would not expand into the former Soviet Union republics was broken since the 1990s with the accession of the Baltic states, the threat was real. Through the August 2008 war and the current Ukrainian crisis, Russia signaled that it would not tolerate NATO's looming expansion.

Another motive for the August 2008 war was the recognition of Kosovo's independence despite the Russian objection and support for Serbia. From the Russian perspective, in Kosovo Europe and the US violated the post-World War 2 principle that conflict prevention necessitates that the national borders would not be changed. As a response to Kosovo's recognition by the West, South Ossetia's and Abkhazia's independence was recognized by Russia, and any objections from the US and Europe in this regard would simply confirm their hypocrisy (Friedman 2008).

Despite successful military campaigns in Georgia in August 2008, as well as in Ukraine currently, Russia is struggling to keep these countries in its sphere of influence. In 2014, Ukraine, Georgia, and Moldova signed Association Agreements with the EU, effectively closing the door to their participation in the EAEU. Following the Association Agreement, the EU also offered visa liberalization to Georgian citizens on December 18, 2015 (European Commission 2015). Interestingly, the visa liberalization was preceded by the Russian initiative to relax its visa requirements for Georgian citizens on November 19, 2015 (Lomsadze, Russia, EU: Who Will Liberalize Visas for Georgians First? 2015). Therefore, while Russia managed to complicate the prospects for the integration of Georgia or Ukraine into NATO, it was unable to prevent their political and economic integration with the West.

One of the consequences of the August 2008 war was Russia's return to the geo-political scene moving from a regional power to a global actor. That has been subsequently reconfirmed by its engagement in Crimea and Syria.

The countries opposite Russia in these conflicts also had some gains despite the military defeats. Georgia and Ukraine received declarations of solidarity from many in the international community, humanitarian and financial aid, support

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<sup>8</sup> On the other hand, some public and academic voices often interpret such attempts of Russia's leadership as endeavors to restore the Soviet Union, sometimes referring to the statement made by Vladimir Putin in 2005 calling the collapse of the Soviet Union "the greatest geopolitical catastrophe of the century" (NBC News 2005). This interpretation makes a significant difference in making solid geopolitical prognoses of further dynamics as well as for domestic developments in the former Soviet republics.

for the development of civil society, infrastructure, and support in the fight against corruption. They implemented a wide range of reforms in many spheres of public life. They also lost a lot, including human resources and territories. They were plunged into an economic crisis and had the trauma of societies that “lost” the war.

By 2012, Georgia adopted a new constitution and became a parliamentary republic. Mikheil Saakashvili’s party lost the elections to the coalition called Georgian Dream that held a more moderate position regarding Georgian-Russian relations. However, this did not prevent the Russia-backed South Ossetian authorities from establishing a fence that demarcates the South Ossetian territory. Furthermore, according to Georgian sources, the border fence has been continually moving forward.

Currently the slow-moving Georgian-Russian official dialogue takes place in the Geneva International Discussions launched after the August 2008 war. A number of less formal dialogues are also taking place, most notably the Abashidze-Karasin format that brought together a special representative of the prime minister of Georgia and the deputy foreign minister of Russia. The informal interactions established since 2012 have contributed to discussions of economic relations and trade and communication. They also led to Moscow’s recent initiative of visa simplification for Georgian citizens, the promised opening of the border between the two countries, the removal of the visa requirement for Russian citizens, and the resulting increase in the number of Russian tourists to Georgia.

### Russia-Azerbaijan relations

Russia-Azerbaijan relations involve Azerbaijan crafting an independent path and steps by Russia to keep Azerbaijan in its zone of influence. The energy politics and the Nagorno-Karabakh conflict have both been central in advancing these policies. While Azerbaijan spent most of the 1990s and 2000s developing energy routes independent of Russia, currently it is working hard on improving relations with Russia with the aim of changing the status quo in the Nagorno-Karabakh conflict. The smaller-scale clashes along the contact line that have defined the conflict for the past 20 years are yielding space to larger-scale fighting. Furthermore, the Armenian media has been expressing concern that the recent Russian-Azerbaijani rapprochement might lead to Russia lending diplomatic support to Azerbaijan in the Nagorno-Karabakh conflict in return for Azerbaijan joining the Russia-led Eurasian Union (Stratfor 2015). This recent Russian-Azerbaijani diplomatic rapprochement can be also explained by the lifting of Western sanctions on Iran, and Armenia potentially becoming a transit country for Iranian oil and natural gas (Stratfor 2015), a prospect to which Russia is fiercely opposed. Russia has also been concerned with Iran’s plans to build a railway through Armenia to Georgia. Instead, on April 2016 the North-South Transport Corridor from Iran to Russia’s Baltic ports through Azerbaijan was announced, taking precedence over the plans for transit through Armenia.

In spite of certain disagreements with Moscow over the Nagorno-Karabakh settlement and energy policy, Azerbaijan’s political elite has strong ties to Moscow dating back to the Soviet period, while the details of these personal relationships remain invisible to the public eye. The Azerbaijani elites also maintain close relations with wealthy Azerbaijanis who live in Moscow. Russian Ambassador to Baku Vasily Istratov stated that he mentored many of Azerbaijan’s elites during his days as a professor at Moscow State University, including Presidential Advisor Ali Hasanov (Global Security 2013).

Azerbaijan and Russia also have in common the presence of many former Soviet officials in their governments. This creates a shared outlook that is propelling Azerbaijan to follow a political path similar to Russia in domestic policy. In both countries, the ruling party works to limit civil society and drastically weaken the opposition. As the political models in the two countries converge, the relationship between Moscow and Baku further improve (Global Security 2013).

### Russia-Armenia relations

Since the breakup of the Soviet Union, among the South Caucasus countries Armenia maintained the closest and most pragmatic relationship with Russia, the illustration of which is its participation in all Russia-led post-Soviet integration projects (CIS, CSTO, EAEC, SES, Eurasian Customs Union, EAEU). For the first years after independence, Armenia exercised a balanced policy participating also in Western-led initiatives, such NATO’s Partnership for Peace, the EaP, and others whereas in the recent years, Armenia found it increasingly difficult to

maintain this balance. The late leaning on Russia was determined by Armenia's lack of choice due to its limited natural resources, landlocked geopolitical position, closed borders and conflicts with Azerbaijan and the latter's ally Turkey.

Armenian-Russian relations, however, are not always smooth and are often tested by incidents such as the tragic slaying of an Armenian family by a Russian soldier in January 2015 and the inability of the Armenian government to try him in an Armenian court. The 2015 "Electric Yerevan" protests were held effectively against the Russia-held monopoly over the energy sector. More importantly, the Russian ambivalence during the "Four-Day War" in April 2016 in Nagorno-Karabakh was also troubling.

Yet few in Armenia see an alternative to Russian policies. Although the Armenian government, opposition, and civil society all are unanimously against territorial concessions to Azerbaijan, they realize that the state of no-war and no-peace is only manageable through a military alliance with Russia. Therefore, it is not surprising that only one of the six parties represented in the Armenian parliament has openly opposed membership in the EAEU (Danielyan 2015).

As a new reality emerged in the Middle East with the Iran nuclear deal and Armenia's potential to become a transit country for Iranian oil and natural gas, Russia increased its economic presence in Armenia, while also pushing influential Armenians living in Russia to enter Armenian politics (Stratfor 2015). With these actions, Russia aims to keep Armenia firmly in its sphere of influence and away from the West, and thwart Armenia's development into an oil transit country and capacity to devise an independent policy.

Finally, Russia serves as the main arms supplier to Armenia and Azerbaijan, as well as to Nagorno-Karabakh's Armenia-backed army. Russia claims to ensure the relative parity between the sides through discounted sales to Armenia, which is struggling to keep up with oil-rich Azerbaijan's military expenditures (Danielyan 2015).

### **Turkey's foreign policy in the South Caucasus**

After the collapse of the Soviet Union, Turkey was one of the first countries to recognize Armenia, Azerbaijan, and Georgia, aiming to establish relations and cultural and economic ties. Ethno-linguistic affinity has been important while building relations with Azerbaijan. At the same time, history had to be deemphasized to establish relations with Armenia. Considering the absence of borders connecting Turkey and Azerbaijan (with the exception of Nakhchivan that in its turn is separated from the rest of Azerbaijan by Armenia), Georgia started serving as a transit route between them. Over time, a strong economic partnership developed among Turkey, Azerbaijan, and Georgia.

### **The Turkey-Azerbaijan-Georgia triangle**

In the 1990s and 2000s, Azerbaijan and Turkey established relations of intense partnership. As Azerbaijan's conflict with Armenia deepened, and the shortest route connecting the two allies started looking politically infeasible, Georgia became the transit country and gradually developed into an ally as well. The BTC oil pipeline and the BTE gas pipeline projects have played a significant role in the development of strategic cooperation between the three countries. In the 2000s, Russia's revised South Caucasus policy and the August 2008 war brought Ankara, Baku, and Tbilisi even closer. With the oil pipeline already functioning, the work on the BTE gas pipeline began in 2002 and ended in 2006 transporting 7.7 billion cubic meters of gas annually (Sandıklı, Gafarlı and İsmayılov 2014).

Azerbaijan, Georgia, and Turkey signed an agreement in 2012 on the Trans-Anatolian Pipeline (TANAP, natural gas) and the Trans-Adriatic Pipeline (TAP, natural gas) projects. According to predictions, the volume of natural gas to be transited in 2023 will be 23 billion cubic meters, and in 2026 the volume might reach 31 billion. Azerbaijan currently meets 20 percent of Turkey's demand for gas. In 2016, gas from the Shah Deniz Stage 2 bed will start being transported to Turkey and this bed will acquire a 30 percent share in Turkey's domestic market in the future (Starr and Cornell 2005).

The ministers of foreign affairs of Azerbaijan, Georgia, and Turkey met in Trabzon in 2012 for the first time to further strengthen cooperation between them and issued a declaration (Ministry of Foreign Affairs of the Republic of Turkey 2012). The first meeting of the presidents took place in 2014. The regional collaboration with Azerbaijan and Georgia has been considered a success in Turkish foreign policy. Referred to as the "trilateral partnership," this

experience has been later applied to other countries. In 2011, the first trilateral meeting among Azerbaijan, Turkey, and Iran took place in Urmia, and in 2014 Azerbaijan, Turkey, and Turkmenistan created a trilateral format of cooperation in Baku (Ministry of Foreign Affairs of Turkey 2014).

Some analysts have referred to the trilateral cooperation between Turkey, Azerbaijan, and Georgia as the “Three Musketeers” (Shiriyev 2016) in reference to Alexander Dumas’s historical fiction work. In this allegory, the US plays the role of D’Artagnan as the fourth outside partner to this cooperation. Washington advocated bringing Georgia into Azerbaijan-Turkey alliance. Brussels provided similar support as well when the energy projects developed by Turkey, Azerbaijan, and Georgia became alternatives to Russian natural gas, thereby contributing to the diversification and energy security of Europe.

### Turkey-Armenia relations

While prioritizing the development of cooperation with Azerbaijan and Georgia, Turkey did not ignore its relations with Armenia, either. Ahmed Davutoğlu, during his tenure as the Turkish Minister of Foreign Affairs, advanced a few initiatives. The first major initiative that “broke the ice” was the Turkish-Armenian Reconciliation Commission that functioned in the early 2000s and was supported by the US government. While it failed to bring about the establishment of formal diplomatic relations, it paved the way for many civil society initiatives and further official efforts.

Informal talks were held between Turkey and Armenia during the terms of Abdullah Gül, Ali Babacan, and Ahmed Davutoğlu in the Foreign Ministry from 2003 to 2009. These negotiations were made public in 2008 when the Turkish and Armenian presidents attended a soccer match, starting what became known as the “football diplomacy.” Despite the initial hope and the signing of diplomatic protocols in 2009 in Switzerland, the process was soon frozen, the Turkey-Armenia border remained closed, and the protocols were never ratified by the parliaments (Iskandaryan 2009). The reason for the failure was the Turkish demand for Armenia to evacuate some territories around the former Nagorno-Karabakh Autonomous Oblast (NKAO) in exchange for the border opening. However, Yerevan insisted on separating the Turkey-Armenia normalization process from the Nagorno-Karabakh peace process. Azerbaijan treated the “football diplomacy” with harsh criticism and the Turkish leadership resolved that Azerbaijan’s interests could not be circumvented. The Turkish government froze the normalization process when it understood that moving forward with the border opening without extracting concessions for Azerbaijan might damage Turkey-Azerbaijan relations.

Some symbolic gestures have also taken place. In 2007, Turkey restored an important Armenian historic church in Van called Akhtamar. In 2014, Ahmed Davutoğlu’s “Just Memory” article was published in Turkish Policy Quarterly, suggesting a path to reconciliation (Davutoğlu 2014) by reevaluating Turkish-Armenian relations and remembering mutual massacres, while focusing on the history of positive relations between Turks and Armenians. In support of the “Just Memory” project, studies that communicate important positive historical relations between Turks and Armenians have been initiated (Gafarlı, Dilemma in Turkey’s Armenian Foreign Policy 2015). The initiative, however, was not well received by Davutoğlu’s Armenian interlocutors who saw an attempt to whitewash their demand for genocide recognition. A debate was initiated on the pages of Turkish Policy Quarterly as well (Libaridian 2014).

A growing number of civil society efforts have also taken place. The Hrant Dink Foundation, Anadolu Kultur, and the Eurasian Partnership Foundation of Armenia have led some of the largest-scale efforts and initiatives, while many other civil society and media organizations, as well as academic institutions and artists, have led many smaller initiatives. One initiative of the Turkish Ministry of culture is based on Davutoğlu’s “Just Memory” concept and has become known as “Ani Diplomacy”. It aims at increasing mutual awareness among the younger generations of Turks and Armenians. The key component of the project involves the restoration and rehabilitation of cultural artifacts and holy sites that carry significance for the Armenians, including the ancient city of Ani (Gafarlı, Dilemma in Turkey’s Armenian Foreign Policy 2015) (Directorate General of Press and Information, Office of the Prime Minister of the Republic of Turkey 2015).



With the recent escalation of the Nagorno-Karabakh conflict and the deterioration of the Turkish-Armenian relations, the Turkey-Armenia normalization process has been put on hold, and the border opening looks increasingly less realistic.

### Turkey-Abkhazia relations

Turkish-Abkhazian relations are also characterized by historical ties. Approximately 1.5 million people from the North Caucasus were forced to migrate to the Ottoman Empire during the Circassian exile of 1864-1877 (Gafarlı, *The North Caucasus Diaspora in Turkey–Russia Relations* 2014). The Circassians of today's Turkey who have been estranged from their homeland for two centuries supported the Abkhazians during the Georgian-Abkhazian war in the early 1990s. Today, according to informal records, there are five million Circassians living in Turkey, and some of them have positions in public, military, political, and business sectors. They have a strong diaspora, affected Turkey's foreign policy, and lobbied for relations with Abkhazia (Gafarlı, *The North Caucasus Diaspora in Turkey–Russia Relations* 2014). At the same time, Turkey supports the territorial integrity of Georgia. Therefore, while Abkhazia doesn't have a de jure recognition by Ankara, their trade relations amounted to 30 percent of Abkhazia's total trade in 2007, prior to Russia's recognition of Abkhazia. Since then, the Russian share in trade with Abkhazia has consistently grown, and Turkey remains the second largest trade partner with its trade accounting for 22 percent of the total in 2009 and 18 percent in 2012. The trade turnover between Turkey and Abkhazia was \$200 million in 2014. Passenger ships sailed between Sukhum/i and Trabzon until 1996, but they were later prohibited with Georgia's embargo against Abkhazia. Also, visits of Abkhazians living in Turkey to Abkhazia became difficult (Kapanadze 2014).

Vice Minister Ünal Çeviköz's visit to Abkhazia was the first for any diplomat representing a NATO country since the August 2008 war (Güvenç 2009). There were speculations after his visit that Turkey might recognize Abkhazia's independence in return for Russia's recognition of the Turkish Republic of Northern Cyprus (TRNC). However, they did not materialize. Russia's Minister of Foreign Affairs Sergey Lavrov denied the allegations and countered those claims by declaring that Russia has no plans to recognize the TRNC.

The relationship between Turkey and Abkhazia was further complicated, of course, by Abkhazia joining the Russian sanctions against Turkey. While the move would hardly affect Turkey, it is likely to deal a severe blow to Abkhazia's economy by leaving it no other outlet to the world beside Russia.

### **Iran's foreign policy in the South Caucasus**

Iran, located at the southern borders of the Caucasus, due to its geographical position and political leverage, is among the most important actors of the region. Iran's coastline on the Caspian Sea certainly adds to its influential position in the region. Tehran, which sought to enhance its relations with the South Caucasus states after the collapse of the Soviet Union, has pursued a policy of self-preeminence concerning regional matters. Previously, Iran responded to the Western policy towards this region by positioning itself within a Moscow axis; in this novel period, it seems to have adopted a more comprehensive policy.

### Iran-Azerbaijan relations

Iran-Azerbaijan relations have had many ups and downs. Iran on the one hand insists that it sees Azerbaijan as having a shared history and culture and on the other hand perceives it as a threat towards its national security because of the large Azerbaijani population in the northwestern part of Iran, which according to some sources is close to 25 million people (Keskin n.d.). As a result, bilateral relations are formed around this security axis. Adding to this, the pro-Armenian position of Iran perceived by Azerbaijanis in the Nagorno-Karabakh conflict, or at the very least the absence of support for Azerbaijan, has been adding to the anti-Iranian sentiment within Azerbaijan.

Still, relations tended to improve in the early years of Azerbaijan's independence and many partnerships were formed. In recent years, however, Azerbaijan's rise as a significant actor within the energy markets and with the increase of western-backed projects similar to the BTC oil pipeline, have created disjoints within Iran-Azerbaijan

relations. Pressure from the US to prevent Iran from benefiting from these projects has pushed Iran to adopt a pro-Russian outlook within its Caucasus politics.

Baku's cooperation with the West in the "War on Terror" and energy-related projects, as well as complying with the sanctions against Iran and closely cooperating with Israel in military matters have a great impact on Tehran's views of Baku, adding to the mutual suspicion.

Another important matter in bilateral relations is the Caspian Sea. The dissolution of Soviet Union and the emergence of new countries having a coastline on the Caspian Sea have complicated relations. Azerbaijan's recent proposal of recognizing the Caspian as a sea and every coastal country having their own territorial waters were rejected by Russia, and the greatest support for this rejection came from Iran. The divisive issue of the Caspian, which is significant for energy resources and repercussions for regional relations, constitutes a major rift between Azerbaijan and Iran (Abilov 2011) with a potential for a violent confrontation, as was the case in 2001 when Iran intercepted an Azerbaijani oil ship in the Caspian Sea and threatened Baku with its warplanes (Ali 2012).

In 2005, with President Mahmud Ahmadinejad assuming office in Iran, a rapprochement was made. Tehran improved its treatment of the Azerbaijani population of Iran, though its harsh warning to Baku from time to time also tensed up the issues. Espionage, border crossings, and illegal trafficking were the main matters that damaged relations (BBC 2012).

At the same time, some major projects between Iran and Azerbaijan continue developing. The North-South Transport Corridor is one of them and will provide great opportunities to both Azerbaijan and Iran to become transit routes between Europe and India. Today's Azerbaijani leadership is interested in increasing its cooperation with Iran and becoming Iran's main partner in the South Caucasus, competing for that role with Armenia.

### Iran-Armenia relations

Iran cooperates with Armenia in the sectors of trade, energy, and transportation. Armenia, landlocked and blockaded by Turkey and Azerbaijan, relies on Georgia and Iran as its only ground transportation routes. For Iran, which was for decades sanctioned by the West and left out of regional development projects such as the BTC oil pipeline, its relations with Armenia allowed it to become a regional actor in the South Caucasus. Iran-Armenia relations accelerated since 1998 under the presidency of Robert Kocharyan and improved further during the Serzh Sargsyan era along the line of the "strategic partnership" discourse advanced by the Iranian President Ahmadinejad (Times.am 2011). The Armenian community living in Iran is estimated to be around 200,000 people and it plays an active role in promoting bilateral relations.

The Iran-Armenia natural gas pipeline, which opened in 2006, is of great importance to Armenia's energy demands. There were plans to further stretch the current 140 kilometer-long pipeline to reach Europe via Georgia. With Russian pressure, however, this project was limited to solely supplying Armenia's energy needs (Jalilvand 2013). The construction of a hydroelectric plant and a high voltage transmission line along the border between these two countries is currently ongoing (Asbarez 2015). The 470 kilometer-long Iran-Armenia railway, the 556 kilometer-long North-South highway, and an oil pipeline project are also in development. These are not only important to the bilateral relations and economies of the two countries, but they also aim to position them better in the region (Barrow 2013). The former Iranian President Mahmud Ahmadinejad's call for free trade and the sustainment of long-term bilateral relations in 2012 was also significant (Claude and William 2013).

The bilateral trade volume between the two countries stands at about \$300 million a year, and the potential is estimated to be over \$1 billion (Armenpress 2015). Therefore, while the volume of trade is relatively low despite years of contacts, the benefits of the Iran-Armenia cooperation are not so much economic as political, giving Iran a regional political influence (Giragosian 2015). With Armenia as a corridor, these projects facilitate Iran's reach to Georgia.

Politically, Iran kept a relatively neutral line in the Nagorno-Karabakh conflict. Although it continuously offered its services as a mediator, this offer was not picked up by the conflict parties with the exception of 1992-1993 when active negotiations led to short-lived ceasefires. Throughout the years, Iran's relations with its northern neighbors



have been changing. On the one hand, Iran has been trying to improve its relations with Azerbaijan based on cultural and religious affinities. On the other hand, it has been developing relations with Armenia based on economic and political considerations as Iran sees Armenia, and particularly its partner Russia, as allies that can prevent the spread of Western interests in the region and hinder Turkey's increasing influence, opening up possibilities for itself.

### Iran-Georgia relations

Due to the absence of a common border, Iran-Georgia relations have been limited to the implementation of various economic, energy, and transportation projects via Armenia, commerce, and the aspiration of gaining influence over Georgia's Shia population.

Georgia has aligned itself closely with the West. Georgia's support for the US military exploits in the Middle East prompted Tehran to approach Tbilisi with suspicion during the staunchly pro-Western Saakashvili times. Similarly, Washington warned Tbilisi not to get too close with Tehran (Schwartz 2006). Hence, Tbilisi had to follow a balanced policy between Washington and Tehran (Lomsadze, In US-Iran Conflict, Georgia Walks Thin Line Between Ally and Neighbor 2012). After the change of the ruling party in Georgia in 2012 and a shift toward a more balanced policy, the presidency of moderate Giorgi Margvelashvili in 2013 opened up new possibilities.

Following the August 2008 war, Georgia's ongoing strain in relations with Russia and difficulties in the energy sector further pushed Tbilisi toward Tehran (Chilcote 2006). While criticizing the US for the war, Iran declared support for Georgia's territorial integrity (Press TV 2009). This signaled a change in Iranian policy. Iran had initially supported Russian policy toward promoting the interests of Abkhazia and South Ossetia in their struggle for independence, but realizing that it might damage its relations with Georgia, it reversed the approach (Abkhaz World 2009).

As the cooperation grew starting from 2008 at the initiatives of the presidents, it was declared that Iran would open hydroelectric plants in Georgia and purchase electricity from there (High Beam Research 2010). With the decision to improve bilateral relations in 2010, several agreements were signed by the foreign ministries. Dubbed as the "historic meeting," the agreements included a visa-free regime, Iran's opening of a consulate in Batumi, and other steps (Lomsadze, Georgia: Tbilisi and Tehran Drop Visa Requirements, Resume Direct Flights 2010). However, Georgia's cooperation with Iran during the western embargoes was criticized by the US (Faucon, Solomon and Fassih 2013) prompting Tbilisi to abolish the visa-free regime and freeze the bank accounts of 150 Iranian businessmen (Democracy and Freedom Watch 2013).

Understanding the difficulties faced by the Georgian side, Tehran was not overly critical and with time several economic and energy agreements were reached (Caucasus Business Week 2015). Iran, by extending the collaboration on projects it has with Armenia and Georgia, aspires to enhance its standing within the region (Financial Tribune 2015).

Another dynamic between the two countries is Iran's strategy to gain influence over the Shia population in Georgia. Religious activities in Iran, especially in the predominantly Azerbaijani-populated region of Kvemo Kartli, triggered concerns in Tbilisi (Prasad 2012). The madrassas, educational centers, journals, and other printed materials set up by Iranian missionaries are being criticized by the Georgians (Aliyeva 2005).

### **A comparative analysis of the policies of global and regional actors in the South Caucasus**

With Georgia getting ready for NATO membership, Armenia's membership in the CSTO, and Azerbaijan's aims at neutrality, it can be argued that a balance among global and regional powers has been achieved in the South Caucasus. On the other hand, the polities of Russia, Turkey, and Iran as global and regional powers in the South Caucasus show that they have convergent opinions about changing the status quo and similar reservations about a possible change. Turkey, Iran, and Russia have common reservations about the expansion of extra-regional actors into the region.

Illustrative of this type of reservation is Ankara's resistance to the possibility of large US naval ships advancing across the Black Sea in support of Tbilisi during the August 2008 war. Perhaps to ease the tensions in the region, this resistance also indicated Turkey's gatekeeping in the South Caucasus towards extra-regional actors. Turkey had a

selective approach toward Russia and Iran. Ankara, by presenting the Caucasus Security Platform in 2008, was willing to share a sphere of influence with Moscow while excluding Iran. At that time, Russia challenged the Platform's viability and after the plane crisis in November 2015, Russia posed a challenge directly to Turkey rather than isolated challenges to its initiatives in the South Caucasus.

Perhaps now that the sanctions against Iran are lifted, Moscow and Tehran will enter into a tug-of-war for their interests in the South Caucasus while relations between Iran and Turkey will turn into one of cooperation in the South Caucasus. A partnership in the energy sector between Turkey and Iran is the first opportunity that comes to mind. Iran's natural gas is the best source assuming that Turkmenistan doesn't join the TANAP and TAP projects. The cooperation between Iran and Turkey surely includes Azerbaijan, and the trilateral foreign policy dialogue platform between Turkey, Iran, and Azerbaijan is indicative of the great potential to defuse the tensions between Azerbaijan and Iran.

At the same time, a partnership between Iran and Turkey will disturb Russia in the long-term. If Iran gets closer to the EU and the US in the near future, a larger-scale harmony may emerge in the relations between the US, EU, Iran, and Turkey, and Russia's impact in the region might diminish. While 'Old Europe' is likely to resist the integration of the EU and the South Caucasus, 'New Europe,' ignoring US support, will continue lobbying for the South Caucasus countries. Poland's role in this area is especially noteworthy. The lack of motivation in 'Old Europe' in integration is conditioned by risks of high tension with Russia. It is important for Brussels that the expansion to the East brings stability and not crisis.

### **Policy recommendations**

While there are concrete geographical and historical reasons why the South Caucasus could emerge as a cohesive region in the post-Soviet era, the always outward-looking geopolitical alignment of each of the states in the South Caucasus with extra-regional actors as well as the interactions of these extra-regional actors among each other make the South Caucasus nothing more than a jigsaw puzzle of overlapping or conflicting interests. This is not to suggest to the global and regional actors to pursue policies that treat the South Caucasus as a whole or that treat each of the states on an individual basis. The first option is faulty because the region is torn apart; the second one is faulty because it will tear the region even more apart. This is, therefore, to suggest to the global and regional actors pursuing policies that *will help* the South Caucasus to become a region. It is of course also necessary that the South Caucasus states themselves stop canceling out each other's opportunities for cooperation or seek their security guarantees inside the region rather than outside. However, it seems that they have had little to learn from their allies and partners that have incomparably more freedom to choose policy. The EU (and the US) and Russia seem to have done better at blocking the success of each other's initiatives in the region – for example the EAEU or the EaP – than achieving success in their own initiatives.

How could the regional and global actors' policies forge a South Caucasus not only in the geographical sense but in a geopolitical sense and how would this meet the interests of these actors?

There seems to be a task division between these actors. The US is stronger on the political end and the EU is stronger on the civil society end in the context of the Nagorno-Karabakh conflict. Meanwhile, the US has less of a political role in the Abkhazian and Ossetian conflicts with the EU engaging here more actively. If the new US administration does not subordinate its engagement with the South Caucasus countries to the relations with Russia, it can further coordinate engagement with the civil societies of the region with the EU. Since there is more synergy between these two actors, joint policy approaches rather than task division might heighten the efficiency of these approaches. Similarly, the EU can have a more active political role in the settlement of the Nagorno-Karabakh conflict. It can draw on the experience in the Georgian-Abkhazian and Georgian-Ossetian context to advance an incident prevention mechanism for the Nagorno-Karabakh conflict as well.

The EU and the US could develop policies that prioritize not the integration of this region into large transnational structures but inter-regional integration, by pushing, for example, projects of inclusive cargo transport flows inside the region to start a process of desolation in the region. The geographic location of the region between Russia and Europe should be taken into consideration and policies that do not exclude collaboration with either actor should be

promoted, thus avoiding the construction of “fences” between the region and its immediate neighbors or inside the region. If intraregional cooperation is prioritized, the EU and the US can try to forge a regional consensus which will be easier to legitimize and reconcile with Russia’s approach to the region than integration policies into various structures that are beyond the region.

This type of an approach would ultimately contribute to the EU’s and the US’s shared goal of achieving a peaceful and stable South Caucasus in Europe’s neighborhood and a secured flow of Caspian energy resources. The EU and the US need to treat the South Caucasus as a single block, not only offering equal partnerships *to* each country as the ENP or the EaP have done but offering partnership *among* the countries. While the EU, being an external to the region actor, has not been successful in generating integration like Germany and France once did for European integration, it can “lend the idea” and provide guidance for the region to go through its own process.

The realization of any integration project – Eurasian or European – in the South Caucasus demands extreme caution from all initiators and participants of such projects. More importantly, the expansion of mutually exclusive security structures such as NATO or CSTO is very destructive and counter-productive to the cause of security in the region.

Western policy analysis may discard Russia’s concerns about NATO’s expansion into its “near abroad” as groundless; however, this does not dissipate these concerns nor their influence on the policies that Russia exercises towards what it concerns its “defensive depth” (Cohen 2003). Having lost this “defensive depth” in Ukraine and most of Eastern Europe, Russia’s attention is towards the states of the South Caucasus and Central Asia. Here its security considerations are coupled with its energy policies as well. The importance of relations with the countries of the South Caucasus becomes bigger in view of what lies beyond the South Caucasus: Turkey and the Middle East. By establishing a “buffer” in the South Caucasus, Russia has often been accused of exercising the “Controlled Conflict Strategy” or what it would describe as the “Parity Strategy.” Whatever the name, this strategy can best be exercised in the context of regional stability. However, for a true development of the EAEU and CSTO, Russia would need not only a stable but also an internally collaborative South Caucasus. The susceptibility to conflicts and the risk of Islamic extremism spreading in the region create an extremely volatile environment for the pursuit of Russian interests.

While keeping or attracting states into Russia’s sphere of influence creates tensions inside the countries of the South Caucasus and creates or reinforces the divides among these countries as well, an alternative to creating a “buffer” would be the creation of a “neutral zone” in the South Caucasus, which would mean steps on Russia’s behalf nurturing regional consensus prior to offering integration projects to the region. If Georgia’s security concerns are neutralized, it would not have to actively seek accession to NATO. If the Nagorno-Karabakh conflict is resolved, the choices that Armenia makes in its alliances would not have the touch of “no better options left.” The other option to the militarization of the region is to create prospects for greater and sustainable economic gains through regional cooperation, not only intra-regional but also inter-regional by connecting to Iran and having a truly functioning segment in the Silk Road. Russia’s role in what the South Caucasus can make of Iran’s de-isolation can be turned into a positive force.

All three South Caucasus states expect to benefit in one way or another from the removal of sanctions on Iran. The states in the region as well as their immediate neighbors could work together to build consensus and create a multilateral trade off of interests. Armenia and Iran could overcome the consequences of their long-term isolation, while Azerbaijan could change its take on Iran by decoupling its close cooperation with the latter from a request of exclusion of Armenia from such cooperation. If the South Caucasus countries continue hindering each other’s projects, Iran will not waste its attention on the regional tangle and will instead explore possibilities with other partners in the world. The alternative cooperative scenario would open numerous prospects for all actors concerned.

Speaking in specific terms, Russia could come forward with constructive proposals that build on the overlap between its interests and those of the countries in the region. For example, the reopening of the railway (at least in cargo transport) that passes through Abkhazia, which Georgia has resisted, could be coupled with a compromise on the Russian side to loosen the resistance on Georgia’s attempts to diversify its gas supply by connecting to Iran via Armenia. This coupled with a full-fledged implementation of the railway project connecting Russia, Azerbaijan, and

Iran would create a distribution of regional projects where Armenia and Azerbaijan would be asked not to disapprove of the projects that bypass them. At the same time, they would benefit from the unhindered implementation of the projects through their territories. Russia would get the cargo route through Abkhazia and onto Armenia as well as major grain exports to Iran through the railway passing through Azerbaijan.

Another area of cooperation within the region could be a large regional project of revival and reconstruction of cultural heritage. Turkey has already implemented a few important projects of restoring Armenian churches, and Turkey and Georgia agreed on a process of reciprocal restoration of mosques and churches. If this reciprocity is brought to a regional level, then areas of overlapping interest may emerge also for Azerbaijan and Iran to be involved.

Similarly, due to a considerable amount of dialogue, Turkish-Armenian civil society relations have an important experience that can be shared throughout the region. However, without Azerbaijani or Russian contribution, a Turkish-Armenian reconciliation meets a wall. Turkish-Georgian and Turkish-Azerbaijani civil society relations can be plugged into this process, thereby creating a region-wide dialogue since quite often these bilateral processes are not well informed about the progress in the other parallel but detached processes.

Measures such as these would also help the global and regional powers rebuild their reputations rather than supremacy in the region and even in each other's eyes. Despite the popular voice being quite powerless in instigating political change in the South Caucasus, public opinion in Armenia, Azerbaijan, and Georgia is either split or growingly hostile towards different regional and global actors, and steps regaining credibility for policy interventions are also indispensable.

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## **Acronyms and Initialisms**

BTC Baku-Tbilisi-Ceyhan (oil pipeline)

BTE Baku-Tbilisi-Erzurum (natural gas pipeline also known as the South Caucasus Pipeline)

CIS Commonwealth of Independent States

CSTO Collective Security Treaty Organization

DCFTA Deep and Comprehensive Free Trade Agreement

EAEC Eurasian Economic Community (also as EurAsEC)

EAEU Eurasian Economic Union

EaP Eastern Partnership

ENP European Neighborhood Policy

EPNK European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh

EU European Union

GUAM Georgia, Ukraine, Azerbaijan, and Moldova; Organization for Democracy and Economic Development

NATO North Atlantic Treaty Organization

NKAO Nagorno-Karabakh Autonomous Oblast

OSCE Organization for Security and Co-operation in Europe

SES Single Economic Space

TANAP Trans-Anatolian Pipeline (natural gas pipeline)

TAP Trans-Adriatic Pipeline (natural gas pipeline)

TRNC Turkish Republic of Northern Cyprus

US United States

WTO World Trade Organization

## Appendix 1

This paper is an analysis of the policies of regional powers, global actors, and global powers in the South Caucasus for the past 25 years. *Global powers* are understood here as those that have the *de jure* capacity to reshape boundaries anywhere in the world. *Global actors*, while having the power to influence political processes in the world, can *de facto* change the boundaries inside their region only. *Regional powers*, on the other hand, have the capacity to influence political processes regionally.

The cases of Kosovo, Abkhazia, Ossetia, and Crimea are good examples for understanding this difference between a global *power* and a global *actor*. When the US and the European countries supported Kosovo's independence in 1998, the international community supported these decisions. Since then Kosovo has gained diplomatic recognition as a sovereign state by 108 United Nations member states. This shows the *de jure* capacity of the US as a global power.

The EU's role on the world scene has been shaped by the transatlantic bargain made with the US and assuming more responsibility on the EU for stability and security in its own backyard to the east and south. With this new structural challenges in the transatlantic relationship, the occasional lack of alignment among European countries, as well as the global power shifts – “the rise of the rest”, the EU is shaping its new Global Strategy with an acknowledgement of the limits on its powers and place in the international system. Thus, for the time being the EU can be considered a global actor.

After the August 2008 war, the Russian initiative to recognize the independence of Abkhazia and Ossetia did not find support from the international community. Another similar case is Crimea—its annexation by Russia has not received support from the international community or even former Soviet countries except Armenia and Kazakhstan. These cases show Russia's capacity as a global actor but not as a global power. Thus, while Russia *de facto* reshapes boundaries regionally, it does not have the capacity to do so *de jure*. And despite its capacity to exercise influence over global policy, it remains solely a global actor. As a matter of fact, Russia was more of a regional power between 1991 and 2000. Since it started recovering with the help of oil revenues during Vladimir Putin's presidency, it has transformed into a global actor.

With this paradigm in mind, Iran and Turkey should also be considered regional powers affecting geopolitical developments in the South Caucasus.