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THE EU'S NEIGHBORHOOD POLICY AND THE SOUTH CAUCASUS: UNFOLDING NEW PATTERNS OF COOPERATION

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Abstract

This paper looks at the European Union (EU) process of engagement in the South Caucasus (Armenia, Azerbaijan and Georgia) in the context of its Neighborhood Policy. It looks at how divergent perceptions of the region, both inwards and outwards-driven, impact on regional policy choices, with an emphasis on regional cooperation. Though these states remark on the outlived usefulness of artificial framings, and regional cooperation among the three is virtually non-existent, when engaged in larger and wide-ranging formats, cooperation might not only be possible, but fruitful. It is therefore argued that regional cooperation should overcome the artificially constructed "South Caucasus" regional label and unfold along different patterns and variable compositions. The paper advances the proposal for a Eurasian/Black Sea security complex, framing in a wider format regional bounds, while maximizing them in new cooperation frames, inverting the tendency for imposed labels and uncooperative stances in the area.

Keywords: *European Neighborhood Policy, South Caucasus, security complexes, regional cooperation, Wider Black Sea*

Introduction

The three South Caucasian states – Armenia, Azerbaijan and Georgia – have been widely regarded as a single regional group by external actors, including the European Union (EU). However, the argument has been put forward that such a regional perception has outlived its usefulness and can become counterproductive, by not recognizing neither long-standing nor recently renewed differences among these states. In addition, this regional labeling, clearly based on a geographical approach to the area, does not reflect the considerably distinct realities of each country in political, economic and security terms. Therefore, it is argued here that these variations should be taken into consideration by external partners in their interplay and policy formulations towards the area. Nevertheless, and simultaneously, the Caucasian context reveals high levels of interdependence in matters related to regional conflicts, migration fluxes, ethnicity, and economic aspects, particularly energy assets and transport routes, as well as a shared past of territorial tearing and occupation. This helps explain why

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the region is commonly described as a security subcomplex,[1] within the Commonwealth of Independent States (CIS) under the regional preeminence of the Russian Federation. It reveals overlapping issues, shared concerns and inter-related dimensions of actuation, both in equations of cooperation and rivalry, demanding a common regional approach, though one that overcomes currently tight and formatted dealings.

This article argues, therefore, that the artificial labeling of the South Caucasus does not reflect a cohesive regional group with easily identifiable linking ties among the regional players, but that despite this fact, the reasoning for regional cooperation exists. This cannot however involve exclusively Armenia, Azerbaijan and Georgia, but should instead define itself in a multi-dimensional and multi-level format. Here, the Wider Black Sea regional cooperation format emerges as an alternative to rigidity, by introducing flexibility and allowing cross-level inter-relations involving the three Caucasian states in cooperative arrangements.

By taking a varying regional approach, external actors activate ties that range across a wider region encompassing not only these three states, but also Russia, Turkey and Iran, which range across several dimensions, interplaying in instances in opposite directions, be it regarding religious, linguistic and ethnic affinities, energetic and environmental matters, military security or political linkages. The complexities underlying this multitude of factors have demanded a differentiated approach to the promotion of regional cooperation from the EU, which in the face of the current options has made the regional cooperation format rigidified and implying a conditional approach – pending the achievement of simultaneous goals. This implies a rationale for simultaneous action with all three states – hardly possible. Its strict sectioning has led the EU to overlook both the possible destabilizing effects of outside actors, and the destabilizing impact of developments within this security subcomplex in neighboring countries. This might imply not only a slow response and the frustration of expectations, but also the blocking of synergies emerging from developing cross-relation processes in the region. Thus, this analytical framing should encompass in its readings and formulation issues such as Turkey's EU accession, the eventual membership of other Black Sea countries, the difficult partnership with Russia, and above all, the Neighborhood Policy engaging the Middle East and other Black Sea and Caspian basin states.

In addition, this enlarged format for cooperation implies, as an underlining assumption, that the South Caucasus security subcomplex might in fact detangle from the wider security complex where it is included, the CIS, giving place to an independent, though still inter-related, mini security complex in the area or eventually allowing for the establishment of a wider Eurasian/Black Sea security complex, not matching the increasingly disaggregated CIS. This argument reinforces the idea put forward for a wider regional cooperation format, beyond the traditionally devised formats, particularly within the EU framework, to address and respond to the challenges in the area. To this end, the paper analyses the varying patterns of regional affinities and cooperation, along with those of rivalry, in the post-Soviet period, and tracks the most significant changes manifesting in the current securitization context. It takes into consideration the possible impact of other actors besides the EU in regional

1 Buzan, Barry and Waever, Ole, "Regions and Powers: The Structure of International Security", (Cambridge: Cambridge University Press, 2005), p. 419. This understanding has been further questioned by Georgia's request to withdraw from the CIS in August 2008.

processes and maps the possible obstacles and breakthroughs in regional cooperation engaging the three South Caucasian countries.

The Dynamic Caucasian Security Complex

The security framework where relations among the three South Caucasus states – Armenia, Azerbaijan and Georgia – take place is a complex one. The regional conflicts, along with the intersection of competing outside interests in the area, make it a relevant case for the analysis of the potential for endogenous inter-regional cooperation among the three, which has been almost inexistent, and certainly for enlarged formats of regional cooperation, allowing innovative dealings engaging all states in the wider Black Sea area.

According to Buzan, Weaver and de Wilde, a "security complex is defined as *a set of states whose major security perceptions and concerns are so interlinked that their national security problems cannot reasonably be analyzed or resolved apart from one another.* The formative dynamics and structure of a security complex are generated by the states within that complex – by their security perceptions of, and interactions with, each other".[2] Within the CIS, the multifaceted institutional framework allowing competing dynamics renders the relationships among these states difficult. The leading role of the Russian Federation in the complex renders it harsher, when asymmetrical bargaining/concessions relations take place, with close collaboration with Armenia, a wait-and-see-act relationship with Azerbaijan, and very strained relations with Georgia. In addition, the long-standing conflict between Armenia and Azerbaijan over Nagorno-Karabakh adds to difficult relations between these two countries, through constituting the main problem in their mutual security concerns. And the overall instability in the area, demonstrated by the August 2008 war in Georgia, illustrates that the South Caucasus is an unstable playing field. Considering the area, it becomes clear that there are differentiated interplays taking place, not only between the three countries of this subcomplex, but also regarding external players that have effect on its dynamics, and that clearly go well beyond the strong presence of Russia.

However, and despite this scenario of conflicting dynamics, not only is there an urgent need to recognize that interdependence exists among Armenia, Azerbaijan and Georgia (with all difficulties entailed), but also that this is extended in fluid and dynamic patterns to include other state and non-state actors varying according to the issues at stake. Mapping this mutating interdependence is a first step for regional actors to better assess their interests and design strategies accordingly. Furthermore, and since external actors also impact on local and regional dynamics, emerging institutional and ideational elements are important to understand how far local security rationales are changing and adjusting to, for instance, Western views, or if these are incompatible with alternative sources of regional legitimacy. This is why the South Caucasus has been often perceived as a security subcomplex,[3] whose security concerns impact on relational patterns within the region and outside it. According to Buzan's formulation, these "empirical phenomena" derive as much from interactions among individual states as they do from the anarchical system: on the one hand, geography links events in one

[2] Buzan, Barry; Weaver, Ole and Wilde, Jaap de, "Security: A New Framework for Analysis", (Boulder: Lynne-Rienner Publishers, 1998), p. 12. Emphasis in the original.
[3] Buzan, Barry and Waever, Ole, "Regions and Powers: The Structure of International Security", (Cambridge: Cambridge University Press, 2005), pp. 419-423

state to the next, whilst security interdependence is shaped by international anarchy.[4] The current challenges arising within Georgia, with the newly-recognized (by Russia) territories of Abkhazia and South Ossetia, along with the instability between Armenia and Azerbaijan, both influence and depend not only on the countries themselves, but also on neighbors, and regional and global powers with identified interests in that particular region. The differentiated approaches to these powers' security, including conflict management, have pressed local actors and decision makers in their security calculations and political choices. Thus, there has been a clear interlinkage between domestic policies and externally-driven inputs in decision-making processes in the area.

For the EU, dialogue and cooperation within a process of increasing regional integration is the most relevant form to address conflicting scenarios. Within the framework of the European Neighborhood Policy (ENP), the EU has sought to stabilize the South Caucasus through economic integration, institutional cooperation and by playing a growing role as a security actor in the region. But the EU has remained an outsider to the region's frozen conflicts, on the basis that other actors are conducting the negotiation processes (the EU has been involved, at most, as an observer and eventual future guarantor of a final settlement agreement), contrary to that of Turkey and Russia who have acted as both supporters and financers. This is a central aspect the EU must take into consideration when designing its strategies and partnerships, both on conflict resolution and on a broader security level, as regards energy, transport and communication routes.

Moreover, decisions in Ankara and Moscow regarding foreign relations towards the Caucasus do not always match the principles and means advocated by the EU. Turkey is on the path to deeper integration within Euro-Atlantic structures, but Russia has reversed its approximation course towards the West and has moved towards greater autonomy and affirmation in the "near abroad". According to Roeder,[5] relations within the post-Soviet security complex are constrained by "the political metric of survival in office and power" of most regional leaders, and the "disproportionate power of Russia" *vis-à-vis* its "near abroad", granting it a hegemonic feature. Both Turkey and Russia take part in the Caucasian subsecurity complex in different modes, but in both cases maintaining a security relationship with the Caucasian states, with different levels of engagement and demand, particularly connected to conflict resolution and regional integration processes. Due to Iran's international standing as a "pariah state", the EU has been unable and unwilling to include it in its security analysis regarding this security complex. As Coppieters argues "the patterns of interaction among the political actors of the South Caucasian states are too closely linked with Russia, Turkey and Iran for them to be considered as constituting a separate region in security terms".[6]

A further example of these fluid and dynamic interactions can be taken from the impact that US support for the Baku-Tbilisi-Ceyhan (BTC) pipeline has had on relations between Armenia and Azerbaijan. The strategic interests of both the United States and the EU in

[4] Buzan, Barry, "People, States and Fear. An Agenda for International Security Studies in the Post-Cold War Era", 2nd Ed., (London: Harvester Wheatsheaf, 1991), p. 191.

[5] Roeder, Philip G., "From Hierarchy to Hegemony: The Post-Soviet Security Complex", in: David A. Lake and Patrick M. Morgan, (eds) "Regional Orders: Building Security in a New World" (Pennsylvania: The Pennsylvania State University Press, 1997), pp. 220 and 230.

[6] Coppieters, Bruno, "An EU Special Representative to a new periphery", in: Dov Lynch (ed) "The South Caucasus: A Challenge for the EU", *Chaillot Papers*, 65, December 2003, p. 160.

Caspian energy have changed the balance within this security subcomplex and this will certainly have spillover effects into the Black Sea region. This interdependence, and the identification of specific interests in the Wider Black Sea, has pushed regional leaders to deepen cooperation and open up to outside influence. In fact, a multilateral security system complemented by the engagement of transnational institutions such as the Euro-Atlantic Partnership Council, or the Black Sea Economic Cooperation Organization (BSECO), could enhance common perceptions of security and assure the existence of common frameworks of peace enforcement.[7] This is not, however, without problems. The expansion of the Euro-Atlantic structures into the former Soviet space has sparked a great deal of frustration and animosity in Moscow, where this process is viewed as designed to offset Russian influence instead of engaging it in a postmodern cooperative frameworks. The outcome has been a significant security impact in the South Caucasus region.

Elements of Distinction and Lines of Approximation

Placed in a border region, the identities and cultures of the peoples living in Armenia, Azerbaijan and Georgia have been continually redefined, along with their territory and political options. Even during their long inclusion in the Soviet empire, identity differences were kept in line with the nationalities policies of the ruling regime, which latter would become the basis for the nationalists' political movements. The Armenian identity remains shaped by some level of "siege" mentality, since it perceives itself as surrounded by aggressive Turkish and Persian Islamic cultures. This is an illustration of the impact that such a context had in forging a strong sense of ethnic and religious identity in the country.[8] On the other hand, Azerbaijanis, living in their so-called khanates (statelet) established in the South Caucasus and the present-day Iran before the Russian expansion in the 19th century into Caucasia, became divided between those included in the Russian and Soviet Empires and those populating the north-western provinces of Iran. Close relations between Moscow and Teheran deepened after the Islamic revolution in Iran in 1979, at which point many Soviet Azerbaijanis crossed the border to meet their ethnic and religious countrymen inside Iran, shortly reviving the idea of Grand-Azerbaijan.[9] Georgia displays a multi-ethnic character close to the North Caucasus and its position on the eastern coast of the Black Sea provides it with an important sea link to the West.

The years of Soviet experience bestowed a common background throughout the South Caucasus and the remaining former-Soviet space. This common inheritance of economic central planning and heavy subsidization left the new independent states poorly prepared to provide for economic assurances to their citizens or for economic integration into a globalized world economy. Moreover, a "dual transition" was imposed on these states, demanding a (re)creation of the functions of the state.[10] From central economic planning and one party politics, the expectation was for the new independent countries to become multiparty

[7] Morgan, Patrick M., "Regional Security Complexes and Regional Orders", in: David A. Lake and Patrick M. Morgan, (eds) "Regional Orders: Building Security in a New World" (Pennsylvania: The Pennsylvania State University Press, 1997), pp. 35-38.
[8] Derluguian, Giorgi M., "Bordieu's Secret Admirer in the Caucasus. A World-System Biography", (Chicago: The University of Chicago Press, 2005), pp. 173-87.
[9] Maleki, Abbas, "What Iran is looking for in Central Asia and the Caucasus", in: *Heartland – Eurasian Review of Geopolitics*, 4, 2005, p. 70.

democracies with viable and integrated market economies. In the Caucasus, this scenario gave place to economic decline heightened by the escalation of violent armed conflicts,[11] while in the political spectrum, early democratization trends were subverted by the radicalization of national movements in the face of armed conflicts, and the lack of positive economic redistribution.[12]

Historically interdependent, the region later known as Transcaucasia would arrive at independence in the 1990s with significant differences in the level of economic and human development, which together with relevant differences in their natural geographical characteristics (territorial relief, natural resources, access to sea) would shape the modern development of these societies.[13] Faced with the challenge of assuring economic and social welfare to their populations and the challenge of consolidating the political transitions to democratic forms of government, the states of the South Caucasus face distinct paths and stand at different points in their transition processes. Although all three had reached economic stability and steady economic growth by the end of the 1990s,[14] their prospects vary considerably. Azerbaijan, sticking to a strong-hand-style of ruling, has grasped the benefits of high energy prices, making it a leading regional investor. However, its economy is highly dependent on energy exports. Armenia, also in an authoritarian mood, has managed some level of specialization to overcome the geographical isolation it suffers from closed borders with Azerbaijan and Turkey. Nevertheless, its economy still relies heavily on diaspora remittances, conveying to these groups substantial political leverage, especially as far as regional relations and conflict resolution issues are concerned. As for Georgia, the early reforms brought by the 2003 "Rose Revolution" pro-democratization government curbed corruption and improved stability facilitating foreign investment, while tariffs from energy transit ensure higher revenues for the government. Nonetheless, relations with Russia have escalated into armed conflict, jeopardizing both economic and political reforms. These are fragile achievements that rely on the need for a stable regional environment and could be reinforced by deepening political reforms and engaging in wider regional cooperation frameworks, a challenge in need of analysis.

A major point to remember while dealing with the South Caucasian states is their strategic location and geo-strategic potential. The region stands at a crossroads between Europe and Asia and between Russia and the Middle East, squeezed between the Black and the Caspian Seas. After the events of 9/11 the South Caucasus was brought back to mainstream politics in the West, with the region playing a crucial role in logistical support to allied operations in Afghanistan. This increased geopolitical competition among foreign powers for gaining

[10] Graham, Norman A., "Introduction and Overview", in Norman A. Graham and Folke Lindahl (eds), "The Political Economy of Transition in Eurasia. Democratization and Economic Liberalization in a Global Economy", (Michigan: Michigan State University Press, 2006), pp. 1-41.
[11] Cornell, Svante E. and Starr, S. Frederick, "The Caucasus: A challenge for Europe", in: *Silk Road Paper*, June 2006, p. 35.
[12] Parrott, Bruce, "Perspectives on Postcommunist Democratization", in Karen Dawisha and Bruce Parrott (eds), "Conflict, cleavage, and change in Central Asia and the Caucasus", (Cambridge: Cambridge University Press, 1997), pp. 1-39.
[13] Ismailov, Eldar and Esenov, Murad, "Central Asia in the New Geopolitical and Geo-economic Dimensions", in "Central Eurasia 2005 Analytical Annual" (Sweden: CA&CC Press, 2006), pp. 11-12.
[14] European Commission, "Armenia Country Report" SEC(2005) 285/3, Brussels, 2005; European Commission "Azerbaijan Country Report" SEC(2005) 286/3, Brussels, 2005; European Commission, "Georgia Country Report", SEC(2005) 288/3, Brussels, 2005.

influence in the region, providing new opportunities for the governments in Tbilisi, Baku and Yerevan. Their choices were constrained by the security environment inherited from the collapse of the Soviet Union, namely the ethno-political conflicts and the action of external powers by proxy, particularly Russia, Iran and Turkey.

However, as security alignments shifted after the end of the Cold War and after 9/11, each South Caucasian state perceived its security differently. As Svante Cornell argues "international interest in the region tended to increase polarisation of regional politics".[15] The rivalry between the United States and Russia is here a good example, clearly endowing the foreign policy decisions of regional leaders with strategic calculations about their security. "This US-Russian pattern of cooperative/competitive relationship creates a very precarious stability in the South Caucasus, because neither the strategic alliances are durable, nor do they create dividing lines along which a balance of power situation could be consolidated. While all three countries, and to some extent the autonomous units, do have some space for strategic maneuverings, it is the global US-Russian interplay that strongly conditions the decision-making process for each actor in the complex".[16]

Turkey – a long time Western ally and member of the North Atlantic Treaty Organization (NATO) – has also been showing signs of growing awareness regarding its security needs, particularly after the 2003 war in Iraq.[17] Pragmatism and a growing role in regional affairs have driven its external relations, at a time of dramatic changes and dilemmas at home. Either through cultural, linguistic and ethnic affinities shared with countries in the Caucasus and Central Asia, or the geographical importance of its territory, Ankara has assumed a leading regional role. BSECO, a Turkish initiative, has become the most important forum of regional cooperation in the Black Sea. This is recognized by the EU (the European Commission is in the process of becoming an observer to BSECO) and the United States, which is already an observer. The most recent Turkish-led initiative for the South Caucasus followed the Russian military intervention in Georgia, with Prime Minister Recep Tayyip Erdoğan putting forward a revived idea of a Stability Pact for the Caucasus.[18] This pro-active Turkish stance in its vicinity has been particularly welcomed and supported by both the EU and the United States, while Moscow has retained a wait-and-see stance.

Iran is fundamentally perceived as a security threat for the Wider Black Sea region. Despite early unilateral attempts to play a mediating role in the Nagorno Karabakh conflict,[19] Iran was left out of the main negotiation format – the Minsk Group –, since it is not a member of the Organization for Security and Cooperation in Europe (OSCE). Furthermore, although Iran has considerable energy reserves, its strained international position and the development of its nuclear program have made it a non-reliable partner for the South Caucasus states. Despite

[15] Cornell, Svante, "NATO's Role in South Caucasus Regional Security", in: *Turkish Foreign Policy Quarterly*, vol. 3:2, 2004, p. 126.

[16] Derghoukassian, Khatchik, "Balance of Power, Democracy and Development: Armenia in the South Caucasian Regional Security Complex", in: *AIPRG Working Paper*, vol. 10, January 2006, p. 10.

[17] Katik, Mevlut, "Geopolitical competition heats up in Black Sea", in: *Eurasia Daily Monitor*, March 10 2006, www.eurasianet.org, accessed on March 14 2006; Torbakov, Igor, "Turkey's strategic outlook making significant shift", in: *Eurasia Daily Monitor*, March 7 2006, www.eurasianet.org, accessed on March 14 2006.

[18] Kanbolat, Hasan, "What is Caucasian stability and cooperation? What can Turkey do in the Caucasus?", in: *Today's Zaman*, August 20 2008, http://www.todayszaman.com/, accessed on August 22 2008.

[19] Ter-Gabrielian, Gevrok and Nedolian, Ara, "Armenia: crossroads or fault line of civilizations?", in: *The International Spectator*, XXXII:2, April-June 1997, pp. 109-10.

the religious differences, friendly relations between Yerevan and Teheran have provided both countries with alternatives to isolation, and Moscow's blessing of Iranian engagement in the South Caucasus and Central Asia, in the early 1990s, was meant to act as a balance to increasing Turkish influence.[20] Today, relations between the two countries have improved. On July 14, 2007, Iran and Turkey signed a Memorandum of Understanding on oil and gas transit and joint investments, which was widely praised as a fundamental move to diversify supplies to Europe.[21]

In this complex scenario of wide external involvement, competing interests and cooperation opportunities, the EU role and contribution for stability building and enhanced collaboration at the regional level is here the focus of analysis. The following section looks at the European Union approach to the South Caucasus, with a focus on the regional dimensions of the European Neighborhood Policy, identifying limits and possibilities in a turbulent context.

Integrating the South Caucasus through the Neighborhood Policy?

The EU has regarded the South Caucasus as a compact and interdependent area demanding a regional approach. Since their independence in 1991, and following this rationale, the EU engaged with Armenia, Georgia and Azerbaijan in a highly coordinated way, looking at involvement with these countries in simultaneous terms. All three states signed a Partnership and Cooperation Agreement (PCA), which entered into force in July 1999, and the EU established a regional delegation of the European Commission in Tbilisi, dealing with all relevant regional issues.[22] The post of a Special Representative for the South Caucasus was created in 2003, envisaging a coordinated implementation of EU policy objectives in the region. Moreover, the European Parliament established, in the framework of the PCA, a Parliamentary Cooperation Committee dealing with the three countries simultaneously.[23] The ENP, despite its differentiated approach, once again reinforced a regional perspective of the South Caucasus. This approach was maintained throughout negotiations for the bilateral ENP Action Plans and, to the detriment of the countries' expectations, the three were adopted simultaneously in November 2006.[24] The reasoning underlying this similitude approach shows the concern in Brussels to avoid accusations of discrimination as much as it tried to underline

[20] Rashid, Ahmed, "The Resurgence of Central Asia: Islam or Nationalism?", (London: Zed Books, 1994), pp. 212-213.

[21] This agreement could place Turkey as a central energy transit and trading country, while it also allows Iran to escape isolation imposed by the United States sanctions. It provides an important alternative energy supply for Europe, away from Russian dominated routes, and makes Caspian export routes more viable allowing Turkmenistan's energy to flow directly to Europe without using Russian controlled pipelines. Finally, it represents an important reinforcement of the EU-sponsored Nabucco project. See among others, Socor, Vladimir, "Turkey Offers Route to Europe for Iranian and Turkmen Gas", in: *Eurasia Daily Monitor*, vol. 4:140, July 19 2007 and Daily, John C. K., "Turkey Moves to Position Itself as a Strategic Transit Corridor for Caspian Hydrocarbons", in: *Eurasia Daily Monitor*, vol. 4:161, August 17 2007.

[22] Only in 2008 did the European Commission establish two permanent delegations in Yerevan and Baku, also in a coordinated way.

[23] This Committee was established in 1994, during negotiations for the Partnership and Cooperation Agreement. In 2004, bilateral EU-Armenia, EU-Azerbaijan and EU-Georgia Parliamentary Cooperation Committees were created, reflecting the principle of differentiation underlying the ENP.

[24] EU-Armenia ENP Action Plan; EU-Azerbaijan ENP Action Plan; EU-Georgia ENP Action Plan, available at http://ec.europa.eu/world/enp/index_en.htm .

the advantages of the regional cooperation format, where confidence-building measures could develop and thus facilitate conflict resolution processes.[25]

Among the European member-states, however, consensus as to what sort of approach should be designed towards the region has been difficult. As Damien Helly argues, different understandings of the South Caucasus have informed the EU's attempts to devise a strategy of engagement.[26] Further constraints on the EU's action include its foreign policy system and disagreement over decision-making competencies and priorities; the integration of EU policies in the context of Western institutions, namely NATO and the OSCE, where great discrepancies reside; as well as the difficulty of creating a common space of understanding between the EU, Russia, the United States and the countries in the region. Despite the fact that the ENP represents an attempt to render greater autonomy to EU actions in the regions surrounding its enlarged borders, it remains prey to these constraints.

The ENP is based on the principle of shared values, differentiation and ownership, making the EU's partner states the major actor responsible for the pace of integration with the Union.[27] The classical dilemma of maintaining a viable regional approach, while differentiating enough to allow partners to introduce their own rhythms of reform, has made the EU subject to criticism. Underlying the obvious differences and the obstacles to regional cooperation (most of all the Nagorno Karabakh conflict), leaders in the South Caucasus have pointed to the inefficiencies of linking developments in one country, to the pace of reforms in the other, since it does not respond to their short-term needs.[28] On the eve of the conclusion of the negotiations on the ENP Action Plans for the three South Caucasian states, an Azerbaijani commercial airline flew to the Turkish Cypriot republic, in violation of the EU's non-recognition policy. As a reprisal, negotiations on the Action Plans for Armenia and Georgia were suspended along with the one for Azerbaijan. This was denounced by authorities in Yerevan and Tbilisi as an unjustified and counterproductive conditioning of the EU's relations with the two partners.[29] Similarly, the European Commission decided that the opening of a full-fledged delegation in Baku would also be coordinated with the opening of a delegation in Yerevan.[30] These instances demonstrate the EU's awareness of the constraints imposed on cooperation efforts by the current regional situation, and its wish to be perceived as a balanced and neutral partner.

From a Euro-Atlantic integration perspective, forcing some level of regional cooperation among Georgians, Armenians and Azerbaijanis was a priority for the EU,[31] in an attempt to

[25] Interviews with European Commission officials at the European Commission Delegation in Tbilisi, May 2006; with Ambassador Per Eklund, Head of the European Commission Delegation to Georgia, Tbilisi, May 7 2007, and with Giuseppe Busini, Desk Officer for Azerbaijan, European Commission, Brussels, July 10 2007.

[26] Helly, Damien "EU policies in the South Caucasus", paper presented at the conference *"L'Europe et le Caucase du Sud/Europe and the South Caucasus"*, Baku, July 11 2001, pp. 3-4.

[27] European Commission, "Communication from the Commission on the European Neighbourhood Policy Strategy Paper", COM(2004)373 final, Brussels, May 12 2004.

[28] Lobjakas, Ahto, "South Caucasus: Prospects for Regional Stability Pact Recede", in: *Radio Free Europe/Radio Liberty (RFE/RL)*, May 12 2006, http://www.rferl.org, accessed on June 19 2006.

[29] Freire, Maria Raquel and Simão, Licínia "The EU's Neighbourhood Policy towards the Southern Caucasus: Searching for Commonalty in a Patchy Scenario", in: *Comparative Constitutional Review Journal*, vol. 4:57, 2006, pp. 36-44 (in Russian).

[30] "Office of European Commission inaugurated in Baku, Azerbaijan", in: *Today.Az*, February 5 2008, http://www.today.az/news/politics/42880.html, accessed on February 5 2008.

[31] Interview with Giuseppe Busini, Desk officer for Azerbaijan, European Commission, Brussels, July 10, 2007.

avoid a new "Cyprus scenario".[32] This was seen as a necessary step to stimulate confidence among actors, searching for common values and objectives that the entrance into a new "ENP family" could help forge. The EU had established by then that good neighborly relations would be at the heart of any attempt to integrate the South Caucasus countries, and that regional cooperation would certainly precede any future attempts at regional integration.[33] Furthermore, the EU reasoned that by presenting an attractive offer to the Caucasian partners, and having Georgia as a frontrunner, some level of peer competition could develop that would help sustain efforts towards regional dialogue and mutual commitments.[34] However, the national conditions, and the fact that Georgia's revolutionary model was not welcomed by the current Armenian and Azerbaijani leaderships, soon toned down any level of open competition, and allowed instead some level of free riding.

During negotiations for the Action Plans, issues of regional cooperation arose from the three Caucasian partners, but naturally pointing in divergent directions, reflecting the fragmented nature of regional relations. For Azerbaijan, the insistence of the European Commission in having them cooperate with Armenia was seen as unwanted interference in domestic issues. Baku's reply was to indicate a different format of this "region" to include neighbors such as Iran, with whom the EU has very limited and difficult relations. The EU's alternative was therefore to maintain a "constructive ambiguity" in the definition of the scope for regional cooperation.[35] For Georgia, a similar position developed, pointing out that because Armenia and Azerbaijan did not cooperate, any attempt to link integration into Euro-Atlantic structures to regional South Caucasian cooperation would be unfair to Georgian efforts. A Georgian official noted that "the [European] Commission is very comfortable with regional formal structures, but the political issues end up being sacrificed over technical ones".[36] As far as Armenia was concerned, the engagement of the EU was the perfect opportunity to lobby for inclusion in regional projects and limit, to some extent, its isolation.[37]

Alternatively, Armenia, Azerbaijan and Georgia put forward different regional cooperation frameworks that represented their interests better. These formats reflect the strategic calculations informing domestic and foreign policy in the South Caucasus. Georgia was extremely active in pushing for a format where its European identity would be underlined. With the 2004 enlargement the EU became a Black Sea power and after the "revolutionary" events in Georgia, in 2003, and in Ukraine, in 2004, the EU was compelled to define a strategy for its eastern neighborhood to be developed in a multilateral framework. Turkish and Russian participation within BSECO turned this forum into a wider regional initiative for cooperation, and one where the United States has an observer status and the European Commission is also engaged. Georgia pressed the EU during ENP Action Plan negotiations to include a reference to the Black Sea cooperation, making the argument that the EU has

[32] Interview with Kestutis Jankauskas, Lithuanian Ambassador to COPS, Brussels, July 19, 2007.
[33] The development of a Stability Pact for the South Caucasus has been on the European agenda since 1999, through the European Parliament. In 2000 the Brussels-based think tank Centre for European Policy Studies released a publication on the Stability Pact for the South Caucasus, where regional integration was included though with limited political backing. See Celac, Sergiu, et al., "A Stability Pact for the South Caucasus", (Brussels: Centre for European policy Studies, 2000).
[34] Interview with Gunnar Viegand, acting responsible for Eastern Europe, Russia, South Caucasus and Central Asia at the European Commission, July 20, 2007.
[35] Interview with Giuseppe Busini, Desk officer for Azerbaijan, European Commission, Brussels, July 10, 2007.
[36] Interview with Archil Karaulashvili, Head of Euro-Integration Department at the Georgian State Ministry for Euro and Euro-Atlantic Integration, Tbilisi, May 4, 2006.
[37] Interview with Silvia Maria Zehe, Desk Officer for Armenia, European Commission, Brussels, July 10, 2007.

strategic interests in the region and that Georgia and the South Caucasus are part and parcel of those interests. With time, Azerbaijan and Armenia both regarded the Black Sea regional cooperation, hosted within BSECO, as the most viable alternative for constructive regional dialogue. This was also a necessary step to appease the European partners who were eager to promote regional dialogue. Azerbaijan, despite not being a Black Sea country, understood the gains it could derive from such an enlarged regional format, stretching from the Caspian to the Mediterranean, and therefore with large strategic potential. BSECO, being a Turkish-led initiative, also provided authorities in Baku with an added layer of comfort for regional cooperation, and it would prove Azerbaijani dedication to supporting its strategic ally in Ankara.[38] Finally, for Armenia, BSECO represents the most important regional format in which it participates, despite Turkish influence.[39] Nevertheless, due to Russian participation and US and EU engagement, Armenia feels more reassured of a balanced format. For the European Commission, the Wider Black Sea encapsulates the potential for diluting regional pressures and provides the necessary venues for dialogue. This meant streamlining its own instruments designed for the region, ranging from membership, accession, ENP, stability pacts, environmental and trafficking control – what its communication of 11 April 2007 calls a Black Sea Synergy.[40]

The Wider Black Sea Regional Cooperation: Current Dynamics and Future Prospects

Euro-Atlantic integration processes represent today the most important challenge to the *status quo* in the Black Sea region, providing the impetus for regional cooperation and the formation of a regional identity.[41] Regional cooperation initiatives which derived from exogenous factors can now be sustained by local actors, building on their overlapping membership within the EU, NATO and BSECO. Established under Turkish initiative in 1992, BSECO was modeled after EU institutional cooperation templates, looking at economic cooperation as a stepping stone for institutionalized dialogue and common perceptions to develop. The process was strongly influenced by Turkish accession negotiations with the EU, and reinforced by the presence of Greece, an EU member-state, as well as several potential candidates. This momentum for Western influence in the Wider Black Sea region, initiated after the fall of the USSR, focused on several axes of action, ranging from the development of democratic institutions, good governance and rule of law practices – extending the political and economic systems established in Western Europe to the former Warsaw Pact states - to the energy and transportation interests that this hub region represents. A notable exception, both in BSECO and in bilateral cooperation between the EU and regional states, has been hard security concerns linked to the "frozen" conflicts in Moldova, Georgia and Azerbaijan. Nevertheless, after 9/11, the rigid positions of some BSECO members in having the organization deal with hard security issues changed, as the Istanbul Summit of 2002 testifies.[42]

[38] Interview with Azerbaijani officials, Brussels, March 27, 2007.
[39] Interview with Paruyr Hovhannisyan, Counselor at the Armenian Embassy, Brussels, March 21, 2007.
[40] European Commission, "Communication from the Commission to the Council and to the European Parliament: Black Sea Synergy – a new regional cooperation initiative", COM(2007) 160 final, Brussels, April 11, 2007.
[41] Aydin, M., "Europe's next shore: The Black Sea region after EU enlargement", in: *EU Institute for Strategic Studies Occasional Papers*, 53, June 20, 2004.
[42] BSECO, "Istanbul Decennial Summit Declaration – Looking Beyond Ten Years of Cooperation and Progress", http://www.bsec-organization.org/documents/declaration/summit/Reports/Istanbul2002.pdf .

The reconfiguration of power relations in the Black Sea region has favored an entrenchment of European and North-American interests to the detriment of Russian influence. The process of collapse of the USSR and the endemic insecurity that followed this collapse was matched by the expansion of Euro-Atlantic structures, as an answer to growing interdependence. Simultaneously, domestic changes in the countries of the region, notably in Georgia and Ukraine following the electoral processes in 2003 and 2004, as well as in Bulgaria, Romania and Turkey, accentuated a rupture with previous methods of government and established a firm Euro-Atlantic foreign policy orientation.[43] With the launching of the ENP, the EU took wider responsibilities in the Black Sea region, pledging to support reforms and integration into its market and institutional structures. For the South Caucasus countries, uncomfortable with a strict regional approach, consolidating the process of Euro-Atlantic integration in the context of the Black Sea cooperation was a sensible choice for different reasons. The European Commission's April 2007 communication on "Black Sea Synergy: A new regional cooperation initiative" underlines the potential for increased cooperation with the EU in a series of matters, underlining the need for regional efforts to deal with the challenges posed by weak institutional structures and governance procedures in the region, organized crime and illegal migration, the "frozen" conflicts, energy security, transportation networks, and environmental distress, among other priorities.[44] This structural foreign policy, embedded in the EU's domestic processes, creates the promise of replication of its own prosperity and stability beyond its borders, and alters the current security configurations in the region. This is strategically reinforced by the twin enlargement of NATO to Eastern Europe and potential membership negotiations with Ukraine and Georgia, among others, extending security guarantees to the region that the EU is unable and/or unwilling to provide.

As far as Russia is concerned, this is a hazardous process, both due to its lack of transparency and because Moscow does not participate in the decision making structures. Under President Putin, Russia sought to improve its relations with NATO and the US in an attempt to redesign the balance of power around the Black Sea and within the CIS. The military cooperation that followed the terrorist attacks of September 11, 2001, nevertheless, represented a pragmatic assessment of the current interests and possibilities more than a long-term prospect of solid partnership between the West and Russia. Even the EU was unable to fully associate Russia to its process of enlargement in 2004, following a failed and embarrassing attempt to give substance to the "four common spaces".[45] A growing ideological gap developed as Russia centralized its political and economic structures in the Kremlin, following a "petro-state" model,[46] and as the EU insisted in extending its "fuzzy" politics to what Moscow perceives as

[43] Cornell, Svante, et al., "The Wider Black Sea Region: An Emerging Hub in European Security", in: *Silk Road Paper*, December 20 2006.

[44] European Commission, "Communication from the Commission to the Council and to the European Parliament: Black Sea Synergy – A New Regional Cooperation Initiative", COM(2007) 160 final, Brussels, 2007.

[45] "EU-Russia: Road Map for the 4 Common Spaces", Working Document, 15th EU-Russia Summit, Moscow, May 10 2005, **http://www.eu2005.lu/en/actualites/documents_travail/2005/05/10-4spaces/index.html**, accessed on August 20 2008.

[46] Alexandrova-Arbatova, Nadia, "Troubled Strategic Partnership: The Black Sea Dimension of Russia's relations with the West", in: Daniel Hamilton and Gerhard Mangott (eds), *The Wider Black Sea Region in the 21st Century. Strategic, Economic and Energy Perspectives*, (Washington, D.C.: Centre for Transatlantic Relations, 2008), p. 298.

its sphere of influence[47] – all together, a common language was missing from which a strategic partnership could emerge. The latest development in this strategic gap came in August 2008 with the Russian incursion into South Ossetia and Georgia. The official views of this short conflict diverge. Russian President Dmitri Medvedev and Prime Minister Vladimir Putin described the war with Georgia and the recognition of Abkhazia and South Ossetia as a need, a last resort option, and a response to a provocation from the Georgian side.[48] The Bush administration and some of the EU member states like the United Kingdom, Sweden, Poland and the Baltic states have seen Russian intervention outside its borders as a return to imperialist policies; actions with fundamental consequences for Moscow.[49] For the EU, however, the attempt has been to maintain open venues for dialogue throughout the turmoil, as the mediation efforts by French President Nicholas Sarkozy indicate.[50] Whatever the intended results of this conflict, it seems neither to have slowed or dampened the Euro-Atlantic aspirations of both Ukraine and Georgia nor to sprout the alignment of the CIS and Shanghai Cooperation Organization member-states with Russia.[51]

The security concerns of the South Caucasian states have become more acute in this process, but they have not necessarily become more reliant on Russia. Maintaining the CIS security complex through military intervention might yield results in the short-term, as Azerbaijan's revised policy of support for the Nabucco pipeline suggests.[52] Nevertheless, the ongoing processes of integration and alignment with the EU and its institutions will be very hard to revert or avoid, as long as the EU is seen as a coherent and reliable partner. Even Armenia, a long time Russian ally, has taken the opportunity presented by the ENP to come closer to the EU, opening new possibilities for strategic cooperation. Improving relations with Turkey is

[47] Allison, Roy, et al., "Putin's Russia and the Enlarged Europe", (London: Blackwell Publishing, 2006), p. 85.
[48] Medvedev, Dmitri, "Why I had to recognise Georgia's breakaway regions", in: *Financial Times*, August 26 2008. Putin, Vladimir, "Nicholas Sarkozy a joué un grand rôle de pacification", in: *Le Figaro*, September 13 2008.
49 David Milband, United Kingdom Foreign Secretary, stated that "The sight of Russian tanks rolling into part of a sovereign country on its neighbouring borders will have brought a chill to the spine of many people, rightly, because that is a reversion to – it's not just Cold War politics, it's a 19th Century way of doing politics." See "Russia warned over 'Soviet past'", in: *BBC News*, August 13 2008, **http://news.bbc.co.uk/go/pr/fr/-/2/hi/uk_news/politics/7557887.stm**, accessed on August 20, 2008. A joint statement by Poland and the three Baltic states reads "The EU and NATO must take the initiative and stand up against the spread of imperialist and revisionist policy in the east of Europe... The Russian Federation has overstepped a red line." See "EU preparing snap summit on Russia-Georgia war", in: *EUObserver*, August 10 2008. US Secretary of State Condoleezza Rice made the following statements at a meeting with EU foreign ministers at the United Nations: "We needed to work together so that Russia's attack on Georgia does not succeed in destroying Georgia's sovereignty and that Russia comes to realize sooner or later – hopefully sooner – that attempts to change international borders through force is a grave mistake." See "Russian Neighbors Urge U.N. to Stand against Kremlin Aggression", in: *The New York Times*, September 24 2008, **http://www.nytimes.com/2008/09/25/world/europe/25nations.html**, accessed on September 25 2008.
[50] "Europe taking a diplomatic approach to Caucasus conflict", in: *International Herald Tribune*, August 11 2008, www.iht.com, accessed on August 20 2008.
51 "Former Soviet Sphere Shocked into Silence by Conflict in Georgia", in: *RFE/RL*, August 11 2008, **www.rferl.org**, accessed on August 20, 2008; "China fails to support Kremlin", in: *The Financial Times*, August 29 2008.
[52] "Dick Cheney Mistakenly Staked on Caspian", in: *Kommersant*, September 5 2008, http://www.kommersant.com/p1020720/Ilham_Aliyev_reluctant_to_fully_support_America/, accessed on September 6 2008.

another Armenian priority, with important security implications, and it is in the framework of Turkish EU-accession that a diversification of relations – away from Moscow – will naturally come about for Yerevan. Despite the heavy consequences for the Azerbaijani economy of the stoppage of the oil export because of the explosion in the Turkish part of the BTC oil pipeline shortly before the Georgian war and bombing by Russian armed forces of the railroad linking Baku to Tbilisi during the conflict, authorities in Baku still regard this western route as a strategic asset in their independence from Moscow, and cooperation with the EU, the United States and Turkey will certainly follow. Baku has become an important asset in EU attempts to reach oil and gas in Central Asia, making Azerbaijan's territory a central element in the development of a new Trans-Caspian Trans-Black Sea energy corridor.

All these elements reinforce the argument for the detachment of the South Caucasus states from the CIS security complex towards a broader Eurasian/Black Sea security complex. Energy security seems, at this point, to be the main rationale for cooperation both at the regional level (between Turkey, Georgia, Azerbaijan, Kazakhstan and Turkmenistan), and including the EU, the United States, Russia and China. Because energy development is a long-term endeavor, it can be expected that the security links among these actors will be reinforced, further shaping the Eurasian security complex. Conflict resolution and separatist trends are also a crucial element bringing the Eurasian states such as Georgia, Ukraine, Azerbaijan and Moldova (GUAM) together. To the extent that these concerns overlap with energy issues, we might expect the security complex to be reinforced. A further aspect of this security complex is the democratization process associated with the expansion of Euro-Atlantic structures. A problem might arise to the extent that states throughout the Eurasian security complex can see their efforts and ambitions frustrated by the weak flexibility of these structures, and this will certainly have its own internal consequences for the EU and NATO. Insofar as these issues overlap, the configuration of this security complex will change accordingly. However, the South Caucasus stands at the heart of all these issues and will be crucial for cohesion of the security complex as well as regarding attempts to diffuse tensions within it.

Conclusion

The future of regional stability in the South Caucasus depends on the delicate balance of interests and perceptions among different levels of interaction. Stable and strong central state institutions must accommodate the wishes and historical memories of the autonomous regions (South Ossetia, Abkhazia and Nagorno Karabakh, to name the most unstable). These same institutions must lay the ground for regional dialogue and cooperation, based on mutual understandings. This would reinforce the region's global position *vis-à-vis* external players.[53] In the absence of these conditions, frail and often undemocratic institutions and political processes have jeopardized the construction of a common framework for development and stability where citizens, sub-regional and national leaders could build a common future that could overcome competing interests, both at home and abroad. The reliance on strategic alliances that has so far kept a balance of power in the South Caucasus is a dangerous game, delivering only *Potemkin*-like stability. It is therefore essential for the region's stability to frame it in a wider security complex that corresponds and responds to the area's interlinked

[53] Suleymanov, Elin, "Emergence of new Political Identity in the South Caucasus. Energy, Security, Strategic Location and Pragmatism", Master of Arts in Law and Diplomacy Thesis, The Fletcher School, May 21 2004.

problems and opportunities, by allowing wider formats of cooperation, that despite asymmetries better address the regional challenges. The proposal advanced here for an Eurasian/Black Sea security complex could fit well the region's multifaceted dealings, while overcoming the mounting difficulties associated with the CIS as an aggregator of security perceptions, concerns and needs of the very different states involved, and which to a great extent surpass the Commonwealth boundaries.