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The Quarterly Journal

Volume XIV, Number 2

Spring 2015

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Russia and the Caucasus

R. Craig Nation *

Introduction

Russian influence in the South Caucasus region has a long history. Czar Ivan IV initiated construction of the Tarki fortress on the Caspian Sea as early as 1559. In the subsequent centuries Russia gradually extended control over the surrounding area, culminating with the 1829 Treaty of Turkmenchay that established the Aras River as the expanding empire's boundary with Persia.¹ Russian policy toward the region has been dominated by the goal of maintaining a position of influence ever since.

Challenges to Russian control have arisen from both internal and external sources. Between 1817 and 1863 Russia fought what it calls the Caucasian War against coalitions of local tribes led by the famous Imam Shamil, eventually prevailing in an armed conflict that was "prosecuted with incredible savagery."² Modern ethnic nationalism emerged in a Caucasus subjected to czarist control, with local identities conditioned by the status of Russia as a foil for resentment.³ A tradition of armed resistance to Russian control can be traced from the Caucasian War to the present. Against the background of the Russian Revolutions of 1917, the peoples of the Caucasus launched unsuccessful attempts to consolidate independent states, and during the 1920s and 1930s there were numerous local uprisings in defiance of Soviet power.⁴ The tradition of militant opposition to Russian domination has reemerged in the post-Soviet period and remains an important source of regional instability.

The greater Caucasus has also been a subject of geopolitical competition between external actors. During the Crimean War (1853–1856) Ahmed Pasha led Ottoman armies into the Caucasus with the goal of pushing Russia north of the Terek and Kuban Rivers, a campaign whose logic (and unsuccessful outcome) was replayed by Ottoman forces under Enver Pasha during the First World War. The Caucasus was also the target of an offensive by Hitler's Wehrmacht during the Second World War, who were beaten

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¹ V.V. Rogushchiva and Zh. A. Gordon, eds., *The Caucasus and Russia (Kavkaz i Rossiya)* (St. Petersburg, 2006).

² Charles King, *The Ghost of Freedom: A History of the Caucasus* (Oxford: Oxford University Press, 2008), 18. For a substantial Russian history of the war, see Mark Bliev, *Russia and the Highlanders of the Greater Caucasus on the Way to Civilization (Rossiia i gortsy bol'shogo Kavkaza na puti k tsivilizatsii)* (Moscow: Mysl', 2004).

³ On this phenomenon, cf. Iver B. Neumann, "Russia as Central Europe's Constituting Other," *East European Politics and Society* 7:2 (1993): 349–369.

⁴ Firuz Kazemzadeh, *The Struggle for Transcaucasia, 1917-1921* (Westport, CT: Hyperion, 1991); and Alex Marshall, *The Caucasus Under Soviet Rule* (London: Routledge, 2010), 147–174.

back by the Soviet armed forces at great cost.⁵ Parvin Darabadi characterizes these episodes as part of a larger struggle waged on the global chessboard to control a “great Eurasian Central-Eurasia megazone” including the Black and Caspian Seas.⁶ Today’s conflicts for influence in the Caucasus region between the U.S. and its Western allies and the Russian Federation fit neatly into this tradition.

The promise of a new beginning offered by the dismantling of the Soviet Union has not been fulfilled. Between 1994 and 1996 Boris Yeltsin’s Russia fought the First Chechen War in an attempt to squelch separatism in the Russian North Caucasus, with catastrophic results. In the Second Chechen War (1999–2009) Russia achieved greater success, but armed resistance in the region has not been eliminated. Against the background of the Soviet collapse Armenia and Azerbaijan waged war over the enclave of Nagorno-Karabakh, while Georgia lost control over the rebellious provinces of South Ossetia and Abkhazia, giving rise to protracted or “frozen” conflicts that remain unresolved.⁷ Since the accession of Vladimir Putin to power in the Kremlin in 2000, Russia has committed to a long-term effort to restore something like its traditional dominant status. When the Georgian government of Mikheil Saakashvili sought to regain control over South Ossetia in 2008, Russia responded with a devastating invasion that seemed to make its goals, and the capacity that it possessed to pursue them, crystal clear.⁸

Russia pursues an assertive regional policy in the Caucasus consistent with its historical traditions, which portray the region as “an inalienable part of the history and fate of Russia,” as well as its contemporary geostrategic interests.⁹ Meanwhile, its long-standing role as a major player in the region continues to shape its perceptions and priorities. Russia’s policy toward the South Caucasus is also aligned with a larger vision for post-Soviet Eurasia, which is viewed as the crucible within which Russia will eventually be able to reassert itself as a great world power – a dynamic exposed once again by Russian reactions to the conflict that has been unfolding in Ukraine since 2013. The goals of the Russian Federation in the Caucasus set it at odds with the Western security community in an area where both sides have important interests at stake. Managing these aspirations represents an important security challenge.

⁵ A.A. Grechko, *The Battle for the Caucasus (Bitva za Kavkaz)* (Moscow: Voennoe Izdatel’stvo Ministerstva Oborony SSSR, 1971).

⁶ Parvin Darabadi, *Caucasus and the Caspian in the World History and the 21st Century Geopolitics (Kavkaz i Kaspii v mirovoi istorii i geopolitika XXI veka)* (Moscow: Izdatel’stvo Ves’ Mir, 2010), 13.

⁷ R. Craig Nation, “Protracted Conflict in the Caucasus,” in *Caspian Security Issues: Conflicts, Cooperation and Energy Supplies*, ed. Marco Valigi (Rome: Edizioni Epoké, 2014), 27–46.

⁸ Ronald Asmus, *A Little War that Shook the World: Georgia, Russia and the West* (New York: Palgrave Macmillan, 2010).

⁹ K.S. Gadzhiev, *The Great Game in the Caucasus: Yesterday, Today, Tomorrow (Bol’shaia igra’ na Kavkaze: Vchera, segodnia, zavtra)* (Moscow, Mezhdunarodnye otnosheniia, 2010), 318.

Russian Interests in the Region

The Caucasus region is inherently fragile. Ethnic rivalry and frustrated nationalism remain significant sources of instability. The Russian North Caucasus includes more than 40 living languages and nearly 100 distinct ethnic communities. Despite post-Soviet migration patterns that have reduced diversity, all the states of the South Caucasus have significant minority populations. The region continues to struggle with the challenges of modernization and development, a process that post-Soviet conflict has slowed down. The imposed geopolitical rivalries in particular create dangerous polarization.

Russia has always regarded the Caucasus as “a zone of existential (*zhiznennno vazhnykh*) interests” that is of “strategically critical significance for Russian national security,” but in the first years of the post-Soviet period these priorities were subordinated to what proved to be a quixotic effort to affect a “strategic partnership” with the West. At the conclusion of the Soviet era the region was accorded only marginal importance in Western perspective.¹⁰ That perception changed following the “deal of the century” in 1994, when a consortium of oil companies signed an agreement with Azerbaijan to develop the hydrocarbon reserves of the Caspian Basin.¹¹ U.S. interest in the region expanded following the terrorist attacks of 11 September 2001. The Caucasus was now an area of concern in the so-called Global War on Terror, and after 2004 it became part of a transport corridor for the U.S. and ISAF expeditionary force in Afghanistan. For many of the same reasons—with Vladimir Putin directing Russian policy from 2000 onward, waging a new war to repress Chechen separatism, and committing to a revival of Russian power and influence in its “near abroad”—the Caucasus region regained its traditional salience in the spectrum of Russian security concerns.

During the first decade of the new millennium the Caucasus became an apple of discord in what began to be called a new “Great Game” played for regional hegemony.¹² The contest for influence soon took on an ideological veneer. For some in the West the Black and Caspian Sea region had become the “frontier of freedom,” where a contest between Western democratic values and Russian authoritarianism was underway.¹³ Moscow interpreted Western “penetration” of the region as an assault on a traditional sphere of influence and the “Russian Idea” of an integrated Eurasia that inspired it.¹⁴ Both sides began to describe their interaction in the Caucasus as a zero-sum competition that made compromise in search of negotiated solutions more difficult to achieve.

¹⁰ Ibid., 7, 200.

¹¹ Sonni Efrom, “Western Oil Firms Sign Deal for Drilling in Caspian Sea,” *Los Angeles Times*, 21 September 1994, available at http://articles.latimes.com/1994-09-21/business/fi-41153_1_caspian-sea.

¹² Alex Rasizade, “The Great Game of Caspian Energy: Ambitions and Realities,” *Journal of Southern Europe and the Balkans* 7:1 (2005): 1–17.

¹³ Ronald D. Asmus and Bruce P. Jackson, “The Black Sea and the Frontiers of Freedom,” *Policy Review* 125 (2004), available at www.hoover.org/research/black-sea-and-frontiers-freedom.

¹⁴ Marlène Laruelle, *L'idéologie eurasiste russe ou comment penser l'empire* (Paris: l'Harmattan, 1999).

Energy security was an important driver of rivalry. The Caspian region's relevance as an energy producer and the Caucasus' status as a corridor for the transshipment of hydrocarbons to Western markets made them a focal point for geopolitical competition. According to an influential strain of Russian analysis, from the mid-1990s U.S. policy consistently sought "the submission to its control of the energy resources of the Caucasus-Caspian region."¹⁵ Washington rejects this interpretation, arguing that expanding access to Caspian resources works to everyone's advantage and is in no way anti-Russian in spirit. But U.S. sources do not deny that there is something at stake. The U.S. Energy Information Administration has recently described the Caspian Basin as "an increasingly important source of global energy production" with a significant capacity to expand offshore natural gas production.¹⁶

The Russian Federation inherited a virtual monopoly of access to Caspian hydrocarbon reserves from the USSR, but its control has been challenged. The Baku-Tbilisi-Ceyhan pipeline, in operation from 2006, has been described as an "umbilical cord" tying Azerbaijan and Georgia more closely to the West.¹⁷ The 2009 Russia-Ukraine dispute over gas prices, which led to the temporary interruption of supplies to European customers in mid-winter, added force to calls for diversification. The Caspian region is now viewed by the European Union as a "fourth axis" for natural gas supply (after Norway, Russia and Africa), capable of supplying up to 20 percent of the continent's needs.¹⁸ The complicated attempt to create a Southern Corridor for the transport of natural gas from the Caspian Basin to European markets seems to have come to closure with a commitment to the construction of a Trans-Anatolia Pipeline (TANAP) from the second phase of the Shah Deniz natural gas field in Azerbaijan, utilizing the existing South Caucasus pipeline, and transiting Greece and Albania to link with a new Trans-Adriatic Pipeline (TAP) extending to Italy and beyond. Though this is a much-reduced version of Europe's original, ambitious *Nabucco* project, it remains a challenge to Russia. Moscow's South Stream project, planned to bring natural gas from Russia and the Caspian Basin into European markets via the Black Sea and the Balkans, was cancelled in December 2014 in view of Bulgarian and EU opposition occasioned by the Ukraine cri-

¹⁵ Gadzhiev, *The Great Game*, 170, and S. Cherniavskii, "Washington's Caucasian Strategy," *Mezhdunarodnaia zhizn'* 1, 22–25.

¹⁶ "Oil and Natural Gas Production is Growing in Caspian Sea Region," U.S. Energy Information Administration, 11 September 2013, available at www.eia.gov/todayinenergy/detail.cfm?id=12911.

¹⁷ Frederick Starr and Svante E. Cornell, eds., *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West* (Washington DC: Central Asia-Caucasus Institute and Silk Road Studies Program, 2005), 17.

¹⁸ *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Energy Infrastructure Priorities for 2020 and Beyond – A Blueprint for an Integrated European Energy Network*. COM(2010)677 final, Brussels, 17 November 2010, available at http://ec.europa.eu/danmark/documents/alle_emner/energi/101117_energi-infra_en.pdf.

sis.¹⁹ It has been replaced by a more modest variant, intended to move natural gas via Turkey into Greece, once again potentially eliminating the role of Ukraine as transit country. The project remains a major strategic initiative that Russia is pursuing at some cost – a measure of what is perceived to be at stake in the “war of pipelines” in the Caspian Basin. Moscow believes that its interests are being challenged by the West’s efforts to secure gas supplies by building alternative transit infrastructure. Geopolitical competition in the energy sector remains intense.

The southern flank of the Russian Federation also covers a Huntingtonian “fault line” between Christian and Islamic civilizations. The Caucasus region is plagued by local conflicts with a sectarian dimension and has become an arena for embedded terrorism. Russia’s relative success in counter-insurgency operations in Chechnya, ironically but not surprisingly, has had the effect of pushing armed resistance into the larger North Caucasus region. The Caucasus Emirate organization, pledged to the use of terrorism to secure the creation of an Islamic state in the Caucasus and beyond, represents a shift in the focus of resistance from the cause of national liberation to a variant of Islamic radicalism, or “Wahhabism” in Russian parlance. The Caucasus Emirate has been described by Gordon Hahn as “part of a global jihadi revolutionary movement or alliance, which includes but is not reducible to AQ [Al Qaida].”²⁰ This makes it, in principle at least, a threat to both Russia and the West – an assertion that seems to have been confirmed by the involvement of two U.S. citizens of North Caucasian extraction (Tamerlan and Dzhokhar Tsarnaev) in the Boston Marathon bombing in April 2013.²¹ Russian concern with the implications of Islamic extremism on its southern flank should not be underestimated. It is a challenge for which Moscow still seeks an effective solution. Administrative repression in response to the phenomenon may in fact only be expanding the problem.²²

Russia’s most important motives for engagement in the region are geopolitical. Moscow views the Caucasus region as a unified whole, encompassing the North and South Caucasus as well as Russia’s Krasnodar and Stavropol Krai. The intensity of anti-Russian sentiment in the region, coupled with the costs of maintaining control over an impoverished and socially convulsed area, have led to calls from Russian civil society

¹⁹ Claire Gatinois, “Le gazoduc South Stream, ‘patate chaude’ de la champagne électorale bulgare,” *Le Monde*, 4 October 2014, available at www.lemonde.fr/europe/article/2014/10/04/le-gazoduc-south-stream-patate-chaude-de-la-campagne-electorale-bulgare_4500598_3214.html.

²⁰ Gordon M. Hahn, *Getting the Caucasus Emirate Right* (Washington, D.C.: Center for Strategic and International Studies, 2011), 2.

²¹ Though sources from the region have rejected the idea of a connection, arguing that the Tsarnaev brothers’ violence was a product of American culture, the link with their native Caucasus seems manifest; cf. “Chechnya’s leadership distances itself from Boston’s ‘badness’: they have been brought in America,” *Novosti Rossii*, 19 April 2013.

²² See Geraldine Fagan, “A Word of Justice: Islam and State Repression in the North Caucasus,” *Central Asian Survey* 33:1 (2014): 29–46.

for disengagement, but these calls have had no apparent effect on elite perception.²³ Russian elites do not view the Caucasus as a peripheral region, but rather as a critical Eurasian land bridge linking the Black, Azov and Caspian Seas and, more broadly, the larger European world with Central Asia, the Silk Road and South and East Asia.²⁴ Stability in the region is considered critical to Russia's capacity to project influence into Central Asia and the Greater Middle East. Political violence in the North Caucasus makes Moscow particularly sensitive to social and economic trends and the potential for instability to "spill over" to the north.

The U.S. represents its policy as a benign attempt to encourage the emergence of secure, stable and independent states that are aligned with the West. In the dominant Russian view this disguises a long-term campaign to penetrate, destabilize and ultimately separate the region from Russia, part of a grand strategy intended "to accelerate the political and economic isolation of former Soviet republics from Moscow" and to subvert the Russian Federation itself.²⁵ The U.S. agenda for NATO enlargement, extended to the new independent states of Georgia and Ukraine following the "Color Revolutions" of 2003 and 2004, and in some interpretations renewed by U.S. support for Ukraine's Maidan Revolution in 2013–2014, has strengthened this perception.²⁶ Russia interprets U.S. actions as aggressive. Its own motives are portrayed as defensive, but they are not exclusively so. Promoting multilateral association in the former Soviet Union has become an important pillar of the Putin leadership's foreign policy, including ambitious plans to construct an enlarging Eurasian Economic Union and, beyond that, a Eurasian Union with political and security functions. Often downplayed or mocked in Western analysis, the project is being pursued by Moscow in deadly earnest. The states of the Southern Caucasus will be courted to align with their neighbor to the north, and coerced if they resist, if not for the economic advantages that association might bring them as a means to reduce or curtail Western influence.²⁷ In geopolitical terms, Moscow is locked into a zero-sum approach to the region that allows little space for reasonable accommodations.

The Limits of Russian Power

The Caucasus is a high-priority area for Russian foreign and security policy and its aspirations in the region are unambiguous. Whether it possesses the means to address them effectively is unclear.

²³ Zaurbek Shakhmurzaev, "Why Caucasus – this is Russia?" *Blog "RIA Kabardino-Balkariia,"* 31 March 2014, available at <http://kavpolit.com/blogs/zaurbek/2486>.

²⁴ Vladimir Papava, *The Central Caucasus: Fundamentals of Geopolitical Economy (Tsentral'naiia Kavkaziia: Osnovy geopoliticheskoi ekonomii)* (Tbilisi: Analytical Notes of the Georgian Foundation of Strategic and International Studies, 2007).

²⁵ S.S. Zhil'tsov, I.S. Zoni and A.M. Ushkov, *Geopolitics of the Caspian Region (Geopolitika kaspiskogo regiona)* (Moscow: Mezhdunarodnye otnosheniia, 2003), 110.

²⁶ Dmitri Trenin, "Russia in the Caucasus: Reversing the Tide," *The Brown Journal of World Affairs* 15:2 (2009): 131–142.

²⁷ "The Other EU: Why Russia Backs the Eurasian Union," *The Economist*, 23 August 2014.

The Five-Day War of August 2008 seemed to re-establish Russia's position as a dominant regional power. Georgia's armed forces, unprepared for a conflict on the scale they were forced to confront, had no choice but to fall back on their capital, exposing large parts of the country to occupation. Significant Western assistance was not forthcoming.²⁸ Russia demonstrated the will to engage militarily when its interests were challenged, along with the capacity to do so successfully. The lack of a meaningful Western response seemed to indicate an asymmetry of interests that worked to Russia's advantage. Other fragile polities bordering on the Russian Federation could only be sensitized to their exposure and more ready to accommodate with Russia as a result. On 28 August 2009 Moscow unilaterally recognized the independence of the Republics of Abkhazia and South Ossetia, throwing down the gauntlet in what has been described as an act of "deferred punishment for the recognition of Kosovo by the U.S. and many EU states."²⁹

Russian military forces are now permanently stationed in both Abkhazia and South Ossetia together with Federal Security Service (FSB) personnel and the lines of division from Georgia are being reinforced. The enclaves are fully dependent upon Russia for economic investment and tourist revenues, transportation links, the issuance of (Russian) passports allowing for international travel and political support. Forward presence gives Russia significant leverage over events in the larger region. Perhaps most importantly, Georgian movement towards NATO has been derailed.

The setback encouraged "a steep and tangible loss of Western interest in Eastern Europe in general, and the South Caucasus in particular," which to some extent remains in place.³⁰ Russian sources interpret Georgia's "aggression" against South Ossetia as the product of the new Great Game, an inevitable consequence of "the programmed, direct expansion of the West into the geopolitical space of the former USSR."³¹ According to its own justifications, by intervening in Georgia Russia demonstrated its reemergence as an independent strategic actor prepared to defend its interests—at arms, if need be—wherever they might be challenged.

The longer-term consequences of the war do not appear to be quite so benign. Certainly Russia's tactical successes have not served to overcome the structural weaknesses that plague its attempt to craft and sustain an effective regional policy.

Russia's actions in August 2008 left it substantially isolated. Only a handful of states reciprocated the gesture of according the breakaway entities diplomatic recognition (Nauru, Nicaragua and Venezuela – offers of recognition by Tuvalu and Vanuatu were subsequently withdrawn). Of special note was the refusal to accord recognition by the

²⁸ Mike Bower, "The War in Georgia and the Western Response," *Central Asian Survey* 30:2 (2011): 197–211.

²⁹ Manfred Quiring, *Pulverfass Kaukasus: Konflikte am Rand des russischen Imperiums* (Bonn: Bundeszentrale für politische Bildung, 2009), 41.

³⁰ Svante E. Cornell, "The Caucasus in Limbo," *Current History* 110:738 (2011): 283.

³¹ V.A. Zakharov and A.G. Areshev, *Caucasus after 08.08.08: Old Players in the New Power Layout (Kavkaz posle 08.08.08: Starye igroki v novoi rasstanovke sil)* (Moscow: Kvadrila, 2010), 6.

member states of the Shanghai Cooperation Organization and Collective Security Treaty Organization, Russia's key multilateral Eurasian forums.

In October 2012 the Georgian Dream Coalition, founded and financed by the eccentric millionaire Bidzina Ivanishvili, defeated Saakashvili's United National Movement by a comfortable margin in a parliamentary contest. Giorgi Margvelashvili won the presidential election of October 2013 on behalf of Georgian Dream, an outcome driven in part by Saakashvili's presumed responsibility for the failure of Georgian operations in South Ossetia. In power, Georgian Dream has sought to normalize relations with Russia, renouncing the use of force to recoup its lost territories on behalf of a strategy of "engagement through cooperation."³² Economic exchange with the Russian Federation has been revived. But Tbilisi has neither acknowledged the legitimacy of the occupied territories, nor turned away from the desire to integrate with the West and eventually associate with the EU and NATO. Russian military deployments may be considered a deterrent to a renewal of hostilities, but they are regarded as threatening by Tbilisi, which has reconstructed its armed forces to greater strength and effectiveness than pre-war levels. Force modernization continues, including a move toward an all-professional army compatible with NATO standards.³³ Historically, Georgians were viewed by Russia as a sympathetic population. Today an atmosphere of alienation and enmity prevails that makes it difficult if not impossible for the Russian Federation to employ soft power resources in pursuit of national goals. This situation is not likely to change anytime soon.

Russia has used its status as defender of the breakaway enclaves involved in "frozen" conflicts in the South Caucasus (Abkhazia, South Ossetia and the Nagorno-Karabakh enclave disputed between Armenia and Azerbaijan) to prolong regional influence. Recognition of Abkhazia and South Ossetia has reduced tensions on one level by creating a *fait accompli*, but it also allows Moscow to hold the future geopolitical evolution of Georgia hostage.

The case of Nagorno-Karabakh is more ambiguous, and also more dangerous. Together with France and the U.S., Russia is a charter member of the Minsk Group, charged with mediating a peaceful resolution to the conflict. It is also an important arms supplier to both belligerents, and the biggest diplomatic supporter of Armenia, a primary party to the conflict. Armed clashes, sniping and ceasefire violations are frequent occurrences along the line of contact that surrounds Nagorno-Karabakh and the adjacent occupied territories. Both Armenia and Azerbaijan are engaged in costly military build-ups, and provocations on both sides provide an occasional *casus belli*. President Ilham Aliyev and other high-ranking Azerbaijani officials have repeatedly asserted that Azerbaijan reserves the prerogative to resort to force to resolve the dispute if diplomatic

³² Government of Georgia, *State Strategy on Occupied Territories: Engagement through Cooperation* (Tbilisi, January 2010).

³³ Giorgi Menabde, "Georgian Defense Minister Unveils Plans to Create Entirely Professional Army Compatible with NATO Forces," *Eurasian Daily Monitor* 10:7 (2013): 3.

options are exhausted.³⁴ Russia poses as a mediator pledged to a peaceful resolution of the conflict, most recently in August 2014 when Putin sponsored a face-to-face meeting between his Armenian and Azerbaijani counterparts Serzh Sargsyan and Aliyev in the Russian resort of Sochi following a major surge in fighting that took over forty lives.³⁵ Yet Russian interests do not necessarily encourage the aggressive promotion of conflict resolution. Writing in the *New York Times* in the wake of Russia's annexation of Crimea, a former advisor to Azerbaijan's state-run oil company characterized Nagorno-Karabakh as "the next front in Russia's efforts to rebuild its lost empire."³⁶ This may overstate, but there is no doubt that Moscow views the status of the Armenian enclave as a means to enhance its regional posture. To this end, the "frozen" status quo serves its purposes most effectively by perpetuating dependence and ensuring some degree of leverage over all regional actors, including Azerbaijan itself.

Russia's strongest base of support in the South Caucasus is its bilateral relationship with Armenia. The two states have significant historical and cultural ties, and their positions on most international issues are closely aligned. As long as Armenia feels threatened by Azerbaijan it will remain strategically dependent upon Moscow. This is reflected by Armenian membership in the Collective Security Treaty Organization, a robust bilateral security treaty, and a significant Russian military presence keyed to the 102nd Military Base located in Gyumri, Armenia's second-largest city. On several occasions Russian officials have hinted that if Azerbaijan opts to use military force against Armenia, Russia will intervene on its behalf.³⁷ Armenia is dependent upon Russian economic support, including trade and energy transfers at attractive prices. Russia has purchased controlling interest in large sectors of the national economy including railways, extractive industries, telecommunications and energy infrastructure. Given the extent of dependency, it is no surprise that in September 2014 Yerevan opted to refuse the EU's offer of an Association Agreement in favor of membership in the Russian sponsored Eurasian Economic Union.³⁸ Some analysts perceive an emerging strategic division in the Caucasus as a whole, with a Russia-Armenia-Iran axis juxtaposed against a Turkey-Georgia-Azerbaijan alternative, but this scenario almost certainly overstates the degree of coherence within the putative blocs. It is the bilateral relationship between Moscow and Yerevan that has real strategic weight.

³⁴ "Azerbaijan Never Ruled Out Military Settlement of Karabakh Conflict," *News from Azerbaijan*, 28 May 2013, available at <http://www.news.az/articles/official/80066>.

³⁵ Alexander Kolyandr, "Putin Mediates Talks between Armenia, Azerbaijan on Nagorno-Karabakh Conflict," *The Wall Street Journal*, 10 August 2014, available at www.wsj.com/articles/putin-mediates-talks-between-armenia-azerbaijan-on-nagorno-karabakh-conflict-1407686523.

³⁶ Brenda Shaffer, "Russia's Next Land Grab," *The New York Times*, 9 September 2014, available at http://www.nytimes.com/2014/09/10/opinion/russias-next-land-grab.html?_r=0.

³⁷ Iurii Belousov, "Russia's Southern Outpost (luzhnyi forpost Rossii)," *Krasnaia zvezda*, 10 October 2013.

³⁸ "Armenia Allowed in the Euroasian Union (Armeniiu vpustili v Evraziiskii soiuз)," *Novaia gazeta*, 1 September 2014.

Oil-rich Azerbaijan is the strongest and most populous state in the South Caucasus. Its relative wealth and special relationship with neighboring Turkey give it leeway to pursue a balanced and multi-vector foreign policy that includes stable relations with the Russian Federation. After the failure to renew the lease for Russia's early-warning radar facility at Gabala, Azerbaijan no longer hosts Russian military facilities. It has no significant Russian-controlled economic assets that could be used as a foundation for external influence. Although Baku exports natural gas to Russia, the momentum of its energy policy is toward the West. Commercial relations are growing, but Baku's economic interaction with the EU and Turkey is considerably more important. Though Russia's special relationship with Armenia is an irritant, Russia remains an important arms supplier, and in other ways the policies of the two countries are aligned. Moscow poses no challenge to Baku's authoritarian political tradition, as has been the case with the U.S. Azerbaijan is not threatened by Russia, and rather courted as a much-desired potential member of the Eurasian Economic Union. It is a courtship, however, that is unlikely to come to fruition. Azerbaijan's interests dictate a policy of strict non-alignment.

There is a sense in which relations between Russia and Azerbaijan reflect the large contradictions that plague Russian policy in the Caucasus as a whole. Russia is too weak economically to serve as a significant point of attraction, and certainly not as an alternative to engagement with the West. The case of Armenia, constrained by security dependency, is an exception. Russian soft power assets fail to impress – its social and political model is unattractive. Cultural convergence is in decline as the diverse people of the region reassert their distinctive identities. Despite Russia's long history as a part of the region, the words of General Aleksei Ermolov, expressed almost two hundred years ago, still contain a grain of truth – Russian policy in the Caucasus inevitably trips over the collision between “two completely different cultures.”³⁹ Russia can use armed force to pursue its interests against the background of local instability but the leverage that military power provides is limited. A restoration of hegemonic status is beyond its means. The Putin leadership will continue to cultivate regional influence, oftentimes as an end in itself, but there is a chronic risk, characteristic of Russian policy as a whole, of ending in a situation where “ambition is not matched by capability.”⁴⁰

A New Cold War?

Ukraine's “Maidan Revolution” of February 2014, and its violent aftermath, has exerted and will continue to exert considerable influence upon Russia's relations with the West and its policies in the Caucasus and Black and Caspian Sea regions. The conflict is far from resolved but its enduring impacts can already be discerned. All of them are disturbing, and some profoundly so.

³⁹ Aleksei Petrovich Ermolov, *Notes (Zapiski), 1798-1826* (Moscow: Vysshiaia Shkola, 1991), 384–385.

⁴⁰ James Nixey, *The Long Goodbye: Waning Russian Influence in the South Caucasus and Central Asia* (London: Chatham House Briefing Papers, June 2012).

The Putin leadership has been firm in the conviction that U.S. policy toward Russia is inveterately hostile. It describes the ousting of president Viktor Yanukovich as a U.S.-sponsored putsch designed to impose anti-Russian leadership on Kiev, committed to association with the West, including full membership in the NATO alliance, an outcome that the Kremlin has repeatedly described as unacceptable. Russia's responses, including the annexation of Crimea and support for a separatist movement in Eastern Ukraine, have confirmed to the U.S. and its allies that Putin is operating on the basis of a grand design to restore the lost empire or "Russian World" around an ideology imbued by traditional nationalism – an initiative that must be countered. Western economic sanctions, originally intended as a deterrent to further aggression, have become punitive in spirit, and if protracted will have the effect of reversing the trend toward Russia's economic integration with the world economy that has been one of the most promising dynamics of the entire post-Soviet period. Hostile rhetoric has encouraged enemy images that will be difficult to erase. The capacity to function cooperatively with the Russian Federation as a security partner in areas of shared mutual interests would seem to have been lost, perhaps irretrievably. Russia's initiatives in Ukraine have achieved some tactical advantages (securing its naval facilities in Sevastopol, expanding access to Black Sea resources, maintaining some leverage over Ukraine's future geopolitical orientation), but at very great cost. And the conflict is far from over – the worst may be yet to come.

In the Caucasus, fallout from the Ukrainian conflict will almost certainly strengthen the most uncooperative and belligerent dimensions of Russian policy. Hopes to promote a more cooperative relationship between Russia and NATO as a foundation for benign enlargement have been shattered. Moscow's dogged opposition to Georgia's association with the Alliance has been reinforced. Worst-case scenarios concerning the Kremlin's approach to the region's protracted conflicts may become self-fulfilling prophecies, while Moscow's conviction to "never reconcile itself to the thought that the Soviet Empire has been lost" has been reinforced.⁴¹ Under these circumstances the effort to build a real security community in the greater Caucasus and a context where priorities may be shifted toward the pressing challenges of modernization, development and cultural harmony will be put off to the Greek Calends.

The Caucasus remains a shatterbelt, where Russian interests are defined in such a way as to make them incompatible with the vision of the region's future that is dominant in the West. The Ukrainian conflict seems to be exaggerating the degree of incompatibility. Russia's ability to pursue its interests in the region is limited, but not insignificant. If the foundations for cooperation collapse altogether, against the background of continuing rivalry over Ukraine, it could become a most dangerous contender.

⁴¹ Cited from Eldar Ismailov and Vladimer Papava, *Rethinking Central Eurasia* (Washington, D.C.: The Johns Hopkins University Central Asia and Silk Road Institute, 2010), 10.

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