

CONNECTIONS

The Quarterly Journal

Volume XIV, Number 2

Spring 2015

Russia and the Caucasus.....	1
<i>R. Craig Nation</i>	
Norms versus Interests: The Ambiguous Nature of NATO's Democratic Conditionality in Armenia.....	13
<i>Shalva Dzebisashvili</i>	
The South Caucasus Between Russia and the West: How Pragmatic are the Stakeholders' Approaches?	37
<i>Gayane Novikova</i>	
Russia, the EU and the South Caucasus: Forging an Efficient Over-Arching Cooperative Regional Security Scheme	51
<i>Elkhan Nuriyev</i>	
Sailing the South Caucasus through Troubled Waters towards Regional Integration	65
<i>George Vlad Niculescu</i>	
Russia vs. EU/US through Georgia and Ukraine.....	77
<i>David Matsaberidze</i>	
Eurasian Economic Union and the Difficulties of Integration: The Case of South Ossetia and Abkhazia	87
<i>Elizaveta Egorova and Ivan Babin</i>	
Return to Babel: The Race to Integration in the Southern Caucasus.....	99
<i>Heidemaria Gürer</i>	

Russia, the EU and the South Caucasus: Forging an Efficient Over-Arching Cooperative Regional Security Scheme

Elkhan Nuriyev *

Introduction

Oddly enough, much of what is happening in the South Caucasus today resembles the turmoil of the pre-Soviet era and the inter-war period of the early twentieth century. As was the case then, Armenia, Azerbaijan and Georgia are again facing the daunting task of safeguarding their state sovereignty and protecting national security. The region's unique geostrategic position is now of crucial significance for the evolution of the twenty-first century world order. While competition for energy resources is a highly geopolitical issue, the rivalry over control and influence in the South Caucasus has become an ideological factor and acquired greater strategic importance for Russia and the EU.

The South Caucasus nations face the momentous choice between repeating the events of the early 1920s, when the Soviet Union was created, or those of the late 1940s, when the Marshall Plan was proposed. The return to past geopolitical models¹ has raised interesting, yet sensitive questions. Will the current and future circumstances of competition be like those of 1917–1920 or 1947–1949, merely with new content? Are Russia, the EU and the South Caucasus going to cooperate internationally in ventures that unite them in the reconstruction of a larger Europe, or will they fail that test?

What follows below is a detailed discussion analyzing the complex nature of EU-Russian policies towards their shared neighborhood as well as an examination of their impact on the current geopolitical landscape of the South Caucasus. It will also look into possible ways in which the EU, Russia and partner countries could devise new approaches to mutually beneficial cooperation by recognizing the interests of all parties involved.

* Dr. Elkhan Nuriyev, a former Director of the Center for Strategic Studies (SAM), Azerbaijan's first think-tank headquartered in Baku, is Humboldt Senior Fellow at the German Institute for International and Security Affairs in Berlin and a Global Energy Associate at the Brussels Energy Club (BREC). In previous years he held senior research associate positions at the George Washington University, the Monterey Institute of International Studies, the Woodrow Wilson International Center for Scholars, the Peace Research Institute in Frankfurt and the German Council on Foreign Relations in Berlin. He is the author of numerous publications on Russia, Caucasus, Central Asia and Eurasian affairs, including four books and monographs, 20 book chapters, 60 scholarly journal articles and over 400 opinion pieces in professional and popular media. The views expressed in this article are those of the author and do not necessarily represent the views of any organization.

¹ Mark Bassin and Konstantin E. Aksenov, "Mackinder and the Heartland Theory in Post-Soviet Geopolitical Discourse," *Geopolitics* 11:1 (2006): 99–118; see also Elkhan Nuriyev, *The South Caucasus at the Crossroads* (Berlin: LITI, 2007), 264.

Changed Geopolitics of the EU–Russia Shared Neighborhood

Clearly, the waves of eastern EU enlargements in 2004 and 2007, in addition to the expansion of the European Neighborhood Policy (ENP) and the 2009 Eastern Partnership program, have induced the EU to formulate explicit interests in the the Former Soviet Union (FSU) area. In particular, with the accession of Bulgaria and Romania to the EU in 2007, the same time in which the European Commission proposed the Black Sea Synergy initiative, the South Caucasus actually became a region of direct concern to the EU's security strategy.

In essence, the EU realized the importance of new incentives for closer economic and political relations with partner countries and their gradual integration into the EU economy. By offering a privileged relationship based on mutual commitment to common values, the EU opened a new chapter with an ambitious plan to broaden cooperation with its eastern neighbors. While trying to assume a greater regional role, increasing its strategic importance for the neighborhood,² the EU's integration policies are aimed at promoting regional interests driven by various aspects. Among the most important ones are good governance, rule of law, protracted social conflicts, energy security and the fight against organized crime.

In practice, through action plans and association agreements, the EU has expanded its power eastwards and sought to persuade the FSU neighbors to adopt reform measures that contribute towards fostering the stability and security of their countries, and hence the well-being of the EU itself.³ As a result, the “expansive logic” of EU integration with the purpose of acquiring reliable partners has produced the need to spread and promote European norms and values beyond the political borders of the Union.⁴ In doing so, Brussels does not promise its South Caucasian neighbors eventual membership but rather tries to make the region more predictable and controllable by creating a secure geopolitical buffer for itself.

There is, however, potential for tension with Russia in the eastern neighborhood. Right from the outset, Russia agreed to have a special status with the EU-Russia Common Spaces instead of participating in the ENP. However, Moscow accused Brussels of trying to carve out a new sphere of influence and on several occasions Russia has voiced concerns over the Eastern Partnership, seeing it as another attempt to extend the EU's power in the quest for energy resources. For this reason, the South Caucasus that repre-

² Council of the European Union, *Joint Declaration of the Prague Eastern Partnership Summit*, Prague, 7 May 2009, 8435/09 (Presse 78), 6.

³ Benita Ferrero-Waldner, “Eastern Partnership – An Ambitious Project for 21st Century European Foreign Policy,” Statement by European Commissioner for External Relations and European Neighborhood Policy on the Eastern Partnership, European External Action Service, Brussels, 20 February 2009; see also European Council, *Report on the Implementation of the European Security Strategy – Providing Security in a Changing World*, S407/08, Brussels, 11 December 2008.

⁴ James Headley, “Is Russia Out of Step with European Norms? Assessing Russia's Relationship to European Identity, Values and Norms Through the Issue of Self-Determination,” *Europe-Asia Studies* 64:3 (2012): 428.

sents the shared neighborhood for both Russia and the EU, has turned into a place of clashes of interest and power plays.

In response to the EU's extension of power over the common neighborhood, Moscow has begun to demonstrate its geopolitical vigor and frequently uses rigid methodology when safeguarding Russia's national interests. As Russian influence has tended to increase in the South Caucasus, present-day relations with the three countries not only preoccupy Moscow but also present all too many opportunities and challenges for stability and security in the region. Given the lack of political solutions to the protracted social conflicts, Russia's diplomatic efforts continue to be committed to the region. Despite many shared problems, Russia and the South Caucasus countries are ultimately condemned to coexist and cooperate if they want to survive and prosper as sovereign nations. Therefore Russia is bound to remain actively involved in the region in the coming years – a region it definitely regards as part of its privileged sphere of influence.

On the other hand, the overall context of EU–Russia relations strongly affects the foreign policy strategies of the eastern neighbors. The extent of the contact with the partner countries is evidence of the serious intent of Russia and the EU to engage with the South Caucasus nations. Even as the EU and the United States make every effort to prevent Russia from rebuilding the post-Soviet territory, the entire region is turning into a stage for power maneuvering, color revolutions, secessionist movements and bloody civil wars. Notwithstanding the wide range of initiatives, partnerships and action plans for the South Caucasus, the current regional situation remains unstable, fragile and insecure. While the EU is viewing democratic change as a crucial indicator of lasting peace and stability on its new borders, the Kremlin has perceived the promotion of democracy backed by the West as a real threat to Russia's leverage over the Commonwealth of Independent States (CIS) space. It should therefore come as no surprise that the EU's extension of power for security purposes has increasingly been met with Russian countermeasures.

Divergent Logic of Regional Reshaping

Since Vladimir Putin's return to the Russian presidency in March 2012, Russia's foreign policy has been motivated by major ideological concepts rather than traditional geopolitical considerations of territorial expansion. Above all, the most important are the concepts of "sovereign democracy,"⁵ "the Russian world" and "the great Russian civilization."⁶ Indeed, Russia's desire to re-establish its great power status has become a constant focus of the Kremlin's international behavior. President Putin has repeatedly reminded the West that Russia is a World War II winner and a nuclear superpower, mainly arguing that his country has a legitimate right to be recognized in its great capac-

⁵ Andrey S. Makarychev, "Russia's Search for International Identity Through the Sovereign Democracy Concept," *The International Spectator* 43:2 (2008): 49–62.

⁶ Igor Zevelev, "Russia's National Identity Transformation and New Foreign Policy Doctrine," *Russia in Global Affairs*, 7 June 2014, available at <http://eng.globalaffairs.ru/number/The-Russian-World-Boundaries-16707> (accessed 12 November 2014).

ity as an authority.⁷ According to Russian Foreign Minister Sergei Lavrov, “competition is becoming truly global and acquiring a civilizational dimension, that is, the subject of competition now includes values and development models.”⁸

In this context, the South Caucasus has been an area of East-West competition for more than twenty years. And it is precisely this fact that has put the whole region at risk in the absence of greater Western assertiveness. Even so, Russia and the EU have their own contradictory interests in the region. Out of increasing suspicions of Western presence in the South Caucasus-Caspian Basin, Russia is now trying to reinforce its influence in this part of the FSU area and has effectively begun to actively resist the EU’s perceived encroachments upon its backyard.

In a broader sense, regional strategies of Russia and the EU seriously differ from each other in terms of interests and approaches. This means that Moscow actually perceives the EU’s Eastern Partnership as a serious challenge to its traditional sphere of influence in the Southern Tier. The Kremlin has therefore developed a new model of economic integration—the Eurasian Union project—in an attempt to alter the status quo in the CIS territory in line with Russia’s national interests. Moscow has also formulated a strategically pragmatic regional approach that aims at restoring friendly relations with the countries of the region.

From a geopolitical standpoint, EU–Russian competition, often perceived as a battle along civilizational lines, is most likely a real but ever-more subtle contest of the opposing value systems and ideologies that represent different models promoted by Moscow and Brussels. Both the EU and Russian integration policies towards the region are built upon the vision that internal security challenges arise from outside their borders. In this way, the countries in question eventually turn into cornerstones of the principal players’ regional security strategies. For the most part, Russia regards closer integration with the EU as a geopolitical loss and, by the same token, a growing rapprochement with Russia is generally viewed as an attempt to restrain the EU’s leverage in the region. With this competing approach to integration, the EU and Russia seek to expand their power and protect their interests in the South Caucasus and beyond.

Seeing as the Eurasian Union and the Eastern Partnership are in direct competition with each other, the EU and Russia have indeed become locked into an integration trap—battle over who is most capable of attracting partner countries and on what terms. So far, the EU–Russian geopolitical contest has resulted in the failure of their integration policies towards the region. As a consequence, prospects for genuine cooperation between Moscow and Brussels are diminishing.

Clearly, the Eurasian Union project promoted by President Putin is connected with the Kremlin’s strong desire to create a single zone around Russia that shares economic

⁷ The annual special *Direct Line with Vladimir Putin*, Russia’s 1 TV Channel, 17 April 2014, the English translation is available at <http://eng.kremlin.ru/news/7034>.

⁸ Sergey Lavrov, “Russia and the World in the 21st Century,” *Russia in Global Affairs*, 9 August 2008, available at http://eng.globalaffairs.ru/number/n_11291 (accessed 12 November 2014); see also Andrey P. Tsygankov, “Russia in the Post-Modern World: The End of the Normalization Paradigm?” *Post-Soviet Affairs* 25:4 (2009): 347–369.

and security agreements. Moscow's sole goal is to secure Russia's privileged sphere of influence in the CIS territory. Given the impact of the unresolved conflicts on future developments in the South Caucasus, Moscow could make a concerted effort to exploit internal fault lines in order to serve as a major arbitrator in the peace process and to pursue its objectives using military force. To be sure, Russia's geopolitical interests challenge the EU's integration policies as this process creates dividing lines and could have broader geostrategic implications for Western democracies.

Internationally, the Kremlin advocates a philosophy suggesting that the EU should accept Russian-style *Realpolitik* and respect the Moscow-established rules of the game for the FSU area. The Kremlin has thus far taken what the British researcher, Roy Allison, calls a "protective integration" approach towards the former-Soviet countries of Eurasia.⁹ In addition to promoting strategic initiatives within the format of the Customs Union, the Collective Security Treaty Organization and the Shanghai Cooperation Organization, President Putin's Eurasian Union project is the newest, thoroughly thought-out plan and actual passionate manifestation of the protective integration logic.

Recognizing the region's geopolitical importance to European security, the EU, in turn, frequently talks about democracy when thinking of geopolitics.¹⁰ By doing so, the EU and the U.S. unwittingly help President Putin fulfill his CIS strategy. Brussels and Washington have not coordinated with each other to craft achievable policy goals, while Moscow moves closer to creating its own Eurasian security alliance that can compete with the EU and NATO.¹¹

All in all, both the EU and Russia try to bring the neighbor countries into their orbits, however the policies and means used by Brussels and Moscow to achieve this goal differ greatly. Such a complex reality highlights the existence of the two competing approaches to the reshaping of the region, which prolongs the cycle of instability but does not resolve security problems that could potentially spill over into Russia and the EU over time.

Russia's Strategic Goals and Interests

As the Kremlin strategists examine the real power situation in the international arena, the significance of the CIS or the so-called "near abroad" becomes abundantly clear to the Russian Federation. Moscow knows that the security of Russia is inextricably linked to political and economic developments in the CIS countries. In order to emerge as a great power, Russia concentrates on expanding strategic ties with the FSU neighbors.

⁹ Roy Allison, "Virtual Regionalism and Protective Integration in Central Asia," in *Eurasian Perspectives: In Search of Alternatives*, ed. Anita Sengupta and Suchandana Chatterjee (Kolkata: Shipra Publications, 2010), 29–48.

¹⁰ Kristi Raik, "Talking Democracy, Thinking Geopolitics: The EU's Eastern Partnership Policy Faces Difficult Choices," *FIIA Comment* 11 (Finnish Institute of International Affairs, 2011), 1.

¹¹ Elkhan Nuriyev, "How the West Helps Putin Fulfill His CIS Strategy," *The Moscow Times*, 6 April 2014, available at <http://www.themoscowtimes.com/opinion/article/how-the-west-helps-putin-fulfill-his-cis-strategy/497604.html>.

For that reason, the Kremlin's concept of geopolitical standing suggests Russia's special relationships with near abroad countries, whether their political systems are similar or different and whether they share geopolitical interests and problems or have none in common.¹²

Therefore the South Caucasus is the region of prime national interest to Russia. Russia has essential economic and security interests that are vital to Moscow, from the South Caucasus to the Caspian Sea and Central Asia. To be sure, Russia cannot simply shirk engagement in this area. As the August 2008 Russian-Georgian war vividly illustrated, and as the Nagorno-Karabakh peace process shows us today, Russian influence and engagement grow stronger. The Kremlin insists that the ex-Soviet republics not only retain but also strengthen security arrangements with Moscow. The main purpose of these arrangements is to make sure that the FSU states do not develop closer security relations with the EU, NATO and Western democracies.

Even a brief analysis of how Russia is responding to the changing strategic environment in its immediate region shows how threatened Moscow feels. In essence, Russian policymakers believe that the current wave of globalization and the process of westernization represent an obvious threat to Russia's national security.¹³ The very fact that the Western policies are backing economic goals pertaining to the Caspian region has already brought the EU into conflict with Russia's strategic interests. Added to this rivalry, the issues of pipeline routes, foreign policy tradeoffs and regional security tend to involve intense competition over who receives how much gas. Besides, with Russian military and political assertiveness growing in the South Caucasus and beyond, the Kremlin authorities seek to strengthen Russia's military potential through increases to the defense budget in the coming years.¹⁴ Likewise, there is much talk about the need to protect the country's frontiers and turn them into an impenetrable barrier against would-be adversaries of the Russian state.

Russia is certainly a powerful neighbor with genuine security concerns in the region and will remain so in the future. It is no surprise that the Kremlin wishes to restore the former Soviet Union with a new outlook that would not only gratify Russia's interests, but also those of the entire CIS area. As one Moscow-based policy analyst points out, it

¹² For a more detailed analysis of Russia's growing engagement in the post-Soviet territory, see Elkhan Nuriyev, "Motives and Incentives for Engagement – the Russian Perspective of a Eurasian Union," in *Building Confidence in the South Caucasus: Strengthening the EU's and NATO's Soft Security Initiatives*, ed. Ernst M. Felberbauer and Frédéric Labarre (Vienna: National Defense Academy, 2013), 59–68.

¹³ For more details on this issue, see Bertil Nygren, *The Rebuilding of Greater Russia: Putin's Foreign Policy towards the CIS Countries* (London and New York: Routledge, 2008); see also James Greene, "Russian Responses to NATO and EU Enlargement and Outreach," Chatham House Briefing Paper, June 2012, available at [http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia and Eurasia/ 0612bp_greene.pdf](http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/0612bp_greene.pdf).

¹⁴ Vladimir Putin, "Being Strong: National Security Guarantees for Russia," *The Huffington Post*, 22 February 2012. A longer version of this op-ed appeared in the Russian newspaper *Rossiiskaya Gazeta* on 20 February 2012.

is not imperial ambition that lies at the heart of this policy, but rather Russia's security needs, whereby the Russian policymaking process is defined by the best way to maintain security.¹⁵ This regional perspective best illustrates Russia's broad interests, of which President Putin's Eurasian Union is but one important part. Moscow makes decisions that advance the Russian agenda of geopolitical influence and economic cooperation. Strengthening security ties with the South Caucasus countries is a prerequisite for Russia's continued success in the twenty-first century. The Kremlin circles believe that now is not the time to be timid; now is the time for Russia to affirm its leadership and take steps in order to protect Russia's national interest in the region.¹⁶

However, the Kremlin strategists also understand that Russia needs to enhance its attractiveness as a center of integration and to demonstrate its potential for long-term stability at any cost. It remains to be seen, however, as to whether Russia's economic modernization will be implemented successfully and to what extent the country's internal reforms can boost the Eurasian Union's attractiveness for the South Caucasus nations. Thus, the next few years will prove decisive in the struggle to reshape the FSU area and integrate the CIS countries into the Eurasian Union.

Shortcomings and Weaknesses of EU Policy

Since the mid-1990s, the EU has increased its political and economic engagement with the countries of the South Caucasus. The politicization of EU actions actually started with the conclusion of Partnership and Cooperation Agreements with Armenia, Azerbaijan and Georgia in June 1999 in Luxembourg. Although the signing of the accords was formally seen as a qualitative breakthrough in EU relations with the South Caucasus, the actual role and impact of the EU remained insignificant. Just then, the EU also began to express its interest in developing commercial energy projects in the Caspian Basin, depending on regional security and the diversification of sources. The EU Member States recognized the geopolitical importance of the South Caucasus, thus viewing Azerbaijan, Georgia and Armenia as a strategic corridor linking southern Europe with Central Asia.

Likewise, the EU acknowledged the rich potential of the Caspian hydrocarbon resources and realized that oil and gas development projects could help secure and stabilize world energy supplies in the future. In fact, the EU has intensified relationships with the South Caucasus countries to access the Caspian Sea's energy deposits and decrease Europe's dependence on Russian energy imports. In so doing, the EU has concluded agreements on transnational projects that will provide the flow of substantial energy supplies from Azerbaijan and the Caspian Sea region to the EU.

Nevertheless, rapid improvements in EU–South Caucasus relations made in 2004 and 2009 were spurred by a series of new political breakthroughs such as the ENP and

¹⁵ Author's private conversation with a Russian political scientist who requested anonymity, Moscow, 16 October 2009.

¹⁶ Author's private conversation with a senior Russian official who requested anonymity, Moscow, 17 October 2009.

the Eastern Partnership initiative. Indeed, the EU strategy in the South Caucasus underwent an overall transformation from enlargement to regionalization. As such, the Eastern Partnership, designed to provide greater impetus for the EU's relations with the partner countries, was generally seen as a continuation of the ENP and was also meant to genuinely improve the EU's integration policies. However, from the very beginning the EU's engagement with the South Caucasus under the ENP was frequently criticized both in academic and political circles. Besides, since its adoption the Eastern Partnership has been called into question for being ineffective. Above all, the critics have argued that the EU lacks the ability to offer its eastern partners the full benefits of freedom, interaction and cooperation.¹⁷

Meanwhile, it is worth pointing to two major factors that have influenced the Eastern Partnership's policy expectations in the EU's eastern periphery. First, right from the outset the Eastern Partnership required strong support from the EU Member States that are still playing a key role in the formation of European policy towards the South Caucasus. While some of EU Member States have failed to take an active role, others simply lack strong vision when it comes to policy towards the EU's eastern countries. As a consequence, polarization within the EU between those that prefer to pursue a "Russia-first" policy and those that see it as the serious obstacle to the formation of an effective strategy towards the eastern neighborhood has actually impeded a reorientation of the EU's integration policy in the South Caucasus.

Second, the expectations of the partner countries regarding the Eastern Partnership differ not only from that of the EU Member States, but also from each other's. They do not share the same situations, resources or weaknesses. For that reason, the EU has sought to find appropriate ways of responding to the heterogeneity of the eastern partner nations, which are characterized by different degrees of interest in EU integration. Due to its new instruments, such as action plans and association agreements, the Eastern Partnership has certainly developed a new level of strategic cooperation between the EU and South Caucasus, thus adding value to the ENP. The key question raised, however, was whether both the EU and the partner countries would succeed in committing themselves to meeting the Eastern Partnership's policy goals in the years to come.

On the other hand, the EU has used Russian geopolitical assertiveness as a justification to play a greater role in the region on several occasions. The signing of the various action plans and the negotiations on association agreements actually helped advance the EU's political and economic interests in the shared neighborhood. Yet the EU could not act coherently as a single state actor in developing a strategic vision for the South Caucasus. This failure has limited the EU's influence and enabled Russia to increase its leverage over the partner countries. Besides, Russia's strong military presence in the conflict-torn areas has complicated the EU's strategic thinking on the South Caucasus. In recent years, EU strategy towards the region has therefore been dominated mainly by considerations of how European policies will affect the EU-Russian relations.

¹⁷ George Christou, "European Union Security Logics to the East: the European Neighborhood Policy and the Eastern Partnership," *European Security* 19:3 (2010): 413–430.

In addition, none of the EU Member States that are engaged in the regional geopolitics at a high level are able to independently exert significant influence on the neighborhood countries. If these Western European democracies would act in concert, the EU could probably be one of the major players in the South Caucasus and could even become the most influential power in the middle to long-term. However, the incapability of the European powers to shape a common and well-integrated policy for the South Caucasus has prevented them from reaching their full potential. The EU's political ineptitude has helped Russia's skillful diplomacy to consolidate its geopolitical standing in the region; the vacuum left by Brussels was immediately filled by Moscow.

Even though the South Caucasus is on the periphery of Europe geographically, the processes currently underway are by no means peripheral to European security and stability or to the security interests of the EU Member States. While the FSU countries grapple with their choices in the rapidly changing regional geopolitics, the EU has been slow to make the three countries a focus of its foreign policy. Given the recent deterioration of the regional security environment, the EU has mostly preferred to hold back and take a wait-and-see approach. The EU Member States have thus far lacked solidarity and the ability to defend their rights, their interests and their values. This means that Brussels is reluctant to stand up to Russia both geopolitically and geo-economically.

Still, one should acknowledge the vital role the EU has played in building up economic and political relations with the states of the South Caucasus. The EU has sought to engage more strategically in cooperation with the three nations, mostly with a view to their deeper integration with the European community. By doing so, the EU has contributed towards bringing these states closer to a wider EU-centered order of democracy, integration and prosperity. The EU has, however, declined to be a relevant security actor since Brussels primarily seeks to defuse tensions with Moscow, which has always been suspicious of the western encroachments. As a result, the EU and Russia have been unprepared to play a sort of geopolitical zero-sum game, in which one side loses what other wins. This has ultimately harmed the interests of the South Caucasus neighbors more than it has helped them.

Understanding the Choices of the Partner Countries

Despite many shared problems, the three countries of the South Caucasus are developing differently and pursuing separate political agendas. Although it is not yet clear whether they will be successful in developing democratic polities in the near future, the Eastern Partnership represents an important means of drawing attention to the eastern neighbors and offers more cooperation and political support in return for genuinely transformational reforms. As such, the Eastern Partnership's success hinges on whether the partner countries are willing to make greater use of regional cooperation in order to become closer to EU norms and standards.

However, the lack of conflict settlement and the absence of peace bring considerable risk of instability to the EU's borders. While the EU tries to promote stability, democracy and prosperity in the South Caucasus, different security perceptions of the eastern neighbors continue to be key obstacles in forging closer relations with the EU and with

each other in the interest of a stable reshaping on the region. The three countries' varying orientations make economic cooperation less straightforward and undermine regional integration, negatively affecting the relations of the EU with its eastern neighbors. While small countries seek greater stability, their national security concerns differ greatly from one another.

Evidently, regional security issues plague the South Caucasus. Russia's military presence in Abkhazia and South Ossetia is perceived in Tbilisi as the most serious threat to Georgia's national sovereignty. The continuing military standoff around Nagorno-Karabakh is challenging the national security of both Armenia and Azerbaijan, especially because Moscow plays both sides, maintaining a military base in Yerevan but also selling Baku billions of dollars worth of weapons. Under such complex circumstances, Russia has pressured the leaderships of the three countries to join the Eurasian Union as Moscow is gravely concerned about their strong alignment with the EU. Indeed, economics and politics in these states are in many ways determined by their relationship to Russia and vice versa. This means that the Russian factor remains considerable in the foreign policy strategies of the FSU nations. As a consequence, they see constant cooperation with Russia as the best solution, though they also develop relations with the EU both bilaterally and multilaterally.

Even so, the South Caucasus countries face increased vulnerability due to disputes in strategic relations between the EU and Russia as well as geopolitical tensions in greater world affairs. Local decision makers seem to understand that neither Russia nor the EU has a real desire to pursue cooperative policies towards the shared neighborhood. There came a difficult time for the leaders when they realized that Russia and the EU had chosen competition over cooperation in the South Caucasus-Caspian Basin. At the decisive moment, each of them announced their respective choices.

Clearly, Armenia withdrew from its negotiations with the EU, turning towards Russia instead. This was a predictable move from the outset because Yerevan has long been seen as Moscow's traditional ally and has always fully relied on Russian military and security assistance. In turn, Azerbaijan's non-membership in the World Trade Organization makes the country ineligible for the Deep and Comprehensive Free Trade Agreement. Baku has remained reluctant in terms of stepping onto the integration path with the EU and instead focused on the issue of visas. However, Azerbaijan's choice is likely to continue with a perilous balancing act that allows Baku to stay away from the Eurasian Union and manipulate EU energy interests in the region. Finally Georgia, the only country with a pro-EU government, has long strived to meet EU criteria. Tbilisi first initiated the Association Agreement during the Vilnius Eastern Partnership summit in November 2013 and formally signed it along with a far-reaching trade partnership deal in Brussels on 27 June 2014. Yet Georgia's Russian dream remains unfulfilled, despite Tbilisi's eagerness to mend relations with the large neighbor in the region. The EU looks unconcerned about Georgia's new Russian course, which means that Tbilisi's policy rethink has most likely been approved by Brussels.

Consequently, these different choices mean the three eastern partners are much more diverse in terms of their geopolitical ambitions to expand relations with the EU. Presu-

mably, the EU's integration strategies simply do not work without clear membership prospects for the eastern neighbors. Brussels should find new ways of devising a more realistic, coherent and articulated policy so as to better fit into the modern geopolitical motivations of the South Caucasus. The Ukraine crisis has broken the status quo in the eastern neighborhood and the repercussions are now rapidly unfolding. Therefore, the next chapter of the FSU states is still being written and there is much work to do before long-term stability and lasting peace become firmly rooted in the South Caucasus.

The Way Forward: Cooperation Trumps Confrontation

Given the continuing EU-Russian rivalry over alternative energy projects, no one can accurately predict the outcome of the zero-sum game in the South Caucasus-Caspian Basin. Much will depend on the evolution of Russia and the ultimate direction the countries of the South Caucasus and other FSU states will choose. However, the process of reshaping a region can take on different forms and there are two main scenarios for the future.

The most likely scenario is increased competition for resources and influence in the region, which currently seems inevitable because EU Member States are striving to reduce their deep dependency on Russian gas. Intense geopolitical contest will negatively affect EU-Russian energy relations and could lead to significantly greater distance between Brussels and Moscow. For the South Caucasus countries, this scenario means that they will increasingly be caught in between Russia and the EU, trying to find a way to meet both sets of needs and to avoid being a battle ground for Moscow and Brussels. It is clear that Russia and the EU are now fighting the regional security issues instead of deciding them.

Nevertheless, there may also be a cooperation scenario, albeit less realistic at the moment. This could still come to pass if Moscow and Brussels demonstrate the political will to engage in better dialogue. Economic incentives, trade interests and joint responses to new security challenges could push both sides to think strategically and settle the two integration schemes in their shared neighborhood. Without a doubt, reconciliation would not be a simple process. It would take a long time and is essential not only to Russia and the EU, but also to the future of the FSU countries and the rest of the world. In order to better coordinate their integration policies, Russia and the EU need to actively develop an economic and political basis for reconciliation through constructive interaction between the Eurasian Union and the EU.

The economic component could be the EU's greater interest to commence a dialogue on a free-trade zone with the Eurasian Union.¹⁸ Such a special, free economic zone

¹⁸ Establishing a free-trade zone with the EU is fully compatible with the existing status of relations between Russia and other post-Soviet states currently governed by a CIS free trade area. According to the CIS Free Trade Area Treaty, "the current agreement shall not prevent the Parties from participating in customs unions, other free trade or cross-border trade agreements, provided they comply with WTO rules" (author's translation from Russian). See Article 18.1

would certainly not resolve the regional security problems, but it could induce Russia and the EU to pursue cooperative engagement in the South Caucasus and strengthen economic integration with the partner countries.

At the same time, the EU needs to formulate an integrated energy policy on the basis of a new comprehensive vision. Creating a kind of new format of multilateral dialogue between the EU and the five Caspian littoral states (Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan) would probably make it possible to find common ground and to remove differences on important strategic issues in relation to constructing a pipeline across the bottom of the Caspian Sea.¹⁹ Hence, the establishment of an EU-Caspian multilateral energy framework, in which Russia's participation is key, could be a starting point for decreasing competition over resources in the South Caucasus, Central Asia and the Caspian Sea region.

On the other hand, the political component of reconciliation between Russia and the EU could be developed through a new model for cooperative security. It is extremely important that Russia and the western powers understand that the Europe of the twenty-first century should be free of both new and old dividing lines. Forging a more efficient overarching cooperative security model based on relations of genuine and profound partnership is a concrete means of reaching that goal. Moscow and Brussels should explore new complementary forms for managing regional crises. This would strengthen their relationship much beyond where it is today and help them take fairly bold action to rectify the current security situation in the South Caucasus. Much has to do with consolidating the diplomacy of the OSCE Minsk Group even further by giving it a stronger political element. This could be accomplished by merging the OSCE Minsk Group and the EU. Whatever happens in the near future, the challenge of devising a coherent strategy focusing on an integrated, coordinated approach that recognizes the shared interests of Russia, the EU and the South Caucasus countries still remains unresolved.

Conclusion

Evidently, Russia and the EU's security cannot be guaranteed as long as both remain isolated from each other. Statesmen in Moscow and Brussels do not need to relearn the painful lesson that isolationism is a road to disaster. Although the voices of division remain strong, the new environment in which Russia and the EU find themselves harbors a variety of security challenges. Nevertheless, those challenges may indeed be transformed into opportunities if Russia and the EU can opt for responsible and decisive action.

The EU, Russia and the South Caucasus are entering into a period that is likely to bring even greater change than they have seen in the past twenty years. There are urgent

of the CIS Free Trade Area Treaty, available in Russian at <http://www.e-cis.info/page.php?id=20062>.

¹⁹ See Elkhan Nuriyev's comments as reported in the media, "Geopolitical Risks Make TAPI Project Practically Impossible," *Trend News Agency*, 29 October 2014, available at <http://en.trend.az/business/economy/2327584.html>.

demands for innovative models of cooperation for new problems lurking on the horizon. The greatest challenge Russia and the EU should encounter in their shared neighborhood would be designing and implementing a concrete peace plan for the South Caucasus. Solving the problem of reshaping the region requires sustained commitment on the part of both Russian and European leaders.

Bibliography

Allison, Roy. "Virtual Regionalism and Protective Integration in Central Asia." In *Eurasian Perspectives: In Search of Alternatives*, 29-48. Kolkata: Shipra Publications, 2010.

Author's private conversation with a Russian political scientist who requested anonymity. Moscow, 2009.

Bassin, Mark, and Konstantin E. Aksenov. "Mackinder and the Heartland Theory in Post-Soviet Geopolitical Discourse." *Geopolitics* 11, no. 1 (2006): 99-118.

Christou, George. "European Union Security Logics to the East: the European Neighborhood Policy and the Eastern Partnership." *European Security* 19, no. 3 (2010): 413-430.

CIS Free Trade Area Treaty., 2014.

Direct Line with Vladimir Putin. Russia's 1 TV Channel, 2014.

Greene, James. *Russian Responses to NATO and EU Enlargement and Outreach In Chatham House Briefing Paper.*, 2012.

Headley, James. "Is Russia Out of Step with European Norms? Assessing Russia's Relationship to European Identity, Values and Norms Through the Issue of Self-Determination." *Europe-Asia Studies* 64, no. 3 (2012): 428.

Joint Declaration of the Prague Eastern Partnership Summit. Prague: Council of the European Union, 2009.

Lavrov, Sergey. "Russia and the World in the 21st Century." *Russia in Global Affairs* (2008).

Makarychev, Andrey S.. "Russia's Search for International Identity Through the Sovereign Democracy Concept." *The International Spectator* 43, no. 2 (2008): 49-62.

Nuriyev, Elkhan. "How the West Helps Putin Fulfill His CIS Strategy." *The Moscow Times* (2014).

Nuriyev, Elkhan. "Motives and Incentives for Engagement – the Russian Perspective of a Eurasian Union." In *Building Confidence in the South Caucasus: Strengthening the EU's and NATO's Soft Security Initiatives*, 59-68. Vienna: National Defense Academy, 2013.

Nuriyev, Elkhan. *Geopolitical Risks Make TAPI Project Practically Impossible.* Trend News Agency, 2014.

Nuriyev, Elkhan. *The South Caucasus at the Crossroads.* Berlin: LITI, 2007.

Nygren, Bertil. *The Rebuilding of Greater Russia: Putin's Foreign Policy towards the CIS Countries.* London and New York: Routledge, 2008.

Putin, Vladimir. "Being Strong: National Security Guarantees for Russia." The Huffington Post (2012).

Raik, Kristi. Talking Democracy, Thinking Geopolitics: The EU's Eastern Partnership Policy Faces Difficult Choices In FIIA Comment. Finnish Institute of International Affairs, 2011.

Report on the Implementation of the European Security Strategy – Providing Security in a Changing World. Brussels: European Council, 2008.

Tsygankov, Andrey P.. "Russia in the Post-Modern World: The End of the Normalization Paradigm?" Post-Soviet Affairs 25, no. 4 (2009): 347-369.

Zevelev, Igor. "Russia's National Identity Transformation and New Foreign Policy Doctrine." Russia in Global Affairs (2014).