

Tigran Mkrtchyan, Tabib Huseynov and Kakha Gogolashvili

# The European Union and the South Caucasus

Three Perspectives on the Future of the European Project  
from the Caucasus

Europe in Dialogue 2009 | 01



## Europe in Dialogue

The Europeans can be proud as they look back on fifty years of peaceful integration. Nowadays many people in the world see the European Union as a model of how states and their citizens can work together in peace and in freedom. However, this achievement does not automatically mean that the EU has the ability to deal with the problems of the future in a rapidly changing world. For this reason the European Union needs to keep developing its unity in diversity in a dynamic way, be it with regard to energy issues, the euro, climate change or new types of conflict. Self-assertion and solidarity are the fundamental concepts which will shape the forthcoming discourse.

“Europe in Dialogue” wishes to make a contribution to this open debate. The analyses in this series subject political concepts, processes and institutions to critical scrutiny and suggest ways of reforming internal and external European policymaking so that it is fit for the future. However, “Europe in Dialogue” is not merely trying to encourage an intra-European debate, and makes a point of including authors from non-EU states. Looking at an issue from a different angle or from a distance often helps to facilitate the crucial change of perspective which in turn makes it possible to continue to develop Europe in a meaningful way and to engage in a critical and yet courteous discourse with other civilizations and continents.

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## **The European Union and the South Caucasus**

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European Project from the Caucasus**

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## How to use this book

Dear Reader,

You have just picked up and opened the first volume of the Europe in Dialogue series. Europe in Dialogue seeks to enliven the debate about the future of the European project by providing a forum in which creative approaches can make themselves heard.

In this volume we are adding to the current debate about the future shape of relations between the EU and its eastern neighbours by publishing three policy papers which evaluate the EU and its policies from the vantage point of the South Caucasus.

We have invited three analysts from the South Caucasus to contribute a personal analysis of the current relationship between the EU and Armenia, Azerbaijan and Georgia, and to give policy recommendations for what should be done within the framework of the European Neighbourhood Policy (ENP) and the recently established Eastern Partnership (EaP).

Tigran Mkrtchyan is a political analyst who lives and works in Yerevan. Tabib Huseynov is one of the leading Azerbaijani political analysts of the younger generation. He works for the International Crisis Group in Baku and Tbilisi. Kakha Gogolashvili supervises EU studies at the Georgian Foundation for Strategic and International Studies in Tbilisi.

Mkrtchyan, Huseynov and Gogolashvili present critical and very candid accounts which examine not only European policymaking, but also the factors which determine the various

national policies. On this basis they make some straightforward recommendations.

The contributions by Mkrtchyan, Huseynov and Gogolashvili are preceded by an executive summary and our preface which places the essays in the context of the current debate on the nature of the EU's relations with its eastern neighbours.

The debate about the EU's relations with its eastern neighbours continues unabated. For this reason at the end of this volume we have included an annotated selection of current analyses and position papers prepared by think tanks and NGOs on the relations between the EU and its eastern neighbours.

The views expressed in the articles of this book express the views of the authors.

*The Editors, Europe in Dialogue*

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## **Executive Summary**

### ***Armenia and the EU***

Tigran Mkrtchyan singles out three main factors that determine Armenia's rather positive attitude to and interest in EU policies in the Caucasus region. Firstly, further cooperation with the EU could guarantee a democratically stable future for the country. Secondly, Armenia would benefit from increased economic cooperation with the EU. Thirdly, to a large extent the population feels that it belongs to Europe. However, some critics, mostly from the ranks of the intelligentsia, have expressed concern that too much Europeanization constitutes a threat to national identity.

Despite the auspicious beginnings, several conflicts threaten to impede regional cooperation in general and cooperation between Armenia and the EU in particular. These conflicts include the one between Armenia and Azerbaijan, long-standing tensions between Armenia and Turkey, and the recent Russo-Georgian war. Furthermore, the slow internal democratization process is holding up more courageous regional projects. Finally, Armenia's political and economic dependence on Russia hampers its ability to fully participate in regional projects. Mkrtchyan makes suggestions how the EU could gain a more active role in order to support Armenia's transformation.

### ***Azerbaijan and the EU***

Tabib Huseynov agrees with Mkrtchyan in calling for a more active EU role in the region and most notably in the resolution of the Nagorno-Karabakh conflict. This would lay the foundations for the ongoing development of the region.



Huseynov outlines factors contributing to or impeding regional cooperation in the South Caucasus and cooperation between the EU and Azerbaijan. Whereas Georgia and Armenia are seeking EU membership in the long term and financial assistance in some areas, Azerbaijan remains financially independent on account of its oil revenues and is not interested in EU membership in the near future. It is far more interested in increased economic and trade cooperation.

Since the beginning of the 1990s the basis for Azerbaijani EU policy has changed dramatically. After attaining financial independence and having consolidated their power, the elites gradually toned down their pro-Western rhetoric that had once served to counter Russian influence in the country. Since it does not wish to antagonize Russia, the Azerbaijani government pursues a balanced foreign policy strategy. While it is economically important for Azerbaijan, the EU occupies only a secondary position in the minds of the elite because of its inability to speak with one voice and to guarantee security in the region.

Nevertheless, the EU receives support from a relative majority of the population. Thus Huseynov asserts that the extent to which European initiatives in the country and region can succeed will depend on the EU's ability to offer attractive incentives in the main policy areas of conflict resolution, energy issues and the promotion of democracy.

Huseynov argues that the EU should adopt an even-handed and multi-speed approach to its eastern partners. Such an approach would encourage healthy rivalry between the countries of the region.

### ***Georgia and the EU***

Kakha Gogolashvili, Director of EU Studies at the Georgian Foundation for Strategic and International Studies (GFSIS), describes the level of acceptance for EU policies in Georgia. To a large extent the general goals of Georgian policy-makers are aligned with those of the EU, and this facilitates cooperation in implementing reforms in the country.

Although the Black Sea Synergy and Eastern Partnership represent positive developments in EU-Caucasian relations, Gogolashvili calls into question whether the EU will succeed in carrying out a non-discriminatory and transparent energy security policy without an escalating diplomatic conflict with Russia. The EU would be well advised to promote forums in which Black Sea littoral states that are gravitating toward the EU can discuss related problems amongst themselves.

The recurrent confrontation between Russia and NATO in the region could deter the EU from expanding its activities in the area. Furthermore, the global financial crisis may affect regional cooperation projects on account of a lack of resources, by diminishing the credibility of some of the states involved and by encouraging the emergence of isolationist policies in others. According to Gogolashvili, only a more active role will improve the EU's image in the Caucasus and increase acceptance of European state-building models.

## **Preface**

*Armando García Schmidt*

The EU has always been concerned to impart clarity to its dealings with its neighbours. However, it is faced with a dilemma, since it can no longer or perhaps does not even wish to resort to enforcing discipline by means of the tempting prospect of EU membership. At the same time the challenges are getting bigger, for the EU would like to be surrounded not only by a ring of stable and friendly states.

There is growing pressure to do justice to the normative demands of the European project. But how can the ideas of democracy, juridification of relations between neighbouring states and the wish for increasingly close cross-border links between states and their inhabitants be applied to such a diverse neighbourhood? And geostrategic questions are becoming more volatile on a daily basis. How can energy supply lines be made secure? How does one deal with violent conflicts within and between states which happen to be in the immediate vicinity? How does one deal with Russia's self-confident and aggressive belief that it has the right to tell others what to do, which did not first become apparent at the time of the war in Georgia in August 2008?

### ***Strategic positioning of neighbourhood policy***

Whether or not the European project can assert itself depends primarily on the strategic positioning of its neighbourhood policy. The last five years have seen a dramatic increase in the number of publications and European concepts on how to deal with the

EU's neighbourhood. However, the actors were slow to understand the significance of the South Caucasus. In 2003, when the EU launched its European Neighbourhood Policy (ENP), the South Caucasus was initially not even included. This reflects "not only the geographical, but also the mental distance separating the region from EU policymakers", explains Tabib Huseynov, who has written one of the essays in this volume.

There is an inverse relationship between this mental distance and the importance of the region for Europe, and the demands made by Armenia, Azerbaijan and Georgia. However, the EU has progressively increased the level of involvement in its eastern neighbourhood, including the South Caucasus, by establishing new bilateral and multilateral cooperation frameworks. This can be seen in the Union's increased engagement within the ENP, the Black Sea Synergy (BSS) and the newly established Eastern Partnership (EaP). The EU is also seeking a more active role in the resolution of regional conflicts, as can be seen from its September 2008 decision to send a mission to Georgia.

And yet the observers from the region reach rather critical conclusions. Huseynov, for example, says: "The success of these initiatives has yet to be seen, given that they do not yet constitute a coherent policy. Rather, they represent a product of ongoing reflection on the nature of EU involvement, and thus serve as building blocks of an emerging EU vision for the region." It remains to be seen, in the final analysis, whether or not the EaP is a tool which can actually create a clearer vision of the relations between the EU and the states of the South Caucasus. At any rate, a symbolic start was made in Prague on May 7.

### ***Assessment of EU's policy toward the South Caucasus***

One thing is certain. The EU's increased interest in the South Caucasus makes it necessary to critically reassess its policies in the region and clarify the contours of future engagement. The critical assessment is supplied by the three authors of this volume. Tigran Mkrtchyan, the European Stability Initiative (ESI) Research Analyst in Armenia, Tabib Huseynov, one of Azerbaijan's leading young political analysts working for the International Crisis Group (ICG), and Kakha Gogolashvili, Director of EU Studies at the Georgian Foundation for Strategic and International Studies (GFSIS), have taken a close look at the relations between Armenia, Azerbaijan and Georgia and the EU.

The three countries are in many ways comparable, but there are many conditions leading to very different developments. Mkrtchyan, Huseynov and Gogolashvili draw a vivid and differentiated picture of the prevailing perceptions, fears and strategic interests of the three countries in the South Caucasus.

Their recommendations are rather similar, since they believe that the EU should enhance its involvement and presence in the South Caucasus. The populations in all three countries see themselves as part of the family of European nations. And all three states are of the opinion that the EU can act as a motor for their transformation processes and economic development.

### ***A more active role of the EU is needed***

The analysts make some very specific suggestions, including an enhancement of the role of the EU in the efforts to resolve the existing conflicts in the region. All three know only too well that the EU cannot and does not wish to be a guarantor of security in the

region. But it should stop the rhetorical ambiguities with regard to the Nagorno-Karabakh conflict and take a clear stance with regard to the conflict between Russia and Georgia. The authors are aware of the fact that the EU cannot pursue a policy that is in opposition to Russia. “By demonstrating the ‘power of soft power’ the EU should by no means attempt any ‘isolation’ of Russia in the region,” warns Mkrtchyan. “Any such attempt would fatally fail the progressive development of the countries of the region”.

By taking on a more active role in the region, explains Gogolashvili, “the EU will not only improve its image there but ease a wider acceptance of the values and models of state-building that the EU tends to promote throughout its neighbourhood”. All authors agree that the EU should retain its regional approach, providing equal integration opportunities to all aspiring partners. And it should apply the same criteria in assessing their progress. However, suggest Huseynov, “the EU should employ a more evident multi-speed strategy in its dealings with the eastern partners”. Such an “equal opportunity, multi-speed” approach would serve to maximize the EU’s soft power and would allow for a positive rivalry, explains the analyst from Baku.

All three authors thus place their hopes in the EaP. “With its emphases on deeper bilateral and multilateral cooperation frameworks the EaP would become the most ambitious EU program implemented in the region”, writes Mkrtchyan. But, as Huseynov writes, the success of the initiative has yet to be seen. It is one step more, hopefully in the right direction.

But Europe is still in need of a coherent policy towards the South Caucasus and its other eastern neighbours – this is the core message of the three policy papers.

## **Armenia's European Future**

*Tigran Mkrtchyan*

### **I. Armenia's interests in EU policies**

Since Armenia's independence in 1991, three factors have driven the country into a policy orientation toward Europe. First, with the successful completion of the European Union's enlargement rounds and Europe's relatively long political stability and economic growth, Armenian political elites have thought and occasionally stated that EU involvement in the region, along with close relations with the EU, could serve as a guarantee for a democratic and secure future. Every year, Armenia's foreign minister states in his annual January briefings that a European orientation represents a top priority for Armenia's foreign policy. Successive Armenian presidents have publicly agreed (Noyan Tapan 2003).

#### ***Guarantee for democracy and security***

After its independence in 1991, Armenia heavily got involved in bilateral and multilateral projects with the EU through TACIS National Programme, EU support to Armenia in institutional, legal and administrative reforms, EU support in addressing social consequences of transition, regional programs (e.g. SME investment support, INOGATE, TRACECA, etc.), Food security programme, macro-financial assistance, EIDHR, Partnership and Cooperation Agreement (PCA), and European Neighbourhood Policy. Armenia is also open to inputs from the newly created Eastern Partnership.



Armenia signed its PCA with the European Union in 1996. Three years later, in 1999, this agreement came into force, and has remained the fundamental contractual basis of EU-Armenian relations. In 2001, Armenia became a member of the Council of Europe. Through the European Neighbourhood Action Plan with Armenia, published on March 2, 2005, Armenia was invited “to enter into intensified political, security, economic and cultural relations with the European Union, enhanced regional and cross-border co-operation and shared responsibility in conflict prevention and conflict resolution” (Armenia Foreign Ministry 2005). The ENP Action Plan specifies eight high-priority areas for cooperation between Armenia and the European Union, of which only the seventh and eighth concern regional relations and conflict resolution. The others focus on (1) democratic structures, the rule of law, judicial reforms and combating corruption, (2) respect for human rights and fundamental freedoms, (3) economic development and poverty reduction issues, environmental protection, (4) improvement of investment climate, (5) the convergence of economic legislation and administrative practices, and (6) the development of energy strategy.

The internal development of Armenia in accordance with a democratic and free-market spirit is therefore considered to be the cornerstone of the ENP Action Plan. It is little wonder that Tigran Torosyan, the former speaker of the Armenian parliament, would confirm that “European integration touches not only upon the foreign relations of the country, but the internal development as well” (Torosyan 2007 and 2008: 19) The ENP is seen by the Armenian Ministry of Foreign Affairs as a “useful anchor for reforms” (Economist Intelligence Unit 2006: 17).

### ***Economic relations***

The second factor characterizing Armenian interests in regional EU involvement relates primarily to economic matters. Since 2003, EU countries have been major export destinations for Armenian products. EU products have been extensively imported into Armenia as well. Thus, Europe has become a major economic partner for Armenia. For example, in 2003 Belgium (accounting for 18.1 percent of Armenian exports), the United Kingdom (6.2 percent) and Germany (6.5 percent) were three leading destinations for Armenian products, with Belgium taking a larger share even than Russia (13.8 percent). In 2004, Belgium was again Armenia's leading export destination (14.9 percent), with Germany being the third-biggest destination (11.5 percent). Both countries that year exceeded Russia as an export market (10.8 percent). However, Russia remained the largest source of imported goods, accounting for a 13.9 percent share of Armenia's imports, followed by Belgium (7.6 percent).

In 2005, exports from Armenia into European countries increased, with Germany (15.6 percent), Netherlands (13.7 percent) and Belgium (12.8 percent) proving to be the top three destinations. Belgium (8.0 percent) and Germany (7.8 percent) accounted for the country's second- and the third-largest share of imports, following Russia (13.5 percent). In 2006, Germany (15.0 percent), Netherlands (12.9 percent), Russia (12.3 percent) and Belgium (11.0 percent) were still the leading destinations for Armenian exports.

In 2006, the European Union as a whole accounted for a 54.4 percent share of Armenia's exports, while 34.6 percent of Armenian imports originated in EU member states (Statistical

Yearbook of Armenia 2007). In 2007, Armenian export to the EU reached 563 million US Dollar (compared to 355 million US Dollar exports to the CIS countries (including Russia)), and the cost of the imports to Armenia from the EU countries reached US Dollar 1.135.330 (again exceeding the total of CIS (inc. Russia) imports reaching 1.078.699 US Dollar) (Statistical Yearbook of Armenia 2008).

Hence, the EU has become the major trade partner for Armenia. That trade and economic interests have helped drive Armenia's interests in regional EU policies is verified by the words of ex-Deputy Foreign Affairs Minister Armen Baibourdyan, who noted that a free trade agreement with the European Union could be one of the results of the ENP Action Plan (Khachatrian 2006).

### ***Part of the European civilization***

Thirdly, Armenia is situated in a geopolitically complicated region, which has long played host to rival civilizations and political alliances. Nevertheless, the Armenian public has long felt itself to be part of the wider European civilization. The country has a rich historical past characterized by continuous contacts with the European powers (Hellenic world, Roman Republic and Empire, and the Byzantine Empire) and was the first state to adopt Christianity as a state religion, in 301 A.D. Armenian society has thus felt itself to be a bearer of European values, even if now alienated from the European core (see below).

Arman Kirakossian, the former Armenian ambassador to the United States and the current deputy foreign affairs minister, on one occasion noted that "although Armenia's geography places it at the crossroads of Europe, Central Asia, and the Near East, culturally we Armenians belong to Europe, and it is only natural

that the Republic of Armenia aspires to join the common European community of nations” (Kirakossian 2004 and 2007: 255).

Having laid out the key factors driving Armenia’s interest in regional EU engagement, we will discuss the Armenian public’s perceptions of Europe, and differences between the society’s political and social stances.

## **II. Armenians’ perception of Europe: fears and expectations**

Armenia’s process of European integration has been driven primarily by the country’s elites, en route to institutional democratization. The elite’s perceptions of Europe have in turn been largely politically driven, with Europe viewed as a political entity from which Armenia can only derive political and economic benefits. Armenian authorities tend to view reforms in line with European standards as the means by which to draw the country closer to Europe politically.

As one indication of the prevalence of this view, the majority of parties in the country’s last parliamentary election in May 2007, and all parties that ultimately won parliamentary seats, say they see no alternative to European integration. Opposition and government parties alike have unequivocally supported the country’s process of integration with Europe.

### ***European Integration as a necessity***

According to former Armenian Foreign Affairs Minister Vartan Oskanian, “The ENP will give us the framework within which to work more closely with the EU member states to foster our institutions and to upgrade our effectiveness, efficiency and standards in all social and economic spheres” (Oskanian 2006). A

Russian-language government supporting newspaper Respublika Armenii (Republic of Armenia), even noted that the Armenian government had asked the European Union to monitor the implementation of the ENP Action Plan once a year, rather than the more typical once every two years (Golos Armenii 2006).

Deputy Foreign Affairs Minister Shavarsh Kocharyan, a former opposition activist and Member of Parliament, once noted that “European integration is a necessity on the way to Armenia building a legitimate state.” In accordance with former Foreign Affairs Minister Oskanian, Kocharyan also noted that strengthening democratic development could prove a surer way to advance Armenia’s relationship with the European Union (Khachatrian 2006).

### ***Integration as model to resolve conflicts***

The desirability of emulating Europe’s political model was endorsed by Armenian writer Levon Khechoyan, in a series of articles in the “Literary Newspaper” following his trip to Europe. He writes of admiring the functioning relationships between ideologically different political parties and individuals. He contrasts the fierce struggle of Armenian political parties for power with European parties, which despite disagreements act as a unanimous front when there is a threat to their respective states (Khechoyan 2001).

Khechoyan also paid attention to the European integration of the Caucasian states, viewing that process as holding potential to resolve conflicts in the region. A similar opinion has been expressed by Armen Rustamyan, chairman of the National Assembly’s Standing Committee on International Affairs, who

argues that European influence is likely to play a positive role in solving the Nagorno-Karabakh issue.

To date, the European Union per se has not been actively involved in the Nagorno-Karabakh conflict resolution process, nor has it implemented any projects in that region. Nevertheless, from time to time Armenia's intelligentsia and political representatives have called on the European Union to take a more active role in the issue.

### ***Integration as threat to national identity***

We could confirm that both the Armenian government and the Armenian society in general have been expecting positive impacts by the EU on the country's development and this trend of expectation has further increased. With respect to fears, we notice that elite stances have been rather cautious, seldom identifying European values or vices which pose a potential danger to Armenia or Armenian culture. However, other layers of society, in particular the intelligentsia, have been more straightforwardly critical.

Armenia is a traditional and ethnically homogenous society. Some Armenians may view European influences as a threat to national identity. The values associated with a patriarchal family structure, heterosexuality and the Armenian language are considered to be potential victims of further Europeanization (Matosyan 2008: 110).

Karine Hakobyan, a representative of the Armenian NGO "Reform", expressed these views in a TV interview: "We consider Europe as a model of democracy," Hakobyan said. "Let us follow Europe in matters of environmental protection. According to this perception, by adopting European values, we can distort our own

national identity. Consider European identity: For example, high level of suicides. Leaving alone the homosexuals – which are not only a European phenomenon – Europe has serious problems with family preservation. All this tells us we need a strong system which allows us to adopt European values and preserve ours” (ibid.).

***European culture as threat to values***

The innate problem of this argument lies in the fact that it broadly views democratization as a threat to national identity, and as Europe is the source of democratization in Armenia (which is not always the case, as the United States has been equally consistent with its support in democracy building in Armenia)—therefore, the argument continues, the threat to our identity comes from Europe.

But the counter-argument to this perception that identity and democracy are mutually fostering, that they do not necessarily need to oppose one another, but support and strengthen each other, is more persuasive. In fact, “without identity, a democracy becomes incapable of defending even the values it holds most dear” (Sharansky 2008: 6, 108)). No one can constrain Armenians to weaken their devotion to their families, church, community, etc. unless these are the choice of particular individuals.

Beyond family values, some in Armenian society hold a more broadly skeptical stance toward contemporary European culture. The cultural and spiritual “decadence” of Europe is underlined by many Armenian intellectuals, and can be watched, read and heard on a daily basis through various media outlets in Armenia. Azat Yeghiazaryan, director of the Literature and Arts Institute of the Academy of Sciences of Armenia, has lamented the fact that Armenians have lost Europe as a spiritual beacon, as Europe is in

crisis. “European society after the Renaissance has never been so devoid of spiritual landmarks as now ... an impression was left as if Europe has run out of the ability of spiritual development”, Yeghiazaryan wrote in the “Literary Newspaper” (Yeghiazaryan 2002).

### ***Public opinion on Europe***

Nevertheless, despite those fears and concerns, surveys imply that the level of positive feeling in Armenian society toward the European Union is very high. Between May 2006 and January 2008, the U.S.-based International Republican Institute, along with Baltic Surveys and the Gallup Organization, implemented eight surveys with a wide array of questions about political developments in Armenia. Four questions related to the European Union as well.

Seven of the eight times that IRI/Gallup conducted these surveys, the European Union emerged as the most trusted institution among Armenians, with 82 percent to 87 percent favorable answers. Respondents also showed strong support for the prospect of Armenia joining the European Union. In the surveys, 30 percent to 38 percent of respondents replied that Armenia should definitely join the European Union, while 42 percent to 51 percent were of the opinion that Armenia should probably join it in the future.

Similarly, a large percentage of respondents (between 80 percent and 87 percent) replied that the current state of relations between Armenia and the European Union was good, with the EU coming either second, after Russia, or third, behind Iran, in this regard. The surveys’ fourth question asked which country (or entity) was Armenia’s most important partner. In aggregate,



respondents usually rated the European Union as either the third (after France) or fourth (after Iran) most important partner (all surveys available at [www.iri.org](http://www.iri.org)).

Despite the positive attitudes of the Armenian public and the political elites towards further European integration, there have been several factors, both of an internal and external nature that have hindered Armenia's ability to engage in wider regional cooperation and deeper European integration. The regional projects proposed to date have been relatively limited, while—due to geographic or political reasons—Armenia has played little or no role in several regional initiatives.

### **III. Factors impeding further regional cooperation and integration**

A number of bilateral political problems have prevented the Black Sea region's countries from engaging collectively in a "bold regional project". These ongoing issues include tensions between Armenia and Azerbaijan over the Nagorno-Karabakh conflict, the lack of diplomatic relations between Armenia and Turkey, Georgian-Russian tensions that culminated in August 2008's devastating war, and the recurring issues between Greece and Turkey. Hence, cooperation in the Black Sea region has mainly focused on "soft", non-military activities (Tassinari 2006).

#### ***Low pace of democratization impedes regional cooperation***

In addition to these external problems, internal problems have led the European Union to watch democratic developments in the Black Sea region's former USSR states with increasing concern. Elections in Georgia, Armenia and Azerbaijan have all been

criticized. The state of democratization in each of these countries, though on differing levels, has led to calls for greater commitments and efforts by their respective governments. The recurring political crises in Ukraine indicate that the Orange revolution was unable to solve that country's endemic political problems. Russia's internal political dynamics have raised serious concerns among European observers. Despite reforms, Turkey too is establishing a new identity, with political struggle between the Islamic government and the Kemalist opposition still developing.

In the case of Armenia's *internal political developments*, the low pace of the democratization of the society and governance is impeding the country's ability to be more courageously involved in regional projects. While the causes of Armenia's isolation from regional energy projects are complex, the successful democratization of policies in Armenia, Azerbaijan, Georgia and the de facto independent states is linked to successful conflict resolution.

### ***Armenia's state of transformation***

For liberal democracy to function, institutions do matter. Elections are just one part of this story (Ward and Gleditsch 1998: 51–61). The European Commission (EC) implemented an assessment of the ENP progress with respect to Armenia, and released its report in April 2008, focusing largely on the country's progress in institutionalization and democratization. The report noted progress in judiciary reform, administration of elections, the implementation of an ombudsperson and improvement in the business climate.

However, it added that the February 2008 presidential elections raised some concerns, and that the pace of reforms had

been slower compared to earlier years (European Commission 2008a).

The Armenian Civil Society Experts (ACSE) sharply criticized the EC report, calling the evaluation “dangerous” at a time “when the Armenian government still holds dozens of political prisoners; when it successfully attacks the few independent media left in Armenia; when it amends laws to clearly bar demonstrations without any justification; when it conducted an election that did not meet the minimum requirements of freedom and fairness; when it uses the judicial system to deny citizens their rights; and when it uses the powers of the state to deny basic human and civil rights to the citizens” (Partnership for Open Society 2007).

### ***Effectiveness of reforms***

These experts’ harsh critique disagreed with the election assessments made by electoral observer missions sent by the Organization for Security and Cooperation in Europe (OSCE) and the Commonwealth of Independent States (CIS). But unlike ACSE assessment which concentrated narrowly on the election and the post-election situation in Armenia, the EC Report covered the whole of 2007, focusing particularly on Armenia’s progress in building institutions. The report made a distinction between the implementation of the ENP plan and Armenia’s broader political and economic situation.

In this regard Armenia has made some progress. However, it remains to be seen how effective these reforms have been, and how they will ultimately affect citizens’ lives. It is very hard to assess how effective the decentralization of powers has been, as anticipated by the constitutional amendments of November 2005. Judicial independence, freedom of the press, punishment of

corrupt politicians and the ability to engage in independent and effective legislative activity are areas in which much effort still needs to be spent.<sup>1</sup> In addition, the effects of Armenia's post-election crisis still need to be fully examined and addressed.

***Lack of conditionality in ENP***

ENP action plans for ENP member countries lack a “conditionality factor” tied to the progress of the plans. In order for the ENP to be taken more seriously by the South Caucasus countries, the EU must make ENP aid to the South Caucasus countries conditional, tied to the progress of democratization, respect for human rights and the rule of law.

Following irregularities in Armenia's February presidential elections and subsequent post-electoral violence, the Parliamentary Assembly of the Council of Europe (PACE) threatened the country with sanctions and suspension of the country's voting rights. In PACE resolution 1609, dated from April 17, 2008, the group called on the Armenian government to lift restrictions on public rallies, to launch an independent inquiry into the March 1 crackdown on opposition protesters, to set up a dialogue with opposition parties, and to release individuals imprisoned “on seemingly artificial and politically motivated charges” (Abrahamyan 2008).

Armenia was given six months – until January 2009 – to comply with the resolution's terms or face possible suspension of its PACE voting rights. Opposition representatives protested that

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<sup>1</sup> Armenia ranked 109<sup>th</sup> in Transparency International's recent Corruption Perceptions Index covering 180 countries. Even though the law enforcement authorities recently accepted that corruption cases more than doubled in Armenia between 2007 and 2008 (Lazarian 2009), there was never a case of a top official being charged.

six months was a too long period to wait for these requirements to be fulfilled.

This was one of the rare episodes in which Europe came close to taking away a South Caucasus PACE member's voting rights. Even though the Armenian government did not fully comply with the PACE resolution of April, in January 2009, "backed down on its threats to impose sanctions against Armenia on January 27, 2009, citing the Yerevan government's pledge to enact legal amendments that could result in the release of dozens of imprisoned opposition members" (Kalantarian 2009).

The process of those legal amendments has been extremely slow (avoiding the application of the term "political prisoner" as existing in Armenia, nonetheless the U.S. State Department Report on Human Rights was much more straightforward in pointing out the human rights violation cases in Armenia throughout 2008 (U.S. State Department 2009).

***Remaining "inclusion/exclusion dilemma"***

It has been often noted that incentives toward reforms are limited for countries in the ENP, because the action plans lack an accession perspective. The "inclusion/exclusion dilemma" remains unresolved (Smith 2005: 758; Zulueta-Fülscher 2008: 3–4). The prospect of full EU membership for Armenia, Azerbaijan and Georgia, subject to full compliance with the Copenhagen criteria, must not remain an abstract possibility but rather become a tangible, even if distant probability. The Eastern Partnership targets this gap in a nuanced way.

### ***The Black Sea Synergy***

The related issues of Armenia's location and identity might similarly be considered as factors impeding a deeper relationship with Europe. Armenia is not a Black Sea littoral state. Nor do Armenians consider themselves to be a Black Sea people. However, political maps of the Black Sea region and the political parlance of Black Sea regional projects typically group Armenia, Azerbaijan, Greece and Moldova together as belonging to the Black Sea region. Between November 2008 until April 2009, Armenia served as chair of the Black Sea Economic Cooperation organization.

Yet when one studies the main areas of cooperation of the EU's Black Sea Synergy initiative, it is hard to ignore the fact that in several critical areas (energy, transport, maritime security and environment, and fisheries), Armenia – for natural or for political reasons – has no participation at all. Indeed, in almost half the areas covered by the Black Sea Synergy concept, Armenia has no participation whatsoever (European Commission 2007). However, the initiative does give “democracy, respect for human rights and good governance” and “the ‘frozen’ conflicts” a high priority (respectively being the first and third areas identified for cooperation, out of 13).

The “Report on the First Year of the Implementation of the Black Sea Synergy” shows that issues immediately concerning the littoral states of the Black Sea have been more successful in terms of implementation and achievement. Moreover, these issues (most prominently environment, maritime policy and fisheries, energy, transport being the top four areas) have in practice taken a top

priority, pushing back areas originally deemed of foremost importance in the initiative.

### ***Alienation from the Black Sea Synergy***

According to the report, the issue of “democracy, respect for human rights and good governance” fell to ninth place in terms of priority, and the “frozen conflicts” to 10th place of 10 (European Commission 2008b). Thus, long-term regional strategic issues such as conflict resolution and democratization gave way to issues stemming from the geography of the Black Sea region.

Because Armenia is not geographically a Black Sea littoral country, its policymakers have felt alienated from the Black Sea Synergy project. Indeed, with the exception of rare conferences on Black Sea issues, there are no discussions on the Black Sea Synergy initiative in Armenia.

Even Armenian officials rarely mention the initiative. For example, in January and October of 2008, the Armenian International Policy Research Group organized two high-profile conferences on Black Sea issues (the latter event was in cooperation with the Harvard Black Sea Security Program and the Defense Ministry of Armenia).

On each occasion, Armenian officials were invited and made several presentations, and never once mentioned the term “Black Sea Synergy.” The speech by the Secretary of National Security Council of Armenia, for example, did not address the Black Sea security related issues at all, despite the focus of the Harvard/AIPRG Black Sea Security Yerevan Workshop.

### ***External factor impeding regional cooperation***

*External factors* impeding Armenia's inclusion in regional programs are related to Armenian-Azerbaijani relations and the conflict over Nagorno-Karabakh, and to ongoing Armenian-Turkish stalemate in relations (which have good chances of normalization in the short-run). Armenia's lack of national identification with the Black Sea or Caspian regions additionally hampers its participation. A less significant, but nevertheless real set of factors is the Armenian-Russian alliance and Armenia's military, political and economic dependence on Russia.

### ***The Nagorno-Karabakh conflict***

The first external factor impeding regional integration is the war of the Nagorno-Karabakh people for self-determination and independence, and Armenia's support to the ethnic Armenians of Nagorno-Karabakh. This prolonged, as yet unresolved conflict is the most significant obstacle to peace and stability in the South Caucasus. Fourteen years after the declaration of a ceasefire, the parties have failed to take any tangible steps towards a settlement. Despite the efforts of international mediators, the conflict continues. The conflict took over 20,000 lives, and today there is neither war nor peace (International Crisis Group Report 187, 2007).

The potential for this conflict existed throughout the Soviet period. Yet there have been arguments that the quasi-democratization of the Soviet Union was instrumental in triggering a full-fledged war. Although today the conflict is an obstacle to democratization and regional integration, the solution of the war in



the long run also rests with successful democratization in the region (Mkrtchyan 2007: 79–92).

The Europeans acknowledge the urgency of this matter. For example, Peter Semneby, EU Special Representative's (EUSR) to the South Caucasus, after addressing the Permanent Council of the OSCE behind closed doors, said that “without stability, without a consensus around the rules of the game in terms of democratic institutions, elections, and so on, there will not be a basis for a mutually beneficial relationship based on mutual trust and common values with the EU. (...) Only by having legitimate, strong governments will it be possible to make the difficult decisions that will have to be made in overcoming those conflict situations” (Peuch 2008).

### ***Armenia and Azerbaijan***

Because of the conflict, Azerbaijan has acted to exclude Armenia from a number of important regional projects. These include oil and gas pipelines such as the Baku-Tbilisi-Ceyhan oil pipeline, the Baku-Tbilisi-Erzurum (or South Caucasus) gas pipeline, the Baku-Supsa oil pipeline and the planned Nabucco gas pipeline. Plans for construction of a new railway (the Kars-Akhalkalaki-Tbilisi-Baku) have circumvented Armenia, despite the existing railway linking Armenia and Turkey (the Kars-Gyumri-Tbilisi railway, which was absolutely ignored by Turkey, Georgia and Azerbaijan).<sup>2</sup>

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<sup>2</sup> It is misleading to refer to the Kars-Gyumri railway as a “local line” and that it is in no way comparable to the Kars-Akhalkalaki-Tbilisi-Baku railway of “transcontinental relevance” (for such a view please refer to Vladimir Socor, “Kars-Akhalkalaki-Tbilisi-Baku Rail Project soon to Roll Forward, January 19, 2007, Eurasia Daily Monitor, Jamestown Foundation. The railway links Kars to Gyumri, which is then linked to Tbilisi, which in turn is linked to Baku through another line. During the Soviet era, these routes were in service. The Gyumri-Tbilisi line was the only line that continued onwards to Moscow and deep into the other regions of the Soviet

Petroleum revenues helped Azerbaijan boost its military budget from 175 million US Dollar in 2004 to 1.3 billion US Dollar in 2008, ostensibly preparing for war against the people of Nagorno-Karabakh to place them forcibly under Azerbaijani territorial sovereignty. Armenian officials assert that Baku's purchase of powerful weaponry in 2005 and 2006 violated the terms of the Conventional Armed Forces in Europe Treaty (CFE) (International Crisis Group Report 187, 2007).

### ***Consequences of the Georgian-Russian War***

The Georgian-Russian war may possibly give the Azerbaijani leadership pause before any commencement of military campaign, however. On November 2, 2008 the presidents of Armenia and Azerbaijan signed the Moscow Declaration, initiated by the president of the Russian Federation. This was the first time that presidents of the two nations had put their signature to a common document on Nagorno-Karabakh.

Although a final settlement of the conflict may seem unlikely in the short term, it is significant that the presidents committed themselves to “restore stability and security in the region by resolving the Nagorno-Karabakh conflict by political means” (The Website of the President of the Russian Federation 2008). After the Russian-Georgian war, the bellicose rhetoric of the Azerbaijani leadership has incomparably decreased, which is a positive sign indeed if continued.

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Union. This railway line, which was constructed in late 19<sup>th</sup>-early 20<sup>th</sup> century used to link two empires, the Ottoman Empire to the Tsarist Russia. Though dormant, the Kars-Gyumri railway would require some reconstruction to render it serviceable again to function again but should by no means be looked down as an irrelevant line in comparison to the non-existent and greatly politically motivated KATB.

### ***Military expenditures in the region***

But the immense arms race in the South Caucasus (the Georgian military budget went up from 60 million US Dollar in 2004 to 769 million US Dollar in 2008, while in response to Azerbaijani buildup the Armenian military budget grew from 81 million US Dollar in 2004 to 376 million US Dollar in 2008) can only undermine regional integration, as Armenian-Azeri rivalry and Georgian-Russian tension remains.

All of those states are part of the Black Sea region, and the three South Caucasus republics have partnership action plans with the EU. As one possible brake, the ENP could set a maximum amount of defense expenditure allowed in the budgets of the Neighbourhood countries. Conflict prevention measures are needed to stop the ominous arms race in the South Caucasus.

### ***Democratization of Nagorno-Karabakh***

In recent years, there have been suggestions from inside the EU that it should engage directly with Nagorno-Karabakh's de facto authorities, helping to jump-start democratization (or support and further foster the democratization processes which the area has been experiencing in the last thirteen years) and legal reform projects (Freizer 2006). The existence of Nagorno-Karabakh could be internationally regularized, and the de facto government there brought into the scope of the international system. Nagorno-Karabakh remains the only entity in the entire South Caucasus region where the European Union has invested no resources for economic rehabilitation projects (Mkrtchyan 2007: 91).

### ***EU Special Representative to become more active***

It would be useful for the EUSR to the South Caucasus to become more active in the conflict resolution process. This might include observing the Minsk process, supporting direct contacts with all parties (including Nagorno-Karabakh), traveling to Nagorno-Karabakh<sup>3</sup>, and assessing conflict-related needs. Yet the European Union has refrained from committing itself to participating in Nagorno-Karabakh conflict resolution efforts. Realization of ENP plans with Armenia and Azerbaijan will be difficult unless the Nagorno-Karabakh conflict is solved peacefully as soon as possible.

### ***Difficult relations with Turkey***

The second external impediment to successful regional cooperation in the wider Caucasus region is the lack of diplomatic relations between Armenia and Turkey. As the Nagorno-Karabakh war proceeded, and as the Karabakhi Armenian forces captured areas surrounding Karabakh in 1993, Turkey sealed its land borders with Armenia (the air borders were and are open, with regular flights between Yerevan and Istanbul), and declined to establish diplomatic relations with Armenia (although Turkey had been one of the first nations to recognize the independence of Armenia in 1991, it had delayed the process of establishment of official diplomatic relations).

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<sup>3</sup> Whenever the EU Special Representative to the South Caucasus visits the region and travels to Armenia and Azerbaijan, one of the questions often discussed is whether the Representative would go to Nagorno-Karabakh. Despite his wish to visit Nagorno-Karabakh, the EU Special representative had to stand back from such a step (which might be perceived as recognition of the de facto state by the EU). In 2007 Peter Semneby changed his route halfway to Stepanakert and made back for Yerevan.

Armenian governments have often reiterated that they support the establishment of relations with Turkey without any preconditions. Armenia's first president (Levon Ter Petrossian, 1991–1998) lowered the priority placed on the campaign to win international recognition for the issue of the Armenian genocide, removing it from the country's foreign policy agenda. Under his successor, Robert Kocharyan (1998–2008), the campaign became a cornerstone of Armenian foreign policy. Nevertheless, this (recognition of the Armenian genocide by Turkey) was never presented as a precondition for establishing relations with Turkey. Nor have any Armenian presidents argued that Armenia has any territorial claims toward Turkey, as Turkish officials often used to cite.

Armenian authorities do not oppose Turkish regional initiatives or Turkish EU membership. However, Turkey had made the resolution of the Nagorno-Karabakh conflict within a framework of Azerbaijani "territorial integrity" a necessary precondition for establishing relations and opening borders with Armenia.

Today, Turkey does not allow transit through its territory for any goods destined for Armenia. The UN Convention on Transit Trade of Landlocked States (passed July 8, 1965), which Turkey joined in 1968, states in article 2 that "Freedom of transit shall be granted under the terms of this convention for traffic in transit and means of transport. (...) Consistent with the terms of this convention, no discrimination shall be exercised which is based on the place of origin, departure, entry, exit or destination or on any circumstances relating to the ownership of the goods or the ownership, place of registration or flag of vessels, land vehicles or

other means of transport used.” Turkey violates this convention vis-à-vis Armenia.

### ***Changing preconditions of Turkey***

Turkey's preconditions towards Armenia have been changing. At various times, they have included the withdrawal of Armenian forces from Nagorno-Karabakh and the surrounding Azerbaijani territories, the return of Shushi (a city in Nagorno-Karabakh), recognition of Turkish and Azerbaijani territorial integrity and borders, provision of a communication corridor for Azerbaijan and Turkey via Meghri, reconfirmation of the 1921 treaties of Kars and Moscow, deletion of references to the Armenian Genocide and “Western Armenia” from Armenia's Declaration of Independence, an end to the international campaign for recognition of the Armenian Genocide, and the establishment of an historians' commission to study the genocide (Mkrtchyan 2007a: 16).

### ***Recent approximation***

After Serzh Sargsyan became president the relations and talks between the Turkish and Armenian officials became more occasional even though Sargsyan had stated that the international recognition and condemnation of the Armenian genocide would remain in his foreign political agenda. The Turkish President Abdullah Gül joined Armenian President Serzh Sarkissian to watch a match in Yerevan which was the first time a Turkish President visited Armenia. EU leaders such as Javier Solana and French President Nicolas Sarkozy welcomed this initiative.

Both before and after that meeting, Armenian and Turkish diplomats have held secret negotiations. Those meetings and talks are continuing. Independent of the U.S. debates of the

Armenian genocide recognition (U.S. President Barak Obama, Secretary Hillary Clinton, Vice-President Joseph Biden, Speaker Nancy Pelosi all pledged to recognize the Armenian genocide once in power), there is much hope in Armenia that the normalization of relations and opening of borders between Armenia and Turkey is not in a distance.

### ***Missing role of the EU***

The EU has been though less involved in actively pushing for the establishment of diplomatic relations between Armenia and Turkey and the opening of the last closed border of the “iron curtain”, the Turkish-Armenian border. Turkey is a state aspiring to join the EU in the short term, and Armenia is a EU partner country. Hence, the European platform could serve as the best arena for normalization of relations.

### ***Caucasus Stability and Cooperation Platform vs. Caucasus Stability Pact***

In this context, the Turkish-backed “Caucasus Stability and Cooperation Platform” initiative has little chance of success. It is partly a reiteration of the similar-sounding Caucasus Stability Pact proposed by former Turkish president Suleyman Demirel in 2000. But this earlier idea gained no genuine traction. The Brussels-based Center for European Policy Studies elaborated its own concept of a Caucasus Stability Pact that depended on finding solutions to the region’s “frozen conflicts.” This group identified a possible resolution in providing functional independence to the secessionist regions, although still within the sovereignty of the countries inside of whose borders they had existed in Soviet times.

This plan would have lessened the role of Turkey in the region as well. However, none of the interested parties (Turkey, Russia, Armenia, Azerbaijan and Georgia) welcomed this conception of the Stability Pact. The August 2008 proposal (which changed its name three times in three days, between the “Caucasus Alliance,” the “Caucasus Stability Forum” and the “Caucasus Stability and Cooperation Platform” indicating the lack of a well-conceptualized or thought out approach) has had less clarity, especially regarding resolution of the existing conflicts, the roles of Russia and Iran, the roles envisioned for the non-recognized secessionist entities, or the future of the current Turkish-Armenian stalemate.

The presidents of the region’s nations have welcomed the initiative, but there has been no widespread public discussion or debate on the issue. Any successful regional initiative would need a consensus within the region. There is little ground to believe such a consensus is possible in the short term unless the issues of the “secessionist” conflicts are addressed.

### ***The Turkish approach to conflict resolution***

Within the Caucasus Stability Platform, Turkey appears likely to support its own approach to resolving the South Caucasian conflicts. For example, during one of the above mentioned Black Sea security Yerevan events, Deniz Cakar, Head of NATO and Euro-Atlantic Infrastructure and Logistics Department of the Turkish Foreign Affairs Ministry (representing the Stability Platform) argued that the region’s conflicts should be resolved based on the principle of state territorial integrity. She also noted that the Platform would include states of the region.

Thus the contentious issues became clear. First, other international law principles such as the self-determination of



peoples would be ignored. In addition, de facto states would be excluded from participation in the platform. This alone could mean the beginning of the end of the Platform's practical existence.

***Dependence on Russia: economic relations***

A third external factor impeding Armenian integration within the region and beyond is its political and especially economic overdependence on Russia. Russia accounts for the lion's share of investment in Armenia. Telecommunication companies, the banking system, energy plants and gas suppliers, the metal (foil) industry, and the railway system all are completely or partially under Russian control (Arka 2008). According to the Russian Minister of Trade, Russian investments in Armenia total 1.7 billion US Dollar. Russia is Armenia's biggest source of imported goods, accounting for 22.7 percent of the country's total (2.714 billion US Dollar) imports in 2007. In addition to trade, hundreds of thousands of Armenians work in Russia and send remittances to their relatives living at home.

Indeed, the Armenian Diaspora is quite widespread, but 70 percent of remittances sent to Armenia are from Russia (IMF 2007). According to the Central Bank of Armenia, during the first half of 2008 cash remittances sent back to Armenia by Armenians working abroad rose by 57.5 percent, totaling 668.6 million US Dollar, equivalent to 15 percent of the country's GDP for the first half of that year. In 2007, cash remittances through bank transfers rose by 37 percent to a record-high level of 1.32 billion US Dollar (Danielyan 2008).

### ***Dependence on Russia: military support***

Due to the Nagorno-Karabakh conflict with Azerbaijan, and the tense Turkish-Armenian relations, Armenia has been dependent on Russian military support as well. Armenia is a founding member of the Collective Security Treaty Organization (CSTO), founded in 2002, and currently including members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Like NATO's Article 5, the CSTO has security guarantees to its members against external threats. Russia is thus a security guarantor of Armenia.

When we combine this security dependence with the economic overdependence, we understand that Armenia has relatively limited maneuvering room with respect to involvement in regional initiatives, or to diversifying its economic and political preferences.

## **IV. Conclusions**

Taking into account the factors discussed in this chapter, we can conclude that Armenia would need to take several steps in order to prove its commitments to EU cooperation. In the short term, Armenian authorities would need to meet the PACE 2008 recommendations in lessening the political tension by providing more transparent trials for the several opposition leaders and activist and unless found guilty, release them immediately (yet the 2009 May Yerevan municipality elections promise to heighten the political tension in Armenia) and in general make more genuine steps in reaching out to the main opposition in the country.

### ***Further reforms***

Reforms in various fields should also continue. Despite significant steps by the current Armenian government in increasing freedom of the press, much remains to be done in this regard. The fight against corruption needs to be continued on all possible levels, including in the administrative bureaucracy, inside law enforcement, and inside the judiciary and education systems. Democratization and successful institutionalization would provide faster growth for the Armenian economy, and improve the political maturity of the Armenian public, preparing it for further European integration. Democratization is a key determinant for conflict resolution as well.

### ***Involvement in regional projects***

The Russian-Georgian war showed palpably how vulnerable Armenia has become in depending on Russia's economy and Georgian transit. Iran's protectionist economy makes that border's net benefits very low. Thus, resolving the conflict with Azerbaijan and establishing relations with Turkey come to the forefront. In this regard, Armenia should indeed try to be involved in regional projects as much as possible. Key stakeholders need to be more inclusive when discussing regional projects. Submission to the policies of Azerbaijan, which is using energy as a political and military tool against Armenia, will not lead to positive results. These are issues which require collective efforts by the region's countries, EU nations and the United States alike.

### ***Balance political, economic and strategic choices***

In parallel to the above-mentioned efforts, Armenia must diversify its economic partners and investment climate. The dependency on

Russia makes Armenia unattractive to other potential investors. Hence, there is a need to establish balance in the country's political, economic and strategic choices. There is little doubt, as Armenian officials have stated several times, that the country's political development has no alternative other than an ultimately European direction. But for that, Armenia can not afford to lose its capacities for maneuvering with respect to political, economic and strategic choices.

***More active role of the EU***

The EU should take a more active role in the Nagorno-Karabakh conflict resolution process. In order to integrate that area into a broader framework of regional development, the European Union would need to implement development projects in Nagorno-Karabakh, as it has in Abkhazia and South Ossetia. Consistent policies regarding unrecognized but de facto governments should be observed.

Europe should take a positive role in facilitating the establishment of relations between its two partner states, Turkey and Armenia. Both countries have deep links to the EU, and the long political stalemate between Turkey and Armenia must be an issue of serious concern for Brussels.

***Regional Initiatives: Black Sea Synergy and Caucasus Stability Platform***

In projects such as the Black Sea Synergy initiative, issue areas that do not concern solely the littoral states should be emphasized. Otherwise there is a danger of estranging non-littoral states from such regional initiatives. Alternatively, if it proves difficult to implement common projects including Black Sea littoral

and non-littoral states, then ambitious targets in the concept documents of such initiatives should be avoided, as they will likely remain unrealized.

Initiatives such as the Caucasus Stability Platform need to be more openly and publicly presented and discussed. Also, such initiatives need to take into account the interests of the non-recognized political entities. Paying exclusive attention to recognized states, or proposing conflict resolution mechanisms that selectively focus on specific principles of international law, while ignoring others, will not make such initiatives successful.

### ***Eastern Partnership***

Most importantly Europe needs to preserve and deepen partnership relations with Armenia, and continue dialogue. In this regard, the Eastern Partnership (EaP), to be officially launched in 2009 May, would provide a very good platform for EU–Armenia cooperation. EaP will include Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine. There is still some ambiguity with regard to Belarus. It foresees an upgrading of political engagement, including a new generation of Association Agreements, far reaching integration into the EU economy, easier travel to the EU for citizens provided the security requirements are met, enhanced energy security arrangements benefiting all concerned, and increased financial assistance.<sup>4</sup>

This would be the most comprehensive political-economic-social program package that the EU had ever concluded with any of the countries concerned, including Armenia. It most importantly

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<sup>4</sup> Current ENPI funding for the partners amounts to some 450 million Euro in 2008. The Commission intends to propose progressively raising this amount to reach approximately 785 million Euro in the year 2013.

addresses some of the gaps existing in the ENP, such as the “conditionality” factor in providing assistance; it is not excluding future membership provided progress in reforms, regional integration and human rights records are up to the necessary level; it is encouraging regional integration (Neighbourhood Economic Community); it emphasizes the progress of stable democratic institutionalization; it would be supportive to civil society dialogue throughout the region; visa facilitation is an important incentive too for further Europeanization of those countries (European Commission 2008b).

With its emphases on deeper bilateral and multilateral cooperation frameworks the EaP would become the most ambitious EU program implemented in the region. By demonstrating the “power of soft power” the EU should by no means attempt any “isolation” of Russia in the region through this program. Any such attempt would fatally fail the progressive development of the countries of the region.

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## **The EU and Azerbaijan: Destination Unclear**

*Tabib Huseynov*

### **I. Introduction**

The sudden escalation of the conflict in South Ossetia and the Russian-Georgian war of August 2008 have demonstrated the dangers that ethno-territorial conflicts in the South Caucasus pose to European security. For the first time since the end of the Cold War, Europe is challenged with the emergence of new dividing lines and what Russian president Dmitry Medvedev called spheres of “privileged interests” (Kramer 2008). The Georgia crisis has also increased the risk to alternative corridors of energy transport reaching Western Europe via the South Caucasus, increasing concerns over Europe’s energy security.

And last but not least, it has revealed the weaknesses of the European Union’s internal workings, highlighting the need for stronger common security and foreign policies. In fact, it would not be an exaggeration to suggest Europe’s future energy security and even political unity, contingent upon its ability to stand up for its values and ideals, is being tested along its easternmost frontiers, notably in the South Caucasus.

### ***Geographical and mental distances***

The challenges and opportunities that emanate from the South Caucasus, affecting the security and even the political and economic integrity of Europe, have to date been poorly understood within the EU’s political establishment. This is natural given that the EU has long viewed the South Caucasus as an

obscure and distant periphery. In 2003, when the EU launched its European Neighbourhood Policy (ENP), the South Caucasus was not even initially included, reflecting not only the geographical, but also the mental distance separating the region from EU policymakers.

The process of eastern enlargement and Georgia's Rose Revolution each helped attract EU attention to the South Caucasus region, however. The European Security Strategy adopted in December 2003 stressed the need to avoid new dividing lines in Europe, and in this context, called on the EU to "take a stronger and more active interest in the problems of the Southern Caucasus" (European Council 2003: 8).

### ***Step by step towards a strategic vision***

The EU still lacks a clear strategic vision and coherent policies for the region, however. While not ruling out the possibility of eventual EU membership, there is not yet consensus on the Europeanness of the South Caucasus. However, the EU has progressively increased its involvement in its eastern neighbourhood, including the South Caucasus, by establishing new bilateral and multilateral cooperation frameworks. In fact, as will be discussed below, despite the justified criticisms of the EU's passive involvement in the South Caucasus (Alieva 2006, Lynch 2006), the EU is in the process of active developing a strategy for its future involvement in the region.

This can be seen in the Union's increased engagement with the South Caucasus within its European Neighbourhood Policy (ENP, 2004), the Black Sea Synergy initiative (BSS, 2007) and the Eastern Partnership initiative (EaP, 2009). The EU is also seeking a more active role in the resolution of regional conflicts, as can be

seen from its September 2008 decision to send a mission to Georgia under the auspices of the European Security and Defense Policy (ESDP). The success of these initiatives has yet to be seen, given that they do not yet constitute a coherent policy. Rather, they represent a product of ongoing reflection on the nature of EU involvement, and thus serve as building blocks of an emerging EU vision for the region.

The EU's increased attention to the South Caucasus also makes it necessary to critically reassess its policies in the region and clarify the contours of future engagement.

### ***Azerbaijan and the South Caucasus***

Azerbaijan is the biggest country in the South Caucasus in terms of size, population, and economic potential, as well as EU's largest regional trade partner. Azerbaijan's rich hydrocarbon reserves and transit potential make it an important element in European energy policy. Its unresolved conflict with Armenia over Nagorno-Karabakh represents a serious security challenge for the EU, arguably of even greater extent than the one posed by the August 2008 crisis in Georgia.

Yet, for most EU scholars and policy experts Azerbaijan is also the least studied country in the South Caucasus. The political upheavals in Georgia since the 2003 Rose Revolution and that country's staunchly pro-Western and pro-European policies have understandably attracted more European attention, pushing neighbouring Armenia and Azerbaijan, which have pursued a European course with much less fervor, to the periphery of European attention.

### ***Europe's approach and Azerbaijan's role***

Nevertheless, the success of any EU strategy relating to the South Caucasus will inevitably depend on how this strategy addresses Azerbaijan's challenges and opportunities. This paper discusses EU engagement in the South Caucasus, focusing on policies vis-à-vis Azerbaijan. It analyzes the factors shaping the development of EU-Azerbaijan relations and the perceptions that impede or facilitate these developments. Finally, the paper offers a policy-oriented viewpoint on how EU and Azerbaijan relations could be developed.

## **II. Emerging EU vision and policies on the South Caucasus**

The inclusion of the South Caucasus states in the ENP in 2004 was a qualitatively new stage in bilateral relations and indicated the EU's willingness to engage in deeper relations moving beyond existing partnership and cooperation agreement (PCA) frameworks.<sup>1</sup> Thus, in the ENP, the EU offered not only preferential trade as envisaged by the PCAs, but also the prospect of "a significant degree of integration, including ... a stake in the EU's internal market, and the possibility ... to participate progressively in key aspects of EU policies and programs" (European Commission 2004: 8).

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<sup>1</sup> The PCAs were signed with all three countries of the South Caucasus in 1996 and entered into force in 1999. They formed the basis of the bilateral relation of each of the three countries with the EU, including the areas of political dialogue, trade, investment, and economic, legislative and cultural cooperation.

### ***A “ring of friends”***

For the EU, the logic behind the ENP was to export its governance practices and standards to its immediate neighbourhood to the east and south, thus creating a “friendly neighbourhood – a ‘ring of friends’ – with whom EU enjoys close, peaceful and cooperative relations” (European Commission 2003: 4).

At the same time, the ENP introductory document and individual action plans stressed that the ENP process was distinct from membership. According to the Azerbaijan ENP Country Strategy Paper 2007–2013, “The objective of the ENP ... is to share the EU’s stability, security and prosperity with neighbouring countries, including Azerbaijan, in a way that is distinct from EU membership” (European Union 2006: 4).

### ***No differentiation between East and South***

The ENP offered the same opportunities across a wide and rather diverse neighbourhood, asking in return the same standards of behavior. Thus, in effect, the ENP has made no differentiation between its southern neighbours (the Middle East and North Africa) and countries in its eastern neighbourhood (Eastern Europe and the Caucasus), which unlike the former category, have EU membership ambitions. The EU’s eastern partners have been critical of the EU, and of the ENP as a whole, for failing to differentiate between eastern and southern regions and have suspected that the EU was trying to create a “buffer zone” around itself (for a detailed elaboration of the ENP as a strategy to create a buffer zone for security, see Marchetti 2006).

In the absence of major incentive for reform, such as the prospect for actual EU membership, the ENP makes applying

conditionality more problematic with respect to the EU's eastern neighbours. However, the ENP has conditioned greater EU engagement and cooperation, as seen in the progress achieved by individual partners in meeting agreed targets for reform. The "Wider Europe" paper states clearly: "Engagement should therefore be introduced progressively, and be conditional on meeting agreed targets for reform. New benefits should only be offered to reflect the progress made by the partner countries in political and economic reform. In the absence of progress, partners will not be offered these opportunities" (European Commission 2003: 16).

In the context of EU relations with its eastern partners, this effectively implied that they needed to reform before the EU would seriously consider their membership aspirations.

### ***New policies towards the East: The Black Sea Synergy***

The EU soon came to realize the need to strengthen its eastern ENP by complementing the bilateral format with regional-multilateral cooperation components. The April 2007 launch of the new BSS initiative, emphasizing energy, transport, environment, migration and security issues in the wider Black Sea rim region, represented the EU's attempt to complement the ENP framework's bilateral cooperation schemes with wider regional coordination (see European Commission 2007).

The launch of this initiative was a manifestation of the growing EU interest in, and thus the greater importance being given to the Black Sea area. This is particularly true considering that Bulgaria and Romania's accession in 2007 turned the EU from an outside player into a Black Sea regional power. The initiative was deemed to be complementary to existing bilateral cooperation agreements



within the eastern ENP, EU-Russian “Common Spaces” and membership negotiations with Turkey. In this regard, the Synergy initiative could also be interpreted as an EU attempt to engage in a multilateral regional cooperation scheme in the Black Sea region, which would include Russia.

***Key priority: Energy supply diversification***

Energy supply diversification was one of the key priorities of the new initiative. The 2006 Ukraine-Russia gas dispute increased EU concerns over energy security, as well as its intensifying its desire to diversify its energy supplies bypassing Russia. The Commission’s communication outlining the purpose and strategies of the new initiative mentioned the “trans-Caspian trans-Black Sea energy corridor” for gas exports from Central Asia to the EU (or simply put, the Nabucco gas pipeline project) as an important component of the EU’s energy security strategy (European Commission 2007: 5).

***Black Sea vs. South Caucasus***

The introduction of the Black Sea dimension into the discourse on European integration certainly facilitated increased EU attention to the region. However, it also had peculiar side-effects, leading to some attempts, emanating mostly from Georgia, to mentally deconstruct the South Caucasus as a dominant geographical and mental concept for referring to the region. Georgia, which viewed itself as a country with more democracy and closer proximity to the EU in comparison to Armenia and Azerbaijan, increasingly viewed its two neighbours as hindrances to its European aspirations, and was hence unwilling to be put in the same South Caucasus basket with them.

Thus, in its attempts to draw closer to the EU, Georgia since 2005 has increasingly positioned itself as a Black Sea actor, perceived by the EU as being more European than the South Caucasus countries. The August 2008 Russia-Georgia war and the growing rift between opposition and the Saakashvili government, however, have visibly damaged Georgian attempts to position itself closer to the EU by capitalizing on its Black Sea location.

### ***Azerbaijan – a Caspian actor?***

Azerbaijan, on the other hand, has little sense of belonging to the Black Sea region. Guided by its policy of capitalizing on its energy resources, it prefers to portray itself as a Caspian actor. In EU political discourse, the Caspian region is perceived to be an important area from the viewpoint of energy security, but it largely remains outside EU integration discourse and is perceived as even less European than the South Caucasus.

These divergent policy discourses within the South Caucasus, even between two countries as closely and strategically interlinked as Georgia and Azerbaijan, demonstrate how EU perceptions of its eastern neighbourhood shape the perceptions and policy preferences of the regional actors.

### ***Weakness of the Black Sea Synergy***

However, the BSS initiative had a major embedded weakness, which has contributed to its limited success. As a broad regional initiative, its success was largely dependent on the performance of another large regional player, Russia, which increasingly chose a confrontational stance in its dealings with the individual regional countries (particularly Georgia) and also with the EU, unwilling to

reconcile itself to growing EU influence in its neighbourhood, or to yield its dominant position in the EU's energy market.

### ***Creation of the Eastern Partnership***

The EU's desire for a regional multilateral cooperation framework complementary to its eastern ENP, but one which unlike the BSS would be independent from the Russian presence and would provide greater reform incentives to aspiring partners, was perhaps the rationale behind the May 2008 joint Polish-Swedish proposal on "Eastern Partnership."

This proposal aimed at increasing regional cooperation on a narrower and more focused level with Ukraine, Moldova and the three South Caucasus states. The proposal called for serious review of the countries' existing cooperation documents with the EU, a "new generation of action plans," and the use of more vigorous benchmarks and criteria in the EU accession process. In concrete terms, the proposal called for visa-free movement, a free trade zone and enhanced person-to-person contacts.

The European Commission initially treated the proposal with caution, because it suggested drastic revisions in the ENP, primarily suggesting the application of stricter monitoring mechanisms, along with clearly differentiating between the southern and eastern regions, by focusing on EU integration prospects for the latter. After initial rejection in May, the proposal was approved by the Commission in June 2008 after some internal EU trade-offs.

### ***With or without membership perspective?***

In terms of EU integration prospects, the original proposal spoke generally about "promoting the EU integration process" among

eastern partners, although on a declarative level Poland strongly presented the proposal as an offer which could lead to EU membership in the long run. As Polish foreign minister Radosław Sikorski said, “We all know the EU had enlargement fatigue. We have to use this time to prepare as much as possible so that when the fatigue passes, membership becomes something natural” (Goldirova 2008).

***Black Sea Synergy and Eastern Partnership: duplication of efforts?***

Interestingly, the EaP has shown that the alleged division of Europe between “old” and “new” is rather artificial, as the proposal has received support and critical remarks from both eastern and western EU member states. Thus, while co-authored by Sweden and endorsed by the UK, the proposal was also criticized by Bulgaria and Romania, due to their fears that the BSS, in which they have played a more visible role, would be undermined. European Commissioner for External Relations Benita Ferrero-Waldner also warned of duplicating EU efforts (Safarikova 2008).

Indeed, the proposal says it is complementary to the Black Sea initiative, but even for EU bureaucrats it remains unclear how the EU will avoid duplication of effort by simultaneously engaging in both initiatives. As Gunnar Wiegand, the European Commission’s director for Eastern Europe, Southern Caucasus and Central Asia, said, “There will have to be a choice whether one wants to establish a good form of this multilateral process or whether one wants to use existing mechanisms [such as the Black Sea Synergy] where also other players [most notably, Russia] continue to have a role” (Pop 2008a).

### ***The Georgian-Russian war and the Eastern Partnership***

The Georgia-Russia crisis of August 2008 has given a new momentum to the EaP proposal. The emergency EU Council meeting in September 2008 in Brussels resolved to speed up the approval process, with the Council planning to adopt the proposal in March 2009 (see European Council 2008). However, by March 2009, when EU Council convened in Brussels to adopt a final decision on the EaP, many EU members, particularly France and Germany, were not ready to support a clear promise for potential full membership, as advocated by Poland, Sweden and the Baltic states.

This reluctance largely dictated by a desire not to antagonize Russia and by precarious domestic situation in many eastern partner countries (such as the growing standoff between opposition and the government in Georgia and Moldova in March–April 2009, ongoing conflict between pro-Russian opposition and pro-Western government in Ukraine and the controversial March 2009 referendum in Azerbaijan which scrapped presidential term limits). As a result, the European Council declaration on EaP adopted on March 20, 2009 merely stated the partnership holds out the promise of “political association and further economic integration between the European Union and its eastern members”, falling short of unambiguous recognition of the eastern partners’ European identity and prospect of a membership in the future (European Council, 2009).

### ***Nothing new?***

Now, the EU formally launched the EaP at a summit on May 7, 2009. It appears that the EU is going to give higher priority to

multilateral cooperation with eastern partners aspiring to full membership, while once again keeping clearly stated membership prospect open to future deliberations. There have been some critical remarks against the initiative, that it offers nothing new. Thus, Marie-Anne Isler Beguin, the head of the European Parliament's delegation to the South Caucasus, said she had an impression that the new proposal was "an attempt to camouflage the weakness of the Neighbourhood Policy" (Lobjakas 2009).

Indeed, the EaP, which turned out to be less ambitious than initially expected, runs the risk being reduced to a duplicate of its predecessor initiatives. The August crisis in Georgia, which forced the EU to be more considerate of the Russian position on many issues, including enlargement; the precarious domestic situations in many eastern partner countries; and last but not least, the global financial crisis, which restricts EU actions and forces member-states to adopt more self-centered policies, all join together to create a rather unfavorable environment for meeting the somewhat exaggerated expectations of the eastern partnership countries.

But nonetheless, the EaP, by focusing on concrete project-oriented tasks to reach a free trade and visa-free regime, represents a new major move forward for the EU in elaborating its vision and policy with respect to its eastern neighbours. The future development of this cooperation will largely depend on the quality and effectiveness of the reforms carried out by EU's eastern partners.

### **III. Azerbaijan's Foreign Policy and Perceptions of the EU**

Since its independence, Azerbaijan has aspired to greater cooperation with the European Community and the EU, and more broadly with the West. This policy has been aimed at promoting the country's independence, security and development, and was also driven by a desire to offset Russian influence in the region in the early and mid-1990s. However, as the ruling elite accumulated large financial resources, consolidated its power domestically and managed to diversify its foreign policy options, it has over time reduced its pro-Western discourse and level of ambition for European integration.

#### ***Euro-Atlantic Integration and territorial integrity***

The Azerbaijani National Security Concept declares "integration with European and Euro-Atlantic structures" to be the country's second most important policy priority, after restoration of territorial integrity. However, in practice Azerbaijan pursues a "balanced foreign policy," being less ambitious and proactive in pursuing a Euro-Atlantic agenda and carefully avoiding antagonizing Russia.

Many in Azerbaijan argue that the country's "balanced foreign policy" is dictated by its geography and the security challenges it faces. The ongoing conflict with Armenia over Nagorno-Karabakh dominates Azerbaijan's foreign policy agenda. Azerbaijan also finds itself sandwiched between Russia, with its growing aspirations to dominate its near neighbourhood, and Iran, which seeks to export its Islamic state model.

#### ***Russia, the difficult neighbour***

Russia in particular wields important political and economic levers over Azerbaijan. The Azerbaijani population and political

leadership fear that a deterioration of bilateral relations would result in Russia's introduction of a visa regime for over a million Azeris living and working on a temporary or permanent basis in Russia. This scenario, which Russia has already exercised with respect to Georgia since 2006 as a punishment for that country's pro-Western policies, would lead to inflow of a large number of young unemployed people, and would thus create grounds for social and political unrest in the country.

Azerbaijan also fears that deteriorations of relations with Russia could further lead to increased Russian support for Armenia on the issue of Nagorno-Karabakh. Many in Azerbaijan view the Nagorno-Karabakh conflict as a major tool for influencing Azerbaijan.

### ***A "balanced foreign policy"***

Thus, the rationale behind Azerbaijan's "balanced foreign policy" is the preservation of state stability. Another argument used for justifying this policy is that by playing on the interests of competing external powers, notably Russia and the West, official Baku can maximize its bargaining power with respect to resolution of its conflict with Armenia over Nagorno-Karabakh and restoration of country's territorial integrity.

Because Azerbaijan faces hard security challenges, its official policy is more considerate of actors which can provide or deny hard security. As a result, Russia and the United States are viewed as the dominant competing players in the region, and the EU is regarded only a secondary actor, which cannot independently act as a provider or guarantor of security in the region.



The Georgia-Russia war has reinforced these perceptions in Azerbaijan by convincing it that the EU is ill-prepared to deal with a major crisis in this eastern neighbourhood. Thus, speaking in October 2008, Azerbaijani Deputy Foreign Minister Araz Azimov said, “The EU is a powerful economic and political union of states, but in terms of acting in a united way, the EU is not there yet, especially in an environment that changes rapidly. The EU is not able to act in an instrumental way” (Pop 2008b). The confusion within the EU over how to respond to the Russian intervention in Georgia, particularly during the initial period, should come as no surprise given that, as discussed above, the EU is still in the process of formulating its strategic vision for the South Caucasus.

***A powerful center of gravity: the EU***

Yet despite its weak standing in the region, the EU is the most powerful ideological and economic center of gravity for Azerbaijan. Comparative opinion polls conducted in 2005, 2006 and 2008 by a local firm, with financial support by Germany’s Friedrich Ebert Foundation, have consistently found that the largest share of the Azerbaijani public prefers closer integration with the EU over any other foreign policy course. Thus, for example, the results of the poll published in February 2008 showed 37 percent of respondents supporting closer integration with the EU, 27.2 percent opting for a policy of “cooperation with all and remain[ing] neutral”, followed by 16.7 percent preferring integration within the Commonwealth of Independent States (CIS), and only 7.7 percent and 6.9 percent respectively for integration with NATO or the Organization of The Islamic Conference (see Puls-R 2008).

Although supported by a relative majority, there is considerable public ignorance in Azerbaijan with respect to the EU, its

institutions and policies. It is not rare for an average person to confuse the EU with the Council of Europe, or the latter with the European Council. But this ignorance also represents an untapped opportunity for the EU. Unlike Russia and the United States, which are largely perceived in more controversial terms as being expansionist powers seeking to dominate others, the EU is perceived as a soft power that seeks to advance its interests by incentives rather than by pressure.

The structure of the aforementioned poll question, forcing the respondents to choose between EU and NATO, also gives important insights into the greater degree of trust that Azerbaijani society gives to soft power as opposed to hard power players. There is a flip side to this perception of Europe, as well. Together with its positive aspects, the EU is also often perceived as too weak and not really independent in its actions. So, in a way, the shaping of these perceptions, and hence Azerbaijani preferences vis-à-vis the EU, will largely depend on the further development of EU-Azerbaijan relations and the success of EU policies in the wider region.

#### **IV. The policy focus of EU-Azerbaijan relations**

EU-Azerbaijan relations focus mainly on three policy fields, which influence the formulation of the EU's emerging vision for the whole South Caucasus region. These include cooperation on energy issues, the promotion of democracy and conflict resolution. Understanding EU and Azerbaijani policies in these three areas is a key to understanding the general dynamics in their relationships.

**a) Energy cooperation**

Azerbaijan's rich hydrocarbon reserves and transit potential are the two major assets underscoring the country's importance for external powers, including the EU. Since European markets represent the most profitable option for the export of Azerbaijani oil and gas, Azerbaijan is naturally interested in securing unimpeded access for its energy exports to those markets. Growing European desire to diversify its energy sources and supply routes has increased Azerbaijan's importance for the EU.

***Strategic link between Europe and Central Asia***

Overlapping energy interests have allowed Azerbaijan to position itself as an important country for Europe's energy security, serving as a strategic link between Europe and Central Asia. The EU-Azerbaijan energy memorandum, signed in November 2006, in parallel to the adoption of an action plan, declared Azerbaijan to be a "strategic partner" for the EU in the field of energy cooperation (see European Commission 2008a). The memorandum aims at increasing the security of energy supply to Europe, and at integrating Azerbaijan into Europe's internal energy market.

Besides pure economic benefit, this energy-related cooperation with the EU also has an important political dimension in Azerbaijan. The Azerbaijani public and elites view the existing Baku-Tbilisi-Ceyhan oil and Baku-Tbilisi-Erzurum gas pipelines as means for firmly attaching Azerbaijan to the political and economic map of Europe. During the first Caspian-Black Sea-Baltic Energy Summit, held in Poland in May 2007, Azerbaijan also agreed with Georgia, Ukraine, Lithuania and Poland to work jointly on the extension of the Odessa-Brody oil pipeline to Gdansk in Poland,

which is viewed as yet another project aimed at reducing European dependence on Russian oil. As Svante Cornell writes, the energy-related cooperation between EU and Azerbaijan increases their interdependence and “gives Europe an important stake in the security, stability and development of the South Caucasus as a whole” (Cornell 2006: 91).

### ***Nabucco and South Stream***

The Georgia crisis, and a recent Ukrainian-Russian gas row in January 2009 which caused severe shortages in some eastern EU members have both underlined the importance of the EU reducing its dependence on Russian energy supplies, which Russia has skillfully used to exert pressure on the EU and divide it from within on important foreign policy issues. In this regard, these developments have increased the importance of the planned Nabucco gas pipeline, a major EU initiative designed to reduce its heavy dependence on Russia for gas supplies. If realized, the Nabucco pipeline will annually bring 30 billion cubic meters of Caspian gas to the EU via Turkey, bypassing Russia. Azerbaijan is uniquely positioned in the Nabucco project, because in addition to being a potential supplier, it also holds the only viable transit route between Central Asia, the key supplier for the planned pipeline, and Europe.

But paradoxically, although Nabucco is more important than ever for the EU, its chances seem even more remote after the Georgian crisis. Since its inception in 2006, the Nabucco project has faced difficulties, mainly because of the undefined commitment of Central Asian gas suppliers and disagreements within the EU itself regarding investment and tariffs. Russia has also systematically tried to undermine the project's prospects by

initiating the competing South Stream pipeline, stretching from Russia's Black Sea coast to Italy. The South Stream pipeline project was approved by the Russian gas monopoly Gazprom and Italian oil giant ENI in June 2007, and is projected to start in 2012 and end in 2013.

Russia is also pressuring Kazakhstan and Turkmenistan, two major potential Nabucco suppliers, to agree to the so-called Prikaspiysky gas pipeline up along the Caspian shore to Russia. This has effectively killed prospects for the trans-Caspian pipeline which would link Central Asian gas with Azerbaijan and further with the European pipeline network. Russia and Iran also oppose the idea of a trans-Caspian pipeline, which is a vital element of the Nabucco project, citing unresolved status of the Caspian Sea.

### ***Consequences of the Georgian-Russian war***

The war in Georgia has further complicated Nabucco's prospects. The crisis has aggravated the investment climate in Georgia, a major transit country for the planned project. But most importantly, by punishing Georgia for its independent pro-Western policies, Russia has also intimidated Azerbaijan and the potential Central Asian gas suppliers, dealing a heavy blow to the Nabucco project. Speaking in September 2008, Azerbaijan's Energy Minister Natig Aliyev openly questioned the feasibility of the Nabucco project for the first time among Azerbaijani officials, referring to it as an "over-politicized" project. He admitted that without Central Asian suppliers, Azerbaijan will not be able to independently sustain gas flow in the pipeline (see Aliyev 2008).

In effect, the Nabucco project finds itself in a vicious circle: EU, which is interested in the project does not want to invest in the construction of the expensive pipeline before it receives credible

commitments from the suppliers, particularly, Turkmenistan and Kazakhstan, and the latter group is similarly reluctant to commit to supplying the pipeline before there is substantial political will and financial investment to start the project. From this perspective, the recent March 2009 decision by the EU to allocate 200 million Euro for a risk-sharing facility for Nabucco will not produce a tangible outcome, given the total cost of the pipeline is estimated to be around some 8 billion Euro. Global financial crisis further hinders the realization of Nabucco by raising risks associated with this expensive and politically complicated project.

### ***Sellout of Azerbaijan's gas?***

Russia, meanwhile, has used the European indecisiveness over Nabucco to convince Azerbaijan to sell its gas, as part of its general strategy of keeping its monopolist position in the European gas market. Russian gas monopolist Gazprom has offered Azerbaijan to buy the “maximum volume” of gas from its largest Shahdeniz gas field, which is expected to produce some 10-12 billion bcm of gas by 2013–2014 and is viewed as an important first supply source for the planned Nabucco pipeline. Left in uncertainty over Nabucco's prospects, Azerbaijan signed a memorandum of understanding with Russia on March 27, 2009 about sales of unspecified volumes of gas that leaves the doors open for selling to Russia the bulk of the Azerbaijani gas that the EU is counting on to at least partially fill the planned Nabucco pipeline.

Despite difficulties, Azerbaijani support for Nabucco has not waned. Speaking at the EU special conference on Nabucco held in Budapest in January 2009, Azerbaijani president Ilham Aliyev voiced his country's strong support for the project. According to

Aliyev, “The countries of Nabucco and the organizations which support this project, I think, must act more courageously. They should not look at the project only as a profit resource. It’s a matter of energy security. Energy security leads to general security, to independence in the long run” (Synovitz 2009).

***A changed geopolitical and geoeconomic landscape***

Overall, the geopolitical and geoeconomic cost of the Georgia crisis and its aftermath to Azerbaijan and its energy cooperation with the EU is hard to overestimate. The crisis diminished the prospects for the Nabucco pipeline, allowing Russia to tighten its grip on the European energy market, and seriously impaired further development of the east-west energy and transport corridor. It has certainly dented Azerbaijan’s chances to elevate its importance to the EU by becoming not only an energy exporter, but also a transit hub for export of Central Asian oil and gas to Europe.

And, last but not least, the crisis also risks weakening regional cooperation within the BSS by stripping it of an important energy component. Thus, one of the driving forces behind the BSS initiative is energy cooperation and the development of “a new trans-Caspian trans-Black Sea energy corridor” (European Commission 2007: 5).

***b) Promoting democracy, good governance and respect for human rights***

While energy has been the most dynamic and successful area of EU-Azerbaijan cooperation, Azerbaijan’s poor democratic and human rights records have been a major impediment in elevating bilateral relations with the EU to a new strategic level. The country’s action plan contained an extensive list of policy reforms

aimed at improving the democracy and human rights situations in the country. It called for improving electoral laws and processes, launching institutional reforms to introduce proper checks and balances by limiting excessive executive power and improving the judiciary, and for respecting freedom of the press and freedom of assembly.

***Tacit application of conditionality***

The action plan contains important insights into the tacit connection made by the EU between democratization and recognition of a long-term European prospect for Azerbaijan, and indeed for all South Caucasus nations. Thus, Azerbaijan's ENP action plan read, "The level of ambition of the relationship will depend on the degree of Azerbaijan's commitment to common values as well as its capacity to implement jointly agreed priorities." In this context, it adds, "[ENP implementation] will encourage and support Azerbaijan's objective of further integration into European structures. The EU takes note of Azerbaijan's expressed European aspirations."

A similar language was used for the Armenia and Georgia action plans. In effect, this language implies that the EU has tacitly applied conditionality not only to the degree of its cooperation with these regional states, but also to the recognition of future European prospects for the South Caucasus nations.

***Limited progress but changed rhetoric***

The ENP progress report on Azerbaijan released in April 2008 explicitly said, "There has been limited tangible progress towards meeting the action plan objectives in the area of democratic governance" (European Commission 2008b). The EU has limited



potential either to pressure or induce Azerbaijan to fulfill commitments to serious political and economic reform. Azerbaijan's huge profits from oil and gas exports have increased the government's self-confidence and perceived self-sufficiency, and thus diminished pressure for reform. Correspondingly, the official rhetoric regarding European integration has shifted in accent. Official Baku has increasingly suggested that it will not beg for favors from the EU, and that the EU needs Azerbaijan as much as Azerbaijan needs the EU.<sup>2</sup>

The cooperation frameworks existing between the EU and Azerbaijan are inherently weak, and offer little help. The activities listed under the ENP action plan concerning promotion of democracy and human rights contain only general statements, and lack efficient monitoring and enforcement mechanisms. The BSS initiative focuses on a regional dimension of democracy promotion by envisaging training and exchange programs, and by stimulating a regional dialogue with civil society. As such, it does not focus on domestic developments. While Azerbaijani leadership values its formal participation in EU programs as part of its general approach of keeping foreign policy options open, it is not interested in taking on additional strict and deadline-driven obligations.

In fact, the EU possesses practically no policy sticks, and only a few carrots able to influence Azerbaijan. Azerbaijani leadership has repeatedly stated that it does not need EU's cheap credits, as

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<sup>2</sup> For example, in an interview with Russian "Echo Moskvi" radio on December 22, 2006 Azerbaijani president Ilham Aliyev said, "For us, a partnership program [with the EU] is not an attempt to ask for something and cry for help. Maybe they [the EU] will need us more than we will need them." Full text of the interview in Russian: [www.echo.msk.ru/programs/beseda/48358/](http://www.echo.msk.ru/programs/beseda/48358/).

it has enough money of its own.<sup>3</sup> In fact, as was discussed above, Azerbaijan finds itself more vulnerable to Russia's political and economic levers than to those of the EU.

***Expectations of the civil society***

However, the EU has something that Russia lacks – an image of democratic and prosperous non-imperial power. As such, Azerbaijani civil society expectations from cooperation with the EU are much higher. This cooperation is viewed as a means for promoting democracy, good governance and economic prosperity, and for eventually becoming a full-fledged member of the European family.

This democratic tradition and strategic orientation to Europe is deeply ingrained in the Azerbaijani national identity. Azerbaijanis pride themselves on being the first Muslim nation in the world to have established a secular democratic republic, which briefly existed from 1918 to 1920 before falling to Soviet invasion. This self-image serves as a key factor in the nation's adherence to the European model of democratic governance.

Hence, European integration and the associated liberal values remain an important part of the domestic political discourse. Azerbaijanis' strategic orientation to Europe represents the most important and perhaps the only significant source of influence that the EU possesses over Azerbaijan.

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<sup>3</sup> For example, in July 2008, President Ilham Aliyev, in speaking to Azerbaijan's foreign ambassadors meeting in Baku said, "New EU members receive billions of dollars of aid. We don't need it. That is why we conduct an independent political course both domestically and externally, including energy diplomacy." A. Rashidoglu, "Baku does care about the West?" [in Russian], *Zerkalo newspaper*, July 9, 2008.

***c) The EU's missing role in resolution of the Nagorno-Karabakh conflict***

As part of the ENP and the BSS initiative, the EU has pledged greater political involvement in ongoing efforts to solve the regional conflicts peacefully. The Communication from the Commission on ENP Strategy Paper said, "ENP should reinforce the EU's contribution to promoting the settlement of regional conflicts," (European Commission 2004: 6). In its Communication on the BSS initiative, the Commission called for "a more active EU role through increased political involvement in ongoing efforts to address conflicts" (European Commission 2007: 4). According to the European Commission, "If the ENP cannot contribute to addressing conflicts in the region, it will have failed in one of its key purposes" (European Commission 2006: 9).

However, despite these stated goals, the EU has largely remained a secondary player in conflict resolution efforts in its eastern neighbourhood. In the context of the South Caucasus, as Dov Lynch put it, the EU has "retained a low overall profile, with little presence in the negotiating mechanisms, no direct involvement in mediation and an undefined strategy to lead policy" (Lynch 2006: 61).

While the EU has engaged in some ground-level rehabilitation and confidence-building programs in Abkhazia and South Ossetia following the launch of the ENP, and has significantly increased its involvement in Georgia by deploying an ESDP mission in September 2008, it has played virtually no direct role in addressing the Armenian-Azerbaijani conflict over Nagorno-Karabakh (see also International Crisis Group 2006). Absence of a consensus strategy for involvement has largely pushed the EU to

the periphery of regional and international efforts aimed at resolving the Karabakh conflict.

### ***The nature of the conflict***

Nagorno-Karabakh is the longest running and most intractable conflict in the EU's eastern neighbourhood. It is the only conflict in the South Caucasus which involves two states of the region, Armenia and Azerbaijan, and hence, is the biggest obstacle to region-wide cooperation and integration initiatives, effectively excluding Armenia from any projects involving Azerbaijan.

The EU's inability to contribute effectively to the Karabakh conflict resolution emanates from the nature of the conflict itself. As aptly put by Nicu Popescu,

*“Unlike the intra-state conflicts in Moldova and Georgia, the conflict over Nagorno-Karabakh was in many ways an inter-state conflict between two recognized states – Armenia and Azerbaijan – with their own partnerships with the EU. This created greater pressure for neutrality on the EU. Thus, any understanding of EU policy on Nagorno-Karabakh cannot be taken out of the context of EU relations not only with Azerbaijan, but also with Armenia”*  
(Popescu, in print).

### ***Ambiguity of the EU's approach***

The limits of the EU's ability to engage effectively in the Karabakh conflict resolution process were revealed yet again during the negotiation stage of the Azerbaijani and Armenian action plans. The EU struggled to accommodate the two countries' competing efforts to include formulations reflecting their preferences in dealing with the conflict in their respective action plans. The result was adherence to the lowest common denominator, whereby the EU formally announced support for Azerbaijan's territorial integrity

in its action plan's preamble, while also including a reference to self-determination in the text of Armenia's action plan concerning the Nagorno-Karabakh conflict.<sup>4</sup>

At the insistence of Azerbaijan, its ENP action plan listed the EU's contribution to a peaceful solution of the Nagorno-Karabakh conflict as a first priority. But this move was more about political symbolism than about actual plans for activity by either Azerbaijan or the EU. In terms of concrete policy actions, the action plan contained mostly general proclamations, calling for increasing EU diplomatic efforts, providing support to the so called Minsk Group mediation, assisting internally displaced persons (IDPs) and encouraging people-to-people contacts.

### ***Policy of disengagement***

Confronted with competing claims, and unwilling to turn its partnership documents with Armenia and Azerbaijan into a battlefield in a war of words, the EU has effectively adopted a policy of disengagement from the Karabakh conflict. The frequently used argument that the Nagorno-Karabakh conflict is being dealt with by the Minsk Group (steered by the OSCE) has turned into a convenient excuse for the EU not to assume a more active role in the conflict resolution process.

The EU has occasionally tried to embark on some confidence-building projects in Nagorno-Karabakh, and between Armenian and Azerbaijani communities, in line with the ENP action plans' stated goals. But its failure to adopt an unambiguous position

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<sup>4</sup> The Azerbaijani action plan's text concerning the Karabakh conflict also contained reference to "the relevant UN Security Council resolutions", which were adopted in 1993 and called for withdrawal of Armenian forces from Azerbaijan's occupied territories.

regarding support for Azerbaijan's territorial integrity, similar to the positions it has adopted with regard to conflicts in Georgia and Moldova, has increased Azerbaijan's opposition to any ground-level projects in and around Nagorno-Karabakh.

### ***Azerbaijan's insecurities***

Azerbaijanis fear that in the absence of strong EU commitment for their territorial integrity, EU involvement in Nagorno-Karabakh projects could actually serve to legitimize and further entrench the secessionist authorities there.

Kosovo's declaration of independence, supported by most EU member states, further increased Azerbaijan's fear that forcefully changing the borders of a nation without its consent could be used as a precedent for its own conflict in the future. Most importantly, the Kosovo developments increased Azerbaijan's reluctance to allow any foreign peacekeeping troops tasked with separating Armenian and Azerbaijani forces on its soil, without clear guarantees that those troops would not contribute to the legitimization of forceful secession by a part of its territory. This vigilance has extended even to EU troops.

The EU has done little to address Azerbaijan's underlying insecurities. In formal communications, the EU always stated that it recognized Azerbaijan's territorial integrity, but it has also sent mixed signals to Azerbaijanis regarding the EU's real position on the issue. For example, a recent statement from EU Commissioner for External Affairs Benita Ferrero-Waldner was indicative of EU's neglectful attitude towards Azerbaijan's territorial integrity. Addressing the European Parliament on September 1, 2008, the commissioner said that following the recent crisis in Georgia, "such partners as Georgia, Ukraine and Moldova can

count on our [EU] support in maintaining their territorial integrity and sovereignty” (Zik.com.ua 2008). Ferrero-Waldner’s statement caused a wave of criticism in Azerbaijan for omitting it from this list of countries (see for example Manafli and Abasov 2008).

Thus, the EU’s neutral position and ambivalent support for Azerbaijan’s territorial integrity has increasingly been perceived in Azerbaijan as the absence of any position at all, or in the worst instances, as a tacitly pro-Armenian position. In both cases, the EU’s inability to develop a clear position or assessment of the Nagorno-Karabakh conflict has undermined its credibility and served to further entrench Azerbaijani suspicions of potential EU double standards.

### ***The EU Special Representative’s role***

Azerbaijan’s insecurity over its territorial integrity has also impeded the EU Special Representative’s (EUSR) efforts to assume a more visible and active role in contributing to the peaceful solution of the conflict, in line with his mandate. For example, in June 2007, EUSR to the South Caucasus Peter Semneby had to change his route halfway to Nagorno-Karabakh, and return to Yerevan, after receiving a phone call from the Azerbaijani foreign ministry warning him to refrain from his trip. The Azerbaijani side objected to Semneby’s travel, saying he could make such a trip only from Azerbaijan and only with the permission of the Azerbaijani authorities. The EUSR has not attempted to visit Azerbaijan’s occupied territories since that time.

Paradoxically, the EU itself has served as a peculiar role model for Azerbaijan in opposing any external contacts with secessionist authorities. In July 2005, following Azerbaijan’s controversial decision to establish commercial air links with Northern Cyprus,

the divided island's internationally recognized government retaliated by freezing Baku's participation in the ENP. Since the EU adopted a regional approach, it temporarily halted negotiations with Georgia and Armenia as well, and threatened Azerbaijan with exclusion from the ENP if it didn't abandon its policy of engagement with Northern Cyprus. The EU resumed talks only after Azerbaijan gave guarantees to Cyprus that it would in the future refrain from any such flights without the EU's permission.

However, the incident also contrasted with the EU's own argument on the need to engage with separatist authorities in Nagorno-Karabakh and elsewhere in the South Caucasus, and served official Baku as a handy precedent to argue against any EU ground-level involvement in Nagorno-Karabakh without official Baku's consent.

### ***A self-defeating strategy***

Lacking a strategy for involvement, the EU has effectively adopted a "wait-and-see" approach to the Karabakh conflict. As the EU's Country Strategy Paper (CSP) for Azerbaijan emphasized:

*"The EU/EC ... aims at stabilising the whole Southern Caucasus region by supporting the peaceful settlement of the Nagorno-Karabakh conflict between Armenia and Azerbaijan ... If the Nagorno-Karabakh conflict is settled within the timeframe of the present CSP, the EC will provide further specific assistance to help consolidate the settlement, including the reconstruction and rehabilitation of conflict areas, the return to conflict areas of Azerbaijani IDPs and refugees and the elimination of the excessive accumulation of conventional weapons" (European Union 2006: 5).*

This is a self-defeating strategy: While the EU recognizes that a solution to the Karabakh conflict is the key to the stabilization of



the whole South Caucasus region, it tacitly admits it is not prepared to assume a more active role in Karabakh peace process unless a political agreement is reached. This statement once again demonstrates the contradiction, and even confusion, which characterizes the EU approach to the Karabakh conflict. The EU's indecisiveness when dealing with the Karabakh conflict undermines its efforts to promote bilateral interests in other areas of cooperation, in particular policies aimed at promoting democracy and regional cooperation.

### ***The EU and the Minsk Group***

While Azerbaijan opposed the EU's ground-level projects in Nagorno-Karabakh, it actually favored, until recently, greater EU involvement in the mediation process. Unlike Armenia, which was careful to preserve the Minsk Group format intact, Azerbaijan often expressed its dissatisfaction with the lack of progress in that Group's work and even accused it of "monopolizing" the mediation process (Azer-Press 2008).

In this context, Azerbaijan viewed the EU as an important player with the potential to reinvigorate the inefficient Minsk Group format.<sup>5</sup> Privately, Azerbaijani diplomats have generally spoken positively of the idea of giving the EU observer status in the Minsk Group, or even of replacing France with the EU as one of the Group's chairs. This idea has been supported by a number of

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<sup>5</sup> Thus, Azerbaijani President Ilham Aliyev said in 2004 immediately after Azerbaijan's inclusion in the ENP, "Of course, the Minsk Group of the OSCE has a mandate to deal with [the Karabakh conflict] and of course we are not trying to change that mandate. But at the same time, Azerbaijan is strongly convinced that broader international attention, the attention of European structures, and of public opinion in Europe will help find a quick and peaceful resolution to the conflict." See Lobjakas 2004.

influential Western organizations and individual scholars (see for example International Crisis Group 2007, Cornell and Starr 2006).

However, the Georgia crisis has undermined the EU's credibility as a potential key player in solving the Nagorno-Karabakh conflict. The fact that EU civilian monitors in Georgia were allowed only into "buffer zones" near South Ossetia, but not into the conflict zone itself, is seen in Azerbaijan as symptomatic of the EU's strategic weakness, and as a move which serves to consolidate the separatist authorities. Proceeding from these considerations, official Baku expressly rejected EU participation in the Minsk Group forum, saying the Union cannot act quickly and in a united way in crisis situations (see Pop 2008a).

## **V. EU and Azerbaijan: Finding a way forward**

Speaking at a conference in Brussels in October 2008, Azerbaijani Deputy Foreign Minister Araz Azimov announced that Azerbaijan was not aiming, like Ukraine or Georgia, to become an EU member, but is more interested in "common areas for trade, economy, [and] transport ... as far as is procedurally possible without entering the membership discussion" (Pop 2008b).

### ***The limits of EU soft-power***

While not excluding the possibility that Azerbaijan could seek EU membership at some time in the future, this statement is illustrative of the limits of EU soft-power influence on present-day Azerbaijan. It makes the EU's most important policy instrument, the prospect of membership, largely irrelevant in its dealings with Azerbaijan. As discussed above, this position stems from

Azerbaijan's reluctance to undertake stricter reform obligations with respect to the EU, but also from the looming insecurities concerning its unresolved conflict and Russia's regional role. However, the statement also shows that official Baku has adopted a more realistic and evolutionary approach to development of its EU relations, which are devoid of overly high expectations.

Today, the Azerbaijani government is interested in developing a horizontal relationship with the EU, focusing primarily on economic cooperation and concrete result-oriented projects. In this regard, the EU has some significant policy "carrots" it could use to promote bilateral relations, while simultaneously applying conditionality to contribute to reforms in Azerbaijan.

### ***Free Trade***

Developing a free trade agreement between Azerbaijan and the EU is one such effective policy carrot, which fits the interests both of official Baku and Brussels. However, this agreement would be realizable only after Azerbaijan's accession to the World Trade Organization (WTO). This will require significant policy reforms on the part of Azerbaijan. Currently, the remaining impediments to Azerbaijan's WTO accession are high customs tariffs, lack of transparency, corruption, and failure to enforce commercial laws and laws regulating intellectual property rights.

The prospect of establishing a free trade regime with the EU, combined with increased EU support and assistance for Azerbaijan's WTO accession, could stimulate the Azerbaijani government to speed up its economic and trade reforms.

### ***Visa facilitation***

Another effective policy carrot available to the EU is agreement on visa facilitation, with the possibility of visa-free movement in the medium term. This measure would be especially important for promoting person-to-person contacts, cultural, scientific and sports interactions, and mutual knowledge exchange. Currently, obtaining an EU visa is a costly and often lengthy process for Azerbaijani citizens. In early 2008, the cost of Schengen visas was almost doubled from 35 to 60 Euro, which prompted the Azerbaijani government to retaliate by increasing the cost of its own visas for EU citizens.

By comparison, Russia exerts significant soft power on Azerbaijan by having an effective visa-free and free-trade regime. The prospect of visa-free relationship with the EU constitutes an important part of the EaP proposal, and was widely well received in Azerbaijan. The Azerbaijan action plan also vaguely mentioned “exchang[ing] views on visa issues” and “initiat[ing] dialogue on readmission which could possibly lead in the future to an EC-Azerbaijan agreement in this area.”

Visa facilitation requires first of all effective and integrated border management at the national and regional levels (at least with Georgia, if excluding Armenia), in order to diminish illegal migration. This in turn necessitates making border guard service “Schengen-compatible”, or conducting reforms aimed at bringing Azerbaijan’s laws and procedures in the area of migration and border management up to European standards.

Some progress has already been achieved in this regard. In October 2007, the EU endorsed a three-year South Caucasus Integrated Border Management program, aiming at the

introduction of EU border management standards in the South Caucasus. The program consists of one common training component, two bilateral cooperation components spanning Azerbaijan-Georgia and Georgia-Armenia, and three national components, enhancing strategic border management capacities across the region with the goal of introducing coherent integrated border management systems. The unresolved Karabakh conflict prevents an integrated border management on a regional level, which would bring Armenia and Azerbaijan together.

Visa facilitation would also require the conclusion of readmission agreements, which would oblige the Azerbaijani government to facilitate the return of illegal migrants and rejected asylum seekers to its territory. On a broader level, this agreement would also require further progress on the part of Azerbaijan in areas such as the strengthening of the rule of law, and in combating illegal migration and organized crime. By actively assisting Azerbaijan in these reform efforts, while offering visa facilitation as a reward, the EU would promote its own security and would bring Azerbaijan closer into its orbit.

### ***Financial assistance***

Provision of financial assistance is yet another policy instrument which the EU has successfully used in its external relations. But in the context of Azerbaijan, increased government revenues from oil exports relieves government from the need for financial aid and cheap credits, correspondingly making it more difficult for the EU to apply conditionality. In fact, in July 2008 Azerbaijani President Ilham Aliyev openly stated that his country did not need EU's cheap credits, as it has financial resources of its own (see Rashidoglu 2008).

In such a situation, the EU should pay greater attention to the development of civil society in Azerbaijan by increasing funding to NGOs, and by increasing educational exchange and support programs. Educational programs, particularly with a view toward harmonization of Azerbaijani education standards with those of the EU under the Bologna process, are particularly important and could serve as the most efficient long-term investment in promoting democracy and Europeanization in Azerbaijan. Currently, EU and Azerbaijani educational cooperation focuses on two programs: Tempus, which envisages providing technical assistance for the modernization of educational structures and programs, and Erasmus Mundus, which provides scholarships to graduate and undergraduate students. The EU should increase its assistance to Azerbaijan within these projects, and bring it at least to the level of neighbouring Georgia.<sup>6</sup>

***Enhanced role in the resolution of Nagorno-Karabakh conflict***

The success of EU policies and EU power in influencing Azerbaijan will largely depend on the Union's contribution to the Nagorno-Karabakh conflict resolution. As discussed above, EU's "wait-and-see" approach is a self-defeating strategy undermining its credibility and policies in the region. While recognizing that there are no single quick-fix solutions to the existing "frozen conflicts" in the region, the EU should avoid statements which antagonize Azerbaijan, such as suggesting that the EU does not support Azerbaijan's territorial integrity in the same manner that it supports that of Moldova, Georgia or Ukraine.

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<sup>6</sup> For example, although Azerbaijan is twice as large as Georgia, the EU provided only 26 scholarships for Azerbaijan for the year 2008 under the Erasmus Mundus External Cooperation Window, as opposed to 58 scholarships for Georgia.

Fundamentally, the effectiveness of EU conflict resolution efforts in the South Caucasus in general, and in the Nagorno-Karabakh conflict in particular, depends on the EU having a clear vision for the region. This is an issue which relates to a whole gamut of larger questions ranging from the level of EU ambition vis-à-vis its eastern neighbourhood to the EU's own internal dynamics, with an additional range of issues to consider ranging from enlargement fatigue, the prospects for the new EU constitution and improved Common and Foreign Security Policy (CFSP).

***End of ambiguities and start of a new strategy***

On the other hand, Azerbaijan's level of ambition with respect to EU integration will largely depend on the success of EU policies in Ukraine and Georgia, as well as Turkey's membership progress. As long as uncertainty regarding Turkey's accession remains, instability in Georgia and Ukraine continues, and the EU grapples to devise coherent policies vis-à-vis these issues, Azerbaijan's skepticism of the EU will persist and grow. By contrast, Turkey's accession to the EU, and successes by Ukraine and Georgia, Azerbaijan's strategic partners in the eastern ENP region, in integrating with the EU, would encourage and even compel the Azerbaijani government to seek a similar level of cooperation with the EU.

Thus, the EU should retain its regional approach, providing equal integration opportunities to aspiring eastern partners, and applying the same criteria in assessing their progress. However, the EU should also employ a more evident multi-speed strategy in its dealings with the eastern partners. This "equal opportunity, multi-speed" approach would serve to maximize the EU's soft

power and would allow for a positive rivalry, whereby Azerbaijan would “compete” with its partners from the eastern ENP in adoption of EU norms and practices, so as not to lag too much behind, particularly with respect to its immediate neighbours of Armenia and Georgia.

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## **The EU and Georgia: The Choice is in the Context**

*Kakha Gogolashvili*

### **I. Introduction**

Georgia has long been a country with European aspirations. But it is still struggling with the legacy of a post-Soviet legal and political culture, with weak market institutions, and a low scaled economic and social development. It is thus unlikely to expect a rapid transformation. Nonetheless, Georgia has attempted to put itself on a track toward permanent rapprochement and gradual integration with the EU. Accession to the EU is considered to be a long-term goal.

In Georgia, the European Neighbourhood Policy (ENP) is considered to be a proper tool for EU engagement in the process of Georgia's reforms, and a good institutional anchor making deviation from the "European way" less likely. The ENP opens opportunities for the expansion of trade with the EU, and holds the potential for a new level of political relations, including cooperation in CFSP-related issues, and the development of stronger partnerships in science, education, sectoral policies, and other areas.

The ENP also serves as an institutional anchor for Georgia's political and economic reforms. Participation in the ENP ensures that the process of reform can be subordinated to something broader than national policy. The ENP creates soft external

guarantees that the reform process will continue on the correct path, no matter which government comes to power. The ENP also makes Georgia a participant in a wider international process, in which each country, and Georgia in particular, may contribute by supporting and deepening the stability and cooperation incentives. This makes the country responsible for changes on an international level.

## **II. Georgia's aspirations**

In Georgia, the current and widespread national understanding that EU membership is a conditional objective became clear after the EU's fifth wave of enlargement, which was based on well-defined criteria for accession. These criteria for EU accession largely match Georgian policymakers' overall goals and include the creation of a modern, stable state with well-developed democratic institutions, securing a functional market economy, maintaining a good international position, and a respectable level of human and social development. Indeed, the so-called Copenhagen Criteria specifying conditions for prospective EU members, as well as the associated pre-accession tasks, focus on detailed institutional reforms designed to transform candidate countries into fully EU-compatible states.

### ***Public perception of the EU in Georgia***

A majority of Georgians believe that the country has a "future in Europe." Public opinion polls carried out in Georgia since the mid-1990s have persistently shown very high public trust accorded to European institutions, and substantial interest in European

integration. The last public opinion poll carried out in the country, during the most recent presidential elections (January 2008), asked the population's view of Georgia's integration in the North Atlantic Treaty Organization (NATO) alliance. Seventy seven percent voted in favor of membership (Georgian Central Election Commission 2008). Different sources indicate that the NATO and EU perspectives resonate strongly among the Georgian public consciousness, and this figure may consequently be expanded to the question of Georgia's further rapprochement with the EU.

While public opinion is very pro-European in general, there are some factions in the government and ruling elite that are more or less skeptical of the conditions set by the EU. Not all recommendations provided by EU advisers and EC missions are considered necessary. Divergences that may hinder Georgia's advancement in the implementation of its ENP Action Plan, and consequently the country's closer integration with the EU, basically relate to national economic policy. Such fields as labor code, food safety and phytosanitary control, quality control of industrial goods, competition rules, consumer rights and environmental rules may hinder advancement of institutional ties with EU.

### ***Diverging goals?***

Through the last few years of intensive reforms and development, Georgia has introduced many democratic and liberal changes, but these have not always matched the EU approach. Economic policy dedicated to softening businesses' administrative and regulatory burdens has to some extent ignored commitments made in the 1999 Georgia–EU Partnership and Cooperation

Agreement (PCA), which aimed at harmonizing Georgian legislation with that of the EU.

The ENP Action Plan implementation progress report by the EC indicated that "... the implementation of the Action Plan has revealed the difficulties in reconciling the government's drive for a radical reduction of the role of government in the economy and the EU regulatory approach reflected in the Action Plan", (EC 2008: 2), EC reports on the implementation of the EU-Georgia Action Plan of 2007 have been critical in such areas as migration policy, competition policy, the presence of an independent judiciary, labor rights and food safety (ibid.).

Indeed, it seems increasingly unlikely that the ENP Action Plan, designed to be implemented over five years, with promises by the Georgian government to do so in just three years, will in fact be realized in such a time frame. The government's ultra-liberal economic policy, taking "deregulation" as a founding principle, has conflicted with ENP Action Plan commitments. There is still a lack of understanding of the importance of compliance with all topics of the Action Plan, if real progress on the way to closer integration with the EU is desired.

### **III. The EU's Caucasian "dance"<sup>1</sup>**

The EU has based its relations with South Caucasus nations on the far-reaching ideological objectives of promoting democratic state-building and encouraging conditions favorable to a stronger economic engagement, primarily through trade and investment.

Russia in particular and the United States to a large extent are each motivated by geopolitical interests in their foreign policies; the EU does not ignore such interests, but places more emphasis on other issues, like governance, development, values and democracy.

***Goals and values of EU foreign policy***

The EU has no national idea on which it can base its own external policy. Rather, the EU's policy ambitions are strongly dependent on the commonly agreed values and objectives, driving ideas and forces of European integration, such as Article 6 of the Treaty Establishing the EU. Consequently any EU strategy is aimed at satisfy the criteria of promoting stability, peace, democracy, a market economy and so on. If these criteria are met, a project is analyzed from the point of view of its humanitarian, political, security, economic, and cultural potential, along with other relevant objectives and targets.

Naturally, the order of consideration of these factors may differ due to their importance in particular cases. For example, in case of any conflict within the proximity of EU borders, security may become a first priority in assessing policy alternatives. Economic incentives in the case of Mediterranean partnerships are usually considered to be a main driving force of cooperation, while the EU's decision to enlarge toward the east, resulting in the accession of Central and Eastern European states, was motivated first of all by political reasons. In a number of external cases, the EU has acted primarily out of humanitarian considerations. However, in all such actions, the EU is ultimately promoting its

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<sup>1</sup> In the Caucasus, female and male dancing partners never come close enough to



own values regionally and worldwide, whether it does so openly or not.

***The changed relationship between the EU and Russia***

As long as these objectives are practical, and the countries involved agree to cooperate and fully follow EU “instructions,” all other components of European foreign policy can work successfully. Otherwise, the EU faces problems in reaching its external political objectives. Such problems have been evident in EU policy toward Russia, which before the Putin era showed great interest in finding common political ground, and in becoming a credible partner for the EU. However, during Putin’s administration, Russia has little by little abandoned the idea of following European models of state building, returning instead to Westphalia-style principles in international relations, hostile to external criticism, intervention, conditions or recommendations related to the country’s internal policy.

***A common approach to the "post-Soviet space"***

EU policy in the South Caucasus region has been a classic demonstration of its approach to foreign policy. Beginning with the early 1990s, the EU used traditional instruments to provide aid, financial grants, technical assistance, and other means of assistance proportionally and fairly to the South Caucasian states. The EU's approach to the post-Soviet countries (With the exception of the Baltic States) as a body was similar across this period. The main features of this approach included the use of the unified technical assistance instrument TACIS (introduced as EC financial instrument in 1992), the creation of similar programs like

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embrace each other although their movements are highly synchronized.

Food Security and Exceptional Financial Assistance, and the development of framework agreements, or Partnership and Cooperation agreements (PCA).

### ***Partnership and Cooperation Agreements***

In 1994, all three states of the Caucasus began negotiating PCAs, which have since been signed and endorsed, with the same dates for all three. In fact, the agreements were roughly similar, with very narrow differences tied to the specific national circumstances (Yakobashvili and Gogolashvili 2006). This was probably the first serious attempt to introduce sub-regional distinctions into agreements with former Soviet states, as Russia, Ukraine, Moldova and Belarus began negotiating their PCAs earlier (1992–1993), and ultimately settling on texts that were slightly different than those offered to the South Caucasian states.

The most important difference in the agreements was a clause allowing consultation on possible Free Trade Agreements (FTA) between the EU and the three states. The clause was not included in the agreements with Georgia, Azerbaijan or Armenia, despite intensive negotiation efforts by the Georgian delegation<sup>2</sup>. In reality, the inclusion of the FTA clauses appeared to have little practical effect, as in 1999 Ukraine insisted on commencing free-trade consultations with the European Community, and the EC was very strict in rejecting the possibility.

### ***The Soviet legacy***

It is also an interesting detail that the Georgian delegation insisted on describing formerly Soviet countries, in the preamble of the

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<sup>2</sup> The author of this paper was a member of Georgian PCA negotiation team from 1994 to 1996.

agreement, as “those which emerged or reestablished their independence after dissolution of the Soviet Union.” The EC delegation nearly agreed to such a formulation, but some member states ultimately proved reluctant to describe any former Soviet country as having “reestablished the independence.” It is difficult to understand the precise reason for this, as the minutes and conclusions of the Council working group meetings were not available to the wider public, but it can be understood as fear on the part of the EU to perpetuate Russia’s legacy into the post-Soviet environment.

If the EU had agreed on this formulation, it would also have required a differentiated approach to different states, as ultimately happened with the Baltic States. All the above-mentioned facts prove that the EU was strongly inclined to treat Georgia and all South Caucasian states in the context of their role as former Soviet Union republics, with some, but not substantial, differences among them.

### ***Emerging sub-regional differences***

The differences came anyway. A new EU policy, the “Wider Europe – New Neighbourhood Initiative”, which was launched in 2003, initially did not envisage the inclusion of Armenia, Azerbaijan and Georgia (EC 2003). This changed in June 2004, when, for several reasons “the Council noted the recommendations of the European Parliament, the Commission, SG/HR and the EU Special Representative for the South Caucasus and decided to include Armenia, Azerbaijan and Georgia in the ENP” (Council of the EU 2004: 12).

Thus, the inclusion of the South Caucasian states in the ENP could be considered as a new stage in the EU's engagement in

the region. It is important that this decision was made after two important factors appear—Russia’s reluctance to join the European Neighbourhood Initiative (which later became the ENP) and Georgia’s Rose Revolution at the end of 2003. The first probably revealed Russia’s ambition to conduct a fully independent policy and develop its own strategy and instruments for rebuilding influence over the post-Soviet space. The second fact signaled to the EU that new perspectives and aspirations inside Georgia might offer greater hope for development and democratic change in the South Caucasus region as a whole.

***The Caucasus – not yet a neighbour***

The EC communication establishing the basis for the Wider Europe Initiative may help explain why the South Caucasus region was not initially included in the ENP. As the official reason stated: “Given their location, the South Caucasus therefore also falls outside the geographical scope of this initiative for the time being” (EC 2003: 4). From this communication, we learn that the ENP was envisioned as a practical response to new challenges posed by unprecedented EU enlargement. That enlargement brought the borders of the Union close to the western borders of post-Soviet space.

The Caucasus region was not at that stage considered to be a direct EU neighbour. But was this the sole—or a sufficient—reason for excluding South Caucasian states from the policy? Indeed, the Mediterranean, predominantly Arab states, along with Israel, similarly lack a land border with the EU, but they were included in the policy nonetheless. We can surmise that by that time it had become necessary to include the South Caucasus in the club of the EU’s closest neighbours, but policymakers still

hoped to have Russia as a reliable and non-aggressive partner. It thus appeared more practical to continue working with these countries on the basis of their PCAs, avoiding irritating Russia while still defining a new framework of relations with the important regional actors.

### ***Russian interests***

The hope to have Russia as a close partner, and to explore all possibilities together, including (presumably) those affecting the South Caucasian region, was based on the May 2003 EU-Russia St. Petersburg Summit, at which the EU and Russia agreed to reinforce cooperation by creating four “common spaces” (EU–Russia Common Spaces 2008). This summit followed the EC’s March 11 Communication on a Wider Europe, and was obviously an attempt to create a separate bilateral framework for new relations after it became apparent that Russia was resistant to the idea of being considered no more than one of a number of EU neighbours.

Further developments showed that Russia’s ambitions lay far in advance of being a simple EU partner, with Russian anxiety increasing due to Western plans to encourage an East-West Energy corridor through the South Caucasus. This would include the construction of the Baku-Erzurum Gas Pipeline, as well as the development of other projects designed to transport hydrocarbons from Central Asia to Europe across the Caspian Sea.

### ***Energy Supply***

At that time, Russia strongly opposed such ideas, acting to erect different barriers to the solution of disputes on the status of the Caspian seabed among littoral states. The country refused to join

the European Energy Charter, and began evidencing a strong desire to remain an independent actor, with the power to dictate its own rules of supply. This fact inspired the EU to work out a special strategy, the EC Green Paper on energy policy of 2005, which outlined basic targets for energy security (EC 2006a). Among these goals was a substantial diversification of oil and gas supply routes in which the South Caucasus would play a major role.

Several future pipeline projects that were to go through Azerbaijan and Georgia had already been developed. These projects include the reinforcement of the South Caucasian gas Pipeline (SCP), the Shah-Deniz (planned for completion in 2009–2010), the Trans-Caspian gas Pipeline (TCP) connecting Turkmen and Kazakh gas fields with Europe, and the Nabucco gas pipeline linking Iranian and Caspian pipeline options, which would diversify supplies in Europe by reaching the Austrian hub of Baumgartner. In the last few years, several different options for transporting trans-Caspian hydrocarbons to Europe via the South Caucasus region, the Black Sea and Ukraine have also emerged.

These projects, while highly interesting for Europe, were at odds with Russia's strategic plans. This was an obvious reason for the EU to abandon its previously homogeneous approach to the former Soviet region, and include some of these countries in the ENP. The South Caucasus, as a very important region, appeared to be host to controversial interests on the part of both the EU and Russia. It was thus logical to include all three South Caucasian states in the policy, which allows the EU to develop a special partnership that may ultimately play a crucial role in the EU's energy security.

As time progressed, these sub-regional contexts were further developed by the EU in new formats. Starting from 2006 (when the action plans with the South Caucasian states were signed), EC documents related to the ENP do not mention the South Caucasus in a separate context (EC 2006b: 10), but mainly in the context of the Wider Black Sea region (ibid. and EC 2007), which includes EU member states, western members of the former Soviet states, the South Caucasus countries and Turkey. Russia is to some extent considered to be part of that regional approach, but in practice plays little or no role in the EU-dominated process of Europeanization. The regional cooperation envisioned in the EU-Georgia ENP Action Plan, endorsed in November 2006, is aimed primarily at projects that deepen joint activities in the Black, Baltic and Caspian Sea areas.

***The Black Sea as new framework***

Since the EU has now become part of the Black Sea region itself, Georgia's active involvement in Black Sea cooperative efforts offers the chance to tighten relations with the EU, as well as a potentially stable path toward EU integration. The EU's engagement in cooperative efforts around the Black Sea in the areas of infrastructure development (oil and gas pipelines), security and stability (cooperation on border protection, and anti-terrorist, military, legal and conflict resolution issues), scientific projects, educational development, and environmental projects will inevitably allow the region to develop into a "European area of stability, security and justice."

### ***Eastern Partnership***

Another serious step in shaping a new regional scope of cooperation and the EU's involvement in the wider region of Eastern Europe and the South Caucasus is the emerging Eastern Partnership. Basic outlines of this new initiative were announced at the European Council of May 28, 2008 apparently as a Swedish-Polish response to French President Nicolas Sarkozy's idea of a "Mediterranean Union." There was a similar, although unsuccessful attempt in 2006 to reinforce the Eastern Dimension of the European Neighbourhood Policy—the initiative called "ENP plus"—"... a term being used by the German Presidency, without this being defined in a public document in operational detail" (Emerson/Noutcheva/Popescu 2007: 2). On December 3, 2008, the EC Communication on Eastern Partnership was approved by the Council.

The Prague Summit of 7th of May 2009 officially launched the new policy. The policy will create better conditions for adopting and implementing concrete projects of cooperation and widen the framework of relations with following key elements:

- Signing the Association Agreements;
- Establishing better market access and free trade via deep and comprehensive free trade agreements;
- Promoting higher mobility via mobility and security pacts comprising visa facilitation agreements, visa-free travel in a longer run;
- Working on energy security;
- Supporting regional development, including transport and energy infrastructure.



### ***New policy without Russian veto***

It is important to see that the multilateralism proposed by the Eastern Partnership gives the EU full carte blanche in developing closer trade, economic, political or cultural relations with all or any of its eastern partners, without any “permission” from Russia or any other big actor. This policy is still in the initial stage and it is difficult to ascertain its real prospects.

Looking at the evolution of previous approaches, it appears that the EU’s new role along its eastern border, and all intermediate sub-regional strategies, will ultimately merge into one basic approach, in which—as mentioned in the ENP Strategy Paper—relationships will depend on the concrete performance of the neighbouring state and in particular “new contractual links, in the form of European Neighbourhood Agreements, whose scope will be defined in the light of an evaluation by the Commission of progress in meeting the priorities set out in the Action Plans” (EC 2004: 9).

However, the geopolitical importance or political orientation of the country may still influence the rate of rapprochement. Georgia is seen as a country of substantial geopolitical importance for the EU. At the same time, it has strong European aspirations, and this is not just the view of elites, but the will of the Georgian people.

## **IV. EU credibility in the post-war environment**

Both the government and public opinion at large favor active EU involvement in issues of conflict resolution. During negotiations over the ENP Action Plan, the Georgian government presented its

own version of the draft, in which the EU was envisioned as playing an important mediation role in the Georgian-Ossetian and Georgian-Abkhazian conflicts. Since that time, the Georgian government has consistently asked to have the EU more actively involved, seeking support for Georgian positions vis-à-vis Russia.

### ***Raising credibility of the EU***

After the August crisis, in which French President Nicolas Sarkozy (in his role as EU president) negotiated a settlement in the Russian-Georgian conflict, expectations of seeing the EU firmly present in the region have risen. This diplomatic intervention, and the post-war civilian mission deployed in Georgia to monitor Russian troops' retreat from undisputed territories, have certainly raised EU credibility in Georgian official and non-official circles. The EU is now perceived more as a power that is able to and interested in guaranteeing democratic freedoms, the sovereign rights of countries, peace and stability.

This belief is not groundless, forged as it was by real activity during the time of crisis. The acting president of the European Council, the president of the EC and the high representative for the CFSP all traveled from Europe to Moscow and Tbilisi several times to stop the aggression against a sovereign country, and to help negotiate peace. During the war, five other presidents of EU member states came to Tbilisi to demonstrate their full support to the Georgian people and to the country's democratically elected government. Later, more heads of state and governments of EU members, including German Chancellor Angela Merkel, traveled to Tbilisi to express their support and offer promises to defend the country against open aggression. The donor conference organized by Brussels, which pledged 4.5 billion US Dollar for post-war

reconstruction and rehabilitation of the country, was another strong impetus strengthening optimism toward EU policy in Georgia.

### ***In search for a new role of the EU***

Certainly, the war in Georgia changed the rate of EU activity toward the region, and especially towards Georgia itself. The Union's engagement in the resolution process may extend at least as long as the EU mission is allowed inside of disputed Georgian territories. This mission, if succeeded will have a monitoring function aimed at ensuring secure conditions for the safe return of Georgian refugees to their homes, a demilitarization of breakaway territories, ongoing peace negotiations and the reestablishment of territorial integrity.

This last goal has been very openly expressed by various EU officials and leaders, including High Representative for the CFSP Javier Solana, who in his October 31, 2008 TV interview for France 24 confirmed the EU is strongly determined not to allow the disintegration of Georgia (Solana October 31, 2008).

The EU moderated Geneva talks between conflicting parties, which have started late fall 2008 and continued during winter 2009 still have not brought tangible results. Indeed, this only existing format has potential to develop into real productive talks only if the EU continues to be an active supporter and mediator.

### ***Resistance from Moscow***

Unfortunately Russia and the Abkhazian and South Ossetian separatist regimes do not show real interest for approaching the positions and finding common positions towards a number of important issues. They continue resisting the full fledged presence

of international organizations in the conflicting regions, demilitarization and return of refugees. Moreover, Russia started building up military bases in both regions and practically integration of the separatist enclaves into the Russian administrative space by abolishing the state borders with them.

It is becoming evident that without very strong pressure from the side of the EU and other international community actors a solution of the problem is not expected for a long time.

## **V. Regional cooperation: state of play**

The South Caucasian political environment will not lend itself to trilateral (or multilateral) cooperation as long as the Nagorno-Karabakh conflict is not settled. Since the 1999 Caucasian Summit in Luxembourg, organized by the then-governing German EU presidency, there have been no other high-profile attempts to develop trilateral projects without first reaching settlement. Georgia has tried to cooperate with both other South Caucasian states on a bilateral level. However, there have been other multilateral, regional cooperative efforts, in which Georgia has taken part on an institutional or project-based basis.

### ***Black Sea Economic Cooperation***

The first and most promising framework aimed at establishing cooperation in the Black Sea region seemed to be the most appropriate framework for regional development. The 11 Black Sea and adjacent states joined the Black Sea Economic Cooperation (BSEC) pact gradually. The organization has pursued

development work both in specific economic fields and in building institutions.

The following were identified as potential areas for the group's joint effort: economic development and trade, tourism, telecommunication, environmental protection, agriculture and agricultural industry, energy, science and technology, statistics, health care, transport, and law enforcement Emerson/Vahl 2002: 1–32).

Working groups were created for each of the above-mentioned issue areas, which are still functioning today. The organization possesses a rather well-developed institutional structure, which includes summits (meetings on the highest level), a Parliamentary Assembly (since 1993); the Black Sea Trade and Development Bank in Thessalonica; the Permanent Secretariat (based in Istanbul); and the International Centre for Black Sea Studies in Athens.

In addition, the BSEC framework has helped in the creation of other forms of institutionalized cooperation, such the Association of Black Sea Capitals and the Black Sea Business Council.

However, the BSEC cannot be considered to be a wholly successful or efficient organization. It has implemented only relatively minor projects. Moreover, almost no significant work is being done toward the end of economic integration or free trade. This may in part be due to the fact that the participating countries belong to different economic and political unions.

### ***BSEC and EU***

Incidentally, the EU itself did not welcome attempts by other Black Sea countries, including Georgia, to discuss the establishment of a free trade regime with Turkey. As stated in the Commission's

Communication Black Sea Synergy, “any initiative should take due account of the fact that EU Member States and countries bound to the EU’s common commercial policy by a customs union cannot autonomously participate in regional free trade schemes (EC 2007: 7). BSEC member states including Greece—an EU member since 1982—tried to involve the EU into this organization, at least with observer status. To this end, the Platform for Cooperation between BSEC and the EU was adopted in 1999, during Georgia’s BSEC chairmanship, and was later formalized as a unilateral initiative of the organization after unproductive discussions with the EU.

In its Communication on Black Sea Synergy, the EC paid special attention to the Black Sea Economic Cooperation (BSEC) as a framework for the discussion and development of multilateral projects. Moreover, according to the Communication, “the wide membership of the Organization of the Black Sea Economic Cooperation and the fact that Russia and Turkey are its founding members is a decisive advantage and could substantially contribute to the success of Black Sea Synergy” (EC 2007: 9).

However, one should not hide the fact that there are tensions between some BSEC members, in particular Ukraine and Georgia on the one side and Russia on the other. These tensions severely compromise the organization’s ability to develop a more ambitious role, at least in the near future.

### ***Sectoral cooperation in the Black Sea***

Other frameworks for cooperation in the Black Sea region are predominantly of a thematic nature, focusing on specific issues of multilateral interest. Examples of this kind of cooperation include transport and infrastructure development programs and projects

such as the Transport Corridor Europe-Caucasus-Asia (TRACECA) project, and the Interstate Oil and Gas Transport to Europe (INOGATE) program, mainly funded by the EC.

The European Bank for Reconstruction and Development (EBRD) is also active in the region. The main goal of these projects is the safe transportation of goods and energy products from Asia to Europe. The conference of European Transport Ministers in 1997 also identified a new local area in the pan-European transport network—the Black Sea Transport Area (PETrA)—representing one of the prospective directions for the development of trans-European transport corridors.

In order to implement the international convention “On the Protection of the Black Sea against Pollution” of 1992, a permanent small commission was established in Istanbul. The Black Sea Environmental Program (BSEP) was established in 1993 as a joint effort of the United Nations and EU (Black Sea Environmental Program Phase II). The goal of the program was to develop a joint action plan for Black Sea environmental protection, and to implement various activities toward this goal. Similar environmental projects are being implemented with regard to the Danube and Dniester river basins, Black Sea nuclear pollution and other environmental issues.

### ***Cooperation in security related issues***

Cooperation between Black Sea littoral states in the security arena is carried out in the framework of initiatives such as the Black Sea Naval Cooperation Task Group (Blackseafor 1998). For this pact, created on Turkey’s initiative in 1998, a multilateral treaty was signed which supports cooperation between the naval forces of six

littoral countries. Other regional forms of cooperation are being developed as well, such as the Black Sea Harmony initiative.

Plans for increasing regional cooperation under the NATO aegis (the NATO Black Sea Strategy) exist as well, although according to the opinion of some researchers, Turkey is seeking to reduce NATO influence in the region by means of its own initiatives, in order to maintain control over this area together with Russia. On the other hand, Georgia, Romania and Ukraine are committed to the solid establishment of the northern Atlantic alliance in the region (Simson 2006): 87–88). In addition, work is being done with regard to the convention concerning fishing on the Black Sea.

### ***GUAM***

The four-country GUAM group (Georgia, Ukraine, Azerbaijan and Moldova) has also increased its activities in the last two years. Despite some reluctance being voiced by the Moldovan government, this group has developed dimensions of cooperation such as the new Baku-Supsa-Brody energy route, and free trade arrangements among the member states. Georgia actively participates in GUAM's virtual center for combating terrorism, organized crime, drug trafficking and other serious crimes, as well as in an international association of GUAM member states' law enforcement agencies. An element of cooperation is the GUAM-U.S. Framework Program on Trade and Transportation Facilitation, Customs and Border Guard Control, Combating Terrorism, Organized Crime and Distribution of Drugs.

Georgia has visa-free regimes and free trade agreements with each of the other three members of GUAM. Similar arrangements are in place with Turkey and all Commonwealth of Independent



States (CIS) countries except Russia, with which all mutual advantages were eliminated in 2006. Georgia's post-war decision to withdraw from the CIS does not affect its agreements with that body's member states.

### ***New European Energy Corridor***

The creation of a proposed "New European Energy Corridor" was strongly promoted at a meeting of the heads of state of Georgia, Azerbaijan, Ukraine, Poland and Lithuania, held in Krakow, Poland on May 11 and 12, 2007. A working group is currently elaborating concrete steps in developing this energy corridor, linking the Caspian Sea with the Black and Baltic Seas. This project may play an important role in the energy diversification of the East and North European states.

Regional projects on energy and transport in partnership with Turkey and Azerbaijan, such as existing gas and oil pipelines and the Baku-Kars railway project, are especially important for Georgia. Cooperation on transport-related issues is supported by agreement on multi-modular freight transportation between GUAM countries adopted at Baku GUAM Summit, June 18 and 19, 2007 (GUAM Agreement 2007). Georgia is very active in the South Caucasus Anti-Drug Program (SCAD V), successful effort combating drug trafficking.

A new EU-funded project, the South Caucasus Integrated Border Management program, aims at harmonizing border management practices at border crossing points. Georgia also participates in multilateral cooperative programs such as the EU-supported Regional Environmental Center, as well as efforts to protect the Danube river basin, in particular by creating a system of information sharing.

## **VI. The Black Sea Synergy**

The most promising framework for regional cooperation, which at the same time represents a new dimension for EU policy, is the Black Sea Synergy initiative formulated by the April 15, 2007 EC Communication to the Council and European Parliament. This initiative deserves special attention, and careful analysis.

The communication clearly defines the position of the EC regarding active multilateral cooperation in the Black Sea region in an innovative way. The South Caucasus region is not specifically mentioned in the document at all, which is indicative of the fact that on a practical level it is no longer being perceived separately from the Black Sea area. Apparently the initiative is supposed to be the primary conduit for EU intervention in the region for years to come. The document outlines these main fields of cooperation:

### ***a) Democracy, human rights and good governance***

The EU will use training and exchange programs, and support regional civil society dialogue. ENP Action Plans already emphasize all necessary aspects to be addressed in the participating countries, and there is no practical need to adopt any special additional approaches.

### ***b) Managing movement and improving security***

This includes the management of all kinds of trans-maritime activities. In the eyes of the EU, the Moldova-Ukraine border management experience shows that this process can encourage conflict resolution as well. For example, EUBAM, the Border Assistance Program of the EU, has been in place since 2005. The EC is planning to propose a global approach to migration management for its eastern and southeastern neighbours, which

will be quite relevant for the Black Sea region. At the outset, the EC is considering the creation of a joint Black Sea information system for the management of cross-border crime and to use the Southeast European Cooperative Initiative (SECI), which is a regional center tasked with fighting cross-border crime, and the Black Sea Border Coordination and Information Center (BBCIC) for these purposes.

**c) Frozen conflicts**

The EC advocates a more active role for the EU through increased involvement in ongoing conflict resolution efforts. In a communication from the Commission to the Council and the European Parliament, some authorities have argued that “ways of enhancing participation such as monitoring” should be examined (EC 2007: 4). In our opinion, this indicates that the EU might take part in the resolution of the Abkhazia and South Ossetia conflicts by taking on at least the status of observer. (During the Georgian-Russian war in August 2008, the EU became actively engaged in the process of conflict resolution. It has negotiated a ceasefire agreement.)

The support of dialogue and confidence-building between the parties is under discussion as well. We can fully agree that for the moment, “The EU, which played an important role in mediating the ceasefire and containing the conflict, has an opportunity to upgrade its role in the Caucasus, including in whatever conflict-resolution agenda might emerge from the new status quo in Abkhazia and South Ossetia” (Antonenko 2008: 23–36).

#### ***d) Energy***

The region is characterized as an important component of the EU's external energy strategy. The EC recommends that all initiatives existing in this field should be carried out.<sup>3</sup> In the EC's opinion, the diversification and security of energy supplies is in the interest of all countries of the region, including the EU. Here, the EC is overdelicate in its actions. We can only partially agree with this statement (given its tacit exclusion of Russia). Russia in particular is an "aggressively conscious" monopolist of energy supplies.

In the Commission's communication, it is said that the EU will seek to develop a transparent and non-discriminatory framework for discussions on energy security. Legal and regulatory harmonization with EU standards will gain key importance. Significant attention is being paid to the development of alternative energy sources, energy efficiency, energy saving and infrastructure in order to achieve energy stability.

#### ***The diplomatic war with Russia***

It is also noted that the EC is developing gas transportation routes from Central Asia across the Black and Caspian Seas to the EU. For this purpose, it will attract significant investment. However, the document does not state how the EU plans to deal with the problem of the Caspian Sea status. In all likelihood, the diplomatic war with Russia over this issue will escalate even further. For years, the EU has asked Russia to ratify the European Energy

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<sup>3</sup> This includes the Baku Initiative, the ENP and the energy dialogue between the EU and Russia, the Energy Community Treaty covering Moldova, Turkey and Ukraine, the Memorandum of Understanding with Azerbaijan and Ukraine, as well as partnership and cooperation treaties, trade treaties and the WTO.

Charter treaty, which stands for the free transit of hydrocarbons from neighbouring states to third countries. Therefore, the EU and all other countries in the region interested in developing multilateral energy projects will have to face similar problems.

***e) Transportation***

This policy replicates the goals of TRACECA. The idea of enhancing the Danube River as a transport option, and of using it more effectively, is relatively new, but promising. This would increase the importance of the Black Sea and Georgia in particular. It is probably necessary to increase the interest of Europe and the EC in particular in the Baku-Tbilisi-Kars railway route, which is not presently supported by the EU. The regional as well as trans-regional importance of this route should be emphasized. In the future, the ports of Poti and Batumi will not be able to process sufficient amounts of European cargo. The railway will promote engagement with the Turkish Black Sea and Mediterranean ports, which will increase the cargo turnover capacity of the Europe-Asia transport corridor.

***f) Environmental protection***

According to the EC plans, there are no novelties in this area either, save for the statement that existing cooperation on the protection of the Black Sea should be expanded, and that new strategic approaches should be developed. The EC will try to encourage work on global problems such as climate change and the Kyoto Protocol as they manifest themselves on the regional level. It seems that the existing frameworks for cooperation in this field will remain largely unchanged.

***g) Maritime policy***

The EU will support the unification of maritime policies throughout the region, with the goal of encouraging coastal industry. The idea of facilitating the establishment of regional clusters and joint cooperation centers is also interesting.

***h) Fisheries***

Fishing and fisheries are among high-priority topics in the region. The EU will attempt to support the reversal of poor fishery conditions in some areas while promoting sustainable development and production. It may encourage the countries of the region to accept the introduction of EU standards.

***i) Trade***

The EU appears to want to encourage trade liberalization in the Black Sea region by promoting the adoption of its own standards. This is presented to countries of the region as a precondition for the enhancement of integration. The aim is to reduce non-tariff barriers that impede the free exchange of goods and services, largely by approximating EU legislation and regulatory frameworks. The PCAs, the WTO and the ENP all are considered to be institutional tools supporting this process.

In addition, it is stated that countries that have established a customs union with the EU may not automatically enter free trade agreements with third countries. This provision would have blocked the FTA negotiated between Turkey and Georgia. However, the agreement was finally endorsed in October 2008, with the EU supposedly agreeing to it on the grounds that this posed an exceptional case due to the economic difficulties faced by Georgia following the Russian invasion.

### ***Converging legal and regulatory frameworks***

It is noteworthy that in the future, five ENP participant states (including Georgia) will gradually be granted free (deep) trade regimes with the EU. That will certainly require a significant level of convergence between their legal and regulatory frameworks and those of the EU internal market. It is also significant that the neighbourhood investment mechanism, in close cooperation with the European Investment Bank and EBRD, will be used for the development of infrastructure connecting the region (especially energy and transport infrastructure).

### ***j) Research and education***

The Trans-European mobility scheme for university studies (TEMPUS) represents the key instrument used in the countries of the region for supporting higher education reforms. The use of Internet and information technologies in business, trade and scientific information exchange will be encouraged. In addition, the EU will seek to link all the countries of the region with the pan-European area GEANT data network. Scientific and technological cooperation is proposed to take place under the auspices of the EU's Seventh Framework Program (FP-7).

### ***k) Cross-border cooperation***

In order to enhance cooperation between cities, local governments, universities and non-governmental organizations, three basic instruments will be used: the special instrument ENPI – CBC (ENPI-CBC Strategy Paper 2007–2013: 20), the Regional Development Fund (with reference to Romania and Bulgaria), and Turkey's Instrument for Pre-accession Assistance (IPA) comprising a Cross-Border Cooperation facility aimed at

intensified cooperation between Turkey and Bulgaria. The CBC program of the EU is already functioning, and Georgian agencies and organizations have applied to obtain funding for projects.

***No separate organization***

One more important question focuses on the role of international organizations in encouraging cooperation across the Black Sea region. The EC does not propose the creation of a separate organization for the purposes of the Black Sea Synergy initiative, but rather has suggested taking advantage of existing BSEC and EU structures, in the form of high-profile meetings and ministerial summits. Most probably the EC will take the status of observer in this organization. It should be noted that the EU is called to use both the bilateral cooperation format as well as various sectoral programs.

The EU will also take advantage of other initiatives such as the Black Sea Forum which took place in Bucharest on June 5, 2006. The EC recognizes the ENP format to be one of the instruments for Black Sea regional cooperation. It is directly stated in the Synergy communication that "back to back with BSEC", the EU will conduct meetings with ENP partners from the Black Sea region as well. It is possible that a new "ENP plus" format will in practice develop, in which, based on the regional themes, the EU will conduct independent policy with former Soviet states belonging to the ENP.

It is important to note that this new framework of relations on the Black Sea does not imply Russia's participation, as it is not an ENP partner. If countries in this region with European aspirations, primarily ENP participants, create a specialized forum where problems of Europeanization are discussed and coordinated policy



developed, in our view the EU should surely promote such efforts and take part in them.

## **VII. Threats to regional cooperation**

Only rarely during the past two thousand years has Georgia been able to enjoy the geographic advantage of its access to the Black Sea. A far-east component of the Atlantic Ocean basin, the Black Sea is linked with the “cradle of Western civilization”—the Mediterranean Sea—only through a narrow passage (the Bosphorus and Dardanelles), which in various epochs has proven to be more of a geopolitical lock than a channel connecting peoples and regions.

Unlike the Mediterranean Sea or the Baltic Sea, forces controlling the Black Sea have mainly represented continental civilizations that served to impede the development of naval and maritime trade activities. However, there have been times when maritime powers have conducted trade up and down the coast. The most significant damage to the ability of the region to strengthen cultural and political relationships was caused by the destructive war and ongoing tension between Russia and the Ottoman Empire. Even in the 20<sup>th</sup> century, the Black Sea was considered to be an area of confrontation between the Soviet Union and NATO. These circumstances impeded the development of free trade relations. The subsequent lack of experience with intensive economic cooperation and a division of labor in the region does not favor the rapid growth of such relations in the modern era.

### ***Absence of a common regional identity***

After the end of the Cold War and collapse of the Soviet Union, the Black Sea littoral states were unable to quickly realize the opportunities for cooperation they had lacked for centuries. In practice, these states have been participants in several regional processes, with few properly perceiving their role as part of a united Black Sea region. For instance, Bulgaria and Romania were categorized as countries of the Balkans or Southeast Europe (the latter giving them status as EU candidate countries); Turkey was viewed as a Mediterranean country and a player in the Middle East; Russia was viewed as the leader of the CIS; Georgia was perceived as a Trans-Caucasian state (part of the South Caucasus at present) along with Armenia and Azerbaijan; and finally, EC communications on European Neighbourhood Policy treat Ukraine and Moldova as “Western NIS” (Newly Independent States) that are economically tied with Russia, but seek closer relations and even integration with Europe.

Absence of a common regional identity at today’s level of political and societal development has erected barriers to genuine cooperation between these states.

### ***Open conflicts and Russia’s interests***

Open ethno-political conflicts exist in Georgia (Abkhazia, South Ossetia), in Azerbaijan (Nagorno-Karabakh) and in Moldova (Trans-Dnistria). Each of these conflicts involves Russia simultaneously as a mediator and party to the conflict. This peculiar contradiction is not sustainable, and first exploded in Georgia in the summer of 2008, when after escalation of the Georgian-Ossetian conflict, Russia sided with Ossetia and

invaded Georgia from the North and the West. Conflict with Ukraine is also possible, as it has become evident that Russia has begun delivering Russian passports in rapid numbers to pro-Russian citizens in Crimea, repeating a move it carried out in the Georgian case.

European attempts to defend Georgian sovereignty and to coerce Russia into withdrawing from disputed Georgian territories may worsen relations between Russia and the EU. All these factors lower the possibility that full-scale cooperation in the region can be achieved. The “West” and EU in particular did not “punished” Russia for the aggression against Georgia, it even decided on continuation of talks on Partnership and Cooperation Agreement after Russia withdrawing from undisputed Georgian territories. At the same time EU institutions continue resisting Russia’s attempts to “justify” the appropriation of Georgian territories and building up of the military bases in Abkhazia and South Ossetia (Presidency of the EU 2009).

New Russian policy seems determined to reestablish the regional influence held in Soviet times. This has created serious threats to the prospects for free and mutually beneficial cooperation in the Black Sea region. Political objectives aimed at halting the penetration of “Western” influences, enlargement of NATO first of all and the EU as well, will very soon break the climate of confidence and bring division and confrontation instead of openness and trust. Because the Black Sea area constitutes an important passage between Europe, the Caspian region and Russia, the renewed geopolitical tension will see Russia trying to prevent the EU from becoming an influential (even if soft and positive) force here.

The world financial crisis, which has already become a full-scale economic crisis, may also limit opportunities to develop major transnational projects, and force the postponement of the most ambitious programs of cooperation. Lack of financial resources, a decrease in demand and diminishing credibility on the part of the countries involved will certainly create an unfavorable climate for collective activity. Negative economic and political factors might also push some actors towards isolationist policies that would hinder the spirit of regional cooperation.

### **VIII. Outlook**

Virtually all existing cooperative projects in the Black Sea area suffer from a lack of political will, thus making it difficult for these projects to embody full-fledged partnerships. As Russia grows increasingly aggressive as an actor by aiming to dominate the foreign-policy orientation of the region's smaller countries, the situation may further destabilize, which would clearly have a negative impact upon the development of cooperation projects.

#### ***Stronger role of EU is needed***

The EU's advancement in the region has been strongly welcomed by Georgia. Developing multilateral trade relations by establishing free trade regimes in the Black Sea region is a tangible means of speeding the process of Europeanization in the area. This will primarily take place through the approximation of EU legal and regulatory frameworks on the part of regional governments.

Starting with its intermediation in the Georgia-Russia conflict, the EU should not abandon the opportunity to become a real actor

and mediator of the conflicts in Georgia and in the Wider Black Sea area. By taking on a more active role in the region, the EU will not only improve its image there but ease a wider acceptance of the values and models of state-building that the EU tends to promote throughout its neighbourhood.

***Towards an individualized approach?***

The EU has long maintained relations with Georgia within the regional South Caucasian context. Georgia has frequently tried to convince the EU to pursue a more individualized relationship, but the primary framework for past relations—the PCA—did not facilitate the implementation of policies different than those regarding other South Caucasus nations, despite Georgia’s progress or stronger “aspirations”.

What benefit would Georgia derive if EU policy were to be based on an individualized approach? Certainly, it would acquire a guarantee for a higher level of security, financial injections, trade advantages, modern technologies, institutional development, and higher standards of living. But Georgia’s economy is still very small, which makes it difficult to attract strong EU interest. A regional approach, as with the Black Sea region overall, may improve Georgia’s opportunity in reaching higher levels of industrial, agricultural, technical and commercial development. This would in turn allow Georgia to make better progress toward integration with the EU.

However, it is also fair to ask what Europe might achieve by establishing closer relations with Georgia. First of all, because Georgia serves as a bridge leading to the Caspian Sea and Central Asia—and perhaps to the Middle East—Georgia could take on a significant role in the architecture of European security

as a close partner and ally of the EU (Lynch 2006: 69). Georgia might also acquire an important place in establishing Europe's energy security and become a significant platform for the dissemination of European values in the neighbourhood. All these factors inspire hope for further progress in EU-Georgia relations.

The ENP opened the door towards a more individualized approach. But it is probably the new EaP policy which may contribute to a rapid Europeanization. The Prague EU Summit of May 2009 officially launched the EaP. Georgia views with a big inspiration its participation.

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## Abbreviations

AP	Action Plan
ACSE	Armenian Civil Society Experts
BSEC	Black Sea Economic Cooperation
BSEP	Black Sea Environmental Program
Blackseafor	Black Sea Naval Cooperation Task Group
BSS	Black Sea Synergy
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organization
CFSP	Common and Foreign Security Policy
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIDHR	European Initiative for democracy and human rights
ENP	European Neighbourhood Policy
ESDP	European Security and Defence Policy
EU	European Union
EURS	European Union Special Representative
FTA	Free Trade Agreements
GUAM	Georgia, Ukraine, Azerbaijan and Moldova group
IDP	Internally displaced person
INOGATE	Interstate Oil and Gas Transport to Europe
OSCE	Organization for Security and Cooperation in Europe

PACE	Parliamentary Assembly of the Council of Europe
PCA	Partnership and Cooperation Agreement
TACIS	Technical Assistance to the Commonwealth of Independent States
TRACECA	Transport Corridor Europe-Caucasus-Asia
TEMPUS	Trans-European mobility scheme for university studies
WBSA	Wider Black Sea Area
WTO	World Trade Organization

## What the Think Tanks Are Thinking

### *The South Caucasus*

The [Caucasus Analytical Digest \(CAD\)](#) was launched in December 2008. It is a monthly internet publication jointly produced by the Heinrich Böll Foundation in Tbilisi, the University of Bremen, the Jefferson Institute and the Center for Security Studies in Zurich. The CAD analyzes the political, economic, and social situation in the South Caucasus. Recent numbers deal with “NATO and the South Caucasus”, “Migration, Refugees and IDPs”, “Energy” and “Democracy in the South Caucasus”.

The [Caucasian Review of International Affairs \(CRIA\)](#) is a quarterly peer-reviewed online journal. This academic publication is committed to promoting a better understanding of regional affairs by providing relevant background information and analysis on the region. The latest number (spring 2009) contains articles on the chances and perspectives of the EaP and Georgia's process of transition.

In November 2008 Hans-Henning Schröder of the German Institute for International and Security Affairs (SWP) edited a book entitled [The Caucasus Crisis. International Perceptions and Policy Implications for Germany and Europe.](#) The entire volume with its nine very detailed analyses and a valuable chronology of the Russo-Georgian conflict is available online. Some of the articles are also available in Russian.

In March 2009 the German periodical [Aus Politik und Zeitgeschichte](#) (Apuz) published a special number entitled “Kaukasus.” Specialists such as Uwe Halbach of the Stiftung Wissenschaft und Politik, Walther Kaufmann of the Heinrich Böll

Stiftung and Manfred Quiring of the newspaper “Die Welt” contributed analyses of the Russo-Georgian war and other smouldering conflicts, and the progress of democracy in the region. This publication is available only in German.

The [Transformation Index of the Bertelsmann Stiftung \(BTI\)](#) is an international ranking of transition countries. It sheds light upon the political and economic status of each country as well as upon the political management performance of the relevant actors. Detailed country reports provide information on the underlying assessment factors for each country. The index includes all South Caucasus and CIS countries. The new BTI is due to be launched in the autumn of 2009.

### ***The South Caucasus in the Black Sea region***

The [International Centre for Black Sea Studies \(ICBSS\)](#) is an independent research and training institute that focuses on the wider Black Sea region (it has links with the BSEC). The ICBSS regularly publishes [Policy Briefs](#) on issues related to the Black Sea and the South Caucasus. In April 2009 Burcu Gultekin Punsmann analysed the Caucasus Stability and Cooperation Platform (Policy Brief 13). Recently Yannis Tsantoulis from the ICBSS provided a critical assessment of the differences and possible synergies between the Black Sea Synergy and the Eastern Partnership (Policy Brief 12). The institute’s [Black Sea Monitor](#) provides brief commentaries and lists key documents, publications and events of interest on a quarterly basis.

Recently the ICBSS, the Bertelsmann Stiftung, the Black Sea Trust and the Economic Policy Research Foundation of Turkey (tepav) joined forces to establish the [Commission on the Black Sea](#). The Commission aims to contribute to a joint vision and

common strategy for the Black Sea region by developing new insights into key areas. In 2009 the Commission is conducting a policy-oriented study on the future of the Black Sea region, the findings of which will be presented in a comprehensive report.

In 2008 Daniel Hamilton and Gerhard Mangott edited a volume entitled [The Wider Black Sea Region in the 21st Century: Strategic, Economic and Energy Perspectives](#), which contains 13 articles written by well-known European and American specialists. The whole volume is available online.

In January 2009 Chatham House organized an international conference on [The Black Sea Region: New Conditions, Enduring Interests](#). A summary and résumé of the debates is available online.

[The Black Sea Region: Clashing Identities and Risks to European Stability](#) is the title of a policy brief by Daniel Grotzky and Mirela Isic of the Munich Center for Applied Policy Research (CAP) which looks at the general and specific challenges that the EU faces in dealing with the Black Sea region. It was published in October 2008.

In 2006 Fabrizio Tassinari introduced the concept of a “synergy” for the Black Sea in a [CEPS policy brief](#), a groundbreaking paper on the formulation of EU policy on the Black Sea region

### ***The South Caucasus, the EU and Russia***

An EU strategy designed to change Russian attitudes and behaviour, and at the same time to overcome suspicion and hostility towards Russia in a number of eastern European states, needs to be based on a set of actions capable of delivering clear-cut and specific benefits. This is the starting point of a recent

report prepared by Michael Emerson at the Centre for European Policy Research (CEPS) at the behest of the German Ministry of Foreign Affairs. [Synergies vs. Spheres of Influence in the Pan-European Space](#) provides a candid analysis of the clash of paradigms between the EU and Russia and suggests specific types of cooperative action between the EU and cross-regional groupings and between Russia, the EU's eastern partners and the Central Asian states.

Michael Emerson also wrote an early (though still useful) analysis of the consequences of the war in Georgia, [Post-Mortem on Europe's First War of the 21st Century](#), which was published at the end of August 2008 as a CEPS Policy Brief.

Two recent policy briefs on the EaP have been issued by the Bertelsmann Stiftung and ELIAMEP. Cornelius Ochmann examines Russia's reaction toward the EaP in a recent number of the [spotlight Europe series](#), and Helen Wallace of the London School of Economics has published an analysis of [The European Union and its Neighbourhood: Time for a Rethink \(ELIAMEP thesis\)](#). Both policy briefs appeared in May 2009.

In April 2009 the European Policy Centre (EPC) published another volume in its series of EPC Issue Papers, [After Georgia: conflict resolution in the EU's Eastern Neighbourhood](#). The four authors are of the opinion that the EU has only gradually developed the appropriate tools and the political will to play a greater role in the whole of the eastern neighbourhood. All too often the Union remains a fundamentally reactive player, without the political will, the clear strategic vision and the adequate capacity to engage in the proactive and effective prevention, management and resolution of conflicts in this region. What is

needed is a coherent and comprehensive 'Eastern Neighbourhood Conflict Prevention and Resolution Strategy' embraced by all of the EU institutions and member states.

In February 2009 Stefan Meister and Alexander Rahr of the German Society for International Politics (DGAP) published a lucid analysis of the recent state of relations between the EU and Russia, [The EU-Russia relationship at a turning point, DGAPaktuell 2009/01.](#)

***... and Turkey***

Turkey is an important actor in the region. Tarek Hohberg of the SWP has provided a detailed analysis of the Turkish proposals for a platform of stability and cooperation, and the reaction of regional and international actors, [Eine Plattform für Stabilität und Kooperation auf dem Kaukasus? Chancen und Grenzen einer Initiative türkischer Regionalpolitik SWP-Diskussionspapier.](#)

The paper is available only in German.

The recent report of the International Crisis Group (ICG), [Turkey and Armenia: Opening Minds, Opening Borders,](#) addresses the potential for reconciliation in Turkish-Armenian relations and identifies policies that both Turkey and Armenia as well as external actors can adopt in an effort to support the normalization process. The authors argue that reconciliation is at a crucial stage and should be supported by active diplomacy, detailed negotiations on a settlement and a carefully managed historical reconciliation process. In April 2009 the European Stability Initiative (ESI) also published a report on the cautious rapprochement between Armenia and Turkey, [Noah's Dove Returns. Armenia, Turkey and the Debate on Genocide.](#)



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## Bound to Cooperate – Europe and the Middle East II

The Middle East is a region of crises, conflicts and wars as much as it is a region of great potential and opportunity. However, the European Union and its member states have not yet found a viable strategic approach to meet both the challenges and opportunities in their immediate neighborhood. The Europeans have not yet developed sufficient foreign and security policy mechanisms to pursue their interests effectively. How the European Union can support economic and political transformation processes throughout the region and thus contribute to a more stable, more prosperous and more democratic Middle East remains the subject of intense debate.



The objective of this book is to provide a platform for this debate about the European Union's future role as a player in the Middle East, at a crucial moment in EU-U.S.-Middle East relations. As the European Union re-organizes its Mediterranean policies and the United States vote a new President into office, the authors of this book discuss a wide range of topics related to European foreign policy in the Middle East, the Mediterranean and the Gulf region, Europe's role in the Arab-Israeli conflict and the state of transformation processes in the region.

*Christian-Peter Hanelt,  
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