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The South Caucasus in the Context of the EU-Russia Crisis

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The crisis between Russia and the West has resulted in Brussels increasingly losing sight of the South Caucasus. At the same time, the region's geopolitical importance for the major and regional powers has recently been growing. The European Union (EU) should not be afraid of the geopolitical influence it has gained in its immediate neighbourhood for some time. It should learn to use this influence for the purpose of protecting its own security and economic interests. The Eastern Partnership Summit in Brussels on 24 November 2017 represents a good opportunity to address the challenges the partnership is currently facing.

The war between Russia and Georgia accelerated a structuring of EU foreign policy that resulted in the Eastern Partnership (EaP) with six post-Soviet nations (Belarus, Ukraine, Moldova, Armenia, Azerbaijan, and Georgia). With its Eastern Partnership, the EU is primarily following two objectives: supporting the EaP countries in their transformation process and bringing the respective countries politically and economically closer to the EU.

Russia saw this partnership as an attempt by the EU to exert geopolitical influence over countries in its neighbourhood. As a consequence, the Kremlin ignored both the will and the sovereignty of the EaP countries and pursued a tried and tested tactic of creating and instrumentalising conflicts within individual countries with the intention of causing the partnership to fail.

The fundamental problem of the Eastern Partnership is rooted in the EU's deficient Common Foreign and Security Policy (CFSP). Initially, the EU's crisis management during Russia's interventions in the countries of the Eastern Partnership failed because the partnership lacked a security policy concept. Unless Europe overcomes its internal disagreements concerning its neighbouring countries to the south and east, it will not be possible to further develop the Common Security and Defence Policy (CSDP) as outlined in the EU Global Strategy (2016).

The Eastern Partnership and the South Caucasus: A Partial Success

The EU's interests in the South Caucasus are primarily associated with aspects of security and economic policy. Stability in this region – widely considered to be a dormant volcano of ethnic and territorial conflicts in Europe's immediate neighbourhood – represents an important challenge for the European security order. External players such as Russia and China are fiercely competing for influence in the South Caucasus because of its geostrategic location in terms of trade and transit routes. Without a protective mechanism for the Eastern Partnership, the EU would be leaving the EaP countries that are willing to integrate at the mercy of Russia and its neo-imperial ambitions. Russia, which failed to implement any successful economic or social modernisations after the collapse of the Soviet Union, sees the Eastern Partnership as a clear sign

that it may be losing its political and economic dominance in the post-Soviet region. In addition, the political and economic elites consider the growing wave of democratisation in both the EaP countries and Russia to be the most serious threat to their power. It would be naive to think that Russia's only interest is to see the Eastern Partnership fail. The Kremlin is, in fact, more interested in the failure of the entire European project, which is why it is providing substantial support to the anti-European forces that exist within the EU itself.

The Situation in the Individual Countries

Georgia so far is the only country in the South Caucasus that has signed an association agreement with the EU. The main element of this agreement is the Deep and Comprehensive Free Trade Area (DCFTA). In early 2017, the EU lifted all visa requirements for citizens of Georgia. As a result of this progress, Georgia is now under greater threat from the Kremlin than its neighbouring countries Armenia and Azerbaijan. When the EU and Georgia intensified their relations, Russia responded by installing barbed-wire fences along the de facto border of the breakaway region around Tskhinvali (South Ossetia). Since then, Russia has been regularly pushing the de facto border further into the interior of Georgia, and kidnappings of civilians have become commonplace. At the same time, Moscow strengthened its ties with both breakaway regions by concluding so-called integration treaties.

In the case of Armenia, the Kremlin accomplished what it had failed to achieve in Georgia and Ukraine. Following increased pressure from Russia, Armenia called off the association agreement negotiated in the autumn of 2013 and instead joined the Eurasian Economic Union, which was established by Moscow as a counterbalance to the EU. Armenia's political and economic dependence on Russia has allowed the Kremlin to limit the country's integration with the EU.

Baku also did not sign the association agreement. In view of its democratic deficits, Azerbaijan has no interest in political transformation, but a strong interest in cooperating with the EU in the area of energy policy. In addition, Azerbaijan wants to avoid disagreements with Moscow. Russia plays a key role in the conflict over Nagorno-Karabakh, a region occupied by Armenia but recognised as part of Azerbaijan under international law. Russia is the co-chair of the OSCE Minsk Group, which functions as a mediator in the Nagorno-Karabakh conflict, although it is also the main supplier of arms to both conflicting parties.

Armenia, Azerbaijan and Georgia in the Focus of the Major and Regional Powers

There are clear signs within the EU of waning enthusiasm for the nations in the South Caucasus region and also regarding initiatives such as Black Sea Synergy and the EU Strategy for Central Asia. However, the EU's foreign policy efforts have now resulted in a resurgence of geopolitical interest in the region. But unlike in the 1990s, today's geopolitical attention is primarily associated with the expansion of trade and transit routes, rather than with energy resources.

Part of the region, particularly Georgia (due to its free trade agreement with the EU), came into the focus of China's One Belt, One Road initiative (cf. BAKS WP 4/2017). In May 2017, Georgia became the only country in the region to conclude a free trade agreement with China. The One Belt, One Road initiative also comprises the Baku-Tbilisi-Kars rail link, known as the "Iron Silk Road", which is scheduled for opening in late 2017. The railway will connect China and Central Asia with the EU via Azerbaijan, Georgia and Turkey. In December, a freight train travelling overland from China to Turkey only needed a quarter of the time (15 days) that is required for a maritime shipment between the two countries. Since overland trade is twice as expensive as maritime trade, the inclusion of the South Caucasus in the geopolitical belt of China can be seen as part of a strategy that places geopolitical tactics above trade policy.

The United States remains an important strategic partner for Georgia and Azerbaijan, and the Trump administration is now making an effort to inject new momentum into the Obama administration's passive foreign policy in the post-Soviet region. US Vice President Mike Pence therefore travelled to Georgia (an aspiring NATO member), Estonia and Montenegro (NATO's newest member) in late July. Shortly after Pence's visit to Georgia, Vladimir Putin made a symbolic visit to Abkhazia on 8 August, the anniversary of the war between Russia and Georgia, to draw attention to the so-called red lines demarcating the borders of the imaginary Russian empire from a Russian perspective. It cannot be predicted how US foreign policy towards the South Caucasus will develop in the future. In view of the United States' previous involvement, however, it is likely that Washington will add new impetus to the strategic partnership with Georgia and Azerbaijan while still generally leaving the initiative in the region to the EU.

A number of important regional powers, such as Turkey and Iran, are pursuing various foreign policy objectives in the South Caucasus. Iran is following a cautious and pragmatic foreign policy in the region aimed at intensifying economic relations, supporting Russia's position to balance foreign influence from the West and Turkey, and reducing risks on the domestic front (for example as represented by the Azerbaijani minority in Iran). Georgia traditionally has good relations with Tehran. In view of its regional status, among other reasons, it could become an important economic hub not just for trade with China, but also with Iran.

As the crisis between Russia and the West continues, Turkey is trying to increase its influence in the South Caucasus in line with its growing geopolitical ambitions. The Turkish government is therefore strengthening the strategic axis between Baku, Tbilisi and Ankara - not just in economic terms, but primarily at the military level. This approach should be seen in the context of Russia expanding its military bases in Armenia, as well as in Abkhazia and the Tskhinvali region. Turkey will try to further improve its relations with Tbilisi and Baku in future so as to counterbalance Russia's position in the region and, in view of recent tense relations, also to secure advantages over the EU, for instance by using its involvement in various oil and gas pipelines.

Challenges for European Foreign and Security Policy in the South Caucasus

We are currently experiencing a process of disintegration in the post-Soviet region, which requires the EU to pursue a proactive foreign policy in the interest of Europe. This approach may not be successful, however, due to the EU's lacking enthusiasm for its eastern neighbours, which could ultimately be damaging for its economic and security-related interests. This particularly applies if the EU, taking the "Russia factor" into consideration, decides to adopt a passive rather than a proactive approach in the post-Soviet region.

Apart from the fact that the nations and societies in the region are now willing to integrate, having involuntarily spent decades under totalitarian rule, the EU also has a partial responsibility for their security. The Eastern Partnership was initiated on the basis of mutual interest. During the course of this partnership, the security situation in all of these nations (Ukraine, Moldova, Georgia) clearly became worse as a result of Russia punishing them for their efforts to integrate with the EU. Without accompanying security policy solutions, the EU will not be able to successfully support the political, economic and social transformation of the Eastern Partnership nations.

The successful transformation of the EaP countries itself is a basic prerequisite for integration, wealth, a reduction in the number of conflicts, and particularly in terms of security. The EU can only prevent an increase in the number of conflicts in its immediate neighbourhood and defend its economic and energy-related interests if it adopts a proactive foreign policy. In the medium and long term, Russia will otherwise initiate an anti-European swing in the EaP countries that are currently willing to integrate. It will do so by instrumentalising conflicts and using anti-European media and political groups that are part of its propaganda machine.

The Eastern Partnership Summit in Brussels on 24 November 2017 represents a good opportunity to address the challenges the partnership is currently facing. The following measures could be an appropriate response to the EU's foreign and security policy challenges in the context of the Eastern Partnership:

- Opening the European perspective (candidate country status) for Georgia, Moldova and Ukraine (not included in the association agreement). This would allow the EU to support these countries using the broader framework for cooperation provided by the Instrument for Pre-accession Assistance (IPA II), rather than being restricted to the European Neighbourhood Instrument (ENI).
- Supporting a comprehensive economic alliance (subregion) between Georgia, Moldova and Ukraine, with the objective of integrating these countries into the European Economic Area (EEA).
- Supporting Georgia on its way to establishing a commercial hub in view of its special status within the region. This commercial hub would provide the EU with an opportunity to expand its network of trading routes towards China, the Central Asian states and Iran.
- Intensifying relations with Armenia and Azerbaijan as far as possible so as to counteract the activities of competing players and authoritarian tendencies in the region.
- Taking account of Russian activities in Georgia when issuing sanctions against Russia, which has been violating the territorial integrity of Georgia through “creeping occupation” at regular intervals without consequences. Increasing the monitoring activities of the EU Monitoring Mission in Georgia (EUMM).

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