

## **THE SOUTH CAUCASUS REPUBLICS AND RUSSIA'S GROWING INFLUENCE: BALANCING ON A TIGHTROPE**

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*Located at the crossroads of Russia, the rest of Europe, and the Middle East, the South Caucasus republics' political and economic security has depended on the balancing of relations with both their regional neighbors and with the major powers. Matters of territorial integrity, historical memory, ethnic brethren residing in foreign countries, and trade routes have all become important factors in the development of foreign policy. This paper will examine the relations between the South Caucasus republics and Russia and how the former countries have attempted to decrease Russian influence through ties with other major powers.*

With the breakup of the Soviet Union at the end of the Cold War, three republics in the South Caucasus—Armenia, Azerbaijan and Georgia—achieved independence from Russia for the second time during the twentieth century. Their first experience was contentious and short-lived, had little support of the major European countries and the United States, and was brought to an end by the newly formed Soviet Union, with the tacit approval of the Turkish government in Ankara. Located at the crossroads of Russia, the rest of Europe, and the Middle East, the republics' political and economic security has depended on the balancing of relations with both their regional neighbors and with the major powers. Their foreign policy has been shaped by matters of territorial integrity, historical memory, ethnic brethren residing abroad, and trade routes.

This article will examine the relations between the South Caucasus republics and Russia and how the former countries have attempted to lessen the latter's influence through ties with other major powers and neighboring countries. The South Caucasus republics' position with regard to Russia is somewhat similar to that of the Latin American states in the Caribbean Basin vis-à-vis the United States throughout much of the twentieth century. Perception of national interest would serve as justification for intervention in the affairs of the smaller neighboring states. The 2008 Russian-Georgian war has shown that the United States and others are reluctant to become directly involved in conflicts in what is regarded as "Russia's backyard." Two centuries of Russian and later Soviet control over these territories are in part responsible for this attitude. Also, the European Union is quite dependent on Russia for energy resources—33 percent of oil imports and 40 percent of gas imports[1]—while Turkey—which is also dependent, 29 percent of oil imports and 63 percent of gas imports[2]—and Israel are not willing to jeopardize political and economic ties with Russia over South Caucasus disputes.

### **SIMILARITIES AND DIFFERENCES IN THE SOUTH CAUCASUS REPUBLICS' RELATIONS WITH RUSSIA**

Geographic location has necessitated that each South Caucasus republic balance its relations with Russia and other countries. This has not been an easy task—especially given the limited cooperation between the

republics themselves and in the cases of Armenia and Azerbaijan, being in a state of war over Nagorno-Karabakh. One method employed by the South Caucasus republics is having (or seeking) membership in both regional and international political, economic, and military organizations.

Ethnic brethren residing in Russia and other foreign countries is another consideration in foreign policy. Most ethnic Georgians outside their country live in either Israel or Russia and their number in the latter country, some half a million, is roughly one-third the populations of both ethnic Armenians and Azeris in Russia.[3] There are more than twice as many ethnic Azeris residing in Iran (some 15 to 20 million) than in their home country and about half as many (roughly 50,000) as the ethnic Georgian population in Israel.[4] Besides those in Russia, ethnic Armenians in the diaspora—much larger in number than Armenia’s population—reside in North America, Europe, and the Middle East, especially in the United States, Canada, France, Ukraine, Iran, Lebanon, Syria, and Turkey. Azeris and Armenians live in areas of eastern and southern Georgia.[5]

Of the three republics, Georgia has the worst relations with Russia and the closest ties with the West. In 2008, as a result of its war with Russia, Georgia withdrew from the Russian-led Commonwealth of Independent States (CIS), whose membership includes all of the former Soviet republics except for the Baltic states of Estonia, Latvia, and Lithuania. Along with its South Caucasus neighbors and Russia, Georgia is a member of the Istanbul-based Black Sea Economic Cooperation (BSEC) organization that also includes Turkey, Greece, Ukraine, Moldova, Albania, Serbia, Bulgaria, and Romania. Georgia sought membership in NATO, but was rejected along with Ukraine in 2007; nevertheless, Georgia and its South Caucasus neighbors and Russia are members of the Western defense organization’s Partnership for Peace (PfP) program.[6]

At the same time, Armenia is part of the Russian-dominated Collective Security Treaty Organization (CSTO), whose membership includes Belarus and the Central Asian states in the former Soviet Union, excluding Turkmenistan. Armenia and Azerbaijan are official observers of the meetings of the Non-Aligned Movement (NAM), whose membership includes 118 countries worldwide in Asia, Africa, and Latin America. Azerbaijan has been a member of the Tehran-based Economic Cooperation Organization (ECO) since 1992. Also among ECO members are the former Soviet Central Asian states, Iran, Turkey, Afghanistan, and Pakistan, as well as the Saudi-inspired Organization of the Islamic Conference (OIC), considered the second largest international governmental organization after the United Nations since 1991. The OIC’s membership includes other secular countries such as Turkey and Albania as well as the states of former Soviet Central Asia. Economic benefit and/or political support in territorial disputes are the motivations for the South Caucasus republics joining these organizations. These multilateral ties also might be used to varying degrees to counteract the excesses of Russian influence. Conversely, as Georgia is not a member of the CSTO like Armenia—and, unlike Azerbaijan, sought to join NATO, albeit unsuccessfully—Russia felt that there was indeed motivation for it as well as nothing preventing it from taking military action against Georgia in August 2008.

Besides Georgia’s desire to join NATO and the West in general, Abkhazian and South Ossetian secessionists’ actions have been the most contentious and dominant issues in Georgian-Russian relations. As for Azerbaijan, its most important problems with Russia have been the oil and gas transportation routes to the West and Russia’s favoritism for Armenia in the Nagorno-Karabakh conflict. Armenia, which has the best relations with Russia of the three South Caucasus republics, does not have the agricultural resources of Georgia or the energy reserves of Azerbaijan, while Russia continues to have

control over Armenia's security as well as an important presence in its economy. In addition, because of its conflict with Azerbaijan, Armenia has not been able to benefit like Georgia from the transport of Azerbaijani oil and natural gas to the West or from other transportation projects. Russia is in fact satisfied with this situation, as it has sought to transport through its own territory greater supplies of Caspian Sea oil than the Baku-Tbilisi-Ceyhan Pipeline. At the same time, the Russian company Lukoil has a 10 percent share in both the Shah Deniz natural gas project off the coast of Azerbaijan and the South Caucasus (or Baku-Tbilisi-Erzurum) Pipeline, which ships gas to eastern Turkey.

## **ARMENIA AND RUSSIA**

A few years before its independence from the Soviet Union, conflict was brewing in the predominantly Armenian populated enclave of Nagorno-Karabakh, where around 77 percent of the territory's inhabitants live. Located some six kilometers at its closest point to Armenia, this affected Armenia's relations with both Azerbaijan and with Turkey. In October 1987, the first demonstration calling for Nagorno-Karabakh's self-determination took place in Yerevan. The unrest was also fueled by environmental issues and the corruption of First Secretary of the Armenian Communist Party Karen Demirchian, who left office in May 1988, after 14 years.

By late February 1988, Armenian officials in Nagorno-Karabakh requested that Moscow transfer the province to Armenia. Shortly thereafter, violence broke out both in Karabakh and Sumgait, an industrial suburb of Baku, where many Armenians resided. This resulted in 32 deaths over a three-day period, while almost a 200,000 Armenians fled the environs of Baku. Meanwhile, in Armenia, a group of intellectuals formed a loose group called the Karabakh Committee, whose goal was the incorporation of the province into Armenia. Among its members was Levon Ter-Petrosian, who would become first deputy of Armenia's Supreme Soviet in August 1989, a few months after his Armenian National Movement was legalized, and chairman of that body a year later. (Ironically, Ter-Petrosian, who served as independent Armenia's first president from 1991-1998, was forced out of office for being too conciliatory with Azerbaijan in trying to reach a resolution regarding the ongoing frozen conflict.) When Moscow refused to transfer Nagorno-Karabakh to Armenia, the Karabakh Soviet unilaterally did so in July 1988. Azerbaijan then imposed a land blockade between the two entities.

In January 1989, a month after a devastating earthquake in Armenia left 25,000 people dead and thousands of others homeless, Nagorno-Karabakh came under the direct control of Moscow. Soviet security forces, however, did nothing to stop the actions of Armenian and Azeri militias. In November 1989, the territory was returned to Azerbaijan's jurisdiction. In January 1990, Azerbaijanis demonstrated against the Communist regime in Baku and attacked the remaining Armenians who had not already left the city. While Ayaz Mutabilov was installed as first secretary of the Azerbaijan Communist Party, Soviet troops entered the city, killing over 100 Azerbaijani nationalists and injuring many more. Though Mutabilov led Azerbaijan to independence in October 1991, in March 1992, he was overthrown in a peaceful coup led by the nationalist Popular Front of Abulfaz Elchibey, who succeeded in getting Russian troops to withdraw from Azerbaijan.

Also, in January 1990, Moscow declared a state emergency in Nagorno-Karabakh while Soviet troops joined Azerbaijani security forces to try to stop the low-intensity war; however, they alienated the Armenian population and were viewed as allies of the Azeri militias. At the same time, fighters made their

way from Armenia to assist their brethren in Nagorno-Karabakh. Between early 1988 and mid-1991, the private militias had killed perhaps as many as 1,000 people. However, with the de facto independence of both Armenia ( in September 1991) and Azerbaijan (in October 1991) and the availability of arsenals and personnel following the collapse of the Soviet Union, the war intensified and the death toll grew. The Armenians were better organized and obtained most of the weapons left behind by Soviet troops in Nagorno-Karabakh. They also signed an agreement in May 1992 allowing Russian troops to remain stationed in Armenia. By early 1993, they had driven out about 600,000 to 800,000 Azeris, both from Nagorno-Karabakh and from other surrounding Azerbaijani territory, in addition to about 300,000 who had left Armenia earlier. This led to the overthrow of Elchibey in June 1993, who was replaced by former Soviet official Heydar Aliyev, who signed a ceasefire agreement in Bishkek, Kyrgyzstan, in May 1994.[7]

Overall, 25,000 people died in the conflict, and Russia, while formally supporting the sovereignty and territorial integrity—at least until 2008, when it recognized Abkhazia’s and South Ossetia’s independence—of the successor states of the Soviet Union has also given succor to secessionist entities. In the case of Nagorno-Karabakh, Russia, according to Dov Lynch, “entrenched the status quo,” especially in the years following the ceasefire, by limiting international involvement in seeking a resolution to the problem.[8] The conflict falls under the purview of the Organization for Security and Cooperation in Europe (OSCE), the largest regional security organization in the world, whose members include the United States, Canada, all of the European countries, other former Soviet republics, and Turkey. Specifically, the Minsk Group, under the chairmanship of representatives from France, Russia, and the United States is charged with the task of finding a “political solution” to the Nagorno-Karabakh conflict.[9] Unlike the conflicts in Georgia, no Russian peacekeeping presence was established.

The Nagorno-Karabakh conflict also contributed to tensions between Turkey and Armenia. In solidarity with Azerbaijan, the former instituted a blockade of Armenia in April 1993, when military actions spilled out of the enclave into Azerbaijan proper. The embargo is still in place today, despite an internationally-backed agreement signed by Turkey and Armenia in October 2009 to establish bilateral diplomatic ties, subject to the approval of their respective legislative assemblies. The parliaments, however, have not acted, so nothing has changed.[10] The blockade has hurt Armenia’s economy and has made it more dependent on Russia. In 2006, foreign direct investment (FDI) in Armenia was a mere \$450 million—compared to \$3.7 billion in Azerbaijan and \$1 billion in Georgia. Moreover, while in 2006 the greatest amount of FDI came from Lebanon (whose ethnic Armenian population is approximately 4 percent of the country’s total), as a result of the hardships of the Israel-Hizballah war, Russia has since become the largest source of FDI.[11] In addition, in order to pay off external debts, Armenia has either transferred or sold a very large share of its energy sector to Russian interests, including the Armenian section of the Iran-Armenia natural gas pipeline completed in December 2008, which is owned by Russia’s Gazprom.

In 2008, Russia was Armenia’s biggest trade partner, taking 19.7 percent of the latter’s exports and sending to Armenia 19.1 percent of that country’s imports. Georgia and the United States were fifth and seventh in terms of exports from Armenia, at 7.7 and 5 percent respectively. Turkey, the United States, and Iran were fourth, sixth, and seventh in terms of imports to Armenia, at 6 percent, 4.9 percent, and 4.6 percent, respectively.[12] As rail and road links through Azerbaijan and Turkey are blocked and its narrow border with Iran limits transportation, about 70 percent of Armenia’s trade is conducted via Georgian territory,. During the 2008 Russian-Georgian war, Armenia’s economy lost \$600 million.[13] It should be noted that Georgia’s rail link to Russia travels through Abkhazia, and its coastal ports on the Black Sea

are close to that secessionist region. In addition, Iran and Armenia signed a deal to build a rail link between the two countries (and beyond, to the Persian Gulf) in April 2009 that will not be completed until about 2014. The project is expected to cost between \$1.5 and 1.8 billion, with Iran providing a loan of \$400 million and Russia, China, and Ukraine also expressing an interest in investing in the project.

## **AZERBAIJAN AND RUSSIA**

As aforementioned, in 1994, Heydar Aliyev, Azerbaijan's president from 1993 until his death in October 2003 (when he was succeeded by his son Ilham), signed a ceasefire agreement ending the Nagorno-Karabakh conflict. Aliyev rejoined the Commonwealth of Independent States (CIS) and tried to repair relations with Russia. In September 1994, just a few months after the ceasefire agreement, his government signed what was referred to by the Azerbaijanis as the "Contract of the Century," as they expected their overall profit to be more than \$80 billion over the next 30 years. This foreign investment deal, which created the Azerbaijan International Operating Company (AIOC), gave the State Oil Company of the Azerbaijan Republic (SOCAR) a 20 percent share, which together with royalties ensured Azerbaijan 80 percent of the total profits. The consortium led by British Petroleum (BP) also included companies from the United States, Japan, Norway, Turkey, and Saudi Arabia. (Two months later, Iran was promised a one percent share in the consortium, but the offer was subsequently withdrawn due to pressure from the U.S. government.)

Following the signing ceremony, the Russian Foreign Ministry took an antagonistic position toward the AIOC and asserted that the deal was a unilateral decision on the part of Azerbaijan, thereby violating the Soviet-Iranian agreements of 1921 and 1940 concerning usage of the Caspian Sea. Russian Foreign Minister Andrei Kozyrev warned Azerbaijan and the foreign oil companies that they must take into account all interests including Russia's. The Russians did not back down in their resistance until they were given assurances that the oil would transit their territory by a pipeline to the Black Sea port of Novorossiysk. Indeed, the first oil from the AIOC was sent by that route in January 1998, and it was not until April of the following year that Azerbaijani oil was shipped out of Georgia's Black Sea port of Supsa.

BP's other co-ventures in Azerbaijan include the Baku-Tbilisi-Ceyhan (BTC) Pipeline to the Mediterranean, the second longest oil pipeline in the world (some 1,090 miles long), which opened in July 2006; the Shah Deniz natural gas project; and the South Caucasus Pipeline—with Russia's Lukoil (in addition to Norwegian, French, and Iranian companies) owning shares of the latter two. The South Caucasus Pipeline opened in December 2006. (BTC investors include companies from the United States, Norway, Japan, Italy, France, and Turkey.) Russia does not need fossil fuels from the Caspian Sea basin to meet domestic demands—it has the largest gas reserves in the world and the eight largest oil reserves—but its goal is to become an "energy superpower," and it does not like the fact that Western companies account for 70 percent of the Caspian Sea basin's oil production.[14]

Russia eventually signed an agreement with Azerbaijan in 2001 delineating divisions of the Caspian seabed. Iran, however, objected to this, as it wants an equal division of the seabed between the five littoral states (the others being Turkmenistan and Kazakhstan). To make a point of its disagreement, the same year, Iran sent a gunboat into the area of the Caspian Sea it disputes with Azerbaijan to force out a BP seismic ship. While Azerbaijan has used Russia to balance off Iran, Russia does not have as much leverage on Azerbaijan as it does on that country's two South Caucasus neighbors, largely due to Western investment in that country. However, Russia is Azerbaijan's largest trading partner, accounting for 18.8 percent of the latter's imports. Also, Russia can put political and economic pressure on Georgia,

upon which Azerbaijan is dependent for the oil and gas transport. In 2007, Turkey ranked as the top foreign investors in Azerbaijan, followed by Great Britain, the United States, Germany, the United Arab Emirates, Russia, Italy, France, and Iran.[15] In 2008, Azerbaijan's largest export market was Italy, accounting for 40.2 percent of total trade, while the United States and Israel ranked second and third at 12.6 percent and 7.6 percent, respectively. Turkey accounted for the second largest percentage of imports to Azerbaijan at 11.2 percent.[16]

## GEORGIA AND RUSSIA

As in Armenia and Azerbaijan, Georgia's nationalist movement strove for majority ethnic domination and an end to the Communist Party leadership's misrule. However, it was far more radicalized and fragmented and did much to stir up Abkhazian and Ossetian nationalist feelings that were not as developed as those of the Armenians in Nagorno-Karabakh.[17] Nevertheless, both Abkhazians and South Ossetians preferred being associated with neighboring Russia; the former are closely linked linguistically to others in the North Caucasus, while the latter wanted to be united with their brethren in the more populated North Ossetia, which remained part of Russia following the breakup of the Soviet Union. In 1989, Abkhazians and South Ossetians constituted roughly 18 percent and 66 percent of their respective territories.

Prior to the 2008 Russian-Georgian war, some 13,000 people had died in the two separate conflicts—Abkhazia from 1992-1993 and South Ossetia from 1991-1992—while the Abkhazians drove out approximately 200,000 ethnic Georgians from Abkhazia, located on the Black Sea. In the case of South Ossetia, where roughly half of the families in that territory were of mixed origin, a handful of mixed villages survived the war, and some 40,000 refugees fled to Russia or Georgia proper.[18] Russian troops provided support for the rebels in Abkhazia. North Caucasian irregulars did the same in South Ossetia. On the Abkhazian front, the Georgians shot down an unmarked fighter plane with a Russian officer in uniform. [19]

Zviad Gamsakhurdia, who established himself as leader of the Roundtable-Free Georgia coalition, proved to be a very divisive figure. The bloc swept the Communists out of power in October 1990, even though they agreed with the nationalist's goal of independence from the Soviet Union. (The April 1989 killing of 19 peaceful demonstrators—mostly women and girls—and the wounding of hundreds of others by Soviet troops tended to unify all Georgians in that regard.) The following month, Gamsakhurdia was elected chairman of Georgia's Supreme Council and president of the republic in May 1991, just one month after that country's parliament declared its independence from the Soviet Union. By January 1992, Gamsakhurdia was overthrown by the Georgian National Guard. He died under mysterious circumstances in December 1993 after first going into exile in Armenia and then challenging the government militarily from bases in western Georgia.

Former Soviet Foreign Minister Eduard Shevardnadze returned to Georgia in March 1992 to become chairman of the state council, holding the post until November 1995 when he became president.

Shevardnadze made use of militia leaders who had opposed Gamsakhurdia as he consolidated his power, but had to settle for ceasefire agreements in first the Ossetian and later the Abkhazian conflicts. In June 1992, Shevardnadze, Russian President Boris Yeltsin, and representatives from North and South Ossetia met at the Black Sea resort of Dagomys, Russia near Sochi. They agreed to establish a joint peacekeeping force led by Russia to monitor the ceasefire. Georgia was forced to join the CIS in late 1993, and early the following year, also to become a member of the CIS's Collective Security Treaty

Organization (CSTO). In 1999, however, both Georgia and Azerbaijan quit the latter group. A major motive for their departure was that Georgia had been required to let Russia station troops at four military bases on its territory, one of which was in Abkhazia. Only in November 2007 did Russia evacuate the last base in Georgia, outside of Abkhazia.[20] In April 1994, Georgian and Abkhazian officials met in Moscow and agreed on the deployment of some 3,000 Russian peacekeepers. In August of that year, the United Nations established a 136-man Observer Mission in Georgia (UNOMIG), whose mandate came to an end in June 2009.[21]

As early as 1995, Russia and Georgia began to drift apart, and:

Shevardnadze had realized that the evolution of Russian internal and external policies would exclude a profitable partnership.... [He] was increasingly under attack in Russia, perceived as one of the main gravediggers of the Soviet Union, an unpardonable sin for a Russian political elite increasingly dominated by revanchism..... Russia kept trying to weaken Tbilisi through its continuous support for the secessionists and its numerous attempts to undermine Georgian sovereignty.[22]

Indeed, one other place where Moscow exerted its influence was in the Black Sea region of Ajaria just across the border from Turkey, inhabited by Muslim Georgians and ruled by Aslan Abashidze as a “personal fiefdom.” The area was closed off to the Georgian military, and revenues could not be collected by the central government, as Russian troops based in Batumi gave his regime protection.

Shevardnadze, who had more pressing problems, made a “gentleman’s agreement” with Abashidze; in return for support for his political party, Union of Citizen’s of Georgia, and an agreement not to secede, Abashidze would remain in power and would collect tax and trade revenues. This continued until the Rose Revolution forced Shevardnadze to resign in November 2003, following rigged parliamentary elections.

Mikhail Saakashvili, who became president in January 2004 sought to impose centralized control on the breakaway regions, and Ajaria was the weakest of the three. In March of that year, when Abashidze visited Moscow, Saakashvili and other party members were refused entry to the region to campaign for parliamentary elections. Moreover, economic sanctions were imposed on Ajaria, while the Georgian government encouraged peaceful opposition demonstrations against Abashidze’s regime, which were violently broken up. Georgia’s military entered the region, and Abashidze sought asylum in Russia. Abkhazia and South Ossetia had more popular leaders and were contiguous to Russia’s borders.

While Russia disliked Shevardnadze, it detested Saakashvili’s attempts to move closer to the West and his dreams of NATO and European Union membership.[23] Russian antagonism toward Georgia had heated up earlier on, during the Second Chechen War, which began in October 1999 and ended in May 2000 when Russia established direct rule over Chechnya. In June 2000, a few months before the Russian operation against the Chechens had commenced, Vladimir Putin became prime minister under Yeltsin. Putin was acting president when the latter resigned in December 1999, and he was inaugurated as president in May the following year. Russia accused Georgia, which borders North Caucasian territory along the Pankisi Gorge, of serving as a transit country for Muslim volunteers and military supplies entering Chechnya, though it never provided any credible evidence of this. In the summer of 2002, Russia

threatened to launch military operations in the area without Georgia's consent.[24] However, it was the so-called "Kosovo precedent" (in which many, primarily Western, countries recognized the independence of the predominantly-Albanian populated former Yugoslav and later Serbian region in February 2008) that gave Russia encouragement to push for the independence of the breakaway regions of Abkhazia and South Ossetia. The short Russian-Georgian war took place only six months later.

According to Ronald D. Asmus, U.S. deputy assistant secretary of state for European affairs during President Bill Clinton's second term, Russia under Putin had adopted "Eurasianism," i.e., becoming more focused on reasserting its control over the former Soviet Union as an alternative to cooperation with the West, as the elites in Georgia and Ukraine "wanted to take their countries in exactly the opposite direction." Indeed, the August 2008 Russian-Georgian war:

...was against the West more generally. Georgia was the physical target... [and] the whipping boy for Russian complaints and resentments that had been building for years against the United States, NATO, and those countries Moscow saw as giving encouragement to Georgia. That was clear in everything from how the war was treated in the Russian media, to the way Russian officers described their mission during the brief occupation period, to the graffiti left behind by departing Russian troops.... This was its way of saying to the West collectively that Georgia was in its backyard and we should stay out.[25]

Georgia's moves toward the West—politically or militarily—have definitely been put on hold. At the same time, the Obama administration has been aggressively courting Russia, especially over Iranian sanctions, and rarely discusses publicly continued Russian dominance over Abkhazia and South Ossetia. The last such reference was during U.S. Secretary of State Hillary Clinton's July 2010 visit to the South Caucasus states.[26] Nonetheless, Georgia and the United States still have strong economic ties. Besides Russia, Abkhazia and South Ossetia's independence has only been recognized by Venezuela, Nicaragua, and Nauru, while Kosovo, as of the end of March 2011, has been recognized by 75 out of 192 UN member states, including Nauru.

Since its independence, Georgia's largest foreign investors have been the United States, Great Britain, Turkey, and Russia. Russia's FDI, however, has decreased considerably since 2006.[27] In 2008, Turkey was Georgia's biggest trading partner, receiving 17.6 percent of the latter's imports and responsible for 14.1 percent of Georgia's imports; Azerbaijan, Ukraine, Armenia, and the United States were second, third, fourth, and sixth in terms of exports from Georgia, at 13.7 percent, 9 percent, 8.2 percent, and 6.8 percent. Ukraine, Azerbaijan, Russia, and the United States were second, third, fifth, and sixth in terms of imports to Georgia, at 10.4 percent, 9.6 percent, 6.8 percent, and 5.7 percent.[28]

## **CONCLUSION: SOUTH CAUCASIAN-RUSSIAN RELATIONS IN THE CONTEXT OF WORLD POLITICS**

While during the early part of the Second World War, Russia was able to annex the Baltic republics of Estonia, Latvia, and Lithuania, which had been independent for about two decades, today's political environment vastly differs. Countries may still be able to invade sovereign states for various reasons, but indefinitely occupying those areas or trying to incorporate those territories into another state has not been

accepted by the world community. One exception regarding annexation might be India's takeover of the Portuguese colonies of Goa, Daman, and Diu, on the Arabian Sea in 1961.

The political futures of Abkhazia and South Ossetia, where numerous people possess Russian passports, still remain to be seen. Russia and a few other countries may recognize their "independence," but their political and economic survival very much depends on their northern neighbor. As for Nagorno-Karabakh, no country has recognized it as an independent entity or its separation from Azerbaijan for that matter.

Since the early 1990s, Armenia, Azerbaijan, and Georgia have been independent, a far cry from their short-lived experiences around the time of the First World War and its immediate aftermath. Over the years, these republics have strengthened their respective political institutions and economies, and their survival is not in doubt. However, Russia will continue to be able to exert political and economic pressure on the South Caucasus states. One alternative foreign partner that Georgia, and to a lesser extent Azerbaijan, has been developing is Israel. They have done this on the basis of a realpolitik assessment of their interests.[29] Armenia, with its close relations to Iran, has taken a different approach. One factor here is that the Jewish state—like the United States and every country in the Arab world (except for Lebanon, with its large ethnic Armenian population)—has refused to recognize officially the Armenian genocide so as not to offend Turkey. Moreover, about a half a year before the August 2008 Russian-Georgian war, there were "strong protests by Russian officials" against the increasing involvement of retired Israeli military and security experts in Georgia and the procurement of Israeli technology and hardware. In response, Israel imposed "significant limitations on arms transfers," fearing that Moscow would retaliate by lifting its own restrictions on similar deals with Iran and the Arab states.[30]

*\*Dr. Michael B. Bishku is a Professor of Middle Eastern History at Augusta State University in Georgia, USA. He served as president of the American Council for the Study of Islamic Societies (2004-2005) and the Association of Third World Studies (1994-1995). He was a Visiting Professor at Boaziçi (Bosphorus) University in 2004.*

[1] European Union, "Europe's Energy Portal," Statistics on Dependency, [www.energy.eu/#dependency](http://www.energy.eu/#dependency) (Accessed June 20, 2010). Imports from Norway, the second largest market, were 16 percent and 23 percent, respectively. These figures are from 2008.

[2] Figures are from Igor Tobakov, *The Georgia Crisis and Russia-Turkey Relations* (Washington, D.C.: Jamestown Foundation, 2008), p. 10. Trade volume between Turkey and Russia was \$38 billion in 2008, while Turkish investment in the Russian economy was \$5 billion, and contracts signed by Turkish construction firms were in excess of \$25 billion.

[3] Figures for ethnic South Caucasians residing in Russia are from Thornike Gordadze, "Georgian-Russian Relations in the in the 1990s," in Svante E. Cornell and S. Frederick Starr (eds.), *The Guns of August 2008: Russia's War in Georgia* (Armonk, N.Y.: M.E. Sharpe, 2009), p. 45.

[4] Michael B. Bishku, "The South Caucasus Republics and Israel," *Middle Eastern Studies*, Vol. 45, No. 2 (March 2009), pp. 305 and 308.

[5] As of early 2011, the estimated populations of Armenia, Azerbaijan, and Georgia are 3 million, 8.3

<http://www.gloria-center.org/2011/08/the-south-caucasus-republics-and-russia%e2%80%99s-growing-influence-balancing-on-a-tightrope/>  
million, and 4.6 million, respectively.

[6] For an explanation of the Partnership for Peace, see the NATO website:  
[http://www.nato.int/cps/en/natolive/topics\\_50349.htm](http://www.nato.int/cps/en/natolive/topics_50349.htm) (accessed June 21, 2010). All former Soviet states and many non-NATO members in Europe have joined the group.

[7] Information on the Nagorno-Karabakh conflict is derived from Christoph Zürcher, *The Post-Soviet Wars: Rebellion, Ethnic Conflict, and Nationhood in the Caucasus* (New York: New York University Press, 2007), pp. 152-185 and Svante E. Cornell, "Undeclared War: The Nagorno-Karabakh Conflict Reconsidered," *Journal of South Asian and Middle Eastern Studies*, Vol. 20, No. 4 (Summer 1997), pp. 1-23.

[8] Dov Lynch, *Engaging Eurasia's Separatist States: Unresolved Conflicts and De Facto States* (Washington, D.C.: United States Institute of Peace Press, 2004), pp. 35 and 79.

[9] On the Minsk Process, see: <http://www.osce.org/mg> (accessed June 22, 2010). The Minsk Group, whose other permanent members include Belarus, Germany, Italy, Sweden, Finland, Turkey, Armenia, and Azerbaijan, was established in March 1995 with the goal of facilitating negotiations that would lead to a peaceful settlement of the Nagorno-Karabakh conflict.

[10] See Michael B. Bishku, "The South Caucasus Republics and the Muslim Middle East: Political and Economic Imperatives," *Mediterranean Quarterly*, Vol. 21, No. 3 (Summer 2010), pp. 36-38.

[11] *The Armenian Economist*, March 14, 2008,  
<http://armenianeconomist.blogspot.com/2008/03/why-so-little-foreign-investment.html>. FDI in Turkey for 2006 was \$20 billion. See also: "Foreign Investments in Armenia," *The Armenian Economist*, September 15, 2006, <http://armenianeconomist.blogspot.com/2006/09/foreign-investments-in-armenia.html>. (accessed November 4, 2009).

[12] Figures from U.S. Central Intelligence Agency, *The World Factbook*,  
<https://www.cia.gov/library/publications/the-world-factbook/> (accessed June 22, 2010).

[13] These figures were cited by Armenia's foreign minister, Edward Nalbandian, during an interview with the French journal *Politique Internationale*, No. 122 (Winter 2009),  
[http://www.politiqueinternationale.com/revue/article.php?id\\_revue=122&id=789&content=synopsis](http://www.politiqueinternationale.com/revue/article.php?id_revue=122&id=789&content=synopsis)  
(accessed June 22, 2010).

[14] Houman A. Sadri, *Global Security Watch—The Caucasus States* (Santa Barbara, CA: Praeger, 2010), p. 18.

[15] U.S. Department of State, Bureau of Economic, Energy and Business Affairs, "2009 Investment Climate Statement – Azerbaijan," <http://www.state.gov/e/eeb/ris/othr/ics/2009/117856.htm> (accessed November 6, 2009). This document was subsequently removed or moved.

[16] Figures from CIA, *The World Factbook*.

[17] Georgia was the least homogenous of the three South Caucasus states. In the 2002 census, Georgians only constituted 83.8 percent of the republic's total population—up from 70 percent in the 1989

Soviet census—as compared to 90.6 percent Azeris in Azerbaijan and 97.9 percent Armenians in Armenia, up from 83 percent and 94 percent, respectively. Census figures for the independent states are from CIA, *World Factbook*. Those from the 1989 Soviet census come from: Suzanne Goldenberg, *Pride of Small Nations: The Caucasus and Post-Soviet Disorder* (London: Zed Books, 1994), pp. x-xi. Azerbaijan's census was conducted in 1999 and Armenia's in 2001.

[18] Unless otherwise stated, information on the conflicts over Abkhazia and South Ossetia is derived from Zürcher, *Post-Soviet Wars*, pp. 115-51.

[19] Ronald D. Asmus, *A Little War That Shook the World: Georgia, Russia and the Future of the West* (New York: Palgrave Macmillan, 2010), pp. 61-62.

[20] The bases were in Vaziani, just outside Tbilisi; Batumi on the Black Sea; Akhalkalaki in southern Georgia; and Gudauta in Abkhazia, which still has a Russian presence. Batumi was the last base evacuated in Georgia proper.

[21] See the United Nation's website: <http://www.un.org/en/peacekeeping/missions/past/unomig/> (accessed June 26, 2010).

[23] Some of the animosity between Putin and Saakashvili was very personal. Putin “unabashedly told the Russian people” that he would like Saakashvili “hung by his private parts,” while the latter “is said to have mocked” Putin as “Lilli-Putin,” a reference to the Russian leader being short. See Clifford J. Levy, “The Georgian and Putin: A Hate Story,” *New York Times*, April 19, 2009.

[24] Gordadze, “Georgian-Russian Relations,” pp. 41-42. Also see Tracey C. German, “The Pankisi Gorge: Georgia's Achilles' Heel in its Relations with Russia,” *Central Asian Survey*, Vol. 23, No. 1 (March 2004), pp. 27-39.

[25] Asmus, *A Little War*, pp. 217-18.

[26] During her visit to Georgia, Clinton stated that the United States “is steadfast in its commitment to Georgia's sovereignty and territorial integrity.” Quoted in Robert Burns, “Clinton Says Russia Isn't Observing Georgia Truce,” *The News and Observer* (Raleigh, North Carolina), July 6, 2010.

[27] Lili Di Poppo, “New Foreign Investors Entering Georgia Market,” *Caucas Europe News*, July 9, 2007, [http://www.caucas.com/home\\_eng/brevec\\_contentu\\_imprim.php?id=318](http://www.caucas.com/home_eng/brevec_contentu_imprim.php?id=318) (accessed June 26, 2010).

[28] Figures taken from CIA, *The World Factbook*.

[29] See Bishku, “The South Caucasus Republic and Israel,” especially pp. 302-09.

[30] Barak Ravid and Amos Harel, “Russia Declares Itself Ready to Make Peace with Georgia,” *Haaretz*, August 10, 2008, <http://www.haaretz.com/news/russia-declares-itself-ready-to-make-peace-with-georgia-1.285334> (accessed June 27, 2010).