

Security in the South Caucasus: the EU, NATO and Russia

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■ Executive summary

This policy brief focuses on the interplay of external actors in the South Caucasus, i.e. the EU, NATO and Russia, looking specifically at how political and security relations have been shaped. Three main issues are highlighted: firstly, that the South Caucasus is a heterogeneous area and that the concept of being a region in its own right is underdeveloped; secondly, that despite the enlarged involvement of international players in the area, the South Caucasian countries retain agency and are not mere agents of foreign role-players; and, thirdly, that the area is characterised by processes of competition and collaboration that do not necessarily meet common agendas, despite shared interests regarding regional stability. The paths of the three South Caucasian republics has been different, with Armenia being dependent on Russia, Azerbaijan pursuing a policy of independence regarding external players, and Georgia assuming a pro-Western, anti-Russian position. The lack of diplomatic relations between Armenia and Azerbaijan due to the Nagorno-Karabakh conflict, EU involvement in crisis management in the wake of Georgia's 2008 war with Russia, a diminished NATO presence and increased Russian assertiveness in the area are central elements to understanding ongoing policies and practices. This complex framework suggests the need to address challenges and opportunities in the South Caucasus in terms of the complexity of the actors and factors at play.

The South Caucasus patchwork

Armenia, Georgia and Azerbaijan, the three post-Soviet republics that share the South Caucasus label, differ in size and resources, political options and socioeconomic conditions, and ethnic and religious makeup. This heterogeneity is of relevance not only regarding local political and security dynamics (in-country and intra-regional), but also in terms of how these states relate to external players, in particular the Russian Federation, the North Atlantic Treaty Organisation (NATO) and the European Union (EU). This policy brief looks at the interplay of external actors with the South Caucasus countries, highlighting the need for an inclusive approach to addressing the area's challenges and opportunities, because relationships are bi- and multidirectional, and the specificities of each of these states

contribute to the interplays taking place in the area. The complexity resulting from in-country and intra-regional dynamics associated with the role of external actors points to two main features: firstly, that the political processes in the South Caucasus cannot be read in isolation from the broader context in which they are embedded; and, secondly, that when pursuing their divergent policy goals, these states reinforce their agency outside their borders in a way that is not always in line with the interests of external players in the area.

Competing interests and collaborative agendas

The processes leading to the affirmation of national independence in the three Caucasian republics reveal dynamics of competition and co-operation in the triangular

tion of relations among them and with external players. Local dynamics are deeply informed by the Nagorno-Karabakh conflict, while regional players include Russia, which promotes a policy of increased involvement in the so-called post-Soviet area, and, more broadly, the EU, which has engaged more directly in security issues through its monitoring mission in Georgia after the 2008 war with Russia. The dynamics associated with these various actors and the policies they pursue are fundamental to unpacking how political choices might hamper autonomous decision-making power and processes of intra-regional and international co-operation in this complex setting.

Georgia has pursued a Western-oriented policy, Armenia remains much more attached to Russia in its political options, and Azerbaijan's hydrocarbon resources enable it to pursue a foreign policy that is more independent of Russia. As the former "ruler" and most powerful state in the post-Soviet area, Russia remains a fundamental actor, claiming the post-Soviet space in its main foreign policy documents (Russian Federation, 2000: chap. IV; 2008: chap. IV) as an area of strategic relevance. This strongly links developments in "the area" to Russian politics, although with different levels of intensity.

Armenia has remained very dependent on Russia, with fundamental economic and security (including military) links that feed this dependency. Isolated in the area because of the Nagorno-Karabakh conflict, it has no diplomatic relations with Azerbaijan and Turkey, and the main energy projects developed around Caspian hydrocarbon resources bypass the country. However, Armenia has been seeking to gain leverage and pursue diversified relations in its foreign policy, a strategy supported by the diaspora, as well as by civil society groups that are seeking a more autonomous foreign policy stance. An example of this is the negotiation of an Association Agreement with the EU within the framework of the Eastern Partnership. However, it should be made clear that closer relations with the EU do not mean a diminishing Russian presence in Armenian politics.

Azerbaijan has pursued a more autonomous path, resulting from its economic potential and directly linked to the exploitation of oil and gas fields on the Caspian shore. The central authorities have sufficient leverage to build relations with Russia, China and the West, and pursue a diversified foreign policy. This has allowed the country to affirm itself as a bridging actor in energy terms, with the support of the economic and political elite, and to assume a dominant position in economic terms in the South Caucasus.

Georgia is clearly the most Western-oriented country: integration with institutions such as NATO and the EU became a priority after the 2003 Rose Revolution and Mikhail Saakashvili's inauguration as president. This Western-oriented approach was pursued mainly against Russia, which Georgia describes as a revisionist country

that constitutes a threat to Georgia's integrity. This line of reasoning has been present at the level of rhetoric as well as in actions. The war in Georgia in the summer of 2008 marked the height of tension, with armed violence resulting in a ceasefire brokered by the EU, and the resulting recognition of the independence of the Abkhaz and South Ossetian republics by the Russian Federation. The events of 2008 constituted a serious disruption to Georgia's politics, including criticism from many sectors of civil society of its difficult relations with Russia and its goals of further integration into European institutions. Regarding the Atlantic Alliance, Georgia has been an active partner seeking formal accession. Despite not yet being offered a Membership Action Plan, Georgia's aspirations have been positively received within NATO, which is committed to the process (NATO, 2008, para. 23; 2012: paras. 28-29). Despite Georgia's rejection of the new territorial border defined after the 2008 war, which it considers illegal, it has had to readjust to the reality that Russia is the main power in the area, the EU remains an actor with limited engagement and NATO is refraining from taking on responsibilities in a context where relations with Russia would be severely disturbed.

A complex playground: Russia, EU and NATO in the South Caucasus

The EU approach to the area has been essentially guided by a stabilisation principle, in line with the European Security Strategy of 2003 and the normative principles that underpin EU action. Partnership and Co-operation Agreements (PCAs) were signed separately with the three republics back in 1999, setting the framework for political dialogue and economic relations, and aiming at democratisation in these states. However, difficulties prevailed regarding the harmonisation of economic, financial and legal procedures (the EU *acquis*) particularly due to weak local institutional structures, and regarding the further involvement of the EU in the face of armed conflicts it had no capacity or mandate to deal with. The current negotiation of Association Agreements with the three states and the reinforcement of the bilateral and multilateral initiatives through the Eastern Partnership demonstrate that more than 14 years later, EU relations with the South Caucasus have consolidated the bases set up by the PCAs.

As for NATO, it has clearly been pursuing a limited role in the area, mainly confined to the goals defined in the Individual Partnership Action Plans and the involvement of these countries in related activities. This limited engagement of the Atlantic Alliance goes back not only to the agency and political and security options of these states, but also to the substantial role of Russia in the area, and how NATO-Russian relations have been shaped and enacted. Additionally, it should be recalled that, unlike Georgia, Armenia and Azerbaijan are not formally seeking accession to the alliance.

Russia is very much engaged in the South Caucasus, despite not having unlimited influence there, but still

retains substantial leverage and has been reasserting its influence in the area.¹ The shared neighbourhood has thus been a contested concept not so much in form, but in substance, since Russia and the EU, as well as the states in the South Caucasus, pursue different readings of what is meant by “the common neighbourhood”. These readings result both from identity- and historically driven understandings and from divergent power projection goals. Whereas for the EU “common neighbourhood” refers to the states that were part of the Soviet Union and became independent, as clearly identified in the European Neighbourhood Policy and Eastern Partnership, Russia argues that this terminology is inadequate as these states are part of its area of influence, and seeks the maintenance or reinforcement of its influence in this area, as visible, for example, in the promotion of the proposed Eurasian Union. Also, the EU pursues a normative socialisation approach, whereas Russia has applied “soft and hard instruments to exploit its predominant structural power in the post-Soviet space” (Averre, 2009: 1690). For the states in the “common neighbourhood” this labelling presupposes different meanings, highlighting their policies of closer or more distant relations with Russia and the West, and at the regional level meaning the lack of sustained integration processes (whether formal or informal), resulting in an area lacking a sense of being a distinct region. However, disagreement and difficulties in co-operation have not invalidated these countries’ interdependence. Nevertheless, the way common interests might be translated into joint opportunities depends not only on Russia’s policies towards the South Caucasus, but also on how Russian-EU and Russian-NATO relations evolve.

In this intersection of interests and players, the national interests and foreign policy goals of each of these states are also part of the bargaining process, despite their

positioning regarding Russia, NATO and/or the EU. As a result the development of relations with the area requires flexibility and trust building in order for agreed policies to be implemented in a co-ordinated way. This applies to all the various actors. The politics of imposition or coercion is not tolerated by the governments of the South Caucasus countries, despite the dependencies that remain. The way forward implies inclusive policies that foster regional interlinkages binding these states together, taking into account key differences and the fact that local agency has to be acknowledged in dealing with external actors, be they Russia, the EU or NATO.

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1 For further detail on Russian foreign policy, see Freire (2012).

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