

## **The EU and the South Caucasus 25 Years Since Independence**

Nov 25, 2016 by [Amanda Paul](#)

Wedged between regional powers Russia, Iran and Turkey, the South Caucasus is an extraordinarily complex region; one of the most security-challenged and fragmented regions in the world with internal and external security threats working to reinforce each other. The three South Caucasus states – Georgia, Armenia and Azerbaijan – are complicated even in their internal configuration. Twenty-five years since the collapse of the Soviet Union the region remains plagued by conflict, its people living in insecurity. Moreover, the region has not been politically or economically integrated. Rather Armenia, Azerbaijan and Georgia have integrated into a wide-range of different, sometimes opposing, organisations and alliances.

The EU joined the mix of actors and organisations engaged in the South Caucasus in the early 1990's intensifying its engagement over the years with the three states becoming part of the EU's European Neighbourhood Policy (ENP) and Eastern Partnership (EaP). Despite hopes that the ENP/EaP could act as transformative tool to help strengthen stability, security, democracy and bring about a more cohesive region, the results have been rather patchy. The EU has failed to carve out a clear strategy or policy for the region and with the exception of Georgia there has been little genuine will to implement serious reform. Moreover, Russia's annexation of Crimea and war in the Donbas in 2014 and the increasingly polarised standoff between Moscow and the West has further exacerbated the fragile security situation, further exposing the inability of the EU to guarantee or even shore-up a partner's security.

Today the region is more fragmented than ever before with Armenia, Azerbaijan and Georgia choosing different geostrategic trajectories. While Georgia remains committed to a future as part of the EU, Armenia has joined the Russian-led Eurasian Economic Union (EEU). Azerbaijan meanwhile has chosen to align itself with neither. Nowadays the EU lacks real leadership and vision. The Union is stuck in a never-ending cycle of crises with populism on the rise, key elections on the horizon in France and Germany and a waning appetite for further enlargement, while a revanchist Russia is working overtime to ensure the region stays in what the Kremlin claims is its sphere of influence. This has given rise to serious concerns from the partner states not only over the future of EaP and the ability of the EU to stick to the pledges it has made, but more broadly the EU's commitment to the region. The 2017 EaP Summit is likely to be a new litmus test in this respect.

### **The EU's creeping engagement**

The EU can be considered a late-comer to the South Caucasus. During the early 1990's the region scarcely figured on the EU's radar as there was little interest for a region that was broadly viewed as an obscure and distant periphery; a region burdened with numerous problems and largely considered Russia's backyard. Moreover, during that time the EU was also absorbed with the bloody events in the Western Balkans and developments in its eastern neighbourhood following the collapse of the iron curtain. Among the then EU-15 only France, Germany, the UK, Italy, the Netherlands and Greece opened embassies in all three South Caucasus countries. The EU's initial

involvement was principally in terms of financial assistance. The EU was the biggest financier of development projects in the region between 1991 and 2000, investing well over one billion euros in the three states.

Today the picture is considerably different. The EU has significantly increased its footprint in the region, deepening ties – albeit to different degrees – with all three countries. A number of factors led to this increased engagement and interest in the region. First, all three states wanted to develop relations with the EU to help counter the massive influence that Russia continued to wield. In this respect the EU became progressively engaged through the first and second TACIS (Technical Assistance to the Community of Independent States) programmes and then further down the line, in 1996 with the signature of Partnership and Cooperation Agreements (PCA's). However, the fact that these PCAs came into force later in all three Caucasus countries than in Russia or in Ukraine which reflects the EU's priorities in the former Soviet space. Furthermore, by contrast to its humanitarian and assistance engagement, the EU was not directly involved in security and conflict resolution issues, which were central in the 1990's following the outbreak of conflicts in all three countries. This in part can be put down to the fact that a number of international actors (not least Russia) and organisations had been present in the region since the collapse of the USSR, which strongly constrained the EU's engagement<sup>1</sup>.

Second, eastward enlargement brought the South Caucasus geographically closer to the EU, especially when Romania and Bulgaria acceded in 2007. Third was the 2003 Rose Revolution in Georgia which brought Mikheil Saakashvili to power. A young and assertive Atlanticist, in his inauguration speech as President, Saakashvili underlined that Euro-Atlantic integration was a foreign policy priority for Georgia.<sup>2</sup> The 2008 Russia-Georgia war was a further important milestone. In the aftermath of the conflict, the EU gained a new visibility in the region, becoming the main security actor in Georgia with the deployment of the EU Monitoring Mission (EUMM). Lastly is energy. Azerbaijan, with its vast gas resources, has taken on a key role in EU efforts to diversify routes and sources of natural gas. The development of the Southern Gas Corridor (SCG), which will bring gas from Azerbaijan's Shah Deniz II field in the Caspian, across Turkey and Southeast Europe to Italy, is one element of an EU strategy aimed at reducing dependence on Russian gas, strengthening the internal energy market, and breaking the Kremlin's hold on the East-West gas route.

A further development that came about in the aftermath of Georgia's Rose Revolution was the EU's December 2003 Security Strategy stressing the need for the EU to 'take a stronger and more active interest in the problems of the South Caucasus', stating 'we need to extend the benefits of economic and political cooperation to our neighbours in the East while tackling political problems there. We should now take a stronger and more active interest in the problems of the

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<sup>1</sup> Lynch. D. 2005. "The Security Dimension of the European Neighbourhood Policy", *The International Spectator*, (XL) 1, January-March, 33-43.

<sup>2</sup> President Saakashvili's Inauguration Speech, 25 January 2004, <http://www.civil.ge/eng/article.php?id=26694>

Southern Caucasus, which will in due course also be neighbouring region<sup>3</sup>. This was followed by the appointment of the first EU Special Representative for the region, Heikki Talvitie. He had a regional mandate, in an attempt to foster EU political involvement in the region. In 2005 the South Caucasus became part of the ENP, although the region has not originally been included in the policy. The change of approach was triggered by strong lobbying from Georgia and Saakashvili's declaration that Georgia intended to join the EU. The inclusion of the South Caucasus states in the ENP 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>4</sup>. Hence since the launch of the ENP, the EU has been increasingly present in the region, inter alia through the signature of the three bilateral Action Plans in November 2006 and through the opening of a regional delegation in Tbilisi (2005), then of two delegations concomitantly in Baku and Yerevan (2008).

With the introduction of Eastern Partnership (EaP) in 2009 the door was opened for even closer political and economic cooperation using a "more for more" approach. Association Agreements (AA) including Deep and Comprehensive Free Trade Areas (DCFTA), as well as visa facilitation/ liberalisation, were put on the table. With EaP having both a bilateral and multilateral dimension it was hoped that the that the multilateral track could be a useful framework for representatives of the three South Caucasus states to meet and foster ties including via the Civil Society Forum, as well as within the framework of EURONEST, ultimately leading to strengthening regional cooperation.

Yet despite the deepening of ties, EU policies in the South Caucasus have produced only limited results. While the EU has become the largest trading partner of all three states, perhaps not surprisingly, the ENP and EaP have failed to replicate the transformative power witnessed in the CEE region and more recently – but to a lesser degree – in the Western Balkans. There are several reasons for this. Firstly the EU has never had a strategic vision or clear policy for the region; secondly, ENP/EaP had inadequate political and economic support because many EU Member States did not view the policy as a priority and have been reluctant to increase finance for it. This reflects the gap in geographic priorities because while the countries in the East were the biggest supporters of EaP, along with the likes of Sweden, member states coming from southern Europe had priorities elsewhere. Third is the fact that there is no membership perspective which increased the difficulty attached to painful reform. Fourth, the leverage the EU believed it could have and the conditionality it believed it could place has not been there. Fifth, there was a lack of will for change from some of the partner states. The ENP Action Plans are political documents relying upon the commitment of the partner country toward common values and reforms. They do not represent a legal framework. Implementation of the objectives

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<sup>3</sup> A Secure Europe in a Better World, European Union Security Strategy 2003, European Council, <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

<sup>4</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

identified under the Action Plans is therefore key in the effectiveness of the ENP in all partner countries. Developments in all three countries expose an implementation gap when compared to the objectives identified in the ENP Action Plans, with the exception of Georgia which significantly progressed towards a number of objectives. Furthermore, hopes that the policy would increase regional integration were not realised. Rather the region is more fragmented than ever and the only integration projects that have taken place are with external actors, for example the broad cooperation that has taken place between Azerbaijan, Georgia and Turkey in a number of different areas included related to security, transport and energy.

Moreover the EU failed to address the issue of key importance to all three states which is security and territorial integrity. The fact that the EU presented holistic policies but then failed to follow through and that it ignored the geopolitical consequences of the policy in terms of the reaction from Moscow has also been problematic. When the West did not come to the rescue of the most progressive and democratic country of the region in 2008 questions were asked by some in the South Caucasus over what they could expect from the West, including the EU. The impact of Russia's annexation of Crimea and war in the Donbas and the inability of the EU and the west more broadly to stop the Kremlin further raised deep concerns over what could be the impact of deepening ties with the EU with each state coming to their own conclusion. Hence today the EU has three very different relations with each of the states.

### **Georgia's sticking to its EU dream**

The landslide victory of the pro-West forces in Georgia's October 2016 parliamentary election underlined the country's adherence to European and Euro-Atlantic integration.

Georgia's drive towards the EU started in the aftermath of the 2003 Rose Revolution. Following his appointment as President, Saakashvili and his United Movement Party (UNM) government spent the next eight years building up the state, with substantial support from the US and the EU. A radical turn towards the West, NATO and the EU was the lynchpin of Saakashvili's foreign policy<sup>5</sup>. When Georgian Dream (GD) took over the reins of power in 2012, they maintained this approach and despite their rather acrimonious and turbulent relationship Georgia's two largest political parties have over the last four years maintained cross-party consensus on this issue. The EU anchor has helped Georgia carry out important political and economic reform along with serious steps to fight against corruption. Furthermore, Georgia has now managed to carry out two peaceful transfers of power and is the only South Caucasus country to have held free and fair elections. Georgia is currently implementing its Association Agreement which includes a Deep and Comprehensive Free Trade Area (DCFTA) with the EU. Since the agreement came into force in June 2014 Georgia's exports to the EU increased by some 12.5%<sup>6</sup>. Furthermore, on 5 October 2016 the EU agreed to grant Georgian nationals visa-free travel to the Schengen zone, which is

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<sup>5</sup> Neil MacFarlane, Two Years of the Dream: Georgian Foreign Policy During the Transition, Chatham House, May 2016

<sup>6</sup> EU Trade in goods with Georgia, European Commission DG Trade;  
[http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113383.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113383.pdf)

due to be delivered by the end of 2016 and represents a tangible result for society of the hard work Georgia invested into meeting the criteria.

European and Euro-Atlantic integration continues to have the support of a large percentage of the Georgian population. According to an April 2016 poll carried out by the National Democratic Institute (NDI) 68 percent supported NATO membership while 77 percent were in favour of joining the EU. This can be put down to a number of reasons including political consensus; broad public support from society; a strong desire for democratic change and security. As with the countries of Central and Eastern Europe and the Baltics, Georgians believe that integration with the trans-Atlantic structures is the only way to guarantee the country's security and statehood, assuring permanent independence from Russia. Georgia's National Security Concept identifies 'occupation of Georgian territories by the Russian Federation and terrorist acts organised by the Russian Federation from the occupied territories' as the number one threat to Georgia's national security.<sup>7</sup> This threat perception deepened as a result of the 2008 Russia-Georgia war, and more recently as a consequence of Russia's annexation of Crimea and war in the Donbas and by Russia's military presence in Syria and strengthened military foothold not only in Georgia's occupied territories (South Ossetia and Abkhazia) but also in neighbouring Armenia and the Black Sea region with Russia increasing its military presence in occupied Crimea with the paramount goal of establishing Crimea as a Russian military asset<sup>8</sup>.

While Georgia's government has taken steps to normalise relations with Russia, as long as Georgia remains on the EU trajectory relations seem set to be volatile. For example, in the aftermath of Georgia ratifying the AA/DCFTA Russia introduced the Treaty on Alliance and Strategic Partnership with Abkhazia. This Treaty bound Abkhazia to Russia politically, military, economically and socially more than ever before<sup>9</sup>. A similar treaty with South Ossetia went further still, granting Russia full control over that Georgian territory, conducting an 'agreed-upon foreign policy' and hands over full control of their security and borders to Russia. Such treaties are Russia's response to Georgia moving towards the EU.

In the medium to long term maintaining the current level of support for the will not be easy. Georgia is being asked to swallow a significant chunk of the *acquis communautaire* without receiving a clear membership perspective. The fact that Georgia is recognised as an 'Eastern European country' in its AA is of little comfort. Furthermore, it is not clear what else the EU will be able to deliver to Georgia after visa liberalisation, particularly when the EU is locked in a crisis about its own future. Hence Tbilisi is going to need to have a lot stamina and resilience if it is going to remain on its Euro-Atlantic course.

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<sup>7</sup> Threats, Risks and Challenges to the National Security of Georgia, National Security Concept of Georgia, Ministry of Foreign Affairs of Georgia, [http://www.mfa.gov.ge/index.php?lang\\_id=ENG&sec\\_id=12](http://www.mfa.gov.ge/index.php?lang_id=ENG&sec_id=12)

<sup>8</sup> The Militarization of Crime Under Russian Occupation, Atlantic Council, October 2015

<sup>9</sup> D. Boden, The Russian-Abkhaz Treaty: New Tensions in the South Caucasus, Friedrich Ebert Stiftung, December 2014

## **Armenia – Under the Shadow of the Kremlin**

Armenia is trapped between its traditional ties to Russia and a desire to integrate more closely with the EU. Under considerable pressure from Russia, on 3 September 2013 Yerevan announced that it was aborting plans to sign an AA/DCFTA with the EU after some four years of negotiations, and would instead join the Russian led Eurasian Economic Union (EEU). Armenia's accession took place in January 2015. With this membership key elements of Armenia's external trade policy were transferred to the EEU, becoming bound by the EEU's common external tariff until 2020 – although Yerevan does have some 800 exemptions. At the time President Sargsyan declared it 'a rational decision stemming from the national interests of Armenia ... when you are part of one system of military security it is impossible and ineffective to isolate yourself from a corresponding economic space'.<sup>10</sup> In 2013 Russia had signalled its unease over Armenia's westward drift by increasing gas prices and completing a huge arms deal with Azerbaijan. The Armenian government feared that by further pursuing European integration it could jeopardise the country's security. However, the decision to join the EEU intensified Armenia's dependence on Russia, threatening its national security and sovereignty, and was met with anger by many in the country. It also left Armenia with a narrower set of strategic options, and damaged Yerevan's credibility in the eyes of the EU.

Nevertheless relations with the EU are important to Yerevan and Armenia remained committed to carving out a new relationship with the EU. The two are currently in the process of negotiating a new framework agreement. The fifth round of negotiations took place on 25 October 2016 in Yerevan. Negotiations are expected to be concluded in the spring of 2017.

The key issue in the negotiations is the acknowledgment of Armenia's commitments to the EEU. Yerevan has been cautious in how it has presented its re-engagement with the EU, seeking to preempt any Russian pressure by highlighting (and exaggerating) its role as a 'bridge' between the EEU and the EU.<sup>11</sup> Given the limitations this puts on the scope of negotiations, the sides are looking for areas that are not covered by the EEU Treaty and other related documents. While the new agreement will not include a DCFTA it will include economic and trade cooperation but to a much lesser degree. According to experts Richard Giragosian and Hrant Kostanyan certain Directorate Generals (DG) in the European Commission, including the DG for Financial Stability; and DG for Food Safety, are no longer as interested in forging an ambitious agreement with Armenia, citing a lack of resources.<sup>12</sup>

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<sup>10</sup> Armenia to Join Russian-led Customs Union, Radio Free Europe, 3 September 2013

<http://www.rferl.org/content/armenia-customs-union/25094560.html>

<sup>11</sup> Giragosian R. Armenia and the Eurasian Economic Union: A View from Yerevan, European Council on Foreign Relations, January 2015

<sup>12</sup> Giragosian R. and Kostanyan H., EU-Armenia Relations: Seizing the Second Chance, Centre for European Policy Centre (CEPS), October 2016

Armenia's desire to secure the new document is not only related to Yerevan wanting to reduce asymmetric dependence on Russia, but concerns financial assistance provided through the European Neighbourhood Instrument (ENI). Evidence suggests that, in the period of 2007-2013 Armenia has received €281.5 million, through the ENI, and for the period of 2014-2017 the Single Support Framework will allocate €140-170 million<sup>13</sup>. Moreover, resetting relations with the EU is important domestically for Armenian President, Serzh Sargsyan who has become increasingly unpopular, which has created waves of political instability, due to a number of controversial decisions. First, the set of constitutional amendments that were rushed through in a referendum in December 2015 and which transformed the country from a Presidential governance system to a parliamentary one. Opposition and civil society have been concerned that President Sargsyan is preparing the ground to stay in power after 2017. Second, the deteriorating domestic socio-economic situation, which led to the Erebuni police station siege by a group of Karabakh war veterans earlier this year. Third, the election code reform, which was highlighted by EU Foreign Policy Chief, Federica Mogherini during her trip to Armenia in September 2016. Finally, what many in the country view as the ever increasing influence of Russia. The newly appointed Prime Minister, Karen Karapetyan, who is viewed as a pro-Russian to the extent of that his new government being labelled 'Gazprom's government' and the recent agreement to create joint Russian and Armenian military forces are two such examples. A further challenge to Armenia's leadership is the growing civic activism in the country which is becoming increasingly visible and active. It is principally youth-driven and is increasingly challenging specific government decisions.

Sargsyan will try to project the image of having a more multi-vector foreign policy. Yerevan would like to conclude the negotiations by the end of although this is considered unrealistic by the EU, not least because the talks on the economic and trade element of the agreement remain far from being finalized. President Sarkisian would like to use the agreement as a central element in the ruling party's electoral campaign in the April 2017 parliamentary elections. This would strengthen the successor government and possibly bolster his own bid to become the new prime minister.<sup>14</sup>

Given the importance of this new agreement for Yerevan it represents an opportunity for the EU to press for further reform in the country. In light of this the EU may make it a deliverable, along with launching talks for visa liberalisation, to Armenia holding free and fair parliamentary elections.

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<sup>13</sup> A. Petrosian. Those who seek an upgrade in EU-Armenia relations need to be patient. Common Space EU, 19 October, [http://www.commonspace.eu/index.php?m=23&news\\_id=3972](http://www.commonspace.eu/index.php?m=23&news_id=3972)

<sup>14</sup> Giragosian R. and Kostanyan H., EU-Armenia Relations: Seizing the Second Chance, Centre for European Policy Centre (CEPS), October 2016

## Azerbaijan – a balancing act

Unlike Armenia and Georgia Azerbaijan has not chosen a specific geostrategic trajectory. The country's national security strategy states that a multidimensional and balanced foreign policy as a priority, although at the same time it also says that integration in European and Euro-Atlantic structure is a strategic priority. Azerbaijan has used its location, the only viable corridor for Caspian oil and gas to reach Western markets without crossing Iran or Russia, to its best advantage. As noted by Kuchins and Mankoff, it has used its energy reserves to pursue economic integration with the West, in part as a means of maximising its room for manoeuvre with Russia, but without embracing Western style liberalisation.<sup>15</sup> This cautious approach has served Baku as well as linking the country to the West via pipelines, has secured the economic independence of the country. While Azerbaijan did begin negotiations for an AA they ended in 2014 in the aftermath of the Ukraine crisis. Indeed Azerbaijan is the best example that the one-size-fits-all approach of the EU vis-à-vis its neighbours does not work. Baku and Brussels are currently in talks over a new agreement.

However, relations have suffered several setbacks as a consequence of EU criticism over human rights in the country on the one hand, and criticism from Baku over what it considers to be a double-standard approach of the EU vis-à-vis the country's territorial integrity. This issue was particularly highlighted following Russia's annexation and occupation of Crimea which was condemned by the international community and which led to sanctions being placed on Moscow. Azerbaijan believed the same approach should be applied to Armenia for its ongoing occupation of Azerbaijan land. Ultimately Baku would like the EU to explicitly recognise Azerbaijan's territorial integrity in the same way it does with the other countries in the EaP which have territorial disputes (Moldova, Georgia and more recently Ukraine). The attempt by the EU to maintain distinction and different approaches between these conflicts in terms of territorial integrity is not credible. A very low point was Azerbaijan pulling out of EURONEST Parliamentary Assembly following a particularly critical European Parliament resolution in September 2015. At that point, from an Azerbaijani perspective, Western rhetoric vis-à-vis Azerbaijan came to be entirely dominated by the issues of human rights and democracy. But from the perspective of the Azerbaijani government, the quid pro quo which existed before was no longer there<sup>16</sup>.

However, after a long pause in the spring of 2016 Azerbaijan signalled it was ready to start talks for a new agreement. This coincided with a period of economic turbulence in the country following the drop in oil price. On 14 November 2016, the European Council adopted a mandate for the European Commission and the High Representative for Foreign Affairs and Security

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<sup>15</sup> A. Kuchins, J. Mankoff & O. Backes. Azerbaijan in a Reconnecting Eurasia, CSIS, June 2016, [https://csis-prod.s3.amazonaws.com/s3fs-public/publication/160718\\_Kuchins\\_AzerbaijanReconnectingEurasia\\_Web.pdf](https://csis-prod.s3.amazonaws.com/s3fs-public/publication/160718_Kuchins_AzerbaijanReconnectingEurasia_Web.pdf)

<sup>16</sup> Azerbaijan's rejection of EU association was an eye-opener for Brussels, EurActiv, 11 February 2016, <https://www.euractiv.com/section/europe-s-east/news/azerbaijan-s-rejection-of-eu-association-was-an-eye-opener-for-brussels/>

Policy to negotiate a comprehensive agreement with the Republic of Azerbaijan. This is an extremely positive development. The scoping exercise that was completed in March 2016 concluded that the agreement will cover the areas of the current PCA. It will also extend cooperation to such new areas as defence and security as well as intercultural dialogue<sup>17</sup>. Ultimately Azerbaijan wants a strategic relationship based on mutual interests and objectives where interests are more narrowly defined, and along the lines of the draft Strategic Partnership Agreement (SPA) that Azerbaijan presented to the EU during the Riga Summit in May 2015. Because Azerbaijan is not a member of the WTO the trade provisions of the new agreement are likely to be limited. Ultimately, the EU will need to find a way to balance interests and values in its relations with Baku.

### **The EU and conflict resolution – a status quo actor**

The EU's 2003 European Security Strategy, along with the ENP, cites prevention and conflict settlement as a priority of the EU policy in its neighbourhood. The appointment of the EU Special Representative and the use of the Instrument for Stability (IFS) have also illustrated EU's involvement towards conflict resolution.<sup>18</sup> Furthermore, a report published by the European Commission on the implementation of the ENP in 2006 explicitly indicated the need for the Union to 'be more active in addressing frozen conflicts.'<sup>19</sup> Furthermore, the ENP review of November 2015 reiterates the EU's commitment to fostering stability, security and prosperity in the countries closest to its borders and recognizes that protracted conflicts continue to hamper the development of the region, committing to use all means available to support the management of crises and the settlement of protracted conflicts in the neighbourhood.<sup>20</sup>

The EU (or one of its Member States) is present in the peace talks designed to bring about a resolution of the three conflicts (South Ossetia, Abkhazia and Nagorno-Karabakh). However, the EU's appetite for taking on a central role has been rather limited. This is unlike the Union's approach vis-à-vis the Transnistria conflict where the EU has taken on a central role in the settlement talks as well as supporting measures aimed at confidence building. The fact that the EU borders Moldova and that a number of Member States, not least Romania but also Germany, have made the resolution of the conflict a priority are key elements behind this strong focus. With the South Caucasus geographically further away and with little interest from the majority of member states, the resolution of regions protracted conflicts does not seem to be a top priority

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<sup>17</sup> Mandate for a new framework agreement with Azerbaijan, European Commission, 13 May 2016, [http://ec.europa.eu/smart-regulation/roadmaps/docs/2016\\_eeas\\_021\\_framework\\_agreement\\_azerbaijan\\_en.pdf](http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_eeas_021_framework_agreement_azerbaijan_en.pdf)

<sup>18</sup> L. Di Puppò, The EU begins to think strategically about the Black Sea, 2007

<sup>19</sup> Strengthening the European Neighbourhood Policy, Communication to the Council and to the European Parliament, European Commission 2006.

<sup>20</sup> Review of the European Neighbourhood Policy, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and Committee of the Regions, 18 November 2015, [https://eeas.europa.eu/enp/documents/2015/151118\\_joint-communication\\_review-of-the-enp\\_en.pdf](https://eeas.europa.eu/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf)

despite the EU's narrative to the contrary. That said, in the aftermath of the 2008 Russia-Georgia war the EU found itself having to take on a bigger role than hither too.

The security landscape in Georgia and the South Caucasus more broadly was transformed by the Russia-Georgia war and Moscow's subsequent recognition of both regions<sup>21</sup>. The EU brokered the ceasefire and took on a key role post conflict offering strong political backing to Georgia's territorial integrity and pledged significant aid for Georgia's reconstruction. The then 16-year-old security arrangements led by the UN and the OSCE were ended by Russian veto. Thereafter the EU became the main security actor deploying the EUMM and by becoming a co-chair of the multi-party Geneva Process peace talks aimed at finding a solution to the conflicts. However, the six-point peace plan remains only partially implemented by Russia and there has been only a very limited effort to tackle Moscow on this issue. Nowadays it seems to have been almost totally forgotten. Russia meanwhile has continued to consolidate its grip on the two breakaway regions including taking provocative steps, such as 'borderisation' (erecting fences between the areas of Abkhazia, South Ossetia and territory that is still controlled by Tbilisi) which further increases tensions and instability. Meanwhile the Geneva Peace Process has become little more than a talking shop. As is often the case the status quo has become comfortable.

When Federica Mogherini visited the South Caucasus in March 2016, she was quoted as saying that the Nagorno-Karabakh conflict was a top priority for the EU. Facts, however, do not seem to match the words of the EU High Representative for Foreign Affairs and Security Policy because in reality the EU has an almost non-existent role in the peace process for the settlement of the Nagorno-Karabakh conflict. Rather the EU seems to be satisfied to continue to simply support the efforts of the OSCE Minsk Group where France is a co-chair. Negotiations on a set of 'Basic Principles' which have been going on for several years are stalled, with tensions in and around the 'Line of Contact' continuing to flare up. The most recently example being the April 2016 '4-day war' which ended with a truce reached under Russia's auspices, exposed risks of further violence and raised the stakes for the sides in the conflict. It also challenged the sense of complacency within the international community, which had hitherto been based on a belief that the status quo of not much war and not enough peace could be contained<sup>22</sup>. As violent clashes in the conflict zone unfolded the EU was a passive observer, with few visible signs of engagement apart from a cursory phone call urging Armenia and Azerbaijan to show restraint<sup>23</sup>. The escalation has shown how quickly and dangerously the situation can develop, and the unassailable nature of the Line of Contact (LoC).

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<sup>21</sup> Grono, M. Georgia's Conflicts: What Role for the EU as a Mediator?, International Alert, March 2010

<sup>22</sup> A. Paul & D. Sammut, Nagorno-Karabakh: Is it time to bring peacekeeping and confidence building back on the agenda?, 29 September 2016, [http://www.epc.eu/documents/uploads/pub\\_6972\\_nagornokarabakh.pdf](http://www.epc.eu/documents/uploads/pub_6972_nagornokarabakh.pdf)

<sup>23</sup> A. Paul & D. Sammut, The EU Cannot Remain a Passive Observer of the Karabakh Conflict, 7 April 2016, European Policy Centre, [http://www.epc.eu/pub\\_details.php?cat\\_id=4&pub\\_id=6447](http://www.epc.eu/pub_details.php?cat_id=4&pub_id=6447)

A peaceful solution to the Nagorno-Karabakh conflict (through diplomatic efforts and support for the Minsk Group) has been identified as a priority under the Action Plans signed by both Armenia and Azerbaijan. However, the differences between the two texts reflect the limited influence of the Union. While the conflict's settlement is the first priority under the EU-Azerbaijan ENP Action Plan, it is ranked seventh in the text concluded with Armenia; the latter also mentions the principle of the right to self-determination of peoples, which is not included in the Azerbaijani Action Plan. Furthermore, beyond that fact that the EU has had little leverage over Azerbaijan and Armenia, there also seems to be a lack of interest from EU Member States to further engage in a conflict where progress towards a solution has been almost impossible to achieve principally because of the positions of the two sides. Hence so far the EU has been more or less happy to allow Moscow to have the key role in negotiating a settlement. However, given the fact that Russia is principally interested in settlement which would shore-up its interests and objectives in the region, and the fact that Moscow continues to sell arms to both sides thereby negatively contributing to the conflict, this is rather a short-sighted approach from the EU. Presently the EU's main contribution has been via the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK) and support for confidence building measures (CBMs). EPNK is a European civil society initiative that works with local partners in the South Caucasus on a wide range of peace-building activities. The EU has also pledged to take a key role in and eventual post-conflict settlement process.

### **Russia's policy: keeping the South Caucasus states on the edge**

Russia remains the most dominant actor in the South Caucasus. Moscow simultaneously plays the role of peacemaker, troublemaker, arms supplier, regional policeman, economic hegemon, and protector of 'traditional values'. Moscow has all the tools to wage a hybrid war similar, but even more sophisticated, than the one it is fighting in eastern Ukraine, as its range of soft and hard power tools is even greater.<sup>24</sup>

Since the breakup of the Soviet Union the Kremlin has consistently referred to its former territories as the 'near abroad', or 'special sphere of influence'. In 1992, Fyodor Shelov-Kovedyaev was appointed by the Russian government to manage Russian relations with former Soviet republics and produced a detailed report for the Kremlin entitled 'Russia in the New Abroad: Strategy and Tactics for Safeguarding National Interests'. These endeavours have continued ever since. In February 1993, Boris Yeltsin in an address to a forum of the Civic Union in Moscow said 'international organizations, including the United Nations, should grant Russia special powers as a guarantor of peace and stability in the region of the former Union'<sup>25</sup>. In 1999 Russia's 'Medium-Term Strategy' (2000-2010) for the development of relations with the EU – delivered by then Prime Minister, Vladimir Putin – states that Moscow 'was against the

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<sup>24</sup> A. Paul and D. Sammut, Nagorno-Karabakh and the arc of crises on Europe's borders, European Policy Centre, February 2016

<sup>25</sup> Back in the USSR -Russia's Intervention in the Internal Affairs Of the Former Soviet Republics and the Implications for United States Policy Toward Russia, Brookings Institute, January 1994

establishment of ‘special relations’ by the EU with individual CIS countries to the detriment of Russian interests’.

During the 1990’s the EU, to a large degree, tended to view the South Caucasus – as the US did – through the prism of Moscow. This changed in the 2000’s as the EU’s interests and inter-action with the region increased and in the aftermath of the Russia-Georgia war when the West became increasingly concerned over Russian actions in the region. However, as Armenia, Azerbaijan and Georgia strengthened ties with the EU, Russia became increasingly uncomfortable. Historically, Russia has defended its perceived geostrategic objectives in the region and consistently sought to safeguard them by whatever means it has at its disposal. In the past -- from Peter the Great to Stalin -- the annexation of territory or the creation of satellite states have been the preferred options. Russia’s geostrategic objectives in the region have remained essentially constant throughout its modern history, no matter what type of regime or ruler is in power<sup>26</sup>.

Russia remains extremely wary of Western involvement in the Caucasus region. It sees it as part of a process of encirclement; and effort by the West to peel the countries of the CIS away from Russia. Hence, Russia’s policy has been to keep the three South Caucasus republics on edge.

The EU is a civilisation project which Russia’s leadership views as a threat to its existence and the EaP is seen as a tool to erode Russian influence and interests in its near abroad. During a visit to Armenia in December 2013, President Putin declared: ‘Russia will never leave this region (Trans-Caucasus). On the contrary, we will make our place here even stronger’.<sup>27</sup> Russia has exerted the considerable leverage it has in areas such as security, labour migration, energy and trade along with the Russian church, Russian financed NGO’s and ethnic Russian minorities in an effort to derail EU processes. The three protracted conflicts in the South Caucasus are particularly important for Russia as they allow Moscow to pursue a policy of divide and rule being part of the conflicts and the solutions, while Russia’s military presence enables Moscow to project power and instability.

The Eurasian Economic Union (EEU) was created as a response to the EaP. According to Nicu Popescu, the EAU is fuelled by geopolitical aspirations and was to be the instrument by which he would ‘bring Russia up from its knees’ and make it a distinctive pole of influence in a multipolar world by reversing the ‘civilised divorce’ of former Soviet republics from the USSR, putting the EEU on a par with the EU, NAFTA, APEC and ASEAN<sup>28</sup>. Perhaps not surprisingly, there has been little or no interest in joining the EEU. Continued low oil prices and sanctions on Russia have also made the prospect of EEU membership even less alluring.

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<sup>26</sup> Back in the USSR -Russia’s Intervention in the Internal Affairs Of the Former Soviet Republics and the Implications for United States Policy Toward Russia, Brookings Institute, January 1994

<sup>27</sup> Putin tells Armenians that Russia will never leave the "trans-Caucasus" as he starts official visit, Commonsense.eu, 2 December 2013

<sup>28</sup> N Popescu, Eurasian Union: the real, the imaginary and the likely, Chaillot Paper - No132 - 09 September 2014

As the case with NATO, Russia wants to be an informal ‘veto’ player in the EU’s relations with the EaP partners, in that it may be able to control the geopolitical path of the countries in the ‘shared neighbourhood’.

### **The road ahead**

While the EU has progressively increased its involvement in the South Caucasus, by establishing new bilateral and multilateral cooperation frameworks, the EU still lacks a clear strategic vision and coherent policies for the region. As argued above, EU policies in the South Caucasus have produced only limited results as a consequence of a lack of real ambition not only from the EU but also from the partner states. While the EU has lacked a vision for the region the same can be said for the regional states too; not only for the region but to a large extent a vision for their own futures is also lacking.

Furthermore developments in the region have demonstrated that a one size fits all approach does not work. This was recognized at the 2015 Riga EaP Summit with the EU now adopting a more differentiated and tailor-made approach that better reflects the realities in the region. Furthermore, with the lack of clarity over the future of US policy in the region following the election of Donald Trump, the role of the EU and its engagement with all three countries is now more important than ever.

When it comes to Russia the EU needs to maintain a resilient and united position. While Russia is operating from a position of weakness – in terms of the country’s socio-economic situation - President Putin is widely considered to be a master at playing a weak hand. According to Russia expert, Igor Torbakov, he is ready to pivot quickly and immediately seize on and exploit any development that might undermine the current international order from within<sup>29</sup>. The migration crisis, the rise of populism and the far-right across Europe, BREXIT and possible future difficulties in EU-US relations, will be used to try and further divide and unbalance the EU and disrupt the Western-led international order. In short Russia will continue to look for geostrategic vacuums to fill or manipulate including in the South Caucasus.

Hence, 2017 will be crucial year for the EU because of leadership elections in both France and Germany, the results of which will impact the direction of the Union. However, it will also be an important year for the states of the South Caucasus and their ties with the EU. The EaP Summit which is expected to take place in May offers an opportunity for the EU to demonstrate ongoing commitment to the region despite the deep crisis the EU is currently going through, not least as a consequence of the migration crisis and BREXIT. While it seems there are deliverable for both Armenia and Azerbaijan in terms of their new agreements the situation with Georgia is more difficult given the advanced state of relations. Georgia can be a role model for the region,

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<sup>29</sup> I. Torbakov, Russia: Will Trump Become the Kremlin’s “Icebreaker”, 16 November, <http://www.eurasianet.org/node/81331>

representing an opportunity for the EU to demonstrate how adopting key reforms and values can improve the quality of life of the population. So while it is important to maintain strong engagement with clear benchmarks for Azerbaijan and Armenia the EU should, in the first place prevent any further delay in delivering the promised visa liberalisation to Georgia as this would send a very negative signal regarding the EU's ability to deliver on its promises. Second it must put on the table a clear roadmap that goes beyond association transforming the process into one of integration which is key to keeping the EU's transformative power alive. Yet ultimately, Georgia may need to be extremely patient and work diligently, aligning itself with the EU's *acquis communautaire* to transform itself into a country ready to become an EU member one day in the future.

The war in Ukraine demonstrates the existence of a serious security deficit in the EaP. It is in the EU's interest to have a stable and secure region hence there is a need to be more engaged in regional security, including strengthening its role in security sector reform and taking a more proactive role in conflict resolution. As mentioned earlier in this paper the recent review of the ENP recognises that protracted conflicts continue to hamper development in the region and represent a potential security threat to the EU. It recommends increasing work with partner countries on security sector reform, along with the establishment of security and defence dialogues with partner countries. This should be actively pursued. Furthermore the EU's Global Strategy, which was unveiled in July 2016 underlines that the EU will engage in a practical and principled way in peacebuilding, and foster human security through an integrated approach, implementing a 'comprehensive approach to conflicts and crises' through a coherent use of all policies at the EU's disposal is essential.<sup>30</sup> Hence the EU should be leading with innovative initiatives, using its soft power skills and experience and not simply endorsing peace processes that often seem to be on their last legs.

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<sup>30</sup> A Global Strategy for the European Union's Foreign And Security Policy, June 2016,  
[https://europa.eu/globalstrategy/sites/globalstrategy/files/about/eugs\\_review\\_web\\_0.pdf](https://europa.eu/globalstrategy/sites/globalstrategy/files/about/eugs_review_web_0.pdf)