

CONNECTIONS

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The South Caucasus Between Russia and the West: How Pragmatic are the Stakeholders' Approaches?

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The period from September 2013 until October 2014 is distinguished by a series of events that drastically changed the trajectory of developments in the post-Soviet area, including those in the South Caucasus.

In this case, a crucial role is played by Russia's relationship to the West, which is shaping the security environment in Europe and Eurasia. On the one hand, both sides blame each other for violating core principles of international law, including those related to the sovereignty of states and, on the other hand, each side introduces its own decisions and approaches as "pragmatic."

This article addresses the following question: "How pragmatic are these approaches?" It focuses on developments in the South Caucasus, viewed through the prism of decision making by the main regional and non-regional actors. Mainly owing to the allegedly pragmatic decisions of the stakeholders involved in processes in this region, the South Caucasus states have become even more divided and insecure. Armenia, Azerbaijan and Georgia have found themselves facing more difficulties both in dealing with each other and with all the external actors concerned.

Russia's Foreign Policy Pragmatism

The key components of Russia's foreign policy began to develop in the late 1990s as a response to Western ignorance of Russian national interests. They crystallized over the course of the following years, becoming more offense-oriented and, to some extent, more intolerant toward the West in general. This policy has been shaped in accordance with Russia's self-identification as one of the pillars in a multi-polar world, and an equal partner among global leaders in international affairs, capable of defending its strategic interests and national priorities.¹ This foreign policy focuses on "Russia's increased

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¹ *The National Security Strategy of the Russian Federation until 2020*, adopted on 13 May 2009, available in Russian at http://www.kremlin.ru/ref_notes/424.

responsibility for setting the international agenda and shaping the system of international relations.”²

Russia develops and implements its foreign policy on the basis of two ideas, both of which aim to contribute to the strengthening of power and influence of the Russian state. First, Russia should be a great power and serve as a bulwark for all conservative forces fighting against revolutions, chaos, and liberal ideas being spread by the U.S. and Europe. The second pillar of Russian foreign policy relates to the shaping of the Russian national identity and national idea. It is rooted in a belief in the existence of a great Russian world and a unique Russian civilization, which is in many ways different from Western civilization (which poses a threat to Russian national identity) and extends far beyond Russia’s geographic borders.³ The modern Russian state is a protector of this civilization and all people who define themselves as bearers of it and, hence, as Russian compatriots. In general, a concept of Eurasianism found fertile ground in new and independent Russia, a nation that defines itself as a model nation in opposition to the West. The most important figure among the modern Eurasianists is President Vladimir Putin, who gradually “injects” his vision of Russia’s greatness and its unique role in Eurasia into Russian society at large. He demonstrates its strength through the implementation of hard-nosed security measures in Russia’s immediate neighborhood, thereby challenging the West.

The first “test” was the Five-Day War with Georgia, followed by the recognition of the independence of Abkhazia and South Ossetia. The West reacted moderately to the violation of Georgia’s sovereignty and international law because this South Caucasus state (together with Armenia and Azerbaijan) was viewed *a priori* as an area of Russia’s “special, privileged, or national/strategic interests” and owing supposedly to Russia’s warnings against the background of developments surrounding Kosovo. However, the speedy annexation of Crimea and the Ukrainian crisis in general have become a watershed in relations between Russia and the West and pushed the latter in the direction of developing a unified strategy to counter and/or constrain Russia.

For Russia, Ukraine was always not only a constituent part of the “Russian world” and civilization, but also a state of strategic importance. Russia’s Foreign Policy Concept underlined that Russia should “build its relations with Ukraine as a priority partner in the CIS, and [...] assist its inclusion into deep integration processes.”⁴

The internal developments in Ukraine, which began in late November 2013, were evaluated in Russia as aggression by the West against Russian civilization, Russian values, and the Russian world in general.⁵ The euphoria throughout all strata of Russian

² *Concept of the Foreign Policy of the Russian Federation*, adopted on 12 February 2013; an unofficial English translation is available at www.mid.ru/bdomp/ns-osndoc.nsf/1e5f0de28fe77fdcc32575d900298676/869c9d2b87ad8014c32575d9002b1c38!OpenDocument.

³ Igor Zevelev, “The Russian World Boundaries,” *Russia in Global Affairs*, 2 (2014), available at <http://eng.globalaffairs.ru/number/The-Russian-World-Boundaries-16707>.

⁴ Ibid.

⁵ Sergey Markov, “A colored revolution is a new type of political technology that aims to change political power” (in Russian), 15 November 2005, available at <http://www.km.ru/>

society regarding the return (in Russian terminology) or the annexation (from the Western viewpoint, and in accordance with international law) of Crimea must be considered as a clear indication of the readiness of Russian society to support any step by the authorities—and President Putin in particular—to reestablish Russia as a strong political, military and economic power, at least in a limited area called Eurasia. Furthermore, the concept of a unique role for the civilizational factor, which was briefly mentioned in several Russian foreign policy documents, has found a firm and special place in present-day Russian foreign policy and has indeed become one of its pillars.⁶ Gleb Pavlovsky, the president of the Foundation for Effective Politics, called this new phase the “Ukrainization of Russian policy.”⁷ In fact, the Ukrainian issue *per se* promotes a legitimization of Putin’s regime and a strengthening of Russia’s economic independence (although through extremely tough measures). In addition it called for closer cooperation in the international arena with some other actors, the BRIC countries in particular. The EU and U.S. sanctions against Russia are also contributing to the radicalization of Russian society.

Viewed through the prism of the transformation of Russia’s national identity and its evolving National Security Concept, the inclusion of Crimea into the Russian Federation and its support for the mainly Russian-populated eastern regions of Ukraine are pragmatic, justified and logical. In the meantime, these developments have tremendously complicated Russia’s relations with the West.

The EU and NATO’s Limited Pragmatism

By launching the European Neighborhood Program in 2004, the EU demonstrated its readiness to work with immediate and distant neighbors to prevent external unconventional threats to the EU. Among these threats are terrorism and the gradually growing activity of terrorist organizations and individuals, uncontrolled migration, human trafficking and drug trafficking. Europe has needed to increase security along the EU borders, to secure a diversification of energy supplies and to reduce its dependence on Russian gas and oil.

It was believed that democratization and economic cooperation would contribute to the internal stability and prosperity of the EU neighbor states, making them more predictable in the process. Such developments, it was believed, would reduce unconventional security threats to the EU. Former European Commission President Romano Prodi noted in 2002 that the EU has “to be prepared to offer more than partnership and less than membership, without precluding the latter...” and to share “everything ... but institutions” with the partners. The aim is to extend to this neighboring region a set of

glavnoe/2005/11/15/arkhiv/smarkov-tsvetnaya-revolyuetsiya-eto-novyi-tip-politicheskikh-tekhnologii-po.

⁶ “The reverse side of the globalization processes is the increased emphasis on civilizational identity.” See the *Concept of the Foreign Policy of the Russian Federation*, art. II.14.

⁷ Gleb Pavlovskiy, “The Kremlin: from Conservative Policy to Revolution” (in Russian), *Russia in Global Affairs* 3 (2014), available at http://www.globalaffairs.ru/ukraine_crisis/Kreml-ot-konservativnoi-politiki--k-revoljutcii-16722.

principles, values and standards that define the very essence of the European Union.”⁸ In 2009, after the Russian-Georgian War of August 2008, the pragmatic approach—to provide more security to EU Member States that border Russia plus Ukraine, Belarus and Moldova—forced the EU to launch a new Eastern Partnership Program (EPP). Six post-Soviet states participated: Belarus, Ukraine, Moldova, Armenia, Azerbaijan and Georgia. The inclusion of the latter three states was determined by a consideration of Caspian energy resources and their supply to the European market.

There was a vague vision regarding general cooperation between the EU and its Eastern partners, but the Eastern Partnership (EaP) was also an attempt to shift from a completely regional approach toward an intensification of bilateral relations with the partner states in accordance with the latter’s respective priorities.

The next step in “bringing the neighbors closer” was the initiation of Association Agreements, which were evaluated by all sides concerned as an attempt to take a real step toward involvement of these post-Soviet states into the European integration project.⁹ Membership in the EU was not on the agenda.

Gradually becoming a geopolitical actor, the EU offered assistance and cooperation in four soft security areas. Although the Association Agreements mention “security policy” in the first area of cooperation, this does not mean cooperation in the security field: The European Union has not provided any security guarantees to its Eastern Partner states. However, security was and still is a core issue for all states involved.

Thus, some miscommunication initially existed between EU Member States and the EaP states: the latter were eager to acquire security guarantees for various reasons, yet the EU was unwilling and unprepared to provide them because of its own economic and political reasons. Having removed the security question from its EaP agenda, the EU minimized its influence on developments in all six states. It also gained no influence-enhancing leverage in the soft security area. In addition, as a geopolitical actor, the EU pursued its own interests – and hence to a certain degree ignored the interests of partners and “forgot” the initial goals of the EaP. EU policies are also becoming more inconsistent: for example, against the background of the civil war in Ukraine, the European Union has become very much interested in Azerbaijan as an economic partner and main energy supplier from the Caspian Sea area, all the while ignoring Azerbaijan’s systematic and increasing human rights violations.¹⁰

⁸ Romano Prodi, “A Wider Europe – A Proximity Policy as the key to stability,” speech 02/619 given at the Sixth ECSA-World Conference – Jean Monnet Project entitled “Peace, Security And Stability International Dialogue and the Role of the EU,” Brussels, 5–6 December 2002, available at http://europa.eu/rapid/press-release_SPEECH-02-619_en.htm.

⁹ *Joint Declaration of the Eastern Partnership Summit*, Warsaw, 29–30 September 2011, available at: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/124843.pdf.

¹⁰ “Joint Declaration of the Eastern Partnership Summit, Vilnius, November 28–29, 2013,” 3, available at http://static.eu2013.lt/uploads/documents/Programos_12/131129_Vilnius_Summit_Declaration.pdf; Richard D. Kauzlarich, “I have not seen a worse situation than now,” interview by Alakbar Raufoglu, *Contact*, 28 April 2014, available at <http://contact.az/docs/2014/Interview/042800076924en.htm>.

Of course, U.S.–Russian disagreements on several issues, including the future of Ukraine, affect EU–Russian relations. However, different approaches between the EU and the U.S. to Russia and to dealing with Russia are becoming more visible: the EU wants, and tries, to reduce its subordination to the U.S. and seeks to provide its own—albeit multi- and divided—“Russian policy.”

Another actor in the triangle composed of Russia, the South Caucasus and the West is NATO, as a political-military organization. Its direct aim and task is to provide security guaranties to its member states and stability to certain parts of the world. The search for security guaranties (accompanied by misinterpretations of signals from the U.S. and NATO) pushed Georgia toward NATO and played a large role in provoking the Russian–Georgian War of August 2008. The negative results are well known: Georgia lost its two breakaway regions. Furthermore, the consequences of this war signaled the beginning of the reevaluation of the West–Russia relationship. However, the events in Georgia in the summer of 2008 and ongoing developments in Eastern Ukraine clearly indicate tension between Russia and NATO on the one side, and on the other side the intention and capacity of these two actors to avoid involvement in military operations that could bring a direct military confrontation.¹¹

In sum, the confrontations between Russia, the EU and NATO are reminiscent of a game without rules. Their overlapping and conflicting interests and chosen styles of interaction with each other and with the small and weak states in the South Caucasus provoke the rise in insecurity in this region. The direct result of the “pragmatism” of these three non-regional actors is the further militarization of this region, escalating a deepening of the divide lines between the regional states and state entities, an exclusion of now-reluctant neighbors from regional cooperation projects and an increase in unpredictability as regards the future.

Pragmatism or External Pressure: Designing the Future

The Third Forum of the Eastern Partnership in Vilnius in November 2013 became a milestone, as it led to the implementation of two geopolitical and geo-economic integration projects. It also became pivotal for Europe’s future security architecture. Firstly it unveiled the weak aspects of the EPP and divided the EU by challenging the unity and strength of its Member States while paradoxically giving a new incentive, albeit indirectly, to the Eurasian Economic Union project.

Although Ukraine became a catalyst for the changes in the relationship between Russia and the West, and although future developments in the South Caucasus will be significantly influenced by relations between Russia, the EU, NATO and the U.S., four major features of the current developments in the South Caucasus must be underlined if

¹¹ The NATO–Russia confrontation ended with the Wales Summit Declaration (5 September 2014, available at http://www.nato.int/cps/en/natohq/official_texts_112964.htm) and Putin’s sharp critique of the West in a speech at the Valdai International Discussion Club (24 October 2014, available at <http://eng.kremlin.ru/news/23137>).

the trilateral trends in the relationships between Russia, the South Caucasus and the West are to be comprehended:

1. In three regional states—Armenia, Azerbaijan and Georgia—domestic problems take priority over external or foreign policy concerns.
2. Russia provides a tri-polar policy in the South Caucasus, making significant distinctions in its approach to each of the regional actors, including Abkhazia, South Ossetia and Nagorno-Karabakh. Its political, economic and military leverage is strong and influences the crucial decisions of its partners and non-partners in the region.
3. The EU is reshaping its policy toward the region, changing its approach to a more bilateral-oriented policy. However, its influence on internal processes in soft security areas, as well as in respect to the economies of Armenia, Azerbaijan and Georgia, is currently in decline as a consequence of the EU's internal problems, Ukrainian affairs and Russia's strong presence in the South Caucasus.
4. NATO has concentrated its efforts—and continues to do so—in the western part of Eurasia; it has avoided interfering in the Ukrainian situation while strengthening above all the defense capacities of the Baltic states.

Given these circumstances, the security deficit in the South Caucasus plays a significant role. Namely, it is an additional factor for the regional states as each of them faces the choice of direction in which to integrate, bringing with it certain security parameters. To some extent the political, economic, military and social components of this bipolar integration choice—either the EU or the Eurasian Economic Union (EEU)—are mutually exclusive, especially when viewed in political and military terms. The references to a so-called civilizational choice in regard to the South Caucasus states is artificial: Without a doubt, Georgia and Armenia belong to Europe, while Azerbaijan possesses both European and the Middle Eastern identity.

Azerbaijan: Playing a Regional Power

Azerbaijan claims, according to all its strategic parameters, a role as a regional power. For a simple reason, this state does not need to choose between Russia and the West as it is capable of conducting a more complementary policy thanks to interest in its energy resources and the fact that its territory can serve as a transit zone for Turkmen gas and Kazakh oil. The energy transit factor plays a significant role in Azerbaijan's relations with Russia, which views Azerbaijan as a competitor in supplying the European market with energy.

However, the oil factor plays a dual role in Azerbaijan's domestic and foreign policies, one that is directly linked to the unresolved Nagorno-Karabakh conflict. Firstly, the oil factor weakens Azerbaijan's position in the Nagorno-Karabakh conflict because of the need to prevent any interruption of oil supply to the West, meaning that Azerbaijan cannot allow itself to resume military action in the conflict zone. Secondly, the oil al-

lows Azerbaijan to balance Russia and the West off each other and to demand an immediate resolution of this protracted conflict by threatening a resumption of military action to liberate the “occupied territories.” Hence, neither Russia nor the EU is able to form negotiation proposals favorable to Azerbaijan,¹² thereby strengthening Azerbaijan’s intention to avoid becoming a member of any integration project.

Both Russia and the EU have chosen very “pragmatic” approaches to keep Azerbaijan in their respective orbits. The dependency of some European states on Caspian energy sources allows the Azerbaijani leadership to violate human rights and to completely ignore the demands of international human rights organizations as well as their calls to implement the parts of European programs defined within the frameworks of soft power. Because the financial equivalent of these programs amounts to only approximately 3 percent of Azerbaijan’s GDP, any threat of the reduction of financial support does not constitute real leverage against the authoritarian regime. Even more, it allows Azerbaijani authorities to successfully prevent any domestic social or political unrest.

In comparison to the EU, Russia has more leverage to influence Azerbaijan:

1. It sells weapons to Azerbaijan, depicting the growing arms supply deals as “pure business.”
2. A large Azerbaijani Diaspora resides in Russia. According to some sources, the total Azerbaijani population of Russia is estimated to be as high as three million, with more than a million and a half in Moscow. The flow of remittances, which constitute a hidden Azerbaijani economy, significantly assists the support of families.¹³
3. Russia (together with Iran) is intensively seeking to reach an agreement with other Caspian Sea littoral states, including Azerbaijan, to forbid any foreign military presence on this body of water. Such an arrangement would mean

¹² Russia, as a major non-regional actor in the South Caucasus area, cannot allow itself to be defined as unambiguously favoring one of the parties in the Nagorno-Karabakh conflict; its relations with both Armenia and Azerbaijan are of strategic importance. Conversely, its recognition of Crimean independence, the accelerated inclusion of Crimea into the Russian Federation and the reaction of the world powers tremendously complicates Russia’s position on the Nagorno-Karabakh issue. In turn, events in Ukraine have confirmed to the Azerbaijani authorities and society at large that the EU will not help to return Nagorno-Karabakh to Azerbaijani jurisdiction.

¹³ According to the Central Bank of Russia, \$1.139 billion were transferred from Russia to Azerbaijan in 2012. However, a CESD survey argues that the sum total of remittances from Russia to Azerbaijan amounts to no less than \$3 billion per year. See for more details: Center for Economic and Social Development (CESD), “Remittance Euphoria: Expansion or Dependency?” Baku, 30 April 2013, available at <http://cesd.az/new/2013/04/remittance-euphoria-expansion-or-dependency>.

countries could only move ahead on any large infrastructure projects in the Caspian Sea on the basis of consensus.¹⁴

Our analysis may be summed up as follows:

- Azerbaijan's interest in reducing tension in the area of the Nagorno-Karabakh conflict is not evident. However, the possibility that overt conflict will resume, in light of the aforementioned processes in the broader region and against the backdrop of events in Ukraine and Russia, the West's tension is slightly reduced.
- Azerbaijan's energy resources allow for massive sums of direct and indirect military spending to flow smoothly from the national budget.¹⁵
- Azerbaijan's geopolitical location and general developments in the Middle East allow Azerbaijani authorities to ignore negative evaluations by all international organizations and bodies regarding human rights violations and the lack of legal framework both in state governance and in the fight against corruption. External political, economic or legal levers to influence internal political processes in Azerbaijan are also absent.
- Owing to all of these factors, Azerbaijan can continue to be complementary in its foreign policy without making a choice between the EU and the EEU. It will also benefit from its relations with both Russia and NATO (Turkey, in particular) in the defense and security field.

The Georgian Dream: Only to the West, but Cautiously

Georgia did not face any dilemma in choosing its direction of integration. In the first years of its independence, European integration appeared in Georgia's foreign policy agenda as a politically and psychologically motivated decision. Firstly, it was based on the self-identification of Georgians as Europeans. Secondly, the Georgian elite perceives the historical period of 1800–1991 as an occupation of Georgia by the Russian Empire and later by the Soviet Union. Thirdly, Georgian society at large sees the Russian Federation as an occupational force, given its role in the Abkhazian and South Ossetian conflicts. Consequently, tensions between Russia and Georgia are systemic and deeply rooted. According to Georgia's National Security Strategy, adopted in 2012, "The 2008

¹⁴ Joshua Kucera, "After Summit, Caspian Sea Questions Linger," *The Diplomat*, 2 October 2014, available at <http://thediplomat.com/2014/10/after-summit-caspian-sea-questions-linger/>; Elena Dunaeva, "Results of the Astrakhan Summit of Caspian States," *New Eastern Outlook*, 9 October 2014, available at <http://journal-neo.org/2014/10/09/rus-itogi-astrahanskogo-sammita-prikaspijskih-gosudarstv/>.

¹⁵ In February 2013, President Aliyev of Azerbaijan stated that the military budget for that year would amount to \$3.7 billion. He reiterated that the Nagorno-Karabakh conflict would be resolved by military means if no progress was made within a reasonable period of time; cf. "Azerbaijan Sharply Increases Military Spending," *Atlantic Council*, 1 February 2013, available at <http://www.acus.org/natosource/azerbaijan-sharply-increases-military-spending>.

war demonstrated that the Russian Federation does not accept the sovereignty of Georgia, including Georgia's choice of democracy and its independent domestic and foreign policy."¹⁶

On the other hand, an important distinction must be made between Georgia's political culture and the political cultures of its neighboring states: civil society in Georgia plays a significant role in political decision making and to a certain degree is capable of acting as an autonomous, independent force. Peaceful succession to power on several occasions indicates the political maturity of this society – one with a clear scale of priorities and a relatively united vision regarding the future. In this context, the signing of the Association Agreement including the DCFTA between the EU and Georgia on 27 June 2014 can be viewed as the next step toward the realization of the Georgian dream.¹⁷

Although there have been some positive shifts in Russian-Georgian relations since October 2012, a "Russian agenda" is not of high priority. At all political levels, the Georgian leadership is committed to integrating Georgia into Euro-Atlantic institutions and considers NATO, in particular, the only guarantor of its security.¹⁸ The message to Georgian society is apparently that NATO membership is a strategic goal that requires extended time and strong effort. Georgia's cooperation with NATO is increasing significantly, and it stands as the most advanced of the South Caucasus states.¹⁹

The prospect for Georgia's EU membership is, however, vague. Nonetheless, both the United States and the EU have increased their economic and political aid to Georgia in recent years as a consequence of its geostrategic location, transit possibilities and contribution to democratic developments in the region.

It must be acknowledged that in comparison to its reaction to Ukraine's Association Agreement with the EU, which has crucial geopolitical and geo-economic implications for all three sides involved, Russia's reaction to Georgia's Agreement was rational (or even somewhat indifferent). Russia possesses strong leverage mechanisms to prevent any unpredictable movement on Georgia's part.

Russia's recognition the independence of Abkhazia and South Ossetia means a *de jure* and *de facto* change of Georgia's state borders. In the meantime, this unstable situation has become cause for pressure and influence. Although the "Georgian conflicts" are now in a "deep freeze," thereby deadlocking Georgian-Russian relations, it is apparent that the Georgian government has abandoned statements and actions capable of infuriating Russia.

¹⁶ Government of Georgia, *National Security Concept of Georgia* (2012), 3, available at <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?lng=en&id=156940>.

¹⁷ *The EU's Association Agreements with Georgia, the Republic of Moldova and Ukraine*, Brussels, 23 June 2014, available at http://europa.eu/rapid/press-release_MEMO-14-430_en.htm.

¹⁸ *National Security Concept of Georgia*, 3.

¹⁹ For more information, see the official documents concerning Georgia-NATO bilateral relations, http://www.nato.int/cps/en/natolive/topics_38988.htm; and the NATO's 2014 Wales Summit Declaration.

Russia has three military bases in the South Caucasus, two of which are located on *de jure* Georgian territory.

Georgia's economy is still very weak and the Russian market plays an important role: trade with Georgia significantly increased in 2013 after Moscow allowed the importation of Georgian products (mainly wine and mineral water).²⁰

The largest Georgian Diaspora is in Russia,²¹ while the inflow of remittances from Russia to Georgia constitutes about half of all remittances to Georgia.²²

Georgia is locked between Russia's partner states, including Turkey, and the flow of goods with Georgian labels that originated in EU Member States can be easily controlled. Also, it is obvious that the expansion of NATO and the EU has arrived in the middle-term at its end, especially in light of the Russia's confrontation with the West surrounding Ukraine and developments inside this post-Soviet state.²³ Reasons for the halt in expansion also stem from the larger context: namely, the rapidly growing instability in the Middle East and the danger of a penetration of nonconventional threats into Europe. Georgia's policy regarding both NATO and EU membership will be more balanced, and it will try to complete its obligations within the frameworks of the Association Agreement. Against the backdrop of the Ukrainian situation, its integration into the EU (especially regarding the DCFTA) will slow down – a process that will be accompanied by a further decline in living standards and could, in turn, be followed by social unrest.

To avoid this scenario, the new Georgian leadership aims to exploit Georgia's image as "a beacon of freedom" and to cultivate its privileged status as a recipient of Western investments. However, some minor positive shifts in the bilateral Russian-Georgian relationship allow the leadership of the two neighboring states to design a more pragmatic approach toward one another. Georgia does not wish to irritate Russia and will try to balance in both directions. In turn, Russia's strategic interest in Georgia has been sharply reduced after the establishment of strong control over Abkhazia and total control over South Ossetia. Finally, in the longer term, Georgia can benefit significantly from playing an active role in the South Caucasus region.

Armenia: The Choice was Made. What Comes Next?

On 3 September 2013, Armenian President Serzh Sargsyan stated during a meeting with Russian President Putin that Armenia intended to join the Customs Union and later the EEU. This U-turn was not expected by the EU representatives, with whom Armenia had

²⁰ "Georgia's Foreign Trade in 2013," *Civil Georgia*, 24 January 2014, available at <http://www.civil.ge/eng/article.php?id=26885>.

²¹ *Georgian Diaspora Study* (GIZ/Economic Policy Research Center, 2012), available at www.eprc.ge/admin/editor/uploads/files/GIZ_Georgian_Diaspora_Study_A4_Book_Print.pdf.

²² Givi Melkadze, "Labor Migration and Remittances to Georgia," *ISSET Economist*, 26 September 2012, available at <http://www.iset.ge/blog/?p=779>.

²³ "Obama: No 'immediate plans' to bring Ukraine, Georgia into NATO," *CBS News*, 26 March 2014, available at <http://www.cbsnews.com/videos/obama-no-immediate-plans-to-bring-ukraine-georgia-into-nato>.

been negotiating the Association Agreement and DCFTA over the last three and a half years. The EU's reaction was quite predictable: "given Armenia's wish to join the Customs Union of Russia, Belarus and Kazakhstan, announced in September 2013, the Association Agreement, incompatible with membership in the Customs Union, will not be initialed nor signed. The European Union will continue cooperation with Armenia in all areas compatible with this choice."²⁴ These two interrelated statements almost brought to an end Armenia's attempt to synchronize the two integration projects.

There are two questions to be discussed through the prism of Armenia's national security. First, was the choice to integrate into the Russia-led Eurasian Economic Union unavoidable? Second, was it made under pressure or did it constitute a pragmatic decision?

Several factors render Armenia's national security vulnerable on a broader scale:

- Involvement in the protracted international Nagorno-Karabakh conflict;
- Two borders with the neighboring states are closed as a consequence of this conflict;
- Heavy dependence on Russian energy (oil and gas) supplies;
- A decline in economic growth and a growing demographic problem (caused by emigration, among other reasons);
- The potential for social unrest is gaining momentum.

Taking these factors as well as the growing militarization of the South Caucasus and beyond into consideration, Armenia needs security guaranties most of all. The real military threat to Armenia can come only from aggressive actions by Azerbaijan directed at the unrecognized Nagorno-Karabakh Republic (NKR).

Reasons why neither the EU nor NATO will provide military guaranties to EaP states, including Armenia, have been examined above. Military-political and military-technical support to Armenia is provided by Russia in accordance with several bilateral agreements, including a Russian-Armenian treaty on the Russian military base in Gyumri, Armenia. Indeed, the 102nd Russian military base, together with the "Armenia" military group of the Border Force of the Russian Federation's Federal Security Service, are constituent elements in Armenia's defense system. In accordance with the signed Protocol on the introduction of amendments to the Treaty on the Russian Military Base in Armenia (August 2010), not only the term of its presence was extended, but also the sphere of its geographic and strategic responsibility was enlarged. In particular, the new version of Article 3 of the Protocol states that, in addition to the function of defending

²⁴ "EU Will Not Sign Agreement with Armenia, Commissioner Says," *Asbarez*, 13 September 2013, available at <http://asbarez.com/113868/eu-will-not-sign-agreement-with-armenia-commissioner-says>.

the interests of the Russian Federation, the Armenian armed forces will provide security to the Republic of Armenia across the entire perimeter of its borders.²⁵

Guaranties are also provided on the basis of Armenia's membership in the Collective Security Treaty Organization after the removal of the consensus principle in Article 4 of the CSTO Charter.²⁶ However, their implementation under the present circumstances is questionable.

Another critical issue concerns Armenia's economic security, in particular with respect to the energy sector. A high level of participation by Russia in the Armenian economy, including ownership of major industrial complexes, makes Armenia highly dependent on Russia.²⁷ This situation allows Russia to implement a carrot and stick policy: Armenia receives preferential treatment in return for its political loyalty and support for the Eurasian integration project.²⁸

It must be emphasized that in the area of economic security as in the area of political-military security, the EU has nothing to offer to Armenia: it objectively cannot provide (and has no interest in providing) economic support to Armenia at a level comparable to Russia's investments in leading sectors of the Armenian economy. In addition, in the event that the Association Agreement with the EU, with its DCFTA component, would be signed and ratified, the Armenian economy would hardly survive.

The third important link to Russia is in the growing Armenian Diaspora. This factor plays a dual role in Armenian-Russian relations. On the one hand the Russian migration policy stimulates immigration to Russia from the CIS countries, thereby ensuring the free movement of labor.²⁹ This policy indirectly contributes to Armenia's dependence on Russia (as it can use the factor of working migrants to put political pressure on Arme-

²⁵ "Deal Signed on Extending Russian Military Presence in Armenia," *Radio Free Europe – Radio Liberty*, 20 August 2010, available at http://www.rferl.org/content/Russia_Armenia_Sign_Extended_Defense_Pact_/2133043.html.

²⁶ For more details, see: "Armenian Parliament has ratified important amendments to the CSTO Regulations and Treaty" (in Russian), *Regnum information agency*, 25 October 2011, available at <http://www.regnum.ru/news/1459434.html>.

²⁷ For a detailed analysis see Vladimir Socor, "Armenia's Economic Dependence on Russia Insurmountable by the European Union," *Eurasia Daily Monitor* 10:221 (2013), available at http://www.jamestown.org/regions/russia/single/?tx_ttnews%5Btt_news%5D=41740&tx_ttnews%5BbackPid%5D=48&cHash=408a5840473a1f08b45f64b8178116ba.

²⁸ In particular, see the results of Putin's official visit to Armenia in December 2013.

²⁹ *Concept of State Migration Policy of the Russian Federation until 2025* (in Russian), available at <http://www.fms.gov.ru/upload/iblock/07c/kgmp.pdf>.

nia) and to a deepening of Armenia's demographic problem.³⁰ The remittance flow plays a significant role for a country with a high unemployment rate.³¹

One very sensitive and important issue for Armenia is to be able to provide and guarantee security to the NKR. Integration with the EU, through the signing of the Association Agreement (and DCFTA), would threaten the economic security of the NKR, above all owing to the establishment of strong border controls and the customs arrangements between Armenia and the NKR. On the other hand, it could weaken the military support provided by Armenia to this unrecognized state entity.

Taking into account the spectrum of problems Armenia faces today, Russia's strategic partner role is evident, all the more due to the EU's inability to rescue the Armenian economy or to guarantee the nation's security. However, the sanctions imposed on Russia by the EU and the U.S. will undoubtedly slow integration processes inside the EaU. They will also negatively influence the Armenian economy.

The decision to join the Eurasian Economic Union resulted from a rational calculation of gains and losses in Armenia's integration prospects. This decision was even accepted by the Armenian opposition: at a meeting of oppositional forces on 24 October 2014, former President of Armenia Levon Ter-Petrosyan announced that integration into the EaU was unavoidable and necessary. He added that no reason exists to discuss this question at a time when the country faces serious domestic problems.

Conclusion

In the geopolitical game initiated by Russia and the EU, the South Caucasus states could only benefit through participation in both integration projects: the EU's Association Agreements and the Russia-led EEU. Armenia, Azerbaijan and Georgia are trying to balance these two options.³² The developments in Ukraine are, first and foremost, the result of the incapability or unwillingness of both Russia and the West to cooperate in the sphere of security understood in broader terms. This outcome contributes to a further increase in competition, tension, contradiction and confrontation between Russia on the

³⁰ According to the National Statistics Bureau of Armenia, on 1 April 2013 the population of Armenia was 3.029 million against 3.275 million on 1 April 2012. In January–March 2013, 259.2 thousand Armenian citizens left the country. In the same period, 223.7 thousand arrived in Armenia. The negative balance is 35.5 thousand compared to 25.4 thousand in the first quarter of 2012.

³¹ According to a statement by the Armenian Central Bank from 24 October 2013, private remittances sent home by Armenian labor migrants in the first half of 2013 reached \$ 713.1 million, increasing by 14.9% compared to the same period in the previous year; available at: http://remittancesgateway.org/index.php?option=com_k2&view=item&id=346:private-remittances-sent-home-by-armenian-labor-migrants-in-first-half-increase-by-14-9&Itemid=133. See also: Lili Karapetyan and Liana Harutynyan, *The Development and the Side Effects of Remittances in CIS Countries: The Case of Armenia* (San Domenico di Fiesole, Florence: European University Institute, 2013), available at <http://www.carim-east.eu/media/CARIM-East-RR-2013-24.pdf>.

³² In particular, the Armenian president participated in the 2014 Wales NATO Summit.

one hand, and NATO, the EU and the U.S. on the other. This trend negatively influences the security environment in Europe and Eurasia.

The integration projects that have been launched mirror these trends. Any attempt by Russia and its Western counterparts to reduce the existing tension and the confrontational postures should be welcomed by the South Caucasus states. Furthermore, the EU and the U.S. prolonging far-reaching sanctions on Russia will not lead to its isolation, as it is still the most influential actor in Eurasia. If (and when) Russia succeeds in diversifying its economy and reducing its dependence on the EU market and technologies, it will become more self-confident and less flexible in international affairs.

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