Fixing the broken region of the Caucasus

The Caucasus is a broken region, characterised by local tensions and conflicting influences of large regional actors. Armenia, Azerbaijan and Georgia have chosen different paths for political and economic development, while Turkey and Russia – which can also be considered part of the Caucasus – have very different relations with these three states. The Caucasus is also divided between its southern part of three independent republics and a northern Caucasus, which is part of Russia. The Caucasus borders have increasingly emerged as obstacles to cooperation, movement of people and trade.

For the European Union, this landscape is challenging. The EU prefers to deal with well-defined regions, where regional cooperation leads to integration. Unlike in the Balkans (which was another broken region), where the EU did foster regional cooperation as part of the terms for accession, in the South Caucasus the Union is not the only game in town and has to compete with a Russia that aggressively seeks to maintain its influence.

Over the past few years the simultaneous deployment of two mutually exclusive projects – the Deep and Comprehensive Free-Trade Areas (DCFTAs) offered by the EU as part of its Eastern Partnership (EaP) and the Russian-led Eurasian Economic Union (EEU) – has only exacerbated differences in the South Caucasus. In 2014, Georgia (like Moldova and Ukraine) signed an Association Agreement (AA) and a DCFTA with the EU. Neither of the other two South Caucasus countries is likely to conclude similar agreements in the near future. Armenia has become a member of the EEU, which entered into effect in January 2015, while Azerbaijan has so far dodged any hard-law commitments.

Behind a broken region

Armenia, Azerbaijan and Georgia have diverse foreign policy priorities and domestic reform processes. They have thus different expectations vis-à-vis the EU. Moreover, their engagement in either EU- or Russia-driven regional projects is not clear-cut or irreversible, but fraught with multiple tensions.

Over the past few years, Georgian attitudes towards the EU have shifted as a result of both regional and domestic developments. The 2008 conflict with Russia – which resulted in the de facto loss of Abkhazia and South Ossetia while also putting an end to the hopes of NATO accession in the short run – marked a turning point. Building on the progress made under the Saakashvili presidency (he was in power from 2004-2013), the current government seems to be speeding up its regulatory alignment with EU acquis (rules and practices).

However, in Georgian eyes, EU policy (or specifically the EaP), has two major flaws. First, it does not offer any membership prospects and the recognition of Georgia as an ‘Eastern European country’ in the 2014 Association Agreement is of little consolation. Second, it does not help address Georgia’s immediate security concerns. For example, as a response to the November 2014 ‘Treaty on Alliance and Strategic Partnership’ between Russia and Abkhazia, the EU could do nothing more than reiterate its support for Georgia’s territorial integrity. The newly tabled treaty with South Ossetia goes a step further in granting Russia full control over that Georgian territory. And Tbilisi is aware of the EU’s inability to counter Moscow’s stronghold over both areas, or any further attempts by Russia to encroach upon Georgian territory.

Initially, Armenia had welcomed the EU’s enhanced offer under the EaP; in fact, Yerevan adopted EU trade-related standards and even completed negotiations for a DCFTA. But Armenia’s engagement with the EU is complicated by the simmering Nagorno-Karabakh conflict with Azerbaijan, since Yerevan depends on Russian support to deter Turkish-backed Baku. During 2013, Russia started increasing its pressure on Armenia to join the Eurasian Customs Union (the EEU’s forerunner) – an option initially ruled out by Yerevan.

As a result, Armenia accommodated Russian requirements at the expense of EU-inspired reforms and joined the EEU. Nonetheless, Armenian authorities seek to preserve links with the EU to the greatest extent possible and Armenia is keen to conclude an agreement that would reflect improved relations with the EU. However, this is unlikely to be easily accepted by Brussels, since Armenia’s 2013 U-turn generated disappointment and mistrust and tailor-made bilateral arrangements would take time to develop within the current rather stringent EaP format.

For its part, for the moment Azerbaijan can afford the luxury of not aligning with the EU – or listening to prescriptions on human rights and democracy – or submitting to Moscow’s will. The country’s vast wealth of oil and gas has resulted in the firm establishment of an authoritarian regime that maintains an iron rule at home and advertises its economic progress abroad. As the country’s economic growth skyrocketed, Baku’s ruling elite has tightened control over society. In the past few years, the political opposition has been marginalised, independent...
journalists repressed, and there has been a purge against independent non-governmental organisations (NGOs) and think tanks.

However, in contrast to its sanctions on Belarus, for example, the EU is not prepared to consider sanctions against Azerbaijan, unless mass violations of human rights take place. First, the EU is less concerned about developments in a country that is not a direct neighbour and has no desire for membership. Second, the EU views Azerbaijan as a future alternative to Russia for gas supplies (especially if the Trans-Anatolian Natural Gas Pipeline is built). And last but not least, the country is an interesting partner to the EU (and the US) from a geostrategic perspective. Like neighbouring Iran, Azerbaijan is Shiite, yet moderate and secular, and is ethnically and linguistically close to (NATO member) Turkey.

The way ahead
It is in the EU’s interest that the Caucasus becomes a stable and democratic region. This will require the EU to prioritise bilateral approaches to the region. Relations should be increasingly country-tailored, taking into account the needs of both the EU and its partners.

The Russian authoritarian model will keep traction as it pretends to solve the short-term worries of some of these states and to safeguard the incumbent regimes. The EU should be ready to fully support those countries that do opt for in-depth political and economic reforms. All three countries are aiming for (albeit at different speeds) visa liberalisation, which requires substantial reforms in key areas such as migration management or the fight against corruption. Georgia may get a visa-free regime this year, while Armenia may progress toward a visa liberalisation action plan. Azerbaijan is further behind, but visa facilitation and readmission agreements signed with the EU are in force.

As such, the EU could be an agent for domestic change in the South Caucasus. It will be essential for the EU to engage increasingly with the region’s societies, and not only the incumbent governments. Visa liberalisation, trade, educational exchanges and civil society cooperation are essential in this sense. Europe’s attractiveness remains high – also in Armenia and Azerbaijan – and in the long run will be more influential than short-sighted Russian propaganda.

Security-wise, neither a harder security posture from the EU, nor success in settling protracted conflicts in the South

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Caucasus (without Russian involvement and agreement), are on the table. The current EU engagement in security matters is largely confined to the Common Security and Defence Policy (CSDP) border monitoring mission in Georgia (EUMM) and the participation of an EU Special Representative in the Geneva talks between Georgia and Russia. Besides stepping up EU engagement through NATO and the Organisation for Security Cooperation in Europe (OSCE) at the Minsk talks concerning Nagorno-Karabakh, there is little more the EU can do.

However, the EU could more strongly support the reform of the security sectors of those countries willing to engage, for instance by assisting in reforming partners’ police, border guards, judicial systems, and democratic oversight mechanisms. Furthermore, there are elements of security sector reform (SSR) in the EU’s visa liberalisation policies with Caucasus countries as these affect some aspects of the police, border guards and judicial systems; this can potentially be an entry point for broader SSR engagement.

The ongoing fragility and fragmentation of the South Caucasus will not be fixed anytime soon as the region is prone to domestic instability, inflammable protracted conflicts, and Russia’s heavy influence. The EU will not (and cannot) fix the Caucasus region, but it can have a positive bearing on its development. The EU should seek to play a responsible and more active security role in the South Caucasus by being prepared for further problematic relations with Russia, and being ready to cope with a shifting, complex, and uncertain domestic and regional environment.


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