

## **WEAKNESS AS AN OPPORTUNITY: EU POLICY IN THE SOUTH CAUCASUS**

*With the European Neighborhood Policy, the EU's relationship with the countries of the South Caucasus has achieved a new quality. These countries now have a concrete legal foundation on which to stand in their relationship with the EU. However, up until now the EU has not been taking adequate advantage of its opportunity. The EU is not a geo-strategic player with military power, who that will destroy itself in the struggle over a "sphere of influence". However its principles and institutions, which are based upon liberal ideas, are a shining example for the three countries. On this basis, the EU is able to and has to play its part in the development of long-term peace and prosperity in the South Caucasus.*

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In 2006, all three countries of the South Caucasus –Georgia, Armenia and Azerbaijan– were admitted into the European Neighborhood Policy (ENP). This was an important step, but one which came much too late. Until 2006, Europe could not be characterized as having a coherent strategy in this region. Today still there is not an acceptable and transparent solution to the problems that burden the future of the region and its relationship with the European Union. The EU neither has a master plan nor the geostrategic weight to enforce its plans against the will of individual countries or political groups. This can and should not be its objective, at least not in the region being discussed here.

This article will analyze to what extent the EU, within the framework of the Neighborhood Policy; can contribute to the development of the region, in a way which will also serve its own long term interests. The assessment is based on liberal principles that place the freedom of the individual and the institutions of the constitutional state, free market economy and democracy at the forefront. Therefore, from a liberal perspective, it is not the goal to attain as much power and influence as possible but rather to support the people of the region in helping them solve their problems and to get them closer to living in security and freedom. Of course, this policy is not an end in and of itself. The European Union has a great interest in its neighbors' peace and economic development.

### *The Current Situation from the Perspective of the EU*

Only extraordinary events, such as the Rose Revolution in Georgia, large demonstrations against rigged elections, or the often-heated exchanges between Russia and Georgia, have put the South Caucasus in the EU's radar. A factor contributing to this reality is the EU's preoccupation with the accession of the new EU member states. Concurrently, the countries in question lie just outside of Europe's borders, were a part of the Soviet Union for many years and, consequently, were removed from the European public eye. However, among political and economic experts the region has long been a topic of growing importance. This interest has been reinforced by the new security situation after September 11, as well as the search for relatively safe and diversified raw materials for Europe. Elkhan Nuriyev wrote, "Still, instability in the South Caucasus is a serious threat to the EU security. The region presents a number of challenges that characterize the post-September 11 geopolitical situation and more precisely, the young countries political behavior in the context of the U.S.-led war against terror, the risk of renewed hostilities in conflict-torn areas, the difficult processes of democratization in fragile societies, the security of oil and gas pipelines, risks of environmental degradation and humanitarian crisis."<sup>1</sup>

Currently, the EU's perception of the South Caucasus is primarily characterized by the aggravating and still unresolved territorial conflicts –the secessionist

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<sup>1</sup> Elkhan Nurieyev: The EU Policy in the South Caucasus: The Case of Post-Soviet Azerbaijan. New Opportunities and Future Prospects, German Institute for International and Security Affairs Working Paper Berlin 2006, p. 31.

areas of Abkhazia and South Ossetia– within Georgia and Nagorno-Karabakh, which concerns an intergovernmental conflict between Armenia and Azerbaijan as a result of which the former autonomous republic within Azerbaijan has unilaterally declared its independence. All these conflicts have claimed numerous victims on all sides and these existing wounds render all parties less willing to make compromises.

Unfortunately in recent years these conflicts have vanished from the view of the wider political public. Among other things this is due to them being so-called “frozen conflicts”, meaning they do not currently entail the use of military force. Though this article will not deal extensively with all of these conflicts, it must be noted that their solution is not likely in the immediate future. Therefore in parallel to the support of a peaceful solution of the conflicts, the internal development of the individual countries and regional cooperation needs to be promoted. The conflicts should not be used as an excuse not to move in other areas.

In reality, in at least two of the three countries –Armenia and Azerbaijan– a clear deceleration of reforms or an actual rollback can be observed. Moreover, not all dreams associated with the Rose Revolution have come true in Georgia. Contrary to the “European values” expressed by the political elite, a political reality exists in which corruption, weak constitutional institutions and offenses against the democratic rule of law occur on a daily basis. At the same time, the economic growth in all three countries has been impressive for several years. However, it must be asked, especially in the case of Azerbaijan, whose economy is almost totally dependent on oil and gas, to what extent the current structures are sustainable.

A deeper underlying political problem is the question of whether the “South Caucasus” is a coherent region. Geographically, the context of a region is unquestionably present and there are many shared historical and cultural elements. However, history also consists of many differences that make finding a common identity very difficult. In an address to the Foreign Relations Committee of the European Parliament, Peter Semneby called the South Caucasus a “broken region.”<sup>2</sup> As the European Union’s special representative, he is familiar with the various problems of Armenia, Azerbaijan and Georgia. In order to reach a common identity as a region of peaceful cohabitation of different peoples, the “larger” European identity can make, as Semneby states, an important contribution. All peoples in the region –as well as in the contested areas– see themselves as Europeans. This is an advantage *vis-à-vis* all other actors, which are likely to muster up sympathy in only one country in the region. However, until now the EU is using this advantage inadequately.

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<sup>2</sup> EU Envoy Calls South Caucasus a ‘Broken Region’, Radio Free Europe/Radio Liberty <http://www.rferl.org/featuresarticle/2007/10/b9a6d173-75fd-41c2-a783-671415de0c94.html>.

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## *The European Neighborhood Policy*

### *Relationships on the Shortlist*

The European Neighborhood Policy is an instrument that has bundled all the cooperation policies of the EU and covers countries that are either in Europe or in its close proximity, but do not have a membership prospect in the foreseeable future. This policy aims to promote a ring of well-governed countries to the East and South of the European Union to enjoy close and cooperative relations. The EU offers its neighbors a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles, and sustainable development). The volume of financial aid for the years 2007-2010 totals 5.6 billion Euros, from which the following have been earmarked: 120.4 million Euros for Georgia, 90 million for Armenia, and 92 million for Azerbaijan.

The strategic objectives of the European Neighborhood Policy with regard to the three countries of the South Caucasus are relatively similar to the goals of EU policy towards all other neighboring states of the EU. Moreover, all three South Caucasus republics are approached in a very similar manner. The following quote from the “ENPI Country Strategy Paper 2007-13” for Armenia can be found almost verbatim in all three Country Strategy Papers: “The objective of the ENP is to share the EU’s stability, security and prosperity with neighboring countries, including Armenia, in a way that is distinct from EU membership. The ENP is designed to prevent the emergence of new dividing lines in Europe, by offering neighboring countries closer political, security, economic and cultural cooperation. It also addresses one of the European Union’s strategic objectives set out in the European Security Strategy of December 2003, namely bolstering security in the EU neighborhood. ENP partners are expected to benefit from closer cooperation with the EU, the chance to participate in EU programs and a stake in the EU’s internal market, which will strongly support their own political and economic reforms.”<sup>3</sup>

The ENP is an important step forward to achieve the above-mentioned objectives, The countries are experiencing a larger recognition through the European Union, which can have significant influence over their political development and reforms. The lack of membership prospects is a problem but it does not render the neighborhood policy ineffective as Leila Alieva commented, “Although ENP lacks one of the major advantages and incentives of the enlargement process –the clearly stated prospects of membership-, it still has an incentive of deeper integration in EU for the states, included in this policy.”<sup>4</sup> From

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<sup>3</sup> European Neighbourhood and Partnership Instrument. Armenia. Country Strategy paper 2007-13.

[http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_armenia\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_armenia_en.pdf), p. 5. See also: European Neighbourhood and Partnership Instrument. Azerbaijan. Country Strategy paper 2007-13, [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_azerbaijan\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_azerbaijan_en.pdf), p.4, and: European Neighbourhood and Partnership Instrument. Georgia. Country Strategy paper 2007-13, [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_georgia\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_georgia_en.pdf), p.5.

<sup>4</sup> Leila Alieva: EU and South Caucasus, CAP Discussion Paper, Bertelsmann Group for Policy Research 2006, p. 6.

a liberal point of view, this deeper integration should refer in particular to common principles and functioning institutions.

### *Security and Stability*

Another focal point for the EU is the security and the political stability of the region. The European Union is very much interested in containing the numerous conflicts and nearing resolutions. The EU is not trying to win military or geo-strategic influence. The EU is trying to mediate and participate in all international attempts to create peace. Admittedly, the efforts of the EU and individual member states have been just as unsuccessful as have attempts of other countries. However these efforts have no alternative and it is fitting that the EU has made the neighborhood policy a focal point for the solution of the conflicts. With regard to Nagorno-Karabakh: “In this context the EU aims to stabilize the whole Southern Caucasus region and attaches great importance to the peaceful resolution of the conflict over Nagorno-Karabakh. It is actively involved in ongoing efforts to achieve a settlement, amongst other things through the good offices of the EU’s Special Representative for the Southern Caucasus.”<sup>5</sup>

With regard to Georgia, the formulation is similar: “The EU attaches great importance to the resolution of conflicts in Georgia's two breakaway regions of Abkhazia and South Ossetia and is actively involved in ongoing efforts to achieve a peaceful settlement, partly through the offices of the EUSR for the Southern Caucasus and through providing financial assistance for reconstruction and rehabilitation projects in Georgia’s conflict zones. The EU is also assisting Georgia in improving its border management capacity with a view to increasing security at Georgia's external borders.”<sup>6</sup>

The question of security has another dimension, e.g., the struggle against international terrorism. In this case, an international collaboration with all those concerned, including Russia, is necessary.

### *Oil and Natural Gas Supply*

The oil and gas question plays a smaller role than is often claimed. Currently the region is playing only a secondary role in this context. Nevertheless, it is also one of the objectives of the ENP to contribute to the diversification of the European supply of oil and gas. The large and partially implemented pipeline project is an advantage for the countries of the European Union as well, and in the big “game for oil” in the Caspian region, European companies are by no means irrelevant. Azerbaijan is naturally playing a double role as an important supplier of oil and gas and, increasingly, as a transit country.

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<sup>5</sup> European Neighbourhood and Partnership Instrument. Armenia. Country Strategy paper 2007-13, [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_armenia\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_armenia_en.pdf), p. 6.

<sup>6</sup> Partnership Instrument, Georgia. Country Strategy paper 2007-13, [http://ec.europa.eu/world/enp/pdf/country/enpi\\_csp\\_georgia\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/enpi_csp_georgia_en.pdf), p.6.

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Therefore, there is a need for a coordinated European strategy. However, it would be a major mistake to consider the region mainly as a supplier of resources and to ignore the other issues. The catastrophic consequences that a policy of ignorance can have toward internal and intergovernmental problems in important oil and gas regions are clearly evident in the Gulf region.

### *Other Actors*

States beyond the EU are also pursuing strategic interests in the region. Apart from the U.S. and Russia, Turkey and Iran are also involved. In recent years, the South Caucasus has turned into a playing ground that is intensifying the ever-increasing competition between Russia and the U.S. In particular, the developments in Georgia after the Rose Revolution were perceived by Russia as a threat to its position. Recently, heated confrontations between Russia and Georgia have increased significantly. On the other hand, out of economic necessity, Armenia is leaning on Russia while Azerbaijan is pursuing a policy of equidistance toward both powers and simultaneously maintaining an intensive relationship with Turkey.

The countries of the EU share basic political values with the U.S. but are also interested for strategic purposes in having a good relationship with Russia. This balancing act demands a very careful and forward-thinking policy. However, it must be made clear that the EU stands for certain principles that it will not allow to be “sold”, neither for raw materials nor for would-be security. This applies particularly to its relationship with Russia which should be restricted to clearly define common interests. Russia’s claims to possess rights over the governments of the former Soviet Republic should be rejected.

### *Weakness as a Chance*

In all three countries of the region the EU is perceived as a weak player. This is due, in particular, to the contrast with Russia and the U.S., both have strong influence over the region. From a European point of view this could be seen to be regrettable. In fact, in some cases, the lack of a real coherent foreign policy hinders Europe in enforcing its interests. However, this position could be a major advantage. Unlike the U.S. and Russia, EU is not suspected of trying to impose its power and economic interests in the region. Conversely, an attempt of the EU to construct its own “power position” against the U.S. would be unproductive and doomed for failure. Nevertheless, the struggle over spheres of influence can only offer short-term advantages, as long as it is not actually tied to social aid and political reform.

Although EU is unable to offer a formidable political sphere of influence, it can offer a model of peaceful cohabitation and the creation of prosperity, an ap-

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proach that has been followed for decades. This makes the EU attractive for the people in the individual countries. While the public opinion in the three countries towards individual EU member states is often split. The EU in general, as a framework of peace and prosperity, enjoys a very good reputation. It is in the best interest of the EU and of all three countries to apply the basic principles of this political success to the South Caucasus. At the same time, the problems of the EU; namely over-bureaucratization or the massive subsidies given to unproductive economic industries, should not be copied.

### *Liberal Options for the Future*

The promotion of institutions and values also has to extend to the regions in conflict, the *de facto* states. In this case, different instruments have to be applied in order to limit the tensions with the governments as much as possible. EU has to involve itself even more intensively in South Ossetia, Abkhazia and Nagorno-Karabakh. Bruno Coppieters is in agreement with this notion, “International isolation –in order to avoid any risk of legitimizing secessionist leaderships– will only encourage authoritarianism and the criminalization of *de facto* states, as well as increasing their unilateral economic dependence on outside forces. In order to overcome this real contradiction between the risk of legitimization and the risk of authoritarianism and the criminalization of *de facto* states, it may be advisable for the EU to combine political support for international organizations engaging in the *de facto* states (overcoming the political resistance of the central governments) with financial support for NGO programmes in unrecognized republic.”<sup>7</sup> To solve the territorial conflicts, the EU can use the experience –good and bad– it has gained from other European conflicts.

In the long-term, stable democracies and market economies are the best guarantee for internal and external peace<sup>8</sup> as well as prosperity. In the future, the EU should particularly concentrate on two things; on the promotion of democratic and constitutional institutions and on a relaxation of the entrance requirements into the European Union, for people as well as for products from the region. A relaxation of the visa requirements is just as important as the free trade agreement with the individual countries.

There is a seeming contradiction between economic and security interests on the one side, and the promotion of freedom and democracy on the other. From a liberal perspective, “influence” in a region cannot be an end in and of itself. The EU, therefore, should not make countries dependent but rather make itself so attractive and open to other countries that they will willingly want to draw closer. This style of “influence” is much more sustainable than what could be achieved from military or financial dependence.

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<sup>7</sup> Bruno Coppieters: EU Policy on the Southern Caucasus. Policy paper at the request of the European Parliament Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, Brussels 2004. p.6.

<sup>8</sup> Erich Weede: *Balance of Power, Globalization and the Capitalist Peace*, Liberal Verlag, Berlin 2005.

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For the success of the Neighborhood Policy, it is essential that a long-term prospect of membership can be demonstrated to the countries. Obviously, this cannot take place within the next decade but the possibility should be guaranteed. At the same time, the criteria for accession should be spelled out again and again. This can generate a political vigor in Armenia, Georgia and Azerbaijan that will help solve the grave problems in the long-term. The European Neighborhood Policy can serve as an important building block in this context.