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THE SOUTH CAUCASUS: TOWARDS REGIONAL COOPERATION

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Abstract

After the collapse of the Soviet Union the three states of the South Caucasus-Armenia, Georgia, and Azerbaijan faced the challenges of transition to full statehood and market economies. On the path of democratization they were caught in the web of the intricate interests of global powers. The crucial geopolitical configuration of the region as a bridge between Europe, Central, Asia, and the Middle East, ethnic tensions, and energy resources have formed the cornerstone of international attention. In this essay the main commonalities and differences in the domestic/regional as well as foreign policy environments of the three South Caucasian states are analyzed using a cross-section research design based on a comparable case approach. The major commonalities are drawn from the analysis to demarcate those common spheres and tasks that can best be exploited to create regional cooperation between the states. Regional cooperation on the societal level is viewed in the essay as the best option of cooperation in the current political context of the South Caucasus. Such form of cooperation is not a sufficient but a necessary precondition for the peaceful resolution of conflicts, and the establishment of peace and stability in the region.

List of Abbreviations

BSEC - Black Sea Economic Cooperation
CDM - Clean Development Mechanism
CIS – Commonwealth of Independent States
CFSP - Common Foreign and Security Policy
CSBM – Confidence and Security Building Measures
CST – Collective Security Treaty
CSTO – Collective Security Treaty Organization
EAPC – Euro-Atlantic Partnership Council
ENP – European Neighborhood Policy
ESDP- European Security and Defense Policy
EU – European Union
FEC – Fuel and Energy Complex
GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
GUUAM – Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova
IDP – Internally Displaced Person
INGO – International Non-governmental Organization
INOGATE- Inter-State Oil and Gas Europe
JCC – Joint Control Commission
NATO – North Atlantic Treaty Organization
NGO – Non-governmental Organization
OSCE – Organization for Security and Cooperation in Europe
PCA – Partnership and Cooperation Agreements
PfP – Partnership for Peace
TACIS - Technical Assistance to the CIS countries
TRACECA - Transport Corridor Europe-Caucasus-Asia
UN – United Nations
UNOMIG – United Nations Observer Mission in Georgia
US – United States
USSR – Union of Soviet Socialist Republics

Introduction

The South Caucasus is located at the crossroads of Asia, Europe and the Middle East, between the Black and Caspian Seas. This geographical configuration underlies the historical significance of the South Caucasus¹ as a borderland and bridge between civilizations and peoples. The South Caucasus includes three independent states – Azerbaijan, Armenia and Georgia and borders the Russian Federation at the North Caucasus. The latter comprises the following territorial units: Adygeia, Karachai-Cherkessia, Kabardino-Balkaria, North Ossetia, Ingushetia, Chechnya, and Dagestan.

As an attractive land for human settlement migration has brought many peoples to and through the South Caucasus, leaving a variety of ethnic communities speaking Caucasian, Indo- European and Turkic languages. The ethnic and religious diversity has marked a significant point in the politics of the South Caucasus and the Caucasian region as a whole. The three major peoples of the South Caucasus are Azeris, Armenians, and Georgians. The states are multi-ethnic partly except Armenia (95% Armenians). Islam (Shi'ism, Sunnism, Shafi'ism), Christianity Orthodox and Christianity Monophysite are the religions in Azerbaijan, Georgia, and Armenia respectively (Cornell 2001). As it is clear, throughout centuries diversity has been the predominant characteristics of the region's cultural, linguistic, religious and demographic composition.

The region's economic significance has derived partly from its openness to traffic in transit on the overland routes of continental trade, as well as from its products and resources. The political history of the South Caucasus has been turbulent as the region has always been a strategic location at the meeting point of different empires, trying to provide themselves with economic resources, trade routes and passages for their armies. These factors kept the

¹ The term Transcaucasus or Transcaucasia is a reflection of a Russian standpoint (Zakavkaz), meaning “the lands beyond the Caucasus.” The more neutral term “South Caucasus” that has recently found a large acceptance, will be used in this essay.

region fragmented and made it a favorite battleground for neighboring powers. Romans and Persians, Arabs and Byzantines, the successor khanates of Genghis Khan's Mongol empire, the Ottoman Turkish and the Safavi Iranian empires have all contested control of the South Caucasus, with the region changing hands and being partitioned with astonishing frequency. The view of the region's history as one of continuous foreign invasions and occupations must, however, be tempered by recognition that there were periods, when independent and autonomous principalities were established in Armenia and Georgia and on the territory that is now Azerbaijan.² Moreover, the ancient and medieval kingdoms of the South Caucasus were founded not on national but on dynastic ideologies. From the 18th and 19th to the 21st century the triangle of Russia, Turkey, and Iran has played a predominant role in the region with mutually interchangeable limitations of power during different periods. Thus, the linkage of local, regional and international dynamics is a persistent characteristic of Caucasian politics.

By the early nineteenth century, Tsarist Russia gained control of the South Caucasus and mainly retained that control until the 1991 collapse of the Soviet Union, with a brief interlude of Caucasian independence between 1917 and 1921. The external borders of the region were defined by Russia's Caucasian wars of conquest and subsequently revised by treaties with Turkey signed in the early Soviet period. Its internal borders – delimiting the territories of Armenia, Azerbaijan and Georgia, as well as the autonomous republics and regions incorporated in them – are a product of the Soviet administrative divisions adjusted to the nationalities policy and political requirements of the Soviet government of the 1920s and 1930s (Zverev 1996). The Soviet government was much more far-reaching than that of the earlier empires. It produced demographic changes that tended to concentrate ethnic populations within defined territorial homelands. But it did not aim to create ethnically

² Geographers and historians mostly used other names to describe this territory- Caucasian Albania, Arran, Shirvan.

homogeneous populations. The Soviet policy ensured that there were significant national minorities within each country of the South Caucasus. The critical explanation to the Soviet “divide and rule” policy is that it was aimed at the separation of the common identity peoples from each other (e.g. Turkic/Islamic people) to achieve a lever against the local majorities, to reduce the possibility of a joint revolt against the Soviet rule, and increase the dependency of minorities on the latter out of fear of the stronger local majority nationality. Although the Soviet government accelerated the region’s economic and social development, and shaped the Caucasian people’s nationalist consciousness, its policy of border divisions guaranteed antagonism among and within these republics. In addition to this, the seven decades of the Soviet rule contradicted the region’s fundamental geographical openness and formed an exception to its historical bridging role.

The collapse of the Soviet Union restored independence to the three South Caucasian states. It allowed their governments and peoples to choose their political and economic systems and to re-establish political relations with their neighbors and the wider international community. However, the Soviet collapse also left them poorly equipped to take advantage of this opportunity. Since then the Caucasus has been challenged by the mosaic of problems most being the legacy of the Soviet past - internal political turmoil and ethnic conflicts, substantial decadence and corruption, economic depression, and demographic crises.

The purpose of this research is to:

1. Identify and analyze the primary regional, and global factors of political significance for the countries of the region (political environment);
2. Discuss the internal outcomes of the complex interplay of the above factors and the foreign policies
3. Compare foreign policies of the three countries and identify the essential commonalities that can be exploited to overcome the forces of confrontation

and isolation, for them to find a path toward regional cooperation, economic growth, and security.

The following essay consists of the following parts: introduction, literature review on regionalism and regional cooperation in the South Caucasus, methodology and three Parts each dealing with a separate domain. The first Part addresses the South Caucasian countries in terms of the comparison of domestic and regional policies, problems and conflicts. The second Part discusses the external determinants of the policies of the region – a comparison of the political and economic influences and interests of the regional and global powers in the South Caucasus. The third Part presents the results and discussion resting upon the essential commonalities of South Caucasus countries in terms of a regional cooperation.

Regionalism/regional cooperation reviewed

The theory of international relations (IR) has long neglected the concept of regions using only “the individual state” and “the global international system of states” as levels of analysis in theoretical discussions. Between these two ends of the continuum, however, lie the regions. Recently the theory of IR has largely shifted its focus on the study of regions, regionalization or regional integration/cooperation. When the Cold War ended and such issues as social movements, security and political relations gained large importance in the theory of IR, regionalization started to be viewed in terms of “regional orders,” “regional complexes,” and “security communities” (Cornell 2001; Derghoukassian 2006, 3).³

This section of the essay will discuss a number of analytical frameworks and models for regionalism or regional cooperation in terms of the South Caucasus.⁴ The regional level of analysis is vital for understanding the security of the states and their relations. This will help to explore further the possibilities of potentials and policies for cooperation (Cornell 2001).

As mentioned by Thomas de Waal (2002, 34), “to have a policy you first need a region.” Very often foreign policy makers have treated the South Caucasus not as a whole region but as a “jumbled collection of policy fragments.”⁵ (Waal 2002, 34). However, in the following essay the South Caucasus will be viewed as a region with a potential of regionalization in terms of cooperation. To place the arguments on clearer and more persuasive grounds it is necessary, first, to define what is meant by the concepts of “region” and “regionalization.”

³ According to Tsardanidis (2005), regionalism in the post-Cold War period has acquired the name of “new regionalism,” which is distinct from the regionalism of the 1960s. Antonio Ortiz Mena Lopez Negrete (2000) offers a number of political and economic theories all aimed at explaining the causes behind the wave of “new regionalism.”

⁴ Derghoukassian (2006, 3) finds that “a regional approach to the transitional process and the resulting context offers a wider perspective to study the prospect of development in the Eurasian heartland of the former Soviet space.”

⁵ Alieva (2006, 18) puts it more specifically saying that “there has been an absence of the clear image of identity of the Caucasus as a social and cultural entity in the eyes of the Westerners.”

Regions, regionalism and regionalization have not been clearly defined in IR theory. Relatively comprehensive definitions of a region take into account both the geographical linkages and the degrees of mutual interdependence. Fawcett's (2004) multipurpose definition includes both state and non-state based regions. Examples of regional non-state actors can be NGOs, labor, peasant or environmental groups. According to Fawcett (2004), most of the existing literature on regionalism focuses on the more institutional forms of interstate cooperation and, therefore, states still form the cornerstone of most regional arrangements. The author defines regionalism as a policy/project by which state and non-state actors cooperate and coordinate strategy within a given region. Regionalism aims at pursuing and promoting common goals in one or more issue areas. A successful regionalist activity includes relations between state and non-state actors. Regionalization is both a project/policy and a process that is "a concentration of activity at a regional level." Regions can emerge via regionalization giving rise, in their turn, to regional groups, organizations, actors (Fawcett 2004, 433).

In IR theory the study of regions is largely based on the notion of anarchy,⁶ which leads the states to control specific territories and form regional security complexes, which are, according to Buzan (1991) "distinct and significant subsystems⁷ of security relations existing among a set of states whose fate is that they have been locked into geographical proximity with each other" (Cornell 2001, 23; Tsardanidis 2005). The interactions of states are, therefore, based on power relations and the relations of amity and enmity. The degrees of interdependencies among states can vary in strength and, also, can be negative or positive. A positive interdependence is based on mutual trust in terms of security interrelations, whereas

⁶ K. Waltz (1985) explains it in the following way: anarchy is the state of war and the presence of constant threat since there is no agency, no supreme power above the individual states with authority and power to make laws, solve conflicts, and ensure compliance.

⁷ By a subsystem the author means "a group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another."

a negative interdependence is based on mutual antagonism and perceptions of mutual threat (Cornell 2001).

Thus, the analytical framework of “the regional security complex” is highly applicable to the South Caucasus (Derghoukassian⁸ 2006; Cornell 2001). Based on the above, the South Caucasus is definitely a region and a regional complex, and security of the states cannot be considered apart from each other. Being a region of anarchy, the South Caucasus exists in a continuous fear and threat environment. The mutual dependency, considered to be based both on the pattern of enmity and amity affects nothing more strongly than security. The latter remains the primary issue for any cooperating relationship because of the unresolved conflicts. As mentioned by Alieva (2000, 97) “the acceptance of certain proposals of regional cooperation by the South Caucasus countries will depend, *firstly*, on how these proposals will address their security concerns.” Out of this intricate web of mostly negative state interdependences lines of possible cooperation have been elaborated and set afore by scientists and policy makers. Most of the models are connected with the security dimension for the reasons mentioned above. Thus, a number of proposed models of regional cooperation will be further discussed in this section. The latter will not go deep into specificities of economic and political interactions but will provide only a general overview of the efforts spent so far for achieving peace and stability in the region.

Though the views on the degree of the regional cooperation potentials in the South Caucasus largely vary, they all come to rest on one single issue: a serious and comprehensive regional cooperation or regional integration⁹ is impossible in the current context of the

⁸ Derghoukassian (2006) gives a detailed description of the correspondence of the theoretical levels of analysis, structure components, and possible evolutions of the regional security complex with those of the South Caucasus.

⁹ According to Wikipedia Encyclopedia, regional integration is the removal of the barriers to free trade by the countries and the free movement of people across national border.

security dynamics of the region.¹⁰ The existing balance of power brings to a stalemate all the parties involved. As precisely put by Blacker (1997, 15):

In the Transcaucasus, the desire to play games is great, games designed to enrich some and impoverish others. Such maneuverings are a mistake; they may provide short-term gain, but will – in the end – generate long-term pain.

However, certain projects on regional cooperation among the states are quite possible and should not be left for the unseen post-conflict time-space. These cooperation projects will, nevertheless, entail a combined and reciprocal action by the states. According to Shugaryan (2000), in 1994-1995 there were three main approaches to the regional cooperation: the extreme positive approach of Georgia, the extreme negative approach of Azerbaijan, and the Armenian approach in the middle of these two extremes. Thus, President Shevardnadze offered the model of a “United Caucasian Home” based on the idea of building cooperation around the sense of a shared Caucasian culture and mentality that would lead to friendship among the people of the Caucasus. Azerbaijan was largely opposed to all the projects of cooperation with Armenia unless the conflict over Nagorno Karabach was resolved. Armenia was ready to support and participate in small and specific programs touching different spheres of energy, transport, and communication (Shugaryan 2000).

The search for formula of peace continued when at the Istanbul summit in 1999 Armenian foreign Minister Vardan Oskanian suggested the model of “3+3+2,”¹¹ a regional security system that would involve Russia, Turkey and Iran, the three South Caucasian states,

¹⁰ Buzan (1991) considers the dispute over the status of Nagorno Karabach as a major impediment to regional integration. Correspondingly, Derghoukassian (2006) considers the general “conflict in formation” characteristic of the South Caucasian regional complex as the major impediment to the failure of effort to change the patterns of relationship among states and initiate a process of regional integration. Holloway (1997), Shugaryan (2000), Nodia (2000) and others consider that no serious cooperation is possible when the conflicts persist and only the resolution of the latter can lead to regional integration. However, Harutunian (1997) finds that the idea that the quick resolution of conflicts would establish peace and prosperity is a Western myth on which they build their political imperatives.

¹¹ Shugaryan (2000) states that any model of regional cooperation in the South Caucasus should take into account the interests of the regional powers: Russia, Turkey, and Iran. The author explains the failure of the formula “Silk Road Strategy Act” suggested by Senator Brownback by the fact that the latter did not take into consideration the interests of Russia and Iran.

as well as the U.S. and EU. This model would allow for the discussion of various political economic, and security cooperation issues. The U.S. Secretary of State Madeleine Albright advanced ideas for a Caucasus Cooperation Forum in 1999, based on which the three South Caucasian states would be engaged in cooperation on economic, environmental, education, energy, and scientific matters with the involvement of the U.S., EU, and international financial institutions (Shugaryan 2000; Emerson 2005). In 2000 President Demirel of Turkey proposed the idea of a Stability Pact for the Caucasus addressing the security challenges and frameworks for wider cooperation.

Holloway (1997) discusses four models on security cooperation in the South Caucasian complex and gives his own disagreements in terms of the suggested models. The first one refers to the common defense where an alliance could be formed to combat a common threat. However, this model is unrealistic since there is no agreement on a single outside threat. The second model is collective defense, where each member state is bound to come to the defense of the other in case of an attack. Given the existing tensions between the states and the lack of interest in mutual defense, this model could not work either. A third model is a security cooperation organized by a hegemonic power (hegemonic stability) – a dominant actor that can enforce a pattern of cooperation in this anarchic context. Nevertheless, there is no such actor, too. Even if there was a state in a position to impose integration or cooperation on the three states, that might contradict the aspiration of the countries to establish a security as independent units. Alieva (2000) is right to mention that the Soviet legacy has left these states with an illusion that they are not dependent on each other in terms of securitization. The states do not perceive that they are parts of a single whole – the South Caucasus region and strive to securitize and survive independently.

The fourth security cooperation model, which is the Confidence and Security Building Measures (CSBM) is finally considered to be applicable for the South Caucasus.

However, Holloway (1997) states that this model will not work if there is a deep antagonism among the states; there should be at least a desire to avoid war. CSBM are aimed at reducing or containing the causes of fear, tension, mistrust, and enmity among modern states. Due to the CSBM, the military activities and arms acquisitions can become open and transparent, thus leading other states' actions and behavior to be open as well.¹²

Other models considered to be applicable to the South Caucasus are the following: (a) the Balladur Stability Pact – Armenia, Azerbaijan and Georgia are offered incentive to settle specific conflicts over Nagorno Karabach and Abkhazia, with prospects for greater EU aid and integration; (b) Balkan Stability Pact Type – Russia, Armenia, Azerbaijan, Georgia, and Turkey join with EU, US, and other Black Sea countries and international organizations for comprehensive dialogue on policies and cooperation possibilities; (c) Virtual EU membership – EU adopts a more pro-active approach to progressive integration of Georgia, Armenia and Azerbaijan into its economic, monetary and security policies, with institutional linkages. EU also suggests constitutional packages for solving ethno-political conflicts; (d) Caucasus Dimension EU, enlarging to include Turkey and Russia deepen cooperation over shared objectives for regional development, security and stability. Less ambiguous models are: (a) Black Sea type: a political framework for engaging in ad hoc cooperation on practical issues where feasible; (b) regional governments/ autonomous entities of North and South Caucasus join sovereign states in aspects of process.¹³

Thus, from these models discussed above it is clear that most of them base their concern on the securitization of the South Caucasus. However, the awareness of the regional dimension of the security problem has not led so far to the creation of “a unitary institutional framework” that could have led to conflict resolution and regional cooperation. So, why states do not cooperate? Despite the vitality of security in the region, part of the failure of

¹² See the official website of the U.S. Department of State at <http://www.state.gov/>.

¹³ Michael Emerson (2005) Official Site of the Centre of European Policy and Studies at: <http://ceps01.link.be/>

building cooperation in the region lies with the policy of securitization itself. In order to gain a broader vision of this argument it is worth to discuss it in terms of the general theoretical framework suggested by Waltz (1985) that refers to the impediments posed by the international system against the cooperation of states.

The author provides the following two major explanations as to why the structure of international politics impedes the cooperation of states. The first explanation suggests that in an international system each unit does not direct the received good to the other but instead uses its gains for elaborating means of protection of its own interests against others. Specialization advantages everyone unequally in the system of divided labor. The increased product is expected to be distributed unequally and this impedes the spread of the division of labor internationally. A state ignores the notion of the comparative advantage and only worries that the other might gain more than itself. The “condition of insecurity” is the uncertainty about the other’s steps or intentions. One’s comparatively large amount of gain is used against the other. That is the reason why in an international system there are frequent grievances about the states’ spending of the resources inefficiently for the sake of its own defense and security, when they could really increase the welfare of the states through cooperation with other states. The second explanation refers to the fear of states to become dependent on other states through different ways of cooperation, for instance through importing and exporting goods. As mentioned by Blacker (1997), “small states often stimulate the appetites of their larger and more powerful neighbors, which can and often have led to war.” The already existing dependence of some states on others can be reinforced through cooperation, whereas states seek not to increase their dependency but to control it. Besides, the higher interdependence assumes a higher common vulnerability. As Waltz mentions (1985, 22) the international imperative is “take care of yourself.” Thus, “states do

not willingly place themselves in situations of increased dependence. In a self help system, considerations of security subordinate economic gain to political interests...”

Thus, as precisely put by Coppieters (2005):

In the South Caucasus the securitization of economic and political issues is justifying an enhanced mobilization of economic and human resources to the detriment of long-term economic development and political modernization.

The more specific impediments to the cooperation in the South Caucasus will be clarified throughout further analysis. Understanding these impediments is vital for creating real grounds for regional cooperation, instead of building illusory ideas.

The past experience of millennia should have created some air of unity and not just “ethnic isolationism.” Despite the variety of opinions, the idea that there is a possibility to build viable cooperation be it political, economic, cultural, civilization or other, still exists. It does not assume integration or an alliance, but a peaceful coexistence through talks and agreements by means of *identifying the common interests*.

Methodology

Based on the literature review, the hypotheses and the research questions for this study are as follows:

Hypotheses:

The South Caucasus countries have essential commonalities that can be exploited to overcome the forces of confrontation and isolation and to create a regional cooperation

Research questions:

1. What are the major commonalities in the domestic/regional environment of the three South Caucasus countries?
2. What are the major differences in the domestic/regional environment of the three South Caucasus countries?
3. What are the major commonalities in the current foreign policies of the three South Caucasus countries?
4. What are the major differences in the current foreign policies of the three South Caucasus countries?
5. What regional cooperation can be created in the South Caucasus?

This study uses *a comparative method* to describe the differences and commonalities between the states. This method will be applied to the study through *a cross-section Research Design*, based on the comparable case approach that will include the analysis of the relevant cases at one time point. Since focusing on macroscopical phenomena, which are often not defined at the national level is common in most comparative political research, the three states of the South Caucasus - Armenia, Georgia, Azerbaijan – have been chosen as the relevant cases to be studied. The unit of observation (the unit of analysis) will, therefore, be the combination of time and space dimensions, namely the three cases and the one time point.

The following study will use qualitative data obtained through evidence-based research and analysis of official documents, official Internet publications, and political facts,

as well as publications in recognized and referenced periodicals. Established Internet-based sources of apparent legitimacy will be widely used, including home pages of all international organizations involved in the political life of the South Caucasus countries.

Part I - The Domestic/Regional Fatigue

“War is the continuation of politics by other means.”

Karl von Clausewitz

The Post-Soviet Challenges

Following the demise of the Soviet political system, the “vacuum of power made inevitable the inclusion of the former Soviet space in the global political competition” (Derghoukassian 2006, 2). The South Caucasus - a subject of incessant contention for various clashing interests of dominant powers – can be realistically viewed only in the context of the latter. Not only the external but the domestic/regional issues as well have had a big impact on the policies of these countries. Much of the fragmentations and contradictions characterizing the South Caucasus typically bear domestic/regional significance. A few of these issues will be analyzed in the following Part of the essay.

Many of these domestic/regional issues are common for these states, since, as hostages of the Soviet legacy they have had to face the common challenges for the transition to free economy and democratic society since independence in 1991 (Alieva 2000). The deep economic crisis faced by the countries was caused by the collapse of the Soviet economy and social safety system, the disintegration of the economic relations and communications. All the three states fell under the pressure of hyperinflation, widespread poverty and unemployment. By the mid 1990s, about half of the population of the South Caucasus lived below the poverty line. The economic crisis led to the exodus of millions of people from the three states that have been sending remittances to their families and, thus contributing a relatively large percentage to the growth of the gross domestic product (Cornell and Starr 2006).

Besides the deep economic crisis, the region has been pervaded by serious environmental problems. These include transnational air and water pollution. The Kur/Mtkvari and Arax, the main rivers in the region, flow into the Caspian from Turkey, Armenia, Iran and Georgia, and from these countries they gather large amounts of industrial waste. The three countries have also suffered massive deforestation (Cornell 2002).

It was not until 2006, when the three states experienced a rapid economic growth.¹⁴ Nevertheless, the high GDPs and other macroeconomic index growth rates in recent years can largely be explained by the low base for comparison and are still not enough to fully compensate for the severe economic drop noted at the beginning of the 1990s and the low living standards of the people. In Armenia, for instance, although the private sector really contributes to the increase of GDP, growth is concentrated only in a few industries. Besides, GDP grows also at the expense of the remittances.¹⁵ If there were no remittances the poverty level would be much higher. In Azerbaijan it is basically oil revenues that form the state budget and economic growth. As mentioned by Nodia (2000), surveys conducted in the three countries notify that despite the macroeconomic reforms and recent economic developments, economic problems still score much higher than any other by the peoples.

The economic and political turbulences of the countries have become a major reason for very weak statehood and fragile state institutions. The weak statehood contributed to the paramilitary groups in the South Caucasus. Armenia managed to disband the paramilitary units, some of which formed a basis for the national army of Armenia. In Azerbaijan the largest contribution of the paramilitary groups was in the acquisition of Soviet weapons. This was mainly driven by Karabakh war, and when the ceasefire was signed the paramilitary

¹⁴ From 2001 on GDP in Armenia has had a double digit growth of 12 %. From 2005 the GDP real growth rate in Georgia has been about 7%, and in Azerbaijan it has been about 26.4 % (See the CIA World Factbook at <https://www.cia.gov/>).

¹⁵ In Armenia, remittances make up about 10 % of the GDP and 80 % of household income on average (USAID study report 2004).

groups were disbanded to a significant extent. These groups in Georgia have been characterized by their resistance to government's control and have, thus, often triggered instability within Georgian state leadership. Besides being engaged in criminal activities, these paramilitary groups have often fought the secessionists in Abkhazian and South Ossetian conflicts.

The weak statehood also contributed to the emergence of the so-called mafia (also called "clans" by the westerners) or powerful and wealthy kinship networks in the countries of the South Caucasus. In all of the three countries these clans often disrupted the efforts of the reformers to create a lawful market system, increase the transparency and develop or strengthen the democratic institutions. Very often they acted as "power-brokers" that could not be neglected by the Presidents. For instance, Cornell (2002, 50) explains that in Georgia the authority of the central Government is exercised "by establishing mutually beneficial relations with elites and clans who exercise local control, through the privatization of major regional assets and control over illegal transit flows."

In Azerbaijan the political and economic system has been dominated by clans¹⁶ for decades. The Aliev family stands at the top of this clan pyramid and aims to ensure that all the key posts in all spheres are occupied by people that are closely affiliated to the family. In Azerbaijan the gap between the rich and the poor is more striking than in Georgia and Armenia due to the large revenues generated by oil and gas business. The immense wealth from oil and gas is concentrated in the top of the pyramid, in other words in the hands of the few, leaving large segments of the society in deep poverty (Crisis Group Report 2004). Clans play a significant role in Armenian politics, too. Thus, as exactly put by Cornell and Starr (2006; 41) the region became fragmented between official and unofficial politics.

¹⁶ The Nakhichevanis and the Yerazi have been the two major clans in Azerbaijan. Heidar Aliev's origin lied in both clans and he managed to obtain the top power.

The Mental Map of the Region

The calamities of the countries have not left space to overcome them in a joint and cooperative format as they have been caused and complemented by inter-state and intra-state conflicts, wars, and humanitarian emergencies that have their roots basically in the “divide and rule” policy of the Soviet power. It is evident that the causes of conflict, and continuous threat and risk environment stem from the intricate chain of political and historical events and not from an innate hatred and aggression of the South Caucasian nations towards each other as many consider it to be so (Dine 1998; Nodia 2000). Yet, the fact that there has also been a great emphasis on nationalism or as stated by Suny (1997, 52) “homogenization of the republics, nationalization of the new states” in post-Soviet period as well as in the Soviet one should not be left ignored. The idea of the nation has been based on ethnicity rather than citizenship, meaning that, for instance, only Georgians should form the Georgian nation. Such kind of idea excludes the minorities not included in the main ethnos of the state but inhabiting the territory of that state. The policies of the first President of Georgia, Zviad Gamsakhurdia were directed towards the “Georgianization” and “Christianization” of Georgia.¹⁷ Similar to Gamsakhurdia, Azerbaijani first President, Abulfaz Elchibey pursued the aim of a unified state of Azeri people in close ties with the Turks – the Azerbaijani ethnic kin. Armenia, being essentially a mono-ethnic state¹⁸, has had no major nationalistic internal problems with minorities.

Nationalistic ideas in the South Caucasus have extensively contributed to the migration, expulsion, ethnic strife/war. The latter, in its turn, largely contribute to the coloring of the mental map of the region with mutual enmity and fear, despite the great similarity of the challenges faced by the people of the three states in the post-Soviet period.

¹⁷ It were such policies that led the Ossetians and Abkhazians in the autonomous regions to demand secession not to lose their autonomy at all (Cornell 2001).

¹⁸ The most significant national minority in Armenia are the Yezidis slightly over 52,000 according to the 1989 census (Asatryan 2002, 29).

This mutual antagonism, in its turn, contributes to the fragmentation of the region, and blurs the vision of peaceful coexistence of the South Caucasian nations even more. Consequently, the role of the people and the analysis of the mental map of the region should not be circumscribed in terms of the domestic/regional problems.

Mistrust and disillusionment in the societies in all of the three states towards the growing authoritarianism and inexperienced elites, plagued by corruption and mismanagement, have been too pervasive and have largely destroyed the hopes for long-term political stability and economic growth. The societies in the three countries of the South Caucasus have changed. Nodia (2000, 87) refers to this change as “mobilization fatigue,” which implies that “people do not want to be politically mobilized any more whether this around nationalist or any other issues,” as they did in the period of gaining independence, when ethnic nationalist slogans became a part of political agenda. Mobilization of these people by the political rulers for renewing an ethnic conflict or war can confront serious opposition. People are tired of political turbulences and years of hardships.

Nevertheless, it is clear that such a “mobilization fatigue” is not only domestic in nature but also directed towards each other. The post-colonial mentality stimulated the loss of the sense of mutual interdependency. During the Soviet period the economic dependence of the states was very large. But even the most trivial economic matters were decided through Moscow, which created a false sense of self-sufficiency in the Armenian, Azeri and Georgian societies that did not realize their deep dependence on each other. Thus, it resulted in the following features of the populations: weakened sense of the common Caucasus identity and capacity to cooperate; false sense of ability to survive in the region regardless of the state of relations with the neighbor; separation of political and economic aspects of relations, and inability to behave as an independent subject of economic and political relations; reliance on

the third party as someone, who can make relations work; the creation of enemy images and easy manipulation by historical grievances (Alieva 2000, 98-99).

These characteristics together with the paralyzed economic and political systems, dependence on international financial institutions, foreign debt burdens and other major problems in the region have contributed to the big dependence of the South Caucasian states and peoples on outside powers. Celac (2005, 28) calls this “an obsession with geopolitics.” Instead of taking actions themselves to eliminate their problems and solve the conflicts, the states are largely preoccupied with “looking for a political patron or a benevolent hegemon, so that the balance of forces changes in their favor and the conflict is eventually solved in a “right” way” (Nodia 2000, 88). The following facts can serve as examples of such approach taken by the South Caucasian states: Armenia’s reliance on Gorbachev for gaining back the Karabakh enclave; the change of position of Georgia from Russia to NATO in 1994¹⁹; Azeri’s overexaggerated expectations connected with Turkey’s help. “Looking for a benevolent international patron has become the name of the conflict management game for all or almost all small countries (rulers and people) involved in conflict worldwide.” Armenians, Azeri, and Georgians are not an exception to this (Nodia 2000, 89). The role of the global powers in the politics of the South Caucasian region will be discussed in more detail later in this essay.

Nevertheless, the different patterns of integration and paths chosen by the South Caucasian states lead to the following common, at least stated, goals: the attainment of full-fledged democracy and the building of viable states that will bring long-term stability and growth in the political, economic and social spheres.

¹⁹ According to Nodia (2000, 88), in 1994 Georgians hoped that if Russians had bases in Georgia and have their other wishes fulfilled, they would return Abkhazia to Georgia. When it became clear that it would not happen, they directed their hopes from Russia to NATO in terms of deploying the peace keeping mission in Abkhazia.

The Question of Minorities

Thomas A. Dine, the President of Radio Free Europe/Radio Liberty (1998) briefly depicts the exact current situation of the South Caucasus in the following way:

As a result of both the long and complex history of the region and this Soviet overlay, the three countries in this region now find themselves in a situation that might best be described as a kind of giant kaleidoscope, one in which no matter how we turn it, two countries always lie on one side of the line and another lies on the other.

One vivid example for the above is the question of minorities. As already has been mentioned, the population of Armenia is in most part that of the titular nationality, whereas Azerbaijan and Georgia have minorities many of which with secessionist claims. But Armenia and Azerbaijan have managed to build stronger sovereignty, namely state authority over their territories (except for Nagorno Karabakh and the surrounding territories in the case of Azerbaijan) than Georgia, which is strongly characterized by multi-ethnicity²⁰ and has suffered a lot under the minority claims of South Ossetians, Abkhazians, and Ajars. (Cornell and Starr 2006; Dine 1998).

Georgia actively seeks for the preservation of its territorial integrity. The building of a strong sovereignty has also significant economic advantages for the country. Georgia's two strategic ports of Batumi and Soukhumi are located in Ajar and Abkhaz regions, respectively. But still, as correctly marked by Vasilyan (2006) Georgia is not at all interested in losing its vital strategic access to the Black Sea which provides open economic relations with the West.

Armenian minorities in Javakheti²¹ (South-West Georgia bordering Armenia), and Azeri and Armenians in Kvemo Kartli²² (South-East Georgia bordering Armenia and

²⁰ According to Cornell (2001, 142), the demographic composition of Georgia includes 70.1 % Georgians, 8.1 % Armenians, 6.3 % Russians, 5.7 % Azeris, 3 % Ossetians, 1.9 % Greeks, 1.8 % Abkhaz, 0.9 % Ukrainians of the total population.

²¹ The population of Javakheti (about 100,000 with over 90% Armenians) resides in its two districts: Akhalkalaki and Ninotsminda (Cutler 2003; Cornell 2002). The Georgian authorities have made Javakheti a part of the Samtskhe- Javakheti province to reduce the possibilities of separatism. Samtskhe-Javakheti is also called Meskheti-Javakheti, since it was the place of residence of about 90,000 Meskhetian Turks, who were deported to Central Asia by Stalin in one night during World War II (Cutler 2003).

Azerbaijan) have also posed serious reasons of concern. These “borderline diasporas,” as Asatryan (2002, 23) calls them present potential hotbeds for an eruption of conflicts in unstable conditions.

The upsurges of instability and calls for autonomy in Javakheti, a highly impoverished and underdeveloped region, have mostly been driven by social and economic hardships. Highest rates of unemployment and lowest rate of state investment, primitive agriculture and absence of industry, lack of basic water and electrical services, high corruption and extremely poor roads and infrastructure, economic, political and cultural isolation from Georgia pose enormous challenges to the region (Cutler 2003; Cornell 2002). Cutler (2003) mentions that the region has gained some cultural autonomy as most of the schools are taught in Armenian. However, the latter is just a drop in the ocean for the Armenians in Javakheti still carry the burden of cultural discrimination. According to Hakobyan (2006) in the last five years many Armenian churches have been confiscated by Georgian authorities and ancient Armenian writings from the walls of these churches have been obliterated in the name of ‘architectural restoration’.

However, neither Georgia, given its other separatist movements, nor Armenia seeks the separation of Javakheti or its acquisition of a separate administrative status within Georgia. Imposed by Turkish and Azerbaijani embargo, Armenia does not aim at creating tensions with Georgia – its major economic partner in the region. Armenia also depends on Georgia for many supplies coming from Russia.

To keep the Javakheti minorities dormant measures should be undertaken to improve their socio-economic conditions and create job opportunities. Despite the numerous pledges given by Georgian authorities, situation has not improved so far. For employment and

²² The Kvemo Kartli province has five districts: Marnueli, Bolnisi, Dmanisi, Gardabani and Tsalka. Azeris form the majority of the population in Kvemo Kartli. About 78.9 % of all Azeri in Georgia reside in Kvemo Kartli. Armenians are mostly concentrated in Tsalka district. These districts also contain Greek minorities. However, because of severe conditions of life many Greeks have left the province (Wheatley 2005, 5).

livelihood, the people in the region have mostly relied on the 62nd Divisional Russian military base located in Akhalkalaki town. Today, two major factors are potential contributors to the further deterioration of the living conditions of people in Javakheti. These are: (a) the ongoing process of withdrawal of Russian bases to Gyumri as a result of Georgia's policy to remove Russian troops from the two Soviet-era bases - Akhalkalaki and Batumi; b) the blockade of transportation and communications between Georgia and Russia. These two factors are a trigger to large-scale grievances and new claims for autonomy by Javakheti Armenians.

Cutler (2003) mentions that Javakheti is a strategic point also in Georgian-Turkish relations. The construction of the Kars-Akhalkalaki-Tbilisi-Baku railway, which will link Georgia to Turkey and Azerbaijan, is another major source of complaints since it, together with the withdrawal of the Russian troops, raises the influence of the Turks in the region.

According to Wheatley (2005) people in Kvemo Kartli express their concerns less overtly than the Javakhetians. However, their socio-economic conditions are largely similar to those of Javakheti. For livelihood, Kvemo Kartli residents mostly rely on vegetable-growing and livestock-breeding. Still, they suffer high rates of unemployment, awful state of medical and school facilities, poor state of roads, irregular supply of water for drinking and irrigation, unequal land distribution, and others. Many Azeris in Kvemo Kartli, especially in Marneuli and Bolnisi districts, consider that they are largely discriminated against in terms of representation in local power structures and in terms of access to resources, particularly good quality land. The latter is very rare mainly because of water shortages. The Tsalka District, mostly populated by Armenians, is in the worst condition. Tsalka has been a spot of many immigrations and emigrations. The extreme poverty in the district is accompanied by ethnic clashes, particularly between Armenians and the new settlers - Georgians migrating from Ajaria and Svaneti.

Similar to Javakheti people, Kvemo Kartli minorities are isolated from the political and economic life of Georgia. In this regard, language problems bear a significant importance. The Kvemo Kartli minorities do not understand the Georgian media; many of them cannot receive higher education in Tbilisi and communicate with Georgians; they cannot understand the laws and make use of the Georgian legal system, which is the right of all of the citizens of Georgia (Wheatley 2005).

Thus, the Azeri and Armenian minorities in Georgia, who often come to struggle for their living side by side, share a common set of problems. They do not care about ‘big politics’ and only strive to have normal lives. Even though they largely rely on themselves for survival, they hope for national and international involvement to normalize their living conditions.

The Unresolved Conflicts and their Consequences

Cornell and Starr (2006, 47) accurately depict the unresolved armed conflicts of fifteen years as “cancer that has tightened its grip in most aspects of the region’s life: the politics, economy, society and even psychology of the Caucasus.” The secessionist²³ conflicts of Abkhazia, South Ossetia and Nagorno Karabakh²⁴ have been the main reason of the failure to build sovereignty in the region. And no real regional cooperation can be built unless these conflicts are resolved.

Hotly disputed between Armenians and Azeris, Nagorno Karabakh still remains the single most important factor in deciding whether the region can reach permanent security. This small and mountainous area in the southern Caucasus has been the scene of bitter

²³ Walker (1998, 1) defines succession for these conflicts “as separation from an existing internationally recognized state either with the intent of establishing a new internationally-recognized state or joining a different one.”

²⁴ The name is a Russian-Turkish-Persian compound meaning “Mountainous Black Garden” (Cornell 2001).

fighting. Though the military clashes have largely ceased, the political battles are still ongoing.

The conflict erupted in 1988 and continued until a cease-fire in 1994 brokered by Russia. In the same year Armenia, Azerbaijan and Karabakh all committed themselves to maintaining and seeking a negotiated settlement. The cease-fire has left Armenian forces in control of almost 15 percent of Azerbaijani territory, of which roughly one-third is accounted for by Karabakh itself (Herzig 1999). The main international organization working for a resolution is the Minsk Group of member states of the OSCE, which began conducting negotiations early in 1992. The Minsk Group is now chaired jointly by Russia, the United States, and France. The OSCE efforts have been supported by the United Nations and the international community. Unfortunately, little progress has been made through the Minsk Group process. For nearly thirteen years, the stalemate has remained in place. Conflict resolution presents the greatest test for the parties, since the conflict is entangled in all aspects of their development. The fever over oil pipeline routes from Central Asia and the Caucasus regions has elevated the importance of this prolonged dispute from a regional conflict to a significant source of frustration for international political and business leaders.

Georgia experienced two armed conflicts of the secessionist provinces of South Ossetia and Abkhazia. The conflict of South Ossetia surfaced in 1989. However, it turned into war in 1991-1992 and into a cease-fire in 1992. A little more than half of the territory came under the control of the separatist forces, whereas the remainder of the territory - under Georgian control. The cease-fire in South Ossetia was followed by the war in Abkhazia. The Abkhazian separatists brought about all of the Abkhazia's territory under their control in 1993. The defeat in the Abkhazian conflict nearly left Georgia in a state collapse, as a civil war erupted between the Georgian military groupings. In 1998 and 2002, Georgian irregular forces aroused the outbreak of a new fighting in Abkhazia. And in 2004, when the Georgian

authorities took harsher measures against smuggling in South Ossetia, conflict was renewed in the region. However, a ceasefire was reached in about two months after the conflict had restarted.

A Joint Control Commission (JCC) involving five parties – Georgia, South Ossetia, Russia, North Ossetia, and the OSCE Mission – monitors the cease-fire in South Ossetia. The JCC is often considered to be imperfect, since the Peacekeeping force in the conflict zone is Russian, Georgian, and Ossetian, whereas the negotiations have been mainly led by Russia. In the JCC, Georgia is, thus, faced by three antagonist parties (Russia, South Ossetia and North Ossetia) and one neutral party - OSCE, with a very limited role in the conflict.

The Georgian government sought a UN peacekeeping force in Abkhazia but mainly because of Russia's opposition just an observer mission (UNOMIG) (about 100 observers) was sent by the UN. A CIS peacekeeping force dominated by Russian forces was deployed. The UN assigned a special envoy²⁵ for the conflict resolution. Nevertheless, the international interest in the conflict has been quite low, and no politically negotiated solution has been achieved so far.

Despite the unique characteristics of each of these conflicts, they share many commonalities. Cornell and Starr (2006, 27) bring forward the following major commonalities. First, in all of the three secessionist conflicts a titular nation of an autonomous region in “the Soviet ethno-federal structure” has revolted with the goal of an alternation or enhancement of its status on the basis of ethnic nationalism. Second, in all the three conflicts the size between the minority population and the state was great.²⁶ Third, there has been external political and military support for the separatists in all three conflicts: Russia's backing of Abkhazian and South Ossetian, and Armenia's support for Karabakh

²⁵ The first envoy was Eduard Brunner, with little interest and action. But due to the second envoy, Liviu Bota a Geneva process of discussions began and a Group of Friends of the UN Secretary General on Abkhazia, involving leading western nations, was formed (Cornell and Starr 2006).

²⁶ Cornell and Starr (2006, 27) state that the titular population of these minority regions ranged from 1.8 % of the state's population (Nagorno Karabakh), 1.4 % (South Ossetia), and 2 % (Abkhazia).

secessionist forces. Fourth, the outcome for all the three conflicts was the same as the secessionists won and controlled the respective territories, attained de facto independence without, however, achieving an international recognition. Fifth, none of these currently frozen conflicts has been solved through peaceful negotiations so far. Sixth, gender violence occurred in all of the conflict as “rape was used as a tool of war in ethnic cleansing” and women suffered more than men. Last but not least, the economic and political development of the respective states was badly affected: as the democratization and civil control over military sharply declined, the authoritarian characteristics of the governments escalated (Cornell and Starr 2006; Walker 1998).

A number of scholars (Walker 1998; Nodia 2000; Zolyan 2000; Alieva 2000 and others) argue that the conflicts will be solved only by the disputing parties themselves and not by the international community or any single outside power. If the parties to the conflict accept this fact they will clearly see the three options facing them: accept the status quo, resolve differences by force, and negotiate. Walker (1998) states that occupying more territories by use of force is not in the interest of secessionists. Besides, the mobilization of the people for restarting the conflict will not be an easy political task since people are tired of conflicts and hardships (Nodia 2000, 87). Simultaneously, the status quo does not allow for economic development and keeps the parties in constant threat of war. Therefore, negotiations remain the best choice. But so far negotiations have not succeeded, which clearly pinpoints to the importance of initiating parallel developments, dialogue and confidence building measures aimed at solidifying the basis for conflict resolution.

However, another kind of common impact of the conflicts has been the problem of refugees, the number of which has reached about 1.4 million people in the three countries: Armenia, Azerbaijan, and Georgia. This is equal to about 8.4 % of the population. The

Azerbaijani authorities have often used the IDPs as a political instrument to attract donors and international attention (Crisis Group Report 2005).

Organized crime, influencing the weak state institutions through informal and powerful networks, smuggling of arms and drugs, radicalism, and human trafficking serve as an additional challenge and security threat for the Caucasus as a whole at all levels: political, economic, and societal. The secessionist²⁷ and paramilitary groups are particularly active in the integration of conflict with crime, and “a flood of weapons has poured into the region since 1989 from Russia, Turkey, Iran, Greece and Western states” since the demand for weaponry has been very high (Cornell and Starr 2006, 43).

Armenia has been relatively less impacted by organized crime due to the country’s regional isolation. Nevertheless, this country as well as Nagorno Karabakh²⁸, is often presented by Azeri as shelters of organized crime, terrorist activities, and drug business. Moreover, a comparison of the official web pages of the Ministries of Foreign Affairs of Armenia²⁹ and Azerbaijan present a major imbalance in the face of the impartial attitude taken by the former and the criticizing position adopted by the latter toward the respective neighbor country. The official website of the Azerbaijani Ministry of Foreign Affairs³⁰ has a detailed section on “Armenian terrorism” under the general title of “Armenian aggression against Azerbaijan.” “Armenian terrorism” is depicted at the centerstage of transnational organized crime and major international terrorist groupings such as Al-Qaida. “Armenian

²⁷ Cornell and Starr (2006, 44) explain that since the secessionist territories are governed by self-appointed separatist authorities, with little or no responsibility to the international treaties and far from international presence in general, they attract the crime to the conflict zones through the illicit trading of drugs and arms. For instance, South Ossetia (particularly the Ergneti market) has served as a major route of smuggled goods from Russia into Georgia since 1990s. This illegal trading, supported by Georgian law enforcement structures, has been a potential income for the separatist government until it was blockaded by Georgia’s new President Mikheil Saakashvili’s government.

²⁸ See the website of Office of Nagorno Karabakh in Washington D.C. at <http://www.nkrusa.org>. The region has undergone substantial economic reforms achieving a 10.4 % annual growth of GDP and is most devoid of organized crime and arms and drugs trafficking in comparison with the other secessionist regions of the Caucasus

²⁹ See the official website of the Ministry of Foreign Affairs of the Republic of Armenia at <http://www.armeniaforeignministry.com/>.

³⁰ See the official website of the Ministry of Foreign Affairs of the Republic of Azerbaijan at <http://www.mfa.gov.az/eng/>.

terrorist organizations” have historical roots and are powerful structures disseminating their violence across the world, particularly against Azerbaijan, Turkey, and Georgia. The website explains that the situation of the Armenian minority is used by the Republic of Armenia as an alleged reason under the territorial claims against the above mentioned countries. The terrorist organizations around the world carrying out acts of aggression against these states are said to be supported by Armenia. To put it mildly, such kind of position openly posed by the country’s official website is a way of (if not deepening than) reinforcing the hatred, and profound antagonism between the elites and people of the states. Such kinds of approaches by the states serve as additional form of propaganda and are a challenge to the establishment of confidence and trust building measures.

Part II - On the Global Scene

The Web of Interests

One cannot think about regional cooperation in the South Caucasus without taking into consideration their foreign policies and the interests of the major neighboring and global powers (Russia, Turkey, Iran, and the U.S.) since “the political fate of the South Caucasus region is contingent upon the confluence or juxtaposition of international forces rather than upon the will of any individual state”(Asatryan 2002, 22). Only a concert of interests of major powers can bring the region into harmony.³¹

The following Part of the essay is an attempt to analyze the intertwined foreign policy interests of the three South Caucasian countries and the dominant powers to identify certain commonalities and differences in various interests or policy spheres, which could be exploited to turn the complex kaleidoscope towards regional cooperation. Cornell (2002) mentions that the basic priority in the foreign policies of the three states has been the maintenance of sovereignty and independence.

Alieva (2006) considers that since the collapse of the Soviet Union, it is the basically the complex security and threat environment that has shaped the different patterns of integration of the states' with outside powers. Often a clear-cut marking line is drawn by analysts between the interests of Turkey, Azerbaijan, and Georgia versus Russia, Armenia, and Iran. Despite the western orientation of Georgia and Azerbaijan, and Armenia's alliance with Russia and Iran, the cross-cutting of interests is still too big to allow for such a clear demarcation between them. It is clear even on the regional basis. For instance, though Georgia maintains good political and economic relations with Turkey and Azerbaijan, it has

³¹ A number of authors (Aivazian 2001, Shugaryan 2000) consider that any type of regional integration in the South Caucasus seems to be realistic only if it goes in parallel with regional cooperation among these dominant powers. The regional as well as international organizations should be cooperatively involved in the region.

also been Armenia's major economic partner since independence, despite certain discrepancies over Javakheti. Whatever the demarcations of interests one thing is clear on the foreign policy scene of the three countries:

The incompatibility of the foreign policy orientation of the three Caucasian states has enabled the gradual emergence of a system of military and strategic links and alliances that carry substantial dangers for the security of the Caucasus and beyond (Cornell 2002, 14).

The states, thus, become the victims of their own securitization policies.

In the foreign policy Armenian leaders use the principle of “complimentarity” which is “based on the concept of seeking advantages in softening the contradictions of the global and regional powers, and not in deepening the gaps,” according to the speech of the President Kocharyan in Strasbourg, 2004. In other words, complementarity is the cooperation and maintenance of good relations with all countries that pursue the same goal in terms of Armenia (Kocharyan's speech in Strasbourg 2004). However, despite the fact that the complementarity policy has been rather successful in creating close links with such global powers as US, Russia, and Iran, still Armenia in its foreign policy has a large “black hole.” It is the Azerbaijani and Turkish years-long blockade, the elimination of which might open new avenues of development for the country. Armenia views Turkey as a potential danger to its security. Relations with Turkey are mainly determined by the question of 1915 genocide against Armenians and the Karabakh war, where Turkey has been a large supporter of Azerbaijan. Generally, as Rubin (1999) marks increasing influence in the South Caucasus has been the important objective of Turkish foreign policy. Turkey is often viewed also in terms of its pan-Turkic motivations – “East-West ethno-cultural continuum”³² (Asatryan 2002, 24). In contrast to Armenia Turkey has close economic, political and military relations with Azerbaijan, and is linked to the latter also by linguistic and cultural ties. As far as

³² However, there are political analysts, for instance, Ataov in Rubin (1999) who consider that Turkey's policy in the region should not be viewed as pan-Turkism. They say it is an ideology deriving from the Turkish diaspora and not from the Turkish state itself.

Georgian-Turkish relations are concerned, Georgia has been in a strategic partnership with Turkey since mid-1990s. As stated by Cornell (2002, 21), “Georgia and Azerbaijan have been at the forefront of creating a Caucasian ‘bridge’ between Turkey and the Black sea, to the Caspian Sea, and on to Central Asia in the energy, transportation, political and military sectors.” The cooperation between Azerbaijan, Georgia and Turkey has given rise to the realization of such mutually beneficial projects as the Baku-Tbilisi-Ceyhan oil and Baku-Tbilisi-Erzurum gas pipelines. Both pipeline projects could be turned into triggers of some form of “trilateral” regional cooperation if they included Armenia. However, the West behind the project has knowingly neglected the ideas of such South Caucasian cooperation and creation of stability grounds. Thus, both projects circumscribe Armenia. As precisely marked by Chomsky in Chorbajian (2001, 12), this is “international ignorance in the face of inconvenient facts.” In the pursuit of its own interests, the West has found it more “convenient” to comply with Azerbaijan’s firm standing, which, according to Vasilyan (2006), is opposed to any cooperation with Armenia until the Karabakh conflict is resolved and all the occupied territories are returned to the Azeri jurisdiction. Such an opposing standpoint is closely connected with Azerbaijani fear that cooperation with Yerevan could mean a legitimization of Karabakh’s current de facto sovereignty. Common interests in certain spheres can be suppressed under such firm standing that lacks any political will to cooperate. The existing bilateral cooperation in the South Caucasus still has a far way to go in order to turn into a “trilateral” cooperation.

Iran is another major geopolitical player in the region, whose outside-the-region interests and confrontations (international isolation and antagonism with the West) also play a great role in Iranian policies in the South Caucasus. Unlike Turkey, a major geopolitical competitor, Iran intensified its economic relations with Armenia and remained neutral in Karabakh conflict. Partnership with Armenia as well as rapprochement with Russia has also

been driven by certain issues that separate Iran from Azerbaijan and Georgia. Territorial disputes over oil fields in the Caspian Sea, the presence of a significant Azeri minority³³ in Iran, and Azerbaijan's pro-American, pro-Israeli and pro-Turkish orientation are the major "structural obstacles" between Iran and Azerbaijan. Georgia's relations with Iran maintain a normal course where economic agreements pertain (e.g. economic agreements between Georgian and Iranian gas companies) (Alieva 2000; Alieva 2006, 10; Hunter 1994).

The Russian Role

The South Caucasian countries have had close multi-dimensional ties with Russia. Russia's interests in the region can be analyzed from different angles. Rubin (1999) states that the high-ranking foreign policy/security circles see Russia's policies in the region in terms of the Russian and US competition or cooperation³⁴ or in terms of maintaining its influence, dominance and control in the strategic hotspot of its former Soviet space. The business/financial circles stress Russia's interests in the economic gains from the energy resources, which lead her to have a strong interest in peace, stability, democratization and free-market development in the region. However, it is more the integration of these various interests that underlies the policies of Russia in the region. As mentioned by Brzezinski (1998, 98) one major geostrategic option of Russia is:

...emphasis on the "near abroad" as Russia's central concern, with some advocating a form of Moscow-dominated economic integration but with others also expecting an eventual restoration of some measures of imperial control, thereby creating a power more capable of balancing America and Europe.

In contrast with the Western powers, Russia engaged itself in the region's affairs immediately after the Soviet collapse. Cornell and Starr (2006) explain this swift engagement in influencing the South Caucasus, firstly, in terms of Russia's aim to keep control over the

³³ Alieva (2006) says that different estimates put the Azeri minority in Iran from 14 to 20 million, Cornell (2002) puts it over 20 million.

³⁴ For instance, Derghoukassian (2006, 8) mentions that while both US and Russia pursue the common goal of avoiding the strategic weapon proliferation and collaborating in the "War on Terror," they also actively compete for the influence in the post-Soviet space.

North Caucasus, which is the centerstage of Russia's statehood. Russia sees the South and North Caucasuses closely related to each other, and the conflicts of the former pose the danger of affecting or spilling over to the latter (mainly to Chechnya and Dagestan), which itself is fragmented by secessionist claims. The South Caucasus is also seen by Russia as a zone of defense separating it from the Southern Islamic world.

One of the major instruments of Russia's maintenance of control over the South Caucasus was included in Russia's three-dimensional policy (Cornell and Starr 2006).³⁵ Namely, it was the Commonwealth of Independent States (CIS), which, as mentioned by President Putin in 2005 Yerevan Press Conference was created as a tool for "civilized divorce" of the former Soviet republics in the wake of the USSR's collapse. The three South Caucasus Republics³⁶ became part of this Commonwealth, joining others in "unanimously adopting... the Alma-Ata Declaration, which confirmed the devotion of the former union republics to cooperation in various fields of external and internal policies..."³⁷ However, throughout its 15 years of existence the CIS did not become an efficient organization to reintegrate the states into cooperative activities in any sphere, and most of the different agreements remained on paper. In other words, the CIS is one of the opportunities that could be exploited for creating some regional cooperation. However, it has failed to do that.

Similar to CIS, BSEC was created to establish some form of regional cooperation. The latter aimed at cooperation in the economic field leaving out security matters from its agenda. Still, BSEC did not succeed as well mainly because its member states shared an enormous set of political, historical, and other differences.

³⁵ According to Cornell and Starr (2006, 51), after the Soviet collapse, Russia's policy in the South Caucasus contained the following three dimensions: a) to involve the three states into the Commonwealth of Independent States (CIS); b) to deploy Russian border troops for guarding the external Soviet borders with Iran and Turkey; c) to ensure the presence of Russian military bases on the territories of the three states.

³⁶ Armenia and Azerbaijan joined CIS in 1991, whereas Georgia only in 1993.

³⁷ See the official website of the CIS at <http://cis.minsk.by>.

In 1992 the Collective Security Treaty (CST) was signed in Tashkent. In 2002 the CST was reorganized into Collective Security Treaty Organization (CSTO)³⁸. The member states of CSTO³⁹ became countries seeking cooperation with Russia after 1999. The Organization aims at the establishment and maintenance of political and military cooperation between the states, the insurance of the national security of the states and provision of assistance (military assistance included) when states are victims of aggression. For instance, CSTO has served as a form of a deterrent for Armenia against possible Azeri aggression or attacks. In early 1999 Azerbaijan and Georgia withdrew from CST. The reason behind their withdrawal lay in their wish to come out of Russia's zone of influence and move toward the West.

Though the three states have been actively involved in multilateral cooperation through a number of regional and international organizations and programs, this has not at all benefited the regional cooperation of the states.

According to Cornell and Starr (2006), the CIS "failure" has been partly determined also by its confrontation with the eastward expansion of the North Atlantic Treaty Organization (NATO) through its Partnership for Peace (PfP) program and the establishment of the Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova (GUUAM) initiative.⁴⁰ The relationship with NATO, has been of a significant importance especially for Georgia and Azerbaijan, since as mentioned by Alieva (2006) it is seen as the most efficient security organization of the West.

³⁸ See the official website of CSTO at <http://www.dkb.gov.ru>.

³⁹ Members of CSTO are Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan.

⁴⁰ GUUAM was initially founded as a political, economic and strategic alliance designed to strengthen the independence and sovereignty of these former Soviet republics. That is why it has often been seen by many political analysts as an alliance designed to counterbalance Russia's influence in the former Soviet space (See the official website of GUUAM at <http://www.guuam.org/>).

Given Armenia's current geopolitical situation (Turkish and Azerbaijani blockade) Russia is a vital political and economic⁴¹ partner for the country and the only guarantor of security. In 1997 the two countries signed an Agreement on Friendship, Cooperation and Mutual Assistance. Russian military troops guard the borders of Armenia with Turkey and Iran. Armenia, in its turn, is an important strategic partner and a successful target of influence for Russia. Russian-Armenian military cooperation and Russian military presence in Armenia is often viewed by Azerbaijan as a threat to its security. Though cooperation with Russia is vital for Georgian and Azerbaijani economies, these two countries, in contrast with Armenia, have tried hard to reduce Russia's influence in the region and increase their independence from Russia, thus often manifesting open antagonism toward this former Empire. They both rely on the US and Turkey (especially Azerbaijan) as guarantors of their national security.

However, Russian-Azerbaijani relations, which had suffered greatly because of close Russian-Armenian cooperation have revitalized. Despite competition on foreign energy markets, cooperation between Russia and Azerbaijan, serving national interests of both, is developing rapidly particularly in the sphere of pipe supplies for fuel and energy complex (FEC) companies. A special place in the trade and economic relations between the two countries belongs to transportation of Azeri oil to world markets across the territory of Russia.⁴² The volume of mutual trade is steadily growing. In contrast to Azerbaijan, Georgia's western "course" has been much more extreme, and the Georgian-Russian relations have greatly suffered since independence. This has also been determined by Russia's controversial and non-influential role as a peace-keeper in the region. Alieva (2006) states that this role was simply a continuation of the "divide and rule" policy. Russia is seen by most political analysts and politicians (e.g. Cornell and Starr 2006; Alieva 2006) as a

⁴¹ Armenia largely depends on Russian gas. Russia's influence is great in the energy sector of Armenia. It owns most of Armenia's power facilities.

⁴² Azeri oil has been regularly exported to world markets along the nation's first export route - the Baku-Novorossiysk pipeline.

supporter of Abkhazian and South Ossetian separatist regions and as one that uses its influence as a political lever against Georgia. For instance, the cutting off of gas supplies to Georgia is often interpreted by the latter as a deliberate Russian policy of influencing. Similarly, Russia's handing of passports to the Abkhazians and South Ossetians (but not Georgians) and, thereby, exempting them from visa is often described as a discriminatory policy toward Georgians. Another major assertion of Russia's influence on Georgia and a dividing line in Russian-Georgian relations is the Russian military presence in Georgia, namely the maintenance of the Soviet-era Russian military bases in Batumi and Akhalkalaki, the CIS peacekeeping force of Russian troops and UNOMIG deployed in the Abkhazian region, and Russian peace-keeping battalion deployed in South Ossetia. However, despite Georgia's anti-Russian manifestations, it cannot deny its deep economic integration with Russia. The burden of elimination of economic relations⁴³ (particularly in the gas field, as it does not produce natural gas) with Russia will cost Georgia very high. Besides, thousands of Georgian residents, depending on the remittances sent to them by relatives working in Russia, may suffer because of the difficulties connected with money transfer systems.

Thus, the three South Caucasian republics share many commonalities in terms of their dependence or cooperation with Russia, particularly in energy industry. However, as seen this dependence or cooperation bears an individual not a regional significance for each state, as well as Russia. The latter is concerned in using the various discrepancies between the South Caucasus states as a lever for the pursuit of its own influence in the region. Therefore it does not aim at creating a form of a regional mechanism for the three states to come around a certain policy area or cooperate with Russia as a whole in a sphere of a common interest (e.g. energy).

⁴³ It should not be forgotten that currently Russia has closed all the routes of communication and trade relations with Georgia.

Rapprochement with West

According to Alieva (2006, 19), a number of factors have played a serious role in the acquisition of large interests by the European and Trans-Atlantic structures in the South Caucasus. These factors are the following. The attacks of 9/11 brought certain unstable regions, among them the South Caucasus, into the serious attention of the US and Europe. Energy extraction and transportation as well as the assessment of the South Caucasus as a geographically strategic region providing access to military operations in Iran, Iraq, Afghanistan were other serious factors for western interests. Issues of security and democracy such as the turmoil in the North Caucasus having linkages to terrorist groups, and the emerging political regimes in the South Caucasus occupied the agenda of the West, particularly the US, too.

The first multilateral European organization to embrace the three states was the Council of Europe.⁴⁴ The OSCE's role in the region has been determined mainly by conflict prevention and conflict resolution. As far as the security needs of the region are concerned, NATO, as a key western security provider, has also played a vital role in the South Caucasus. The three South Caucasian states share a commonality in terms of having Individual Partnership Programs with NATO, and becoming active at the Euro-Atlantic Partnership Council (EAPC). NATO helps the South Caucasian countries to improve their military capabilities not through the direct delivering of equipment or upgrading of the existing equipment, but through helping the countries' militaries to improve their management and training skills. This is carried out by means of such as initiatives as the Partnership for Peace (PfP) and the Train and Equip Program in Georgia. Through its initiatives, particularly through the Action Plan "Fight against Terrorism," NATO plays a significant role in terms of the regional cooperation of the states. However, Alieva (2006) is correct to mention that

⁴⁴ Georgia joined the Council of Europe in 1999, Armenia and Azerbaijan had a special guest status from 1996 and became full members in 2001 (Alieva 2006).

NATO's role in creating regional cooperation in the South Caucasus is limited to political consultations, support for the democratic reforms, practical military training, cooperation and a dialogue. The real responsibility of creating a cooperation belongs to the three South Caucasian countries.

In the last several years there has also been a significant expansion of South Caucasus-EU ties.⁴⁵ The EU interests are driven by the aim to have in its neighborhood stable and democratic countries, to have access to Caspian oil and gas, to develop transport and communication corridors between Europe and Asia, and contain such threats as terrorism, smuggling, trafficking, environmental degradation. In comparison with NATO, EU has adopted a "softer approach" toward security provisions in the South Caucasus. EU's role in the conflict resolution in the South Caucasus is more of an informal nature that is supporting current UN and OSCE negotiation efforts. EU maintains that democratic reforms, confidence building measures, well-developed institutional capabilities, strong civil societies, and interactions between the people are important for the establishment of neighborly relations and the peaceful resolution of the conflict. EU considers that the Action Plans will play a large role in the above and will promote regional cooperation. Success in the latter, however, is to a significant extent determined by the will and interests of the South Caucasus states themselves (Crisis Group Report 2006).

Georgia has been the most active South Caucasian state in terms of seeking EU assistance for conflict resolution. According to the Crisis Group Report (2006), Georgia has been very insistent toward EU to re-establish its territorial integrity and even influence Russia

⁴⁵ In 1996 EU signed Partnership and Cooperation Agreements (PCA) with all three states, which came into force in 1999. The EU implemented Technical Assistance to the CIS (TACIS) programs to support them. The Commission drafted Country Strategy Papers (for 2002-2006), adopted in 2001 and aimed at engaging the states in regional cooperation. In 2003 the Council of the EU appointed Special Representative for the South Caucasus: Finnish Ambassador Heikki Talvitie. Peter Semneby replaced Talvitie in winter, 2006. In 2004 the countries reentered the European Neighborhood Policy (ENP). In 2005-2006 the three states entered dialogues with the EU in terms of Action Plans for each country. EU has also started to be involved in security issues of the South Caucasus by launching European Security and Defense Policy (ESDP) missions. It has also a Common Foreign and Security Policy (CFSP) towards the region (International Crisis Group, Europe Report 173, 2006).

in terms of conflicts on Georgia's behalf. Both Azerbaijan and Armenia has not sought any kind of EU interference in their relations with Russia.

TACIS (Technical Assistance to the CIS countries) program launched by EU has brought humanitarian, reconstruction, and financial assistance to the South Caucasus. EU has implemented a number of "ground-level" economic and infrastructure rehabilitation programs in and around Abkhazia and South Ossetia. However, it has not carried out similar projects in and around Nagorno Karabakh mainly because of the Azerbaijani objection to the implementation of similar projects in the area until the withdrawal of the military forces. Azerbaijan opposed to any contacts with officials or common people residing in Nagorno-Karabakh. Azerbaijani civil society members disobeying with the government's approach were harassed in their own country.⁴⁶ However, in 2005 the Azerbaijani Ministry of Foreign Affairs claimed the following:

The Azerbaijan side supports calls of the international community vis-a vis setting up direct contacts between the communities and carrying out comprehensive confidence-building measures with a view to overcome hostility, achieving stability and mutual understanding (Crisis Group Report 2005, 24; Crisis Group Report 2006, 16).

This change of approach can lead to the initiation by EU in and around Nagorno Karabakh of a number of confidence building projects at the grassroots level, as well as promotion of civil society and democratization, implementation of economic and infrastructure rehabilitation programs. In contrast to Azerbaijan, Armenia has called for EU to instigate regional cooperation in a number of fields including the development of transport corridors.

US and EU have funded some outstanding projects for regional cooperation. Among them have been the TRACECA (Transport Corridor Europe-Caucasus-Asia) and the

⁴⁶ As stated in Crisis Group Report (2005, 24), in April 2003 the Azerbaijani authorities organized mobs of civilians to demonstrate against and attack the premises of the Human Rights Centre of Azerbaijan (Director Eldar Zeynalov) and the Institute of Peace and Democracy (Director Leyla Yunus) for having cooperated with Armenians and traveled to Nagorno-Karabakh. Staff of the Helsinki Citizens Assembly Azerbaijan National Committee have faced similar harassment.

INOGATE (Inter-State Oil and Gas Europe). TRACECA aimed at the development of transportation infrastructure (road, rail and telecommunications routes as well as creation of a single tariff system for railroad and sea transport) to foster trade and economic relations. However, it has not yet been implemented. Through INOGATE the EU aimed to draw private investors and financial institutions into the Caspian area and create oil and gas pipeline systems to securitize European energy supply (Vasilyan 2006).

International NGOs⁴⁷ have also been largely involved in regional activities together with the local NGOs. It is worth mentioning here that civil society⁴⁸ has emerged in the three South Caucasian states, despite the enormous difficulties of the post-Soviet developments. The dependence of civil society members on foreign aid and grants has been quite large since they have received almost no funding from their state authorities and have had very little cooperation with the latter (Cornell 2002). The author mentions that most NGOs are human rights groups and charity associations as well as groups dealing with environmental, educational and youth issues. However, despite the constitutional freedoms granted to the NGOs and mass media, risks of harassment by state authorities still exist (e.g. the Azerbaijani civil society case depicted above). The lack of cooperation with the state authorities quite often arise grievances of the civil society members. One example to this was the complaints voiced by civil society activists for having little contribution to the preparation of the EU Action Plans.

Cooperation vs. the Balance of Power Game

“Through a multiplicity of initiatives (treaties, conventions, programs, projects, workshops, conferences, seminars, etc.)” attempts have been made to bring regional

⁴⁷ Among major international NGOs involved in the South Caucasus region has been the Eurasia Foundation, Friedrich Naumann Foundation, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Open Society Institute, and other (Vasilyan 2006).

⁴⁸ Hiscock (2004) mentions that civil society in the South Caucasus countries is quite broad and includes not only NGOs but also all the organizations and associations outside of the state and market as well as the mass media and the common people actively involved in the public sphere

cooperation to the region (Vasilyan 2006, 3). Multilateral cooperation has attempted to suppress the bilateral foreign policy differences. However, most of these initiatives have been directed not to the “cooperation in the South Caucasus region,” but rather towards deals between separate “external” and “internal” powers. As far as conflict resolution process is concerned Nodia (2000, 89) perfectly depicts it in the following way: “negotiating a settlement turns into a pretense of negotiations, negotiations as a play (or ploy, for that matter).” There is neither the desire to solve the conflicts nor to renew them which leads to the preservation of the status quo.

The power interests pursued by the dominant powers as well as regional/international organizations have been masked under the will to bring stability and peace to the region. Under the pretext of “conflict resolution first” the South Caucasus is in a stalemate of the balance of power game and constant securitization, thus, becoming a victim of its own policies. Under that pretext, mediators and global powers are in the continuous race for achieving their interests. They have long caught the opportunity of internal Caucasian contradictions to achieve their objectives. The Action Plans of the EU will not succeed in bringing the three states together, if Armenia sees regional cooperation only in terms of “breaking its isolationism,” if Azerbaijan remains reluctant to cooperate with Armenia, and if Georgia seeks cooperation merely in the context of the Black Sea Region and not in the South Caucasus (Crisis Group Report 2006, 15). TRACECA or any other type of regional transport infrastructure will not link the three states as long as the common issues that can instigate cooperation are suppressed under the lack of real political will and interest to cooperate. INOGATE or any other energy project will deepen the dividing lines between the states even more unless Armenia is left out of the regional energy game. As mentioned in Stockholm Meeting Report (1998, 3):

In the Caucasus, Azerbaijan and Georgia are in total alignment in attracting Western investment (the former being an oil producer, the latter a transit country), whereas

Armenia has remained generally absent... the new pipelines will lead to a new political and economic map of the region.

The work of International NGOs to establish cooperation on the community level will be doomed to failure if not supported by similar effort of the local civil society members. The South Caucasian states should understand that peace is theirs and, therefore, should be achieved, firstly, by their own individual and regional efforts and political will.

Conclusion: Regional Cooperation in the South Caucasus

The thorough discussion of the domestic/regional and foreign policies of the three South Caucasian states allows re-delineation on the background of deep differences and various clashing interests those common problems, tasks and spheres of interest that could be exploited to create some form of regional cooperation. The following part of the essay aims at explaining that regional cooperation from below, that is on the societal level is the most suitable and realistic option in the complex political reality of the South Caucasus.

From the analysis it can be inferred that in the domestic/regional environment the commonalities are basically the following. Post-Soviet developments stemming from the Soviet legacy have been very similar in the three states of the South Caucasus: Armenia, Georgia, and Azerbaijan. The three states have undergone deep economic, political, and environmental crisis. They have faced civil strife, as well as serious challenges posed by mismanaged, corrupt, and fragile state institutions. Refugees and IDPs (Internally Displaced Persons) have been grave reasons of concern for all the three countries since they have all experienced same kinds of conflict and wars with their terrible consequences. This complex threat and security environment of the region has led in its turn to the constant securitization of politics and economy, and the increase of the military budgets of all the three states. Such security problems as black markets, arms and drugs smuggling, organized crime and kinship networks, and human trafficking have been typical of the region as a whole.

The mental map of the states has been quite the same, as well. The societies of the South Caucasian states are in a state of mobilization fatigue, deep disillusionment and mistrust, which has led to large-scale migrations. Mutual enmity and antagonism and perceived sense of independence from each other have deepened the existing gap between the states. Simultaneously, despite the enormous hardships, civil society has emerged in the

three countries. A number of civil society representatives in the South Caucasus have even tried (despite the government's restrictions) to break the forces of confrontation and build some forms of interaction between the antagonistic communities.

On the foreign policy basis the commonalities are basically found on the level of multilateral cooperation, since the three states are a part of a number of international/regional organizations. Multilateral cooperation has not created a trilateral cooperation, mostly because the three states have been too much obsessed with geopolitics and have found themselves in a stalemate of the constant balance of power game. Azerbaijan and Georgia's interests are juxtaposed in many common spheres mostly due to their vigorous march toward the West. Armenia stands distant from the commonalities shared by its neighbors on the foreign policy arena mostly due to its partnership with Russia and the Karabakh war.

Thus, the basic question yet to be answered is: what form of regional cooperation can be created in the South Caucasus? Based on the analysis performed, it can be inferred that cooperation from above, that is on the serious political and economic level requires, firstly, a real political will and interest on the part of the states themselves to cooperate. Without this any international effort to create a regional cooperation will reach a stalemate, and any model of regional cooperation in the South Caucasus will remain on paper. Secondly, confidence and trust building measures should be developed between the states to ensure that any agreement (small or big) reached by the states will not pass beyond the limits of that agreement without mutual accord. For instance, it has already been mentioned throughout the essay that Azerbaijan has expressed its reluctance to collaborate with Armenia until the Karabakh conflict is resolved and all the occupied territories are returned to the Azeri jurisdiction. Such reluctance has been driven by the fear that partnership or cooperation with Yerevan could be mean a legitimization of Karabakh's de facto sovereignty. Confidence and trust building measures developed between the states would allow Azerbaijan to put aside

fears that cooperation with Armenia in some sphere will have negative spillovers for itself. Attempts should be made to overcome the state of fear and insecurity that is the ambiguity about the other's actions or intentions. The states should learn to trust each other. Confidence and Trust building measures should make the actions of the states more predictable, open and transparent. This refers to both military and political activities.

On the one hand, it can be argued that any common interest looks weak and inadequate to start cooperation when there are unresolved military conflicts at stake, and only after the conflict resolution a serious regional cooperation in the South Caucasus will become possible. On the other hand, as mentioned by Harutunian (1997, 69), the idea, that the quick resolution of conflicts would establish peace and prosperity, is "a Western myth" on which they build their political imperatives and policies. It is also apparent that the idea that there can be no serious regional cooperation unless the Karabakh conflict is resolved has stolen almost all the efforts of the regional and global powers and no serious room is left for the deep differences in spheres other than the conflict to be overcome. If there are serious blocking factors on the way toward cooperation from above grounds for peace and stability should be looked for from below.

As seen throughout the analysis, there are a number of common spheres and common problems between the states that could instigate joint programs. The cornerstone of regional cooperation on the societal level is the modification of the mental map of the region from enmity to amity. Hatred and antagonism of people toward each other should be stifled in the sense of some common purpose. The following are a number of implications for creating regional cooperation in the South Caucasus from below – on the level of the societies.

- If serious economic projects and infrastructure development programs bend under the burden of the clashing global and regional interests, one should look at the capabilities of small-scale economic activities on the societal level to trigger off

cooperation in the region. Participation in joint, at least small economic activities can eliminate the dividing line between the people. Dialogue initiatives can generate a sense of common purpose for entrepreneurs to see the conflict in new ways. They will see that peaceful interaction for mutual benefit is both possible and desirable.

In Georgia, Russia and Iran, Azeri and Armenian traders and businessmen reside and work side by side. Ethnic Armenians and Azeris, as well as the ones from Nagorno Karabakh, cooperate in small and medium-size businesses, in markets, retail shops and small restaurants. They share friendship and fight together all the difficulties connected with their work (Crisis Group Report 2005). In the minority areas of Georgia Azeri and Armenians peacefully share the common problems of day-to-day life. Such forms of interaction have created bridges of mutual understanding and interest also between ethnic Georgians and Abkhaz in Gali district; Georgians and South Ossettians at Ergneti market; and Armenians and Azeris at Sadakhlo market. Although these three markets (Gali, Ergneti, Sadakhlo) are shadow economies, they significantly increase the opportunities of peace building in the region. The authorities close these markets, under the pretext of “illegal economies.” Instead, they would make one large step forward in the policies of regional cooperation if they took such markets out of shadow economy and encouraged the trade activities on a legal basis.

- The propaganda of antagonism should be put an end to in all spheres of life. This is the most serious challenge to trust and confidence building measures. Joint workshops should be organized in the framework of international organizations to improve the living standards of refugees/IDPs and reduce their tensions and enmity toward each other. The belligerent mass media positions should take a counter-direction to soften the tensions and hostilities between the societies predisposing them toward peaceful resolution of the conflict. International governmental and non-

governmental organizations should strive to reinforce the independence of the media as part of the process of democratization of the states.

- Educational workshops, exchange programs and conferences should be organized between the states to create mutual understanding through various discussions and communication.

- Civil society networks could initiate cooperation programs. To put funding or initiating such activities aside, state authorities should not at least interfere in these cooperative activities. There are only a handful of internationally-sponsored civil society programs linking Azerbaijan, Armenia and Nagorno-Karabakh. International and local NGOs should collaborate on the basis of creating regional cooperation in the South Caucasus.

- There are a number of areas in the field of environment protection that can set off cooperation projects between the South Caucasian countries. These include the trans boundary water and air pollution. Since the three countries have experienced high rates of deforestation and carbon dioxide emissions, they can cooperate in the framework of the Clean Development Mechanism (CDM) of the Kyoto Protocol (the three countries are parties to the latter).

International efforts (funding) should be largely directed to cooperative projects across the region. Higher funding for regional projects rather than individual state projects could promote the creation of regional cooperation. Among all international organizations, EU's role could be the most vital one in the contribution toward the creation of regional cooperation. EU is not a formal party to conflict resolution formats and is the most impartial power on the geopolitical arena of the South Caucasus.

Regional cooperation from below will most probably not solve big political and economic problems. But it can at least create public support when the leaders decide to make

a compromise for some interest linked with cooperation in some field. Dialogue and confidence building may help speed up the conflict's political solution and provide a basis for coexistence. As mentioned in Stockholm Meeting Report (1998, 3), “strength today is economic in nature, and includes social cohesion, environmental balance, cultural diversity and a feeling of participation in the democratic process.”

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