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PERSPECTIVES ON THE GEORGIAN-RUSSIAN WAR

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Introduction from the Editors

Announcing the New Caucasus Analytical Digest

In August 2008 the Southern Caucasus, and Georgia in particular, was in the center of international attention. The war between Russia and Georgia became a test not only for the state of transition in Georgia, but also for the capacity of the Western capitals, European Union and NATO to act. While the fighting made daily headlines in the leading international newspapers, it highlighted severe media problems in Russia and Georgia. Both sides failed to provide objective information and analysis while using the reporting as an instrument of escalation.

Today there is an imbalance between the growing interest in the region and concise explanations of what is going on there. Accordingly, the Caucasus Analytical Digest, the first edition of which you are reading, seeks to make sense of what is happening in the Southern Caucasus.

One of the strategic requirements of analyzing the Southern Caucasus is the need for inclusiveness, for perspectives from Armenia, Azerbaijan and Georgia, but also from Nagorno Karabakh, South Ossetia and Abkhazia, as subjects for analysis. To underline the intention of thinking in terms of inclusiveness, but without specific political preference, the map on the front page shows the official borders with solid lines and the others with broken lines.

As a consequence of the recent war, international actors and experts are faced with new analytical challenges that go far beyond the regional, but are nevertheless driven by pressure from the Southern Caucasus. By the choice of topics and authors the Caucasus Analytical Digest is dedicated to both analytical and policy discourses. The editorial team includes experts from the Research Centre for East European Studies at the University of Bremen, the Center for Security Studies at ETH Zurich, the Jefferson Institute and the Heinrich Boell Foundation. As a local actor with an international perspective, the Boell Foundation particularly strives to give experts from the region, especially younger analysts, access to a broader Western public. This not only exposes a wider audience to thinkers from the region, it also contributes to strengthening democratic transformation and European integration of the Southern Caucasus.

The Editors (Iris Kempe, Matthias Neumann, Robert Ortung, Jeronim Perovic, and Lili Di Puppò)

Analysis

European Policy towards the South Caucasus after the Georgia Crisis

By Sabine Fischer, Paris

Abstract

Three months after the Russian-Georgian war in August 2008, this article takes stock of the situation in Georgia and the South Caucasus, and examines EU policy during and after the crisis against the background of the Union's policy towards its eastern neighborhood and EU-Russia relations. The main lessons to be learned from the crisis are: First, that the EU needs a more flexible approach towards unresolved conflicts in the post-Soviet space; second, that the EU needs to strengthen its engagement in the eastern neighborhood in general; and third, EU and US policies need to be better coordinated.

Unexpected War

The outbreak of war in Georgia on 7 August 2008 took the world by surprise. It blatantly exposed the failure of the international community to prevent the escalation of one of the euphemistically labeled "frozen conflicts" and proved the ineffectiveness of multilaterally facilitated peace processes in both South Ossetia and Abkhazia.

The European Union was the last international player to get involved in conflict resolution in the South Cau-

casus. During the Georgia crisis it played a decisive role in negotiating a ceasefire and handling the immediate consequences of the war. After the first months of frantic crisis management, it now has to take stock of the changed situation on the ground and the implications this armed conflict has for its policies towards Georgia, its eastern neighborhood, and also Russia.

This article first examines the post-war situation in Georgia and the South Caucasus as a region. It then

looks at the EU's policy before and during the war. Lastly, it reflects upon lessons to be learned by the EU, and puts forward some policy recommendations.

The South Caucasus after the War

It is too early for a comprehensive assessment of the war's political, economic and societal consequences for Georgia. Concerns that it would lead to an immediate destabilization of the country did not prove true. In reaction to increasing domestic and international criticism, the government announced a number of democratic reforms to "complete" the Rose Revolution. Some steps have been taken to implement these reforms, but much remains to be done. One should keep in mind that the current Georgian administration does not have a very strong record when it comes to sharing power and strengthening checks and balances in the political system. On the other hand, the opposition remains severely weakened after losing elections in January and May. Thanks to apparently insurmountable divisions among its leading figures, it remains unable to present a united front. Critical debates about the war and the government's role in it do not translate into a cohesive movement. Moreover, the opposition includes few, if any, personalities who could pose a serious threat for President Mikheil Saakashvili. Accordingly, the political situation in the country is in limbo. Future developments will therefore depend largely on socio-economic conditions.

The international community has pledged to give Georgia an unexpected and unprecedented amount of foreign funds to deal with the economic consequences of the war. The 38 countries and 15 international organizations attending a donors' conference in Brussels on 22 October pledged to provide as much as \$4.55 billion to Georgia to meet urgent post-conflict needs, as well as medium-term economic challenges caused by the war. Nevertheless, the war and also the international financial crisis severely affected the Georgian economy, with increasing hardship expected during Winter 2008/2009.

Georgia has lost South Ossetia and Abkhazia for a long time to come, if not forever. If the restoration of territorial integrity was already a remote goal before August 2008, it has become even more unrealistic after the war and Russia's recognition of South Ossetia and Abkhazia. The irreconcilable positions among the parties to the conflict leave very little hope for a *rapprochement* in the near and medium-term future. Georgia has to cope with another wave of internally displaced persons (IDPs) who have very little prospect of returning

to their villages in South Ossetia any time soon. Since President Saakashvili has linked his political destiny to the reintegration of South Ossetia and Abkhazia since coming to office, this dramatic setback may further undermine his domestic position.

South Ossetia and Abkhazia have emerged both stronger and weaker from the traumatic events of August 2008. Russia's full military and political support, including recognition of their independence, which both entities had sought for the past 15 years, seems to put them in a position of strength *vis-à-vis* Georgia and its Western supporters. At the same time, their freedom of action is gone. Particularly in Abkhazia, the political elite had been trying, albeit with very limited success, to balance Russian influence by seeking contacts with other outside actors, notably the EU. Now such efforts are impossible. Although the Abkhaz may seek to resist the preponderant Russian influence at some point in the distant future, the August events increased exponentially Sukhum/i's dependence on Russia. Moreover, the reluctance among other Russian allies to recognize Abkhazia and South Ossetia suggests that both entities will remain internationally isolated.

Additionally, the war has had tangible implications for the South Caucasus as a region. The blunt demonstration of the consequences the use of force may have forced Azerbaijan to reconsider its strategic options in the Nagorno-Karabakh conflict. This contributed to the adoption of a joint Armenian-Azerbaijani declaration on the non-use of force mediated by Moscow. As a result, and also with a view to the recent *rapprochement* between Armenia and Turkey, Yerevan emerges in a strengthened position from the turbulent summer of 2008. Baku is obviously also reconsidering its attitude toward building energy transit routes through Georgia, which have been a priority of EU and US policy towards the Caspian Basin in recent years. The country decided to redirect some of its exports to Russia and Iran shortly after the war. Baku abstained from strong political support for Georgia, with whom it is aligned in the framework of the Organization for Democracy and Development-GUAM. Hence, the war may have contributed to the further polarization and fragmentation of the South Caucasus.

The EU and the War in Georgia

The impact of the war in Georgia is by no means limited to the South Caucasus. On the contrary, it affects the geostrategic situation in the entire post-Soviet space, EU-Russia relations, European security as a whole, and relations between Russia and the US. Therefore, one should con-

sider it a local war with global implications. For the EU and Russia, the war marked one of the lowest points in the history of their post-Cold War relations. At the same time, it provided the EU with a unique opportunity to position itself as a political player and mediator in a region where to date its profile had been rather weak.

Before the war in Georgia, EU activities in the South Caucasus were channeled through three instruments: the Partnership and Cooperation Agreements, the Action Plans in the framework of the European Neighborhood Policy (ENP), and the EU Special Representative to the South Caucasus. Relations with all three South Caucasus republics are based on Partnership and Cooperation Agreements concluded in 1999. In 2006, the PCAs were supplemented by Action Plans in the framework of the ENP, designed to support reform processes in the partner countries and enhance cooperation between them and the EU. All Action Plans address the unresolved conflicts, focusing on post-conflict economic reconstruction and confidence building. The main idea was to make Georgia a stable and prosperous democracy, and hence more attractive for the two breakaway regions to reintegrate. Confidence-building measures also formed a large part of the activities of the European Union Special Representative for the South Caucasus. In the first half of 2008, given rising tensions particularly in Abkhazia in the wake of Kosovo's declaration of independence, the EU as a whole and individual member states stepped up efforts to resolve the conflict. German Foreign Minister Frank-Walter Steinmeier put forward a peace proposal for Abkhazia and followed up with high-level visits to the breakaway region in May and June. As the traumatic events just a few weeks later were to show, however, these efforts came too late.

EU policies towards the South Caucasus (and other sub-regions in the former Soviet Union) are inextricably interwoven into relations with Russia. With the "big bang" enlargement in 2004, the EU, albeit unconsciously, slipped into a competition for influence with Russia in the post-Soviet space. In both sides' perceptions, "revisionism" plays an important role: Russia sees the EU's growing profile as an attempt to revise the borders of its "zone of influence." On the other hand, many inside the EU see Russian policy in the region as undermining the sovereignty and territorial integrity of the Newly Independent States (NIS) in an attempt to reaffirm Russian influence in the post-Soviet space. Growing disagreement over the policies towards the adjacent countries has added to the deterioration of EU-Russia relations in recent years. The lack of agreement over pol-

icy toward Russia within the EU itself only complicates the situation. Member states' attitudes range from support for engaging Russia (Germany, France, Italy and others) to those that are highly sceptical (the Baltic States, Poland, Sweden, the UK), which directly affects how they see the EU's engagement in the so-called "common neighborhood" with Russia. For those who favor good relations with Moscow, greater engagement in the South Caucasus entails the risk of increasing tensions. Others see a more active policy as an instrument for reducing Russian influence in neighboring regions and, simultaneously improving their own security situation. This internal division has so far kept the EU from presenting a stronger profile, both in conflict resolution processes and in the region overall.

In the face of military violence in Georgia the EU under the French presidency reacted swiftly. Within only a few weeks, it managed to conduct a negotiation mission and deploy more than 250 civilian monitors on the administrative borders between Georgia, South Ossetia and Abkhazia. It nominated an additional EU Special Representative for the crisis in Georgia, who is responsible for organizing international talks between the conflicting parties in Geneva. The talks got off to a rocky start in October, but seem to have become much more constructive in November. In any event, they are essential to maintaining a dialogue among the relevant actors. Last, but not least, the EU co-organized the above-mentioned donors' conference on 22 October, which resulted in a considerable amount of funding being raised for war-damaged Georgia.

These were undoubtedly remarkable diplomatic steps, which helped to prevent the Georgia crisis from escalating further. Under conditions of intense international pressure, the EU proved capable of reacting quickly and appearing as a forceful and coherent political actor on the international stage.

On the negative side, however, divisions inside the EU re-emerged in the period after the war. Ambivalence as to whether Russia was genuinely fulfilling its obligations to withdraw troops from South Ossetia and Abkhazia under the terms of the ceasefire agreement was revealed in the attitudes of EU member states as early as September. Drawing on different assessments, member states disagreed regarding the resumption of the post-PCA negotiations with Russia, which had been suspended at the extraordinary European Council on 1 September 2008. The decision of the General Affairs & External Relations Council (GAERC) on 11 November to re-launch negotiations reflected an almost complete consensus on the need to have a dialogue with Rus-

sia despite – or maybe precisely because of – the crisis caused by the war in Georgia. In making the decision, however, the EU lost leverage with respect to both the Russian withdrawal from Abkhazia and South Ossetia and the question of the access of European monitors to the separatist regions. The current situation is best described as precarious, with Moscow interpreting the EU's decision as an approval of its withdrawal and the EU Monitoring Mission (EUMM) being limited to the Georgian sides of the “buffer zones” and hence unable to control and investigate violent clashes along the ceasefire lines, thus potentially cementing an extraordinarily problematic *status quo*. Moreover, the internal revision process of EU-Russia relations launched by the extraordinary European Council on 1 September did not result in a strong political statement. Both Commission and Council produced rather apolitical papers, which were not preceded by an open and critical debate of the August events, their implications for EU-Russia relations and policy options for the EU. The resumption of dialogue with Russia took priority over the revision process, which could have helped the EU to achieve more internal coherence. While again there were strong reasons for this, it could prove problematic in the future as the lack of internal coherence remains the biggest problem in relations with Russia as well as for the EU's policy towards the whole region. The Russian-Georgian war provided more evidence that the EU's eastern neighborhood, including Russia, is becoming the most important foreign policy challenge for the EU – it is absolutely crucial for the Union, therefore, to come to terms with its internal divisions if it wants to build upon the position it has successfully taken during and after the Russian-Georgian war.

Lessons to Be Learned from the Georgia Crisis

For an assessment of the lessons the EU should learn from the Georgia crisis, it is necessary to look not only at the EU's policy and performance during and after the war but also to include the period before the war in the analysis. Enthusiasm about successful mediation and deployment of EUMM should not disguise the fact that the EU, along with other international actors involved, had failed to prevent the escalation of the unresolved conflict in South Ossetia just as they had failed to ensure a resolution of the unresolved conflicts in South Ossetia and Abkhazia in the 15 years since the civil wars in Georgia had taken place. The EU was the last international player to enter the stage in the South Caucasus, but it has strengthened its profile in recent years. It also

has declared interests in the South Caucasus as a neighboring region and a potential transport corridor for oil and gas from the Caspian Basin. It should, therefore, work for a comprehensive and more coherent approach towards the region. Three points stand out when looking at the EU's policy towards Georgia and the unresolved conflicts in South Ossetia and Abkhazia.

The EU addressed the unresolved conflicts mainly through its European Neighborhood Policy which is an essentially government-oriented instrument. This approach had two consequences: firstly, EU policy became closely associated with the very nationalist and not always constructive policies of the Georgian government. Secondly, it made it difficult for the EU to involve civil society actors on both sides of the ceasefire lines in its conflict-related activities. The EC Delegation in Tbilisi conducted a number of very valuable projects involving NGOs, particularly in Abkhazia, but by and large the EU quickly became perceived as unequivocally pro-Georgian, which narrowed its room for maneuver as a neutral mediator between the parties to the conflict. This had a negative impact on the activities of the EU Special Representative as well as on the diplomatic initiatives undertaken in the first half of 2008.

The paralyzing link between the EU's policies towards Russia and the eastern neighborhood has prevented the Union from exploiting its potential to develop a comprehensive strategy for deeper engagement in conflict resolution processes in the post-Soviet space. Therefore, the various EU instruments and measures applied to the region (such as the special representatives, border assistance missions, possibility for co-operation within the framework of the ENP Action Plans etc) did not merge into one cohesive and efficient policy. In reaction to that, the Georgian government focused its foreign policy very strongly on strategic partnership with the US, rather than with the EU.

Lastly, and related to the previous point, too little coordination has taken place between the EU and other important external actors, notably the US. EU policy in the region is informed by a soft power-oriented, transformative approach, whereas the US very much follows a geo-strategic approach. The two do not always go together well which deprived both sides of the opportunity to forge a concerted policy. While there were regular exchanges between officials at the senior working level, for instance during the Georgian domestic crisis in October and November 2007, a general debate on the diverging approaches has not taken place.

Based on this analysis, the following adjustments should be considered for the EU's policy towards Geor-

gia, the South Caucasus and the Eastern neighborhood, including Russia.

Georgia remains a crucial partner for the EU in the South Caucasus. However, the EU should become more flexible in the application of its policies so as to refocus its activities both on government institutions and on civil society, and to more systematically involve actors on both sides of the conflict lines – in all unresolved conflicts in the CIS. In the Georgian case, pursuing such an approach has become even more complicated now because the war has exponentially increased South Ossetia's and, particularly, Abkhazia's dependence on Russia. Nevertheless, the EU should make an effort to ensure, for instance, that a share of the money donated on 22 October be used for projects in Abkhazia and South Ossetia. Channeling the funds in this manner will require a very sophisticated approach and a lot of patience, but it is the only way of saving the two regions from total isolation.

The EU needs to step up its engagement in the eastern neighborhood. This implies the intensification of relations with ENP countries in the post-Soviet space, the strengthening of the regional dimension, and, notably, the development of a comprehensive strategy for conflict resolution, involving all instruments at the EU's disposal (economic reconstruction, confidence building, peacekeeping missions). Such action is not incompatible with functioning relations with Russia; on the contrary, and provided an open and frank dialogue, it could

at some point open new space for further coordination and cooperation. EU member states, therefore, would be well advised to find a consensus and communicate it to Russia. At the same time, however, the EU should also take a more critical stance towards the policies of Georgia and other ENP countries regarding domestic reform processes as well as unresolved conflicts, and voice discontent and warn of the consequences if things develop in the wrong direction.

Finally, the EU should strive for synergies between its own and US policies in the region. The strong role it has played during the Georgia crisis and the change of administration in Washington provide a window of opportunity to start a critical debate on the reasons for the Georgia crisis and ways to improve and mutually reinforce policies.

Conclusion

The sad events of August 2008 have again illustrated the challenges awaiting the EU in its eastern neighborhood. At the same time, the EU demonstrated its potential to meet those challenges. Member states and all relevant actors inside the Union should take this as encouragement to overcome internal divisions, find agreements on controversial issues and, by doing so, strengthen the EU's foreign policy. However big the external challenges may be, the main homework needs to be done inside the Union.

About the author:

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Opinion

On Razor's Edge: An Armenian Perspective on the Georgian-Russian War

By Haroutiun Khachatryan, Yerevan

Abstract

While the Armenian government was neutral during the August conflict between Russia and Georgia, Armenians backed the Russian and Ossetian side, seeing it as analogous to their dispute with Azerbaijan over Nagorno Karabakh. The war strained the Armenian economy because trade through Georgia is Armenia's main link to the outside world. In the aftermath of the war, too, Armenia is seeking to stay on good terms with both Russia and Georgia. Because of the war, both Georgia and Russia lost influence in the region and everyone recognized the further conflict was not desirable. Armenia hopes that the violence will help it expand ties to the West, improve relations with Turkey, and resolve the Nagorno Karabakh conflict.

Attitude Toward the Conflict

From the first day of the Russian-Georgian conflict in South Ossetia, the Armenians backed the Russian and Ossetian side. Armenians view Georgia's conflicts with its separatist regions as a direct analogue of Armenia's dispute with Azerbaijan over Nagorno Karabakh. Before August 2008, negotiators were trying to find a compromise solution in all three cases. The Armenians feared that, if Georgia was successful in its bid to solve the problem of South Ossetia by force, it would open the door for Azerbaijan to do the same regarding Nagorno Karabakh. Accordingly, the Armenians sympathized with the Russians as the latter prevented the Georgian side from imposing a military solution on the ethnic conflict, thus sending a message to Azerbaijan as well. No one in Armenia doubted that the Georgians were the first to attack, forcing the Russian military to respond.

Not surprisingly, Armenian political parties across the spectrum voiced support for South Ossetia. Galust Sahakian, one of the leaders of the ruling Republican Party, accused the Georgians of "genocide." The leader of the radical opposition, former President Levon Ter-Petrosian made a similar statement, although using more careful phrasing: "Russia prevented the genocide of Ossetians." Nevertheless, he also criticized the Russians for using excessive force. Of course, the official reaction of President Serzh Sargsyan and the government was more careful as they sought to focus on the economy.

Economic Problems

The beginning of the war reminded Armenians of the severe energy crisis and catastrophic economic contraction they suffered in 1992–3, which resulted from the Georgian-Abkhazian war that began on August 14, 1992 and cut the last railway link between Armenia and Russia, Armenia's only trading partner then. In the subsequent years, Armenia had to find a new route to con-

duct business with the outside world, namely, directing freight to the Georgian ports of Poti and Batumi, from where it could be shipped on ferries to Russia or other countries. By August 2008, this route accounted for at least 70 percent of Armenian cargo turnover, because the borders with Azerbaijan and Turkey remain closed, and the country has only a low-capacity motorway linking it to Iran.

The violence in Georgia threatened this trade route as the Russian military attacked the port of Poti several times. Fortunately, the land link connecting Georgia and Armenia did not suffer seriously during the five days of the war, although problems in the port cities delayed some Armenian supplies. The mysterious destruction of the railway bridge between Tbilisi and Gori on August 16 caused more serious problems for Armenia, including some panic-inducing petroleum shortages. Within ten days, the authorities restored traffic on the railroad bridge, which is vital to all three south Caucasus economies.

The Armenian government claimed that the country suffered some \$700 million in losses as a result of the conflict, though it provided no details on the breakdown of these costs. The damage evidently included the government's efforts to help its citizens evacuate from the Black Sea shore (tens of thousands of Armenians were vacationing there), repair the railroad bridge (both specialists and materials were sent from Armenia), reroute trade through Iran (which is longer and much more expensive than through Georgia), and replace lost goods. If the war had gone on longer, Armenia would have faced severe consequences.

Political Problems

Armenia's key dilemma in the aftermath of the war is balancing its relations between Russia and Georgia, since Armenia wants to stay on good terms with both. Arme-

nia's interest in Georgia goes beyond the important transportation route. The two countries have a long common history marked by good relations, and some 300,000 ethnic Armenians live in Georgia. On the other hand, Armenia has been a strategic partner of Russia in the military-political sphere, and is an active member of the Collective Security Treaty Organization (CSTO), the military bloc led by Moscow. Russia also plays a growing role in Armenia's economy as its largest investor and trade partner.

Armenia has succeeded in reaching both goals. Russia has retained its friendly relations with Armenia, as demonstrated by the symbolic visit of President Dmitry Medvedev to Armenia on 20 October. In particular, Moscow did not press Armenia to recognize the independence of South Ossetia and Abkhazia, as many feared it would. Prior to that, President Sargsyan paid a visit to Georgia in late September and re-affirmed friendly relations with Armenia's northern neighbor. An important result achieved during that visit was the initial agreement between Sargsyan and President Mikheil Saakashvili on building a new highway connecting the two countries with each other and Iran. This highway will run from the Georgian resort city of Batumi to the Armenian-populated Georgian region of Samtskhe-Javakhetia and Gyumri in Armenia, reducing travel time between Yerevan and Batumi to six hours, half the time needed now. The two countries hope that the Asian Development Bank will provide a loan for this project.

Armenia's success in preserving relations with Georgia and Russia made it possible for it to maintain good relations with the West even as the Western community's relations with Moscow deteriorated. The previously scheduled NATO war games, Cooperative Longbow-2008/Cooperative Lancer, took place successfully in Armenia in late September, just one month after the Georgian-Russian war. Accordingly, the so-called "complementarity policy" of keeping good relations with both Russia and the West, and working to harmonize their interests in the South Caucasus region proved successful once more.

The Aftermath of the War

The August war radically transformed the geopolitical pattern in the South Caucasus in several ways. First, Georgia lost its previous central role in the region, which may endanger many investment programs (including energy) previously linked to that country. Second, due to the break in relations between Georgia and Russia, Moscow lost part of its influence on the whole region, with the European Union and Turkey striving to fill that

gap. Third, the five-day war showed everybody how fragile south Caucasus stability is and how dangerous an armed conflict may be in this region.

At the same time, the conflict has provided several beneficial outcomes. The emotional background surrounding the fighting was one of the principal reasons making the unprecedented Armenian-Azerbaijani summit of November 2 possible. Adoption of the so-called Meindorf Declaration (sometimes called the Moscow Declaration) in which the presidents of Armenia and Azerbaijan confirmed their commitment to continue peaceful efforts to find a political solution to the Nagorno Karabakh problem represents a possible breakthrough in this direction. Another potentially beneficial result of the August war was the progress in Armenian-Turkish relations, now commonly dubbed "football diplomacy." Armenia has always called for normalization of relations with Turkey and re-opening the common border, which Turkey closed in 1993. Among other benefits, opening the border would eliminate Armenia's current trade dependence on Georgia. Most experts believe that although Sargsyan invited his Turkish counterpart Abdullah Gul to visit Yerevan on September 5 as early as June, the positive reaction of the Turkish president would not have occurred without the August conflict.

Armenia is now working to consolidate these successes. During Sargsyan's visit to Brussels in early November, Armenia sought to further tighten its ties with the EU, declaring once again its commitment to consolidating market institutions and developing a democratic society. In particular, Armenia agreed to the creation of an EU Advisory Experts Group to support Armenia in implementing the European Neighborhood Policy Action Plan and its process of internal reform.

The government's critics often express skepticism about its declared European orientation since Council of Europe representatives frequently criticized its violent crackdown on the opposition during and after the events of March 1. Nevertheless, the creation of the Advisory Experts Group (which is expected to work in Armenia for several months) is an unprecedented event and indicates that both the EU and Armenia are interested in developing relations.

Similarly, Armenia is working to develop its relations with NATO. Russia has repeatedly declared that such cooperation is not an obstacle for Armenia's membership in the CSTO.

As for regional affairs, Armenia expects that its cooperation with the West will support its principal objec-

tives: preventing the resumption of hostilities in Nagorno Karabakh and normalizing relations with Turkey. Unfortunately, there is much work to do in both areas despite the optimistic expectations the events of recent months raised. In particular, the Meindorf Declaration is a non-binding agreement and there are no guarantees preventing military action in the Nagorno Karabakh conflict zone. Progress is similarly slow in advancing Arme-

nian-Turkish relations. Turkey has not abandoned its requirement that normalization is only possible after resolving the Nagorno Karabakh conflict to the satisfaction of Azerbaijan. This pre-condition has so far deadlocked progress, and Armenia hopes that pressure from Europe and other interested parties will help to overcome this obstacle.

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Opinion

The Georgia-Russian Conflict: A Perspective from Azerbaijan and Implications for the Region

By Fariz Ismailzade, Baku

Abstract

The August war between Russia and Georgia had a significant impact on Azerbaijan. The violence imperiled regional attempts to build an energy and railroad transportation corridor bypassing Russia. The conflict threatened to send a new wave of refugees into Azerbaijan and complicated Azerbaijan's efforts to restore its own territorial integrity. However, there are some silver linings for Azerbaijan: the fighting focused attention on the south Caucasus, encouraged Moscow to seek better relations with Baku, and enhanced Azerbaijan's negotiating power with the US and Russia.

Both Sides Deserve Some Blame

Over the two decades since the end of the Cold War, economic and political cooperation have bound Azerbaijan and Georgia more closely together, and the two nations have made significant strides toward reestablishing the south Caucasus as a thriving trade conduit between Europe and Asia. But the recent armed conflict between Georgia and Russia – and its economic and political fallout in the Caucasus and beyond – threatens to thwart this Azeri-Georgian effort to remake the region as a stable, prosperous and reliable component of the global avenues of trade.

Although the rupture of Georgian-Russian relations into open warfare caught many political leaders outside the Caucasus off guard, it was not a surprise for those living in the region. Tensions between the two countries had been rising since the collapse of the Soviet Union, and they escalated after the Rose revolution and Mikhael Saakashvili's ascension to power in 2004. The list of grievances is long and well-known – from Russia's encouraging ethnic separatism in former Soviet states and using energy supplies as a political weapon to Georgia's routine bellicosity toward Moscow over Abkhazia and South Ossetia and its

high-profile push for NATO and EU membership and close military ties to the US. Both sides bear some culpability for the recent violence.

Economic Impact on Azerbaijan

The war did not spill across the border into Azerbaijan, but its economic repercussions have. Foreign investment has been imperiled by the geopolitical instability laid bare by the brief war and the continuing uncertainty about the present peace. The Baku-Tbilisi-Ceyhan and Baku-Supsa oil pipelines and Baku-Tbilisi-Erzurum gas pipeline, as well as the Azeri state oil company's recent purchase of the Kulevi oil terminal on the Black Sea, had begun to enhance the importance of the region as a major East-West energy corridor. Azerbaijan and Georgia have agreed, in partnership with Turkey, to build the Baku-Akhalkalaki-Kars railway, connecting the rail systems of the three countries. The project would create a much shorter and faster rail corridor between Europe and Asia than the current one through Russia, making Georgia and Azerbaijan the key hubs for the Eurasian transport network.

However, the war has shrouded the future of these achievements in doubt and undermined the Azeri grand

vision of turning the south Caucasus into the primary transit hub to central Asia. The conflict froze the operations of the East-West energy corridor. Following the unrelated attack on the Baku-Tbilisi-Ceyhan pipeline in Turkey, the violence brought air and rail traffic to a sudden halt, closed the Kulevi port and forced the evacuation of Azeri personnel. As a result, Azerbaijan and its Western oil company partners were forced to suspend operations in the Caspian oil and gas fields and energy contracts had to be re-negotiated. Kazakhstan has backed off the plan to build a \$1 billion oil refinery in Batumi, a \$10 million grain terminal in Poti, and to export oil products and other goods through the territory of Georgia. The export of Turkmen gas through the south Caucasus has been similarly affected. Azerbaijan, after the death of Turkmenbashi, had cultivated warm relations with Ashkhabad and urged the Turkmen leadership to use the East-West energy corridor for the export of its gas. The visit of Turkmen President Gurbanguly Berdimukhammedov to Baku was evidence of progress on the issue, but the war in Georgia put the initiative on hold.

Additional Impacts

Furthermore, had the conflict escalated, the humanitarian impact on Azerbaijan would have been catastrophic. Refugees would have streamed into Azerbaijan, which already has close to a million of its own refugees and internally displaced persons from the territories occupied by Armenia. A further influx of refugees would have imposed significant strains on the national budget and threatened social order. No less could be expected should the violence between Georgia and Russia recur.

Additionally, the advance of the Russian troops in the south Caucasus and Russia's recognition of Abkhazia and South Ossetia create dangerous precedents for Azerbaijan and complicate Azeri diplomatic efforts to ensure territorial integrity in the search for resolution of the Nagorno-Karabakh dispute. Russia, flush with the ease of military success in Georgia, could be emboldened to undertake similar action in Azerbaijan. Even short of a Georgian-style military intervention by Russia, the war heightened the rivalry between Moscow and Washington – co-chairs of the OSCE Minsk Group mediating the resolution of the Nagorno-Karabakh conflict – and this tension between the mediators only can serve to further delay decisive action on the issue.

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The views and opinions expressed in this article do not reflect the official policy of the organizations for which the author works.

Silver Linings

Still, the Georgia-Russia tension is not without potential positive outcomes for Azerbaijan. It has attracted worldwide attention to the south Caucasus and the region's enduring, unresolved conflicts. Increased focus and a sense of urgency from American and European leaders to Nagorno-Karabakh certainly would benefit Baku. Moreover, US and EU officials have – with a unified voice – espoused the principle of territorial integrity for any successful negotiation of south Caucasian conflicts. Although the territorial integrity of Azerbaijan has never been questioned in the past, Baku is heartened by stronger and more frequent statements from US and European leaders about its inviolability in the wake of the Georgian-Russian clash.

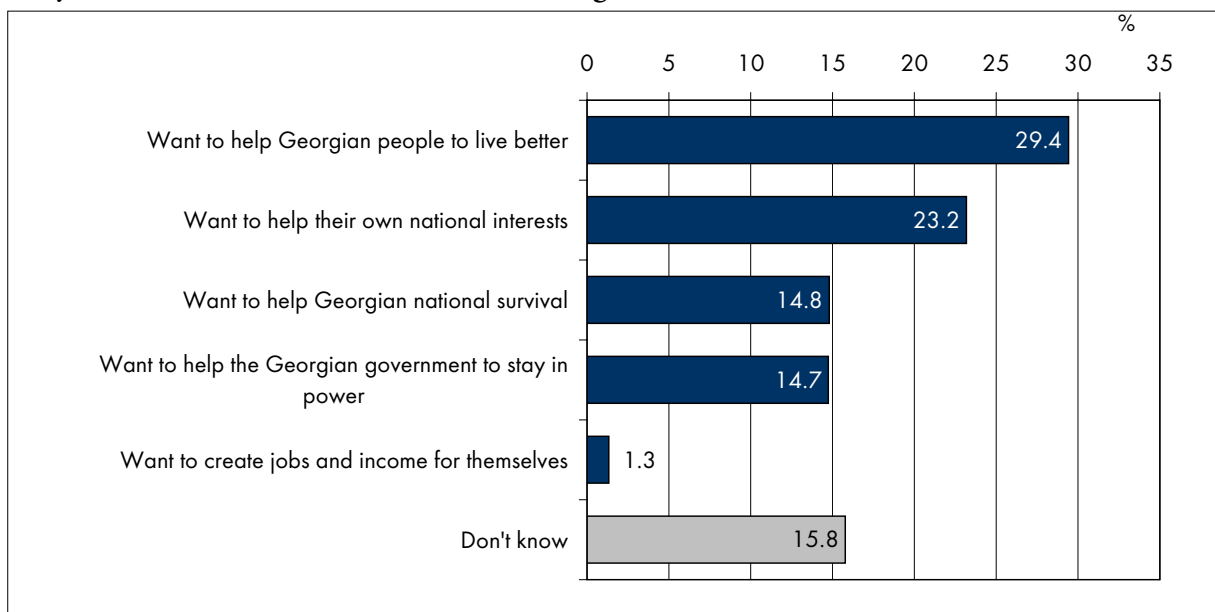
Additionally, given the complete breakdown of relations with Georgia, Moscow is working to improve relations with Azerbaijan. Presidents Dmitry Medvedev and Ilham Aliyev met in Moscow after the Georgian military action, and Russia is eager to enhance its image as a friendly and peaceful partner in the region, in an attempt to improve its battered image in the international community. And the harsh reality is that the Kremlin cannot afford to lose another country in the region. The value of good Russian-Azeri relations has risen dramatically in the wake of the war. Azerbaijan's hand has been strengthened with the US, as well. Vice President Dick Cheney's visit to the region demonstrates the US resolve to preserve the pro-Western course of Azerbaijan. This Russo-American rivalry increases Azeri negotiating power with both

At the moment, it is not clear whether the south Caucasus can regain the momentum to establish itself as a safe, reliable transit zone to central Asia. However, some hope can be gleaned from the recent Azeri exports of oil and petroleum products through Iran. The dream has survived the Georgia-Russia conflict, and the post-Cold War achievements of Azerbaijan and Georgia testify to the global need for this vital new trade corridor, as well as its feasibility if geopolitical stability in the region can be assured. It now remains for the actors in the region – as well as the US, EU and Russia – to step back from the disastrous violence of this past summer and work with speed and diligence to place the south Caucasus back onto the path to a future as the thriving door to Central Asia.

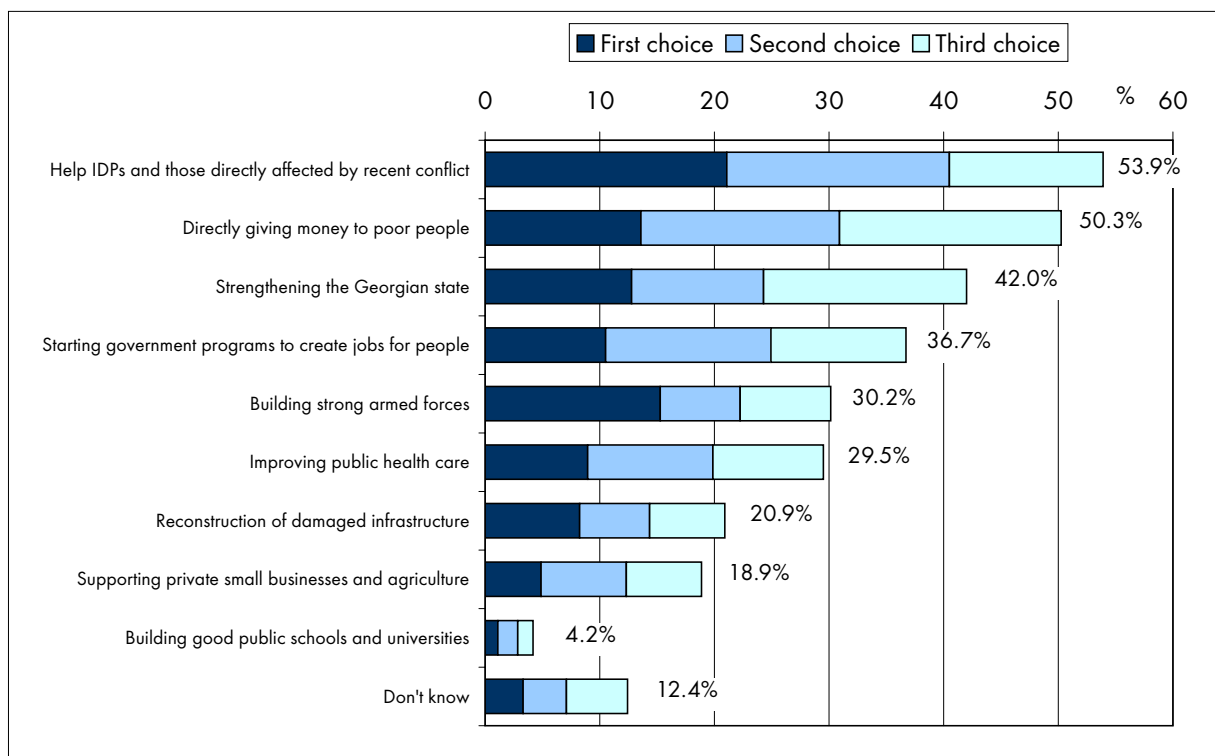
Opinion Poll

Georgian Attitudes Towards Foreign Aid

Why Do Western Countries Give Aid to Georgia?

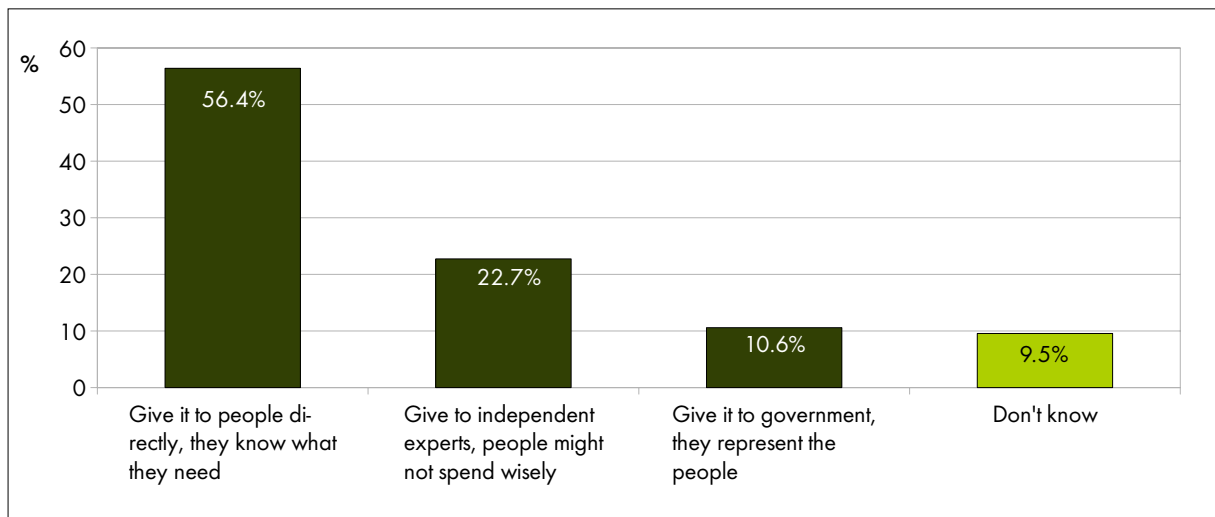


What are the Top Three Priorities for Spending Aid Money in Georgia?

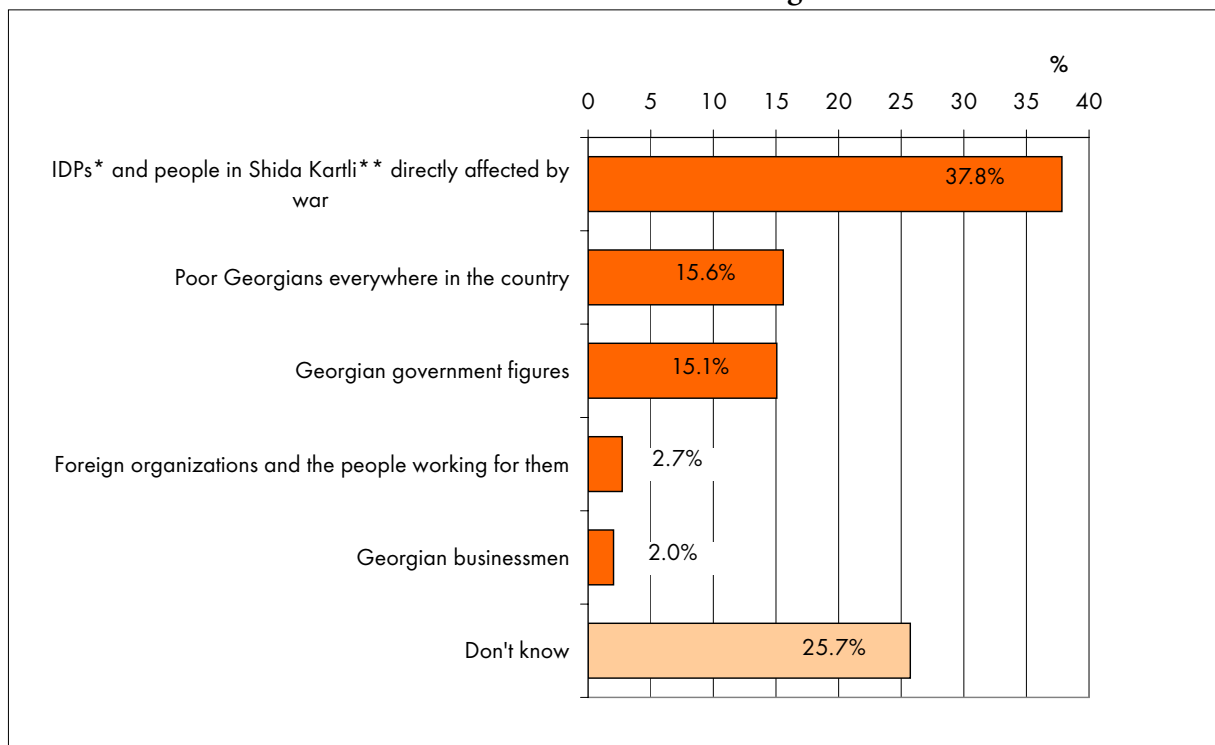


Source: opinion survey conducted by Caucasus Resource and Research Centers (CRRC, www.crrccenters.org) for Transparency International Georgia (http://www.transparency.ge/files/215_462_204279_Opinion%20Survey%20-%20Georgian%20Perspectives%20on%20Aid%20ENG.pdf), N = 1837

What is the Best Way to Help People in Georgia?



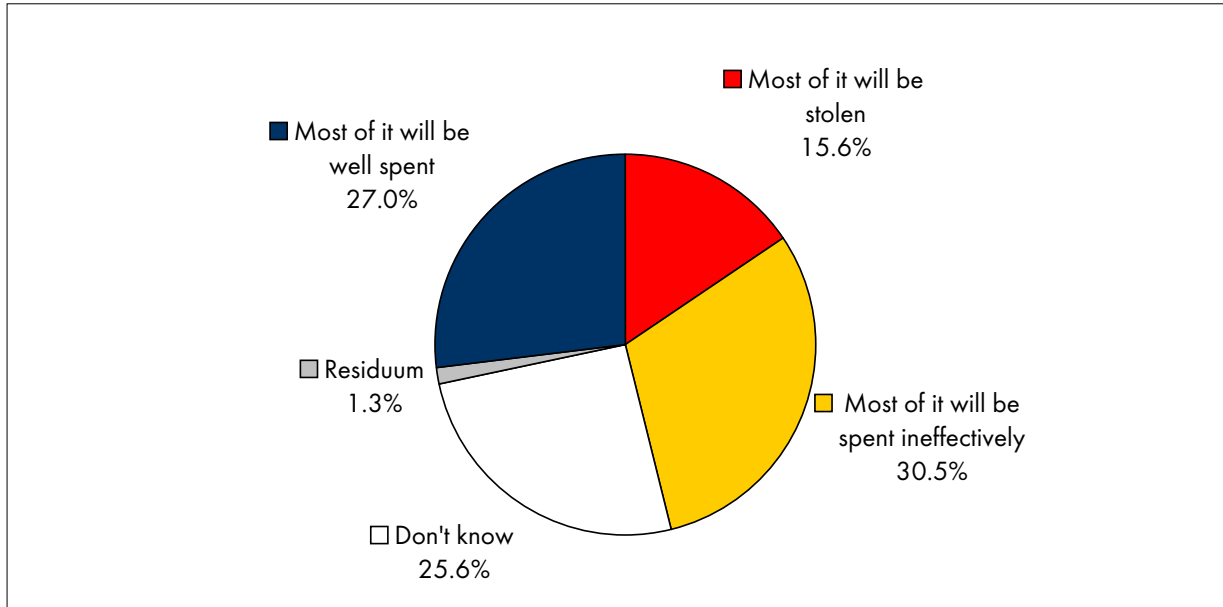
Who Do You Think Will Most Benefit from this Aid in Georgia?



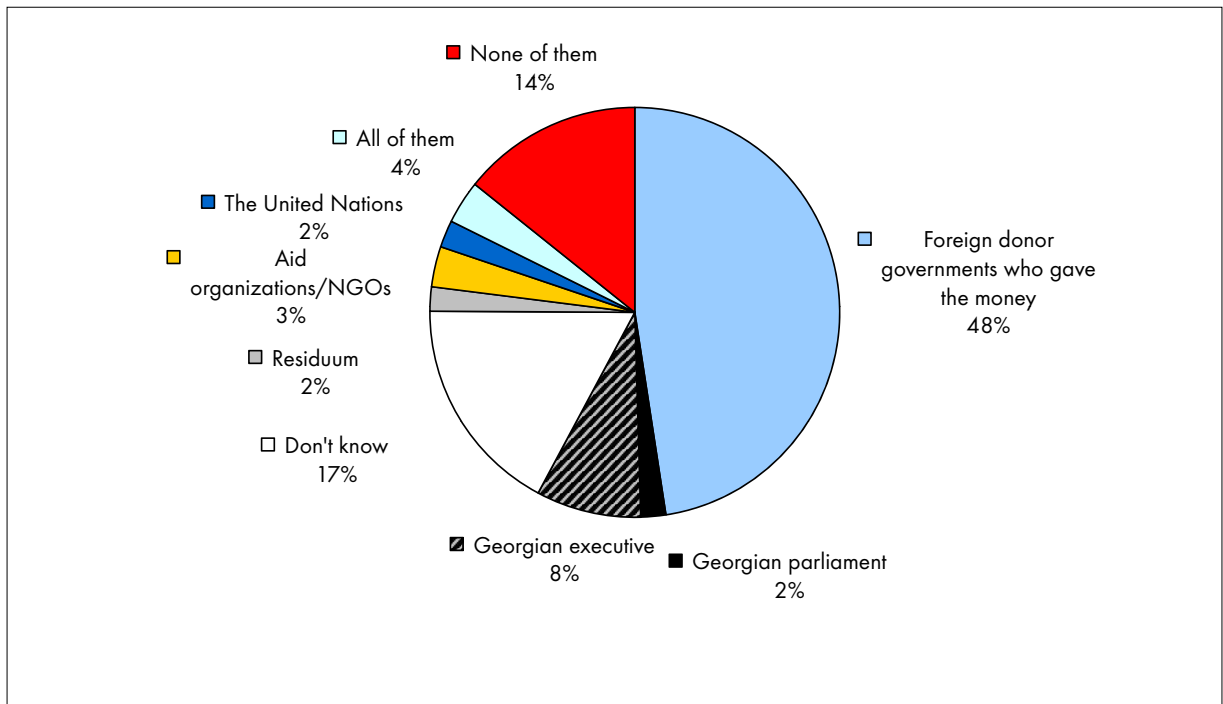
*IDPs = Internal Displaced Persons **Shida Kartli is the Georgian region containing South Ossetia.

Source: opinion survey conducted by Caucasus Resource and Research Centers (CRRC, www.crrccenters.org) for Transparency International Georgia (http://www.transparency.ge/files/215_462_204279_Opinion%20Survey%20-%20Georgian%20Perspectives%20on%20Aid%20ENG.pdf), N = 1837

What Do You Expect Will Happen with Aid Money in Georgia?

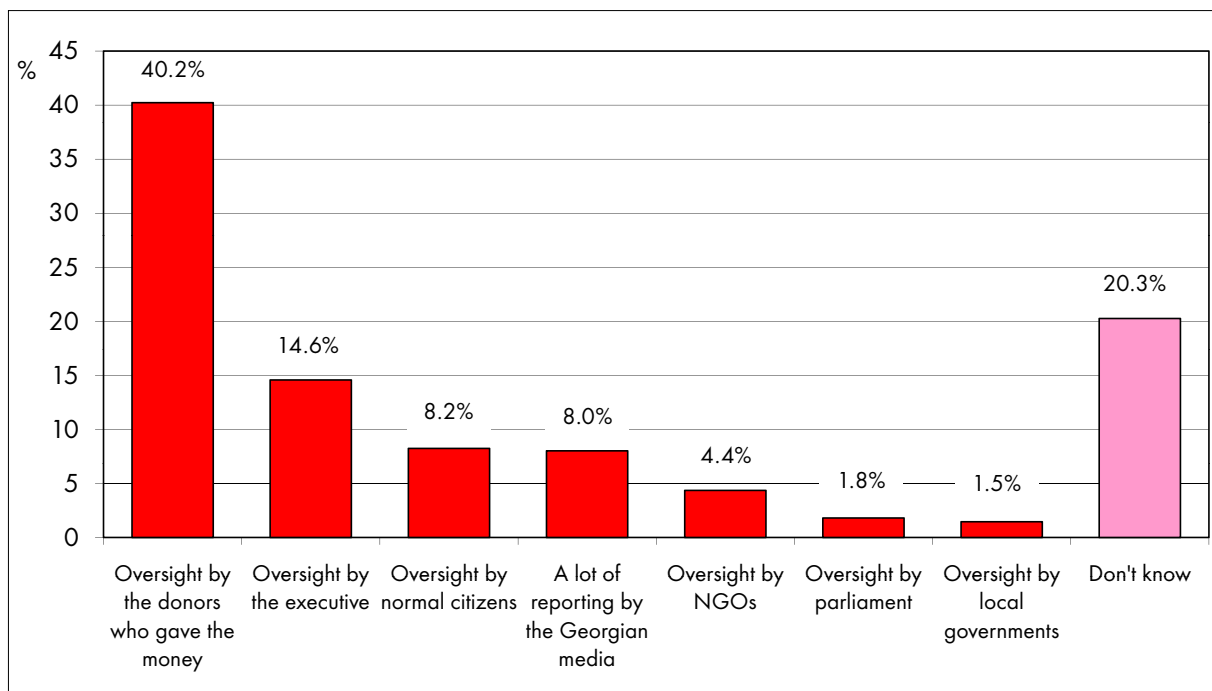


Who Do You Trust Most To Spend this Aid Money in Georgia?

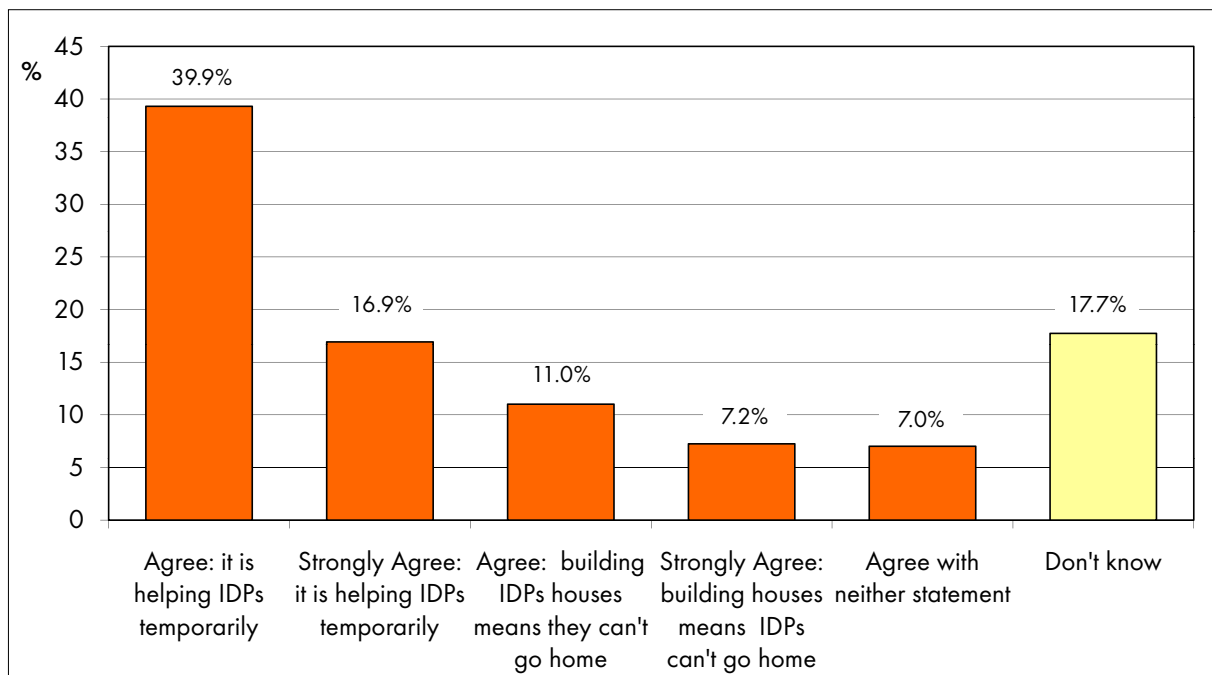


Source: opinion survey conducted by Caucasus Resource and Research Centers (CRRRC, www.crrccenters.org) for Transparency International Georgia (http://www.transparency.ge/files/215_462_204279_Opinion%20Survey%20-%20Georgian%20Perspectives%20on%20Aid%20ENG.pdf), N = 1837

What is the Most Effective Way of Making Sure That Aid Money is not Stolen or Wasted in Georgia?



Does Providing IDPs with Permanent Housing Mean that IDPs Will not be Able to Return to Their Homes?



Source: opinion survey conducted by Caucasus Resource and Research Centers (CRRRC, www.crrccenters.org) for Transparency International Georgia (http://www.transparency.ge/files/215_462_204279_Opinion%20Survey%20-%20Georgian%20Perspectives%20on%20Aid%20ENG.pdf), N = 1837

Chronicle

From 19 November to 15 December 2008

19 November 2008	EU/UN/OSCE-mediated talks are held in Geneva with representatives from Russia, the United States, Georgia, Abkhazia and South Ossetia
20 November 2008	Shootout between Georgian police and Abkhaz militias reported in the Georgian village of Ganmukhuri, on the Georgian side of the administrative border with Abkhazia
21 November 2008	The Georgian National Olympic Committee requests the International Olympic Committee to review plans of holding the Winter Olympic Games in Sochi in 2014
22 November 2008	The United States transfers USD 250 million to the Georgian government for budget support
23 November 2008	Fifth anniversary of the Rose Revolution in Georgia
23 November 2008	Shots are fired at a convoy carrying Georgian President Mikhail Saakashvili and Polish President Lech Kaczynski on a visit to Georgia near a Russian checkpoint at the Akhagori section of the South Ossetian administrative border
23 November 2008	Former Georgian Parliament Speaker Nino Burdjanadze inaugurates a new party, Democratic Movement-United Georgia
24 November 2008	Armenian Foreign Minister Edward Nalbandian urges Turkey to reopen border with Armenia
25 November 2008	Azerbaijan-Turkey business forum takes place in Baku, Azerbaijan
26 November 2008	Azerbaijan and Libya sign protocol on bilateral cooperation
27 November 2008	A new bridge between Azerbaijan and Dagestan is opened
28 November 2008	Georgian President Mikhail Saakashvili testifies before the "war commission," a parliamentary commission studying the August war
29 November 2008	A trilateral meeting of the heads of state of Azerbaijan, Turkey and Turkmenistan is held in Turkmenistan
29 November 2008	The head of the OSCE Baku office, Jose Luis Guerrero, criticizes the shutdown of foreign radio stations in Azerbaijan
1 December 2008	Georgian Prime Minister Grigol Mgaloblishvili meets with EU High Representative for the Common Foreign and Security Policy, Javier Solana, in Brussels
2 December 2008	The Black Sea port of Poti in Georgia becomes wholly owned by the United Arab Emirate's Ras Al Khaimah (RAK) emirate's investment authority
3 December 2008	The European Union unveils an eastern partnership proposal aimed at enhancing cooperation with six eastern neighbors (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine)
3 December 2008	Former Georgian Prime Minister Zurab Nogaideli announces the establishment of his new party, Movement for Fair Georgia
4 December 2008	Russian Prime Minister Vladimir Putin welcomes NATO's decision not to grant Georgia and Ukraine Membership Action Plan in an annual question-and-answer session with Russian citizens
5 December 2008	The Georgian cabinet is reshuffled with the Foreign Minister, Defense Minister and Education Minister losing their posts
6 December 2008	Former Georgian ambassador to Russia Zurab Abashidze refuses to take the post of culture minister in the reshuffled cabinet

7 December 2008	Georgian opposition figure Salome Zurbashvili calls for Saakashvili's resignation and holding early elections
8 December 2008	Georgian opposition parties, New Rights and Republicans, announce the establishment of an alliance
9 December 2008	Ilia II, the Patriarch of the Georgian Orthodox Church, meets with Russian President Dmitry Medvedev in Moscow
10 December 2008	Shots fired at OSCE monitors near South Ossetia
10 December 2008	Pierre Morel, the EU's special representative for the Georgian crisis, and Johan Verbeke, the UN secretary-general's new special representative to Georgia, held talks in Sukhumi, Abkhazia, over the forthcoming Geneva talks
11 December 2008	Armenian opposition activist Vartan Malkhasian is released from jail
12 December 2008	Former Armenian president Levon Ter-Petrossian's opposition party threatens to hold a conference in Georgia if the Armenian government refuses to provide a venue for the event
12 December 2008	Russian troops pull out from the village of Perevi at the South Ossetian administrative border
12 December 2008	Turkish intellectuals plan a public apology for the mass killings of ethnic Armenians in World War I
13 December 2008	Russian troops reinstall a checkpoint in the village of Perevi at the South Ossetian administrative border
13 December 2008	A residential building hit by a strong blast in Baku, Azerbaijan
13 December 2008	State energy companies of Kazakhstan and Azerbaijan discuss the project of a Transcaspian transport system in Baku
15 December 2008	Talks on energy cooperation between Azerbaijan and Georgia are held in Baku during the visit of the Georgian Energy Minister

About the Caucasus Analytical Digest

Editors: Iris Kempe, Matthias Neumann, Robert Orttung, Jeronim Perović, Lili Di Puppò

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