

Armenia, Georgia, Azerbaijan: Foreign Policy Opportunities and Challenges

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Introduction

All three internationally recognized republics of the South Caucasus – Armenia, Azerbaijan and Georgia - are facing hard challenges in pursuing their foreign policies. They have to take into account contradicting/coinciding interests of regional and global actors involved in the region. The main purpose of this article is to analyze the main challenges and opportunities of Armenian, Georgian and Azerbaijani foreign policies with a focus on their interactions with Russia and the West.

The South Caucasus has a strategic location bordering Russia, Central Asia and the Middle East and sits on the main East – West and North – South transit routes. The region's hydrocarbon resources increase its geopolitical significance. After the collapse of the Soviet Union the region has been facing tough competition between neighboring Turkey, Iran and Russia. The latter views the region as a part of its influence zone, actively attempting to restore its dominant positions there. Turkey perceives the South Caucasus with its hydrocarbon resources as an important region to boost Turkey's ambitions to become an energy hub for Europe. Iran's main concern is to prevent other major powers efforts to use the South Caucasus as a launch pad for anti-Iranian activities.

The US, NATO and EU are also actively involved in the South Caucasus. They support the region's transformation from a totalitarian past to liberal democracy as part of a wider democratization agenda. The energy resources as well as the region's strategic location are also key factors influencing the Western approach. The region is also characterized by unresolved conflicts in Karabakh, Abkhazia and South Ossetia.

Armenia

Since getting its independence in 1991 Armenian foreign policy is mainly shaped by two key factors – the Karabakh conflict and relations with Turkey.

In 1992-1994 Armenia was supporting Karabakh Armenians in their efforts to tackle Azerbaijani aggression and defend their newly declared independent republic. After the 1994 ceasefire, Armenia alongside with Nagorno-Karabakh Republic and Azerbaijan was involved in the negotiation process under the auspices of OSCE Minsk Group co-chaired by France, Russia and the US. The 2016 April Azerbaijani large-scale four-day offensive along the Karabakh –

Azerbaijan line of contact put additional pressure on the negotiation process. This offensive once more emphasized the significance of confidence building measures for creating a supportive atmosphere to the negotiation process. In two subsequent summits held in [May 2016 in Vienna](#) and in June 2016 in Saint Petersburg Armenian and Azerbaijani Presidents agreed to increase the number of OCSE monitors as well as to establish ceasefire violations investigative mechanisms. Nevertheless, till now Azerbaijan has rejected the realization of agreements, while Armenia viewed them as a necessary condition for resuming any substantial negotiations.

Turkey recognized Armenian independence in late 1991. Nevertheless, Turkey did not establish diplomatic relations with Yerevan. The key factors influencing Turkey's negative attitude towards Armenia were issues of Armenian Genocide and Karabakh conflict. The authorities of the newly independent Armenia did not include international recognition of Armenian Genocide in Armenia's foreign policy agenda. [However, the article 11 of the Declaration of independence adopted in August 1990 stipulated that Armenia supports the process of Armenian Genocide international recognition.](#) This was viewed as unacceptable by Turkey. As for the Karabakh conflict, Turkey was fully supporting Azerbaijan's position and demanding from Armenia to cease its assistance to Karabakh Armenians. In April 1993, Turkey closed the Armenia – Turkey border crossing points as a response to the successful Armenian operations in Karabakh.

The situation remained unchanged till 2008 when Armenia and Turkey launched a bilateral relations normalization process with Swiss mediation. [It resulted in the signature of two Turkish – Armenian Protocols - one on establishing diplomatic relations and second on developing bilateral relations - in Zurich in October 2009.](#) The process was supported by the US, EU and Russia with Russian, US and France foreign ministers as well as the EU High Representative for CFSP participating in the signing ceremony.

Nevertheless, immediately after signing Protocols Turkey changed its position and put any advance in Karabakh negotiations as a precondition for Protocols ratification. Armenia was ready to ratify Protocols with no preconditions. The Swiss authorities and other international players were supporting Armenia's approach but with no effect. While Turkey continued to insist on preconditions Armenian President put on hold the ratification process in spring 2010 and in February 2015 recalled Protocols from the Parliament. The upheaval in Turkish domestic politics – Parliamentary elections in June 2015 and snap elections in November the same year, July 2016 failed military coup and extensive purges that followed, the polarizing April 2017 constitutional referendum – put Protocols and in general relations with Armenia on the backburner of Turkish politics.

In such a geopolitical juncture Armenia has little choices in its foreign policy. She develops a strategic alliance with Russia as Armenia lacks sufficient resources to counter both Azerbaijan and Turkey militarily. The legally binding guarantees provided by Russia, both through bilateral agreement and in multilateral format -via the Collective Security Treaty Organization- proved to be indispensable for Armenia. No other actor actively involved in the region – Iran, US or NATO- was either willing or able to provide the necessary guarantees.

Another factor influencing Armenia's attitude towards Russia is history. Since the beginning of 18th century Russia was perceived in Armenian political and religious circles as the only state capable and willing to liberate Armenia from Persian and Ottoman domination. In early 19th century, after Russia's victory over the Persians and the incorporation of Eastern Armenia into the Russian Empire, the perception of Russia as a savior became very popular among Armenians. Even the 1920-1921 Russia - Turkey alliance, and their joint efforts leading to the defeat of the first Republic of Armenia, was not able to substantially damage the image of Russia among Armenian society. Soviet period propaganda cemented the views of Russia as Armenia's savior and "big brother" without whose support Armenians were under real threat of total annihilation.

Simultaneously, Armenia was trying to develop partnership relations with the US, NATO and the EU. Armenia was in desperate need of the multifaceted assistance offered by the Western institutions. Besides this, at least some parts of Armenian society viewed the reforms and modernization as the only viable option to guarantee Armenia's independence and statehood. Nevertheless, Armenia is cautious not to "anger Russia" in its relations with the West especially as Russia increasingly views Western involvement in the Post-Soviet space as hostile actions against Russia. The vivid example of Armenia's delicate situation was its 2013 September decision to join Russia led Customs Union and Eurasian Economic Union. This move effectively canceled the signature of the Association Agreement with the EU, negotiated in 2010-2013.

As an effort to keep its balanced foreign policy Armenia launched new negotiations with the EU in December 2015. The EU - Armenia Comprehensive and Enhanced Partnership Agreement was initialed in March 2017, and its signature is expected till the end of 2017.

The US – Armenia relations are growing positively in some part due to the vibrant US Armenian community. [The US is the biggest donor of Armenia with more than 1.5 billion USD aid provided since 1991.](#) Another key factor influencing US – Armenia relations is the US active involvement in Karabakh negotiation process as Minsk Group Co-chair. Nevertheless, the current strategic rift between Russia and the US complicates Armenian efforts to pursue a balanced foreign policy. The Western rhetoric on containment against Russia may eventually put Armenia under tough Russian pressure to restrict its interactions with the US and NATO. However, core national interests of Armenia require to keep at least the current level of cooperation with the Western institutions in general and with the US in particular. The growing Russia – Turkish partnership as well as recent Russian overtures towards Azerbaijan, including the multi - billion USD modern assault weaponry sales, indicates that the sole reliance on Russia may prove disastrous for Armenia. Thus, in a short-term perspective, Armenian foreign policy will deal with the hard task of keeping its partnership with the West, and simultaneously avoiding anger Russia and jeopardizing its strategic alliance with Moscow.

Azerbaijan

Azerbaijan passed through several tumultuous years immediately after gaining independence in 1991. In early 1992, President Mutalibov was forced to leave the office. The next President – Abulfaz Elchibey - was ousted by Azerbaijani military in Summer 1993. The relevant stability came to Azerbaijan only after Heydar Aliyev, former head of Soviet Azerbaijan, ascended to power in late 1993. During this period Azerbaijan suffered the defeat in 1992-1994 war in Karabakh losing control over former Nagorno Karabakh Autonomous Oblast and parts of seven adjacent regions.

Since the ceasefire in Karabakh signed in May 1994 one of the key directions of Azerbaijan foreign policy has been the development of new transit routes for its natural gas and oil flows to international markets through Georgia and Turkey bypassing Russia. Azerbaijan was hoping to cement partnership relations with the West and diminish its reliance on Russia. Azerbaijan's alliance with Turkey plays a significant role in its foreign policy. [It's worthy to mention that, during his visit to Turkey in May 1997, Azerbaijani former President Heydar Aliyev made a famous statement that Azerbaijan and Turkey were one nation but two states.](#)

In September 1994, the “Contract of Century” was signed with international oil companies opening the way for multibillion USD investments into Azerbaijan. In the mid-2000s, Baku - Tbilisi - Jeyhan oil, and Baku Tbilisi – Erzurum gas pipelines became operational bringing never seen before profits to Azerbaijan. [In December 2013 the Shah Deniz consortium led by British Petroleum announced its decision to construct the Trans Anatolian \(TANAP\) and Trans Adriatic \(TAP\) pipelines to bring additional volumes of Azerbaijani gas to Turkey and Europe.](#) The projects envisage the export of 6 billion cubic meters of Azerbaijani gas to Turkey and 10 billion to South East Europe starting of 2019. Given the decline of the oil production in Azerbaijan and the low oil prices, natural gas export is viewed in Azerbaijan as a significant future source of state revenues. Nevertheless, oil will continue to play a key role in Azerbaijan's economy. [In September 2017 Azerbaijan state oil company \(SOCAR\) signed a new deal with BP-led consortium extending the production sharing deal for Azerbaijan's biggest oilfields from 2024 until 2050.](#)

However, Azerbaijan foreign policy was not overtly pro - Western or anti-Russia. In parallel with developing close partnership with the West in the energy sphere, Azerbaijan was keen not to drift far away from Russia. Baku has a clear vision that Russia will remain a key player in the South Caucasus with a decisive role in negotiations on the Karabakh settlement. Hence, though Azerbaijan has not entered the Russian led Collective Security Treaty Organization, it has not expressed any intention to join NATO.

Azerbaijan – Russia relations are growing intensively also in the economic sphere. One of the key projects here is the trilateral Azerbaijan – Iran – Russia cooperation. [Azerbaijan, Iran and Russia are jointly developing the North - South corridor which will connect India with Northern Europe via Iran, Azerbaijan and Russia.](#) The project envisages the connection of Azerbaijani and

Iranian railroads to facilitate the cargo transportation. The significance of trilateral cooperation in launching the “North – South” corridor was once again emphasized during the Azerbaijan – Iran – Russia trilateral summit held in Tehran on November 1, 2017.

As for the Karabakh conflict, Azerbaijan strategy can be characterized as a “War of attrition”. Azerbaijan jointly with Turkey imposed an economic blockade on Armenia with the key goal to isolate Yerevan from any regional projects. Since mid-2000s Azerbaijan was using its oil revenues to rapidly expand its defense budget. Azerbaijan defense spending skyrocketed from approximately 140 million USD in 1996 to 3 billion USD in 2015. Azerbaijan was actively purchasing modern assault weaponry including a 4 billion USD deal with Russia and 1.6 billion USD deal with Israel. Azerbaijan’s main goal is to compel both Armenia and Karabakh to accept its views on the patterns of the future settlement. It envisages the return to the 1988 status quo granting Karabakh autonomy within Azerbaijan.

In recent years Azerbaijan is facing tough pressure from European institutions to live up to its international obligations on rule of law and protection of human rights. The deteriorating human rights and freedom of speech situation in Azerbaijan, as well as the scandal of money laundering circulated in Western media, might complicate Azerbaijan’s relations with the West. Most recently, Azerbaijani President did not exclude the possibility that Azerbaijan left the Council of Europe. This was the answer to the Council of Europe’s Secretary General criticism regarding the issue of political prisoners in Azerbaijan.

The United States views Azerbaijan as one of the alternative sources of energy which can be useful in diminishing Europe’s dependence on Russian gas. Azerbaijani air space and airports were used by the US to supply NATO forces deployed in Afghanistan. However, Azerbaijan lacks the resources to become a key player in the European energy market. The gradual decrease of NATO operations in Afghanistan, even taking into account President Trump’s new Afghan strategy, are lowering the US interest in Azerbaijan.

Nevertheless, in a short – term perspective, Azerbaijan will continue its efforts to keep a balance between Russia and the West and to increase its significance in European energy markets. Despite sharp decrease in defense spending in 2016 due to the steep decline of oil prices, Azerbaijan will continue its policy of pressure on Armenia and Karabakh.

Georgia

The first years of the independence of Georgia were marked by political crisis, civil war and fight to keep control over Abkhazia and South Ossetia, which were part of Soviet Georgia. Relative stability returned to Georgia in the mid-1990s under the leadership of the former head of Soviet Georgia and former USSR foreign minister Eduard Shevardnadze. However, at that time Georgia had already lost control over large parts of Abkhazia and South Ossetia. The

country had nominal control on the Ajara Autonomous Republic on the Black Sea coast. The strategic changes came to Georgia after November 2003 “Rose revolution” led by Mikheil Saakashvili. In a short period of time, the new Georgian authorities managed to tackle rampant corruption, revive state institutions and regain control over Ajara. Georgian President declared the course on Euro-Atlantic integration. The new Georgian authorities established a close partnership with the US. President George W. Bush visited Georgia in May 2005, and, in [January 2009, just before President Obama’s inauguration, Georgia and the US signed a Charter on strategic partnership.](#)

The membership into the EU and NATO was stated as a key foreign policy goal of Georgia. Although Georgia’s bid to get Membership Action Plan was rejected in April 2008, at the Bucharest NATO summit, the alliance declared that Georgia along with Ukraine would eventually become members of NATO. The “Rose revolution” alongside the ‘Orange revolution’ in Ukraine in December 2004 were perceived in Russia as Western orchestrated events with the key goal to prevent Russia from regaining its influence in the Post-Soviet space. Russia – Georgia animosity peaked in August 2008. As a result of the Russia – Georgia war, Russia recognized the independence of Abkhazia and South Ossetia, and later deployed military bases there.

Nevertheless, Georgia continued its Euro – Atlantic integration policy. In 2009, Georgia was invited to participate in the EU Eastern Partnership Program. Saakashvili’s party lost the 2012 parliamentary elections, and the President himself left Georgia after his second term expired in 2013. However, the new government of Georgia continued its path towards European integration. Georgia signed an Association Agreement with the EU with the creation of a Deep and Comprehensive Free Trade Area in 2014. [The latest milestone on the road of Georgia’s European integration was the Visa Free Travel regime with the EU, which came into effect in March 2017.](#)

[Georgia is developing close relations with NATO too.](#) In 2004, Georgia became the first country to sign the Individual Partnership Action Plan with NATO. Immediately after the 2008 war with Russia the NATO – Georgia Commission was established, and Annual National Programs were developed under the auspices of the Commission. At the NATO Wales summit, leaders endorsed the Substantial NATO-Georgia Package to help Georgia in its efforts to improve its defense capabilities and to achieve its goal of NATO membership. In August 2015, NATO Secretary General Jens Stoltenberg inaugurated the NATO-Georgia Joint Training and Evaluation Centre in Georgia.

The new government of Georgia, which came into power after the October 2012 Parliamentary elections, has also made efforts to improve relations with Russia. Russian government also made some steps towards normalization. [In 2013, Georgian wines were allowed to re-enter the Russian market, and in May 2014 Russia opened its market for Georgian fruits and vegetables.](#) In November 2012, Georgian Prime Minister appointed a special envoy for relations with Russia.

The bilateral consultations with Russian deputy foreign minister were launched to discuss the problematic issues. Nevertheless, Russia showed no intention to reverse the recognition of the independence of Abkhazia and South Ossetia, which effectively has precluded any breakthrough in bilateral relations.

Currently, the key issue for Georgian foreign policy is the continuation of its Euro – Atlantic integration simultaneously trying not to provoke harsh backlash from Russia. The current crisis in Russia - US, Russia – NATO, and Russia – EU relations complicated Georgia’s efforts. Another important pattern for Georgia is the realization of its transit capacity. Currently, Georgia serves as a key transit route for Azerbaijani energy resources flowing towards international markets. Meanwhile, Georgia could be included also in the Chinese “One Belt One Road” project as an additional transit route for Chinese goods flowing to Europe via China- Kazakhstan – Caspian Sea- Azerbaijan – Georgia – Black sea route.

Conclusions

The South Caucasus is an arena for geopolitical struggle between Russia, the US, Turkey, Iran, NATO and EU. The key player in the region is Russia which has pursued a policy of regaining its influence over the region. All three internationally recognized republics of the South Caucasus are in the transitional process from the Soviet past towards the creation of capable and effective statehood. The main challenge facing all of them is the necessity to keep a delicate balance between Russia and the West. Armenia is struggling to keep its relations with the West without jeopardizing its strategic alliance with Russia. Georgia is pursuing integration with the EU and NATO, while simultaneously making efforts to improve its relations with Russia after the 2008 Russia – Georgia war. Azerbaijan is mainly relying on its energy resources, and its alliance with Turkey, while refuting the Western criticism over its human rights policy, and keeping the door open for deepening its relations with Russia.

However, the main challenge for all three is the acute necessity of systemic reforms and state modernization. Failing in this endeavor would result in the growing dependence of Armenia, Azerbaijan and Georgia on outside powers, and would make any scenario for regional development and cooperation less likely.