

“Does the European Union Need a Strategy for the South Caucasus?”

Chisinau, 11-14 April 2024

12 April 2024, 14:15 - 15.15, PANEL 3.1.: “How to Reconcile European and Regional Integration (Regional Actors)”

- This third (and last) panel aims to address modalities to reconcile/harmonize European and regional integration in the South Caucasus. It has been split in two sections: first section should outline the perspectives from the region, namely on how Armenia, Azerbaijan and Georgia see the EU taking further enlargement, democratic modernization, conflict prevention and mediation, economic integration and connectivity with regional states in a way that would complement their own efforts at regional integration and cooperation.
- This is basically a topic that had been discussed by the Study Group before, but with a different focus (i.e. European vs. Eurasian integration; energy security cooperation; peace building through economic and infrastructure integration) and within a less competitive/confrontational strategic context. At that time, EU’s geopolitical role in the South Caucasus was both lighter and less controversial with the regional powers.
- Since February 24, 2022, the EU’s level of engagement with the South Caucasus region has significantly increased, while Western confrontation with Russia expanded and intensified ever since, and tensions with Iran over deliveries of drones and missiles to Russia, the war in Gaza, and more broadly over Tehran’s aspirations for growing regional influence in the Middle East have reached new highs. The problem is that the rules-based order (i.e. post-Cold War "status quo") in Europe has been killed. This is most obvious in Ukraine where the West is struggling to maintain it alive as an independent, sovereign state. In the South Caucasus, Western regional influence is minimal, and the status quo is now based upon Russo-Turkish condominium currently supported by Iran, rather than post-Cold War order, and it is sort of contested by the West which is struggling to get back in the regional geopolitical game. How are EU’s efforts to come back in the new regional picture of the South Caucasus perceived by Armenia, Azerbaijan, and Georgia?
- For this first part of the panel, we have invited distinguished experts from those states to share their views on the topic.

13 April 2024, 11.30-12.00, Official Closing Remarks

Preliminary Conclusions

- At the previous workshop, held last fall in Reichenau/Rax, Austria, the shifting geopolitical orientation of the South Caucasus states largely away from the West emerged as a recurring theme. The ensuing Policy Recommendations noted that misperceptions on EU's role and objectives in the South Caucasus region, confusions on its internal and external operational procedures, as well as on its abilities and capabilities have not been helpful in advancing new security arrangements in the South Caucasus. However, we have also agreed that while misperceptions or confusions should be clarified or removed, the EU should stay engaged, and some have even argued its role and capabilities deployed in the region should be expanded. Consequently, the question underlying the theme of this workshop loomed as a logical follow up discussion.
- The EU has never developed an explicit, tailored-made, overarching strategy for the South Caucasus. Supporters of such an EU strategy have argued for better prioritizing and pursuing more consistent external action in the region. A South Caucasus strategy should clearly outline the EU's objectives, as well as the ways and means to pursue them. It should have a clear focus on the security as well as on the (geo)political, economic, and normative dimensions. Critics of EU's regional strategies usually pointed to internal difficulties in building strategic consensus, and to past failures of EU's regional strategies, while offering the "Black Sea Synergy" initiative as the most conspicuous example.
- The war in Ukraine has worsened the geopolitical context within the South Caucasus. In the wake of the November 2020 ceasefire in the second Karabakh war some had warned that "the largest geopolitical risk stemming from the new pattern of "balance of power" conflict management is that it might end up entangled with the ongoing Russia-West geopolitical confrontation". Unfortunately, this is where we are today.
- In December 2023, Georgia was granted EU candidate status while it should continue to meet the Commission's recommendations. While Georgia's progress on reforms is crucial, there has also been a geopolitical element in EU's decision. Russian invasion of Ukraine highlighted what many experts had been saying for years - that the EU cannot just sit and watch major security evolutions in its neighbourhoods. It must also act in a geopolitically consistent way.

- To protect themselves against the potential geopolitical fallout from Russia-West confrontation, the greatest challenge currently facing Armenia and Azerbaijan is the normalisation of their bilateral relations (i.e. signing of a peace agreement and restoring good neighbourly relations). To that end, they need to effectively deal with the inherent political, socio-economic, administrative, security, and other obstacles ahead, and strive to keep a prudent geopolitical balance in their deals with all interested external actors.
- Regional integration in the South Caucasus is possible. Each country has different political and economic interests, strategies, and policies, and harmonizing varying models of economic integration in the region is paramount. There shouldn't necessarily be a choice for the regional countries between European and Eurasian integration. Instead, they should build their regional integration in ways which would be compatible with both, while allowing each of them to choose freely their levels of engagement and priorities on cooperation and integration with the EU and the EAEU, respectively.
- The active participation of the European Union in regional infrastructure projects is conditional to the twin normalization between Armenia and Turkey, as well as between Armenia and Azerbaijan. EU is keen on supporting with financial resources, but it is rather short on vision. In other words, foreign investment can't make automatic integration. Furthermore, the presence of Russia and Iran in the regional equation and their interests for developing the North-South Transport Corridor might throw a wrench in the wheels of EU's (and potentially Turkiye's) plans for developing East-West regional infrastructure.
- The Zangezur Corridor was seen as a "threat" of sorts to Armenia. As long as it will have a Turkish-Azerbaijani origin, and there were no sound security guarantees from the normalization of relations between Armenia and all of its neighbours it would be difficult to not see it from Yerevan as an attempt to gain strategic advantage. Thus, attracting European investors could mitigate Armenia's security suspicions, and help the peacebuilding potential of infrastructure projects like the Zangezur Corridor, which in turn can help bring the region closer to the EU, and thereby boost public diplomacy and economic cooperation.
- The geopolitical upheavals that we have witnessed over the last decade have produced new realities and new opportunities for the South Caucasus region. It has put a special onus on economic cooperation, building upon the freedom of movement of goods, services, capital, and people. In effect, the South Caucasus could possibly aim at creating a "Euro-region" where a common market between the three states, and a common security system,

buttressed by a political statement on co-existence, and security guarantees would operate. These in turn would create other conditions for success, such as regional attractiveness and better living standards. However, there needs to be stronger financial and economic support from the international community (foremost from the EU), and solutions of a practical nature.

- To effectively reconcile European and regional integration, the regional countries should develop their own strategic objectives with due consideration of human security threats (food, energy, demographic, financial, transportation, health, environmental, poverty) and regional hegemonic interests. In order to do this, regional actors should concentrate on commonalities, and address them frankly. When there are competitive advantages, these should be leveraged to the advantage of the whole region. Meanwhile, differences should be mitigated by negotiation and trade-offs rather than by threatening with or use military force.