

The EU's Role in the South Caucasus: A Force for Peace?

Conference paper

15 December 2023

By Marylia Hushcha

Introduction

The South Caucasus is home to several protracted conflicts that have progressed in varying directions over recent years. The September 2020 war between Armenia and Azerbaijan over Nagorno-Karabakh resulted in a complete victory for Azerbaijan. Opting to restore its territorial integrity by force, Baku launched another military offensive in September 2023, which led to the mass exodus of ethnic Armenians from Nagorno-Karabakh. Meanwhile, in Georgia, political polarization has been on the rise in light of the upcoming parliamentary elections in 2024. On December 14, the European Council granted Georgia candidate status which was welcomed by Georgian people. However, it remains to be seen whether Georgia manages to fulfill conditionalities in order to further progress on the European integration path.

The IIP, in cooperation with partners, organized an expert conference on 27 November 2023 to discuss ongoing developments in the South Caucasus and assess the EU's role in the region. A summary of the discussion is provided in the following paper.

The Armenia-Azerbaijan Conflict after Baku's Takeover of Nagorno-Karabakh: What's Next?

Armenia and Azerbaijan after the September 19-20 offensive

Since the Second Karabakh War in 2020, when Azerbaijan retook control of its formerly occupied territories, Baku has maintained a policy of coercive diplomacy. This put an end to thirty years of protracted conflict and multilateral negotiations conducted under the liberal peace paradigm. With Russia's invasion of Ukraine, Moscow's attention to the South Caucasus weakened, providing Baku a window of opportunity to speed up its reintegration efforts. The resulting military offensive of September 19-20 can be understood in this light. However, Azerbaijan did not simply disregard Russia's interests in the region or the presence of its peacekeeping contingent in Nagorno-Karabakh (NK). Much was agreed upon between Baku and Moscow prior to the offensive.

Since 2020, Baku has pursued a '3D policy' towards NK, characterized by de-internationalization (achieved in practical terms by establishing the checkpoint in the Lachin corridor), deinstitutionalization (achieved through dismantling the unrecognized Nagorno-Karabakh Republic), and deterritorialization (reintegrating NK into Azerbaijan in a way that splits up the territory). Azerbaijan's national identity over the past 30 years has been built around the narrative of reconquering lands lost to Armenia during the First Karabakh War in the 1990s. However, despite the full takeover of these lands, the anti-Armenian narrative has yet to go away; Azerbaijan continues to define itself in opposition to Armenia.

Since the September offensive and the exodus of Armenians from NK, Azerbaijan has not faced any of the consequences that the EU or the US had been warning it about on a political level. Meanwhile, Armenia has been in a state of confusion, with its hopes about the EU- and the US-facilitated dialogue processes shattered. There are two strands of thought prevalent today in Armenia. The first argues that Armenia should act similarly to Azerbaijan after the war in 1994 – namely, by accumulating military power and taking over NK when the opportunity presents itself in the future. The other strand suggests focusing on the state-building process within Armenia's borders after 1991, leaving the issue of NK behind. While the exodus of NK Armenians is a tragedy, strategically the new situation offers opportunities to settle the conflict,

normalize Turkish-Armenian relations, and potentially reduce the regional influence of Russia, whose peacekeeping force has become irrelevant in the absence of the Armenian population in NK.

After Azerbaijani President Aliyev's appearance and militaristic speech after the September offensive, it is almost certain that no Armenians will return to Stepanakert/Khankendi as long as there is an Azerbaijani flag waving over it. This suggests a difficult humanitarian situation for the approximately 100,000 Karabakh Armenians in the coming months, as they will struggle to survive the winter. Around 10,000 have already left Armenia – mostly to Russia, where there is a strong Karabakh Armenian community.

Armenia has grown increasingly skeptical toward Russia, and it has in recent years sought to distance itself, not least after being encouraged by Western partners who had argued that Russia's imminent failure in Ukraine would signify its exit from the South Caucasus. As it is now clear that the war in Ukraine is not ending any time soon and that Russia will stay in the region, Armenia is caught between a rock and a hard place: it continues to make statements about distancing itself from Russia but does not do anything in practical terms, such as initiating withdrawal procedures from the Collective Security Treaty Organization or the Eurasian Economic Union. Yerevan does not have a coherent Russia strategy despite its economic and security dependency on Moscow.

International aspects. Will there be a peace treaty or another war?

Three decades of conflict negotiations conducted under the auspices of the OSCE Minsk Group have collapsed, revealing the weakness of liberal conflict resolution approaches in a region dominated by the 'might is right' principle. The multilateral negotiations prior to 2020 failed due to the significant discrepancy between 'liberal' proposals agreed-upon on paper and their 'illiberal' implementation on the ground. Missed opportunities and complacency on the part of international actors further exacerbated this situation.

After the 2020 war, there emerged three negotiation tracks facilitated by the EU, the US, and Russia, respectively. The lack of common effort (despite some level of coordination between the EU and the US) and the outright competition between the Russian and the Western tracks enabled Azerbaijan to play the peace process and maximize its dividends. As a result, most of Baku's demands were satisfied, but – given that coercion had previously succeeded – it still chose to pursue the use of force and, in September 2023, retook the remaining parts of NK outside of its control.

The radical power asymmetry between Armenia and Azerbaijan poses further obstacles to the negotiation of a peace treaty and its future implementation. There are no security guarantees for Armenia, and any talks – no matter whether they are held in Brussels, Moscow, or Tbilisi – would look more like a dictate by one side to the other. There is very little clarity or inquiry into what will happen after any peace treaty is signed. Such a document would not eliminate the remaining issues between Armenia and Azerbaijan, including border demarcation and delimitation; questions around enclaves/exclaves; humanitarian issues, such as the exchange of detainees and prisoners of war as well as investigations into missing persons (both from the First and Second Karabakh Wars); the issue of land mines; and reconstruction efforts, which have turned out to be even more substantial than expected.

Western platforms for the negotiation of a peace treaty are viewed with skepticism in Armenia. Azerbaijan's no-show at the European Political Community summit in Granada points to the EU's even more limited – if not nonexistent – leverage over Azerbaijan. Neither is Armenia convinced of other alternatives, such as conducting the negotiations under Russian mediation or in the 2+3 format¹, which includes Turkey and is thus viewed with suspicion.

Any peace treaty – even if signed – can easily break down. Armenia fears a creeping occupation by Azerbaijan or even an outright invasion. While the latter is unlikely, as Azerbaijan's coercive diplomacy requires room for bargaining that would disappear with a full-scale war, Baku could still conduct limited military operations in order to take over the disputed enclaves/exclaves. Attacking the south of Armenia in order to establish a connection to Nakhichevan would only require a limited operation, as the narrowest stretch of Armenian territory that lies between Azerbaijan's mainland and Nakhichevan is only 27 km. Statements by Azerbaijan that it is not interested in the route via Armenia as it could instead use a railroad via Iran are misleading. Baku is still interested in the route via Armenia, with the route via Iran remaining an additional option.

The case of the Azerbaijan-Nakhichevan railroad connection via Armenia points to a general trend of securitizing connectivity in the region. Hailed by regional and international actors for its peacebuilding potential due to its benefit for all sides, connectivity is perceived by the conflicting parties as undermining their sovereignty and potentially serving as a bargaining chip.

With or without the peace treaty, the conflict between Armenia and Azerbaijan is far from over, and, if anything, it may evolve into a form of rivalry similar to that between India and Pakistan².

The Role of Regional Powers in the Armenia-Azerbaijan conflict

The EU

While the EU is more engaged in the resolution efforts between Armenia and Azerbaijan in the last two years than ever before, it has lacked a clear strategy for the region. At the moment, with the limitations of its diplomatic efforts exposed, Brussels can do little to support the immediate peace negotiations. Any meetings conducted by the EU would not be taken seriously by the conflicting parties, amounting to box-ticking. With the current asymmetrical balance between Armenia and Azerbaijan, the EU does not have any real leverage over Azerbaijan. Sanctioning President Aliyev's family assets stored in the EU would be vetoed by member states that receive Azerbaijani gas. After the September offensive, there was a demand from EU member states to be tougher on Azerbaijan, but generally member states do not have an interest or stake in taking on more ownership in the negotiation process. In addition, the EU can do little when it comes to physical threats or the use of force by one party to the conflict.

However, the EU can use its lever of economic power in the region and contribute to the development of the region via connectivity projects, reconstruction, and demining efforts. The

¹ The 2+3 format includes Armenia and Azerbaijan as regional actors and Turkey, Russia, and Iran as neighboring powers. Originally the format was envisaged as 3+3 and included Georgia, but Tbilisi has refused to participate.

² Despite the overall tense situation between Armenia and Azerbaijan, the exchange of prisoners between the countries on December 7 signifies an important step forward, potentially opening a way to further confidence-building.

EU should still be careful not to legitimize a ‘victor’s peace’ via its actions. The EU can also support Armenia. Brussels has already offered an aid package to Yerevan to at least somewhat strengthen its position at the negotiating table. In addition to a humanitarian aid package, there have been discussions around granting access to the European Peace Facility and strengthening the EU monitoring mission.

Turkey

Turkey has been steadily increasing its presence in the South Caucasus, and it has competed with Russia for influence from Central Asia to the Black Sea region since the collapse of the Soviet Union. However, after the 2008 Russo-Georgian war, Ankara has emphasized cooperation rather than competition with Moscow. A new power balance is emerging in the South Caucasus – especially visible after the Second Karabakh War – whereby Turkey and Russia are competing and cooperating simultaneously. Turkey is careful and knows the dangers of sidelining Russia in the region, however weakened it may currently appear.

The conclusion of a peace treaty between Armenia and Azerbaijan would benefit Turkey the most. Ankara has already started profiting from reconstruction efforts in NK and the surrounding regions, as many Turkish construction companies have been contracted by Azerbaijan. Furthermore, Turkey is interested in the construction of the Middle Corridor, as it offers a faster connection to Turkic-speaking Central Asia as well as Caspian energy resources. Developing the Middle Corridor is one of potential areas of cooperation between the West and Turkey in the South Caucasus, although this may be difficult to accomplish.

Azerbaijan is a close ally of Turkey and – according to public polls – is believed to be Turkey’s only friend in the world (followed by the internationally-unrecognized Republic of Northern Cyprus). There is extensive economic cooperation between the two countries, and nationalist politics in Turkey further support the pro-Azerbaijani position of Ankara in the conflict between Yerevan and Baku. In addition, the personal relationship between President Aliyev and President Erdogan – supported by significant Azerbaijani investments into Turkey has ensured Turkey’s staunch backing of Azerbaijan in the conflict with Armenia. Thus, while the normalization of Turkish-Armenian relations may be possible, Ankara, upon Baku’s request, has kept the process on hold until a treaty with Yerevan is signed. While it would also be beneficial to move Armenia out of Russia’s orbit for Turkey (the normalization of relations would certainly foster this goal), it is not pushing too hard in this direction due to its power sharing arrangement with Russia in the region.

Russia

Russia’s agenda in the South Caucasus has changed in recent years, largely as a result of its invasion of Ukraine. Sanctioned by the West, Russia is looking for alternative transportation routes and markets. Alternative connections to the south and east via Azerbaijan have become increasingly desirable. While Russia’s role in the region is decreasing and the whole concept of the post-Soviet space – still emphasized by the Kremlin – is waning, Moscow maintains multiple levers in the region. The lease for the Russian military base in the Armenian town of Gyumri only expires in 2044, leaving Russian troops present in the region for at least two decades – although the retreat of Russian peacekeepers from NK is likely to happen earlier than the end of their official mandate in 2025. Russia exercises significant economic leverage over Armenia, which it has not yet applied to the fullest extent. Furthermore, a potential corridor via Armenia connecting Azerbaijan to Nakhichevan, would be controlled by the Russian security

services, which would further increase Moscow's presence on the ground in the region. Russia is not interested in the economic rationale of this route, as it already bypasses the corridor, but it would profit from controlling it.

Iran

Iran's position in the region has been significantly weakened. Iran has traditionally supported Armenia in its conflict with Azerbaijan, but Tehran has lately chosen Baku over Yerevan due to the better connections that Azerbaijani territory provides to its ally in Moscow. Furthermore, Turkey has grown increasingly irritated by Iran's policies in Syria and is thus eager to sideline Iran's engagement in the South Caucasus. Erdogan's proposal to hold talks on the Armenia-Azerbaijan conflict in a 2+2, rather than 2+3 format, can be interpreted in this sense.

Georgia's EU Integration: At a Turning Point?

On November 8, 2023, the European Commission (EC) recommended that Georgia receive EU candidate status despite having fulfilled only 3 out of the 12 conditions previously set for the country. Progress on political depolarization, de-oligarchization, freedom of the media, justice system reforms, and key appointments is still lacking. Nevertheless, this is a unique situation, as the EC decided in favor of the aspirations of the Georgian population, which overwhelmingly (86%) supports the country's EU integration, and despite the half-hearted attitude of the government. The Commission has acted with an eye toward geopolitics, and the European Council followed this approach on December 14 by deciding positively on Georgia's candidate status. The remaining conditions need to be fulfilled in the next 11 months. However, there are now even fewer incentives for the government in Tbilisi to do so. One way for the EU to encourage work on these conditions would be to link future progress to financial aid. It is crucial that progress happens before the parliamentary elections scheduled for October 2024.

The ruling Georgian Dream (GD) party plans on staying in power beyond 2024 and will not shy away from using procedural and legislative distortions to achieve victory in next year's elections. The asymmetry between GD and the main opposition party – the United National Movement (UNM) – is growing, but both parties are encouraging the further polarization of Georgia's political scene. Other smaller opposition parties do not appear to be pursuing any attempt to join forces and propose an alternative to GD or the UNM, neither of which currently offers a genuinely alternative political force from within. Thus, such a movement can only emerge from civil society.

At the same time, Russia's role in Georgia is growing. Moscow is more present in the (dis)-information space and contributes to the country's increasing polarization. Russia is also perceived as a norm-setter by the Georgian leadership, which has already tried to implement – although not always successfully – laws similar to those passed in Russia that restrict the operation of civil society, the media, and the rights of LGBTQI people. As a result, a clear trend towards authoritarianism is emerging in Georgia. While the leadership of GD is not pro-Russian per se, the party benefits from closer ties with Moscow, as it helps them to secure their grip on power. This goes against the clearly anti-Russian and pro-EU public opinion.

Georgia is a key country in the EU's Eastern Neighborhood. The way it battled corruption after the Rose Revolution in 2003 made a demonstrable impact in the country and beyond. Georgia's strategic location and the transatlantic link are also crucial. An appreciation for Georgia's geopolitical position is missing in some EU member states. If the EU is serious about its own

geopolitical posture/vision, it needs to engage more with Georgia. After granting Georgia candidate status, it should offer it a staged accession process, which would require gradual progress over time instead of an all-in entry at the end. The EU should also engage in midterm reviews of Georgia's progress on conditionalities and communicate more clearly and regularly with both the Georgian public and political leaders about what enlargement means. Working with civil society is also crucial in this respect. Moreover, the EU needs to engage more with GD's voter base, continuing its programs aimed at youth.

While Georgia has been an EU associated country since 2016, it has not fully exploited the potential benefits of the Deep and Comprehensive Free Trade Area (DCFTA). Georgia sometimes appears to be an island isolated from the EU, which raises questions over whether this would change if the country were to join the EU. Part of the problem of not fully making use of the DCFTA's potential is poor communication by the EU. Georgian businesses are not well connected to the EU, as there is a lack of understanding about the opportunities of the single market. At the same time, the Georgian government has not sufficiently supported the country's industries to improve the competitiveness of Georgian goods in the EU market. Instead, it has elected to reorient itself towards the Russian market. Nevertheless, the EU as a bloc remains Georgia's most significant trade partner. Improved communication by the EU with the Georgian public is necessary. Rethinking the EU's policy towards Turkey would also have implications for the improved access of Georgian goods to the EU market. Furthermore, the protracted conflict with Abkhazia and South Ossetia poses another challenge to Georgia's EU integration. Tbilisi needs to find a clear strategy for dealing with this conflict.

Conference Participants

Alessandro Rotta, Alexandra Dienes, Anna Hess, Benyamin Poghosyan, Christoph Bilban, Eka Akobia, Elene Gagnidze, Gerhard Marchl, Hannes Meißner, Hannes Swoboda, Kamila Bogdanova, Kevin Kaiser, Kirill Krivosheev, Luka Cekic, Marylia Hushcha, Moritz Ehrmann, Mustafa Aydin, Ralph Janik, Siegfried Wöber, Simon Weiß, Shujaat Ahmadzada, Stefan Mesiter, Stephanie Fenkart, Tinatin Akhvlediani, Thomas De Waal, Wolfgang Bogensberger.
