

Current Geostrategy in the South Caucasus

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In recent months, relations between Georgia and Russia have deteriorated. The clash between these two states is only a symptom of the broader strategic positioning of the West and Russia in and around the South Caucasus. In this scenario, at regional and global levels, countries and organizations are involved in a struggle for power and energy security. Considering these two issues, what is the current situation in the South Caucasus and what can be expected in the future?

Affecting the region are the political-military and security policies of the actors involved. These actors include Georgia, Armenia, and Azerbaijan, and their "frozen" conflicts of Abkhazia, South Ossetia and Nagorno-Karabakh. Additionally, the leverage of regional powers, such as Turkey and Iran, and of global powers, such as the United States, Russia and China, is part of the power configuration in the region.

In addition to countries, international organizations are also involved in this game. At the regional level, there is the Black Sea Economic Cooperation (B.S.E.C.), the Black Sea Force (BLACKSEAFOR) the Caspian Sea Force (CASFOR), the cooperation between Georgia, Ukraine, Azerbaijan and Moldova (G.U.A.M.) and the Collective Security Treaty Organization (C.S.T.O.) within the Commonwealth of Independent States (C.I.S.). At the global level, the North Atlantic Treaty Organization (N.A.T.O.) and the European Union also exercise political weight in the South Caucasus.

Energy Security

In addition to the power configuration is the issue of energy security. Energy security is high on the international agenda, as the United States, the European Union and N.A.T.O. have expressed their concern about threats to energy security. E.U. countries as a whole currently import 50 percent of their energy needs (the U.S. imports 58 percent of its oil), and will import 70 percent by 2030. Furthermore, E.U. countries import 25 percent of their energy needs from Russia, which may rise to 40 percent in 2030 (another 45 percent comes from the Middle East). Besides this growing dependency, it has become clear that the energy instrument is an essential part of Russia's external and security policy after it used this to force Ukraine to pay a higher gas price at the end of 2005.

The geopolitical importance of the South Caucasus is also based on the presence of energy resources. Stability in the Caucasus is a vital requirement for the uninterrupted transport of Caspian oil and gas. The Caspian Sea region (the South Caucasus and Central Asia) contains about 3-4 percent of the world's oil reserves and 4-6 percent of the world's gas reserves. In itself, the Caucasian share of global oil and gas reserves is not considerable. However, in light of the uncertainty over the reliability of Persian Gulf supplies, as well as the possibility that Russia may use energy delivery as a power tool, the transport of Caspian and Central Asian (Kazakhstan and Turkmenistan) energy supplies to the West via the Caucasus has gained vital importance.

The importance of the region has also grown as a result of energy policies by consumer states in the West that want to decrease their dependence on resources from Russia and the Middle East. A number of states and organizations are making efforts to end Russia's near monopoly on the transport of energy supplies in the Eurasian region by creating alternative pipeline routes to transport these supplies. Thus, the Atasu-Alashankou oil pipeline (China and Kazakhstan), the Baku-Tbilisi-Ceyhan (B.T.C.) and Baku-Tbilisi-Erzurum (B.T.E.) pipelines (Georgia, Azerbaijan, Turkey and Kazakhstan) and the Nabucco gas pipeline (European Union, Turkey, Bulgaria, Romania, Hungary and Austria) are operational, under construction or planned.

Defrosting the Frozen Conflicts

Washington wants a stable South Caucasus region for its investment in the energy sector, as well as for its geostrategic interests in the region. The separatist regions in Georgia - Abkhazia and South Ossetia - have become areas of the major players' interests in the region. With the exception of the tensions surrounding Tbilisi, Russia has not played a very neutral role in these conflicts. Russia has used the conflicts as political leverage with the West.

The objectives are clear: the West and Russia have the aspiration of being the major player in the South Caucasus. Russia, however, is gradually being forced to retreat from this region. To counter this development, one of Russia's tactics is to slow down Western advances by keeping the so-called "frozen conflicts" active. This makes it harder for Georgia to attract Western investment and it is complicating its accession to N.A.T.O.

The tensions are likely to continue if these global powers and their organizations cannot find consensus or "peaceful coexistence." In these circumstances, a solution to the frozen conflicts is rather unthinkable. If that is the case, disputes - harmful to the economic development of the South Caucasus - are likely to continue until the time that these countries are consolidated into Western structures.

Concerning the Nagorno-Karabakh conflict between Armenia and Azerbaijan, the outlook is similar to that of the Georgian regions. The main foreign actors in this conflict Russia, the United States and the European Union will have to find a compromise. At the moment, the United States is the party most interested in solving the conflict and is putting serious efforts into finding a settlement. Yet, political will and public support has to be created on both sides. It seems that political pressure is rising on Azerbaijan and Armenia. The United States perhaps more than Europe - has the military, political and economic capacities, and, due to its investments, the will to force a breakthrough in the negotiations. Just like the Georgian separatist regions, the main condition for a solution is cooperation with and by Russia.

Military Alliances as Guardians of Energy

Matters of energy security tend to attract the attention of military organizations. For example, military organizations are at the center of the security of oil and gas pipelines against terrorist attacks. In G.U.A.M., increasing tensions between Georgia and Moldova with Russia has forced it to reconsider its energy security and to find an alternative to dependency on Russian oil and gas. In such an alternative scenario, Azerbaijan is to play a crucial role both as energy supplier and transit country for oil and gas from Central Asia. The sustainability of such a scenario is yet to be

shown. Considering the current more pro-Russian government in Ukraine, however, G.U.A.M.'s energy security plans have become unlikely.

The Russian armed forces are currently tasked with the protection of energy resources, such as offshore platforms. Also, for the Russian-led C.S.T.O., energy security seems to be recognized as a task of growing importance. A recent exercise at a nuclear energy station in Armenia showed that the C.I.S. Anti-Terrorist Center is already involved in this. It is not unlikely that in the future the C.S.T.O. will take over energy security tasks and other responsibilities of the C.I.S. Anti-Terrorist Center. Therefore, the involvement of the C.S.T.O. in energy security, especially in the South Caucasus, specifically in Armenia, is likely to develop further. Moreover, regional maritime task forces - CASFOR and BLACKSEAFOR could potentially be used for such operations around the Caucasus.

According to Western and Russian sources, the West is also directly involved in energy security in the South Caucasus. Allegedly, military officers from Turkey, together with their colleagues from Azerbaijan and Georgia, have regularly carried out command staff exercises to practice the protection of the B.T.C. pipeline. Furthermore, in 2005 an agreement had supposedly been reached which arranged for the United States and N.A.T.O. to secure the B.T.C. pipeline. In the future, they would also safeguard the B.T.E. gas pipeline.

In addition to this, military units of N.A.T.O. and the United States would also support and/or train Azeri and Georgian troops tasked with the protection of pipelines. Moreover, the United States is allegedly going to provide Azerbaijan three cutters and small submarines, intended to guard its oil fields. However, Georgian, N.A.T.O. and U.S. officials all deny any N.A.T.O. or U.S. involvement in pipeline security in Georgia and Azerbaijan and claim that these two states have their own dedicated units for pipeline protection. Nevertheless, statements by leading N.A.T.O. officials, dedicated meetings, and other activities indicate that N.A.T.O. is increasingly interested in the South Caucasus and its energy resources in particular.

Considering that the United States and N.A.T.O. are likely to be involved in energy security in the South Caucasus, as is Russia with the C.S.T.O., this could lead to rivalry. In the worst case, even a local arms race between their regional allies - with Iran and Armenia on the Russian side versus Azerbaijan and Georgia on the Western side - should not be ruled out.

U.S.-Russian Competition in the Caucasus and the Caspian Sea

The geo-strategic importance of the South Caucasus and the Caspian region as a corridor from Europe to Central Asia, as a bridgehead to control and pressure Iran, and also because of the energy resources and the war on terrorism, are the main reasons for the U.S. presence in the region. The United States, with its heavy military involvement in Iraq and Afghanistan, and following the switch of Uzbekistan to the Russian camp, is apt to seek strong points in the Caucasian area in support of its global geostrategy.

The recent involvement of the United States might upset the precarious power balance in these regions, which has evolved after the disintegration of the Soviet Union. This is especially true now that Iran and Russia, the greatest powers in the region, feel threatened. Russia regards the South Caucasus as its traditional backyard of influence and counters increasing involvement in the area by the West. The United States has chosen Azerbaijan as its most important ally in the

Caspian basin and has developed a program of intense military cooperation. Russian military analysts argue that the situation is reminiscent to the U.S. Georgian Train and Equip Program, which since its start in 2002 has provided Georgia with a capable, welltrained and equipped army. Russian analysts fear that this soon will be the case with Azerbaijan as well, thus depriving Russia of all its means of influencing Azerbaijan.

U.S. military cooperation in the South Caucasus and the Caspian seems to evolve smoothly. Although the United States gives the impression of being reluctant to make its military presence and activities public, it is clear that it is effectively defending its interests in the region, including its energy security. In addition to U.S. military support, Azerbaijan's increasing defense budget will also contribute to strengthening its military power. The question remains whether the United States will be able to convince other states, such as Kazakhstan, to join this military cooperation.

Russia has shown it is seriously interested in preserving its regional authority with its Caspian Flotilla. Yet with a growing U.S. presence, it will need to form alliances. A Russian-led CASFOR maritime force, including other littoral states in addition to Iran, still seems far in the future. A cause of potential conflict is the unclear legal status of the Caspian. So far, the littoral states have not reached an agreement on dividing the Caspian Sea. Near armed clashes have already occurred between Azerbaijan and Iran over disputed oil fields. Tensions are likely to continue as long as the legal situation of the Caspian Sea remains in dispute. Because of the geo-strategic and economic interests at stake, and an apparent failure to come to a consensus from both sides, the competition between Russia and the United States in the Caucasus and the Caspian Sea is likely to be prolonged in the years ahead.

A Comprehensive Role for the E.U. in Conflict Resolution

The separatist areas of Abkhazia and South Ossetia form a hindrance for further integration of Georgia into the Western architecture. Although Georgia is eager to see the Russian peacekeepers withdrawn, conversely Russia is keen to continue its presence to maintain influence in Georgia. Nor will Russia accept its forces to be replaced by those of N.A.T.O. in the separatist areas, which is another objective of the Georgian government.

Recent statements by the European Union display a more active policy in the South Caucasus. The European Union has the reputation of an "honest broker" and as having a wide scope of instruments for achieving peace and stability. Conversion of statements into an active security policy could be established by forming a military mission to be deployed in Abkhazia and South Ossetia, not to replace the Russian peacekeepers, but as an additional asset to promote stability and reconstruction. Such a mission would be beneficial for the stature of the European Union, to prove that it is capable of conducting crisis management missions. Furthermore, this would adhere to the call of the Georgian government to introduce Western peacekeepers in the disputed areas.

Russia may oppose a competitive peacekeeping force, but it will have a difficult time openly disapproving of such an E.U. mission since it wants to maintain good relations with the European body and also because it has no grounds to feel threatened by E.U. peacekeepers. A possible E.U. military mission to the separatist areas should be part of a larger E.U. operation,

using its social and economic instruments as well for stability and reconstruction. Such an approach would strengthen a normal economic build-up and thus be detrimental toward the largely illegal economic structures of the current leadership of Abkhazia and South Ossetia. With such an encompassing program, the separatist regions could gradually develop into stable societies, which would also be beneficial for their position toward the Georgian government.

Likewise, taking into account the fact that the O.S.C.E.'s long-time negotiations to reach a settlement on Nagorno-Karabakh have been in vain, the European Union could also pursue an encompassing action program on this conflict. Here, as well, the deployment of an E.U. military mission, together with social and economic measures to encourage development of state and society, could bring a political solution closer. Moreover, a stabilized South Caucasus would also be advantageous for structural energy supplies from Central Asia via the South Caucasus to Europe. Therefore, political and economic objectives could be united.

A Joint Effort of N.A.T.O. and the E.U. in the South Caucasus

Moving past their reluctant attitude in the 1990s, in the 21st century the alliance and the union have started to pursue a much more active policy toward the South Caucasus. The reasons for the change in attitude of N.A.T.O. and the E.U. are found in a corresponding U.S. agenda, which even earlier started to follow a proactive course in this region. For the European countries, the issue of energy security has resulted in more attention for the South Caucasus due to rising prices, increasing scarcity and uncertainty of energy deliveries. Although the entrance of Georgia into N.A.T.O. - and subsequently Azerbaijan and perhaps Armenia as well - might still take some years, it is probable that the relationship between N.A.T.O. and the South Caucasian states will further deepen, with Georgia taking the lead. Similarly, increased ties between the South Caucasian states and the E.U. can also be expected, although membership of the E.U. for them seems further away than that of N.A.T.O., due to the enlargement fatigue within the E.U.

Although formally denied, there is reason to believe that N.A.T.O. has, or will have, a role in pipeline security in the South Caucasus, for clear geostrategic reasons. The E.U. is also likely to build up its activities in the South Caucasus, especially in energy infrastructure, economic development, rule of law, and probably also conflict solution - for which it has a more independent reputation than does N.A.T.O. Consequently, N.A.T.O. and the E.U. will share an upcoming long-lasting involvement in the region, which, by establishing a labor division in their best fields of expertise, may be able to bring security and prosperity to the South Caucasus.

Synergy of Military and Energy Instruments of Security Policy

Considering that the military power of the U.S., N.A.T.O., Russia and the C.S.T.O. and the regional maritime task forces are assigned to energy security in this region, the conclusion seems valid that in the near future the combination of military and energy will constitute the major instruments of power in the South Caucasus. Because of the growing importance of energy resources, a further intertwining of these two policy tools can be expected, not only around the South Caucasus, but elsewhere in the world as well. This is in contrast with the thinking that the military instrument has been replaced by the economic (energy) instrument. Therefore, countries and organizations will need to have a well-considered build-up and coordination of their military and energy instruments in order to conduct a successful security policy.