

# CAUCASIAN REVIEW OF INTERNATIONAL AFFAIRS

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## NOTE FROM THE EDITOR-IN-CHIEF

I am very happy to present the Winter 2009 issue of the *Caucasian Review of International Affairs* (CRIA).

Since our last issue in Autumn 2008, the war in Georgia has receded from the media's attention, but its implications are only beginning to be seriously addressed by the academic community. The CRIA aims to be at the forefront of this ongoing assessment, and in this context we have a number of papers which touch upon the war and its effects upon the region, as well as a theoretical assessment of the Russian intervention. We also present two contrasting Comments on Kosovo's declaration of independence and its implications for the South Caucasus. We are also proud to present additional papers on the Armenian diaspora, Georgia's national competitiveness in a globalised world, energy geo-politics in the Caspian basin, competing Islamic traditions in the Caucasus, external powers' influence upon the reform and political elites in Kyrgyzstan, as well as two topical book reviews and an interview with Dr. Martin Malek from the National Defence Academy of Austria. I would like to thank all of our authors for their time and their insightful work.

The CRIA is currently going through an exciting stage in its development. Our [\*Caucasus Update\*](#) continues to provide week-by-week analysis of the region, and we have become partners with a number of like-minded organizations and research institutes. In the meantime, our Review is being indexed in the reputable international research databases such as *Virtuelle Fachbibliothek Osteuropa*, Global Development Network, *Elektronische Zeitschriftenbibliothek*, International Relations and Security Network, Electronic Library Information Navigator – ELIN@NIAS, Genamics JournalSeek and Social Sciences Eastern Europe. The CRIA is also listed in the electronic scholarly journals catalogues of the universities such as Harvard University, Princeton University, Stanford University, Columbia University, Johns Hopkins University, George Mason University, George Washington University, University of California Berkeley, University of Chicago, University of Toronto, McGill University, Humboldt University of Berlin, Hamburg University, University of Munich, etc. In the months ahead we will be launching new partnerships and strengthening our co-operation with existing partners. Also planned for the near future are a range of new features such as regular interviews and roundtables with regional experts.

Each issue of the CRIA, which is a free and non-profit online publication, is the result of voluntary and hard work of the affiliated persons. Therefore, I'd like to express my deep gratitude to all the members of the Advisory and Editorial Boards, editorial assistants, other staff members and all online interns of the CRIA for their consistent and profound engagement.

# **EASTERN CASPIAN SEA ENERGY GEOPOLITICS: A LITMUS TEST FOR THE U.S. – RUSSIA – CHINA STRUGGLE FOR THE GEOSTRATEGIC CONTROL OF EURASIA**

**Thrassy Marketos \***

## **Abstract**

*For reasons both of world strategy and control over natural resources, the US administration is determined to secure for itself a dominant role in Eurasia. The Eastern Caspian shore of the Central Asian states of Kazakhstan and Turkmenistan is crucial to the oil and gas control flow, because which of the two major projects – the Trans-Caspian Corridor plus Nabucco pipeline, or the Prikaspiisky and South Stream pipelines - reaches the European market, will in effect determine which major power - U.S., Russia, or China – will gain geostrategic control over Eurasia. Even more seriously, it may determine a new eventual decision of Europe and the rise of a potential big continental power or a coalition of powers threatening the U.S. and the West as a whole, such as a Russian-Chinese alliance empowered enough to control Caspian Sea resources.*

***Keywords:** Caspian Sea, energy resources, transportation routes, United States of America, Europe, Russia, China.*

## **Introduction**

The considerable oil and gas resources in the Caspian region, primarily in Azerbaijan, Kazakhstan, and Turkmenistan, constitute the most accessible alternative energy supplies for Europe. Especially in terms of gas, Russian resources are unlikely to fill future European demand due to a lack of domestic investment in new energy projects and infrastructure. It is thus nearly certain that significant amounts of oil and gas from the region will reach the European market in the near future. The question is through which supply routes this will take place; either through Russia directly or through the East-West corridor bypassing Russia to the south. A major problem in consolidating independent (i.e. not reliant on Russia) transit routes to Europe, envisioned by the U.S. as an East-West Energy Corridor through the South Caucasus and Turkey, lies in securing sufficient energy supplies from Kazakhstan and Turkmenistan on the eastern shore of the Caspian Sea.

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Nevertheless, for Caspian natural gas to reach Europe in significant amounts, considerable infrastructure development is required. Since Azerbaijani gas deposits have proven insufficient to satisfy European markets in the long term, access is needed, above all, to bring the considerable natural gas reserves of Turkmenistan across the Caspian Sea and on to Europe. The U.S. administration suggests that a successful implementation of EU and U.S. sponsored projects, such as the Nabucco and Trans-Caspian pipelines, would provide the infrastructure needed for bringing significant amounts of Turkmen gas across the Caspian Sea and on to Europe through pipelines independent from Russia.

There is, however, a clear risk that these projects will fail to materialize, especially as a result of the so far rather successful Russian strategies for counteracting them. Russian energy strategy is based on the principle of, as far as possible, gaining control over Central Asian resources, implying control over energy production and transit, as well as gaining stakes in infrastructure and energy companies downstream in Europe.<sup>1</sup>

Russia has sought to counteract independent European access to Caspian energy in several ways. First, through its energy monopoly Gazprom, Russia has secured long term contracts with Kazakhstan and Turkmenistan for purchases and exports of these states' energy resources through the Russian pipeline network. This relationship was consolidated by the agreements made during President Putin's trilateral meeting with Kazakh and Turkmen presidents Nazarbayev and Berdimukhamedov in May 2007, granting Russia increased control over Kazakh and Turkmen energy exports to Europe. As the practically sole outlet for Central Asian gas, Russia is able to purchase cheap gas from these states which is utilized for domestic consumption, thus freeing up Russian gas for export to Europe, often at twice the price.

In addition to Russian efforts to control exports of Central Asian energy exports, Russia has taken the lead in forming an intergovernmental gas cartel through the Gas-Exporting Countries Forum, the first steps toward which were taken at a meeting in Doha in April 2007. The formation of such a cartel would consolidate Russia's dominance as a gas exporter, allow Russia an even larger degree of control over European energy supply, and would likely help Russia to manage and limit future Iranian competition on the European market.

Second, Russia is seeking to provide new infrastructure for energy transit to Europe from the Caspian, which is aimed at reducing the rationale for projects such as Nabucco, which would connect the region's resources to the European market through Turkey, and the Trans-Caspian pipeline. For oil, the Burgas-Alexandroupolis pipeline constitutes a competitor to the Baku-Tbilishi-Ceyhan pipeline (BTC) and is fueled through tanker traffic across the Black Sea, from Russia's port of Novorossiysk, to the Bulgarian coast. The Blue Stream gas pipeline, running north-south under the Black Sea between Russia and Turkey, is intended to compete with the South Caucasus Pipeline (SCP); however it has so far not been running at full capacity. Two other Russian projects have been proposed with the intention of competing with the Nabucco project. These are the Blue Stream II, effectively an extension of the Blue Stream for supplying gas to the Balkans, and the South Stream, planned to run under the Black Sea from Russia to Bulgaria. South

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<sup>1</sup> Cornell, Svante E. and Nilsson, Niklas (eds.), "Europe's Energy Security: Gazprom's Dominance and Caspian Supply Alternatives", Central Asia-Caucasus Institute & Silk Road Studies Program, p. 10

Stream thus also conforms to Russia's strategy of as far as possible reducing its dependence on transit states such as Turkey (through Bosphorus and Dardanelle straits) and Ukraine, following a similar logic as the proposed Nord Stream pipeline to Germany to be built under the Baltic Sea.

Third, the EU's inability to unite around a common energy strategy is allowing Russia and Gazprom to secure European energy demand through buying majority shares in European energy companies, and striking bilateral deals with individual EU states.

Also crucial for the region's energy configuration is the willingness of Kazakhstan and Turkmenistan to commit their energy for export to Europe. In this regard, Kazakhstan is pursuing an export strategy based on multiple routes. Especially as output from the Kashagan field rises, Kazakhstan needs to find new routes for its oil exports. This can be done through three options: expanding the existing Caspian Pipeline Consortium pipeline (CPC) running west through Russia to the Black Sea coast; feeding additional oil into the BTC pipeline; and exporting eastward to China through a new pipeline that is currently under construction. Kazakhstan will thus be in a position where it can adjust its exports between these three channels, thus granting Kazakhstan greater sovereignty and room for manoeuvre.

Turkmenistan has made long-term agreements to export its gas through Russia, but is also seeking to diversify its export routes. The development of a Trans-Caspian gas pipeline has long been hampered due to discoveries of natural gas in Azerbaijan's Shah-Deniz field and Turkmen-Azerbaijani disputes over the demarcation of the Caspian Sea; however, recent developments suggest that these states may be moving closer to resolving their differences, thus potentially removing a major obstacle to the Trans-Caspian gas pipeline. Turkmenistan has recently also explored possibilities of exporting gas to China, as well as to Pakistan through Afghanistan.

The energy strategies of Kazakhstan and Turkmenistan present both opportunities and challenges for EU diversification strategies. On the one hand, if serious commitment can be provided for the Nabucco and Trans-Caspian pipelines, the EU and the U.S. policy in Eurasia would stand a good chance of securing a significant share of the energy exports of these states. On the other hand, Russian and especially Chinese competition for these resources is likely to pose significant challenges to the strategies of the West. The outcome of this geostrategic competition will finally determine the major power that will be granted control of Eurasia.

This paper is organized in three sections. In the first part, we shall see how the Kazakhstani government has sought to cooperate with Russia, the US and China in dealing with its energy resources exporting routes. In the second part, we shall examine the significance of the Eastern Caspian sea-shore states for determining the outcome of the Caspian Sea energy projects, and in the third one, the geostrategic battle for the control of Eurasia between the world's main geopolitical actors under the pretext of Caspian Sea energy transportation projects shall be assessed.

## **Kazakhstan's Energy Cooperation with the Main Geopolitical Actors in Central Asia**

The Central Asian states themselves have sought to follow a balanced foreign policy vis-à-vis the main actors in the region. This is particularly true in the case of Kazakhstan, a state that is playing a major role in Central Asia energy geopolitics. Of course, this is not a mere coincidence; Kazakhstan, thanks to its large territory and population, vast energy wealth, relative political and ethnic stability, and skilful diplomacy, has emerged as a leader of efforts to promote regional economic and political integration in Eurasia. Astana has also remained committed to a “multi-vector” foreign policy that seeks to maintain good relations with Russia, China, Japan, the United States, and the European Union as well as other countries with important economic, political, or other roles in Eurasia.

In particular, Kazakh officials have sought not to antagonize Moscow, as they have cultivated ties with other countries. They normally take care to emphasize the positive dimensions of the mixed cooperative-competitive energy relationship between Kazakhstan and Russia. Although both countries sell oil to European and Chinese consumers, Nazarbayev insists that he sees Kazakhstan and Russia as energy partners, not competitors. Even though Kazakh officials have continued to express interest in undersea pipelines which avoid Russian control, and have relied heavily on Western energy firms to provide the technologies to exploit Kazakhstan's vast but difficult-to-access offshore oil resources, they have regularly assured Russian energy firms active participation in any multinational consortium operating in Kazakhstan.

In practice, overlapping energy dependencies require Kazakh-Russian collaboration in this as in other areas. Astana still needs access to Russian energy pipelines to reach many consumers in Europe, while Moscow relies on imports of Central Asian gas—some of which passes through Kazakhstan—to meet its domestic demand and free up Russian energy supplies for export to Europe. For the past decade, Russia has profited immensely by being able to buy Central Asian energy supplies below market prices while selling oil and gas to foreign customers at much higher rates, yielding Russian energy players a hefty mark-up.

Russia values the genuinely friendly and mutually advantageous relations with Kazakhstan. In April 2006, the two countries signed an accord to increase the volume of Kazakh crude oil transported through the CPC, which extends from the Tengiz field in western Kazakhstan to the Russian port of Novorossiysk, to 67 million tons annually by 2012.<sup>2</sup> Russia's state pipeline monopoly Transneft has a 24% stake in the CPC—which was commissioned in 2001 as a joint project of Gazprom, Lukoil, and Yukos—while Kazakhstan owns a 19% share.<sup>3</sup>

In May 2007, the Kazakh, Russian and Turkmen governments also agreed to construct a major new natural gas pipeline whose route would wind around the Caspian Sea from Turkmenistan through Kazakhstan to Russia. Although the planned Caspian gas pipeline

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<sup>2</sup> Blagov, Sergei, “Russia Registers Significant Victory in Caspian Basin Energy Contest”, in: *Eurasia Insight*, May 4, 2006, <http://www.eurasianet.org/departments/insight/articles/eav050208.shtml>.

<sup>3</sup> “Russia, Kazakhstan Agree to Double Pipeline Capacity by 2012”, *RIA Novosti*, May 7, 2008, <http://en.rian.ru/business/20080507/106846493.html>

is scheduled to enter into service in 2011, the details of this arrangement remain under negotiation. Kazakhstan is supposed to contribute half of the volume, while Turkmenistan will supply the remainder.<sup>4</sup>

These oil and gas pipelines are seen as the main competitors for those backed by Western governments that would circumvent Russia by crossing under the Caspian Sea. The Russian government has objected to the development of such underwater pipelines until the littoral states resolve the Caspian Sea's legal status. Moscow has also raised concerns that undersea pipelines could cause environmental damage. This deadlock has thus far ensured that Kazakhstan and Turkmenistan send most of their oil and gas northward overland to Russia.

This is particularly harmful to the U.S. geostrategy in the region. Although some estimates of the probable recoverable energy resources in the Caspian have declined during the Bush administration, American officials have continued previous U.S. efforts to ensure that Kazakhstan exports at least some of its energy production westward through the South Caucasus. In particular, American policy makers launched a sustained diplomatic campaign to secure Kazakh participation in the Baku-Tbilisi-Ceyhan oil pipeline. More recently, U.S. officials have sought to get the consent of Kazakhstan to direct some of its expected natural gas exports through the planned Trans-Caspian pipelines. Conversely, Washington has sought to minimize the flow of Kazakh energy products to Iran, pending changes in that country's foreign policies.

Two factors have primarily limited U.S. influence in Kazakhstan. First, although the United States is a global superpower, it is a distant one from the perspective of Kazakh officials, who are constantly engaged in managing relations with Russia, China, and other neighboring countries. Although Kazakh leaders desire a sustained major U.S. role in Eurasia to provide geopolitical balance as well as economic, military, and other resources, many in Kazakhstan and elsewhere remain uncertain about the durability of the major American presence in Central Asia, which is a relatively new historical phenomenon.<sup>5</sup>

Second, America's strong commitment to promoting human rights and democratic principles in Eurasia has irritated some Kazakh officials. Bilateral tensions over the pace of political and economic reforms, as well as allegations of corrupt practices by Kazakh officials and their American partners in the energy industry, have persisted since the country's independence.<sup>6</sup>

These issues were totally irrelevant to China's policy toward Kazakhstan. The Chinese government has sought to increase its economic ties with Kazakhstan and other countries in Greater Central Asia because they see this region as an important source of raw materials, especially oil and natural gas. Chinese policy makers are uneasy about relying so heavily on vulnerable Persian Gulf energy sources. Gulf oil shipments traverse sea lanes susceptible to interception by the U.S. or other navies. In addition, the Chinese

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<sup>4</sup> "Russian, Kazakh Leaders Sign Accords", *Calgary Herald*, May 23, 2008, <http://www.canada.com/calgaryherald/news/calgarybusiness/story.html?id=a8b68a8f-1ccb-4f8d-88e8-b5150b458d92&k=89570>.

<sup>5</sup> Weitz, Richard, "Kazakhstan and the New International Politics of Eurasia", Central Asia-Caucasus Institute & Silk Road Studies Program, Silk Road Paper, July 2008, p. 119

<sup>6</sup> Weitz, Richard, "Kazakhstan and the New International Politics of Eurasia", Central Asia-Caucasus Institute & Silk Road Studies Program, Silk Road Paper, July 2008, p. 129

government recognizes that terrorism, military conflicts, and other sources of instability in the Middle East could abruptly disrupt Gulf energy exports.

Since Chinese efforts to import much additional oil and gas from Russia have proven problematic, Beijing has strongly pushed for the development of land-based oil and gas pipelines that would direct Central Asian energy resources eastwards towards China. The new inland routes would provide more secure energy supplies to China than existing seaborne links. These burgeoning energy ties have also made avoiding political instability in these countries a concern of Chinese policy makers.

Beijing's cultivation of energy ties with Kazakhstan has been making steady progress. While retaining a strong presence in Pakistan, Chinese firms have been increasing their investments in new South and Central Asian markets, especially in India and Kazakhstan. The Chinese government has been helping to finance the development of roads, ports, and energy pipelines linking South and Central Asia to China, because significantly increasing Chinese economic intercourse with these regions will require major improvements in the capacity and security of east-west transportation links. Over the past decade, the two countries have been establishing the core infrastructure required by their expanding economic ties—creating border posts, energy pipelines, and roads and railways that have converted the informal shuttle trade that arose in the 1980s to a large-scale, professional economic relationship.<sup>7</sup>

China has imported Kazakh oil via railroad for a decade. In addition, hydropower plants in China supply about 20% of Kazakhstan's electricity consumption.<sup>8</sup> Western firms were initially able to block the efforts by Chinese energy companies to join Kazakhstan's largest oil and gas projects.<sup>9</sup> But energy cooperation has accelerated in recent years after the Kazakh government fully committed to directing a share of its energy exports eastward to China.

In July 2005, Chinese President Hu Jintao signed a declaration of strategic partnership with Nazarbayev that, among other things, provided for expedited development of the 1,300-km Atasu-Alashankou pipeline to transport at least ten million tons of oil annually from Kazakhstan's Caspian coast to China's Xinjiang province.<sup>10</sup> This 50-50 joint venture between the Chinese National Petroleum Corporation (CNPC) and KazMunaiGaz began operating on a limited basis in December 2005, marking the first eastward flow of Central Asian oil and China's first use of a pipeline to import oil. In August 2007, the CNPC signed an agreement with KazMunaiGaz to extend the Atasu-Alashankou pipeline 700km westward, linking China directly to Kazakhstan's Caspian fields.<sup>11</sup> The CNPC has also acquired a substantial stake in a new natural gas field in western Kazakhstan. Chinese oil firms operate four oil fields in the country, and in 2005 purchased Petrokazakhstan, a

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<sup>7</sup> Weitz, Richard, *ibid*, p. 109

<sup>8</sup> Pryde, Ian, "Another Big Player for a Neighbor", in: *Eurasia Insight*, March 23, 2006,

<http://www.eurasianet.org/departments/business/articles/pp032306.shtml>

<sup>9</sup> "New Rebuff for China on Kazakh Oil", *New York Times*, May 17, 2003,

<http://query.nytimes.com/gst/fullpage.html?res=9B05E0DD143EF934A25756C0A9659C8B63>

<sup>10</sup> "Courting Kazakhstan", in: *Eurasia Security Watch*, July 7, 2005,

<http://www.afpc.org/esw/esw93.shtml>

<sup>11</sup> XFN-ASIA, "China, Kazakhstan Agree on Sino-Kazakh Oil Pipeline Extension to Caspian Sea", *Kazakhstan's News Bulletin*, August 20, 2007,

<http://www.kazakhembus.com/NB4-200807.html>

leading Kazakh energy firm. Sinopec, CNPC, and other Chinese energy firms produce about 13 million tons of oil annually in Kazakhstan.<sup>12</sup> Beijing views Kazakhstan's cooperation with China on energy imports as an important contribution toward realizing its goal of becoming less dependent on Middle East oil supplies.<sup>13</sup>

## **The Significance of the Eastern Caspian Sea-Shore States for Determining the Outcome of the Caspian Sea Energy Projects**

Among all major geopolitical actors in the Greater Central Asia region, Russia has had the most clear and discernible policy regarding energy resources as relates to both Europe and the region proper. This policy has consisted of a number of facets, all of which have sought to capitalize on energy as the main vehicle for strengthening Russia's influence over its neighboring regions. The strategy has had several main aspects: state control over the production of gas for export; keeping a monopoly on acquiring Central Asian gas at cheap prices; achieving increasing dominance over the European consumer markets; and utilizing dominance over both the import from and export to CIS countries of gas for political purposes.

On the foreign policy front, the main purpose has been to secure Moscow's monopoly on the transit of all oil and gas from the Soviet republics to consumer markets in Europe, which is equivalent to securing Russian control over the energy exports of the states of the Caspian region. With regard to non-energy producing former Soviet states, ranging from the Baltic States to Ukraine and Georgia, Moscow has used its continuing monopoly on energy deliveries for political purposes. In trying to overcome the loss of its total monopoly on Western Caspian oil with the construction of the Baku-Tbilisi-Ceyhan pipeline, it prioritizes continued monopoly over Caspian gas from both the western and eastern shores. As far as Azerbaijani gas is concerned, Russia's monopoly is threatened by the project of the Baku-Tbilisi-Erzurum pipeline (South Caucasus Pipeline), flowing in parallel to the BTC oil pipeline.

However, Moscow has tried to offset the loss of control over Azerbaijan's oil supplies by seeking to commit the Turkish market to growing volumes of Russian gas supplies. This prospect was greatly aided by the building of the Blue Stream pipeline, across the Black Sea, delivering an eventual 10 bcm or more to Turkey by 2010. The Turkish market is already heavily overcommitted in terms of gas, having committed to supplies from Azerbaijan, Turkmenistan, Iran and Russia, as well as LNG from Algeria and Nigeria that the Turkish market cannot absorb. Turkey's natural gas consumption, standing at over 20 bcm per year, has grown tremendously in the past decade and is set to grow even further.<sup>14</sup> But at present, Turkey has found itself in a situation where Russia supplies ca. 65% of Turkey's gas.

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<sup>12</sup> Zheng, Lifei, "China, Kazakhstan Build on a Solid Foundation", *China Daily*, October 15, 2007, <http://french.10thnpc.org.cn/english/international/228117.htm>.

<sup>13</sup> "China-Kazakhstan Pipeline Starts to Pump Oil", *China Daily*, December 15, 2005, [http://www.chinadaily.com.cn/english/doc/2005.12/15/content\\_503709.htm](http://www.chinadaily.com.cn/english/doc/2005.12/15/content_503709.htm).

<sup>14</sup> Cornell, Svante; Johnson, Anna; Nilson, Niklas; Haggstrom, Per, "The Wider Black Sea Region: An Emerging Hub in European Security", in: "Europe's Energy Security: Role of the Black Sea Region", (Central Asia – Caucasus Institute: Silk Road Studies Program, 2006), p. 80

The building of the Blue Stream pipeline – a 743 mile long, \$3.2 billion project – cemented Moscow's influence on the Turkish gas market. This ensures that Turkey is principally in no position to buy volumes of Azerbaijani gas from Shah-Deniz beyond the Phase One gas supplies from 2007 to 2011. The larger volumes to be produced from 2012 onward can simply not be consumed by the Turkish market, forcing producers to find alternative markets.

Moscow's strategic goal underpinning Russian gas flow through the Blue Stream pipeline and from there onward to Central European markets is to shut out alternative transit routes from the Caspian region by committing Russian gas to Europe from a variety of transit routes that will fill up capacity that could otherwise be utilized by Caspian producers. It is exactly in this context that the North European Gas Pipeline (Nord Stream) should be seen. This pipeline, to stretch from Russia's short coast on the Baltic sea across the seabed to Germany, will cost approximately \$10.5 billion. This exorbitant cost makes the pipeline much more expensive than a line crossing Ukraine or Belarus, for the very purpose of achieving an export pipeline that does not cross former Soviet countries on its ways to European markets. In other words, Gazprom will be able to cut gas supplies to Ukraine without European customers having to be affected. By the same token, an expanded version of the Blue Stream pipeline would allow Gazprom to commit volumes of gas, probably taken from Central Asia, to European markets – mainly Germany – through Turkey, thereby hindering Caspian gas suppliers from selling gas to European markets independently.<sup>15</sup>

Yet Moscow's energy strategy does not stop at this. Beyond seeking to sustain a monopoly on European gas supplies from the east, it is also seeking a greater influence over other alternative supplies to Europe, primarily from Northern Africa. Indeed, Moscow has aggressively pushed for influence over Algerian and Libyan exports to Europe. As Vladimir Socor observes, 'In Algeria's case [the third largest gas supplier to Europe], Russia has successfully offered multibillion-dollar arms deliveries as well as debt write-offs in return for starting joint extraction projects in marketing of the fuel in Europe'.<sup>16</sup> This and similar Gazprom activity in Libya has led to growing worries that Moscow is seeking to build a gas cartel to control prices to Europe. Indeed, a NATO report leaked in November 2006 indicated that these concerns are taken seriously by western leaders.<sup>17</sup>

### ***A. Natural Gas Transport Route Propositions***

The Caspian alternative to increasing dependence on Russia was implicitly acknowledged by the EU through the realization of the INOGATE project, implying the construction of pipelines that will connect Europe to the gas producers of the Caspian region. This process is already in course – through the integration of European gas transportation networks on the one hand, and the building of a new energy transport infrastructure connecting Azerbaijan to Turkey, on the other hand. As such, there are two major priorities for the

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<sup>15</sup> Ibid, p. 81

<sup>16</sup> Socor, Vladimir, "Seven Russian Challenges to the West's Energy Security", in: *Eurasia Daily Monitor*, 6 September 2006.

<sup>17</sup> Bombay, Daniel - Buckley, Neil - Hoyos, Carola, "Nato Fears Russian Plans for "Gas Opec"" *Financial Times*, November 14, 2006.

realization of the US sponsored East-West corridor: linking the Turkish gas network to the European one; and linking the West Caspian to the East Caspian by Trans-Caspian pipelines. This project, will create a virtual South Caucasian corridor to Europe, and can be complemented – if found economically viable – by a connection linking the South Caucasus to Ukraine across the Black Sea known as White Stream.<sup>18</sup>

The first project envisions the construction of the Aktau-Baku Trans-Caspian oil pipeline, and of the Trans-Caspian Gas Pipeline linking Turkmenistan with Azerbaijan: two major projects likely to instigate geopolitical competition not only among Russia and the United States, but also China. China's growing dependency on foreign oil and gas, and its policy to diversify its energy supply routes by using the Caspian region deposits, could eventually lead to tension between Washington and Beijing over their respective interests in the Caspian region.

The Aktau-Baku subsea oil pipeline will allow Kazakhstan to transfer its oil using the existing Baku-Tbilisi-Ceyhan pipeline. As far as the Turkmenistan-Azerbaijan natural gas pipeline is concerned, it will be linked to the Baku-Tbilisi-Erzurum pipeline. Iran and China will be a primary challenge with respect to the Turkmenistan-Azerbaijan gas pipeline, while Russia's attitude will be crucial for both pipelines.

According to these plans, the Kazakh natural gas will join the Turkmenistan-Azerbaijan gas pipeline, then Baku-Tbilisi-Erzurum pipeline and from there the 'Nabucco' pipeline project, which proposes to link Turkey's borders with Iran and Georgia to the Austrian terminal of *Baumgarten an der March*, crossing Bulgarian, Romanian and Hungarian territories. The Nabucco pipeline, approved in June 2006, will have an eventual capacity of 25-31 bcm. A feasibility study for this €7.9 billion, 3,300 km pipeline has been completed, and construction for the first phase is set to take place in 2010. At this point, it will be capable of transporting 4.5-13 bcm, with larger capacity expected to follow in 2020.

The second project is the Turkey-Greece-Italy interconnector (TGI), with a capacity of 12 bcm in 2012 delivered to the Italian Otranto terminal. In 2007, a small capacity of less than 1 bcm will be available, though large volumes would have to wait.

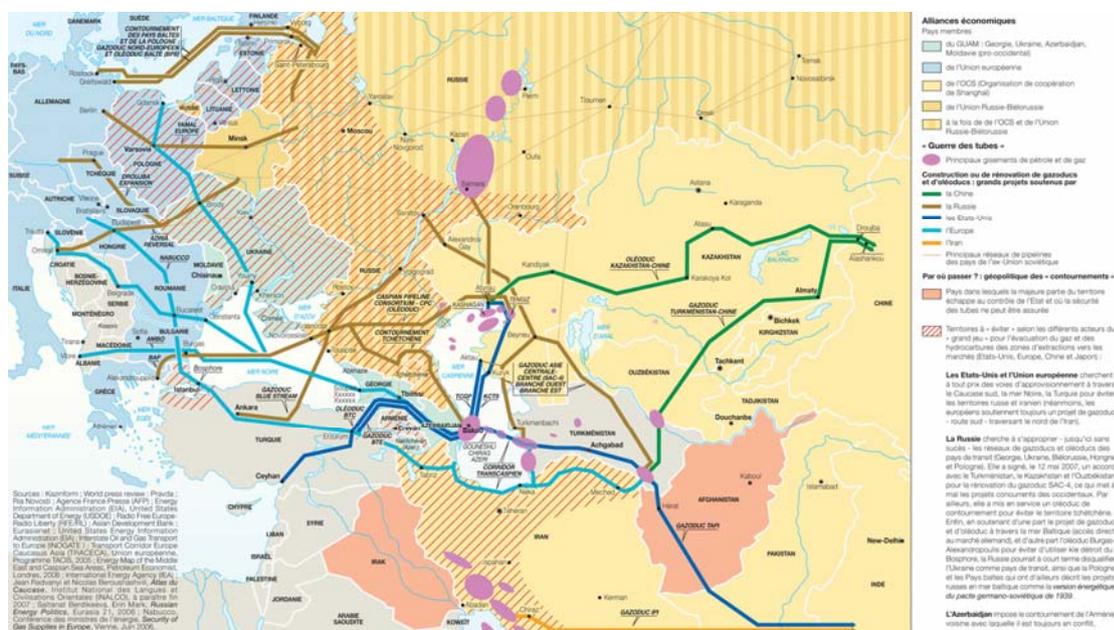
White Stream supporters argue that with more than 1.3 trillion cubic meters in reserves in Shah Deniz field, Azerbaijan has ample potential to support the existing Baku-Tbilisi-Erzurum pipeline (BTE) and its planned continuations –Turkey-Greece-Italy (TGI) and first stage of Nabucco- as well as the first string of White Stream. Thus, White Stream project does not compete with BTE or Nabucco for upstream recourses in the first stages of these projects. Of course, in the second phase, the availability of all these pipeline outlets to Europe should require, they admit, major volumes of Central Asian gas.

White Stream pipeline project would branch off from BTE, run approximately 100 kilometers to Georgia's Black Sea coast near Supsa, and from there follow either of the two options below: the first one would run 650 kilometers to Ukraine's shore, cross the Crimea from east to west for 250 kilometers, with a possible connection to Ukraine's

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<sup>18</sup> Socor, Vladimir, "Trans-Black Sea Pipeline Can Bring Caspian Gas to Europe", in: *Eurasia Daily Monitor*, 7 December 2006

mainland pipeline system, and continue under sea for 300 kilometers to the Romanian coast. The second option envisages laying a seabed pipeline from near Supsa in Georgia, running 1,100 kilometers to a point near Constanta in Romania. This long version may require construction of an intermediate floating compressor station in the open sea, of course running a high risk both from the messy weather conditions in winter, and from earthquake-prone Black Sea subsoil.



*Source: Le Monde Diplomatique, Philippe Rekacewicz — June 2007*

Gazprom, for its part, has tried to derail the Nabucco pipeline. It announced a new deal with Hungary, just as Nabucco was approved in June 2006, envisaging to expand the capacity of the Blue Stream pipeline and to extend it via Turkey and the Balkans into Central Europe (Hungary) – apparently in parallel to the Nabucco Pipeline.<sup>19</sup> Simply put, Gazprom seeks to pre-empt the building of interconnectors between Turkey and Europe for Caspian energy, by creating a parallel line to transport the exact same reserves – directly or indirectly – but via Russia and under Gazprom ownership.

Gazprom has also signed a memorandum of understanding with the Italian ENI and the Bulgarian Bulgargas to build a gas pipeline from Russia to Italy, labeled ‘South Stream’ (2007). Starting from Russia’s Black Sea coast at Beregovaya, South Stream would run some 900 kilometers on the seabed of the Black Sea, reaching a maximum water depth of more than 2,000 meters, to Bulgaria. Two options are considered from there. The southwestern would continue through Greece and the Adriatic seabed in the Otranto Strait to southern Italy. The northwestern option would run from Bulgaria through Romania, Hungary, and Slovenia to northern Italy. Gazprom is holding out all options, including that of building both.

<sup>19</sup> Dempsey, Judy, “Gazprom’s Grip on Western Europe Tightens with Pipelines to Hungary”, *International Herald Tribune*, June 22, 2006

The new pipeline is intended to carry 30 billion cubic meters of Siberian and Central Asian gas annually, and marks, along with the North Stream project, Russia's policy to reduce overland transit through neighboring countries, relying increasingly on maritime transportation for its energy exports to Europe.<sup>20</sup> Blue Stream extension and South Stream are intended to circumvent Ukraine and Turkey, both transit countries.

South Stream can partly change the original destination of Blue Stream extension, with the throughput volume rerouted southward across Anatolia for shipment to Israel.<sup>21</sup> Either project would be a rival to the EU and US-backed Nabucco and Baku-Tbilisi-Erzurum gas pipeline through Turkey, which is planned to either be integrated with Nabucco or run from Turkey to Greece and Italy. The inter-state gas pipeline TGI –more precisely the Greco-Italian sub-sea junction called 'Poseidon project'- and the private gas pipeline TAP (Trans-Adriatic-Pipeline), which will follow the same route as TGI to the Central Macedonia region in Greece, and then continue to Albania and Italy through the port of Vlore, make Greece the crucial junction country for two gas pipelines not controlled by Russian interests.

The US arguments against South Stream project - that it increases Europe's dependence on Russian imports, and that it diminishes the availability of alternative natural gas recourses from Central Asia (Turkmenistan, Kazakhstan) which could be channeled to the Nabucco or TGI projects - can be overruled for the following reasons: A) the Azerbaijani gas resources alone do not suffice for satisfying European demands for gas, B) Washington, while aiming to avoid Russian soil for the transport of the energy resources, is totally negative towards the participation of Iran, which is the only natural gas producing country capable of substantially threatening Russia's predominant position, C) Washington's interference in the Ukrainian political crisis destabilizes European gas imports, because it accelerates inter-Ukrainian and Russian-Ukrainian tensions. The possibility of a major crisis in Russia-EU energy relations is most likely to be produced by a sabotage in the Ukrainian gas distributing system in the case of an open dispute between the conflicting camps in the country, rather than by a Russian embargo on natural gas exports.<sup>22</sup>

Washington's argument that energy imports from Russia pose an eventual political risk for Europe is not proved by history, for the simple reason that Russia always valued the source of its exchange deposit (estimated today equaling to 25% of the Russian GNP and 50% of its budget income).

Referring to both strings of the North European Gas Pipeline from Russia to Europe, Jonathan Stern of the Oxford Institute for Energy Studies explains:

*“These two pipelines will reduce dependence [of Europe] on Ukrainian transit routes, at least until such time as total Russian exports require all available*

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<sup>20</sup> Socor, Vladimir, “South Stream: Gazprom's New Mega Project”, Jamestown Foundation, Washington, D.C., Vol. 4, Issue 123, June 25, 2007.

<sup>21</sup> Socor, Vladimir, “South Stream: Gazprom's New Mega Project”, Jamestown Foundation, Washington, D.C., Vol. 4, Issue 123, June 25, 2007.

<sup>22</sup> Tsakiris, Theodoros, “I geopolitiki proistoria ton energeiakon antiparatheseon HPA – Rosias stin Evropi kai i stratigikh simasia tou roso-boulgarikou-ellino-italikou agogou” (The Geopolitical Pre-history in the Russian – US Energy Disputes and the Strategic Importance of the Russian-Bulgarian-Greek-Italian Gas Pipeline (South Stream), (Athens: Hellenic Centre for European Studies (EKEM), 2007), p. 5

*transport capacity to be utilized. However, if Russian–Ukrainian gas relations fail to show sustained improvement, the NEGP may simply be a partial replacement of Russian export capacity via Ukraine, rather than additional export capacity. The same reasoning may be applied to the South European Gas Pipeline (SEGP) which is envisaged as a westward extension to Blue Stream providing a route to south eastern Europe, possibly as far north as Hungary, avoiding Ukraine.”<sup>23</sup>*

Indeed, South Stream, a pipeline estimated to cost €10 billion, is going to be a pipeline made by Russia, which will transport almost exclusively Russian and possibly in inferior amounts Central Asian –Turkmen, Kazakh and eventually Uzbek - gas. Most importantly, this pipeline project is not going to be dependent on Azerbaijani, Iranian, Iraqi or Egyptian gas, or from any other potential source necessary for feeding Nabucco or TAP or TGI projects' operation.

South Stream bypasses Turkey, and thus Ankara loses the role of the central transit station in the way of the Russian and Central Asian natural gas to Southern and Central Europe, a highly desired role and one that was generously sponsored by Washington. In other words, Russia will possess a double route for exporting its gas: through Turkey and Greece, and through Bulgaria and Greece. Evidently, the gravity centre of the safe energy provision of Europe is moving toward Greece, a member-state of the EU, enjoying both political and economic stability. For that reason, Moscow seems to have begun treating Athens as a strategic partner. The Kremlin counts on Greece's stable political and economic system, its political, and most importantly, economic hold-outs in the Balkans. These ones could play the role of Russian business investments supporting their network in the 65 million consumer's Balkan market. Moscow focuses also on Greece's possibility to develop into an energy and trade transit road and railway centre, which could permit binding the Russian Black Sea ports to Thessaloniki and the wider Mediterranean region.

On the other hand, South Stream also avoids Ukraine and the other East European countries that are leaning toward Washington in their foreign relations (the Baltic countries and Poland). In Russian view, this avoidance is estimated to be mostly beneficial for Russian–EU relations.

In another most serious event, Russia seems to have gained Kazakhstan's support in Moscow's energy strategy in Central Asia, giving it a powerful hold over this region's energy resources. In a two phased summit in Astana and Turkmenbashi (May 12, 2007), Russia, Kazakhstan and Turkmenistan agreed to modernize and expand the capacity of the Central Asia gas transport system (the Prikaspiiski natural gas pipeline) with its two components: the truck line along the Caspian coast, Turkmenistan-Kazakhstan-Russia; and the other, larger truck line, detouring from Turkmenistan to Uzbekistan. Astana also agreed to supply 8 billion cubic meters annually to Gazprom's processing plant at Orenburg in Russia, turning it into a Gazprom-operated joint venture, which will process growing volumes of gas from Kazakhstan for delivery to Europe through Russian soil. Finally, the three states, along with Uzbekistan, agreed to refurbish two additional natural gas pipelines.

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<sup>23</sup> Stern, Jonathan, “The New Security Environment for European Gas: Worsening Geopolitics and Increasing Global Competition for LNG”, Oxford Institute for Energy Studies, Natural Gas Series #15, October 2006, p. 7

When all the works are completed, Russia stands to almost double its imports of Central Asian gas to roughly 90 billion cubic meters, up from the present level of about 50 bcm.<sup>24</sup> To demonstrate their commitment to the project, both Turkmenistan and Kazakhstan agreed to finance construction of their respective portions of the pipeline without Russian assistance.

Under the Prikaspiiski pacts, a *coup de grace* is delivered against the Trans-Caspian pipeline (TCP) project, blocking the efforts of Russia's rivals to create alternative energy-supply routes that the Kremlin cannot control. The deals have also dashed the wishes of several Central European post-socialist countries of breaking their energy dependence on Russia.

Some hope for the rescuing of the Nabucco project could come from the memorandum of understanding (MoU) on gas deliveries from Turkmenistan through Iran to Turkey and from there to Europe, signed by the Turkish Energy and Natural Resources Minister and his Turkmen and Iranian counterparts (Ankara, 13.07.2007). This deal, if finalized, could a) open the last available gas corridor to Europe ('fourth corridor'), b) give Turkmenistan an overland outlet to Turkey and further afield, circumventing the Caspian Sea instead of crossing it, c) provide direct access for Iranian gas westward, diversifying the EU supplies away from dependence on the Russian Gazprom, and d) put some counter-leverage into European hands ahead of 2010, when some major supply agreements with Gazprom will be up for renegotiation.

Under the MoU, 30 million cubic meters of gas would enter Turkey annually from Iran and from Turkmenistan via Iran, giving Turkey a chance to become a gas-trading country, rather than a gas-transiting one, at least for a part of the volumes involved. It maintains also the opportunity to integrate the Baku-Tbilisi-Erzurum pipeline for Azerbaijani gas with the Nabucco project.

In addition, as both Turkey and Greece signed separate agreements with Teheran for the purchase of large amounts of natural gas from Iran, Turkey has conveyed to Greece Iran's interest for the interconnection of both country's networks with the Iranian one. Washington itself is conveying to both countries its refusal to accept an Iranian intervention, while Moscow seems to work on this issue closely with Teheran.<sup>25</sup>

## ***B. Oil Transportation Route Propositions***

In another event of major importance, Russia, Greece and Bulgaria signed an international agreement to build the Trans-Balkan oil pipeline, Burgas-Alexandroupolis. The pipeline's rationale is to provide a second outlet from the Black Sea, circumventing the overcrowded Bosphorus and Dardanelle straits, for Russian oil and Russian-loaded Caspian oil *en route* to the open seas. Transneft, GazpromNeft, and Rosneft hold a combined 51% stake, with

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<sup>24</sup> Blagov, Sergei, "Russia Celebrates its Central Asian Energy Coup", May 5, 2007  
[www.eurasianet.org/departments/insight/articles/eav051607\\_pr.shtml](http://www.eurasianet.org/departments/insight/articles/eav051607_pr.shtml)

<sup>25</sup> Tarkas, Alexandros, "Singrousi HPA-Rosias gia opla kai energia stin Ellada" (US-Russia dispute over the weapons and energy resources issue in Greece), in: *Amyna kai Diplomatia* (Defense and Diplomacy Journal), April 2007, p. 14

Transneft as project operator. The Greek and Bulgarian governments hold the remaining 49%, with the right to sell portions of their stakes to international or Russian oil companies that would use this transit pipeline.

As this 35 million tons annual capacity pipeline - with expansion to 50 million tons in a second phase - will in effect become a prolongation of the Caspian Pipeline Consortium's (CPC) line from Kazakhstan to Russia's Black Sea port of Novorossiysk, it constitutes direct rivalry to the US backed oil transport projects from Kazakhstan westward, such as the Aktau-Baku trans-Caspian oil pipeline, Baku-Tbilisi-Ceyhan (BTC), the Odessa-Brody pipeline in Ukraine and its possible extension into Poland, as well as the pipeline running from Turkey's Samsun port to Ceyhan.

Proceeding with Burgas-Alexandroupolis and a commitment to its use by Western companies working on Kazakh oil fields are preconditions to the planned enlargement of the CPC pipeline from Kazakhstan. The US, European, and Kazakh oil companies faced production delays and financial losses due to Moscow's blocking of that pipeline capacity expansion for the last three years. Russia demanded that these companies commit that the oil for CPC was indeed routed through Russia, rather than across the Caspian and the South Caucasus.

Finally, in the context of the Prikaspiisky Pacts, Russia and Kazakhstan have announced their intention to expand the CPC pipeline, up from its present capacity of 23 million tons annually to 40 million tons. Kazakhstan also agreed to supply up to 17 million tons of oil per year for the first-ever Russian state-controlled pipeline operating on EU territory – the 280 kilometer Burgas-Alexandroupolis project.<sup>26</sup>

The Burgas-Alexandroupolis project will also affect the Baku-Ceyhan system, since the latter requires significant additional volumes of Kazakh oil even in a short-to-medium term perspective, within less than a decade's time. The same applies to the Odessa-Brody-Plock (Poland) project, since it ensures long-term use by Russian companies north-south, instead of the originally intended south-north use for Caspian oil to Europe. In addition, future users of the Burgas-Alexandroupolis pipeline will have to negotiate with Russia's state pipeline monopoly Transneft regarding the oil volumes and schedules for using this pipeline. This means that the US and European companies will depend on the Russian state for accessing EU territory to transport oil extracted by Western companies.

The reasons behind Moscow's advocacy are connected to Kazakhstan's increasing attraction to the American and European sponsored BTC feeding project that was scheduled to bypass Russian territory, on the one hand, and the linkages between Kazakhstan and Central Asia, on the other. Another motive is that Russia is concerned about becoming too dependent upon Turkey as a transit route or middleman for the export of its energy products to Europe. It is noteworthy that one third of Russian exports go through the Bosphorus and a large amount of gas goes through the Blue Stream pipeline and Turkish soil to Europe. Evidently, Turkey's ability to close the Bosphorus could cripple Russian exports in general, or force Moscow to accept the BTC exporting system.

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<sup>26</sup> Tarkas, Alexandros, "Singrousi HPA-Rosias gia opla kai energia stin Ellada" (US-Russia dispute over the weapons and energy resources issue in Greece), in: *Amyna kai Diplomatia* (Defense and Diplomacy Journal), April 2007, p. 14

The American administration, in order to avoid the implementation of the Burgas-Alexandroupolis pipeline project, proposed a trans-Balkan pipeline that crosses Bulgaria (Burgas), the Former Yugoslav Republic of Macedonia (FYROM), the area of Kosovo and ends in the Albanian port of Vlore, a project known as AMBO. In December 2004, under American guidance and financial support Bulgaria, Albania and FYROM signed a memorandum of understanding for AMBO pipeline construction. This project, 912 kilometers long will cost 1.3 billion US dollars, but is proposed in parallel to a wider infrastructure works program, including a trans-Balkan highway, a natural gas pipeline and a fiber optics network running in the same direction as AMBO. By this scheme, Washington aims to include the above mentioned countries in its network of influence, in addition to the US military bases and other facilities located there.

Of course, any practical move on this project is conditioned on the outcome of the situation around Kosovo, which has become a major issue of dispute between the United States and the Russian Federation, which used to be a highly influential country in the Balkans.

### **South Stream Project Versus Nabucco Project: Who is Gaining the Geostrategic Control of Central Eurasia - Russia, the West (U.S. and E.U.) or China?**

For Russia, the main purpose of the South Stream gas pipeline project is to prevent Nabucco and TGI from transporting Caspian gas directly to European markets without its involvement. Its main tactics in accomplishing this goal are twofold: first, locking up the markets and keeping out potential competition and second, ensuring a long-term and large-volume gas commitment from Turkmenistan (as well as Azerbaijan, Kazakhstan and Uzbekistan) to its pipelines, thereby preventing a direct Caspian-Europe connection because of lack of access capacity.<sup>27</sup>

By signing the Prikaspiisky Pacts with Turkmenistan and Kazakhstan Russia intended to bring those countries' gas volumes north into the existing Gazprom infrastructure, as a way to frustrate attempts to bring Central Asian gas westward. It is a direct threat to the ability to bring offshore Turkmen volumes west, which is the real and practical way of supplementing Azeri gas for delivery into the Nabucco pipeline project.

Azerbaijan has agreed to supply Nabucco's first phase with 8 bcm; according to plans, in the second phase, gas from Central Asia should enter the pipeline, while in the third stage, gas from Iraq and Iran, and possibly Egypt, would flow into Nabucco onwards to Europe. This is why large-scale gas production in Azerbaijan is contingent on direct access to European markets. If Azerbaijan can obtain this, then its gas will flow westward, and Europe will have gas supply diversification. If not, then the gas will stay in the ground; Gazprom's pressure on Central Asian producers will increase; and subsequently, the westward movement of all gas from Central Asia will take place exclusively through Russian-controlled networks—ensuring that no diversification can happen.

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<sup>27</sup> Baran, Zeyno, "Security Aspects of the South Stream Project", Center for Eurasian Policy, Hudson Institute, October 2008

In other words, South Stream directly competes with Nabucco—the two pipelines target the same markets and utilize almost identical routes. In fact, three of the five countries along Nabucco's route are also part of South Stream's intended route. Nabucco faces a number of financing hurdles even in the absence of South Stream. Investors are uncertain that a Trans-Caspian gas pipeline will be constructed to bring in the Turkmen gas that many view as necessary for the success of Nabucco. The possibility that South Stream will be constructed and will meet a significant portion of consumer countries' expected short-to medium-term demand will likely be enough to deter investors from Nabucco. Another point is that Nabucco will be privately financed and therefore needs to be commercially viable, whereas South Stream is backed by the state-owned Gazprom, which is perfectly willing to finance projects that do not make commercial sense so long as they support the strategic goals of Moscow.<sup>28</sup>

In order to win over Bulgaria as well as Greece, the Russian side offered to back the Burgas-Alexandroupolis oil pipeline between Bulgaria and Greece that both countries greatly desire. The Burgas-Alexandroupolis pipeline was competing with the Turkish Samsun-Ceyhan project for the potential transport of oil from the Black Sea to the Mediterranean; Russia was thus also able to play Bulgaria and Turkey against each other. And on gas, Russia decided to bypass Turkey with South Stream. Moreover, by reaching the Greek market first, Gazprom could seriously undermine TGI, thereby preventing any Caspian gas from reaching EU territory via Turkey. As TGI could provide Greece with half of its gas needs, this would also be a serious blow to Athens' gas diversification efforts.

Hungary, Greece and Bulgaria thus became EU member countries which allied themselves with the Kremlin and Gazprom against the common European interest of diversification. Vahid Alekperov, president of the Russian oil giant Lukoil, as early as 2001 revealed the thinking behind the Kremlin's strategic energy plan: "Bulgaria, whose oil sector is almost entirely owned by Russian companies, will not conduct an anti-Russian foreign policy in the foreseeable future".<sup>29</sup>

After Russia agreed to the Burgas-Alexandroupolis pipeline, talks with Turkey on Blue Stream II, an oil pipeline parallel to the Blue Stream gas pipeline running across the Black Sea, came to a halt. Turkey had become in Moscow's eyes very similar to Ukraine and Belarus: it was a major transit country between Russia and its West European customers that had become an obstacle to be bypassed. As relatively smaller countries, Greece and Bulgaria were far less able to resist Russian pressure; and after their participation was confirmed, South Stream gained significant momentum.

Outside the EU, Serbia, another South Stream target along the middle of potential Black Sea-Western Europe pipeline routes, was also pressed by Moscow to join the South Stream project along its northern branch to Central Europe. Indeed, Russia greatly benefited from the EU/US tension with Serbia over Kosovo's declaration of independence. Moscow strongly opposed independence for Pristina, a position that was viewed in

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<sup>28</sup> Baran, Zeyno, *ibid*, p. 9

<sup>29</sup> Hill, Fiona, "Beyond Co-Dependency: European Reliance on Russian Energy", in: U.S.-Europe Analysis Series, The Brookings Institution, Washington, D.C., July 2005, [http://www.brookings.edu/papers/2005/07russia\\_hill.aspx](http://www.brookings.edu/papers/2005/07russia_hill.aspx).

Belgrade as critically important to Serbia. With the West's focus drawn rather narrowly to Kosovo, Russia was able to offer a broad package deal that convinced the Serbian leadership to sign onto the South Stream project. Moscow succeeded in exploiting Serbia's fears of being isolated in order to extract as many concessions on energy as it could. These concessions will have lasting effects; even after Serbia becomes part of the European and Euro-Atlantic structures, Russia will continue to have significant influence over Belgrade's domestic and foreign policy.<sup>30</sup>

As much as particular countries along the scheduled passage of South Stream or Nabucco are important for both projects realization, the feasibility of both projects depends on their potential to attract enough gas resources so as to be financially viable. Many analysts doubt Moscow's effective possibility to feed both North and South Stream gas pipelines with its own resources. That is probably the reason behind the signing of the Prikaspiisky Pacts.

On the other hand, Azerbaijan is the closest gas-rich market to Europe, and is the US energy strategy's main focal point. In November 2007, the Azerbaijani government and the Western producers operating in its Shah Deniz offshore gas fields announced that there were significantly more reserves than initially thought—enough to supply the first phase of the Nabucco project. Yet, given price disputes with Turkey and lack of political will from the European countries, the Azerbaijani government did not increase production in time to make Nabucco's scheduled start. Since the project's start date is likely to be delayed, if and when there is a clear commitment from the EU to Nabucco, production can take off. But not for long, as Azerbaijan's gas reserves are not sufficient for supplying feasible volumes to Nabucco project in later production stages.

On the eastern part of the Caspian, Kazakhstan and Uzbekistan have significant gas that can be exported, and Turkmenistan is believed to possess some of the largest gas fields in the world. This will help reduce uncertainty among potential Nabucco investors and will alleviate some doubt as to the pipeline's feasibility. Another positive development for the Caspian-EU gas corridor is the warming of relations between Azerbaijan and Turkmenistan. In March 2008, Ashgabat reopened its embassy in Baku after a seven year absence. The two countries held a number of the highest level bilateral meetings and reached sufficient common understanding.

A further encouraging development is the increasing attention the EU has given to Central Asia. In April the EU Troika made their third visit to Central Asia, meeting in Ashgabat the foreign ministers of the five nations. Shortly after this meeting, Ashgabat announced that it would be able to provide 10 bcm per year to Europe, and also declared that it would prefer to export this gas via non-Russian-controlled routes.

## Conclusion

In real terms, Europe is competing with China for Central Asian energy supplies. Europe is in fact hoping to get Russia to feed the Nabucco pipeline project, since Russian gas

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<sup>30</sup> Baran, Zeyno, "Security Aspects of the South Stream Project", Center for Eurasian Policy, Hudson Institute, October 2008, p. 16

already reaches Turkey – Nabucco’s hub - via the Blue Stream pipeline, and the Russian Gazprom holds a 50% stake in the Baumgarten gas hub in Austria, Nabucco’s destination. If Nabucco is indeed destined to become a Russian–European project, Moscow would have even less interest in robustly developing China as an alternative market for its energy exports. The North Stream, South Stream and Nabucco would be far too much for its exporting capacities.

In reality, it seems not a mere coincidence at all, that Moscow waged in August 2008 the war in Georgia after the EU’s two main countries, Germany and France, refused to sign in favor of Ukrainian and Georgian membership in NATO (NATO summit, Bucharest, April 2008). In fact, the stance that European countries adopt will become a determinant of Russian energy policies. China, therefore, has every reason to probe how these equations are affected by the crisis in the Caucasus. It is also true that Beijing will be the sole beneficiary if another Berlin Wall were to appear in the eastern Polish frontier with Ukraine.

# BATTLE OF TWO LOGICS: APPROPRIATENESS AND CONSEQUENTIALITY IN RUSSIAN INTERVENTIONS IN GEORGIA

**Robert Nalbandov\***

## **Abstract**

*The article offers a discussion of the two logics that govern the behavior of organizational actors – the logic of appropriateness and the logic of expected consequences – by transferring them into the realm of international relations, in particular, in explaining the causes and reasoning behind third party military interventions into the domestic affairs of other states. The article provides a theoretical novelty of assessing the success of interventions not by durability of peace as their main aim, but by actual fulfillment of their interventionary goals and objective, which shall be considered when discussing the pros and cons of the two logics. By analyzing the case of the Russian interventions in Georgian starting from 1992 and ending with the recent war in South Ossetia in 2008, the author argues that the likelihood of success of interventions is higher when the two logics are merged and not separated from each other in guiding the decision-makers in their actions.*

**Keywords:** *Logic of appropriateness, logic of expected consequences, third party interventions, Georgia, Russia, Abkhazia, South Ossetia.*

## **Introduction**

The last decade of the 20<sup>th</sup> century and the end of the Cold War, which shaped the relations within the international system of states for almost half a century, marked a significant upsurge in the numbers of ethnic clashes within state territories. In the words of Alexander George, the post-Cold War period “has created a new geopolitical environment and has spawned many new types of internal conflicts. Such internal conflicts within states... vastly outnumbered the more conventional types of war between states”.<sup>1</sup> The end of the Cold War together with the positive processes of overall democratization of the world brought forth proliferation of severe and zero-sum civil wars. At this point, the ideological identity

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<sup>1</sup> George, Alexander, “Strategies for Preventive Diplomacy and Conflict Resolution: Scholarship for Policymaking”, in: *Political Science and Politics*, vol. 33:1, 2000, p. 15.

of conflicting groups was replaced or layered with religious and/or ethnic ones. More than two-thirds, or a majority of the post-Cold War intrastate conflicts, were fought on ethnic grounds.<sup>2</sup>

Intrastate conflicts continue to attract the attention of foreign countries that are either being directly affected by civil wars outside their borders, or which themselves influence the course of events in foreign countries. Domestic actors in conflicts do not engage in conflicting actions in a vacuum: any process significant enough to change one particular setting would inevitably have a “butterfly effect” on its surroundings. Third party interventions are and, most probably, will continue to exist as foreign policy tools of domestic dimensions.

The fundamental quandary of international security affairs is why some countries intervene in the affairs of other states while others do not. Even more so, why do the same states intervene in some cases and take no actions in others with remarkably similar conditions? More importantly, what thinking should the states be guided by in order to succeed in interventions? Under what circumstances should states take actions outside their borders to reach their own aims and objectives? Answers to these questions lie in a discussion of intervention outcomes being contingent upon their agendas as well as on a discourse on the behavioral patterns of states both at home and internationally.

The purpose of this article is to unveil the intervention puzzle through explaining third party interventions by an interplay of two logics – the logic of appropriateness and the logic of expected consequences. While the former pertains to normative behavior of states, domestically and in the international arena, as a guiding principle of their actions, the latter frames their deeds by a dictate of *ratio*. In viewing *pro et contra* of the two logics in a specific case of a third party intervention I will argue that not separation but, rather, synergy of these logics in decision-making allows states to achieve the best possible results in their actions and to succeed in interventions.

I will start, first, from an overview of existing theoretical explanations of third party interventions with a claim that successes and failures of foreign interventions should be judged by the specific outcomes of their actions cross-referenced with their intervention goals and objectives, and not by durable peace, which is currently a widely used indicator for intervention success. I will then continue with the explanations of the logic of appropriateness and the logic of consequentiality to transfer this neo-institutionalist theorizing into the field of international relations generally, and foreign interventions in particular. To support my point of the logics’ synergy I will review two cases of intervention of the same actor in a single controlled environment – the military actions of the Russian Federation in the Abkhazian and South Ossetian conflicts on the territory of Georgia separately in 1992-1994 and in 2008. I will argue that while the first intervention had not brought many positive results for the Russian side because it was guided by the logic of appropriateness only, the second one was highly successful due to a synergy of the two logics. Finally, I will re-conceptualize on the findings and will provide my own theoretical premises for a successful foreign intervention.

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<sup>2</sup> Such as Yugoslavia/Serbia vs. Croatia; Azerbaijan vs. Nagorno-Karabakh, Bosnia/Herzegovina vs. Serbia, Russia vs. Chechens, Georgia vs. Abkhazia and South Ossetia. See Correlates of War dataset (available from: <http://www.correlatesofwar.org>).

## Intervention Success – a Measurement Problem

The success of foreign interventions largely depends on their nature – whether the interveners are neutral with no vested interests in conflict outcomes, or biased and supporting one belligerent out of their own interests. Being neutral does not mean that the third parties do not engage in warfare with either of the belligerents – they may so do, sometimes acting as buffers between the belligerents. However, they do not actively support any party to the conflict and are not interested in particular outcomes because it would suit them, but according to Diehl et al., aim to foster “a solution that meets the interests of the disputants as well as the international community”.<sup>3</sup> Neutrality of interveners is also likely to contribute to their acceptability by the warring parties, which also increases the likelihood of their success. Bartunek noted this point when stating that “[a]cceding to third party permits the ... [belligerents] to save face with their constituents as well as with themselves, since the third party is considered a respectable and impartial source of proposals.”<sup>4</sup>

Contrary to neutral interveners, biased third parties decide to intervene on the basis of their own vital national interests being affected or threatened by the developments in target countries. With such a stance towards solution of conflicts, biased interveners may have more chances to succeed since they have their own stakes in solving the conflict and, therefore, would “...be willing to use force if necessary, and its military capabilities must be sufficient to punish whichever side violates the treaty...”<sup>5</sup> The negative point here is that such forceful actions in support of one party to the conflict would be viewed as hostile by the party or parties against whom such actions are taken. Therefore, the high acceptability of a neutral intervener, which contributes to success of interventions in the first case, is compared here to the degree of vested interests, the costs the biased intervener is willing to incur and “wholeheartedness” in achieving its objectives.

Alone or in coalitions with others, neutral or biased, states intervene in the affairs of other states for various reasons. Countries may have their own vested interests for interventions, or may be genuinely interested in acting as neutral and impartial arbiters and to undertake purely peacekeeping responsibilities. Some interveners are driven by the desire to stop human suffering and the actions of belligerents that represent a threat to peace and security to their region or globally. Others want to use conflicts to pursue their own goals and objectives and to spread their influence beyond their territories. Some states may be interested in extending the conflicts by contributing to the military capabilities of the belligerents, while others may still want to build peace by preventing bloodshed and assisting target countries in their post-conflict recovery. In either of these cases viewing the goals and objectives of interventions is vital in assessing the degree of success or failure of their actions.

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<sup>3</sup> Diehl, Paul F., Reifschneider, Jennifer and Hensel, Paul R., “UN Intervention and Recurrent Conflict”, in: *International Organization*, vol. 50:4, 1996, pp. 687-688.

<sup>4</sup> Bartunek, Jean M., Benton, Alan A. and Keys, Christopher B., “Third Party Intervention and the Bargaining Behavior of Group Representatives”, in: *The Journal of Conflict Resolution*, vol. 19:3, 1975, p. 552.

<sup>5</sup> Walter, Barbara F., “The Critical Barrier to Civil War Settlement”, in: *International Organization*, vol. 51:3, 1997, p. 340.

Current scholarship in foreign interventions seems to neglect this instrumental approach to evaluating success and mainly focuses on considering actual and durable peace as an indicator for third party success. This means that the actions of states are considered to be successful when peace was reached in a target country and it lasted for a certain number of years. Subsequently, if peace was not achieved or lasted for a short period of time, interventions are considered as unsuccessful. There is almost a universal view on measuring the success of third party interventions by the years of peace following the exit of interveners from the conflict scene. For some it is five years of settlement stability,<sup>6</sup> while for others the criterion is more rigid – the “success” of a conflict resolution is an actual cease-fire agreement between the sides lasting for a period of at least six months.<sup>7</sup>

This approach of using durable peace as the main criterion of success of interventions proves to be inadequate when the matter concerns the real agendas of interveners and what they indeed wanted to achieve by intervening. Consideration of years of peace as the main dependent variable gives us only a partial, if not a distorted, understanding of the phenomenon of intervention.

The wide array of goals and aspirations of third parties, the roles they play in international and regional arenas, the interactions they have with other actors, their compositions and the nature of the conflicting parties brings the same fallibility to measuring success by lasting peace as blaming the refrigerator for not being able to play your DVDs. Years of ceasefire as an indicator of settlement may, of course, be considered an indicator for success of intervention in cases where conflict settlement and peace was indeed the aim of interveners. However, there are conflicts where third parties directed their support to ethnic groups, which eventually lost their wars, as a result of which peace was reinstated. Can we still consider such third parties as successful? There are also interveners not concerned with resolution of conflicts at all, but rather, want to exercise their influence over the countries with wars and beyond by further prolongation of hostilities. Can a lasting peace still be used as a parameter for their success? Peace may also be achieved with minimal participation of third parties or even due to other factors not pertinent to interveners per se, for instance by the belligerents themselves. Shall such interventions be regarded as successful?

The way to solve this measurement problem is to evaluate the success of third party actions not by years of peace but by *actual fulfillment of their intervention goals*. By this new indicator, interventions can be considered as successful if they managed to reach their agendas, which would be clear by specific outcomes of each separate intervention. Similarly, if the outcomes of interventions were opposite to the goals the third parties had before and during interventions, then they can be said to have failed. By assessing the success of interventions through their real agendas, we would better understand what was guiding the interveners before taking particular actions, in the first place, and, more importantly, on the basis of what reasoning their goals and objective can be considered particularly successful.

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<sup>6</sup> Hartzell, Caroline A., “Explaining the Stability of Negotiated Settlements to Intrastate Wars”, in: *The Journal of Conflict Resolution*, vol. 43:1, 1999, p. 14 and Licklider, Roy, “The Consequences of Negotiated Settlements in Civil Wars, 1945-1993”, in: *The American Political Science Review*, vol. 89:3, 1995 p. 682.

<sup>7</sup> Regan, Patrick M., “Choosing to Intervene: Outside Interventions in Internal Conflicts”, in: *The Journal of Politics*, vol. 60:3, 1998, pp. 754-779.

## Battle of Two Logics

At some point states concerned with the conflicts outside their borders become faced with a dilemma: to intervene or not to intervene, and the outcomes of their future actions largely depend on their pre-intervention lines of reasoning, or logics. Notwithstanding the multiplicity of rationales for state interventions and their case-specific differences, decisions of states to intervene are usually related to two issues: positive cost-and-benefit calculations, and their moral obligations either towards the belligerents or with a generally altruistic behavior.

Decision-making deliberations of actors were pioneered by March and Olsen in their seminal works on neo-institutionalism.<sup>8</sup> According to them, two logics govern the behavior of actors and organizations: *the logic of expected consequences* and *the logic of appropriateness*, which are juxtaposed to each other and used separately to explain the behavior of institutional actors. When transferred to the realm of international affairs, these two logics have a similar, if not increased, role in states' behavioral patterns.

Under the logic of expected consequences, states reveal, as argued by Hicks, an “instrumental behavior – perceived as semiautonomous – of rational individuals under institutional constraint.”<sup>9</sup> Decisions are taken as a result of the actors' rational choice, which assumes “some model of individual action, often one based on subjective-expected utility theory.”<sup>10</sup> A number of preconditions must be present in such a strategy: the actors should be aware of their own capacities, should see several options for action, should calculate beforehand the costs and benefits of moving in every direction and should act in the way that maximizes their own benefits.

States, similar to organizations, guided by this logic, also calculate the expected utility from interventions and the possible losses they could suffer from their interventions. In the words of Goldman, weighing expected consequences “essentially leads us to derive actions from given preferences”<sup>11</sup> – if states think they stand to benefit more than they stand to lose, they decide to intervene. The questions states ask themselves are “What is the situation we are faced with? What are the available options for our actions? What benefits would our interventions bring us and what costs would we incur? How to design our actions that, as we think, would bring highest benefits and least possible costs? What consequences would we face if we intervene and if we do not intervene?”

Interveners, thus, according to Regan, evaluate carefully “... the cost and benefits of alternative action along with their estimations of the probability that any action will achieve

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<sup>8</sup> For nearly full account of the discourse on logics of appropriateness and expected consequentiality see the following works by March, James G., and Olsen, Johan P.: “Ambiguity and Choice in Organizations”, (Bergen, Norway: Universitetsforlaget, 1976); “Rediscovering Institutions”, (New York: Free Press., 1989); “Democratic Governance”, (New York: Free Press, 1995); and “The Institutional Dynamics of International Political Orders”, in: *International Organization*, vol. 52, 1998, pp. 943–969.

<sup>9</sup> Hicks, Alexander, “Is Political Sociology Informed by Political Science?”, in: *Social Force*, vol. 73:4, 1995, p. 1221.

<sup>10</sup> Hechter, Michael and Kanazawa, Satoshi, “Sociological Rational Choice Theory”, in: *Annual Review of Sociology*, vol. 23, 1997, pp. 193-194.

<sup>11</sup> Goldman, Kjell, “Appropriateness and Consequences: The Logic of Neo-Institutionalism”, in: *Governance: An International Journal of Policy, Administration, and Institutions*, vol. 18:1, 2005, p. 44.

the desired outcome.”<sup>12</sup> Werner also observed the role of rationality in state actions when stating that third party’s “...decision to intervene... is often assumed to be based on his value for the target, the expected costs of war, and his marginal contribution to the probability of victory.”<sup>13</sup> In short, if states see that the utility from their actions is high enough to outweigh the costs they would incur, they decide to intervene. Similarly, states would refrain from intervening if the costs from intervention are unacceptably high in comparison with the benefits they would receive.

The second logic – of appropriateness – is based on normative beliefs that make behaviors or actions appropriate under certain conditions and inappropriate under others. The notion, levels, categories and types of (in)appropriateness are set by actors themselves either alone or together, under institutional settings that would set norms and standards for all their members. From a neo-institutional perspective, the emphasis is made, according to Hicks, “...on the orienting or energizing role of the social – or, at least, of other individuals – rather than stressing the casual exogeneity of ego.”<sup>14</sup> States possess their own social identities that guide their actions in international arena. The logic of appropriateness, thus, “essentially leads us to derive actions from given identities”,<sup>15</sup> which are also - similar to interests in the previous case - given, fixed and rigid.

Individually, states may act on the basis of their own sense of appropriateness, which might differ from that of others. States act jointly, in the words of March and Olsen, “according to the institutionalized practices of a collectivity, based on mutual, and often tacit, understandings of what is true, reasonable, natural, right, and good.”<sup>16</sup> States evaluate the situation in accordance with the norms, rules, morality and ideational settings they are themselves governed by. In this respect, Weber et. al. define three factors behind the logic of appropriateness: “recognition and classification of the kind of situation encountered, the identity of the individual making the decision, and the application of rules or heuristics in guiding behavioral choice.”<sup>17</sup>

Equipped with the logic of appropriateness, states, according to March and Olsen, “...seek to fulfill the obligations and duties encapsulated in a role, an identity, and a membership in a political community. Rules are followed because they are perceived to be adequate for the task at hand and to have normative validity.”<sup>18</sup> The questions that states ask themselves when deciding to intervene are “What is the situation we are faced with? Who are we? Who are other actors? Does this situation violate the moral principles our society is based on? What are our obligations towards our own people, those involved in conflicts and

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<sup>12</sup> Regan, Patrick M., (2002). “*Civil Wars and Foreign Powers – Outside Intervention in Intrastate Conflict*”, (University of Michigan Press, 2002), p. 39.

<sup>13</sup> Werner, Suzanne, (2000). “Deterring Intervention: The Stakes of War and Third-Party Involvement”, in *American Journal of Political Science*, vol. 44:4, 2000, p. 720.

<sup>14</sup> Hicks, Alexander, “Is Political Sociology Informed by Political Science?”, in: *Social Force*, vol. 73:4, 1995, p. 1223.

<sup>15</sup> Goldmann, Kjell, “Appropriateness and Consequences: The Logic of Neo-Institutionalism”, in: *Governance: An International Journal of Policy, Administration, and Institutions*, vol. 18:1, 2005, p. 44.

<sup>16</sup> March, James G. and Olsen, Johan P., “The Logic of Appropriateness”, in *ARENA Working Papers*, WP 04/09, 1998, p. 4

<sup>17</sup> Weber, Mark J., Kopelman, Shirli, Messick, David M., “A Conceptual Review of Decision Making in Social Dilemmas: Applying a Logic of Appropriateness”, in: *Personality and Social Psychology Review*, vol. 8:3, 2004, p. 281.

<sup>18</sup> March, James G. and Olsen, Johan P., “Understanding Institutions and Logics of Appropriateness: Introductory Essay”, in: *ARENA Working Papers*, vol. 13, 2007, p. 3.

wider community of states? How will our behavior affect us? Is the intervention appropriate?”

In essence, states decide to intervene if they view a particular situation in the target country as a threat to their identities and a violation of the principles on the basis of which their own society or “[r]ules and practices [that] specify what is normal, must be expected, can be relied upon, and what makes sense in a community.”<sup>19</sup> Having assessed the conflicts from the point of view of their own and the collective moral basis, states take certain actions if they consider that the situations have exceeded the threshold of ethical and normative permissibility. They may still intervene even if their cost-benefit calculus is negative: they would intervene, in the words of Weinstein, “...regardless of what the particular situation involved would dictate in light of national interest”.<sup>20</sup> States would intervene because it is morally unacceptable for them to do otherwise, and they can do otherwise. Similarly, states might abstain from intervention in the domestic affairs of other countries if they believe that the situation is within the limits of moral and normative acceptability.

The problem with this separation of two logics is due to two reasons: difficulty of their unilateral application to the philosophy of decision-making deliberations of states, and insufficiency of their independent usage for explaining diverse behavior of states. Neither of these logics alone fully explains the whole complex array of situations that states face and the options available for them. Much in the same line, Finnemore and Sikkink argued that “Rationality cannot be separated from any politically significant episode of normative inclusion or normative change, just as the normative context conditions any episode of rational choice. Norms and rationality are thus intimately connected...”<sup>21</sup> Hechter and Kanazawa also pointed out the need for the inclusion of a discourse of values of individual actors in a proper and more comprehensive understanding of rational choice theorizing.<sup>22</sup>

A careful merger of the two logics is, thus, required for states to reach success in fulfilling their intervention agendas. As excellently noted by Carr, in order to achieve best results, “Political action must be based on a coordination of morality and power”.<sup>23</sup> The intervention case study presented below supports the argument of increasing likelihood of success that the inseparability of the two logics would bring to third parties.

## Georgia: Conflict Background

The first Russian interventions in the conflicts in Georgia took place under the aegis of peacekeeping missions with conflict resolution mechanisms after the military clashes of the early 1990s between the titular Georgian nation and the Abkhazian and South Ossetian

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<sup>19</sup> Ibid., p. 5.

<sup>20</sup> Weinstein, Franklin B., “The Concept of a Commitment in International Relations”, in: *The Journal of Conflict Resolution*, vol. 13:1, 1969, p. 46.

<sup>21</sup> Finnemore, Martha and Sikkink, Kathryn, “International Norm Dynamics and Political Change”, in: *International Organization*, (*International Organization at Fifty: Exploration and Contestation in the Study of World Politics*), vol. 52: 4, 1998), p. 888.

<sup>22</sup> Hechter, Michael and Kanazawa, Satoshi, “Sociological Rational Choice Theory”, in: *Annual Review of Sociology*, vol. 23, 1997, pp. 208-209.

<sup>23</sup> Carr, Edward H., “The Twenty Years’ Crisis, 1919–1939: An Introduction to the Study of International Relations”, Second Edition, (London: Macmillan, 1946), p. 97.

minorities. Following the period of the Georgian history known as the “War of Laws” in the late 1980s-beginning of the 1990s, against a background of chauvinist and denigrating rhetoric employed by the country’s first President Zviad Gamsakhurdia, who openly discriminated against all the ethnic minorities, the domestic security dilemma took a severe turn.<sup>24</sup> According to Zdravomislov, the situation culminated in a cycle of mutually aggressive ethnic nationalism where “[i]mperial components of the Georgian politics towards Abkhazians stimulated Abkhazian nationalism, which gave an impetus to the Georgian nationalism.”<sup>25</sup> Each subsequent step taken by either party to introduce more freedoms and rights for their respective communities - in Georgia proper, Abkhazia and South Ossetia - was considered as lessening the rights of other ethnic groups, and, thus, directly threatening their identities.

The conflict in South Ossetia erupted in December 1990 and lasted for a year and a half, resulting in approximately 3 000 battle deaths,<sup>26</sup> complete economic devastation of Samachablo (as the Georgians call South Ossetia), severance of transport routes connecting Georgia with Russia through South Ossetia, and the de facto separation of the region from Georgia. In June 1992 the new president of Georgia Eduard Shevardnadze signed a cease-fire agreement with Russia as a guarantor of peace and security, which established a peacekeeping organ in the form of the Joint Control Commission (JCC), composed of representatives from Georgia, South Ossetia, North Ossetia and Russia. From its very birth, the JCC brought forth the phenomenon of the “credible commitment problem”<sup>27</sup> and left Georgia in a disadvantageous position in which it was alone in facing three opposing, potentially unfriendly and not trustworthy counterparts – Russia, South Ossetia and North Ossetia.

The warfare in Abkhazia started soon after the end of military activities in South Ossetia in 1992. Under the pretext of protecting the rail cargo transit to Russia from looting, Georgian troops entered Abkhazia in August 1992 and occupied its capital, Sokhumi. After receiving considerable assistance from mercenaries from the Northern Caucasus, the Baltic States, Cossacks from the southern provinces of Russia, and military aid and support from the Russian military bases in Abkhazia, the Abkhazians managed to retake Sokhumi in September 1993.

The war resulted in the deaths of 20,000<sup>28</sup> people from both sides and more than 250,000 Georgian IDPs. To avoid a large-scale confrontation with Russia, Shevardnaze was forced to sign another ceasefire agreement with Russia in July 1993 and bring the country into the

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<sup>24</sup> An example from the many, the following excerpt from an interview of Gamsakhurdia gives the glimpse of the situation with ethnic minorities in early independent Georgia: “We wanted to persuade the Ossetians to give in. They took flight, which is quite logical since they are criminals. The Ossetians are an uncultured, wild people – clever people can handle them easily.” See: Interview with Zviad Gamsakhurdia “We Have Chatted Too Long With the Separatists: A Conversation with the Chairman of the Georgian Supreme Soviet”, *Moscow News*. December 2, 1990, p. 11.

<sup>25</sup> Zdravomislov, A.G., “Mezhnatsionalnye konflikty v postsovetskom prostranstve” (International Conflicts in Post-Soviet Space). (Moskva: Aspekt Press, 1997), p. 21.

<sup>26</sup> As reported by the Uppsala Conflict Dataset, (available from [http://www.pcr.uu.se/research/UCDP/our\\_data1.htm](http://www.pcr.uu.se/research/UCDP/our_data1.htm)).

<sup>27</sup> Fearon, James D., “Commitment Problems and the Spread of Ethnic Conflict”, In David A. Lake and Donald Rotchild (eds.) “The International Spread of Ethnic Conflict” (Princeton: Princeton University Press, 1998).

<sup>28</sup> As reported by the Uppsala Conflict Dataset, (available from [http://www.pcr.uu.se/research/UCDP/our\\_data1.htm](http://www.pcr.uu.se/research/UCDP/our_data1.htm)).

Commonwealth of Independent States (CIS) to avoid further Russian interference. Under the agreement a detachment of CIS peacekeeper troops, formed exclusively by the Russian military, arrived in Abkhazia and became the guarantors of de facto peace.

The CIS peacekeepers, together with the JCC, presented a buffer between the belligerents and with varying degrees of success managed to cool down the tensions and revanchist aspirations from all the conflicting parties, for instance in summer 2004 when erratic fighting nearly led to renewed war in South Ossetia but was averted by Russian shuttle diplomacy.

This neither-war-nor-peace situation continued in South Ossetia until summer 2008 when full-scale warfare started, beginning with the same scenario of sporadic fighting along the borderlines. Firing culminated at dusk of August 7 as a response to a unilateral ceasefire declared by Georgian President Mikheil Saakashvili. Georgian troops, tasked with “restoring constitutional order” and bringing peace to the whole territory of Georgia, occupied village after village in South Ossetia, predominantly populated by ethnic Georgians. By the end of the next day Georgians were practically in control of the whole territory of South Ossetia.

Even before the restart of the military clashes, South Ossetian authorities were seeking Russian military help to protect the South Ossetian population, a majority of who were Russian citizens. The assistance was soon provided: the Russian peacekeepers, which did not participate in the early stages of combat, received a strong reinforcement in the form of the Russian 58<sup>th</sup> Army and volunteers from Northern Ossetia and other North Caucasian republics of Russia. Russia entered the conflict scene with a peacemaking agenda of its own – what Russian President Dmitri Medvedev called “enforcement of Georgia to peace”.

In nearly two days the Georgians, suffering heavy losses, were pushed away from South Ossetia by the Russians. The Russian military continued its offensive towards Georgia proper, bombing its military facilities and destroying military airports adjacent to the conflict territory and beyond. De facto peace was reinstated on August 12 after a 6-point peace agreement was signed between Medvedev and Saakashvili under the mediation of French President Nicolas Sarkozy. As a result of continuous pressure from the EU, a group of 340 military observers was deployed in the fall of 2008 to monitor the situation in the conflict zones.

This five-day war, according to the South Ossetian sources, brought the deaths of 1692 people and 1500 more wounded.<sup>29</sup> The Russian sources give similar figures - 1 600 casualties among civilian residents of South Ossetia, 74 Russian military including 11 peacekeepers, and 171 wounded.<sup>30</sup> In four months Russian casualty estimates changed dramatically – according to the report of the Investigation Committee of the General Prosecutor’s Office of Russia issued at the end of December 2008, 48 Russian military and 162 Ossetian civilians died as a result of the war.<sup>31</sup> The Georgian casualties amount to 413

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<sup>29</sup> Khugaev, Teimuraz, Prosecutor General of South Ossetia, online interview (available from [http://www.gazeta.ru/news/lastnews/2008/08/28/n\\_1263719.shtml](http://www.gazeta.ru/news/lastnews/2008/08/28/n_1263719.shtml)).

<sup>30</sup> Newspaper “Rossiyskaya Gazeta”, (Newspaper of Russia), week 4729, August 14, 2008 (available from <http://www.rg.ru/2008/08/14/voyna.html>).

<sup>31</sup> Public statement of Investigation Committee of the General Prosecutor’s Office, December 23, 2008 (available from: [http://www.gazeta.ru/politics/2008/12/23\\_a\\_2916550.shtml](http://www.gazeta.ru/politics/2008/12/23_a_2916550.shtml))

deaths, among which 169 are military personnel and 228 civilian victims.<sup>32</sup> According to the UNHCR, 192,000 Georgian nationals fled from South Ossetia and nearby Georgian settlements.<sup>33</sup>

The volatile state in Abkhazia also changed in August 2008, when military activities resumed in South Ossetia. Abkhazian forces were in full mobilization along the border during the South Ossetian fighting and feared no attacks since Georgia was clearly not in a position to wage wars on two different fronts simultaneously. Inspired by the victorious advance of the Russian troops in South Ossetia, Abkhazian forces seized this window of opportunity and launched a successful attack on the Georgian troops in the Upper Kodori region, the only part of Abkhazia previously controlled by Georgia.

Not long after the secession of hostilities in South Ossetia Russia legally institutionalized the results of its intervention by officially recognizing South Ossetia and Abkhazia as new independent states and members of the international community. Currently, South Ossetia and Abkhazia are strengthening their political gains by seeking further military assistance from and political alliances with Russia, by allowing the establishment of military bases on their territories and aspiring to join the Commonwealth of Russia and Belorussia.

## A Synergy of Two Logics

As a successor to the Soviet Union in many aspects, inheriting its diplomatic representations, political, economic and cultural heritage, not only is Russia vitally interested in developments in the neighboring former Soviet republics, but also strives to have a say in the politics of former Soviet republics. In this respect, Russia strongly resembles a former imperial center with stakes in the domestic policies of its ex-colonies. Parallels can be drawn from the French behavior after de-colonization of the 1960s, very vividly described by Prunier. According to him, France has always considered Africa “le pré carré” (our own backyard) and viewed itself as “a large hen followed by a docile brood of little black chicks”<sup>34</sup> that needed to be taken care of. Unlike France, however, which has always upheld the interests of the ruling governments in its former African colonies, in Georgia Russia chose to support opposition sides.

The role of Russia in the Georgian conflicts before 2008 was quite equivocal and less publicized. There was no hard documentary evidence of any regular Russian troops participating on either side of the conflicts in Georgia in the early 1990s.<sup>35</sup> Russia, according to its leadership, kept strictly neutral, but, as dubious as it may sound, Zverev postulates this Janus-faced Russian behavior of the early 1990s: “...(although it was in line with a consistent Russian policy of supplying both sides in a conflict), at a time when

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<sup>32</sup> “Georgia Update”, a service of the Government of Georgia, 5 December, 2008 (available from <http://georgiaupdate.gov.ge/doc/10006968/Microsoft%20Word%20-%205.11.pdf>).

<sup>33</sup> United Nations High Commissioner for Refugees, “UNHCR chief visits South Ossetia”, 22 August 2008, available at: <http://www.unhcr.org/news/NEWS/48aef0dc4.html>.

<sup>34</sup> Prunier, Gerard, “*The Rwanda Crisis: History of a Genocide, 1959-1994*”, (London: Hurst&Co., 1995), p. 103.

<sup>35</sup> Notwithstanding strong Russian denials of involvement in the civil war, 46 Russian soldiers of various ranks had been reportedly killed in Georgia in 1992. See: Brecher & Wilkenfeld, Brecher, M. and Wilkenfeld, J. “A Study of Crisis Data Project”, (Ann Arbor, MI: University of Michigan Press. Paperback Edition with CD-ROM, 2000).

Russian-supplied warplanes were bombing Georgian-held Sukhumi, other Russian units continued to supply the Georgian Army.”<sup>36</sup> Indeed, Abkhazians, South Ossetians and Georgians had large caches of arms and ammunition for a major confrontation even before the start of the conflict, and the only place they could get these arms were the Soviet/Russian military bases located in Georgia and Abkhazia.

Such behavior by Russia revealed a very interesting point in its early foreign policies - being led entirely by the double-sided logic of appropriateness, without any clear and visible benefits that it could receive from its actions. By not closing its borders with Abkhazia and South Ossetia, thus letting mercenaries from North Caucasus join the conflicts, and also by supplying arms and having close ties with the post-Gamsakhurdian Georgian government, Russia considered it appropriate to be present in Georgian politics by satisfying all the belligerents alike as much as possible.

On the one hand, Russia had longstanding brotherly ties with the Georgian nation, and a history of protecting it from Turkish influence. Many Georgians were prominent political and military figures in the Soviet Union throughout its history. Even after their independence, there had always been good connections between the “young” Russian military and its Georgian counterpart.<sup>37</sup>

The logic of appropriateness evident in Russia’s supporting Abkhazia and South Ossetia had two parts: letting the Abkhaz and South Ossetians be defeated by Georgia would place Russia in a very uneasy, in the best case, position in relation to the nations of the Northern Caucasus whose kin the Georgian minorities were. While for South Ossetians Russia represented an “external homeland”<sup>38</sup> in the form of North Ossetia, for Abkhazians it acted as a “surrogate lobby state.”<sup>39</sup> In the early 1990s Russia itself suffered heavily from secessionist and ethnic conflicts between its own ethnic minorities occupying the North Caucasus and predominantly bordering Georgia (for instance, the wars in Chechnya and the conflict in North Ossetia). By letting the North Caucasian “volunteers” help their brethren in Georgia, Russia, therefore considered it appropriate to redirect its own domestic unrest and to quench dissatisfaction, thus acquiring in the eyes of its North Caucasian nations the image of a protector of their kin.

On the other hand, there was high dissatisfaction and immense stigma within certain parts of the Russian political and military establishment who found themselves beyond the hearth of power after the dissolution of the Soviet Union. Many members of the Russian/ex-Soviet political and military elites blamed Gorbachev and Shevardnadze (who was Minister of Foreign Affairs in 1985-1990) for breaking up the Soviet system, and Yeltsin for supporting them. The conflicts in Georgia, in words of Zdravomyslov, represented a perfect opportunity for them to gain their revenge upon “democrat-

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<sup>36</sup> Zverev, A., “Ethnic Conflicts in the Caucasus 1988-1994”, in: Bruno Coppieters (ed.) “Contested Borders In The Caucasus” (Brussels: Vubpress, 1996) (online version is available from <http://poli.vub.ac.be/publi/ContBorders/eng/>).

<sup>37</sup> For instance, shortly after the conflicts, Russian defense minister Pavel Grachev was baptized by his Georgian colleague Vardiko Nadibaidze in one of the most important ancient Georgian churches; Georgian Security Minister Shota Kviraya was a high-level military officer in the HQ of the Russian military base in Tbilisi.

<sup>38</sup> Brubaker, Rogers, “Nationhood and National Question in the Soviet Union and Post-Soviet Eurasia: An Institutional Account”, in: *Theory and Society*, vol. 23:1, 1994, pp. 55-76.

<sup>39</sup> Jenne, Erin K., “A Bargaining Theory of Minority Demands: Explaining the Dog that Didn’t Bite in 1990 Yugoslavia”, in: *International Studies Quarterly*, vol. 48:4, 2004, p. 748.

Shevardnadze, who took an active part in dissolution of the Soviet Union” and to use Abkhazia and South Ossetia for the sake of territorial interests of the “unified and indivisible Mother-Russia within the borders of 1917.”<sup>40</sup>

In sum, the absence of clear self-interests, and therefore uncertain benefits, and an oxymoronic wish to be neutral and to satisfy all parties put Russia in quite an awkward position, very correctly pointed out by Zverev in the following description: “Throughout 1992 and 1993, Russia had no single policy with regard to the Georgian-Abkhaz conflict. It was not clear which would best suit Russian interests - to see Georgia strong and united or weak and dismembered.”<sup>41</sup> Eventually, this vagueness took the form of a neutral peacekeeping operation directed by the logic of appropriateness, which molded the faint “just-to-be-there” interests of Russia into endless, weary and unsuccessful peacekeeping benefiting no one.

Contrary to that, the second Russian intervention in August 2008 was highly biased and successful and represented a mixture of the logic of appropriateness with the logic of expected consequentiality. This time the former appropriateness was enhanced by a better grounded and legitimized Russian support to the ethnic kin of North Ossetians in Georgia through protecting Russian citizens in South Ossetia. In turn, Russia’s military actions brought it quite evident and beneficial consequences from the perspective of its pure self-interest.

The new logic of appropriateness in the Russian actions also had two components: continuation of ethnic aspect and introduction of a completely new domestic and international political reasoning. From the point of view of ethnic linkages, when military actions became unavoidable in August 2008 in South Ossetia, Russia was left with no other choice but to protect their kin and fellow-citizens from the Georgian military advances. Had Russia remained indifferent to the fate of South Ossetians, such inaction would have been lethal to its own statehood since it would have raised aggressive sentiments in North Ossetia against the Russian state for giving up their brothers and sisters to Georgians. For Abkhazians, who, unlike Ossetians, are only distantly related to the Adigi and Apshili ethnic groups of the Northern Caucasus, and, thus have no direct ethnic kin in Russia, their military actions in the Kodori Gorge were, in a way, a by-product of the war in South Ossetia.

In addition to blood lineage, the phenomenon of an external homeland after the first conflicts was strengthened by the provision of Russian citizenship to the overwhelming majority of the population of the breakaway Georgian regions. This, in a way, institutionalized Russian claims in protecting the rights and freedoms of its subjects.

The logic of appropriateness was also evident in the Russian behavior on the domestic and international levels. Almost for a decade after the ascension to power of President Putin, Russia was concerned with “consolidation of the vertical of power” by putting strong controls over different regions and societal groups. From this point of view, Russian

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<sup>40</sup> Zdravomislov, A.G., “Mezhnatsionalnye konflikty v postsovetskom prostranstve” (International Conflicts in Post-Soviet Space). (Moskva: Aspekt Press, 1997), p. 63.

<sup>41</sup> Zverev, A., “Ethnic Conflicts in the Caucasus 1988-1994”, in: Bruno Coppieters (ed.) “Contested Borders In The Caucasus” (Brussels: Vubpress, 1996) (online version is available from <http://poli.vub.ac.be/publi/ContBorders/eng/>).

intervention in 2008 was more than appropriate in the light of caring for its citizens as an inherent part of its domestic *raison d'être*. Had Russia not intervened, this would have raised domestic questions about the power of its government, which would have lost its authority within the eyes of fellow-citizens.

On the international arena, Russian actions looked also quite appropriate within the modern foreign policy line it has been pursuing. The influence of Russia in the Caucasus was directly linked with its need to secure its southern borders, a need exacerbated by NATO enlargement, which was considered as a hostile move in the Russian political and military establishment. The possible inclusion of former Soviet Republics – Georgia and Ukraine – into NATO, apart from rendering a severe emotional blow to former Soviet decision-makers in the Russian government who would have lost their former “brothers” to the hostile West, would mean further military threats as NATO would be positioned on its southern boundary.

Besides, during the decade after the collapse of the USSR Russia made repeated attempts to reinstate its hegemonic status and to appear powerful - if not on the world's stage then, at least, regionally. Russia strives to compete with the USA in the military field and the use of force, just as for the USSR, according to Lebow, the military “...was the only domain in which it could compete successfully with the United States and maintain its superpower status.”<sup>42</sup> Even the public rhetoric of the Russian policy-makers closely followed that of the USA after 9/11, which, in the Russian case, had become 8/8/8.<sup>43</sup>

After its fiasco with blocking Kosovo's independence, Russia began vehemently pushing for the independence of Abkhazia and South Ossetia. During the active phase of international recognition of Kosovo, Russia repeatedly threatened the West with a *quid pro quo* reaction and using Kosovo as a precedent for solution of frozen conflicts in the Caucasus. Intervention in Georgia, thus, was also appropriate from the general foreign direction of Russia towards increasing its prestige in the international arena.

In sum, the logic of appropriateness reflected in supporting South Ossetians and Abkhazians by their political recognition provided the necessary internationalization, which, in the words of Finnemore and Sikkink, “...reflect[ed] back on a government's domestic basis of legitimation and consent and thus ultimately on its ability to stay in power”<sup>44</sup> and further consolidated the Russian society's normative support to the domestic and foreign policies of their government.

The second Russian intervention also marked the appearance of the logic of expected circumstances in its actions, which accounts for the role of rational choice and expected utility calculation. Two relevant factors influenced the decision to intervene in Georgia: the

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<sup>42</sup> Lebow, Richard N., (2003). “The tragic vision of politics : ethics, interests and orders”, (Cambridge: Cambridge University Press, 2003), p. 273.

<sup>43</sup> A vivid example of this is the latest speech of President Medvedev's at the ceremony of decorating the Russian soldiers who participated in the military actions against the Georgian troops in South Ossetia: “The world has changed after the August. The former world order has collapsed. Russia will firmly defend its interests and those of its citizens,” broadcasted on the Russian TV Channel “Vesti” on 01.10.2008 (available at <http://www.vesti.ru/doc.html?id=212868&cid=1>).

<sup>44</sup> Finnemore, Martha and Sikkink, Kathryn, “International Norm Dynamics and Political Change”, in: *International Organization, (International Organization at Fifty: Exploration and Contestation in the Study of World Politics)*, vol. 52: 4, 1998), p. 903.

need to secure its access to the Black Sea region's marine transportation capacities and to establish control over transit of energy resources from the Caspian Sea to their destination points, thus remaining the major supplier of energy to Europe and beyond.

After the dissolution of the Soviet Union Russia was left short of sea connections with the rest of the world. A close look at the dynamics of the development of the Russian transportation network provides important contributions to the discussion on Russian economic interests in the Caucasus, which suffered from a drastic decline in marine cargo transportation in early 1990s. Although the figures for nearly all transportation types dropped during the first years of existence of the Russian Federation, until 2001 the decrease of the turnover of the marine ports was the most dramatic.<sup>45</sup> Having an initial indicator of 112 million tons in 1990, it fell by 70% by 2001 to 32.2 million tons and further declined to 26.7 million tons in 2007 accounting for only 0.3% of the total transportation turnover of Russia.<sup>46</sup>

This fact is explained by the limited and costly marine foreign trade of Russia, due to the nature of its sea ports, which are located mainly in the north of the country and only operate for several months of the year because of severe climatic conditions (such as Murmansk, Nakhodka, Vladivostok, and Archangelsk). From the 1990s all the former Soviet ports in the Baltic Sea, except for St. Petersburg, and the Black Sea, except for Novorossiysk, belonged to the new independent Baltic States, Ukraine and Georgia. From this point of view, the biggest advantage Abkhazia would offer Russia, apart from quick connection to the Mediterranean and beyond, is the all-seasons operability of its ports - Sokhumi, Gagra, Gudauta, Pitsunda and Ochamchira - due to its mild subtropical climate. A broader access to the Black Sea would provide Russia with better shortcuts to major European and world customers.

Furthermore, all the major Soviet Union summer resorts are now outside of Russian reach, being shared by Ukraine and Georgia. Although the majority of the resort facilities in Abkhazia suffered from the war with Georgia, their reconstruction has been underway for a number of years with shadow support coming from Russian businesses. Now, having officially recognized Abkhazia, Russia will try to legalize its business presence there and further develop productive capacities and services in the region for its own benefit.

In addition to that, Russia can as well use the Black Sea capacities for strengthening its military presence to the South, weakened after split of the USSR Black Sea Fleet between Russia and Ukraine and losing its highly strategic Crimean territories. The first signs of this are already evident: in January 2009 Russia decided to start building the base for its Black Sea military fleet in the Abkhazian city of Ochamchira.<sup>47</sup> Other Abkhazian ports can be also, in principle, used for military purposes.

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<sup>45</sup> For instance, railroad transit of goods, although fallen by nearly 50% by 2001 has increased by 27% in 2007 and reached the figure of 1 344,2 million tons. Similarly, air transportation capacities decreased by 60% in 2001 and further by 19% in 2007. The highest and constantly increasing capacities is motor transport, which more than doubled its turnover in 2001 and further augmented by 15% in 2007.

<sup>46</sup> The combined data was taken from the marketing research of the Discovery Research Group cited at <http://mi.aup.ru/res/58/56294953428858.html> and the analysis of JSC "Gruzam" (available at <http://www.guzam.ru/company/4-76.php>).

<sup>47</sup> "Rossiya sozdast bazy voennix korablei ChF v Abkhazskom Portu Ochamchira" ("Russia will establish the base for military ships of the Black Sea Fleet in the Abkhazian port of Ochamchira"), *Gazeta.ru*, January 26, 2009 ([http://www.gazeta.ru/news/lastnews/2009/01/26/n\\_1321526.shtml](http://www.gazeta.ru/news/lastnews/2009/01/26/n_1321526.shtml)).

In addition to the transport corridors of Abkhazia, the region was famous for its natural resources: charcoal, complex ore, quicksilver, and barium sulfate. Its agricultural production included wine, essential oils, canning, meat, dairy products and fisheries, and during the Soviet Union Abkhazia was one of the main importers of tea, tobacco and citrus to Russia. It also had two hydro-power plants, which until now remain important sources of electricity supplies to Georgia proper. These capacities of Abkhazia, including quite domestic cheap labor, can also be fully utilized after its independence – a clear sign for integration of the economy of Abkhazia with that of Russia was the reconstruction of rail connections with the latter before the restart of the conflict and usage of Abkhazian construction materials for the facilities of the Sochi Olympic Winter Games in 2014.

Contrary to Abkhazia's advantageous economic state, South Ossetia's territory is quite poor from a utilization perspective. Due to its severe continental climate, the land is not suitable for large-scale and efficient agricultural production. Its natural resources are limited to tufa, construction marble, drywall and stucco, which are not fully developed yet. There had been no industrialization in the region during the Soviet times, and the region survived almost exclusively on the transfers from the centralized Soviet and regional Georgian budgets. The population of South Ossetia lived largely on the remittances coming from its *gastarbeiters* working in Russia and their kin supporters from North Ossetia. Another significant source of income, although secretive, was until recently the illegal transit of goods between Russia and Georgia, which was uncontrolled by the Georgian authorities.

In South Ossetia another rational stimulus was guiding Russian actions – the need to completely secure control over transportation of the Caspian Sea energy resources to Europe. The oil and gas deposits of the Caspian are quite significant: according to the January 2007 Report of the US Energy Information Administration, the volumes of proven oil reserves vary from 17 to 49 billion barrels (comparable to those of Qatar and Libya) and proven gas deposits amount to 232 trillion cubic feet (comparable to Nigerian gas).<sup>48</sup> The Baku-Tbilisi-Supsa, Baku-Tbilisi-Ceyhan oil pipelines and Baku-Tbilisi-Erzurum gas pipeline, operated by British Petroleum with strong support from Europe and the US, connected the Caspian Sea with Europe via Turkey, bypassing Russia. This increased the dissatisfaction of Russia, which does not want to be outside of the oil game.<sup>49</sup>

A competitor of these transit facilities is the Baku-Grozni-Novorossisk pipeline passing in the North Caucasus through the recent conflict territory of Chechnya, quite close to North and South Ossetia. According to some experts, because of the operation of the pipelines through Georgia Russia loses annually around 10 million tons of oil that would have otherwise been pumped via its own pipeline: the turnover of the Baku-Supsa pipeline alone is three times more than its northern counterpart.<sup>50</sup>

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<sup>48</sup> The US Energy Information Administration report on the Caspian Sea Region (available at <http://www.eia.doe.gov/cabs/Caspian/Background.html>).

<sup>49</sup> One of the recent Russian successes in the oil field was signature of a major agreement with Kazakhstan and Turkmenistan in December 2007 to transit their oil and gas through the Russian territory by a future pipeline.

<sup>50</sup> Kharitonova, N. "Marshruty Transportirovki Azerbajjanskoi Nefti – Istochnik Politicheskix Raznoglasii ns Mejdunarodnom Urovne" (Transportation Routes of the Azerbaijan Oil – a Source of Political Disputes on International Level), policy brief, 2006, in: *Information-analytical Agency of the Center for the Studies of Public-Political Processes on the Post-Soviet Space*. (available from [www.kreml.org/opinions/112939144](http://www.kreml.org/opinions/112939144)).

Given the benefits which oil and gas transit provides to the countries involved, the Caucasus is gradually becoming a battlefield for energy resource transportation rights, where control over the pipelines brings even more significant strategic and political leverage. Indeed, as O'Hara points out, "Who controls the export routes, controls the oil and gas; who controls the oil and gas, controls the Heartland",<sup>51</sup> the latter being Europe. The power to turn on and off the pipelines' valves at will became a matter of increased competition in the Caucasian and Caspian region and of concern to the West.

Existence of the hot spots in the Caucasus and the high susceptibility of pipelines to insurgent attacks caused serious concern for the owners and lobbyists of the pipelines from the very beginning of their construction. Renewed hostilities in Georgia revealed how vulnerable the oil transit is: the BP leadership decreased twice the volumes of oil passing through Georgia compared to before the conflict and even shut down its pipelines in August 2008, resuming it only after hostilities had ceased. As a result of the war in South Ossetia, and having been seriously concerned with the fate of its own oil revenues, Azerbaijan started negotiations with Russia to double the volumes of oil transit from the Caspian via the northern route. According to some estimates, the complete transfer of the oil current to the Baku-Novorossiysk pipeline would bring Russia \$1.3 million per month.<sup>52</sup> Despite being worth rather a small amount, this rerouting coupled with the transit of other energy resources, would leave the control over oil flows within the hands of Moscow and nearly completely out of the reach of the West.

## Conclusion

When separation between the two logics occurs, states suffer from their related drawbacks: interventions guided entirely by the logic of appropriateness, and taken on the basis of the specific identities of interveners, makes it difficult to correctly anticipate the results such actions would bring in both the long and short terms. Similarly, when intervening solely on the basis of self-benefits relevant to the logic of expected circumstances, states face problems on a much larger scale, especially when their actions infringe the moral laws and normative standards of the society they are part of. When combined, however, the two logics complement each other and have the propensity of bringing the best results to states.

The "hat of appropriateness" would help the intervener to find justifiable excuses for its actions, both domestically and internationally. At home, this logic helps interventions look more legitimate and moral which would lessen the power of local veto-players to block their country's foreign actions and decrease the opposition of other states it would otherwise face. This is especially true in relation to the casualties that interveners incur – they have to justify to their fellow-citizens that the death of their family members in the armed forces would serve the highest common (at least on the domestic scale) good.

Through appealing to a higher international authority, as well as norms and moral principles shared by the majority of states, the logic of appropriateness brings in the

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<sup>51</sup> O'Hara, S.L. "Great Game or Grubby Game? The Struggle for Control over the Caspian", in Paul Le Billon (ed.). "The Geopolitics of Resource Wars. Resource Dependence, Governance and Violence" (Frank Cass, 2005), p. 148.

<sup>52</sup> Hanson, Philip, "The August 2008 Conflict: Economic Consequences for Russia", *Chatham House Policy Brief*, REP BN 08/06, 2008 (available from [http://www.chathamhouse.org.uk/files/12219\\_0908rep\\_hanson.pdf](http://www.chathamhouse.org.uk/files/12219_0908rep_hanson.pdf)).

“...require[d] ...stamp of institutional legitimacy upon which long-term measures depend”<sup>53</sup> by internationalizing the legitimacy of intervention outcomes. Indeed, as Fenwick noted, “[w]hat would be arbitrary for the individual state would in the case of the whole body of states be no more than the exercise of the higher right of the community to maintain law and order and to see to the observance by separate states of their obligations as members of the community”<sup>54</sup>

The “hat of expected consequences”, on the other hand, would assure clarity of interveners’ agendas and result-oriented actions. It would make the interveners more determined in pursuit of their high stakes at high costs, since, as state governments undertaking interventions, they are at all times accountable to domestic constituencies and taxpayers. The logic of expected consequences would make interveners act more “wholeheartedly” to achieve best results since they would see the benefits their actions would bring them.

As with the logic of appropriateness, it will also help give good reasons for the deaths of fellow-countrymen by the benefits their deaths would bring each and every living citizen. Similarly, if the benefits are not high enough or vague to justify expenses, this logic would prevent otherwise costly and unnecessary interventions, responsible for the loss of human lives and damage to a country’s international prestige and domestic standing of the intervener’s government.

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<sup>53</sup> Carment, David and Harvey, Frank, “Using Force to Prevent Ethnic Violence: An Evaluation of Theory and Evidence”, (Westport, Connecticut, London: Praeger Studies on Ethnic and National Identities in Politics, 2001), p. 129.

<sup>54</sup> Fenwick, Charles G., (1945). “Intervention: Individual and Collective”, in: *The American Journal of International Law*, vol. 39:4, 1945, p. 663.

# RESOLVING POST-SOVIET “FROZEN CONFLICTS”: IS REGIONAL INTEGRATION HELPFUL?

**Mykola Kapitonenko\***

## **Abstract**

*Regional conflicts are arguably the most disturbing heritage of the USSR. Ironically, they are gradually becoming cornerstones for a renewed foreign policy of Russia. That can have long-lasting consequences: from disrupting regional stability to a massive geopolitical change in a strategically important Black Sea/Caspian region. Regional conflicts are also penetrating the agenda of world politics. The end of pure Westphalian principles of the world order emancipated numerous unprecedented challenges, strengthened by nationalism, separatism, and non-conventional warfare. That created a challenge for political science and conflict studies, a challenge which could be compared and contrasted to the problems once posed by the Cold War. These challenges require a scientific inquiry into the nature of internal conflicts, particularly of the “frozen” ones, as well as the impact they have upon regional security arrangements and methods of conflict management. Recent developments in the Caucasus are a continuation of old problems, which are likely to remain for an undetermined period of time. Coping with those problems is one of the most important tasks not only for the foreign policies of states involved, but also for the whole system of regional security.*

**Keywords:** “frozen” conflict, regional security, integration, Black Sea Economic Cooperation, GUAM, regional conflicts.

## **Introduction**

The so-called “frozen conflicts” are among the toughest challenges to Black Sea regional security, as well as to the national interests of several post-Soviet states. They include: the Nagorno-Karabakh conflict between Armenia and Azerbaijan, the conflicts of Abkhazia and South Ossetia in Georgia, and the Transnistrian conflict in Moldova.

The conflicts vary in scope, history, and management options, but are structurally similar. Contributing factors, such as weakness of states, economic depression, and external support, are in place in each of the conflicts. Moreover, they create similar threats for national security of Azerbaijan, Georgia, and Moldova. Artificially “frozen” or deescalated, none of the conflicts has been fully resolved. Along with traditional geopolitical challenges, they are also sources of transnational threats.

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Common wisdom holds that regional integration is one of the best possible responses to this sort of problem under given circumstances. But, despite numerous attempts to put the “frozen conflicts’ into the framework of different integration projects, they are still far from being resolved. Arguably, they are even further from resolution than ever before.

That poses a dilemma. Is regional integration ineffective in dealing with the conflicts of identity or separatism? That would mean that the liberal approach to conflict management, in a broader sense, is losing its attraction. Or is there something special about either the conflicts themselves or the environment they are developing in?

## **Managing Problems of Identity: Theory**

Modern internal conflicts result from differences in identity within societies. This pluralism can be of any nature, but mostly it is either ethnic or ideological.

Most current theories of ethnic conflict assume that managing ethnic/ideological differences is better than eliminating them<sup>1</sup>. With 285 politically active minority groups<sup>2</sup> inhabiting just about 200 states, ethnic problems are inevitable. Combined with ideological, religious, and internal political differences, they provide a broad basis for various types of internal political conflicts. Given the effects of globalization and growing interdependence on a global scale, it is not possible to solve the problems of identity by eliminating ethnic, religious, ideological diversities either through genocide and ethnic cleansing or by artificially constructing an isolated homogeneous society. This leaves policymakers with the only option of managing, not eliminating the differences. The strategies may vary. Usually they target different causes for internal conflicts, trying to ameliorate ethnic security dilemmas, minimize levels of discrimination, and provide effective power sharing.

All that is important for internal post-Soviet conflicts. They result from an interaction of factors, among which structural and political factors are the most important. The combination of a weak state and aggressive local elites produces an ethnic security dilemma, under which state norms and regularities can no longer limit mutual mistrust, suspicion, and violence between ethnic groups. This combination is strengthened by economic disruptions, political instability and rising cultural discrimination. With some minor variations, all those factors could be observed in the initiation stage of the “frozen conflicts”.<sup>3</sup>

They also possess another common feature. With the exception of the Nagorno-Karabakh conflict, the role of the Russian-speaking minority is huge<sup>4</sup>. It opens up an opportunity for

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<sup>1</sup> For details see Michael E. Brown, (ed.) “The International Dimensions of Internal Conflict” (Cambridge: MIT Press, 1996); Barbara Harff, Gurr T., “Ethnic Conflict in World Politics” (Boulder: Westview Press, 2004)

<sup>2</sup> Minorities at Risk Project (2005) “Minorities at Risk Dataset.” College Park, (MD: Center for International Development and Conflict Management). Retrieved from <http://www.cidcm.umd.edu/mar/> on: 11/25/2008

<sup>3</sup> See Kaufman, Stuart J., “Modern Hatreds: The Symbolic Politics of Ethnic War” (Ithaca: Cornell University Press, 2001) for differences in elite-driven and mass-driven internal conflicts in the former USSR republics

<sup>4</sup> See Minority Rights Group International Data: on <http://www.transnistria.at>  
<http://www.minorityrights.org/5195/transnistria-unrecognised-state/transnistria-unrecognised-state-overview.html>  
on Abkhazia at  
<http://www.minorityrights.org/1928/abkhazia-unrecognised-state/abkhazia-overview-unrecognised-state.html>

continuous Russian support of the Transnistrian, Abkhazian and South Ossetian self-proclaimed states. The Russian involvement in those conflicts not only raises doubts about the objectivity of Russian mediation, but also transforms their structures, increasing asymmetry and diminishing chances for a mediated settlement.

Both ameliorating the security dilemma and providing effective power sharing mechanisms are problematic under these circumstances. Theoretically, conflicts like those in Georgia, Moldova, and Azerbaijan are best solved through strategic liberalization. This approach entails a long-term transformation of a societal structure with the view to erase any forms of discrimination and provide equal access to power for various ethnic groups, thus minimizing the rationale for violent uprisings. Unlike rapid democratization, it does not provoke a quick rise in nationalistic ideology and rhetoric, since it puts higher value on aggression-limitation tools and discourages “win-or-lose” approaches in dealing with other ethnic groups. Strategic liberalization is targeted at a stage-by-stage construction of a democratic society, in which both strengthening of a state and power sharing are achieved through implementation of democratic norms and institutions.

Post-Soviet internal conflicts exemplified this conflict management model. A transition from totalitarianism to democracy was underway, ethnic minorities were engaged into the security dilemma, while the states were weak. Improvement of democratic institutions, protection of the rights of minorities, and enhancement of mutual trust were seen as landmarks for conflict transformation and subsequent conflict settlement in Georgia, Azerbaijan, and Moldova.

The strategy failed in all cases. Backed by Russia, separatist leaderships in Transnistria, South Ossetia, and Abkhazia opted to continue the struggle, while the respective parent states proved too slow in implementing effective power sharing and building confidence among all ethnic groups. As a result, the conflicts became “frozen” with an equilibrium established between the state power and the leadership of the self-proclaimed states in each case.

The strategic liberalization approach failed for many reasons, among which a lack of democratization would be the most significant. External factors, as well as a tough economic situation, made success even less likely.

The best alternative to strategic liberalization is regional integration. Theoretically, it helps to overcome internal difficulties by providing a broader context for resolving all sorts of contradictions. Common institutions compensate for state weaknesses, helping to cope with the security dilemma. In the long run, elements of a common identity are created and shared. All that minimizes the destructiveness of internal conflicts, opens up opportunities for cooperation and makes violence obsolete.

Neofunctionalism tells us that, due to the spillover effects, integration can convert economic interdependence between states into political harmony<sup>5</sup>. It is a slow process with no guarantees, which requires “political will” to be employed. When employed, it can use an increased interdependence to maximize the economic costs of violence and thus minimize incentives for aggression. Unlike strategic liberalization, this approach is a regional-level one,

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on Southern Ossetia at <http://www.minorityrights.org/?lid=1914&tmpl=printpage>

<sup>5</sup> For more details see Ernst B. Haas, “The Obsolescence of Regional Integration Theory” (Berkeley: University of California Institute of International Studies, 1975)

and assumes that regional integration can both be economically beneficial and politically stabilizing.

Keeping abovementioned theoretical assumptions in mind, this paper will now assess how regional integration strategy was put into action in dealing with the problem of post-Soviet “frozen conflicts”.

## **Black Sea Economic Cooperation**

The Black Sea Economic Cooperation was established in 1992 (since 1998 it has been officially named the Organization of Black Sea Economic Cooperation) to unite 12 countries with a view to strengthen economic cooperation in the Black Sea region. This went in line with the general tendency of regionalization and also helped in resolving specific problems which appeared on the regional agenda after the collapse of the Soviet Union.

But it did not prevent violent conflicts in several member-states. Regional cooperation did not make any impact on dynamics of the conflicts, including the escalation stages. Why did it happen?

There are two principal problems. First, the OBSEC concentrates almost all of its activities on economic issues, particularly on the problems of production cycles. Since most of the member-states are integrated into alternative highly developed integration structures (such as NATO and the CIS), no political or security issues can be effectively solved within the Organization. Thus, when faced with internal violence Moldova, Georgia and Azerbaijan – all members of the OBSEC – could not rely on this multilateral format for mediating and conflict settlement.

Secondly, economic cooperation within the OBSEC is not an integration process. There are no spillover effects, no supranational institutions, and no common norms of legislature. The depth of cooperation rarely goes further than joint economic projects.

Political context is also problematic. Political interests, if any, are too diverse and often contradictory. Some OBSEC members are NATO countries, which means Russia will certainly not allow political issues to be resolved within the format of the Organization. Three states – Russia, Ukraine, and Turkey - are competing for regional leadership, relying on military, oil, transition potential and organizational strength as primary resources. This competition is far from providing positive effects for stabilizing “frozen conflicts”.

This makes any peacebuilding or mediating activity sporadic and ineffective. As an organization, the OBSEC does not interfere into any of the conflicts, and only attempts by individual member-states rarely take place. Concepts for more fruitful intervention are vague. The security issues are at best secondary in the OBSEC activities and are closely connected to the economic dimension of security. Taking this into account, we might assume that a closer interconnection of political stability and economic development will lead to a greater involvement of the Organization into political issues, although this involvement will surely remain limited. Mostly these perspectives are in one way or another linked to energy production and the transportation potential of the region. The more developed,

interdependent, and integrated into the European energy market the region is, the more chances for political stability at regional and national levels it gets. However, due to organizational and functional peculiarities, the OBSEC is unlikely to provide this sort of a spillover.

## GUAM

GUAM could do that. Unlike the OBSEC, GUAM was established as a framework for solving the problems of regional security along with developing economic cooperation in the Black Sea/Caspian region. In 1997 Georgia, Ukraine, Azerbaijan, and Moldova founded the forum, with Uzbekistan joining in 1999 and leaving in 2005. Throughout its history, GUAM has given the highest priority to energy security issues, promoting development of the Caspian oil/gas fields and securing diverse energy supply routes to Europe<sup>6</sup>. Security issues threatening these routes demanded a greater institutionalization than in the case of the OBSEC, thus leading to establishment of an annual summit and the Committee of National Coordinators.

That seemed to open up additional options for conflict management. Aiming to enhance regional security, the member-states elaborated a more or less coherent view on how this security should be achieved. They agreed to strengthen cooperation within various international organizations, to reinforce the cooperation with NATO, to provide mutual assistance in conflict settlement and crisis management, and last but not least - to fight against separatism, terrorism, and extremism. A framework for managing “frozen conflicts” seemed to be set.

Following the “color revolutions” in Georgia and Ukraine, GUAM’s activity received an additional democratic flavour, with the official name transformed into GUAM – Organization for Democracy and Economic Development. Democratization was seen as an effective tool for both settling internal conflicts and developing into a geopolitical opposition to Russia. Both aims were problematic, and both influenced further developments of internal conflicts in Moldova and Georgia. Moreover, both seem to be failures.

The key problem with an effective conflict management is a lack of interdependence and democracy. Member-states are still minor trade partners for each other (e.g., Ukraine’s major trade partners are the EU, Russia, and Turkey), with their economies primarily dependent on European and Russian markets. Under these circumstances the very concept of a region could be doubted, since opportunities for mutually beneficial cooperation are smaller than those for development of trade with third countries. Inter-state cooperation remains highly sensitive to energy markets and political instability.

As in case of the OBSEC, GUAM can be boiled down to several joint projects, mainly in energy. That is absolutely insufficient for a regional free trade area, which once was an aim of the member-states. Ukraine’s accession to the WTO makes this goal obsolete. It looks like each of the members will join the global economy individually.

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<sup>6</sup> See <http://guam-organization.org/> for more details

GUAM was aimed at another important achievement. Its members were and still are willing to form a regional cooperation framework to facilitate negotiations over possible EU and NATO membership and strengthen their negotiation positions. This provides impetus for more active political and security cooperation, given the fact that both the EU and NATO are strategically interested in regional stability in the Black Sea/Caspian area. But quite surprisingly, this sort of integration efforts has had an opposite impact on regional conflict development.

By connecting their efforts to enhance regional security to a broader NATO/EU context, GUAM countries challenged the regional balance of interests, first and foremost with regard to Russia. Putting more emphasis on political issues such as democracy resulted in a shifted perception of GUAM in Moscow. Before 2004 it was mainly seen as a competitor on the European energy markets. Following the “Orange revolution” in Ukraine, geopolitical and foreign policy orientations in the region have changed. Ukraine’s declared active pro-Western strategy was unacceptable for Russia. Part of this strategy was strengthening GUAM and its closer cooperation with the EU and NATO. Thus, in Moscow’s view, it quickly turned into a geopolitical contender.

That was risky, given the fact that all member states had “frozen”, delayed, or potential internal conflicts on their territories with a strong Russian influence in all cases. Joint regulation mechanisms in GUAM were still absent, security cooperation remained weak. In short, the separate balance of forces in each conflict was more decisive than common mediation procedures. As a result, GUAM member-states remained vulnerable to Russian attempts to use its influence in contested regions to undermine the credibility of local political leadership.

Russian strategy in the “frozen conflicts” has gradually changed from mediation to a direct support of separatists. Ukraine’s initiative to resolve Transnistria conflict – the Yuschenko plan, initiated at the GUAM summit in April 2005 – was later blocked by the Russian-backed leadership of the self-proclaimed Transnistrian Republic. Russia has also intervened in the conflict in 2006, when a crisis broke out over Transnistria’s illegal export system. Ukraine introduced more strict documentation rules for export from the territory of Transnistria, thus endangering income collected by the leadership of the separatist republic. Russia responded with significant diplomatic pressure in favor of Transnistria.

In 2006 an exotic “Community for Democracy and Peoples’ Rights” was founded in Sukhumi, the capital of the separatist Georgian territory of Abkhazia. It united Abkhazia, Southern Ossetia, and Transnistria – the three self-proclaimed unrecognized states – in an effort to legitimize their political activities. The joint memorandum of the Community dated 27 November 2006, was a sharp criticism of GUAM’s initiatives to regulate “frozen conflicts” through the UN General Assembly. It also completely supported the Russian strategy in all three conflicts<sup>7</sup>. Finally, Russia directly supported separatist South Ossetia and Abkhazia in the recent war in Georgia.

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<sup>7</sup> Joint Memorandum of Transnistria, Abkhazia, and Southern Ossetia dated 27 November 2006 at [http://community-dpr.org/declaration/declaration\\_full.php?nid=52&](http://community-dpr.org/declaration/declaration_full.php?nid=52&)  
Visited on 12/05/2008

The bottom line of these developments was that joint but unsystematic efforts taken by GUAM member-states turned out to be ineffective, due to a lack of institutional power and resources. Efforts to create an area of regional integration failed due to an inability to build up economic ties not only among states, but also within the state boundaries with a view to include the separatist regions into an interdependent economic interaction. GUAM does have a significant political “pillar” for its activity, but it is not based upon economic cooperation. In any case, Russian counter-actions make conflict settlement through this Organization problematic.

## **NATO and the European Union**

Concerning NATO and the EU the question is simple: will joining both or either of these organizations help solve the “frozen conflicts”? Since joining the European Union looks a very distant opportunity for any of the GUAM states, we’ll mostly speak of NATO as a system of collective security and thus a tool for resolving internal conflicts.

By far, the sequential chain of events looks quite opposite: joining NATO, for instance, will be possible *after* the conflicts are settled. But the political leadership, especially in Georgia, keeps relying on NATO mechanisms to find solutions for long-lasting problems of separatism.

There are two principal problems with NATO as a tool for internal conflict settlement:

1. Primary sources of conflicts are structural, political, and historical. NATO is not effective in dealing with any of these challenges. The Alliance remains predominantly a system of inter-state security, with very few opportunities to regulate internal conflicts. Examples of such conflicts in NATO member-states (such as Turkey) are enough to see this lack of opportunities. Founded like a traditional interstate coalition, NATO has not changed so much as to meet challenges from an internal state level. It is even less suited for managing transnational or civil risks. At the same time, separatism in the “frozen conflicts” is kept alive by weaknesses of the states, lack of legitimacy, economic instability, and historical/cultural peculiarities.
2. NATO involvement into any of the “frozen conflicts” may, in fact, worsen the situation by transforming “frozen” internal conflicts into escalating and, possibly, interstate conflicts. This is particularly the case in Georgia.

The European Union could provide a much broader way to conflict settlement. Being a common market and a common political space, it could help resolve the ethnic security dilemma, build effective power sharing mechanisms, and guarantee cultural autonomy. But there are also obstacles, which make this scenario unrealistic in the short- and midterm perspective:

1. The level of democratisation in the states concerned is insufficient for creating a framework for managing the conflicts. The separatist areas are governed by local elites, isolated from the society, who benefit from the existing status quo. Thus either strategic liberalization or rapid democratisation would require a long transition period.

2. The abovementioned states are just too far from joining the EU.

Taking all that into account, one might say that the EU and NATO mechanisms will not be used to resolve the “frozen conflicts” in a direct manner. It looks more like they can serve as a model of creating a framework for conflict settlement. The very ideology and values behind Euro-Atlantic integration could help in building more democratic societies, which in turn will bring about more chances for solving internal conflicts.

## Conclusion

Managing “frozen conflicts” is problematic. Structural factors are too strong, ethnic divisions are too complicated, and economic interdependence is too low. Combined with a set of Russian interests in the region, the conflicts pose a serious challenge for regional security.

Attempts to solve the problem through strategic liberalization have, by and large, failed. Democratization is too slow, and civil society remains underdeveloped. This prevents effective power sharing, creates discrimination, and enables aggressive rhetoric of local elites. Turning to some forms of regional integration seems reasonable. Regional integration helps establish mutual benefits, provides economic gains, and facilitates the activities of international organizations and regimes. In the long run it creates common political regulation procedures and norms, and establishes elements of a common identity.

It did not work in the cases of “frozen conflicts”. But this failure is more due to specific features of the conflicts, than to the approach itself. For various reasons regional integration projects failed. There is some economic cooperation, but this cannot substitute for integration processes when it comes to dealing with internal conflicts. Levels of economic interdependence among the countries of the region remain comparatively low, while no spillover effects take place.

Regional integration could be effective, but it should be meaningful. Implementation of democratic procedures, legislating for protecting minority rights, encouraging of “win-win” approaches in conflict management – all that could be strengthened by integration. However, institutional and normative basis is to be created in the societies first. Until that is accomplished, integration would rather help to preserve problems and difficulties.

Integrative processes, effective for conflict management, should be economically based and follow the logic of a gradual increase of interdependence. In this regard, the example of the European Union could play an important role. Integration will be a success if it creates benefits for ethnic minorities and lessens the ethnic security dilemma. But it will become a failure if it substitutes interdependence and practical cooperation with slogans and political rhetoric.

# DIASPORA DESIGN VERSUS HOMELAND REALITIES: CASE STUDY OF ARMENIAN DIASPORA

**Bahar Baser and Ashok Swain\***

## **Abstract**

*Recently the concept of “diaspora” has become a popular subject and two polarized views dominate the study on diaspora behavior: the categorization of the diaspora as good or bad, conflict or peace promoter, spoiler or peace-maker. The majority of the research on diaspora politics places emphasis on its conflict-promoting character. Researchers argue that a diaspora may even act against its homeland’s interests. This paper aims to further explore this behavior of diaspora groups and try to locate the reasons behind this phenomenon. The focus is the Armenian diaspora and its policies, particularly targeting the foreign policy of the host country. Some of the critical issues are the conflict in Nagorno Karabakh and Turkey-Armenia relations, which includes the issues of “genocide” recognition, normalization of diplomatic relations and opening of the borders. With the help of theoretical frameworks, the Armenian diaspora’s positions will be analyzed in this paper.*

**Keywords:** *Armenian Diaspora, Armenia, Karabakh, Conflict Resolution, Homeland, Hostland, Diaspora*

## **Introduction**

In the last few decades the concept of “diaspora” has become a popular subject for researchers and policy makers. Numerous papers and reports have tried defining the “diaspora” concept, and a number of them have focused on its impacts in the hostland or homelands’ socio-economic life and politics. Recently, the interest on investigating the diaspora has shifted to another level, and “diaspora’s role in conflict and conflict resolution” has become the focus of research. This topic has become especially important after the Cold War and, more recently, after 9/11.

Up until now, it seems like two polarized views dominate the study on diaspora behavior; in other words, categorizing the diaspora as good or bad, conflict or peace promoter, spoiler or

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peace maker.<sup>1</sup> In fact, it is not so simple to tag any diaspora group with one of the labels. Assuming that one diaspora group has one common point of view is problematic since diasporas are not homogeneous groups, and they have their own factions. However, this has not deterred some from perceiving diasporas as irresponsible and unaccountable long distance nationalist groups, with more marginal ideas than homeland policy makers, and that they are stubborn when it comes to making compromises on sensitive issues. On the other hand, some argue that diasporas may act as bridges between their hostland and homeland and make it easier to bring a peaceful resolution to homeland conflicts, since they have the leverage to lobby the both sides and they have the potential to be highly effective on post-conflict reconstruction.<sup>2</sup> It should be noted that examining diaspora behavior and coming up with a universally applicable framework is extremely hard. However, the bulk of the studies on diaspora politics put emphasis on its conflict promoting character. Researchers argue that diasporas may even sometimes act against their homeland interests.<sup>3</sup> This paper aims to further explore this behavior of diaspora groups and try to locate the reasons behind this phenomenon.

The focus here is the Armenian Diaspora and its policies, particularly targeting the foreign policy of the host country towards the conflicts in the homeland. Recently, it has been argued that in a number of cases, the Armenian diaspora has been taking positions which are not necessarily favoring Armenia's interest. Some of these critical issues are the conflict in Nagorno Karabakh and Turkey-Armenia relations, which includes the issues of "genocide" recognition, normalization of diplomatic relations and opening of the borders. Especially after the Turkish President Abdullah Gul's recent visit to Armenia, these issues have been confirmed as the main points in bilateral relations. With the help of theoretical frameworks, the Armenian diaspora's positions will be analyzed in this paper. Whether the Armenian diaspora is acting as a 'good' or 'bad' diaspora is not important here, rather the focus is on the critical stages when the diaspora's behavior goes against the homeland's or other diaspora member's interests.

## **Theoretical Framework: Diaspora as a Level of Analysis**

The term 'diaspora' is frequently used to describe any immigrant group. Today it is commonly argued that the term "diaspora" is losing its meaning since it became so much of a broad concept that it can no longer be used to identify specific communities. In the past, Jewish, Greek or Armenian groups were only referred as diasporas. In the recent diaspora literature, one may see numerous definitions of diaspora emphasizing some features and then eliminating or adding new ones to the definition. It raises confusion about the whole process of which

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<sup>1</sup> Hall, Jonathan and Swain, Ashok, "Catapulting Conflicts or Propelling Peace: Diasporas and Civil War", in: Swain, Ashok, Amer, Ramses and Öjendal, Joakim, (eds.) "Globalization and Challenges to Building Peace" (London, New York & Delhi: Anthem Press, 2007); Swain, Ashok (ed.), "Diasporas, Armed Conflicts and Peace building in their Homelands", Uppsala University, Department of Peace and Conflict Research, Report No. 79, 2007.

<sup>2</sup> Baser, Bahar and Swain, Ashok, "Diasporas as Peacemakers: Third Party Mediation in Homeland Conflicts", *International Journal on World Peace*, vol. 25:3, September 2008, pp. 7-28.

<sup>3</sup> Bercovitch, Jacob, "A neglected relationship: Diasporas and conflict resolution", in: Hazel Smith and Paul Stares, (eds), "Diasporas in Conflict: Peace-Makers or Peace-Wreckers?" (Tokyo: United Nations University Press, 2007).

immigrant group is a diaspora and according to which criteria they are distinguished from other transnational networks and immigrant groups. Here we are not going into this debate on definition; rather the focus is on the common features that are elaborated by existing research in this area. Additionally, those debates do not necessarily apply to the Armenian diaspora since they can be taken as non-normative starting points for a discourse that is traveling or hybridizing in new global conditions,<sup>4</sup> and the Armenian diaspora is one of the transnational communities that practically fits all of the diaspora definitions given by numerous authors up until now. Forced separation from the homeland, the evolution of national sentiments over time, an idea of return, and concerns about the homeland's future are just some of the various issues that are attributed to the concept of diaspora and it appears that the Armenian diaspora fits all most all the criteria.

Shain defines the diaspora as “a people with common national origin who reside outside a claimed or an independent home territory. They regard themselves or regarded by others as members or potential members of their country of origin (claimed or already existing) a status held regardless of their geographical location and citizen status outside their home country.”<sup>5</sup> When it comes to studies on diaspora involvement in homeland conflicts, one may observe that most of the current research on diaspora is primarily focused on examining its role as a peace wrecker rather than peace maker. To many, diaspora groups are obstacles to conflict resolution and peace building. Some authors, such as Anderson, describe the diaspora as an extremist, long distance nationalist community, which pursue radical agendas taking advantage of the freedom and economic opportunities that the host land provides them.<sup>6</sup> Skrbis adds to the long distance nationalism question;

*“As a global phenomenon, long-distance nationalism has two important repercussions that make it worthy of study. In terms of domestic politics, this issue boils down to nation-states now having to reckon with the non-responsible (in Anderson’s term) political participation of often unrealistic co-nationals living outside their political borders; this participation can reach toxic levels or assume corrosive forms in the modalities of money for certain political figures, nationalist propaganda, and weapons, although it can be restricted to the more benign activities of lobbying and fund-raising for humanitarian undertakings.”<sup>7</sup>*

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<sup>4</sup> Brubaker, Rogers, “The ‘Diaspora’ Diaspora”, in: *Ethnic and Racial Studies*, Vol.28, No.1, January 2005, pp.1-19. p. 2.

<sup>5</sup> Shain, Yossi, “Ethnic Diasporas and US Foreign Policy”, in: *Political Science Quarterly*, Vol. 109, No 5, Winter 1994-1995, pp. 811-841. p. 813.

<sup>6</sup> Spear, Joanna, “The Potential of Diaspora Groups to Contribute to Peace Building”, A Scoping Paper, p. 2. <http://www.research.plymouth.ac.uk/twe/mainframe.html>

<sup>7</sup> Skrbis, Zlatko, “Long-distance Nationalism: Diasporas, Homelands and Identities”, Research in Migration and Ethnic Relations Series, (Brookfield, VT: Ashgate Publishing Company, 1999), p. 201. [http://www.arts.ualberta.ca/~ljubljana/bookreviews/Zlatko\\_Skrbis.pdf](http://www.arts.ualberta.ca/~ljubljana/bookreviews/Zlatko_Skrbis.pdf)

The importance and influence of diaspora remittances and support for promotion of conflicts is illustrated by a widely cited World Bank Report.<sup>8</sup> It is perceived that the diaspora members, by sending large remittances as well as channeling huge funds through welfare organizations close to insurgent or terrorist groups, contribute to conflict escalation rather than supporting constructive conflict transformation.<sup>9</sup> As Cochrene notes, “When Diasporas are mentioned within the context of violent conflicts, the focus frequently tends to be on their tendency to fund the continuation of warfare and their propensity to destabilize negotiations and peace building efforts.”<sup>10</sup>

Not only financial support and remittances, but also the recruitment of guerrillas to fight the homeland struggle, is a regular phenomenon within diaspora groups. As Vertovec points out, diaspora groups have played major roles in fomenting and supporting conflict in places as diverse as Ethiopia, Kosovo, Nagorno-Karabakh, Kashmir, Israel, and Palestine. The conflict in the homeland is often the yardstick of diaspora identity and therefore diaspora groups have a tendency to complicate the peace processes, and may make homeland conflicts even more protracted.<sup>11</sup> Examples on this front are numerous and that is why diasporas are seen as part of the conflict problem, not as part of the solution.<sup>12</sup> However, even diaspora groups who support peace processes at home may unintentionally assist actors involved in conflict by sending their remittances. As Vertovec claims, even diasporas who took part in efforts to resolve conflict and supported peace building projects - particularly in Eritrea and Sri Lanka - with their remittances, naively helped to renew conflicts in their home countries following political upheavals.<sup>13</sup>

When examining the factors that may affect the essence of diaspora behavior towards the homeland, one should consider the triadic relations between homeland, hostland and the diaspora, but in this paper our focus is primarily on the homeland-diaspora aspect. With regards to the participation in homeland affairs, one may argue that diasporas perpetually get involved in the internal conflicts of the homeland. The reason for diaspora participation in the homeland affairs could be their motivation to preserve the memory of their homeland and keep the emotional attachments of solidarity and kinship.<sup>14</sup> This is true especially for the diasporas that surface as the result of a civil conflict in the homeland. Diaspora groups are also committed to preserve or restore their ‘nation’. Their consciousness and solidarity are primarily defined by

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<sup>8</sup> Collier, Paul & Hoeffler, Anke, “Greed and Grievance in Civil War”, Policy Research Working Paper 2355, The World Bank Development Research Group, May 2000.

<sup>9</sup> Zunzer, Wolfram, “Diaspora communities and civil conflict transformation”, Berghof Occasional Paper, 26, pp.1-50, p. 27.

<sup>10</sup> Cochrene, Feargal, “Civil Society beyond the State: The Impact of Diaspora Communities on Peace Building”, in: *Global Media Journal: Mediterranean Edition*, Vol. 2, No. 2, 2007, p. 69.

<sup>11</sup> Lyons, Terrence, “Diasporas and Homeland Conflict”, Presented to the DC Area Workshop on “Contentious Politics”, March 2004. p.15.

<sup>12</sup> Demmers, Jolle, “New Wars and Diasporas: Suggestions for Research and Policy”, in: *Journal of Peace, Conflict and Development*, 2007. p.11.

<sup>13</sup> Vertovec, S., “Political Importance of Diasporas”, University of Oxford, Centre of Migration, Policy and Society Working Paper, No. 13, 2005, p. 5

<sup>14</sup> Shain & Barth, “Diasporas and International Theory”, in: *International Organizations*, Vol.57, No.3, Summer 2003, pp. 449-479. p. 465.

this continuing relationship with the homeland.<sup>15</sup> A majority of the diaspora groups, especially the conflict-generated diasporas,<sup>16</sup> tend to keep their attachments to their ancestral homeland and give symbolic importance to it. As Vertovec explains, “Belonging to diaspora entails a consciousness of, or emotional attachment to, commonly claimed origins and cultural attributes associated with them. Such origins and attributes may emphasize ethno-linguistic, regional, religious, national or other features. Concerns for homeland developments, and the plight of co-diaspora members in other parts of the world flow from this consciousness and emotional attachment.”<sup>17</sup>

Furthermore, for the diasporas there is always the issue of returning to the homeland. The idea of a potential return affords them a legitimate stake in the way they interfere with homeland policies. The notion of a ‘secure homeland’, a place to return in time, plays a very important role in diaspora behavior, yet it has been proven by various cases that diaspora members are reluctant to leave the hostland when it comes to returning home if their goals are somehow achieved. Demmers contributes to the debate on this dilemma: “...the dilemma of wanting to return home and not wanting to give up relatively secure future, which creates a fear for peace among diaspora communities. Peace can take away one’s moral justification to live abroad.”<sup>18</sup>

Demmers describes the long distance interaction of the diaspora groups in the homeland conflicts, as they are engaged in a sort of “virtual conflict: they live their conflicts through the internet, email, television, and telephone without direct (physical) suffering, risks or accountability.”<sup>19</sup> It could also be argued that since diaspora groups do not live in the homeland anymore and consequently do not suffer from the absence of peace conditions, they keep their emotional attachments to the holy homeland and make the conflicts even more protracted by not sacrificing their cause on the way to a peaceful settlement. As Lyons argues, the diaspora groups are less likely to support reconciliation efforts and they are also more reluctant than the homeland policy makers to bargain about exchanging part of their homeland for some other instrumental end.<sup>20</sup>

It is not surprising that the policy priorities of diaspora members do not always coincide with the priorities of homeland state policy makers. The conflict between the diaspora behavior and the homeland’s interests is somewhat an understudied subject. The homelands’ relations with the diaspora should not be considered as a static policy. The homelands’ perception of the diaspora might change due to changes in governmental power, global dynamics, relations with the hostland etc. King and Melvin support this view by arguing that “...like all domestic

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<sup>15</sup> Safran, William, “Diasporas in modern societies: Myths of homeland and return”, in: *Diaspora*, Vol.1, No. 1, 1991, pp. 83-99; and Gillespie, Kate; Riddle, Liesl; Sayre, Edward; Sturges, David, “Diaspora Interest in Homeland Investment”, in: *Journal of International Business Studies*, Vol.30, No. 3 1999, pp. 623-634.

<sup>16</sup> Lyons, “Diasporas and Homeland Conflict”, p. 12.

<sup>17</sup> Vertovec, “Political Importance of Diasporas”, p.2.

<sup>18</sup> Demmers, “New Wars.”, p.15

<sup>19</sup> Demmers, Jolle, “Diaspora and Conflict: Locality, Long-Distance Nationalism, and Delocalization of Conflict Dynamics”, in: *The Public*, vol. 9, No.1, 2002, 85-94. p. 94.

<sup>20</sup> Lyons, “Diasporas and Homeland Conflict”, p.17.

political issues, relations with the diaspora are rarely a subject of universal agreement among political actors. Diaspora policy on the part of the kin state, results from domestic wrangling among actors with divergent visions of the homeland, and its ties to territorially displaced co-ethnic communities. Kin states with the far reaching diaspora policies have been those that have been able to develop domestic political consensus on the need for stronger ties with the diaspora and to mobilize domestic resources for such a project.”<sup>21</sup> They also add the argument that the consensus in the homeland towards the diasporas is usually not a response to shared national sentiments between the diaspora members, but most of the time a response to specific domestic interests. That is why one may observe several cases in diaspora literature where ‘yesterday’s traitors’ became ‘today’s beloved citizens who live outside the homeland’.

With regards to the inconsistency between the diaspora and homeland interests, Demmers argues that “[d]iasporas and homeland discourses of war and peace play different roles, and are at times directed at different constituencies, audiences and powers. The different priorities, functions and meanings assigned to the homeland by diaspora versus homeland actors can lead to tensions over war and peace policies.”<sup>22</sup> Demmers also adds that the balance of power between the diaspora and homeland actors depends on several dynamics such as the relative strength of parties, qualitative and quantitative asymmetries between the two, resources, monetary flows and political lobbies. As Shain and Barth argue, the power relations between the diaspora and the homeland depend on how much the homeland needs the diaspora’s resources. However, need is not everything; they also put emphasis on the organizational structure of the diaspora concluding that the more the homeland is in need of diaspora and the more the diaspora is united, then the ability of the diaspora to influence the homeland policies is much stronger.<sup>23</sup>

While examining conflict-generated diasporas, Lyons put emphasis on the fact that they usually develop networks based on their ethnic identity and they actually work on keeping nationalist hopes alive although they are abroad.<sup>24</sup> Those networks can be highly effective when it comes to raising consciousness in the hostland or in the global arena, raising funds for the ‘cause’ back at home, and developing stronger bonds with their ancestors or among each other. King and Melvin explain further the dynamics of the diaspora and homeland relationship: “Diasporas with well developed international organizations, extensive financial resources, and a strong sense of intergenerational ethno national identity have been most effective in challenging the leading role of indigenous elites within the homeland and in becoming powerful independent actors both within the kin state and in international arena.”<sup>25</sup>

Another dimension in which to explain the diaspora involvement in homeland politics could be the dynamics between the hostland and the diaspora organizations. The political system in the

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<sup>21</sup> King, Charles & Melvin, Neil J., “Diaspora Politics: Ethnic Linkages, Foreign Policy and Security in Euroasia”, in: *International Security*, vol.24, No.3, Winter 1999-2000, pp. 108-138. p. 131.

<sup>22</sup> Demmers, “New Wars.”, p.12.

<sup>23</sup> Shain & Barth, “Diasporas and International Theory”, p. 465.

<sup>24</sup> Lyons, “Diasporas and Homeland Conflict”, p.14.

<sup>25</sup> King & Melvin, “Diaspora Politics”, p. 132.

hostland is highly important, since it determines the extent to which the diasporas might influence the homeland politics in addition to the hostland ones. The more liberal the hostland's political system is, the easier it is for diaspora groups to put forth influence on foreign policy matters in the hostland towards the homeland. The nature of the hostland regime determines the way that the diaspora community organizes and interacts among itself and also with homeland actors. The way the host state allows the community to exert influence on itself affects the worth of the diaspora as a foreign policy asset in the eyes of the homeland.<sup>26</sup> For instance, "The openness of the American political system to ethnic politics has allowed many newly organized Diasporas to acquire a meaningful voice in the US foreign policy, especially on issues concerning countries of origin or symbolic homelands."<sup>27</sup> As Nielsen highlights, the states of residence for diasporas are not just midwives but also gatekeepers, as they lay down rules and constraints for the diaspora's political attempts to influence conflicts in their countries of origin.<sup>28</sup>

Moreover, Diasporas may also resist peace moves by their homeland political elites as they still tend to hold on to different narratives of victimhood and "chosen trauma".<sup>29</sup> If a homeland government decides to pursue reconciliation with a historical enemy, diaspora communities may feel their identity as historical victims of the same enemy is under threat. The case of Armenia is one of the best examples of this. As Demmers points out, though a majority of diasporas aspire for peace and reconciliation that might go against their interests of protecting legal and social status and identity.<sup>30</sup> This dilemma can be observed in the behavior of many diaspora groups, particularly by the American- Armenian diaspora.

## Armenian Diaspora: Its Size and Strength

Throughout the history, Armenia's strategic location was the reason for many empires and clans to fight over to dominate. Tölölyan states that during the early 11<sup>th</sup> century, Armenian people resided in a homeland that was six times bigger than today's Armenian Republic.<sup>31</sup> After numerous devastating occupations, Armenians today find themselves dispersed around the world and organized as diaspora communities. For several centuries, the Armenian nation has been formed on interconnected communities without an umbrella government of its own.<sup>32</sup> That is why immigration to other countries and continents became a part of the Armenian

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<sup>26</sup> Shain & Barth, "Diasporas and International Theory", p. 463.

<sup>27</sup> Shain, "Ethnic Diasporas.", p. 812.

<sup>28</sup> Østergaard-Nielsen, Eva, "Diasporas and Conflict Resolution: Part of the Problem or Part of the Solution?" in: *DIIS Brief*, March, 2006, p. 8.

<sup>29</sup> Shain, Yossi, "The Role of Diasporas in Conflict perpetuation or Resolution", in: *SAIS Review*, vol. 22, no 2, summer –fall 2002, p.119.

<sup>30</sup> Demmers "New Wars", p.16

<sup>31</sup> Tölölyan, "The Armenian Diaspora as a transnational actor and as potential contributor to conflict resolution", p.1.

<sup>32</sup> Pattie, Susan P., "Longing and Belonging: Issues of Homeland in the Armenian Diaspora", in: *POLAR: Political and Legal Anthropology Review*, vol. 22, Issue 2, June 2008, pp. 80-92

population's destiny. As Minassian puts it, in the Armenian case the geography determined the history.<sup>33</sup>

It is generally claimed that the existence of Armenian Diaspora goes as far back as the end of the 14<sup>th</sup> century. According to Tölölyan, the process started even before: "The first Armenian diaspora communities emerged in the eleventh century in the Crimean peninsula (now in Ukraine) and reached the peak of their prosperity in the 14<sup>th</sup> and 17<sup>th</sup> century in what are now Poland, Ukraine and Moldova; over time others developed in the adjacent territories of what are now Romania, Hungary and Bulgaria..."<sup>34</sup> Tölölyan also mentions several waves of Armenian migration outside the homeland, mostly because of power struggles between dominant powers on Armenian territory.

However the Armenian diaspora only grew to noteworthy size after the First World War and with the Ottoman deportations of Armenian population.<sup>35</sup> Consequently, the mass migration of the Armenians had occurred in various directions and forms, whether voluntary or forced, by way of deportation and repatriation, across many states or even continents.<sup>36</sup> Today it is possible to assess Armenian populations – assimilated or non-assimilated- in numerous countries in the different parts of the world. The population of Armenia varies between 3.5 and 4 million, while the total Armenian population living worldwide is estimated to be around 7 to 8 million, depending on various sources. According to Kasim; "The number of Armenians living in Diaspora is varying in different sources. In general, about 800.000 Armenians live in the US, 100,000 in Canada. In Europe the highest number of Armenians live in France where there are more than 300,000 Armenians. The Middle East, Iran and Lebanon have the high number of Armenian population...more than 200,000 Armenians live there."<sup>37</sup> In addition to that, the estimated number of Armenians living in Russia is around 1 million, in Azerbaijan (including Nagorno Karabakh) around 160,000 (130,000 in NK+30,000 in the rest of Azerbaijan), in Turkey 40,000 to 70,000 and in Australia around 40,000.

As has been discussed before, diasporas are not homogenous in character. The diasporas of the same ethnic community might have different structural patterns in different host countries. As Melkonian argues: "The living conditions of the Armenian Diasporan communities are a function of the host country's social, political, economic and cultural attributes... The general classification can hardly express the situation of each individual community in a member of the group of countries since they are conditioned by the distinct nature of each country."<sup>38</sup>

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<sup>33</sup> Minassian, Ter., "Enjeux, Les Armeniens au 20e Siecle. Vingtieme Siecle", in : *Revue d'histoire*, 67. Juillet-Septembre 2000, pp. 135-150. p. 135.

<sup>34</sup> Tölölyan, "The Armenian Diaspora", p.1

<sup>35</sup> Majority of the sources confirm the 1915 deportations as the main reason why the Armenian Diaspora had emerged. For instance, Minassian cites Bruneau; "Événement –matrice, le genocide de 1915, constitue l'acte de naissance de la diaspora ». p.148.

<sup>36</sup> An Armenian official website: <http://www.armeniaemb.org/discoverarmenia/Diaspora/Index.htm>

<sup>37</sup> Kasim, Kamer, "Armenian Diaspora in Australia", in: *The Journal of Turkish Weekly*, 13 October 2004.

Tölölyan also agrees that there is no truly reliable demographic survey of all Armenians, all figures are contested.

<sup>38</sup> Tölölyan. "The Armenian Diaspora as a transnational actor and as potential contributor to conflict resolution". pp1.

An Armenian official website: <http://www.armeniaemb.org/discoverarmenia/Diaspora/Index.htm>

Furthermore, in a particular hostland, there could also be different factions in the diaspora community: this has been the case for the Armenian Diaspora. In some of the host countries, diaspora members are truly integrated and take up positions in politics and bureaucracy, or have assimilated so much that their affiliation to the homeland is comparatively weak. It should also be noted that there are several waves of migration in the Armenian case, ranging from forced separation to the economic migration. For instance; Tatoul Manaseryan prefers to analyze the Armenian Diaspora by dividing it into three types; old, new and newest periods. According to that division, old diaspora refers to the population that settled in Central Asian countries and Russia in the second half of 19<sup>th</sup> century and the establishment of colonies in the first quarter of the 20<sup>th</sup> century. Secondly, the relatively new diaspora was formed with the wave of migration in late 1970's and 80's as a result of dissatisfaction with the improvement of socio-economic conditions. Finally the newest diaspora was formed by mass emigration from Armenia after the collapse of the Soviet Union<sup>39</sup>. Manaseryan also highlights the difference between the far diaspora and near diaspora. According to him, the former is represented by the old and newly formed diaspora communities, while the latter is the less organized one consisting of diaspora communities in Belarus, Ukraine and Russia which emerged right after the dissolution of the Soviet Union. He claims there is a serious difference in the perception of the homeland between those two diaspora communities.

As discussed, the Armenian diaspora community is highly dispersed and among those, the American-Armenian diaspora deserves serious attention since it is one of the most powerful transnational communities and is highly influential in influencing policymaking, both in the homeland and hostland. Many Armenians migrated to the US soon after the 1915 Ottoman deportations, and faced harsh conditions in the beginning. They had to adapt to the hostland's culture in order to survive, and had to deal with very tough conditions, besides their disadvantage of being forced to start from scratch. Yet, due to the education that they received in the hostland and also their will for success, they rapidly climbed to the upper ranks of the social and economic ladder. According to Melkonian, preserving their ethnic identity against the permanent influence of Western culture was quite a tough task for the diaspora Armenians in the US. If one considers the reason of the first wave of immigration - the deportations and massacres of 1915 - it will be quite clear to understand why they wanted to adopt the social-cultural values of the majority group in their hostland, by and large limiting their manifestations of their traditional ethnic culture. However, by the second and third waves of Armenian immigration, the community became stronger and more influential. As Melkonian puts it: "The life of the Armenian communities in the West was reawakened after the inflow of new Armenian immigrants... Establishment of first full-time Armenian schools in the US during the 60's owed to the activism of the new wave of Armenian immigrants... The salient feature of the Armenian schools was that in addition to general curriculum, the students took courses in the Armenian language, literature and history and the history of Armenian Church, dance and music."<sup>40</sup>

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<sup>39</sup> Manaseryan, Tatoul, "Diaspora: the Comparative Advantage for Armenia", Working paper no 04 / 14 for Armenian International Policy Research Group, January, 2004.

<sup>40</sup> Melkonian, Eduard, "The Armenian Diaspora ( Spyurk)".

<http://www.armeniaemb.org/discoverarmenia/Diaspora/HistoryofDiaspora.htm>, p.5.

One can see that the Armenian community started stressing their ethnic identity right after the second and third inflow of Armenian immigrants, and tried to establish strong bonding features within the community which contributed to increasing the awareness of ethnic identity. In order to do that, American-Armenians created several organizations and networks such as unions, cultural groups, political parties, charities etc. Furthermore, they took advantage of already-existing institutions such as the Armenian Apostolic Church. As Pattie explains, “The church has provided a primary identity alongside kin and locale... Today the church remains a central symbol in diaspora and in the Republic where it plays a powerful role in the new politics of nation-building and diaspora networking.”<sup>41</sup> Having the same religion as the host country, albeit of a different denomination, gave the Armenian diaspora the upper hand in influencing local politics and made it easier for them to integrate into the hostland society.

Today, the American-Armenian diaspora, like the other Armenian diasporas in Europe (especially in France), devotes most of its attention to recognition of the Armenian “genocide” of 1915. In addition to that, after the emergence of an independent Republic of Armenia, there have been other causes added to the primary agenda, such as the independence of Nagorno Karabakh from Azerbaijan and supporting Armenia’s cause in the Caucasus region and the world. As Manaseryan demonstrates: “In the recent several years, Armenian diasporas have definitely united around the Republic of Armenia to support the Karabakh movement, establish democracy, offer material contribution to the Armenian population, and develop the country’s economy.”<sup>42</sup> All these declared intentions of the diaspora community go hand in hand with the policy of the Armenian state. However, today it is seen that in some cases diaspora behavior and actions may not coincide with the interests of the homeland. The aim of this paper is to further analyze these differences.

In order to compare the actions and intentions of diaspora, one should firstly keep in mind that it is impossible to ignore the problem of over-generalization. When one talks about the actions of the Armenian diaspora, it should be kept in mind that diaspora groups are not homogenous, and therefore a certain section in the diaspora does not represent the community in the host country, let alone the whole Armenian diaspora. Yet, the aim of this paper is to make an analysis of very common diaspora stand, an X-ray of the main fragile issues that has been stressed by the diaspora for a very long time.

## **States Intention versus Actual Action**

It is a well-known fact that the diaspora plays an important role in Armenia’s foreign policy. The dynamics within the triadic mechanism - homeland, hostland and the diaspora - are extremely important for determining to what extent the diaspora can be influential on policy making procedures in the homeland. In the case of Armenia and the Armenian diaspora, one may observe that policy making in the homeland is highly vulnerable to diaspora involvement,

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<sup>41</sup> Pattie. “Longing and Belonging.” p. 5.

<sup>42</sup> Manaseryan. “Diaspora The Comparative Advantage for Armenia.” p. 2.

since the hostland and its liberal values provide all the room that a diaspora needs to influence both the homeland and the hostland politics. Furthermore the homeland is a newly independent state, which is weak both economically and politically and in need of constant support from its rich and powerful diaspora. The diaspora is highly concerned with the policy-making procedures in the Republic of Armenia. For instance, the struggling democracy in Armenia is often criticized openly by the diaspora.<sup>43</sup> However, many authors and academics still criticize the diaspora for its persistence on the issues of the past and undermining the urgent needs of Armenia. As Freikman argues, internal political divisions in the Armenian diaspora seem to be a surprisingly important constraint for developing a consolidated diaspora strategy for supporting a new Armenian development agenda. These political divisions are, to a major extent based on tradition, and much less on real differences in current policies. The dividing line for most diaspora Armenians remains the policy towards Turkey.<sup>44</sup> It is said that the contentious issues between Armenia and Turkey could only be solved by the consent of the diaspora.

In terms of resolving the conflicts between Armenia and Turkey, Turkish President Abdullah Gul's recent visit demands serious attention. First of all, it was more than a symbolic trip that just shows "good will". As Hrant Dink mentions in his book, only showing good will is not enough to solve the problems between Armenia and Turkey. A new dialogue among the diaspora Armenians, Armenia and Turkey is essential to bring normalization to the problems that they have been facing.<sup>45</sup> In this regard, this meeting represents a new dialogue between the two states and brought hope, so to speak, for future relations. Three major issues were on the agenda for the meeting; Turkish-Armenian relations, opening the border between the two countries, and finally the dispute over Karabakh.<sup>46</sup> These are the most critical issues and reasons of dispute between Turkey and the Armenian diaspora, and also illustrate the clash of interests between Armenia and its Diaspora.

## **The Armenian Diaspora and the Republic of Armenia**

The Armenian Diaspora has been highly dedicated to the political causes of the Armenian nation and after its creation, to the Republic of Armenia. Until the creation of the independent Armenian state, the diaspora perceived themselves as the sole representative of their nation. With the formation of the Republic of Armenia, the diaspora regards itself as the representative of Armenia abroad.

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<sup>43</sup> Akgönül, Samim, "The Armenian Community of France and Turkey: Propaganda and Lobbyism", *Review of Armenian Studies*, Vol. 1, No. 3, 2003, p.60.

<sup>44</sup> Freinkman, Lev M., "Role of the Diasporas in Transition Economies: Lessons from Armenia", In: *Cuba in Transition*, ASCE 2001, p. 339

[http://mpr.ub.uni-muenchen.de/10013/1/MPRA\\_paper\\_10013.pdf](http://mpr.ub.uni-muenchen.de/10013/1/MPRA_paper_10013.pdf)

<sup>45</sup> Dink, Hrant, "İki Yakın Halk, İki Uzak Komsu" (Istanbul: Uluslararası Hrant Dink Vakfı Yayınları, Haziran 2008), p. 1.

<sup>46</sup> "Gul's Armenia visit more the symbolic", *Turkish Daily News*, 06 September 2008

Many argue that preserving wide-ranging and strong relations with the homeland is vital for the Armenian Diaspora to maintain its own ethnic identity. However, keeping these strong relations was not always easy, especially when Armenia was part of the Soviet Union. During Soviet times, diaspora Armenians and the Soviet Armenians had to live in a sort of separation since all contacts between them were controlled and programmed by the central Soviet government.<sup>47</sup> As Melkonian describes; “...the Diaspora Armenians were left alone even as they had to cope with the pressure to adopt within their societies...Separate existence of two segments of the Armenian people during the Cold War further increased and deepened the historical dissimilarities between the Western and Eastern Armenians, and perpetuated among these two segments of stereotypical, mutually misinformed, and unrealistic perceptions of ethnic and political life of Armenians on the opposite side of the dividing line.”<sup>48</sup>

This separation, combined by the 70 years of Soviet control in Armenia, resulted in creating a dividing line between the diaspora and homeland Armenians, especially in terms of culture. According to Manaseryan, this is the main reason why Diaspora Armenians have little cultural affinity with the homeland Armenians.<sup>49</sup> Furthermore, various authors such as Freinkman argue that most diaspora Armenians have no historical connection with present day Armenia since the diaspora members are from the territories which now belong to Turkey. “For most of them, Armenia is more of an idea than a real country that may be considered as a place of potential residency and business activity.”<sup>50</sup> On the other hand, as Melkonian argues: “The walls of separation started to come down in late 80’s, and in the wake of the catastrophic earthquake of 1988, all the Diaspora organizations and many individuals hastened to assist and provide relief to the victims... after re-establishment of the independent republic of Armenia, the Diaspora extended enormous assistance by re-building hospitals, schools, paving new roads, establishing joint ventures and restarting industrial enterprises.”<sup>51</sup>

There is no doubt that the dissolution of the Soviet Union and the independence of Armenia was a critical event for the Armenian diaspora. According to Freinkmen “... creation of an independent Armenian state was never a part of the traditional agenda of the mainstream diaspora in Soviet times. As a result, the Armenian Diaspora was ideologically quite unprepared to deal with an independent Armenia.”<sup>52</sup> As Tölölyan argues “Few had believed that the USSR would collapse and an independent Armenia would emerge.”<sup>53</sup> The sudden emergence of an “Armenian state” has created a frustration among the diaspora with regards to the issues of ‘homeland’ and ‘possible return’ as well. For many Armenian diasporas, the question of return was, and still is, very puzzling since for centuries there has been no single, clearly defined

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<sup>47</sup> Melkonian, “The Armenian Diaspora ( Spyurk)” p. 8.

<sup>48</sup> Melkonian, “The Armenian Diaspora ( Spyurk)” p. 10.

<sup>49</sup> Manaseryan, “Diaspora The Comparative Advantage for Armenia”, p. 6.

<sup>50</sup> Freinkman, “Role of the Diasporas”

<sup>51</sup> Melkonian, “The Armenian Diaspora ( Spyurk)”, p.10.

<sup>52</sup> Freinkmen, “Role of the Diasporas” p. 339

<sup>53</sup> Tölölyan, “The Armenian Diaspora” p.1

center and periphery acknowledged by all Armenians, and they have also gradually become more at home in their hostlands.<sup>54</sup>

Besides these reasons of perceptual divergence between the diaspora and homeland Armenians, one should also add that there is a difference between the diaspora Armenians and Turkey's Armenians as well. As Dink puts it, it would be ill-defined to categorize Turkey's Armenians under the diaspora since they have been living in Anatolia for more than four thousand years and their behavior differs from the diaspora radicals.<sup>55</sup> Turkish Armenians are the biggest Christian community in Turkey with approximately 70,000 people living [mostly] in Anatolia.<sup>56</sup> And their needs and priorities are different compared to Armenians within Armenia and the diaspora. For obvious reasons, they prioritize trying to resolve the problematic issues between Turkey and Armenia as soon as possible. To them, every clash between Turkey and Armenia or between Turkey and the diaspora, bring tension and preoccupation. According to Mesrob II, the 84<sup>th</sup> patriarch of Turkey's Armenian Orthodox community, the Armenian Genocide Resolution pending in the US Congress, for instance, was quite negative because it disrupts both the relations between Turkish people and Armenians in Turkey and between Turkey and Armenia. Mesrob II argues that; "we are the ones here living with our Turkish friends everyday. The resolution's passage would have a cooling effect on our relations."<sup>57</sup> In his view the relations of Turkey and Armenia have been held hostage to the issue of genocide.<sup>58</sup>

Turkey's Armenians have been at loggerheads with the Armenian Diaspora on many occasions and issues. To some diaspora members, Turkey's Armenians are betrayers of the "Armenian Cause" and by taking the side of Turkey when it comes to discuss the "Armenian Issue." For instance Hrant Dink, who tried to push both groups towards reconciliation and to support peaceful Armenia-Turkey relations, was accused of being a traitor by both Turkish and Armenian radicals. Laciner provides one example; "The Diaspora blamed Dink of being a betrayer and a servant of Turkey. In 2004, on the last week of November an international meeting was held in Marseille, France. In this meeting the tension increased between Turkey's Armenians and the radicals of the Armenian Diaspora. Being humiliated by the Armenian Diaspora, Etyen Mahcupyan and Hrant Dink blamed the radicals in the Diaspora of making politics through the corpses and not wanting a resolution in the Armenian Issue. Mahcupyan and Dink advocated that Turkey's EU membership would be a key factor for the resolution of the Armenian Issue and they claimed that the Diaspora had not changed and was afraid of any step that would be taken by Turkey."<sup>59</sup> This discussion was over the diaspora's policy against

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<sup>54</sup> Pattie, "Longing and Belonging", p. 5

<sup>55</sup> Dink, "İki Yakın Halk, İki Uzak Komsu" p.16.

<sup>56</sup> An interview with Mesrob II, the 84th patriarch of Turkey's Armenian Orthodox Community, *Today's Zaman*, 17 September 2007.

<sup>57</sup> An interview with Mesrob II, the 84th patriarch of Turkey's Armenian Orthodox Community, *Today's Zaman*, 17 September 2007.

<sup>58</sup> An interview with Mesrob II, the 84th patriarch of Turkey's Armenian Orthodox Community, *Today's Zaman*, 17 September 2007.

<sup>59</sup> Kaplan, Sefa, "Rahatsız Diye Üzülmeysin", *Hürriyet Newspaper*, 30 Nov 2004, "Diasporaya Sagduyu Daveti", *Agos*, 26 Kasım 2004 cited in Sedat Laciner "Poison in Armenian Blood and Making Politics through Dink's Death", 05 March 2007, <http://www.turkishweekly.net>

the membership of Turkey to the EU. It is just one example of how opinions differed among the diaspora radicals and other members of the Armenian world.

It was not just two intellectuals of Armenians in Turkey, Dink and Mahcupyan, the Patriarch himself was accused of betraying the “cause” as well. Armenian Americans protested Mesrob II’s speech at a conference about the “genocide” issue in Dallas. According to him; the diaspora members found his approach to the whole issue as a denial of the “genocide” and they do not understand the sensitivities involved.<sup>60</sup> He adds that, Armenian Diaspora does not care about the Armenians who live in Turkey and everything is politics for them.<sup>61</sup>

### **The Problematic Issues: 1915, Karabakh Conflict and Diplomatic Relations with Turkey**

There are differences between the diaspora and the new republic in terms of previous experiences and trauma. In fact, the threat of pan-Turkic movements or the recognition of the 1915 “genocide” were the main concerns of the Armenian diasporas for a very long time, and it can be said that those issues enabled them to stick together and unify for their causes. However, at the same time, the issue of the 1915 and anti-Turkism is not central to the homeland Armenian identity, as they have not experienced the traumatic events of 1915.<sup>62</sup> Some argue that the Armenian diaspora is reluctant to change its policy towards the future development of Armenia, as this process would give less priority to its ‘traditional’ agenda. As Shain mentions, “diaspora hard liners are said to care less about the homeland’s present and future than about past’s dead.”<sup>63</sup> Mahcupyan also argues that the protective instinct created by a sudden change of living space creates, in the end, a reactionism that freezes time, fixes the community, and obstructs politics by pushing it into irrational channels.<sup>64</sup> Laciner claims that “the diaspora Armenians and Dashnaks<sup>65</sup> (Armenian Revolutionist Federation) just focused on their own interests instead of saving the newly established Armenia.”<sup>66</sup> Furthermore, “The Diaspora encouraged more wars to capture the ‘lost territories’ in Turkey, Georgia and Azerbaijan. While the other former republics tried to decrease their dependency on Russia, Armenia more and

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<sup>60</sup> An interview with Mesrob II, the 84th patriarch of Turkey’s Armenian Orthodox Community. *Today’s Zaman* Newspaper, 17 September 2007.

<sup>61</sup> An interview with Mesrob II, the 84th patriarch of Turkey’s Armenian Orthodox Community, *Today’s Zaman*, 17 September 2007.

<sup>62</sup> Shain, “The Role of Diasporas.” p.119.

<sup>63</sup> Shain, “The Role of Diasporas.” p.119.

<sup>64</sup> Mahcupyan, Etyen, *Zaman*, 5 Dec 2004.

<sup>65</sup> “Dashnak: is the most notable party for the Armenian activities before 1914. Between the years of 1918 and 1920, the leaders of the Armenian republic were in this party. After Armenia’s becoming Soviet, they were exiled and they continued their activities in Diaspora. Today the most common political movement is considered to be Dashnak Party.” Samim Akgönül, “The Armenian Community of France and Turkey: Propaganda and Lobbyism” in *Review of Armenian Studies*, Vol. 1, No. 3, 2003.

<sup>66</sup> Laciner, Sedat, “Armenian Diaspora is Egoist”. *Journal of Turkish Weekly*  
<http://www.turkishweekly.net/comments.php?id=712>

more became a ‘Russian orbit’ in the region. When Russia lost its military bases in Azerbaijan and Georgia, Armenians invited the Russians to their country.”<sup>67</sup>

Due to the serious differences in objectives, it is inevitable that the diaspora and the homeland Armenians experience clashes of interests, especially in turbulent times. For instance, in the case of the conflict in Karabakh, it is important to know that very few members of the Armenian diaspora in the West are from Karabakh, but the issue gets high priority in the diaspora’s agenda. Shain explains this by quoting Tölölyan; “the issue matters to them in the light of their historical memory of losing lands and lives to Turkish nationalists throughout eastern Anatolia between 1915 and 1923 and they insisted that no more Armenian land be lost”.<sup>68</sup> Since the beginning of the conflict, the diaspora hardliners made it clear that their stance was in favor of Karabakh and its total independence and later its possible unification with Armenia. The Karabakh issue, similarly to the 1988 earthquake, became the tool to organize Armenians worldwide and worked to strengthen national identity and solidarity among the Armenian communities. However, it is clear that the conflict destabilizes the region and it should be resolved urgently before a possible re-eruption of hostilities.

In spite of various mediation efforts by third parties including Russia, Iran, and the OSCE, the conflict still remains insoluble. Since the beginning of the conflict, the Armenian diaspora played an elusive role when it comes to asserting its own policies by lobbying the hostland governments, especially in the US. Most Azeri officials, for their part, name the Armenian-American lobby in Washington as the primary obstacle to peace in the Caucasus and to developing US-Azeri relations.<sup>69</sup> Huseynov provides one of the examples: “In the fall of 1992 the U.S. Congress passed the Freedom Support Act (FSA) to facilitate economic and humanitarian aid to the former republics of the Soviet Union, aimed at helping democratization processes and fostering economic growth. However, a month after its adoption, on October 24, 1992 the Congress pushed by the Armenian lobby introduced a highly controversial amendment to the FSA, most commonly referred as Section 907, which banned direct American government assistance to the government of Azerbaijan.”<sup>70</sup>

Section 907 of the 1992 Freedom Support Act denied all aid to Azerbaijan, which left the Azerbaijani side in a difficult situation during the war and in the aftermath of a ceasefire. Azerbaijan was alone among all other post-Soviet states which received no US aid while Armenia became the highest per capita aid recipient.<sup>71</sup> The lobbying done by the Armenian diaspora in the US had a big effect on Congress and managed to influence US policy towards the Karabakh dispute for a very long time.<sup>72</sup> According to Tölölyan, “In recent years, some

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<sup>67</sup> Laciner, “Armenian Diaspora is Egoist”

<sup>68</sup> Shain, “The Role of Diasporas.”, p.119.

<sup>69</sup> Shain, “The Role of Diasporas.”, p.7.

<sup>70</sup> Huseynov, Tabib, “Influencing American Foreign Policy: A Case on Ethnic versus National Interests.”  
[http://www.stradigma.com/english/june2003/articles\\_04.html](http://www.stradigma.com/english/june2003/articles_04.html)

<sup>71</sup> “Azerbaijan: Seven Years of Conflict in Nagorno Karabakh”, (USA: Human Rights Watch/ Helsinki, 1994), p. 78.

<sup>72</sup> Baser, Bahar, “Third Party Mediation in Nagorno Karabakh: Part of the Cure or Part of the Disease?”, (Saarbrücken: VDM Verlag, Dr. Müller Publications, 2008), p.46.

elements of the Diaspora have become insistent that Armenians should attempt to retain all the territories occupied by Armenian forces in the Karabagh conflict while other elements have become interested in conceptualizing an equitable form of conflict resolution that would not simply be a disguised form of Armenian surrender of Karabagh. Debate about how to attain the latter has often been muted but sometimes contentious”<sup>73</sup>

In terms of the relationship with Turkey, the diaspora has adopted an even tougher stance. To begin with, Turkey’s support to Azerbaijan at the outset of the Nagorno Karabakh conflict strengthened the diaspora’s position on Armenia’s relations with Turkey. Richard G. Hovannasian maintained that “Turkish moves to support Azerbaijan in the Karabakh conflict were seen by the diaspora as the logical continuation of a long-term policy to keep Armenia helpless and vulnerable...”<sup>74</sup> And finally, interruption of diplomatic relations by Turkey with Armenia because of the Nagorno Karabakh conflict proved the diaspora’s point in the eyes of the Armenian world.. As Tocci illustrates, “In April 1993, Turkey sealed its border with Armenia by closing Dogu Kapi/ Akhourian crossing and halting direct land communications between the two countries. The closure and the ensuing refusal to establish diplomatic relations with Armenia took place in view of the escalating conflict in Nagorno Karabakh between Armenia and Azerbaijan, and Armenia’s ambivalence over the recognition of its common border with Turkey.”<sup>75</sup> As a newly independent state, Armenia needs sustainable economic development strategies, good relations with its neighbors, regional cooperation and stability. In order to achieve that, Armenia needs to focus on future strategies, not necessarily by abandoning its past or its policies regarding the issues of “genocide” and Karabakh but by being open to dialogue and compromise. Moreover, Armenia and its ruling elites are aware that it is a landlocked country in the Caucasus, which can only sustain development by regional and global cooperation. As Norman Stone describes the sorry state of Armenian economy; “If you go to eastern Turkey and Kars, look across the border at Armenia. It is very poor, and will continue so if there is no commerce with Turkey.”<sup>76</sup> Tocci also argues that Armenian political elites should work towards developing cooperative relations with Turkey; “The closure has generated grave costs to Armenia. Landlocked, with its western and eastern borders closed and connected to distant markets via expensive routes through Georgia and Iran, Armenia’s development is heavily handicapped.”<sup>77</sup> Similarly Soykok reasons; “[the] Armenian economy has been dependent on aid from the US and Armenian Diaspora...Armenia has to develop good relations with its neighbors in order to end its isolation.”<sup>78</sup> However, Diaspora needs to free Armenia from its opposition to achieve this objective.

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<sup>73</sup> Tölölyan, “The Armenian Diaspora.”, p1.

<sup>74</sup> Shain, “The Role of Diasporas.” , p.6.

<sup>75</sup> Tocci, Natalie, “The Case for Opening the Turkish-Armenian Border”, Trans European Policy Studies Association, Study for the Foreign Affairs Committee of the European Parliament made in the framework contract with TEPSA, 24 July 2007, Co-authors: Burcu Gültekin-Punsmann, Licia Simao, Nicolas Tavitian. p.2

<sup>76</sup> Stone, Norman, “Armenian Question.” 21 October 2006. <http://www.turkishweekly.net/news.php?id=40339>

<sup>77</sup> Tocci, “The Case for Opening the Turkish-Armenian Border.”, p.2.

<sup>78</sup> Soykok, Jan, “Armenian Tragedy, But who is Responsible?” , in: *Journal of Turkish Weekly*. 06 Jan 2005. <http://www.turkishweekly.net/comments.php/comments.php?id=107>

## Conclusion

Here the aim has been to give a basic outline of the clashes of interests and ideas between the Armenian Diaspora and the homeland. The disputes, which are discussed above, are multi-dimensional in character and involve many other important parties. It is also essential to mention that the resolution of these disputes is not solely possible by the diaspora. As recent developments suggest, Turkey and Armenia are moving towards a more peaceful path, and at least a channel of communication has been established between the two parties. A new committee of intellectuals has been recently formed and hopefully will be able to start a dialogue process between the two countries. Before, there have been many false starts, failed attempts and missed opportunities. That is why the general view about the new developments is one of skepticism. Today's approach should be a wait and see one to be able to talk about more concrete results. These new attempts are unique in the sense that for the first time a Turkish President visited Armenia and talked about those fragile issues.

Improving Turkish Armenian relations seems to be the primary objective of the AKP government, so as the very same aim has high priority for Armenian bureaucrats and officials. At present, we experience a kind of change in mood both in Armenia and in Turkey, and a dubious one in the Diaspora. Recently the news cover the following type of information: high official visits between Turkey and Armenia, positive energy on the way to the resolution in Karabakh, attempts to re-open the Kars-Gümürü railroad between Turkey and Armenia, normalization of relations between the two countries; and ironically also enough the Diaspora efforts of piling on the pressure the U.S. president Barack Obama to recognize the "genocide" claims over the 1915 events, while Turkish officials plan counter-measures to prevent this from happening<sup>79</sup>, and Armenian foreign minister states "they will never tell the Armenian diaspora to stop their efforts to make the "genocide" claims internationally recognized, however, I reiterate my country's commitment to the normalization process with Turkey, initiated by President Gül's visit to Armenia"<sup>80</sup>.

To conclude, it can be argued that the Republic of Armenia wishes to pursue an open border policy, and is not fanatical about Turkey's recognition of "genocide" as the basis to improve bilateral relations. But the diaspora has its own agenda and the homeland is not able to take a stance without taking the powerful diaspora on board. The obstacles for improved Armenian-Turkish relationship are not limited to the hard-line stance of diaspora. Turkey has its own conditions, such as a satisfactory resolution to the Karabakh issue and dropping the "genocide" claims. And all those issues once again find an audience in the radical section of the diaspora and strengthen their position. There is a need for improved communications between parties as well as among the various diaspora groups and factions. At the same time, the hard-line diaspora groups must soften their radical demands and stop imagining the maximalist solutions, while Turkey and Azerbaijan try to understand the other side of the arguments, and empathize

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<sup>79</sup> *Hurriyet* Newspaper, 28 November 2008

<sup>80</sup> *Hurriyet* Newspaper, 25 November 2008

with the Armenians and the diaspora and seek common ground. All sides need to realize that pumping up nationalist and radical feelings did not work in the past, and will not work in the future.

# COMPETING ISLAMIC TRADITIONS IN THE CAUCASUS

**Dobrosława Wiktor-Mach\***

## **Abstract**

*The common dichotomized classification of Islam in the Caucasus (“traditional” versus “fundamentalist”) does not take into account all major processes taking place in the region. The Sufi-Wahhabi discourse simplifies the social interactions between Muslims and suggests homogeneity of each of these categories. In this paper I would show how the term “Wahhabi” has been employed by the local community of Muslims who live in the Georgian Pankisi gorge to express their resistance towards new and radical ideas and practices. In this social conflict, Sufi brotherhoods assume the role of the defenders of traditional order, while the reformists attempt at changing not only religious but also social structures.*

**Keywords:** *Islam, Caucasus, Georgia, Sufism, Wahhabism, Pankisi*

## **The Problems of the Sufi-Wahhabi Discourse**

It is a common over-simplification to view post-Soviet Islam in the framework of a dichotomy between an age-old “traditional” Islam and the so-called “Wahhabism”. Such a perspective consists of an opposition between the “liberal”, “tolerant” Islam, espoused mainly by Sufism, and the “integrist”, “backward”, “terrorist” fundamentalism that poses a serious threat to the already unstable social and political situation in the Caucasus. Such labels, constantly employed by journalists, political analysts, and scholars are misleading for a number of reasons. Firstly, they imply homogeneity inside each of these groups, while even only Sufism embraces a diverse range of brotherhoods, spiritual practices, or political stances. Then, the historical developments such as the Sufi inspirations of the Chechen resistance movement to Russia’s colonization in the nineteenth century are being ignored. Moreover, this view, supported by official authorities in the North Caucasian republics, does not take into consideration other groups of Muslims, one of them being the reform-oriented Chechens inspired by the global Islamic movements, who are far from engaging in terrorist activities. Classified as Wahhabists, they have been forced either to emigrate from Chechnya or to conceal their real identity. Lastly, there are Sunni Muslims who neither support the reformists nor practice Sufi rituals. These sorts of empirical cases are evidence of the ambivalence which question the sharp division between “traditional” and “Wahhabi” Islam.

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This simple categorization—a pragmatic tool employed by the pro-Moscow Chechen politicians has also been accepted by the Muslims living in the Caucasus. The Russian rhetoric of the “Wahhabi threat” has been appropriated to underline the local resistance to new, alien, non-traditional ideas and practices. It is intended to summarize the attitude towards those Muslims who endeavor to deeply transform existing social order with the traditional authority of the elders, social norms of behavior, and Sufi religious practices.

I have conducted anthropological research among Muslims in the Georgian Pankisi gorge. Located in the immediate vicinity of the Georgian border with Chechnya, in the Akhmeta district, the Pankisi region is inhabited by the Kists—Georgians of Chechen descent and by the Chechen refugees who arrived there in a large number in the wake of the Second Chechen War. Both groups belong to a wider Vainakh group, which encompasses people of the North Caucasus who use the Nakh language.<sup>1</sup> Besides the Chechens who came directly from their territory, some Kists also visited Chechnya in the 1990s, mostly between the wars. Some of them had the intention to set up a new life there, but the violent events after August 1999 made them join the escaping Chechens and come back to Pankisi as refugees.

Looking particularly for the transformations of Muslim discursive traditions, I have also examined the social organization of a Muslim village, as well as specific economic, political and cultural contexts. In a brief analysis of the processes taking place in that particular place, I intend to throw some light on the general “big picture” of Islam in the Caucasus.

Specifically, I would like to show that the popular category of Wahhabism has been adopted by the Muslims themselves in order to designate the religious and social non-traditional practices and beliefs that appeared in the Caucasus in the 1990s and pose a serious threat to the existing norms, values, and customary law (*adat*). The strong connotations of the term Wahhabism are a useful discursive device to express the hostile attitude towards this phenomenon. In the community I have studied, however, the so-called “evil” - Wahhabi Islam - is not linked to terrorism. Moreover, I want to underline the inner diversity and historical dynamics of Islamic traditions in the Caucasus. The function of propagating Islamic revival was once (in the nineteenth century) linked with Sufism; nowadays it has been used by various reformist groups, who strongly oppose the Sufi tradition.

## The Wahhabi Revolution

In Pankisi, the term Wahhabism emerged in the public discourse in the context of the Chechen wars. Suddenly, as the local people recall, in all Pankisi villages young bearded men and women in hijabs appeared. Besides a palpably distinct appearance, the newcomers also held beliefs about social life that were unacceptable for the majority of Pankisi traditional dwellers. The different

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<sup>1</sup>Apart from Chechens and Kists, also Ingushs and Bats belong to the Vainakhs. Some interesting remarks about the historical development of this ethnic group can be found e.g. in Nunuev, Said-Khamzat Makhmudovich, “Ob Etnicheskoy Istorii Vaynakhov”, in: Kh. V., Turkaev (ed.) “Kul'tura Chechni. Istoriya i sovremennyye problemy” (Moskva: Nayka, 2002), pp. 30–57.

stances towards Islamic law were another point of disagreement. Moreover, instead of joining Kist Muslims in prayers, the other Muslims built their own mosques (“Wahhabi mosques”) headed by independent religious leaders.

The “Wahhabi revolution” in Pankisi was directed against traditional Islam of the Kists, influenced by Sufi practices as well as by syncretic rituals typical of multiethnic and multireligious milieux. However, following the principle that “Islam is the blueprint of a social order”,<sup>2</sup> the newcomers embarked upon a project of introducing Sharia law, which governs basically all aspects of a Muslim’s life. Although this attempt failed, the “Wahhabis” have not given up their propaganda and persist in criticizing traditional customs. Their radicalism and complete disregard for the traditional social order made the Sufi-oriented Kists and Chechens employ the label Wahhabi in regard to this phenomenon. The connotation is that it is a threat to the social stability of the community that cannot be ignored. What should be stressed again, in the Kists’ views, is that these revolutionary ideas and practices are not linked to any kind of terrorism or political extremism. Indeed, at present, no political activism is publicly visible among the “newly pious” bearded men.

The accusations of terrorist activities, links with Al-Qaeda, and of the functioning of the training camps for *jihadists* in Pankisi were raised by the Russian authorities and led to Moscow’s direct engagement in this Georgian region. In 2001, Russian military aircraft dropped a bomb in the gorge area. In fact, at the turn of the century, Pankisi villages became home to diverse groups. Alongside the Chechen and Kist refugees escaping from the war, in this Georgian region appeared also radical Muslims from many countries, either with an intention to take part in the Chechen “holy war” or just to take advantage of a general chaos and to spread the ideas of various reformist wings of Islam. A Japanese reporter Kosuke Tsuneoka depicted the activities of the Chechen warlord Ruslan Gelaev’s group in the Pankisi gorge in 2001.<sup>3</sup> In his account of the situation in the region, Tsuneoka stressed that the extremists’ influence on the local orders was significant to such an extent that the Pankisi elders consulted them on important issues.<sup>4</sup>

The missionary activities expanded and shortly the effects were widely visible. More local young people went abroad to study Islam, and after the return they joined the Muslim emissaries in their critique of the traditional Kist religious leaders. The reformers, unanimously classified by the Kist majority as Wahhabis, took an uncompromising stance in the dispute over the interpretation of Islam. They used to claim that the local people were not true Muslims.

These radical ideas labeled simply as Wahhabi, or sometimes Salafi, do not refer to the original religious ideology created by Muhammad ibn ‘Abd al-Wahhab in the eighteenth century on the Arabian Peninsula. In the discourse of the Russian and pro-Russian Chechen and Dagestan authorities, these terms are exchangeable with “terrorists”, “extremists”, “Islamists”, etc. However, a distinctive feature common to al-Wahhab’s movement and to contemporary Caucasian reformers is the condemnation of Sufism.

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<sup>2</sup>Gellner, Ernest, “Muslim Society”, (Cambridge: Cambridge University Press, 1981), p. 1.

<sup>3</sup>“Japanese Journalist Tells a Story of Pankisi Hideout”, Civil Georgia, March 06, 2003, <http://www.civil.ge/eng/article.php?id=3300>.

<sup>4</sup>Ibid.

## The Socio-Religious Conflicts

When the war chaos diminished, most foreigners left Pankisi. Nevertheless, the ideology of “pure” Islam gained ground mostly among the unemployed, frustrated, and deprived of any perspectives Chechen and Kist youth. The slogans of following the example of the prophet Muhammad and turning to the sources of Islam—the Koran and the Hadith—have become attractive in the post-Soviet social reality. The reformists called for an instant and radical change of life promising not only benefits after death, but also their tangible support. The money from abroad enabled them to raise new mosques, madrasas and to send some young people abroad to study Islam in the Arab countries. Some Kists even claim that those visiting “Wahhabi mosques” could even expect allowance or benefits.

The socio-economic factors may not be the most significant, yet they constitute the context for the religious actions and contribute to the spread of radical attitudes. In addition to the general harsh situation of Georgian economy, Pankisi community experienced an arrival of refugees during the Russian-Chechen violent conflict. According to the UNHCR estimations, around 8,000 people from the Russian territory have sought safety in Georgia.<sup>5</sup> Although most of them have already left Georgia, a few hundred still live there. Helping them to get by has placed a financial burden on the Kists and worsened their already tough situation. In many cases they shared with the Chechens their homes and food without taking any money in return. The help of humanitarian organizations, although valuable, was only a drop in the ocean. At that time, an unprecedented rise in the number of crimes became evident.

The radicalism of the reformist group in Pankisi manifests itself in rejection of hitherto accepted religious practices and social norms of the Kist community. As far as religion is concerned, the main points of controversy are the Sufi symbols and rituals. What for many Kists constituted the center of their practice and understanding of Islam, is currently being labeled as improper, erroneous, “un-Islamic”. The reformist wing vehemently rejects such practices as *zikr* (ceremonial activity of the remembrance of God’s name), saints veneration, or pilgrimages to *ziyarat*s (tombs of sheikhs). Such rituals, the “Wahhabis” pointed out, are not part of an orthodox Islam, as no reference to them is made neither in the Koran nor in the Hadith. Furthermore, the critique carried on, Islam in the Caucasus has accommodated a range of influences, such as syncretic religious celebrations. Indeed, even nowadays there are older Kists who recollect their visits to the Alaverdi Cathedral dedicated to Saint George, an important place of the Georgian Orthodox Church in the Kakheti region. One elder woman from a Refugee Center in Duisi reminded herself of taking part in the important religious holidays when she was a child. Similar cases of common Christian-Muslim religious celebrations in the Central Caucasus are known from the ethnographic literature. The pagan rituals and Zoroastrianism also shaped the highlanders’ religious life.<sup>6</sup>

Since the emergence of the Islamic renaissance in the late 1980s, most Christian and pagan elements of the Kist culture have been discarded by the Kists themselves. The Sufi tradition has

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<sup>5</sup>A Report of the Human Rights Information and Documentation Center (HRIDC), Spring 2006, [www.proasyl.de](http://www.proasyl.de). It gives an account of the poor conditions of refugees’ life.

<sup>6</sup>Kurtsikidze, Shorena; Chikovani, Vakhtang, “Georgia’s Pankisi Gorge: An Ethnographic Survey”, Berkeley Program in Soviet and Post-Soviet Studies. Working Paper Series, Spring 2002, p. 25.

nonetheless survived, becoming the most crucial target of the reformists' attacks. In fact, the Orthodox Muslims' arguments resemble those used by the Soviet authorities. Traditional Islam, also called "popular Islam" or "folk Islam" in the public discourse, is often seen as burdened with superstitions and relics. However in the view of the reformists, Sufism is more than that; it encompasses practices which were not mentioned by the Prophet Muhammad and his followers, and therefore are not Islamic. Sufi rituals and beliefs distract attention from the "real" Islam.

Rejection of the local traditions, manifested mostly through the religious sphere, may be also seen as a search for a new, more global identity. Reformist Islam—a world-wide phenomenon—accentuating the unity of the *umma* (Muslim community) and equality of all Muslims, proposes a more attractive frame of reference than the ritual practices of the elders. This homogenizing trend is being reinforced in the Caucasus, among others, by the increase in the knowledge of the Arabic language. The holy language of Islam is the gate to the holy scriptures, but also strengthens the sense of global Muslim unity.

The symbolic marker of the reformists' opposition to the Kist tradition is the appearance—beards in the case of men and veils tied under the chin and long-sleeved dresses, shirts or tunics worn by women. The majority of Kists seem to oppose especially the "Wahhabi" women's type of clothing and claim that it is "unnatural" and not prescribed by Islam. It should be noted that the headscarf itself has neutral meaning for most of the Kists and Chechen refugees. In fact, it is traditionally worn by married women living in Pankisi, and is treated as a sign of marital status rather than in religious terms.

The conventional approach to Chechnya identifies it as the land of Sufis. Historically, Sufi Islam is the earliest expression of Islam in the North Caucasus, where the Kists (at that time "normal" Chechens) had dwelled before their migration to Georgia in the nineteenth century. However, along with Sufism, canonical Sunni Islam of the Shafi'i or Hanafi theological schools (*madhhabs*) is also widespread in the Chechen society.<sup>7</sup> Unlike the usual understanding of Sufism as Islamic mysticism which involves following by an adept (*murid*) the path towards God, the contemporary Sufis in the Pankisi gorge seem to be more concerned with the rites recommended by Sufi orders. At present, there are no significant Sufi sheikhs or any other charismatic personalities that could "revive" the Sufi values and beliefs. The most significant people of the brotherhoods, *tkhaamad* (head) and *turakh* (deputy)<sup>8</sup> are more the leaders of the rituals than Sufi masters of a typical brotherhood.<sup>9</sup> Those who practice *zikr* refer to themselves as members of a brotherhood, without actually using the word "Sufism". In reality, *zikr* turns out to be the most significant element of the Kists' religious identity. This celebration in that community consists chiefly of the collective singing of religious formulas. It is followed by silent prayers, when the believer tries to establish a more personal relationship with God. The latter aspect is raised as an argument against the reformists. For the practitioners of *zikr*, the reformists are neglecting the personal relationship with God, putting too much emphasis on the correct execution of the rituals.

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<sup>7</sup>Vatchagaev, Mairbek, "The Kremlin's War on Islamic Education in the North Caucasus", in: *North Caucasus Weekly*, vol. 7(34), September 08, 2006.

<sup>8</sup>Kurtsikidze, Shorena; Chikovani, Vakhtang, "Georgia's Pankisi Gorge: An Ethnographic Survey", Berkeley Program in Soviet and Post-Soviet Studies. Working Paper Series, Spring 2002, p. 29.

<sup>9</sup>For a brief overview of Sufism see e.g. Makris, G.P., "Islam in the Middle East. A living Tradition", (Blackwell Publishing), pp. 142–154.

## Imam Shamil and the Dynamics of Islam

In order to assess the role of the so-called Islamic revival in the post-Soviet space, it is valuable to explore not only the forms of religious practices and institutions, but also the historically changing socio-religious functions. Such a perspective also makes the dichotomized categories of moderate and peaceful traditional Islam and radical reformist Islam irrelevant, as it does not take into consideration the dynamics inside various traditions in Islam.

Let us start with the discussion of Imam Shamil and the Imamate he established in the nineteenth century. This charismatic Muslim leader is regarded as the most prominent symbol of the Islamic prosperity and of the resistance against Russians. The time of his rule is often described as “the golden age of Islam”. The reference to the first Islamic revival is currently made in the Caucasus by diverse groups: secular nationalists, Islamic clergy, and leaders of Sufi brotherhoods, Islamists and reformists.<sup>10</sup> Although many Caucasian Muslims praise Shamil as a hero, the present interpretations of his actions and ideas vary to a large extent.

For the adherents of the Sufi tradition, the most crucial fact was that Imam Shamil was chiefly a Sufi sheikh and therefore a prominent Muslim leader. The distinct Sufi affiliation of the leader of the theocratic state in the North Caucasus is currently underlined. In fact, the most influential Sufi groups—the *Naqshbandiyya* and the *Qadiriyya*—made a weighty contribution to the spread of Islam among the mountain tribes in that region. Moreover, they influenced the “modern Islamic reformation, known as ‘Neo-Sufism’”.<sup>11</sup> Both these brotherhoods are nowadays active among Pankisi Muslims; the former is commonly referred to as the “Sheikh Efendi”, the latter—“Kunta Hajji” brotherhood.

Recently, Islam in Pankisi has resumed old meanings and has become, as in Chechnya and Dagestan, a “factor of unification and consolidation”.<sup>12</sup> This time, however, the Sufi-oriented Kists and Chechens appropriated the ideas of social protest against revolutionary changes propagated by the “Wahhabists”. The social and religious networks and brotherhoods facilitate the spread of ideas of resistance against drastic changes in the local tradition. While in the nineteenth century the Sufi movement, led mainly by Imam Shamil, aimed at transforming the fundamental social and cultural principles of mountainous communities and challenging the old structures of authority, the contemporary Muslim brotherhoods take an opposite stance: it is the tradition passed on from generation to generation that should be preserved and protected.

Interestingly, Imam Shamil is also celebrated by those Muslims with a reformist outlook. What they find attractive in the Imamate’s heritage is the attempt at creating the theocratic state, even at the cost of traditional laws and customs. The Shamil’s uncompromising attitude gains admiration

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<sup>10</sup>Zelkina, Anna, “Jihad in the name of God: Shaykh Shamil as the religious leader of the Caucasus”, in: *Central Asian Survey*, vol. 21: 3, pp. 249–264.

<sup>11</sup>Zelkina, Anna, “In Quest for God and Freedom”, (London: Hurst and Company, 2000), p. 8.

<sup>12</sup>Sanikidze, George, “Islamic Resurgence in the Modern Caucasian Region: ‘Global’ and ‘Local’ in the Pankisi Gorge”, in: Tomohiko Uyama (ed.) “Empire, Islam, and Politics in Central Eurasia”, *Slavic Eurasian Studies*, no. 14, 2007, Slavic Research Center.

among rebellious youth, looking for a real change in their life. Although the imam was indeed Sufi, he nonetheless put a strong emphasis on the need of the adherence to the Islamic law.

## Conclusion

There is a need to reconsider the conventional and widespread conceptual approach to Islam in the Caucasus. The dichotomized perspective, though it seems to put some order to the chaotic social reality, does not lead to adequate understanding of the local processes and their constant dynamics. Particularly the diversity of Islamic practices and meanings attached to them call into question the usefulness of the sharp division between so-called “Sufis” and “Wahhabis”. Exploring the real interactions inside each of this group and examining their discourses can lead to a more nuanced picture of Caucasian Islam. I have attempted to show that the category “Wahhabism” has been employed by the Muslims in Pankisi to express their protest against foreign, revolutionary ideas that appeared in the region in the context of the wars and political instability in Chechnya. The meaning of this alien ideology for the Vainakhs who support traditional rules in their communities differs however from that propagated by pro-Russian authorities in the Caucasian republics and by Russians. In the contemporary Pankisi region, Wahhabism is not associated with terrorism, but rather with socio-cultural radicalism that threatens the existing social order.

Lastly, it is worth remembering that the social role of Sufi movements changes. Although today they are regarded as the representatives of “peaceful”, “moderate” Islam, in the past those same brotherhoods constituted the base for violent resistance to Russian conquest of the Caucasus and promoted the ideology of *jihad*. Moreover, it was a Sufi sheikh that called for a radical transformation of existing customs and for establishing the state ruled by Sharia law.

# GLOBALIZATION AND NATIONAL COMPETITIVENESS OF GEORGIA

**George Ivaniashvili-Orbeliani\***

## **Abstract**

*Despite the fact that a national competitiveness is substantially linked to globalization, only a few studies have linked these two subjects from the perspective of developing countries, which presents complex challenges to policy makers and researchers. I argue that Porter's Diamond Model is basically relevant for economically strong industrialized countries and is less applicable for developing economies. The contention is that driving forces of globalization (FDI, transnational companies and Bretton Woods Institutes) have different implications on national competitiveness according to internal capacities and external opportunities. The paper makes a critical analysis of existing theoretical aspects of national competitiveness. It also clarifies the framework of National Innovation System, which has been successfully used in OECD countries and more recently is becoming the focus of increased attention from developing nations. Attention is concentrated on defining the aspects of Georgia's competitiveness, evaluating the country's economic performance, and suggesting practical recommendations for reforms and development.*

**Keywords:** *Globalization, Competitiveness, National Innovation System, European Neighbourhood Policy, Georgia, Caucasus, Economic Development*

## **Introduction**

A national competitive strategy requires sound government policies, technology transfer and innovations in national business activities, strong capacity of higher education and research institutions, which must be based on networking and synergetic partnerships. For this purpose it is crucial to illuminate the major aspects of national innovation system (NIS) and scientific methodologies, analyze Georgia's capacity through environmental scanning and suggest practical recommendations for realizing NIS in the country.

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My attention is also focused on benchmarking analysis and best practices, in which I examine the various instruments and institutional arrangements that successful, newly industrializing countries have adopted to encourage local technology development and attract cross-border innovation investments. The main goal is to capture, from amongst the existing methodologies and best practices on the innovation systems concept, the ideas that can enrich our discussion about the instrumental role of NIS in competitiveness-oriented economic development policies in Georgia.

## **Globalization and National Competitiveness: Theoretical Background**

The search for an answer to the question ‘How is globalization affecting national competitiveness?’ requires rethinking past paradigms of political economy. This has become urgent due to the global economic downturn, which has highlighted the economic interdependence in today’s world and reinforced the need for a concerted global economic effort. Whereas the impact of globalization is being debated, there is a broad-based recognition that the role of the State has to be redefined to take account of the emerging political, economic, social and cultural challenges.<sup>1</sup>

The rapid progress of globalization has emphasized the need for nation states worldwide to maintain stable macroeconomic policies aimed at enhancing the competitiveness of domestic markets, while ensuring sufficient domestic spending for social protection. The State has an important role to play in this process. This also means greater efforts to reform education and science, to promote advanced technologies and to strengthen the private sector. A vibrant debate on these issues has developed in which it is possible to distinguish three broad schools of thought, which D. Held refers to as the *hyperglobalizers*, the *sceptics*, and the *transformationalists*.<sup>2</sup>

For the hyperglobalizers, such as Ohmae, contemporary globalization defines a new era in which peoples everywhere are increasingly subject to the disciplines of the global marketplace. By contrast the sceptics, such as Hirst and Thompson, argue that globalization is essentially a myth which conceals the reality of an international economy increasingly segmented into three major regional blocs in which national governments remain very powerful. Finally, for the transformationalists, chief among them being Rosenau and Giddens, contemporary patterns of globalization are conceived of as historically unprecedented, such that states and societies across the globe are experiencing a process of profound change as they try to adapt to a more interconnected but highly uncertain world.<sup>3</sup> From an ontological point of view, globalization is a contradictory historical phenomenon. It implies a high increase in competition between nation-states which becomes a zero sum game and results in polarization of the world economic system. In this respect, we need to

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<sup>1</sup> Held D, McGrew A., “Governing globalization” (Cambridge: Polity Press, 2003), pp. 6-14

<sup>2</sup> Held, D., McGrew, A., “The Great Globalization Debate: An Introduction”, In D. Held and A. McGrew, (eds.), *The Global Transformations Reader: An Introduction to the Globalization Debate* (Cambridge: Polity Press, 2000), pp. 1-45

<sup>3</sup> Giddens, 1990, 1996; Rosenau, 1997. (pp. 23-24).

know how countries compete, how they define their own national development strategies, and how this competition affects and modifies the world economic system itself. At the ideological level we are witnessing the dominance of neoliberalism based on *laissez-faire* theory, which serves the interests of developed countries and leads to marginalization of developing ones.

Although neoclassical economics has become dominant in the era of globalization, industrialized countries continue to sustain national competitiveness and become dominant in global marketplace at the expense of developing nations. Elites in developing countries, while seeking personal benefits and trying to survive, are becoming culturally and ideologically dependent, instead of developing sound economic policies and institutional reforms compatible with the country's national interest.

In this respect, governments' knowledge, leadership and ability to formulate and implement the country's national competition strategy, gains more importance. According to Claros, "competitiveness" can be defined as a collection of factors, policies, and institutions which determine the level of productivity of a country.<sup>4</sup> Productivity consequentially influences a country's ability to grow over time and sustain economic growth. The task of assessing a country's level of competitiveness is challenging since it requires the measurement and assessment of a multitude of factors. The World Economic Forum with Porter, McArthur and Sachs first created the Growth Competitiveness Index (GCI). The index captures the overall ability of a country to sustain economic growth. In this paper, the 2008-2009 GCI developed by the WEF for 134 countries is used as a proxy to measure a country's competitiveness.<sup>5</sup> The GCI emphasizes the importance of 12 pillars fundamental to a country's competitiveness:

- Institutions
- Infrastructure
- Macroeconomic stability
- Health and primary education
- Higher education and training
- Goods market efficiency
- Labor market efficiency
- Financial market sophistication
- Technological readiness
- Market size
- Business sophistication
- Innovation

Although Porter's model has been accepted by the international community, it has also stimulated debate among scholars. Dunning argues that Porter does not sufficiently take the

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<sup>4</sup> WEF, 2005. (p. 5).

<sup>5</sup> WEF, 2008. (p. 8).

"globalisation of economic activity" into account.<sup>6</sup> Foreign direct investment (FDI) has important effects on national competitiveness which are not adequately covered by the facet "firm strategy, structure, and rivalry." A firm engages in cross-border activities to exploit its specific ownership advantages. These advantages may initially have been based on the diamond of the home base, but their competitive assets are now largely multinationalised. Inward FDI is likely to bring new resources and technologies into a nation. Indeed, a foreign investor might import advantages from his or her home base, and some of its assets could contain ownership-specific advantages.<sup>7</sup> For Dunning, each facet of the diamond is linked to multinational activity, as FDI can influence factor conditions, related and supporting industries and demand conditions, as well as strategy, structure and rivalry.

According to this concept, a more creative and innovative society sparks competitiveness. It is generally believed that a more diverse society harbors a more creative workforce. Therefore, it can be contended that a diverse society would foster country competitiveness. Alternatively, it has been claimed that heterogeneous societies result in polarized political systems where leaders show little concern for the competitiveness of a nation and focus their attention on the well-being of smaller sectors of the economy.<sup>8</sup> However, no prior study has empirically explored the implications of globalization on national competitiveness of transition economies.

## Analyzing National Innovation System

One of the most important pillars of competitiveness is technological innovation. The first written contribution that used the concept 'national system of innovation' is an unpublished paper by Christopher Freeman from 1982 that he worked out for the OECD expert group on Science, Technology and Competitiveness.<sup>9</sup> The paper, titled 'Technological infrastructure and international competitiveness', pointed out the importance of an active role for government in promoting a technological infrastructure.

Freeman was the first to bring the modern version of the full concept 'national innovation system' into the literature in his book on innovation in Japan, where the analysis was quite inclusive, taking into account the intra- and inter-organizational characteristics of firms, corporate governance, the education system and the role of government.

The roots of the innovation systems concepts are based on Neo-Schumpeterian economics, emphasizing innovation and entrepreneurship. The OECD-paper by Freeman from the beginning of the eighties actually raises this issue with a reference to Schumpeter.<sup>10</sup>

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<sup>6</sup> Dunning, J. H. "Internationalizing Porter's diamond", in: *Management International Review*, 33, 1993, (special issue), pp. 7-15

<sup>7</sup> Dunning, J. H. "The globalisation of business", (London: Routledge, 1993), p. 22

<sup>8</sup> Rodrik, D., "Has Globalization Gone Too Far?", (Washington: Institute of International Economics, 1997), pp. 41-48

<sup>9</sup> Freeman, C., "Technology Policy and Economic Performance: Lessons from Japan", (London: Pinter, 1987), p.12.

<sup>10</sup> Freeman, C. 1982, p. 15

According to Schumpeter innovation can be seen as ‘new combinations’ and be separated from invention. The invention becomes an innovation only when the entrepreneur brings it to the market.

According to innovation system theory, innovation and technology development are results of a complex set of relationships among actors in the system, which includes enterprises, universities and government research institutes. These dimensions, individually and as an ecological system, make up the context in which the nation’s enterprises innovate. The framework goes beyond knowledge creation (invention) and emphasizes the factors that drive the transformation of knowledge into useful products and services. The framework is balanced and recognizes the importance of both technology push (input factors) and demand pull (output factors).

For policy-makers, an understanding of the national innovation system can help identify leverage points for enhancing innovative performance and overall competitiveness. It can assist in pinpointing mismatches within the system, both among institutions and in relation to government policies, which can thwart technological development and innovation. Policies which seek to improve networking among the actors and institutions in the system, and which aim at enhancing the innovative capacity of firms, particularly their ability to identify and absorb technologies, are most valuable in this context.

According to OECD, NIS institutions, defined in the narrow context, can be divided into five main categories:

- **Governments** (local, regional, national and international, with different weights by country) that play the key role in setting broad policy directions;
- **Bridging institutions**, such as research councils and research associations, which act as intermediaries between governments and the performers of research;
- **Private enterprises** and the research institutes they finance;
- **Universities and related institutions** that provide key knowledge and skills;
- **Other public and private organizations** that play a role in the national innovation system (public laboratories, technology transfer organizations, joint research institutes, patent offices, training organizations and so on).

The nation’s innovation infrastructure helps to supply inputs to private enterprises. This infrastructure includes:

- ***Scientific and research institutions*** that serve as a major source of knowledge and include universities and research institutes, laboratories, non-profit think-tanks, R&D consortia, technology transfer centers and technological centers of excellence.
- ***Capital providers and markets*** that finance innovation and the acquisition of new products and services. Venture capital and government research programs play a particularly important role in supporting technology-based entrepreneurs, start-ups and small business firms. Equity/stock markets provide an important incentive for innovation, reward innovators and determine the value of enterprises.

- **Education institutions** comprising secondary schools, colleges and universities, along with private sector training organizations, should provide the pool of leading-edge scientists, engineers, managers and the technical workforce. The skills, mobility and flexibility of the workforce are an important innovation input to both producers and customers of innovation.
- **Information infrastructure** provides enterprises with the important tools and communication platforms necessary for innovation. Global collaboration and open innovation systems rely on advances in computing, software applications and information networks.
- **Regional innovation clusters** are geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular field that share a common knowledge base, labor pools, markets or distribution channels.<sup>11</sup>

What possibilities do developing countries have to affect their learning processes in order to develop an adequate NIS? This question arises, as the connection between learning and innovation is obvious, and advancing the learning processes and interactions between individuals and groups will lead to implementing innovation system. These characteristics lead to the conclusion that the institutional set-up of an economy will affect innovation processes. "If innovation reflects learning, and if learning is interactive, it follows that learning is rooted in the institutional set-up of the economy."<sup>12</sup> Therefore, developing countries have to specify their institutions, because these play a dominant role in innovative activities.

Nelson argues that differences between innovation systems of a group of nations are at least partly the result of differences between the economic and political circumstances and priorities of these nations.<sup>13</sup> To specify these national distinctions within the scope of an approach of NIS, those factors have to be identified that have an impact on the economic structure of a nation.

**The industrial development** of a country defines the status and quality of technology and the key sectors of the economy. This factor gives direction to the national economic structure. Depending on the profession and direction of the technological development, the knowledge base between countries differs and, therefore, different institutional set-ups and learning processes are required.

**The factor endowment** of a country involves all relevant natural, human and infrastructure resources. Depending on the quantity and quality of the nation's factor endowment a different structure of production is needed. For example, without a sufficient amount of natural resources an economy is reliant on the import of these, and has to develop an export-oriented manufacturing economy if it wants to be internationally competitive. Because of

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<sup>11</sup> This term industry cluster, also known as a business cluster or competitive cluster, was introduced and the term cluster popularized by Michael Porter in "The Competitive Advantage of Nations" (1990), pp. 69-75

<sup>12</sup> Johnson (1992): (p. 34).

<sup>13</sup> Nelson Richard R., (eds), "Technology, Learning, and Innovation: Experience of Newly Industrializing Economies", (Cambridge: Cambridge University Press), pp. 1-14

differing economic emphases that result from differing factor endowments, each nation develops its specific system of innovation.

**The historical endowment** is the third factor influencing the economic structure. Depending on historical experiences, like wars, changing political situations or geo-strategic location, each country develops its specific social norms and habits or governmental regime.

Because of the resulting geographical and political structures, different structures of production are developed. From this follows that the learning process and innovation system are built upon different bases and are individual forms of expression of the national history.

These factors lead to innovation success, which is the degree to which value is created for customers through enterprises that transform new knowledge and technologies into profitable products and services for national and global markets. A high rate of innovation in turn contributes to more market creation, economic growth, job creation, wealth and a higher standard of living. This definition updates our perspective on innovation by incorporating more than ideas, R&D, technology development and transfer. The nation must not only generate fresh ideas and intellectual property, but must also apply them and make them commercially successful.

Governments have pursued science and technology policies to improve the innovative performances of agents of production.<sup>14</sup> They have also created a network of institutions to promote interactions between agents of production and enhance their competitiveness in the international market. The competitive edge of the US industries has mainly resulted from the strategic support extended by the federal government. In the words of Ruttan:<sup>15</sup>

*“Government has played an important role in technology development in almost every US industry that has become competitive on a global scale. The government has supported agricultural technology through research, the automobile industry through design and construction of the highway infrastructure, the development of the computer through military procurement, and the growth of the biotechnology industries through support for basic biological research.”*

Significantly, business-funded R&D expenditure has emerged as the most important and widely accepted indicator of innovation in recent years. Countries vary in terms of experience with respect to private sector expenditure on R&D; but in most countries, business-funded R&D has received substantial government support through incentives and tax concessions.<sup>16</sup> The nature of state intervention has, however, undergone a substantial transformation from direct participation to indirect participation via supporting commercially-oriented research through public-private participation, and also through the provision of subsidies and tax incentives.

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<sup>14</sup> Mowery, D. and Rosenberg, N., ‘The US National Innovation System’, in R.R. Nelson (ed.), ‘National Systems of Innovation: A Comparative Study’, (Oxford: Oxford University Press, 1993), pp. 18-26

<sup>15</sup> Ruttan, V.W. ‘Technology, Growth, and Development: An Induced Innovation Perspective’, (New York: Oxford University Press, 2001), pp. 1-5

<sup>16</sup> Ruttan 2001. (p. 40).

The prime minister of Finland was the first highly placed politician using the concept, in referring to the need to strengthen the Finnish innovation system, already at the very beginning of the nineties. Early followers were Canada and South Africa. Some ten years later the president of China in a speech to the Engineering Academy made a similar remark referring to the Chinese innovation system. These examples emphasize the importance of government's vision and its leadership to carry out innovative reforms.

## **National Innovation System in Developing Countries**

It is often argued, that the most essential aspect of a successful catch-up process is the rate at which a follower is able to imitate foreign technology. By means of imitations a country learns to industrialize. Technological imitation involves more than just pursuing the same path of development as more industrialized countries. It rather involves a critical stage in the process of learning to industrialize and therefore should be seen in this context.<sup>17</sup> It can be argued that acquiring foreign technology cheaply and effectively and then adapting it to local conditions is a key element for the technology strategy of developing countries. Imports of foreign technologies are not substitutes for economic development, but complements. The rate of imitation is influenced by technological capabilities, policies and institutional arrangements, by the nature of technological systems, market structure for technology and international trading rules.

The term “technological capabilities” covers knowledge and skills needed to acquire, assimilate, utilize, adapt, and create technology. The more a following country disposes of technological capabilities and the better it is able to accumulate these, the more successful the intended catch-up process will be.<sup>18</sup> This view focuses on the cumulative aspect of technological change, because prior capabilities are important for future rates and directions. Private firms are the main location in accumulating technological capabilities. They are more suitable for the acquisition of foreign technology than public firms, as they are interested in providing training necessary to absorb the available technology in order to maintain their competitiveness. Thus, private firms are crucial for the competitive advantage of a nation. The accumulation of technological capability of a firm is influenced by its relationships with other actors, as they operate in a complex industrial network characterized by competition and co-operation. Consequently, innovation and technological change is not only a technological, but also a social process resulting from informal and formal communication networks.

A key aspect of technological development is the creation of institutions and institutional arrangements that facilitate this process. Therefore, government-industry relations are of great interest to advance the existing conditions for technological progress. This follows from

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<sup>17</sup> Nelson Richard R., (eds), “Technology, Learning, and Innovation: Experience of Newly Industrializing Economies”, (Cambridge: Cambridge University Press), pp. 52-63

<sup>18</sup> Dahlman and Nelson (1995). (pp. 25-37).

the idea of “*technological congruence*” defined by Abramovitz.<sup>19</sup> It can be argued that for successfully imitating advanced technology, the imitating country should not differ much from the imitated one in terms of economic, political and social factors. Therefore, if possible, the government has to provide appropriate surroundings in the range of political and economic incentive systems. On the other hand, careful attention has to be paid to the role of human resource development, as education is central to the process of technological development. The educational needs of countries differ according to their level of development. In industrialized countries, normally the main focus lies on reforming the higher education in order to advance technical subjects. Poor countries are focusing on primary education as an important aspect of human development. The catch-up process depends on how countries balance between primary education for all and higher education with emphasis on key subjects. Educational policies have to be designed in such a way that they are able to facilitate the implementation of merit-based principles and knowledge capitalization.

**This has important implications for countries:**

- Every nation has a “de facto” system of innovation, which may be more or less effective;
- The actions taken by each nation to strengthen its system of innovation should be given the resources available and the current condition of NIS;
- Every country will therefore have different and distinctive policy framework that serves its interest.

This “Global Innovation Scoreboard” report (GIS) compares the innovation performance of the EU25 to that of the other major R&D performing countries in the world: Argentina, Australia, Brazil, Canada, China, Hong Kong, India, Israel, Japan, New Zealand, Republic of Korea, Mexico, Russian Federation, Singapore, South Africa and the US.

<b>Table 1. Global R&amp;D spending 2002 R&amp;D expenditures (thousand 2000 US \$)</b>					
United States	26655154	36.69%	Ukraine	41536	0.06%
EU25	16595544	22.85%	Luxembourg	33527	0.05%
Japan	14829645	20.41%	Thailand	32167	0.04%
Germany	4777706	6.58%	Slovenia	31001	0.04%
France	3056595	4.21%	Iceland	26618	0.04%
United Kingdom	2802347	3.86%	Croatia	22647	0.03%
China	1540417	2.12%	Egypt, Arab Rep.	19216	0.03%
Korea, Rep.	1439710	1.98%	Pakistan	17138	0.02%
Canada	1433170	1.97%	Romania	15456	0.02%
Italy	1218205	1.68%	Tunisia	13056	0.02%
Sweden	1032620	1.42%	Slovak Republic	12654	0.02%
Netherlands	707220	0.97%	Colombia	8638	0.01%
Switzerland	632105	0.87%	Lithuania	8628	0.01%
Brazil	625919	0.86%	Belarus	7793	0.01%
Spain	609127	0.84%	Kuwait	7123	0.01%

<sup>19</sup> Abramovitz, M. “Catching up, forging ahead, and falling behind”, in: *The Journal of Economic History*, Vol. 46:2, 1986, pp. 3-4.

Australia	599692	0.83%	Bulgaria	6741	0.01%
Israel	580228	0.80%	Costa Rica	6176	0.01%
Belgium	517285	0.71%	Peru	5741	0.01%
Finland	428217	0.59%	Uganda	5067	0.01%
Austria	426419	0.59%	Uruguay	4776	0.01%
Denmark	409286	0.56%	Estonia	4646	0.01%
India	386570	0.53%	Panama	4464	0.01%
Russian Federation	356553	0.49%	Nepal	3830	0.01%
Norway	290499	0.40%	Latvia	3770	0.01%
Mexico	228914	0.32%	Cyprus	2967	0.00%
Singapore	198692	0.27%	Bolivia	2414	0.00%
Turkey	132131	0.18%	Madagascar	2322	0.00%
Ireland	114103	0.16%	Azerbaijan	1932	0.00%
Hong Kong, China	102365	0.14%	<b>Georgia</b>	969	0.00%
Portugal	100925	0.14%	Macedonia, FYR	895	0.00%
Poland	100102	0.14%	Trinidad and Tobago	851	0.00%
Argentina	94134	0.13%	Paraguay	746	0.00%
South Africa	90872	0.13%	Armenia	599	0.00%
Greece	75783	0.10%	Honduras	316	0.00%
Czech Republic	71020	0.10%	Kyrgyz Republic	286	0.00%
Malaysia	65253	0.09%	Mongolia	282	0.00%
New Zealand	62661	0.09%	Seychelles	65	0.00%
Venezuela, RB	54457	0.07%	St. Vincent and the Grenadines	52	0.00%
Hungary	51392	0.07%	Cape Verde	26	0.00%
Chile	42090	0.06%	Serbia and Montenegro	11	0.00%

**Source:** 2006 “Global Innovation Scoreboard” (GIS) Report

The choice of which countries to include was made based on their global R&D expenditure share in 2002. A non-EIS country’s share had to be at least 0.1% in order to be included. The following countries are included in the 2006 Global Innovation Scoreboard (GIS), with their share of global R&D in parentheses: China (2.12%) Republic of Korea (1.98%), Canada (1.97%), Brazil (0.86%), Australia (0.83%), Israel (0.80%), India (0.53%), Russian Federation (0.49%), Mexico (0.32%), Singapore (0.27%), Hong Kong (0.14%), Argentina (0.13%), South Africa (0.13%) and New Zealand (0.09%).

Most innovation policy attention is focused on the *capacity to innovate* and on *input factors* such as R&D investment, scientific institutions, human resources and capital. Such inputs frequently serve as proxies for innovativeness and are correlated with intermediate outputs such as patent counts and outcomes such as GDP per capita.

In pursuit of economic and workforce development goals, every region has its own unique set of assets—both tangible and intangible—to call upon. These resources provide the foundation for actions that a region can take in realistic hopes of improving its overall competitive position. We confront the task of elaborating an asset-mapping “roadmap” to provide guidance to regions in Georgia to strengthen their competitive position in the regional and global economy. Asset mapping is an important first step in understanding the

resources that a community can leverage to support integrated workforce and economic development initiatives.

## **Analyzing the National Competitiveness of Georgia**

The principles of national competitiveness have not been yet translated into concrete policy and legislative changes in Georgia, which is required to tackle the specific aspects of this model in a more effective way. Numerous reports provided by international organizations indicate an alarming inefficiency of institutional infrastructure, public policy, higher education and research institutions, which results in political crisis, economic instability, poverty, social disparity and brain-drain in Georgia.

It was March 2003 when the first thoughts about the European Neighborhood Policy (ENP) were outlined by the European Commission in the ‘Communication on Wider Europe’ document. It demonstrated the high priority that the Union accorded to shaping its future relations with its neighbors.

ENP is an outcome of the Lisbon Strategy, which includes a variety of policy measures to enhance research, innovation and business development. These factors are important not only for those countries that have moved very close to the technology frontier, but also for those that are implementing the principles of free market economy. As a country of economic transition, Georgia must create the necessary framework to promote education and research activities and encourage innovation in products and processes. This requires sufficient investment in research and development, high quality scientific research institutions, collaboration in research between universities and industry, protection of intellectual property and innovation stimulation through government procurement.

On the basis of Lisbon Strategy analysis we can conclude that that up to 40% of labour productivity growth in Europe is generated by research and development spending and that there are powerful spillover effects into other areas of the economy, depending on the way in which the money is spent. Future economic development of Georgia will critically depend on its ability to create and grow high value, innovative and research-based sectors.

The new EU Strategy Paper, published in 2006, elaborated on these thoughts and laid foundation for the new policy. It set out in concrete terms how the Union could work more closely with its neighbors and extend to them some of the benefits of enlargement. Today, the Commission provides an assessment of bilateral relations between the EU and Georgia, reflecting progress under the existing Partnership and Co-operation Agreement and describing the current situation in different areas including economic and social reforms that will create new opportunities for development and competitiveness.

The European Neighbourhood and Partnership Instrument (ENPI), the funding instrument of the ENP, which was launched on November 14 2006, plays a crucial role in the development of a new innovation policy in Georgia. ENPI priorities reflect the role of innovation systems

in a country's development. Among other priorities, for instance, ENPI aims at facilitating the development of sound research and innovation policies in Georgia, which would help the country achieve and maintain sustainable economic growth. Besides, some other ENPI priorities are indirectly relevant to the development of a national innovation system and strategy. Namely, they aim to improve the business environment, systematically review the reform strategy, reform the management system of education and science, and improve the quality of statistical data.

Among the priorities included in the EU-Georgia Neighbourhood Policy Action Plan is the development of sound education, research and innovation policies in Georgia, which should help the country achieve and maintain sustainable economic growth. In particular:

- Develop a Research and Innovation policy directly relevant to the sustainable and equitable economic development policy objectives of Georgia;
- Further reform efforts in the field of education to promote human resources development;
- Foster co-operation with the aim of reforming higher education sector in the context of the Bologna Process;
- Reinforce participation of Georgian scientists/students/academics in international and exchange programmes;
- Encourage life-long and life-wide learning opportunities as well as further the reform efforts in the field of education, science and training to promote sustainable development of human resources and human capital;
- Reform the science management system through appropriate regulatory framework financing model and governance based on scientific excellence.

The road from the past to the future should lead Georgia through the development and implementation of a strategy to improve the country's competitiveness. Georgia needs a strong strategic goal – a strategy of change and innovation – to be able to rise to the challenges of global competitiveness. A comprehensive multi-component plan of Georgia's strategic development should ultimately aim to bring the country's economic, political and social standards into line with Euro-Atlantic and EU norms.<sup>20</sup>

The EU has created the model of how to cultivate innovation through quality education connected with research. If Georgia is to develop its capacity for innovation and competitiveness in an information-based economy, the country must be prepared to renew its national commitment to innovations and to reinforce the values of life-long learning. Special importance should be paid to ensuring economic growth, competitiveness, establishing stable social protection systems, reforming the higher education system and encouraging research and innovation. Georgian universities need to acquire increasing importance as an instrument of economic, social, and cultural development and also as a means of bringing about change

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<sup>20</sup> Ivaniashvili, G., "Analyzing EU-Georgia Neighborhood Policy Action Plan: Modern Benchmarking Approaches to Knowledge Management and Innovations in Georgia", (Norwegian Institute of International Affairs, 2007), pp. 8-10

in the community in which relationship between education, science and business is receiving increased attention.

Knowledge Economy Index, and such indicators as economic incentives, institutional regime, innovation and information/communication technological development, show that Georgia is lagging behind its neighbours. It is important to note that some neighbour countries, namely Armenia, Russia and Kazakhstan, have already developed and put to use long-term cluster and innovation development strategies based on a knowledge economy. Ukraine and Turkey are developing their strategies at the moment.

**Table 2. Comparative Analysis of KAM Indexes**

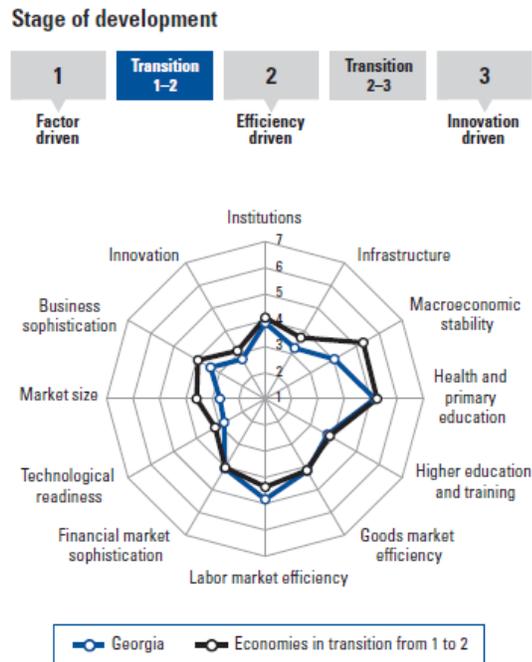
Country	KEI		Economic Incentive and Institutional Regime		Innovation		Education		ICT	
	recent	1995	Recent	1995	recent	1995	recent	1995	recent	1995
<b>Germany</b>	8.54	8.75	8.38	8.41	8.93	9.08	8.08	8.74	8.79	8.75
<b>Estonia</b>	8.07	7.76	8.07	8.2	7.42	6.59	8.29	8.07	8.49	8.18
<b>Armenia</b>	5.36	4.61	5.71	2.25	6.06	5.63	6.03	5.98	3.64	4.58
<b>Georgia</b>	4.4	4.5	2.46	1.25	5.27	5.38	6.4	7.17	3.45	4.19
<b>Azerbaijan</b>	3.56	3.46	3.03	0.89	2.65	4.84	5.04	5.75	3.53	2.36

On the other hand, Georgia was given the top ranking in the World Bank’s Doing Business 2007 report as the “best reformer” in the world, since the country jumped from the 112<sup>th</sup> to the 37<sup>th</sup> place (among the 175 countries reviewed) in just a year, making it easier for entrepreneurs to start and operate their business. As a result of a better business climate and more liberal taxation and customs policies, direct foreign investment has doubled in the country. The inflation rate of the Georgian Lari fluctuated around 10% in 2006-07. However, high inflation was offset by the rise in investment (which reached 30% of GDP in 2006), helping the country maintain its credibility in the international market. At the same time, unemployment remains quite high in Georgia, hovering at 12.6% according to official data (2006), while average incomes are much lower than in European countries. Although the nominal per capita GDP was 36% higher in 2005 than it was in 2003, it is still too low (\$1415.6).

**Table 3. Georgia’s Ranking in Global Competitiveness Report 2008-2009**

**Global Competitiveness Index**

	Rank (out of 134)	Score (1-7)
<b>GCI 2008–2009</b> .....	<b>90</b>	<b>3.9</b>
GCI 2007–2008 (out of 131).....	90	3.8
GCI 2006–2007 (out of 122).....	87	3.7
<b>Basic requirements</b> .....	<b>91</b>	<b>4.1</b>
1st pillar: Institutions.....	69	3.9
2nd pillar: Infrastructure.....	77	3.2
3rd pillar: Macroeconomic stability.....	118	4.0
4th pillar: Health and primary education.....	91	5.1
<b>Efficiency enhancers</b> .....	<b>87</b>	<b>3.7</b>
5th pillar: Higher education and training.....	84	3.7
6th pillar: Goods market efficiency.....	71	4.2
7th pillar: Labor market efficiency.....	22	4.8
8th pillar: Financial market sophistication.....	79	4.1
9th pillar: Technological readiness.....	97	2.8
10th pillar: Market size.....	102	2.7
<b>Innovation and sophistication factors</b> .....	<b>109</b>	<b>3.1</b>
11th pillar: Business sophistication.....	112	3.4
12th pillar: Innovation.....	107	2.7



Source: Global Competitiveness Report 2008-2009

**Conclusion and Recommendations**

The paper has provided an assessment of the impact that the process of globalization has on a country's level of competitiveness. On the basis of this analysis we have achieved the main goal—the main driving force of national competitiveness in the era of globalization is a synergetic partnership among government, the business sector and higher education/research institutions, based on knowledge economy and innovation policy. Therefore, it is crucial for the government to create the environment for knowledge commercialization and innovation technology, which facilitates the trans-nationalization of national business and brings national income.

Combining Porter's cluster approach with the theory of international business has provided important insights. Multi-national enterprises potentially have a beneficial impact on the host country, as they are a source of technology in a broad sense and can lead to an upgrading of human capital. The effective impact of FDI, however, depends on the type of activity undertaken and the absorptive capacity of the host state. There are good reasons to believe that these factors are both influenced by the existence and type of clusters in the region. The conceptual framework we have developed connects these elements and highlights their interconnections.

These findings have implications for policy-makers aiming to attract FDI and achieve maximum benefits. Governments play a crucial role in shaping the competitiveness of their nations. Policies, such as investment protection and liberalisation, are necessary but not sufficient. A national competitive strategy should aim at attracting activities with high added value and provide incentives to firms to locate more elements of their value chain in the country.

Thus the study has also investigated modern approaches to competitiveness and sustainable economic development in understanding the relationship between government, higher education institutions and business, in order to evaluate Georgia's capacity and capability to foster the development of National Innovation System.

The analysis we have made shows that all actors — public authorities, universities and businesses — must accept their share of the responsibility for raising the levels and efficiency of investment in human capital. Incentives are needed to boost investment in training within individual companies and across sectors in order to support employers in providing suitable access to learning.

Among the actions to be undertaken within the framework of this strategy we provide the following recommendations for the Government of Georgia:

- Set up a public management institution, involving all stakeholders (government, universities, think-tanks, research institutions, business associations etc), to work out recommendations for a national innovation system;
- Sharpen understanding of the innovation process, learn and apply best international experience to develop innovative infrastructure and promote innovations in Georgia.
- Develop a Research and Innovation policy directly relevant to the sustainable and equitable economic development policy objectives of Georgia;
- Prepare a governmental program to promote innovation and competitiveness;
- Draft, debate and adopt legislation on innovation policy and competitiveness of Georgia, which should promote the innovation infrastructure and realisation of the national innovation system, with clear definitions and unequivocal interpretation, innovation activities, taxation and other incentives;
- Amend the law on state procurement to encourage purchases of innovative products and services, and reduce corruption.
- Further reform efforts through amending the Law on Education to increase the role of universities to encourage research activities;
- Equip Georgia with the highly educated, creative and mobile workforce it needs, so that enough young people are graduating with the appropriate skills to obtain jobs in dynamic, high-value and niche sectors;
- Improve the country's attractiveness to researchers through urgently addressing the problem of funding for universities;
- Combat the “brain-drain” process, as too many young scientists continue to leave the country;

- Encourage life-long and life-wide learning opportunities as well as further the reform efforts in the field of education, science and training to promote sustainable development of human resources and human capital;
- Develop special programmes of education for public servants (primarily for civic integration)
- Reform science management system through appropriate regulatory framework, financing model and governance based on scientific excellence, capacity-building and joint initiatives;
- Foster the development of clusters through defining actionable strategies for increasing cluster competitiveness and accelerating growth;
- Strengthen administrative structures and procedures to ensure strategic planning of environment issues and coordination between relevant actors;
- Gather Georgia's top minds on innovation and catalyze Next Generation Innovators;
- Strengthen Georgia's manufacturing capacity and energize the entrepreneurial economy

It is obvious that good will, or even an initiative demonstrated by government, academia and business sector separately, is not enough to ensure the progress. What is more, if all actors do not use their potential, positive solutions are even less likely to happen. Thorough knowledge about the condition of the local economy, which can be obtained through analyzing each of its segments, must become a vital element of the national development policy.

# EXTERNAL POWERS' INFLUENCE UPON THE REFORM AND POLITICAL ELITES IN PRESENT KYRGYZSTAN

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## Abstract

*Formerly perceived as an 'island of democracy', Kyrgyzstan is now characterised as a 'failed state'. After the March 2005 revolutionary upheaval, President K. Bakiev has been searching for a way to consolidate the ruling elite. What was the impact of external powers and international policies upon the last four years' socio-political transformation in the country? How were the images of Kyrgyzstan constructed and manipulated from within and outside? Based upon field interviews, open sources and statistics, this research focuses on the influences of Russia, China, the USA and EU, as well as Kazakhstan, Uzbekistan and Tajikistan on Kyrgyz political elites' development after March 2005. Against the background of multi-dimensional and quite open foreign policy, economic integration and social networks in Kyrgyzstan developed in closer co-operation with Russia and Kazakhstan.*

**Key words:** *Kyrgyzstan, political elites, external powers, foreign policy, diplomacy, competition*

## Introduction

Since the USSR's disintegration Central Asia has been reconceptualised in the international politics and lexicon, first as a post-Soviet Muslim world, then a part of the Greater Middle East or Greater Central Asia. Developed out of a necessity to find new policy-relevant approaches to the Eurasian Heartland and to construct power projections by framing socio-political knowledge about the region, these concepts of/for Central Asia do not coincide with geographical or historical definitions of the region.

Appearing on the world political map at the beginning of the 1990s, Central Asian states faced all the challenges of the post-Cold War neo-liberal order, such as socio-economic crisis, under- and unemployment, social polarisation and marginalisation, and the inability of national governments and political elites to counter effectively these threats. Beyond all these transnational challenges, the elites and communities of Central Asia had to acquire new knowledge about the changing world order and their own place in it. New geopolitical arrangements and the search for regional identity were reflected in the formation of different regional groupings through the 1990s, the majority of which quickly declined. Neither

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Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO) nor Shanghai Cooperation Organization (SCO) have become a real motor for regional integration.

The concepts of security in Central Asia have been created and framed by various international actors and external powers involved, and the domestic reforms and policies of nation-building often reflected upon, or found a place within, an external power model. Central Asian elites had to be responsive towards foreign security concepts and policies that had been imposed upon them, such as Russia's "peacemaking" mission at the beginning of the 1990s and the later policies of "fighting against terrorism" at the end of the 1990s and the post-September 11 "global war against terror", as well as foreign energy security policies. Definitions of security threats, introduced from outside, became utilized by the domestic elites and led to the construction of social priorities in the Republics' policies and identification of risk groups<sup>1</sup>.

Concurring with those scholars who see nation-states losing power, but not influence of a legitimized entity<sup>2</sup>, I analyze how Central Asian states constitute themselves in response to the challenges of a glocal world and how foreign states impact upon the ruling elites in Central Asian states. I choose the three most influential external powers, namely Russia, China, and the USA, and regional states directly bordering Kyrgyzstan – Kazakhstan, Uzbekistan and Tajikistan.

### **External powers' involvement into Kyrgyz economy: an overview**

After the USSR's disintegration (unforeseen by many people in Central Asian republics), the newly independent states were simultaneously exposed to globalisation by the international markets from above and interference by criminal groups from below, which intensified their activities against the background of socio-political disarray. Kyrgyzstan, one of the weakest Central Asian economies, formerly largely dependent on the centralised Soviet budget redistribution and assistance, had to let international financial institutions and human rights organisations, as well as various NGOs and religious groups, into its domestic market and public domain. Within the first five years of economic reform guided by the IMF, the country accumulated an excessive external debt. The population of Kyrgyzstan went through the shock therapy of price liberalization, hyper-inflation and a drastic fall in living standards.

Foreign direct investments flowed mainly into the Kyrgyz strategic export resource industry – gold mines, which accounted, according to some expert estimations, for about 40% of national budget revenue. In the 1990s the Kyrgyz government, like other Central Asian ruling elites, for instance, in Kazakhstan, sold the bigger part of strategic export production shares to foreign companies. Since January 2004 the Canadian-based Cetera gold mining and exploration company has owned 100% of the Kumtor gold mine, one of the largest operating gold deposits in Central Asia, located in the Tien Shan Mountains to the south of Issyk-Kul. Various international financial institutions, such as the European Bank for Reconstruction and

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<sup>1</sup> See: Douglas, M., "Risk and Blame: Essays in Cultural Theory", (London: Routledge, 1992).

<sup>2</sup> Castells, Manuel, "The Power of Identity, The Information Age: Economy, Society and Culture", Vol. II., (Cambridge, MA; Oxford, UK: Blackwell, 1997), p. 243.

Development (EBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Association (MIGA) and the US Overseas Private Investment Corporation (OPIC), funded the project. However, after 2005, following the Kazakh example of increasing its national shares in strategic exports contracts, Kyrgyz government and parliament revealed certain intentions, supported and exploited in media campaigns, to reconsider and diminish the rights and possibly the share of foreign companies operating in the country.

**Table 1. Foreign direct investments into Kyrgyzstan (by country)**

Country	millions of US dollars				
	2002	2003	2004	2005	2006
Canada	12,7	31,1	46,5	26,1	8,6
USA	20,1	9,9	14,0	11,7	6,4
Russia	17,1	11,1	11,9	8,1	19,8
Turkey	13,4	25,3	23,1	16,1	12,8
Germany	9,0	6,0	8,5	36,5	53,4
China	8,5	14,6	6,8	4,5	7,3
South Korea	7,7	7,2	8,5	0,4	0,7
Kazakhstan	6,3	13,2	15,6	40,3	136,8
Cyprus	1,0	1,8	11,5	10,5	22,9
Great Britain	2,5	2,0	10,5	29,5	38,0

**Sources:** “Kyrgyzstan v Tsyfra”h (*Kyrgyzstan in Numbers*), (Bishkek: National’nyi Statisticheskii Komitet Kyrgyzskoi Respubliki (National Statistical Committee of the Kyrgyz Republic), 2005), pp. 118-119; “Investitsii v Kyrgyzskoi Respublike, 2002-2006” (*Investment in the Kyrgyz Republic, 2002-2006*), (Bishkek: National’nyi Statisticheskii Komitet Kyrgyzskoi Respubliki (National Statistical Committee of the Kyrgyz Republic), 2007), pp. 47-48.

If Western countries mainly invest in mines, other states, like Russia, Kazakhstan, Turkey, China and South Korea choose various processing industries, transportation, construction, trade and for the last four years finance and property<sup>3</sup>. In 2007-2008 Kyrgyzstan was very active in attracting investors, mainly from Kazakhstan, Russia and China, to its energy sector, using different bargaining tactics.

Right after the overthrow of Akayev’s rule in March 2005 the external powers were awaiting the signals from the new President Bakiev on his future policy towards foreign capital. Kazakhstan was quick to demonstrate to Bishkek the importance of economic ties by stopping the delivery of diesel fuel on the former quotas. The new Kyrgyz government had to suggest certain guarantees on the security of Kazakh investments and joint exploitation of water and energy resources.

**Table 2. Foreign trade of the Kyrgyz Republic by countries**

Country	export (thousand \$)			import (thousand \$)		
	2002	2003	2004	2002	2003	2004
Russia	80 035,8	97 016,9	137 729,5	116 705,1	176 128,2	293 662,8

<sup>3</sup> “Investitsii v Kyrgyzskoi Respublike, 2002-2006” (*Investment in the Kyrgyz Republic, 2002-2006*), (Bishkek: National’nyi Statisticheskii Komitet Kyrgyzskoi Respubliki (National Statistical Committee of the Kyrgyz Republic), 2007), p. 44; “Promyshlennost’ Kyrgyzskoi Respubliki, 2002-2006” (*Industry of the Kyrgyz Republic, 2002-1006*), (Bishkek: National’nyi Statisticheskii Komitet Kyrgyzskoi Respubliki (National Statistical Committee of the Kyrgyz Republic), 2007), p. 25.

EU	31 818,0	31 257,7	27 945,9	86 786,1	93 277,1	118 914,4
China	41 059,4	23 342,5	3 934,1	59 114,7	77 690,0	80 086,7
USA	36 063,7	6 515,1	3 230,6	47 384,4	47 931,1	44 605,9
Canada	4 905,7	30 977,3	42 743,5	9 048,6	8 302,2	12 603,3
South Korea	1 068,5	383,1	479,2	6 962,6	11 674,9	25 070,3
Turkey	16 402,0	11 002,5	17 046,1	17 006,3	25 988,9	33 242,7
Uzbekistan	27 835,8	16 258,9	14 690,8	60 144,0	39 214,9	51 881,2
Kazakhstan	36 826,2	57 133,4	87 311,0	123 902,5	170 929,2	202 904,5
Tajikistan	10 193,9	18 855,9	22 073,1	3 483,2	3 068,7	2 371,2
Arab Emirates	68 816,8	144 343,7	189 312,2	7 345,3	7 792,6	7 618,5

**Source:** “*Kyrgyzstan v Tsyfrah*” (*Kyrgyzstan in Numbers*), (Bishkek: *Natsional’nyi Statisticheskii Komitet Kyrgyzskoi Respubliki* (National Statistical Committee of the Kyrgyz Republic), 2005), pp. 227-229.

Table 2 reflects upon certain tendencies in Kyrgyz foreign trade development, which have not principally changed till the present. Kyrgyzstan’s trade balance remains negative, and the country is still significantly dependent on hydrocarbon resources and the import of industrial products from other former Soviet Republics, especially Russia, Kazakhstan and Uzbekistan. Kyrgyzstan continues delivering electricity and electrical lamps to Tajikistan and Uzbekistan and consumes Uzbek natural gas and oil products, as well as petroleum from Kazakhstan and Russia<sup>4</sup>. Thus, economic integration within the post-Soviet space remains more substantial than co-operation with other regional powers, including China and Turkey, or Western European and Northern American states. The indicators in Table 2 do not count data on export and import from the so-called “shuttle trade”, which would, otherwise, increase the numbers illustrating imports from China and Turkey. At the same time, taking into account migration and significant remittances sent by Kyrgyz migrants from Russia and Kazakhstan<sup>5</sup>, the prevalence of economic integration among the CIS states<sup>6</sup> over Chinese, Turkish or Western dimensions is evident and is likely to continue, already not as a Soviet legacy, but a result of marketisation and competition.

## Foreign Diplomacy and Domestic Political Course

The key difference between the USA and EU policies towards the newly formed Central Asian states was in approaching their elites and groups in power: a more positivist attitude by the US administration reflected in its temporary co-operation with the regimes on the basis of their support to the US and NATO operations in the Middle East, while the European countries, as well as such organisations as the OSCE, did not boost wide-scale collaboration, instead criticising the undemocratic nature of the regimes. Tactically, Western countries preferred not to deal with the political regimes as they were, but to endorse certain personalities within the regional elites. Those personalities were expected to be capable of working for the Western interests’ promotion in the republics, and often were either from the opposition or encouraged to form one. Consequently, Western policies did not always receive

<sup>4</sup> “Vneshnyaya torgovlya Kyrgyzskoi Respubliki, 2002-2006” (Foreign trade of the Kyrgyz Republic, 2002-2006), (Bishkek: *Natsional’nyi Statisticheskii Komitet Kyrgyzskoi Respubliki* (National Statistical Committee of the Kyrgyz Republic), 2007), pp. 8-10, 55-72.

<sup>5</sup> Sadovskaya, E., “Labour Migration and its Impact on Social Stability in Central Asia”, in: I. Morozova (ed) “Towards Social Stability and Democratic Governance in Central Eurasia: challenges to regional security” (Amsterdam: IOS Press, NATO Science Series), pp. 206-228.

<sup>6</sup> This fact does not exclude the general lack of success in the CIS’ meeting its original integration goal.

a warm welcoming by the ruling governments. The “personalized” policy of political promotion imposed from outside was destroying consolidation tendencies within the domestic elites, which were seeking external support in a tense internal competition. Kyrgyzstan has become an exemplary case of such a controversial external impact on the domestic elites.

China, to the contrary, accepted the regimes and worked with the ruling elites. Re-emerging as a key regional player in Central Asia at the beginning of the 1990s and demonstrating the ambitions of a future major power on the Eurasian continent, it strongly intended to cooperate with the new states next to its borders. Proclaiming its foreign policy as “China’s peaceful rise to power” and “establishing harmonic relations with the neighbouring states”, it pursued a strategy of support to its state and business interests in bilateral relations with all Central Asian republics. Since the start of the 1990s China has been increasing its impact upon Kyrgyz political elites. In 1996 and 1999 about 125,000 hectares of the so-called disputed territories belonging to Kyrgyzstan were given to China.

The political upheaval in Kyrgyzstan in March 2005, which resulted in President A. Akayev’s removal, was viewed by Beijing as a means to confront Western and particularly US influences in Central Asia by identifying “dangerous coloured revolutions syndrome”, which at the same time forced China to differentiate between various groups in Kyrgyz politics. “Velvet revolutions studies” became a new trend among Chinese policy analysts and sociologists, for which research centres were being opened. The border issue once again became Beijing’s concern, particularly after some Kyrgyz politicians’ statements on possible borders’ revision. However, the new Bakiev government reassured the Chinese side in its intention to leave the border agreement as it had been under Akayev.

Above the official rhetoric from Washington about the victory of democracy in Kyrgyzstan, the immediate issue in Kyrgyz-US relations after the revolution was connected with the location and possible withdrawal of the American military base in Manas airport. However Akayev’s agreement remained unchanged at that moment, as well as the one on the Russian base in Kant. A few Kyrgyz analysts suggested locating on the country’s territory even more foreign bases as an “asymmetric reaction to the new global threats”<sup>7</sup>. Such an approach to the country’s hard security seems to have lost its meaning at present, as the progress has been made at the start of 2009 in Kyrgyz-Russian negotiations on Moscow’s \$2 billion credit to Bishkek in exchange of dismantling US base in Manas.

A common Soviet educational and political background gave Russia exceptional positions of influence upon the Central Asian groups in power in some republics in particular. Different degrees of interdependency vis-à-vis Moscow in Soviet times determined the variation in the republics’ attitudes towards Russia after obtaining independence. Kyrgyzstan and Tajikistan did not develop such a vivid anti-Soviet rhetoric as Uzbekistan, Kazakhstan and Turkmenistan. Originally established as the Kyrgyz Autonomous Republic within the Russian Federal Socialist Republic in 1924, Kyrgyzstan had been more dependent on Moscow, as well as on its neighbours. Although the integrity of late Soviet *nomenklatura* elites has been gradually eroding for the last eighteen years, the Central Asian population developed new identities and motivations in relation to Russia; business elites established new networks and,

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<sup>7</sup> Suyunbaev, M.N., “Geopoliticheskie osnovy razvitiya i bezopasnosti Kyrgyzstana (global’nyi, regional’nyi i natsional’nyi aspekty)” (Geopolitical basis for the Kyrgyzstan’s development and security (global, regional and national aspects)), (Bishkek: KNU, 2005), pp. 69-70, 94.

consequently, new levels of interdependencies were formed. In approaching the ruling political elites of Central Asia, Russia demonstrated greater solidarity with China rather than the West: many of Russia's policy-makers clearly expressed preference for an autocratic, but "stable" rule in Central Asia. In supporting Central Asian ruling elites, Russia revealed the 15-16th centuries' Horde model of relations with the polities next to its southern borders: allying with the dominant ruling strata for joint exploitation of the population and blocking outside threats to the regimes.

The new neo-liberal exploitation of some sections of the population, legally and half-legally employed, and depriving other groups from social welfare, became a characteristic feature of post-Soviet Eurasian transformation. Managing natural resources and running privatization campaigns became a key means of survival by the post-Soviet Central Asian political elite. The tendency of maintaining control over the strategic assets and the mechanisms of resource redistribution by President Akayev became more visible with time. Analysts divide Akayev's time in power into two periods. The first years of his presidency were highly praised by Western policy-makers and journalists, as he not only opened the country to international financial institutions and accepted the IMF's reforms on a transition to market economy, but also seemed to perform as an intellectual democrat who granted his citizens more liberties than any other President in post-Soviet Central Asia. Akayev's scientific background<sup>8</sup>, probably not very important in the eyes of his international partners, gave additional legitimacy to his presidency in perspective of his country fellowmen, who perceived a scientific career, especially one made in central research institutions of Leningrad and Moscow, as a highly rewarding social status. The attitude towards his presidency changed by 2000, as the Western and some Kyrgyz media launched campaigns to accuse him of increased authoritarianism and corruption. The question that one can be puzzled by is whether the principles of Akayev's rule really changed or the transformation happened solely in the eyes of foreign politicians and media?

The first Akayev period was marked by consolidation of his group's rule, leading in the second period to fragmentation of the group itself. Further development was based around the accumulation of more wealth within the family and a narrow circle of friends and allies. The "privileged circle" was getting even narrower, provoking negative aspirations and dissatisfaction even among "northern clan members" that were believed to be more loyal to the Akayevs<sup>9</sup>, but still deprived from accessing the strategic resources. The rule of Akayev's "clan" was washed away by the riots organised by oppositional leaders in March 2005.

The so-called Tulip revolution brought a number of surprises to the international community and public that had been ill-prepared to interpret the Kyrgyz upheaval as a regular case of a "velvet revolution" in post-socialist space. Despite a number of publications that appeared to prove the prevalence of outside guidance in the revolution's development<sup>10</sup>, the trends followed afterwards did not prove such a vision. The new governmental course showed no signs of becoming more pro-Western or democratic. In addition, not only further

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<sup>8</sup> Akayev graduated from the Leningrad Institute of Precision Mechanics and Optics in 1967 and obtained a doctorate from the Moscow Institute of Engineering and Physics in 1981.

<sup>9</sup> Askar Akayev and his wife Mayram Akaeva were born in the northern provinces of Kyrgyzstan (Chui and Talas respectively).

<sup>10</sup> See: Knyazev, A., "Gosudarstvennyi perevorot 24 marta 2005 g. v Kirgizii" (*Coup d'état of 24 March 2005 in Kyrgyzstan*), (Bishkek: Obshestvennyi Fond Aleksandra Knyazeva, 2007).

rapprochement with Russia or Kazakhstan, but a more vivid shift towards economic integration with them, as well as probating their model of state-corporation economics, became evident in Kyrgyzstan as soon as 2006.

Bakiev's policy in relations towards international financial institutions was changing in parallel to his gradual rapprochement with Russian and Kazakh corporate elites. After declaring in the fall of 2006 the intention to join the Heavily Indebted Poor Countries (HIPC) initiative that promised to eliminate about half of Kyrgyzstan's \$2 billion debt to international lenders, Bakiev radically changed his mind and declined the HIPC programme in February 2007. The majority of observers concluded that the government was put in the position to react upon the wave of public protests against HIPC in Kyrgyzstan. Some analysts even argued that the abandonment of HIPC demonstrated the formation of civil society in the country. However, if to analyze the President's rhetoric on the negative outcomes of the former IMF initiatives for Kyrgyz state and economy, one can clearly note the critics towards Akayev, whose former "mistakes" the new ruler was deemed to "correct". By deciding against HIPC Bakiev also acted against his key competitor F. Kulov, who was about to support the debt-relief programme. Nevertheless, the final decision on HIPC was rather unexpected than foreseen, since the bargaining element in Kyrgyz foreign policy caused and is still likely to cause unpredictability in allegiances and pacts.

That sort of unpredictability was seen as a threat by the Kazakh elites as well. Kazakhstan was frequently named among the next candidates to launch a velvet revolution in Kyrgyzstan. On 25 March 2005, the Kazakh democratic block "For the Fair Kazakhstan" sent its welcoming greetings to the leaders of the Tulip revolution in Bishkek, while the official reaction by the Kazakh President N. Nazarbaev was sharply negative. In less than a year before the presidential elections in his country, Nazarbaev condemned the Kyrgyz revolution as a "split of elites at the end of the election cycle just before the legal power transition". During the revolution in Kyrgyzstan the southern Kazakh border was closed for any Kyrgyz citizen intending to cross it. Nazarbaev's regime was mobilising political officialdom and the public to confront any possible political turbulence. Not only changes in legislation and electoral laws followed, but the state-sponsored civil society, in its turn, reacted accordingly: for instance, two parties – Agrarian Party and Civil Party – proclaimed an establishment of the People's-Democratic Front that aimed to prevent any attempt of organising a revolution according to the Kyrgyz scenario in Kazakhstan. The Kyrgyz revolution is still being revised and commented upon by Kazakh politicians and publicists, who endeavour to work out an idea of Kazakh national development<sup>11</sup> (which often happens in contrasting the Kyrgyz case).

As argued by some Kyrgyz scholars<sup>12</sup>, the negative image of Kyrgyzstan as a "failing state" and a source of instability for the whole of Central Asia is constructively overemphasised by other "more successful" regional states, as well as by the international communities, including academia. Kyrgyzstan's economic weakness, escalated social conflict and political instability became a means to shape regional policies and concepts of security by foreign countries and international organisations.

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<sup>11</sup> Toiganbaev, Adil. "Technologiya mechty" (How to realize one's dream). <http://territoria.kz>

<sup>12</sup> Nogoibaeva, Elmira, "Images and Symbols of Kyrgyzstan under Construction", paper was presented at the Eurasian Political Science Research Network Fifth International Conference, Moscow, 2 February 2008.

Official Tashkent set up its own bargaining tactics with the new power in Bishkek. After the immediate short period of an optimistic renewal of bilateral relations, the Uzbek ruling groups returned to an already-practised pattern of confrontation after Bishkek did not provide the expected support on the questions of Andijan “refugees” and the UN resolution on the human rights situation in Uzbekistan of November 2005. The Uzbek opposition showed a greater variety of reactions, including criticism towards the leaders of Kyrgyzstan’s revolution. The link between the Tulip revolution in March and the Andijan revolt in May 2005 has not been proven so far, but is claimed to exist by a number of analysts, particularly those who see the predominance of Western organisations’ support in mobilising Central Asian oppositional movements.

As in case with Kazakhstan, energy supplies remained the key factor in the Kyrgyz-Uzbek relations after the revolution. Disputes on water redistribution between the two Republics, in which Russia also plays an important mediating role, remain acute and capable of influencing the directions of foreign policy in relations with Russia, the USA and China.<sup>13</sup> The current decision to remove the US military base from Manas has not proved some Kyrgyz analysts’ expectations that further rapprochement between Russia and Uzbekistan, resulting in Russia’s playing into Uzbek gate, would lead to Bishkek’s orientation towards more substantial US presence in Kyrgyzstan.<sup>14</sup>

Tajik ruling elites, sharing the common depressive memories of the civil war with all other sections of society, could not fail to feel a certain danger after the revolutionary upheaval in Bishkek. The Tajik President E. Rahmonov swiftly proceeded with security arrangements and other measures inside the country. Thus, the Tajik Foreign Office addressed all the diplomatic missions in the country on the information security of the Republic of Tajikistan in the sphere of domestic and foreign policies. In October 2005 Freedom House and National Endowment for Democracy were refused registration.

Kazakh, Uzbek and Tajik ruling groups condemned the “external factor” in the organisation of the Tulip revolution. Western human rights organisations were found guilty of escalating social conflict. Representatives of these institutions, as well as the Kyrgyz revolutionary leaders, in their turn, publicly accused Russia of being an outside stage-director of the Kyrgyz political upheaval.

Russia was learning how to react to power transfers in the former Soviet republics. Some Central Asian analysts noted a shift in Russia’s general tactics: “from one-side support to the regime in power towards a more diversified policy”<sup>15</sup>. Indeed, the Kremlin swiftly established dialogue with the new Kyrgyz government, whilst at the same time providing shelter to the former President in Moscow. No crisis or stagnation in the bilateral Russian-Kyrgyz relationships followed. Moreover, humanitarian assistance was being delivered to Kyrgyzstan during the first month after the revolution. The Russian officials were stressing the need to support Russian business in the Kyrgyz market, and new commercial projects were launched and huge advertisements of Russian big business projects appeared in Bishkek.

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<sup>13</sup> Bogatyriov, V., “The Factor of Uzbekistan in the Strategies of Foreign Policy of the Kyrgyz Republic”, IPP, <http://www.ipp.kg/ru/analysis/746/>

<sup>14</sup> Authors’ interview, *Europe*, January 2009.

<sup>15</sup> Muhiddin Kaberi, one of the leaders of the Islamic Renaissance Party of Tajikistan, *Rosbalt News Agency*, Author’s interviews. Osh, Kyrgyzstan, February 2008.

Allying and bargaining with Russian and Kazakh business elites, whilst at the same time trying to find correlations with other foreign powers' presence, including the USA, Bakiev was in search for a model to consolidate his rule. Despite the criticism about the quick and unsystematic rotation of cadres by the President, his tendency to establish a "monopoly over economic and political patronage"<sup>16</sup> became soon evident. Bakiev consolidated power gradually by removing his former ally, Prime Minister and influential politician F. Kulov and forming the new Parliament. A tendency to provide for more centralization and reduce the role of the regions became clearer. The new Constitution drafts, as well as the legal code and elections, became a tool of delegating more authority to the central power organs. The President also tried to reduce the judiciary's powers. The new presidential party Ak Zhol (Bright Path) was formed and became the favourite at the parliamentary elections campaign in November-December 2007. Although it was (and still is) too early to judge on the long-term success of the party, which fully depends on the degree of elites' consolidation around Bakiev, various politicians, even the prominent opposition figures, have already demonstrated an instant desire to appear in the Ak Zhol's election list.

In attempts to correlate relations with foreign states at the start of 2009 Bakiev has tended to bring the existing cooperation with the USA on hard security issues to a halt. The decision by the Kyrgyz President declared on 4 February 2009 in Moscow not to prolong the agreement with the US on location of their military base in Manas and the parallel agreement on the establishment of the Russian-Kyrgyz joint stock society on construction of Kambarata-1 hydro-electro station may signal further trans-regionalisation of the two states' corporate elites in search of joint exploitation and trade of energy resources.

## **Education, Media, Political Sponsorship and Patronage**

Taking into account the close connections between the Kyrgyz political official circles and academia that can be traced back to the late Soviet times, the views by the leading Kyrgyz political analysts often reveal motives for certain political decisions. The division line between different academic and public groups lies not just along institutional affiliations (in Bishkek, among the most famous universities established in the last eighteen years are American University of Central Asia, Russian-Kyrgyz Slavic University, as well as Kyrgyz-Turkish University Manas), but also drawn by individual loyalties. While the US educational and scientific grant programmes have been more structural and total in targeting the country's young generation as a whole, Russia's projects were narrowed to supporting a few individual researchers, who tried to penetrate the public domain from scientific chairs. However, the diplomas of the Slavic University, which are recognised in the Russian Federation, are viewed by students as a means for a prospective position in a commercial or state representation operating in Russia or for emigration to Russia. Prevalence of personal motivations like finding a job in Russia, reuniting with the relatives, living in Russia, for studying over collective identities impedes the development of any significant support group in favour of Russia's (or another country's) policy in Kyrgyzstan. Networks developed by the Russian and Kyrgyz corporate companies go beyond state-orientated interests. The usage of the Russian language as a *lingua franca* is explained by businessmen in Kyrgyzstan and other regional

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<sup>16</sup> Such a definition is given in the recent ICG report on Kyrgyzstan. Asia Briefing # 79, Bishkek/Brussels, 14 August 2008.

states, such as Kazakhstan, as a pure pragmatic decision. The Kyrgyz state policy of granting Russian the status of the second state language has not changed, although for a number of politicians, including Western-oriented ones (such as Roza Otunbaeva, for instance<sup>17</sup>), the language issue remained a political instrument.

In the 1990s Kyrgyzstan was famous for the most liberal climate and freedom of speech in the whole of post-Soviet Central Asia. Special assistance and grants from international organisations were directed to developing media resources and running computerisation campaigns that intended to provide the population with easy access to the Internet. Internet cafes in Bishkek were booming and some Kyrgyz Internet media portals were regularly publishing news on Kyrgyzstan and other Central Asian states. Those portals were also used as a platform for criticism towards the political regimes in the neighbouring states. Internet public forums became popular, especially among young people and students, who were the most active in acquiring new PC skills. Western research organisations lectured Central Asian scholars on how to build networks and exchange information via e-mail lists. Particularly due to all these achievements in making the access to information easy for different sections of the population, Kyrgyzstan was praised for being an “island of democracy” in the region. With time, after 2000, the side effects of computerisation were discovered: children addicted to computer games hanging around in Internet cafes instead of going to school (a usual picture in present Bishkek); some computer technologies, including role-playing games, became utilised by organisations that were officially unrecognised and identified as a threat, such as Hizb ut-Tahrir<sup>18</sup>. The questions of rights and property of media companies become acute practically every time a new government is formed. If at the beginning of the 1990s some press, publishers and other media were developing due to foreign donations, however, at the end of the 1990s and especially after 2000 privatisation and commercialisation of those resources resulted in the formation of media holdings.

Journalists, publicists, academicians and politicians were often very close to those financial sources spent on media and public campaigns and did not hesitate to play on that market. Various associations and NGOs were rapidly established and dissolved. Prominent figures were continuously changing their affiliations, bargaining in between different sponsors. It is believed that opposition figures can be particularly active in using media resources. However, a specific feature of the Kyrgyz opposition was its on-going fluctuations: many opposition leaders in the very recent past used to hold high posts in the government and stayed ready to ally with it again. The most active government officials’ move to the opposition happened in 2001, and later, particularly after 2004, they started transforming their NGOs into political parties. Currently, the former oppositional leaders have begun allying with Bakiev and receiving appointments in the governmental apparatus.

Between 2001 and 2005 the oppositionists were constantly criticising Akayev’s rule, often receiving support from such US organisations operating in Kyrgyzstan as USAID, the International Republican Institute, National Democratic Institute, Freedom House, Soros Foundation, Eurasia Foundation, and other European and international organisations such as OSCE branches, International Crisis Group, Cimera-Kyrgyzstan (Switzerland) and others. Proclaiming their mission as democracy promotion, they have been extremely active in civil society-building: some of their leaders became very popular in the country and became truly

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<sup>17</sup> Author’s interview with R. Otunbaeva, Bishkek, Kyrgyzstan, July 2006

<sup>18</sup> Author’s interview, Bishkek, Kyrgyzstan, February 2008

capable of influencing domestic public life<sup>19</sup>. They organised supervision and sponsorship of election campaigns and sometimes even mediated between some local groups and individuals. The US organisations were particularly active in working at the grassroots level and mobilising large sections of society, mainly the youth, and accumulated data on Kyrgyz political personalities, religious leaders and regional alliances.

A few years before the March 2005 revolution, Informational Centres of Democracy have been established throughout Kyrgyzstan: 3 centres in Osh, 2 in Batken, 3 in Jalalabad, 3 in Naryn, 4 in Issyk-Kul, 2 in Talas, and 1 in Chui. The Independent Publishing House “Centre for Supporting Mass Media” – Freedom House was opened. A particular level of activity was noted in the south of the country. Among the externally financed youth organizations there were: “The Young Jurists of the South”, “Oigon, Kyrgyzstan zhashtary!” [“Wake up, the youth of Kyrgyzstan!”], and “The southern centre of young electorate”. Students’ organizations in Bishkek included “Prodvizhenie” [Progress], “Friends”, “Bashat” [“Spring”], “Via honesty – to knowledge”, “Students in Action”, “Together forever”<sup>20</sup>.

The ruling elites’ attitude towards externally funded civil society establishments in any Central Asian state has been constantly distrustful. In Kyrgyzstan, nevertheless, the state officials let them function more tolerantly. Russian NGOs were practically missing during the 1990s and after 2000, still not much initiative and effort was put into establishing such organisations. At the same time, a newly constructed civil society brand appeared in the Russian and Kazakh public markets - state-funded NGOs. Given the availability of power and financial resources, such structures might develop in Kyrgyzstan as well.

## Conclusion

Despite the anticipated westernisation of Kyrgyz political officialdom, the country is becoming more dependent on its closest neighbours’ policy and more widely engaged in joint project with other CIS states, particularly Russia and Kazakhstan. The impact of these states’ policies upon the Kyrgyz society and elites can be considered as extremely substantial. While increasing their investments and trade into/with Kyrgyzstan, Kazakhstan and Russia have not enabled Kyrgyzstan to overcome its resource dependency. By constructing and exploiting a certain image of Kyrgyzstan as a poorly developed, unstable regime, other regional ruling elites aim mainly at consolidating and strengthening their domestic powers. Western, and primarily US, policies in the field of education, media and public campaigns have had a more focused and total approach towards generational change in Kyrgyzstan.

Whether the recent decision by Bakiev to remove the US military base from Manas airport near Bishkek would be persistent and does not change shortly is an open question, largely dependent on the Kyrgyz politics’ bargaining game in allying with the Russian (and Kazakh) corporate elites and internal competition for power. Would the growing public discontent with such a decision<sup>21</sup> influence the bargaining process and whether or not the tactical situation

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<sup>19</sup> Foreign diplomats were also regarded as prominent political figures in Kyrgyzstan: for instance, the US Ambassador in Bishkek Steven Yang was even rated among the 100 leading politicians in the country

<sup>20</sup> Knyazev, Gosudarstvennyi perevorot, 20-48

<sup>21</sup> See, for instance, M. Imanaliev, “Kyrgyzstan – the USA: do we need each other?”, IPP, <http://www.ipp.kg/ru/analysis/743/>

with HIPC (which was first accepted and afterwards rejected by the government) repeats, only time can tell.

# THE END OF THE FROZEN COLD WAR?

COMMENT BY

**Vladimer Papava\***

## Abstract

*After the Russian incursion into Georgia many analysts ask questions of whether or not the world is standing on the verge of a new Cold War. Almost no one is asking a question of what if the 20<sup>th</sup> century Cold War was never finished but, rather, was just “frozen” and what we are witnessing now is the process of melting. To the extent that on both sides of the Cold War are the same countries as in the last century, and the reasons and driving forces of the conflict - as well as the Kremlin’s action style - have never changed, one may conclude that what we see now is not a new Cold War but, rather, the resumption of the old Cold War. It is quite probable that the old story may happen again and the West’s softness towards Russia may lead to the “refreezing” of the Cold War and the sacrifice of Georgia for an imaginary peace in Europe and the whole world.*

**Keywords:** Cold War, Russia, USSR, Europe, US, Chechnya, Georgia

## Introduction: New or Old Cold War?

Is Europe going to be a battlefield for a new nuclear rivalry?<sup>1</sup> This question became particularly topical after President Dmitry Medvedev of the Russian Federation had declared his plans of deploying Russia’s Iskander missiles in the Kaliningrad Oblast of the Russian Federation<sup>2</sup> unless the US leadership takes back its intention to set up a missile shield in Europe<sup>3</sup>. Undoubtedly, this maneuver, especially after the Russian war against the small Caucasus state of Georgia, is reminiscent of the old rivalry between the West and the former

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<sup>1</sup> Whitney, Mike, “Obama versus Medvedev: Nuclear Standoff in New Europe,” *Global Research*, November 09, 2008. (<http://www.globalresearch.ca/index.php?context=va&aid=10865>).

<sup>2</sup> Barabanov, Mikhail, “The Iskander Factor,” *Kommersant. Russia’s Daily Online*, November 09, 2008. ([http://www.kommersant.com/p1052937/r\\_527/Iskander\\_missiles\\_to\\_counterbalance\\_American\\_AMD\\_system\\_s/](http://www.kommersant.com/p1052937/r_527/Iskander_missiles_to_counterbalance_American_AMD_system_s/)).

<sup>3</sup> Isachenkov, Vladimir, “Russia: Missile Deployment Depends on US Moves,” *USA Today*, 11.09.2008. ([http://www.usatoday.com/news/world/2008-11-09-4032420362\\_x.htm?loc=interstitialskip](http://www.usatoday.com/news/world/2008-11-09-4032420362_x.htm?loc=interstitialskip)).

USSR in the time of the Cold War. Many politicians<sup>4</sup> and analysts<sup>5</sup>, therefore, ask questions of whether or not the world is standing on the verge of a new Cold War and, if yes, how it could be avoided. Such questions, because of different reasons, were urgent before Russia's war against Georgia as well<sup>6</sup>.

Almost no one, however, is asking the question of whether the 20<sup>th</sup> century Cold War was never finished<sup>7</sup> but, rather, was just "frozen" and what we are witnessing now is the process of melting?

## West's Dream and Illusion

First in Gorbachev's, and later in Yeltsin's epochs there developed an impression that the Cold War came to an end and that the new Russia irreversibly chose a track of co-operation with the civilized world, along with democratic changes and transition to a market economy. Yet the Russian aggression against Georgia in August 2008 made it clear that the end of the Cold War was not a reality but, rather, the West's dream and illusion that the West simply mistook for reality. In the late 1980s and early 1990s, the collapsing USSR and its successor, a newly independent Russia, were so weak in both political and economic terms that they were greatly dependent upon the West's economic assistance. The desire to get this assistance forced Moscow to turn to the West and Western values. At the same time, nostalgia for the lost empire became increasingly strong in Russia. Many Russians became obsessed with the complex of a beaten nation and the desire to take revenge.

A good example of how the West deliberately turned a blind eye to Russia's antidemocratic actions at times is President Putin's successful enterprise to make his Western partners believe that the Kremlin's war in Chechnya was just an antiterrorist operation. Ironically, the Kremlin accomplished this goal with relative ease, despite a flood of international human rights organizations' criticism that swept Moscow in response to its actions in Chechnya.

In light of the above-mentioned growing revengefulness of the Russian society, the military operations in Chechnya drastically increased the Kremlin's esteem inside the country. Coincidentally, this period was marked by a steady growth of the oil price in the global market which led to a rapid strengthening of Russia's economy. Furthermore, whilst Europe

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<sup>4</sup> For example, Rice, Condoleezza, "Speech at German Marshall Fund on U.S.-Russia Relations," *U.S. Department of State*, September 18, 2008. (<http://www.america.gov/st/texttrans-english/2008/September/20080918155132eaifas0.4152033.html?CP.rss=true>).

<sup>5</sup> For example, Fukuyama, Francis, "They Can Only Go So Far," *The Washington Post*, August 24, 2008. (<http://www.washingtonpost.com/wp-dyn/content/article/2008/08/22/AR2008082202395.html>).

<sup>6</sup> Brzezinski, Zbigniew, "How to Avoid a New Cold War," *Time*, June 07, 2007. (<http://www.time.com/time/magazine/article/0,9171,1630544,00.html>); Cohen, Stephen F., "The New American Cold War," *The Nation*, June 21, 2006. (<http://www.thenation.com/doc/20060710/cohen>); Friedman, Thomas L., "The New Cold War," *The New York Times*, May 14, 2008. ([http://www.nytimes.com/2008/05/14/opinion/14friedman.html?\\_r=1](http://www.nytimes.com/2008/05/14/opinion/14friedman.html?_r=1)); Johnson, Daniel, "Putin's New Cold War," *The New York Sun*, February 7, 2008. (<http://www.nysun.com/opinion/putins-new-cold-war/70910/>); Kotkin, Stephen, "Myth of the New Cold War," *Prospect Magazine*, Issue 145, April, 2008. (<http://www.prospect-magazine.co.uk/pdfarticle.php?id=10094>); Lucas, Edward, "The New Cold War: How the Kremlin Menaces Both Russia and the West", (London: Bloomsbury Publishing PLC, 2008).

<sup>7</sup> Simons, Jr., Thomas W., "The End of the Cold War?", (New York: St. Martin's Press, 1990).

receives 40% of its natural gas supplies from Russia, Moscow obtained a powerful weapon which forces the Western world to accommodate the Kremlin. They did so by changing the G-7 format into a G-8 format as a favour to Russia which, in turn, made the Kremlin believe that it has re-obtained enough previous influence to dictate its conditions to the rest of the world.

## **Russia's Growing Influence**

It is true that Russia's influence has noticeably grown but this influence has not been strong enough to dissuade the US from launching an antiterrorist campaign in Iraq, for example, or to prevent the West from recognizing the independence of Kosovo. These events awakened the Kremlin's passion to show the world that it was much stronger than anyone thought. If the US is conducting a military operation in Iraq—a country which is so far away from its shores—then why can Russia, as one of the leading powers in the world, not embark upon a similar action in neighboring Georgia? If many countries of the West recognized Kosovo's independence, then why can Russia not recognize the independence of Abkhazia and South Ossetia and, thereby, demonstrate to the world that it has truly re-obtained its previous power and influence?

## **Why Georgia?**

There comes a further question. Why is it that Georgia has become Russia's first target? It is not difficult to find an answer. Firstly, not only Georgia proper but also its two breakaway regions of Abkhazia and South Ossetia have common borders with Russia. Secondly, both regions have been ruled by Russia's puppet regimes, with their separatism being inspired and fostered politically and economically by the Kremlin, and both of these separatist regimes have been used by Russia as an important base for preparing and implementing a military attack against Georgia. Thirdly, Georgia's Rose Revolution and Mikheil Saakashvili's government, which came to power as a result of it, have been regarded by the Kremlin as a project of Washington; furthermore, Georgia's aspirations to NATO have broadly been considered an insult to Russia's national dignity. Fourthly, Russia wants to dominate pipelines which are crossing Georgia.

## **The Kremlin's Efforts against Georgia: Past, Present and Future**

For quite a long while, the West was unenthusiastic to acknowledge and admit publicly that Tbilisi's key problem in Abkhazia and South Ossetia resided in Moscow. Whilst Moscow was extensively distributing Russian passports in the separatist-controlled regions and persecutions of ethnic Georgians were underway in Russia, the West was still urging the Georgian government to find a friendly settlement with Russia. It was only after Russia launched an act of military aggression against Georgia and occupied the Georgian territories that the Western world realized that Russia was in conflict not only with Georgia but also with Western values.

Having been euphoric after a quick military victory over Georgia, the Kremlin recognized the independence of both breakaway regions of Abkhazia and South Ossetia and disregarded the fact that the vast majority of the populations in those separatist regions were Russian citizens. Paradoxically, Russia recognized the independence of two new states whose inhabitants were not citizens of Abkhazia and South Ossetia but, rather, and owing to the Kremlin's efforts of Russia itself. Whilst the Kremlin is fond of drawing parallels with Kosovo, it must be remembered that before recognizing Kosovo's independence, neither the United States nor any other country had encouraged the people of Kosovo to accept the US or any other country's citizenship.

That the world would not commend Russia for the above steps and would not recognize the independence of Abkhazia and South Ossetia should not be seen as something unexpected for the Kremlin. Even if some openly anti-Western regimes support Russia's latest moves, they will still be unable to change the climate of modern international relations. There arises another question. What did Moscow count on when it was deciding to recognize the independence of Abkhazia and South Ossetia?

One may foresee that after a certain while, the Kremlin will instruct the puppet governments of Abkhazia and South Ossetia to hold referenda about their incorporation into the Russian Federation. The outcomes of such referenda might be quite predictable and they could be justified, for example, by the following logic. If the UN, the EU and most of the world's nations refuse to recognize Abkhazia and South Ossetia, then peoples of those states will have no choice but to request joining with Russia, especially as the most of those people already are Russian citizens. Moreover, Russia is not only a subject of international law but also a permanent member of the UN Security Council. In that capacity it will be in a better position to protect the interests of the peoples of Abkhazia and South Ossetia who will already be inhabitants of the new Russian territories. In so doing, the Kremlin would accomplish the objectives that it has been pursuing for a long while, on the one hand, whilst on the other hand being able to "successfully blame" the West for the extension of Russia's borders into the South of the Caucasus range because it refused to recognize the independence of Abkhazia and South Ossetia and thereby "forced" Russia to annex to Russia Georgia's two historical regions.

### **Conclusion: "Refreezing" or Completion?**

Russia's military aggression against Georgia, the Russian occupation of the Georgian territories, Russia's disrespect for the cease-fire agreement signed by Presidents Sarkozy and Medvedev and Moscow's unilateral recognition of Abkhazia and South Ossetia without any consultation with the world's leading G-7 nations is naturally reminiscent of the epoch of the Cold War<sup>8</sup>.

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<sup>8</sup> Asmus, Ronald D., and Richard Holbrooke, "Black Sea Watershed," *The Washington Post*, August 11, 2008. (<http://www.washingtonpost.com/wp-dyn/content/article/2008/08/10/AR2008081001870.html>); Powell, Bill, "Cold War: The Sequel," *Time*, August 12, 2008. (<http://www.time.com/time/world/article/0,8599,1831859,00.html>).

To the extent that on both sides of the Cold War are the same countries as in the last century and the reasons and driving forces of the conflict, as well as the Kremlin's action style, have never changed (one must keep in mind that in 2008 the Kremlin took an attempt to replace the political regime in Georgia by the same methods which it used in 1956 in Hungary and in 1968 in Czechoslovakia), one may conclude that what we see now is not a new Cold War but, rather, the resumption of the old Cold War. In other words, we are facing the renewal of the same situation which the West has mistakenly considered to be over. It appears now that it was just frozen and the frontline of this "melting" Cold War<sup>9</sup> is located in the Caucasus, in Georgia<sup>10</sup>.

The political price of Russian gas, notably during the winter (which is the urgent problem of today<sup>11</sup>), is so high that the Western European countries, unlike some Eastern European nations which are exposed to the immediate danger of potential Russian aggression, apparently have chosen to once again turn a blind eye to the reality and Russia's present policy towards the West and Western values. Regrettably, it is quite probable that the old story may happen again and the West's softness towards Russia<sup>12</sup> may be justified by more self-deceptive assurances that Russia is no longer the USSR and that democratic transformations and Western values are not alien to Russia. In fact, such an attitude may lead to the renewal of the process of "refreezing" of the Cold War and the sacrifice of Georgia for an illusory peace in Europe and the whole world. If this is true, then the West's financial and diplomatic support of Georgia may be interpreted in a way that whilst the West feels an instinctive sympathy to this small country in the Caucasus, by extending this aid it wishes to pay it off.

At best, the main challenge for the international community is the elaboration of an effective means for the real—and not virtual as it was in the late 1980s and early 1990s—completion of the twentieth-century Cold War.

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<sup>9</sup> Jackson, Alexander, "IA Forum Interview: Vladimer Papava," *International Affairs Forum*, August 14, 2008. (<http://ia-forum.org/Content/ViewInternalDocument.cfm?ContentID=6377>).

<sup>10</sup> Saakashvili, Mikheil, "The War in Georgia Is a War for the West," *The Wall Street Journal*, August 11, 2008. ([http://online.wsj.com/article/SB121841306186328421.html?mod=opinion\\_main\\_commentaries](http://online.wsj.com/article/SB121841306186328421.html?mod=opinion_main_commentaries)).

<sup>11</sup> For example, Daly, John C.K., "Analysis: Russian-Ukrainian Gas Dispute," *Russo Daily*, December 26, 2008. ([http://www.russodaily.com/reports/Analysis\\_Russian-Ukrainian\\_gas\\_dispute\\_999.html](http://www.russodaily.com/reports/Analysis_Russian-Ukrainian_gas_dispute_999.html)); Elder, Miriam, "Behind the Russia-Ukraine Gas Conflict," *Business Week*, January 3, 2009. ([http://www.businessweek.com/globalbiz/content/jan2009/gb2009013\\_045451.htm?campaign\\_id=rss\\_daily](http://www.businessweek.com/globalbiz/content/jan2009/gb2009013_045451.htm?campaign_id=rss_daily)); Elkind, Jonathan, and Edward Chow, "Don't Act Surprised," *International Herald Tribune*, January 7, 2009. (<http://www.ihrt.com/articles/2009/01/07/opinion/edelkind.php>); Runner, Philippa, "Cold War Haunts EU Gas Crisis Response," *Business Week*, January 6, 2009. ([http://www.businessweek.com/globalbiz/content/jan2009/gb2009016\\_769430.htm?campaign\\_id=europe\\_relat](http://www.businessweek.com/globalbiz/content/jan2009/gb2009016_769430.htm?campaign_id=europe_relat) ed).

<sup>12</sup> Bush, Jason, "The New Cold War?," *Business Week*, August 22, 2008. ([http://www.businessweek.com/globalbiz/blog/europeinsight/archives/2008/08/the\\_new\\_cold\\_wa.html](http://www.businessweek.com/globalbiz/blog/europeinsight/archives/2008/08/the_new_cold_wa.html)); Kuchins, Andrew, "Time to Treat Russia as a Partner," *The Moscow Times*, September 22, 2008. (<http://www.moscowtimes.ru/article/1016/42/371114.htm>); Kuchins, Andrew, "Where Should U.S. Policy toward Russia Go from Here?," *CSIS Commentary*, September 8, 2008. ([http://www.csis.org/media/csis/pubs/080908\\_kuchins\\_russia.pdf](http://www.csis.org/media/csis/pubs/080908_kuchins_russia.pdf)).

# **KOSOVO PRECEDENT - APPLICABLE MANY PARTS OF THE WORLD, BUT NOT DIRECTLY IN THE SOUTH CAUCASUS**

COMMENT BY

**Dominik Tolksdorf\***

## **Abstract**

*When it recognized the independence of South Ossetia and Abkhazia in August 2008, Russia implicitly referred to the independence of the Republic of Kosovo, which was recognized by most of the EU member states and by a total of 54 states of the 192 UN member states by January 2009. But is it really feasible to compare the two cases with each other? What arguments has “the West” used in order to justify the recognition of Kosovo? What legal arguments are there to justify the Russian position? This paper will take a closer look at the argumentation on both sides of the debate before it will analyse the reasons for the fact that a large number of states have so far rejected the idea of acknowledging Kosovo, South Ossetia and Abkhazia. The paper will conclude that for specific reasons, it is difficult to argue that the recognition of Kosovo’s independence set a clear precedent for the two breakaway provinces of Georgia. However, Kosovo might have set a precedent for more reasonable cases, which explains much better why the process of Kosovo’s recognition has come to a standstill. This is no good news for the government in Prishtina, which needs further recognition in order to become a member of various international organisations.*

## **The Insolvable Dissent in International Law**

The issue of an independent Kosovo entered the debate in international relations in June 1999 when UN Security Council Resolution 1244 established an international trusteeship in Kosovo. Since then, many efforts have been made by Kosovo Albanians and international organisations to establish a functional state in the former Serbian province (which it still is according to UNSCR 1244). The state-building process finally led to the declaration of independence by the Kosovan parliament and government in February 2008 and its recognition by a large number of EU member states shortly afterwards. Those states argue that Kosovo, after the atrocities in the past, can never become an integral part of Serbia again and refer to the right of secession, which is derived from the principle of self-determination of peoples. This is one of the principles in international law and is contradictory to the principle

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of state sovereignty and territorial integrity. Both concepts are principles of the UN Charter: While Article 1 argues that the “friendly relations among nations (are) based on respect for the principle of equal rights and self-determination of peoples”<sup>1</sup>, Article 2 argues that “all Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state (...)”.<sup>2</sup> There is an ongoing debate in the study of international law on the question of how to overcome the ambiguity of the UN Charter and its two contrary principles.

However, those states that have recognized Kosovo also argue that it is a case *sui generis* and that the recognition therefore did not set a precedent. In their view, it cannot be assumed that they will act similarly in similar cases. This legal conception is rejected by those states that oppose the recognition. They refer to the principle of state sovereignty and argue that the recognition has set a dangerous precedent for international law and international security. Many of them also consider the intervention in Kosovo in 1999 as a breach of the principle of non-intervention in international law, which is contained in Article 2 of the UN Charter, stating that “the United Nations or its member states are not allowed to intervene in matters that are essentially within the domestic jurisdiction of any state.”<sup>3</sup>

Although the norm of non-intervention is one of the key principles of the UN Charter, it was in practice often violated during the Cold War by both superpowers, the US and USSR. In the post-Cold war era, the principle was often superseded by the concept of humanitarian intervention. This is based on the argument that the sovereignty of states also includes the responsibility to protect its citizens. If the state fails to do so, it is the responsibility of the international community to intervene in order to prevent genocide, war crimes, ethnic cleansing and massive human rights violations. The “Responsibility to Protect” concept was adopted by the UN Security Council in April 2006 and commits the Security Council to act in order to protect civilians in armed conflicts. However, also prior to this resolution, the UN Security Council had the right to intervene in states in order to maintain or restore international peace and security, and could decide on enforcement measures by air, sea or land forces under Chapter VII of the UN Charter.<sup>4</sup> Such a situation was, for example, given in the case of the Korean War.

The Western states’ argument that the Kosovo War was a humanitarian intervention was particularly rejected by the Russian and Chinese governments. Moscow and Beijing fear that “the West” will solely use humanitarian interventions in order to increase its strategic sphere of influence. They even worry that the West in the long run might also use the concept as a justification for an intervention in their territories. Therefore, they insist on a strictly legalistic view in the UN. However, the two permanent members of the UN Security Council primarily act according to this pattern because it is for their own purposes. China, for example, blocks a more coercive position of the UN towards the government in Sudan in order to stop the conflict in Darfur. It is apparent that Beijing is less interested in the humanitarian situation in the country than in its strategic value. China is especially interested in the rich mineral resources in Sudan and has close relations with the government in Khartoum.

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<sup>1</sup> Charter of the United Nations, Art. 1, para. 2.

<sup>2</sup> Charter of the United Nations, Art. 2, para. 4.

<sup>3</sup> Charter of the United Nations, Art. 2, para. 7.

<sup>4</sup> Charter of the United Nations, Art. 42, para. 4.

The Serbian government, on the other hand, has learnt to use the Russian insistence on the principle of state sovereignty for its own purposes and has quite successfully argued on this track in the diplomatic sphere. In October 2008, it achieved an agreement in the UN General Assembly that the International Court of Justice (ICJ) will formulate a non-binding advisory opinion on the legality of Kosovo's declaration of independence from Serbia. Due to this, many states that have not yet recognized Kosovo will probably wait with a decision until the opinion of the ICJ is released. This might take at least a year. Also the EU – which claims to strengthen the UN – had to accept that Kosovo's independence is still an unresolved legal issue and could only deploy its police and rule-of-law mission in Kosovo under the umbrella of the UN mission and thus “status neutral”.

### **Many States Fear that the Recognition of Kosovo will Destabilize their Own Borders**

Most countries that oppose Kosovo's independence argue that international law and the territorial integrity of all countries must be respected and that the Kosovo issue should be resolved through peaceful means, consultation and dialogue between the concerned parties. Furthermore, the EU does not have an official, unified position on the issue: Spain, Greece, Cyprus, Slovakia and Romania do not recognize Kosovo.

The legalistic debate overshadows the fact that the opposing states such as China mostly fear that recognizing Kosovo would foster the demands of minority populations within their territories for (further) autonomy rights. This is also true for some European countries: While the Spanish government fears further conflicts with the Basque and Catalan independence movements, Romania and Slovakia have large Hungarian minorities that might demand further autonomy rights. With the ongoing dispute with the Turkish Republic of Northern Cyprus, which is only recognized by Turkey, the Cypriot government fears that recognising Kosovo could undermine its own statehood. Greece supports the government in Nicosia in this. Furthermore, the traditional (Orthodox) alliance with Serbia might be of importance for the position of the Greek government.

In general, traditional alliances in international relations play an important role in the debate on the recognition of Kosovo. This explains to some extent the decision of most of the South American countries not to recognize Kosovo. First, most of them have close relations with Spain, which opposes Kosovo's independence. Second, many of the South American countries were members or observers of the Non-Aligned Movement during the Cold War, in which Tito's Yugoslavia played a crucial role. The relations of some South American states with Serbia as the successor state of Yugoslavia are in some cases closer than expected and might have some influence on their position in the Kosovo issue. Third, the South American states fear that their own territorial integrity might come under scrutiny. Argentina, for example, has argued that it will not acknowledge the independence of Kosovo for fear of the impact it could have on its own dispute with the UK over the Falklands. Bolivian president Evo Morales fears that Kosovo's recognition will foster the demands of leaders in Eastern Bolivian regions for greater autonomy.

Similar is the situation in most African states, for which the ideal of former solidarity is probably less important than the fact that their own borders might get into debate. Many

colonial powers defined the boundaries on the continent by often ignoring the people and ethnic groups that lived in the territories. This was and still is a reason for many conflicts in Africa, for example partly in the conflict in Darfur. Another example is the Democratic Republic of Congo, where the Rwandan general Laurent Nkunda has argued that the intervention of his troops in Eastern Congo was to protect the Tutsi people in neighbouring Rwanda.

There are to date only a few Asian countries that have recognized Kosovo. Former members of the Soviet Union like Kyrgyzstan or Kazakhstan usually have close relations with Russia; but they also fear separatist movements within their own borders (at least 25% of the Kazakh population is ethnic Russian). India opposes Kosovo's independence because it fears that such a decision will tighten the situation in Kashmir. In Sri Lanka, the civil war between the (Singhalese) government and the Liberation Tigers of Tamil Eelam, who demand independence for the Tamil regions in the north and east of the country, is still ongoing. In Indonesia, the central government has just settled a conflict with the province of Aceh, which strives for independence. Indonesia is a multiethnic state with much more potential for secessionist movements. China, which has never recognised Taiwan and which is having difficulty containing independence movements in Tibet, will certainly not accept Kosovo's independence.

Although most of the member states of the Organisation of the Islamic Conference (OIC) declared their solidarity and support for the Kosovo Albanians, most of them have not recognised Prishtina's independence (except for Afghanistan, Albania, Turkey, Senegal, the United Arab Emirates and Malaysia), arguing that international laws must be respected. The strictness of the Muslim states on the issue became apparent when Kosovo was not admitted to participate in an OIC conference in Cairo in November 2008. The opposition of the Muslim states can mainly be explained by the Arab-Israel conflict. Most of the Muslim states do not have official diplomatic relations with Israel. By recognising Kosovo, the Muslim states would also come under pressure to acknowledge Israel in the long term. Because of the conflict with the Palestinians Israel does not recognize Kosovo either.

### **Kosovo and South Caucasus Cases are Hardly Comparable**

When Russia recognized South Ossetia and Abkhazia as independent states, the government in Moscow argued that this is a consequence of the unilateral Western move in the case of Kosovo. But it is questionable if Kosovo and the former Georgian provinces are comparable cases. First of all, Kosovo's leaders had some right to claim sovereignty as the Yugoslavian constitution of 1974 established the Socialist Autonomous Province of Kosovo, which was a de facto republic within the federation with a seat in the Federal Presidency. However, the province never gained formal status as a federal republic, which was the legal argument used by Slovenia, Croatia, Bosnia and Herzegovina, Macedonia and Montenegro in order to claim independence from Yugoslavia. Furthermore, the population of Abkhazia is estimated at around 200,000, while South Ossetia has today around 100,000 inhabitants. The Abkhaz population in Abkhazia accounts to about 43%, while 90% of the two million inhabitants in Kosovo are ethnic Albanian. Of course, as a result of violence and expulsion, those numbers have changed significantly during the last twenty years, but they at least vaguely indicate the demographic differences of the cases.

Regardless of these facts, the Russian argumentation that Kosovo set a precedent for Abkhazia and South Ossetia is not very comprehensible. Moscow has not adhered to the principle of state sovereignty, which it had still defended in the Kosovo case just some months earlier. By using a political argumentation instead of an argumentation based on international law, Russia has lost much of its credibility. It is no wonder that the Serbian government rejects the Russian demand to acknowledge the sovereignty of South Ossetia and Abkhazia.

In contrast to Russia, Belgrade insists on the abidance of international law, and it is easy to win allies on this issue. This has less to do with legal arguments but with the simple fact that many governments fear that a decision to recognize Kosovo will strengthen separatist movements within their own territories. There is certainly some logic behind this, and only time will tell what consequences for international peace and security are really connected with Kosovo's independence.

# THE KOSOVO PRECEDENT – DIRECTLY APPLICABLE TO ABKHAZIA AND SOUTH OSSETIA

COMMENT BY

**Sebastian Schäffer\***

## **Abstract**

*The declaration of independence of the Republic of Kosovo on 17 February 2008 led to different reactions in the international community. The United States of America was first to do so among the current 53 states that recognise Kosovo, while the Russian Federation and of course Serbia remain in strong opposition. Whether one supports the independence of Kosovo or not, it is undoubted that the declaration of independence had an impact on the Caucasus. What is also clear is that both the United States of America and the Russian Federation have a selective approach towards the recognition of states. While the USA recognises Kosovo and considers Abkhazia and South Ossetia as being part of the Georgian territory, Russia holds it the other way round. I will argue that the independence of Kosovo, as well as the independence of Abkhazia and South Ossetia, are both as legitimate or illegitimate since all three entities had a certain degree of autonomy during the Soviet era. In all three entities the titular nation makes up a majority of the population, although the Kosovo Albanians in Kosovo surpass the Ossetians in South Ossetia and especially the Abkhazians in Abkhazia by far.<sup>1</sup> Furthermore, Kosovo as well as South Ossetia and Abkhazia had a de-facto regime since the beginning of the 1990s. Territory, nation and government mark the three elements of Georg Jellineks theory of a state. In conclusion I will argue that the United States and the Russian Federation should give up their selective approach and agree on a common position, otherwise the Kosovo precedent will not only have an impact on the conflicts in the Caucasus but also for many other frozen conflicts in the region and the world.*

The Kosovo case is highly emotional. To make things clear from the beginning: what the government of the former President Milosevic has done to the Albanians is without any doubt terrible and to be condemned. The systematic killing of the Kosovo-Albanian population through the Serbian army cannot be compared to the actions of the Georgian army, neither in South Ossetia nor in Abkhazia. But the three states can be compared in several other fields. I will present three arguments why the Kosovo case resembles the cases of the disputed Georgian territories and therefore set a precedent for Abkhazia and South Ossetia. I will

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<sup>1</sup> About 66% Ossetians in South Ossetia, 44% Abkhazians in Abkhazia and 92% Albanians in Kosovo.

thereby refer to the three elements of a state by Georg Jellinek – territory, nation and government.

As mentioned above, the ethnicity of South Ossetia and Abkhazia may not be as homogenous as it is in Kosovo, but nevertheless the Ossetians and Abkhazians comprise the majority of the population. Montenegro, the former partner of Serbia in the state union from 2003 to 2006 has only 43% of their inhabitants considering themselves to be Montenegrin, which is about the same number of Abkhazians in Abkhazia. The overall population in Abkhazia and South Ossetia might be smaller than in Kosovo. The estimated 300.000 people of Abkhazia and South Ossetia make up together 6.9 % of the population of Georgia. About 2 million Kosovo-Albanians, on the contrary, amount for 26.6% of the Serbian population, which is roughly 7.5 million. However if you take a look at the territory –one of the three elements of a state in international law – the size of Abkhazia with 8,600 km<sup>2</sup> constitutes exactly the same percentage of the whole Georgian territory of 69,700 km<sup>2</sup> that the 10.887 km<sup>2</sup> of Kosovo accounts for in the Serbian territory of 88.361 km<sup>2</sup>, namely 12.3%. The percentage is even higher in Georgia if the territory of South Ossetia, roughly 3.885 km<sup>2</sup>, is added to the calculation. Then the loss of Georgian territory adds up to 17.9% and is therefore 5% higher than the loss of Kosovo meant for the territory of Serbia.

The population in the disputed territories of Georgia might be smaller than in Kosovo – in absolute and relative figures. Relative figures of the territory, however, can be compared and are exactly the same in the case of Abkhazia compared to the territory of Kosovo. That does not justify the declaration of independence of Abkhazia but justifies a comparison with Kosovo. Absolute numbers of population cannot be an argument for incomparableness.

However, numbers can always be interpreted in certain ways to fit an argument. A hard factor for the comparability of the cases is the parallel during the times of socialism. All three entities had substantial autonomous rights during the Cold War era. The Socialist Autonomous Province (SAP) of Kosovo was established through the Yugoslav constitution of 1974. The SAP of Kosovo gained a seat in the federal Yugoslavian Presidency and held the annually elected chairmanship, which was established after the death of Tito, twice before the break-up of the Socialist Federal Republic of Yugoslavia (SFRY). Furthermore, in 1984/85 Ali Shukrija from the SAP Kosovo was President of the Presidium of the League of Communists of Yugoslavia, which was the name of the Communist Party in Yugoslavia from 1952. Abkhazia was first a Socialist Soviet Republic for ten years between 1921 and 1931 and later on an Autonomous Socialist Soviet Republic (ASSR) within the Georgian Soviet Socialist Republic (GSSR) until the break-up of the Soviet Union. Between 1922 and 1936 Georgia, Armenia and Azerbaijan were members of the Transcaucasian Socialist Federative Soviet Republic (TSFSR) in which Abkhazia had the status as an equal constituent of the federation. South Ossetia had the status of an autonomous oblast – an administrative unit – within the Georgian SSR.

Again, Abkhazia in particular resembles the Kosovan case. The relatively high level of autonomy while being part of the Georgian SSR or SFRY respectively can be seen as one of the reasons why after the break-up of these states Abkhazia, South Ossetia and Kosovo established their own state structures and declared independence.

Both in South Ossetia and Abkhazia there has been a de-facto regime since the dissolution of the Soviet Union. Even if the international community did not recognise them, the administrative sovereignty lay in the hands of the government of Abkhazia and South Ossetia and no longer in the hands of the government in Tbilisi, even more so after the war in August of 2008. During the 1990s the Georgian government tried to gain back control over those territories by force, and even if the cruelties done by the Serbian army to the Kosovo-Albanians do not resemble the use of force of the Georgian army neither in Abkhazia nor in South Ossetia, as mentioned before, the actions of both governments to gain back control resemble each other.

So the cases of Kosovo and Abkhazia/South Ossetia are comparable. But does that make the declaration of independence of Kosovo a precedent? Not necessarily. The precedent set here was not the declaration itself but the recognition by the United States of America and the majority of the European Union member states. Especially the US administration has made a set of mistakes without needing to take action at all. The promise of independence to the Kosovo-Albanians by George W. Bush<sup>2</sup> created desire in other countries striving for independence, and incomprehension why the desire of the Kosovo-Albanians was more special than their own. The last minute inclusion into the final communiqué of the NATO Bucharest summit declaration that Georgia will become a NATO member sometime in the future probably misled the Georgian government to believe that the USA would come to assist them in a war with Russia. This was another promise given by the Bush administration, which pressured NATO during the Bucharest summit to include the issue of future membership into the declaration without any necessity. The Russian government is, however, on no account better than its US counterpart. It denies its own federal subjects independence - as in the case of Chechnya - and did not recognise Kosovo due to close ties to the Serbian government on the one hand, whilst being one of the two countries (the other being Nicaragua) to recognise Abkhazia and South Ossetia on the other hand. If the Kosovo case can be compared to the disputed territories in Georgia as I have argued before, Russia should recognise Kosovo as well.

Kosovo set a precedent. Territories seeking independence will now try to argue why their case is a case *sui generis*, as the Kosovo case is often described. The arguments above have proven that if you want to find a connection you will find it, and the governments of the affected states will find arguments. To prevent the establishment of many small and micro- states and, more importantly, bloody secessionist wars, the United States and the Russian Federation should refrain from the tit-for-tat game that they are currently playing. Recognising one country as a reaction for the recognition of another country destabilises many regions around the globe and bears a potential explosive force that neither the USA nor Russia can afford. Promising countries either independence or territorial integrity without transparent criteria pose an additional unnecessary global threat. It is time to control emotions and stop searching for which arguments are more logical for the recognition of a certain state. The international community should find a common position for the cases of Kosovo, Abkhazia and South Ossetia and set a new precedent.

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<sup>2</sup> Traynor, Ian, "Bush insists Kosovo must be independent and receives hero's welcome in Albania", *The Guardian*, June 11, 2007

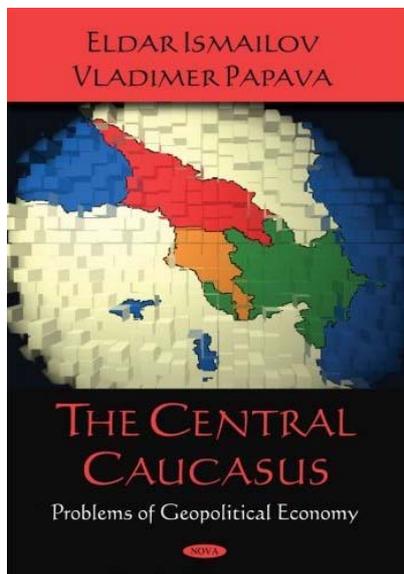
## BOOK REVIEW

### ***THE CENTRAL CAUCASUS - PROBLEMS OF GEOPOLITICAL ECONOMY***

BY ELDAR ISMAILOV / VLADIMER PAPAVAL

(New York: Nova Science Publishers Inc., 2008,  
ISBN13: 978-1604566062, 131 pp, \$79.00)

*Review by Jan Künzl*



As the geopolitical importance of the Caucasus region increases, the need for sound analysis of its political, social and economic frameworks rises. With their book *“The Central Caucasus- Problems of Geopolitical Economy”* Eldar Ismailov and Vladimer Papava want to alter the view of the Caucasus as an economic region. Based on the thesis that economic integration is a necessity, particularly in a globalizing world, they investigate the prospects of a common Caucasian economic space. A detailed evaluation of the geo-economic potentials and problems of the Caucasian sub-regions serves as the background for this assessment.

In a first step, they somewhat redraw the geopolitical map of the Caucasus and define the region as subdivided into three main parts: the North Caucasus, which consists of the autonomous state formations of the Russian Federation, the Central Caucasus consisting of Georgia, Armenia and Azerbaijan, and the South Caucasus which is composed of the Turkish provinces bordering on Azerbaijan and the north-western provinces of Iran. These parts combined are seen as a natural region of common interest and a potential subject of integration. Since the North Caucasus and South Caucasus are limited in their self-determination and thereby in their participation in a medium-term integration process, the authors focus on the Central Caucasus. Armenia’s participation is also limited due to its ongoing territorial conflict with Azerbaijan over Nagorno-Karabakh.

This leaves Azerbaijan and Georgia, which have coincident economic interests and therefore should strengthen their cooperation. In this regard, according to the authors, the Tbilisi- Baku axis could become the nucleus of a Caucasian integration process. In particular, their economic function of a geographic link between the West and the Central Asian spaces, as well as between Russia, Iran and Turkey, provides the opportunity to evolve into a hub for transportation, communication and trade. This favourable geo-economic situation of the

Central Caucasus is additionally amplified by Azerbaijan's share of the enormous resources of the Caspian Sea.

The book with its unconventional geo-economic approach indeed fills a gap in the field of research about the Caucasus. Its proposal of a new and wider perspective on the Caucasus is intriguing and its assessment of the potentials of this important region is valuable. Furthermore it is well written and comes with plenty of data, figures and tables. Its underlying assumption, that a heterogeneous region such as the Caucasus will not be able to play a significant part in the world economy without going through a strong integration process, is an important approach towards the region.

Unfortunately, the interesting focus on the Caucasian geo-economy coincidentally is the biggest weakness of the book. The Caucasus region is characterized by an unclear geo-strategic security framework. The frozen conflicts, Russia's unclear ambitions towards the region as well as the unsteady approach of NATO and the EU, show that the geo-strategic situation in the Caucasus is not settled yet. As long as this is the case, the geo-economic potential of the Caucasus can not develop. The war between Russia and Georgia in August and the following irrevocable de facto secession of Abkhazia and South Ossetia made obvious that this fact is central for any assessment of the region's development potential. Therefore the explanatory power of the book's approach remains somewhat hypothetical.

Another shortcoming of the book is the authors' disregard of Armenia. The authors are on the right path with their statement that Armenia's ongoing conflict with Azerbaijan over the Nagorno-Karabakh region and its tense relationship with Turkey are obstacles for Armenia's participation in a Caucasian integration process. But that is exactly why it is of major significance to find ways to solve those problems, since the Caucasus as a region could hardly become integrated with such tensions in its core.

Nevertheless, besides these criticisms, the book is recommended as a source for a general overview of the geographic and economic framework of the Caucasus and particularly of Georgia and Azerbaijan. In an optimistic future scenario, in which the geo-strategic problems of the region are settled, the book's vision of a common economic space in the wider Caucasus could become very attractive.

### **About the authors**

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*Dr. Vladimir Papava is a Senior Fellow at the Georgian Foundation for Strategic and International Studies, a Senior Associate Fellow of the Joint Center formed by the Central Asia- Caucasus Institute (Johns Hopkins University- SAIS) and the Silk Road Studies Program (Uppsala University). He was a minister of Economy (1994-2000) and a member of the Parliament of the Republic of Georgia (2004-2008). He is the author of more than 200 publications, including works on the theoretical and applied studies of post-Communist economies and economic development of the South Caucasus.*

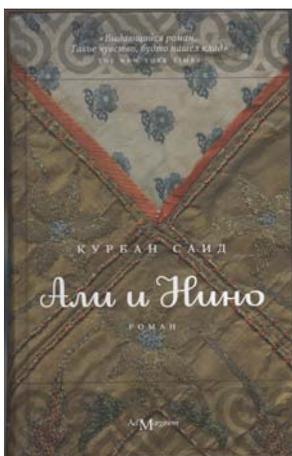
## BOOK REVIEW

### *Али и Нино*

ВУ КУРБАН САИД

(Москва: ООО «Ад Маргинем Пресс»; 2008;  
ISBN: 978-5-91103-039; 336 с.)<sup>1</sup>

*Review by Nurangiz Khodzharova*



Writing a review for *Ali and Nino*, a bestseller considered by many a national novel, is not an easy task as it seems hard not to repeat numerous other reviews. However, this novel is one of the few literary works which capture the essence of time and space so well that revisiting them at different moments brings up new feelings and associations. Nevertheless, to avoid repetition this review will focus on the book's connection with today, which in light of recent developments in the Caucasus presents quite a relevant comparison. It will also attempt at getting to the essence of the author's message.

#### **Ali and Nino – A Love Story or More?**

*Ali and Nino* has so far been described and reviewed in many ways: as a love story, a story on interethnic relations and the East-West divide, a guide book for the Caucasus, a national novel of Azerbaijan, romantic fiction, political drama etc. Even though it actually contains a little bit of all of the above, categorizing it as one or the other would do it injustice. This book needs to be read without presumptions and preconceptions, as a humble yet profound account of personal and historical drama. The love story of Ali and Nino, an Azerbaijani Muslim boy and a Georgian Christian girl, is not unique in history and does not pretend to be so, but what goes on in the hearts and souls of young lovers is deeply personal. Their relationship serves as an abstraction from the bigger picture of the novel, namely the historical and political one. Just as wars, conquests and revolutions are not unusual in human history, so each region has its own stories of heroes, battles, losses and wins. The Caucasus is

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<sup>1</sup> Said, Kurban, “*Ali and Nino*” (trans. Mirza Huseinzade) (Moscow: OSC «Ad Marginem Press», 2008, ISBN: 978-5-91103-039-; 336 pp.) When quoting the book throughout the review, the author provides her own English translation. The latest English edition of the book: **Said, Kurban, “Ali and Nino: A Love Story”, transl. by Jenia Graman, (Anchor Books, 2000), 282 pages (ISBN: 0385720408).**

no exception to this rule, and it is people like Kurban Said who document and tell these stories.

## The Caucasus Revisited

While reading this book very recently, it has occurred to me that certain parallels can be drawn between some essential events described in the book and current developments in the region. However, it is not exactly history repeating itself, but rather some conditions and players that have not changed much in the course of a century. One of the central subject matters of the story is the path of the Caucasus in general, and Azerbaijan in particular. Almost one hundred years ago Said's characters discussed the role of the Caucasus, its geopolitics, history and its relations with the rest of the world. At the time, the course of events in the region largely depended on the big players: the Russian Empire, the Ottoman Empire and Persia. Situated in a buffer zone between these three decaying empires, the Caucasus was the last outpost where all three could still show their might. Moreover, the discovery of oil in Azerbaijan had led to a period of prosperity and its increased importance. Thus many had become preoccupied with the thought of just what the Caucasus meant to the Russian Empire and the real motives behind its conquest of the region. In chapter ten, Nino and Melik Nachararyan, a Georgian and an Armenian living in highly cosmopolitan Baku of the beginning of the 20<sup>th</sup> century, have a discussion on this topic, which to my mind, echoes many voices that we hear today. As they sit sipping champagne Nino suddenly says:

*"[...] Russians did not come here out of their own will. We called them. Georgian king Georgiy XII surrendered to the Russian tsar. Haven't you heard the words [of Alexander I]: "We take upon ourselves the defense of the Georgian kingdom not to expand our already vast empire" (p. 103).*

To which Nachararyan replies:

*"[...] I agree with you that Russians have brought peace to our land. But now, we, the people of the Caucasus, are ready to maintain this peace on our own. Now the Russians claim that they are defending us from each other. That is why they have sent their armies, bureaucrats and a governor here" (pp. 103-104).*

Nachararyan is skeptical about both the Russian intentions to "defend" Caucasians from each other and the need for such defense in the first place. However, somewhat similar statements were echoed by Russia during the recent conflict in South Ossetia in August 2008. In the first days of the conflict all major media outlets reported Russian President Dmitry Medvedev saying: "I must protect the life and dignity of Russian citizens wherever they are. We will not allow their deaths to go unpunished. Those responsible will receive a deserved punishment."

<sup>2</sup> Many experts and politicians have since argued that today's Russia is looking to appease its

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<sup>2</sup> "Russian tanks enter South Ossetia," *BBC News*, August 8, 2008, Europe section, <http://news.bbc.co.uk/2/hi/europe/7548715.stm>.

neo-imperial ambitions, using as an excuse its citizens in the Caucasus. While it can be debated whether Russia's present course is ideological, strategic or geopolitical, one fact remains clear. Russia always has and continues to claim to be the guarantor of peace and stability in the Caucasus, for whatever reasons of its own. Its presence and interests in the region, while changing with time, remain intact. However, there is more to the story than energy pipelines, armed conflicts and self-proclaimed republics. In contrast with papers and news reports, flashing with images of tanks and destroyed houses, *Ali and Nino* reminds us that the Caucasus is not just a witless player in the board game of world politics, but a land with an ancient history of honorable men, beautiful women and legendary heroes.

## East-West

In the course of the novel, Ali and Nino find themselves in the middle of World War One, the Bolshevik revolution and the rise and fall of the first independent republic of Azerbaijan. As the characters struggle to keep up with the world changing around them, they are constantly forced to put everything in the frame of East vs. West. Whether it is the geographical location of Baku, Ali and Nino's relationship, or choosing sides in the war, there are always two camps – East and West – that cover all aspects of life, define all differences and justify all actions. While Said does not force his judgment onto the reader and leaves it up to him to decide whether such a divide is reasonable, he subtly invites us to look beyond, straight into Ali's soul. And there we realize that it is not so much about belonging to East or West, South or North, but belonging *somewhere*, having a place called home. For Ali Khan Shirvanshir that place is, without doubt, Baku. Baku is the place where the imaginary East-West line lies, where he fell in love with Nino, where his ancestors fought and died, and where he wants to die himself. *"I love [Baku] because God let me be born here, as a Shiite, in the religion of Imam Djafar. So may He be merciful and let me die here, in the same street, in the same house where I was born"* (p. 24). These are the words of a man who is not just Asian or European, Muslim or Christian, but a man who carries in his heart the kind of peace and devotion that can not be undone by any outside forces.

## Conclusion

*Ali and Nino* is an outstanding novel for many reasons: for capturing the history and reality of the Caucasus, its people, its beauty, its music and its roots, but also for touching upon some much deeper and much more personal subjects. I have to agree with those reviewers who have said that it is a great tour guide for the Caucasus, and especially Azerbaijan. It does not just take you through the old narrow streets of Icheri Sheher (Old City in Baku), past the mansions from the oil baron era, down to the Caspian Sea, the oil derricks of Bibi Heybat, and further on to the country. It gives a tour of real history, with real events and people, real wars fought and real blood and tears shed. For a person like myself, a Caucasian by origin, having spent most of my life far away from the region, somewhere between East and West, trying to embrace the multiple identities of the world today, this book was an indispensable

source of knowledge and wisdom. No matter who the mystical Kurban Said really was, his work is not just a national novel of Azerbaijan, but a universal tale of patriotism, love, tolerance and courage.

# “THERE HAS NEVER BEEN AN UNBIASED RUSSIAN MEDIATION IN SOUTH CAUCASIAN CONFLICTS”

## Interview with Dr. Martin Malek\*

Conducted by Jan Künzler, Editorial Assistant of CRIA



**Question:** Last year Armenia and Azerbaijan held talks and ended up signing the Moscow Declaration - the first joint document since the beginning of a cease-fire in 1994. What do you think are the prospects for a peace process tackling the conflict over Nagorno-Karabakh? Will the news concerning the new Russian military deliveries to Armenia amounting to \$800 million negatively affect Russia's mediation?

**Malek:** There has never been an unbiased, non-partisan “Russian mediation” in South Caucasian “hot” and then “frozen conflicts”. Moscow is certainly no honest broker, but a party in all of these conflicts and tries to manipulate them in order to promote what it calls its interests in the region. It is impossible not to realize that Moscow's allies in the South Caucasus so far have never been defeated – and this unites Armenia, South Ossetia, and Abkhazia.

I do not expect any significant changes in the peace process over Nagorno-Karabakh in 2009. The positions of the two sides are clear and well-known for a very long time, and there are no changes in Baku's and/or Yerevan's views on the horizon. The shipments of Russian military hardware will reinforce Armenia's conviction that there is no necessity to compromise on Karabakh.

**Question:** In 2008 the security situation in the Russian provinces of the North Caucasus, particularly in Ingushetia deteriorated. Is this development likely to continue and is there a threat of a Chechnya-style escalation?

**Malek:** The security situation in Ingushetia as well as in parts of Dagestan could further deteriorate, albeit the reasons in the two republics are different. As to Ingushetia, it is obvious that large parts of the population do not trust the new, Moscow-appointed leadership of the Republic under President Yunus-Bek Yevkurov, not to mention the previous Zyazikov Administration. Nevertheless, there are almost no chance for former President Ruslan Aushev (an outspoken Kremlin critic), who is still very popular among his countrymen, to return to office.

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\* **Dr. Martin Malek** is a (civilian) researcher at the Institute for Peace Support and Conflict Management of the National Defense Academy (Vienna) since 1997. Several internships in research institutes in Germany, Russia, Ukraine and the U.S. Areas of expertise: State failing theories, theories of ethnic conflicts, security and military policy in the Commonwealth of Independent States (especially Russia, Ukraine, South Caucasus). Author of two books and some 250 publications in thirteen countries.

Tiny Ingushetia has (at least) two territorial problems – one with Chechnya (Sunzha district) and another, which is much more serious, with North Ossetia – the Prigorodny district. There are still Ingush refugees who cannot return to their homes in this region after they were driven out in 1992 by Ossetian militants. Chechen President Ramzan Kadyrov's intention to merge Chechnya with Ingushetia (of course, under his rule) could provoke further protests and unrest in Ingushetia. And the Kremlin has not changed its strategy in the North Caucasus since the 19<sup>th</sup> Century – “divide and rule”. Nevertheless, I do not expect a large-scale, Chechnya-like military escalation in other republics of the North Caucasus: The central authorities in Moscow have proven their decisiveness to scotch any significant resistance to their rule by force.

***Question:** Abkhazia and South Ossetia de facto seceded from Georgia. What could the future for these territories look like? Is it likely that South Ossetia will join the Russian Federation?*

**Malek:** Abkhazia and South Ossetia *de facto* seceded from Georgia not only in August 2008, but already at the beginning of the nineties. This is an obvious example of the change of internationally recognised borders by force and a gross violation of international law which the international community and the UN must not tolerate.

At least for a “transitional period”, Abkhazia and South Ossetia will remain “independent”, but as a matter of fact, they are already now Russian provinces: the rouble is legal tender, the border with Russia is open, about 90% of the population hold (from the point of view of Georgia's legislation, illegally) Russian citizenship, Moscow is going to establish military bases in the two entities, many senior officials in politics and the security bodies have been recruited in Russia, etc.

***Question:** At the NATO summit in December, NATO refused to grant a Membership Action Plan to Georgia once again and the prospects for such a step to happen in the medium-term are low. Could this be seen as an outcome of the August war between Russia and Georgia? And how does this decision affect the stability in the region?*

**Malek:** Independent Russian media outlets left no doubt that Moscow was very satisfied by NATO's refusal to grant a MAP to Georgia at the Bucharest Summit in April 2008 and that the Kremlin felt its hands “untied”: Prime Minister Vladimir Putin, obviously, wanted to seize the opportunity to “discipline” Georgia once and for all and to demonstrate to NATO that it is better to stay out of the South Caucasus, which (like the entire CIS) Moscow claims as its exclusive “sphere of special interests”. Russian senior officials, among them Foreign Minister Sergei Lavrov, have repeatedly warned NATO that Georgia's membership could drag the Alliance into a war with Russia. This has certainly affected NATO's decision to deny Georgia a concrete membership perspective again in December 2008. You won't find any politician in Western Europe or North America who is delighted by a scenario like the deployment of soldiers to a Georgian-Russian front running through South Ossetia.

But anyway it is be difficult to imagine a country as a member of a military alliance whose government does not control two of its provinces which have been recognised by a powerful neighbour as “independent states”.

***Question:** The opposition to Georgia's president Saakashvili in Georgia is increasing. What are the prospects for Saakashvili to survive politically? What could be the political alternatives?*

**Malek:** First of all it has to be emphasised that opposition is one of the most important features of a democratic political system, and if it wins a majority in free and fair elections, it has to replace the incumbent leadership. However, the post-Soviet South Caucasus has seen a lot of *coup d'états*, rigged elections, and political violence, separate from the ethno-territorial conflicts. It is a matter of common knowledge that the first two presidents of Georgia, Sviad Gamsakhurdia and Eduard Shevardnadze, were ousted in 1992 and 2003, respectively. Therefore and due to his declining popularity it is possible that Saakashvili, too, will not be able to complete his current term. Russia wants to get rid of Saakashvili at any cost. There are already several would-be-presidents like, for example, Irakli Alazania and Nino Burdzhanadze. Let the Georgian people decide!

Last but not least it has to be mentioned that it is sometimes a little bit astonishing to see that some of Saakashvili's critics both in Georgia and abroad accuse him of "authoritarianism" while remaining silent on the ethnocentric and authoritarian regimes in the breakaway provinces of Abkhazia and South Ossetia.

***Question:** What policy could be expected from the new Obama Administration towards the Caucasus region?*

**Malek:** It is highly unlikely that the Caucasus will become one of the priorities of the Obama Administration, which faces a lot of other challenges: above all, the financial crisis. In the realm of foreign policy, its attention will be focused on the war in Afghanistan, the withdrawal from Iraq, the Middle East, the Iranian nuclear program, the hunt for Usama bin Laden and the difficult relations with China and Russia. It has to be expected that the new Secretary of State Hillary Clinton will not advocate Georgia's NATO membership with the emphasis of the Bush Administration.