

Russia-U.S. Geopolitical Rivalry in Transcaucasia;

1991-2001

*Dissertation submitted to Jawaharlal Nehru University in
partial fulfilment of the requirements for the award of the degree of*

MASTER OF PHILOSOPHY

Ramesh Kumar



**CENTRE FOR RUSSIAN AND CENTRAL ASIAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067**

2009



JAWAHARLAL NEHRU UNIVERSITY

School of International Studies

New Delhi - 110067

Tel. : 2670 4365

Fax : (+91)-11-26717586

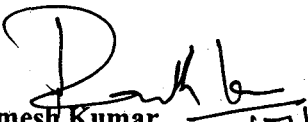
(+91)-11-26717603

Centre for Russian and Central Asian Studies

Dated: 21 July 2009

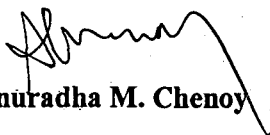
DECLARATION

I declare that the dissertation entitled "RUSSIA-U.S. GEOPOLITICAL RIVALRY IN TRANSCAUCASIA; 1991-2001" submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this university or any other university.


Ramesh Kumar 22/07/09

CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.


Prof. Anuradha M. Chenoy

(Chairperson)


Prof. Tulsi Ram

(Supervisor)

To My

Parents

ACKNOWLEDGEMENT

In completing the work, there has been various contributing persons, who have directly or indirectly lent me a helping hand right from the beginning, without which the present shape of the dissertation would not have been possible. First of all I am much indebted to and have a great sense of respect for my supervisor **Prof. Tulsi Ram** for his unstinted support, diligent efforts, healthy criticism and his constructive suggestions throughout the course of my work.

I sincerely thank the Chairperson of the Centre, Prof. Anuradha M. Chenoy for her untiring support in providing conducive environment for research at the Centre for Russian and Central Asian Studies. I must also express my sincere and heartfelt gratitude to Prof. Ajay K Patnaik, Dr. Phool Badan, Dr. K.B.Usha, Dr. Nalin K Mahapatra for their valuable advice throughout my work. I am extremely grateful to Dr. Sanjay K Pandey and Dr. Rajan Kumar who taught me during my M.Phil. course work and helped me in getting the conceptual understanding for research in international studies. I am also thankful to Dr. Arun K Mohanty and other faculties of my centre for their help to complete my research work. I am also indebted to Handaji, Vijay and Gurpreet for their technical help during the course of the study and research.

I have a special place for Mr. Durgesh Verma for providing me their valuable time and suggestions throughout the course of work. Special thanks are also due to my seniors Shantesh, Vishwanath, Ashutosh, Anurag, Ashok K Karna and friends Durgesh Tripathi, Rahul, Santosh, Dasharath, Sandip and Santosh K Mallik who have taken pains in my research work beyond my imagination.


I have deep feelings for all my family members specially my respected parents (Mr. Raja Ram and Mrs. Maha Devi). Without their blessings, love, emotional and moral support, this study could not have taken the present shape. I am really indebted to my parents who have patiently, look forward to me in pursuing my career. I am also thankful to my uncle Mr. Ram Kishor who for his untiring moral support from time to time in pursuing my research work.

I am much thankful to University Grant Commission (UGC) for providing me financial support through Juniar Research Fellowship (JRF). I am also thankful to staff of JNU Library, Teen Murti

Library, IDSA Library and other concerned libraries for their unforgettable help to find out the material related to my research topic.

Last but not the least, I wish to thank all those at Jawaharlal Nehru University, New Delhi who have helped me in one way or another in completing the present study.

July, 2009 J.N.U., New Delhi


RAMESH KUMAR 22/07/09

CONTENTS

	Page
Preface	vi-viii
Abbreviations and Acronyms	ix-xi
List of maps	xii
CHAPTER-1	
Introduction	1-14
CHAPTER-2	
Geopolitical Significance of Transcaucasia	15-35
CHAPTER-3	
Russia's Policy Towards Transcaucasia: Issues and Challenges	36-60
CHAPTER-4	
U.S. Interest in Transcaucasia and its Implications for Russia	61-80
CHAPTER-5	
Conclusion	81-86
BIBLIOGRAPHY	87-105

Preface

The most astonishing geopolitical event in the contemporary World order that can only be comparable with the collapse of the great Hasburg and Ottoman Empire is the disintegration of the Soviet Union in the beginning of the last decade of the twentieth century. Ending seventy years of stronghold of the Soviet System, suddenly, independent but unfamiliar states to international politics have emerged onto the political scene, In the south of Russia, a massive chunk of territory that have been torn away from the largest political landmass of the World, figuratively and politically changed the map of the World.

The dissolution of the former Soviet Union has changed the geopolitics of the region. It also led to the creation of political vacuum in Transcaucasia. Due to the political vacuum the United States of America started to move towards the region with some defined objective. Subsequently, with the September 11, 2001 events, the looming presence of the U.S. in the region has aggravated the role of the regional superpowers like Russia and Iran. The threat perceptions in the Russian think tanks started to perceive and visualized the U.S. design in the region. Therefore, taking concern of the problems of national security and other related interests, Russia in collaboration with Iran has keenly involved in the region to put an end to the supposed U.S. design against Russia to check the further expansion of NATO and the U.S. into the region. Following the competitive engagements among these powers and Iran siding with Russia, a really visible scenario emerged in Transcaucasia. To which, many erudite called as the return of the Great Game.

The new Great Game started in the mid nineties of the twentieth century, unlike the Great Game of 19th century, is multidimensional in nature. In this game not just outside actors like the Russia, U.S., Iran, and Turkey are party but also the Transcaucasian countries along with several Multi National Companies are taking part as well. This competition, though consequently has led to the collaboration among these intricately involved actors, its larger implicit implications cannot however, be avoided.

This research work entitled, "Russia-U.S Geopolitical Rivalry in Transcaucasia; 1991-2001", is thus, an attempt to examine into the objective of active involvement of Russia and U.S in Transcaucasia since 1991 until 2001 and its serious implications for the local countries.

Throughout the work, the study is comprehensively dealing with, Transcaucasia which has always been recognized as the region of strategic importance, because of its geographical location at the crossroads of Russia, Europe and Islamic World. Whether part of Mackinder's World Island or Spykman's Rimland or Cohen's Shelterbelt region, Transcaucasia has always been seen as a region of strategic importance for global powers. The region of Transcaucasia characterized by multi-ethnicity, experiencing economic strains, political difficulties and social changes with diving borders, however, has generated tremendous global interests because of its inherent significance of its geography and geostrategic in the foreign quarters.

The study has been organized into five chapters including the Conclusion. The first chapter focuses on the historical background of Transcaucasia. It helps in drawing a historical analysis of Transcaucasia from the pre-Soviet, Soviet and post Soviet era.

The second chapter entitled, 'Emerging Geopolitics of Transcaucasia', identify the sources of unrest and possible threats to the stability of Transcaucasia. As a working hypothesis this chapter projects a number of interrelated and overlapping levels of threat to the security and stability in the region, emanating from both within and without. Firstly, the chapter discuss domestic source of unrest and instability and secondly, deals with the influence and foreign policies of a number of countries active in Transcaucasia devoting particular attention to the attempts and inability of Russia to reconsolidate its power and hegemony in the region. Focus has also been laid on the emerging geopolitical conditions of Transcaucasia that helps it to attract many a global player, neighbouring and extended neighbours.

The third is related to, 'The Russian policy in Transcaucasia: Issues and Challenges', examines briefly the geopolitical and geo-economic interests of Russia and their implications for Russia's national interests. It also shed lights on the Russia-U.S relations and its prospects in the 21st century. The basic crux of this chapter is, however, to explain the problems Russia is facing from the U.S presence in Transcaucasia and vice versa. It provides a close look at Collective Security Treaty Organisation (CSTO) and its role in furthering the Russian interest in the regional as well as global affairs. It also throws lights on the bilateral

and multilateral relations between Russia and Transcaucasian countries and on the growing issues and challenges.

The fourth chapter is delineate with U.S policy toward Transcaucasia in a changing World order since the dissolution of the Soviet Union until 2001. In this chapter attempt has been made to analyze the U.S policies and interests prior to and after the September 11, 2001 events in Transcaucasia. The discussion of pre-September 11 policies has been divided into two parts: the U.S policies in the early 1990s and the U.S policies in the late 1990s. The post-September 11, 2001 part focuses on the effects of this tragic event on the U.S-Transcaucasia relations as well as possible challenges that could arise in case of further American involvement in the region.

The last and fifth chapter includes a brief summary of the findings of the study.

Abbreviations and Acronyms

AICO	<i>Azerbaijan International Operating Company</i>
AMOCO	<i>American Oil Corporation</i>
ANM	<i>Armenian National Movement</i>
APF	<i>Azerbaijan People Front</i>
APR	<i>Asia-Pacific Region</i>
ASEAN	<i>Association of South East Asian Nations</i>
BTC	<i>Baku- Tbilisi-Ceyhan</i>
BTE	<i>Baku-Tbilisi-Erzurum</i>
CENTO	<i>Central Treaty Organization</i>
CIS	<i>Commonwealth of Independent States</i>
CPC	<i>Caspian Pipeline Consortium</i>
CPSU	<i>Communist Party of Soviet Union</i>
CSR	<i>Caspian Sea Region</i>
CSTO	<i>Collective Security Treaty Organisation</i>
CTR	<i>Cooperative Threat Reduction</i>
DoD	<i>Department of Defence</i>
EAPC	<i>Euro-Atlantic Peace Council</i>
ECO	<i>Economic Cooperation Organization</i>
ENP	<i>European Neighbourhood Policy</i>
EU	<i>European Union</i>
EUCOM	<i>European Command</i>

FMF	<i>Foreign Military Financing</i>
FREEDOM	<i>Freedom for Russia and Emerging Eurasian Democracies and Open Market</i>
FSA	<i>Freedom Support Act</i>
GCC	<i>Gulf Cooperation Council</i>
GDP	<i>Gross Domestic Product</i>
GTEP	<i>Georgia Train and Equip Programme</i>
GUAM	<i>Georgia-Ukraine-Azerbaijan-Moldova</i>
GSR	<i>Great Silk Route</i>
IMET	<i>International Military Education and Training</i>
IMF	<i>International Monetary Fund</i>
IOC	<i>International Oil Company</i>
IPAP	<i>Individual Partnership Action Plan</i>
NACC	<i>North Atlantic Co-operation Council</i>
NATO	<i>North Atlantic Treaty Organization</i>
NCMD	<i>North Caucasus Military District</i>
NEP	<i>New Economic Policy</i>
NK	<i>Nagorno-Karabakh</i>
NKAO	<i>Nagorno-Karabakh Autonomous Oblast</i>
OEF	<i>Operation Enduring Freedom</i>
OPEC	<i>Oil Producing and Exporting Countries</i>
OPIC	<i>Overseas Private Investment Corporation</i>
OSCE	<i>Organization for Security and Cooperation in Europe</i>
PARP	<i>Planning and Review Process</i>

PfP	<i>Partnership for Peace Progress</i>
RATS	<i>Regional Anti-Terrorist Structure</i>
SEATO	<i>South East Asian Treaty Organization</i>
SSOP	<i>Sustain and Stability Operation Programme</i>
TAP	<i>Turkmenistan-Afghanistan-Pakistan</i>
TRACECA	<i>Transport Corridor Europe-Caucasus-Asia</i>
UES	<i>Unified Energy System</i>
UN	<i>United Nations</i>
UNOMIG	<i>United Nations Observation Mission in Georgia</i>
UNSC	<i>United Nations Security Council</i>
U.S.	<i>United States</i>
USAID	<i>United States Agency for International Development</i>
USDA	<i>United States Department of Agriculture</i>
USDE	<i>United States Department of Energy</i>
USSR	<i>Union of Soviet Socialist Republics</i>

List of Maps

	Page.....
Transcaucasia Region	16
Ethno-Linguistic Groups map of Transcaucasia	17
BTC Pipe line map of Transcaucasia	22

Chapter-One

Introduction

The end of Cold War and the collapse of the Soviet Union shook the very foundation of contemporary international politics, newly independent states emerged with a host of problems and underwent qualitative changes ever since 1991, For instance the changes in the role and function of comity of actions. Even this appears to be an ongoing phenomenon even now at the 21st century. The Southern Caucasus, referred as the Transcaucasia, has long served as a key arena for the competing interests of the dominant regional Russian, Turkish and Iranian powers. This historical legacy of external influence and intervention is compounded by the internal vulnerabilities of each of the states in the region. The three states of the region, Armenia, Azerbaijan, and Georgia have each been engaged in a decade-long course of economic and political reform, systemic transition and nation-building, with a wide variance in success and consistency.

Like all other region of the former Soviet Union, the Transcaucasia was also deeply affected. These new independent states, namely Georgia, Armenia and Azerbaijan came on the scene in the region and each began to grope for a role in post cold war international politics. Right from the very beginning, this indeed was a complex process as the Transcaucasia was one of the most troubled regions of the former Soviet Union, even before the establishment of the Soviet Union. Soviet disintegration added to the complexity of situation and the process of finding a place in the comity of nations for these new Transcaucasia states become all the problematic.

Geopolitics as a deterministic field of study and a recipe for statecraft, it was first offered as a set of geographically determined laws governing a state's strategic destinies and evolved as the geographical underpinning of real politic. Geopolitics attempts to explain why some countries have power and other countries do not. The connection between spatial qualities of countries and international relations has been observed since

the Greeks. However, the formal links between geography and political science began about 100 years ago.

Geopolitics is a word as well as set of associated ideas. A much debated term among the scholars and in popular writings, Geopolitics is etymologically, a combination of geography and politics. In this context it refers to “the relation of international political power to the geographical setting” (Cohen 1964:24). It is a philosophy which “seeks to understand, explain and predict international political behaviour, primarily in terms of geopolitical variable, such as location, size, climate, topography, demography, natural resources and technological development and potential ”(Evan et al. 1998:197).

It denotes the impact of geography on politics particularly as it pertains to relations between states. In this sense it would be quite accurate to denote geopolitics as a combination of geography and foreign policy. Thus, geopolitics is a scientific way to understand the relationship between the states, its history and politics and its geographical setting. It is also said to be a combination of geography and politics, which views a state’s political position in the world on the basis of geography. It is a philosophy launched as a scientific approach to the understanding of global relationships. No two states have identical geopolitics. Each state must develop its own geopolitics based on its knowledge of geography and political conditions in order to give direction to its relationship with other nation-states of the world.

Geopolitics did not begin as an objective science, although it was promoted as a scientific approach to analysis of the space, location, size and resource of nation-states. It was first used in Germany to promote German nationalism. However, the term geopolitics is more than hundred years old and coined in 1899 by Swedish political scientist Rudolf, J Kjellen (Muir 1997:214). Then geopolitics was a loose translation of the German word geopolitik (replaced with geopolitics after World War II) necessarily meant for exploitation of knowledge to serve the purpose of a nation state or regime.

The Transcaucasia under the Soviet Union

The forced Sovietisation of the Caucasus by Stalin and his close associates Orjonikidze and Kirov opened a new chapter in the history of the Caucasus. Since then, the traditional societies of Georgia, Armenia and Azerbaijan underwent a profound economic and social change under the Soviet rule. In spite of opposition by some local

members of the Communist parties of the region, particularly among a section who called themselves national communist in Georgia, the Transcaucasian Federated Soviet Socialist Republic masterminded by Stalin and his men, was proclaimed in December 1922. It was argued that the Caucasus as an economic entity should be unified in a federal structure (Blank 1990:30). Moreover, it is important to note that while handling the disputed territories among Caucasian states, like Akhalkalaki, Lori, Karabakh and Nakhichevan, Stalin arbitrarily determined their status often without consultation with party officials in the republics. As a matter of fact, the economic crisis was the main issue before the Bolsheviks. To relieve the economic hardship, the New Economic Policy (NEP), initiated by Lenin, was introduced. With regard to the nationalities question Lenin also favoured a federal system as a transitional phase against a unitary state advocated by Stalin, and in December 1922 a federation of the Soviet republics as equal and independent constituent republics, the USSR was proclaimed (Simon 1991:32). It should be emphasized that the political units of this new federal state were based on ethnicity.

Moreover, the policy of nativization aimed at encouraging political and cultural autonomy was introduced. That prompted the bringing of the native people into the party and governmental institutions. However, regarding the party it is interesting to note that unlike Azeris in 1922, Georgians and Armenians, like Russians were considerably over represented as compared to their percentage in the population (Ibid:34). This trend continued during next twenty years even the abandoning of nationalism did not affect this trend. That can be attributed, as Gerhard Simon argues, to the socialist tradition among Georgians and Armenians before revolution on the one hand, and the fact that Georgians and Armenians were among the nationalities favored by Stalin, on the other. With regard to the governmental institutions, the nationalization was completed only in Armenia and Georgia by the late of 1920s. In 1929, the percentage of Georgians and Armenians in the 'leading Soviet apparatuses' at the republic level was 74.1 and 93.5 respectively, while their percentages of total population in the republic were 67 and 84.1 percent respectively. At the same time Azeris constituted 62.1 percent of the total population in the republic while they only formed 35.8 percent of the members in the governmental institutions of Azerbaijan (Ibid:49). But in spite of the differentiation the nativization policy was followed till the late of 1920s.

Furthermore, there was an attempt to promote educational standard of the people and promotion of their native tongues. The results were impressive. In Azerbaijan, the

percentage of literacy in 1897 was only 9.2, while in 1926 and 1939 the percentages came to 28.2 and 82.8 respectively. In Georgia, the percentage of literacy in the years 1897, 1926 and 1939 were 23.6, 53 and 89.3 respectively. For Armenia, this was 9.2, 38.7, and 83.9 percent for the same years (Ibid: 56). It should be noted that Georgian and Armenian became the most educated peoples after the Jews and ahead of Russians. This laid the foundation of a modern and secular society and brought an intelligentsia, a vanguard of nationalism, into existence in the union republics of the Soviet Union. By the late of 1920s, Stalin as General Secretary of the party had consolidated his power. Apart from Stalin's character as a 'centralizer' the abandonment of NEP (New Economic Policy) and a drive towards rapid industrialization and collectivization of agriculture dealt a blow to the policy of nativisation. Infact, the central economic planning hardly left any autonomy to the union republics. Along with collectivization and industrialization Stalin engaged in a war against nationalities.

National assimilation which tacitly meant Russification, became the official policy and the Russian language became compulsory in all schools and the Russian culture was regarded as the most advanced culture that was to be promoted. Though with the outbreak of the Second World War the Caucasus was not a theatre of war, but there were some developments which deserve attention. Infact, the war, once again, revived the role of Caucasus as a base for Russian's southward expansion. In 1941, the Soviet army marched into Iranian Azerbaijan under the pretext that the presence of Germans in Iran had threatened the southern frontiers of the Soviet Union (Nissman 1987:22). However, by the end of the war and the defeat of the German army Soviet troops remained in Iran and under their protection, Azerbaijan Democratic Party, an appandage of pro-Soviet Tudeh Party of Iran, proclaimed an autonomous republic of Azerbaijan in 1945. In 1946, it is suggested that Stalin was forced to withdraw the Soviet army from Iranian territory, when Harry Truman, the US President sent him an ultimatum to leave Iran' (Young 1983:124). Soon after the leaving of the Soviets, the democratic party of Azerbaijan fell at the hand of Iranian army and Stalin's attempt to annex Azerbaijan failed. It is worth nothing that many of the leaders of the party who had fled to the Soviet Union fell victim of Stalin's fear 'about the spread of independent radical Azeri nationalism in the Caucasus'. Hence forth, many of them were arrested and sent to prison camps. Besides, the leader of the party mysteriously was killed in an automobile accident outside Baku in 1948 (Ibid: 11).

Moreover, soon after the world war, the Soviet Union demanded the return of Kars and Ardahan which were captured from Armenia by the Turks in 1920. However, Armenians in the Soviet Union and Armenian Diaspora also appealed to the allied forces for the return of their lands. V.M. Molotov, then foreign minister of the Soviet Union raised the issue at Potsdam conference. It is worth noting that Armenian's demand which had been considered with the Post-War expansionist policy of Stalin in the context of the Cold War that was taking shape between the two blocks was refused (Walker 1994:362). After the death of Stalin, a battle for succession began in the Soviet Union. In spite of, Stalin's heavy handed deal with the nationalities and their suppression, the support of their national elites, formed during the Stalin period, in the party and administrative apparatus was important. To win their support, the Soviet leaders, notably, Khrushchev began giving concessions to the nationalities. He initiated, economic reforms aimed at giving more autonomy in economic affairs to the Union republics. Decentralization of economy and destalinization 'allowing greater pluralism in the cultural sphere' boosted the positions of national elites in the union republics. Hence, a relative national expression reappeared.

However, winning the battle for the party leadership Khrushchev reversed some of the reforms, and intensified Russification in language and educational fields. In fact there was an attempt to reinforce the assimilationist policy regarding the nationalities of the Soviet Union. This culminated 'in the claim in 1961 party program that the "national question" had been resolved according to the Leninist formula' (Ericson 1992:246). It has been argued that the reversal of the reforms and recentralization was a return to Stalinism which was intensified with Brezhnev ascending to power but not to the Stalinist way of coercion (Simon 1991:258)

The centralization of economy under Brezhnev, compounded with Khrushchev legacy of granting limited autonomy to the elites of nationalities in their titular republics brought a kind of patronage network in the Soviet Union, where the national elites enjoyed the support of their patron in the center while 'maintaining stability, keeping some restraints on nationalism and showing economic growth', in their respective republics (Suny 1992:31). Thus, they could remain in power for a long period. This gave rise to corruption among the party apparatchiks in the form of illegal activities directed towards private economic gains which was known as the 'second economy'. The prevalence of corruption among Caucasian states was unparalleled in the former territory

of the Soviet Union. A fact that could be explained, as Ronald Suny argues, that among 'Armenians, Georgians and Azerbaijanis primary loyalty is centered on kinship groups or intimate friends.... So, powerful are the obligations to one's relatives and friends that shame incurred by non-fulfilment is, for most Caucasians, much more serious than the penalties imposed by law' (Ibid:25). Therefore, it was against this background that corruption, careerism and discrimination against the minorities in these republics were rampant. Furthermore, the Brezhnev era marked by economic stagnation and failure of economic development to keep up with the rising expectations of the Soviet people (Imam 1998:9) widening of economic rift among nationalities, and 'ethnic favouritism', reinforced ethnic nationalism in the union republics. It manifested itself in die form of sporadic protests or rallies against the centre or rival nationalities.

For the Soviets, corruption and dissent were alarming in the Caucasus during 1960s. This led Brezhnev to bring in new leaders in die region - Haidar Aliev in Azerbaijan (1969), Edward Shevardnadze in Georgia (1972), and Karen Demirchian in Armenia (1974). In their efforts in curbing the rising tide of corruption and nationalism, though, there were some success in some fields; there was no structural change in the system and patronage network. In fact, the conservative coalition led by Brezhnev, in spite of the acuteness of problems in the Soviet Union was not eager to challenge the core values and basic practices of Stalinism. Nevertheless, within the party there was a younger generation with a rising trend in favour of radical reform and change.

Towards Soviet Disintegration

Mikhail Gorbachev as General Secretary of the Communist Party assumed power in March 1985. He was one of the younger generation and forward looking leaders of the Soviet Union, and soon he introduced his program of reforms to revitalize the Soviet Union. Therefore, Gorbachev began his reforms in the field of economy; 'tightening up labour discipline; stepping up the dismissal and criminal investigation of corrupt officials; emphasizing economic "acceleration" over deep-seated restructuring; and restricting the sale of vodka' (Dunlop 1995:5). Furthermore, Gorbachev brought radical changes and unprecedented reforms in realm of politics. His program of democratization and opening up of the society was initiated to facilitate the way for economic reforms. It has to be noted that, Gorbachev, in implementing his reforms, gave priority 'to political reform over economic reform. The political reform and openness of the society elicited endless

debates, surfacing the old grievances, and tensions all over the Soviet Union. Gorbachev's programme of reforms had undoubtedly great impact on nationalities problem in the Soviet Union. Though, at the end of the Brezhnev era there were signs of tension among nationalities simmering to the surface, indicating the acuteness of nationalities problem in the Soviet Union but it had initially no place in Gorbachev's programme of reforms. Gorbachev also alongwith the official line underlined the great achievements of the Soviet Union on nationalities problem, and asserted that national question had been solved (Friedgut 1993:204).

However, in the course of time such a claim proved hollow. The first visible impact of Gorbachev's *perestroika* that aimed at the reforming the party was felt in Alma Ata, when Din-Muhammad Kunaev, the General Secretary of the Kazakh Communist Party was replaced by a Russian and a protest demonstration resulted in violence. In Caucasus, following the Gorbachev's reforms and loosening of the Moscow's grip, the region was engulfed by a surge of ethnic nationalism and conflict. In fact, one of the bloodiest conflicts of the former Soviet Union happened to be in the Caucasus between Armenians and Azeris over Nagorno-Karabakh. In the meantime Georgia was also struggling for independence and its territorial integrity. These events played an important role in political directions of these states even after the collapse of the Soviet Union, and these deserve attention.

On 20th February 1988, the Soviet of People's of Deputies of Nagorno-Karabakh passed a resolution demanding the secession of the region from Azerbaijan and its unification with Armenia (Croissant 1998:29). However, the demand was rejected by the centre. A mass demonstration took place in Karabakh to support the resolution followed by huge Armenian's march in the streets of Yerevan supporting the cause of Karabakh Armenians. Moscow was shocked by the number of Armenian demonstrators, one of the most Russophile people in the USSR, marching in Erevan.

As time was passing the situation continued to deteriorate. In retaliation of killing two Azeris ostensibly by Armenians, on 28 February 1988, some Azeris attacked Armenians residing in Sumgait near Baku, which left 26 Armenians and 6 Azeris dead (Henze 1991:150). It was alleged that the authorities in both Baku and Moscow turned blind eye on the massacre for three days, likely to punish Armenia that was insisting on independence, then the military forces dispatched to the city to curb the unrest. It

appeared that Moscow while permitting the riot and conflict, if not provoking them, had resolved to the old Tsarist policy of divide and rule, particularly when the fervour for independence and anti-Russian sentiments intensified. One of the impacts of Sumgait violence was exodus of refugees from Armenia and Azerbaijan, where many Russians also left the troubled area for Russia or some other safe places. The exodus of refugees in both Armenia and Azerbaijan exacerbated the situation. Moreover, they became a radicalizing force that fueled bloody inter communal clashes through 1990s. In December 1988, following the breakout of the earthquake in Armenia, the members of Karabakh committee, which had been formed by Armenian intellectuals to support the cause of Armenians in Karabakh, were arrested and for a short time there was an ease in Karabakh unrest. To solve the problem, in January 1989, the Soviet government established a special administration committee, which was directly responsible to Moscow, to run the Nagorno-Karabakh region. The act was considered by Armenians as a transitional phase for joining Karabakh to Armenia, while Azeris, which were already displeased with Moscow over the removal of their leader Haidar Aliev in 1987, saw it as Kremlin bias in favour of Armenians. The committee, however, was dissolved after about one year, and Nagorno-Karabakh was returned to Azerbaijan, which led to the Armenians' disappointments from Moscow. It should be noted that internal developments of both Armenia and Azerbaijan and their nationalist fever evolved around the Karabakh issue. The members of karabakh Committee, who had been released by Moscow, in order to appease Armenians, were allowed to be legalized in the form of Armenian National Movement (ANM). Azeris also reacted and formed the Azerbaijan People Front (APF) with nationalist intellectuals in the leading role. With the formation of national movements in both republics and introduction of competitive election, communist parties, accommodated themselves with nationalist slogans in order to get elected (Rutland 1994:847).

However, in the absence of any prospect for peaceful solution to the Nagorno-Karabakh question and Gorbachev's lack of determination to solve the problem, as well as the disillusion meant of the both Armenians and the Azeris from the centre, there was an increase in the frequency of clashes between large groups of people using arms. Infact a guerilla warfare was underway in the region by Karabakh Armenians, with support of Armenia, against Azerbaijan government. The nationalist movements of both sides i.e. the APF and ANM were very active in mobilizing and organizing the people. The

proclamation of a "United Armenian Republic" consisting of the Armenian SSR and the NKAO, by Armenian Supreme Soviet and the National Council of Nagorno-Karabakh was a turning point in the process of conflict, which exacerbated the already tensed relations of Erevan with Baku and Moscow on the one hand, and led to escalation of conflict on the other (Croissant 1994:35). The escalation of conflict and the rising side of nationalist fervour posed a great challenge to Moscow and Gorbachev's reforms. In other words, the nationalist movements in both Armenia and Azerbaijan organised mass rallies in favour of independence. These events culminated in 'Black January' in Azerbaijan. In January 1990, APF supporters attacked the communist party and governments buildings as well as the border posts between Iran and the Soviet Union, allegedly to overthrow the Soviet government in Azerbaijan. Moscow dispatched troops to suppress Azeris, in which 143 people were killed (Ponton 1994:238). Soon after the bloody suppression of Azeris, the First secretary of the Azerbaijan communist party was replaced by Ayaz mutalibov. Mutalibov adopted some of the goals of the nationalist movement of Azerbaijan in order to obtain legitimacy for the discredited communist party of the republic. Yet, he preserved its strong links with Moscow (Croissant 1994:38).

It is worth noting that, the new developments in Armenia reached a turning point on 5 August 1990, when the first non-communist government came to power in Armenia under the Soviet Union. Since then, the Armenia's move towards independence gained a new momentum (Ibid: 39). With the rise of independence movement and separatism not only in the Caucasus, but elsewhere in the Soviet Union, Gorbachev came out with a proposal on a new union treaty which was to give more autonomy to the constituent republics. A nationwide referendum was held in which six republics including Armenia refused to take part but Azerbaijan under Ayaz Mutalibov took part in the referendum in which ninety two percent of voters supported Gorbachev's proposed union treaty. In the aftermath of the referendum there was escalation of conflict in Karabakh, in which Azeris with the help of the Soviet forces took an upper hand. It was alleged by Armenians that, Moscow was siding with Azerbaijan to punish Armenia for boycotting the referendum (Ibid: 42)

As it is well known, Gorbachev's Perestroika and democratization of the society also led to the rise of nationalism and separatism in Georgia too. The national identity and drive for independence was strong in Georgia. Notwithstanding, the demand for independence was not limited at the republican level, but some autonomous regions

within the republics also demanded more autonomy or even secession as it was in the case of Nagorno-Karabakh. Georgia was also facing the same problem within its territory. The Abkhazians living in an autonomous republic in Georgia, demanded secession from Georgia. Moreover, South Ossetia that is an autonomous region also wanted secession to join North Ossetia in Russia.

In November 1989, a demonstration against separatism by Georgians was brutally suppressed with club and toxic gas. It left 20 people dead and some others injured, though, Moscow ordered an investigation into the massacre but it did not answer who took the decisions locally and in Moscow. However, the involvement of central authorities appears to be confirmed when General Rodinov, the local commanding officer, revealed that two politburo members, including Shevardnadze, joined in the decision to impose martial law and use troops to seize city (Ponton 1994:250). The Tbilisi killings outraged people and intensified the anti-Russian sentiments. One of the important political outcomes of Tbilisi event was the fall of the party leadership in Georgia. The new leadership accommodated itself to some of the demands of nationalists, and 'the Georgian supreme Soviet declared the Sovietization of the republic in 1921 an illegal act' (Suny 1990:32). In the first competitive election, 'separatist nationalists of the Round Table' obtained majority in the Supreme Soviet of Georgia. It elected ultra nationalist Zviad Gamsakhurdia, a former dissident who was in jail for some time, as new president. His authoritarian regime and tough policy towards minorities brought about turmoil not only among minorities but also among Georgian themselves. Georgian nationalists believed that Moscow was behind the Abkhazians and Ossets so as to subvert the Georgian independence movement. With the rise of violence in South Ossetia, a martial law was imposed by Georgian nationalist government. The act was declared by Gorbachev as illegal and he sent the Soviet troops to South Ossetia to bring peace and calm but Georgians were in view 'that Moscow using the conflict to pressure Georgia into signing the proposed Union Treaty' among Turmoil in the Caucasus. The coup occurred in the Soviet Union that accelerated the drive for independence among Caucasian republics, as well as the collapse of the Soviet Union in 1991.

Georgia had declared its independence on 9 April 1991 before the August coup, while Azeris and Armenians declared their independence after the coup, respectively on 30 August and 23 September 1991. However, they effectively emerged as independent states after the collapse of the Soviet Union. It was a new era for the weak Caucasian

states encircled by Russia, Iran and Turkey. The region once again, appeared to be an arena for rivalry among these neighbouring states, as well as distant ones. However, the Soviet Union was collapsed but it had a great impact on the Caucasia. In fact, on the Caucasian the formation of the Soviet Union, including the Caucasian states of Georgia, Armenia and Azerbaijan opened up new opportunities for these states to be upgraded socially, economically and culturally. They passed through a modernizing phase which transformed these mainly agrarian societies to industrialized and modern ones having massive literate people as well as highly educated strata or the intelligentsia. Furthermore, the Soviet Union contributed to the nation-building of the nationalities at institutional as well as subjective levels (Brubaker 1994:54). It should be noted that the formation of national elites and the longevity of their rule in the union republic during Khrushchev and Brezhnev era led to 'preferential treatment' of titular nationalities against the minorities living in the republics (Ibid:53). This was true in case of Karabakh Armenians in Azerbaijan and Ossets and Abkhazians in Georgia. Hence, the national sentiments in the Caucasian republics were primarily directed against ethnic minorities or other nationalities rather than Russians. Gorbachev's Perestroika seemed to be a challenge to the very national elites and party nomenclature who had the monopoly of enjoying extraordinary concessions while toleration of corruption, was a phenomenon which was deep rooted in the Caucasus. After all, the Soviet Union collapsed but its legacy remained, and it would affect the newly independent states including Caucasian states for some time to come. Finally, it is worthwhile to note that the Caucasian republics as constituent part of the Soviet Union never had the opportunity of interacting with international community except at the times of World War II. They infact entered in international politics as novice after December 1991.

The collapse of the Soviet Union was an important event in the 20th century. As a result, 15 new states emerged and the world politics underwent a radical change. These new states mostly were not prepared for independence, and poised with a host of problems. Likewise, the Caucasian states were also deeply drowned in crisis, yet the Caucasian states were not deterred in welcoming the long desired independence with euphoria. Hence, a historic impact of the collapse of the Soviet Union on the Caucasus was the emergence of three independent states of Georgia, Armenia and Azerbaijan. These small new states, as independent actors had now to play a role in international politics, in proportion to potentiality of their national power.

More important, the Soviet collapse brought about a change in regional setting of the Caucasus. For one thing, the conflict between Armenia and Azerbaijan over Nagorno-Karabakh was no longer an internal affair of the Soviet Union, but a conflict between two independent and sovereign states. This was an international crisis beckoning international actors like Iran, Turkey, USA, the UN and Organization for Security and Cooperation in Europe (OSCE) poised to compete with Russia for influence in the region.

Soon after the collapse of the Soviet Union, the raging conflicts in the Caucasus escalated and the national security of the Caucasian states was further endangered. In Nagorno-Karabakh, the withdrawal of the Soviet forces led the parties of the conflict to a full-fledged war. Furthermore, with ethnic nationalism the currency of the day, the elites of autonomous regions of Abkhazia and South Ossetia felt threatened after the disintegration of the Soviet Union. In fact, they were looking at the Soviet Union as a guarantor of their positions. Therefore, after the breakup of the Soviet Union, they demanded secession from Georgia to join Russia, which ushered in conflict between titular nationality and the minorities (Macfarlane 1999:410).

To tackle their security concerns, the three Caucasian states main task was creation of effective and strong state and a national army. In addition, they were seeking alliances with other states to enhance their national security (Aves 1995:221). In spite of anti-Russian feelings in Armenia, prior to the collapse of the Soviet Union; Ter-Petrosyan government turned towards Moscow and signed Tashkent treaty on Collective Security for its security. Yet, the government in Tbilisi and Baku miscalculated and adopted tough stances against Russia regardless of geopolitics of the region turned against Moscow that further undermined their national security. Moreover, in the post-Soviet Caucasus the creation of national army (Allison 1993:65) one of the 'basic attributes of sovereign states' became a source of contention among elites due to lack of political consensus on the nature of threats to the State'. In fact, the eruption of conflict in Caucasus led to the formation of armed units to defend the cause of ethnic groups involved in the conflict. This ushered in emergence of the warlords in the region, notably in Georgia and Azerbaijan which undermined the central power of these republics. It should be emphasized, that the breakup of the Soviet Union put the Soviet forces stationed across the former territory of the USSR in disarray. This was more acute in conflict-torn regions like Caucasus where the parties to the conflict attacked the Soviet military forces to seize arms and ammunition. Here, one can draw a parallel between impact of the collapse of

the Tsarist Russia and the Soviet Union in the Caucasus, where in both cases; Russian forces were a source of arms for the warring factions in the region. It was reported that selling weapons by the Russian forces was a common phenomenon in the Caucasus. Besides, the lack of discipline among the ranks of the former Soviet army led to the participation of the Russian officers in fighting particularly in Nagorno-Karabakh conflict for the sake of money.

However, Georgia faced the most acute situation among the Caucasian states. The collapse of the Soviet Union and eruption of ethnic conflict as well as civil war left the country divided among the warlords with their own militia, without effective central power. This was situation reminiscent of Georgia before its annexation to Russia. As Ghia Nodia put it, "Georgia found itself plunged into a modern version of Hobbes's state of nature, with no effective state institutions, particularly clans-cum-mafias fighting for power, gun-toting brigands collecting their own taxes on the roads" (Nodia 1995:105). No wonder, the Caucasus experienced one of the most critical economic situation in the aftermath of the collapse of the Soviet Union. The disintegration of the former Soviet Union led to the rupture of economic ties among the republics of the former Soviet Union. In Caucasus, though economic chaos was partly due to conflict and blockades as well as the wave of refugees yet the impact of the Soviet collapse should not be underestimated.

Georgia faced a socio-economic collapse. The inflation rose by 9,000 percent and 'the GDP, industrial output, and labour productivity fell to the level of 1960's' (Jones 1997:49). The fuel crisis caused by the cut-off of natural gas from Turkmenistan due to the differences over price and transit fee adversely affected the Georgian economy. Moreover, Georgia confronted with a bread crisis, had to be dependent on grains receiving from other countries, particularly USA as aid to feed its people. However, Armenia was economically the hardest hit among the Caucasian states. The rupture of fuel supply from Russia and the other Soviet republics, the intensity of electricity and water shortage, rationing of bread which was even 'less than the amount allotted workers in Leningrad during the German siege in World War II, turned Armenia 'into a nightmarish'. Against this background, it is not surprising that in Armenia in 1992, ninety percent of enterprises were shut down, and 'one-fifth of the adult population' were unemployed (Plyshevskii 1995:56).

In comparison Azerbaijan, with the other Caucasian states, economically had less acute situation, which was partly due to the rich mineral resources specially oil in the republic. Yet, the rupture of economic ties with Russia which led to the shortage of raw materials compounded with heavy burden of war and one Million refugee put Azerbaijan's economy in disarray (Ibid:55). The post-Soviet socio-economic decline in Caucasus was a blow to idealist nationalism that equated acquiring of independence with social economic flourishing of the nation. It is worth noting, that independence was followed by destruction of state sponsored art and culture that existed under the Soviets. Furthermore, the socio-economic decline among the Caucasian republics elicited wave of out-migration from Caucasus. It is reported, however, that the number who migrated from Armenia since independence is between 500,000, and 700,000, which is between one-seventh and one-fifth of entire population. This number for Georgia is between 800,000 and one million (Chetarian 1997:57). Therefore, national independence and revival turned into a catastrophe.

One of the most important aspects of the impact of the Soviet disintegration was 'the end of a role model that the Soviet system had claimed during the last seven decades or so' (Imam 1998:165). Hence, the market economy and liberal democracy was the current across the former Soviet territory including Caucasus. Though, Russia initially provided a model for economic transition to market economy, the Caucasian states looked towards the west for advise, and soon the IMF and World Bank's experts were in the region to advise them how to introduce the market economy system.

It is worth noting that the three Caucasian states have tried in their economic reforms to reorient their economic ties from Russia towards Middle East, notably Iran and Turkey. It signifies the return of Caucasus to Middle East after the disintegration of the Soviet Union. From the preceding pages, we can see that the new independent states of the Caucasus were weighed down by their historical legacy, while the sudden collapse of the Soviet Union brought new and unforeseen problems of nation-building.

Chapter-Two

Geopolitics Significance of Transcaucasia

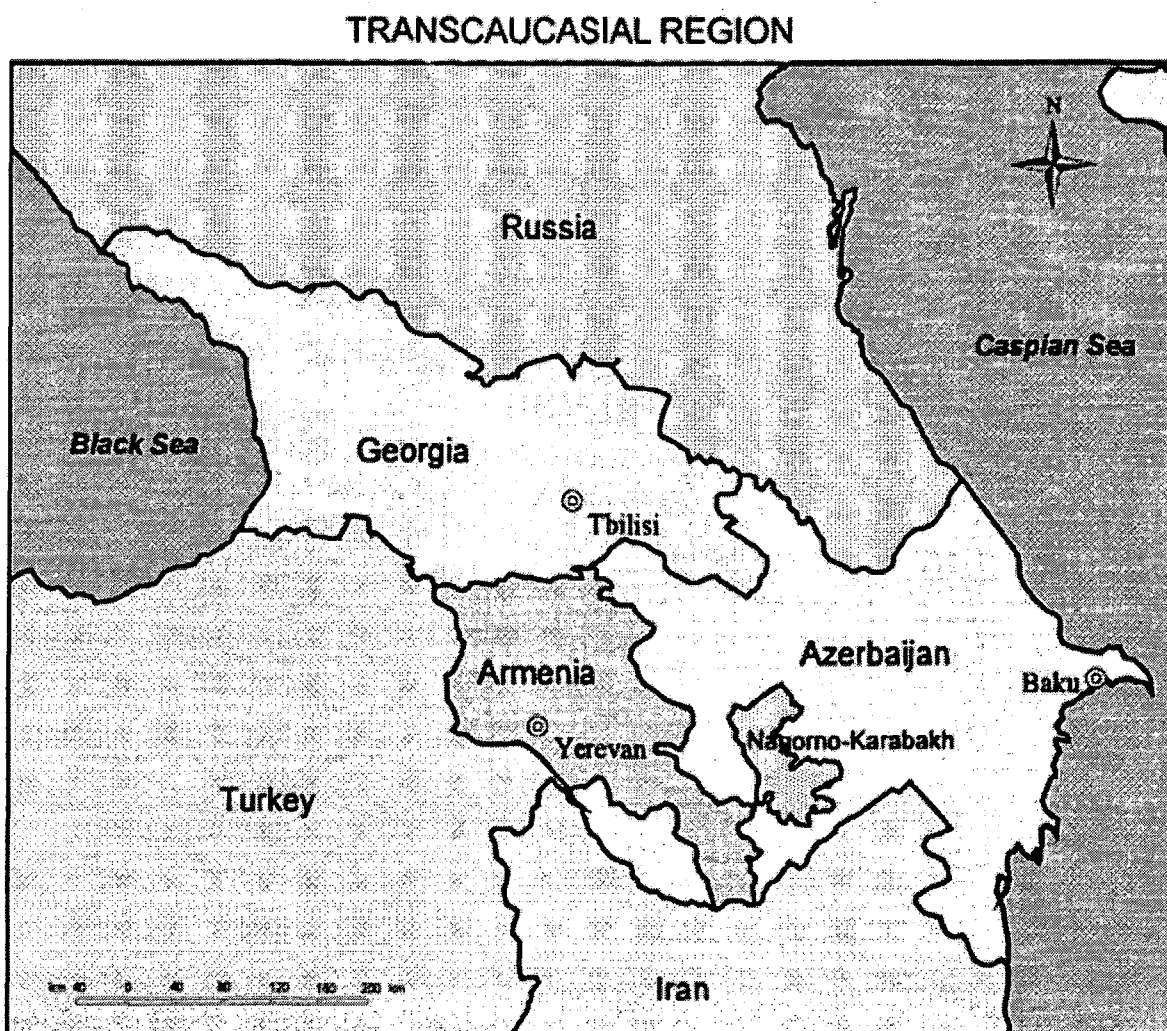
This chapter will try to explain geopolitics of Transcaucasia and it will also try to explain security challenges in Transcaucasia. The Slavic states of Ukraine, Belarus and Russia met at Malta on 8th December, 1991 without informing and consulting other members of the Union, to discuss the fate of the former Soviet Union. The unilateral declaration of these three Slavic states formally marked the disintegration of the Union of the Soviet Socialist Republics. As a result of the disintegration of the USSR, the largest political landmass of the World was divided into fifteen new independent sovereign states.

The disintegration of the former Soviet Union, that resulted into the emergence of fifteen newly independent, sovereign, territorially fixed units led to an astonishing geopolitical event in the 20th century world order. The comparison of which can be made only with the collapse of the great empires of 'Habsburg' and 'Ottoman' during the First World War. A massive chunk of territory have been torn away from the biggest geographical and political landmass of the World in to diverse directions only to be territorially demarcated in to several , unique, political units. Out of which a vast area of the one-sixth in size of the former Union turned towards south, was distributed and categorized in to eight new states with unfamiliar names in World politics, three Caucasus states Georgia, Azerbaijan and Armenia among them collectively known as a Transcaucasia.

The Caucasus is geographically bounded by Russia's Krasnodar and Stavropol districts in the north, the Araxes River and Iranian and Turkish boundaries in the south, and the Black and Caspian Seas. It is conventionally divided into two parts separated by the Caucasus mountain chain. The Northern Caucasus sub region is one of the seven large Russian federal regions crafted by Vladimir Putin, and includes the seven federal entities of Dagestan, Chechnya, Ingushetia, Northern Ossetia, Kabardino-Balkaria, Karachai-Cherkessia, and Adygea. The Southern Caucasus includes the new independent states of Armenia, Georgia, and Azerbaijan known collectively as Transcaucasia. These two

subregions are distinct but also linked by historical experience, ethnic commonality, cultural and linguistic traits, and strategic dynamics. The Caucasus meets Buzan's criteria for designation as a security complex, and thinking of the region in those terms can help to understand the particular security challenges that it presents (Buzan 2003:116).

Figure-2.1



Map prepared by
Environmental Research and Management Center,
American University of Armenia

(Source-Internet, www.mapsworld.com)

The Caucasus region is characterized by ethnic, linguistic, and cultural diversity. The Northern Caucasus is one of the most ethnically complex regions in the world. Dagestan, with a population of about 2 million, contains more than 30 distinct ethno-linguistic groups (Smith 2001:45). Ethnic complexity is less pronounced in the Southern Caucasus, but not less real. Georgia's population is approximately 65 percent Georgian, but the Georgians have important local affiliations Kartvelians, Mingrelians, Svans, Ajars

and there are Armenian, Azeri, Osset, Greek, and Abkhaz minorities. Azerbaijan is ninety percent Azeri, but contains a significant Armenian minority in the Javakh district. The Azeris are a multi-state nation, and perhaps as many as twenty million Azeris reside in neighboring Iran. Armenia is ninety five percent Armenian, but its population also has local identities. The large Armenian Diaspora is a significant and sometimes divisive domestic political factor. The region is also a point of intersection between confessional communities. About 80 percent of Azeris affiliate with Shia Islam, and there are other Shia communities, including the Talysh of Azerbaijan and some Dagestanis. Most Dagestanis associate with Sunni Islam, as do the Chechen and Ingush, the Circassian

Figure-2.2



(Source-Internet, www.mapsworld.com)

peoples (the Adyge, Cherkess, and Kabardins), about twenty percent of the Osset population, and thirty five percent of Abkhaz. The Georgian orthodox and Armenian monophysite churches are among the world's oldest organized Christian communities, and the majority of Ossets are orthodox Christians as is the region's Slavic population. There also are small Jewish communities including the Tats (Mountain Jews) of Azerbaijan, and in Dagestan. Historically, the region has been fragmented politically and dominated by adjacent power centers (the Persian, Ottoman, and Russian empires).

The Caucasus never has developed functional regional institutions or a shared political identity. In the post-Cold War era, the Caucasus has remained underdeveloped institutionally and relatively impoverished. The region as a whole is plagued by many of the typical dilemmas of post-Sovietism, including incomplete nation-building, cultural disorientation, deeply rooted corruption, socio-economic and environmental disintegration, regional conflicts and separatism, fragile democratization, and flourishing criminal networks. Despite these problems, however, the region's strategic significance in many ways has become more pronounced.

The strategic weight accorded to the Caucasus rests on several factors: (a) Regional Instability—the region has been plagued by armed conflict and instability with the potential to escalate and expand; (b) Islamic Radicalism—the Caucasus covers an important “fault line” between Christian and Islamic civilization, has been plagued by local conflict with a religious dimension and risks becoming a potential zone of engagement for Islamist extremism; (c) Embedded Criminality—poverty and the weakness of the Soviet successor states have allowed the region to be transformed into a transit corridor for various kinds of criminal trafficking; and (d) Strategic Resources—the oil and natural gas resources of the Caspian basin have become a much sought after prize, and the Caucasus represents a logical corridor of access for transporting these resources into world markets. These factors have made the Caspian an apple of discord between great powers, notably the Russian Federation and the United States, which have crafted assertive regional policies on the basis of conflicting definitions of interests. The resultant competition is sometimes referred to as a part of the “new great game” for geopolitical leverage in the “arc of crisis” along Russia's southern flank (Craig 2001:345).

Similar to the modern Balkans, the Caucasus is an area where the dilemmas of post-communism, regional order and geostrategic orientation are sharp and unresolved. It is attached to the greater Middle East geographically and by the Islamic factor; to Europe by institutions like Organization for Security and Cooperation in Europe (OSCE), the Council of Europe, the European Union (EU), the North Atlantic Treaty Organization (NATO) and the partnership for peace and the aspirations of elites; and to the Russian north by economic dependencies and complex cultural and demographic affiliations. It is, like the modern Middle East, a region with important oil and natural gas holdings, but with traditions of authoritarian governance, the profound dilemma of frustrated modernization, and a large number of unresolved local disputes.

Security Challenges in Transcaucasia

The most important object of discord undoubtedly has been the hydrocarbon reserves of the Caspian basin. Azerbaijan is a major oil producer, and the Caucasus as a whole represents an important potential transit corridor for bringing Caspian oil and natural gas into regional and global markets. The region serves as a point of transit in a larger sense as well, as part of an emerging transportation artery defined by the EU's Transport Corridor Europe Caucasus Asia (TRACECA) project. Launched by the EU in 1993, TRACECA includes a series of infrastructure initiatives including the construction of highways, railroads, fiber optic cables, and oil and gas pipelines, as well as a targeted expansion of exports, intended to recreate the silk route of the medieval centuries binding Europe to Asia. The Caucasus also has become a route for the east-west drug trade and other kinds of criminal trafficking (Verleuw 1999:232). In the post-Soviet period, it has been highly unstable, with four unresolved armed conflicts in place, all related to the attempt by small, ethnically defined enclaves to assert independence from larger metropolitan states (the cases of Chechnya, Abkhazia, Southern Ossetia, and Nagorno-Karabakh).

The states of the Southern Caucasus are weak and actively have courted the support of great power sponsors - the competitive engagement of external powers is a significant part of the region's security profile. Russia has an obvious motivation to restore order on its national territory in Chechnya, and to promote a positive regional

balance supporting its national purpose to the south. The Chechnya conflict, in particular, has raised the specter of Islamist terrorism, and threatened repeatedly to spill over beyond the boundaries of Chechnya itself. But the weakened Russian Federation of the post-Soviet era has not been strong enough to sustain the region as a closed preserve as it has done in the past. The “power vacuum created by the Soviet collapse provided an inviting milieu for the West’s political and economic intrusion into an uncharted territory” (Dekmejian et al. 2001:28).

The United States has been drawn to the window of opportunity to forward a policy of reducing Russian influence and promoting the sovereignty of the new independent states and “geopolitical pluralism” within the post-Soviet space; assuring access to the resources of the Caspian; and securing regional allies and potential military access (over-flight and potential basing), extending its strategic reach into inner Asia. The EU has become attracted by the transit of energy resources and concerned by the challenges of trafficking and criminality that regional instability aggravates. In 2004 the states of the southern Caucasus were made subjects of the European Neighborhood Policy (ENP), allowing the negotiation of bilateral “Action Plans” to permit states without immediate prospects for accession to take advantage of more limited forms of association. Iran and Turkey also have sought to sponsor local clients in search of strategic leverage. The Caucasus indeed has become part of a new great game, or tournament of shadows in Russian parlance, played for high geopolitical stakes, that is alive and well in the Caspian sea, Black sea, and inner Asian arenas. It has taken on a strategic weight that is incommensurate with its inherent fragility, and potentially dangerous in its consequences.

The Caspian political Importance

Over the past decade, assessments of the basin’s potential have ranged widely, from predictions of vast reserves destined to make the Caspian a new El Dorado, to pessimistic reassessments arguing that production levels will likely be low and the impact on world energy markets marginal at best. In 1997, the United States was estimating proven reserves of 16 billion barrels of oil, and possible reserves of up to 200 billion barrels. Such capacity would make the Caspian basin the third largest source of oil and natural gas reserves in the world, after Saudi Arabia and Russian Siberia, and a potential

“third hub” for global demand well into the future. The figures were compelling, and in a seminal public address on July 21, 1997, Strobe Talbott described the Caspian area, and entire southern flank of the Russian Federation, as a “strategically vital region” destined to become part of the Euro-Atlantic Community, which the United States could “not afford” to neglect. (Andrei 2004:122) Military analysts identified access to the Caspian as “a vital American interest” worth pursuing, if need be, with armed force (Calzini 2005:112).

The 1999 Silk Road strategy act defined the Caucasus as an “important geopolitical isthmus” in conjunction with its energy potential, and supported the effort to reconstruct a Europe-Asia transport corridor that would bypass Russia to the south. The estimates upon which such projects were constructed were criticized from the first, but with little effect. More recent estimates (also disputed) have shifted direction dramatically. The region is now being described by some as a strategically negligible area whose long-term potential has been deliberately exaggerated by a spectacular bluff, with reliable reserves limited to 18-31 billion barrels. No matter the Caspian region has been elevated to the status of geopolitical prize, and it is a status that it will most likely retain.

It is possible to come to some kind of reasonable, consensual estimate of the Caspian’s real potential as an energy hub. Several points of orientation can be mentioned. First of all, the sea has not been explored fully. The gap between proven reserves (modest) and full potential (potentially significant) cannot yet be fixed accurately. However, it is clear that although the Caspian may represent a meaningful source of energy supply, its potential does not approach that of the Russian Federation or Saudi Arabia and the Gulf. Nonetheless, the basin contains strategically significant resources that can usefully supplement global supply in ever-tighter energy markets, are especially coveted as a potential reserve by a rapidly developing China, and are of special importance to regional states with limited economic prospects. Access to the energy resources of the Caspian basin historically has been monopolized by the Russian Federation. Efforts to create a wider framework for access and distribution therefore make good strategic sense.

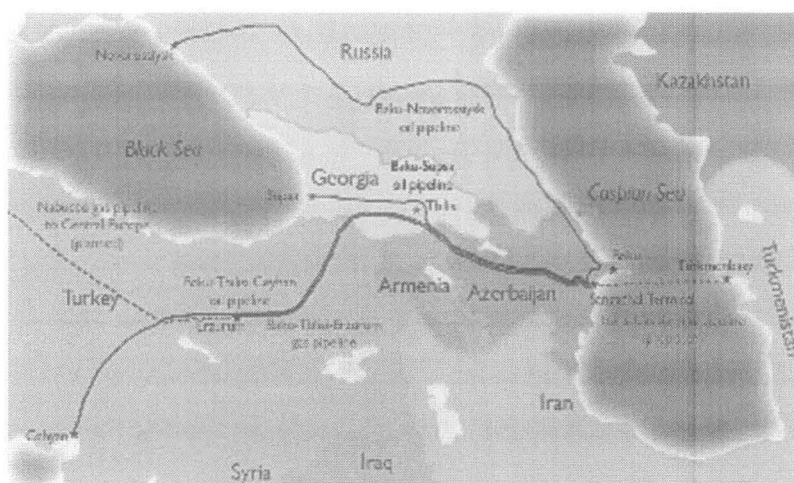
TH-17650

The construction of the Baku-Tbilisi-Ceyhan (BTC) main export pipeline (initiated on September 1, 2002, and opened in the summer of 2006), and a Baku-Tbilisi-



Erzurum natural gas pipeline (bypassing Russian and Iran) directed at the Turkish market, represent U.S.-led challenges to what was once Russia's nearly total control of access to Caspian resources (Basaev 2005:221). More recently Washington has expressed interest in sponsoring a Turkmenistan-Afghanistan-Pakistan (TAP) natural gas pipeline, with Indian participation, to draw natural gas resources onto world markets without reliance on Russia. These are competitive initiatives, but their impact has been diluted to some extent by the way in which regional energy markets have evolved.

Figure 2.3



(The Baku-Tbilisi-Ceyhan pipeline (green) is one of several pipelines running from Baku.)

(Source-Internet, www.mapsworld.com)

Russia retains considerable leverage and sufficient pipeline capacity to sustain export potential. The Tengiz-Novorossiisk pipeline, for example, is adequate to transport the significant oil reserves of Kazakhstan's Kashagan fields, and Russia's Blue stream natural gas link to Turkey is likely to supply a dominant part of the Turkish market. Moreover, energy politics in the Russian Federation goes well beyond the politics of the Caspian. Russian production has increased considerably in recent years, energy revenues have become the essential motor of Russian economic revival and Moscow uses its resource potential purposefully in pursuit of national interests (Nabi 2004:113). In the larger picture of Russian energy policy, the Caspian "great game" is more like a sideshow. Secondly, declining estimates of potential have taken some of the urgency out of competitive angling for leverage and influence the Caspian basin does not constitute by itself an area of vital strategic interest for the West. Neither is Western interests significantly threatened. Russian elites realize that the new Russia is not in a position to

dictate policy in the Caspian area, and that excessive pressure upon the region's new independent states is only likely to encourage defiance.

Russia and the United States could choose to move toward a modus operandi that would allow both to address their most important interests in a non-conflicting manner, at least insofar as the logic of economic advantage is made the decisive measure. Unfortunately, this is not the case at present. Russian sources assert that the flag follows commerce, and that U.S. policy in the post-Soviet space "will not be limited to uniting the region with the western economic system, but will also include political and military cooperation and a high degree of readiness to strengthen and defend its position with the most resolute measures" (Chivers 2006:243). U.S. policy indeed has focused on reducing the Russian and Iranian footprint in the region. The decision to build the BTC, in defiance of the best council of representatives of the oil and gas industry and in spite of the fact that an Iranian route would be economically the most efficient choice, has been described as a triumph of geopolitics with an essentially strategic rationale, and in that sense a prominent success for the U.S. policy of creating an east-west transit corridor intended to bind the Caspian region to the West. As concerns the Caspian energy hub, the United States and Russia remain rivals for access and influence.

The absence of collaboration in the energy sector affects the larger U.S.-Russian strategic relationship throughout the Caucasus and inner Asia. U.S.-Russian collaboration in the war on terrorism, originally focused on the elimination of the Taliban regime in Afghanistan, has faded gradually as Moscow has re-evaluated what the relationship stands to bring it. The closure of the U.S. military facility in Uzbekistan, and pressure to impose timelines for a U.S. withdrawal from Tajikistan, symbolize a turning of the tide. Both Washington and Moscow now are seeking to cultivate competing regional associations as sources of support. For years the United States has encouraged the development of the so-called GUUAM (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova) organization as a counter to Russian domination of the Commonwealth of Independent States (CIS). More recently, Moscow has attempted to reinforce the Collective Security Treaty Organization (CSTO—Russia, Belarus, Armenia, Kazakhstan, and Tajikistan) as a collective security forum, and is considering the possibility of expanding the Shanghai Cooperation Organization (Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan) toward South Asia, possibly to include Iran,

Pakistan, and even India. The recent decisions by Uzbekistan to pull out of the GUUAM (now reduced to the acronym GUAM), the refusal of Kazakhstan to turn away from its privileged relations with Russia despite U.S. pressure, Russian refusal to cooperate with the diplomatic isolation of Iran in the context of the dispute over its nuclear programs, and generally improved Russia-China relations have all made clear that, in the greater Caspian area, Moscow still has significant policy levers at its disposal.

These setbacks for the U.S. agenda, combined with continuing instability in Afghanistan, have encouraged a sharpening of American regional policy. In Lithuania and the Kazakh capital of Astana, the then U.S. Vice-President Richard Cheney pointedly chastised Moscow for its purported attempt to use oil and natural gas as “tools of intimidation and blackmail” and urged the Central Asians to opt for pipelines to the West bypassing Russia. Washington also has floated a “Greater Central Asia” initiative intended to bind post-Soviet Central Asia more closely to a South Asian region where the United States has greater leverage (Nivat 2006: 221). All of these moves and counter moves reveal the essentially competitive character of the U.S.-Russian relationship in the greater Caspian region. Business interests as defined by private enterprise rather than national strategic goals provide a promising foundation for cooperative and mutually beneficial development.

Transcaucasia and its Frozen Conflicts

The three new independent states of the Transcaucasia rank among the most troubled and instable to emerge from the Soviet break down.

Azerbaijan-Azerbaijan began its independent national existence in the throes of a war with neighbouring Armenia. The outcome was the loss of control over the Nagorno-Karabakh enclave and a substantial part of Azeri territory providing a corridor of access between Armenia proper and Stepanakert. After some initial political instability, including a brief period of pro-Turkish government under Abulfaz Elçibey, in 1993 power was assumed by Gaidar Aliev, a strange political hybrid who was a former member of the communist-era Brezhnev Politburo, a regional power broker with personal authority rooted in the clan structure of his native Nakhichevan, and ambitious oriental

satrap, all rolled into one. Politically, Azerbaijan is a prime example of a post-Soviet autocracy where a democratic façade only partially disguises the abusive control of a narrow ruling clique, in this case representing a familial clan with succession determined on the basis of primogeniture.

Geopolitically, Azerbaijan gradually has moved away from the Russian orbit toward closer relations with the West. Its oil and natural gas holdings, and prospects for substantial economic growth, make it an attractive partner, and the United States has pursued closer ties aggressively. Other regional powers with an eye upon Azeri energy holdings, including Turkey and Pakistan, also have been active courting favor. Turkey has sustained a special relationship with Azerbaijan since independence, grounded in linguistic and cultural affinity, as well as shared interests. The BTC, which binds Azerbaijan to Turkey via Georgia, was designed specifically to advantage Azerbaijan and exploit its energy riches. After taking office in 2001, President George W. Bush moved quickly to use executive prerogative to repeal Section 907 of the U.S. Freedom Support Act, which banned economic relations with Azerbaijan as a consequence of its policies toward Armenia. Already in 1999, Azeri Foreign Minister Vafa Guluzade had called for the United States and Turkey to take the initiative to create a NATO-run military base on Azerbaijan's territory and Azerbaijan formally announced its candidacy to join the Alliance (Jackson 2005:13). The United States enjoys over-flight privileges in the entire Southern Caucasus, and might be attracted by the possibility of basing facilities in Azerbaijan that would facilitate broader strategic access. Despite its autocratic political regime and well-documented human rights abuses, Azerbaijan steadily has drawn closer to the Euro-Atlantic community.

There are significant problems with these kinds of scenarios for expanded integration. Azerbaijan is a corrupt and dictatorial polity. Windfall oil wealth by and large is being used to reinforce the status of a deeply entrenched and venal post-communist elite closely linked to the Aliev dynasty. Azeri oil production is expected to peak by 2010, and it is not clear that oil and natural gas revenues will be used with foresight to prepare the way for more balanced long-term national development. Azerbaijan usually is described as a moderate Islamic regime, but moderation is achieved at the price of severe repression of political Islam, as well as other oppositional tendencies. Moreover, true to the calculating and cautious policy crafted by Gaidar Aliev, Baku has sought to maintain

some balance in relations between East and West. Moscow continues to operate a military station for radio monitoring and early warning in Gabala on Azeri territory. Azerbaijan has been a cooperative partner in the Russian campaign against Chechen terrorism. Its relations with the EU occasionally have been troubled by European criticism of violation of democratic norms and human rights standards, although Baku has welcomed the opportunities presented by the ENP. Baku's position inside the reduced GUAM organization cannot be taken for granted, given the more pronounced pro-Western orientation of its Georgian, Ukrainian, and Moldovan partners (Barylski 1995:165). Azeri Defense Minister Safar Abiev has responded positively to a suggestion by his Russian counterpart, Sergei Ivanov, that Russia, Kazakhstan, Turkmenistan, Azerbaijan, and Iran pool their resources to create a multinational force to patrol the Caspian basin. Azerbaijan is aware that the United States can be a fickle partner, and has sought to position itself accordingly.

The most significant unresolved issue hanging over Azerbaijan's future is the status of the Nagorno-Karabakh enclave. The Supreme Soviet of the Nagorno-Karabakh autonomous region declared its intent to unite with Armenia in February 1988, and Armenia-Azeri friction subsequently became a significant source of tension, paving the way toward the Soviet collapse. On September 2, 1991, Nagorno-Karabakh declared independence, and between 1991 and 1994, with strong Armenian support, it prevailed in a bloody war that may have taken as many as 20,000 lives and produced more than one million internally displaced persons. A ceasefire has been in effect since May 1994, but, despite many attempts at mediation, the situation on the ground remains locked in place (Sergei 2000:90). The reality is that for all intents and purposes, Nagorno-Karabakh and adjacent territories have been integrated thoroughly into the Armenian Republic. Material circumstances inside the embattled enclave are difficult, and there has been a significant population exodus, but commitment to sustain independence appears to be undaunted. Azeri and Armenian soldiers in close proximity man the ceasefire line. There are regular firefights and the constant danger of a local incident sparking wider violence. Azerbaijan refuses to compromise on the question of sovereignty or to rule out the option of retaking the enclave by force. Under the Alievs, it has sought to maintain its legal claims to the territory, defined as an integral part of the Azeri nation; sustain an intimidating military presence surrounding the enclave; and wait patiently while the influx of oil revenues

make it stronger. With Western support, Azerbaijan currently is engaged in a significant force modernization program.

The balance of forces in the region gradually may be shifting to Azerbaijan's advantage, but there are good reasons why a renewal of military operations would not be in Baku's best interests. A flare-up of violence in the area could strike a serious blow at Azeri intentions to leverage its energy resources on world markets. Nagorno-Karabakh is supported financially by the large and prosperous Armenian Diaspora and thoroughly integrated with Armenia proper in economic terms. It is basically self-sufficient, thanks to the largesse of its metropolitan sponsor. Conquering and assimilating the territory would represent a major challenge, and could involve the Azeris in human rights abuses that would damage their international standing. The Armenian armed forces are powerful and probably still at least a match for their Azeri counterparts. Not least, Armenia's strategic alliance with the Russian Federation, and association with a more dynamic CSTO, offers a deterrent shield. Nagorno-Karabakh provides an excellent example of the way that Russia has been able to make use of separatist conflicts in the Caucasus region to further its own interests. U.S. sponsorship for Baku has made the relevance of strategic alignment with Armenia all the greater, and the key to that alignment for the present is the frozen conflict over Nagorno-Karabakh.

Armenia- A massive earthquake struck Soviet Armenia in 1988, claiming over 25,000 victims, directly affecting more than a third of the population, and leaving ruin in its wake. Armenia successfully established independence in 1991 and won its war with Azerbaijan over Nagorno-Karabakh in 1992-94, but at a high cost. The shocks of natural disaster and regional war, the rigid blockade imposed by neighboring Azerbaijan and Turkey, and the disappearance of the traditional commercial framework once provided by the Union of Soviet Socialist Republics (USSR) administered body blows to the Armenian economy from which it has yet to recover.

Armenia is in the midst of an impressive economic revival, with annual growth rates of over 10 percent led by new sectors in construction, diamond processing, and tourism. It has a long way to go. Its population, greatly reduced by migration and demographically ageing, remains massively impoverished. Armenia is landlocked

between Azerbaijan and Turkey, and has access to world markets only through Georgia and Iran. Poor relations with its immediate neighbors leave it isolated in the region and excluded from all major regional development and pipeline projects (Lewy 2004:45). Popular dissatisfaction is high, and Armenia has struggled with a turbulent domestic political environment. The first president of independent Armenia, Levon Ter-Petrossian, was forced to resign in 1998 after releasing an open letter urging concessions toward Azerbaijan in search of a negotiated settlement in Nagorno-Karabakh. His successor, Robert Kocharian, a hero of the war with Azerbaijan and subsequently president of Nagorno-Karabakh and Prime Minister of Armenia, came to office with the reputation of an uncompromising hawk. Kocharian was elected in 1998 and reelected in 2003. Both elections were seriously marred by vote fraud and condemned as such by OSCE monitors.

Independent Armenia has established a destructive tradition of political violence, including a string of unsolved assassinations. In 1999 an armed raid upon the Armenian parliament, with obscure motives that have never been satisfactorily clarified, resulted in the shooting death of eight people, including Prime Minister Vazgen Sarkisian and Speaker of the Parliament Karen Demirchian. Kocharian has not hesitated to use force to repress dissent. The Armenian Diaspora (particularly devoted to the cause of Nagorno-Karabakh), the armed forces (well-equipped, highly professional, and 60,000 strong), and the Karabakh clan from which Kocharian derives are the essential pillars of his government. It is no secret that the open-ended Karabakh dispute, and the isolation to which Armenia has been consigned as a result, are important barriers to prospects for balanced development. But the Kocharian government is neither inclined nor well-positioned to offer concessions. Defense Minister Serzh Sarkisian repeatedly has asserted: "the Armenian army serves as a guarantor of Nagorno-Karabakh security (Yunusov 2002: 20).

The ultimate guarantor of Armenian security, in view of its inherent fragility and substantial isolation, is strategic alliance with the Russian Federation. The Russian-Armenian relationship rests upon a long tradition of association between Christian civilizations confronting occasionally hostile Islamic neighbors. It was reinforced by the perceived role of Russia as protector of the Armenians following the genocide of 1915. Since May 1992 Armenia has been associated with the CIS Agreement on Collective Security, it is a member of the CSTO, and is linked to Moscow by a bilateral Mutual Assistance Treaty. Russia maintains military forces at two sites within Armenia, and its

forces engage in military exercises with their Armenian counterparts on a regular basis. The presence of Russian forces on Armenian soil has a powerful deterrent effect—for all intents and purposes any attack on Armenia would become an attack on Russia as well. So long as Azerbaijan holds out the possibility of a resort to force to recoup Nagorno-Karabakh, this kind of deterrent function will be relevant strategically (Mamedov 2004:15). Russia is also in the process of establishing a more robust economic presence. Trade has increased exponentially, economic remittances sent home by Armenians working in Russia have become economically critical, and debt-for-equity swaps have made Russia an ever more important player on the Armenian domestic stage. Some see the trend as consistent with Anatoli Chubais' theory of "liberal empire," according to which economic presence is the real key to expanding political influence.

Armenia has sought to balance the powerful Russian presence by developing ties with other partners, with limited success. The EU has become more active in Armenia since the signing of a partnership and cooperation agreement in 1999, all of the states of the Transcaucasia became subjects of the ENP. Recent polls have indicated some public support for a stronger European orientation, and inclusion within the ENP has encouraged improved relations with Brussels. Yerevan has established a high level commission to explore avenues for cooperation, but there are strict limits, defined above all by strategic dependency on Russia, to how far rapprochement is likely to proceed (Shows 2004:89). Motivated in part by a powerful domestic Armenian lobby, the United States provides meaningful financial assistance, and the U.S. Congress approved a parity policy allowing \$5 million in military assistance annually to both Azerbaijan and Armenia. Armenia has reciprocated by sending a small contingent of doctors, truck drivers, and demining specialists to nearby Iraq. Yerevan cautiously has probed opportunities for improved relations with Turkey, without significant results. Iran, however, is emerging as a promising regional partner. For Teheran, also subject to regional isolation, Armenia offers a useful corridor of access to the Black Sea area and Europe.

These would be partners see small and impoverished Armenia as the means to a variety of national ends. Washington is interested in enhanced stability along the BTC route, including, if possible, some kind of resolution of the Nagorno-Karabakh dispute and a rapprochement between Armenia and Turkey (the BTC route passes directly through the predominantly Armenian Javakh area inside Azerbaijan); an expanded NATO role in the Southern Caucasus (Armenia has been associated with the Partnership for

Peace initiative since 1995); and cooperative efforts to contain the expansion of Iranian influence (Mitchell 2004:342). Ankara also should share them to some extent—the blockade of Armenia is one of many initiatives that will have to be put to rest if Ankara’s timetable for EU accession is to make progress. Iran is constructing a gas pipeline to supply the Armenian market, and its border with Armenia is a vital opening to the West. Good relations with Yerevan are useful to these ends. In no case, however, do the benefits that accrue to Armenia from relations with the United States or its regional neighbors, come close to matching the strong cultural affinity and strategic dependency that links it to the Russian north.

Georgia- Georgia has been the most contested state of the post-Soviet Southern Caucasus. The brief tenure of the ultra-nationalist Zviad Gamsakhurdia as President at the end of the Soviet period provoked a series of secessionist movements that resulted in declarations of independence followed by military defiance of the Georgian metropolitan state in Southern Ossetia and Abkhazia. The Ajara district in the southwest also moved to proclaim a kind of de facto sovereignty. Ceasefires in 1994 brought the fighting to an end without achieving any resolution of underlying differences. In both Abkhazia and Southern Ossetia Russian peacekeepers continue to monitor disputed borders. Georgia insists on the premise of sovereignty, but is too weak to act decisively to reassert control. During the 1990s, the government of Edvard Shevardnadze was forced to tolerate the existence of the de facto states on Georgian territory against a background of precipitous national decline. Vote fraud in the election of 2005 led to the ouster of Shevardnadze as a result of pressure from the street in the much-touted “Rose Revolution.” Subsequently, the new government of Mikheil Saakashvili has struggled, with mixed success, to navigate Georgia’s floundering ship of state, described by Dov Lynch as “a bankrupt, enfeebled, and deeply corrupt state, with no control over large parts of its territory and declining international support” for whom prospects “were bleak”(Lynch 2006: 22).

Saakashvili proclaimed the Georgian revolution to be the prototype for a “third wave of liberation” following in the wake of the collapse of European Fascism after World War II and the “Velvet Revolutions” that brought down European Communism from 1989 onward (Nougayrède 2006:111). The ouster of Ukrainian President Leonid Kuchma as a result of popular protests with strong international support in the “Orange Revolution” of November-December 2004 seemed to lend the assertion some credence.

Russia saw the events quite differently, as an overt use of American soft power to exploit dissatisfaction and impose pro-Western and anti-Russian regimes in areas where it had vital interest at stake. Foreign Minister Igor Ivanov condemned the event dismissively as the forced ouster of the current lawful president from office. In the wake of the Orange Revolution in Ukraine, a serious blow to Russia's interests, Putin advisor Sergei Yastrzhembskii put forward a conspiracy theory that interpreted the larger phenomenon of "Colored Revolutions" as a manifestation of American grand strategy devoted to keeping Russia down. There was Belgrade, there was Tbilisi; we can see the same hand, probably the same resources, the same puppet masters (Gudiashvili 2003:34). Apart from any other effects, Georgia's Rose Revolution opened a significant new front in the struggle for influence between the United States and Russia in the Transcaucasia.

Georgia always has been skeptical toward the CIS, wary of Russian intentions, and attracted to strategic partnership with Washington. Early in his tenure in office, Saakashvili went out of his way to articulate, in both Moscow and Washington, that a democratic Georgia would not become a battlefield between Russia and the United States. But his actions have in some ways belied his words. The government born of the Rose Revolution clearly has established the strategic objective of reinforcing a special relationship with the United States and expanding cooperation with NATO. Its orientation toward the EU is much less strong. Tbilisi has accepted the status of subject of the ENP without caveat and not forwarded the goal of eventual accession to the EU as forcefully as have, for example, the Central European states of Moldova and Ukraine. Its French-born Foreign Minister, Salome Zourabishvili, described Georgia as a European country by default (Darchiashvili 2005:167). Tbilisi concluded an individual partnership action plan to define guide-lines toward eventual accession to NATO and seeks to move forward to a Membership Action Plan with the possibility for accession as soon as possible. NATO has been granted the right of transit for military forces across Georgian land and air space. A new National Military Strategy and the draft of a National Security Strategy were released that unambiguously assert Georgia's Euro-Atlantic vocation and cite Russian policies as a primary threat to Georgian security. Military cooperation with Turkey also has expanded, fueled by a shared interest in the security of the BTC and Baku-Tbilisi-Erzurum natural gas pipeline.

The separatist states are fragile, impoverished, and criminalized, but they have been in existence for more than a decade and are not likely to fold their tents any time soon. Georgia refuses to rule out the "Operation Storm" option of retaking its secessionist

provinces by force, but it is not strong enough to contemplate such action (Gadzhiev 2003:165). The United States has sought to discourage a resort to force, fearing the possible effects upon regional security and the integrity of the BTC.

Russia's role in these secessionist conflicts perhaps sometimes is exaggerated. Moscow did not create the tensions that led to declarations of independence—the conflicts are essentially about local issues—and it is not in a position to resolve them unilaterally. Tbilisi, as has been the case with Baku in regard to the Nagorno-Karabakh conflict and Chişinau with regard to Transnistria, has been reticent to address the legitimate grievances and sensitivities of the peoples in question. The Chechen question makes Russia loath to unambiguously support secessionist provinces. But mainstream evaluations note the weakness of the Azeri and Georgian states as significant barriers to reintegration, and describe Abkhazia and South Ossetia, no doubt realistically, as “de facto subjects of international relations” (Lynch 2004:231). The ability to serve as external sponsor for the separatist states gives Moscow real leverage in the region. So long as the contest for Georgia is defined on both sides as a zero-sum struggle for influence, Russia's motives, and policy priorities, are not likely to change.

The Great Game in the Transcaucasia

The post-Soviet Caucasus has not succeeded in creating a functional regional security framework. Dov Lynch speaks, no doubt optimistically, of “a regional security system in formation.” But there is little evidence of any kind of effective security interaction relevant to the needs of the region as a whole (Ibid: 265). Polarization along a fault line defined by great power priorities not related intrinsically to the interests of the Caucasus itself defines patterns of association in the security realm. The resultant polarization contributes to a perpetuation of division and conflict in an impoverished and unstable region that can ill afford the luxury. Russia is engaged in a protracted counterinsurgency campaign in Chechnya that repeatedly has threatened to spill over into the larger Northern Caucasus region and into Georgia to the south. It sustains a military alliance with Armenia, keeps forces deployed in Georgia as well as the separatist states of Abkhazia and Southern Ossetia, and cultivates positive relations with neighboring Iran. Since the Rose Revolution in Georgia, Moscow's presence in Abkhazia and Southern Ossetia has expanded, and the dependence of the separatist entities upon Russian

sponsorship has grown stronger. Azerbaijan and Georgia have cultivated the geopolitical sponsorship of the United States, and are linked militarily to the United States, Turkey, and key European powers, including Germany and the United Kingdom. Azerbaijan sustains a close relationship with neighboring Turkey, which joins it in imposing a costly boycott on Armenia (Zhuravlev et al. 2004:245). Georgia is pushing an agenda for NATO accession, with U.S. support. The pipeline politics of the Caspian basin remains a source of discord, with the United States and Russia sponsoring competing frameworks for access and market development. The EU increasingly has become engaged in the Caucasus region, but it has not established itself as an independent strategic partner.

The European agenda in the region remains broadly consonant with that of the U.S. led western security community. U.S. regional goals seem to be to contain Russia; isolate Iran; ensure some degree of control over the hydrocarbon reserves of the Caspian and develop alternative pipeline access routes; reward and sustain the allegiance of regional allies including Turkey, Georgia, and Azerbaijan; open up the possibility of greater military access including possible basing rights; and reinforce regional stability and resolve the issues of Abkhazia, Southern Ossetia, and Nagorno-Karabakh by encouraging their reintegration into the metropolitan states with some kind of guaranteed autonomy (Minassian 2004:789). More generally the United States seeks to project influence into a regional power vacuum with the larger goals of checking Russian reassertion, pre-empting an expansion of Iranian and Chinese influence, and reducing Islamist penetration. These are ambitious goals that will be difficult to achieve. The Chechen insurgency threatens the territorial integrity of the Russian Federation, and its containment has become tied up inextricably with the political persona of Vladimir Putin. The issue has major implications for Russian policy in the Caucasus since October 2001 Moscow has claimed the right to launch pre-emptive military strikes against terrorist organizations operating outside its territory (Ibid: 248).

The Islamic factor in the entire arc of crisis along the Russian Federation's southern flank has serious security implications. Russia has important investments and economic interests at stake in the region. Its commitment to the exploitation of Caspian basin oil and natural gas potential is considerable. The perception of U.S. and EU encroachment designed to detach the region from Russia and attach it to a putative Euro-Atlantic community is viewed as an assault on vital national interests. Russia consistently has defined the cultivation of a sphere of influence in classic geopolitical terms in the "Near Abroad" within the boundaries of the former Soviet Union as a national priority.

The policies of Washington and Brussels have challenged that priority. The European Neighborhood Policy (ENP) speaks of a “shared neighborhood” (a phrase that Moscow rejects) on the EU and Russian periphery, and in effect seeks to cultivate the new independent states of Central Europe and the Southern Caucasus as the Near Abroad of the EU. The possible inclusion of Ukraine, in particular, in the NATO Alliance has the potential to significantly disturb the larger pattern of U.S.-Russian relations. Transport Corridor Europe Caucasus Asia (TRACECA) has been described as an initiative whose goal is “the integral inclusion of the Southern Caucasus in the American sphere of control” (Fedorov 2004: 270). American policy in the Caucasus is perceived as revisionist, actively seeking to change the geostrategic balance to Russia’s disadvantage.

The Russian policy response seems to be to use its own instruments of soft power to reinforce dependency, to leverage support for separatist entities in Georgia and Azerbaijan; to cultivate relations with regional allies including Armenia and Iran; to stay the course in Chechnya in search of a medium term solution based upon the Chechenization scenario; and to thwart western designs where possible through a combination of incentives, punitive measures, and leveraging of local influence. More generally, Moscow seeks to frustrate U.S. and EU encroachment, to sustain its position as the *Ordnungsmacht* in a volatile neighboring region, to pursue its economic interests, to sustain the geopolitical status quo, and to contain and if possible defeat embedded terrorism (Berman 2004:59).

The way in which the United States and Russia are defining their interests in the Caucasus region is a recipe for protracted conflict. It is curiously at odds with the larger framework of interests that could be defining U.S.-Russian relations in the 21st century. Indeed, U.S. and Russian interests on a global scale can be interpreted as largely coincidental. Both states identify Islamist extremism and catastrophic terrorism as primary security threats. Russia is now a fully converted market economy sustaining high growth rates with a strong vested interest in sound and stable global markets.

As the world’s largest (or second largest) oil producer and oil consumer respectively, Russia and America have a shared interest in regulating world energy markets to their mutual advantage. As the world’s ranking nuclear powers and the only countries in the world capable of attacking one another and wreaking major damage, they have a mutual interest in promoting nonproliferation and cultivating strategic stability. Both countries confront the dilemma of power transition, and the inexorable rise of a potential Chinese superpower, as a prime concern in the century to come.

The United States has no vital interests at stake on the Russian periphery, and U.S. engagement does not place Russian interests at risk. The enlargement of western institutions such as the EU and NATO need not threaten Russia, toward whom they manifest no hostile intent. Enlargement, in fact, can be perceived as a beneficial contribution to regional stability so long (and this is a meaningful condition) as Russia itself is engaged positively. The NATO-Russia Council and EU-Russia Strategic Partnership represent steps toward positive engagement, albeit, for the time being, inadequate ones. Russia is not a predator bent upon subjugating its neighbors.

Its motives in the Caucasus region are oriented strongly toward warding off further decline and securing economic interests—the motives of a status quo power that is no longer able to prevent or resist the rise of change. The real nature of the Russian-American relationship, more focused on the larger Caucasus regional security complex, and better adapted to addressing the real, human security imperatives that continue to make the Caucasus one of the more volatile and contested regions in world politics.

Chapter -Three

Russia's Policy towards Transcaucasia: Issues and Challenges

This chapter examines the evolution of Russia's foreign policy towards the South Caucasus in order to identify Russia's long-term interests in the region. Russia views the Transcaucasian countries and the North Caucasus as part of the same security complex and accordingly has four major interests- Preventing foreign penetration into the region; Strengthening collective security frameworks; Fighting threats of terrorism and radical Islam with the potential to spread and destabilize the entire Caucasus and expanding economically and achieving control over key energy sectors to insure potential leverage over political developments of regional states.

The motivations behind famous Minsk Declaration sealing of the end of the fate of the Soviet Union and later, the Tashkent declaration announcing the formation of the Commonwealth of Independent States (CIS) the republics of Central Asia and Transcaucasia which was perceived as a burden for Moscow. This motivation perhaps affected the early phase of Russia's foreign policy which came under the influence of westerners or Euro-Atlanticist perspective (Deneveres 1999:27). Soon after the demise of the Soviet Union and emergence of Russia, Boris Yeltsin and his foreign minister Andrey Kozyrev enacted the ideas of Euro-Atlanticists, in adoption of a western oriented foreign policy. Russia under Yeltsin, therefore, committed itself to be integrated in the community of the democratic states and the World economy. They repeatedly emphasized the importance of relations with the west, not as an ordinary link, but as one based on 'partnership of values'. As Kozyrev put it: "The gist of our policy is that we are beginning to share, we have set a course towards genuinely sharing, the values of the civilized world and to live according to these values" (Mesbahi 1994:281).

The early phase of Russian foreign policy was too pro-western and it was pursued at the cost of neglecting the near abroad countries, especially its southern flank including Transcaucasia. The neglect continued from December 1991 till late 1992 (Baev 1999:4). Quite in contrast to Russia, Iran, Turkey, and later the USA adopted an active policy and

officials of these countries paid visits to the Transcaucasian and Central Asian states long before any high delegation from Russia (Prizel 1998:280).

Towards the end of 1992, however, a shift was visible in Russia's policy in respect of its southern flank. One of the most important reason behind this shift was security concerns of Moscow in near abroad. The fear of the rise of Islamic fundamentalism, eruption of conflicts in near abroad and its spill over into Russia, and the protection of Russian diaspora can be cited as causes of Moscow's security concerns.

Moreover, Russia's pro-western foreign policy and neglect of its interest in near abroad provoked sharp criticism from some political and military elites. In the course of time, a consensus appeared among Russian political and military elites on Russia's vital interests in near abroad as its sphere of influence. Apart from that, there were economic lobbies who increasingly considered the near abroad 'as an economic opportunity rather than a burden'. These economic lobbies or 'business elites' who came to existence as a result of privatization of Russian economy normally began to affect Russia's foreign and security policy (Tsypkin 1995:27-30). This trend is apparent in Russia's policy towards the oil and gas deals with Transcaucasia and Central Asia in which Moscow tried to ensure the interests of Russian oil companies and 'oil industry officials' while, protecting Russia's strategic interests in the region. Besides, the control of oil and gas in Russia's southern-rim is considered by some Russians, including Yevgeny Primakov the prime minister as a leverage for maintaining Moscow's influence in near abroad to increase Russia's status in international politics. To that aim, Russia should emerge 'as the primary defender of the Transcaucasia and Central Asia while the region became a major oil and gas producer'. Moreover, Russia also wanted the oil to be exported through the Russian routes, so as to increase its hold over the region; indeed this appeared to be one of the motivations behind Moscow's suppression of Chechniya's drive for independence in the late 1994" (Cheterian 1997:50).

In the one hand, the instability and rise of ethnic conflict and Moscow's fear of involvement of foreign powers in the conflicts in close vicinity of Russian borders and on the other, 'the disruption of transportation links, the loss of markets and source of supply' contributed to Russia's policy shift from neglect to assertion in respect of the near abroad (Marantz 1994:737). This was the beginning of a trend which was labelled right wrongly as neo-imperialism in Russia's foreign policy by some western scholars.

However, the conflict-torn region of the former territory of the Soviet Union posed a serious security challenge to Russia. Even, the Russian military forces, who had remained there, were attacked by local militia groups to obtain weapons. No wonder, the military took the lead in determining Russia's policy towards the near abroad whereas the Russia' foreign ministry lagged behind (Dawisha 1994:204).

The sequence of events of confrontation between the parliament and president Yeltsin culminated in armed attack on the parliaments (October 1993) which proved as a turning point in Russia's policy towards the near abroad. These events and the subsequent parliamentary election, in which the communists and nationalists the upper hand, led to a significant shift of Russia's policy towards more assertion vis-a-vis the near abroad (Shearman 1997:10-12). The debate of Russian army in Chechen war was also important in the process of reducing the role of military in framing the Russia's policy towards near abroad. In general, it undermined the usefulness of the army as a political instrument by demonstrating its drastic deterioration.

The Transcaucasia as a highly troubled area of the former territory of the Soviet Union proved to be one of the most difficult regions for Moscow to deal with. The proximity of Russia to north Caucasus which still is a potential area for conflict and secessionist movements, like that of Chechenya, rose concerns in Moscow, particularly in military circles, about their spill over effects into Russian territory. Besides, the conflicts in Caucasus, specially that between Armenia and Azerbaijan over Nagorno-Karabakh posed a security challenge to Russia as it opened up the possibility of the involvement of outside powers like Iran and Turkey in the conflict in Russia's recent sphere of influence. To address its security concerns in the Caucasus, Moscow initiated a three-zone military arrangement in the Caucasus, namely 'northern line', 'middle zone' and 'southern line' (Ibid:11). In northern line which is the border of Georgia and Azerbaijan with Russian Federation, 'Moscow began expanding military installations in the North Caucasian Military District (NCMD) inside Russian Federation between the Black and Caspian Seas. It formed a formidable barrier against the northward migration of Caucasian ethnic and political extremism'. The 'southern line or the former border of the Soviet Union with Iran and Turkey had the objective of preventing them from interference in the Caucasian affairs. Hence, creation of a CIS collective security system and joint border guards were considered essential to keep a watch on the outside borders of the CIS. However, Moscow had to pressurize Georgia and Azerbaijan which had

refused to join the CIS to accede to Russia's demands. Moreover, Russia was to emerge as the main, if not the sole guarantor of peace and security in the 'middle zone' comprising the territories of Georgia, Armenia and Azerbaijan. In such a plan, Russia adopted an active policy in conflict resolution and peacekeeping, and tried to exclude others, while demanding the international community to coincide a crucial role for Russia in near abroad. Furthermore, retaining the military bases and acquiring the new ones in the Caucasus became one of the goals of the Russia's policy there in order to service its dominant role in the region. Therefore, the initial benign neglect of Russian policy makers regarding near abroad, including the Caucasus, and the withdrawal of the Russian forces, notably from the conflict-torn region of the Caucasus, were substituted in late 1993 with a new policy of keeping reduced military presence in areas important to Russia's interests. By 1994, however, a presidential decree set the goal of attaining 30 military bases for Russia in near abroad to ensure, broadly speaking, security and economic interests of Moscow, as well as Russia's status as a great power in world politics (Spencer 1997:15). These developments made Russia's relations with Georgia more complicated as nationalism in Georgia also meant anti-Russian. So, from the beginning Georgia under Zviad Gamsakhurdia refused to join the CIS and demanded the withdrawal of Russian forces from its territory. Nonetheless, the nationalist fervor in multi-ethnic Georgia was not only directed against Moscow, but it also led to the confrontation of Georgian and minorities Abkhaz and Ossetes. Gamsakhurdia's policy brought Georgia to complete isolation'. Besides, as a result of elite conflict, Gamsakhurdia was overthrown by his opponents. A new government was formed, and Eduard Shevardnadze was invited to join it.

The immediate task before the new government was to establish relations with other countries in order to end Georgia's isolation. Georgia under the new government also refused to join the CIS and favoured bilateral relations with the CIS member countries, notably Russia. Shevardnadze underlined the importance of relations with Russia, although the two countries had no diplomatic relations by June 1992 (Ibid:16). With the eruption of conflict in South Ossetia which wanted to join North Ossetia in Russian territory, and due to the support of this demand from the conservatives in Russian parliament and government the relations of Tbilisi and Moscow became strained. Nevertheless, Yeltsin and Shevardnadze succeeded bringing about a ceasefire through negotiation in June 1992. Accordingly, the Russian forces along with Georgian

and South Ossetian units were deployed in the region to monitor the ceasefire. Therefore, Russia acted as a mediator between Georgia and South Ossetia as well as guarantor of peace in the conflict, a role which Moscow assumed on its own in the near abroad. Soon after the ceasefire came into force in South Ossetia, the Abkhaz conflict intensified, and this brought Russia and Georgia in direct confrontation with each other. It appeared that the outbreak of the conflict was not an 'outcome of external manipulation', rather it was the consequence of ambitions of the Georgian elite. But Moscow used the Abkhaz conflict to ensure its strategic interests in Georgia. Indeed, it seems that the Russian military forces played an essential role in the conflict.

The presence of the Russian troops was one of the most important disagreement between Tbilisi and Moscow. From the beginning, Georgia demanded the withdrawal of Russian forces from its territory, but Moscow was reluctant to give up its bases in Georgia, citing the special strategic interests of Russia in Georgia's Black Sea coast including Abkhazia. Against this background, the Abkhaz conflict provided Moscow a good opportunity to extract concessions from Georgia. However the reaction of the Russian parliament and the government under Yeltsin was different. President Yeltsin adopted a moderate approach and mediated a ceasefire agreement on the basis of Georgia's territorial integrity and restoration of the former status of Abkhazia in Georgia in September 1992, while the Russian parliament on the other hand, supported Abkhazian separatists (Baev 1999: 45). Yet, the policy that was eventually pursued by Moscow regarding Georgia was derived from Russia's strategic interests. In fact, there are some evidence of involvement of Russia's military forces, if not authorities in Moscow, in the conflict in support of Abkhaz separatists. For example, the sophisticated arms T-72 tanks and heavy artillery by Abkhazians in the battlefield which neither Abkhazians nor the North Caucasian Federation's volunteers possess, suggested that military forces in Russia or Caucasus could have supplied them to Abkhaz fighters.

More importantly, the involvement of Russians in the conflict was confirmed, when Georgians shot down a Russian Su-27 aircraft. Moscow claimed that the aircraft was not on bombing mission, but was only patrolling in the skies, preventing the Georgian pilots from inflicting a missile-bomb strike on Russian military facilities in Georgia. Pavel Grachev then Russian defence minister initially accused Georgians of bombing their own citizens, but later on he admitted that a Russian attack had taken place in revenge for Georgian shelling of area close to Russian position including its military

bases in Georgia. It is worth noting that though the extent of Russians, in military or otherwise, involvement in the conflict is controversial, nonetheless, there is agreement over the fact that Moscow exploited the Georgian forces defeat at the hand of Abkhaz militia to achieve its strategic aims (Goltz 1997:97).

Even Shevardnadze's attempts to draw the Western countries support against Russia failed. After the fall of Sukhumi, the capital of Abkhazia to the Abkhaz fighters in September 1993, he appealed to the UN Secretary General and to the leaders of the US, Italy, Spain, Japan, Canada, Britain, France and other countries but in vain. In fact, the West's policy towards Eurasia was Russian centered, and it did not want to jeopardize its relations with Moscow over Georgia which was not of vital interests for the West.

At this juncture, the resurgence of supporters of the ousted president Zviad Gamsakhurdia in western Georgia, brought the country on the verge of dismemberment. So, it appeared that there was no option other than turning towards Russia, and joining the CIS. As Shevardnadze put it: "I sent a telegram there consenting to Georgia's joining the CIS something that I had opposed until the very end. I agreed to the Russian Defence Minister's proposal to send additional armed forces from that country into Abkhazia" (Ibid:233). Georgia was essentially brought to its knees. Furthermore, Russia did not refrain from utilizing the economic levers at its disposal against defiant Georgia. Indeed, Russia resorted to retaliatory measures against Georgia for not joining the CIS. This included 'the termination of delivery of goods from Russia' and erecting barriers to the Georgian exports (Plyshevskii 1995:59). This compounded with rail and road links rupture due to the conflict, brought about catastrophe to the Georgian economy. Little wonder, that Georgia on the verge of collapse and disappointed from the west, was forced to yield to Moscow's demands including acceding to the CIS and its collective security system. Soon after, Russian troops came to the assistance of Georgian forces in repulsing the Zviadists insurgency in Western Georgia and protecting the major rail links. Russia also mediated a peace talks between Abkhazians and Georgians along with the UN. In order to force Georgia in accepting its demand on 'Russian-controlled peace-keeping operation', Moscow was encouraging the Abkhaz to stick to their maximalist position. Tbilisi finally agreed on deployment of Russian peacekeeping forces which was sanctioned by the UN on the border of Abkhazia with Georgia in May 1994.

The Russo-Georgian relations entered a new phase in the aftermath of Abkhaz conflict which came to a halt with a Russian mediated ceasefire. Russia extended a 10 bn rouble long-term credit to Georgia in January 1994. However, Yeltsin paid a visit to Tbilisi in February 1994, and along with Shevardnadze signed a treaty on friendship and cooperation. Accordingly, Russia retained three military bases in Georgian territory including 'the Black Sea naval base of Poti' (Adomeit 1995:25-26). The importance of these military bases for Moscow was to prevent Turkey from 'penetration into Caucasus' and keeping the unstable north Caucasus under control. Moreover, Russia was committed to assist Georgia in creation of its army and supplying military equipments, and the two countries pledged not to enter 'in any alliance or bloc, detrimental to each other'. In November 1994, Russia and Georgia also reached a border patrol agreement that fulfilled one of Russia's strategic goals in Georgia namely protecting the outer CIS border. No doubt, these developments undermined Georgia's sovereignty manifesting the republic's weakness in the context of its geo-political location in the vicinity of Russia as a great power. Since then, relations between the two countries has developed in different fields, and Georgia has come closer to the core states of the CIS, even so much so that Shavardnadze even supported the idea of Eurasian Union but later he cooled down (Olcott 1995:538). He also 'was the only leader in the CIS who openly supported' Kremlin's military intervention in Chechenya.

However, there are issues which hinder relations of Moscow and Tbilisi. One of them is the Abkhazian and South Ossetian conflicts that have remained unresolved. Although, Russia has supported the territorial integrity of Georgia, deployment of its peace-keeping forces in Abkhazia and South Ossetia has ensured a de facto secession of these regions from Georgia. Even, it is suggested that the blockade against Abkhaz separatists decided in January 1995 CIS Summit so as to pressurise them for compromise was violated by Russia. Shevardnadze has also criticized Russia for its 'inaction' regarding resolution of the Abkhaz and South Ossetian conflicts and restoration of Georgia's territorial integrity, and called it a damage 'to the Russia-Georgian "strategic relationship" (Ibid:360). Even, the Georgian parliament once threatened it would ask President Shevardnadze to see that the Russian peace-keeping forces were withdrawn when their mandate expires on 31st July 1997, in case there is no progress in the process of conflict resolution by that date. But, later on the Georgian defence minister asserted that his country would not 'demand the withdrawal of Russian peace-keeping forces'. It

was alleged that Georgia failed to cultivate 'the support of western countries to replace the Russian peace-keeping forces with their troops'. Secondly, following the agreement signed in October 1995, regarding the pipeline routes for exporting the Azeri oil through Baku-Novo rossisk crossing northward through Russian territory and through Baku-Suspa passing through Georgia territory, Moscow was alarmed at the decision, that the Georgia-routed pipeline would undermine Russia's control of exporting oil from Caspian Sea to the world market. It was alleged that, Russians were behind an attempt on Shevardnadz's life aimed at subverting the Georgian option (Baev 1999:212). Furthermore, it was reported that Moscow had demanded Tbilisi to 'allow Russia to establish control over oil pipeline which may run across Georgia from Caspian Sea to Turkey', as a price for restoration of Georgia's territorial integrity. But, in Georgia's views the transportation of oil through its territory was a means to boost its economic situation, as well as preserve its territorial integrity.

In fact, to avoid the Iranian and Russian domination over the Caspian oil transportation, the west, notably USA has favoured the Georgian route (Cheterian 1997:76). Hence Georgia and Azerbaijan, also with Turkey, have formed an axis to cooperate on exporting not only Azeri oil but also Central Asia's through Georgia and Turkey. That would undermine Russia's interests in the region. Kazakhstan has also supported the Azerbaijan-Georgian corridor for exporting its oil in order to avoid Russia's domination. Besides, the cooperation among Ukraine, Georgia and Azerbaijan, particularly in energy field, would weaken Russia's position in oil politics. Kiev which is heavily dependent on delivery of oil from Russia has been on a lookout for an alternative with the help of Tbilisi and Baku. These developments have raised concerns in Moscow, which has strategic interests in controlling the oil exports from the Caspian sea. It is worthwhile that the volume of trade between Russia and Georgia decreased and Turkey became the main trade partner of Georgia in 1995.

It seems, however, that a semblance of stability in Russo-Georgian relations which emerged since the late of 1993, has persisted till now. Yet the Georgia's accommodation with Russia was out of geopolitical compulsions and an expediency, therefore, Georgia searches for an opportunity to balance its relations with Moscow. The growing interests of the western countries in energy resources of the region has raised Georgia's hope to bolster its sovereignty vis-a-vis Moscow. But, it is doubtful that there would be a drastic change in the status quo of the Caucasus in near future and Russia

continue to be the dominant power in the region. However, Armenia, a land locked country and poor in resources is the smallest republic among the Caucasian states. The republic's conflict with Azerbaijan over Nagorno-Karabakh and its complicated relations with its neighbour Turkey, as well as economic hardship due to the rupture of economic ties with the CIS members, notably Russia, has formed Erevan's foreign and security policy orientation (Rumer 1996:40). On other hand, Russia has strategic interests in defending the external borders of the former Soviet Union to ensure the security of Russia itself and the near abroad as its sphere of influence against outside powers. Moscow also sought to set up multilateral or bilateral security pact with near abroad countries to prevent them from leaving the Russia's sphere of influence while protecting them against external and internal threat. As mentioned earlier, one of the Moscow's aim in the Caucasus was to protect the Caucasian borders against Iran and Turkey, Russia's rivals in the region (Hussain 1999:381). Armenia's location in the Caucasus having a common border with both Turkey and Iran remained a top priority country, hence a common security arrangement with Erevan was important to Russia.

However, the convergence of national interests of both Moscow and Erevan ushered in strategic relations between the two. In fact, Armenia's geopolitical location has played a determinant role in Erevan's external behaviour towards Russia. The old enmity between Armenians and Turks on the one hand and Azeris, on the other, and the memory of the genocide by Turks, left little options for Erevan except to seek Moscow's protection. No wonder, Armenia was 'the first republic to join' the CIS and one of the founding members of the CIS collective security treaty, which bounded the security of the signatory states including Armenia to that of Russia (Rutland 1994:856). Therefore, Armenia became one of the core states of the CIS in promoting ties with Moscow particularly in security field. Armenia also signed a mutual defence pact with Russia in May 1992, and they agreed to set up a joint military force consisting of Armenians and Russians for patrolling the Armenian border with Iran and Turkey likewise is the border with Azerbaijan which had refused Russian forces guarding its borders with Iran and Turkey.

Moreover, Erevan provided Moscow with two military bases, and their status were finalised in the agreement signed in February 1995 (Brzizinsky 1997:552). Moreover, the economic relations of Russia and Armenia has been promoted as Russia became the main trade partner of Armenia. The volume of trade between the two

countries amounted to \$223 million in 1995. Against this background, it appeared that there is continuity in Russia's policy towards Armenia. Once again, the Russo-Armenian relation has revived the historical role of Russia as a protectorate of Armenia against its neighbours, particularly the Turks. The close ties between Moscow and Erevan influenced the course of Nagorno-Karabakh conflict in favour of Armenia and against Baku's anti-Russian government. Therefore, it seems that Moscow uses Armenia as its regional proxy in the Caucasus (Allison 1993:65). No doubt, that Moscow used the conflict between Armenia and Azerbaijan to promote its influence in the region. The Russian involvement in the conflict in terms of supplying arms and equipments to Armenians contributed to the Azerbaijan's defeat which led to the fall of Elchibey nationalist government, and paved the way for Russia to mediate a ceasefire between the two Caucasian states. However, the ceasefire had frozen the conflict and no peaceful resolution had emerged so far. Indeed, the Russia's policy towards Azerbaijan was a partial success; though Azerbaijan joined the CIS and its collective security system, it has objected to the Russian forces deployment as the CIS border guards and peacekeepers in its territory. Besides, Baku with the encouragement of the west has formed a triangular axis with Tbilisi and Ankara not to allow Russia to dominate the oil resources and pipelines.

However, Russia is determined to maintain the Caucasus as its sphere of influence, and therefore, has established a strategic relations with Erevan 'including the operation of two Russian military bases in Armenia, the frequent conduct of joint exercises and growing cooperation in military industries'. More importantly, apart from the CIS collective security treaty, Moscow and Erevan signed a treaty of friendship, cooperation and mutual assistance in August 1997, in which Russia pledged to support Armenia against military attack by a third party (Croissant 1998:134). There has been also sizable amount of military equipments from Russia to Armenia. In fact, during 1993 Armenia has received \$ 1 billion of Russian arms including 32 'Russian made Scud-B ballistic missiles' free of charge (Craft 1998:187). The Russian military support to Armenia has contributed to Armenia's uncompromising position regarding Nagorno-Karabakh conflict. Accordingly, Russia in pursuing its strategic goals in the region, 'keeps sending signals to Armenia and Nagorno-Karabakh that Russia's military presence is in itself a guarantee that in the event of a new northward offensive from Nagorno-Karabakh (in order to regain the Shaumyanovsk region and interdict the projected

Azerbaijan-Georgia pipeline), neither the UN nor the OSCE, nor even Turkey would be able to punish Armenia'. Therefore, the conflict between Armenia and Azerbaijan and the threat of Turkey against Armenia have served Russian interests to make Erevan dependent on Moscow for its security and Armenia reciprocated by acting as a proxy, promoting Russia's interests in the Caucasus.

In Azerbaijan after the collapse of the Soviet Union, Ayaz Mutalibov a member of the old communist elite remained in power. Despite anti-Russian sentiments in the wake of Soviet suppression of pro-independence movement in Baku, he had no hesitation in joining the CIS and in consenting the Russian forces to stay in the republic. But, Mutalibov's tenure was short, and he was overthrown by pro-Turkish Azerbaijan People Front (APF). With the rise of Abolfazl Elchibey the leader of APF to power and adoption of anti-Russian and pro-Turkish foreign policy, Baku withdrew from the CIS and demanded the withdrawal of Russian forces from Azerbaijan's territory. Relying on its vast oil resources, Azerbaijan under Elchibey was hoping to obtain full sovereignty. With this aim, Baku even bypassed Moscow and signed an agreement with the western oil companies to extract oil which was to be exported through a pipeline passing through Iran and Turkey (Hunter 2001:447).

Furthermore, the possibility of escalation of the Nagorno-Karabakh conflict and intervention of the outside powers in it as well as growing Baku-Ankara close ties with their military cooperation, all these, raised anxiety in Moscow. The nationalist government in Baku thus posed a challenge to Russia and it was poised to undermine its strategic interests in Azerbaijan as a part of the Caucasus. To bring defiant Azerbaijan to the fold, Russia resorted to every means to destabilise the government in Baku. When Azerbaijan's parliament did not ratify its joining the CIS, Russia promptly retaliated. It erected barriers against Azerbaijan's products; import duties on industrial products from Azerbaijan rose more than half, while many contracts between Russia and Azeri enterprises were withdrawn (Sovietochowski 1994:130).

Besides, Baku suffered a military setback in the battlefield, which was considered as a result of the hidden Russian hand. In fact, the Nagorno-Karabakh provided Russia a good hunting ground for destabilising the nationalist government of Elchibey. Although, Baku under the new government regained some parts of the lost territory in Nagorno-Karabakh in late 1992, a series of defeats started in 1993. The

humiliating defeats at the hands of Armenians brought 8,50,000 refugees in Azerbaijan, and this combined with economic crisis led to the increasing of opposition to the Elchibey government. The final shot, however, was triggered by Surat Hosseinov, a military commander who was removed from his post by Elchibey, and he along with his forces stayed in Ganja a city in Azerbaijan. When the Russian forces stationed in Ganja left the republic following an agreement, they left behind a large quantities of heavy weapons which fell in the hand of Hosseinov's forces. Henceforth, Hosseinov's brigade emerged as the most powerful force in Azerbaijan; he demanded Elchibey resignation and marched towards Baku. Consequently, Elchibey fled from Baku, and Aliev was appointed by parliament as acting president with Surat Hosseinov as his prime minister (Golts 1999:98). Although, there is no hard evidence of Russia's involvement in the coup against Elchibey, on the basis of above mentioned indirect arming of Hosseinov, on the one hand, and the timing of the coup, on the other, suggested Russia's involvement. Indeed, in July 1993, Elchibey was to sign an oil contract with western companies in London without participation of Russia. Even, Russia had been excluded as transit route to export Azeri oil. But the coup removed the nationalist government of Elchibey and the ascension of Aliev brought a new orientation to Azerbaijan's foreign policy. However, it fell short of Russia's expectations.

In September 1993, Aliev negotiated with Yeltsin in Moscow, to improve relations between the two countries and in the same month Azerbaijan was admitted to the CIS. It also joined the CIS collective security pact. In addition, Baku allowed 'Russia to use a radar station' as a military base in its territory (Aves 1995:229). Nevertheless, the new government under Aliev has opposed Russia's demand on the deployment of its forces at Azerbaijan's border with Iran and Turkey, viewing it 'as compromising sovereignty and hindering ties with Iran and Turkey'. Therefore, Russia's security policy in the Caucasus as part of the near abroad, in terms of protecting the CIS outside border thus failed in Azerbaijan.

So far as the Nagorno-Karabakh conflict is concerned, Baku agreed to a cease-fire mediated by Russia, yet it had resisted to the deployment of Russian peace-keepers in the region. As a result, Russia's peace plan involving the presence of Russian peacekeepers did not find approval in Baku". Instead, Baku pressed for more involvement of the Organization for Security and Cooperation in Europe (OSCE) in the peace process.

One of Moscow's aims was to emerge as the dominant player in the conflict resolution in the Caucasus as elsewhere in the former territory of the Soviet Union, to preserve its sphere of influence. And when the OSCE was pushing for a greater role in the conflict resolution, Moscow reacted and tacitly accused the west in using the OSCE as cover to promote its interests in the region (Ibid:118) Later on, however, Russia grudgingly accepted the OSCE leading role in the peace process and being a part of OSCE international peace-keeping force. In spite of that, there has not been any headway in the peaceful resolution of the conflict between Armenia and Azerbaijan until now in 1997. It seems that Russia, in the words of Pavel Baev, "is not interested in a peaceful solutions for Nagorno-Karabakh-peace will inevitably devalue Russia's military assets and leave it with few political levers" (Baev 1999:27). This can be understood better, when it is seen in the context of oil deals and oil pipelines in the region. Indeed, the oil, and consequently, the legal status of the Caspian Sea became a focal point in Russia's policy towards the Transcaucasus. When Aliiev signed an \$ 8 billion oil deal with a consortium of western companies in September 1994, Moscow questioned the legality of the deal. To appease Russia, Baku gave the Russian oil company Lukoil a 10 percent share from its own share, in spite of this Russia refused to recognize the deal (Croissant 1998:113). Andrey Kozyrev, then Russian foreign minister, asserted that the Caspian Sea and its resources should be used jointly by all the countries bordering it. In fact, Moscow considered the Caspian Sea as an enclosed water, and therefore according to international law, its resources belonging to all littoral states.

Moreover, environmental issues have also played a role in Russia's objection to the Azeri oil deal, as it has argued that the oil companies were solely concerned with profit rather than protection of the Caspian sea environment. It is interesting to note that in spite of Russian foreign ministry opposition to the deal, 'a representative of the Russian Energy Ministry participated in the signing ceremony' in Baku (Ibid:135). In November 1995, Lukoil acquired another 32.5% share in the development of Azeri Karabakh oil field demonstrating perhaps a lack of consensus in the Russian government regarding its Caspian policy (Forsythe 1999:29).

However, within few days a rebellion by special police forces occurred in Baku. It was alleged that it was a Russian plot against Aliiev's government to undermine the oil deal. The rebellion was suppressed by the forces loyal to Heidar Aliiev and he consolidated his position by removing his opponents including Surat Hosseinov the prime

minister, who fled to Russia. These events strained the relations between Russia and Azerbaijan (Douglas, 1998:149). The Chechen war which began in December 1994, just a few months after signing the oil deal, exacerbated the situation. After the breakout of the war, Russia closed its borders with Azerbaijan on several occasions, allegedly to block the supply routes of the Chechen fighters. But it is more ideally that Moscow 'intended to target Azeri business interests'. Even, Russian military sources claimed that Chechen separatists were trained in Azerbaijan (Cheterian 1997:52).

The Chechen war was a fiasco for Moscow as it exhibited the weakness of the Russia military forces. The humiliating defeat of the Russian military in Chechnia emboldened Baku in its resistance against Moscow's pressure to extract concessions. It should be noted that there was wide speculation that the real motive behind the Chechen war, was Moscow's intention to control the Baku-Novorossisk pipeline which passes through Chechenya. During the war, the Russians and Chechens both had common interests in the safety of the pipeline and did not attack it (Atkin 2000:159). However, after the end of the war, Russia signed an agreement with Azerbaijan and the 'international consortium for developing Azerbaijan's offshore oil fields' on exporting the Azeri oil from Novorossisk, a Russian port in the Black Sea.

Subsequently, a tripartite agreement on exporting the Azeri oil through the Baku-Novorossisk was signed by Russia, Azerbaijan and Chechenya, and finally the Azeri oil began to flow to western markets through Russia in November 1997, However, the west was determined not to allow Moscow to control the oil flow, by constructing another pipeline through Georgia and Turkey. Furthermore, Ankara had put limitations on the passage of ships carrying oil through the Bosphorus, ostensibly to prevent ecological disaster. This has undermined Russia's interests in increasing the volume of oil exported through Baku Novorossisk. To avoid, Turkish straits of Bosphorus and Dardanelles, Russia along with Bulgaria and Greece put forward another option, the construction of a pipeline from Bulgarian port of Burgas to the Greek port of Alexandropolis in Mediterranean Sea (Watson 1999:290). However, in these groupings, Iran due to US opposition and Armenia in the wake of conflict with Azerbaijan, both are marginalized, Russia and Turkey thus have remained as the main competitors, though it should be obvious that the West would not permit Moscow to control the oil flow. All in all, there can be no getting away from the fact Russia would continue to cast its shadows, as in the past, over the Caucasus.

The Organization of the Collective Security Treaty

Armenian-Russian Military Cooperation

The CIS Collective Security Treaty, signed in 1992 by Armenia, Russia and the four Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, was the first step in maintaining Russia's armed presence in the Transcaucasus. Initially, Russian political and military leadership thought that the CIS would develop towards an organization similar to the USSR, with a unified Commonwealth Armed Forces (Haas 2000:133). However, in early 1992 the illusions of CIS forces rapidly evaporated, after a significant number of states resisted the idea and pressed ahead with the creation of their own armed forces. Moreover, a few countries that signed the CIS Agreement of Supplying the Armed Forces had major differences on fundamental issues of central financing and logistics. Recognizing the realities of disagreements, the Russian military delegation proposed the Collective Security Treaty during the Tashkent summit in May 1992, hoping at the same time to encourage Yeltsin to create a Russian Ministry of Defense, a move that Yeltsin had earlier resisted (Odom 2001:375). The Tashkent summit and, subsequently, the creation of the Russian Ministry of Defense (with the latter's refusal to contribute resources to the Commonwealth forces) became major factors that permanently handicapped efforts to reincarnate the Soviet Military as the CIS Armed Forces.

The CST became an important regional security entity in 1993, after the accession of Azerbaijan and Georgia, which brought all the Southern Caucasian countries into Russia's security orbit. It is important to note that the Treaty provided mutual security guarantees to its signatories, but it did not address problems within the memberstates, so the conflicts over Nagorno-Karabakh, South-Ossetia and Abkhazia remained unresolved. Importantly, Baku refused to allow Russian troops in Azerbaijan, thus turning the 1993 withdrawal of the Soviet forces a permanent reality. Moreover, during the second half of the 1990s, Azerbaijan and Tbilisi increasingly joined efforts in courting NATO, Turkey and the U.S. as guarantors of their security (Cornell 2001:365). During the same period, Armenian-Russian military ties continued to develop and strengthen. Their bilateral relations matured to a point that eleven protocols on military cooperation were signed in a single year 1996. These protocols covered a wide range of issues, from joint military exercises to air defense cooperation to military training and

research. In April 1997, the Armenian Parliament and the Russian Duma ratified a 25 years agreement on stationing Russian military bases in Armenia (Masih and Krikorian, 2003:107). The ratification of the treaty, which had been signed by Presidents Boris Yeltsin and Levon Ter-Petrosian in 1995, was delayed by the Duma until the settlement of the Karabakh conflict, in order to avoid the risk of Russian military involvement in the conflict. However, the increasingly anti-Russian stance in Azerbaijan and Georgia highlighted Armenia's role as Russia's only reliable ally in the region, resulting in overwhelming Duma support for the treaty. In his report to the Duma, Russia's deputy foreign minister Boris Pastukhov characterized the mission of Russian troops in Armenia as ensuring, jointly with Armenian forces, the security of Armenia. He praised the agreement as "protecting Russian strategic interests in the Transcaucasus . . . where external forces are doing their utmost to prevent Russia's close cooperation with the region's countries" (Cornell 2001:364).

Comparing Armenia to Georgia, Pastukhov slammed official Tbilisi, saying that extremist forces oppose the Russian military presence there. In August 1997, Armenia and Russia signed a bilateral Treaty of Friendship Cooperation and Mutual Assistance," which formalized their already mature military ties. Under the terms of the Treaty, the signatories pledged to consult each other and provide mutual military support if "either side is attacked or considers itself threatened by a third party" (Allison 2002:446). The sides also pledged to jointly protect Armenia's borders with non- CIS countries, proceeding from Russia's and Armenia's security interests and CIS collective security interests. The Treaty was signed for a 25-year period, with automatic ten-year extensions, unless denounced by either side with one year's notice. The importance of the Treaty for Russia can hardly be exaggerated. It enabled Russia to maintain its forces and forward-positioned military hardware in the Transcaucasus in a friendly environment.

Armenia's location in the Transcaucasus has high geopolitical value for Russia, since it is seen as the only wedge between Turkey and Azerbaijan and the rest of the Turkic world. The Treaty was also intended to strengthen the Collective Security Treaty and to provide a basis for similar bilateral agreements with specific CST members. Importantly, in 1999, Azerbaijan and Georgia refused to extend their participation in the CST. As a result, Armenia was left as Russia's only ally in the south and the only CST member in the region, thereby reinforcing Moscow's dependence on Armenia (Kozhevin 2005:123). In 2002, the CST was reorganized into a political-military Organization of the

Collective Security Treaty (CSTO) in order to bring its activities and procedures to a higher level and to address “new threats and challenges: international terrorism, illegal narcotics and transnational crime” (Russia/CIS: survey 2003:1). The signatories of the CSTO agreed to create a joint command structure headquartered in Moscow, a Joint Staff operation in Kyrgyzstan, and to upgrade the rapid reaction force established in 2001 for the Central Asian security region. The member-states also agreed to set up a common air defense system, to improve communications, intelligence gathering and sharing. Moreover, the signatories decided to achieve greater coordination of security, defense and foreign policies on regional and international developments. Russia pledged to provide military education to cadets and junior officers from the CSTO states at reduced prices and agreed to supply military equipment developed by Russian manufacturers to other CSTO members at Russia’s domestic rates. It has been suggested that standardized military training based on the Russian model and “accelerated militarization” of Central Asian and Caucasian regions provide additional opportunities for Russia to enhance its influence and limit Western involvement there. Additionally, it is thought that in the future, customers of Russian military equipment are likely to depend on Russia for spare parts, weapons and ammunition (Trenin 2002:98).

As far as the Caucasus security district is concerned, the military component appears to be the cornerstone of the Organization. As a member of the CSTO, Armenia buys Russian military equipment at Russia’s domestic prices. Armenia actively participates in CSTO command and control training and annual air defense exercises. Joint air defense is one of the most important elements of cooperation within the CSTO. Russian forces in Armenia provide air defense with an aviation group of MiG-29 jetfighters and advanced S300 air defense batteries (Hakobyan 2004:225). There are about 4,000 Russian troops in Armenia, more than half of whom are locally recruited Armenian citizens. Along with the military education that Armenian officers receive in Russia, local recruitment is an important source of training on modern Russian weaponry. It is important to note that the creation of the CSTO is consistent with Putin’s strategy of reintegrating Russia within the CIS. The Organization has an ambitious agenda and is determined to play a significant role in Eurasian security (Khode 2003:142).

Russia's Military Presence in Georgia and Azerbaijan

Russia has a mixed record of success in its military ties with two other Transcaucasian countries. Russian relation is improving with Azerbaijan, and have generally deteriorated with Georgia. Azerbaijan consented to a ten-year lease that allows Russia to maintain a huge Soviet-era radar installation at Gabala and to station up to 1,500 Russian troops there. Gabala is believed to be a vital military establishment for Russia. The radar station is a \$10 billion investment and is "capable of monitoring air traffic over Turkey, Iran, China, India, Iraq, Pakistan and much of northern Africa" (Goltz 1998:129). Although Azerbaijan aspires to NATO membership, it has been careful not to provoke Russian fears and has denounced any plans for stationing of NATO troops in Azerbaijan. Russia also maintains military bases in Georgia and peacekeepers in Georgia's breakaway regions of South Ossetia and Abkhazia.

Importantly, Georgia has come to view the Russian armed presence as a bridgehead for Moscow's neo-imperial policy. In 1999, the agreement on Russia's protection of the Turkish-Georgian border expired and Tbilisi refused to extend it, thus ending the presence of Russian border guards in Georgia (Cornell 2001:353). The same year, at the Organization for Security and Co-operation in Europe (OSCE) summit in Istanbul, Russia agreed to reduce its armed presence in Georgia in compliance with the adapted Treaty on Conventional Armed Forces in Europe. The agreement required Russia to close its two military bases in Vaziani and Gadauta and to reach an agreement on the status of two other bases in Batumi and Akhalkalaki during 2000. Russia partially fulfilled its obligations and after dismantling of the first two bases delayed the implementation of the agreement. Russian troops in Batumi and Akhalkalaki became a major source of friction in Russian-Georgian bilateral relations. It is important to note that ethnic Russians constitute a very small percentage of the population of the South Caucasus, excluding Georgia's regions of Abkhazia and South Ossetia. Therefore, the issue of Russian minorities is not given much weight in Russia's bilateral relations with Southern Caucasian countries (Stepanian 2006:339).

Terrorism in the Transcaucasia: Challenges before Russia

In 2001 Russian-Georgian relations reached another high tension mark. The tensions were focused on Georgia's Pankisi Gorge, which had become a lawless criminal area where Islamic radicals and Chechen militants linked to Al Qaeda found shelter.

With its own large Muslim populations concentrated mainly in the North Caucasus, Russia feared that Islamic fundamentalism might spread and destabilize Russia itself (Nichol 2004:191). Moscow was also concerned with drug trafficking and illegal immigration, as well as weapons transfer across the Georgian border to Chechen fighters in the North Caucasus.

The crisis over terrorists infiltrating Russia from Pankisi was extensively covered in Russia and Georgia, with each side exchanging charges and counter charges. Georgia long denied the presence of Chechen fighters and terrorists on its soil. In 2001, however, the Georgian Ministry of Internal Affairs facilitated the movement of several hundred Chechen fighters from Pankisi to the Kodori Gorge in Abkhazia, where they became involved in fighting with Abkhazian secessionists (Darchiashvili 2003:117). The scandal spurred western criticism and cost the Minister of Internal Affairs his job, but even then Shevardnadze described the Chechen commander, Ruslan Gelayev, as a normal thinking and educated man who favors Georgia. Russia officially accused Georgia of harboring Chechen terrorists who used Georgia as a staging area for attacks on Chechnya. Putin noted that Russia might be compelled to pursue Chechen terrorists into Georgian territory (Ibid:215).

In 1995 Russia officially accused Azerbaijan of harboring Chechen rebels and Islamic charities that funded paramilitary camps for the militants. The same year, Moscow closed its border with Azerbaijan, an action which had little effect on the issue. Russian pressure on Azerbaijan increased in 1999. This time, however, it resulted in Russian-Azerbaijani rapprochement on the issue of Chechen terrorists. It has been suggested that Heidar Aliev's concern over the succession of power in his own family was the driving force behind this demonstration of loyalty. Azerbaijan took some practical measures to identify and neutralize Islamic radicals and Chechen terrorists. It closed the Chechen cultural center in Baku, which was considered a front for Chechen separatists. Russia announced that Baku was taking efficient measures "aimed at preventing the proliferation of international terrorism in the Transcaucasus" (Lynch 2006:118).

Russia's Economic Interests in Transcaucasia

Trade Relations

After the decade of Soviet disintegration Russia's economic importance for the three Transcaucasian countries (in terms of volume of trade turnover) has declined, as these countries' economies have gradually adjusted to the dissolution of the interdependent links of the Soviet integrated economy. The regional blockades, imposed in connection with the Chechen and Abkhazian conflicts, the weakness of the Russian economy during much of the 1990s, as well as the entrance of foreign players and investors into the regional economy, all contributed to the relative decline in Russia's trade importance for the regional countries (Herzig 2002:103).

The three Transcaucasian countries were highly dependent on trade links with Russia and suffered an unprecedented crisis in the immediate aftermath of the collapse of the Soviet Union. Their economies started to recover slowly and national currencies began to stabilize in 1995-1996. All three countries demonstrated an increasing propensity to trade and all have managed to redirect their exports and imports from the CIS to third-country, mostly European, markets. For instance, from 1991 to 2001 the share of exports to the CIS countries in total exports of Armenia, Azerbaijan and Georgia decreased, respectively, from ninety eight percent to twenty six percent, from ninety five percent to ten percent and from ninety four percent to forty five percent. A similar trend was observed with regard to their share of imports from CIS countries (Igor 2004:164). It is important to note that the Southern Caucasian countries generally agreed that the CIS was unable to provide serious economic benefits for them. The Agreement on the Free Trade Area was never implemented and none of the Southern Caucasian countries was a member of the Russian-dominated EEC and none showed an intention to join it. Analysts believe that joining such free trade regimes may result in increasing trade deficits between new members and Russia.

Although Russia's overall economic performance in terms of trade turnover is relatively moderate when seen in international context, Russia still remains an important trading partner for each of the three Southern Caucasian states because of its economic weight and Soviet-era structural dependencies (Perovic 2004:189).

Energy Relations

The structure of energy relations between Russia and the Transcaucasian countries is highly asymmetric, which makes most of them dependent on Russia for their security, economic development and internal stability. From the neoliberal perspective the major source of power in the modern world derives from asymmetrical interdependence, which can be manipulated to exert political influence over resource insufficient countries that cannot respond adequately to the effects of external changes (such as the increased price of vital resources, cuts in resource deliveries, etc) (Sushko 2004:120). Analysts believe that such dependent relationships may endanger the formal independence and autonomy of small states with regards to their ability to make decisions. As noted above, exploiting this type of dependence is the cornerstone of Russia's "Operation CIS." With this strategy, Russia aims to achieve control over key strategic areas that are important for acquiring a de facto hegemonic position in the CIS. It is thought that exploitation of vulnerabilities in key energy sectors (electricity, gas and oil) can provide Moscow with leverage over both the internal political developments and the foreign policies of the CIS countries. If the regional countries remain dependent on Russia's energy resources and on pipeline energy network systems, then they will remain an organic part of Moscow's sphere of influence (Ibid: 225). The creation of a common CIS market for key energy sectors will inevitably strengthen Russia's position in the CIS by keeping foreign competitors out.

Under Putin's leadership, Moscow has tightened its control over corporate energy interests and has encouraged their international expansion, bringing their agenda in line with the economized foreign policy of the Russian state. Therefore, when it comes to energy issues in the Transcaucasus, the Russian state and the Russian energy monopolists appear almost as unitary entities with overlapping interests that serve the larger geoeconomic and geopolitical goals of the state. Each key energy sector in Russia has its leading company, which acts as a vanguard of Russia's economic expansion, conquering what might become Russia's liberal empire. The driving force of expansion within the electricity sector is the Russian electricity monopolist RAO Unified Energy Systems (UES), which is 52.5 percent state-owned. Within the gas sector the force of expansion is Russia's gas monopolist Gazprom, whose major shareholder is the Russian government with 38.7 percent (Perovic 2004:223). Gazprom is also a major player in the oil sector, which is represented by several other companies, including Russia's LUKoil and Yukos

companies. These three companies have formed a consortium that is jointly developing oil reserves in the Russian part of the Caspian. Importantly, the management of oil pipelines is done through another state-controlled company, Transneft, whose pipelines serve as the main export route for Caspian oil. Until the construction of Baku-Tbilisi-Ceyhan (BTC) pipeline that bypasses Russia, the main export route for the Azerbaijani oil was the Baku-Novorossiysk pipeline, which went through Russia. The amount of oil exported through that pipeline accounted for only one percent of Russia's overall oil exports but maintaining its monopoly over energy flow gave Moscow a dominant bargaining position over Baku and a potential lever for political influence.

Russian oil giant LUKoil initially acquired a small share in a major Caspian oil consortium, the Azerbaijan International Operating Company (AIOC). Later it pulled out of Azerbaijan, causing a lot of speculation. According to some analysts, LUKoil's withdrawal was "related to the company's broader strategic retrenchment and debt consolidation," rather than traditional geopolitics. It has been reported that LUKoil has failed to find "commercially viable hydrocarbon reserves" at the Yalama block in Azerbaijan, where it remained invested after the pullout from AIOC (Blum 2005:286). Interestingly, LUKoil still remains an investor in the Shah Deniz offshore gas field in Azerbaijan, which is scheduled to deliver six to seven billion cubic meters of gas to Turkey through the Baku-Tbilisi-Erzurum (BTE) pipeline, currently under construction.

Russia tries to play a major role in Caspian oil production and transportation for apparent economic and political reasons. Initially, the Russian leadership insisted that the legal status of the Caspian sea had to be determined before its energy resources could be used. This obstructionist strategy, however, did not prevent but rather encouraged the Caspian states to seek foreign support to push their oil production and transportation through third country routes bypassing Russia. (Nichol 2005:10).

Under Putin's leadership, Russia's Caspian energy policy has become more consistent and pragmatic. Putin aimed at achieving better coordination of Moscow's oil diplomacy, which from the mid 1990s was trapped between the state policy crafted in terms of East-West geopolitical competition and major corporate interests. Moscow took practical steps to dissipate the controversy with Azerbaijan over the division of Caspian energy reserves, and eventually consented to the construction of the BTC pipeline (Roberts 2003:100). Later on, Azerbaijan, Kazakhstan and Russia concluded a trilateral

maritime border agreement based on a modified median line. It has been suggested that this change in Moscow's policy was motivated by Russia's desire to participate in the development of the huge Kashagan oilfield in Kazakhstan's sector of the Caspian, as well as the "need to establish property rights on the newly discovered oilfield" in Russia's part of the Sea (Baev 1999:298).

The relative inactivity of the oil sector in the Transcaucasus is offset by the expansionist policies of RAO UES and Gazprom. The Southern Caucasian states face a "serious dilemma": they were forced to privatize state-owned energy facilities in order to achieve decent maintenance and effective governance. Due to uncertainty, western companies are reluctant to invest in these enterprises. In contrast, Russian energy monopolists associated with the government are capitalizing on high prices of energy and using their revenues to invest in key strategic sectors.

In 2001, UES acquired seventy five percent of the shares in the electricity distribution company Telasi from an American investor AES, which had suffered financial losses (Tsereteli 2005:291) . This gave Russia control over Georgia's main power plants and Tbilisi's power grid. Some analysts saw this move as a surrender of Georgia's energy system to UES. The UES has expressed its desire to buy five hydropower stations in western Georgia and the largest hydropower plant on the administrative border with the breakaway region Abkhazia. Although Georgia has significant electricity generation resources, because of poor distribution networks, huge amounts of electricity are lost in transmission. Georgia relies on supplementary imports from Armenia and Russia, but can also receive supplies from Azerbaijan and Turkey. UES also holds a major share in the Armenian electricity sector. In 2001, Armenia signed a ten year plan of economic cooperation with Russia intended to achieve greater integration of the two economies and to attract Russian investment into Armenian economy, thus boosting its industrial growth (Danielyan 2002:116).

As an appendix to the economic cooperation plan, Armenia suggested a debt-for-equities scheme intended to clear Yerevan's \$100 million debt to Moscow. Later, the debt-for-equity deal was signed and the UES acquired four units of the Hrazdan power plant, which accounted for 20 percent of Armenia's annual electricity production (Markarian 2005:21). Four other largely moribund enterprises of the military-industrial complex were also handed to Russia as a part of that swap agreement. President

Kocharian denied media speculation that the deal was part of the Kremlin's drive to make Yerevan more dependent on Russia. He stated, "this proposal was made by ourselves. Nobody is trying to foist anything upon us" (Danielyan 2002:136). Analysts agreed that the swap relieved Yerevan of a significant and growing part of its foreign debt service and left Russia in the position of strategic investor, but they also noted that the agreement gave Russia significant long term political benefits.

Even before the swap deal, the Armenian energy sector was dependent on Russian nuclear fuel for its Metsamor nuclear power plant, which accounts for nearly forty percent of Armenia's annual electricity production. The plant ran up \$32 million in debt to Russian suppliers and was unable to purchase nuclear fuel deliveries until it was placed under the five year financial management of UES. RAO UES was also granted ownership of a cascade of six hydroelectric plants near Yerevan. The chief executive of the nuclear plant, Gagik Markosian, maintained that the plant has balanced its books and experienced no refueling difficulties for the first time since the 1995 reactivation (Markarian 2005:163). The move, however, placed eight percent of Armenia's electrical generating capacity under the control of UES. Armenian electricity sector fell under near complete control of Russians. It is important to note that Armenia is an energy exporter; integration of its electricity system with that of Georgia and Azerbaijan would allow UES to effectively control the regional electricity flow and to penetrate the power market in Iran and Turkey (Ibid:332). UES signed a memorandum of understanding with Azerbaijan, pledging greater investment and expanding cooperation to penetrate the Iranian market. So far, UES has not acquired major enterprises in Azerbaijan, but has obtained Baku's agreement for the parallel operation of Russian and Azerbaijani electricity systems. It has signed contracts that allow transmission of electricity from Azerbaijan to Turkey and Iran. Analysts suggest that Azerbaijan's oil and gas related revenues give it a better bargaining position vis-à-vis Russia, allowing it to avoid debt-for-equities swaps and the sale of energy facilities that would be impossible to maintain otherwise

Azerbaijan generates sufficient amounts of electricity to meet its domestic consumption. However, significant amounts are lost in transmission because of the poor distribution network. Azerbaijan, therefore, relies on supplementary imports, which come mainly from Russia and Turkey. It is expected that Azerbaijan's demand for electricity (and thus its dependence on Russian supplies) will increase slightly when the BTC pipeline starts working. Azerbaijan is also dependent on Russian natural gas imports,

despite the large Shah Deniz gas field. The volume of gas imports have increased significantly since 2001, because oil-fired power plants have been changed to gas-fired ones. U.S. Department of Energy analysts, however, note that Azerbaijan's dependency on gas imports will decrease as its production increases from domestic offshore gas fields like Shah Deniz. Given its oil and gas resources and non-Russian export routes, Azerbaijan, in Ilham Aliev's words, can "reliably ensure its energy security" (Aliev 2006:112). The Baku-Tbilisi-Erzurum pipeline, scheduled to become operational in autumn 2006, will serve as a major export route for Azerbaijan's gas surplus and will help Georgia to diversify its gas supplies, thus reducing Georgia's dependence on Russian gas imports.

The expansion of UES into Armenia and Georgia is not an isolated phenomenon; it is paralleled by the penetration of their gas markets by Russia's gas monopolist Gazprom. In 1997, in a debt-for-equity swap, Gazprom obtained a 55 percent controlling stake in Armenia's entire gas infrastructure and formed Armenia-Russia Gazprom joint venture with its U.S.-registered Itera subsidiary (Markarian 2005:119). Gazprom is also Armenia's exclusive supplier of the gas, which generates nearly 40 percent of Armenia's electricity and is increasingly used for heating households. Analysts suggested that Gazprom has secured a right to conclude confidential future projects with the Georgian government, possibly paving the way for debt-for-equity deals. Gazprom is also Georgia's single gas supplier. Recently, Gazprom has expressed its desire to buy the trunk pipeline that brings gas to Georgia and Armenia, but Tbilisi has not yet decided on the issue. Acquisition of energy enterprises under the debt-for-equity deals in Georgia and Armenia seem disadvantageous for Russia, because most of the facilities are in disrepair and require large investments (Tsereteli 2005:332). However, it is beyond doubt that control over these facilities gives Moscow potential leverage over political developments in Transcaucasia.

Chapter-Four

U. S. Interests in Transcaucasia and its Implications for Russia

This chapter intends to give an insight to the evolution of U.S. foreign policy towards the South Caucasus and its implication for Russia in order to highlight the regional geopolitical trends and key interests of U.S. The US policy towards former territory of the Soviet Union in the transcaucasus was initially Russia-centered which had culminated in partnership between the two countries. The first priority of Washington's policy makers was to avert the danger of nuclear proliferation, and as such, 'the entire Soviet nuclear arsenal was to be taken over by Russia'(Trenin 1988:177). Furthermore, one of the US goals was to preserve the status quo of the post-Soviet order, that is to say, a support to the independence and sovereignty of the newly independent states against Russia's integrative tendencies. Yet, this support differed according to regions and countries involved as the importance of Baltic states and Ukraine compare with Central Asia and the transcaucasus was not same in the eye of the west notably the US.

U.S. Policy towards Transcaucasus after Soviet Union

So far as the Caucasus was concerned, the policy towards the region was initially marked with lack of interest. Indeed, the conflict-torn region of the Caucasus did not pose immediate threat to the U.S. security concerns, and it appeared that it had recognized the region as Russia's sphere of influence. Indeed it was suggested that "Russia voted in the United Nation Security Council (UNSC) to give the United States the right to invade Haiti in exchange for quiet American agreement to Russian intervention in the Transcaucasus to try to stop the war that have for years racked Armenia, Azerbaijan and Georgia, the three former republics there" (Hough 1994:310).

However, one of the U.S. goals has been to isolate Iran and preventing the spread of Islamic extremism in the Muslim republics including Azerbaijan. Therefore, Washington had promoted secular Turkey and the West's ally as a model to counter Iran.

Moreover, the USA appeared satisfied to let Turkey do all the job for them, thereby promote its own interests as well.

Since 1994, a shift is visible in the U.S. policy towards the southern belt of the former Soviet Union, including Caucasus. This can be attributed to 'the lagging of partnership' with Russia, in one hand and the increasing commercial involvement of the American companies in the oil deals of the Caspian Sea in other. Furthermore, the U.S. favors 'the diversification of world oil supplies to reduce future dependence on Persian Gulf oil, more so, when the Caspian Sea has the potentiality to become a viable source of oil supply to the world market (Forsythe 1996:18). Consequently, Washington adopted a more active role in the region. No wonder, the presidents of the Caucasian republics began to meet the U.S. President in Washington.

In March 1994, Shevardnadze talked with Bill Clinton 'on Georgia's request to dispatch UN peacekeeping forces to Abkhazia', a request which was in defiance of Russian peacekeeping forces there. Washington showed interest in supporting Georgia's request (Ibid:127). More importantly, Shevardnadze met with U.S. defence secretary in which they signed a memorandum of cooperation between the two countries in the military sphere. Furthermore, William Perry, the U.S. defence secretary promised to assist Georgia to create its army. Georgia had also gained importance as a route to export the Caspian Sea oil. In fact, the U.S. has supported the Georgian pipeline in order to prevent Russia and Iran from controlling the oil flow. In July 1997, the U.S. president in his talks with his Georgian counterpart asserted that "if not all of the ...oil, then at least a large part of it will go through Georgia and Turkey" (SWB, 1997, Su/2980, F/1).

Armenia has extensively enjoyed the American support particularly in terms of humanitarian assistance because of presence of an strong Armenian lobby in the U.S. Hence, Armenia received \$505 million till September 1995, thus it had been the top recipient of U.S. aid among the former territory of the Soviet Union. On the other hand, Azerbaijan received only \$72 million because of its use of force and blockade against Armenia (Schroeder 1997:265). Moreover, Armenian president paid an official visit to the U.S. in August 1994, and discussed with President Clinton the problems of developing bilateral cooperation and prospects for settling the Karabakh problem. It should be noted that since 1994, Washington, considering its oil interests in the region, had tried to settle the Nagorno-Karabakh conflict. In October 1994, president of both

Armenia and Azerbaijan while in New York met each other to discuss the conflict. The meeting which had been mediated by U.S. ambassador to the UN did not brought any result. Again in March 1995, 19 percent, another U.S. mediation effort by initiating a peace plan was not received favourably by the two countries. Yet, U.S. Secretary of State, Madeline Albright, had asserted the U.S. would continue its efforts to settle the conflict. She further said, "We realize that it is important to correctly settle the Nagorno-Karabakh problem, particularly due to the strategic importance of the Caspian region" (SWB, 1997, Su/2844, F/2).

The oil factor has also influenced the US policy towards Azerbaijan. So far, Baku has resisted the Russian pressure to deploy its forces in Azerbaijan territory, and the U.S. Secretary of State along with some other European allies, which attending a NATO meeting at Istanbul sent a letter to Russia in support of Azerbaijan that no troops should be sent to the republic unilaterally. The letter further maintained that the Karabakh problem should be solved with in the CSCE and Azerbaijan's national independence and territorial integrity should be protected and guaranteed' (SWB. 1994, Su/2022, F/2). Not surprisingly, the U.S. ban on humanitarian aid to Azerbaijan was lifted in January 1995, 19 percent, apparently due to the American oil companies which have interest in Azerbaijan. Moreover, Aliev's visit to the U.S. in October 1995 has given a boost to the U.S.-Azeri bilateral relations.

It is reported that President Clinton's talk with Aliev was important in adopting both Russian and Georgian routes for pipelines for exporting Azerbaijan's oil. The U.S. President has also supported Azerbaijan's stance on legal status of Caspian Sea namely the division of the sea among littoral states that would guarantee the U.S. interests (Forsythe 1996:19). After all, though Russia is still a dominant power in the Caucasus, the increasing influence of the U.S. has posed a challenge to Moscow's hegemony over the region on the one hand, and Iran's security, on the other.

According to Hunter, in the early 1990s, the Southern Caucasian countries held almost no intrinsic value for the United States; instead, what most mattered for the U.S. was the impact of regional developments on Russia, Turkey, and the Middle East. The U.S. at the time chose to respect the Russian notion of the Transcaucasus falling within Russia's sphere of influence. It preferred Russian domination of the region with modest U.S. interests over an unpredictable and volatile situation loaded with the risk of

confrontation between ambitious regional players. U.S. policy towards the region, however, has changed considerably over time, becoming more pronounced and activist, while still remaining uncoordinated and often contradictory.

U.S. policy towards the Transcaucasia after Soviet disintegration was “Russo-centric and Russia-first in character,” which meant, given preoccupation with Russia’s future and support for Yeltsin’s regime, refraining from criticism of Moscow’s regional policies lest such criticism weaken Yeltsin’s authority (Hunter 1994:158). The main U.S. concern at the time was to encourage Russia’s transition to democracy and a market economy, as well as to achieve denuclearization of Ukraine, Belarus and Kazakhstan in line with the horizontal non-proliferation policy promoted by Washington. Not surprisingly, one analyst has described American policy of the time as Russia plus branch offices (Ibid:124). The United States, however, established some basic working guidelines, which included recognizing the Soviet successor states as independent entities, facilitating their democratic transition and integration into international organizations, as well as supporting the development of market economies and cooperative regional arrangements.

The U.S. was also interested in containing the Iranian influence in the Transcaucasus and preventing regional states from gravitating into its orbit (Masih and Krikorian,1999:110). Another important component of U.S. policy was gaining access to energy resources of Azerbaijan and supporting export routes that would not cross Russian or Iranian territory. Beyond these modest policy objectives, however, the U.S. did not have active interests and a clearly defined policy towards the Transcaucasus (Cornell, 2001:184).

By the end of 1991, the U.S. had recognized the independence of all the Soviet successor states, including the Southern Caucasian countries of Armenia, Azerbaijan, and Georgia. The U.S. pursued close relations with Armenia, partly due to the country’s democratic progress, with the influence of the Armenian-American lobby, whose activities focused mainly on the U.S. Congress. Levon Ter-Petrosian, elected Armenia’s President in October 1991, paid his first visit to the U.S. to communicate his pro-western policies in an obvious gesture of breaking with Moscow (Adalian 1995:309). This assertive foreign policy by a country far down the totem pole presented a puzzlement to the Bush administration and the symbolism of the meeting aside, it did not go far in

bolstering Armenia. At the time, Georgia's Gamsakhurdia had led his country into international isolation and internal conflict, and apparatchik Mutalibov still remained in power in Azerbaijan. The U.S, however, pursued closer ties with Tbilisi once Shevardnadze a pro-western Soviet foreign minister during the late 1990s came to power in Georgia in early 1992 (Nichol 2005:2).

In this period, the United States promoted Turkey as the principal regional power and a model of economic and political development for the regional countries, supporting Turkish attempts at reordering the Transcaucasus. Because the U.S. was unwilling to commit its resources and to provide security assistance to the regional countries and to advance the role of Turkey as its proxy security guarantor (Adalian 1995:321). United States policy was driven by fear of Islamic radicalism and by animosity toward Iran, whose influence in the power vacuum of the Southern Caucasus , in view of American strategists, could be balanced by Turkey's strong role. As noted above, excessive aggrandizement of the Turkish role in the region was seen as a major security threat in the neighboring country of Armenia. As Adalian remarks, this policy only highlighted Armenia's potential isolation and encirclement at a time when it already faced serious complications with both Azerbaijan and Turkey. Turkey, which was expected to play the role of moderate power, in a word, hijacked Western policy toward Armenia, aligning with Azerbaijan in early 1992 and compounding the severity of the crisis in the region (Ibid:332).

In February 1992, huge anti-Armenian demonstrations were held in Turkey, with hundreds of thousands of Turks calling for intervention on behalf of Azerbaijan. At the time the Turkish President Turgut Özal went so far as to openly threaten Armenia, announcing on several occasions that Armenians should be frightened a little (Cornell 1998:72). The Turko-centrism of U.S. policy, which was not so fine tuned as to factor in every nuance arising from the specific regional conditions, appeared to validate "what the Russians had always found convenient to reinforce: Armenian insecurity about Turkey's ambitions and the potential consequences these presented in light of their past experience"(Adalian 1995:321). As Adalian (1995) writes, the result was that "Armenia, a pro-Western democracy, was slowly alienated from the west by the presumed defender of western interests in the region" and began to seek Russia as a guarantor of its security and a balancing force against Turkey. Unfortunately, U.S. efforts to make Turkey change

its unfriendly policies towards Armenia were ineffective and have remained largely fruitless (Ibid:336).

It should be noted that because of incompatible Russian and Turkish ambitions in the region, the Turko-centric policy was in contradiction with Russo-centrism of American strategists. The U.S. policymakers soon realized that with Turkey trying to take advantage of Russia's temporary withdrawal, the volatile situation posed risks of Russo-Turkish confrontation at exactly the time when the U.S. was actively supporting Yeltsin's pro-western regime to "prevent the country from slipping into aggressive authoritarianism and xenophobia. Such concerns, coupled with animosity toward Iran and exaggerated fear of Islamic radicalism, drove U.S. policymakers to see the return of Russian domination as the "least of several evils (Cornell 2001:154).

At the same time, containing interethnic conflicts or helping with democratization in the region became lesser priorities for the U.S.. For instance, the United States did little to help Shevardnadze in his struggle against Moscow and it did not warn Russia against intervening in Georgia's civil war. Similarly, Russia's reestablishment of its influence in Azerbaijan and ousting of pro-Turkish nationalist President Elchibey were accepted in the U.S. as accomplished fact. By the end of 1993, however, Russia's policy of aggressive reintegration led some policymakers in the U.S. to gradually reconsider the Russo-centric policy and favour a greater focus on individual states. However, as Hunter notes, the shift was not pronounced and it did not "dramatically affect the course of events" in the region (Ibid:161).

During this period, foreign policy interest groups, notably the Armenian-American community, played an important role in focusing U.S. attention on the Nagorno-Karabakh (NK) conflict. In 1992, the conflict had already escalated into a full-scale war by Azerbaijan against the majority Armenian population of the Nagorno-Karabakh Autonomous Oblast (NKAO), who had initiated a process of independence, held a referendum consistent with existing Soviet laws and procedures, and, in December 1991, obtained an overwhelming mandate for independence. As Nichol writes, Congressional concerns about the Nagorno-Karabakh conflict led to the inclusion of

Section 907¹ in the Freedom for Russia and Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act, which prohibits U.S. government-to-government assistance to Azerbaijan, except for non-proliferation and disarmament activities, until the President determines that Azerbaijan has taken demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh (Nichol 2005:12).

According to Shaffer, Section 907 of the Freedom Support Act became “a major constraint on U.S. policy options towards the region.” Importantly, it also limited U.S. security cooperation with Armenia, because of U.S. policy of parity in military transfers and security ties with Armenia and Azerbaijan (Shaffer 2003:54). U.S. policy towards Azerbaijan, however, soon changed towards greater cooperative engagement initially led by the interests of major American oil companies.

As Cornell writes, during the second half of the 1990s, private American interests, which in many respects matched those of Baku, started to make a difference in Washington (Cornell 2001:366). In 1994, Heidar Aliev started re-negotiating the former government’s oil deals, which had collapsed after the ousting of President Elchibey. Cornell says, Aliyev’s consistent policy . . . was to try to attract as many foreign powers as possible into the politics of oil, thereby bringing about a vested interest in these countries in supporting Aliyev’s regime—and, by extension, displaying a more positive attitude toward Azerbaijan and its position in the Nagorno-Karabakh conflict (Ibid:374).

In September 1994, an eight billion dollar contract, the “deal of the century,” was signed with a consortium of western companies. The agreement established the Azerbaijan International Oil Company (AIOC), in which forty percent of the shares were held by American oil companies. With the deal signed, the “Texas Oil interests” began using their lobbying mechanisms in Washington to influence U.S. policy “to further Azerbaijan’s interests, and thereby their own interests” in the Transcaucasus (Masih and Krikorian, 1999:111).

¹ section 907 of the United States Freedom Support Act bans any kind of direct United States aid to the Azerbaijani government. This ban makes Azerbaijan the only exception to the countries of the former Soviet Union, to receive direct aid from United States government under the Freedom Support Act to facilitate economic and political stability.

The oil lobby came to counterbalance Armenian-American influence in the Congress, because the oil lobby's support of Azerbaijani attempts at removing or easing Section 907 could make American oil companies eligible for U.S. government's financial assistance. Shaffer writes, in this period one witnessed a plethora of congressional testimonies and major public statements that emphasized the importance of Caspian energy resources and the need for rapprochement with Azerbaijan, a country increasingly viewed as a major producer and a transit route for the East-West energy corridor (Shaffer 2000:56). Although Congress did not remove the Section 907 prohibition, legislative provisions for fiscal years 1996, 1998 and 1999 respecting eased the prohibition by allowing for humanitarian, democratization, and business aid exemptions. In this period, Washington intensified its efforts at promoting U.S. economic and strategic interests in the Transcaucasus, "following the lead given by major U.S. corporations" (Cornell 2001:376). The Transcaucasus and Central Asia were declared a strategic vital region where the developments mattered profoundly to the U.S. Caspian energy development, which was consistent with U.S. energy policy of lessening dependence on Persian Gulf oil, became an increasing concern of the Clinton administration (Ibid:374). The extensive U.S. interest in Caspian energy resources was expressly stated in national security strategy reports prepared by the Clinton administration in 1997 and 1998. Stephen Sestanovich, ambassador at large and special advisor to Secretary of State for the Newly Independent States, officially announced that "energy development and the creation of an East-West energy transport corridor" were among important U.S. foreign policy goals in the Transcaucasus and Central Asia (Ibid:379). At the same time, the administration started promoting the BTC pipeline as part of that energy corridor (Nichol 2003:14). In 1998, a position of Special Advisor to the President and Secretary of State for Caspian basin energy diplomacy was introduced, and in 1999 political and economic support was obtained for construction of BTC pipeline.

It is important to note that in the last decade the consumption of oil in the U.S. has almost doubled, making the country more dependent on oil-exporting small states of the Persian Gulf, Africa and South America. The United States has complicated relations with many of these states, and a secure supply is often threatened by regional instability and petro-terrorism, which often cause oil shortages and, therefore, its price hikes. Therefore, from a neoliberal institutionalist perspective, it is logical to expect that the U.S. would pursue Caspian energy resources to diversify its supplies and to mitigate

effects of possible external changes. As Olikier notes, the United States itself is unlikely to become a customer for the Caspian oil or gas (Olikier 2004:221). According to Shaffer, the U.S. views Azerbaijani oil as a contributor to global oil supply diversification and as oil in the margins, a tool to affect world oil prices. However, this is not to suggest that oil interests were the main factor behind the U.S. administration's adoption of a more assertive policy towards the region and its rapprochement with Azerbaijan. American economic interests and the role of the oil factor have often been overestimated by many analysts. Moreover, despite much speculation regarding Azerbaijan's huge oil reserves, it appears that much of the oil is concentrated in the northeastern part of the Caspian Sea (Blandy 2005:87). In its official rhetoric, however, the U.S. has long insisted on high-end estimates of Azerbaijani and Caspian oil reserves, arguably using the oil issue as a reason for activist involvement in the region. As Blank notes, Washington's interests in the regional economy do not take precedence over America's larger geostrategic goals (Blank 2005:116).

The Transcaucasia due to its location, is viewed by American strategists as a strategically important region that can serve as a gateway to the Central Asian states of the Caspian basin. In the context of larger U.S. policy, supporting westward pipelines that bypass Iran and Russia is an important prerequisite for strengthening the independence of Central Asian and Transcaucasian small states, a step toward creating the cooperative Eurasia that would be the base for future world politics (Ibid:306). This approach has also been reflected in statements by U.S. officials. In April 1998, Stephen Sestanovich stated, they cannot look at Caspian energy policy in isolation from our overall goals or the region. Our promotion of an economically viable east-west Eurasian transport corridor to bring Caspian energy resources to international markets is part of a larger strategy that up ports peace and stability, democracy and respect for human rights, market economic reform and development, openness toward the United States and to U.S. business, and the region's integration into Euro-Atlantic and global institutions (Cornell 2001:384).

Congruent with its general regional policy, Washington also tried to improve its political and security cooperation with Southern Caucasian countries. In 1996, the U.S. welcomed the establishment of pro-western GUAM (Georgia, Ukraine, Armenia and Moldova) grouping (Ibid:411). In 1997, the U.S. activated its efforts at facilitating the resolution of the Nagorno-Karabakh conflict, becoming a co-chair, along with France and Russia, of the OSCE Minsk Group. On a number of occasions Washington also openly

condemned Russia's heavy handed treatment of Georgia (Oliker 2004:121). Although conflict resolution efforts remained limited and unsuccessful, they are a significant departure from the previous policy of deference to Russian regional hegemony.

U.S. Policy Towards Transcaucasia After 9/11

The Bush Administration gave new vigour to America's regional diplomacy, hosting intensive talks on the Nagorno-Karabakh dispute in early 2001, in Key West, Florida. The sides were indeed close to reaching a peace agreement, but Aliiev's concessions on Nagorno-Karabakh's status produced strong opposition among the Azerbaijani elite and the peace settlement once again went into a deadlock. However, with such high-level U.S. commitment to the Nagorno-Karabakh peace negotiations, Washington signaled the start of an even more activist policy towards the Transcaucasus (Shaffer 2003:127). Although the U.S. continued its policy of helping the Southern Caucasian states to minimize their dependency on Moscow, it remained wary of unequivocally placing itself in opposition to Russia in the region. As Shaffer writes, in this period, Washington has tended to work cooperatively with Moscow, and this has had a very positive impact on their ability to cooperate in policies and conflict resolution efforts in the South Caucasus.

Since September 11, 2001, U.S. policy towards the region has changed dramatically, because the Caspian basin and the Transcaucasus have acquired paramount importance in strategic and security terms. Indeed, the terrorist attacks demonstrated that geographically distant regions, where the U.S. interests were thought in terms of nice-to-haves, could have a profound impact on U.S. immediate interests. For instance, if the Transcaucasus became a terrorist haven, it would pose immediate security threats, and would render exploitation of Caspian energy resources impossible, thus jeopardizing America's larger geostrategic interests in the region (Smolansky 2004:130). It is therefore not surprising that American strategists now view U.S. regional policy as an important element of the Global War on Terrorism and they link the South Caucasus with Central Asia in an integrated security complex.

This region is a geographical pivot point in the spread of democracy and free market economies to the states of central and southwest Asia. For the United States, Russia is at the core of the integrated regional security complex. Importantly, following

the 9/11 terrorist attacks, Moscow emerged early as one of Washington's staunchest partners in the fight against terrorism. Ignoring the opposition of his closest military advisors and the Russian political elite, President Putin offered immediate assistance to the United States (Kipp 2005:251). As Goldman writes, Putin's acquiescence to the stationing of U.S. and NATO troops in Central Asian former Soviet republics was a dramatic reversal of Moscow's previous policy of resisting U.S. influence in the region. Interestingly, the 2002 U.S. National Security Strategy Report stated that; recent developments have encouraged our hope that a truly global consensus about basic principles is slowly taking shape. With Russia, we are already building a new strategic relationship based on a central reality of the twenty-first century: the United States and Russia are no longer strategic adversaries . . . At the same time, we are realistic about the differences that still divide us from Russia and about the time and effort it will take to build an enduring strategic partnership (Goldman 2004:110).

Analysts have argued that Moscow's policy shift was motivated by the need to realize Russia's objectives in foreign and domestic affairs. They argue that sustaining cooperation between Washington and Moscow will largely depend on the extent to which they continue to perceive their interests as shared. Russian officials have called for establishing deadlines for the withdrawal of U.S. and NATO troops from Central Asia. Additionally, U.S. and Russian interests have clashed over a number of issues, including the Anti-Ballistic Missile (ABM) Treaty, strategic arms reductions, and Russia's nuclear cooperation with Iran (Ibid:227). However, analysts note that despite such tensions, Washington and Moscow seem "determined to preserve the cooperative relationship they built following the September 11 attacks." As the Commission on America's National Interests and Russia writes; the combination of Russia's size and strategic location; its relationships with, intelligence about and access to key countries; its arsenal of nuclear and other weapons and technologies; its enormous energy resources; and its ability to facilitate or block action by the United Nations Security Council places Moscow among America's most important potential partners.

According to Zagorski, the dialogue established between the U.S. and Russia ensures that tensions can be attenuated on the basis of compromise. Washington and Moscow cooperate in the region through "the Caucasus and Central Asia subgroup of the U.S.-Russia Working Group on Counterterrorism"(Zagorski 2004:133). Moreover, it is

well known that the U.S. and Russian governments today belong to multiple international regimes and are connected through several vital strategic interests.

According to Blank, the U.S. and NATO partnerships with Russia offer an enormous opportunity to shape and transform the security environment throughout the former Soviet Union. Most important, the unprecedented cooperation between Washington and Moscow in the fight against terrorism and, in the words of the U.S. Secretary of State Condoleezza Rice, probably the best U.S.-Russian bilateral relations in a long time, provide new opportunities for small states that benefit from convergence rather than conflict of great power interests in the region (Blank 2005:239). As Perovic writes, “the fate of the South Caucasus . . . is, in important ways, bound to the dynamics of relations” between Russia and the United States (Perovic 2004:136). Analysts believe that coordinated policies of Washington and Moscow can lead to a greater stability, development, and conflict resolution in the region a “Great Gain” scenario instead of a confrontational “new Great Game”(Aydin 2004:85). Importantly, U.S.-Russian effective cooperation will depend on Russia’s respect of the values of freedom and democracy at home and their non-hindrance in the regions of vital interest to the United States: the broader Middle East, South and Central Asia, and East Asia. The U.S. has a number of peripheral interests in the Transcaucasus, but security, human rights, and economic interests dominate the current U.S. agenda towards the Transcaucasus.

Security Interests

Counterterrorism Efforts and Law Enforcement Assistance

In its security policies towards the Transcaucasus, the U.S. is interested in enhancing the security of regional states and addressing threats that are of concern to the United States. As Olikier writes, if prior to 9/11 “there existed the possibility that the interests of allies, such as Turkey, would lead to greater U.S. involvement in the region . . . now the United States has its own imperatives to remain involved”(Olikier 2004:225). Washington’s security interests in the Transcaucasus have dramatically increased because the region has come to be viewed as the lynchpin of any U.S. role in Central Asia. Analysts maintain that the Transcaucasus and Central Asia have become integral parts of U.S. war on terrorism. Importantly, the growing U.S. interest in the Transcaucasus and

improved security cooperation with regional countries both help these states to diversify their security policies, lessening their dependence on Russia.

In the aftermath of the terrorist attacks, the three southern Caucasian states were quick to grant the Pentagon flyover rights and to offer their support for the Operation Enduring Freedom (OEF) in Afghanistan (Danielyan 2002:221). Azerbaijan's strategic position acquired renewed importance for Washington. Good relations with Baku would help the U.S. to effectively project its power into Afghanistan and the Middle East. Caspian energy resources once again inspired intense attention from U.S. strategists as they renewed their search for non-OPEC energy resources to diversify global oil supply and lower oil prices (Shaffer 2003:58). The importance of Azerbaijan also grew because of the perceived need to strengthen ties with Muslim majority states, whose participation in anti-terrorist efforts would add legitimacy to those missions (Ibid:59). The anti-terrorist rhetoric of Baku further strengthened Aliyev's position and helped to shift attitudes of the U.S. administration and the Congress. In January 2002, Section 907 restrictions on US security assistance to Azerbaijan were waived by presidential authority (Cornell 2001:160).

The U.S. helps Azerbaijan and Georgia confront Islamic radicals and terrorists who penetrate these countries' territories. Moreover, Azerbaijan and Georgia reportedly play a key role in narcotics and arms trafficking routes, therefore, U.S. security assistance programs are also targeted at enhancing their border control and law enforcement capabilities. It has been also reported that the United States has committed millions of dollars to facilitate the withdrawal of Russian military bases from Georgia (Metreveli and Hakobyan, 2002:457).

First, U.S.-Azerbaijan military consultations were held in Baku, centered on military training and naval defense in the Caspian. Since then, the U.S. European Command (EUCOM) has significantly broadened its initiatives in Azerbaijan. They currently include the "Caspian Guard Program" and the "Caspian Hydrocarbons Initiative," which provide security assistance to Azerbaijan to help protect energy corridors and establish an "integrated airspace, maritime and border control regime" with Kazakhstan (Nichol 2005:60). Other EUCOM initiatives in the Transcaucasus include the "South Caucasus Clearinghouse," which aims to facilitate information sharing on security assistance programs among regional countries and the U.S., and the "Sustainment and

Stability Operations Program” (SSOP) in Georgia (Ibid:163). The goal of the SSOP, which was launched as a follow on to the Georgia Train and Equip Program (GTEP), is to improve readiness capabilities of four Georgian battalions, in part to support U.S. led coalition operations. The GTEP was carried out from 2002 to 2004; it was aimed at helping Georgian military, security, and border troops combat terrorists who had infiltrated Georgia from Afghanistan, Chechnya and Arab countries. The program was also intended to strengthen Georgia’s ability to ensure internal stability and protection of energy pipelines that traverse its territory. As part of the GTEP, the U.S. deployed about 200 military trainers to instruct Georgian troops in light infantry tactics (Shaffer 2003:59). The U.S. also provided those forces with small arms, communications equipment, ammunition and uniforms. Interestingly, Russia acquiesced to the deployment of military instructors, and Putin reportedly downplayed the move, remarking that it is not a tragedy. According to Trenin, this response reflects Putin’s “hard-headed analysis” of Moscow’s expectations, resources, and the threat of terrorism, which, “for the first time since 1945 . . . had become a common enemy” for the United States and Russia” (Trenin 2004:105).

After lifting the prohibition on security assistance to Azerbaijan, Washington has also intensified its military cooperation with Armenia, which became eligible for Foreign Military Financing (FMF), and International Military Education and Training (IMET) (Nichol 2005:13). Security assistance programs in Armenia are aimed at improving stability in the country, promoting interoperability with NATO troops, providing professional military training, establishing peacekeeping capabilities, and modernizing military communications. Armenia received seven million dollar military communications contract from the U.S. Department of Defense (DoD) as the first installment. The U.S. government also provides funding for security improvements in Metsamor Nuclear Power Plant, joint research activities and mine clearing. Armenian Armed Forces also have a military cooperation program with the Kansas National Guard, as part of the Pentagon’s National Guard State Partnership Program.

NATO’s Regional Involvement

The North Atlantic Treaty Organization (NATO) formed under the leadership of U.S. on April 4th 1949 was exclusively meant to contain the further spread of communism and the Soviet influence in global politics. Therefore, its main purpose was to

target the policies and activities of the members of the Warsaw pact. However, its existence and active involvement in international affairs even after the dissolution of Soviet Union has given rise to serious debates and questions about the probable role of NATO in the post-Cold War world.

Following the Paris Charter, signed in November, 1990, the Cold war has come to an end. On July 1st 1991, the Warsaw Treaty organisation was wound up and shortly after Camp David accord was signed between Yeltsin and George Bush (Sr.) to mark the coming period as the era of friendship and partnership (McAllister and Stephen, 2002:47).

Along with the U.S., several key NATO allies, including Turkey, the United Kingdom, and to a lesser degree Italy, France and Norway, have developed large economic stakes in the Caspian; they accordingly share a common interest in developing the region's oil resources and safeguarding energy corridors (Howard 1998:153). In 1997, during his visit to Baku, Javier Solana, then NATO Secretary-General, emphasized the strategic significance of the region: The Caucasus is an important region for Europe which has enormous social and economic potential. Europe will not be completely secure if the countries of the Caucasus remain outside European security (Solana 2000:152).

The Alliance's involvement in the region, therefore, has been aimed at developing regional cooperation and enhancing the security of the three Southern Caucasian states. The primary vehicle for such cooperation has been the Partnership for Peace program (PfP), which was led by American initiative. The program was built on the format of the North Atlantic Cooperation Council (NACC) and was "designed to help prospective new members in creating effective and adequate defense structures . . . to address new security threats, promote civilian control over the military and encourage defense planning and budgeting" (Sagramoso 2003:65). In 1994, all three Transcaucasian states joined the PfP and embraced the opportunities provided by the program.

In 1999, Azerbaijan and Georgia joined the NATO Planning and Review Process (PARP) to advance interoperability and transparency between their forces and NATO troops. Armenia joined the PARP program in 2002, and subsequently increased its engagement in the Euro-Atlantic Partnership Council (EAPC). In 2003, Armenia hosted the Cooperative Best Effort, the second PfP land-based military exercise in the Transcaucasus. It has been suggested that after the lifting of Section 907 restrictions increased U.S.-Azerbaijani military cooperation, prompted Armenia to intensify its

security dialogue with NATO in order to lessen polarization and competition in the region (Ibid:84) Importantly, Russian- U.S. expanding cooperation in the fight against terrorism, coupled with “forward movement in NATO-Russia relations,” helped Yerevan to complement Russian-Armenian security ties with improved cooperation with EAPC partners, while at the sametime avoiding the unpleasant situation of taking sides. Moreover, deepening U.S.-Armenian military cooperation became instrumental in strengthening Armenia’s relations with NATO member-states.

It is important to note that after regaining its independence, Armenia, a European country by default, has chosen a European direction of foreign policy—orienting itself towards Europe. Therefore, expanding cooperation with NATO, the key “source and guardian of a new pan-European security system,” is in line with Armenia’s general foreign policy (Ibid:85). As Armenia’s foreign minister Vartan Oskanian noted, “neither invited nor self-invited to be a candidate for NATO membership, Armenia, through PfP, is active and interested in the process of engagement with NATO. At the 2002 Prague summit, NATO launched the Individual Partnership Action Plan (IPAP) “designed specifically for each individual partner and intended to prioritize, harmonize and organize all aspects of the NATO-Partner relationship in the PfP framework.” Georgia became the first country in the Transcaucasus to have an IPAP with NATO. The following year, North Atlantic Council approved IPAPs for Armenia and Azerbaijan. NATO spokesman James Appathurai hailed intensification of NATO-South Caucasus cooperation, stating that it reflects the Istanbul Summit decisions to place a special focus on the strategically important regions of the Caucasus and Central Asia.

Armenia, Azerbaijan, and Georgia participated in NATO-led peacekeeping operations in Kosovo. Georgia and Azerbaijan have also dispatched some forces to support coalition operations in Afghanistan (Nichol 2005:13). Both countries have stated that they want their countries to join NATO. Georgia’s Saakashvili has announced that his country is very close . . . to becoming a NATO member. According to nichol, however, much greater progress in military reform will likely be required before Georgia and Azerbaijan are considered for membership. As Sagramoso writes , it remains unclear . . . whether or not NATO’s door will be open to them in the near future, and whether or not NATO will be ready to protect them against a foreign attack or a major threat. She notes that “NATO has tended to adopt vague commitments” towards Southern Caucasian countries (Sagramoso 2003:115).

Although the alliance has regularly condemned the use of force in the region, it has refrained from getting involved in conflict resolution efforts in the Transcaucasus. Despite some ambivalence, better relations with NATO aimed at strengthening Russia's institutional links within the Euro-Atlantic community are an important part of Russian President Putin's policy. Recently, during a meeting of Russia's Security Council, it was reiterated that "joint security initiatives with NATO correspond to Russia's long term interests . . . and provide new opportunities to address national problems. Relations with NATO are also important in creating a more predictable climate in Eurasia, although Russia still appears somewhat concerned about the prospects of NATO's geographic expansion.

On Georgia's possible NATO membership, Sergey Ivanov, Russia's Defense Minister, stated that Russia is not dramatizing the situation, because stereotypes of the Cold War confrontation of two opposing blocs remain in the past, while Russia's cooperation with NATO expands year after year (Ministry of Defense of the Russian Federation, "Otveti Zamestitelya Predsedatelya Pravitel'stva, 2006).

United States Democratic Initiatives and Economic and Social Assistance Programs

The United States was one of the first states to establish diplomatic relations with the countries of the South Caucasus. As in other parts of the former Soviet Union, the main US policy principle was support for the sovereignty and independence of the newly independent states and for the advancement of liberal democracy and market economies in the post-Soviet space. Yet the armed conflicts that raged in the Caucasus in 1991-94, America's other post-cold war preoccupations (such as the Balkans, Somalia, and in general the building of a new world order), and the perceived absence of important national security interests in the South Caucasus precluded a significant US engagement with the region on a political level. Nevertheless, the Department of Defense had by 1994 singled out the South Caucasus as a strategically important region, not least given its potential to form an area of secular, independent and western-friendly states between Russia and the Middle East. At the time, this realisation had nevertheless not reached the political level.

After the collapse of the Soviet Union, the U.S. launched assistance programs in the region aimed at facilitating democratic transition, growth of market economies, and development of private and social sectors (Zagorski 2004:69). The cornerstone of such partnerships has been the Freedom Support Act (FSA) account, created in 1992. Early in the 1990s, the U.S. also provided significant humanitarian assistance to the region's countries from U.S. Department of Agriculture (USDA) funds (Nichol 2005:11). The U.S. also contributes to programs funded through the World Bank and International Monetary Fund.

The United States has actively promoted democracy and market principles through U.S. Agency for International Development (USAID) programs under the Freedom Support Act (FSA). The bulk of USAID assistance has been humanitarian, but with the changing needs of the region, USAID began to focus on economic as well as democratization efforts. Section 907 of the FSA, which took effect in 1992, forbids direct U.S. assistance to Azerbaijan, except aid for humanitarian purposes and non-proliferation and disarmament programs.

The United States has been able to donate some money to Azerbaijan's democracy building and commercial development. After September 11, in order to increase military and political cooperation with Muslim Azerbaijan, the administration has made a strong case for a waiver of Section 907. Third, the United States has actively engaged the region in an effort to resolve challenging regional conflicts mainly the conflict between Azerbaijan and Armenia over Nagorno-Karabakh but so far has met with little success. Most recently, in April 2001, then Secretary of State Colin Powell hosted the leaders of Azerbaijan and Armenia in Key West, Florida, to bring an end to the stalemate. Despite initial positive signals from both sides, the conflict remains unsolved.

The leaders of the Caucasus maintain close relations with the United States and have based their sovereignty, independence, and national legitimacy on this partnership. For its part, the United States urges these countries to undertake necessary social and economic reforms so that they are strong internally and their people are not vulnerable to radical or terrorist ideas that compromise U.S. interests.

Armenia and Georgia have been the largest per capita recipients of U.S. aid in the former Soviet Union, indicating the high level of concern within the administration and the Congress (Ibid:122). As noted before, in the case of Armenia, this has a lot to do with

the prominent role of the Armenian-American community and its influence on foreign policy formulation towards the South Caucasus. At the same time, it is worth mentioning that U.S. investment is the highest in Azerbaijan's energy sector despite rampant corruption in the country.

America's Oil and Pipeline Politics in Transcaucasia

Less than a decade after its collapse, the Soviet Union has been eclipsed by the Caspian basin as an American strategic priority. This switch comes not because there is a new threat (which militant Islam could conveniently provide) but in response to economic opportunity, in a word, oil. The next Persian Gulf (or so say its promoters), the Caspian basin has enormous and virtually untapped energy resources. It has opened important new avenues for multinational investment and the fulfilment of consumer demand. As at the turn of the century, global powers once again vie for market share in an area of the world exotic and remote.

Yet the Caspian region is made up of new states, states hobbled by untested institutions, civil unrest, and ethnic tension. It is, in short, a mess, unlikely to respond predictably to the hallowed manoeuvrings of international diplomacy. How America realizes its interests without further destabilizing the Caspian is fast becoming Russia's first critical policy challenge of the twenty-first century.

Almost immediately after the collapse of the USSR, western oil companies rushed to the countries of Caspian basin and tried to reach agreements on the exploitation of the region's oil and gas fields. It soon became clear to western policymakers that the Transcaucasus occupies a strategic position as a gateway to the Caspian and a transit point of energy resources to the west. U.S. strategists were interested in dual containment of Iran discouraging pipelines that would traverse its territory, and preventing Iranian companies from participating in the development of Azerbaijani oil and gas fields (Cornell 2001:374).

Moreover, Caspian energy supplies moving westward and bypassing Russia were to provide freedom from Russian influence by lessening the dependence of South Caucasian and Central Asian small states on Russian export routes; in the case of energy importing countries, the new routes were to diversify their energy supplies. This meant

U.S. support for non-Russian BTC and BTE pipelines, which would simultaneously increase the influence of Turkey in the region by tying it to the Transcaucasian states (Wilson 2002:276). Washington made it clear that in addition to economic concerns, there were political factors behind its decision to support the construction of these pipelines. As one analyst writes, throughout the project's history, political support has been stronger than commercial backing. Initially, BTC was conceived as a Baku-Ceyhan direct pipeline, which in the shortest and economically cheapest way would transport Caspian oil to the Mediterranean sea passing through Armenia (Baran 2005:144).

However, the conflict over Nagorno-Karabakh put an end to this idea, since both Armenia and Azerbaijan rejected the proposal the former refusing to make concessions for the sake of the oil transit deal, the latter not willing to make its energy exports dependent on Armenia. Therefore, the construction of BTC, BTE pipelines, and the development of the East-West Transport and Telecommunications corridor all took place through Georgia effectively deepening regional isolation of Armenia, which was already blockaded by Azerbaijan and Turkey (Cornell and Ismailzade, 2003:81). The projects simultaneously increased both Georgia's geopolitical importance and the special U.S. attention towards it. As Cornell notes, "a chain is no stronger than its weakest link," and accordingly, in the crucial region of the South Caucasus, the crucially strategic region is Georgia (Cornell 2001:389). Importantly, with the construction of BTC and BTE, Azerbaijan and Turkey hoped to achieve one of their key foreign policy goals, that is Armenia's economic isolation for the purpose of weakening it economically and gaining advantage in Nagorno-Karabakh negotiations.

Chapter-Five

Conclusion

Russia and the west, notably the US, are the main competitors for influence in the Caucasus and Caspian Sea. The Caucasus region is of priority for Russia and it has tried to regain its influence there. In the absence of economic potentials to support its foreign policy objectives, Moscow has to rely on its military power to assert its influence as a great power in the region. Hence, it appears that Russia might not hesitate in using the ethnic animosity and unresolved conflicts to promote its interests. Since late 1992 Russia, awakened to its strategic interests, has turned assertive in reinforcing its eroding influence in the region. Yet, that did not deter the West, particularly the USA to push its interests in the Caucasus. Although the US appeared to have recognised the Caucasus as Russia's sphere of influence, since 1994, with the growing involvement of the western companies in the oil contracts of the Caspian sea, a change was visible in the US policy towards the region. Since then, the oil and the pipeline routes have become important issues for rivalry between Russia and the west, not to mention Iran and Turkey. The analysis of international responses to geopolitical conflicts in the South Caucasus suggests that the pattern of international involvement has been largely similar in all three cases. The two main international agencies tasked to perform mediating and conflict resolution functions have been the OSCE and the United Nations. In addition to mediation efforts much of the humanitarian and development oriented assistance has been provided both to the conflict zones directly and to the Transcaucasia states more broadly.

In the case of Abkhazia, international assistance has largely been conditioned on the resolution of the status issue and thus has been limited in scope. Nagorno-Karabakh differs from the other conflicts in the region by two main factors. One is that it can be characterized as an international as opposed to an internal ethno-political conflict, since it involves two independent states, Armenia and Azerbaijan that have been fully fledged participants in both the active phase of the conflict and in the negotiation phase. Second, it is the only zone of conflict where peacekeeping forces have not been deployed. In the

two other cases, Russian units have been leading the peacekeeping operations. In spite of the above differences, one may conclude that the international community perceives the South Caucasus as a single unit and has developed a pattern of its involvement with very limited variations across the cases. The variations, across time, however have been quite significant. It has started with the complete acceptance of Russia's 'special rights and interests' in her 'sphere of influence' and evolved into the acceptance of region's 'strategic importance' to the world and to its only superpower, the United States.

There are three main stages of international involvement in the South Caucasus, which can roughly be characterized as the following: the first stage of Russian dominance and international neglect lasted from 1991 to 1994. The second stage of international organizations roughly corresponded to the period of 1994-97, during which international organizations took a more active stance both in terms of conflict resolution and in general support of the newly independent states. The third and current stage can be characterized as that of balancing Russia and increasing US involvement. The development of the above stages coincides with the increase of American interests in the region and the simultaneous decrease of Russia's dominance. It is worth pointing out, however, that there is much overlap of the three stages. For instance, it is hard to draw a strict line between the first and the second stages and identify the exact time and extent of activation of international organizations. At the same time, the decrease of Russian dominance is a relative term and one has to keep in mind that Russia has continued to be an important regional player throughout all three stages of international involvement.

Following the collapse of the Soviet Union, in the period of 1991-94, international organizations and Western powers started to slowly enter the former Soviet space by opening up regional offices and local representations. However, apart from symbolic and rather limited activities, the international community did not take great interest in the fate of the newly independent states. On the contrary, the persistent Soviet legacy contributed to the perception of these emerging new states as Russian satellites that belonged to the Russian sphere of influence and required no external interference in their internal troubles. Michael Lund in his East West Institute report well summarizes the position of the United States towards the South Caucasus in the early 1990s, which largely corresponds to the general Western position towards the region: The US did not take an active interest in the Caucasus region and tended to regard it as lying within a Russian sphere of influence that implicitly accepted the Russian notion of the 'near-abroad'. As the 1990s unfolded, however, several factors led the US to increasingly

develop a more explicit set of goals and policies toward the Caucasus and to build the bilateral relations with each of the three independent governments there.

The above position of the international community coincided with the active phase of ethno-political conflicts in the region, allowing Russia to step in as the only legitimate power to mediate the conflicts and even use them for furthering Russia's own strategic interests. After the collapse of the Soviet Union, Russia was preoccupied with the possible loss of her military presence in the southern tier states and a restriction of her access to the Black Sea. By the beginning of 1993, neither Georgia nor Azerbaijan had agreed to join the CIS. Azerbaijan also refused to allow Russian troops on its territory and despite heavy pressure from Moscow continues to remain the only state in the South Caucasus free of Russian military presence. Georgia has also managed to negotiate an agreement with Russia on a gradual withdrawal of troops, which in 1993-94 seemed inconceivable for Russia's interests. The Russian defense minister at the time, Pavel Grachev, reportedly stated that, "every measure should be taken to ensure that our troops remain there" (Cornell 2001:345). Under these circumstances maturing geopolitical conflicts in the South Caucasus presented an opportunity for Russia to pressure the newly independent states back into her sphere of dominance. Moscow played a controversial role in Nagorno-Karabakh by supporting one conflicting party or the other depending on Russia's immediate interests at the time. A similar pattern was repeated in Abkhazia, when on the one hand Russia was handing over part of the Soviet armaments to Georgia and on the other, supplying war planes to the Abkhaz and assisting them in bombing the Georgian held Sukhumi.

In both Nagorno-Karabakh and Abkhazia, Russia also tried to organize mediation talks in parallel to those of the OSCE and the UN often without cooperating or even informing the international participants. According to the American representative of the OSCE in Karabakh, John Maresca: at first, Russia fully supported the Minsk Group. In 1993 Russia reactivated its earlier independent mediation effort... Russia wished to re-establish its dominance in the region and to exclude outsiders, namely the US and Turkey... Moscow would like to re-establish control of the former (Azerbaijani) Soviet frontier with Turkey and Iran, and to share in Azerbaijan's oil riches... For leverage, the Russians have used an implicit but dramatic threat if Azerbaijan does not comply; Russia will step up its backing for Armenia... with disastrous military results for the Azeris. (Maresca, 1996: 472 as cited in Cornell 2001:113) Azeri sources have repeatedly maintained that Russians fulfilled their promise and provided substantial

military equipment remained outside of the security zone. UNOMIG was also tasked to investigate reported or alleged violations of the ceasefire agreement and attempt to resolve such incidents (UNOMIG mission survey 2001:9). In Karabakh, the OSCE started to work on the deployment of an international peacekeeping force consisting of 600 soldiers, but the plan was never realized. At the same time, the range of general assistance programmes to Georgia and Armenia increased significantly.

The US Agency for International Development launched a number of development-oriented programmes and even though the United States did not follow an explicit and integrated policy toward conflict prevention and resolution in the Caucasus, the concern over these conflicts did underlie the array of US government activities. This is the theory that programmes such as economic reform to marketwise economies and assistance for building democratic institutions and the rule of law are themselves the best antidotes against the emergence of violent conflicts.

The position of the United States has become more focused on conflict resolution activities in the recent years, especially since the US discovered strategic and oil related interests in the region. A 1997 speech of thier Deputy Secretary of State Strobe Talbott marks the turning point in the US policy towards the South Caucasus and the beginning of the third stage of more active international involvement to an extent of balancing and challenging Russia's dominant position. In his speech, Talbott made it clear that: "It matters profoundly to the Unites States, what will happen in an area that sits on as much as two hundred billion barrels of oil. That is yet another reason why conflict-resolution must be the job one for US policy in the region: it is both the prerequisite for, and an accompaniment to, energy development" (Talbott 1997:2).

The oil riches of the Caspian basin, therefore, put the region in the spotlight of great power interests and consequently intensified international efforts to resolve the conflicts. As pointed out in the United States Institute of Peace report by Patricia Carley, the current fever over oil pipeline routes elevated the existing ethno-political conflicts from obscure regional strife to a significant source of concern for international political and business leaders (Carley 1998:1). The positive results, however, from the increasing international and in particular US involvement in the region are yet to follow. Up until now, the ongoing oil politics has been a mixed blessing for the region. On the one hand it brought long awaited attention to the South Caucasus and to the regional conflicts.

military backing to Armenia not only during the war but also in its aftermath. According to Neil MacFarlane, there was a covert transfer of arms to Armenia, which, "according to a March 1997 comment by Defense Minister Vazgen Sarkisian, allowed the Armenians to double their military capabilities with no impact on the budget" (MacFarlane 1999:53).

The patterns of Russian involvement in the conflicts of South Caucasus suggests that Russians used the conflicts in order to exert pressure on these states and force them into accepting Russian rules and preferences. As MacFarlane has observed, the "classic example here was the manipulation of Georgia's conflicts to secure Georgia's accession to the CIS and long-term leases on military facilities in Georgia" (Ibid: 112). After the humiliating defeat in Sukhumi, Georgia agreed to join the CIS and prolong the Russian military presence on its territory, while Russia recognized the territorial integrity of Georgia and imposed economic sanctions on Abkhazia. Similarly, Azerbaijan agreed to join the CIS and made serious concessions fearing even greater humiliation from the Russian-backed Armenians in Karabakh. Both Georgia and Azerbaijan had been extremely disappointed with the passive, observer role of the international community, which has effectively pushed them back into the arms of Russian influence. Both countries had made significant concessions and thus saved their recently acquired independent statehood and nominal territorial integrity. Russia on the other hand succeeded in temporarily weakening South Caucasian states and restoring her influence over the region, which Russia saw to be in her immediate interest. However, destabilization of the southern borderline regions could hardly have been in Russia's long-term interest. Moreover, it had a spill over effect and culminated in the bloody conflict in Chechnya.

On the positive side, Russian mediation did stop the fighting on the ground and brokered a fragile peace, which later enabled the greater involvement of international and non-governmental organizations. From 1994, both the UN and the OSCE had their mandates expanded in the conflict zones and the overall role of international organizations in the region increased. This development marks the second stage of international involvement in the Transcaucasus, coinciding with the attempts of the local governments, especially of Georgia and Azerbaijan, to pursue a strategy aimed at increasing international involvement in the conflict and replacement of Russian peacekeepers with international forces. In 1995, United Nation Observation Mission in Georgia (UNOMIG) increased from 40 to 136 members and received an extended mandate to monitor the activities of the peacekeeping force and verify that troops of heavy

On the other hand, it has further exacerbated existing political divisions and turned the region into a scene of intensified regional and great power rivalry. Azerbaijan, Georgia, and Turkey find themselves on the same side as the United States, supporting exploration and transportation of Caspian oil through non-Russian routes. The US is interested in diversifying world oil supplies and decreasing its dependence on the Persian Gulf. Georgia and Azerbaijan see the pipeline projects as guarantors of both their economic and political viability. These projects are expected to diminish their dependence on Russia and consequently to loosen Russia's hold on the region. Armenia, on the other hand, continues to be Russia's main ally in the region given its traditional fear of Turkey and the growing power of Azerbaijan. Armenia has sided with Russia and Iran, creating an alternative and opposing alliance. Such intra-regional divisions significantly complicate the possibility of constructive regional cooperation both in political and economic spheres, which in turn could have provided ground for the resolution of geopolitical conflicts.

In spite of the clear shift in US policy towards greater involvement in the Transcaucasus and the retreat of Russia's dominating power, the question of ethnopolitical conflicts remains unresolved. There is increasing talk about their solution of the Nagorno-Karabakh conflict as the construction of pipelines comes to an end and the first oil starts to flow to Europe. Some even hope to use the pipeline as the main bargaining chip to negotiate a peace between Armenia and Azerbaijan. For instance, John Maresca, formerly US negotiator for the conflict over Nagorno-Karabakh, proposed to build the so-called 'peace pipeline' through Armenia, which is not only economically the most efficient option but also politically important and may result in the final settlement of the conflict. However, such proposals are not popular in Baku and the current US backed plan is to build a Baku-Tbilisi-Ceyhan pipeline bypassing Armenia. The latter plan is certainly more acceptable to Georgia and Turkey, but threatens to leave Armenia isolated and pushes her into an ever closer alliance with Russia.

References

Primary Sources

*Aydin, Mustafa (1999), *"New Geopolitics of Central Asia and the Caucasus: Causes of Instability and Predicament"*, Ankara, the Richardson Institute Discussion Papers, No. 12.

*BBC (), "Interview with Gamsakhurdia", Summary of World Broadcasts (London), Su/1259,B/7-9.

*BBC (1992), "The text of agreement between Russia and Georgia on South Ossetia ", Summary of World Broadcasts, Su/1419, B/13, June 29.

*BBC (1995), "The Statement of the Russian foreign and defence ministers", Summary of World Broadcasts. Su/2159, F/4, November 22.

*BBC (1997), "Speech of Haider Aliev", Summary of World Broadcasts. Su/2010, F/1, May 31.

*BBC (1997), "Interview with Shevardnadze", Summary of World Broadcasts, Su/2287, F/2, April 22.

*Communist Party of the Soviet Union (1986), 27th Congress of the Communist Party of the Soviet Union, New Delhi: Allied Publishers.

*Congress of United States of America (2005), Department of State, State Department Coordinator of U.S Assistance to the New independent States, Congressional Presentation for Foreign Operations, FY 2005, The Secretary of State.

*Editorial (1996) "Kozyrev offers Draft Foreign-policy guideline *The Current Digest of the Post Soviet Press (Ohio)*, Vol.44 (48): 14-17.

*International Institute for Strategic Studies, (2002), "The Military Balance", 2003-2004, *FBIS*, September 30, Doc. No. CEP-367.

*International Institute of Strategic Studies, 2003, U.S Government Assistance to and Cooperative Activities with the New Independent States, FY 2003 Annual Report.

*Jones, Beth (2003), "US Engagement in Central Asia and the Caucasus Staying Our Course along the Silk Road" paper presented on 10-04-2003 at conference on Central Asia : Its Geo political Significance and Future Impact conference held by the Title 6th Under Graduate International Studies and Foreign Language Programme Directors, University of Montana: Missoula.

*Kaushik, Devendra (2006), "The Caspian Cauldron: New Geopolitical Game", paper presented on 16-02-2006 at the Centre for Russian and Central Asian Studies, School of International Studies, Jawaharlal Nehru University: New Delhi.

*Lynch Dov, (2006), "Why Georgia Matters", Chaillot Paper No. 86, Paris: European Union Institute for Security Studies.

*Ministry of Defense of the Russian Federation, "Otveti Zamestitelya Predsedatelya Pravitel'stva, 2006.

*Szajkowski, Bogdan (1993), *Encyclopedia of Conflicts, Disputes and Flashpoints in Eastern Europe, Russia and the Successor States*, UK: Longman Group

*Talbot, Strobe (1997), US Secretary of State for the Clinton Administration, Speech Delivered on July 21 1997.

*U.S. Department of State. Patterns of Global Terrorism 2001 May 2002.

*US Department of State, "A Strategy for Central Asia", [Online: web] Accessed 24-09-2005 URL: <http://www.state.gov/p/eur/rls/rm/55766.html>

*World Bank (2004) *World Development Indicators 2004*, New York: World Bank.

Secondary Sources

Ableson, Donald E (1996), *American Think Tanks and their Role in US Foreign Policy*, New York: St. Martin's Press Inc.

Adomeit, Hannes (1995), "Russia as a 'great power' in world affairs; image and reality", *International Affairs*, p. 47, vol. 71, no. 1, January.

Akiner Shirin, (2004) *The Caspian; politics energy and security*, London: Routledge.

Alec, Rasizade (2005) "The Great Game of Caspian Energy: Ambitions and Realities,"

Journal of Southern Europe and the Balkans, , p. 2 Vol. 7, No. 1, April.

Allen, W (1971), *A History of the Georgian People*, New York: Barnes and Noble

Allison, Roy (1993), "Military forces in The Soviet successor states", *Adelphi paper* (London), No.280, October, p. 65.

Allison, Roy (2004), "Strategic reassertion Russia's Central Asia Policy", *International Affairs*, 80(2), 277-293

Amineh, M.P (2000), *Towards the Control of Oil Resources in the Caspian Region*, New York: St Martins Press.

Andrianopolous, Andreas (2003), "Economics and Politics of Caspian Oil", *South East European and Black Sea Studies*, 3 (3): 76-91

Ariel Cohen, (2005) *Eurasia in Balance: The US and the Regional Power Shift*, Paris: Ashgate publishing.

Atal, Subodh (2003) Central Asian Geopolitics and US policy in the Region: The post 11 September, *Medditeranean Quarterly*, No.14, Issues.2,

Aves, Jonathan (1995), *Georgia from Chaos to Stability*, London: Royal Institute of International Affairs.

Aydin, Mustafa (2004), "*Regional Security Issues and Conflicts in the Caucasus and the*

Baazov, Zaza (2003), "Violence and Fear Tarnishes Georgia's Bloodness Overthrow of Shevardnadze", Institute for War and Peace Reporting, *Caucasus Reporting Science* (208), 4 December 2003.

Badan, Phool (2001) *Dynamics of Political Development in Central Asia*, New Delhi, Lancers' Books.

Baev, K.P (1997), *Russia's Policies in the Caucasus*, London: Royal Institute of International Affairs.

Baghat, Gawdat (2004), "Regional Report: The Caspian Sea: Potentials and Prospects", *Governance: an International Journal of Policy, Administration, and*

Institutions, 17(1): 115-126

Banuazizi, Ali (1994), *The new geopolitics of Central Asia and its borderlands*, Indiana: Indiana University Press.

Baranovsky, Vladimir (2000) Russia-A part of Europe or apart from Europe, *International Affairs*, p.443-58, Vol.76, No.3 July

Barylski, Robert V. "Russia, the West, and the Caspian Energy Hub," *Middle East Journal*, Vol. 49, No. 2, Spring 1995.

Barylski, Robert V.(1995), "Russia, the West, and the Caspian Energy Hub," *Middle East Journal*, Vol. 49, No. 2, Spring.

Berman, Ilan (2004-05), "The New Battleground: The Caucasus and Central Asia," *The Washington Post*, pp. 59-69, Winter.

Bernstein, Richard and Murno H Ross (1997) The coming conflict with America, *Foreign Affairs*, Mar-Apr.

Bertsch, K. Gary (2000), *Cross roads and conflicts: Security and foreign policy in the Caucasus and Central Asia*, New York: Routledge.

Bhatty, Robin and Bronson Rachel (2000), "NATO's mixed signals in the Caucasus and Central Asia", *Survival*, 42(3): 129-145.

Black, Joseph laurence (2000), *Russia faces NATO Expansion: Bearing gifts or Bearing Arms?*, Rowman and Littlefield.

Blagov, Sergei (2000), "Russia Says 'Nyet' to Military in the Caspian," *Asia Times Online*, March 21.

Blandy, C. W. (1999) The Caspian: Commnatory Crosscurrents, *United Kingdom Defence Academy*, Conflict Studies Research Centre, Special Series. Document S40, January

Blank, Stephan (2003), "The Post Soviet States and the Post Saddam Middle East", *Middle East Review of International Affairs*, 7(2): 1-14

Blank, Stephen (2001), "The United States and Central Asia", in Roy Allison and Lena Jonson (ed.), *Central Asian Security: The new International Context*, London: Royal Institute for International Affairs.

----- (2005), "China in Central Asia: The Hegemon in Waiting?" in Cohen, Ariel (eds.), *Eurasia in Balance: The US and Regional Power Shift*, Burlington.

----- (1990), "Russia's real drive to the South", *Orbis* (London), pp.369-386 vol.39, No.3, Summer.

Braund, David (1994), *Antiquity: A History of Colchis and Transcaucasian Iberia, 550BC-AD562*, New York: Oxford University Press.

Bremmer, Ian and Tarus Ray (1997), *New States New Politics: Building the Post Soviet Nations*, New York: Cambridge University Press.

Brown, E. Michael (eds) (1993), *Ethnic Conflict and International Security*, Princeton:

Brubaker, Rogers (1994), "Nationhood and national question in the Soviet Union and Post-Soviet Eurasia: An institutional account", *Theory and Society*, (AA. Dordrecht), vol. 23, No., pp. 47-78. 1, February.

Bruno, Coppiter and Aleksei Zverev (1998), *Commonwealth and independence in post Soviet Euresia*, London: Routledge.

Brzezinski ,Zbigniew (1997), *The grand Chess Board*, New York: Basic Books.

Brzezinski, Zebigniew and Paige Sullivan, (eds) ,(1997) *Russia and die Commonwealth of Independent States, Documents. Data and Analysis*, Armonk, New York : M.E.Sharpe.

Burke, Major Adrian W. (1999) "A U.S. Regional Strategy for the Caspian Sea Basin," *Strategic Review*, p.213, Vol. 27, No. 4, Fall.

Buzan, Barry (1991) *People, States and Fear: An Agenda for International Security Studies*, Boulder: L. Rienner.

Buzan, Barry and Ole Waeber (2003), *Regions and Powers: The Structure of*

International Security, Cambridge: Cambridge University Press.

Camille, Verleuw (1999), *Trafics et crimes en Asie Centrale et en Caucase, (Trafficking and Criminality in Central Asia and the Caucasus)*, Paris: Presses Universitaires de France.

Carley, P (1998), *Civil Wars of the World: Major Conflicts since World War II*, ed. Karl R. DeRouen, London:Corzon Press.

Chamil, Basaev (2005), promet de poursuivre le 'dijhad'," (Shamil Basaev Promises to Continue the 'Jihad'"), *Le Monde*, March 9.

Chenoy, Anuradha M (2001), *The Making of New Russia*, New Delhi: Har-Anand Publications Pvt Ltd.

Chenoy, Anuradha M. (2008) Russian-Georgian Confrontation, *Economic and Political Weekly*,p.23-29,Vol.43,No.34, Aug.

Cherian, John (2003), "A Georgian Revolt", *Frontline*, 20(25): 12-19.

Chetarian, Vicken (1997), "Dialectics of Ethnic conflicts and oil projects in the Caucasus", An occasional paper, *Strategic and International Studies* (Geneva), p. 57.

Chivers, C. J. (2006), "Violence Flares in Russia's Caucasus," *International Herald Tribune*, May 17.

Chomsky, Noam (2003), *World Order Old and New*, New Delhi: Oxford University Press.

Clarke, Jack (2004), "The United States, Europe, and Homeland Security: Seeing Soft Security Concerns Through a Counter Terrorist Lens", *European Security*, 13: 117-138.

Clover, Charles (1999) Dreams of the Eurasian Heartland Reemergence of geopolitics, *Foreign Affairs*,p.9-13, Vol. 78,No.2 Mar-Apr.

Cogswell, David (2004), *Chomsky for Beginners*, New Delhi: Orient Longman.

Cohen, S. B (1964), *Geography and Politics in a Divided World*, London, Methuen.

Cohen, Warren I (2005), *Americas Falling Empire: US Foreign Relations Since The Cold War*, Malden USA: Blackwell Publishing.

------(2003), *Geopolitics of the World System*, Rowman & Littlefield.

Collett, Naomi (1997), "Azerbaijan: Trails of a state in Transition", *Middle East International* (London), pp. 19-20, No. 543, 7 February..

Cornell Svante E (1999), "The place of Caucasian states in Eurasian Strategic Alignments", *Marco Polo Magazine*, 1(99): 1-9.

Cornell, S. and Sultan M (2001) "The New Geopolitics of Central Eurasia " *Marco Polo Magazine*.

Cornell, Svante E (1997), "Peace or War? The Prospects for Conflict III the Caucasus", *The Iranian Journal of International Affairs*, 9(2): 208-224.

Cornell, Svante E (2001), *Small Nations and Great Power: A Study of Ethnopolitical Conflict in the Caucasus*, London: Curzon Press.

Cornell, Svante E (2002), "America in Eurasia: One Year After", *Current History*, 100(657), 330-335

Cornell, Svante E (2004), "The United States and Central, Asia: In the Steppes to Stay?" *Cambridge Review of International Affairs*, 17(2),239-253.

Craig, R. (2001), "An Arc of Crisis? The Strategic Environment From the Adriatic to the Caspian," in Stefano Bianchini, ed., *From the Adriatic to the Caspian: The Dynamics of (De)stabilization*, Ravenna, Italy: Longo.

Crane, Keith (1992), *Studies of Economies in Transformation: FDI in the States of Former USSR*, Washington DC: World Bank Publishers

Croissant, Michael P, Aras Bulent (eds) (1998), *Oil and Geopolitics in the Caspian Sea Region*, New York: Praeger Publishers

Croissant, Michael P. and Bulent Aras(1999) *Oil and Gropolitis in the Caspian Sea*

region, *Greenwood Publishing Group*.

Crossant, G (1998), *Caspian Regions,* in *International Security Challenges in a Changing World*, ed. Kurt Central Asia, ed. Gary Bertsch and others, 25-47. London: Routledge.

Darchiashvili, David (2005), "Georgian Defense Policy and Military Reform," in Bruno Coppieters and Robert Legvold, eds., *Statehood and Society: Georgia After the Rose Revolution*, Boston: The MIT Press,

Das, Bijaya Kumar (2004) US Interests in Central Asia since Disintegration of Soviet Union, *Journal of Peace Studies*, Vol. 11, No.2, June.

Dawisha, Karen (1994), *Russia and the New States of Eurasia. The Polics of Upheaval*, Cambridge: Cambridge University Press.

Dawisha, Karen and Parrot Bruce (1994), *Conflict, Cleavage, and Chances in Central Asia and the Caucasus*, New York: Cambridge University Press

Degoyev, Vladimir (2004), "Wider Europe's Horizon in the Caucasus", *Russia in Global Affairs*, 2(4): 106-117.

Dekmejian, R. Hrair and Hovann H. Simonian, (2001), *Troubled Waters: The Geopolitics of the Caspian Region*, London: I. B. Tauris.

Deneveres, Renee (1999), "Russia's Strategic Renovation", *Adelphi Paper*, , pp. 23-30 No. 289, July. Economic Structure, Political Culture and War", *International Studies Quarterly*, 48(4), 755-768.

Diehl, Jackson (2004), "An Oil-Rich Test for Bush," *The Washington Post*, October 24.

Doland, Schwartz and Razmik Pannassian (1994), *Nationalism and History: The Politics of Nation Building in Post Soviet Armenia, Azerbaijan and Georgia*, Toronto, Canada: Toronto University Press.

Dunlop, John B. (1995), *The rise and the fall of the Soviet Union*, Princeton: Princeton University Press.

Ebel, Robert (1997), *Energy Choices in the Near Abroad: The Haves and the Have-*

notes, Washington: Center for Strategic and International Studies.

Ebel, Robert (2000), "Introduction", in The Emirates Centre for Strategic Studies and Research (eds), *"Caspian Energy Resources, Implications for the Arab Gulf"*, Abu Dhabi; Emirates Centre for Strategic Studies and Research

Ebel, Robert E, Menon Rajan (eds) (2000), *Energy and Conflict in Central Asia and the Caucasus*, Maryland: Rowman and Littlefield publishers

Ericson, Richard E. (1992), "Soviet Economic Structure and the National Questions", in *The Post-Soviet Nations. Perspectives on the demise of the USSR*, ed. Alexander J. Motyl, New York : Columbia University Press.

Fair, Banks C. H (2004), "Georgia's Rose Revolution", *Journal of Democracy*, 15(2): 43-59

Fleron, Frederic J, Hoffinan, Erik and Laird, Robbin (1991) (eds), *Classic Issues in Soviet Foreign Policy from Lenin to Brezhnev*, New York: Aldine transaction

Fomenko, Aleksander (1997) Contours of new Russian geopolitics, *Review of International Affairs*, p.28-29, Vol.48, No.1056, May.

FonslCas, K.V (2003), *Zones of Conflict, Us. Foreign Policy in the Balkans and the .*

Forsythe, Rosemarie (1996), *The Politics of Oil in the Caucasus and Central Asia*, Washington: Brookings Institute Press.

Fuller, Graham (1992), *Central Asia: The New Geo Politics*, Santa Monica: RAND

Geopolitics of natural gas (Article), *OPEC Bulletin*, p.20-21 Vol.35, No.5, June 2004.

George Ginsburgs, Alvin Z. Ribinstein, Oles M. Smolansky, (1993) *Russia-America. From Rivalry to Reconciliation*. Berlin: ME Sharpe.

Goldgeier, James M (1999), *Not Whether But When: The US Decision to Enlarge NATO*, Washington DC: Brookings Institution Press.

Goltz, Thomas (1998), *Azerbaijan Dairy: A Rogue Reporter's Adventures in an Oil-Rich, War-Torn, Post-Soviet Republic*. New York: M. E. Sharpe.

Goltz, Thomas, (1993), "Letter from Eurasia: The hidden Russian hand", *Foreign Policy* (Washington), pp.92-110, No.92, Fall.

Gudiashvili, David (2003), "NATO Membership as Georgia's Foreign Policy Priority," *Central Asia and the Caucasus*, pp. 24-32, No. 4 (22).

Gugenidze, Lado and Lobzhanidze Mamuka (1994), "Georgia from planning to hyperinflation", *Communist Economies and Economic transformation*, 6 (3): 259-281.

Hahn, Gordon M (2002), *Russia's Revolution from Above, 1985-2000: Reform, Transition, and Revolution in the Fall of Soviet Communist Regime*, New Brunswick, New Jersey: Transaction Publishers

Henze, Paul B. (1991), "The demography of the Caucasus according to 1989 census data", *Central Asian Survey*, pp. 147-170. vol.10, no. 1

Hooshng, Amirahmadi (2000) *Caspian region at a crossroad: Challenges of a new frontier of Energy and Development*, New York: St.Martin's press.

Hopkirk, Peter (1990), *The Great Game On Secret Service in High Asia*, Great Britain: Butler and Tanner Ltd.

Horowitz, Shale (2003), "Political Sources of Military Defeat in Post Communist Ethnic Conflicts", *European Security*, 12(1):25-27

Horowitz, Shale (2004), "Structural Sources of Post-Communist Market Reform:

Hosking, Geoffrey (1985), *A History of the Soviet Union*; Glasgow: Fontana Press, Collins

Houbert. Jean (1997)Russia in the geopolitics of settler colonization and decolonization, *Round Table*, p.549-61, Vol.244,oct.

Hough, Jerry F. (1994), "Armenia's Russia Policy: The triumph of neglect", *Current History*, pp. 308-312, vol. 93, No. 585, October.

Hunt, Michael H (1988), *Ideology and US Foreign Policy*, USA: Yale University Press

Hunter, Catherine(2004)Armenia and Iran Sign Gas Pipeline and Long-Term Supply Agreement," *World Market Analysis*, 14 May.

Hunter, Shireen (1996), *Central Asia since Independence*, New York: Praeger

Ismailzade, Fariz (2005), "The Baku-Tbilisi-Ceyhan Pipeline:Implications for Azerbaijan," in *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*, ed. Frederick Starr and Svante Cornell, 61-84. Washington DC: Johns Hopkins University.

Jaffe, Amy Myers and Robert A. Manning, (1998-99), "The Myth of the Caspian 'Great Game': The Real Geopolitics of Energy," *Survival*, pp. 110-112, Vol. 40, No. 4, Winter.

Jams M. Goldgier and Michael McFul, (2003) *Power and Purpose: Us. Policy Towards Russia after the cold war*, Washington: Brookings Institute Press.

Jones, Stephen F (2000), "Democracy From Below? Interest Groups in Georgian Society", *Slavic Review*, 59(1): 42-73.

Joshi, Nirmala (1999), "Russian Security Interest in the Tran Caucasus", in Prof Shams-Ud-Diri's *Nationalism in Russia and Central Asia*, New Delhi: Lancer Publisher

Kalicki, Jan (2001) Caspian Energy at the Cross Roads, *Foreign Affairs*, Vol.80, No.5, Sep-Oct.

Karasac, Hasene (2002), "Actors of the New 'Great Game', Caspian Oil Politics", *Journal of Southern Europe the Balkans*, 4 (1):15-27

Kellas G.J (1991), *The Politics of Nationalism and Ethnicity*, London: Macmillan Press Ltd.

Kerr, David (1995) New Eurasianism: The rise of geopolitics in Russia's Foreign Policy, *Europe- Asia Studies*, p.977-88, Vol.47, No.6 Sep.

khokhan, P.Wiberg Jorgensen (2001) Us. startgic possibilites in south Caucasus, *journal of European security*.

King, Charles (2004), "A Rose Among Thorns, Georgia Makes Good!" *Foreign*

Affairs, 83(2), 13-18

Kipp, Jacob W (2003), "*War Scare in the Caucasus: Redefining the Threat and the War on Terrorism*," in *Russian Military Reform*, ed. Anne C. Aldis and Roger N. McDermott, London: Frank Cass.

Kolonistkii, Boris Ivanovich (2001), " "Democracy" as Identification: Towards the study of Political Consciousness during the February Revolution" in Madhavan K Palat's (eds.) *Social Identities in Revolutionary Russia*, New York: Palgrave

Kuniholm, Bruce R (2000.) Geopolitics of the Caspian Basin, *Middle East Journal*, p.546-71, Vol.54 No.4 autumn.

Landon, Saul (2003), *The Pre-Emptive Empire-A Guide to Bush's Kingdom*, London:

Lee, Marsden (2005) *Lesson From Russia: Clinton and US Democracy Promotion*, Ashgate Publications Ltd.

Lewy, Guenter (2005), *The Armenian Massacres in Ottoman Turkey: A Disputed Genocide*, Salt Lake City: University of Utah Press.

Light, Margot (1988), *Soviet Theory of International Relations*, Sussex: Wheatsheaf Publishers

Light, Margot (2003), "US and European Perspective on Russia", in John Peterson and Mark A. Pollack (eds), *Europe, America, Bush Transatlantic Relations in the twenty-first century*, London: Routledge.

Lincoln, Mitchell (2004), "Georgia's Rose Revolution," *Current History*, pp. 342-348 Vol. 103, No. 675; October.

Lutz, Kleveman (2004), *The New Great Game: Blood and Oil in Central Asia*, New York: Grove/Atlantic Publishers

Lynch, Dov (2004), *Engaging Eurasia's Separatist States: Unresolved Conflicts and De Facto States*, Washington, DC: U.S. Institute of Peace.

MacFarlane, S, Neil (1999), "Democratization, nationalism and regional security in the souther Caucasus", *Government and Opposition* (London), vol.32, No.3, Summer

Marantz, Paul (1994), "Neither adversaries nor partners: Russia and die West search for a new relationship", *International Journal* (Toronto), pp.727-750, vol.49, No.4, Autumn.

Maresca, John J (1996), 'Lost Opportunities in Negotiating the Conflict over Nagorno-Karabakh', in *International Negotiation*, p472 vol. 1 no.4.

Mark, David (1996-97), "Eurasia Letter: Russia and die new Transcaucasus", *Foreign Policy* (Washington), pp. 141-159, No. 105, Winter.

Martha, Hamilton (1998), "The Last Great Race for Oil Reserves?" *The Washington Post*, April 26.

Menon, Rajan (1998), *Treacherous Terrain: The Politics and Security Dimensions of Energy Development in the Caspian Sea Zone*, Seattle: National Bureau of Asian Research.

Menon, Rajan, I U E Fedrov and G O Nodia (1999) *Russia, the Caucasus, and Central Asia: the 21st century security environment*, Armonk, NY: M.E. Sharpe.

Mesbahi, Mohiaddin ed., (1994), *Central Asia and the Caucasus after the Soviet Union: Domestic and International Dynamics*, Gaineville : University Press of Florida.

Migranyan, Andranik (2004) "Georgia Propelling its Disintegration", *Russia in Global Affairs*, 2(4):118-125.

Moazzam Ali, Mohd. (2004), *The Collapse of Soviet Union: Nationality Causes*, New Delhi: Lancer's Books.

Monstakis, Fotios and Ackennan Ella (2002), "September 11: A Dynamic for Russo-Turkish Co-operation or Conflicts", *Central Asian Survey*, 21(4), 423-434

Moulavi Tarkan, George (2001-02), *A Realistic Approach to Regional Security in The South Caucasus*, Budapest: Centre for Policy Studies, Open Society Institute.

Muir, Richard (1997), *Political Geography: A New Introduction*, London, MacMillan

Press Ltd.

Muradov, Musa (2006), "*Shamil' Basaev poiavilsia bessledno*," ("Shamil Basaev Appears Without a Trace"), *Kommersant*, May 31.

Nabi, Abdullaev (2004) "Chechnya Ten Years Later," *Current History*, pp. 332-336, Vol. 103, No. 675, October.

Nichol, Jim. (2005), *CRS Issue Brief for Congress: Armenia, Azerbaijan, and Georgia: Political Developments and Implications for US Interests*. Washington DC: Library of Congress. 13 September.

Nissman, David B. (1987), *The Soviet Union and Iranian Azerbaijan, the Use of Nationalism for Political penetration*, London :Westview Press.

Nivat, Anne (2006), "Ravalement de façade en Tchétchénie," ("Renewal of Facade in Chechnya"), *Le monde diplomatique*, pp. 6-7 May.

Nodia, Ghia (1995), 'Georgia's Identity Crisis', *Journal of Democracy*, , p. 107, vol.6, No.1.

Olcott Martha Brill and Udalova N.(2000) *Drug Trafficking on the Great Silk Road* ,Washington DC, Carnegie Endowment for International Peace.

------(2005), *Central Asia: Second Chance*, Washington, Carnegie Endowment for International Peace.

Olcott, Martha (2002), *Kazakhstan: Unfulfilled Promises*, Washington, Carnegie Endowment for International Peace.

Olcott, Martha Brill (1995), "Sovereignty and the near abroad", *Orbis*, p. 538, vol. 39, no. 3, Summer.

Olcott, Martha Brill (1998), "The Caspian False Promises", *Foreign Policy*, 11 (Summer, 1998), 94-113

Olcott, Martha Brill "The Caspian's False Promise," *Foreign Policy*, No. 11, Summer 1998, pp. 95-113;

- Oliker, Olga (2003) *Central Asia and the Caucasus: Implications for the US Army*, ed. Thomas S. Szayna, Santa Monica: RAND
- Pankiski, George (2004) Georgia's achilles heel in its relations with Russia, *Central Asian Survey*, p.27-39, Vol.23, No.1 March.
- Paolo, Calzini (2005), "Vladimir Putin and the Chechen War," *The International Spectator*, p. 20. Vol. XL, No. 2, April-June.
- Papava, Vladimir (1996), "The Georgian Economy: From 'Shock Therapy' to Social Promotion", *Communist Economies and Economic Transformation*, 8(2): 241.
- Pashayeva, Gulshan (2002), 'Knotty Issues With Three Variables', *Private View*, Autumn 2002, 69-74
- Patnaik, Ajay (1996) *Central Asia between Modernity and Tradition*, New Delhi, Konark Publishers.
- Peter, Shearman (1997), "Defining the national interest: Russian foreign policy and domestic politics", *The foreign policy of the Russian Federation*, eds. Roger E. Kanet and Alexander V. Kozhemiakin, London: Macmillan.
- Petras, James and Henry Veltmeyer (2001), *Globalization Unmasked Imperialism in the 21st Century*, Delhi: Madhyam Books
- Pillar, R. Paul (2001) *Prospects of Oil Exploration and Export in the Caspian Basin*, Cambridge:Oxford University Press
- Plyshevskii, B. (1995), "Reforming the economies of the CIS: The Transcaucasus republics and Moldava", *Problem of economic transition*, p. 59, vol. 37, No. 10, February.
- Polikanov, Dmitry (2004), "NATO-Russia Relations: Present and Future", *Contemporary Security Policy*, 25(3): 479-497
- Poll, S. (2004), "Armenians Prefer EU to CIS," *RFE/RL Caucasus Report*, p. 4, Vol. 7, No. 40, October.

- Ponton, Geoffry (1994), *The Soviet Era. Soviet Politics from Lenin to Yeltsin*, Oxford: Blackwell.
- Prizel, Ilya (1998), *National Identity and Foreign Policy, Nationalism and Leadership in Poland, Russia, and Ukrain*, London:Cambridge University Press.
- Quraishi, Zaheer M (1996) Geopolitics of the global configuration, *India Quarterly*, p.52-72, VoL52 No.(3) July-Sep.
- Radyuhin, Vladimir (2005) "Are the Coloured Revolutions Fading Out"? , *The Hindu*, Chennai,
- Radyuhin, Vladimir, "Guarding Against a Coloured Revolution", *The Hindu*, Chennai, 26 -12-2005.
- Rasizade, Alec (2003), "Azerbaijan Descending into the Third World After a Decade of Independence", *Comparative Studies of South Asia, Africa and the Middle East*, 22 (12):127-139
- Richard, Giragosian (2004), "The US Military Engagement in Central Asia and the SouthernCaucasus: An Overview", *Journal of Slavic Military Studies*, 17(1): 43-77.
- Riskin, Andrei (2004), "Sluzhba bezopasnosti prezidenta Chechni neset poteri: Basaev ugrozhaet Rossii oruzhiem massovogo unichtozheniia," ("The Security Services of the Chechen President Suffer Losses: Basaev Threatens Russia with Weapons of Mass Destruction"), *Nezavisimaia gazeta*, November 1.
- Rondeli, Alexander (1996), "Georgia in the Post soviet Space", *Caucasian Regional Studies*, Issuel
- Rumer, Eugene (2006) Central Asia: Views from Washington, Moscow and Beijing, *Middle East Journal*, Dec.
- Russell, Jeremy (1983) *Geopolitics of natural gas*, London: Cambridge Ballinger Pub
- Rutland, Peter (1994), "Democracy and Nationalism in Armenia", *Europe-Asia Studies*, p. 856, vol. 46, no. 5.

Sagramoso, Domitilla (2003), "The UN, the OSCE and NATO," in *The South Caucasus: A Challenge for the EU*, ed. Dov Lynch, 63-89. European Union Institute for Security Studies: Chaillot Papers.

Sahni, Kalpana (1997), *Crucifying the Orient- Russian Orientalism & Colonisation of the Caucasus and Central Asia*, Thailand: White Orchid Press.

Sampath ,kumar Rama, (2002) Central Asia: impact of us led War on terrorism, *Economic and Political Weekly*, vol.37, No.33, August.

Sebastian, Smith (2001), *Allah's Mountains: The Battle for Chechnya*, London: I. B. Tauris Publishers.

Sergo, A. Mikoyan (1998), Russia, the Us. and regional conflict in Eurasia pp 112-126, *survival* vol 40.no-3 autumn.

Shaffer, Brenda (2003), "US Policy," in *The South Caucasus: A Challenge for the EU*,

Sharma, R.R.,(2004),Regional order and security: role of external powers in Central Asiaand Caspian Region, *Contemporary Central Asia*, Vol. 8, No. 1-2, Apr-Aug.

Shireen, Hunter T. (2000), *The Evolution of the Foreign Policy of the Transcaucasian*, Bern: Peter Lang AG.

Simon, Gerhard (1991), *Nationalism and Policy Toward die Nationalities in die Soviet Union. From Totalitarian Dictatorship to post -Stalinist Society*, Trans. Karen Foster and Oswald Foster, Boulder, London : Westview Press.

Smith, Graham (1999), *The Post- Soviet States Mapping the Politics of Transition*, London: Amold Publishers.

Smith, Neil (2003), *American Empire: Roosevelt's Geographer and the Prelude to Globalization*, London: University of California Press

Spencer, D. Bakich, (1997), "The Military Doctrine of the Russian Federation: Working Document or Anachronism?", *Conflict Studies*, p. 15, July/August.

Stephen, F. Jones (1997), "*Georgia: The Trauma of Statehood*", *New States New Politics :Building the Post-Soviet Nations*, ed. Ian Bremmer, Ray Taras, Cambridge : Cambridge University Press.

Stivachits, Yannis A (2002), "Understanding the European Union's Enlargement: The International Society Approach of the English School" in Howard M. Hensel (eds), *The United States and Europe: Policy Imperatives in a Globalizing World*, Aldershot.

Suny, Ronald Grigor (1989), *The Making of the Georgian Nation*, London : LB. Tauris,

Talbott, Strobe (2002), "From Prague to Baghdad NATO at risk", *Foreign Affairs*, 81(6): 46-57

Temple, James E De.(2001),*Expanding security eastward NATO military engagement in the South Caucasus and Central Asia*, Boston: Boston University.

Toft, Monica D (2001), "Multinationality, Regions and State Building: The Failed Transition in Georgia", *Regional andfederal Studies*, 11(3), 123-142.

Valentin, Fedorov (2004), *Rossii: Vnutrennie i vneshnie opasnosti (Russia: Internal and External Dangers)*, Moscow: OGIN Press.

Van der Leuw, Charles (2000), *Oil and Gas in the Caucasus and Caspian A history*, London: Curzon Press

Vitaly, Naumkin V (eds) (1994), *Ethnicity and Conflict*, (Contribution in political science Series, vol 11-68), USA: Greenwood press

Webber, Mark (1997), *CIS Integretion Trends: Russia and the former Soviet South*, Royal Institute of International Affairs.

Wheatley, Jonathan (2005), *Georgia from National Awakening to Rose Revolution, Delayed Transition in Former Soviet Union*, England: Ashgate Publication.

Wilson, Andrew (2002), *The Ukrainians: Unexpected Nation*, New Haven: Yale Nota Bene,

Wright, John FR et al. (1995), *Transcaucasian Boundaries* (Soas/Grc Geopolitics

Series; 4), London: St Martins Press

Young, Crowford (1993), ed., *The Rising Tide of Cultural Pluralism, the Nation-State at Bay*, Visconsin : Visconsin University Press.

Yunusov, Arif (2002), "Statistics of Losses in the Armenian-Azerbaijani War," in *Karabakh Yesterday, Today, and Tomorrow*, Baku, pp. 20-22.

Zafar, Imam (1994), *New Russia: Disintegration and Crisis, A contemporary chronicle, 1988-1994* New Delhi: ABC publishing house.

Zagorski, Andrei (2005), "Russia and the Shared Neighborhood," in *What Russia Sees*, London:Corzon Press.

