Regionalism Beyond Love Thy Neighbour: Why the European Union’s Model of Integration is not a Perfect Fit in the Caucasus

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ABSTRACT

More than a decade since its founding, regionalism still remains a foreign term to the Eurasia Partnership Foundation (EPF), one of the main programs geared towards the mission of a unified, integrated Caucasus. At present, the European Union serves as the best example of regionalism, in which political integration has been achieved through economic imperatives. While Europe celebrates its achievements in twenty-eight member states, questions arise about the potential for European regionalism to be exported to other parts of the world and if so, whether it would be as transformative in encouraging states to perceive themselves as more integrated regional partners. Looking ahead to the future of enlargement, the EU approach in the Caucasus has leaned more towards promoting regional cooperation than opening up accession talks. This has been due in part to the ways in which the countries in the region view their ties to Europe. While Georgians aspire to potential membership in the European club, the same cannot be said about Armenia and Azerbaijan. The factor of regional cooperation is still largely absent, as these countries have a long way to go in developing strong relations with each other. While bilateral relations have developed over the years, the three have fallen short in consolidating trilateral cooperation on issues related to security, trade, and territorial disputes. A comparative analysis of field research and scholarly works on the subject has shown that there are a number of factors that impede the success rate of the EU model. Challenges to increased regional ties include the contested status of certain territories in the region. Geography has taken on a special importance as well, as states’ identification with the Caucasus as a region has been poor. Finally, despite having vested interests in transiting oil and energy, these resources have sparked limited political engagement. Looking ahead to the future, the fragility of the EU model of integration in the Caucasus will persist until collective solutions are found to remove all obstacles impeding closer regional cooperation.

INTRODUCTION

More than a decade since its founding, regionalism still remains a foreign term to the Eurasia Partnership Foundation (EPF), one of the main programs geared towards the mission of a unified, integrated Caucasus. Sharing her insights on celebrating the years of the initiative’s success in improving ties between the Republic of Georgia, Armenia, and Azerbaijan, the President of the Foundation told me that it was not that simple. She had an important message for new students of the Caucasus, such as myself, stating that if one goes in thinking that we will be successful in “achieving a form of a Caucasus federation,” it proves that “they are removed and have yet to learn a lot about the realities facing the region.” The meaning of these words does not serve to underestimate the commitments of any organization or the European Union in fostering stable and cooperative ties among the South Caucasus states of Georgia, Armenia, and Azerbaijan. Its function is rather the opposite, to enable one to think critically about the roots and obstacles of regionalism in the Caucasus.

1 Interview with Katevan Vashakidze, President, Eurasia Partnership Foundation (EPF). Tbilisi, Georgia. February 2014.
At present, the European Union (EU) serves as the best example of regionalism, in which political integration has been achieved through economic imperatives. The model of regional cooperation has been crucial to the stability of the Union. While Europe celebrates its achievements in twenty-eight member states, questions arise about the potential for European regionalism to be exported to other parts of the world and if so, whether it would be as transformative in encouraging states to perceive themselves as more integrated regional partners. Looking ahead to the future of enlargement, the EU approach in the Caucasus has leaned more towards promoting regional cooperation than opening up accession talks. This has been due in part to the ways in which the countries in the region view their ties to Europe. While Georgians aspire to potential membership in the European club, the same cannot be said about Armenia and Azerbaijan. The factor of regional cooperation is still largely absent, as these countries have a long way to go in developing strong relations with each other. While bilateral relations have developed over the years, the three have fallen short in consolidating trilateral cooperation on issues related to security, trade, and territorial disputes.

There are a number of factors that impede the success rate of the EU model. Challenges to increased regional ties include the contested status of certain territories in the region. The breakaway or occupied territories of Abkhazia and South Ossetia have not only had an effect on Georgia’s internal political climate but have also posed problems for the country’s interstate relations. Similarly, conflict and ongoing disagreement over Nagorno-Karabakh has complicated relations between Armenia and Azerbaijan. Geography has taken on a special importance as well, as states’ identification with the Caucasus as a region has been poor. Finally, despite having vested interests in transiting oil and energy, these resources have sparked limited political engagement. Looking ahead to the future, the fragility of the EU model of integration in the Caucasus will persist until collective solutions are found to remove all obstacles impeding closer regional cooperation.

DEFINING REGION AND REGIONALISM

There has been little agreement among scholars when it comes to framing and identifying the principles that define the concepts of ‘region’ and ‘regionalism’ from a theoretical perspective. While most have agreed that “geographical contiguity and proximity” is a fundamental characteristic of a region, a shared identity and other political and economic factors have been used to explain regional relations and interdependence. In addition to being characterized as a shared geographical space, a region is also one in which there is interaction and interconnectedness between states. Furthermore, political actors have a role to play in interpreting what constitutes a particular region. As stated by Hurrell, “all regions are socially constructed and hence politically contested.” Since the 1960s and 1970s, there have been, what he also refers to as “regionalist waves.” These have varied in scope and in their approach to regional-

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2 Tracey German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives? (Surrey: Ashgate Publishing Limited, 2012), 11.
3 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 12-13.
5 Hurrell, “Explaining the Resurgence of Regionalism in World Politics,” 331.
based initiatives, ranging from economic integration through commitments to free trade to wider political cooperation on security issues.\(^6\)

The present wave of “new regionalism” has been distinct in its increase in “regional awareness or regional consciousness” of belonging to a certain identity.\(^7\) The EU has been one of the products of this new wave. Both its current membership consisting of twenty-eight member states and its enlargement process reflect inclusion in a European community and commitment to upholding European values. These factors have shaped the European Union as a model of regional cooperation and integration. Not only have there been formal and informal forms of interstate dialogue on certain issues, but closer cooperation has led to the development of common initiatives such as a single market and the Schengen zone for border-free travel.

While the EU has been discussed as a regional project, some scholars have considered the use of the term ‘subregionalism” to describe the Caucasus within a wider Black Sea region. The two have been used interchangeably to express the degree to which states engage with each other vis-à-vis common social, cultural, and political imperatives within a specific geographical area. However, the two also differ in certain ways. Manoli summarizes subregionalism and explains how it differs from regionalism:

Subregionalism is a type of regional cooperation which, however, does not fall into the traditional categories of alliance formation and economic integration. It takes place in a geographical area smaller than that of a region and its primary feature is its relevance and dependence to a broader regional process.\(^8\)

States such as Georgia, Armenia, and Azerbaijan have interacted with one another beyond their immediate borders, while at the same time independently participating in broader regional economic organizations such as the Black Sea Economic Cooperation group (BSEC). Thinking about the different layers of regionalism will help us identify the factors that will promote or undermine the extent to which we will see the European model of regional cooperation and integration in the Caucasus.

HISTORICAL BACKGROUND

*Early Attempts at Regionalism*

Historically the South Caucasus states of Georgia, Armenia, and Azerbaijan have a record of involvement in regional-based initiatives. Following the collapse of the Soviet Union, leaders of the independent republics participated in various regional organizations in order to cope with “the demise of the centralized communist state.” Regional interaction followed as post-Soviet states realized that isolation from their neighbours would undermine national security and economic development.\(^9\) All three countries, with the exception of Georgia joining later, were members of the Commonwealth of Independent States (CIS) and Collective Security Treaty Organization (CSTO).

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\(^6\) Hurrell, “Explaining the Resurgence of Regionalism in World Politics,” 331.

\(^7\) Hurrell, “Explaining the Resurgence of Regionalism in World Politics,” 332.


Established in 1991 by Russia, Belarus, and Ukraine, the CIS was meant to promote cooperation among post-Soviet states in areas of trade and security. With the signing of the Collective Security Treaty in 1993 and 1994 in case of Georgia and Azerbaijan, member states agreed to a military alliance of “collective defense.”

Even though the CIS developed an institutionalized framework for cooperation, the organization has had its setbacks in going beyond promoting to enforcing cooperation. Added to this gap was skepticism voiced by member states that the organization was primarily a vehicle for Russian ambitions. Its later counterpart, GUAM Organization for Democracy and Economic Development, with Georgia, Ukraine, Azerbaijan, and Moldova as members, sought to accomplish similar goals but without the involvement of Russia. With Georgia’s recent exit from CIS, the country has participated in the Black Sea Economic Cooperation project (BSEC). The BSEC has expanded cooperation within the wider Black Sea region, but it has not strengthened ties between the three South Caucasus states.

**Georgia looks to Europe, Armenia and Azerbaijani towards Russia**

The change of power that occurred after the Rose Revolution had in some ways signaled a shift in the direction of Georgia’s long-term development and its place on the international stage. The newly elected President, Mikheil Saakashvili, with his United National Movement Party (UNM), emphasized that Europe was Georgia’s model for development. Although Georgia had been a member of the Council of Europe since 1991, Georgia’s “strong emotional commitment to the idea of Europe” strengthened with Saakashvili’s coming to power in 2004. During his inaugural address, Saakashvili had spoken about Europe as Georgia’s choice in the past, present, and the future. In reference to the flag of the European Union, he emphasized that the flag belongs to Georgia as well, representing Georgian civilization, culture, and history as intertwined with those of Europe. Along with maintaining strong links with the United States during his time in office, Saakashvili initiated negotiations for the drafting of the European Neighbourhood Policy (ENP) Action Plan for Georgia. As part of his efforts to achieve the objectives underlined by the EU in the Action Plan, Saakashvili made commitments to fight corruption, establish freedom of the press, and independent judiciary.

In contrast, Armenia and Azerbaijan have followed a different foreign policy trajectory. Armenia does not see relations with Europe and NATO as a priority and aims to strategically balance its dialogue with the EU and its relationship with Russia. Russia remains Armenia’s closest ally in the region, with Armenia viewing the relationship with Moscow as important in “counterbalancing a militarily powerful Turkey and increasingly strong Azerbaijan.” Azerbaijan, on the other hand, follows a “multidimensional foreign

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10 German, *Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives*, 26.
12 German, *Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives*, 26-27.
16 German, *Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives*, 33.
policy,” focusing on building relations with a number of partners. The country has been pragmatic in the ways in which it has opted for independence and has remained open to closer ties with the West, Russia, and Turkey when it suits its interests. Azerbaijan’s place in Euro-Atlantic integration in terms of political, economic, and security institutions is listed as a “strategic goal,” meaning that the EU has no leverage by which to influence the direction of Azerbaijan’s policy.¹⁷

**The EU Approach in the Caucasus**

In order to understand the foundation of EU’s presence in the Caucasus region, it is important to understand the European Neighbourhood Policy (ENP), with designated Action Plans for each country, and the Eastern Partnership initiative. The EU approach in the region has been to “regionalize its foreign policy” by limiting the ENP objectives to a clearly defined geographical area of the “eastern neighbourhood.”¹⁸ In broad terms, the EU has primarily utilized the ENP as a foreign policy tool. The policy has given the Union flexibility in offering alternatives to accession. Under the ENP, the EU has been able to reach out to its eastern neighbours under a “single framework of relations” and still pursue stability, cooperation, and closer partnership, the same objectives it pursues through enlargement.¹⁹ The purpose of the ENP has aimed to create “a ring of well-governed countries to the East...”²⁰ with which the EU could share common values of democracy, rule of law, and good governance.²¹ The policy was first extended to Belarus, Ukraine, and Moldova, with recent additions made to include Georgia, Armenia, and Azerbaijan in May 2004.

While ENP Action Plans are bilateral agreements with a partner country, the EU has also adopted regional and multilateral cooperation initiatives when dealing with countries on its borders. In 2009, the EU launched the Eastern Partnership (EaP) initiative, further aimed at deepening “political association, economic integration, mobility, and sector cooperation” between EU member states and the countries in the eastern neighbourhood.²² The Partnership largely complements the aims of the ENP, but differs in its multilateral approach. Not only does the Partnership reiterate the development of cooperative relations between the EU and a state, but it also aims to bring together the states in the region as prospective partners.²³ The Black Sea Synergy organization, designed to boost cooperation between countries neighbouring the Black Sea and the EU in the energy field, is further indicative of the EU’s tendency to address regional challenges. While membership in these organizations has shown progress towards developing regional networks, it is also telling of a unique geopolitical strategy pursued by Georgia, Armenia, and Azerbaijan when it comes choosing international

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¹⁷ German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 45.
²⁰ Christensen, The Making of the European Neighbourhood Policy, 66.
partners. The EU’s attempts at promoting a more inclusive, subregionalist framework among the South Caucasus states has been done in parallel to grouping Black Sea countries to solve common problems. It is important to ask whether closer interaction set by membership in these wider Black Sea projects has pushed countries to look first and foremost “externally for support, rather than within the region.” This factor, among many others, could explain Georgia’s orientation towards Europe, Armenia-Russia relations, and Azerbaijan’s decision to maintain strong relations with its partner to the west, Turkey.

UNPACKING REGIONALISM AS A GEOGRAPHIC CONSTRUCT

To begin with, the vision of partnership that presupposes good relations between states that share each other’s borders has had a difficult time developing in the Caucasus. The language of EU policy towards the South Caucasus has referenced geographical placement of a state as a determinant of both the likelihood and strength of its external relations. In other words, the approach implies that neighbouring countries that share a certain geographical space not only have an interest in cross-border interaction, but ties to the geographical region are what foster state interdependence. If these are indeed accurate interpretations of EU’s objectives represented by the ENP, then the South Caucasus countries have defied them all. The state of the current relationship between Georgia, Armenia, and Azerbaijan is far from the “united Caucasus” that the Georgian President Saakashvili had spoken of in his speech to the United Nations General Assembly in September 2010. Although there has been some cooperation at the civil society level on environmental and economic matters, there has been no progress in collaboration at state level. Giorgi Vardishvili, a Political and Media Analyst from the Office of the European Union Special Representative for the South Caucasus (EUSR), commented that perhaps the Eastern Partnership serves as one of the better examples where there has been signs of cooperation. He specified that while the Partnership has had its shortfalls in facilitating joint-projects that require participation from Armenia and Azerbaijan, it has been a platform for the three countries to agree on the importance of integrated border management.

Figure 1: Map of the South Caucasus states. Source: The International Ecotourism Society

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24 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 26.
25 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 9.
27 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 28.
28 Interview with Giorgi Vardishvili, National Expert – Political and Media Analyst, Office of the European Union Special Representative, Tbilisi, Georgia, February 2014.
However, the level of interstate coordination declines in cases where the parties have competing interests. In terms of the prospects for relations between Georgia, Armenia, and Azerbaijan to reach the same levels of integration maintained by EU member states, the former Head of Georgia’s Presidential Administration believes that the greatest challenge to cooperation is geopolitical. Speaking mainly about Georgia’s foreign policy, Andro Baranovi emphasized that “unity has been hard to achieve” when there is profound disagreement regarding security and unresolved territorial conflicts. In such cases, similar to what Georgia has experienced, regional cooperation has been deterred and there has arisen a need to “replace the regional partner.” For Georgia this has meant going beyond immediate neighbours and strengthening ties with overseas partners such as the United States.29

The EU has mostly failed to address this discrepancy between cooperation and non-cooperation on the policy level because it has not made adjustments when it comes to targeting areas where unity is low. Rather, it has adopted a broad-based approach to developing the South Caucasus as a “distinct regional unit.”30 Referring to EU’s relations with the South Caucasus states, the Second Secretary of the Political, Press, and Information Section at the European Union Delegation to Georgia made it clear that “membership is off the table.” Instead, the EU has narrowed its aims to “political proximity and economic integration,” somewhat ambiguous terms referencing elements of regionalism.31

In spite of geographical proximity, there is little acknowledgement, on part of Georgia, Armenia, and Azerbaijan, that they are members of a South Caucasus region. What is lacking is a sense of self-identification with an “internal common regional identity.”32 The Eurasia Partnership Foundation (EPF), a non-profit organization with regional offices in all three countries, has worked with citizens and civil society groups on the ground, providing them with the tools and opportunities to “influence processes that are happening around them.”33 In a recent survey report (2009-2013) comparing the social and political attitudes of Georgians to Armenians and Azerbaijanis, the findings show that a rise in either European or Russian values has led to a lack of connection to a distinct ‘Caucasian’ regional identity.34 Although only a fifth of Georgians identify as both Georgian and European— far from a clear majority—the increase from 13% in 2009 to 16% in 2011 indicates progress towards “embeddedness of a European identity in Georgia.”35 The Foundation’s current acting President, Katevan Vashakidze, commented on the findings of the Foundation’s report, and highlighted the consequences of Georgians’ disinterest in becoming part of the larger region. The fact that there are “no

29 Interview with Andro Baranovi, Former Head of Presidential Administration of Georgia, Tbilisi, Georgia, February 2014.
30 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 9.
31 Interview with Renata Worbel, Second Secretary, Deputy Head of the Political, Economic, and Press Section, Office of the European Union Delegation to Georgia. Tbilisi, Georgia, February 2014.
32 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 9.
33 Interview with Katevan Vashakidze, President, Eurasia Partnership Foundation (EPF), Tbilisi, Georgia, February 2014.
strong links via identity” is evidence that “political geography” does not necessarily translate into strong cross-border links. Her prediction for the future is that there will be no space for regional cooperation to be a priority of foreign policy as the three states move further away from the “traditional exercise of regionalism,” based on the location and position of their borders.  

Regionalism seen through the lens of a shared geographical space has been primarily a EU construct, which it has tried to export to the Caucasus. Despite the reality that no common regional identity binds the three states, the EU has continued to deal with the South Caucasus as a “single, unified entity.” The ENP remains focused on bringing neighbours closer together without taking into account that identity can set up a challenge to regional integration. Moulding the three countries into a region attaches an “externally generated geographical label” that suggests high success in achieving integration vis-à-vis cooperative neighbour relations that are absent in the Caucasus. The amount of cooperation that has surfaced, at least bilaterally, Georgia with Armenia and Azerbaijan, has been driven by Georgia’s attraction to achieve proximity with European standards rather than by interest to unite as a region.

GEOGRAPHY REVISITED: DOMESTIC ROOTS OF INTERNATIONAL RELATIONS

When it comes to the South Caucasus, there is another dimension to the EU’s regionalism building initiatives that relies on the geography factor. Much of what has characterized the approach of both external actors such as the EU and internal institutions such as Georgia’s Ministry of Foreign Affairs has been an emphasis on Georgia’s potential to set and lead by example in the region. The current Georgia-EU relations do not therefore reflect immediate efforts to increase the country’s prospects of joining the European integration project. The EU strategy in Georgia has focused on facilitating domestic reform that is oriented towards building stronger neighbourhood cooperation. Deputy Foreign Minister, Tamar Beruchashvili, seems to share a similar view, as she believes that Georgia will have a role to play in advancing the relations among the Caucasus states as “not only neighbours, but as European neighbours.” Considering the country as a serious partner in the broader aims of the Euro-Atlantic project, Beruchashvili further commented that Georgia has in some ways become a “beacon of European integration” with responsibilities to show its neighbours such as Armenia and Azerbaijan the “value of a future within a European statehood.” According to Minasyan, EU’s success in Georgia would “mean the gradual establishment of a European economic and political space directly on Armenia’s borders.” In this way, the

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36 Interview with Katevan Vashakidze, President, Eurasia Partnership Foundation (EPF), Tbilisi, Georgia, February 2014.
37 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 9.
38 German, Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives, 9.
39 Interview with Tornike Nozadze, Deputy Head of the European Integration Coordination Department, Office of the State Minister of Georgia on European and Euro-Atlantic Integration, Tbilisi, Georgia, February 2014.
40 Interview with Tamar Beruchashvili, Deputy Minister, Ministry of Foreign Affairs of Georgia, Tbilisi, Georgia, February 2014.
EU has utilized geographical closeness as a channel through which to promote its norms and principles, especially in balancing Russia’s influence as a significant regional power. The importance of geography therefore reaches new heights in the post-Soviet space.

Way and Levitsky’s concepts of “linkage and leverage” can be applied to show the ways in which the European model of integration faces challenges in succeeding in the South Caucasus. The EU has attempted to use both methods of extending its influence in the eastern neighbourhood, however the minimal use of one has hindered the overall impact the two have together. Partly due to the country’s inclinations to look towards Europe, the EU has been able to establish strong linkages with Georgia. When one looks at Georgia’s record of democratization and reform, it sets it apart from its neighbours. Ties with Georgia’s domestic actors have allowed the EU to exercise a certain degree of leverage internally, while at the same time engaging “domestic stakeholders” to see the benefits of democratic governance.42 The proposal for the EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA) as part of the Association Agreement is an example of one such linkage. The EU has granted Georgia access to its internal market under the expectation that the country brings its “legislation closer to that of the EU…”43 Although the EU’s success in developing deeper ties with Georgia has allowed it to branch out within the former Soviet space, it still lacks the ability to “increase rather than decrease Western integration” with Armenia and Azerbaijan.44 The EU does not maintain linkage or powerful levels of leverage in its relations with these two countries. This is due in large part to Russia exercising strong leverage in the region. Russia’s role endures in “determining the extent of cooperation that takes place between the three states” because of political and economic links it still maintains with Armenia and Azerbaijan.45 Consequently then, EU’s efforts of integration vis-à-vis Georgia will encounter difficulties. As long as the EU falls short of exercising leverage over Armenia and Azerbaijan, its influence transmitted through Georgia will not be enough to reverse the competing values in the neighbourhood.

STRUGGLES OVER TERRITORIAL INTEGRITY ARE STRUGGLES OVER COOPERATION

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45 German, *Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives*, 83.
A status quo characterized by intrastate conflicts over territory has closed off negotiations, polarized political will, and hindered any possibility of seeing mutual benefits in addressing issues of common interest. Disputes over the territorial integrity of Nagorno-Karabakh, South Ossetia, and Abkhazia have been regional as much as they have been internal. Although these conflicts are concerned with the parameters of state borders, prolonged processes to arrive at a resolution will have direct ramifications for EU’s model of deeper regional integration in the Caucasus. The course of the conflict over Nagorno-Karabakh, since the start of the armed confrontation to the beginning of peace talks at the end of the war in 1994, has prevented Armenia and Azerbaijan from cooperating politically and economically. In an attempt to regain influence over the territory composed of an ethnic Armenian population who looks to Yerevan for support, Azerbaijan has imposed pressure on Armenia through a series of blockades on road, rail, and energy links. As a result of the blockade and the eventual closure of its Nagorno-Karabakh border with Azerbaijan and land border with Turkey, Armenia has continued to experience severe economic difficulties.46 The declaration of defacto independence of Nagorno-Karabakh and its subsequent ties with Armenia has involved far greater spillover effects. Hostilities have spread way beyond claims for status of sovereign territory, bringing with it “a complex web of enmities” that pose region-wide risks for cooperation.47 Dr. Chitadze, a specialist in Caucasus geopolitics at the International Black Sea University shared his perspective on the larger obstacles posed by territorial conflicts. For instance, due to the dispute over Nagorno-Karabakh, Armenia has not been able to normalize its relations with Turkey. Facing isolation within its immediate economic environment, Armenia has largely been left out of the efforts to “secure optimal networks for the transport of the region’s oil and energy.”48

While Georgia has played a mediator role in the larger effort to normalize relations between Armenia and Azerbaijan, it faces its own set of complex territorial struggles. Russia’s support for South Ossetia and Abkhazia’s claim to independence from Georgia, in spite of international recognition that the two territories belong to the Georgian state, has strained Georgia-Russia relations. Russia’s position in both South Ossetia and Abkhazia has been supported by its use of hard and soft power. Russia has

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47 German, *Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives*, 31.

48 Interview with Dr. Nika Chitadze, Expert on Caucasus geopolitics and Vice Dean of Faculty of Social Sciences, *International Black Sea University*, Tbilisi, Georgia, February 2014.
been supplementing its military presence on the ground with financial assistance to support the weak economies of the breakaway territories.\textsuperscript{49} This view is similarly shared by Roman Kakulia, Head of the EU Assistance Coordination Department with the Office for Euro-Atlantic Organization in Georgia. When asked what this kind of influence would mean for Georgia’s “European Way,” he argues that this has given Russia a significant amount of leverage to continue to expose divisions between what the Georgian administration claims are the interests of Georgians, Ossetians, and Abkhazis alike. The politics of demonstrating to the leadership that their interests lie with a more European-oriented Tbilisi has been conditioned by Russia’s involvement in the territorial disputes.\textsuperscript{50}

Therefore, the EU framework of deepening cooperative relations with neighbours has been overshadowed by struggles over territories. Georgia maintains good bilateral relations with both Armenia and Azerbaijan, but the future of a three-way partnership requires the resolution of territorial disputes. Foreign policy priorities of all three South Caucasus countries are defined by the way each country conceives its strategic interests and position against the other. The decision to normalize relations at any given time is “driven by negative factors” rather than an effort to “develop strong affinities with each other.” Both Armenia and Azerbaijan have maintained close relations with other regional powers, Russia and Turkey respectively, in order to cope with the perception of each other as a threat.\textsuperscript{51}

CAUCASIAN OIL AND ENERGY IS NOT EUROPEAN COAL AND STEEL

Thinking back to the roots of the EU, the European Coal and Steel Community (ECSC) stands out as the “first Community organization” that united a group of states around mutually beneficial interests and ultimately led the way to European integration.\textsuperscript{52} The decision to pool the resources of coal and steel and create a common market under the ECSC Treaty was not only an economic strategy, but also a political move. In order to prevent further war between France and Germany, the production of coal and steel was placed under a “common framework,” granting the other European states “free access to the sources of production” and wider participation in the common market.\textsuperscript{53} Similarly to the ways in which the ECSC was the first building bloc of the EU as a political federation, shared interests in the growing geopolitical importance of oil and natural gas resources among South Caucasus states suggest hopeful prospects of closer political engagement. Recent EU efforts, especially those outlined in the Action Plan for Georgia under the ENP, have centered the country’s regional relations in the Caucasus on the collective that binds all these countries together, the oil reserves in the Caspian region.


\textsuperscript{50} Interview with Roman Kakulia, Head of the European Union Assistance Coordination Department, Office of the State Minister of Georgia on European and Euro-Atlantic Integration. Tbilisi, Georgia, February 2014.

\textsuperscript{51} German, \textit{Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives}, 9, 25.


\textsuperscript{53} EUROPA, “Treaty establishing the European Coal and Steel Community, ECSC Treaty.”
Looking to replicate its own success story of economic integration as a guide to political integration in the Caucasus region, the EU-Georgia relations are likely to remain focused on ambitious domestic reforms for the purpose of strengthening Georgia’s role in securing regional relations. However, the expectation that energy and oil would be the “catalysts for cooperation among Black Sea states” has not yet been realized.\(^{54}\) The construction of oil pipelines, such as the Baku-Tbilisi-Ceyhan (BTC) pipeline that stretches across Caucasian territory and links Azerbaijan, Georgia, and Turkey, increases potential for cooperation, as states “must rely on neighbours in order to transport their resources.” This is especially true in the case of Azerbaijan, an oil-rich but landlocked country that relies on land routes and transit countries to transport its oil to Western markets.\(^{55}\) While this is true, the energy factor must be assessed alongside a combination of factors that are standing in the way of deepening regional integration. When asked to share his opinion on whether oil and energy will come to play a similar role to that of coal and steel, Kakulia believes that one “cannot immediately translate energy into coal and steel.” The ECSC worked because there was “political will to cooperate with other players for unification.” This form of “political consensus between Russia and the rest of the players” is largely lacking in the Caucasus.\(^{56}\) Armenia, for example, has been left out of the BTC pipeline and any talks on the future of energy corridors due to the conflict with Azerbaijan over Nagorno-Karabakh. Georgia has instead become the transit country as a result of the continuing dispute, benefitting from both the BTC pipeline and the Baku-Tbilisi-Kars rail link.\(^{57}\) Pipeline projects may require states to work together to ensure the security of reliable energy transportation routes, but divergent orientations surrounding territorial conflicts limit further political dialogue.

**FINAL THOUGHTS**

In conclusion, the EU faces a number of obstacles in replicating its vision of regionalism in the South Caucasus. As long as states fail to identify with a common cause as incentive to cooperate, the EU vision of political integration will remain fragile. Ongoing disputes over territories continue to leave scars on the relations between Georgia, Armenia, and Azerbaijan. As foreign policy continues to differ, the three states hardly see the mutual benefits of engaging in a trilateral partnership. While these countries are immediate neighbours, the sharing of a common geographical space has had little impact on their self-recognition of belonging to a distinct Caucasian identity. Identification based on a geographical label and the treatment of the South Caucasus as a regional unit has then become primarily EU rhetoric. Regional cooperation as something worthy valuing still needs to develop in the mentality of the three states and this transformation will take time.

When looking at the long-term prospects of achieving full regionalism, the EU needs to reform its approach to accommodate the different trajectories that each state may

\(^{54}\) Manoli, *The Dynamics of Black Sea Subregionalism*, 150.

\(^{55}\) Manoli, *The Dynamics of Black Sea Subregionalism*, 151.

\(^{56}\) Interview with Roman Kakulia, Head of the European Union Assistance Coordination Department, *Office of the State Minister of Georgia on European and Euro-Atlantic Integration*. Tbilisi, Georgia, February 2014.

\(^{57}\) German, *Regional Cooperation in the South Caucasus: Good Neighbours or Distant Relatives*, 9, 55.
take in developing a sense of identification with the Caucasus as a region. Recognizing that regional ties are premature, the EU needs to target each country individually and work with all parties to see mutual benefits of cooperation. If the EU success story of regional cooperation is to be achieved in the Caucasus, it also must be done in dialogue with Russia. Russia remains a strong power in the region, with the capability to influence the outcomes of regional projects. Despite the odds stacked against its efforts, it will be interesting to see the length of time that needs to pass before the EU has another success story in the post-Soviet space.

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