

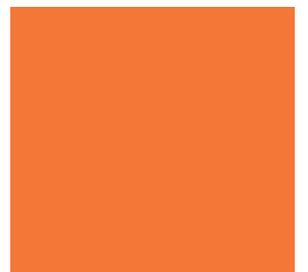
Swiss Study Foundation Summer School

States and Societies in Transition – History, Threats and Opportunities. The Case of Georgia and Azerbaijan

26 August – 4 September 2015

SCHWEIZERISCHE STUDIENSTIFTUNG
FONDAZIONE SVIZZERA DEGLI STUDI
FONDATION SUISSE D'ETUDES
FUNDAZIUN SVIZRA DA STUDIIS

ESTABLISHED 1991



3 | Preface

Delia Imboden and Timo Welti

7 | The Rose Revolution, Democratization
and Regime Change in Georgia

Jörn Kohlschmidt and Monika Wehrli

17 | The Political System of Azerbaijan

Dirk Lauinger, Liliane Stadler and Tobias Vuillemin

25 | The Economy of Azerbaijan: Oil and Gas

Jasmin Stadler and Judith Suter

35 | Relations between the South Caucasus
and the European Union:
Past Efforts and Future Prospects

Philippe Valmaggia and Raphael Widmer

43 | The Georgian-Abkhazian Conflict

Sandrine Gehriger and Jan Richer

53 | The Georgian-South Ossetian Conflict
and the 2008 Georgian-Russian War

Anja Forrer and Therese Palm

63 | The Nagorno-Karabakh Conflict

| Preface

A summer school conducted by the Swiss Study Foundation (SSF) once again set out to explore the region of the South Caucasus – for the first time including Azerbaijan. During the editing process of this publication renewed clashes between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh brought the region back to the attention of the world's news. It is a region that has been at the crossroads for centuries, a region in which to this day different geopolitical and energy interests collide. These circumstances, coupled with the historical legacies, complicate the economic, political and societal transformation processes that set in after the collapse of the Soviet Union. So-called ethnic conflicts emerged in Armenia and Azerbaijan as well as in Georgia, further impeding the development of these countries.

The SSF brought together a group of students to study on location the history, politics, economics and culture of Georgia and Azerbaijan between August 26 and September 4, 2015. The group consisted of undergraduate, graduate and doctoral students representing the fields of Medicine, Psychology, Energy Management and Sustainability, Nanoscience, Food Science, Mathematics, Law and Political, Legal and Economic Philosophy and International Relations – an apt array of disciplines to explore the complex reality of two diverse countries. The SSF delegation was accompanied by students of Slavic Studies, History and Eastern European Studies from the University of Berne and Fribourg, the latter also being the host institution of the Academic Swiss Caucasus Net (ASCN). The ASCN is a programme that aims to promote the Social Sciences and Humanities in the South Caucasus, initiated and supported by the GEBERT RÜF STIFTUNG.

The programme of the summer school combined lectures and a cultural programme discovering historical, religious and natural sites. In Georgia it comprised Mtskheta, Nekresi Monastery, Gremi and the cities of Signaghi, Telavi and Tbilisi as well as the mountains of the Greater Caucasus surrounding the town of Stepantsminda (formerly Kazbegi). In Azerbaijan the city of Baku as well as the Bibi-Heybat Mosque, Gobustan Rock Art Cultural Landscape and mud volcanoes on the coast of the Caspian Sea were visited. On the way back, the city of Istanbul served as a sensible stop-over destination, given Turkey's multifaceted ties with the South Caucasus in general and Azerbaijan in particular.

This cultural programme was interspersed with lectures on various topics by academics and practitioners, helping the students to deepen their knowledge of history, politics and society in the region. Following the SSF's principles of curiosity, motivation and responsibility, the students were assigned different topics for pre-reading and further study during the summer school. The topics were broadly divided into two categories: political and economic structures and change and conflicts.

This publication collects the resulting essays. In the first category, two essays reflect on the overall transformation process in post-Soviet Georgia and the political system of Azerbaijan, a third focuses on Azerbaijan's economy, while a fourth sheds light on the relationship between the European Union and the South Caucasus. The second part in-

cludes three essays on the conflicts in the region, focusing on the conflict over Abkhazia, South Ossetia and the 2008 Russo-Georgian War as well as Nagorno-Karabakh.

■ Delia Imboden and Timo Welti examine *The Rose Revolution, Democratization and Regime Change in Georgia*. After briefly sketching the colour revolutions that emerged in the post-Soviet space, the authors outline the political situation in Georgia before 2003. They regard the system of «weak authoritarianism» as a precondition for the Rose Revolution. In the second part of the essay, an in-depth analysis of the Rose Revolution and its outcomes is offered. While the reforms are considered a success with regard to state-building, the democratization process is seen as limited by several factors, such as the restricted media freedom and a weak civil society. The authors regard the upcoming elections in the autumn of 2016 as an important test for Georgia's democratic future.

■ In *The Political System of Azerbaijan*, Jörn Kohlschmidt and Monika Wehrli take a closer look at post-independence Azerbaijan, assessing the current system as «stagnated authoritarianism». By examining the role of nationalism and the country's political development, including the patronage system, they seek to explain how the present situation came into being. The revenues from the oil industry are directed towards the stabilization of the present system in which the opposition remains weak and the regime undertakes crack-downs on media and civil society activists. The authors conclude that the political regime exploits the conflict over Nagorno-Karabakh to prevent serious political challenges from the opposition and profits from a patronage network that rewards loyal supporters and deters potential opposition.

■ Dirk Lauinger, Liliane Stadler and Tobias Vuillemin write on *The Economy of Azerbaijan*, examining the Azerbaijani economy's dependence on oil and gas and the implications for the country's political system and foreign policy. The authors first outline the historical development of this situation. They consider the oil revenues to have fuelled the country's development over the last two decades – at great cost however. The oil and gas rents both lead to significant inequalities in Azerbaijani society and make it easier for the regime to consolidate its power. In terms of foreign policy, the oil industry has served to provide balance against Russia and to enable strategic alignment with the West. However, taking into account the looming depletion of resources, the authors consider Azerbaijan's political and the economic systems to be in desperate need of reorientation.

■ Jasmin Stadler and Judith Suter examine the *Relations between the South Caucasus and the European Union*. They provide a brief retrospective on relations between the EU and the countries of the Southern Caucasus, and the role Russia is increasingly playing in conditioning those relations. While Georgia has committed to a very dominant Western-oriented development, for Azerbaijan the ties to the EU are mainly economic and born of necessity. Armenia is said to pander to Russian demands whilst simultaneously trying to keep options open regarding technical cooperation with the EU. The authors conclude that any perceived inconstancy of the EU's commitment to its partnerships with countries of the South Caucasus could encourage Russian efforts to destabilize the region and thus undermine EU security policy.

■ Raphael Widmer and Philippe Valmaggia seek to provide a short overview of *The Georgian-Abkhazian Conflict* and analysis of the current situation. The authors argue that the reason for this persistence of the frozen conflict is that none of the major actors have either the will to resolve the conflict or the power to do so. In order to illustrate this argument the first section of the essay outlines the origins and history of the conflict. The second part employs the theory of political realism, focusing on the state level to present the actors of the conflict and provide an in-depth analysis of their interests, while the third part explains the current deadlock based on the contrasting interests of the actors involved.

■ Sandrine Gehriger and Jan Richner, in *The Georgian-South Ossetian Conflict and the 2008 Georgian-Russian War*, take up the topic of the ethno-political struggle over Georgia's formerly autonomous region of South Ossetia. The authors ask whether this conflict is sufficient to explain the outbreak of the 2008 Georgian-Russian war. To answer this question they first trace the historical roots of the conflict and subsequently provide an overview of different perspectives on how the 2008 war was provoked. Without determining which party started the August war, the authors assert that both Russia and Georgia had deeper political motivations for engaging in the war. It is suggested that the consequence of 2008 is that the initial conflict between Georgia and the separatist territories was reformulated as a conflict between Georgia and Russia. European and international reaction to the 2008 war is regarded as rather cautious and characterized by the interests of the individual countries.

■ Anja Forrer and Therese Palm examine *The Nagorno-Karabakh Conflict*. After providing a historical overview of the origin and developments of the conflict, they analyse the current *status quo* of «no war and no peace» in and around Nagorno-Karabakh. They focus on the political, economic and social consequences of the on-going conflict of Nagorno-Karabakh, giving space to the narratives of Armenia, Azerbaijan and Nagorno-Karabakh. These conflicting narratives are causing a dead-lock which the mediation by external actors has not been able to overcome. The authors thus conclude that the rather fragile *status quo* is heavily dependent on the political leadership of Armenia and Azerbaijan. To increase the chances of resolution, the conflict is in urgent need of reconceptualization.

As a whole, these essays represent an intriguing insight into the developments in the South Caucasus by shedding light on the intertwinement of history, transformation, conflicts and geopolitics in the region. Thus, the SSF summer school contributed to the participants' – and will hopefully also contribute to the reader's – understanding of this particular region as well as post-Soviet politics in general.



I The Rose Revolution, Democratization and Regime Change in Georgia

I Introduction

«The end of authoritarian or totalitarian rule and democratization can take many different paths – the death of a dictator, a popular revolution or simply unexpected election results – and lead to a variety of different outcomes» (Ó Beacháin and Polese 2010: 1). This essay focuses on the end of authoritarian rule in Georgia in 2003 and its subsequent outcomes. After a short overview of the colour revolutions that emerged in the former Soviet republics during the first decade of the 21st century, the second part of this essay will serve as an outline of the political situation in Georgia before the Rose Revolution. This second section is followed by an in-depth analysis of the Rose Revolution itself and discussion of its outcomes and Georgia's transformation potential. Finally, the results of democratization will be examined, with a focus on the following questions: What is left of the Rose Revolution? How democratic is Georgia today? How can we evaluate the transformation potential?

I Colour Revolutions

The term «revolution» has traditionally been understood as «a challenge to the hegemonic global regime» (Jones 2012: 5) and has always been strongly interconnected with violence. Ó Beacháin and Polese as well as Jones argue that the term has become more problematic since 1989 because of the increasing number of revolutions characterized by a non-violent approach that can lead to a democratization process (Jones 2012: 5, Ó Beacháin and Polese 2010: 6). Jones points out that especially the new wave of colour revolutions in the former Soviet republics added to the complexity of the term revolution: «stylish, youthful, peaceful, and democratizing [in their existence], these movements were recognizably «revolutionary», but philosophically thin with few innovative ideas in their armoury» (Jones 2012: 5). Ó Beacháin and Polese define the term «colour revolution»

as follows: «The term colour revolution is used to describe as a single phenomenon a number of non-violent protests that succeeded in overthrowing authoritarian regimes [...]. This has involved thousands of people, wearing coloured symbols, taking to the streets and showing their discontent with the current regime while the opposition, legitimated by such crowds, have been able to negotiate political change with the authorities» (Ó Beacháin and Polese 2010: 1). Colour revolutions recently occurred in three post-Soviet republics: the Georgian Rose Revolution took place in 2003 and was followed by the Ukrainian Orange Revolution in 2004 and the Tulip Revolution in Kyrgyzstan in 2005. All three colour revolutions changed the political, cultural and social landscapes of the corresponding countries. Mostly, these colour revolutions were intertwined with national elections, since they offer a disenchanted population the opportunity to judge the incumbent leaders. This also explains why these revolutions are sometimes called «electoral revolutions» (Ó Beacháin and Polese 2010: 7). According to Ó Beacháin and Polese, five main variables are important for the analysis of colour revolutions: first, the character of the state on the eve of protests and the attitude of the leading elites towards democracy; second, the situation of the opposition; third, external influences, even if they are of secondary importance, as Ó Beacháin and Polese state; fourth, the status of civil society; and finally the people, who can be «considered as the main point of the revolution» (Ó Beacháin and Polese 2010: 8). While the Ukrainian, Kyrgyz and Georgian colour revolutions have followed similar patterns, this essay will focus solely on the Georgian case.

I Georgia before the Rose Revolution

In order to understand the events that took place during the Rose Revolution in Georgia the first variable that needs to be investigated, according to Ó Beacháin and

Polese, is the character of Georgia on the eve of the protests. Therefore this section focuses on the initial social, economic and political position of Georgia before the Rose Revolution in 2003. Françoise Companjen indicates that «ever since Georgia had declared itself independent under the leadership of Zviad Gamsakhurdia in Spring 1991, it was a country in transition towards democracy and free market economy with a long way to go, coming from a totalitarian, closed society» (Companjen 2010: 14). Hence the events of the Rose Revolution should be analysed by taking into account Georgia's longer cultural and economic development since its independence. Giga Zedania points out that after its independence in 1991 Georgia mainly lacked two essential functions of a well functioning state: «(i) monopoly on the legitimate use of power on a defined territory and (ii) provision of basic services (social security, education) to the citizens» (Zedania 2013: 470). In addition, a major problem besetting Georgian Soviet society, which might be characterized as informal, hybrid and highly personalized, was corruption (Zedania 2013: 474–475). It is very important to recognize that in Georgian Soviet society there was a wide gap between formality and informality and that it was only informal behaviours that made social life under Soviet rule possible. Informal mechanisms competed with and substituted ineffective formal institutions in Soviet Georgia (Zedania 2013: 476–477). This trend of informality can not only be observed while analysing Soviet Georgia, but is likewise significant for post-Soviet Georgia under Eduard Shevardnadze, in power from 1991 to 2003, where «both competitive and substitutive informal institutions» (Zedania 2013: 477) were strongly present. Shevardnadze initially enjoyed the Georgian people's support for bringing back stability and order after the disintegration of the Soviet Union and the civil war in 1992. The economy grew under his leadership, at least between 1994 and 1999, and Shevardnadze also made attempts to embed Georgia in international institutions.

Furthermore, he also set up measures to strengthen civil society and the democratization process (Companjen 2010: 16–17). This positive direction towards democracy in Georgia stagnated after 1999 and both the social and the economic situations of the majority of the Georgian population declined, especially between 2001 and 2003. The lack of urgently needed reforms in the justice, energy and education departments combined with rampant corruption led to dissatisfaction among Georgians (Companjen 2010: 18). Nilsson describes Shevardnadze's political strategy as one of balancing interests between former communist members of the Soviet elite and young liberal reformers with a Western education background, such as Zurab Zhvania, Mikheil Saakashvili (Nilsson 2009: 85) and Nino Burjanadze. Even though Zhvania, Saakashvili and Burjanadze initially all worked for Shevardnadze's Citizens' Union of Georgia (CUG) party, they increasingly distanced themselves from him, founded their own parties, and elaborated a reform-oriented agenda. Saakashvili formed the United National Movement (UNM) party in 2001 and Zhvania and Burjanadze the United Democrats in 2002. In retrospect, these events can be seen as first steps towards the formation of an opposition. It can be concluded that «a crucial precondition for the Rose Revolution was the system of «weak authoritarianism» under Shevardnadze's presidency» (Nilsson 2009: 85).

| The Rose Revolution

According to Ó Beacháin and Polese, a second issue that must be investigated in order to understand the occurrence of colour revolutions is the situation of the political opposition. As already mentioned above, the establishment of Saakashvili's party on the one hand and Zhvania's and Burjanadze's on the other was a first sign of the genesis of a new political opposition. But one event in particular, the Rustavi 2 crisis, helped the UNM and the United Democrats parties to clearly

split from Shevardnadze's CUG and to transform into opposition. The attempt by the CUG to illegally close down Rustavi 2, an independent TV channel that openly criticized Shevardnadze's political system and disseminated the opposition's body of thought, led to the first mass protests by the Georgian people and different NGO leaders in 2001 and eventually resulted in the fall of Shevardnadze's government (Companjen 2010: 18). After 2001, not only did the CUG become increasingly fragmented, but also more and more NGOs became increasingly politicized and cooperated with the political opposition. Virtually absent in Georgia during Soviet times, these politicized NGO leaders can be understood as agents of an emerging civil society. This nascent civil society was, according to Companjen, also influenced and «stimulated through conditional grants by foreign organizations such as USAID and George Soros' Open Society Foundation» (Companjen 2010: 26). Therefore, this foreign support also influenced the events on the eve of Georgia's Rose Revolution to a certain degree. However, it is important to note that there was no major foreign interference shortly before the Rose Revolution. Companjen asserts that foreign influence on Georgian civil society has to be mainly understood as «a longer term financial influence through conditional grants and aid for developing a third sector more or less critical of Shevardnadze's rule» (Companjen 2010: 27). Inside the country two other main actors of civil society played an important role: the media and the Georgian Orthodox Church, which has been very influential, since to this day the vast majority of Georgian people have trusted and supported the Church (Nizharadze 2004: 104–21). Different actors of civil society developed a common language and common ideas on democracy and persuaded the public to hold Shevardnadze responsible for the chaotic situation in Georgia. One of the means of this common language was a document entitled *Kmara* («enough» in English), which was signed by fourteen NGOs as well as the opposition parties, the New Demo-

crats led by Zhvania and the UNM led by Saakashvili. The document brought to the fore a list of vital problems for Georgia. Soon after, a youth organization – identically named *Kmara* – was established in Tbilisi and undertook a series of protests (Companjen 2010: 22–23). The Georgian state between 2001 and 2003 may be characterized as very weak, with little rule of law, massive corruption, disputed borders and a weak and ill-equipped military. During this insecure period parliamentary elections were held in 2003, resulting in recurrent mass protests due to proven election fraud: «Contrary to elections in previous years, this time, thanks to practice and experience squired during the elections in 1999 and 1995, civil society actors had accumulated proof of fraud and had access to media outlets to spread this information» (Companjen 2010: 14). Due to the progress made by civil society this proof of fraud was finally possible and as a result eighteen days after the election around 100,000 people protested in front of the Georgian Parliament (Companjen 2010: 15–16). On November 22, 2003, Shevardnadze's government was finally overthrown by hundreds of supporters of the opposition leader Mikheil Saakashvili, who «stormed into the Parliament building, not restrained by guards or police» (Companjen 2010: 16). The following day, Shevardnadze officially resigned from his position. After Shevardnadze's resignation Burjanadze became interim president until the new elections that had been set for January 4, 2004. On Election Day, Mikheil Saakashvili was elected the new president of Georgia with the overwhelming support of Georgian society and 96 % of the vote. However, these results have to be questioned too, since a suspiciously high percentage voted for Saakashvili, which suggests that the election was not perfectly free and fair. This shows that the election system and the habits built up around it have not changed as quickly as the government has (Waters 2005: 21). Yet nobody protested, neither civil society nor international organizations, which might be explained by the fact that

«the 2004 election [though not the most competitive] was the freest and fairest in the history of independent Georgia» (Mitchell 2012: 128). After the elections Saakashvili increased his power and also invited many people that were active in civil society during the revolution to form the government. This rendered opposition in parliament practically inexistent (Companjen 2010: 24–25).

| After the Rose Revolution: Georgia under Saakashvili's Leadership

At the beginning of Saakashvili's leadership his main focus lay, on the one hand, on the restoration of territorial integrity and state building. Mitchell states that especially «the state building continued to be the primary goal of the regime throughout [...] the Post-Rose Revolution» (Mitchell 2012: 137). On the other hand, Saakashvili intended to fight corruption. The government and the police force were immediately reformed after Saakashvili came to power. Saakashvili almost eliminated the entire police force and re-established a very effective national force characterized by high morale (Fairbanks and Gugushvili 2013: 117). In addition, Saakashvili also aimed to stimulate the economy. According to Jones, Saakashvili declared that he wanted to turn Georgia into the Dubai or Singapore of the region (Jones 2012: 8). With a radical economic agenda the government tried to eradicate the state's economic role and implemented economic liberalism. In the short term, this economic change had a great impact and success in aggregate terms, as the GDP grew over 12 per cent and foreign direct investment grew by a factor of 2.5 in 2007 (Jones 2012: 8). Furthermore, Saakashvili also made a radical choice in favour of the West and intended to forge ties with the EU, the US and NATO. Moreover, Georgia stimulated international tourism by softening visa restrictions for foreigners. On an infrastructural level there was a great deal of renewal. A new

airport was built and the roads to the airport were repaired, many buildings were renovated and the electricity supply was restored (Companjen 2010: 25). This not only encouraged foreign visitors and investors, but also satisfied Georgia's own citizens. His political choice in favour of the West initially brought a lot of change. Not only were governmental and educational reforms implemented but the state was also transformed into a better functioning state that was led by a democratic ideal and image (Companjen 2010: 27). Companjen concludes that «in a year, more was accomplished than in the previous decade» (Companjen 2010: 27). Finally, «important groundwork for democracy» (Fairbanks and Gugushvili 2013: 117) was laid during the first years of Saakashvili's government.

However, Mitchell points out that the hope surrounding democracy in Georgia has been greater than its outcomes, which have been frustrating and confoundingly mixed (Mitchell 2012: 128). In order to analyse the democratic potential of Saakashvili's government, Mitchell divides his reign into two periods. The first stretches from the beginning of Saakashvili's period in office in January 2004 until mid-2007; the second starts in 2007 and ends with Saakashvili's resignation in 2012. Mitchell concludes that during the first period Georgia had a number of significant problems on its way to democracy. Saakashvili and his government clearly made efforts to restrict political opposition, which under these circumstances remained weak (Fairbanks and Gugushvili 2013: 118). In addition, this lack of an opposition also led to a restricted media environment, whose freedom is, for Zedania, «one of the main preconditions for a functioning democracy» (Zedania 2013: 480). Moreover, the lack of an independent judiciary is an indicator of the stumbling blocks to establishing democracy in Georgia. Even though after 2003 the informal institutions were strongly fought, it can be concluded that «in order to make this struggle more effective, power was concentrated in the hands of top executive

officers» and the informal group around the president (Zedania 2013: 477). Jones also points out that this kind of phenomena can be termed «elite corruption», which rather works through nods and winks than through cash in pockets and which can be termed low intensity corruption (Jones 2012: 12). Informal practices have not been abandoned under the rule of Saakashvili, but have changed their place in the system as well as their modes of deployment. While from 1999 to 2003 competitive and substitutive informal institutions existed in Georgia, after the Rose Revolution the informal institutions can be characterized as complementary and accommodating. These forms of informality assume the existence of effective formal institutions that are either complemented by informal institutions that fill in «gaps left by formal rules or make the functioning of the latter easier» (Zedania 2013: 477) or accommodated by informal institutions that «create incentives to behave in ways that alter the substantive effects of formal rules, but without directly violating them» (Helmke and Levitsky 2012: 95). It is clear that during this first phase between early 2004 and mid-2007 the democratic development in Georgia was far from perfect. This partly might be explained by the many different challenges the Georgian government was facing at the time. According to Mitchell, «[...] democracy was only a mid-level priority at best» (Mitchell 2012: 129). Even though the Georgian people mainly supported the government because it pursued its agenda of state building and reforms, Georgia can only be characterized as semi-democratic during this time. That is, some democratic elements had been established, as outlined above, but many remnants of the previous regime remained, such as the oppression of any opposition. Saakashvili's regime can thus be characterized as an unconsolidated democracy (Mitchell 2012: 135). The second period Mitchell identifies, from 2007 to 2012, is marked by a political crisis that began in late 2007 and challenged Georgia's attempts at democratization. For Mitchell this

period begins with the resignation of Irakli Okruashvili, the then interior minister and a long-time confidant of Saakashvili, who accused Saakashvili's government of corruption. Okurashvili's statements led to a wave of criticism of the government that set the stage for a mass demonstration in early November 2007 (Mitchell 2012: 129). Jones argues that these demonstrations also emerged due to the continued failure of Georgia's economic reforms, which despite initial improvements turned out to be inefficient. As Fairbanks and Gugushvili (2013: 118) suggest, elite corruption was a main reason for the failure of the economy, since it prevented anyone outside the ruling elite from acquiring too much economic power and drove businesses away. This led to a difficult economic situation in Georgia in 2007, where low incomes, inadequate pensions, high unemployment, especially among young people, as well as unaffordable higher education and weak social support appeared on the agenda (Jones 2012: 8). The following mass demonstrations, though larger than those during the Rose Revolution, were violently suppressed by the government, which additionally shut down Imedi, an independent television station. In conclusion, the second period of Saakashvili's government was more restrictive with regard to the media but also individual freedom and opposition. This behaviour of the government led to a constitutional crisis and pre-term presidential elections. But nonetheless, due to the weak political opposition and the loyalty of the police force, Saakashvili was re-elected in 2008, albeit with only 53.47 % of the vote this time (Mitchell 2012: 130). After the elections in 2008 the situation in Georgia became even more unstable, mostly because Georgia's orientation towards the West saw tensions rise between Russia and Georgia. This eventually led to the Russian-Georgian war in August 2008, which ended in Georgia's defeat. «After August 2008, the Georgian state is weak again [...] and [has] little state control in the regions» (Companjen 2010: 27). The years after the Russian-Georgian war

were marked by many mass demonstrations and protests. Especially during spring and summer 2009 there were constant demonstrations and vigils in Tbilisi. May 2011 was marked by continuing demonstrations. Some of these were met with violent actions by government forces, but Saakashvili's government heralded the freedom to demonstrate as a sign of democracy in Georgia. This is on the one hand true, since in an authoritarian regime such protests could have never taken place, but on the other hand the use of violence disqualifies a government's claims to be purely democratic (Mitchell 2012: 135).

| What is left of the Rose Revolution?

Mitchell assesses the level of democracy in Georgia during this second phase as follows: «The government was no longer moving toward democracy, but was using components of democracy, such as semi fair elections and democratic rhetoric, to keep an increasingly undemocratic government in power» (Mitchell 2012: 135). Jones concludes that the Rose Revolution was very paradoxical and that the speed, scope and unevenness of change, the increasing isolation of Saakashvili's government and the diminishing public participation ultimately undermined the democratic potential and consolidation of post-revolutionary Georgia (Jones 2012: 6). Georgia's post-revolutionary path towards democracy underscores the difficulty of democratic consolidation. While the revolution itself and the installation of the new government was the easy part, the main task, consolidation after the resignation of Shevardnadze, proved much more difficult. Mitchell concludes, «While it is impossible to know what would have happened [...] had Shevardnadze's [...] regime remained in power and the [...] Rose Revolution not occurred, it is useful to view these transitions [...] as being as much about continuity as about change» (Mitchell 2012: 140).

| Ivanishvili and a Democratic Silver Lining

Since 2008, many Georgians had been extremely dissatisfied under Saakashvili's rule, but despite the mass protests it was not common to join political parties or become politically active as an individual. Due to the Soviet legacy Georgians had become profoundly sceptical about visibly engaging in politics and such acts were even seen as «only a slight cut above selling one's body in the street» (Fairbanks and Gugushvili 2013: 119). Therefore, the opposition remained weak and for a long time Saakashvili considered his UNM party to be the undisputed winner of the next parliamentary elections in October 2012. However, in October 2011 Bidzina Ivanishvili, a Georgian oligarch possessing wealth almost worth 30% of Georgia's GDP, began to build up a party from his friends and clients named Georgian Dream (GD). Ivanishvili's party «was an <anti> movement, united not by policy positions or constituencies but by disgust with the government» (Fairbanks and Gugushvili 2013: 119). While he had no political experience whatsoever, committed numerous mistakes in his political appearance, and lived secluded from the public in the hills above Tbilisi, according to Fairbanks and Gugushvili (2013: 119) he was one of the few who understood the extent of the Georgian public's dissatisfaction. All of a sudden, Saakashvili was seriously challenged and responded to this threat in the expected way: GD's computers were hacked, state employees were subject to pressure to vote in favour of the UNM, GD workers were harassed by the police, and GD's campaign spending was drastically restricted (Fairbanks and Gugushvili 2013: 120–21). However, when shortly before the election opposition television showed videos of tortured inmates in Georgian prisons, the scandal proved a decisive shock to the public. This scandal was important, not because it changed the outcome of the elections but because it «lifted the Georgian Dream victory beyond the margin of cheating» (Fairbanks and Gugushvili 2013: 121). Most remarkably, one day after

his political defeat Saakashvili publicly accepted GD's victory. Despite the fact that the constitution would have allowed him to breed a political crisis, despite the fact that the UNM was well structured, and despite his control of the police force Saakashvili had no choice but to accept defeat, constrained by the democratising mechanism he had both supported and strongly tried to circumvent (Fairbanks and Gugushvili 2013: 124) – a clear silver lining for Georgia's political development. The peaceful handover of power to the opposition by the ruling party had been unprecedented in the South Caucasus region and clearly represents a tremendous opportunity in Georgia's struggle for democracy (Zedania 2013: 482; Fairbanks and Gugushvili 2013: 124). Remarkably, only few of the deputies switched sides after the elections; the vast majority of the UNM's leaders stayed true to their oppositional role. This way, for the first time there was a strong opposition party next to the ruling party with established political expertise and politicians that possessed some credibility.

| Georgia's Future – Challenges and Opportunities

What followed was a year of the GD government's cohabitation with Saakashvili, who remained president until the following year's presidential elections in October 2013 and was constitutionally granted significant mandates such as commander-in-chief over the armed forces. Unfortunately, this cohabitation was characterized by the government's efforts to remove Saakashvili from any power and, vice versa, the UNM's endeavours to sabotage GD's domestic and foreign policy agenda whenever possible (MacFarlane 2015: 7). This clearly shows the current limits of Georgia's democratization process: instead of trying to collaborate with the opposition to the benefit of the country, the parties spent resources on damaging their respective political opponent (resembling to some extent Saakashvili's policies against GD), resulting in a political blockade with very little progress

for a year. This impasse was finally resolved in the presidential election when the UNM candidate was defeated by GD's Giorgi Margvelashvili. The fact that no culture of finding political compromises and making concessions to the opposing party could be established gives reason to believe that future constellations in which not all political institutions are in the hands of one and the same party will be unstable. This marks a significant challenge for Georgia's democratic future. Another big challenge for Georgia's democracy in general is to avoid history repeating itself in an on-going loop, in the sense that a new ruling party comes to power, faces no significant opposition or undertakes measures to damage and marginalize the opposition, gradually loses popularity over time, and is finally overthrown in a freedom movement and replaced by a new ruling party (Fairbanks and Gugushvili 2013: 124). After the presidential election the GD coalition also triumphed in the local elections in June 2014, «winning control of every local legislature and succeeding in every mayoral election» (Lincoln 2015: 249) across the country. Therefore, the current ruling party can rule without negotiating with the opposition. In fact, during the pre-election campaign the current prime minister Irakli Garibashvili (who replaced Ivanishvili in November 2013) attracted attention with statements implying that the UNM should be destroyed and that any party other than GD would be damaging to the population (Lincoln 2015: 253). The future will show how seriously these threats are to be taken and whether they remain mere rhetoric. Nevertheless, the fact that the GD coalition only received little more than 50% of the party list vote in the June 2014 local elections (Lincoln 2015: 259) as well as the departure of the Our Georgia – Free Democrats party from the coalition leaves room for hope that GD will eventually start to collaborate with an increasingly diversified opposition, as it did when parliament unanimously adopted a joint GD-UNM declaration on foreign policy in March 2013 (MacFarlane 2015: 13). A related issue, however, is the

problem of ‹justice› regarding abuse of power and corruption among UNM officials during Saakashvili's era. After GD's victory there have been many trials and convictions against members of the former government, including an indictment of Saakashvili himself in July 2014 (MacFarlane 2015: 8), who is living in Ukrainian exile. While this was justifiably heavily criticized by the West and while Fairbanks and Gugushvili (2013: 126) demand that «Georgia needs to free itself from successive punishments of punishers», there still might be a positive aspect to this. The government seems to make efforts to depoliticize the judicial process and thus to render it fair (MacFarlane 2015: 15). Hence, GD's motivation behind the prosecutions is possibly not only retribution but a real desire for justice, following popular demand and thereby consolidating its power by answering to the will of the people (MacFarlane 2015: 15). From a democratic viewpoint, getting higher approval rates by fulfilling electoral promises is superior to rigging elections. Yet another huge problem for Georgia's democratization process is the lack of a functional civil society that closes the gap between the people and the government. As Lutsevych (2013: 3) points out «A healthy civil society [...] ensures that the voices of citizens are included in policy-making». The lack of proper civil society in Georgia can be explained by the fact that under Saakashvili many former NGO leaders had found a place in the government. The remaining NGOs turned into a Western-funded ‹NGO-crazy› that is disconnected from wider society and does not see itself as representatives of the population, but rather as an intellectual elite with marginal influence on political decision making (Lutsevych 2013: 4–5; Lincoln 2015: 257). However, under Saakashvili's rule a Civil Institutional Development Fund has been installed which, albeit in the early stages of development, is a step in the right direction towards establishing an independent civil society (Lutsevych 2013: 12).

| Conclusions

After Shevardnadze's government was overthrown by the masses in the course of the Rose Revolution and Saakashvili was democratically elected to power, important pillars for a functioning government were installed and an increasing acceptance of democratic ideas could be observed. Nonetheless, Saakashvili eventually tried to circumvent the democratic ideas in order to win the 2012 election. Despite all the measures taken, this plan failed and he was compelled by democratic forces to transfer power to the opposition party. While now for the first time two established and opposing parties are significant political actors, Georgia faces great challenges consolidating the democratic path it is pursuing. As of now, one party continues to maintain an absolute majority in parliament in combination with the mandates of both president and prime minister, allowing it to disregard the opposition. An important indicator of Georgia's level of democracy will be the 2016 elections. There is hope that both GD and the UNM will be able to carry out their political campaigns, that the elections will be fair, that the losing party will be generous enough to accept the oppositional role in Georgia's political system, and that the ruling party will try to collaborate with the opposition to further the development of the country.

| Bibliography

- Companjen, F.J. (2010). *Georgia*. In Ó Beacháin, D. and Polese, A. (eds.), *The Colour Revolutions in the Former Soviet Republics: Successes and Failures*. Vol. 23 of *Routledge Contemporary Russia and Eastern Europe Series*. Oxon and New York: Routledge, 13–29.
- Fairbanks, C.H. and Gugushvili, A. (2013). *A New Chance for Georgian Democracy*. *Journal of Democracy* 24(1): 116–27.
- Helmke, G. and Levitsky, S. (2012). *Informal Institutions and Comparative Politics: A Research Agenda*. In Christiansen, T. and Neulold, C. (eds.), *International Handbook on Informal Governance*. Gloucestershire: Edward Elgar, 85–113.

- Jones, S. (2012). *Reflections on the Rose Revolution*. *European Security* 21(1): 5–15.
- Lutsevych, O. (2013). *How to Finish a Revolution: Civil Society and Democracy in Georgia, Moldova and Ukraine*. Briefing paper. London: Chatham House.
- MacFarlane, N. (2015). *Two Years of the Dream: Georgian Foreign Policy During the Transition*. Research paper. London: Chatham House.
- Mitchell, L. A. (2015). *Georgia: Nations in Transit 2015*. Freedom House. Online: https://freedomhouse.org/sites/default/files/NIT2015_Georgia.pdf [accessed: 01.11.2015].
- Mitchell, L. A. (2012). *The Color Revolutions*. 1st ed. Philadelphia: University of Pennsylvania Press.
- Nilsson, N. (2009). *Georgia's Rose Revolution: The Break with the Past*. In Cornell, S. E. and Starr, S. F. (eds.), *The Guns of August 2008: Russia's War in Georgia*. Armonk: Sharpe, 85–103.
- Nizharadze, G. (2004). *Urban Population of Georgia about the Religious Issues*. In Lezhava, N. (ed.), *Role of Orthodox Religion in the Countries and Societies of Georgia and Russia*. Tbilisi: Fund of Heinrich Boell, 104–21.
- Ó Beacháin, D. and Polese, A. (2010), (eds.). *The Colour Revolutions in the Former Soviet Republics: Successes and Failures*. Vol. 23 of *Routledge Contemporary Russia and Eastern Europe Series*. Oxon and New York: Routledge.
- Waters, C. P. M. (2005). *The State Law in the South Caucasus*. Houndmills Hampshire and New York: Palgrave Macmillan.
- Zedania, G. (2013). *Informality and the Question of Modernization: the Case of Georgia*. In Giordano, C. and Hayoz, N. (eds.), *Informality in Eastern Europe: Structures, Political Cultures and Social Practices*. Vol. 11 of *Inter-disciplinary Studies on Central and Eastern Europe*. Bern: Peter Lang, 469–484.



I The Political System of Azerbaijan

I Azerbaijan – authoritarianism stagnated

The annual report on political development in Azerbaijan is published by the international organization «Freedomhouse», which aims to compare countries all over the world using two numerical ratings – from 1 to 7 – for political rights and civil liberties, 1 representing the most free and 7 the least free situation. In the case of Azerbaijan they awarded a rating of approximately six, with ever-worsening prospects for the next 20 years (Freedom in the World 2015). While President İlham Aliyev has presided over the current political landscape in Azerbaijan since 1993, to understand the political development of the system it is crucial to take a look into the past – Soviet history, the development of national thinking and the rise of a patronage network. Further, it has to be kept in mind that to this day the state is reigned over by only a handful of families. An understanding of the key elements that hold the nation together provides insights into the question of how it was possible for Azerbaijan to build up a state after a long era of Soviet rule, how the political system can be characterized and how Heydar Aliyev and later İlham Aliyev managed to become powerful and yet provide stability and security in this authoritarian system. By outlining firstly the importance of nationalism and secondly the country's political development, including the patronage system, this essay seeks to explain how the present situation came into being.

I Nationalism in Azerbaijan

The roots of the modern Azerbaijani state lie in the idea of national identity already present at the beginning of the 20th century. Questions of both civic and ethnic nationalism and Azerbaijani identity continue to be keenly debated to this day. Proponents of ethnic nationalism assert that cultural and ethnic groups should have a state for themselves, whereas civic nationalism advocates individuality, tolerance and the equality of all people,

irrespective of ethnic background. During an industrializing phase at the end of the 19th century and the growth of a local bourgeoisie, politics became more accessible. In 1904 a socialist group called Hümmeet was founded, following the principle of internationalism applied by the Russian social democrats (Holt et. al 1977: 647ff.). In 1905 political changes resulted in conflicts and a revolution, leading to fighting between religions and cultures. During this period a militant nationalism arose as a reaction of Armenian attacks on Muslims and the population of Azerbaijan started to emigrate towards Turkey. The «national idea» of the Azeri was an effect of the growing Turkism and the main question was whether the nation was Turkish or Azerbaijani. Encouraged by this question and the Turkification movement in the country, Mamedemin Rasulzade, one of the founders of the Mūsavat party, propagated ethnic nationalism, claiming that Turks in the Caucasus and Turks in Turkey were the same. Rasulzade was one of the leading figures of the Azerbaijan Democratic Republic from 1918–1920, building up an independent state. It was this short era in which the question of Azeri identity as an on-going debate led to the definition of national symbols, represented in the flag of Azerbaijan. This flag contains the colour blue for modernization, red for Turkification and green for Islamization. The eight-pointed star stands for the eight Turkish tribes. These elements are still important to the Azeri population of today and persisted during the entire Soviet era that followed the two years of independence. Bolshevik forces conquered the republic and two years later Azerbaijan was integrated into the USSR. Due to the territorial organization of the Soviet Union, the Caucasus became divided into different areas, which led to heavy conflicts in Nakhchivan (1923) and Nagorno-Karabakh (1924). Additionally, there were population movements: from 1948–1951 over 100,000 Azerbaijani migrated from Armenia. During the Soviet era of «mature socialism» the focus lay on a common language, education and historical

narratives, since in the 1950s Stalin defined a nation as a community of people having in common important aspects such as language and culture. Taking a cross-section of the Azeri population, there are dozens of languages, several cultures and religions and many different small tribes. However the shared identity of being «Azeri» and the common enemy embodied by the Soviet Union were powerful preconditions for the independence of the Azerbaijan state of today. This national thinking is the main reason why the Azeri were able to build up solidarity and keep the willingness of the people to live in the same state despite the presence of different ethnic groups in the Caucasus. Meanwhile the rising oil industry in Azerbaijan, controlled by the Russians, became more and more important as the Second World War loomed (Sayfutdinova 2015).

| Nagorno-Karabakh – roots and a never-ending conflict

Despite the solidarity of the population, peace was by no means guaranteed. The conflict area around Nagorno-Karabakh caused several military conflicts between Armenia and Azerbaijan. Officially this territory belonged to Azerbaijan, since during the years of independence at the beginning of the 20th century Azerbaijan, supported by Great Britain and Turkey, fought against Armenia for it and won. However, the majority of people living in this area came from Armenia and claimed it as theirs. Many negotiations and emergency sessions were organized by special committees with the hope of finding a peaceful solution. Nagorno-Karabakh continuously found itself in a state of emergency and the two litigating states were not able to give in. After several smaller conflicts a new war for this territory broke out. From 1988–1994 over 30,000 people were killed and to this day the two states find themselves in a frozen conflict with one another. In 1991, when Azerbaijan and Armenia declared themselves independent

states, Nagorno-Karabakh proclaimed its autonomy as well. However, this decision was not accepted and Azerbaijan took over the area. The war in Nagorno-Karabakh created chaotic conditions in both the industrial and the public sectors. There were huge population movements as several hundred thousand people moved between the two states.

The Republic of Azerbaijan is a young modern state and different approaches to define a national identity have been attempted, employing both ethnic and civic nationalism. Azerbaijanism now exists as territorial nationalism, as does Turkism as ethnic nationalism, and the nation-building is a constantly evolving process (Sayfutdinova 2015). In the political development of the country any kind of nationalism plays an important role, as the «national idea» holds the citizens together; people identify as Azeri and are more focussed on international problems such as the Nagorno-Karabagh conflict instead of criticizing their own political system.

| Political struggle and rise of the Aliyev regime

The early 1990s, the period of the independence movement in Azerbaijan, were characterized by violent political turmoil and a loss of one fifth of the country's territory to the autonomous region of Karabakh. These circumstances led to the disloyalty of the Azerbaijan military and in 1993 the former KGB chief and secretary of the Communist Party Heydar Aliyev was elected as the third president of the Azerbaijan Republic. Guliyev notes that the roots of the power structures in Azerbaijan can be traced back to Soviet times, when Heydar Aliyev was First Secretary of the Azerbaijani Communist Party. Many of his appointees were former Soviet nomenclatura cadres (Guliyev 2012: 118f.). The population regarded him as the «savior» of the Azerbaijan nation. Tremendous public support during his first presidency allowed him to restore an authoritarian regime in Azerbaijan (Hale 2015: 292). On the positive side, he

continued economic reforms, highlighted by the Contract of the Century for Oil, and mediated a ceasefire agreement in the Karabakh conflict in May 1994. On the negative side, he eliminated political opposition and took further steps to personalize and monopolize polity and politics (Auch 2009: 39).

Over the years the signature of the presidential politics became more and more visible, resulting in a patronal presidential network. This system is characterized by patrimonialization, as well as by bureaucratization; both elements interact with each other in a dualistic way to capture the state (Bach 2011: 477). The patrimonial logic coexists with the development of bureaucratic administration and at least the pretence of legal-rational forms of state legitimacy (van de Walle, 1994: 131). Safiyev mentions that for the case of Azerbaijan two peculiarities are characteristic. Firstly, in the post-Soviet space there is a predilection for the construction of a pseudo-ideology, a kind of legitimation of rule. The ideology of the recent government in Azerbaijan encompasses an abstruse and plastic form of popularization concerning national unity, the Heydar Aliyev cult, and an etatistic notion of the state (Safiyev 2013: 439f.). Secondly, the country is marked by neopatrimonialism, characterized by patron-client relationships which basically imply the exchange of rewards and loyalties and regulate access to resources, the client being dependent on the goodwill of patrons. For that reason, obtaining protection in order to overcome continuing insecurity is a strategy of everyone acting within a neopatrimonial environment (Erdmann, 2002: 331).

Popular support is a decisive factor and can explain who gains and who loses administrative resources (Hale 2015: 266). For instance, Heydar Aliyev underlined his authority by statues, parks, museums and public institutions dedicated to the president (Hale 2015: 296). The political motif in public speeches of «bringing back home» the Karabakh region with economic, political and military assets was used once again in 2008, when

president Ilham Aliyev strengthened his intentions to pursue this aim. (Quiring 2009: 20). Presidential patronage is an essential element in the regime structure. Patronage is used by the president to buy loyalty from his network, which can be best described as a pyramidal structure of patronage within the three regionally located clans of Nakhchivanis, Yerazis and the Kurdish group (Guliyev 2012: 119).

| Regime change not allowed?

In 2003 political observers and journalists hoped in vain that the political system would become moderate. International assessments found that Azerbaijan had regressed under the rule of Ilham Aliyev (Bunce and Wolchik 2013: 401). Ilham nevertheless continued to strengthen a wide variety of mechanisms in his political machine. To guarantee a balance in the elite the Yeni Azerbaijani Party remained a centrepiece of his rule. In a regime characterized by enormous stability, Ilham kept most patronal pillars of the single-pyramid system he inherited in place. He succeeded in modifying the patronal system whilst dismissing selected people in 2005 to weaken the Yeraz network, for instance. The political machine was now firmly in Ilham's hands (Hale 2015: 297).

The Azerbaijani regime can be described by two concepts: continuity and relative coherence. Since 2008, the president has confirmed all members of the government with the exception of the minister of economic development. Some experts might discover increasing tensions between the elites because of the division of oil revenues between the Yerazis and Nakhchivanis. Regarding the coherence and conflicts within the political elite, solidarity dominates, especially in crucial situations which could endanger the power of the elite as a whole (Guliyev 2012: 127). The larger part of the Azerbaijani elite in the post-Soviet era has built up its wealth through violence, torture and assassinations. Because

of the widespread destitution they have to win elections to keep their positions. This can be best described as a win or die situation for the governmental elite.

In the elections of 2010, the opposition failed to win a single seat in the parliament. (Sultanova 2014: 22). The political regime follows a long-term strategy to prevent serious political debate with the opposition, using its patronage network to reward loyal supporters and deter potential opposition. This can be observed in the undifferentiated economic and political spheres; the political opposition is deprived of financial resources. Private business success depends on state involvement (LaPorte 2015: 342). Demonstrating loyalty to the president is a prerequisite for securing a safe job in the state or government. Exclusion from the realm of policymaking becomes self-reinforcing, as it prevents oppositional politicians from cultivating political experience (LaPorte 2015: 351f). In short, the current Azerbaijani regime is characterized by the concentration of power and neopatrimonial public administration. The main institutional mechanism is the use of a network between patrons and clients, which have access to the distribution of resources (Guliyev 2012: 125).

Additionally, the regime uses political figures and candidates to weaken the opposition. It is important to mention in this context the difference between systemic opposition and non-systemic opposition. The Azerbaijani elite makes the citizens believe that they have a variety of candidates but in reality it is not important which candidate or party they elect, as all politicians have to show their loyalty to the president.

The latest presidential elections can be described as an uncontested affirmation of the candidate Ilham Aliyev. The opposition decided not to challenge the elections, but to draw attention to the regime's faults (Sultanova 2014: 24). Therefore it is no surprise that the political regime influenced the outcome of elections by increasing the number of candidates belonging to the systemic opposition, by using administrative resources for cam-

paigns and by restricting access to public rallies for the non-systemic opposition, even if the public can be reached mainly via the Internet (Sultanova 2014: 27). The Azerbaijani authorities use formal and informal means to undermine their political effectiveness and marginalize oppositional parties by tolerating them in legal terms but without letting them influence policy and politics (LaPorte 2015: 345).

The media landscape has been very devoted to the authorities since the last independent television station was closed in 2006. Print media were put under huge pressure when the sale of oppositional newspapers in Baku Metro Station in 2013 was blocked (Hale 2015: 302). Theories about democratization announced the importance of civil society as a counterweight to the top-down government mechanisms. The bottom-up approach focusses on the participation of the citizens as one opportunity to influence politics. In the case of Azerbaijan the ambitions of the social movements were focused on training society what democracy is and what it is not and «[...] had latent political ambitions: to change the political culture in the country, establish a strong civil society that could make government responsible, and democratize the country. [...] but not replace it with a new set of authorities» (Sultanova 2014: 29). Compared to the other post-Soviet countries, the younger generation tends to be less educated and more financially stable in Azerbaijan (LaPorte 2015: 357). The small political opposition has no reliable alternatives, which results in a demobilization of society. This makes it easier to manipulate voices for an uncompetitive election (LaPorte 2015: 356). Since the media crackdown in Azerbaijan in 2008, the Internet and social media are some of the few spaces for alternative information and independent considerations as a new «political arena» (Pearce 2015: 2f.). However, the authoritarian regime uses this information and communication channels to their own advantage as well. The result is a more diversified virtual political landscape than that encountered in

reality, with political commentators acting as opponents to the governmental public relations. The political regime needs to face these new challenges and catch up with social media, with which it has a lack of experience (Pearce 2015: 4). In 2014 the Azerbaijan parliament adopted further regressive legislation affecting the fundamental rights of freedom, expression and operation of non-governmental organizations. Particularly local human rights organizations did not receive any resources and were forced to close (Vincent 2015: 6). The human rights defender Emin Huseynov raised international awareness while he was hiding at the Swiss Embassy. After a stay of ten months at the residence of the Swiss ambassador it was possible to fly Huseynov out of the country under the political protection of the Swiss foreign minister Burkhalter (NZZ, 13.06.2015).

In summary, the most competitive moment for a regime change in Azerbaijan came in 2003. Father and son both ran for the presidential seat while the opposition appointed eight candidates, hoping that the two Aliyevs would split the powerful elite and lead to a victory for an opposition party (Bunce and Wolchik 2013: 410). However, the power over the country stayed in the Aliyev family.

| Perspectives – a long haul

The next parliamentary elections will take place in November 2015. The head of the election commission Mazahir Panalov stated with conviction: «the primary goal is that the people in Azerbaijan are satisfied with the elections.» This comment has to be interpreted as a reaction to the Organization for Democratic Institutions and Human Rights (ODIHR) not to send any observers to the parliamentary elections due to the amount of restrictions on observers (RFE/RL: 2.10.2015). For this autumn in Azerbaijan the political weather does not look good regarding the progress towards a democracy and plurality in society. The recent situation seems to be a dead end for these goals. If a forecast for the political

development in Azerbaijan were to be made, the current leadership will most likely be re-elected (Guliyev 2012: 128). The Nagorno-Karabakh conflict and the opinion that Armenia unjustly occupies this region are powerful tools with which to justify the need for a strong authoritarian government (Bunce and Wolchik 2013: 405f.). Additionally, the high incomes of the elite thanks to the oil and gas industry and the repressive politics leave little hope for changes in the regime. When Azerbaijan hosted the European Games in 2015, Baku was once again in the international spotlight, with government officials invited from all over the world. The authorities seem more determined than ever to continue silencing the country's few critics and the international guests missed the opportunity to make critical statements about the insufficient development in Azerbaijan (Vincent 2015: 9).

| Identity and the political regime

Since 1993 the political landscape of Azerbaijan has been shaped by the Aliyevs. Azerbaijan is a perfect example of «lame duck syndrome» (Hale 2015: 266); the opposition failed to split the political elite to implement democratic values at the most competitive moment for a regime change. Instead, the Aliyev family maintained its power over the country. Over the years the signature of the presidential politics of father and son have become more and more visible: a patronal presidential network. The political motive «to bring back home» the Karabakh region plays an important role in the eyes of the citizens. The political regime uses this strategy to prevent serious political challenges against the opposition and profits from its patronage network rewarding loyal supporters and deterring potential opposition. There is just a small possibility that the regime will suddenly break up. The president and his cronies will most probably dominate the elections in November 2015 and retain their authority, emphasizing the understanding of the Azeri as an ethnic/civic nation.

Bibliography

- Auch, E. M. (2009): Ein Blick in die Geschichte Kaukasiens. *Aus Politik und Zeitgeschichte APuZ* 13/2009, 31–40.
- Bunce, V. J. and Sharon L.W. (2013): Azerbaijan. Losing the transitional Moment. In: *Transitions to Democracy*, herausgegeben von Stoner, Kathryn und Michael McFaul, John Hopkins University: Baltimore, 400–428.
- Europe Publications (2015): Azerbaijan. In: *Eastern Europe Russia and Central Asia*, 15th Edition Routledge: London. Azerbaijan, 88–124
- Erdmann, G. (2002) Neopatrimoniale Herrschaft – oder: Warum es in Afrika so viele Hybridregime gibt, in Bendel, P., Croissant, A. and Rüb, W. F., *Zwischen Demokratie und Diktatur*, Opladen Leske+Budrich, 323–342.
- Freedom in the World 2015, Azerbaijan <https://freedomhouse.org/report/freedom-world/2014/azerbaijan> (last accessed: 25.10.2015).
- Guliyev, F. (2012): Political Elites in Azerbaijan. In: *Challenges of the Caspian Resource Boom. Domestic Elites and Policy Making*, herausgegeben von Andreas Heinrich und Heiko Pleines. Palgrave Macmillan: Houndsmill, 117–130.
- Hale, H. E. (2015): *Patronal Politics. Eurasian Regime in Comparative Perspective*. Cambridge University Press: New York.
- Heinrich, A. (2011): The Formal Political System in Azerbaijan. *Caucasus Analytical Digest* (24), 2–5.
- Holt, P., Lambton, A., Lewis, B. (1977): *The Cambridge History of Islam. Volume 1*. Cambridge University Press: Cambridge.
- LaPorte, J. (2015): Hidden in plain sight: political opposition and hegemonic authoritarianism in Azerbaijan, *Post-Soviet Affairs* 31: 4, 339–366.
- Meissner, H. (2011): Informal Politics in Azerbaijan: Corruption and Rent-Seeking. *Caucasus Analytical Digest* (24), 6–9.
- NZZ, Sda: (13.06.2015): Huseynov. Regimekritiker aus Aserbaidshen in die Schweiz ausgewandert: <http://www.nzz.ch/schweiz/aktuelle-themen/regimekritiker-aus-aserbaidshen-in-die-schweiz-ausgewandert-1.18561468> (last accessed: 11.10.2015)
- Pearce, K. E. (2015): The Best Defence is a good Offense: The Role of Social Media in the Current Crackdown in Azerbaijan. *Caucasus Analytical Digest* (70), 2–5.
- Quiring, M. (2009): Schwelende Konflikte in der Kaukasus-Region. *Aus Politik und Zeitgeschichte APuZ* 13/2009, 18–26.
- RFE/ RL (2.10.2015): <http://www.azadliq.org/content/article/27283770.html> (last accessed: 7.10.2015)
- Safiyev, R. (2013). Informality in a Neopatrimonial State. Azerbaijan. In: Giordano, Ch., Hayoz, N. *Informality in Eastern Europe: Structures, Political Cultures and Social Practise*. 438–454.
- Sayfutdinova, L. (2015): Nation-Building and Nationalism in Azerbaijan. Lecture in the context of States and Societies in Transition – History Threats and Opportunities. The Case of Georgia and Azerbaijan 2015. Swiss Study Foundation: Zurich.
- Sultanova, S. (2014): Challenging the Aliyev Regime-Political Opposition in Azerbaijan. *Demokratizatsiya: The Journal of Post-Soviet Democratization* 22: 1, 15–37.
- Van de Walle, N. (1994) Neopatrimonialism and democracy in Africa, with an illustration from Cameroon, in: Widner, J. *Economic Change and Political Liberalization in Sub-Saharan Africa*, Baltimore: Johns Hopkins University Press, 129–157.
- Vincent, R. (2015): No holds Barred: Azerbaijan's Unprecedented Crackdown on Human Rights. *Caucasus Analytical Digest* (70), 6–9.





I The Economy of Azerbaijan: Oil and Gas

I Introduction

This research paper examines the dependence of the Azerbaijani economy on oil and gas and the implications for the country's political system and foreign policy. It seeks to provide a succinct overview of the vital importance hydrocarbon revenues have held for the Republic of Azerbaijan to date and will continue to hold in the near future.

I How important are oil and gas for the Azerbaijani economy?

The short answer to this question is: very important. Azerbaijan and its economy are dangerously dependent on oil and gas. In this section we will consider how this dependence has developed over the past 25 years of the Republic of Azerbaijan, but also how this way has been paved over the last two centuries under Soviet and Russian control. We analyse the alarmingly high share of the Azerbaijani gross domestic product (GDP) that the oil industry occupies today and the growing signs of the Dutch disease. The management of the country's wealth of natural resources, on the other hand, is discussed as part of the subsequent section on the impact of oil and gas on the political system and on the regime governing Azerbaijan.

The history of Azerbaijan's oil economy dates back to the 19th century, which makes it one of the oldest oil-producing countries in the world. The world's first oil well was installed in Baku in 1846 and was followed by an oil refinery in 1878 (Gojayevev 2010: 5; Ciarreta and Nasirov 2011: 2). By the end of the 19th century, the oil fields of Azerbaijan were nearly the sole provider of oil to the Russian Empire (97.7%) and responsible for close to 60% of global oil production (Ciarreta and Nasirov 2011: 2; von Gumpfenberg and Steinbach 2010: 52). Output and especially exports declined after the recapture of the briefly independent Azerbaijan Democratic Republic by the Red Army in 1920. This decline

can be attributed to the subsequent nationalization of the petroleum industry and the expropriation suffered by those European investors who had previously been responsible for the high state of development of Azerbaijan's oil industry. To satisfy the growing domestic demand of the Soviet Union during the interwar period, Azerbaijan was fashioned into a centre of industrialization and the sole focus of this industrialization process was oil production.

By 1941, Azerbaijan's oil industry accounted for 75% of Soviet oil production. Nevertheless, oil discoveries were also pursued in Siberia. Especially during the Second World War, oil production was increased there in order to preclude the possibility of German armed forces cutting off the Soviet oil supply (von Gumpfenberg and Steinbach 2010: 167). Large quantities of important machinery were relocated to Siberia for this purpose, temporarily ending the oil boom in Azerbaijan. By 1980 only 2.4% of Soviet petroleum output came from Azerbaijan's oil fields (Nassibli 1998). The Kremlin was not interested in new economic development of the region, since Moscow wished – and still wishes – to keep the South Caucasus structurally dependent on Russia (von Gumpfenberg and Steinbach 2010: 164–167).

After gaining independence, Azerbaijan's GDP fell yet again, this time by a spectacular 70% between 1991 and 1995 (Guliyev 2013: 128). This was a result of three developments: the rapid decline in trade among the former Soviet states, a further decline in Azerbaijani oil output and the ongoing conflict with Armenia over the region of Nagorno-Karabakh. To overcome this economic downturn, Heydar Aliyev's government introduced a number of stabilization reforms in 1995, which – despite being directed by the World Bank – had only marginal effects. The most important – and perhaps the only effective – step taken by the government was the promotion of foreign investment in the energy sector – in other words the oil and gas industry (Guliyev 2013: 128–129). The latter led to a recovery of the economy and future growth.

The so-called Contract of the Century, signed in 1994 by the State Oil Company of Azerbaijan (SOCAR) and a consortium of foreign energy companies, led to an influx of around US\$ 60 million in foreign investment and access to Western markets, technology and skills (Ciarreta and Nasirov 2011: 2). In return, Azerbaijan offered these companies unprecedented access to its oil and gas reserves, as well as tax-free exports and imports. This collaboration led to the first production of post-Soviet oil in 1997 and a fast recovery of the oil sector to pre-World War II levels. From 1995 to 2000, Azerbaijan received US\$ 673 million in bonuses from oil contracts, a number that increased heavily with further exploitation (Guliyev 2013: 130).

Today, oil- and gas-derived products are responsible for half of the Azerbaijani GDP – 56% in 2008 (Guliyev 2013: 139). They make up the vast majority of the country's exports – with figures reportedly rising to 96.8% – and account for 70% of the state budget (von Gumpfenberg and Steinbach 2010: 61). **Figure 1** illus-

trates the further rise of Azerbaijan's economic dependence on oil and gas since the first exports of oil in 1996. The decline in the GDP share of oil in 2009 is only partly caused by diversification efforts, the main reason being the global financial crisis, which led to a drop in oil revenues of around 35% and affected oil exporters across the globe (Guliyev 2013: 137).

The high share of oil and gas products in Azerbaijan's economy is alarming, especially when compared to other business sectors. Agriculture, where almost 40% of the labour force is employed (compared to 1% in the petroleum industry and 36.4% in the public sector), only accounted for 5.3% of the GDP in 2013 (Guliyev 2013: 133; Guliyev 2015: 4). Other export-oriented sectors, such as manufacturing, are nearly non-existent (less than 5% in 2010) or highly underdeveloped, a symptom of the Dutch disease, whose first signs already appeared in 1998 (Guliyev 2013: 140). The increase in foreign direct investment led to inflation and real exchange rate appreciation. This gradually created a competitive disadvantage for export-oriented industries, which led to the low importance of the non-oil sectors in Azerbaijan. Further, as many consumer goods have to be imported – due to the lack of a domestic industry – foreign debt has steadily increased (US\$ 3 billion in 2008), which makes Azerbaijan even more dependent on oil and gas exports (von Gumpfenberg and Steinbach 2010: 4).

Figure 2 shows the unequal growth of the oil and non-oil sector since 1998, which is not only a consequence of the Dutch disease but further intensifies it.

The situation will further deteriorate unless the government finds a way to diversify the economy and becomes willing to pursue it. The interdependence of the government and the oil sector quite simply poses a threat to the economic prospects of Azerbaijan. Much-needed diversification is further complicated by several factors. Foremost among these is corruption. Azerbaijan was ranked 143rd out of 180 countries in 2009 by the organization *Transparency International*. Furthermore, it remains dif-

Figure 1 – Azerbaijan's dependence on oil and gas, 1996–2009

(Derived from Guliyev 2013: 139)

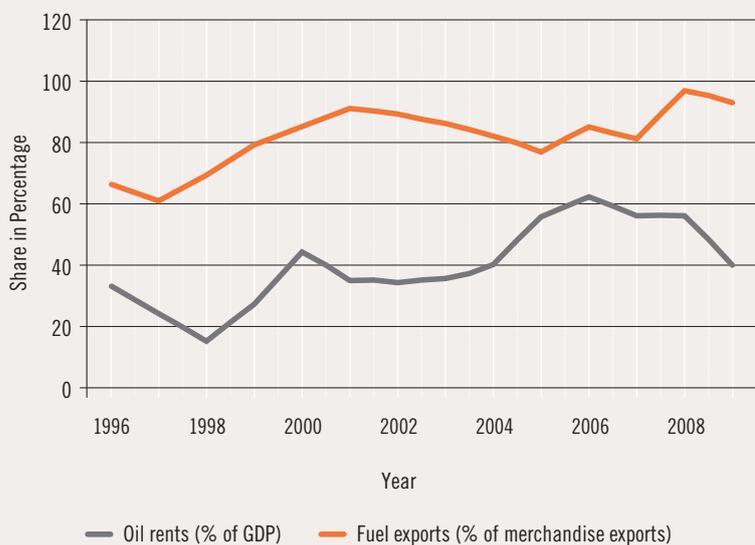
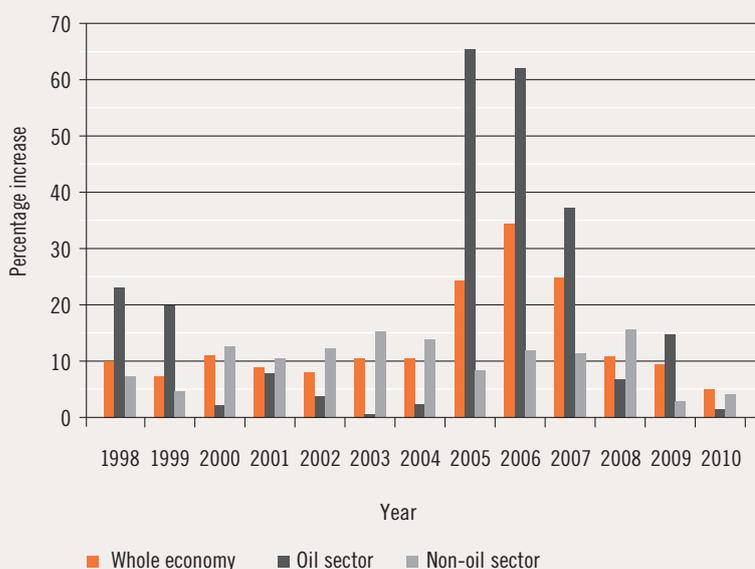


Figure 2 – GDP growth in Azerbaijan across sectors, 1996–2010

(Derived from Guliyev 2013: 129)



difficult for start-up companies to obtain funding, the legal institutions are weak and the governing elite makes use of its influence to maintain its monopolies in most industries (Gojajev 2010: 17–18). The oil and gas industry was responsible for a fast economic development of the still young Republic, but the on-going reliance on this one sector – whose income is highly volatile – places the continuation of this development at risk.

It is therefore difficult to say whether the natural resources are a curse or a blessing for the Republic of Azerbaijan. It has certainly fuelled the country’s development over the last two decades and led to the highest average living conditions in the Caucasus region. But with it came the Dutch disease – or at least first signs of it – and therefore a high risk for future development. It has also enabled the governing regime to maintain and enhance its power, a topic that will be discussed in more detail in the next section. One could therefore conclude that petrochemical wealth has been a blessing for the country, but one that could turn into a curse.

| What impact do oil and gas have on the political system and the governing regime of Azerbaijan?

As shown previously, the Azerbaijani economy relies heavily on revenues from oil and gas exports. This section analyses the impact of oil and gas rents on the Azerbaijani political system and the governing regime. In the first part, the political system of the Republic of Azerbaijan is described. The second part details how the revenues from hydrocarbon exports help the current regime to stay in power.

In 1969, Heydar Aliyev, the founder of the dynasty currently ruling Azerbaijan, became the First Secretary of the Communist Party of Azerbaijan. Eighteen years later – during the implementation phase of Mikhail Gorbachev’s policies of *glasnost* and *perestroika* – Aliyev resigned in the midst of a corruption scandal (Europa Publications 2015: 89). After the collapse of the Soviet Union, the young Republic of Azerbaijan suffered heavily under Armenia’s military advances in the Nagorno-Karabach conflict. During his first year as president of the new republic, Heydar Aliyev signed a ceasefire agreement with Armenia in July 1994 and the aforementioned Contract of the Century with several major Western oil companies. Over the course of the next decade, Aliyev systematically oppressed all forms of political opposition and arguably made preparations to hand over his presidential duties to his son, Ilham Aliyev (von Gumpenberg and Steinbach 2010). Today, thirteen years after Ilham Aliyev came to power in 2003 and about ten years into the oil boom, the country is ruled by an oligarchy surrounding the president, his family and his associates (Guliyev 2015).

The mechanism linking the political system, the current regime, and the oil and gas sector remains just as firmly in place today, to the detriment of Azerbaijan’s dissidents and its civil society.

When Heydar Aliyev came to power, he chose to exploit the available resources through a number of Production

Sharing Agreements (PSA) including and following from the Contract of the Century. In essence, these PSAs allowed foreign oil and gas corporations to bring the necessary technology to exploit the offshore oil reserves and receive a share of the fields' oil output in exchange (Gojayeve 2010: 10). SOCAR takes part in some of the oil explorations. The revenues from the oil exports are administered by the State Oil Fund of Azerbaijan (SOFAZ). Radnitz (2012: 70) argues that Western reliance on Caspian oil that is not controlled by Russia is one of the reasons the West does not criticize human rights violations as vehemently as it would if they were to take place in another former Soviet country. In this respect, in July 2008 Ilham Aliyev asserted Azerbaijan's independence in a speech to his foreign ambassadors:

Azerbaijan does not need financial support or recommendations from the international community. The government knows well what it is doing and will not allow those institutions to interfere in internal affairs of Azerbaijan. [...] Azerbaijan cooperated with EU not because it wanted something. New members of the EU receive billions of dollars in assistance from EU. We do not need it. So our policy is independent even in energy diplomacy. (Gojayeve 2010: 34)

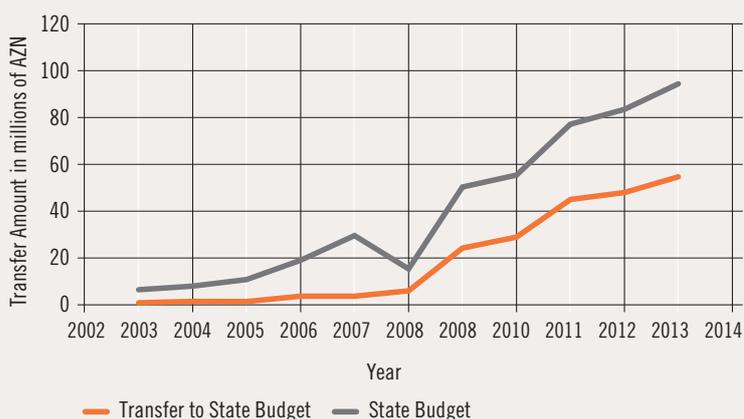
In fact, transfers from the SOFAZ sovereign wealth funds to the state budget have been steadily rising since 2003 (**Figure 3**). According to Gojayeve, the regime readily engages in infrastructure spending, such as building airports in places with low passenger demand, because this is an effective way of funnelling public money into their own pockets (Gojayeve 2010: 25).

Prior to her imprisonment in December 2014, the investigative journalist Khadija Ismayilova researched the business empires of the Aliyev clan and its cronies. Entitled *Tracking the Billions Stolen in Azerbaijan*, the Organised Crime and Corruption Reporting Project (OCCRP), a cooperative venture between different journalism and media organizations, maintains an online platform which, on the basis of Ismayilova's work, provides an overview of the companies that the Aliyev clan is involved in (Organized Crime and Corruption Reporting Project 2015). The OCCRP claim that the investments in these companies were made with money that was siphoned off from state hydrocarbon revenues.

The cronies the Aliyevs rely on to consolidate their power and reward with material benefits come from two factions, as Radnitz argues. First, there are the Azeris from Nakhichevan, the enclave Heydar Aliyev was born in. The Yerevan Azeris, i.e. immigrants from Armenia, including Heydar Aliyev's father, constitute the second group. There is a strong feeling of loyalty among both groups (Radnitz 2012: 64–65). It is noteworthy that these forms of allegiance would also exist in the absence of any oil revenues. It seems that the presence of windfall gains from oil revenues does however make it easier for the Aliyevs to bind their cronies to them – a concept commonly referred to as «patronage». Furthermore, the richer the elites become through oil rents, the more capital they have at their disposal to expand their business empires and in turn to tighten their grip on Azerbaijani society. It seems to be a self-reinforcing loop, since once the elites have accumulated wealth they will try to protect it by accumulating even more

Figure 3 – SOFAZ Transfers

(Derived from Aslani 2015: 118)



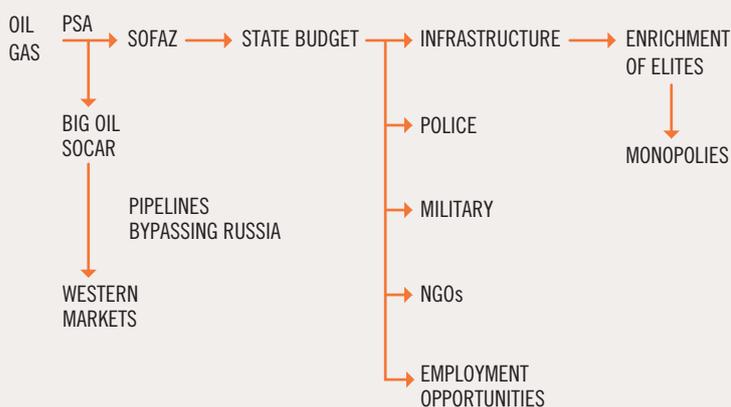
wealth. Azerbaijan is a very unequal, oppressed society and the elites constantly need to fear public uprisings (Gojayevev 2010).

There are several strategies the government uses to prevent popular rebellion (Figure 4). First, it offers the police and the military sufficient wages to ensure that public order is upheld. The military has a special role, as it can be used to glorify the Azeri nation in its struggle against the Armenian occupation of Nagorno-Karabach. In order to prevent independent civil society, the government introduced a state fund for non-governmental organizations (NGOs) in 2007, while at the same time making it more difficult for NGOs to access outside funding. Finally, when it comes to managing the population, the regime uses oil revenues to offer attractive employment opportunities to members of the young and aspiring generation – with the intention to distract them from reflecting critically on their society (Radnitz 2012: 70–71).

The recent drop in oil prices has forced Azerbaijan to abandon the peg of the manat to the dollar on December 21, which immediately caused the manat to lose almost a third of its value. Since Azerbaijan needs to import basic commodities, consumer prices have increased.

An elderly man immolated himself, reportedly out of distress at the collapse of the currency (Geybullayeva and Wesolowski 2016). It was a case of self-immolation that came to be known as the trigger of the Arab Spring, starting a revolution in Tunisia in 2010. In order to avoid a similar fate, in a recent address to his ministers Ilham Aliyev stressed the necessity to exercise strict control over consumer prices and to provide for an increase in pensions and salaries (Aliyev 2016). It seems that lower oil and gas rents have resulted in even stricter control of Azerbaijani society. It remains to be seen whether Aliyev will be able to uphold let alone intensify his control while facing rapidly decreasing financial resources. The effect of the oil and gas rents seems to be twofold: on the one hand, they lead to significant inequalities in Azerbaijani society and on the other hand, they make it easier for the regime to consolidate its power. In the short-term, therefore, there seems to be a net stabilizing effect for the current regime. Back in 2012, when oil prices were still high, Aliyev told his diplomatic corps: «We can pursue independent policies and we do just that. Even at the most difficult time, when our economy was in a dire situation, we did not deviate from our path. And we certainly won't now. Azerbaijan is the leading country of the region.» (Aliyev 2012). In the face of low oil prices, time will tell whether ever stricter control of Azerbaijani society will allow the Aliyev regime to maintain its power.

| Figure 4 – How Oil Powers the Aliyev Clan



| How do oil and gas influence international policy?

In their most recent publication of 2015, Karen Smith Stegen and Julia Kuszniir argue that «During the past decade, the Caspian states have become very assertive in gaining control over their energy assets and over transportation routes» (Stegen and Kuszniir 2015: 103). While this assessment is doubtlessly accurate in the case of Azerbaijan, the foreign policy strategy that it encapsulates is alarmingly myopic, given the dire pros-

pects of the oil and gas economy outlined above. Ever since its independence from the Soviet Union in 1991, Azerbaijani foreign policy has largely revolved around the export of oil and gas. The idea was to decrease Azerbaijani dependence on Russian imports, transport routes and benevolence overall. In reality, however, this strategy will remain effective only until Azerbaijan's oil and gas reserves are exhausted, a scenario which may unveil itself in the near future and for which Azerbaijan is unprepared.

Azerbaijan's foreign policy has been to make use of its oil and gas exports as a mechanism reminiscent of both internal and external balancing against Russia. However, the depletion of its oil reserves threatens this foreign policy strategy.

States ensure the balance of power, limiting the power of the most dominant states, internally, by arming themselves or by shoring up their domestic economies, or externally, by forming alliances. Historically, the Soviet Union (USSR) and latterly the Russian Federation have been the most dominant powers in the Caucasus. This dominance allowed the USSR to fashion the Caucasian pipeline infrastructure according to its own supply needs between 1922 and 1991. This system remained in place even after the collapse of the USSR, with the effect that, quite paradoxically, Azerbaijan remained an importer of Russian gas until as late as 2007 (Stegen and Kuszniir 2015: 94–95).

Azerbaijan began to openly oppose the Russian predominance in the Caucasus after the collapse of the Soviet Union in 1991. It has since refused to participate in Russian military and economic organizations, including the Collective Security Treaty Organization of 1992, as well as the Eurasian Economic Community of 2000 and the Common Economic Space of 2012. Many observers consider this to be due to Russian support for Armenia in the context of the Nagorno-Karabakh conflict between Armenia and Azerbaijan, which took place between 1988 and 1994 yet which has remained a fro-

zen conflict to date (Stegen and Kuszniir 2015: 94). In fact, Russia supports both sides in order to destabilize the region.

In response, Azerbaijan has made recourse to its only effective foreign policy tool, namely its hydrocarbon reserves. In short, it has sought to diversify its oil and gas exports away from Russia. Since its independence, it has developed energy relations with the European Union (EU), the United States, Turkey, Iran and China. In addition to this, it has also become part of NATO's Partnership for Peace Program and has participated in NATO-led missions since 1999 (North Atlantic Treaty Organisation 2012).

As mentioned above, in September 1994 the Azerbaijani government under Heydar Aliyev signed a series of large-scale multi-decade offshore oil contracts, the so-called Contract of the Century (Gojayevev 2010: 3). These agreements triggered a remarkable increase in foreign direct investment (FDI) in Azerbaijan. Between 1995 and 2001, FDI flows rose to US\$ 3.7 billion. On top of this, the international oil price rose to US\$ 64 per barrel by 2006, with the effect that the Azerbaijani GDP saw a record increase of 34.5% between 2003 and 2008 (Guliyev 2013: 130).

This unprecedented fiscal boost permitted Azerbaijan to realize a number of prestigious pipeline projects. The Baku-Tbilisi-Ceyhan (BTC) pipeline, which fed Azerbaijani oil to Turkey and on to Europe, was completed in 2006 and the Baku-Tbilisi-Erzurum (BTE) did the same for Azerbaijani gas. The latter was completed the following year (Gojayevev 2010: 5). This effectively closed the feedback loop, making Azerbaijan even less dependent on the post-Soviet oil infrastructure, even wealthier and hence even more independent. This in turn permitted Azerbaijan to balance reasonably well against Russia both internally, by shoring up its economic prowess, and externally, by strategically aligning itself with the West. Yet, as Smith Stegen and Kuszniir have argued above, Azerbaijan was aware of the fact that its new foreign

policy may cause it to become dependent on Western instead of Russian benevolence. Hence, note a number of twists in its foreign policy. One example is the decision of the Azerbaijani government to launch a competing project to the EU-led Nabucco pipeline. The latter was announced by various European governments in 2002 and was to connect the BTE pipeline to Austria via Turkey. After various delays, Azerbaijan and Turkey announced the Trans-Anatolian Gas Pipeline (TANAP) project, a pipeline which was to connect Azerbaijan to the European gas market via the Adriatic Sea. Construction work on TANAP began this year and its completion is expected in 2018, while the EU was forced to abandon the Nabucco pipeline (Stegen and Kuszniir 2015: 98). Another example of Azerbaijan's policy to evade external dependence has been the establishment of trade relations with China. In 1992, the two states established diplomatic relations. At the time, mutual trade amounted to US\$ 1.5 million. This figure rose to US\$ 1.2 billion by 2013, a considerable increase if we bear in mind that China has become the world's largest energy consumer since 2010 (Stegen and Kuszniir 2015: 101). To this extent, it appears that Azerbaijani foreign policy has so far been quite successful in gaining control over its energy assets and over transportation routes. However, this foreign policy is myopic at best. It is burdened by the fact that it quite paradoxically resulted in an overwhelming dependence of the Azerbaijani budget on the SOFAZ. Given that over 70% of Azerbaijan's state budget and over 90% of its exports are derived from oil and gas (Aslani 2015: 110), prospects are far from healthy; its oil reserves are said to have peaked in 2014 and are likely to be exhausted within the next 20 to 25 years (Guliyev 2013: 128). According to the Azerbaijani political scientist Farid Guliyev, «If oil production continues at the current rate and no new discoveries are made Azerbaijan will run out of oil in 22 years from now» (2015: 5). Its gas reserves are also expected to peak during the 2030s (Rzayeva 2015).

Hence Azerbaijani foreign policy – a balancing act against Russia – is likely to become ineffective. It is realistic to assume that the Azerbaijani government is aware of this. Some may argue that it has announced its economic diversification plan, «Vision 2020», to overcome its dependence on hydrocarbon revenues. Yet this plan cannot solve and cannot even delay the vast foreign policy reorientation which Azerbaijan will be required to make once it can no longer rely on windfall revenues to finance its balancing act. It has been a balancing act with closed eyes and it has indeed been impressive, but only because it has worked so far.

Instead, Azerbaijan's foreign policy ought to focus on the following objectives, in the following order: firstly, Azerbaijan needs to secure peace with Armenia over Nagorno-Karabakh, in order to stabilize the Caucasus and to decrease its dependence on arms imports from Russia. Secondly, it should form regional partnerships and consider military alliances with its neighbours to militarily deter a Russian attack similar to the one on Georgia in 2008. Such regional partnerships could also serve as a stepping stone to integrating the non-hydrocarbon sectors of the Azerbaijani economy into the world markets. Should Azerbaijan fail to do this, it will inevitably curtail its foreign policy options and will again become dependent on Russian benevolence.

| Conclusion

Oil and gas play, then, an indispensable role in Azerbaijan's economy, its political system and its foreign policy. However, as a result of its overwhelming dependence on these resources and their predicted depletion in the near future, the country's political and the economic systems are in desperate need of reorientation. The reason why the latter has so far failed to manifest itself is because a select few stand to benefit disproportionately from the *status quo*, a *status quo* which is rapidly approaching its expiration date.

| Bibliography

- Aliyev, I. (2012). Speech by Ilham Aliyev at the fourth meeting of the heads of diplomatic service. Online: <http://en.president.az/articles/6304> [accessed 23.01.2016]
- Aliyev, I. (2016). Closing speech by Ilham Aliyev at the meeting of the Cabinet of Ministers dedicated to the results of socioeconomic development of 2015 and objectives for the future. Online: <http://en.president.az/articles/17442> [accessed 23.01.2016]
- Aslani, K. (2015). Fiscal Sustainability and the State Oil Fund in Azerbaijan. *Journal of Eurasian Studies* 6: 114–121.
- Ciarreta, A. and Nasirov, S. (2011). *Analysis of Azerbaijan Oil and Gas Sector*. Washington, DC: United States Association for Energy Economics.
- Geybullayova, A. and Wesolowski, T. (2016). *Azerbaijan Suffers From Currency Crash, Low Oil Prices*. Alexandria, VA: Azeri Report.
- Gojajev, V. (2010). *Resource Nationalism Trends in Azerbaijan, 2004–2009*. RUSSCASP Working Paper.
- Guliyev, F. (2013). Oil and Regime Stability in Azerbaijan. *Demokratizatsiya: The Journal of Post-Soviet Democratization* 21 (1): 113–147.
- Guliyev, F. (2015). «After Us, the Deluge»: Oil Windfalls, State Elites and the Elusive Quest for Economic Diversification in Azerbaijan. *Caucasus Analytical Digest* 69: 2–5
- Nassibli, N. (1999). Azerbaijan: Oil and Politics in the Country's Future. In Croissant, M. and Aras, B. (eds.), *Oil and Geopolitics in the Caspian Sea Region*. Westport, CT: Praeger (101–130).
- North Atlantic Treaty Organisation (2015). *NATO's relations with Azerbaijan*. Online: http://www.nato.int/cps/en/natohq/topics_49111.htm [accessed: 12.09.2015].
- Organized Crime and Corruption Reporting Project (2015). *Tracking the Billions Stolen in Azerbaijan*. Online: <http://www.occrp.org/freekhadijajismayilova/people> [accessed: 12.10.2015].
- Radnitz, S. (2012). Oil in the Family: Managing Presidential Succession in Azerbaijan. *Democratization* 19(1): 60–77.
- Europa Publications (2014). *Eastern Europe, Russia and Central Asia 2015: 15th Edition*. London and New York: Routledge Taylor & Francis Group.
- Rzayeva, G. (2015). *The Outlook for Azerbaijani Gas Supplies to Europe: Challenges and Perspectives*. Oxford: The Oxford Institute for Energy Studies.
- Stegen, K. and Kuszniir J. (2015). Outcomes and Strategies in the «New Great Game»: China and the Caspian States Emerge as Winners. *Journal of Eurasian Studies* 6: 91–106.
- von Gumpfenberg, M.-C. and Steinbach, U. (2010). *Der Kaukasus: Geschichte – Kultur – Politik*. Munich: C. H. Beck.





I Relations between the South Caucasus and the European Union: Past Efforts and Future Prospects

I Introduction

This paper presents an overview of the relations between the European Union and the three South Caucasian Countries (SCC) Georgia, Azerbaijan and Armenia. The history of this region marking the border between Europe and the Middle East, the Orient and the Occident, Islam and Christianity, is one of frequent foreign conquest and extensive political subordination to surrounding empires. Most recently it was ruled by the Soviet Union for more than half a decade until the early 90s, under whose overlordship the SCC were prohibited to develop any relations to Western countries. However, ever since their declaration of independence all South Caucasian countries have been confronted with the choice of whether or not to politically, economically and culturally align themselves with the West and the European Union. Azerbaijan, Armenia and Georgia all decided on different paths in their relationship towards the West. While Georgia is determined to follow a European example when it comes to its political system and wants to get as close as possible to the EU, Azerbaijan and Armenia are more reserved and mainly interested in a sustainable economic relationship. This begs the question: what are the political, economic and cultural factors at work which have shaped such different paths taken by the SCC countries with regards to the EU?

This paper will begin by providing a brief retrospective on relations between the EU and the countries of the Southern Caucasus, and the role Russia is increasingly playing in conditioning those relations. It thereby seeks to contextualize the latter part of the paper, which will provide an analysis of EU-SCC relations in the perspective of the EU and that of the individual SCC countries, taking apart the factors at play in the formulation of relations between both parties in order to understand why EU-SCC relations diverge so strikingly across the region.

I Retrospective

After the fall of the Iron Curtain in 1991, which was accompanied by the declaration of independence of all South Caucasian States, the European Union initiated political and economic relations with these countries. Yet any meaningful engagement of the EU with the Southern Caucasus is of fairly recent vintage if compared to its involvement with Central European countries and the West Balkans, which eventually led to the enlargement of the Union in 2004 and 2007. Until the turn of the millennium, Georgia, Azerbaijan and Armenia lay largely outside the purview of European strategic thinking, but the Eastern expansion and the remoulding of European security policy in 2003 put the three countries squarely on the Union agenda for the first time. This 2003 redefinition found stability in the cordon of adjacent countries to be the best immediate guarantee of European security. The frontiers of the EU having shifted markedly eastward, the Southern Caucasus thus became very much a part of the EU's neighbourhood activities, which were institutionalized in 2004 in the form of the European Neighbourhood Policy (ENP).

The European Neighbourhood Policy (ENP) launched in 2004 had the goal of promoting stability, democratization and prosperity. (Brok 2013: 107) As such, one of the central ideas behind the ENP was to disseminate European political and economic institutional templates and ameliorate governance practices in its target countries, in return for the prospects of enhanced access to the EU's internal markets and diverse forms of financial and technical assistance. Ultimately, it was believed that such measures would strengthen these countries' resilience to domestic political instability, help them develop greater economic prosperity and generate an overall resonance between the policy outlook of the EU and its neighbours, all of which was to be conducive to peace and stability in the region. The mechanism by which harmonization with the EU's *acquis communautaire*, i.e. the body of EU legislation, and, more gener-

ally, EU «values», was to be catalyzed is an extension of Association Agreements (AA) by the EU to members of the ENP, which consist of the abovementioned terms to be fulfilled by both sides (Delcour 2015: 95). The Eastern Partnership (EaP), more specific in regional terms, was introduced into the equation in 2009, with the aim to expand economic relations and incorporate members into the EU transport and energy network, as well as to promote stability and peace by bringing members closer to each other politically (Hug 2015: 4). A series of more differentiated policy instruments accompanied the EaP, within which the EU pledged to tailor its initiatives more closely to the internal political and economic configurations of its post-Soviet partners, namely Armenia, Azerbaijan, Georgia, Ukraine, Moldova and Belarus. The EaP comprises joint policy platforms with themes ranging from political and economic convergence and democracy to energy security in the Black Sea region, as well as pilot development programmes. Examples of such platforms are the Black Sea Synergy initiative or the Interstate Oil and Gas Transport to European (INOGATE) initiative. More significantly, however, the EaP covers talks concerning visa regime liberalization, and in addition to the Association Agreement it offers a deep and comprehensive free trade agreement (DCFTA), which, as the name implies, is meant to expand the dimensions of existing trade and economic cooperation (Korosteleva 2013: 257–258). From the perspective of the three South Caucasian countries, the economic relationship with the EU is crucial, given that Europe is their main trading partner.

It is important to emphasize, however, that the AAs/DCFTAs were construed as routes to the adoption of EU norms as an alternative to the membership application track, i.e. as forms of «enlargement-lite» which were never explicitly intended to lead to membership of the EU. So far, any negotiations have eschewed mention of EU intent to open the latter avenue to its EaP partners. This lack of membership prospects remains

a stumbling block in the EU's relationship to its Eastern neighbours, including the three South Caucasian countries. From the EU's perspective, absorbing countries the size of Ukraine or in a stage of societal and economic development comparable to that of Georgia is out of the question at a time when the existing European members are heaving under their sovereign debts and the EU decision-making apparatus is plagued by structural inadequacies (Hug 2015: 9–11). And yet, even though association with the EU in whatever form has been foremost among the political desiderata of many former Soviets states since 1991, according to erstwhile Georgian politician Professor Chiaberashvili, since the mid-2000s South Caucasian countries have once again increasingly been on the receiving end of Russian pressure. Consequently, in response to growing Russian assertiveness, South Caucasian governments, excluding Georgia under its post-Saakashvili administration, which has staunchly upheld a pro-EU stance, have chosen to manoeuvre their way into the good graces of all geopolitical power blocks in the region, including the EU, Russia and Turkey, as opposed to betting all their chances on allegiance to the EU alone. Arguably, the growing geopolitical fractures in the region call for a more concrete and attractive offer by the EU to its South Caucasian partners, lest passivity in the face of what looks like a tectonic shift in Russian foreign policy since the collapse of the Soviet Union make it lose its credibility and appeal as the partner of choice.

Over the past decade, Russian domestic politics has veered towards nationalism in order to satiate with ideas of glory voters beset by economic worries. This in turn has been one of the factors leading to belligerent excesses in Russia's foreign policy, chief among them being efforts to destabilize its neighbouring countries so as to keep them at the behest of its own agenda. In the early 2000s, Russia made the first intimations of its growing antagonism to the EU's efforts to engage its eastern neighbours when it shunned membership of the

ENP. Wary of what Russian policymakers perceived as growing unsolicited interference by Europe in the affairs of its former Soviet satellite states, Russia established a counterweight to EU influence in the region by establishing its own customs union, the Eurasian Economic Union (EEU). Russia invaded Georgia in 2008 and has since advanced one hundred meters daily into Georgian territory from secessionist South Ossetia. Furthermore, the last few years have seen the creeping confrontation of Russian and European ambitions in the region come to a head after Russia made clear that it viewed adherence to the ENP and the EEU as mutually exclusive. This policy shift led to Armenia's change of heart shortly before the planned conclusion of an AA/DCFTA with the EU, and essentially ignited the unrest and subsequent civil war in Ukraine. Thus, how the EU responds to this direct challenge by Russia for dominance in the region will largely condition the future of EU engagement in the South Caucasus.

| The evolution of EU-SCC relations

From the European perspective, relations between the EU and Georgia prior to the 2003 inauguration of the ENP were fairly low in intensity. However, the 2003 Rose Revolution in Georgia, which culminated in the resignation of former Soviet president Shevardnadze, and the 2004 election of erstwhile Georgian president Saakashvili sounded in an era of a pro-EU and pro-NATO reformist government in Tbilisi. This provided a large opening for greater interaction between the EU and Georgia, one of the most notable aspects of which was political and financial assistance in the aftermath of the Russian invasion in 2008. The EU was the only sizeable international actor to offer humanitarian assistance at that crucial juncture in Georgia's recent history, the OSCE and the United Nations Observer Mission in Georgia having recently retired from their mandates in the field. Since the establishment of the European Union

Monitoring Mission in 2008, the EU has patrolled the border areas between the secessionist regions of South Ossetia and Abkhazia and those of Georgia proper, and provided 500 million euros in financial support for internally displaced Georgians between 2008–2010. Further, as of June 2014, the EU and Georgia have been bound by an AA/DCFTA agreement which affords both parties a number of benefits. Even though Georgia had single-handedly opened its markets to tariff-free trade in the run up to signing the agreement, most Georgian exports will in turn now be freed of customs duties, provided they fulfil, among other criteria, EU environmental and phytosanitary standards.

Nevertheless, despite these overtures by the EU, the question remains whether it will be able to live up to the expectations of Georgian citizens, who regard rapprochement with the EU as their roadmap to economic growth and as a way of safeguarding their territorial integrity. Given the unwillingness of the EU to extend any guarantees of future membership prospects to Georgia, the EU had better pay heed to a number of phenomena which may encumber its fruitful relations with Georgia in the coming years: chief among them is the violent Russian recalcitrance to Georgian efforts to emancipate itself from Russian political interference, which are unlikely to abate in the near future; further, the economic leverage Russia wields through key figures such as former Georgian prime minister Ivanishvili, which will likely remain a pervasive force in Georgian policy-making; and a xenophobic strand of Georgian Orthodox Church-backed nationalism gaining traction amongst that segment of Georgian society disillusioned with the perceived lack of tangible progress of past Western-oriented economic liberalization (as detailed in the Georgian perspective below) (Dvali and Kanashvili 2015: 47–51).

From the Georgian perspective, a firm anti-Russian position is accompanied by an orientation towards the West. Not only economically but also politically the country is committed to a Euro-Atlantic course. Its self-declared

goal is to establish a sustainable democracy after a European paradigm (David Aprasidze presentation 2015). So far their journey has shown promising results. Joining European ideas and principles led to the country's economic growth (Giga Zedania presentation 2015). This growth can mainly be attributed to Georgia's signing of several agreements and contracts with the European Union, such as the Association Agreement (AA) coupled with the DCFTA (Gasimili 2015: 62). This marks an important step towards its desired Western integration. Of the three SCCs, Georgia has the closest ties to the EU, not only culturally but also politically. Being Georgian Orthodox, it shares closely related religious beliefs with European countries. Nevertheless, grave concerns have been articulated by some religious leaders and some parts of the population that Westernization will be accompanied by an adoption of a Western lifestyle, a shift in values, and as a corollary the loss in significance of the Church and of religion in everyday life. (David Aprasidze presentation 2015).

Additionally, today's art and literature scene in Georgia, which in the age of post-modernism displayed an orientation towards Georgian and Western culture, is moving away from its previous Russian influence. It takes up Western-oriented cultural paradigms established earlier by the Georgian Romanticists (Bela Tsipuria presentation 2015). This may reflect the shared European and Georgian perception of Russia as a menace, which acts to bring Georgia and European countries closer together. No such tendency for cultural rapprochement exists with its eastern neighbours; apart from its history of foreign rule, it does not share many political and cultural parallels with these countries. For instance, its Christian Orthodox religious beliefs differ from other eastern Orthodox Churches and from its Muslim neighbours. Culture and literature often evolve around the edges of political fault lines. Accordingly, Georgia's foreign policy predominantly focuses on the West and the ultimate goal of whole-scale political and economic integration

into the EU. In the same vein, its domestic political ambitions revolve around democratization along European lines, which distinguishes Georgia from its neighbours. Even though Georgia is putting in a lot of effort into meeting the targets set by the EU, due to many unresolved challenges, unfulfilled standards and regulations a potential application to the EU is an exceedingly distant prospect, if it will ever take place (Kakachia 2015: 11). Georgia's biggest obstacle is its unresolved territorial conflicts over Abkhazia and South Ossetia and therefore also their relationship with Russia, (Boonstra 2014: 44), not to mention the EU's continued reluctance to offer any explicit membership prospects to Georgia.

In the case of Azerbaijan, although Azerbaijan became part of the ENP and EaP, it has not expressed any interest in signing an AA/DCFTA agreement with the EU, nor in striving for EU membership in the long term, as its oil and gas wealth places it on a more equal footing in negotiations with regional power-brokers. Thus, Azerbaijan prefers to maintain amicable ties to the EU, as well as Russia and Turkey, without letting itself become party to any regional bloc in particular. A manifestation of the independence of Azerbaijan's foreign policy was its decision in 2012 to discontinue the NABUCCO pipeline project, which would have delivered natural gas to the EU via Georgia and Austria, and to replace it with the Trans-Anatolian Pipeline projects through Turkey, which in effect curtails European control over supplies before they reach EU borders (Hug 2015: 12–13). Reluctance on the part of Azerbaijan to frame its relationship with the EU in terms of an AA/DCFTA does not, however, preclude its government from seeking cooperation with the EU under other auspices.

Firstly, Azerbaijan has proposed a Strategy Modernization Partnership as a more suitable alternative to the AA/DCFTA track, a non-binding agreement focusing on democratization, energy security and economic reform. This proposition has so far been only of minor interest

to the EU, which prefers to interact with South Caucasian countries under its own predetermined conditions. However, it is becoming an increasingly viable framework for continued relations with Azerbaijan in the current geopolitical environment, as the EU wishes to evade confrontation with Russia over Azerbaijani loyalties, given the former's forceful promotion of its EEU. Secondly, since the early 1990s the EU has supplied Azerbaijan with a sum total of 500 million manat in funding to aid the almost one million internally displaced citizens created in the conflict between Azerbaijan and Armenia. The EU also provides assistance for rural development and judicial reform to the tune of 77 million and 94 million euros respectively. Thirdly, the EU has signed a Strategic Partnership of Energy with the EU which aims to further the convergence of EU and Azerbaijani energy-related legislation as well as the integration of their energy markets (Abbasov 2015: 57–61). Relations between the EU and Azerbaijan will likely remain relatively constant in the years to come, as both have an interest in upholding cooperative ties, whilst neither will allow itself to be seen as growing too close, be it for geopolitical reasons or out of concern for the deterioration of the human rights situation in Azerbaijan.

A stumbling block to the political and cultural dimensions of the EU-Azerbaijan relationship is the fact that Azerbaijan is autocratically ruled. To reiterate and further clarify the context outlined above, given the country is under the close scrutiny of Western political circles, the global media and NGOs for human rights violations, corruption and a lack of democracy, the likelihood of Azerbaijan applying to join the EU in the near future is minimal. (Boonstra 2014: 41) Because of its role as one of the major global exporters of oil, Azerbaijan has a huge interest in maintaining sustainable good relations with different, even opposing trading partners such as Europe, the USA, Russia and Turkey. Its ruling elite depends entirely on their oil-trading contracts with those

major players, since Azerbaijan has never had a strong non-oil economy (Farid Guliyev presentation 2015).

From a cultural perspective, Azerbaijan seems to have more parallels with its Eastern neighbours. The majority of the population is Shia Muslim. Religion was a key factor in the creation of a national identity, especially as a country that had long been under foreign rule. Azerbaijan was ruled by the Soviets until the 90s and during this period it had to adjust to the externally imposed prohibition and suppression of its religion and spiritual rituals. This resulted in a unique interpretation of Islam and its practice (Anar Valiyev presentation 2015). Despite its dominant cultural orientation towards the East, Azerbaijan has put a lot of effort into demonstrating its increasing participation in Western cultural phenomena, for instance by joining and later winning the European Song Contest in 2011, which resulted in them hosting that event the following year. Further, Azerbaijan was the host country of the first European games. A lot of money was spent on an ostentatious staging of those competitions. Both of these pageant events aimed at improving the country's image in the West. Both were overshadowed by negative publicity regarding human rights violations.

Politically, Azerbaijan has similarities with the East as well as the West. On the one hand, it has been an autocracy since its independence, like many of its eastern neighbours. On the other hand, it is a secular system, which differentiates it from countries like Iran under the political and at the same time religious leadership of Ayatollah Ali Chamene'i. Moreover, Azerbaijan's leading political elite close to the Aliyev dynasty is concerned about Islam becoming increasingly politicized and religious leaders aspiring to secular power. This constitutes a real threat and would evidentially lead to their loss of influence (Anar Valiyev presentation 2015).

Given Azerbaijan's highly complex cultural heritage, as well as its peculiar position as an autocratically ruled resource-rich country, the country is uniquely disposed

to balancing regional influences against each other and maintaining its independence. This predisposition will continue to colour its relations with the EU in the near future.

In the case of Armenia, after a last-minute consultation with officials in Moscow, the government withdrew from the planned AA/DCFTA agreement which it was to sign with the EU. Russian financial and military assistance to Armenia is an open secret, and given Russia's unresolved conflict with Azerbaijan over the Nagorno-Karabakh border region, its influence is likely to remain decisive in Armenian politics in the near future. Not only is the Armenian political arena permeated by Russian interests, its economy is also the scene of many transactions with large Russian companies. Hence, falling out with Russia by entering into an AA/DCFTA with the EU became politically unfeasible after Russia decided to make integration into EU markets and adherence to its own EEC mutually exclusive. Given these constraints, the EU is unlikely to press Armenia to resume efforts to harmonize its economic legislation and governance with EU norms, but will likely remain open to more marginal cooperative undertakings with Armenia, given that the latter has expressed its intent to pursue more limited technical cooperation with the EU despite its dramatic deferral of any more formal association with the EU (Oskanian 2015: 52–55).

Armenia's relationship to the West is also one centred more on economic practicality than political approximation. Russia's strong influence saw it pull out of the AA negotiations with the EU. But its economic dependence on the EU nevertheless makes it continuously seek a good and sustainable partnership (Boonstra 2014: 41). In the case of a free trade agreement, which is a mandatory part of the AA, Turkey would be obliged to treat Armenia no differently than any other European market, which would only result in the lifting of trade restrictions, something Ankara wants to avoid under any circumstances (Brok 2013:108).

| Conclusion

The last three decades have seen idiosyncratic approaches to the EU-SCC partnership in all three South Caucasian countries. All of these bilateral relationships are conditioned by economic as well as geopolitical factors, namely trade and the role of Russia in the region. Georgia has committed to a very dominant Western-oriented development both politically and economically. For Azerbaijan, the ties to the EU are mainly economic and born of necessity, since oil is their primary source of income. The path taken by Armenia seems to be to pander to Russian demands whilst simultaneously trying to keep options open regarding technical cooperation with the EU. Meanwhile, all three countries are caught up in the geopolitical tension resulting from the increasingly charged relationship between the EU and Russia. EU policies towards the South Caucasus, having evolved from lukewarm assertions of partnership and financial support to a more substantial and targeted cooperative initiative, nevertheless remain bogged down by the glaring lacuna in association texts of EU membership prospects. And yet it may be that unless such prospects are extended to its South Caucasian partners, the EU may cease to be regarded as a valuable ally against Russian efforts to destabilize the region. Any perceived inconsistency of the EU's commitment to its partnerships with the SCC could, in turn, signal to Russia that the SCC are once more open to being freely influenced by Moscow, which would ultimately undermine EU security policy in the region.

| Bibliography

- Abbasov, T., «Azerbaijan and Eastern Partnership Relations: Current trends», in Hug, Adam, ed. 2015. *Trouble in the Neighbourhood?: The Future of the EU's Eastern Partnership*. London: Foreign Policy Centre 57–62.
- Boonstra, J. et al (2014). «The Eastern Partners: Neighbours or Roommates?» In Grevi, G. (eds.), *Challenges for European Policy in 2014*. Madrid: FRIEDE 39–46.

Brok, E. (2013). «The EU's New Foreign Policy and its Impact on the Nagorno-Karabakh Conflict.» In Kambeck, M.; Ghazaryan, S. (eds.), *Europe's Next Avoidable War. Nagorno-Karabakh*. New York: Palgrave Macmillan 103–116.

Delcour, L., «Escaping Geopolitical Entrapment: the EU's Eastern Policy in Light of EU-Russia Rivalry,» in Shirinyan, Anahit, and Louisa Slavkova, eds. (2015). *Unrewarding Crossroads: The Black Sea Region amidst the European Union and Russia*. Sofia: Sofia Platform 92–106.

Emerson, Michael. 2014. «After the Vilnius fiasco: Who is to blame? What is to be Done?» CEPS Essay, 8. June 25. <http://www.ceps.eu/system/files/No%208%20ME%20Vilnius%20Fiasco.pdf>.

Gasimili, V. (2015). Trade, Economic and Energy Cooperations: Challenges for a Fragmented region. In *The South Caucasus. Between Integration and Fragmentation*. Brussels: European Policy Centre 61–66.

Hug, A. (2015), (ed.). «Challenges for the EU's Eastern Partnership,» in *Trouble in the Neighbourhood? The Future of the EU's Eastern Partnership*. London: Foreign Policy Centre. PAGES?

Kakachia, K. (2015). Europeanisation and Georgia's Foreign Policy. In *The South Caucasus. Between Integration and Fragmentation*. Brussels: European Policy Centre 11–18.

Korosteleva, E., Natorski, M., Simao, L.(2013) «The Eastern Dimension of the European Neighbourhood Policy: Practices, Instruments and Social Structures,» *East European Politics*, vol. 29, no. 3, 257–272.

Oskanian, K., «Armenia: Stuck in Eurasia,» in Hug, Adam, ed. 2015. *Trouble in the Neighbourhood?: The Future of the EU's Eastern Partnership*. London: Foreign Policy Centre 52–57.



I The Georgian-Abkhazian Conflict

I Introduction

After the dissolution of the Soviet Union, Abkhazia – a former Autonomous Soviet Republic within the Georgian Soviet Republic – declared itself an independent state. What has followed has been one of the bloodiest conflicts in post-Soviet history. It has resulted in two wars, some 10,000 to 30,000 deaths, and approximately 250,000 IDPs. Since 2008, after the intervention of the Russian Federation, no more fighting has taken place. Today, the conflict is frozen, negotiations have reached a deadlock, and a resolution remains a distant prospect.

In this article we seek to provide a short overview of the Georgian-Abkhazian conflict and analysis of the current situation. Our focus lies on the following question: will there ever be a solution to the Georgian-Abkhazian conflict? Our main response to this question is that the conflict will not and cannot be resolved in the near future. The reason for this persistence of the frozen conflict is that none of the major actors have either the will to resolve the conflict or the power to do so.

In order to illustrate our argument, our article is divided into three parts: in the first section, we begin by outlining the origin and history of the conflict, briefly indicating the steps which led to the hostilities between Georgians and Abkhaz. In the second part, we present the actors of the conflict and provide an in-depth analysis of their interests. This examination, following the theory of political realism, mainly focuses on the state level rather than domestic policy or the interests of individual actors. The subsequent analysis is based on the theory of rational choice and assumes that the states seek to look after their own interests as much as possible. In the third part, given the contrasting interests, we explain the current deadlock of the situation and propose a way out of the conflict. As Georgia is the only actor which has a clear interest in resolving the conflict, we adopt a Georgian perspective and suggest actions its government can take.

I The history of the conflict until 1921: the prologue to the conflict and the rise of two nations

Outlining the history of Abkhazia is not the easiest task. Both Abkhazian and Georgian historians tend to interpret their findings in such a manner as to legitimize their countries' claims to the contested territory (Gruska 2010: 104). Nevertheless, it is possible to provide a brief sketch of the prologue and history to the Abkhazia conflict.

Already in late antique the territory of modern Abkhazia was a desirable and lively place on the route of merchants passing the Caucasus. Salesmen travelling from Greece, Persia, Arabia and Mongolia stopped in this place and mixed with the local inhabitants, creating a multi-ethnic society. An Abkhazian kingdom was created in the 8th century, which merged with the Georgian kingdom in 989. During the Middle Ages and the Early Modern period, both Abkhazia and Georgia were temporarily autonomous territories, but most of the time they belonged to the strong empires in the area, especially the Mongol and the Ottoman Empires. During the 19th century, Abkhazia and Georgia gradually became part of the Russian Empire, whose czarist regime pursued an intensive policy of Russification. After the disintegration of the Russian Empire in 1917, Georgia declared independence in May 1918. At that time, Abkhazia was part of the Democratic Republic of Georgia (Gruska 2010: 104).

I 1921–1990: Sovietization and alienation between Georgians and Abkhaz

Only three years later, in 1921, the Bolshevik Red Army conquered the Caucasus and forced Georgia into the Transcaucasian Socialist Federative Soviet Republic (TSFSR), together with present-day Azerbaijan and Armenia. Within the TSFSR, Abkhazia was constituted as the Abkhaz Autonomous Soviet Socialist Republic. When the TSFSR was dissolved in 1936, Georgia became the Georgian Soviet Socialist Republic and

Abkhazia an autonomous – but *de facto* subordinated – republic within the Georgian SSR. From then on, Abkhazia was subjected to immense cultural pressure from two sides: on the one hand, the Moscow regime pursued a policy of Sovietization against all its Union Republics, including Georgia and Abkhazia, while on the other hand the Georgian SSR exposed Abkhazia to Georgianness. In order to obstruct the influence of the Georgian culture, the Abkhaz drew closer to Soviet Russia, which they perceived as the lesser of two evils, and adopted the Russian language in their everyday life. This in turn gave rise to resentment on the part of the Georgians, who were also threatened by but more resilient to the ongoing Russification. In sum, Georgians and Abkhaz, finding themselves in the same Soviet Union, became more and more estranged from one another (Coppieters 2004: 200; Gruska 2010: 105).

Stimulated by Gorbachev's Glasnost policy, the conflict between Georgia and Abkhazia escalated and people on both sides began to openly show their antipathy. On the one hand, the Georgians were unsatisfied with the privileges enjoyed by the Abkhaz in Abkhazian politics despite the fact that in 1989 only 17% of the population of Abkhazia were Abkhaz. In contrast, ethnic Georgians accounted for 46% of the Abkhazian population. On the other hand, many Abkhaz opposed the idea of an independent Georgia, as they were afraid that their autonomy would be eliminated. They therefore allied themselves with the Soviet Regime to prevent Georgia's independence, which in turn amplified hostilities in Tbilisi (Gruska 2010: 105–106).

| 1990–1995: declarations of independence and war

In March 1990, Georgia was one of the first Union Republics to split from the Soviet Union. Only a few months later, Zviad Gamsakhurdia became the first democratically elected president of Georgia. Although

the situation in South Ossetia and Abkhazia was already poisoned, he followed a clear nationalistic policy that was hostile towards Georgia's minorities. In January 1992, owing to his increasingly autocratic domestic policy, Gamsakhurdia was overthrown by a military putsch and Eduard Shevardnadze, former Minister of Foreign Affairs of the Soviet Union, came to power. Nevertheless, given the tensions between Georgia and Abkhazia, it is no paradox that in July 1992, Vladislav Ardzinba, nationalist and elected president of the Abkhazian parliament, declared the independence of the Abkhazian Republic (Coppieters 2004: 197–198).

The following war of secession in Abkhazia lasted from 14 August 1992 to 27 September 1993. It began a few weeks after Abkhazia's declaration of independence, when Georgia's National Guard and paramilitary troops entered Abkhazia on the pretext of securing railways and liberating their minister of the interior, who had been kidnapped. The Georgian forces headed to Sukhumi, seized the Abkhazian capital and deprived the parliament of its powers (George 2009: 116).

During the next thirteen months Abkhazian forces, allied with fighters primarily from neighbouring areas of the Russian Federation as well as local civilians, fought against the Georgian troops consisting of the National Guard, paramilitaries and volunteers. Abkhazia sought full autonomy or ultimately independence from Georgia, while Georgia fought for the integrity of its territory. In September 1993, the Georgian troops had to admit defeat. During the war, gross violations of international humanitarian law were committed by both sides. Several thousands were killed. Many more were wounded and hundreds of thousands were displaced from their homes (Anderson and Hammond 1995: 5; George 2009: 120). In the aftermath of the war, Abkhazian and Georgian interpretations of the events differed greatly: on the one hand, the Abkhazian point of view identified the causes of the war in the high amount of Georgians coming to Abkhazia during Soviet times, which was perceived

as a colonization of the Abkhazian homeland (Coppeters 2004: 194–195), and stressed the brutality of the Georgian attack. On the other hand, many ethnic Georgians assumed that violence broke out due to constant and systematic efforts by the Russian government to destabilize the region in order to weaken Georgia. This perspective underlined the Russian mobilization of ethnic dissatisfaction among the Abkhaz and saw the Abkhazian assaults on Georgians as ethnic cleansing. In fact, the Russian policy during the war was highly ambivalent, as Russia provided weapons to both sides (George 2009: 117).

| 1995–2003: state consolidation and freezing of the conflict

In the following years, although a ceasefire was agreed upon under the aegis of the United Nations in May 1994 and the United Nations Observer Mission in Georgia (UNOMIG) was established to monitor compliance with the agreements, the hostilities never came to a complete standstill. Georgia's policy regarding the conflict with Abkhazia was characterized by inactivity. There were several reasons for this inaction: first, there was a certain fear that addressing the conflict could restart it. Second, in the years after the war Georgia was very weak. Resolving the conflict would have meant formalizing Georgia's weakness in the institutions agreed upon; its weakened status would thus have been made permanent. Third, on a personal level, some actors profited from the bustling contraband trade. Additionally, Shevardnadze was afraid of creating a new conflict by stirring up the old ones and rather wanted to protect the existing policy and economy without seeking negotiations with the Abkhazian leaders (George 2009: 125–126).

All in all, this resulted in a frozen conflict. And the longer the *status quo* was maintained, the more difficult it became to deviate from it. Therefore, in parallel

with the Georgian state, Abkhazia was able – albeit not in a legal, but in a practical sense – to consolidate its statehood.

| 2003–2008: the Rose Revolution and the revival of the conflict

In the night of 23 November 2003, due to widespread corruption and nepotism, Eduard Shevardnadze was replaced by his former justice minister, Mikheil Saakashvili, the leader of the popular protest. The Rose Revolution raised high expectations and Saakashvili was a sign of hope. Indeed, he successfully fought corruption and strengthened the economy and the capacity of the state. He even succeeded in driving Aslan Abashidze, the highly corrupt and autocratic leader of the Ajarian Autonomous Republic within the western Georgian territory, into Moscow exile in May 2004. But for Abkhazia, the growing power of the Georgian state was an ambivalent development: on the one hand, president Saakashvili pursued an active policy of negotiation and confidence building measures, even being willing to make concessions to the secessionist territories. On the other hand, Saakashvili never concealed that one of his major priorities was to recapture Georgia's lost territories. He even declared that Georgia's territorial integrity was his life's goal. Clearly, this was considered a threat to the independence of Abkhazia. Furthermore, Saakashvili increased Georgia's military budget – an understandable decision given the poor condition of the Georgian forces and not primarily linked to the conflict with Abkhazia and South Ossetia. But together with a sometimes harsh rhetoric against the separatist territories, Saakashvili's Abkhazia policy gave rise to new tensions and destabilized the fragile peace (George 2009: 173; Nodia 2012: 723).

In this tense atmosphere war broke out between Georgia and South Ossetia in August 2008. In the course of the armed conflict Russia intervened on the side of the

Ossetian separatists. From 8 to 12 August 2008 Russia launched a large-scale invasion of South Ossetia and attacked several cities in Georgia, including Tbilisi. The conflict also spilled over to Abkhazia: Abkhazian, together with Russian forces, attacked Georgian troops in the Kodori Gorge, which had still been under Georgian control, and drove out the Georgians. Faced with Russia's military superiority, Georgia had to admit defeat. As a result, on 26 August 2008 Russia officially recognized both South Ossetia and Abkhazia as independent states.

| 2008–2015: Pax Putina and a frozen conflict to this day

The war in South Ossetia and Abkhazia verified what had long been known: Russia considers South Ossetia and Abkhazia as well as the entire Caucasus its «near abroad», in which it has a vital interest. But with the coming to power of Vladimir Putin in the year 2000, the Russian policy changed: while during the Yeltsin era Russia's policy was characterized by mutual though unequal support of both Georgia and the separatist regions, Putin never concealed that he clearly favoured Abkhazia and South Ossetia. From 2002 onwards, Russia even distributed passports to Abkhaz and South Ossetians. Even though this did not mean an incorporation of the separatist regions in the Russian Federation, granting Russian citizenship facilitated access to Russia's social welfare system. Putin also gradually implemented policies which were disadvantageous for Georgia in order to end Abkhazia's isolation (De Waal 2010: 166; George 2009: 133).

Russia's intervention in South Ossetia and Abkhazia decisively unveiled its willingness to actively defend its interests if necessary. From now on, Russia had to be considered an actual threat. This perception was confirmed by the Russian annexation of Crimea in 2013. For Abkhazia, this shift in Russia's policy meant a

strengthening of its position. With Russia as its protecting power in its backyard, Abkhazia did not have to fear new attacks by Georgian troops. It is therefore no surprise that since the Georgian-Ossetian war in 2008 Georgia has not taken any noteworthy measures. Even though it is still a declared goal of Georgia's policy to restore its original borders, it has to accept the fact that it is not capable of changing the *status quo*. Therefore, Abkhazia today can be considered as a *de facto* state, with more or less complete independence and autonomy from Georgia. But Russia's – or more precisely Putin's – support of Abkhazia had an additional effect: despite all the tensions and resentments which still exist on both sides, it calmed the hostilities, froze the conflict and brought relative peace to the region.

This, then, is the situation today. We shall now take a closer look at the actors of the frozen conflict and examine their interests.

| Georgia: with its back to the wall

In November 2013, Giorgi Margvelashvili was elected the new president of Georgia. Although the restoration of the integrity of the Georgian territory is still a goal of its presidency, Margvelashvili pursues a moderate policy towards Russia and the separatist territories. Anything other than a pragmatic approach towards Georgia's frozen conflicts would be highly inappropriate, as achieving a resolution has moved beyond the reach of Georgia since the war in 2008.

Russia's new regional policy in favour of Abkhazia and South Ossetia and Georgia's defeat in the 2008 war had particularly harsh consequences for Georgia: first of all, the prospect of restoring its territorial integrity has been lost for the indefinite future. Before the war, Georgia still had control over the Kodori Gorge, but now it has been completely deprived of its jurisdiction over Abkhazia. Russia's influence in Abkhazia is steadily growing. After 2009, Russia stationed approximately

3,500 soldiers in Abkhazia and updated its military base in Gudauta on the shores of the Abkhazian Black Sea, which is a thorn in the side of Georgia. Second, the war had drastic economic consequences: Georgia's GDP dropped and foreign investments shrank. Serious damage was caused to several infrastructural facilities. Additionally, Georgia was faced with the appearance of tens of thousands of new IDPs. Third, in the aftermath of the war the issue of Georgia's joining NATO had been taken off the agenda. Since 2011, Georgia has been considered an aspirant country, but membership in the near future is hardly realistic. Therefore, unlike Abkhazia, Georgia does not enjoy the support of a protecting power (Gegeshidze and Haindrava 2011: 21).

Thus Georgia stands with its back to the wall. On the one hand, taking into account Russia's protecting power, a military solution to the conflict is out of reach. A way out of the conflict, if there ever will be one, can only be found through negotiations and trust-building measures. But on the other hand Georgia has hardly anything to offer that would provide an incentive for Abkhazia to give up its independence in return. Its economy is not attractive enough yet. Therefore, Georgia's negotiating position is very weak. Its bargaining power could be strengthened by joining NATO or the EU, which does not seem likely in the immediate future.

| Abkhazia: goal achieved

Since the 2008 war Abkhazia has enjoyed *de facto* independence from Georgia. But its sovereignty has only been recognized by a handful of states. The first country to recognize Abkhazia's independence was – hardly surprisingly – Russia, immediately after the war in 2008. This was followed by Nicaragua, Venezuela and Nauru. As a consequence, Abkhazia is largely isolated on an economic level. Therefore, it is no surprise that Abkhazia's state structures are weak and its economy is largely informal, depending on illegal trade and limited tourism.

Being independent from Georgia, Abkhazia relies on Russian support to a very high extent: Russia provides discounts on energy and offers jobs and a market for the mainly agricultural products from Abkhazia. Moscow also distributes pension payments for Abkhazian residents, many of whom have Russian passports. Abkhazia's economy is highly dependent on Russia, as the Federation is its principal trading partner. Therefore, Abkhazia uses the Russian rouble as its currency. Additionally, the Abkhazian government budget is heavily financed – estimates go as high as 70% – by Russian subsidies (Challinor 2012: 73).

Not only the economic, but also the military ties between Russia and Abkhazia are close. As already mentioned above, Russia stationed roughly 3,500 military personnel at several military bases in Abkhazia. Additionally, there are around 1,500 Russian Federal Security Service Officers and border guards protecting the administrative border between Abkhazia and Georgia. In November 2014, Russia and Abkhazia signed an Agreement on Alliance and Strategic Partnership, which provides for a doubling of Russian financial aid and for the creation of a joint defence force (International Crisis Group 2013: 3–4; Wechlin 2014).

In sum, Abkhazia, being *de facto* independent from Georgia, is characterized by a weak economy and suffers from international isolation, which makes it heavily reliant on Russian support. In other words, independence from Georgia was bought at a high price: Abkhazia jumped out of the frying pan into the fire by substituting its dependence on Georgia with dependence on Russia. Nevertheless, regarding the conflict with Georgia, it has no incentive to enter into new negotiations. Abkhazia has achieved its goal, independence from Georgia. Therefore, new efforts to resolve the conflict may not be expected on the part of the Abkhazian government. The major challenge of the Abkhazian policy lies rather in finding a way between accepting Russia's support and simultaneously retaining its independence.

| Russia: the patron

On the international stage, the Moscow regime vigorously insists that it is not a party to the conflict. This hardly reflects reality. In fact, as noted above, Russia supports Abkhazia to a great extent and is therefore one of the major actors in the Georgian-Abkhazian conflict. Russia sees the Caucasus as its natural and rightful sphere of influence, its «near abroad».

To fully understand Moscow's policy regarding Abkhazia, it is first necessary to examine the interests and perceptions of Russia on a global level: there are four major factors which have shaped Russia's foreign policy since the collapse of the Soviet Union: first, the steadily growing influence of NATO and the EU in former socialist countries, which Russia perceives as a threat to its own security; second, the emergence of oil and gas pipelines bypassing Russia's territory such as the Baku-Tbilisi-Ceyhan pipeline opened in 2005; third, the «colour revolutions» in Soviet successor states such as the 2003 Rose Revolution in Georgia, the 2004 Orange Revolution in Ukraine or the 2005 Tulip Revolution in Kyrgyzstan; fourth, the declaration of independence of Kosovo in 2008, which was condemned as illegal by Vladimir Putin, but later served Russia as a precedent for the conflicts in Abkhazia and South Ossetia (CIPDD 2008: 7–8).

All these factors resulted in the Russian perception that since the collapse of the Soviet Union it has been losing its credibility and prestige as a world power. Therefore, Vladimir Putin's regional policies are strongly shaped by his wish to restore the status of Russia and to set up his country as a global power the West has to reckon with. From this perspective, Putin could only be displeased that Georgia – as well as Azerbaijan and Armenia – tried to withdraw from Russian influence. Especially the efforts of Georgia's president Shevardnadze to leave the Commonwealth of Independent States (CIS) – Russia's main tool for exercising influence over the former Soviet countries – and to institute closer ties with NATO and

the EU were a thorn in Putin's side. Putin saw his interests in the South Caucasus severely threatened. Thus dissension between Georgia and Russia grew in 2006, starting with Russia banning the import of Georgian wines, claiming its contamination with heavy metals and pesticides. Later in the year, Georgia arrested some Russian officers, accusing them of spying. Russia, in return, withdrew its diplomats, expelled Georgians from its territory due to alleged visa violations, shut down Georgian businesses, accusing them of being involved in organized crime, and closed the common border. Therefore, shifting the hostilities to a military level was quite opportune for Putin (Coene 2010: 176; Mitchell and Cooley 2010: 63; Nodia 2012: 722).

The 2008 war allowed Russia to achieve several goals: as a direct consequence of the war, Georgia was weakened militarily and economically. Furthermore, it totally lost its control over the separatist territories. But the war had much more negative implications for Georgia: the issue of its joining NATO had been taken off the agenda, thereby halting the organization's expansion to the East. In addition, Russia succeeded in making Abkhazia highly dependent in terms of its policy, economy and security by isolating it from other countries, stationing military personnel within its territory and upgrading its military bases. Moreover, Russia tried to discredit Georgia on the international stage by blaming it for the war. And on the national level, Russia aimed to destabilize Georgia's government, which was rather averse to Russia. To a large extent, both goals were achieved, albeit it not immediately (Gegeshidze and Haindrava 2011: 20–23).

In sum, Russia's policy, which one can describe as a policy of *divide et impera* or as a policy of controlled destabilization, was highly successful (Coene 2010: 174). It strengthened its position in the South Caucasus for many years. In order to legitimate its course of action, Russia cites a precedent, the declaration of independence of Kosovo, which was quickly recognized by many western states. Russia places Abkhazia and South

Ossetia on the same level as Kosovo and claims their right to separation, calling on other states to follow its example and recognize their independence. Additionally, when attacking Georgia and defending Abkhazia, Russia argued that it had to protect its own citizens. This is partly true, as Russia offered Russian citizenship to the Abkhazian people, which was largely accepted. Nevertheless, Russia's policy does not come without risks. Russia itself is challenged by groups within some of the North Caucasus republics, for instance Chechnya or Dagestan, which call for independence themselves. Russia's recognition of the independence of Abkhazia and South Ossetia has probably strengthened these calls. Certainly, the 2008 war has mobilized the flow of arms and fighters in the Caucasus, further destabilizing the already troubled region (Closson 2008: 2).

Nevertheless, the 2008 war placed Russia in a strong position. Therefore, regarding the conflict in Abkhazia, Russia has no interest in changing the *status quo*. Even though it participates in the annual, UN-led Geneva Talks on Security and Stability in the Caucasus, Russia benefits from the frozen conflict between Georgia and Abkhazia and has no incentive to contribute to its resolution. For this reason, Russia protects Abkhazia, with the effect that a military offensive by Georgia is unlikely to prove fruitful. By doing this, Russia is not only the protecting power of Abkhazia, it is also the patron of the conflict. Therefore, as long it is in its interests to do so, Russia will try to maintain the current status.

| Other actors

On the international level, there are some other actors that play a certain role in the Georgian-Abkhazian conflict. First, the EU: currently, the borders are monitored by the European Union Monitoring Mission in Georgia (EUMM) in an attempt to contribute to the stabilization of the region. Furthermore, over the last twenty years the EU has implemented several reconstruction

programmes. The interests of the EU primarily lie in two areas: diversifying its energy supplies, bypassing the traditional routes mainly through Russia, and building up a circle of friends protecting its eastern borders. The EU seeks to establish good relations with Georgia and its neighbouring countries and is interested in the stability of the region. As a result, the EU refuses to recognize the independence of Abkhazia and South Ossetia. Nevertheless, the EU cannot be expected to start new initiatives to resolve the frozen conflict, as the current situation provides a viable stability, which could be threatened by readdressing the conflict (Coene 2010: 181–182; Gruska 2010: 109–110).

A second player that should be mentioned is the United Nations. Until 2009, the United Nations maintained the United Nations Observer Mission in Georgia (UNOMIG) to monitor compliance with the ceasefire agreements established in 1993 after Abkhazia's war of secession. Furthermore, the annual Geneva Talks on Security and Stability in the Caucasus are held under the aegis of the United Nations. So far, the international dialogue is yet to produce any major agreements. Although the United Nations as an international organization would have a vital interest in resolving the conflict, they are far from strong enough to bring about a solution (Gruska 2010: 109).

Even though more actors could be mentioned, e.g. the United States or Turkey, this would go beyond the scope of this article. Therefore, we end our analysis at this point and turn our attention to the current deadlock and, by adopting a Georgian perspective, we propose a way out of the conflict.

| A way out of the deadlock from a Georgian perspective

It is evident that none of the conflict parties have either a real interest in resolving the conflict or the capability to do so. On the one side, Georgia may want to re-

store its territorial integrity. But due to the shift in the balance of power in favour of Abkhazia after Russia entered the fray it has neither the military strength nor the economic attractiveness to change the *status quo*. On the other side, Abkhazia – although it could theoretically end the conflict immediately by returning to the Georgian state – achieved *de facto* independence and therefore has no reason to find a quick solution to the conflict. Furthermore, Russia, as the protecting power of Abkhazia, benefits from the current situation, as the frozen conflict enables the Moscow regime to maintain its hegemony over the region. Therefore, Russia – even though it is the key actor in this conflict and the only one which could really make a difference – will try to make every effort to balance the power of the two conflict parties in such a way that none of them is superior to the other. Finally, the EU, the UN or the OECD are far too weak to bring a resolution to the conflict. They can only provide a forum for negotiations. But as we have seen in recent years, this has yet to prove fruitful. In sum, the conflict has reached a complete deadlock. A resolution, however, is most necessary. Not only does the conflict produce economic drawbacks and political instability for both Abkhazia and Georgia, but there are also approximately 300,000 ethnic Georgian refugees and IDPs living in Georgia since the 2008 war who wish to return to their homes in Abkhazia. The Georgian government has recognized the urgency of the situation and developed a new strategy with which to tackle the conflict, after having to admit that its former tactic of isolating Abkhazia had little success: in early 2010 it published the *State Strategy on Occupied Territories: Engagement through Cooperation*. As its name suggests, the strategy is based on a cooperative approach and provides a plethora of social programmes, reconstruction measures and initiatives to strengthen people-to-people contacts between Georgians and the people in the separatist territories. In general, the strategy seeks to promote the welfare of the population in Abkhazia

and South Ossetia regardless of ethnicity or political beliefs, thereby building mutual trust between Georgia and the separatist regions (Government of Georgia 2010: 1).

International partners of Georgia, e.g. the EU and the US, have suggested to the Georgian government another approach: they propose exercising «strategic patience» in relation to the separatist territories and their Russian occupation. This suggestion is based on the assumption that there is no short-term solution to the conflict and accepts the reality that Georgia is unable to drive the Russian troops out of the separatist territories. Georgia should, however, show itself to be an attractive place and a strong and democratic country (Gegeshidze and Haindrava 2011: 31).

Recapitulating our analysis, both strategies are justified and can be implemented hand in hand. Indeed, we see only one way to break the current deadlock: Georgia should build up a strong economy by further fighting corruption, implementing a trustworthy and stable political system and strengthening its economic and political ties to the western states and its neighbouring countries, including Russia. Georgia has to become a prosperous and attractive state, thereby offering Abkhazia a strong incentive to be a part of it. Additionally, Georgia should implement a political system which allows certain regions to be as autonomous as possible while nevertheless being fairly represented in the state's polity, politics and policy. In this way, Georgia's and Abkhazia's interests could be brought in line, Georgia being an attractive alternative to dependence on the Russian Federation. It is obvious that this solution is a long-term project which can only be realized over decades and with the support of Georgia's allies. Therefore, we will not see a break of the deadlock in the near future and the frozen conflict will persist. In the meantime, Georgia would be well advised to be strategically patient and to implement its new cooperative strategy. Of course, the course of events can yield dif-

ferent outcomes, for instance the total independence of Abkhazia, including its international recognition or its incorporation into the Russian Federation. It is obvious that these results would not be in the interests of Georgia, but the Georgian government currently has no other option than the strategy outlined above.

| Conclusion

The foundations of the present conflict were laid a long time ago. Much is owed to the constitution of the Soviet Union, which set up Abkhazia as an Autonomous Soviet Socialist Republic within and *de facto* subordinated to the Georgian Soviet Socialist Republic. This exposed the Abkhaz to high cultural pressure from both Russia and Georgia. As the Abkhaz wanted to prevent the Georgianization of their culture, they accept its Russification to a certain degree, thereby distancing themselves from the Georgian people. The subsequent animosities between the two nations resulted in two wars with many dead and wounded as well as a large number of refugees and IDPs.

Since 2008, no more fighting has taken place, but the situation has reached a complete deadlock. The interests of the actors and the balance of power are unfortunately shaped in such a way that none of the central players have either the will or the capability to bring the conflict to an end. Therefore, our main argument is that the conflict will persist in the near future. From a Georgian perspective, the only way out of the current deadlock is if Georgia becomes a prosperous and attractive place, thus providing an incentive for Abkhazia to return. But this is a long way off and its success does not depend on Georgia alone.

| Bibliography

Anderson, K. and Hammond, L. (1995). Georgia/Abkhazia: Violations of the laws of war and Russia's role in the conflict. Human Rights Watch Arms Project, N°7, Volume 7. Helsinki: Human Rights Watch.

Caucasus Institute for Peace, Democracy and Development [CIPDD] (2008), (ed.). After August 2008: Consequences or the Russian-Georgian War. Tbilisi: CIPDD.

Challinor, A. (2012). War games: Russian Power Strategy, Abkhazia and the 2014 Winter Olympics. *Journal of the International Relations and Affairs Group* 2(1): 63–85.

Closson, S. (2008). The North Caucasus after the Georgia-Russia Conflict. *Russian Analytical Digest* 51(08): 2–9.

Coene, F. (2010). *The Caucasus: an introduction*. London: Routledge.

Coppieters, B. (2004). The Georgian-Abkhaz Conflict. In Coppieters, B. et al. (ed.), *Europeanization and Conflict Resolution: Case Studies from the European Periphery*. Gent: Academia Press (191–232).

Gegeshidze, A. and Haindrava, I. (2011). *Transformation of the Georgian-Abkhaz Conflict: Rethinking the Paradigm*. London: Conciliation Resources.

George, J. (2009). *The Politics of Ethnic Separatism in Russia and Georgia*. New York: Palgrave Macmillan.

Government of Georgia (2010). *State Strategy on Occupied Territories: Engagement through Cooperation*. Online: http://gov.ge/files/225_31228_370287_SMR-Strategy-en.pdf [accessed: 21.11.2015]

Gruska, U. (2010). Abchasien – Kämpfe um den schönsten Teil der Schwarzmeerküste. In Gumpfenberg, M.-C. and Steinbach, U. (ed.), *Der Kaukasus: Geschichte – Kultur – Politik* (2nd ed.). Munich: Beck (103–112).

International Crisis Group (2013), (ed.). *Abkhazia: The Long Road to Reconciliation*. Europe Report N°224. Brussels: International Crisis Group.

Mitchell, L. and Cooley, A. (2010). After the August War: A New Strategy for U.S. Engagement with Georgia. *Harriman Review* 17(3–4): 1–72.

Nodia, G. (2012). The August 2008 War: Main Consequences for Georgia and its Conflicts. *Nationalities Papers: The Journal of Nationalism and Ethnicity* 40(5): 721–738.

de Waal, T. (2010). *The Caucasus – An Introduction*. Oxford, New York: Oxford University Press (131–166).

Welchlin, D. (2014). Der Kreml festigt seinen Griff um Abchasien. *Neue Zürcher Zeitung* 275(2014): 5.



I The Georgian-South Ossetian Conflict and the 2008 Georgian-Russian War

I Introduction

The historical and political situation of the southern Caucasus region is highly complex, due to three main reasons. Firstly, the South Caucasus region is home to many different ethnicities such as Georgians, Ossetians, Mingrelians, Abkhassians and Svans (von Gumpenberg and Steinbach 2010: 181f.). Secondly, those ethnicities have been in a long-lasting and partly frozen conflict (Nodia 2008: 722). Thirdly, the geographical location of the South Caucasus, i.e. the proximity to other significant players like Iran and Turkey and the historical closeness to Russia provide further reasons for conflict (lecture: Z. Chiaberashvili). This essay will focus on the South Ossetian conflict and try to answer the question whether this conflict is sufficient to explain the outbreak of the 2008 Georgian-Russian war. To this end, the second part of the essay will provide an overview of different perspectives on how the 2008 war was provoked. Given that there is a lasting conflict in South Ossetia and as there has already been a war, it is crucial to also provide perspectives on how this conflict could be resolved. Hence the third part of this essay demonstrates the role of external actors in the conflict resolution process.

I The origins of the conflicts between Georgia and the separatist territory of South Ossetia in 1992

In the following chapter we demonstrate what causes led to the conflicts between South Ossetia and Georgia and what consequences these conflicts have for the major parties of the conflict. The territory of the former Soviet Autonomous Oblast of South Ossetia is a mountainous, small region in the north of Georgia, bordering the Russian Federation's North Ossetian Autonomous Republic. South Ossetia covers roughly 3900 square kilometres, is the homeland to 70,000 inhabitants and mainly rural. Of these inhabitants, 40,000 describe themselves

as Ossetians, the rest as Georgians (Jentzsch 2009: 1). It is believed that the Ossetians are related to Iranians and descended from the Scythian and Sarmatian peoples who inhabited what are the southern steppes of present-day Russia. The Kudars are the major ethnicity inhabiting South Ossetia (de Waal 2010: 136).

The roots of the 1992 war between Georgia and the separatist territory of South Ossetia can be found in contrasting narratives of historical events and developments. Ossetians claim that the separatist territory of South Ossetia is a part of the ancient Ossetian Territory while Georgians argue that the ancestors of the Ossetians have migrated from the north of the Caucasian mountains (Nussberger 2013: 489), giving them the status of guests, as it were. Furthermore, South Ossetians bring up the argument that they have always been closer to Russia than to Georgia (Nussberger 2013: 490). Compounding this is Soviet historiography's depiction of the Georgian aristocracy as having exploited the rural proletariat of South Ossetia (Gordazé 2010: 49). It is likely that this combination alone led to many negative stereotypes between South Ossetians and Georgians, which in itself is a source of conflict. Social psychology tells us that stereotypical thinking is an essential component of our cognitive make-up, helping us to understand a very complex and constantly changing environment. This stereotypical thinking is indispensable to functioning efficiently as a human being but also a source of misunderstanding and conflict. Hence these negative stereotypes between the parties (among many other factors) are both the cause and consequence of misunderstanding and, ultimately, conflict. A further problem related to humans' cognitive limitations is the fact that conflict situations are highly subjective and that we are generally seldom able to see a situation through our adversaries' eyes.

According to Jentzsch (2009: 2), the first acts of violence between the Georgian Government and ethnic Ossetians were recorded in 1920, when Ossetians started

rebellions in order to gain independence. When Georgia came under Soviet control, South Ossetia was granted the status of an «autonomous oblast» within the Georgian Soviet Socialist Republic. On the basis of a perceived political disadvantage South Ossetians requested further independence from Georgia when they strived to become an autonomous republic in 1989. This request was not only rejected by Georgian authorities but also increased the tensions between the two parties. One year later the Georgian Supreme Soviet adopted a law banning regional political parties, which in turn led the Ossetian authorities to hold their own elections. As a reaction to this, the Georgian government cancelled the results of the elections as well as South Ossetia's status of an autonomous oblast. Finally, in January 1991, the Georgian authorities sent several thousand troops into South Ossetia, resulting in a devastating war which would not end until June 1992, when a Georgian-Russian ceasefire agreement was reached and a Joint Control Commission (JCC) created. The JCC's objective was to enforce observance of the agreement, settle conflicts, promote dialogue, support and facilitate the return of refugees, resolve economic challenges and monitor compliance with international human rights law (Jentzsch 2009: 3). These efforts were accompanied by an OSCE mission to Georgia as well as the EU's offer of support for post-conflict economic rehabilitation. In the following years the conflict was considered «frozen» but not resolved, which ultimately contributed to the 2008 war between Georgia and Russia (Nussberger 2013: 493).

There is little agreement on the historical events and developments regarding the background to the war. De Waal for example states that the main cause of this conflict (as with all conflicts in the Caucasus) is the insecurity of small ethnic groups (2010: 148). Other scholars argue that Russia's endeavour to maintain hegemony in the Caucasus is the root of the conflict, whereas others see Georgia's mistreatment and neglect of ethnic

Ossetians living in Ossetia as the main cause. Further, the fall of the Soviet Union, Georgia's refusal to allow South Ossetian secession or NATO's expansion towards the former Soviet states are brought up as (at times primary) causes of the conflict. In fact, no sole explanation can explain such a complex phenomenon as the South Ossetian-Georgian conflict, as there are a number of causes and more than one guilty party (Jentzsch 2009: 6). The authors of this paper argue that a combination of all these factors contributed to divergent interests and misunderstandings. The lack of empathy for the other party has additionally created a situation in which satisfying solutions become rare (for all parties) and ongoing disputes further deepen the conflict.

| The consequences of the conflicts between Georgia and the separatist territory of South Ossetia in 1992

Since 1993, Georgia has had only limited control over South Ossetia, a situation which entails economic, political and strategic losses for Georgia and ultimately weakens the nation as a whole. The strong emotional reactions of many Georgians to the loss of South Ossetia reveals a strong identification of the Georgian population with the territory as an integral part of Georgia (Kabachnik 2012: 47). This fact is supported by a survey conducted in 2007, according to which 52.5 per cent of the population considers the lost territories the most urgent problem in Georgia (Kabachnik 2012: 50). It comes as no surprise that the depicted situation fuels nationalist movements in various parts of Georgian society. Nationalist ideology can be found in visual imagery, popular music, government policies, political speeches and «youth camps». Such camps were established by the Georgian government in order to breed nationalism and to support Georgian claims over South Ossetia as well as Abkhazia (Kabachnik 2012: 49). Another example of the Georgian obsession with regaining lost

territories can be found in daily phrases like «may the next time we meet be in Abkhazia», used by internally displaced persons (IDPs) (Kabachnik 2012: 49–50). In South Ossetia the 1992 war with Georgia caused many visible effects of destruction (by March 1996 and beyond). To this day, bullet holes can be found in almost every building in Tskhinvali. A gruesome example of the horror of war is the playground of School No. 5 in Tskhinvali. As the shelling during the war prevented the locals from burying the dead in the cemetery, they instead used the school (Sammut and Cvetkovski 1996: 12). From a political point of view, the war of 1992 transformed South Ossetia into a zone that is *de facto* independent from Tbilissi but exists without international recognition and without territorial continuity. Some villages recognize the Georgian authority and ignore the (internationally not recognized) authorities in Tskhinvali and vice versa. But given the close cooperation between the new South Ossetian regime and Russia it can be argued that South Ossetia had simply become a part of the Russian administration (Gordazé 2010: 58). A simple but relevant consequence of this conflict is that both parties of the conflict suffered many losses (deaths and injury, resources, decreasing economic and cultural development, etc.) but gained very little. It can be said that the way the crisis was handled was disadvantageous for both South Ossetia and Georgia.

| Connections to the Georgian-Russian war in 2008

In August 2008, the five-day Georgian-Russian war took place in South Ossetia. There are different aspects which demonstrate the uniqueness of this war: for example, it was the only case since the Second World War in which upon the invasion of one OSCE country by another, the change of borders was immediately formally recognized by Russia. At least from a practical view, this suggests that the invasion was a kind of Russian annexation (No-

dia 2012: 721). This aspect will be discussed further below. First, two main perspectives on the war should be considered. Generally speaking, the interpretations concerning the 2008 war are highly disputed. The Russian interpretation says that Russia reacted against a Georgian military strike that took place in the South Ossetian capital Tskhinvali. According to the Russian view, Russian peacekeepers were in Tskhinvali to protect the Ossetian population, which was threatened with genocide by the Georgians (Nodia 2012: 721). In this interpretation, Russia acts as a protector of the Ossetian people, whom Georgia threatens; thus Russia was only conducting a humanitarian intervention (*The Economist* 2008) that was justified with arguments similar to those of NATO for humanitarian intervention in Kosovo (Cheterian 2009: 160). Understanding Russia as a protector also makes sense when one considers that many Ossetians hold Russian passports (ibid.: 156). The Georgian perspective on the August war reads differently: «Georgia reacted to an Ossetian attack against a Georgia-controlled enclave within South Ossetia and, most importantly, to a massive Russian invasion of the region from the north» (Nodia 2012: 721). It was argued that the Georgian military intervention in South Ossetia only served to respond to the violence of South Ossetian militias (Cheterian 2009: 161). Ghia Nodia claims that the interpretations of the particular decisions by Russia and Georgia do not suffice to explain the deeper political motivations for the August war (Nodia 2012: 721). The frozen separatist conflict can be seen as a precondition to the war, but as Nodia states: «the problem would not have gotten out of hand without bitter disagreements between Georgia and Russia on a broader range of issues» (Nodia 2012: 722). The aim here is to explore that broader range of issues or rather the deeper political motivations that could have led to the 2008 war in order to determine which perspective (the Georgian or the Russian) seems to be ultimately more plausible. Russia can be considered to have many different deeper

motivations: first of all, the end of the Soviet Union can be understood as a humiliation for Russia. For this reason, Vladimir Putin's regional politics have focused on restoring Russian power (Nodia 2012: 722). The western influence on Eastern Europe, bringing pro-western political regimes to Eastern European countries (e.g. the Rose Revolution in Georgia, the Orange Revolution in Ukraine, the Velvet Revolution in Czechoslovakia) posed a threat to the further Russian attempt to consolidate power. From a Russian perspective, the western threat was symbolized by the fact that after the revolution, Georgia as well as Ukraine attempted to gain NATO membership (Nodia 2012: 722). Russia was keenly aware that NATO was advancing closer to the Russian borders (Pallin and Westerlund 2009: 401). Additionally, it was clear that the West was ahead of Russia in terms of military technology (ibid.). This may have intensified the sense of threat for Russia, although the fact that its military technologies were lagging behind never kept Russia from becoming one of the biggest arms-exporting countries in the world (Pallin and Westerlund 2009: 402). The fact that Russian plans concerning a military operation and a military exercise named «Caucasus 2008» (Pallin and Westerlund 2009: 400) existed can be seen as proof of Russia's sense of being under threat. In the case of Georgia, given its economic growth, it became increasingly clear that Georgia would leave the Russian sphere of influence. In 2006 Russia had placed a trade embargo on Georgia precisely because Georgia had started to show that it was following the West (lecture: Z. Chiaberashvili). The trade embargo was supposed to weaken Georgia's economic situation. If Russia's interest truly is to consolidate power and if pro-western influence on former Soviet states was understood as a threat to what Russia understands to be its legitimate zone of influence, then its main goal concerning the 2008 war seems to be clear: «the chief aim of Russia in the August war was political regime change in Georgia» (Nodia 2012: 722). Understood in this way,

by means of the war, «Russia was also drawing a thick red line on the map of Europe which the West and NATO should not cross» (The Economist 2008). Surprisingly however, during the five-day war, Russia did not expand its military intervention into Tbilisi. This would have probably been the most effective and obvious strategy to attain the political regime change. But in fact, the exact opposite happened: when on August 11 it was expected that Russian tanks would invade Tbilisi, there was no panic and as soon as the moment passed «the war actually led to the consolidation of public support for the government» (ibid.). President Saakashvili was neither blamed for the war nor was he made to «pay the political price» (ibid.: 726) as the public blamed Russia, not their own leaders. In retrospective, it remains unclear why Russia chose not to invade the capital. A plausible explanation is that Russia's invasion of Tbilisi would have provoked even further and immediate criticism from the West (Nodia 2012: 722) or would have made Russia's expansion plans too obvious. As the West was quick to react to the Russian war anyway, not invading Tbilisi may indeed have been the strategically better option for Russia.

The aftermath of the Russian war and especially the Crimean conflict of 2014 suggest that Russia did have more extensive political intentions during the 2008 war in Georgia. Against the background of the de facto annexation of the Crimean peninsula, it is hard to believe that the invasion of South Ossetia in 2008 was merely a humanitarian intervention (lecture: Z. Chiaberashvili). Because plans for a Russian military operation and/or exercise in Georgia had existed (Pallin and Westerlund 2009: 400) and due to the 2014 annexation of the Crimean peninsula, research today tends to interpret the August war as an attempt at quasi-annexation of the separatist territories (lecture: Z. Chiaberashvili). However, Pallin and Westerlund also emphasize that the fact that there was a Russian military plan does not imply that there was an intention to attack Georgia, as it is

normal for a military command to have up-to-date plans for potential conflicts (Pallin and Westerlund: 2009: 405). Nevertheless, in July 2008 the Russian military exercise «Caucasus 2008» was carried out in the North Caucasus Military District (NCMD), involving at least 8,000 Russian troops. Although it is said that the main objective of the exercise was peacekeeping and training for anti-terror operations, the fact that several of those troops took part in the 2008 war should not be overlooked (ibid.). Because of this involvement of the troops and due to the «swift deployment of a considerable number of troops and heavy equipment deep into Georgia» (10,000 Russian soldiers in South Ossetia and another 9,000 in Abkhazia) it is suggested that a Russian military operation like the one during the August 2008 war had been planned «for at least several years» (Pallin and Westerlund 2009: 404). This again confirms the assumption that the Russian invasion in South Ossetia was more than a spontaneous humanitarian intervention but a wilful and strategic military move for which the Russian military had even prepared through training (*The Economist* (2008) calls the August war a «scripted war»). Seen from this perspective, the war of 2008 can be understood as a test run for the annexation of Crimea in 2014 (lecture: Z. Chiaberashvili). This would support the assumption that Russia did or rather does have imperialist interests in the former Soviet states.

Compared to the deeper political motivations of Russia, it is not as easy to make out the underlying motivations of Georgia. However, as said before, the prevailing tensions in the separatist regions Abkhazia and Ossetia did cause problems and a military strike could have been seen as a remedy from Georgia's perspective. To Georgia, national liberation and unification was and remains an important political goal. P. Kabachnik writes about the importance of Georgian nationalism and the relation between national identity and territorial integrity:

Losing Abkhazia and South Ossetia are not simply political, economic or geo-strategic losses for the Georgian

state, but also severely diminish and weaken the Georgian nation. The powerful emotions of anger and sadness expressed by many Georgians over the loss of the two territories reveals that it is a loss of part of their identity. The nation is irreparably harmed because the territory is the nation. [...] The Georgian preoccupation with territorial integrity is a rampant feature of daily life and political discourse. This understanding of Georgia, with Abkhazia and South Ossetia as integral components, is socially constructed through a variety of government policies and discourses. (Kabachnik 2012: 47)

To restore Georgia's integrity and further promote the idea of Georgian nationalism, the Georgian government has initiated patriotic youth camps to «instil nationalism» and turn adolescents into young patriots (Kabachnik 2012: 49). The fact that the camps are often located along the border with Abkhazia is a deliberate and provocative move on the part of Georgia. These illustrative examples show that Georgia's nationalist movement is a very powerful idea and a strong force in the country and can be seen to pose a threat to the minorities in Georgia, who traditionally experienced more political, economic and cultural rights under Soviet rule (Cheterian 2009: 157). The Georgian violence during the August war against the Ossetian militias can therefore be understood as an attempt to impose Georgian nationalism and restore Georgian territorial integrity. The fear surrounding territorial integrity and nationality was described as «cartographic anxiety» by Sankaran Krishna (Krishna 1994). According to Kabachnik, cartographic anxieties are deeply embedded in Georgian governmental and public discourses (Kabachnik 2012: 48) and symbolize the deeply rooted fears of the Georgian people. For this reason, striving for national unification and the hope for consolidation of the Georgian identity can be understood as one of the most important deeper political motivations of Georgia in the war of 2008. A further motivation of Georgia was to gain independence from Russian influence (analogous to the

Russian attempt to keep Georgia within its sphere of influence), for example «by its own integration into the Euro-Atlantic alliance, and by using pressure in international forums for the withdrawal of Russian peacekeepers from the conflict zones» (Cheterian 2009: 159). In conclusion, without determining which party started the August war, it suffices to say that both Russia and Georgia had deeper political motivations to engage in the war. Given the degree of military preparation that Russia exhibited, one can assume that Russia's attack was by no means accidental.

| The consequences of the August war

This section deals with the consequences of the August war from the Russian, Georgian and international perspective. Seen from the Russian perspective, the 2008 war was successful inasmuch as it served to limit NATO expansion towards the East (Boesen and Larsen 2012: 117): Georgia and Ukraine were not granted the Membership Action Plan (MAP). As NATO can be seen as a clear threat to Russia, limiting NATO expansion is clearly in the interests of Moscow. Additionally, the 2008 war was successful in the sense that «the main military objective of the operation, to take irreversible control of Abkhazia and South Ossetia» (Pallin and Westerlund 2009: 400) was achieved. Despite the fact that the Georgian political system is still «inherently unstable» (Nodia 2012: 732), Russia was not able to destroy Georgia's political existence. Last but not least, the 2008 war led to economic shock in Georgia (although the currency remained stable) (Nodia 2012: 726). As a result, the EU initiated a donor conference in Brussels in October 2008, where the development of EU-compatible trade-related regulatory institutions was requested (lecture: Z. Chiaberashvili). Weakening Georgia economically can be seen as an advantage from the Russian perspective, although it provoked the solidarity of the West (especially the EU). From the Georgian per-

spective, the consequences of the war were less devastating than they could have been: Mikheil Saakashvili, who was the president of Georgia at the time of the August war, remained in duty for a further five years, until Giorgi Margvelashvili was elected in November 2013. During the five years after the war and even today, there has been no major change in policy concerning Georgia's internal and foreign affairs and the general course of development has remained roughly the same (Nodia 2012: 725). Georgia remains a country with only semi-democratic (or semi-autocratic) practices (lecture: Z. Chiaberashvili). This inertia does not always benefit Georgia but nevertheless proved valuable during the war and indeed continues to do so: although Georgia's political situation is by no means stable, its resilience to the Russian invasion goes to show that it was able to remain stoical and offer resistance to the Russian aggression. In the direct aftermath of the war, the public showed its support for the Georgian government and people. This strengthened the solidarity and cohesion within the country and even reinforced trust in the Georgian authorities (ibid.: 726). Concerning the conflict in South Ossetia and Abkhazia, the 2008 war did bring about some fundamental changes. During the war, the Georgian enclave in South Ossetia was attacked, which resulted in displacing the ethnic Georgian population. Although not all of the ethnic Georgians were removed from the separatist territories, the ethnic composition of the territories has changed significantly and security concerns have become less of an issue (ibid.: 727). Before the war, Russia acknowledged the separatist territories of Georgia as Georgian territories and hence posed less of a threat to Georgia's territorial integrity while trying to play the role of the peacekeeper between the separatist territories and Georgia. On August 25 2008, however, Russia recognized the independence of Abkhazia and South Ossetia. To Georgia, Abkhazia and South Ossetia are now not independent states but «occupied territories» (*Civil Georgia* 2008). Now, after the

2008 war, the initial conflict between Georgia and the separatist territories has been reformulated as a conflict between Georgia and Russia, «while Georgia's conflicts with Abkhazia and South Ossetia were demoted to the status of a footnote to the former» (ibid.).

| The role of external actors in the conflict resolution process

Apart from the Georgians, South Ossetians and Russians several other players are involved in the conflict resolution process. The OSCE is one of them and became involved in the Georgian-South Ossetian problem in 1992. Opinions on the exact role of the OSCE within the peace process vary greatly. However, it is agreed that both parties try to downplay its role while simultaneously benefiting from it. From the Georgian perspective, this meant that the OSCE provided international supervision of the Russian «peacekeeping» mission in the early stage of the process, while they were weak and at the mercy of Russia. Although the importance of the OSCE for Georgia has decreased in recent years, the interest of the OSCE in the region has expanded. Today this focus includes not only the conflict with South Ossetia but also the conflict with Abkhazia and the monitoring of human rights in Georgia. For South Ossetians, the OSCE provides a link to the international community. Finally, the OSCE is supporting the development of a legal and constitutional framework in order to reach a comprehensive political solution (Sammut and Cvetkovski 1996: 16). However, Cheterian (2009: 165) argues that the diplomats in charge of these peace negotiations lacked the power and international support to forge a comprehensive peace agreement. For Cheterian, this is due to the great powers' military and economic interests, which in some cases clashed with the proposed diplomatic solutions of the United Nations Observer Mission to Georgia (UNOMIG) and the OSCE. In particular the Western thirst for oil, the US eagerness to limit Russian

influence and the cooperation with Georgia on the war on terror have led Georgia to abandon the way of diplomacy and to look for other means (Cheterian 2009: 165). Moreover, Russia vetoed a UN observer mission to Georgia as well as an attempt to extend the OSCE mission, which expired on June 30, 2009. Georgia's hope is that the EU monitors will help keep the peace in the region. To support peacekeeping the European Union Monitoring Mission (EUMM) has been present in Georgia since the August war. Its tasks include monitoring military and police in border areas and surveying the settlements of IDPs (Mihàliková 2010: 73).

Former Soviet Republics (Poland, Estonia, Lithuania and Latvia) strongly condemned the Russian aggression against Georgia in 2008 and thereby openly criticized the Europeans for not taking a stronger stand against Russia. Especially Germany showed a weak reaction to the conflict, as it can be assumed that the Germans did not want to make their relationship to Russia worse. The US and Great Britain on the other hand showed the strongest reaction, condemning Russia for its «disproportionate response» to the conflict (Boesen and Larsen 2012: 103). However, the USA did not react all too aggressively towards Russia because it had an interest in a strong partner in the war on terror and in nuclear non-proliferation. Europe on the other hand was interested in good relations with Russia because it is a key supplier of gas and oil (Welt 2005: 9). Russia for its part only received support from very few countries, namely Venezuela, Nicaragua, Cuba and Belarus. Moreover, the EU is very interested in the security of the region, as Bulgaria and Romania are now member states of the EU, making it a Black Sea power and if Turkey were to become a member, the South Caucasus would be an immediate neighbour of the EU (Mihàliková 2010: 73). France (holding presidency of the EU president at the time) tried to develop a common European position and to act as a peace mediator. This mediator role was credible, since France is a strong sceptic regarding the fur-

ther eastern enlargement of NATO and pursues a Russian-friendly strategy. The 2008 war between Russia and Georgia consequently strengthened France in the belief that offering membership to such a geopolitically exposed country as Georgia would impose a commitment on the NATO members that no member would in fact have been prepared to fulfil (Boesen and Larsen 2012: 103). On the basis of this explanation it can be argued that the EU as an external actor did act cautiously and with reservation faced with a rather aggressive Russia asserting its dominance in the region. This position surely influenced the peace process, while it is difficult to speculate on what would have happened had the EU stood up to the Russian aggression. Potential outcomes could have been a much shorter and more efficient peace process or a major conflict with Russia, which in turn could have made the situation in the Caucasus region even worse.

| Conclusion

With regard to the origin of the South Ossetian conflict, the conflict originates in a dissimilar understanding of historical events and the given political situation. While the Ossetians claim that the separatist territory of South Ossetia is a part of the ancient Ossetian Territory, the Georgian perspective is that the Ossetians migrated from the north of the Caucasian mountains (Nussberger 2013: 489) and are therefore only as guests in the country. As South Ossetians have always been closer to Russia historically and ideologically (Nussberger 2013: 490), they are also more prone to adopting the Russian narrative that states that Georgia exploited the rural proletariat of South Ossetia (Gordazé 2010: 49). A further source of conflict dates back to 1921, when Georgia came under Soviet control and South Ossetia was granted the status of an «autonomous oblast». On the basis of a perceived political disadvantage, South Ossetians requested further independence from Georgia, which

they were not granted. The contrasting understandings of the origin of conflict and the mutual feeling of being disadvantaged further fuel the insecurities between the South Ossetian people and the Georgians. The insecurity of the Georgian people stems from what Krishna describes as «cartographic anxieties» (Krishna 1994), fears surrounding territorial integrity and nationality. Kabachnik argues that this concept is applicable to Georgia, as the (perceived) territorial incompleteness is a dominant issue in the public and political discourse of Georgia (Kabachnik 2012: 48). The 1992 war further deepened the anxieties between the Georgians and South Ossetians. Although there were deeper political motivations, the 2008 war can also be seen as a direct consequence of the frozen war between South Ossetians and Georgians. However, there are good reasons to assume that Russia had strong interests in the 2008 war. Firstly, Russia wanted to prevent Georgia leaving its sphere of influence even further, for instance by means of NATO membership. Secondly, many South Ossetians hold Russian passports, i.e. they mostly feel close to Russia already. Thirdly, against the background of the 2014 annexation of Crimea, it is justifiable to interpret the 2008 war as an act of Russian imperialism. As the 2008 war was strongly characterized by Russian interests, the initial conflict between Georgia and the separatist territories has been reformulated in public discourse as a conflict between Georgia and Russia. The consequences of the 2008 war were not as drastic for Georgia as originally expected, but it is a fact that Georgia was refused NATO membership and experienced an economic shock following the August war. From a political perspective however, the war did not bring about the change that Russia had probably hoped for. There was no regime change and president Mikheil Saakashvili remained in power for five years after the war. Today different external actors are involved in the conflict resolution process both between Russia and Georgia and between Georgia and South Ossetia. The OSCE has in-

creased its engagement in the region and the UNOMIG and the EUMM in Georgia have been established. While Russia's aggression towards Georgia was strongly condemned by former Soviet satellite states, other countries did not condemn Russia as openly, since they had their own diplomatic interests to consider. The US had an interest in staying friendly with Russia as it needed a strong partner in the war on terror and in nuclear non-proliferation. Europe in general was interested in good relations with Russia because it is a key supplier of gas and oil (Welt 2005: 9). France, being a strong sceptic of further eastern enlargement of NATO and pursuing a Russian-friendly strategy, was a credible mediator between Russia and Georgia. In conclusion, it can be said that the European and international reaction to the 2008 war was rather cautious and characterized by the interests of the other countries.

| Bibliography

- Boesen, H. and Larsen, L. (2012). The Russo-Georgian War and Beyond: Towards a European Great Power Concert. *European Security* 21 (2): 102–121.
- Cheterian, V. (2009). The August 2008 War in Georgia: From Ethnic Conflict to Border Wars. *Central Asian Survey* 28 (2): 155–170.
- Civil Georgia (2008). Bill on Occupied Territories Signed into Law. *Civil Georgia*, 31.10.2008. Online: <http://www.civil.ge/eng/article.php?id=19868> [accessed: 17.10.2015].
- Gordazé, T. (2010). L'Empire contre l'Etat-nation: L'Ossétie du Sud au coeur du conflit russo-géorgien (1922–2008).
- von Gumpenberg, M. and Steinbach, U. (2008). *Der Kaukasus. Geschichte – Kultur – Politik*.
- Jentzsch, G. (2009). What are the Main causes of Conflict in South Ossetia and How Can they Best be Addressed to Promote Lasting Peace? *The BSIS Journal of International Studies* (6): 1–21.
- Kabachnik, P. (2012). Wounds that Won't Heal: Cartographic Anxieties and the Quest for Territorial Integrity in Georgia. *Central Asian Survey* 31 (1): 45–60.
- Krishna, S. (1994). Cartographic Anxiety: Mapping the Body Politic in India. *Alternatives* 19 (4): 507–521.

- Mihàliková, E. (2010). Conflict Analysis of Georgia. *Slovenská politologická revue* 1 (X): 59–83.
- Nodia, G. (2012). The August 2008 War: Main Consequences for Georgia and its Conflicts. *Nationalities Papers. The Journal of Nationalism and Ethnicity* 40 (5): 721–738.
- Nussberger, A. (2013). South Ossetia. In *Max Planck Encyclopedia of Public International Law* (2013). Oxford: Oxford University Press.
- Pallin, C. and Westerlund, F. (2009). Russia's War in Georgia: Lessons and Consequences. *Small Wars and Insurgencies* 20 (2): 400–424.
- Sammut, D. and Cvetkovski, N. (1996). *Confidence Building Matters: The Georgia-South Ossetia Conflict*. London: Verification Technology Information Centre.
- The Economist (2008). A Scripted War. *The Economist*, 14.08.2008. Online: <http://www.economist.com/node/11920992> [accessed: 16.10.2015].
- Waal, T. de (2010). Georgia: Nationalism and War. In *The Caucasus: An Introduction*. Oxford: Oxford University Press.
- Welt, C. (2005). Balancing the Balancer: Russia, the West, and Conflict Resolution in Georgia. *Global Dialogue* (7): 1–12.

| Lectures

- Aprasidze, D. Professor at Ilia State University (Tbilisi, 27.08.2015)
- Tsipuria, B. Professor at Ilia State University (Tbilisi, 27.08.2015)
- Chiaberashvili, Z. Politician (Tbilisi, 29.08.2015)
- Japaridze, D. Professor at Ilia State University (Tbilisi, 29.08.2015)
- Zedania, G. Professor at Ilia State University (Stepantsminda, 29.08.2015)
- Sayfutdinova, L. Researcher at Khazar University (Baku, 01.09.2015)
- Asadov, F. Vice Rector at Khazar University (Baku, 01.09.2015)
- Guliyev, F. Independent researcher (Baku, 02.09.2015)
- Ahmadov, I. Dean at Khazar University (Baku, 02.09.2015)
- Valiyev, A. Professor at ADA University (Baku, 03.09.2015)
- Sadigov, T. Researcher at State University of New York – Albany (Baku, 03.09.2015)



I The Nagorno-Karabakh Conflict

I Introduction

«States in transition» – the title given to the case study of the two fascinating countries Georgia and Azerbaijan in late summer 2015 – already tells us a lot about the dynamic and challenging situation the Transcaucasian countries are currently facing. Several politically unresolved conflicts involving the territories of Abkhazia, South Ossetia and Nagorno-Karabakh are officially referred to as being «frozen» and currently do not raise hope for a peaceful resolution any time soon (Halbach 2013: 43). Provocative acts, a frightening arms race and intensifying strident rhetoric cause the international community to be seriously concerned about yet another open outbreak of war in the South Caucasus, especially between the two states of Armenia and Azerbaijan (International Crisis Group 2013: 1). The first and most severe interethnic conflict at the end of the Soviet era leading to 20,000 deaths and more than 600,000 IDPs has been adjourned by a ceasefire agreement in 1994, yet the tensions and mutual distrust between the actors involved have only increased over the last 21 years (Freizer 2014: 2). This paper investigates how the narratives of the Nagorno-Karabakh conflict differ between the conflict partners and the consequences that have evolved from this state of war.

After providing a historical overview of the origin and developments of the conflict, including the role of internal and external actors in both the past and present resolution processes, the paper analyses the current *status quo* of «no war and no peace» (Kambeck 2013: 223) in and around Nagorno-Karabakh with the help of relevant literature as well as personal impressions collected by the authors during a study trip to Georgia and Azerbaijan. The focus lies on the political, economic and social consequences of the on-going conflict of Nagorno-Karabakh – the main part of this paper will be dedicated to the narrative of Armenia, Azerbaijan and Nagorno-Karabakh. The perspective of Georgia, not directly involved in the fighting, will not be examined in detail.

I The origins of the conflict – Nagorno-Karabakh in the early 20th century

The beginning of the conflict can be considered to date back a little more than one hundred years. De Waal (2013: 141) describes the roots of the conflict as a modern ideological framework based on nationalist ideology, by which he means the belief that an ethnic group is entitled to some kind of statehood within certain borders. The idea of self-determination in Armenia and Azerbaijan became popular with the end of the Ottoman and Russian empires. After the collapse of the Russian Empire, Georgia, Armenia and Azerbaijan became separate states. Shortly afterwards, in 1922, the three countries were unified once again as the Transcaucasian Socialist Soviet Republic (Hille 2010: 161). This republic existed until 1936, when Stalin made a new constitution for the Soviet Union. The constitution reorganized the region and Georgia, Armenia and Azerbaijan entered the new constitution as separate Soviet Socialist Republics (SSRs) (Hille 2010: 199).

During the last century, the status of Nagorno-Karabakh has also changed several times. The final decision to make Nagorno-Karabakh part of the Azerbaijani SSR with the status of an Autonomous Region was made by the Bolshevik Committee on the Caucasus under the leadership of Joseph Stalin without deliberation or vote by the native people. Neither national nor ethnic and historic factors were considered. For Moscow, the economic importance of Baku was decisive; they were more interested in having good relations with Azerbaijan than with Armenia (Hille 2010: 168–169). The creation of the Autonomous Region of Nagorno-Karabakh is seen as an example of Moscow's policy of «Divide and Rule» (de Waal 2013: 144–145). Notably, the rigidly vertical structure of the Soviet system also had an effect on communication habits. Within the Soviet Union, the Union Republics like Armenia and Azerbaijan never talked to each other directly, but interacted with each other exclusively via Moscow (de Waal 2013: 22).

| The outbreak of war

In 1985, Mikhail Gorbachev became the First Secretary of the Soviet Union and his policy of *glasnost* and *perestroika* brought more openness and transparency. This development provoked a call for more internal self-determination within Karabakh (Hille 2010: 207). In February 1988, the local Soviets of the Nagorno-Karabakh Autonomous Region wrote a resolution requesting the transfer from the Azerbaijani SSR to the Armenian SSR (de Waal 2013: 11–12). It should be noted that there were several efforts for unification with Armenia during the Soviet era, but those efforts emanated from within Nagorno-Karabakh. The organizers of the new movement were people from Karabakh living outside of the region (de Waal 2013: 17). The first violent confrontations had already taken place before February 1988. Azerbaijan had a diverse population with substantial minorities of Russians, Armenians and smaller Caucasian nationalities (de Waal 2013: 30). During this time around 350,000 Armenians lived in Azerbaijan and approximately 200,000 Azerbaijanis in Armenia (de Waal 2013: 19). Following severe incidents of human rights violations against the Armenian population in Nagorno-Karabakh, Baku and the region of Nakhchivan the population received the right to seek self-determination according to international law. Between 1988 and 1989, roughly two hundred thousand Azerbaijanis were displaced from Armenia (de Waal 2013: 97). One of the moments leading to a sudden and irreparable meltdown of ethnic relations was the event that Armenians denounce as the genocide of Sumgait in February 1988 (de Waal 2010: 111).

After the collapse of the Soviet Union in 1991, Armenia and Azerbaijan declared their independence. In the September of the very same year, the people of Nagorno-Karabakh declared their independence too. In a referendum in December 1991, 99.98 per cent of the population voted for independence from Azerbaijan (Minasyan 2013: 18). The Armenian government and

most of the countries of the world, however, did not recognize the Nagorno-Karabakh Republic as being independent. Azerbaijan responded to the movement in Nagorno-Karabakh by placing it under presidential rule and deploying troops in the region. As a response to Azerbaijan's violent interference, Armenia started a military offensive as well and went to war (Hille 2010: 259). The most devastating fighting took place between 1992 and 1994. In May 1994, Nagorno-Karabakh, Armenia and Azerbaijan signed a ceasefire agreement (Minasyan 2013: 18). This agreement brought the military operations to an end but failed to produce a resolution to the conflict (Hille 2010: 261; Minasyan 2013: 18).

| Attempts at mediation

When the war broke out in Nagorno-Karabakh in 1991, Europe was largely absent and unable to manage the huge and dangerous vacuum to the east of what it had referred to as the Iron Curtain (Brok 2013: 103). From the perspective of the people in the South Caucasus, being busy with internal reforms and putting out fires in the Balkans is a weak excuse for the numerous mistakes the European countries have made. It must be stated, however, that the European Union's enlargement policy of the early 90s proved the largest fast-track democratization and stabilization programme in world history and some efforts have been made to foster peace in the Caucasus (Brok 2013: 104). In 1992, the OSCE Minsk Group co-chaired by the United States, Russia and France was formed (Minasyan 2013: 18). During the first years of its existence, the constitution of this UN Security establishment was completely inapt for making concessions over war and peace due to internal competition and issues between the leader countries as well as an inefficient framework for actuating progress. Both Armenians and Azerbaijanis are scathing about the early work of the OSCE and the Minsk Group. The crux of the problem was that Russia was involved in the con-

flict while at the same time its only serious mediator (de Waal 2013: 244, 248). The United States, for obvious reasons less familiar with the region, kept involvement in the resolution progress to a very basic level. They saw Azerbaijan as a potential locus of investment for US oil companies, but did not want to neglect the claims of the very vocal one-million-strong Armenian American community (de Waal 2013: 249). France's ambassadors of the time are recalled as «completely incompetent» by the Azerbaijani presidential foreign policy aide Vafa Guluzade. Azerbaijan and Armenia themselves did not trust the OSCE Minsk Group Members to refrain from pursuing their own hidden agendas, each blocking peace negotiations at different points of the conflict with the same arguments of «breach of neutrality». As the process has matured over the last 15 years, however, evidence of competition within the Minsk group mediators has declined: former US and French co-chairs active in the 2000s and 2010s have attested to the professionalism and constructiveness of their Russian colleagues and put a lot of effort into the promotion of stabilization and peace (Broers 2015: 564).

| The Nagorno-Karabakh conflict today

Broers (2015: 557) mentions in his article that the conflict in Nagorno-Karabakh receives scant attention from the public eye. The main reason for this is that other conflicts in the region overshadow the conflict in Nagorno-Karabakh. As a result of the fighting, Armenia currently still controls roughly 14 per cent of Azerbaijani territory. Located between Azerbaijan and the occupied territory of Nagorno-Karabakh is the line of contact (LOC). Despite the ceasefire agreement there are still armed conflicts causing approximately 30 deaths each year, mostly located along the LOC (Freizer 2014: 2). For both Armenia and Azerbaijan, the current situation has a huge negative effect on their economy. They could attract significantly more foreign investment or demand

higher prices for domestic assets if investors did not have to factor in the risk of a war. If the conflict were resolved, both countries would have more political options in their foreign relations, becoming meaningful regional players (Kambeck 2013: 251).

Last year, in May 2014, the ceasefire between Azerbaijan and Armenia reached its twentieth anniversary yet the conflict was yet to be resolved despite tremendous efforts by different actors. Dr. Farid Gulyiev, whom we personally met in Azerbaijan, put it this way during his lecture: «The system of Azerbaijan today does not accept innovation or change». Prof. Dr. Farda Asadov observed that civil society and the population of Azerbaijan are feeling increasing mistrust and disappointment in both the national government and the international organizations trying to foster peace and approximation. It is essential now to develop a sense of citizens' engagement and responsibility before trying to facilitate inter-communal peace, movements that we consider to be insufficiently present amongst the Azerbaijani people with whom we met during our visit.

| Narratives

The ethno-territorial conflict of Nagorno-Karabakh does not reflect some kind of primordial «ancient hatred». Armenians and Azeris have lived together peacefully and both communities have coexisted as neighbours for long periods of time (Halbach 2013: 43). However, all the wars in the South Caucasus region are case studies of the strange phenomenon whereby neighbours who have coexisted peacefully for years end up fighting one another (de Waal 2010: 115).

Quotes like «A strong Azerbaijan can afford to speak to feeble Armenia in any manner» (Aliiev 2013, Speech) and «If attacked, Armenia and Karabakh will deliver a final, deadly blow (to Azerbaijan)» (Sargsyan 2010, Speech) are only two of many illustrative examples of today's aggressive rhetoric and open mutual distrust

between Armenia and Azerbaijan. In February 2009, an opinion poll in Azerbaijan found that 70 per cent of respondents opposed any kind of compromise in the Nagorno-Karabakh conflict (de Waal 2010: 125). But where does this «new hatred» come from?

According to Uwe Halbach (2013: 46), the conflict over Nagorno-Karabakh has been largely ignited due to mutually exclusive historical interpretations and the simplification of historiography. The conflicting parties not only have differing opinions about the recent history of the Karabakh war, but provide virtually opposite historical representations about the region (Halbach 2013: 46). Predictably, the sides view the conflict through radically different prisms. A consequence for both countries is the high degree of militarization. Military expenditure and the arms procurement in Armenia and Azerbaijan have increased exponentially during the last twenty years. The same goes for the import of weapons (Broers 2015: 559). In June 2013, Azerbaijan received another arms delivery worth \$1 billion from Russia. In contrast, Yerevan is given heavy discounts on Russian weapons by way of compensation for the financial imbalance (International Crisis Group 2013: 3–4). The tragedy and scale of victimization over the last 25 years have provoked the cultivation of hate and fear narratives on all sides of the encounter (Kambeck 2013: 49). In 2011 Ilham Aliyev publicly announced that Azerbaijan's military spending budget of more than \$3 billion now surpassed Armenia's entire state budget, and since then Azerbaijan has committed to spending at least this emblematic amount on increasing its territorial defence capability (Broers 2015: 566).

Moreover, the on-going conflict over the region of Nagorno-Karabakh has also influenced the history of Armenia's and Azerbaijan's presidencies and leadership. Levon Ter-Petrossian became the first president of the new Armenia in October 1991 and was re-elected in 1996 (Coene 2010: 49). In 1997, Ter-Petrossian seemed to be willing to recognize Azerbaijan's territorial

integrity and raised hopes for a breakthrough in the resolution process. However, he had to step down in February 1998 after public disapproval of his policy towards the problem of Nagorno-Karabakh. The succeeding president Robert Kocharyan was born in Stepanakert and reverted to a hard stance on the issue (Coene 2010: 187). In the early 2000s Robert Kocharyan and Heydar Aliyev, father of the current president of Azerbaijan and president himself from 1993–2003, had more than a dozen bilateral meetings in which they struck up a good working relationship and haggled over a settlement (de Waal 2003: 23). However, as a refugee in Armenia once put it: the earth was too salty to grow vegetables during that time and mutual mistrust prevented them from coming to an agreement over a peaceful resolution (de Waal 2003: 35). After Heydar Aliyev died in 2003, his son Ilham Aliyev took over power in Azerbaijan. With the economic and demographic gap between the two rival countries growing larger every year, Ilham Aliyev's claims and public announcements today are far more aggressive than his father's. If actual militarized disputes may be few and far between, militarization is a dominant feature of contemporary Armenia and Azerbaijan, and threats or affirmation of the use of force is a constant feature of the discourse of their leaders (Broers 2015: 562).

| The Azerbaijani narrative

Azerbaijan's point of view on the conflict is closely linked to the Soviet collapse in 1991 and the re-emergence of an independent Azerbaijani republic. Azerbaijan was deeply humiliated by its setbacks on the battlefield in 1992–1994. After Armenian forces cleared almost all of Nagorno-Karabakh, they occupied large portions of seven adjacent Azerbaijani districts with the explanation of «securing a buffer zone», causing over half a million ethnic Azeris to flee from their homes (International Crisis Group 2013: 3). Not surprisingly, the

struggle to regain jurisdiction over Nagorno-Karabakh is an important issue of contemporary Azerbaijani identity (Broers 2015: 558). Armenians say that Stalin «gave» Karabakh to the Azerbaijanis, while Azerbaijanis maintain that the decision merely recognized a pre-existing reality (de Waal 2010: 106).

Militarization, LOC tensions and the rising temperature of rhetoric are three of many signs of Azerbaijan's deep mistrust of Armenia and have led to much-increased speculation on the possibility of a renewed war in the Transcaucasus.

It is important to note that Azerbaijan defines the conflict as an irredentist one and asserts that its quarrel is with Armenia and not with the Armenians of Nagorno-Karabakh (Broers 2015: 558). In technical terms, Azerbaijan negotiates for the recognition of an «autonomic region» of Nagorno-Karabakh and demands the immediate withdrawal of all Armenian troops from the occupied territory. Armenia, on the other hand, insists that the Nagorno-Karabakh region be «independent» from both Armenia and Azerbaijan (Freizer 2013: 7). However, there seems to be no will to compromise or progress in the negotiations. To date, Azerbaijan rejects the deployment of observers and the removal of snipers along the line of contact repeatedly proposed by the OSCE. Most bluntly, Azerbaijan's deputy prime minister informed Turkish journalists in 2011 that Azerbaijan is «simply negotiating for show» (Kambeck 2013: 242). In Azerbaijan, withdrawal of Armenian troops from Azerbaijan's territory is currently presented as the only means of securing a breakthrough in negotiations, or «conflict resolution» will be found via military means (Halbach 2013: 48). Azerbaijan's monochromic view of the conflict, partly representing the long story of suffering of the displaced people and consequences of the terrible war, shows clearly that advancement in the conflict is impossible without significant changes in perception and transformation of narratives.

| The Armenian narrative

Armenia refers to the occupied territories around Nagorno-Karabakh as having been liberated (International Crisis Group 2013: 3). For Armenians, Nagorno-Karabakh is part of their homeland and their belonging to Azerbaijan would risk a second annihilation of Armenians. The possession of Nagorno-Karabakh also refers to the human and territorial losses in the beginning of the 20th century in Western Armenia. It is seen as a victory and part of the Armenian national idea to unite Armenians all over the globe (Broers 2015: 559). Armenia focuses on three key priorities: 1: no vertical subordination of Nagorno-Karabakh to Azerbaijan; 2: the determination of the border between Armenia and Nagorno-Karabakh; and 3: international security guarantees for Nagorno-Karabakh (Minasyan 2013: 21). The conflict plays an important role in Armenia's foreign policy agenda. Armenia represents the position of non-recognized Nagorno-Karabakh, on the basis of the idea of the legitimacy and inevitability of the struggle for independence (Minasyan 2013: 21).

| The Nagorno-Karabakh narrative

As Halbach (2013: 43) relates, Nagorno-Karabakh is a unique case of negotiations without representation of the key party in the conflict. The exclusion of representatives of Nagorno-Karabakh in the meetings of the peace resolution process is a major reason why the on-going conflict situation has not been successfully stabilized during the last 21 years. According to an opinion poll in Karabakh in May 2010, 85 per cent of respondents see the region as independent from both Armenia and Azerbaijan, and 90 per cent want Armenia to withdraw from the peace talks and let the region find common ground with Azerbaijan on its own (Kambeck 2013: 56). The de facto Nagorno-Karabakh authorities also lay claim to territory outside of the former NKAO and still controlled by Baku, which they say represents 15 per cent of their current land mass (Freizer 2013: 9).

Understandably, the Nagorno-Karabakh population and political leaders demand at least a seat at the mediation table, if not global acceptance and recognition as a discrete region. In fact, the legal basis for the declaration of independence by Nagorno-Karabakh was enshrined in the Soviet constitution and was thus the same legal basis which the international community accepted for the recognition of the independence of Armenia, Azerbaijan and Georgia (Brok 2013: 105).

| Conclusion

In conclusion, the future of the on-going Nagorno-Karabakh conflict is heavily dependent on the political leadership of the two recognized countries involved. Both Azerbaijan and Armenia are highly centralized, leader-centric, with little sense of inclusivity, participation or democracy in decision making. Today, it seems that both Azerbaijan and Armenia are barely willing to derogate from their point of view (Freizer 2013: 8). As Thomas de Waal (2002: 270) argues in his book *Black Garden*, the Armenian-Azerbaijani conflict may not have been the worst of modern wars, but it has produced one of the worst peaces. In the post-ceasefire situation, misery blankets the region. The most miserable people are surely the half a million or so Azerbaijanis expelled from the regions in and around Nagorno-Karabakh in 1992–1994. Since then their position has barely improved. Even though today the situation in the capital cities and richer regions may paint another picture, poverty rates in Armenia and illiteracy rates in rural Azerbaijan are still alarmingly high. It is believed that Nagorno-Karabakh has one of the world's highest per capita human accident rates caused by mines and cluster ammunition (Kambeck 2013: 153). The conflict continues to have a deep impact on the development of the region. Unfortunately, the mediation of external actors has so far not lead to a sustainable solution. Any just solution to the Nagorno-Karabakh dispute will entail painful

compromises on both sides, and it will have to balance radically opposing principles. The Armenian–Azerbaijani confrontation is thus in urgent need of re-conceptualization (Broers 2015: 570). In order to foster peace and extinguish the self-fuelling violence and hatred in the Transcaucasus, a solution has to be found with the help and involvement of all actors in the conflict. The road map to peace must provide inclusive discussions, the expertise of civil society and honest engagement of the whole region – a process that will hopefully start soon.

| Bibliography

- Aliiev, I. (2013). Azerbaijan State TV coverage of Aliiev's speech, 26 June 2013. Online: www.youtube.com/watch?v=Wy1_eRRapOk [accessed: 16.10.2015].
- Broers, L. (2015). From «frozen conflict» to enduring rivalry: reassessing the Nagorny Karabakh conflict. *Nationalities Papers* 43 (4): 556–76.
- Brok, E. (2013). The EU's New Foreign Policy and Its Impact on the Nagorno-Karabakh Conflict. In Kambeck, M., and Ghazaryan, S. eds. (2013). *Europe's Next Avoidable War: Nagorno-Karabakh*. New York, NY: Palgrave Macmillan (103–16).
- Coene, F. (2010). *The Caucasus: an Introduction*. New York, Abingdon, Oxon: Routledge Press.
- Freizer, S. (2014). Twenty years after the Nagorny Karabakh ceasefire: an opportunity to move towards more inclusive conflict resolution. *Caucasus Survey* 1 (2), (109–22).
- Halbach, U. A Case Sui Generis: Nagorno-Karabakh in Comparison with Other Ethnic Conflicts in Eastern Europe. In Kambeck, M., and Ghazaryan, S. eds. (2013). *Europe's Next Avoidable War: Nagorno-Karabakh*. New York, NY: Palgrave Macmillan (43–60).
- Hille, Ch. (2010). *State Building and Conflict Resolution in the Caucasus*. Leiden, Boston.
- International Crisis Group. (2013). *Armenia and Azerbaijan: A Season of Risks*. Europe Briefing, 71. Online: <http://www.crisisgroup.org/~media/Files/europe/caucasus/b071-armenia-and-azerbaijan-a-season-of-risks.pdf> (accessed: 06.10.2015).

Kambeck, M. Conclusion: Realistic Scenarios and How to Avoid a War in Nagorno-Karabakh. In Kambeck, M. and Ghazaryan, S. eds. (2013). *Europe's Next Avoidable War: Nagorno-Karabakh*. New York, NY: Palgrave Macmillan (223–51).

Minasyan, S. The Nagorno-Karabakh Conflict in the Foreign, Military and Domestic Politics of Armenia: An Assessment. In Palonkorpi, M./Iskandaryan, A. (2013), (ed.). *Armenia's Foreign and Domestic Politics: Development trends*. Yerevan: Caucasus Institute and Aleksanteri Institute (18–28).

Sargsyan, S. (2010). Speech of the Armenian President Serge Sargsyan, 2010. Online: <http://asbarez.com> [accessed: 17.10.2015].

de Waal, T. (2013). *Black Garden: Armenia and Azerbaijan through Peace and War*. 10th ed. New York, London: New York University Press.

de Waal, T. (2003). *Black Garden: Armenia and Azerbaijan through Peace and War*. New York: New York University Press.

de Waal, T. (2010). *The Caucasus: An Introduction*. Oxford: Oxford Univ. Press.

| Lectures

Asadov F., Civil Society (Baku 01.09.2015).

Gulyiev, F., The Political System and the Nexus of Business, Oil and Political Elites in Azerbaijan (Baku 02.09.2015).

| Impressum

Publisher:
Swiss Study Foundation

Editorial department:
Cla Famos
Nathalie Ellington (coordination)
Tamara Brunner
Nicolas Hayoz

Design:
GYSIN [Konzept+Gestaltung], Chur

Print:
Sihldruck AG, Zurich

Picture credits:
Cla Famos 6, 16, 23, 24, 33, 34, 42, 52, 62

Swiss Study Foundation

Merkurstrasse 45

8032 Zurich

Phone +41 44 233 33 00

Fax +41 44 233 33 10

info@studienstiftung.ch

www.studienstiftung.ch