

A Western Strategy for the South Caucasus

Svante E. Cornell
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SILK ROAD PAPER
February 2015



*Central Asia- Caucasus Institute
Silk Road Studies Program*

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A Joint Transatlantic Research and Policy Center

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www.silkroadstudies.org

“A Western Strategy for the South Caucasus” is a *Silk Road Paper* published by the Central Asia-Caucasus Institute and Silk Road Studies Program, Joint Center. The Silk Road Papers Series is the Occasional Paper series of the Joint Center, and addresses topical and timely subjects. The Joint Center is a transatlantic independent and non-profit research and policy center. It has offices in Washington and Stockholm and is affiliated with the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University and the Stockholm-based Institute for Security and Development Policy. It is the first institution of its kind in Europe and North America, and is firmly established as a leading research and policy center, serving a large and diverse community of analysts, scholars, policy-watchers, business leaders, and journalists. The Joint Center is at the forefront of research on issues of conflict, security, and development in the region. Through its applied research, publications, research cooperation, public lectures, and seminars, it functions as a focal point for academic, policy, and public discussion regarding the region.

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© Central Asia-Caucasus Institute & Silk Road Studies Program, 2015

ISBN: 978-91-86635-85-5

Printed in Singapore

Distributed in North America by:

The Central Asia-Caucasus Institute
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1619 Massachusetts Ave. NW, Washington, D.C. 20036
Tel. +1-202-663-7723; Fax. +1-202-663-7785
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Distributed in Europe by:

The Silk Road Studies Program
Institute for Security and Development Policy
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Executive Summary

From a Western perspective, the Caucasus is far more important than its size alone would suggest. Its significance to the United States and Europe lies in its crucial geographical location. Its strategic importance derives from its location at the point of intersection between the key Eurasian powers of Russia, Iran and Turkey, and its central role in the burgeoning east-west transport corridor connecting Europe to Central Asia and beyond. The Caucasus is therefore key to any Western efforts to shape future interactions between Europe and the Middle East, and to Western commercial and strategic access to and from the heart of the Eurasian continent. At a time when the two most salient challenges to the transatlantic alliance are Russia's aggressive expansionism and the Islamic radicalism emanating from the Middle East, the Caucasus is a strategically important pressure point in *both* directions: a bulwark against both Moscow and the Islamic radicalism of the Middle East. The Iranian theocracy's continued efforts to expand its influence from Syria to Yemen, and the growing anti-Western authoritarianism with Islamist underpinnings in Turkey, further enhance the importance of this role.

These considerations alone should dictate a growing American and European engagement with the states of the Caucasus, but this has not occurred. Quite the contrary, Western influence in the region is at an all-time low. As Western influence has declined, and partly as a consequence of it, the region's development has stagnated. This stagnation is evident in areas as diverse as security, energy, governance, and human rights. Meanwhile, new challenges to the region's security and development have multiplied and strengthened, threatening its long-term viability and eroding important Western interests.

This situation is the result of a lack of strategic vision in the West and to a series of tactical errors. At the core of Western shortcomings in the Caucasus are serious flaws in the analytical lenses through which leaders and analysts perceive events in the region:

- A failure to grasp the changing nature and importance of the region's unresolved conflicts, particularly their transformation into key components of Russian geopolitical maneuvers.
- A failure to grasp the nature of regional politics, succumbing too often to a simplistic schema of "government versus opposition," when the real and relevant political divides have been equally *within* each of these groups.
- A failure to understand the inter-connection between security and democratic development, in particular the powerful negative effects of a worsened security situation on the prospects for internal political reform.

Compounding these analytical errors, several factors of a strategic nature have contributed to the West's failures in the Caucasus.

- The failure to embrace a regional approach to the Caucasus, focusing instead on bilateral relationships; and subordinating these to the West's ties with various regional powers.
- The failure to coordinate effectively legitimate interests in diverse areas, particularly between security and governance.
- The failure to grasp dynamic changes in the broader geopolitical environment, particularly internal changes in Russia and Turkey, which should enhance the potential role of the Caucasus in Western policy.

Western policymakers have also made serious mistakes that are operational in nature:

- Insufficient coordination between relevant governmental agencies in Western capitals and across the Atlantic.
- The assignment of the Caucasus and Central Asia to different organizational entities within Western governments has led to the neglect of Trans-Caspian connections.

- The resort to finger-pointing and hectoring in the promotion of democracy and human rights has been deeply ineffective, alienating governments rather than influencing them.

To remedy this situation, this paper calls for a new strategy toward the Caucasus. This strategy should rest on the following analytical components:

- All policies toward the Caucasus must be rooted in a regional rather than purely bilateral approach.
- Policies must be engineered in recognition of the diverse forms of Western interests in the region and must take into account the ways in which these interests interact with one another on the ground.
- Western powers should re-engage the region in the area of sovereignty and security, which will do more than anything else to pave the way for progress in other areas.
- The West cannot expect progress on governance and human rights without a clear commitment to security issues; conversely, the states of the Caucasus cannot expect Western support for their security without a commitment to governance and human rights.

On this basis, the paper offers the following proposals for a new Western approach to the region:

- Increase rhetorical and concrete support for the sovereignty, independence, and territorial integrity of all three of the regional states.
- Develop a substantial and sustained Western initiative on the Armenian-Azerbaijani conflict, including strong U.S. Government leadership from the top level and a willingness to bypass, if necessary, the Minsk process.
- Increase cooperation in defense and security.
- Provide Armenia a strategic alternative to the Eurasian Union.
- Seek ways to anchor Azerbaijan in the EU's Eastern Partnership.
- Adapt policies to improve governance and human rights to changing realities, including greater emphasis on improving effectiveness and accountability on the part of governments.

- Support the trans-Caucasus transport corridor as a “Land Suez” connecting Europe with both India and China, focusing especially on the role of businesses and of soft infrastructure.
- Improve and clarify intra-agency, inter-agency, as well as transatlantic coordination on issues relating to the Caucasus.

1. Introduction

With a combined population of less than 16 million and an area of 71,000 square miles, the independent states of the Caucasus cannot claim importance because of their size. Yet because of its location at multiple crossroads – most prominently the western access point to the Caspian Sea and Central Asia – and surrounded by large powers that play crucial roles in international security affairs, the Caucasus is a region of key strategic importance warranting a level of attention considerably beyond its size. This is the premise of this paper.¹

For the first decade and a half after the collapse of the Soviet Union, this notion guided Western, and particularly American, policies. During that period, U.S. administrations of both parties provided top-level attention to the region, as indicated most prominently by President Clinton's enthusiasm for the east-west energy corridor; U.S. efforts to resolve the Armenian-Azerbaijani conflict including an April 2001 summit in Key West; and President Bush's support for Georgia's transformation from 2003 onward, including a historic presidential visit in 2005.

This period of consistent attention produced important accomplishments. The new governments of the Caucasus built the foundations of independent statehood, and were rewarded with membership in the Council of Europe, an affirmation of their European identity. Simultaneously, the U.S. worked with Azer-

¹ A note on terminology: the Caucasus is conventionally understood to consist of two parts, the "North Caucasus" being under Russian control, and the independent states of the Caucasus – Armenia, Azerbaijan and Georgia, known as the "South Caucasus." These states were previously termed "Transcaucasia," a term that was largely abandoned following the collapse of the Soviet Union as it reflects a purely Russian-centric perception. However, the term "South Caucasus" is itself increasingly coming under criticism, as it ignores the historical and demographic connections between the Caucasus and adjacent territories in Iran and Turkey; this paper will use "Caucasus" as shorthand for the independent states of the Caucasus.

baijan and Georgia, as well as Turkey, to build the South Caucasus energy corridor, consisting of the Baku-Tbilisi-Ceyhan oil pipeline and the parallel Baku-Tbilisi-Erzurum gas pipeline, which strongly bolstered sovereignty and linked the region to the West. The value of Washington's relationships to the region's countries became clear in September 2001, as the independent states of the Caucasus – Azerbaijan and Georgia in particular – became crucial transit states for the war effort in Afghanistan. And while Georgia stagnated in the latter years of Eduard Shevardnadze's presidency, the U.S. helped foster the conditions that led to a peaceful transfer of power when public protests against a falsified election in 2003 erupted into the Rose Revolution. Crucially, during this period, all three countries of the region looked up to Western models and were receptive to Western suggestions.

From 2004 onward, an empowered EU now including a number of east European states also began developing relations with the region. As this occurred it became an increasingly influential force that came actively to develop a concrete policy toward its "eastern neighborhood," including the South Caucasus, leading up eventually to the launch of the Eastern Partnership in 2009.

Unfortunately, the picture in the past half-decade is very different, as the development of the region's security, energy, and governance has stagnated or receded. The Russian invasion of Georgia in 2008 demonstrated with chilling clarity that the states of the Caucasus could not rely upon the West to secure their sovereignty, and the West did little thereafter to change this notion. While significant financial aid helped Georgia to survive as a state, Western involvement in the Caucasus has declined since that event. The United States has not taken a serious initiative in the Armenian-Azerbaijani conflict since 2001 and its bilateral security cooperation with regional states has been increasingly limited to peacekeeping initiatives and training for anti-terror operations. All unresolved conflicts of the Caucasus are further from a solution today than they were a decade ago.

The economic development of the region, which has long depended upon the energy sector, has also stagnated. Little if any progress has been made on Trans-Caspian energy connections, and the development of infrastructure to connect

Caspian natural gas to Europe has been excruciatingly slow. In the absence of Western initiatives, Ankara and Baku have taken the lead by themselves. The United States no longer has a separate office or senior official working as a special envoy for Caspian energy, in spite of the success of earlier American leadership in this important sphere, and in spite of the leadership role it played in completing the southern energy corridor.² Similarly, there is little U.S. or European political attention to the Caucasus land corridor connecting Europe with Asia for civilian trade.

Finally, the political reform process of the region has stagnated or receded. Armenia saw violently contested presidential elections in 2008, in which the opposition was repressed, a dozen people killed, and numerous political prisoners held. In Azerbaijan, the conditions for dissident journalism, opposition forces, and foreign-funded civil society have progressively deteriorated as a result of new legislation and a series of widely publicized arrests of regime opponents. And in Georgia, long the poster child of democratic development, stagnation began to set in around 2009. The Saakashvili administration's final years were marked by widespread violations of property rights and judicial abuses. Thanks in great part to Western support, Georgia did hold democratic elections that led to a peaceful transfer of power. The successor Georgian Dream coalition, while addressing some of the shortcomings of its predecessor, has been less than receptive to Western advice regarding its political retribution against the former government.

Thus, three conclusions regarding the state of the Caucasus underpin the analysis in this paper. First, Western influence in the region is at an all-time low. Second, in parallel with the decline of Western influence, the threats to the region's security and development have grown considerably, threatening its long-term viability and in turn negatively affecting important Western interests.

² The position was abolished as its competencies were transferred to the newly created Bureau of Energy Resources in 2011; however, the Special Envoy and Coordinator for International Energy Affairs does not have a particular focus on Eurasian energy. The Principal Deputy Assistant Secretary, Ambassador Mary Warlick, has the relevant background and experience in the region, but does not have a job description that specifically reflects a focus on Eurasia. Furthermore, the promotion of Eurasian Energy is not one of the three core objectives of the Bureau, which is instead focused on "Energy diplomacy, energy transformation, and energy transparency and access."

Third and finally, the two previous conclusions are related: it is in great part because of reduced Western influence that the situation in the Caucasus is deteriorating.

This paper will argue that this situation is the result of a series of analytic failures and a lack of strategic vision, and to numerous tactical errors. Together, these have deeply eroded both the West's position in the region, and the security and development of the Caucasus. This is the more regrettable since the West, both the United States and the European Union, have much to gain and little to lose from a more strategic approach to this region, and to a more active pursuit of its interests. Happily, in a situation where there exist numerous and compelling competing demands on the attention of Western leaders, a more strategic approach to the Caucasus does not require substantial new commitments of financial resources or political capital. The key variables, we suggest, are clear strategy and more vigorous leadership in implementing it.

The following section of this paper addresses the key question: why does it matter? Why should Western leaders concern themselves with the Caucasus? The third section enumerates the principal failures of Western policy in recent years, while the fourth section discusses in detail the reasons for these failures. Finally, the paper concludes with recommendations for a more productive and beneficial approach to the region.

2. Western Interests: Why does the Caucasus Matter?

The key importance of the Caucasus lies in its crucial geographical location at the crossing point of both east-west and north-south corridors of transport and trade. For millennia the Caucasus has been a link (or buffer) between the Black and Caspian Sea regions, and thus between Europe and Asia (including both China and India) as well as between northern Europe, Russia, and the Middle East. Its key value lies in its location at the bottleneck of the east-west corridor connecting Europe with Central Asia and beyond; and simultaneously at the intersection of powers playing key roles in international politics, most prominently Russia, Iran, and Turkey. As a result, for the foreseeable future, the Caucasus is a key variable in Western efforts to shape the future of the intersection of Europe and the Middle East, and in any reaction to crises occurring in this wider area, while playing a central role in Western access to the heart of the Eurasian continent, whether it be for energy, transport, or military purposes.

Between Russia and ISIL: The Strategic Importance of the Caucasus

In the current unruly moment in international politics, the two most salient challenges to the transatlantic alliance are Russia's aggressive expansionism and the Islamic radicalism emanating from the Middle East. These twin challenges are fundamentally reshaping the security environment to Europe's east and south.

The Caucasus (together with Central Asia) is an important pressure point in both directions. On the one hand, the task of countering Putin's Russian imperialism goes beyond Ukraine, and requires a firm strategy of bolstering the states on Russia's southern periphery. On the other hand, the Caucasus and Central Asia include fully one half of secular Muslim-majority states in the world. These states may have far to go in terms of democratic development but,

importantly, their governments and populations are committed to the separation of state and religion, to secular laws, and to the protection of their citizens from religious diktats that would curtail basic rights. Thus, the Caucasus (and Central Asia) are bulwarks against both Moscow and the Islamic radicalism of the Middle East. Furthermore, in Iran the theocracy introduced in 1979 continues to control the country and assertively seeks to expand its regional influence, as events from Syria to Yemen indicate. And in Turkey, the deterioration of secular government has given rise to a growing anti-Western authoritarianism with Islamist underpinnings. These developments in Iran and Turkey make the importance of the Caucasus all the more prominent for Western policy.

The powers and areas surrounding the Caucasus are likely to generate numerous crises over the coming years that will require a Western response. The spread of the unrest in the Levant, potential internal unrest and/or economic crisis in Turkey, that country's Kurdish problem, possible militarization of the Black Sea, unrest resulting from the economic crisis in Russia, and escalation of violence in the North Caucasus – all of these are only some of the plausible developments that will require a Western response in which the Caucasus is an important asset for the West.

In sum, therefore, the Caucasus should figure prominently in the Western strategy to meet the two most imminent threats in Eastern Europe and the Middle East – revanchist Russia and the ISIL challenge – while similarly being part and parcel of long-term contingencies for a variety of challenges that could arise in the wider region.

The Bottleneck of the East-West Corridor

As regards the region's developing geo-economic role, a relevant analogy is the straits of Suez, Panama, Hormuz, or Malacca. The central role of these waterways is obvious. The Caucasus is a similar corridor, albeit a land link rather than sea link. Geography and politics combine to give it a similar role, the latter due to the demonstrated unreliability of both Russia and Iran as transport corridors for the landlocked areas of Central Asia. Over time, this role of the Caucasus is

bound to grow. Two examples in the past twenty years suggests the widely overlooked role of the Caucasus as a land bridge.

The first is the development of Eurasian energy resources, which were crucial to the economic and political independence of the states of the Caucasus and Central Asia, the only independent income stream that would enable these countries to consolidate their sovereignty. The creation of the pipeline system connecting the Caspian Sea via Turkey to Europe provided an opportunity to develop these resources while avoiding control by the former colonial overlord – most immediately for Azerbaijani resources, but in the longer term for those of Central Asia as well. This infrastructure broke the Russian monopoly over the transportation of energy resources; only after this was accomplished was China able to further shatter that monopoly through inroads into Central Asia, particularly the Turkmenistan-China gas pipeline. The bulk of Kazakhstan's oil and Turkmenistan's gas resources have yet to come online, and the further potential for the Caucasus to serve as a key corridor for these energy resources is enormous.

A second example is the aftermath of the terrorist attacks of September 11, 2001. Waging a war in the heart of the Eurasian continent, thousands of miles from the closest U.S. military bases, posed enormous logistical challenges to the United States. The rapid American response, leading to the crippling of the Taliban and Al Qaeda in Afghanistan, was possible only through the introduction of U.S. military power into Afghanistan via the Caucasus and Central Asia. When the U.S. expanded its troop levels in Afghanistan a decade later, the Caucasus corridor ensured that America was not solely dependent upon Northern Distribution Network (NDN) routes across Russia. Following the deterioration of U.S.-Russian relations in 2014, the Caucasus corridor will likely be crucial to any future Western presence in Afghanistan. Indeed, in early 2014 Russia on at least two occasions prevented the German Air Force from using Russian airspace to supply its military presence in Afghanistan.

Beyond these immediate concerns, the Caucasus is emerging as a crucial artery and the most efficient component of an emerging system of continental trade by land. Most east-west trade between China, India, and Europe at present is by

sea and air. But land routes across Eurasia provide a third option, which is far cheaper than air travel and much faster than sea routes. As in the case of the NDN, the Caucasus is far from the only route, but it is the best means of assuring that neither Russia nor Iran have a monopoly on these emerging transportation corridors. Considerable investments have already been made in port facilities in Georgia, Azerbaijan, and Turkmenistan as well as railroads across the region. The eruption of instability and conflict in the Caucasus will be a concern not just to major Western and regional oil and gas firms, but also to Chinese and Indian interests in uninterrupted trade between Asia and Europe. However it is viewed, the West has a serious and strategic interest in ensuring the open transport of energy and goods through the Caucasus, and in preventing surrounding powers from impeding that open system, whether through maneuvers by nominally private Russian oil or transport interests or by geostrategic overreach by neighboring states. The failure of the Caucasus to develop as an independent, efficient, well-managed, and self-governing corridor will leave control over this key Eurasian asset in the hands of either Russia or Iran. Decisions taken (or not taken) today will shape this outcome for the long-term.

A Conceptualization of Western Interests: Political, Economic, and Normative

Western interests, particularly in post-Communist Europe, are traditionally viewed as falling into three distinct groups: sovereignty and security; energy and trade; and governance.

Political Interests: Sovereignty and Security

Sovereignty is the foundation upon which all the West's other interests in the Caucasus are built, and without which they cannot be sustained. Only as sovereign, independent states can these countries be reliable partners and provide meaningful security cooperation. This was an important lesson of 9/11: the response of regional states to requests of assistance by the United States correlated exactly with the degree of their independence from Moscow. It is thus no surprise that Azerbaijan and Georgia, along with Uzbekistan and Ukraine, became the West's most active partners in the region. This is one of many ways in which

the security and territorial integrity of these states is important to the West. The persistence of unresolved territorial disputes and the unlawful occupation of considerable parts of the territory of two of the states pose daunting challenges to regional security. The 2008 war in Georgia and escalation of the Armenian-Azerbaijani conflict since 2010 manifest this challenge. Unresolved conflicts in the Caucasus threaten Western interests in three ways: first, as noted above, they endanger a globally important transport corridor; second, they provide an ongoing pretext for intervention by Russia but also Iran; and, third, they could lead to the subordination of the region once more to Russian or Iranian control, which is bound to give rise to direct and destabilizing conflict between those powers. For these reasons, the West has a deep interest in the resolution (or, in its absence, management) of the unresolved conflicts of the region, and in the creation of a reliable and sustainable security architecture there.

Geo-Economic Interests: Energy, Trade, and Commerce

The Caucasus corridor is an important factor in the diversification of sources of European energy. In a kind of circle of causation, this in turn enhances independence and sovereignty in the Caucasus and contributes to the economic sustainability of states there. So far, the West's main accomplishment in this area has been to provide a direct means for west Caspian (i.e. Azerbaijani) oil to reach European markets. In the coming decade the challenge will be to complete the provision of west Caspian natural gas to European markets by means of the Trans-Anatolian pipeline; and the provision of East Caspian (Kazakhstani and Turkmenistani) oil and natural gas resources to Europe by means of Trans-Caspian connections.

No less, the Caucasus is the most direct and hence crucial link in the emergence (or re-emergence, after centuries of dormancy) of land-based continent-wide trade corridors that connect China and India with Europe and the Middle East, and vice versa. It is now clear that there exists a large body of goods that are most efficiently transported across Eurasia not by air or sea but by land. Road and railroad routes for both these corridors come together in the Caucasus which is fated to become a kind of "Land Suez." International donors, national

governments, and international financial institutions have already spent tens of billions of dollars constructing the necessary infrastructure for these corridors. The corridor to China will be functional within several years, and the route to India and Southeast Asia will open by stages over the coming decade. Both converge at Baku and progress thence to Poti, Batumi, and by land or sea to the Bosphorus.

In times of conflict, access to these corridors will be important to the West – as already proved to be the case during the war in Afghanistan. Thus, the Caucasus land-bridge will be of increasing importance both to Western commercial and security interests.

Normative Interests: Rights and Governance

Both the United States and Europe seek to promote responsive, open, and democratic systems of government, secular systems of law, the rights of citizens, and the freedom to practice or not practice religion. They do this out of principle but also from the knowledge, based on their own experience, that these values are the best long-term guarantors of stability and security. Precisely for this reason they are bound to seek to advance these objectives in the three independent states of the Caucasus. This concern for what might be called “issues of rights and governance” takes several forms. First, it seeks to assist in the development and maintenance of state institutions able to uphold law and order, devoid of corruption, and provide basic public goods to the citizens of the region. Second, it seeks to build or maintain secular forms of government, providing equal treatment for citizens irrespective of ethnic origin, gender, or religious conviction, including protection *from* domestic or foreign religious extremism. Third, it encourages the development of accountable and democratic government institutions that respect the rights of their citizens.

Concrete Western Interests

The previous section was loosely structured around the tripartite division that has long been accepted in both Europe and the United States, namely between political and strategic interests, economic interests, and interests in rights and

governance. This division gained currency after its appearance in the Helsinki Final Act of 1975.

Foreign ministries and other governmental agencies were expected to prepare reports under these three headings, and over time they adjusted their organizational structure for that purpose. Over time these new arrangements hardened into formal structures. Following the timeless laws of bureaucracies, these structures expanded and “horizontal” contact among them diminished.

This was both convenient and necessary for the purpose of reporting but it greatly distorted analytical work on foreign policy and the organizational processes needed to execute policy successfully. Worse, it gave rise to the dual misconceptions that the three areas are utterly distinct from one another and that they exist in some unstated hierarchical relation to each other. Neither is true. However, it should be noted that the purpose of this three-part formulation was to enable all three sides present – Soviets, Europeans and Americans – to describe their interactions in ways acceptable to the others. While these may overlap to some extent with a statement of interests, it should be stressed that these categories were never intended in the past to, nor do they now, embody the actual interests of the U.S. or EU in, say, the Caucasus. This is partly because they are too general and too vague.

As a consequence, it is appropriate to restate the Western interests in the Caucasus, not in terms of the old Helsinki structure but in more specific and concrete terms:

- To have stable, sovereign and self-governing states in the Caucasus; controlled by none of their neighboring powers; and cooperating actively with Western governments and institutions on regional security, counter-terrorism, and conflict resolution.
- For the conflicts of the Caucasus to be placed on a path toward long-term and peaceful resolution, within the framework of international law, and with the degree of manipulation of external powers minimized.

- For the Caucasus to be a zone of secular states and laws in a geographical environment that includes theocratic Iran, Iraq, the North Caucasus, and Turkey.
- To have the Caucasus evolve gradually but assuredly into a zone of self-governing, law-based states that respect human rights, are free of corruption, and are responsive to citizens' needs.
- To be, in the long term, an eastern extension of Euro-Atlantic values in governance, information, education, culture, and human rights that might serve as a model to neighbors and others elsewhere.
- For the Caucasus to be a source and transit corridor for energy, in particular contributing to diversifying the sources of Europe's energy supplies.
- For the Caucasus to function as a reliable territory for Western access by land and air to and from Central and South Asia.
- To develop an important export-import corridor for the EU, China, and India not controlled by any of them but protected by all; this includes the land corridor across the Caucasus, but also the Black Sea, which should be a zone of maritime diversity, thus countering pressures to make it the zone of special interest of any one country.
- For all three countries of the Caucasus to be a potential locus for investment and markets, as well as a potential outsourcing base.

3. A Decade of Missteps

From the standpoint of Western interests in the Caucasus, the past decade presents a litany of missteps. To be sure, there are significant exceptions, notably the transformation of Georgia from a failing state in 2003 to a troubled but functioning state today, and the opening of the Baku-Tbilisi-Ceyhan pipeline, which led directly to Azerbaijan's dramatic economic growth. But these gains were a product of successful Western policies dating to the first fifteen years of independence and have not been followed by others. And even they are at risk today, in large part due to Western neglect since about 2006. This section lists the most apparent and consequential missteps of Western policy.

Failure to Make the Armenian-Azerbaijani Conflict a Priority

America and Europe consciously chose not to invest their authority in the resolution of the Armenian-Azerbaijani conflict, in spite of that conflict's central role in the insecurity of the Caucasus, and in spite of its gradual escalation. While the U.S. and France, alongside Russia, have been co-chairs of the OSCE Minsk Group since 1997, the level of effort and energy spent on this conflict has been decidedly limited. The Minsk Group was comparatively active in 1997-2001, with a series of proposals and the failed summit at Key West, Florida, in April 2001. Following Key West, efforts were sporadic – a French-led initiative in 2006, and the dubious Russian-led talks in 2009-11. The lack of Western commitment to the talks is best illustrated by the absence of sustained high-level engagement on the issue. As a result, the West has been correctly perceived as dodging the most central security issue in the region, affecting perceptions on all areas of Western interests.

Over time, the West did not acknowledge that the balance of power in the conflict was shifting. The 1992-94 war left Armenia in control of the disputed territory and seven adjoining Azerbaijani districts, but Azerbaijan's economic boom allowed it to increase its military budget to a level exceeding Armenia's state budget. This made the status quo increasingly untenable, and amplified risks of escalation.

After the Russian invasion of Georgia, the West did not probe into the causes of its failure to prevent the escalation of a "frozen" conflict into an active war, or the deeper implications of those conflicts for the European security order as a whole. A sober and probing analysis might have concluded that it was now urgently important to focus serious attention on the Armenian-Azerbaijani conflict. Instead, American and European leaders shifted their attention to Turkish-Armenian relations, as discussed below, and chose to leave leadership of the Karabakh issue to the Russians, even though they had only recently invaded Georgia.

President Medvedev's initiative on Karabakh, announced in October 2008, was a transparent effort to indicate to all countries of the region and beyond that Moscow alone would henceforth be the arbiter of war and peace in the Caucasus. Far from objecting to this blatant usurpation, the Western powers gratefully went along with it, and continued to support it down to its collapse at a summit in Kazan in June 2011. It was convenient for the West to accept the false premise that Russia would have any interest in resolving the Armenia-Azerbaijan conflict. This ignored the fact that resolution of the conflict would eliminate Armenia's security dependence on Russia and thus allow Armenia to conduct an independent foreign policy based on its national interests. Armenia's abrupt decision in 2013 to ignore years of hard work by its government and diplomats and reverse its decision to sign the EU's Association Agreement was a clear demonstration of the reasons why Russia wanted the Armenian-Azerbaijani conflict to remain unresolved.

Failure to Address Russian Disregard of International Treaties

During the second Chechen war in 1999-2003, Russia was allowed to violate the Treaty on Conventional Forces in Europe (CFE) to use additional military equipment and forces in the North Caucasus. Western countries turned a blind eye to that violation. In 2007, Russia suspended its participation in the CFE treaty and in 2008 it formally announced its withdrawal from the treaty, with no consequences. Months later, it invaded Georgia. Meanwhile, nothing was done to develop international security mechanisms that could ensure the sovereignty of the countries lacking a collective security mechanism, namely Azerbaijan, Georgia, Moldova, and Ukraine. In this security vacuum, and in the context of the confrontation in Ukraine, Russia is unpredictable and could make unexpected moves of a military nature, particularly in the Caucasus. A further escalation in Ukraine could easily lead Russia to make a major military move in the Caucasus, for example to sever the East-West corridor. There is little indication of Western preparedness to forestall or address such a scenario, or any other potential scenario of aggressive Russian moves.

Failure to Prevent the Escalation to War in Georgia

In spite of strong indications of a spiral of escalation as early as 2006, the West failed to perceive and act upon the mounting evidence of looming Russian military aggression against Georgia. When the issue finally gained serious international attention in the spring of 2008, Moscow had already completed preparations for their invasion of Georgia. Among other shortcomings, the West failed to grasp the implications of its own actions in recognizing Kosovo's independence from Serbia, which Putin took as justification for its recognition of the captured Georgian territories of Abkhazia and South Ossetia. A second important shortcoming was the West's inability to grasp the implication of the Bucharest NATO Summit's decision in April 2008 not to grant Membership Action Plans to Georgia and Ukraine. Mr. Putin correctly read this as a sign of irresolution on the part of the NATO allies. Beyond this, the Western powers further damaged their own interests in this period by continuing to pay lip service to the Russian-led "peacekeeping missions" in South Ossetia and Abkhazia, and by failing to

respond to the blatant transformation of Russia as well as its “peacekeepers” into a direct party to the conflicts.

Wrong Signals to Moscow after the War in Georgia

The West did not acknowledge the implications of the Russian invasion of Georgia for the viability of the post-Cold War security order in Europe.³ Russia refused to implement the cease-fire agreement it had signed, and instead deepened its occupation of former Georgian territories. The West did not provide an adequate response. While the EU did deploy an important monitoring mission, it abandoned within months the sanctions it had imposed on Russia. As for the U.S., rather than causing Russia to pay a price for its invasion of an independent state, Washington rewarded it with the “Reset” initiative, which it used to push the issue on to the back burner. In hindsight, the West’s weak response to Russia’s invasion of Georgia led the Kremlin to conclude that it could get away with an even more brazen move against Ukraine without lasting, serious consequences. Russia’s actions in Ukraine cannot be understood without due attention to the Georgia precedent.

Failure to Provide Georgia the Capability to Defend Itself

Following Russia’s invasion, the West actually *curtailed* its sale of military equipment to Georgia. Over the years down to the NATO summit of September 2014, Georgia remained unable to acquire such defensive weaponry as anti-tank batteries and air defense systems from the United States or European allies. Russia’s leaders (as well as those of all three states of the Caucasus) interpreted this policy as a sign of the West’s deference to Putin. To Georgians it seemed as if the West was punishing the victim. In Ukraine in 2014, the West responded to Russia’s mounting military pressure by adhering to the same faulty policy of

³ See James Sherr, “The Implications of the Georgia War for European Security”, in Svante E. Cornell and S. Frederick Starr, eds., *The Guns of August 2008: Russia’s War in Georgia*, Armonk: M.E. Sharpe, 2009, 196-224.

not supplying even defensive weapons on the grounds that to do so would constitute an “escalation.” This doubtless corresponded to the calculations of Russian military planners as they prepared to launch the invasion of Ukraine.

Prioritizing the Turkish-Armenian Reconciliation Process

The Turkish-Armenian reconciliation process remains the Obama administration’s single serious initiative in the Caucasus. The extent to which this was launched for domestic reasons, relating to Obama’s campaign promises to support the designation of the massacres of Armenians in the Ottoman Empire as genocide, is open to debate. Whatever its origins, the logic of the initiative was fatally flawed.

First, it was predicated on forcibly de-linking the Turkish-Armenian relationship from the Armenian-Azerbaijani conflict. This signaled that resolving the Armenian-Azerbaijani dispute had been moved off even from the proverbial back burner to which the U.S. government had relegated it since the failed Key West talks of 2001. Second, it ignored Turkey’s commitment to Azerbaijan that it would not open its border with Armenia until the Karabakh problem was on a path to resolution, a position that enjoyed strong popular support in Turkey. In other words, the U.S. initiative presupposed a radical reordering of Turkey’s priorities. This was a tall order without Armenia making significant concessions regarding the Azerbaijani territories under its occupation, something that was never considered. Third, the initiative rested on the flawed assumption that if Armenia could normalize its ties with Turkey, Yerevan would be more willing to compromise on Mountainous Karabakh. This overlooked the reality that the Armenian government would need to spend so much political capital on the protocols with Turkey that it would be in no position to make other concessions, even under the unlikely assumption that it would be inclined to do so. Moreover, by offering Armenia up front a key benefit it was only supposed to secure through negotiations with Azerbaijan, the Obama administration’s push for normalized Armenia-Turkey relations in the absence of a breakthrough between Armenia and Azerbaijan doomed the Minsk Group process to failure. Secure in its knowledge that the Obama Administration was now on its side, Yerevan

walked back several crucial concessions it had previously made regarding a framework agreement to settle the Mountainous Karabakh conflict.⁴

Finally, the effort was driven by the hope of reducing Russia's influence over Armenia while simultaneously depending on Russian cooperation to make it succeed. This hope reflected the erroneous assumption that Russia would easily allow Armenia to escape its dependency on Russia – which would mean for the entire South Caucasus to strategically detach from Russian influence and accelerate Western integration. Together, these factors doomed Obama's Turkish-Armenian initiative and set back progress in the Caucasus.

Failure to Grasp the Regional Character of Russian Policy

These several examples illustrate a larger problem: the West's refusal to accept that Russia's policy towards each country in the post-Soviet space is part of an integrated strategy with a single goal – to restore Moscow's primacy across these territories. Its chosen means include diplomacy, economic pressures and, when necessary, military measures. Subversion, infiltration, and blackmail are not excluded. By responding only to Russia's tactics (and that, selectively) and not to its strategy, the West stood by passively in the face of Moscow's "peace" initiative in Karabakh and its successful effort in 2013 to prevent Armenia from concluding an Association Agreement with the European Union.⁵

European Incoherence on Territorial Integrity

During 2011-13, the European Union sought to get both Armenia and Azerbaijan to conclude Association Agreements within the framework of the Eastern Partnership; neither did so. When the EU wanted to sign such agreements with Georgia and Moldova it had included identical language on its commitment to the "territorial integrity" of both countries. But then, in hopes of getting a similar agreement with Armenia, it backed away from this principled stand in the draft

⁴ Communication to authors from leading Western diplomats involved in the Minsk process.

⁵ S. Frederick Starr and Svante E. Cornell, "Tactics and Strategies in the Putinist Project," in Starr and Cornell, eds., *Putin's Grand Strategy: The Eurasian Union and Its Discontents*, Washington and Stockholm: Central Asia-Caucasus Institute & Silk Road Studies Program, 2014 (<http://silkroadstudies.org/publications/silkroad-papers-and-monographs/item/13053>).

documents to be signed with Azerbaijan. By so doing, the EU winked at Armenia's occupation of Azerbaijani territory and all but guaranteed that Azerbaijan would not associate itself with the EU. In spite of the EU having thus compromised its own principles in the name of expediency, it took only one meeting for Vladimir Putin to coerce Armenia's president into abandoning the European agreement, already planned for signing, and opting instead for the Eurasian Customs Union.

The principle of territorial integrity found renewed support in Western rhetoric following Russia's brazen annexation of Crimea. But Western leaders have yet to recognize the substantial parallels between Crimea and Karabakh. It is true that Armenia's annexation of Karabakh is *de facto* rather than formal; yet the unwillingness by the EU, but also the U.S., to apply the same principle to similar situations undermines the credibility of Western governments.

Disengagement from Energy Issues

The major achievement of Western policy in the first decade of independence was the creation of the energy corridor linking the west Caspian to Turkey and beyond. This did more than anything else to strengthen the sovereignty of Azerbaijan and Georgia and to revive a transport route between Central Asia and the West. But once the Baku-Tbilisi-Ceyhan pipeline opened, the United States began disengaging from its leading role in the energy politics of the region. The European Union gradually sought to pick up the slack. But the fact that energy was not part of the 1956 Rome Treaty assured that the EU only gradually emerged as a player in the energy field and is as yet in no position to replace the United States' role in the Caucasus. When the EU failed in its attempt to promote the Nabucco gas pipeline, the concept, with much delay, had to be salvaged by a bilateral Turkish-Azerbaijani pipeline project, the Trans-Anatolian Pipeline (TANAP). Related to this, efforts to promote a Trans-Caspian pipeline to bring Turkmen and Kazakh gas across the Caspian have also flagged in part due to ineffective backing from the West.

Energy producers in Central Asia face a changing strategic environment. The soft power preferred by both the EU and the U.S. was unable to match Russia's

assertive political-military policy and China's growing economic engagement in the region. In order to avoid growing dependency on Russian transit, producers in Central Asia directed part of their exports towards China, via newly developed natural gas and oil pipeline infrastructure funded by Chinese government loans. These developments reflected the weakening of strategic ties between the regional actors in the Black Sea-Caspian region that had been built for more than a decade around energy and transportation infrastructure.

The Diminishing Effectiveness of Democracy Promotion

Western efforts to promote democracy across the region have also foundered, and U.S. and EU leverage in these matters is sharply diminished. True, there have been gains, notably in Georgia following the 2003 Rose Revolution, and the peaceful transition of power there in 2012-13. But meanwhile the position of both Azerbaijan and Armenia in rankings of democracy and human rights have fallen. Advice from Western governments and NGOs are brushed aside in ways that would have been unthinkable a decade ago. The negative trend seen in Armenia and Azerbaijan is increasingly present in Georgia as well. Beginning in the last several years of the Saakashvili administration, the West was unable to affect the control of the judiciary by the executive, and a concomitant deterioration of the business environment and property rights violations. The Georgian Dream coalition that replaced Saakashvili initially seemed attuned to Western criticism and advice but this is no longer the case. The administration continued to engage in judicial proceedings against members of the former government that have been widely criticized for being politically motivated; it also used the same tactic, in spite of Western opposition, to target the leading pro-Western politician within the coalition itself, Defense Minister Irakli Alasania, leading to the removal of the strongest pro-Western faction in the government.

Failure to Counter Russian Efforts to Undermine Georgia's European Orientation

Initially, the Georgian Dream coalition attempted to normalize relations with Russia, even as it pursued Euro-Atlantic integration. This could only have succeeded with strong Western support. But Russia indicated that it would not reciprocate the conciliatory policy that Georgia simultaneously pursued. While opening Russian markets to Georgian products, Moscow also erected a barbed wire barrier along the administrative boundary between Georgia and South Ossetia; engineered a coup in Abkhazia that removed an independent-minded leader and installed a pro-Russian one; and engaged in massive efforts to infiltrate and subvert Georgian civil society groups. America and Europe left Georgia to deal with these threats on its own, neglecting even to issue clearly worded statements in response to Russian aggression.

The Downward Spiral of the U.S.-Azerbaijan Relationship

No bilateral relationship with countries of the Caucasus is more striking and more unsettling than the downward spiral of the U.S.-Azerbaijan relationship. What was once a functioning strategic partnership is today a scene of bitter acrimony on both sides. Azerbaijan's actions bear partial responsibility for this, but the U.S. is also to blame. How could the U.S. have allowed a relationship with a geo-strategically pivotal country like Azerbaijan to deteriorate so badly, and without taking serious and visible efforts to engage its leadership? The proximate cause for the deterioration has been Azerbaijan's domestic rights record, which warrants legitimate criticism. However, the U.S. failed to perceive and acknowledge the intimate link between Azerbaijan's domestic actions and its security situation, notably mounting Russian pressure, the Armenian-Azerbaijani conflict, and Russia's manipulation of it. It also failed to factor in the significance of internal domestic rivalries in Azerbaijan. Rather than seeking a comprehensive dialogue with Baku that would include serious discussion of all issues in the bilateral relationship – security issues, the unresolved conflict, energy and trade, as well as issues of democracy and human rights – it chose the ineffective and fruitless path of publicly censuring the Azerbaijani government.

Lack of Policy on Armenia

A paradox of Western policy towards the Caucasus is the lack of a clear policy towards Armenia. While Armenia remains a major *per capita* recipient of U.S. and EU aid, the policy initiatives are limited and driven by the desire to maintain the *status quo* both in terms of the internal political process, as well as in external relationships. Western policy makers also appear to accept that Russia for the foreseeable future will remain the guarantor of Armenia's security at the price of curtailing Armenia's sovereignty. In this context, it appears that the West abandons Armenia to the fate of remaining in the Russian security, economic, and governance space for the foreseeable future, unless Russia itself decides to change the existing *status quo*.

Failure to Factor the Caucasus into Policies towards Iran

The U.S.-Iranian relationship is of great importance to all three countries of the Caucasus. Yet while coordinating their talks with Teheran closely with Russia, the U.S. and its Western allies have failed to take into consideration their implications for Armenia, Georgia, and Azerbaijan. Nor have they factored their own interests in the Caucasus into their negotiations with Iran. Indeed, it is fair to say that the EU and U.S. have conducted their negotiations with Iran as if the Caucasus states do not exist, or are not a factor in the region – while the implications for Israel or Saudi Arabia are frequently mentioned, this is not the case for the Caucasus. The U.S. president in 2013 congratulated Hassan Rouhani on his election in Iran, even though the electoral process banned all but a handful of “safe” candidates and Iran remained under UN sanctions. Meanwhile, he chose not to congratulate Ilham Aliyev on his re-election in Azerbaijan. Baku understandably took this as evidence of the costs versus benefits of its relations with the United States, a partnership which had been built in part on common apprehension of the regional threat posed by Iran.

Exclusion of the Caucasus in the New Silk Road Strategy

In July 2011, Secretary of State Hillary Clinton announced what she termed a “New Silk Road Strategy” to forge transport links between Central and Southeast Asia via Afghanistan. Seen as an engine for development of the entire region, this otherwise promising initiative failed to extend the transport web from India to Europe via the Caucasus. Only three years later did the U.S. move to correct this oversight. This misstep has had three negative consequences. First, because it did not seek to connect India and the West, America’s New Silk Road strategy severely limited its potential benefits for Afghanistan, Pakistan, India, and Central Asia, especially Turkmenistan. Second, because of the absence of a vigorous connection between the Caucasus and the East, it hamstrung the U.S.’s own efforts to transform the Caucasus into a strategic corridor of *two-way* transport of goods, as well as energy. Third, except for the European Union’s glacially slow Transport Corridor Europe Caucasus Asia (TRACECA) project, it left the larger issue of regional transport and trade via the Caucasus to local development. The main external involvement has come not from Europe or the U.S. but from Turkey and China. Significantly, this has enabled both Russia and Iran to present their territories as competitor routes to the Caucasus, with grave potential implications for the long-term economic viability and even sovereignty of Azerbaijan and Georgia.

4. The Causes of Failure

The multiple failures of Western policy in the Caucasus cannot be traced to a single cause, either in the European Union or United States. They result instead from a dearth of strategic vision on both sides of the Atlantic. It should be acknowledged at the outset that Western failures must be traced in part to such underlying factors as the impact of the 2008 financial crisis. Indeed, that crisis pushed a number of pressing issues on to the backburner, as the Western powers fought to salvage their financial system. For several years thereafter, both America and Europe focused primarily on such domestic affairs as the Eurozone crisis, and the mushrooming U.S. deficit. But to friends and foes alike, the West has appeared aloof and weak.

In spite of these urgent pressures, the West was able to focus its energies and commit significant resources when it felt so inclined – as in the creation of the Eastern Partnership, or the ultimately unsuccessful attempt to bring about a Turkish-Armenian rapprochement. Diminished Western influence is not simply the result of distractions elsewhere. Rather, the failures arise from a range of causes that fall into three categories: analytical; strategic; and systemic, e.g. organizational and operational.

Analytical Flaws

At the basis of Western failures in the Caucasus lie serious flaws in the analytical lenses through which Western leaders and analysts perceive events in the region. The following analytical failures are explored in detail below:

- A failure to grasp the changing nature and importance of the region's unresolved conflicts. Instead, the West continued to view these as inter-communal, long after they had emerged as key components of Russian geopolitics.

- A failure to grasp the nature of domestic politics, succumbing too often to a purported division into “government versus opposition” when the real and relevant political divides were equally *within* each of these camps.
- A failure to understand the inter-connection between security and democratic development, in particular the powerful negative effects of a worsened security situation on the prospects for internal political reform.

Misperceptions of Unresolved Conflicts

A deep strategic failure on the part of the West has been its inability to grasp the importance and evolving nature of the unresolved conflicts in the Caucasus (as well as Moldova). These so-called “frozen conflicts” all began in the late Soviet era as inter-communal conflicts involving real and deep animosities. Those remain, but have now been overshadowed by Russia’s geopolitical manipulation of the conflicts in order to advance its neo-imperial ambitions. By 2005, Moscow had asserted its effective control over the separatist territories in Georgia, Abkhazia, and South Ossetia (as well as Transnistria). The tactics it employed to achieve this have included the distribution of Russian passports in disputed territories, the appointment of Russian security and military officers to key roles in separatist governments, and the expansion of Russian economic control over these entities. Russia was able to play a more indirect but no less important role in Karabakh, thanks to its increasingly close defense and security relationship with Armenia. In a move that inevitably fanned regional hostilities, Russia sold large quantities of arms to Azerbaijan while at the same time providing them free or at discounted rates to Armenia.

Such measures indicate the extent to which Russia utilizes unresolved conflicts to undermine the statehood of the two pro-Western countries in the region, Azerbaijan and Georgia, while simultaneously securing its control over Armenia and Georgia’s Russian-oriented secessionist territories. Moscow sees unresolved conflicts as a handy tool for thwarting the spread of Western institutions into its neighborhood.

Analysts in Western governments have failed to grasp the importance of this development. Consequently, American and European officials have failed to mount serious efforts to resolve the conflicts that Russia is so deftly exploiting. In 2006-08, the West did not respond meaningfully to Tbilisi's desperate pleas to internationalize Russian-dominated peacekeeping and negotiation mechanisms. Instead, Western leaders persisted in viewing the conflicts as internal matters involving Tbilisi and its secessionist entities. In so doing they proved themselves unable or unwilling to recognize that these territories were effectively under increasingly direct Russian control. In the case of Karabakh, Paris and Washington supported the *process* of conflict resolution through the Minsk Group, without actively seeking and demanding concrete results or otherwise responding to Moscow's manipulations. With important exceptions, both Paris and Washington entrusted these complex negotiations to mid-career diplomats with little or no prior experience in the region or in peace negotiations. As noted above, Western leaders in 2009 even allowed Russia to take the lead in the negotiations, although overwhelming evidence suggested Moscow was not interested in any solution to the conflict unless that would cement Russia's regional dominance – at the expense of both Western interests and the sovereignty of Armenia and Azerbaijan.

Russia's strategy in Ukraine must be seen in this light. It is now clear that Vladimir Putin concluded that deploying the tool of "frozen conflicts" in Crimea and then in eastern Ukraine would leave Russia free to continue to undermine Ukrainian statehood itself, and kill the possibility of Ukraine's future membership in the European Union or NATO. Of the six states in the European Union's Eastern Partnership, only the two that are members of the Russian-led Collective Security Treaty Organization and of the Eurasian Union (Armenia and Belarus) have no unresolved conflicts on their territory. The other four all aspire to closer ties to the West but are paying a heavy price in terms of sovereignty lost through the manipulation of unresolved territorial conflicts.

Failure to Grasp the Nature of the Region's Politics

Most European and American analyses of the Caucasus, both those openly published and classified, rely on the simplistic notion of “government versus opposition.” This formulation assumes that the governments are monolithic. Meanwhile, oppositional forces – whether opposition parties or NGOs led by opponents of the governments – are assumed to be supporters of democracy and thus allies of the West. In reality, all three governments in the Caucasus are themselves divided, with some individuals and groups pursuing national objectives; others under the direct sway of external parties, notably Russia; and still others pursuing personal agendas. Similarly, oppositionists in all three countries are split into diverse factions, some of which are commendably independent but others of which have fallen under the direct sway of foreign powers.

Western analyses have also viewed the politics of the Caucasus as the interaction between the formal government and the formal opposition. Countries where governments dominate and where opposition forces are marginalized are assumed to be “dictatorships” with no meaningful politics. This formulation ignores the very real political rivalries *within* governments and among oppositionists. These conceptual errors especially distort the West’s picture of Azerbaijan. Because the formal opposition is marginalized, American and European observers have generally assumed that President Aliyev exercises autocratic power. On this basis they pay little attention to intra-government politics. But closer study of Azerbaijan’s politics reveals that the government itself consists of autonomous fiefdoms, most of which have deep roots reaching back to the 1990s.⁶ Notwithstanding the formidable powers which the Constitution accords the President, the masters of these fiefdoms have shown an ability to effectively circumscribe his powers.

Since Ilham Aliyev became president in 2003, such forces and the agencies they control have resisted many of the President’s policies, especially those championed by his Ministry of Foreign Affairs. Internal rivalries can debilitate effective

⁶ See, for example, Svante E. Cornell, *Azerbaijan since Independence*, Armonk NY: M.E. Sharpe, 2010, pp. 162-198.

governance anywhere. But in Azerbaijan, two factors exacerbate them: first, these forces are strongest in the chief repressive organs of the state; second, they have a thinly disguised (and in some cases overtly stated) affinity for Russia over the West, and maintain close ties to counterparts in Moscow that date back to the Soviet period.

President Aliyev and his appointees have consistently sought to deepen his country's relations with the West, but resilient forces whose positions date back to before Aliyev came to power in 2003 have used their power to repress civil society organizations and cracked down on dissidents at times that have often appeared chosen *specifically* to undermine the country's relations with the West.

This dynamic, which has its parallels in both Armenia and Georgia, poses a frontal challenge to Western policy. Washington and Brussels have both linked improved relations in all areas with the advance of democratic reforms and respect for human rights. While certainly laudable in principle, the West has applied this formula in such a way as to give the most anti-Western forces in the government (and thus their foreign backers) a *de facto* veto over Azerbaijan's relations with the West. By allowing itself to be guided by the actions of the most repressive factions within divided governments, the West inadvertently strengthens those very elements while undermining proponents of reform.

In the case of Azerbaijan, Western actions in response to deplorable acts of repression have reinforced the most retrograde elements in the government and further isolated the very forces in both society and government the West pledged to support. By curtailing engagement in other areas of common interest, e.g., security and energy, American and European leaders have inadvertently alienated some of their closest potential partners in the region.

In defense of American diplomats on the ground, it should be noted that leaked diplomatic cables reflect their more realistic grasp of this situation. But at least until recently, this understanding does not appear to have been shared by those in the higher echelons of Western governments.

Western analyses of opposition forces in the Caucasus are similarly flawed, for they rest on the dubious assumption that forces using the rhetoric of democracy

are necessarily democrats. Once again it is convenient to cite the example of Azerbaijan. The united opposition forces there are routinely assumed to be friends of democracy and of the West. Yet in 2013 their candidate for the presidency was playwright Rustam Ibragimbekov, a Russian citizen who served as a member of the Union of Azerbaijani Organizations in Russia, an organization created by Vladimir Putin to pressure the Azerbaijani government.⁷ Such realities challenge the prevailing analytic paradigm, yet the West has chosen to ignore them.

Similar problems arose with respect to Georgia. Nino Burjanadze, a former speaker of parliament and twice interim president, earned respect in Western capitals while in the government, and when she split with President Saakashvili in the spring of 2008. She became the “go-to person” for Western media, which covered her criticism of the government, but ignored her well-documented links to Moscow. In recent years she has become one of the most outspoken critics of Georgia’s NATO membership aspirations and an advocate for closer ties with Moscow.

In sum, Western analyses of the politics of the Caucasus states and the policies based on them are grounded on a simplistic formula of “government versus opposition.” While useful as a starting point, such an approach distorts reality if it fails to delve more deeply into both of these elements and to ferret out the dichotomies and internal tensions within each of them. Absent such an analysis, we are left with a simplistic caricature of reality that is a poor basis for policy. This has seriously hampered Western efforts to promote governance reform and democratic development in the region, and led to doubts about the motives of Western policies.

Failure to Understand the Interrelationship between Security and Democratic Development

The West has defined categories of goals with respect to the Caucasus but largely ignored the complex interrelationships and tensions that exist between

⁷ Shain Abbasov, “Azerbaijan: Is the Kremlin Up to Old Tricks?” *Eurasianet*, March 12, 2013 (<http://www.eurasianet.org/node/66677>).

them. On the analytical level, this policy breakdown is rooted in the widespread acceptance of the “transition paradigm” that prevailed during the 1990s. This hypothesis held that countries moving away from a single-party command economy would inevitably evolve in the direction of liberal democracy.⁸ But as political scientists have argued subsequently, Western policy-makers consistently underestimated the challenge of building new state entities on the ashes of the Soviet Union. Specifically, they underestimated the difficulty of introducing private property at the same time as statehood was being built. This led everywhere to a fusion of political and economic power as officials claimed control over the most valuable economic assets. The questionable legality of this process provided a powerful incentive to thwart democratic reform.

Another element was the consistent underestimation of Russia’s desire and ability to subvert state institutions and co-opt high officials in post-Soviet countries. This activity focused particularly on the “power ministries” that maintained old ties to the Russian security services.

Towering above both of these factors is the degree to which Westerners failed to grasp a fundamental of post-colonial development, namely, the fact that since George Washington’s day, nationally-minded leaders in post-colonial states have taken the preservation and consolidation of sovereignty as their first priority, indeed as a *sine qua non* for future democratic progress.

However, the instruments and methods the West has employed to promote democracy have remained constant over the past twenty years, failing to adjust to the changing character of both statehood and security challenges in the region. American and European leaders have continued to urge the liberalization of political systems, arguing that such steps would improve security and sovereignty. Yet they have, at the same time, refused to take concrete steps to back the security of these new states, which have faced acute threats to their sovereignty of both an asymmetric and direct military character. Faced with the obvious lack of commitment to their security as sovereign states, leaders in all three countries

⁸ Thomas Carothers, “The End of the Transition Paradigm,” *Journal of Democracy*, vol. 13, no. 1, January 2002: 5-21.

of the Caucasus have grown wary of Western programs to promote democracy and human rights, and those programs have less and less to show for their effort.

The Western response to the 2003 Rose Revolution in Georgia illustrates this point. For a variety of reasons, the revolution came to be depicted as a challenge to authoritarianism and the new government as a “Beacon of Liberty.” But the popular uprising against Shevardnadze’s government should more correctly be understood as a revolt against mismanagement and corruption which, together, threatened Georgia’s new sovereignty itself. Similarly, the main accomplishment of Saakashvili’s government was not the building of democracy *per se* but the development of functioning, and in some areas effective, state institutions – which are a prerequisite for, but not synonymous with, democratic development. Once in power, the young activists who carried out the revolution came to appreciate the internal tensions between the need to build and preserve the state, on the one hand, and the demands for rapid democratic liberalization on the other. When in doubt they tended to choose the former.⁹ Meanwhile, their Western partners argued in vain that their supposed dilemma was a false choice.

Western policy eventually foundered on the failure to appreciate the role of state building and security in the growth of democracy, and on confusion between democracy as a *process* and as an *end goal*. It assumed that in order to achieve the end goal of a democratic society, leaders had simply to introduce the processes of democracy, even in the absence of functioning and responsive state institutions. This reduced democracy to the status of a symbol and disassociated it from the state institutions that are essential for its actual functioning. It also undervalued the need of fragile new governments to withstand real (as opposed to perceived) internal challenges to statehood and aggressive foreign challenges to their sovereignty.

The best corrective to these problems, detailed below, is to coordinate Western interests in the realm of security, economic development, and governance. Yet the only one of these interests that the West has pursued consistently since the

⁹ Svante E. Cornell, *Getting Georgia Right*, Brussels: W. Martens Center for European Studies, 2013.

collapse of the USSR is governance. Engagement in economic development was strong down to the completion of the major pipeline infrastructure, but has flagged since then. Security interests gained salience after 9/11, but began a slow decline after 2003 as U.S. attention shifted to Iraq and European governments were unwilling to pick up the slack. As a result, the promotion of democracy and human rights has been the only leg of Western policy left standing, leading to an imbalance in the tripod that forms the strategic underpinning of Western strategy in the Caucasus. To be clear, the problem is not that Western powers have engaged too deeply in democracy promotion: it is that they have not balanced that important commitment with equal attention to security and economics, and have not adapted their methods to the evolving realities of the region. In this context it is important to take note of specific flaws in the effort to promote democracy, human rights, and religious freedom. Both the European Union and United States have affirmed the importance of these values but have failed to support that commitment with the kind of serious and dispassionate analytic work needed to advance it effectively. Lacking “in-house” capabilities to assemble and analyze information in these areas, U.S. and European governments have had to rely on reports by independent interest groups and lobbying organizations. While such reports are well-intended and often valuable, the absence of an independent and official capacity to verify them independently and evaluate them critically has often led to serious distortions and misperceptions, which in turn give rise to policies that are simplistic, ineffective, and damaging with respect to themselves and other strategic goals.

Strategic Causes

Several factors of a strategic nature have contributed to the West’s failures in the Caucasus.

- The failure to embrace a regional approach to the Caucasus, focusing instead on bilateral relationships; and folding these under ties with various regional powers.
- Failing to properly coordinate diverse and legitimate interests in various areas, particularly the balance between security and governance.

- Failing to perceive dynamic changes in the geopolitical environment, particularly internal changes in Russia and Turkey, which alter the potential role of the Caucasus in Western policy.

The Lack of a Regional Approach

An important reason for the ineffectiveness of Western policy in the Caucasus is that, strictly speaking, neither the United States nor the European Union has a strategy for the region as such. As a result, neither is able to nest its bilateral relations with the three countries in any broader concept that could enable the whole of Western policy to become more than the sum of its parts. Instead of such an approach, the West has tended to divide the region into winners and losers – the fortunate favored countries and those unfortunate un-favored ones which, for one reason or another, have fallen short of Western expectations. The absence of a regional approach by the West inevitably strengthens centrifugal tendencies within the region. This was the case after the transfers of power in Azerbaijan and Georgia in 2003, at which time Georgia was viewed very favorably and Azerbaijan with disfavor. Indeed, for a brief period the tendency in the West was to separate Georgia from its Caucasus context and include it instead in a supposed “Black Sea region” that never became a reality. Relations between Baku and Tbilisi deteriorated until Presidents Saakashvili and Aliyev, following their predecessors, developed what proved a deep and enduring alliance and friendship. Similarly, from 2009 onward, Washington tended to prioritize large powers to the neglect of smaller states. As a result, each of the three states of the South Caucasus came to be viewed as variables in some larger relationship. Georgia became a sub-set of the Obama administration’s “Reset” with Russia; Armenia a sub-set of the proposed Turkish-Armenian protocols; and Azerbaijan, due to its importance as a transit point to Afghanistan, as a subordinate factor in Operation Enduring Freedom. The price of this tendency was to lose sight of the Caucasus as a region in which the United States might have very real and specific long-term interests that are important in their own right. With respect to the Caucasus as such, U.S. policy was adrift.

Meanwhile, the European Union linked the Caucasus with the three East European states of Belarus, Moldova, and Ukraine under the newly established Eastern Partnership launched in the aftermath of the 2008 Russo-Georgian war. This is a remarkable achievement, as it opened a potentially powerful array of opportunities for integration with the EU, including Association Agreements and Deep and Comprehensive Free Trade Agreements, which are not available to countries east of the Caspian. While this was in itself positive, the format did not recognize the geopolitical and economic specificities of the three Caucasus countries. The six states covered by the Eastern Partnership shared the former Soviet context, and the implications of Russian efforts to exercise raw power to restore its empire at their expense. But the Eastern Partnership lumped Georgia together with Moldova and Ukraine in a group, thus increasing centrifugal tendencies within the Caucasus. These three states were considered front-runners in political reform but otherwise shared little in terms of their economies and security situations. With respect to their security, Armenia, Azerbaijan, and Georgia share connections with Turkey, Iran, and Central Asia that have no parallel in Moldova and Ukraine. The existence since 2003 of an EU “Special Representative to the South Caucasus” partially compensated for this state of affairs, but the volatility of the position, which was abolished in 2011 and then reinstated, has greatly reduced its effectiveness.

In sum, there has been a lack of clarity on the place of the South Caucasus in Western policy-making – and certainly no clearly formulated approach that views it as a region in its own right, distinct from (but with linkages to) Eastern Europe, Central Asia, or the Middle East.

A consequence of this failure has been to ignore or misstate both the interconnections within the region and between regional states and outside powers. A compelling example of the latter is the Armenia-Turkey relationship. The 2009-2010 U.S. initiative to prioritize the Turkish-Armenian protocols at best ignored, and at worst sought forcefully to break, the interconnections between Armenia and the other states in the region, as well as the many-layered connections between Turkey and the Caucasus, and to insulate that bilateral regional relationship from the most important factors that shape it. It is no surprise that this effort

failed. Worse, instead of examining the wisdom of having ignored the implications of that initiative for the Karabakh conflict, senior officials in the U.S. administration are widely reported to have harbored enduring resentments against Azerbaijan's leadership for its purported role in derailing the process. As a result, the Karabakh peace process effectively collapsed and both Armenia and Azerbaijan were left to face the consequences.

Failing to Coordinate Diverse Areas of Interests

In part as a consequence of the analytical failure to grasp the linkages between security and democratic development, statesmen in both Europe and America have signally failed to manage the connections between their various interests in the Caucasus. Different agencies on both sides of the Atlantic have at various times advanced their interests in such a way as to place them in conflict with those advanced by other agencies. Coordination among these various affirmations and the agencies that serve them has been abysmal. To be clear, Western interests in security, economic development, and human rights are not *necessarily* in conflict with one another. A coherent strategy would identify the interrelations among the concrete Western interests – as viewed both from a Western perspective and from the standpoint of each of the affected countries – and identify both the possible complementarities and potential conflicts between them. Having done so, it would devise ways to minimize the contradictions and promote the complementarities. Absent effective coordination between and within agencies tasked with advancing the various interests, the objectives advanced by Western government agencies easily come into direct conflict with one another. Poorly coordinated efforts at implementation are responsible for a considerable portion of the failures of Western policy. This is the view of knowledgeable observers in Armenia, Azerbaijan, and Georgia and of many outside analysts as well.

No example manifests this inter-agency dissonance more starkly than the contradictions between the U.S. State Department and the Department of Defense in the years following 9/11. The Defense Department focused single-mindedly on ways in which the Caucasus could advance its campaign in Afghanistan,

while the State Department continued to focus above all on its Congressionally-mandated responsibilities in the area of democratization and human rights. Within the State Department, a gulf opened between the Bureau of Democracy, Human Rights and Labor, and the Bureau of European Affairs, with its broader and more diverse responsibilities. Similar disagreements exist within the European Union, not only between agencies but between member states, with north-west European countries focusing heavily on rights and governance issues and eastern Europeans giving primacy to energy and security.

In light of all this, it is no surprise that the West has failed both to identify its own diverse interests in the region and the complex interrelationships among them, and to implement them in an effective and comprehensible manner.

Failure to View the Place of the Caucasus in a Changing Geopolitical Environment

Western strategy has been static, failing to perceive the implications for the Caucasus of fundamental changes in the regional geopolitical environment. This problem is most acute with respect to the West's dealing with Iran, and internal changes in Russia and Turkey. Together, these directly affect the role of the Caucasus in ways of which the West has scarcely taken notice.

The U.S. and European outreach to Iran could profoundly impact all three of the Caucasus states but to date both Washington and Brussels have ignored this reality. Russia and Turkey have both experienced authoritarian backlashes and political changes that leave these powers increasingly hostile to Western interests. This process has advanced longer and deeper in Russia, but Turkey under Erdoğan is now following a similar trajectory but with an Islamist face. The authoritarian backlash, coupled with the continued theocracy in Iran and widespread radical Islamism in the North Caucasus, leaves the three independent states of the Caucasus less willing than ever to take what are seen as risky moves in the direction of democratic development.

Moscow is strongly committed to preventing the consolidation of democracy in any of its neighbors.¹⁰ That it has developed tactics to exploit its neighbors' open

¹⁰ Thomas Ambrosio, *Authoritarian Backlash*, Burlington: Ashgate, 2009.

societies in order to undermine their statehood only exacerbates the problem. Meanwhile, Turkey has moved sharply away from a secular “managed democracy” in the direction of strongman authoritarianism, and has actively pressured its traditional partner, Azerbaijan, to suppress religious groups that President Erdoğan deems hostile.¹¹ Moscow has viewed this evolution as an opportunity to peel Turkey away from the transatlantic community, and to block the development of the southern corridor; its decision in late 2014 to transform the “South Stream” natural gas project into “Turkish Stream” reflects this line of thought.

As a result of these trends in regional powers, interference by powerful neighbors in the internal affairs of the three Caucasus states have greatly intensified over the past five years. This, in turn, reinforces the reluctance of all three governments to liberalize their political systems. Instead, in an effort to protect state sovereignty they have relied increasingly on their internal security organs, which has in turn strengthened the hand of those internal forces already opposed to democratic reform. Conversely, this process, which began with legitimate concerns over sovereignty, has increasingly marginalized those forces within all three governments and all three societies that support democratic reform.

The deepening alienation of Russia and Turkey from the West, and growing potential instability within these countries, also accentuates the strategic importance of the Caucasus states for the West. With Russia increasingly hostile to the West and Turkey a less reliable ally, the Caucasus becomes all the more important for the projection of Western influence and values in the Middle East, Central Asia, and beyond. Yet there is scant evidence that Western decision-makers have grasped these changes or understood their implications for their own policies.

¹¹ When Erdoğan’s AKP came to power, it at first strongly endorsed the activities of the Fethullah Gülen movement, a modernist Islamic group led by the eponymous Pennsylvania-based preacher, which had established a strong presence in Azerbaijan – its U.S.-based organizations becoming important partners for Baku’s lobbying efforts. But from 2011 onward, the relationship between the government and the movement rapidly deteriorated, resulting in open confrontation. By 2013, Erdoğan was leaning hard on Aliyev to crack down on the movement, going as far as presenting a list of high Azerbaijani officials that Ankara considered close to the movement, and demanded they be sacked.

Systemic Failures: Operational and Organizational Issues

Beyond these considerations, Western policymakers have committed a number of basic errors in the operational sphere. This study will highlight three of them:

- Operational coordination between relevant governmental agencies, embassies etc. has been at best informal and in every case insufficient.
- The increasing separation of the Caucasus and Central Asia into different organizational entities has caused a near-complete neglect of the important Trans-Caspian connections.
- The resort to finger-pointing and hectoring in the promotion of democracy and human rights has been deeply ineffective, alienating governments rather than seeking to influence them.

The Weakness of Operational Coordination

A core thesis of this study is that Western strategy in the Caucasus has been ineffective in part because its main strategic goals are very poorly coordinated with one another. This arises above all from *systemic* causes. Coordination is poor among the various branches of the administrative apparatuses of both the European Union and the United States. Formal coordinating structures are ineffective or nonexistent. More senior officials exercise little leadership, and all too often sign off on recommendations that are mutually contradictory and hence doomed to fail. Such coordination that exists among Western ambassadors to the three Caucasus capitals is largely informal and even casual, with no regularized structure aside from the EU's Heads of Missions meetings.

Strictly speaking, neither the EU nor U.S. has a "Caucasus strategy." While it is true that the European Union maintains a special representative to the region as a whole, the work of that official is not informed by a strategy that is region-wide in scope and specific to the Caucasus. No analogous office or strategy exists in Washington. Yet more serious is the fact that coordination of both the ends and means of EU and U.S. policies in the Caucasus and its separate countries is casual or nonexistent. No high-level meetings on the subject are regularly convened, and no document crystalizes the common elements that exist between EU and U.S. policies and practices. Absent this, the very notion of "the

West" is, with respect to the Caucasus, somewhat of a mirage. This, at any rate, is how it is widely perceived within the region itself, which invites those who do not wish well to either the EU or U.S. to play them off against each other.

Failing to Maintain the Connection across the Caspian

When the U.S. government moved Central Asia out of the State Department's Bureau of European and Eurasian Affairs, authors of this report applauded that decision, as an overloaded European bureau had proven unable to accord Central Asia its due attention. The creation of a new Bureau of South and Central Asian affairs (and similar reorganizations in other government entities) recognized the historical linkage between Central and South Asia and certainly facilitated the campaign in Afghanistan. Unfortunately, this reorganization also severed the important connection between U.S. policy in the Caucasus and Central Asia. This was all the more damaging because it occurred at precisely the time the U.S. government was coming to realize the importance of East-West transport corridors connecting Europe to China and India via the Caucasus. Besides crippling U.S. initiatives in this area (only in 2013 did the U.S.' "Silk Road Strategy" embrace the Caucasus), the new arrangement greatly hampers efforts to develop Trans-Caspian pipelines at the very time that Europe seeks to diversify the sources of its energy. The U.S. government continues to pay lip service to a Trans-Caspian gas pipeline but has failed to advance the project in any meaningful way.

The EU has embraced the idea of a Trans-Caspian pipeline from Turkmenistan and has sent senior officials, including the president of the European Commission, to promote it. Yet the absence of involvement by member states leaves the EU unable, as yet, to close the deal. Even without regularized consultations among offices dealing with the Caucasus and Central Asia, the EU has come closer than the U.S. to embracing the importance of linking both sides of the Caspian. The European TRACECA initiative accords the Caucasus the role it merits. Unfortunately, TRACECA's sole focus is on transport to and from China, and has never been expanded to embrace transit and trade across the Caspian

to Turkmenistan, Afghanistan, Pakistan, and India. After being nearly moribund for a decade, TRACECA is now being revived in response to China's activism in the area.

The Ineffectiveness of Finger-Pointing for Democracy Promotion

In pursuit of its goals in the area of democratization, human rights, and religious freedom, the West has relied too heavily on "naming and shaming" and hectoring. Nowhere has this primitive tactic proven effective and more often than not it has damaged the ends it seeks to promote. It has been easy for regional leaders to point with some justification to the selectiveness of Western criticism. Most recently, the efforts of advocacy groups to single out Azerbaijan as a particularly egregious offender bears mention, not because criticism is unwarranted, but because there is no reliable correlation between countries' records and the criticism leveled at them. In the former Soviet space, Ukraine under Yanukovich and Kyrgyzstan under Bakiyev engaged in egregious practices that received scant attention. And while states of the Caucasus are being targeted by Western governments and advocacy groups, the American government abstained from hectoring Iran over its massive crackdown on the 2009 "Green Revolution" and other ongoing violations of human rights in that country. It has remained largely mute on the rapidly deteriorating situation in Turkey, let alone the practices in countries such as Saudi Arabia. This has led to growing disillusionment among leaders across the former Soviet space concerning the motivations and legitimacy of Western criticism.

Regional governments have often rebuffed advocacy groups and sought to restrict their activities. It is understandable that this has given rise to an "us-versus-them" mentality both among the organizations in question and the governments that provide many of them with support. Denied other tools, they, and the governments as well, resort to "naming and shaming" as their main tool for addressing problems. After two decades it is clear that this approach has borne little fruit. Without minimizing the difficulties that any alternative approach would entail, it cannot be denied that in the long run the goals should be to work "with" as well as "on" the governments in question. In practice, under current

realities, governments must be a partner in any process to build democratic capacity and habits. While this poses obvious risks and challenges, it is a fact that the levels of Western assistance are so small, in relative terms, that governments can easily cancel out their effect if they perceive these efforts to be targeted at them. Indeed, the successes of democracy promotion in Georgia were possible exactly because the West worked with the Georgian government rather than on it. In reality, this will likely imply the difficult task of identifying areas where Western democracy promotion efforts can be made to coincide with the interests of government elites, or at least be acceptable to them. This will be more difficult in some countries than others, but is certainly possible in areas such as education, anti-corruption, and the promotion of professionalism and basic decency in government bureaucracies. Barring such engagement with government institutions, current programs emphasizing civil society groups are unlikely to bear fruit.

5. A Better Approach

This study, thus far, might seem an endless recital of criticism. To be sure, mistakes have been made, both of commission and omission. But the authors of this paper do not ascribe them to individual officials or diplomats, nearly all of whom have toiled selflessly to carry out their assignments. Rather, we blame the assumptions that informed policy in the first place, the manner in which these have been translated into policies, and notably, the administrative structures through which all such policies are executed. Acknowledging this, it is important to stress that this paper, and even the aforementioned points of criticism, have a positive purpose, namely, to set forth a possible Western approach to the Caucasus that might be more efficacious than the one that has long prevailed in both Washington and Brussels.

In pursuit of this end, we must dwell on three separate issues, all of which have already been touched upon in this paper but which must now be addressed in their relationship to each other. After recalling the West's concrete interests in the Caucasus, we must look at the *analytical* components that must undergird a new strategy; second, consider specific *initiatives* that must be taken in order to advance Western interests; and, third, steps towards the amelioration of the diverse *institutional or systemic arrangements* that have impeded Western efforts in the Caucasus over two decades.

It is appropriate at this point to restate the concrete Western interests in the Caucasus as defined above in Chapter Two:

- To have stable, sovereign, and self-governing states in the Caucasus; controlled by none of their neighboring powers; and cooperating actively with Western governments and institutions on regional security, counter-terrorism and conflict resolution.

- For the conflicts of the Caucasus to be placed on a path toward long-term and peaceful resolution, within the framework of international law, and with the degree of manipulation of external powers minimized.
- For the Caucasus to be a zone of secular states and laws in a geographical environment that includes theocratic Iran, Iraq, the North Caucasus, and Turkey.
- To have the Caucasus evolve gradually but assuredly into a zone of self-governing, law-based states that respect human rights, are free of corruption, and are responsive to citizens' needs.
- To be, in the long term, an eastern extension of Euro-Atlantic values in governance, information, education, culture, and human rights that might serve as a model to neighbors and others elsewhere.
- For the Caucasus to be a source and transit corridor for energy, in particular contributing to diversifying the sources of Europe's energy supplies.
- For the Caucasus to function as a reliable territory for Western access by land and air to and from Central and South Asia.
- To develop an important export-import corridor for the EU, China, and India not controlled by any of them but protected by all; this includes the land corridor across the Caucasus, but also the Black Sea, which should be a zone of maritime diversity, thus countering pressures to make it the zone of special interest of any one country.
- For all three countries of the Caucasus to be a potential locus for investment and markets, as well as a potential outsourcing base.

Analytical Basis of a Strategy

- It is crucial that all policies toward the Caucasus be rooted, first, in a regional rather than bilateral approach, and advance Western interests in the entire region.
- Second, policies must be engineered to appreciate the existence of separate Western interests in the various areas detailed above; and at all

times take into account the interactions between these areas of interest in order to maximize positive interaction between them, and minimize potential contradictions.

- It is important to stress that the fundamental interests defined in the preceding section were neither *prioritized* nor *ranked*. However, if they are to be effective they definitely must be placed in correct *sequence*. Some goals cannot be advanced unless certain *preconditions* have been met or are in the process of being met.
- The sequencing which will best serve the interests defined above requires due attention at the outset to issues of sovereignty and security. Unless these are secured or protected through some form of understandings with the governments of the states of the Caucasus, the likelihood of progress in other areas will diminish sharply. However, the achievement of mutual clarity and understanding on issues pertaining to sovereignty and security will do more than anything else to pave the way for progress in the other areas. In short, the West cannot expect progress on governance and human rights without a clear commitment to security issues; concomitantly, the states of the Caucasus cannot expect Western support for their security without a commitment to governance and human rights. But to repeat, such an approach in no way implies *prioritization* of the West's objectives.
- Policy-makers will need to take stock of regional realities and be realistic about the extent of Western influence. As a result of both Western mistakes and changing perceptions of the global balance of power, Western leverage and even credibility in the Caucasus today is lower than at any time since independence. Policy-makers will need to be cognizant of the need for substantial investments – in terms of time and political attention, not necessarily financial resources – before perceptions of the West change, and Western leverage can be expected to rise.

Specific Policies and Initiatives

Here, then, are some of the specific tasks and actions which derive from the West's interests in the Caucasus:

- **Address issues that challenge and undermine state sovereignty.**
 - Increase rhetorical support for the sovereignty, independence, and territorial integrity of regional states, by reverting to the previous practice of emphasizing at every occasion these principles and their application to these states.
 - Work to counter Russian efforts to subdue Armenia, drawing from Kazakhstan's experience in maintaining independence within a context of schemes for Eurasian integration, and by offering Armenia a more secure and prosperous future through normalized relations with Turkey if and when a decisive breakthrough in the Karabakh mediation process is achieved.
 - Enforce consistency between countries in advocating support for territorial integrity. In particular, stress the West's formal commitment to Azerbaijan's territorial integrity, in a way analogous to recent Western statements regarding Ukraine, while pointing out where necessary that this commitment to basic principles of international law does not prejudice the outcome of any future agreements between Azerbaijan and Armenia over Karabakh.
 - Strongly oppose Russian provocations along cease-fire lines and in the Geneva discussions; continuously refer to Russia's presence in Abkhazia and South Ossetia as what it is, namely, an "occupation"; devise formal long-term policies for the de-occupation of these territories.
 - Build on the non-recognition regime concerning Abkhazia and South Ossetia to devise a long-term de-occupation policy, including the difficult task of seeking engagement with the populations of the occupied territories.

- **Develop a substantial and prolonged Western initiative on the Armenian-Azerbaijani conflict.**
 - This initiative must be led by the United States, in close consultation with its European partners – primarily the EU Commission and External Action Service, and France. Barring some process to reinvigorate the Minsk Process – a doubtful proposition given Western-Russian relations in the foreseeable future – Western leaders must be prepared to bypass that process, utilizing it where appropriate but focusing their initiative on developing direct negotiations between the Armenian and Azerbaijani leaders.
 - The U.S. and its European partners must abandon the practice of relying solely on the Minsk Group co-chairs to resolve the Karabakh conflict. These diplomats have contributed greatly to formulating a workable framework agreement. However, strong and sustained U.S. Government leadership from the top level is needed to complement or, failing that, to replace the Minsk Process. In practice, this means the expressed support of the President, involvement of the White House, and leadership manifested in the appointment of a distinguished citizen as Special Envoy for the resolution of the conflict.
 - The EU must take a more clearly defined and substantial role in the process, by integrating to the highest degree possible the French co-chairmanship of the Minsk Group with EU institutions. While Washington will need to take the lead on the political side, it would be natural for the EU to take the lead in organizing an international development program for the currently occupied Azerbaijani provinces and Karabakh itself. That effort, too, would need to be led by a senior EU figure.
- **Increase cooperation in defense and security**
 - An expansion of defense and security ties, both bilaterally and through NATO's Partnership for Peace, would go far towards shoring up the sovereignty of these states and compensate for their sense of acute vulnerability.

- The U.S. should, either bilaterally or through NATO, work to achieve a permanent military presence in the Caucasus. A first step in this direction is the NATO training center in Tbilisi, whose creation was agreed upon in the autumn of 2014. This should be deployed immediately, and ways sought to expand this presence.
- Redouble efforts in capacity-building in the countries' security sector, working to improve professionalism, responsiveness and accountability of militaries, interior ministries, and border troops.
- Provide, where needed, defensive weaponry to regional states, most acutely to Georgia, including support for Georgia in its efforts to acquire a sophisticated air defense system from France, currently under negotiation. As for Azerbaijan, Western powers should work to improve Azerbaijan's defensive capabilities, particularly in the maritime sector. With Armenia, closer defense and security ties should be on the table as part of the effort to provide Armenia with an alternative to Russian domination.
- Develop counter-intelligence and counter-terrorism cooperation with regional states anxious to deal with the threat of radical Islamic terrorist groups, particularly jihadis returning from Syria and Iraq, an issue relevant mainly for Azerbaijan but also for Georgia; help governments develop better practices to combat terrorism in ways consistent with the rule of law; support organizations and individuals who are committed to bolstering indigenous social, cultural, and religious traditions to shield against Islamist extremist agitators.
- **Provide Armenia with a strategic alternative to the Eurasian Union.**
 - Armenia's entrance into the Eurasian Economic Union should not be treated as a final resolution of that country's fate. The transatlantic community should continue to offer Armenia an alternative future, but without damaging the Mountainous Karabakh peace process.

- This would involve development of an array of energy, transportation, and other infrastructure projects across the Turkey-Armenia and Armenia-Azerbaijan borders, *provided* that Armenia and Azerbaijan reach a decisive breakthrough toward a framework agreement to settle the Mountainous Karabakh conflict.
- The outreach to Armenia should acknowledge that the West has been insufficiently active. It should also make clear that Armenia has itself made a choice for Eurasian integration, and that the West may have no alternative but to work around Armenia on important regional issues unless that choice is qualified or reversed.
- **Seek ways to anchor Azerbaijan in the Eastern Partnership**
 - While Azerbaijan does not seek an Association Agreement with the EU at the present stage, the EU's Eastern Partnership program should be adapted to offer a genuine strategic partnership with Azerbaijan even while the establishment of the full array of its democratic norms remains a work in progress.
- **Engage with governments as well as civil society groups to reduce or remove impediments to the free exercise of citizenship in secure states.**
 - Nest policies in an understanding that the promotion of democratic reforms and human rights is dependent on the basic elements of sovereign statehood; seek to coordinate with governments to focus efforts and energies where it will bolster sovereignty and statehood.¹²
 - Identify, and seek ways to bolster, reform-minded individuals and forces *within* each government; while simultaneously working to counter, and at least not inadvertently empower, the most retrograde elements in state machineries.

¹² This is not a matter of priorities, and does not mean that issues of governance and rights should be put on the backburner until these states are secure and functional. It does mean that the promotion of democracy should acknowledge the extremely challenging regional geopolitical realities.

- Accord greater attention to issues of government responsiveness, accountability, and respect for citizens' rights. Western efforts should place greater emphasis on the improvement of capabilities and accountability in government offices serving citizens' needs and in the reduction of corruption and mismanagement; in the same spirit, stronger support should be given to initiatives such as Georgia's Justice Houses, and the ASAN centers in Azerbaijan.
- Promote the value of secular laws and institutions, at the same time working to protect citizens' rights to practice their religions. This includes acknowledging the validity of government policies designed to protect citizens from religious coercion, as well as supporting organizations committed to promoting their countries' indigenous and tolerant religious traditions. This is not only an issue in Muslim-majority Azerbaijan, but equally important in predominantly Christian Armenia and Georgia.
- Support reforms in education and communication that promote access to modern knowledge and information, and work to counter the dominance of the Russian media in the Caucasus.
- **Support the trans-Caucasus transport corridor as a "Land Suez" connecting Europe with both India and China, focusing especially on soft infrastructure.**
 - Engage all governments on the two corridors to China and India to secure unimpeded and efficient long-term access to the corridor.
 - Explore means by which Armenia, as the Karabakh issue moves towards resolution, can participate directly in the "Land Suez" land corridor through the Caucasus.
 - Involve the private sector in the "Land Suez" project, by engaging logistics firms, freight forwarders, insurance companies, and manufacturers along the entire routes from China to Europe and from India to Europe via the Caucasus in regular consultative processes. Establish the Caucasus as the main convening point for such non-governmental consultations and coordinating bodies.

- **Actively work to support the southern energy corridor, aiming to develop trans-Caspian energy connectivity between Azerbaijan and Turkmenistan.**
 - Western leaders should redouble support to complete the Trans-Anatolian pipeline, which is now under construction.
 - As TANAP moves toward completion, American and European leaders should jointly engage the leadership of Turkmenistan, as TANAP is the key element that will make a Trans-Caspian pipeline a realistic prospect for Asghabat.¹³ In particular, the perception that American and European leaders have different views of Trans-Caspian pipelines must be dispelled.
 - Support dialogue between Turkmen and Azerbaijani leaders on the disputed oilfields of the Caspian, possibly through joint exploration. In a time when Western relations with Turkey are challenged, this has the added benefit of being an area of common interest with Ankara.

Structural and Organizational Changes

A major thesis of this paper is that the Caucasus policies of both Europe and America have been severely impeded by poor coordination and outright clashes of interest among the various official bureaus and agencies charged with their implementation. Moreover, this lack of coordination exists also on the trans-Atlantic level. The inevitable result, both for the U.S. and EU, as well as for the two together, is that the whole is far less than the sum of the parts. This can be changed, for it is a problem of *organization, management, and oversight*, not of substance. Here are possible measures to ameliorate the situation:

- Both the U.S. Government and the EU should assign a senior official to coordinate both region-wide and bilateral activities and relations and

¹³ Turkmen leaders envisage a future in which a considerable portion of their natural gas exports go to the EU. See for example the presentation of Turkmenistan's ambassador to the United States, Meret B. Orazov, at a Central Asia-Caucasus Institute Forum, "The Southern Corridor of the New Silk Road," September 18, 2013 (Video available at <http://cacianalyst.org/forums-and-events/item/12819>).

the diverse bureaucratic offices that bear responsibility for implementing interest-based policies. In the EU, this role logically belongs with the EU Special Representative for the South Caucasus. In the U.S., it is logical that such inter-agency coordination be housed in the National Security Council. At the State Department, officials in various bureaus work on the region, among them the Bureau of European Affairs and that of Democracy, Human Rights and Labor, but also the newly created Bureau of Energy Resources. Regularized and active coordination among these bureaus will be required, and should be vested in the relevant Deputy Assistant Secretary in the Bureau of European and Eurasian Affairs.

- Noting that the above initiatives fall under diverse bureaucratic instances, and that bureaucratic entities inevitably are concerned with turf, a primary responsibility of the coordinating official should be to ensure that all those charged with executing policies at the operational level be held accountable for assuring that their efforts are mutually enhancing.
- Institute regular consultations between EU and U.S. coordinating officials, and their principal deputies.
- Institute similar consultations within and among the various embassies of EU members and the U.S. in the three Caucasus states.

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