

# THE REGIONAL AFTERMATH OF THE ‘FIVE-DAY WAR’ POLITICAL, ECONOMIC, AND SECURITY OVERHEADS OF THE CONFLICT IN GEORGIA

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On the wake of a monographic study one of the two authors wrote on the Russia-Georgia ‘Five Day’ war and its context, in the present paper we decided to carry out a follow-up scrutiny of some of its consequences<sup>1</sup>. The August 2008 military confrontation was by no means a small localized military action but one that triggered all sorts of shifts. As a response to both the Russian invasion and subsequent dismemberment of Georgia – namely, her quick unilateral declaration of “independence” for South Ossetia and Abkhazia – various of the many strands it brought to the surface quickly unfolded. Repercussions reached far and wide. To a large extent both such repercussions and their unfolding are still ongoing. The aim of this short article is to begin bringing them into the open.

The paper is not exempt of theoretical aims. Our implicit focus is on the strategic role of Georgia, both at the level of hard security and energy security – and with an eye on the threat of this Southern Corridor of the old Silk Road to Russia’s given Moscow increasingly pro-active bids for supremacy in the distribution and sale of gas and oil to Europe. Recognizing that does not mean taking an economicist stance. In our view, this points squarely to the manifold changes the Five-Day War really spelled: the rise of international unpredictability, the severe blow to the principle of inviolability of borders outside any sort of involvement of international organizations, the clear message of a growing impotence of these very organizations, and a danger-fraught return to ‘spheres of influence’ and Great Power politics, among others. In many senses, it was a watershed event. From a more ‘classical’ geopolitical perspective, the conflict and its aftermath signal rather unambiguously the strategic importance of the Caucasus to Russia, and the Russian view that its southern “soft belly” cannot be effectively defended without securing the Caucasus Mountains, and Moscow’s own Northern Caucasus areas, from their southern slopes – thus raising the stakes for a post-Soviet space clearly envisaged by the Kremlin, among other things, as a crucial piece of the national elites’ representation of the Federation’s vital strategic depth.

Mapping out such impacts would be too tall an order for a limited effort such as this one. Narrowing down what amounts to a geopolitical analysis of that momentous conflict, it is nevertheless interesting to track down the repositioning of the countries in the region, as the Five-Day War created shifting perceptions of both opportunity and threat – that is, their political-diplomatic and re-orientations as well as, in a few cases, at least, the emergent potential for eventual significant economic and military realignments. At a more explicit level, the present paper is cast as a regional *tour d’horizon* on the aftermath of the August war and the *de facto* breakup of the Georgian territory which followed it. We take a ‘counter-clockwise’ geopolitical tour of the Wider Black Sea Region, starting with Georgia’s eastern neighbour, Azerbaijan and – sticking close to the South Caucasus but also moving east into the Caspian Region and northwest into the Black Sea fringes – going through Turkey, Armenia, Iran and Ukraine, and ending with Georgia itself. The challenge was to carefully distinguish between long-standing, strategic policies that each state had established beforehand, and the reactive moves triggered by the Moscow-Tbilisi conflict. More than actual trends, something we believe

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<sup>1</sup> Armando Marques Guedes (2009), *A Guerra dos Cinco Dias. A Invasão da Geórgia pela Federação Russa*, Instituto de Estudos Superiores Militares e Prefácio, Lisboa [with a preface written by Admiral Álvaro Sabino Guerreiro]. This present article is the first version of a large-scale book we are writing on the manifold consequences of the August 2008 war. Armando Marques Guedes is Professor at the Faculty of Law, Universidade Nova de Lisboa, and was President of the Portuguese Diplomatic Institute and Head of Policy Planning at the Ministry of Foreign Affairs. Radu Dudau is Professor of International Relations at the University of Bucharest, and a Deputy Director at the Romanian Diplomatic Institute.

it is far too early to ascertain in any reasonable manner, we aim to detect *leanings*. Given our focus, the following scrutiny will focus predominantly on two dimensions of the foreign policies of our chosen group of states: security and energy.

### **Azerbaijan**

Azerbaijan's economy was badly hit by the war in Georgia. A report on the immediate relevant regional aftermath the war was succinctly offered by Fariz Ismailzade: "*Russian jet fighters have bombed both civilians and military airports in Georgia, forcing all airlines, including Azerbaijani Airlines (AZAL), to stop flights. Moreover, for several days in a row the Russians bombed the Black Sea port of Poti, which serves as the main terminal for the export of Azerbaijani energy products as well as other cargo. With the explosions on the Baku-Tbilisi-Ceyhan pipeline last week, Azerbaijan was looking for Georgian railways, ports and pipelines as an important alternative for the export of Caspian energy supplies to Western markets. All of this has stopped, putting both Georgia and Azerbaijan in economic difficulties*"<sup>2</sup>. In shorthand, it would be hard to pinpoint consequences better.

It is however worth our while to map out matters in a longer hand, so as to bring out the various central issues raised by F. Ismailzade. As a response to the invasion, Azerbaijan's State Oil Company (SOCAR) signed, on the following November 14, a five-year contract with Georgia to provide it with natural gas for the next five years at an average price of about \$500 per thousand cubic meters, thus securing Georgia's independence from Gazprom. This was a remarkable proof of solidarity and courage, as it is well known in the region that Moscow loathes any support offered to the Saakashvili regime. Just as important is the political alignment of Azerbaijan and Georgia in their effort to modernize and cooperate with the West, although Azerbaijan's leadership has been much more reserved and careful in its relationship with Moscow than Tbilisi. The two South Caucasian states, between which there is no major conflict, open or lingering, had up to then had to rely on each other in their strategic endeavours of reaching acceptable levels of autonomy from Moscow<sup>3</sup>. The common pillar of their respective strategies is the South Caucasian transport corridor for hydrocarbons, through which Caspian oil and gas flow westward in non-Russian lands and pipelines. Several major Russia-circumventing pipelines were constructed in the 2000s, while another grand project, which has been under discussion for almost a decade now, Nabucco, has finally, in mid-2009, taken clear contours: Baku is the heart of all these ducts of hydrocarbons, which have already pumped considerable strategic dynamics into the Wider Black Sea Region. Let us take a closer look at them.

The Baku-Tbilisi-Ceyhan (BTC) oil pipeline, inaugurated with pomp and a great deal of circumstance in May 2005, transports oil from Baku via Tbilisi to the port of Ceyhan, on the south-eastern Mediterranean coast of Turkey. BTC is a strategically important east-west energy outlet, one with a capacity of about one million barrels of oil per day from Azerbaijan and Kazakhstan (delivered to Baku by tankers) – it is independent of Russian control and it nicely avoids the congestion of the Turkish straits. A deep western involvement in the construction of BTC had been patent in all of its rather massive initial development phases. The BTC consortium<sup>4</sup> is led by British Petroleum, the main shareholder and project operator. The United States and the United Kingdom were BTC's political trailblazers in a region so complicated by the post-Soviet unrest. For it was not just Russia that opposed the very idea of BTC, due to its own preference for a route, via Chechnya to the port of Novorossiysk – but also Iran, who wanted its territory used in order to circumvent the Caspian Sea, and the OPEC as a whole,

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<sup>2</sup> Fariz Ismailzade (2008), "The Georgian-Russian Conflict Through the Eyes of Baku", *Eurasia Daily Monitor*, August 12, vol. 5, issue 154.

<sup>3</sup> Meanwhile, of course, the meaning of what is an acceptable level of political autonomy from Moscow came to differ considerably for the two countries.

<sup>4</sup> BTC Co. was established in 2002, with following stakeholder structure: British Petroleum (BP) , with 30.1% of shares (the project operator), GNKAR (Azerbaijan) with 25%, UNOCAL (USA) with 8.9%, Statoil (Norway) with 8.71%, TPAO (Turkey) with 6.53%, ENI (Italy) with 5%, TotalFinaElf (France) with 5%, Itochu (Japan) 3.4%, Inpex (Japan) 2.5%, ConocoPhillips (US) 2.5%, and Hess (US) 2.36%.

because of its members' aversion to seeing the huge Caspian reservoir linked to the world market. The European Bank for Reconstruction and Development (EBRD) and the World Bank bore 30% of the financial costs of the pipeline. All in all, hence, the truth is Western political and economic involvement in this project was decisive. Yet this high level of engagement of the West was not uniformly perceived in a positive manner, as one would indeed expect. In particular, the view from Moscow feared eventual support for "colour revolutions" in the Caspian states. The thought was clearly framed in *Kommersant*: "[t]he Western corporations drill the oil, and the pipe allows for speedy delivery of the oil to the world market. The oil would be running from East to West, but the spirit of 'colour revolutions' will be running in the opposite direction. ...With the Baku-[Ceyhan] oil pipeline launch, the 'colour revolution' in Kazakhstan looks almost like a done deal in order to protect the oil supply. ...Sooner or later, the same fate is expected in the rest of the Central Asian countries because after Baku-[Ceyhan] pipeline launch it will be directly in Western interest. The last on the list is the most infamous, but extremely important for world energy market, Turkmen regime."<sup>5</sup> Meanwhile, obviously, no colour revolution has taken place in Kazakhstan or Turkmenistan – and this is something which both Moscow and the authoritarian leaders in Astana and Ashgabat together and pointedly construe as a triumph of "reason and good order over subversion and anarchy".

But that is not all. Running parallel to BCT – though only one third of its length – is the South Caucasus gas Pipeline (SCP) also known as the Baku-Tbilisi-Erzurum (BTE). BTE transports the blue fuel from the Shah Deniz field in the Caspian Sea to Eastern Anatolia, in the ancient Theodosiopolis. This second pipeline is a crucial artery for Tbilisi, since Georgia receives 5% of BTE's yearly transit. BTE was inaugurated one year later than BTC and it is also operated by British Petroleum, which is a major shareholder (25.5%) of the South Caucasus Pipeline Consortium, along with Norway's StatoilHydro<sup>6</sup>. The current capacity of the pipeline is almost 9 billion cubic meters of gas per annum (bcm/y); the maximum of 20 bcm/y will be reached in 2012.

The Five-Day War interrupted British Petroleum's oil export from Azerbaijan. How it did so is edifying. On August 5, a fire broke out at BTC, following an explosion near the Turkish city of Erzincan. There was no proof of a premeditated attack on the pipeline, though the Kurdistan Workers' Party (PKK) claimed responsibility for the incident. However, on August 12, 2008 BP also had to close down for security reasons the smaller Baku-Supsa oil pipeline, exporting 150,000 barrels per day (bpd) from Baku to the Black Sea port. Besides, at the same time, BP decided to turn down the flow of gas through BTE. But while the latter was resumed after two days, BTC and Baku-Supsa both remained closed for more than one month, thus forcing Azerbaijan to use the Baku-Novorossiysk pipeline for oil exports.

BTE is far from spelling a mere quantitative addition as far as gas outlets are concerned. Apart from its actual appreciable economic importance for Azerbaijan, Georgia and Turkey, BTE is expected to play a key geopolitical role in the near future, as it is due to serve as the starting segment of a much longer Nabucco pipeline, which will one day deliver Caspian gas to Vienna. But since Nabucco is but a chess piece in a great strategic game, we shall discuss it separately in the following section. For our purpose here, it is nevertheless important to learn that Azerbaijan, with its gas, transit capacity and political will, is the cornerstone of Nabucco – whatever the latter's other uncertainties may be.

Much as may be made of these moves, it would however be a mistake to think these alternatives are all there is to the matter. For finally, there is yet another remarkable and bold energy project for which President Ilham Aliyev announced support: the plan initiated by Ukraine, Poland, Lithuania, Georgia, Azerbaijan and Kazakhstan of prolonging the existent Odessa-Brody oil pipeline, which goes to the Polish city of Plock, and from there, connecting the northern branch of Druzhba, till the Baltic port of Gdansk. The Odessa-Brody pipeline, whose construction was finished in 2002, received two years later a different use from its original design when Gazprom started to pump oil from north to south, from its junction with

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<sup>5</sup> Emin Makhmudov and Mikhail Zygar (2005), "Revolutions in the Pipeline", in *Kommersant*, May 25.

<sup>6</sup> The other shareholders of the consortium are the State Oil Company of Azerbaijan (SOCAR), Lukoil, and Total, and Naftiran Intertrade (Iran) each with 10%, and Turkey's TPAO with 9%.

Druzhba down to the port of Odessa. In Odessa the oil is loaded on tankers and shipped westward on the Black Sea, to Mediterranean destinations. But in 2005, President Viktor Yushchenko expressed the intention of reversing the pipeline to its initial purpose. More recently, on November 14, 2008, on the occasion of the Baku energy summit of the countries from the Caspian, Black Sea, and Baltic regions, the participants reviewed the feasibility study for this project of transporting Caspian gas, from Azerbaijan and Kazakhstan, to Poland and Lithuania, through Georgia and Ukraine<sup>7</sup>. This project would make a serious difference regarding Ukraine's energy independence. Expectedly, Russia strongly opposes it. Given the political environment and its changes after August 2008, it is utterly remarkable that Azerbaijan has constantly turned down Russia's offer of buying up the entire production of Azerbaijani gas, as it is currently the case with Turkmenistan. Obviously, Azerbaijan has aptly chosen a political project of long-term cooperation with Europe over the short-term advantages of selling out to Gazprom. Perhaps in this as in so many other cases, *Realpolitik* was the game-changer; but one would be hard put not to glimpse, behind it, a political will, by the Azeri leadership, to refuse trading short-term security and certainty for long-term liberty and independence.

Nonetheless, immediate pressures are what they are – and so, in spite of the fact that access to the Western gas market is an overriding national interest of Azerbaijan, its commitment for Western-bound, non-Russian projects ought not to be taken for granted. Tactical trade-offs are often conditions for both state and regime survival – and, seasoned as it is, Moscow knows that only too well. As a matter of fact, on June 29, 2009, Russian President Medvedev signed in Baku with his counterpart, President Aliyev, an agreement on gas deliveries from Azerbaijan to Russia, for 2010. The quantity of merely 500 million cubic meters per year, to be used for internal consumption in Dagestan (North Caucasus) starting January 1, is not a threat to the feasibility of Nabucco, as many commentators surmised. Nonetheless, it shows precisely that Azerbaijan should be treated as a fair partner and not taken for granted, as seems to be the case of its “bigger brother” (*agabey*), Turkey, whose government refuse to sign an agreement on the transit of Azerbaijani gas for the Nabucco pipeline. Besides, the recent agreement with Russia is important for yet another reason, as argued by Socor<sup>8</sup>: the agreed purchase price for the thousand cubic meters (tcm) is USD 350, more than the USD 340 that Russia agreed to pay to Turkmenistan – and it fact stopped paying at all, as of April 9<sup>9</sup> – for all its massive purchases. In fact, what Azerbaijan negotiated is the level of European netback gas prices anticipated for 2010. This, among other, ought to serve for Turkmenistan both as incentive for participating in Nabucco, and as leverage in future negotiations with a resurgent re-invigorated Kremlin.

Enough for our higher resolution picture of regional energy arm-wrestling and its main impacts on Baku – what about Azerbaijan's security and defence and its reconfiguration following August 2008? On the military security dimension, the overwhelming bone of contention is Nagorno-Karabakh, which is *de jure* part of Azerbaijan's sovereign territory but *de facto* controlled by an Armenian self-proclaimed government supported by Yerevan. According to CIA's 2008 *World Factbook*, “over 800,000 mostly ethnic Azerbaijanis were driven from the occupied lands and Armenia; about 230,000 ethnic Armenians were driven from their homes in Azerbaijan into Armenia and Nagorno-Karabakh.”<sup>10</sup> Indeed, Nagorno-Karabakh has evolved into one of the world's most intractable conflicts, with tens of thousands of casualties and a million refugees since the beginning of the conflict. Some historical background is in order, here. Fighting in earnest mostly started in 1988, as an internal issue of Azerbaijan, and has developed into an international one since 1992, when Azerbaijan and Armenia stood opposite to each other as belligerent states. Open violence stopped in 1994, with a truce between Baku, Yerevan and Stepanakert (the capital of Nagorno-Karabakh) which left Azerbaijan deeply

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<sup>7</sup> Vladimir Socor (2008), “Azerbaijan Hosts Energy Summit”, *Eurasia Daily Monitor*, November 17, vol. 5, issue 220.

<sup>8</sup> Vladimir Socor (2009), “Azerbaijan Boosts Implementation Prospect of Nabucco Inter-Governmental Agreement”, *Eurasia Daily Monitor*, July 17, vol. 6, issue 137.

<sup>9</sup> Vladimir Socor (2009), “Turkmenistan Pressured by Gazprom's Halt on Turkmen Gas Imports”, *Eurasia Daily Monitor*, June 30, Vol. 6, Issue 125.

<sup>10</sup> Central Intelligence Agency, “Azerbaijan,” *The World Factbook*, 2008.

frustrated and Armenia – of which, for every practical purpose, Nagorno-Karabakh has become a part – in a persistent state of uneasiness, as “no political settlement can be reached with Azerbaijan to cement this state of affairs. Quite to the contrary, President Aliyev has repeatedly stated that ‘if our lands are not freed, we will have to free them ourselves’”<sup>11</sup>. In the quoted fragment, Svante Cornell certainly referred to former President Heydar Aliyev, the father of the current president, Ilham Aliyev. Yet the warning remains just as applicable today, which points to a disheartening source of the deadlock between Baku and Yerevan: Nagorno-Karabakh is defined as existential for both sides, so any significant compromise would cost the political survival of the leaders that made it. Peace-talks have taken place ever since, under the mediation of the OSCE’s Minsk Group (co-chaired by Russia, the United States and France).

After the erratic couple of years since the country’s independence, in 1991, swinging from the overtly pro-Russian foreign policy of Ayaz Mutallibov – last Soviet leader turned president – to the overtly anti-Russian, anti-Iranian and pro-Turkish policy of Abulfaz Elçibay until the latter’s resignation due to Russian pressure in the heat of the Nagorno-Karabakh violence, Heydar Aliyev succeeded in bringing to his state an unlikely stability and political autonomy. He adeptly managed to strike a neat foreign policy balance between the Russian expectations and the Turkish promises, all the same accommodating Western interests, Iranian intrigues and Arab suspicions. Coerced by Moscow, Aliyev applied for his country’s membership in the Community of Independent States (CIS), which the parliament ratified in September 1993 – followed by Georgia, in December<sup>12</sup>. Shortly thereafter, Azerbaijan and Georgia became members of the CIS Collective Security Treaty (CST), the precursor of today’s Collective Security Treaty Organization (CSTO). However, after the expiration of CST’s five-year period, Azerbaijan and Georgia, along with Uzbekistan, withdrew from the treaty. Uzbekistan joined the GUAM (Organization for Democracy and Economic Development) group, created by Georgia, Ukraine, Azerbaijan and Moldova in 1997.

Meanwhile, Baku’s cooperation with NATO has steadily increased since the country’s independence. Already in 1992, Azerbaijan joined the North Atlantic Cooperation Council, renamed in 1997 the Euro-Atlantic Partnership Council (EAPC), in 1994 it joined the Partnership for Peace (PfP) programme, and in 2005 it received the first Individual Partnership Action Plan (IPAP), which outlined the programme of cooperation between Azerbaijan and NATO<sup>13</sup>. In the framework of PfP, Azeri forces have taken part in NATO’s peacekeeping operations in Kosovo between 1999 and 2008. Besides, Baku has contributed to NATO’s ISAF contingent in Afghanistan with a two-platoon-sized unit within a Turkish contingent. On the other hand, NATO and the United States, in particular, exert appreciable influence on Azerbaijan’s defence planning and elaboration of a new military doctrine. The Azeri army has constantly strived for “NATO standards”, meaning interoperability of forces and adaptation in the command and control capabilities. A recent and apparently innocuous incident is instructive about the resolve in the Azeri army of strengthening cooperation with NATO: as shown by Roger McDermott<sup>14</sup>, the Center for Military Analytical Research in Baku have severely

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<sup>11</sup> Svante E. Cornell (1999), *The Nagorno-Karabakh Conflict*, Report no. 46, Department of East-European Studies, Uppsala University, p. 42.

<sup>12</sup> As is often the case, even a quick comparison brings out relevant points. It is remarkable that while Aliyev stubbornly followed a policy of independence from Moscow, that of his Georgian counterpart, Eduard Shevardnadze, was much more subdued. It is worthwhile quoting at some length from S. Cornell, in order to bring home this point: “With regard to Georgia and Azerbaijan, a certain picture can be detailed: during the first half of 1993, Moscow spent roughly equal amounts of energy on subduing both Georgia and Azerbaijan. With the June rebellion in Azerbaijan and the Georgian defeat in Abkhazia, both countries entered the CIS and Moscow initially thought to have achieved its aims. But Aliyev rather quickly showed his independent policies; Shevardnadze on the other hand was rather compliant in his policy towards Russia in 1993-95. Hence Moscow now concentrated on Azerbaijan, mainly due to the oil issue; however as Azerbaijan’s relations with the West increased rapidly in all fields and the country regained some stability, it soon became rather difficult to unseat Aliyev, especially after the failed attempt of 1994. Since then, attention has focused on Georgia, besides the fact that much energy and attention was consumed by Chechnia; indeed Moscow realized that destabilizing Georgia would do very much the same effect for oil transportation as destabilizing Azerbaijan itself.” (Cornell, 1999: 57).

<sup>13</sup> See “NATO’s Relations with Azerbaijan”, on <http://www.nato.in/issues/nato-azerbaijan/index.html>

<sup>14</sup> Roger McDermott (2009), “Azerbaijan Deepens Military Cooperation with the US and NATO”, *Eurasia Daily Monitor*, September 22, vol. 6, issue 173.

criticized the renaming of a department in the Ministry of Defence, from the Department for International Relations and Euro-Atlantic Integration to the Department for International Military Cooperation. The prevalent suspicion has been that dropping the “Euro-Atlantic” part announces a substantial political shift. As McDermott synthetically formulated, “*while it is misleading to use this semantic issue as an indication that Baku has become more cautious in its NATO policy, reflecting concerns in Moscow, some Azeri analysts note the deepening level of energy cooperation between Russia and Azerbaijan as providing underlying reasons to conclude that a rethink might be underway vis-à-vis relations with NATO*”<sup>15</sup>. Although the Azeri MoD was quick in rebutting the criticism, the nervousness revealed in this debate betrays the tension inherent in having to walk such a narrow path in foreign policy – squeezed as Baku obviously finds itself between the clashing interests of several influential powers.

But all this is far from merely having a national impact. Unfortunately, the Nagorno-Karabakh conflict remains a pending source of instability in South Caucasus. The relatively higher economic growth of Azerbaijan compared to Armenia over the last decade has been deliberately converted into an increasingly higher military potential of Baku, compared to Yerevan. President Aliyev has repeatedly stated that the war is not over and that his country will resort to force, if necessary, in order to recover its territorial sovereignty. The latest developments in the peace talks, however, are uncertain, in spite of an existing framework agreement – the so-called *Madrid principles*, as the framework was submitted to the parties by the Minsk Group in Madrid in 2007 – that has been seen as acceptable by both parts. As indicated by Emil Danielyan, the Madrid principles “*call for a phased settlement of the Karabakh conflict that would start with a gradual liberation of the seven districts in Azerbaijan which were fully or partly occupied by Karabakh Armenian forces during the 1991-1994 war. In return, Karabakh’s predominantly Armenian population would determine the disputed enclave’s status in a legally binding referendum. The would-be agreement stipulates that Karabakh would remain under an internationally recognized Armenian control until the two sides set a date for holding such a vote*”<sup>16</sup>. Apparently due especially to the mounting pressures by Armenian nationalists, President Sarkysyan was ultimately unable to compromise on the details of the agreement. As in so many instances, the shutting of a short-lived window of opportunity may well lead to an even more protracted conflict for the enclave, for Azerbaijan, for Armenia and for the entire region: an unfortunate circumstance.

### **Turkey**

In the quick *tour d’horizon* in which we aim to detect leanings, it is worth our while to map out matters in a longer hand, and so as to bring out a few of the central issues raised in what concerns the region’s NATO giant, Turkey. The tension between Russia and the West has pushed Ankara into a difficult position. On the one hand, as a NATO founding member and a long-standing (a half century) EU-candidate country, Turkey’s involvement in Euro-Atlantic institutions has of course significantly shaped the country’s foreign policy of the last few decades. This could not be otherwise. But on the other hand, Turkey has developed a complex relationship of cooperation and competition with its still larger and neighbouring Russia, a hardship-ridden two-fold affair ranging from a deep Turkish dependence on Russian natural gas to Ankara’s efforts to limit Russian influence in South Caucasus by supporting the autonomy of the Caucasus and Caspian states and intertwining these two relational strands.

An apt description of the geopolitical setting – *predicament* might be a better term for the political embeddedness in which Ankara finds itself – that obtained right before the Five-Day War is given by Igor Torbakov’s report “The Georgia Crisis and the Russia-Turkey Relations,” published by the Jamestown Foundation: “[t]he Georgia crisis occurred at a time when both Russia and Turkey were demonstrating the tendency toward more unilateral conduct. Russia has abandoned any pretence of integration with the West and is casting itself as an

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<sup>15</sup> Roger McDermott (2009), *idem*.

<sup>16</sup> Emil Danielyan (2009), “Karabakh Peace Prospects Uncertain After Latest Armenian-Azeri Talks”, *Eurasia Daily Monitor*, July 29, Vol. 6, Issue 145.

*independent Eurasian great power, while Turkey has shifted its focus away from its role as a NATO member toward that of a regional power. The two countries position themselves as pragmatic international players acting first and foremost on the basis of national interest*<sup>17</sup>. For half a dozen years, Putin's Moscow and Erdogan's Ankara assumed 'official' neorealist postures. This and their pre-August 2008 poses were bound to constrain the reactions of both regional powers in the aftermath of the Georgian events – as of course they did.

Starting with geo-economic ties brings this out quite unambiguously. To begin with economic relations and the framings they lay on bilateral ties, it is enough to take note that Turkey imports from Russia about 60% of its natural gas and 30% of its oil<sup>18</sup>. Moreover, paths are significant here. Since 2005, gas has been flowing through the Blue Stream, a 16 bcm/y pipeline constructed through a joint venture of Gazprom and Italy's Eni, which crosses the Black Sea bed from the Izobilnoy gas plant, in southern Russia, all the way to Samsun, in Turkey. Prior to Blue Stream, the only export route of Russian gas to Turkey went through the Ukraine, Moldova, Romania and Bulgaria, a circuitous path that involved larger financial costs – and occasioned Russian allegations about illicit drawing off of gas in both Ukraine and Moldova. There was a clear political dimension to this, as Blue Stream was meant to preclude non-Russian passages of natural gas from the Eastern shore of the Caspian Sea to Europe, over Turkish territory and also to circumvent both the Ukrainian and the Georgian territories as conduits for gas exports – although, from a financial perspective, the latter would have been a much cheaper alternative to the considerably longer, sea-bottom laid pipeline. Thus, the Blue Stream project has from its inception been a political gambit through and through – although, to be sure, no less than any other major pipeline of the region, be it for oil or gas.

Economics and position converge in Turkey's case, as indeed they do in what concerns Georgia. With BTC, BTE and Blue Stream in place, Turkey already sees itself as a major energy hub. Understandably, this role is something Ankara is keen to enhance to the best of its abilities – but only to the extent doing so does not compromise its capacity to influence events in the neighbouring Caucasus. The eastern Mediterranean port of Ceyhan is already an important centre for hydrocarbon transport, as the terminus of BTC and of the smaller and less dependable Kirkuk-Ceyhan oil pipeline. Yet Ankara has really grand designs for Ceyhan, an outlet which is due to become an energy hub of the global league. For oil, it is planned to receive deliveries from a new Russian-controlled pipeline, Samsun-Ceyhan. For gas, there are frantic talks surrounding the blueprint of Blue Stream II, a continuation of Blue Stream down to the Mediterranean, where it would serve for further exports into Syria, Lebanon, Israel and Cyprus; and about plans of a new Kirkuk-Ceyhan pipeline, running parallel to the existent oil duct. By mid-August 2009, the Sheik of Qatar, Hamad bin Khalifa al-Thani, while visiting Turkey, responded with enthusiasm to the invitation of the Turkish president, Abdullah Gül, to substantially invest in Ceyhan's storage facilities for oil and gas – thus giving it, and Turkey's ambitions, a welcome push<sup>19</sup>.

The invitation was by no means a move out of the blue, but rather a parcel of a sustained long-term strategy on the part of the Turkish Administration to amplify its clout. Indeed, Ankara's decision makers are steeped into adding strategic value to the recently discovered and evolving role of Turkey as an energy hub – perhaps hoping that, in the process, even if it doesn't reduce dependency on Russian energy, it will at the very least diminish risks by thickening links of mutual interdependence. Through the already existing pipelines and the projects of several new ones, Turkey defines itself as a gravitational centre for the transit passages from the Caspian and Middle Eastern regions to the West; and it now avidly wants to be seen by others, namely but not only Russia, as being in the process of irrevocably becoming just that. As we shall see in the next section, when we discuss the mutually competing natures of the numerous hydrocarbon conduits in the Wider Black Sea Region, and the political designs underlying them, Turkey is due to be transited by Nabucco and Blue Stream II gas pipelines,

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<sup>17</sup> Igor Torbakov (2008), "The Georgia Crisis and the Russia-Turkey Relations", *Jamestown Foundation*, p. 7.

<sup>18</sup> The rest it imports from Iran and Azerbaijan, and looks forward to future, already contracted volumes of LNG from Algeria and Nigeria, as well as to likely imports from Qatar.

<sup>19</sup> Saban Kardas (2009), "Turkey Seeks Closer Energy Partnership and LNG Contract with Qatar", *Eurasia Daily Monitor*, August 18, vol. 6, issue 158.

and by the Samsun-Ceyhan oil pipeline. South Stream, the Russian project, should run underneath the Black Sea in the Turkish territorial waters. Besides, as already indicated, Ankara signed agreements with its southern neighbours, Iraq and Iran, with whom it otherwise has complicated political relations, to build pipelines for oil and gas and to develop hydrocarbon fields. Erdogan and Gül have been orchestrating moves on various fronts in order to achieve that end – and, of course, the lesser clout of Tbilisi to compete with Ankara on that very front has provided a window of opportunity Turkey has welcomed with open (if carefully so) arms. In November 2008, Ankara signed an agreement with Teheran, committing to develop three offshore gas fields of Iran’s South Pars region and construct a 1,850 km long pipeline from Assaluyeh to Bazargan – a total investment amounting to \$12 billion<sup>20</sup>. More recently, in September 2009, Turkey and Iraq agreed on the renewal of the Kirkuk-Yumurtalik oil pipeline, which extends to Ceyhan, thus serving as an export outlet for Iraqi crude. More importantly, though, during the following July signing ceremony for Nabucco, in Istanbul, Iraqi prime-minister Nouri al-Maliki stated his country willingness and capacity to contribute up to 15 bcm/y of gas to the Europe-bound pipeline<sup>21</sup>.

It is not hard to see the sense in which Ankara is attempting to maximize advantages for itself. On the one hand, Turkey regards the “pluralism” of its energy sources and corridors as strategic, both for the tremendous benefits it takes from its speedy growth into a huge transit conduit and storage hub, and for its ability to avoid overdependence from any single provider – particularly Russia. In order to mitigate the prospects of an enslaving energy dependence on Russia, Turkey needs to cultivate relations with its hydrocarbon-rich neighbours, as well as with crucial transit states. But this is a complicated act, since, on the other hand, at least in the short to medium term, Ankara has to simultaneously bolster sovereignty and stability in the South Caucasus states, as too strong a Russian influence over those countries could be easily pressed against the Turkish national interests. This resonates nicely with an old geopolitical ambition of the current Turkish Administration: Ankara’s vested interest is that the Turkic countries of the Caspian keep the ability to do unhindered business with Turkey. For the same reasons, Turkey is interested in supporting an autonomous and stable political regime in Tbilisi, as Georgia hosts two of the most important Turkish-bound pipelines, BTC and BTE. For a related reason, Ankara tries to mend its frozen diplomatic relations with Yerevan and develop sensible and business-like relations with its complicated eastern neighbour. And in all that, it has to carefully cultivate the special, though fragile attention which Baku has steadily enjoyed from Ankara. Nevertheless, juggling is never easy and in particular when someone else is trying to juggle with the same items: thus, understandably, Turkey’s political and economic leverage upon the south-Caucasian countries has been threatened by the August war against Georgia. By unfreezing two “frozen conflicts,” Russia’s swift change of the *status quo* compelled Turkey into increased activism in the region – a sudden pro-activism in the design of which Ankara had to balance carefully its Moscow bids with the ones it has had for a while with both Washington and Brussels. The result was ambivalence in the Turkish reaction to Moscow, Europe and the US, which was perhaps unavoidable.

Ankara reacted to this window of opportunity, these multiple constraints, with creativity and *panache*, but always under the injunctions of *Realpolitik*. Most notable is the proposal of the Caucasus Stability and Cooperation Platform (CSCP), meant to bring together Turkey, Russia, Armenia and Azerbaijan. It was launched on August 13, 2008 in Moscow and on August 14 in Tbilisi by Prime Minister Erdogan, and then on September 24, by President Abdullah Gül, in his address to the UN General Assembly, where he elaborated on the CSCP’s role in the resolution of the frozen conflicts of the region, with a special mention of Nagorno-Karabakh. On a first reading, the Russian reaction to CSCP has been surprisingly positive. Russian foreign minister Sergey Lavrov praised the Turkish initiative during his visit to Ankara, in early September 2008. A cooperation platform between Russia and Turkey as dominant

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<sup>20</sup> Emrullah Uslu (2008), “Turkey and Iran Sign Accord on Natural Gas Cooperation”, *Eurasia Daily Monitor*, November 21, vol. 5, issue 223.

<sup>21</sup> Sabin Kardas (2009), “Turkey Pursues Economic Integration With Iraq”, *Eurasia Daily Monitor*, September 29, vol.6, issue 172.

regional powers, with institutionalized mechanisms for the prevention and management of conflicts and excluding the interference of external, “destabilizing third parties”, is beneficial to both states, argued Lavrov. Indeed, as shown by Igor Torbakov<sup>22</sup>, while some media trumpet the new “Russian-Turkish *Entente Cordiale*”<sup>23</sup>, others go as far as pointing to a possible Russian-Turkish condominium in the South Caucasus, with shared responsibilities for the region’s security<sup>24</sup>. It is not difficult to see how that might please the Kremlin, as it plays up its hand while at the same time weakening the West’s. Less easy to understand, surely, is nevertheless Ankara’s willingness to take on the risks inherent in such a plan.

If we take into account Turkish pre-August 2008 policies and priorities – both things which are far from easy to revamp overnight – and the current Administration’s proclivity to fight to establish its internal recognition something by increasing its regional clout, perhaps Ankara’s bold proposal was to be expected. It is nevertheless a risky gamble. Reconstructive reasoning by itemization and by exclusion of parts is useful here. There seems to be a tendency among the Turkish military to look with understanding at the Russian invasion of Georgia, in light of the perceived similarity with the Turkish 1973 intervention in Cyprus, for motives related to the need of protecting the ethnic Turks there from violence by Greeks<sup>25</sup>. In 1983, Turkey recognized the self-proclaimed independence of Northern Cyprus, much as Russia recognized the independence of Abkhazia and South Ossetia. Also, let us reflect upon all this against the background of increasing doubts in Ankara about the fading prospect of EU membership and about the usefulness of NATO’s eastward extension. During the Five-Day War, as we stressed earlier, Turkey’s strict observance of the terms of the 1936 Montreux Convention Regarding the Regime of the Straits (Bosporus and Dardanelles) was insistently demanded and observed by Russia. Hasty risk-taking may well have been involved in the rapid shifts that allowed Turkey to exploit the window opened: for these actions and stances amounted to Ankara batting way above its weight, as it not only limited USA’s ability to deliver help to Georgia, but it also raised questions about Turkey’s allegiance to NATO, as well as about the Convention’s overall relevance today, with three of the Black Sea riparian states being NATO members. Herein lies the danger for Ankara. In the context of an increasingly polarized relationship between Russia and the United States, it may well turn out that Turkey’s post Cold War “all azimuths” approach becomes a liability – and that thus Ankara finds itself pushed back into an increasingly realistic survival mode expressed by a renewed acceptance of a ‘slow-motion’ consolidation of its Western allegiances.

There are, however, few signs that this much has ‘percolated upwards’ to the higher echelons of Ankara’s strategic decision-making processes. In recent months, in mid-2009, several Turkish commercial ships sailing toward the Abkhaz port of Sukhumi were intercepted by the Georgian coast guard, since, under international law, trading with an unrecognized entity is illegal – an understanding naturally shared by Tbilisi. Although these Turkish-Georgian incidents were solved via diplomatic channels on September 2, the Abkhaz self-styled president, Sergey Bagapsh, denounced the Georgian actions as acts of piracy and threatened to destroy the Georgian coast guard vessels. He was joined two weeks later by an official Russian warning that any attempts by Georgia’s coastal forces to “interfere” with Abkhaz trade and to “trespass the Abkhaz maritime border” would lead to the interception and detention of Georgia’s boats<sup>26</sup>.

It is of course, in itself, worthwhile discussing why Turkey has chosen to do business with Abkhazia in apparent defiance of Georgia’s territorial sovereignty. And we mean not only below-the-radar opportunistic trade, but the virtual establishment of open, quasi-formal relations – though we add, in all fairness, that Turkey has repeatedly reaffirmed its respect for Georgia’s territorial integrity. On September 8, Unal Ceviköz, the Deputy Under Secretary for Political Affairs in the Turkish Foreign Ministry, visited Sukhumi and met with the Abkhazian “Foreign Minister”, Sergey Shamba. This took place while Ahmet Davutoglu, the Turkish Foreign

<sup>22</sup> Igor Torbakov (2008), *op. cit.*, pp. 24-26.

<sup>23</sup> Dmitry Yermolayev (2008), “Rossisko-turetskaya Antanta?”, *Rossiiskie vesti*, September 5

<sup>24</sup> *Rossiskaia gazeta*, October 16, 2008.

<sup>25</sup> Andrew Finkel (2008), “Georgia and Turkish Ambivalence,” *Today’s Zaman*, August 12.

<sup>26</sup> Vladimir Socor (2009), “Naval Security Deficit Growing in the Black Sea”, *Eurasia Daily Monitor*, September 17, vol. 6, issue 170.

Minister, was visiting Tbilisi. Ceviköz is an experienced diplomat, well familiar with the region, who was instrumental in bringing forth the Caucasus Stability and Cooperation Platform. It seems that nowadays “*Turkey is rediscovering Abkhazia with the help of geographical, ethnic, and cultural closeness [and] has entered into an unstoppable multidimensional integration process with Abkhazia*”, as Hasan Kanbolat put it<sup>27</sup>. As is often the case, history may be adduced that appears to solidly ground such moves. As pointed out by Emrullah Uslu<sup>28</sup>, more than 500,000 descendants of the Muslim Abkhaz that moved from the Caucasus to the Ottoman Empire during the 19<sup>th</sup> century live in Turkey, along with descendants of other Caucasian communities. But it is hard to envisage these efforts as risk-free, even if it is claimed that due to their influential nationalist lobby, Ankara has to re-establish links with the self-styled Abkhaz Republic – that is, even if the excuse for thus undermining Tbilisi is framed as an attempt to establish a *controlled relationship* with Abkhazia, as Kanbolat phrased it, in order to prevent that it completely integrate into the Russian Federation. In practical terms, this is supposed to translate in Georgia’s refraining from intercepting Turkish shipping towards Sukhumi. In all these precipitous policy moves, Ankara assumes the role of a mediator between Sukhumi and Tbilisi and sees itself as contributing to improving relations between Georgia and its secessionist neighbour – “*even if only slightly*”, as Kanbolat remarks, with a tinge of irony.

The overall impression one gets is that Ankara is running ahead of itself, propelled by the current government’s image of an historical role which it is uncertain that Turkey will be able to fulfil. On a more general level, it is instructive to notice Kanbolat’s remark that a “*close relationship is being established with Abkhazia similar to the multidimensional relationship established with Cypriot Turks in the east Mediterranean region. The Black Sea is no longer a sea that separates Turkey and Abkhazia. Abkhazia is becoming one with the Black Sea coastline of Turkey.*” It remains to be seen how Tbilisi does put up with this kind of Turkish *multi-dimensionalism*; and, of course, we are yet to know how the West will react to such an eventuality.

All things considered, the military dimension of the new situation is far from light, and it is not at all clear that Turkey can easily control and benefit from the developments triggered by August 2008. Returning to the “*naval security deficit*” in the Black Sea, as Socor labels it<sup>29</sup>, it is noticeable the low profile of Turkish naval presence outside its territorial waters, given its real status of dominant military power, in conventional terms, in the Black Sea region. The situation is aptly described by Socor: [t]he *unofficial condominium seems to translate into a division of the eastern Black Sea into de facto zones of Russian and Turkish action. Russia keeps a respectfully low naval profile in the southern part of the Black Sea in deference to Turkey. Meanwhile, Russia holds uncontested naval sway beyond its own maritime borders, in the waters around Ukraine's Crimea and off Georgia's Russian-controlled coastline, reaching to the vicinity of Poti (which Russian forces bombed and blockaded temporarily in August 2008). Meanwhile, Russia openly announced its intention to disregard the 2017 deadline for the withdrawal of the Russian Black Sea Fleet from Ukrainian territory in the Crimea (the withdrawal process would have to commence very soon, if the deadline is to be respected at all). Russia has changed maritime borders practically at will in the eastern Black Sea at Georgia's expense and raises the prospect of doing so again in the Crimea at Ukraine's expense*<sup>30</sup>. Where does this leave Ankara and its hopes and ambitions? It is, indeed, remarkable that while Ankara had chosen not to react when Russia violated Ukraine’s stated neutrality during the Five-Day War by attacking Georgia using its Black Sea Fleet based in Ukraine’s Sevastopol, Turkey was strictly observant of the Montreux Convention in forbidding its NATO ally to dispatch immediate humanitarian help in Georgia using ships of “illegally high” tonnage. Georgia and Ukraine, together with NATO member states Romania and Bulgaria, have

<sup>27</sup> Hassan Kanbolat (2009), “Turkey-Abkhazia Relations After Cevikoz”, *Today’s Zaman*, September 17.

<sup>28</sup> Emrullah Uslu (2009), “Turkey Considers the Status of Abkhazia”, *Eurasia Daily Monitor*, October 5, vol. 6, issue 182.

<sup>29</sup> Vladimir Socor (2009), “Naval Security Deficit Growing in the Black Sea”, *Eurasia Daily Monitor*, September 17, vol. 6, issue 170.

<sup>30</sup> Vladimir Socor (2009), “Russian Naval ‘Mission Creep’ in the Black Sea”, *Eurasia Daily Monitor*, Sept. 21, vol. 6, issue 172.

repeatedly pleaded for the Alliance's *Operation Active Endeavour*, which has been deployed in the Mediterranean Sea as an anti-terrorist programme, to be extended into the Black Sea. This has been blocked by Russia and Turkey. This is certainly a daring – hence risky – strategic bet on the part of Ankara, about whose chances we can yet only speculate.

It is important to recognize that the economic benefits of a deep-going and exclusive *duumvirate* between Turkey and Russia would not be evenly distributed. A *de facto* exclusion of Western influence in South Caucasus and Central Asia would very likely compromise the strategic usefulness of the narrow Georgian energy corridor, to the effect that Turkey's energy dependence on Russia would further increase, along with its political submission. Russia would considerably reduce Turkey's dimension as a centripetal energy hub, while turning it into a passageway for its own exports of hydrocarbons. In such a situation, Turkey's leverage in negotiating with its Middle Eastern oil and gas-rich neighbours would also diminish. This is why Turkey must uphold a direct, Russian-independent conduit for the Caspian resources over to its territory.

On a more general note, to be sure, Turkey's "multi-azimuth" diplomacy has indeed so far turned out to be successful and has undoubtedly contributed to the increased regional and global perception of Turkey as an important and growing power – and the Ankara powers that be may find some solace in this. However, its several dual approaches declaring complementarity of tracks and "honest brokerage", such as between Azerbaijan and Armenia, Georgia and Abkhazia, NATO and Russia, Nabucco and South Stream (as we shall see below), could just as well backfire and generate perceptions of a systematic double-dealing that would certainly be detrimental to its maximizing expectations, particularly if tensions continue to increase. Instead of constant wins on both sides, Ankara can end up – on some counts, at least – gaining nothing. Or even losing.

Since Georgia's energy security has been shattered by the invasion, Armenia becomes an increasingly interesting backup solution – but given the complexity of Armenia's relationships with both Turkey and Azerbaijan, nevertheless, not a linear one. To this we turn next.

### ***Armenia***

Until October 10, 2009, Armenia has had no diplomatic relations at all with two of its neighbours: Azerbaijan and Turkey. From the perspective of these two states, the source of discontent with Armenia has been largely the same: Yerevan's military and political support for Nagorno-Karabakh, the mostly Armenian-populated enclave on Azerbaijan's sovereign territory. As we have indicated, Armenia is still in a state of war with Azerbaijan, suspended by a ceasefire agreement signed in 1994. Peace-talks have taken place ever since, under the mediation of the OSCE's Minsk Group (co-chaired by Russia, the United States and France), but with little if any significant progress.

Although it was one of the first states to have recognized Armenia's independence in 1991, Turkey decided to seal the border with its eastern neighbour in support for Azerbaijan's plight over Karabakh. But two other relational and rather heavy problems also came into play: first, from Yerevan's viewpoint, there is a wide national consensus that insult has been added to injury with Turkey's refusal to admit having afflicted genocide upon the Eastern Anatolia's Armenians in 1915, in the moribund days of the Ottoman Empire. Second, from Ankara's perspective, a further thorn is undoubtedly Armenia's staunch refusal (declared as soon as January 1991, little after the new republic's statement of independence from Moscow) to recognise the 1921 Russo-Turkish Treaty establishing its current border with Turkey – a treaty through which the USSR returned the districts of Kars and Ardahan to Atatürk's Turkey. This has been envisaged by Yerevan and the Armenian public opinion at large as the consecration of an unbearable historical inequity, and by the Yerevan's decision-makers as an inadmissible block to future territorial "reparations".

As we shall try to show, in order to be fully intelligible, Armenia's relations with her neighbours to the east and west – Azerbaijan and Turkey – can usefully be analysed within the structural framework of a triangular complex of mutual constraints and dependencies. In actual

fact, the scope of this enlargement of perspective is even greater than that recognition of a mere interdependence among the immediate vicinities, since besides, the shadow of Russia's interests looms over any international endeavour of the Transcaucasian states – and it thus in fact constitutes an ineluctable background element in any nationally legitimate foreign policy making of the region. As to the latter point, it is indeed relevant that Armenia does host a Russian military base in Gyumri. From the Azeri perspective, matters are made out to be more dispiriting since Gyumri also received a great deal of equipment after the withdrawal of the Russian army from the military bases in Georgia – namely, at Batumi and Akhalkalaki. The move triggered serious concerns in the South Caucasus about the potential shift in the local balance of military power, a matter of understandable concern as it was widely read as directly influencing the long-lasting and tense Karabakh negotiations<sup>31</sup>.

But let us come back to what we pictured as an extant triangular mesh of interrelations. A fair illustration of the intricate Turkish-Armenian-Azeri triangle we identified is reflected, we believe, in the recent diplomatic initiative of Ankara, attempting to 'defrost' its border with Armenia and to gradually build normal economic relations with it. The initiative has been meanwhile labelled *football diplomacy* – thus called, since its public start was marked by an official and very public game of soccer staged between Armenia and Turkey in Yerevan. The loudly emblematic event was attended by the Turkish president, Abdullah Gül, in September 2008, that is, in the immediate aftermath of the August war<sup>32</sup>. It was truly history in the making: for the first time a leader of modern Turkey visited Armenia. The event was just a symbolic pause in Turkey's diplomatic itinerary of launching the Caucasus Stability and Cooperation Platform, a surprise diplomatic budge which we have already introduced. Results were not long in emerging. The next month, on November 24, 2008, in a overt display of mutual interest, the Armenian Foreign Minister Edward Nalbandian visited Ankara – he did so, he claimed, in order to prepare the assumption by his country of BSEC's rotating presidency. For all their dull sound, these visits were truly path-openers through a historical thicket of mutual mistrust and resentment.

Such a *de facto* rapprochement, even if it was no more than a variety of signalling, bilaterally amounted to little less than a full-fledged one hundred and eighty degree innovation. Since 1993, when it sealed the 268 kilometer-long Armenian border, Turkey's foreign policy toward Yerevan has been based on the principle that no talk on the reopening would take place without a resolution to the Nagorno-Karabakh conflict. Thus, in a sense, Baku has received an informal veto on the reestablishment of normal ties between Ankara and Yerevan. The source of this influence relies on the special ethnic and cultural affinity extant between Turkey and Azerbaijan – "one nation, two countries", as the customary slogan has it – but its sway also hinges on Turkey's concern to not alienate its hydrocarbon-rich "little brother" – and thus potentially lose it to Russia. That, of course, works both ways. So, also during a visit to Ankara, one which took place in November 2008, President Ilham Aliyev of Azerbaijan declared in a speech given before Turkey's Grand National Assembly that "[i]mplementation of any region-wide project, political or economic, is impossible without our participation and consent. Energy and transportation projects, important for the region and the world, are being implemented at our initiative"<sup>33</sup>. As soon after it wisely indicated by Socor, the statement was, in good truth, an indirect Azeri answer to pressures for the inclusion of Armenia in developing energy and transportation projects without first obtaining an acceptable definitive solution for the thorny Nagorno-Karabakh conflict. The message from Baku was loud and clear and it assumed the guise of a response: "peace first and pipelines afterwards" – rather than the "pipelines as a road to peace" equation favoured by its regional adversaries. In fact, the reply was rather robust, as the tension between Baku and Yerevan was also manifested in Azerbaijan's substantive increase of its defence budget, given its strong hydrocarbon-driven economic growth of the last decade.

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<sup>31</sup> See, for example, Samvel Matirosyan and Alman Mir Ismail (2005), "Armenia and Azerbaijan Differ over Russian Base-Pullout", *Eurasia Insight*, June 28.

<sup>32</sup> See, among other relevant papers, *The Economist*, "Football Diplomacy: Turkish-Armenian Relations", September 3, 2009.

<sup>33</sup> Vladimir Socor (2008), "Azerbaijan's President Synchronizes Watches With Turkey", *Eurasia Daily Monitor*, November 10, vol. 5, issue 215.

Moreover, the response given was indeed rather firm: soon after his recent re-election, President Aliyev declared that the war between the two neighbours is only suspended, not over. Add to this that Armenia's President Sarkisian's proposed to organize a national referendum on a compromise peace agreement between the two countries, which was met with staunch opposition from Armenian nationalist groups inside and outside of the country, hostile to any territorial concession to Azerbaijan. Thus, as a rejoinder, the *quid pro quo* was hard to ignore or refuse—under pain of giving up what had become essential in the name of a grievance which receded fast into subalternity.

However, this came to a surprise solution, as on October 10, 2009, when, after two years of negotiations under Swiss mediation, the Turkish and Armenian Ministers of Foreign Affairs agreed to sign, at the University of Zürich, two important documents that formally sealed the path to rapprochement: the *Protocol on the Establishment of Diplomatic Relations* and the *Protocol on the Development of Bilateral Relations*. This was by no means an easy step to take. The very preparation of the final form of the documents was itself marked by tensions and threatened by failure<sup>34</sup>. The content was watered down so as to avoid any mention of the Turkish “genocide” – or of the occupation by Armenia of Nagorno-Karabakh. Of course, both parties had to take into account the massive internal and external criticism of their respective more intransigent nationalistic pressure groups. However, neither of them should have difficulties in getting the documents ratified by their respective legislatures. So ‘popular epic’ boldness was required. Thus, on October 14, 2009 President Serzh Sarkisian did highly symbolically watch another soccer World Cup qualifier, in Bursa (Turkey) this time. In spite of his previous threat of not attending if the border between Armenia and Turkey remained closed, a new historical visit took place for the purpose: he was the first Armenian president to visit Turkey.

The implicit substitution of a new realism for old grievances solidified and hardened. But not quite and surely not immediately, as the Nagorno-Karabakh latest round of talks – hosted by Moldova – collapsed on October 9, 2009, in spite of an early apparent progress and, rather ominously, it did so for rather uncertain reasons. The agreed upon roadmap of the following steps foresaw that “Armenia would halt military and political support for Nagorno-Karabakh while Azerbaijan gave the region a special status inside Azerbaijan and opened a travel corridor between Nagorno-Karabakh and Armenia. As suggested in a timely analysis posted by *Strategic Forecast (Stratfor)*<sup>35</sup>, the main reason why the Protocols signed in Zürich were in a version of diminished strength was precisely the collapse of the talks over Karabakh. Besides, the Stratfor report points to the relevance of the “*escalating US-Russian standoff*”, reflected in this case in America's resumption of involvement in the Minsk Group's Co-Chairmanship, thus limiting Russia's influence over the two contenders – Azerbaijan and Armenia – and its regional rival, Turkey.

Regarding Yerevan's relations with Tbilisi, it ought to be noted at the very outset that just as in the case of Azerbaijan, Armenia's economy depends considerably on access to Georgia's Black Sea ports. A grand total of 70% of its foreign trade is being carried out through Georgia. Among other impacts, the aftermath of the August war brought upon Yerevan the worst fuel crisis since the beginning of the 1990s, and the predicament was to last for a period of two weeks<sup>36</sup>. The destructions caused to the Georgian transport infrastructure by the war had seriously damaged Armenia's economy<sup>37</sup>. True, after the trade route was repaired, the economy largely returned to normal. Nonetheless, because of the sense of vulnerability created by Russia's invasion of Georgia regarding the latter's reliability as an energy corridor, Yerevan started to perceive its overreliance on Tbilisi as a threatening liability. Thence the growing

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<sup>34</sup> See, for instance, Stefan Bühler and Heidi Gmür (2009), “Diplomatischer Krimi im Hotel Dolder: Abkommen zwischen Tükey und Armenien bis zuletzt auf Messers Schneide“, *Neue Zürcher Zeitung*, October 11.

<sup>35</sup> Anon. (2009), “Armenia, Azerbaijan: The Nagorno-Karabakh Talks Collapse”, in *Stratfor*, October 12, 2009.

<sup>36</sup> Ashley Corinne Killough (2008), “Armenia in Need of an Alternative Export-Import Route,” *Eurasia Daily Monitor*, October 10, vol. 5, issue 195.

<sup>37</sup> According to a RFE/RL *Armenia Report* from September 3, 2008, referred to by Killough (2008), *op. cit.*, Artur Baghdasarian, secretary of Armenia's National Security Council, estimated back then that the damage to Georgia's infrastructure had cost Armenia \$680 million, “*mainly in delayed imports and exports*”.

concern in Armenia to ensure a protective diversification of its economic ties and to establish and sustain an alternative access way to the Western market.

Herein lays perhaps the stronger explanation for the tectonic shifts in regional policy reorientations which took place in our triangle. This hedging of risk could only be achieved through its big western neighbour and nemesis, Turkey. It also spelled the need to diminish risk by placing eggs in different baskets: so at the same time, Armenia was from the very outset really careful not to jeopardize its economic links with Georgia, which had as a result translated into interesting political decisions. Thus, although it remains the main ally and *protégé* of Russia in the South Caucasus, Armenia did not support the accession of South Ossetia and Abkhazia into the Collective Security Treaty Organization (CSTO), as this would of course have implied formal recognition by Armenia of the two new entities Moscow insisted on creating at Tbilisi's expense. The recognition would have amounted to a serious political gamble, given land-locked Yerevan's massive economic dependence on Georgia and its leadership's longer-term expectation to get pro-actively involved in the many budding regional energy projects – a strategic hope for which, geographically, Azerbaijan is an inevitable starting point.

### **Iran**

Next to Armenia and opposite to it in relation to Turkey sits Iran, and that sheer fact complicates matters further. After the collapse of the Soviet Union, in 1991, a common prediction enounced from a multiplicity of quarters was that the two heftier Muslim powers neighbouring Transcaucasia, Turkey and Iran, would engage in an open competition for influence in the Caucasus and in Central Asia. This was by no means a random guess, as they both had roots extending far and wide into the larger region – opinions differed, however, mostly as to how that might come to pass, even as a consensus emerged in what concerns they would most certainly engage in dissimilar routes for regional affirmation. As Svante Cornell aptly indicated, the power struggle took on a rather soft guise, namely a struggle of *models* for the newly independent Central Asian states, with “*Turkey presenting a secular, Western-oriented democratic model, while Iran proposes a radical Islamic, anti-Western outlook with its own particular regime, which however allows for a substantial degree of democracy*”<sup>38</sup>. Apart from the “substantial degree of democracy” bit, an assumption obviously falsified by the events following the latest presidential elections in Iran, Cornell seems to have gotten it right – just as he did in his appraisal that Turkey has for a while held the upper hand in this competition. As we have come to observe rather consistently, most of the Caucasian and Central Asian leaders of Muslim states readily embraced the Turkish stance, carefully holding back from the Iranian autocracy's embrace and refraining, or sheltering themselves, given a widely shared perspective of risk from establishing relations with Tehran which might become too close for comfort.

In is perhaps relevant on this context to stress the obvious for oft forgotten fact that the Caucasus and the Caspian regions have been a sort of staging ground for the cyclically harsh interface of grating and rasping among the Russian, the Ottoman and the Persian empires. After what is now seen as the South Caucasus became independent from the Soviet Union, it was to be expected that Turkey and Iran would focus on Azerbaijan in order to regain influence over Transcaucasia, which was, in the tense identity and recognition-ridden political atmosphere of the '90s, a plausible educated guess, since both share strong features with the Azeri people. As pointed out earlier, Turkey has deep-going ethnic and linguistic affinities with Azerbaijan, while Iran shares religion (Shiite Islam) and culture with its northern neighbour – over whom it has had a large measure of control for centuries on end. A considerable Azeri minority lives in northern Iran – over 15 million people, that is double the size of Azerbaijan's population itself – and the two states share a 700 kilometre-long common border. Turkey, on the other hand, has only a minute 7 kilometre-long border with the Azeri exclave of Nakhjivan. And it is perhaps precisely for these latter reasons, however indirectly, that instead of seeking a tangible sort of

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<sup>38</sup> Svante E. Cornell (2001), *Small Nations and Great Powers. A Study of Ethnopolitical Conflict in the Caucasus*, RoutledgeCurzon, p. 82.

renewed proximity to Azerbaijan, post-bipolar Iran has been careful to instead display towards it both reservation and concern. For well over two decades now, Tehran, openly uneasy about potential Azeri secessionism – a fear intensified by the oil-boasted economic growth of Azerbaijan, against the background of a constant economic decay of Iran – chose to play Baku off on any issue of political, economic, or military relevance. Opportunities were by no means lacking and the *ayatollahs* exploited that to the hilt: Tehran played off precisely that sort of round as concerns Azerbaijan’s core ‘existential’ conflict, Nagorno-Karabakh. It did so by covertly siding with Armenia – and occasionally conniving with Moscow in order to foil Baku’s prospects. The Revolutionary Islamic Republic chose to deal its hand despite pro-Azeri feelings on its more and more politically savvy ‘streets’, and in spite of an almost generalized aversion toward the “Armenian infidels” in its society. Teheran carried things out quietly but surely. For many years, now, Iran has constantly supplied land-locked Armenia with energy and goods, thus undermining the twenty-odd year long Azeri-Turkish embargo on Yerevan. This was and is no small deal: ahead of Russia, on that front at least, Iran is still, today, Armenia’s largest trade partner – a tall order, indeed.

No doubt, Azerbaijan itself occasionally displayed an unnecessary zeal in pointedly exasperating Tehran. The entire period in office of President Elçibey, lasting from 1991 through to 1993, was striking for its fanatical pro-Turkish and anti-Iranian foreign policy. Then, in September 1994, after the signing of the widely broadcast “contract of the century” – a deal in which Azerbaijan and a consortium of no less than thirteen multinational energy giants (including British Petroleum, Amoco, Penzoil, Unocal, Statoil, but also Lukoil) placed a blatantly carefully thought-through bet on the development of three offshore oil fields in the Caspian – Iran was promised a five percent participation and the possibility of channelling some of the prospective oil extracted through its territory and into the Persian Gulf – only to be snubbed by Baku the very next year (1995), bowing to a firm and unequivocal American insistence that ties with Teheran be put on indefinite hold, at least for as long as the US Iran Sanctions Act holds sway.

So what did August 2008 entail? In our previous section we have focused on the strategic triangle enmeshing with one another Armenia, Azerbaijan, and Turkey. It appears now useful to hold a similar ‘structural’ approach as regards the nexus to some extent tying together Iran, Russia and Armenia. Both Russia and Iran have instrumentally used Armenia so as to check and restrain Azerbaijan’s regional ambitions and to limit Turkey’s influence in South Caucasus. But there is more. Russia and Iran hold a whole series of other interests in common. One such overriding Russo-Iranian interest concerns the international legal regime of the Caspian Sea. At stake is the exploitation and export of Caspian hydrocarbons. As could be expected, positions and doctrines on such matters vary, largely in tune with national interests. Azerbaijan, Kazakhstan and Turkmenistan, for example, argue that the Caspian, though landlocked, is indeed, legally, a sea, and hence its partition ought to follow the general Montego Bay dispositions on the Law of the Sea allotting the riparian states territorial waters and economic exclusive zones at least as wide as their respective shores; while Russia and Iran, on the other hand, insist that the Caspian is jurally not actually a sea, but rather a lake – albeit a very large one – and the resources of which must therefore be jointly exploited. As a result, an informal ‘litigation’ of sorts has cropped up in earnest – so, for instance, in October 1995, Presidents Yeltsin and Rafsanjani proposed that each Caspian state be granted a 10-mile wide stretch of ‘territorial’ waters for the purpose of economically exclusive mineral extraction<sup>39</sup>. This, of course, was at once deemed completely unacceptable by both Azerbaijan and Turkmenistan, in particular, two countries whose oil and gas fields lounge much further offshore. As a good case in point, Guneshli, Chirag and Azeri, the three oil fields developed through the above-mentioned “contract of the century”, lie, respectively, at an offshore distance of 82, 94 and 113 kilometres<sup>40</sup>. The issue is also highly relevant for the project of laying down

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<sup>39</sup> Svante Cornell (2001), *idem*, p. 92; Anon. (1995), “Iran, Russia, and Oil” (1995), *Daily Digest*, Open Media Research Institute (OMRI), June 1.

<sup>40</sup> Nasser Sagheb and Massour Javadi (1994), “Azerbaijan’s ‘Contract of the Century’, Finally Signed with Western Oil Consortium”, *Azerbaijan International*, SOCAR Section, Winter 1994, pp. 26-28.

an ambitious Trans-Caspian gas pipeline, running from Turkmenbashi to Baku, which would feed into TBE and Nabucco natural gas flowing in from Turkmenistan and Kazakhstan. Significantly, as we shall see, here again the opposition of Russia and Iran has always consistently been spelled out in legalistic terms.

To add to all this, we have also been witnessing for quite a while the notorious ongoing nuclear cooperation between Russia and Iran, a heavily sensitive matter which has much complicated Tehran's relations with the West in general and the United States, in particular – and, indirectly, Moscow's as well, and in both cases ever more so. This long-lasting collusion does not seem to be waning, political rhetoric notwithstanding. This is easy to illustrate. Not very long ago, Russia's *Rosatom* finalized the construction of Iran's Bushehr nuclear reactor and now overtly provides it with nuclear fuel. Finally, Iran is a major buyer of weapons from Russia, including technologically advanced systems, which is something that, in the existent context, naturally does not fail to raise the concerns of ever-attentive American policy-makers, increasingly worried about the overall instability of the wider region and well aware of the growing levels of conflict interdependence there and the potentially disastrous implications of such high-risk raising of stakes. The types of weapons steadily dripping into Teheran from Moscow of late include T-72 tanks, MIG-29 fighter planes, air-to-air missiles, and surface-to-air missiles (S-15) meant to defend the Bushehr nuclear facility from eventual American or Israeli attacks<sup>41</sup>. Most worrying and disturbing to Washington and Western powers, in general – as well as, of course, Israel – is the perceived Iran relentless bid to acquire Russian S-300 anti-aircraft missiles, ones capable of intercepting enemy aircraft flying 90 to 180 miles away<sup>42</sup>.

There is also a sizeable amount of a generalized institutional cooperation between Russia and Iran – and it is an issue of concern that Moscow has apparently intensified such links in the aftermath of August 2008. The matter seems to have a strategic as well as a tactical dimension. Thus, not only does the Russian Caspian fleet cooperate well and regularly with the Iranian one also present in that sea, but Russia has lent its support to Iran's 2008 bid for membership in the Shanghai Cooperation Organization (SCO), envisaging the creation of a solid counterweight to the American presence in Central Asia. Currently Iran holds merely an observer status in the SCO.

Indeed, if anyone stood to gain from the changed geopolitical circumstances that surfaced from the froth of the Russian invasion, and subsequent dismemberment of Georgia, it was Iran. Time and events have shown such gains have been taking place on various planes at once. In the aftermath of the Five-Day War, Teheran's Administration has managed to extract quite substantial economic gains from the doubts raised about the safety of the Georgian pipeline corridor: for example, as both BTC and Baku-Supsa had to be temporary shut down, causing Azerbaijan to lose over USD 1 billion in revenues, Baku had no other way but to use the Russian Baku-Novorossiysk pipeline, a move through which Iran doubled the quantities diverted to it, from 20,000 to 40,000 barrels per day (bpd). Also, the Azeri have been forced to ship oil over the Caspian southward to the Iranian port of Neka – to be exported by means of a swap agreement with Tehran<sup>43</sup>. Overall, Iran's capacity as an oil hub has been increased since the August invasion. One single further example will suffice: in fact, until the end of September 2008, the State Oil Company of the Azerbaijani Republic (SOCAR) swapped through the port of Neka no less than 300,000 tons of oil, while Kazakhstan also showed a clear interest in increasing its swapping of oil with Iran. There is fairly solid circumstantial evidence this was apparently not a lose event, one simply exploiting a window of opportunity created by the 2008 military confrontations between Russia and Georgia. Daly has aptly observed that Iran had been

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<sup>41</sup> For the latter point, see, for example, the very detailed and careful study authored by Abdullah Toukan and Anthony H. Cordesman (2009), *Study on a Possible Israeli Strike on Iran's Nuclear Development Facilities*, published in May 2009 by the Center for International and Strategic Studies (CSIC), in Washington.

<sup>42</sup> Lionel Beehner (2006), "Russia-Iran Arms Trade", *Council on Foreign Relations*, Backgrounder, November 1. This deal was stalled in early 2009 by joint US and Israeli pressures, only to resurface, it seems, with intelligence briefings connecting the recent attack on a Russian ship which re-emerged in Cabo Verde, in the mid-Atlantic, and which has been claimed to carry SS-300s meant for delivery to Teheran and sent by purportedly "rogue" Russian high-ranking officers.

<sup>43</sup> John C. K. Daly (2008), "Iran Gains From Georgia Confrontation", *Eurasia Daily Monitor*, October 17, vol. 5, issue 199.

constantly upgrading its infrastructure for quite some time before the August war. Some time before the open hostilities broke out, Tehran increased Neka's handling capacity and, more interestingly, planned the construction of an oil pipeline from Neka to Jask, at the Arabian Sea, a long 'outfit' crossing Iran north to south.

The fast-changing wider regional context most certainly favours such gains by Iran – and it does so in a variety of ways. Here is another example: apart from the South-Caucasian disruptions, Iran can profit from Turkey's long-term ambition of becoming an energy hub and from its insatiable need for consumption. Indeed, Iran is already Turkey's second biggest provider of natural gas, right after the Russian Federation, covering over 30% of its imports. Still, Ankara and Tehran are obviously intent on going for a further development of Iranian gas fields and import into Turkey – and further into the European market, once the political burden of the already mentioned US 1996 Iran Sanction Act (extended till 2011) – which provides for American commercial sanctions against entities that invest more than \$20 million annually in the Iranian oil or gas sectors – will have been lifted. When analyzing Turkey's situation, we mentioned the deal signed, in November 2008, between Ankara and Tehran, regarding the development and operation of three offshore sections in Iran's South Pars region – the world's largest natural gas field – as well as the construction of a hugely ambitious 1,850 kilometer-long pipeline from the neighbouring port of Assaluyeh to Bazargan, at the border with Turkey. The project would be worth no less than \$12 billion. This would, of course, constitute a major infringement of the US Iran Sanction Act, so Turkey could conceivably thereby jeopardize much of the quality of its relations with the United States<sup>44</sup>. Emrullah Uslu plausibly explained this Turkish venture as a way of both securing Iranian cooperation on the frontline of combating PKK, and as a means for forcing Washington to persuade the government in Baghdad to open the Iraqi gas market to Turkey as well. Another recent contract concerns Turkey's commitment to construct two new pipelines to supplement the Tabriz-Ankara gas one, finished in 2001. Tabriz-Ankara connects in Erzurum with the celebrated Baku-Tbilisi-Erzurum gas pipeline (also known as the South Caucasus Pipeline, SCP), and thus offers the Islamic Republic the prospect of being capable of supplying, at some point in the future, the Nabucco pipeline.

Pulling a handful of these strings together is enough for bringing into sharp relief any attentive observer's understanding that something novel is most certainly afoot, and that the invasion of Georgia may well lead to far more than mere national re-orientations in an already highly unstable area of the world. All in all, there can be little doubt that both at the energy and the associated security level, what we are witnessing are moves built into a new version of a Great Game – and that, at least in the Wider Black Sea and Caspian region, both regional and global great power politics are back with a vengeance.

How does the Ukraine play into this thickly intertwined *imbroglio*?

### **Ukraine**

The Ukraine, given its size, strategic importance and the weight it carries for Moscow, is perhaps the toughest cookie as far as our *tour d'horizon* of economic and security policies post-August 2008 are concerned. Let us start with a September 2009 observation by a well-informed analyst: "*Russia openly questions Ukraine's sovereignty in the Crimea while signaling that it will try to prolong the stationing of its fleet beyond the 2017 deadline. For that deadline to be observed, the fleet would have to begin the process of withdrawal by 2011-2012. However, Moscow is unwilling and international attention is also lacking. Even some leading Ukrainian proponents of the orientation toward NATO believe that the Alliance and the United States lack a strategy for securing Ukraine's independence and territorial integrity, particularly in the case of escalating Russian pressures in the Crimea*"<sup>45</sup>. A bleak view, to say the least.

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<sup>44</sup> Emrullah Uslu (2008), "Turkey and Iran Sign Accord on Natural Gas Cooperation", *Eurasia Daily Monitor*, November 21, Vol. 5, Issue 224.

<sup>45</sup> Vladimir Socor (2009), "Maritime Security Weaknesses in the Black Sea", *Eurasia Daily Monitor*, September 18, Vol. 6, Issue 171. The quotation refers to Volodymyr Horbulin and Valentyn Badrak, *Defense Express* [Kyiv], September 11, 2009.

As soon as the “Guns of August” ceased to pound, most eyes turned to Ukraine. President Yushchenko, along with the presidents of the three Baltic states, ostensibly sided with Georgia’s President Saakashvili. Yushchenko and Saakashvili have defined themselves as strategic allies since the revolutionary political movements that brought them to power. As time passes, this is becoming harder by the day: despite the obvious reciprocal goodwill in the face of a perceived threat, the linkage is far from an easy ‘alliance’ and one fraught with both risks and limitations.

One of the most deep-going, and mutually suffocating relations between Russia and her sister country, Ukraine, concerns energy. Given an old USSR preference for a geographical division of labour that both favoured ‘employment’ and tried to avoid gross inequalities, the Ukraine hosts most of the gas-transporting infrastructure built during Soviet times, one through which Russia still delivers 80% of its Europe-bound exports. Thus, Russia cannot really accede to the European market other than through the Ukrainian pipeline – and the investments and vested interests far too sizeable for that to change either soon or easily. Also, the Ukraine has huge storage capacities for natural gas on its territory – and those too are hard to substitute. On the other hand, almost the entire quantity of gas consumed by Ukraine’s energophagic industry is delivered by Gazprom – although mostly it comes from Turkmenistan. This is the basic equation of mutual dependence: Russia needs Ukraine’s pipeline and storage systems for its westward natural gas export; Ukraine needs natural gas and in practice that can be delivered only through the Russian pipeline system. Commercially, the recurrent gas conflicts between the two countries stem from Ukraine’s constant inability to pay for its gas imports on time, and from the consequent periodical demands, from Kiev’s side, to reassess the transit price of gas in order to compensate for the price increased decided by Gazprom. Politically, Moscow’s readiness to reach to the gas spigot in order to bring its “undisciplined” neighbours to order has become a security threat for these states – not to mention the overall unreliability of Gazprom deliveries to its western clients.

Accordingly, Russia’s strategic exit from this conundrum demands either full control over the Ukrainian pipeline network, or circumvention of Ukraine with new, high-capacity pipelines, which would take the gas to Europe by avoiding politically risk-ridden states – including, of course, the Baltics, Poland, and even Turkey. Thence projects like the Nord Stream pipeline one, now an underwater conduit meant to cross the Baltic Sea; and the South Stream, this one underneath the Black Sea. For its part, Ukraine cannot afford to be thus circumvented without having alternative sources of hydrocarbons. Hence, strategically, Ukraine’s energy independence on Russia depends on Georgia, for the South Caucasian transport corridor is the key to the oil and gas from the Caspian states. The White Stream project, for example, is meant to transport gas from Azerbaijan to the Georgian Black Sea coast, and from there, on the sea bed, to Crimea.

Moscow seems, indeed, intent on playing a very public game of political hardball with the Ukrainian leadership. Indeed, on the energy front, the early post-August 2008 winter of 2009 brought us another round of confrontations between Moscow and Kiev regarding the export of natural gas into the Ukraine industries, and households. In many ways, this latter ‘seasonal’ confrontation was tougher than ever before – albeit to an extent just as inconsequential. On November 20, President Medvedev and Gazprom CEO Alexei Miller separately announced that the Ukrainian state energy company, Naftohaz Ukrainy, owed Gazprom \$2.4 billion and that this situation rendered uncertain the legal basis for “*next year’s deliveries*” to Ukraine and, likewise, threatened to raise the price for a thousand cubic meters (tcm) of gas from about \$140 to \$400 – pointedly adding that the resulting legal situation put the supply of Gazprom gas to Ukraine at risk as from January 2009. Given Kiev’s inertia on the matter, action readily ensued: on the morning of 1 January 2009, in strict compliance with what had been announced, Gazprom cut off the supply of natural gas to Ukraine, demanding payment of the overdue amount as a condition for its resumption, and indicating that prices from then on would double should a new supply agreement be reached. Although that particular crisis was resolved after three weeks – on 20 January 2009, reconnection of the supply and distribution of natural gas of Russian origin to Europe and Ukraine was announced after five hours of “difficult” negotiations between Prime Ministers Vladimir Putin and Julia Tymoshenko – its net

outcomes were rather inconclusive and tensions remain simmering and have since proven to be ready to resurface in the future.

Following tripartite negotiations (which involved Russia, Ukraine and the EU) in the first two weeks of 2009, and their short-term results but long-term inconclusiveness, the unpredictable politics of the arm-wrestling do not allow us to put forward any definitive answer as to which of these lines of interpretation would be the most appropriate. In any case, everything indicates that, whatever its intrinsic logic might be and whichever the economic solution found, the problem can only be resolved on a structural plane – something which does not appear to be happening. Again, facts on the ground are developing quickly: the most interesting evolution is surely the surprising, though interesting and smart. European offer of controlling the Ukrainian pipeline network east to west, which certainly made the Russians less than happy, to say the very least. It is hard to avoid the impression we are witnessing little more than opening salvos of a more open confrontation waiting to happen.

Whatever the ultimate unfolding may be, this recurrent situation has had a two-pronged impact: on one hand, again exposed the internal chasm in Kiev's top-level politics, with President Yushchenko blaming Prime Minister Yulia Tymoshenko for neglect and urging the government to pay the pending debt. In her turn, Tymoshenko transferred responsibility from the state-owned company (Naftohaz) to the private-owned intermediary RosUkrEnergo, an entity in which, interestingly, Gazprom itself is a major shareholder (50%), with Gazprom's Alexei Miller as a member of the outfit's coordination committee. On the other hand, as incisively noticed by Roman Kupchinsky, "*Yushchenko also called for a review of the transit fees Gazprom pays to transport Russian gas to Europe via Ukraine and the fees for the underground gas storage facilities in Ukraine*"<sup>46</sup>. As has ever more loudly been claimed by a handful of analysts<sup>47</sup>, an important ingredient of the cyclical confrontation is to be found in the "profit interests" of Ukrainian and Russian oligarch intermediaries as much as in interstate competition between Kiev and Moscow.

This matches the pattern of yearly bickering between the two "sister states," which started in January 2006 and has constantly unnerved the European customers of Gazprom. The mutual charges between Kiev and Moscow, with the former accusing Gazprom of reducing the deliveries and the latter accusing Kiev of stealing massive volumes of transit-gas from the pipelines, also entrench a major geopolitical component. Moscow has used Ukraine's vast energy dependence on Russian hydrocarbons in order to coerce Kiev into political obeisance. The Ukraine typically tries to swing away from it, and has begun making it a habit so spread the impacts for Moscow's delivery cuts to their downstream European public and private consumers. This is why the energy game has high stakes for both players: while Russia tries to become independent from Ukrainian transit toward the west, while remaining the monopolist provider to Ukraine, Kiev (or, to put it better, the nationalist factions in its government) frantically seeks to achieve some degree of independence from Moscow. As already indicated, Georgia is the sole medium-term hope of Kiev in this latter respect.

Meanwhile, hard security tensions mount steadily<sup>48</sup>. In spite of official Russian reassurances that no threat is posed to Ukraine's territorial integrity, a series of statements and political moves have put the pro-Western Ukrainian president into alert. Chronologically, we can start counting at the NATO's Bucharest summit that took place in April 2008, in which Vladimir Putin bluntly stated – in a well-rehearsed political speech act, no doubt, thus loudly conveying an implicit warning – that Ukraine is an artificial state, and a fragile one for that matter, an easy-to-dismember construct that could disintegrate if the country joined NATO. Semantically, this can be taken twofold: as a tentative description of the Ukrainian situation, with a society split between its pro-Western and pro-Russian leanings and a political class

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<sup>46</sup> Roman Kupchinsky (2008), "A New Ukrainian Russian Gas Confrontation," *Eurasia Daily Monitor*, November 24, Vol. 5, Issue 225.

<sup>47</sup> For a reading of the recent early 2009 crisis viewed from this perspective, see Jérôme Guillet (2009), "Ukraine-Russia gas spat: some background and context", *Russia Profile.org*, 5 January, 2009.

<sup>48</sup> For a background study, see the recent monograph by the Russian analyst Sergey Markedonov (2009), *The Big Caucasus. Consequences of the "Five Day War", Threats and Political Prospects*, Xenophon Paper 7, ICBSS, Athens, Greece.

unable to unite even around fundamental strategic goals; or, more chillingly, as a threat about the straightforward ease with which the Kremlin could manipulate the extant cleavages to its own advantage. Add to this the Russian government's habit of distributing Russian passports to Ukrainian citizens, the agitation of Russian nationalists in Crimea, and the signs about Russia's unwillingness to remove its Black Sea Fleet from Sevastopol in 2017, when its lease expires, and the prospective scenarios become rather dim.

More recently, a series of diplomatic spats between Moscow and Kiev, involving the expulsion in August, from the Ukraine, of two Russian diplomats, accused of spying – and then in September the ban by Kiev against five Russian journalists, prohibited to enter Ukraine the next five years – occasioned a new round of harsh Russian agonistic rhetoric against Kiev. In a public letter sent by Dmitry Medvedev to Viktor Yushchenko on August 12 – pointedly posted on the Kremlin's official site – the Russian president blames the pro-Western course of his Ukrainian counterpart for the unprecedented deterioration in the relations between the two “brotherly nations”. He blamed Yushchenko for irresponsibly jeopardizing Europe's energy security and expressed the hope “that the new political leadership of Ukraine will be prepared to build relations between our countries that will in practice correspond to the genuine hopes of our nations, and the interests of European security”. This statement – widely seen as a direct Russian interference in the run-up to the January 17, 2010 presidential elections in Ukraine – is certainly reminiscent of the 2004 tactics, through which the Kremlin sought to support the pro-Russian candidate, Viktor Yanukovich. Of course, back then this approach backfired, leading to sustained mass-protests against vote-rigging and thus opening the way to the triumph of the Orange Revolution. Nonetheless, this time too, the pro-Russian presidential contenders Viktor Yanukovich, leader of the Party of Regions, and Arseniy Yatseniuk, leader of the Front for Change, categorically sided with Medvedev's take on the energy dispute. Indeed, the prospective improvement of relations with Russia has been a recurrent electoral theme in Ukraine. In 2004, Yanukovich made the promise that he would improve relations with Moscow – and, as indicated by Taras Kuzio, the same was done in 1994, when Leonid Kuchma ran against the incumbent Leonid Kravchuk on exactly the same promise<sup>49</sup>. This, of course, is seen by Kiev as a gross interference in its internal affairs. However accommodating, the foreign policy of any potential non pro-Russian Ukrainian president would potentially have to cope with “Russia's refusal to recognize the existence of the Ukrainian nation”, as Volodymir Horbulin, the former Secretary of the National Security and Defence Council, put it<sup>50</sup>.

This is by no means all, as far as bilateral difficulties go. From the military security point of view, Ukraine has important armed forces in the Crimean Peninsula, including airborne, airmobile, armoured, artillery, and naval forces, plus border troops and special forces of the Interior Ministry. As pointed out by Kuzio, “*Ukrainian Defense Minister Yuriy Yekhanurov announced plans to increase Ukraine's military presence in the Crimea and to deploy new units on Ukraine's border with Russia. Asked if he feared that the Crimea would become a 'second South Ossetia', Yekhanurov replied that '[m]ilitary provocation will not take place. There are certain tendencies there, but we have sufficient forces to localize a threat' (Tyzhden, November 7-13)*”<sup>51</sup>. As has also been noted, there have been for a while now mutual consultation talks between the United States and Ukraine about the transfer of two American “*frigates of the Oliver Hazard Perry class, armed with guided missiles, to the Ukrainian Navy. US Defense Secretary Robert Gates and Ukrainian Defence Minister Yuriy Yekhanurov broke this news on the October 8 during a meeting in Ohrid of the defence ministers of South-East European countries. The discussions are in progress*”<sup>52</sup>. To the best of our knowledge, the process is still ongoing – and doubtlessly, if inconclusive, it could always be reactivated quickly. True, with or without such help, from a hard power perspective the Ukraine could

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<sup>49</sup> Taras Kuzio, (2009), “Ukraine Debates the Russian Threat”, *Eurasian Daily Monitor*, September 18, vol. 6, issue 171.

<sup>50</sup> Taras Kuzio (2009), *idem*.

<sup>51</sup> Taras Kuzio (2008), “Ukraine Beefs Up Its Military Defenses with an Eye on Russia,” *Eurasia Daily Monitor*, December 5, vol. 5, issue 232.

<sup>52</sup> Vladimir Socor (2008), “Addressing Naval Imbalance in the Black Sea After the Russian-Georgian War,” *Eurasia Daily Monitor*, November 26, vol. 5, issue 227.

hardly be a military match to Russia. It still remains the case, nevertheless, that all these moves amount to a steep upping of stakes which the Kremlin would be foolish to overlook.

Thus, in spite of catastrophist readings of the situation, it is on balance rather unlikely matters could ‘run out of control’ as they reputedly did in Moscow’s relations with Tbilisi. All things considered, not only given all these prudential measures, but also for other, more structural reasons, we tend to trust there is no serious reason to fear a close parallel between the case of Crimea and those of South Ossetia and Abkhazia – and most certainly not in an emulation of a Kremlin military expedition carried out in Georgia in August 2008. Not only would Ukraine be a much more formidable military opponent. It is also the case that its energy card, plus the characteristics of the domestic political scene in Kiev already give Moscow plenty of leverage: “*Moscow’s effort to influence the strategic course of Ukraine’s foreign policy and its approach to NATO is more easily pursued by working on politicians in Kiev and playing on Ukraine’s persistent inability to sustain firm ruling coalitions, as well as leveraging energy policy, than by fomenting opposition in Crimea among Russian passport-holders*”<sup>53</sup>. Moreover, any attempt at a Russian ‘repeat performance’ would surely face much higher political stakes from the US, NATO, and even the European Union – although no Ukrainian expert relies on the West’s capacity to deter Moscow. Largely for that reason, most Ukrainians do not really believe that a Russian military aggression is likely to happen<sup>54</sup>. Nonetheless, the recent addition to the Federal Law of Defence introduced last month in the Moscow Duma, allowing the Russian military forces to engage in military interventions abroad on reasons such as “*countering or preventing aggression against another state*” or “*protecting the citizens of the Russian Federations abroad*”<sup>55</sup>, has generated a quite understandable uneasiness in Kiev – as indeed it has in virtually all other states of the Russian “near vicinity”, in which Russia still has military bases, “peacekeepers” and/or “citizens”. This is why Ukrainian contingency-planning focused on relocating of units of Special Forces (*spetsnaz*) to Southern and Eastern Ukraine, and insisted on checking through its national Security Service (SBU) the “*extremist and radically oriented groups*” in those parts of the country<sup>56</sup>.

### **Georgia**

Let us begin with basics. Almost 50% of the Georgian population – and a solidly organized, albeit somewhat fragmented political opposition – blame President Saakashvili for the disastrous outcome of the August war and the consequent ‘irredeemable’ loss of Abkhazia and South Ossetia. According to normally reliable sources quoted by The Economist Intelligence Unit, “[p]ublic support for the president’s office and the government has fallen since September 2008... The share of respondents expressing a favourable impression of the president’s office dropped from 67% to 49%”<sup>57</sup>. The economic downfall of the war coincided with the painful global economic crisis – and that led to a palpable worsening of the economic situation in Georgia. Expectedly then, the blame ascribed to President Saakashvili for the war’s aftermath was turned into outright spurts of domestic contestation by political opponents. From early April to late July of 2009, the opposition parties organized robust and sustained street protests in Tbilisi, aimed at forcing Saakashvili’s resignation. The protests peaked on May 26, with a mass rally which gathered around 50,000 people. After that, the movement gradually lost momentum, due mainly to disunity among the numerous protesting parties. Thus, while the Democratic Movement-United Georgia of Nino Burjanadze, former parliamentary chair, and the Movement for a United Georgia of former defence minister Irakli Okruashvili insisted on radical protests and refused talks with the government, another part of the opposition block, consisting of Kakha Shartava’s National Forum and Irakli Alasania’s Alliance for Georgia,

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<sup>53</sup> Roy Allison (2008), “Russia Resurgent? Moscow’s Campaign to ‘Coerce Georgia to Peace’”, *International Affairs*, Vol. 84, No. 6, p. 1168.

<sup>54</sup> This finding was already reported close to one year ago, in December, by Dominique Arel (2008), “Ukraine Since the War in Georgia”, *Survival*, 50: 6, p. 22.

<sup>55</sup> See the entry on this at [www.kremlin.ru](http://www.kremlin.ru), dated August 10, 2009.

<sup>56</sup> Volodymyr Horbulin and Valentyn Badrak, *Zerkalo Nedeli*, September 12, 2009, quoted by Kuzio (2009), *op.cit.*

<sup>57</sup> *The Economist Intelligence Unit*, “Georgia – Country Report”, September 2009, p. 9

displayed preparedness to negotiate and favoured an institutional approach to correct the perceived unbalances in governance<sup>58</sup>. Then the opposition suffered a major PR blow on June 24, when Georgian TV channels played footage of meetings among the radical oppositionists Davit Gamkrelidze and Levan Gachechiladze with Kakha Tarmagadze, a rich fugitive to Moscow who was a former Minister of Internal Affairs under President Shevardnadze, and is an alleged pawn of the Russian secret services. The linkup certainly raised doubts about the independence from Moscow of some of Saakashvili's most vocal contesters<sup>59</sup>. Anyway, after the opposition abandoned its daily protest rallies, it became more likely that Saakashvili would have no problem in defusing opposition's bid for early parliamentary and presidential elections.

Against Moscow, Tbilisi cannot go it alone. Europe can do little, so in its dangerous relation with Russia, a lot depends for Georgia on its support from the United States. The Bush Administration was indeed a staunch promoter of President Saakashvili. Thus, on 3 September 2008, Dick Cheney, then American Vice-President, flew to Tbilisi to announce a \$1 billion aid package and, with this, guarantee reconstruction of the Georgian economic infrastructures which had been wrecked – and of course also its military infrastructures, demolished by Russian troops. In keeping with President Bush's statements and echoing what has been the US foreign policy in the Caucasus and in Central Asia after the Cold War, Cheney firmly declared his opposition to Moscow's hegemonic stance in relation to what it calls its "*near abroad*", emphasizing the sovereignty of Georgia, refusing to accept the "annexation" of South Ossetia and Abkhazia, and lending his support to a Georgian president whom, a few days earlier, Dmitry Medvedev, had called a "political corpse". A trial of strength which was to continue throughout the remainder of the Bush Administration and which Barack Obama did not really change, for all his comparative lack of enthusiasm about Saakashvili's regime.

The Bush legacy is constraining indeed. On 9 January 2009 – only 11 days before Barack Obama took office – State Secretary Condoleezza Rice and Georgia's Foreign Minister Grigol Vashadze signed the *United States-Georgia Charter on Strategic Partnership*. A truly remarkable document, by which America assumes the burden of assisting Georgia so as to make up for its slow reaction at the beginning of the August war. The document affirms from the start that Georgia and the US are "*friends and strategic partners*" and puts among the first "*principles of partnership*" what it describes as "*support for each other's sovereignty, independence, territorial integrity and inviolability of borders*"<sup>60</sup>. It then asserts that "[a] strong, independent, sovereign and democratic Georgia, capable of responsible self-defence, contributes to the security and prosperity not only of all Georgians, but of a Europe whole, free and at peace". This alone is more than enough to anger Moscow. But the Charter goes further, announcing the American commitment to cooperate with Tbilisi – both bilaterally and in terms of raising Georgia's capability of integrating into NATO. Importantly, the document falls short of a declared American obligation of arming Georgia. Yet the fact that it makes plain that "*the two countries share a vital interest in a strong, independent, sovereign, unified, and democratic Georgia*" displays a level of engagement that has to go beyond the rhetoric of the "shared values". And indeed, the document is rather explicit about at least one kind of American geo-strategic interest in Georgia. Among the provisions on Economic, Trade and Energy Cooperation, the Charter states that "[w]e intend to build upon over a decade of cooperation among our two countries and Azerbaijan and Turkey, which resulted in the Baku-Tbilisi-Ceyhan and Baku-Supsa oil pipelines and the Baku-Tbilisi-Erzurum natural gas pipelines, to develop a new Southern Corridor to help Georgia and the rest of Europe diversify their supplies of natural gas by securing imports from Azerbaijan and Central Asia." This is an unequivocal statement of the huge political importance attached to the South Caucasian energy corridor.

So it is apparent the task of giving content to the Charter was bequeathed to the Obama Administration. This initially empowered those who thought the new Administration's take on foreign policy – one much more reliant on "smart power", hence less governed by hawkish

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<sup>58</sup> *Idem*, pp. 15-16.

<sup>59</sup> Vladimir Socor (2009), "Georgia Still Haunted by Ghosts From the 1990s", *Eurasia Daily Monitor*, June 25, vol. 6, issue 122.

<sup>60</sup> "United States-Georgia Charter of Strategic Partnership", <http://www.america.gov/st/texttrans-english/2009/January/20090109145313eaifas0.2139093.html>

reflexes – would accommodate Russia’s concerns about its self-proclaimed sphere of “special interests” and would result in an exchange for Moscow’s cooperation in matters of much higher priority for Washington, such as Afghanistan, Iran, and nuclear non-proliferation. And indeed, the “reset-button” visit that President Obama paid to Moscow on July 6 and 7 took upon itself to attempt to rebuild the American-Russian relationships on a pragmatic foundation, taking stock of the each side’s interests, correlating the priorities of the common ones and eventually “agreeing to disagree” that there are indeed a few irreducible differences. Conspicuously, one such disagreement came with Obama’s unambiguous reaffirmation of America’s support for Georgia’s independence and its sovereign right to choose its alliances.

For Georgia, in turn, a crucial national priority is to build of a robust defence capability – something which can only be carried out with sustained American help. Indeed, the US has committed to assist Georgia’s armed forces with troop training, officer education and organizational reform, but Washington has not so far decided to provide Georgia with defensive weapon systems – anti-tank and anti-aircraft ones, namely. In fact, the 2008 visit to Tbilisi of the US Vice-President Joe Biden brought this painful clarification to the Georgians: USA would not supply defensive weapons.<sup>61</sup> It thus remains difficult for Georgia to raise its military capabilities to NATO standards, while it actually has no serious means to effectively defend the homeland. Nonetheless, the American tactic seems to consist of showing a virtually continuous military presence in Georgia – albeit it in small numbers. Doing so raises stakes for Moscow.

Of course, Washington is not shy – Washington never really was – about showing some teeth in the region every now and then. Apart from the few dozens of US military trainers on Georgian soil, American troops have constantly been involved in military exercises organized either in a NATO framework – such as in early May 2009 – or in bilateral US-Georgian format. The latter took place with the naval exercises in mid-July, when the destroyer USS Stout laid anchor in Batumi on July 14. Equipped with state-of-the-art guided missiles, the ship took part in a drill along with smaller vessels of the Georgian Coast Guard, between the ports of Batumi and Poti. Expectedly, the Russian reaction to the exercises was loud and furious, denouncing the Western military presence in Georgia as provocative and destabilizing. In fact, starting in the beginning of July, there has been a steady build-up of tensions between Moscow and Tbilisi, ahead of the one-year anniversary of the Russian invasion, on August 7. In response to the NATO drill, Russia organized her own exercises – on a considerably larger scale – near the Georgian border, which stopped on July 6 when President Obama arrived in Moscow. Then, on July 13 and 14 2009, President Medvedev visited South Ossetia to inspect a newly built Russian military base in Tskhinvali, of Russia’s 58<sup>th</sup> Army. As shown on Russian state TV, he peered through binoculars at Russian fighter jets drilling over the port of Novorossiysk just after USS Stout’s arrival in Batumi.

These events were more than make-believe showpieces. In July 2009, several small-scale incidents – be it out of nervousness or as an intentional provocation – took place at the Georgia-South Ossetia separation line, threatening to escalate, following the pattern of August 2008. As Socor has taken stock, “[i]n late July, the Russian interior ministry claimed without citing any facts that hundreds of armed rebels were planning to enter Russia’s North Caucasus territory from Georgia. On August 1 and 3, Russia’s foreign and defence ministries accused Georgia of shelling Tskhinvali and nearby villages; and threatened that Russia would respond with full military force. The Georgian government has repeatedly called international attention to these threats.”<sup>62</sup> Socor also cites several cases in which Russian checkpoints and “border” post were provocatively moved into Georgian-administered territory, thus raising tension not only between Georgia and the separatist South Ossetia, but also in the domestic Georgian

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<sup>61</sup> Vladimir Socor, “U.S. Defers Decisions on Re-Arming Georgia”, in *Eurasia Daily Monitor*, vol. 6, no. 150, August 5, 2009. Biden’s statement received a slight qualification from the US Assistant Secretary of Defense for International Security Affairs, Alexander Vershbow during a congressional hearing, that the possibility of future arms supplies to Georgia cannot be excluded – cf. Associated Press, August 4, 2009, quoted by Pavel Felgenhauer (2009), “Nuclear Submarines Deployed to Deter U.S. Interference in Russia’s Confrontation with Georgia”, in *Eurasia Daily Monitor*, August 6, vol. 6, issue 151.

<sup>62</sup> Vladimir Socor (2009), “Incidents in Georgian Conflict Zone Ahead of War’s First Anniversary”, *Eurasia Daily Monitor*, August 5, vol. 6, issue 150.

politics, where radical oppositionists in Tbilisi accused the government of yielding Georgian land<sup>63</sup>. According to Pavel Felgenhauer, citing ITAR-TASS, “[t]he Russian forces in South Ossetia and units of the 4<sup>th</sup> North Caucasus Air and Air Defense Command (the former 4<sup>th</sup> Air Army) have been placed on heightened alert. The number of planes and pilots ready for immediate action has also been increased”<sup>64</sup>.

After Russia put an end to the UN and OSCE missions in Abkhazia and South Ossetia, by vetoing in the respective organizations any extension of mandates – thus removing the only remaining international observers on the ground who could report on these events and try to defuse tension are the members of the EU’s Monitoring Mission (EUMM) in Georgia, deployed since October 1, 2008. The EUMM, portrayed as a European Security and Defence Policy (ESDP) Mission, consists of over 200 monitors from 26 EU states – with a mandate to closely “monitor the implementation of the Agreements of August 12 and September 8<sup>65</sup>, in particular the withdrawal of Russian and Georgian armed forces to the positions held prior to the outbreak of hostilities. It is also tasked to contribute to the stabilisation and normalisation of the situation in the areas affected by the war, to monitor the deployment of Georgian police forces and to observe the compliance with human rights and rule of law.”<sup>66</sup> On the above mentioned accusations, EUMM reported that “our patrols deployed in Georgian administrated territory have seen no evidence to confirm that any firing has taken place towards Tskhinvali or its surroundings”<sup>67</sup>. The fact that EUMM’s mandate is confined to the Georgian side of the demarcation line with no access into Abkhazian and South Ossetia granted by the Russian forces is something that seriously hampers its capacity to properly monitor and act so as to stabilize the situation in this incident-prone area – quite apart from its insignificant manpower. Georgia actually suggested US monitors should join EUMM. Great Britain, Poland and the Baltic states supported the proposal, although other European states did not.

Other fronts were opened in parallel by a keen Russia – even if only symbolic ones. It is noteworthy, for instance, that two Russian nuclear attack-submarines of the Akula class were deployed in international waters along the American East Coast. This most certainly emphasized a new Kremlin “strategic assertiveness”, as Stratfor’s George Friedman puts it<sup>68</sup>, and so did – and still does – the increased tempo of the Russian “strategic” air operations restarted near the UK and Alaska. It is remarkable, after the disaster suffered by the Russian navy with the widely publicized loss of Kursk, in the Barents Sea, in August 2000, that Russian submarines now venture as far from home base as they have been doing of late. Presumably, the mission ought to serve as a deterrent to any US military support of Georgia. As has perceptively been asserted, it appears “Moscow sees the confrontation with Georgia as a proxy standoff with the US and NATO. In September 2008, after the August war, the Russian military staged major strategic exercises (Stability 2008) which outlined a local conflict escalating into an all-out air, sea and land war between Russia and the West that in turn erupts into a global nuclear conflict with the US. At the time Medvedev stressed, recalling the war with Georgia, ‘We have seen that an absolutely real war can erupt suddenly and local and simmering conflicts, which are sometimes even called ‘frozen’, can turn into a real military firestorm”<sup>69</sup>. Let us hope things do not unfold in this way.

For the predictable future, Tbilisi’s bilateral relations with Moscow will remain the defining dimension of Georgia’s foreign policy – though real improvements are unlikely under the Saakashvili regime. But even if slight progress might occur under a less abrasive Georgian leader, the fundamental pro-Western course of Georgia is unlikely to change, and “this will continue to be an irritant in the relationship between Russia and Georgia, and could lead to a

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<sup>63</sup> Socor, *ibidem*.

<sup>64</sup> Pavel Felgenhauer (2009), “Nuclear Submarines Deployed to Deter US Interference in Russia’s Confrontation with Georgia”, *Eurasia Daily Monitor*, August 6, vol. 6, issue 151.

<sup>65</sup> The agreements referred to are the six-point armistice deal of August 12, 2008, negotiated by Nicholas Sarkozy, and the supplementary “three-point” agreement of September 8, 2008.

<sup>66</sup> [www.eumm.eu/en/about\\_eumm](http://www.eumm.eu/en/about_eumm)

<sup>67</sup> [www.eumm.eu/en/press\\_and\\_public\\_information/press\\_releases/1630/?year=2009&month=8](http://www.eumm.eu/en/press_and_public_information/press_releases/1630/?year=2009&month=8)

<sup>68</sup> George Friedman, “Hypothesizing on the Iran-Russia-US Triangle”, in *Stratfor*, August 10, 2009.

<sup>69</sup> Pavel Felgenhauer, *ibidem*, in [www.kremlin.ru](http://www.kremlin.ru), September 26, 2008.

*renewed heightening of tensions*<sup>70</sup>. In diplomatic terms, it is almost certain Georgia will keep in place its veto on Russian accession to the World Trade Organization next year – while Russia, on her side, will very likely maintain, and even increase, the punitive economic blockade of its small Caucasian neighbour.

However, in military terms, the ever-present threat of a rekindling of the conflict flows out of the aforementioned naval squabble between the *de facto* government of Abkhazia and Georgia. The former menaced to destroy the Georgian coast guard vessels if these persist on detaining commercial ships going to and from Sukhumi. The claim is Georgia has halted 23 ships in the waters off Abkhazia in the past few months. The legal ground for the dispute is that, as long as Georgia is a sovereign state and Abkhazia remains, according to the United Nations, an integral part of Georgia, Tbilisi has an undisputable legal right to defend its territorial waters. However, Russia entered the conflict straight away and did so openly on the Abkhaz side – threatening to seize Georgian ships if they dare sail near Abkhazia, invoking an *Agreement of Joint Protection of the Borders of Abkhazia*, signed in April 2009. The risk of a military escalation comes, as exposed by Sergei Konoplyov, from the worrying and uncontroversial evidence that “[t]wo recently adopted Russian documents clearly show that the Kremlin is ready to use military force again. One of them, named the Amendment to Federal Law on Defense, facilitates the use of Russian troops abroad. Following the same lines, the Agreement of Military Cooperation between Russia, Abkhazia and South Ossetia was signed just several days ago [in early September 2009]”<sup>71</sup>. Given the strategic importance Georgia has for Russia and the Kremlin’s record of not hesitating and on its readiness to use force, this indeed sounds like a recipe for a dangerous increase of hostilities. As Konoplyov phrased it then, “[l]ast year’s war is unfinished business for Russia.” The same argument has been developed by Pavel Felgenhauer, who reads the situation in Georgia as inherently unstable – given the unrest in Georgia proper, the economic precariousness of the two secessionist entities South Ossetia and Abkhazia, and the profound differences of approach and aspiration between Georgia, Russia and the West<sup>72</sup>. The premature arrival, in late 2009, of a rather heavy winter cut off South Ossetia from Russia, thus making military operations impracticable. Yet a long and harsh winter will not play well for the Russian troops there and neither will it for the civilian population – sealed off from Georgia after having gained “independence”, but also with no real access to Russia.

### ***Taking stock: geopolitical shifts in the Wider Black Sea and Caspian Region***

Russia is once again clearly vying for the creation of a protective buffer zone all along her impossibly lengthy Eastern and Southern borders that stretch through the two continents of the huge Eurasian landmass. The August 2008 Russian military sweep into Georgia and her subsequent unilateral breakup of the country is indicative of both these tensions and things to come. Georgia is a crossroads of sorts for wider, perhaps even global, Russian geopolitical ambitions.

It is easy to spot why that is so. Geo-economically, Georgia provides an essential passage to any alternative – that is, non-Russian – energy routes that are on the table, so its control is decisive. Thus, while for the Kremlin it offers the possibility of a winning monopoly on production and supplies of commodities as crucial as oil and natural gas, for the West its command functions rather as an insurance policy against precisely such a threat. Geo-strategically, matters converge with this: Georgia constitutes both a frontline and an entrance and exit point into an entire Central Asian corridor, the eventual control of which creates for Moscow the welcome buffer Russia’s traditional military doctrinal template demands; while, for the West, maintaining the corridor ‘free and independent’ is a means of containing the Kremlin’s ambitions to hegemony be it in politics, economics, or security. It is of course easy to identify other prizes offered to either side of the ongoing geopolitical gambit by a control of

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<sup>70</sup> *The Economist Intelligence Unit, idem*, p. 11.

<sup>71</sup> Sergey Konoplyov (2009), “Caucasus is Real Citadel of Russian Power”, *Moscow Times*, September 18

<sup>72</sup> Pavel Felgenhauer (2009), “Danger Recedes of New Conflict in the South Caucasus”, *Eurasia Daily Monitor*, October 1, Vol. 6, Issue 180.

Georgia. The crucial thing to discern, however, is that the current zero-sum game could easily derail into a negative-sum one, as what may follow is an intensification of the already not new struggle for control of the rest of a Central Asian stretch bordered by both China and India and hotbeds of radical political Islam – and that would thus be fraught with risks which, even if looked at from a conservative position, are very hard to ponder. A chain-reaction of moves for control could be disastrous – at the very least, it would generate a very opaque ‘fog of war’ which would raise unpredictability to dangerous levels. Our more general point is that one would be hard put to make out the Russian invasion of Georgia as an event in and onto itself, independent of the nodal geopolitical ‘environment’ into which it is firmly embedded. It is far more than that. The move could be the start of an unravelling no one would benefit from.

We shall see how far realism will rule in the wider political framework of a Russia which insists on affirming itself as a Great Power – “in parity” with a “West” she believes is playing a new Great Game, in an international order the Federation demands should be multipolar and not unipolar. As both Moscow’s new Foreign Policy Concept and its new Military Doctrine stress, these are objectives that the Kremlin warns it shall bring about – if need be by recourse to a hard power in the modernization and reinforcement of which it has been investing heavily<sup>73</sup>. This Russian Grand Strategy, if one may indeed call it that, directly faces off Washington’s, which Moscow still regards as its main adversary and the source of the more serious existential threats it faces – as is abundantly illustrated by both the recent outcry about the now abandoned Polish and Czech Republic based “missile defence shield” the Obama Administration had inherited from Bush’s, and Moscow’s uncooperativeness on the long-lasting Iran crisis. Unrest is brewing in much of the post-Soviet space and in the Northern Caucasus. Against such a backdrop, it is not at all surprising that the new Russian military doctrine vented in late 2008 and still laboriously in the works at the end of 2009 – and like most ‘Putin era’ assertions publicly announced, time and again, with pomp and performative clout – has laid stress in the creation of conditions for the simultaneous conduction of regional conventional conflicts on three simultaneous fronts. At the same time, the Kremlin has vowed to guarantee the rapid build-up of reinforced means for engaging in a nuclear conflict, should such become necessary for the security and defence of the Federation. For both of these major endeavours, Moscow is bent on restructuring and professionalizing its Armed Forces by striving to quickly modernize structures and equipments. No matter how much we may trust a miraculous “resetting of the button”, it is difficult to feel confident that an end to the unfolding is nigh.

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<sup>73</sup> A few references: Dmitry Medvedev (2008), “The Foreign Policy Concept of the Russian Federation”, *Kremlin. President of Russia*, delivered on the 12 July 2008, and his “Speech at the Meeting with Russian Ambassadors and Permanent Representatives to International Organisations”, 15 July 2008, *Kremlin. President of Russia*, ([www.kremlin.ru](http://www.kremlin.ru)). See, also, RIA Novosti (19 December 2008), “Russia has a military doctrine for every occasion”, *Russia Herald*, as well as Dale Herspring (2008), “Russia's Military In The Throes Of Change”, *Russia Profile.Org*.

**abstract:** Focusing on the Black and Caspian, the article follows recent repositioning of the countries in the region, as the Five Day War created shifting perceptions of both opportunity and threat – it thus tracks political-diplomatic re-orientations as well as the emergent potential for eventual significant economic and military realignments. This involves a geopolitical tour of the Wider Black Sea Region, starting with Georgia's eastern neighbour, Azerbaijan and, sticking closer to the South Caucasus, going through Turkey, Armenia, Iran and Ukraine, and then zooming in Georgia itself. The aim is to distinguish between long-standing, strategic policies each state had earlier established, and the new reactive moves triggered by the August 2008 conflict. Given the chosen focus, the analysis is mostly centred on two dimensions of the new regional foreign policies: security and energy.

**resumo:** Centrado no mar Negro e do Cáspio, o artigo dá conta dos reposicionamentos recentes dos países da região, dado que a Guerra dos Cinco Dias gerou renovou percepções tanto de oportunidades quanto de risco – ou seja equaciona reorientações político-diplomáticas bem como eventuais realinhamentos económicos e militares significativos. Fazê-lo exige um *tour* geopolítico da Grande Região do Mar Negro, começando pelo vizinho oriental da Geórgia, o Azerbaijão, passando pela Turquia, a Arménia, o Irão e a Ucrânia, e desembocando na Geórgia ela mesma. A finalidade é a de distinguir entre políticas estratégicas de fundo antes estabelecidas por cada um dos estados, e as novas medidas reactivas desencadeadas pelo conflito de Agosto de 2008. Dado o ponto focal escolhido, a análise levada a cabo centra-se, no essencial, em duas dimensões das novas políticas externas regionais: a de segurança e a da energia.