



Università
Ca' Foscari
Venezia

Corso di Laurea magistrale in Relazioni Internazionali Comparate - International Relations

Tesi di Laurea

The Russian Federation and South Caucasus: attempts to control an increasingly strategic region

—
Ca' Foscari
Dorsoduro 3246
30123 Venezia

Relatore

Ch. Prof. Aldo Ferrari

Correlatore

Ch. Prof. Duccio Basosi

Laureando

Ilvan Lamce

Matricola 817274

Anno Accademico

2014 / 2015

Indice

Abstract	i
Introduction	1
1. Russian Empire and Transcaucasia	4
1.1 Russian annexation of Transcaucasia.....	4
1.2 Russian Administration of the Caucasus.....	6
1.3 WWI and the Empire's Dissolution.....	8
1.4 The Soviet Time.....	10
1.5 WWII and the Beginning of the End.....	12
1.6 Georgia.....	14
1.7 Armenia.....	16
1.8 Azerbaijan.....	18
1.9 Russian Foreign Policy After the Soviet Dismantlement.....	21
1.10 Russia's strategy Towards former Soviet Republics.....	25
1.11 The first Chechen War and Russia's Involvement in Abkhazia.....	28
2. Russia Federation to Conquer the South Caucasus	33
2.1 Putin's Presidency.....	33
2.2 What does Putin Want?.....	35
2.3 Russia Redefines its Objectives.....	36
2.4 South Caucasus as Point of Contention between Global Forces.....	38
2.5 Illicit Trade and Islam.....	42
2.6 Russo-Georgian Relations.....	43
2.7 Russo-Armenian Relations.....	46
2.8 Russo-Azeri Relations.....	48
2.9 Global Actors in South Caucasus.....	51
2.9.1 US presence.....	51

2.9.2 Turkey Plays its Role.....	53
2.9.3 EU Policies in South Caucasus.....	55
2.9.4 Iran.....	57
3. The Energy Security Issue and South Caucasus.....	59
3.1 Post-Soviet Times: Growing Interest for South Caucasus as energy transit route.....	59
3.2 The Strategic Role of Pipelines.....	69
3.2.1 Oil Exploitation.....	70
3.2.2 The Key Role of Natural Gas.....	74
3.3 Final Considerations.....	78
Conclusion.....	81
Bibliography.....	83

Introduzione

Il presente lavoro si propone di analizzare la politica estera russa nei confronti del sud del Caucaso, sia da un punto di vista storico che di attualità. L'area del cosiddetto Caucaso del sud comprende tre ex repubbliche sovietiche: Georgia, Armenia e Azerbaijan, dal 1991 stati nazionali con numerose difficoltà sia nei rapporti reciproci che in quelli con la confinante e potente Federazione Russa. L'unione di questi tre stati in un'unica area geografica non corrisponde però a un'unione né culturale, né politica e nemmeno economica. In seguito al crollo dell'Unione Sovietica, essi hanno intrapreso percorsi politici molto diversi che ne hanno modellato lo sviluppo e l'organizzazione attuale e hanno influenzato il rapporto che ciascuno di essi ha costruito con la Russia. Rispetto a questo, nel corso della tesi verranno quindi analizzati alcuni aspetti comuni ai tre paesi, accanto alle caratteristiche peculiari di ognuno di essi.

Mappa del Caucaso, 2008



Fonte: Centro Interdipartimentale di Ricerca sui Paesi Emergenti e in Transizione, Università degli Studi di Torino

Fino a pochi anni fa, i paesi del Caucaso non attraevano ampio interesse negli ambienti politici ed economici europei e nei media si sentiva parlare molto poco di quest'area geografica, fatta eccezione per sporadiche notizie sulle rivendicazioni indipendentiste cecene. Tuttavia, in seguito all'allargamento dell'Unione Europea verso est, in particolare con l'ingresso di Romania e Bulgaria, l'attenzione si è ampliata fino alle coste del Mar Nero e allungando ancora un po' lo sguardo, verso il Caucaso. La regione ha cominciato ad attrarre interesse anche a causa delle immense riserve energetiche custodite in particolare nel sottosuolo azero e sul fondo del mar Caspio. Dall'indipendenza in poi, i paesi del sud del Caucaso hanno costruito relazioni molto diversificate con Mosca, che verranno analizzate nel dettaglio nel corso della tesi. Su tutto domina però la tendenza della Russia a mantenere un'influenza forte ed esclusiva sulla regione, rifacendosi a un ordine politico ormai superato e che gli stati del Caucaso sono determinati a mantenere tale. In particolare, il rapporto fra Russia e Georgia è molto conflittuale, a causa delle forti tensioni indipendentiste nelle regioni dell'Ossezia del sud e dell'Abkhazia sostenute da Mosca, che sono scoppiate violentemente nell'agosto del 2008 con la cosiddetta "guerra dei cinque giorni". Questa guerra ha portato alla ribalta le numerose questioni irrisolte nella regione e, più in generale, ha reso consapevoli le opinioni pubbliche europee della rilevanza internazionale di questi piccoli paesi fino a quel momento poco considerati.

Più recentemente, le olimpiadi invernali giocate a Sochi nel febbraio 2014 e la gravissima crisi in corso fra Ucraina e Federazione Russa hanno riportato la questione della politica estera russa all'onore delle cronache di tutto il mondo. Inoltre, la minacciata crisi energetica da parte di Mosca ha ricordato ancora una volta all'Europa come essa sia dipendente dalle forniture di gas russo per gran parte dei suoi consumi. La costruzione di vie del gas e del petrolio alternative che attraversano il Caucaso sta assumendo quindi un'importanza strategica fondamentale. In quanto ex repubbliche sovietiche, Georgia, Armenia e Azerbaijan mantengono per la Russia un'elevata importanza strategica, sia a livello geopolitico che militare. La loro posizione geografica al centro di uno snodo fondamentale come quello fra Russia, Iran, Turchia e il mar Caspio ricchissimo in idrocarburi rappresenta per le tre repubbliche un motivo di forte interesse anche da parte delle potenze occidentali. Inoltre, la contiguità con l'area del Caucaso del nord, così fortemente scosso da tensioni indipendentiste che vengono duramente contrastate dal governo di Mosca, aumenta il potenziale critico della regione. Queste premesse costituiscono le ragioni che hanno portato alla scelta del tema del presente lavoro, che si propone di approfondire alcuni aspetti ad esse collegati. In particolare, nel primo capitolo verrà analizzata l'evoluzione storica dell'influenza russa nell'area che servirà come base per meglio interpretare i fatti più recenti. Fin dall'epoca dell'Impero, l'area della cosiddetta Transcaucasia rappresentava un territorio strategico da conquistare, sia per motivi legati

ai commerci, sia per espansione territoriale, sia per creare una zona cuscinetto per arginare un eventuale allargamento dell'Impero Ottomano. Nel corso del XIX e del XX secolo, quindi anche durante il periodo sovietico, si sono susseguiti diversi approcci nella gestione di questi territori, che non sono però mai riusciti a far nascere un sentimento di appartenenza a una nazione comune. La creazione di tre repubbliche indipendenti nate dalle ceneri dell'Unione Sovietica ha rappresentato quindi un'enorme conquista per gli stati del Caucaso, mentre pone nuove sfide per una Russia che non ha del tutto abbandonato i suoi interessi nell'area. Il governo di Vladimir Putin in particolare, si è sempre distinto per la volontà di porre la Russia in una posizione di leadership nei confronti dei paesi dell'ex URSS. A causa di ciò, la politica estera di Putin costituirà il corpo centrale della tesi, in quanto essa ha assunto un ruolo dominante nello sviluppo delle tre repubbliche del Caucaso, sia per quanto riguarda le loro relazioni internazionali, sia per le dinamiche politiche interne. In opposizione al precedente governo, che era stato caratterizzato da un'instabilità e un'incertezza diffuse, il piano politico di Putin prevedeva un rinforzo netto della posizione della Russia sullo scacchiere internazionale. La politica estera rappresentava e rappresenta tuttora per Putin uno strumento per integrare la Russia nel mercato globale e per aumentare la sua influenza sui paesi limitrofi. In questo panorama, l'area del sud del Caucaso ha acquistato per Mosca un peso strategico notevole legato sia a questioni politiche, che economiche, che di sicurezza. Gli avvenimenti citati in precedenza sono una prova di questo crescente interesse russo nella regione, che si declina diversamente in base al paese con cui si relaziona. Si tenterà quindi di analizzare questa relazione evidenziando gli obiettivi principali di tutti gli attori coinvolti, senza dimenticare il coinvolgimento di altre potenze internazionali, quali l'Unione Europea, gli Stati Uniti, la Turchia e l'Iran. Tutti questi soggetti politici hanno dimostrato di avere interessi nell'area del Caucaso, sotto svariati punti di vista. Come è stato detto, nel secondo capitolo vengono evidenziati quelli politici, mentre il terzo è dedicato agli interessi economici, in particolare quelli legati alle risorse energetiche. Infatti, la politica energetica russa nell'area, ma soprattutto l'intervento recente delle potenze occidentali in questo settore, costituiscono il tema del capitolo finale. L'elemento determinante in questo panorama oggi è la ricerca di gas e oleodotti alternativi a quelli russi da parte dell'Europa, che è ancora altamente dipendente dalle risorse energetiche russe. Rispetto a queste, il gas e il petrolio del mar Caspio rappresentano quindi un'importantissima fonte di energia più stabile per i mercati europei. Il sud del Caucaso è diventato determinante per il trasporto di queste risorse, con la costruzione di imponenti progetti di trasporto sul suo territorio.

I tre capitoli costituenti il presente lavoro rappresentano quindi tre diverse aree di analisi: una storica, una politica e una economico-energetica, che unite insieme hanno l'obiettivo di offrire un quadro il più possibile completo dell'influenza russa nella regione. Date le differenze tematiche,

essi si basano anche su metodi di ricerca differenti. Se per la stesura del primo capitolo sono stati scelti testi storici e monografie, per il secondo si è privilegiato l'utilizzo di articoli tratti da riviste specialistiche, quotidiani e siti internet di analisi politica. Similmente, per il terzo capitolo, l'analisi si è concentrata su articoli accademici specialistici, pubblicazioni di centri di ricerca e banche dati istituzionali.

Introduction

The present work aims at analysing the Russian foreign policy towards South Caucasus, both from a historical point and with a focus on current events. The area of the so-called South Caucasus includes three former Soviet Republics: Georgia, Armenia and Azerbaijan. After 1991, they became three separate national states, but they are not peaceful neighbours. They have numerous problems between each other and also with the near and powerful Russian Federation. Indeed, despite being located in the same geographical region, they do not share cultural, not political, nor economic characters. Following the collapse of the Soviet Union, they took different political paths, which shaped their development and the relation each of them has built with Moscow. Regarding this, the present work will try to take into consideration a few aspects common to the three republics, besides other characteristics peculiar to each of them.

Until not long ago, South Caucasus countries did not attract much interest in the European economic and political environments. In the media one could not easily hear of this geographic area, with the exception of sporadic news about Chechen separatist claims. Nevertheless, the Eastern enlargement of the EU, especially with the annexation of Romania and Bulgaria, attracted the attention towards the Black Sea coasts, which, by widening the eye a bit more, would easily bring to the Caucasus. This region became interesting also thanks to its large hydrocarbon resources, which are mainly located under Azeri soil and on the bottom of the Caspian Sea.

Since their independence, South Caucasus countries have built very diversified relations with Moscow, which will be analysed in the thesis. Above all, however, there is the Russian tendency to maintain a strong and exclusive influence on the area, by referring to a political order already outdated and which the South Caucasus states intend to keep that way. In particular, the relation between Russia and Georgia is highly conflictual, due to the heavy secessionist tensions in Ossetia and South Abkhazia regions. Their aspirations are supported by Moscow and they exploded in the

so-called “war of the five days” in August 2008. This war brought to the fore the numerous unsolved questions of the region and, more generally, made the European public opinion aware of the international relevance of these small and mostly unknown countries.

More recently, the winter olympic games that took place in Sochi in February 2014 and the dire crisis going on between Russia and Ukraine have brought global attention on the Russian foreign policy again. Moreover, the energetic crisis with which Moscow threatened the whole Europe reminded us once again how deeply we depend on Russian gas supplies. The construction of alternative transit routes for hydrocarbon resources in the South Caucasus is assuming a highly strategic role.

Since they used to be part of the Soviet Union, Georgia, Armenia and Azerbaijan still represent a strategic asset for Russia, both at the political and at the security level. Being located at the intersection between Russia, Iran, Turkey and the oil-rich Caspian Sea, their geographical position is highly strategic for the Western powers as well. Moreover, their contiguity with the North Caucasus, which is dramatically shaken by separatist tensions, increases the critical potential of the region.

These premises are the main reasons lying behind the choice of the topic of the work, which aims at analysing a few aspects linked to them. In particular, the first chapter will focus on the historical evolution of the Russian influence in the area, which will be useful to better understand more recent events. Since the Imperial ages, the so-called Transcaucasia represented a strategic territory to be conquered, both for commercial reasons, to expand the borders of the Empire as well as to create a buffer zone to stem a possible enlargement of the Ottoman Empire. During the 19th and the 20th century, different approaches have been implemented to manage these territories. However, none of them have succeeded in creating a common sentiment of belonging to a single nation. Therefore, the birth of three different national states in 1991 represented a great victory for all of them, while it poses new challenges to Moscow, which has not yet abandoned its interests in the area. The government of Vladimir Putin in particular, stood out for its will to put Russia on a leading position towards the former Soviet Republics.

Because of that, Putin’s foreign policy will constitute the core of the thesis. In recent years it assumed a dominant role in the development of the South Caucasus Republics, both in their international relations, and in their internal dynamics. Unlike the prior government, which was characterized by instability and widespread uncertainties, Putin’s political plan pointed to the strengthening of Russia’s position on the international chessboard. To Putin, foreign policy represents a tool to integrate Russia in the global market and to increase its influence over its

neighbouring countries. In this framework, South Caucasus had gained a remarkable strategic weight, both at the political, at the economic and at the security level, as we cited before. The above-mentioned events are a proof of this rising interest by Moscow, which relates differently to each country. The present work will try to study these relations by highlighting the main objectives of all actors involved, without forgetting the involvement of other international powers, such as the European Union, the United States, Turkey and Iran.

All these political actors have shown to have interests in the South Caucasus area under different points of view. As we already mentioned, the political realm will be studied in the second chapter, while the third will focus on the economic one, in particular what concerns energy resources. It will analyse the Russian energy strategy in the area beside the recent intervention of the Western powers in this sector. In particular, Europe and the United States are currently trying to build alternative transit routes for the Caspian hydrocarbons in order to avoid the monopoly of Russia. In fact, the European Union is highly dependent on Russian energy resources and therefore, the oil and gas of the Caspian sea represent a strategic and safer alternative for the European markets. South Caucasus has become determinant for the transportation of these resources, and huge pipeline projects have been built on its territories.

The three chapters presented here focus on three different areas of analysis: the first more historical, the second more political and the third economic/energetic. Joined together, they aim at offering the most complete picture of the topic proposed, by highlighting its different sides. Because of its multi-thematic nature, the thesis followed different research methods. The first chapter is based on the study of historical texts and monographs, while the second privileged the use of articles from specialized magazines, online newspapers and websites of political analysis. Similarly, the third chapter is based on academic articles, online research centres and institutional databases.

Chapter 1

Russian-Empire and Transcaucasia

*“What strength! I thought. Man has conquered everything, destroyed millions of plants, but still this one will not give in.”*¹

Leo Tolstoy, *Hadji Murat*.

L. Tolstoy, as other great Russian authors, did mention several times Caucasian warriors in order to honour their bravery and devotion to their people and traditions. In this case, the author paid homage to Hadji Murat, to the whole Caucasian area and its invincible spirit of survival. Tolstoy’s words perfectly exemplify what the Russian Empire had to dominate in the attempt to gain control of the region, which actually had never been fully achieved.

The Caucasus, throughout its history, has been a borderland. It has been an area over which empires have competed; an area in which civilizations and religions met; it has served both as bridge and barrier to contacts between north and south, and between east and west². Its crucial geopolitical location, lying between the historical Tsarist, Safavid and Ottoman empires as well as also between the regional powers of the late twentieth century: Russia, Iran, and Turkey—has been a mixed blessing³.

1.1 Russian annexation of Transcaucasia.

In the end of the 18th century, as Russia began to move towards the Caucasus, one of its main concerns was to secure control over the south Caucasus in order to be able to move south, towards Iran and the Ottoman Empire. Its interests were manifold. There were trade interests and

1 L. Tolstoy, *The Cossacks and Other Stories*, Penguin Books, 2007, p. 231

2 S. Cornell, *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus*, London, Routledge Curzon Caucasus World, 2001, p. 2

3 Ibidem, p.2

colonization intentions, but none of these were comparable to the strategic considerations that incited Russia to incorporate South Caucasus into its empire⁴. The South Caucasus would be a southern flank from which Russia could base its further advances southward; it would also be a protection, a sort of buffer zone against invasions from the south, thereby preventing them from reaching Russia.

By the end of the 18th century, the expansion of the Russian Empire was at the peak of its military victories. Its geopolitical interests and greed for a greater influence within the region, transformed the South Caucasus in an affordable grip. In particular, in 1797 Georgian king Erekle died and his successor George XII, turned towards Russia for protection against Ottoman and Persian attacks. Eastern Georgia's king was seeking for a Russian employment within his territory and his personal survival, maintaining at the same time his hold on power. In December 1800, the Russian emperor, Paul I, did not accept Georgia's king proposal, declaring instead Georgia's annexation to the Tsar Empire⁵. After George's XII and Paul I's death in 1801, the situation became even more problematic, until Alexander I took power and confirmed Eastern Georgia's annexation.



Figure 1.1, Transcaucasia in the 19th century, Wikimedia Commons, 2009, http://en.wikipedia.org/wiki/History_of_Azerbaijan#mediaviewer/File:Transcaucasia_XIX_01.png

⁴ Ibidem, p.6

⁵ A. Ferrari, *Breve Storia del Caucaso*, Roma, Carocci, 2007, p. 57

Therefore, the Russian penetration within the Caucasus was just at its starting point. The whole Transcaucasian conquest lasted almost thirty years, decades marked by continuous wars against Ottomans, Persians and locals as well. The latter were in fact, Russia's biggest trouble, as were not willing to be military and especially culturally subdued. The Russian behaviour towards the region has been aggressive and the authorities, which had to manage the annexation, demonstrated a lack of awareness of history, culture and religion factors. The local reality's disrespect has seriously contributed to the deterioration of the relations between Russians and Georgians.

The Georgians' standing did not ease Russians' occupation of the country. Simultaneously, in addition to Georgian hostility, the Tsar had to deal with Ottomans and Persians as well. Nevertheless, with the help of some functionaries who changed strategy and tried to reconsider the relationships with Georgians on more equal basis, Georgia's personality was dignified from a historical, cultural and religious point of view. In this way in the late 20's of the 19th century, Russia controlled more or less, the totality of the contemporary Georgia.

As for Armenians, the Russian penetration within the region was definitely less painful and the Empire's arrival was welcomed with open arms even if their initial hope to create an Armenian reign, slightly autonomous from the central state, was finally disillusioned. Contrary to the Georgian elite, the Armenian one, succeed to find its own place within the Russian Imperial contest.

Finally, the tsarist conquest was accepted without a great opposition even from the Muslims settled in the eastern part of the region. The Tatars, so called by the Russians⁶, inhabitants of the contemporary Azerbaijan, were not a military target and their political status was confirmed, empowering in this manner the Shiites, who did better integrate themselves in the new reality. In fact, the majority of the Tatars were following the Muslim religion, in particular, they were Shiites. The then Azeri leaders did not oppose the Russians , facilitating and supporting their penetration, obtaining in change a preferential treatment. -

1.2 Russian administration of the South Caucasus

As it has been remarked above, Russia's biggest concern regarding Transcaucasia, has not been the military conquest but instead its administration. There have been two different ways of dealing with the issue, the central and the regionalist one. According to the first one, the Empire's rules had to be put in practise in the region in the fastest and best way possible, and yet according to the latter one, the local law and its representatives had to be part of the political project in order to achieve a healthier and convenient compliancy.

⁶ Ibidem, p. 60

As a consequence of the first decades' Russian failure to administrate the Transcaucasia region, tsar Nickolas I, put the power in the hands of Mikhail Vorontsov, nominating him Caucasus's viceroy and assigning him full powers within the area. In exchange Mikhail gave the Tsar a revolutionized approach compared to his predecessors. In particular, he opted for a flexible regionalism, giving power and rights to the local elites⁷. The viceroy treated Georgians, Armenians and Azeri as a resource for the empire, erasing colonial attitudes. The new policy's results were numerous and immediate, as a reciprocal confidence between the empire and the South Caucasus's inhabitants had been established⁸.

Russia's strategy, in Transcaucasia as in the rest of its immense territories was not ever during; rather it was the consequence of political and military necessities. Alexander III, over against a general revolutionary tendency within his empire, imposed an authoritarian policy, which finally turned into an attempt to "Russify" the Caucasian subjects. In the case of the Transcaucasian area, from 1882 on, the relative freedom, which had been conceded under Mikhail Vorontsov, did rapidly disappeared. Who did effectively suffered the effects of the Russian decisions, were the Georgian and Armenian societies. The religious component had been determinant, as from a Russian point of view the Armenian and Georgian churches used to benefit a large autonomy, which however, was considered to be potentially dangerous. In particular the two countries' elites, which had the chance to interact with the empire's authorities, were at the same moment supporting a social, political and economic development of their own nation.

To sum up, Alexander's III new policy, in an attempt to centralize the power, holding back national rebirths, did not earn a positive outcome within the South Caucasus. Georgian and Armenian national identity were well established enough to absorb the shock, transforming the latter into a reinvigorated national movement. The Russian will to bend Caucasians provoked on the contrary, a general resentment and rancour, which can be considered at the core of Caucasus's contemporary history⁹.

Pursuant to the failing management, Russian authorities did realise that the Caucasus region was not minded to withstand the Empire's suffocating pressure, therefore, things started again with the moderate and above all, consolidated regionalism. Furthermore, the relative freedom and the economic development, probably the greater benefit Russians did effectively generated within Transcaucasia, did create an industrial working class, which in turn contributed to the birth of a modern political class throughout the region. This working class was particularly active during the

⁷ Ibidem, p. 69

⁸ C. King, *The Ghost of Freedom: A History of the Caucasus*, New York, Oxford University Press, 2008, pp. 32-35

⁹ Ibidem, pp. 64-67

first years of the 20th century, characterised by numerous strikes, culminated afterwards to the 1905 revolution. In Transcaucasia, it was especially a matter of national struggle rather than a social class one, Georgians, Armenians and Azeri did in fact asked for a greater latitude¹⁰.

1.3 World War I and the Empire's dissolution

The years between the 1905 and the beginning of the WWI can be considered as a peaceful period, characterised by the consolidation of the status quo, which was suddenly interrupted by the beginning of the war. Once more, Transcaucasian countries had to get involved into a war. They have always been the frontier that used to divide two empires, the Ottoman and the Russian one, which indeed, did not give the Transcaucasians the chance to decide themselves whether to be or not part of the war.

Armenians did believe Russian promises on an eventual west Armenian liberation and did therefore, supported the Tsar. On the other hand, Georgians and Azeri had a different approach, as they had nothing to earn. In addition, Azeri were certainly vexed more as from a religious point of view they had to fight against their Muslim brothers. At the same time, the latter, were the most important piece of the puzzle, as for Russians, Azerbaijan's petroleum was an important economic arm. The compromise found by the empire was the surrender to call to arms the Azeris.

The Russian-Ottoman rivalry instigated what we nowadays call "the Armenian genocide". Starting from 1915, Anatolian Armenians were persecuted by the Ottoman army, cancelling centuries of



Figure 1.2, *South Caucasus in 1914, 2001*, <http://sunnycv.com/steve/ww1/1915b.html>

10 T. de Waal, *The Caucasus: An Introduction*, Oxford, Oxford University Press, 2010, p. 64

history. The genocide has been caused by the Ottoman willingness to eliminate the Armenian component, guaranteeing the Turkish domination throughout the Anatolian region and above all, setting the foundations of an eventual reunification with Azeri Turks¹¹.

Russia's critical moment, underlined by the war, which added to the general anti-Russian resentment, functioned as the right pretext for South Caucasus to finally shake off the Russian burden. The monarchy's downfall created a lack of power, which was covered by the local council (soviet), which was mainly arranged by soldiers and workers. The situation was dramatically chaotic, as the Russian army was essentially absent, the Ottoman Empire was always in ambush, ready to attack, the local factions were not able to set up a coalition and the central power, "the real Russia", was on the point of a civil war. The independence declaration of Georgia, Armenia and Azerbaijan in May 1918 can be contextualised in this kind of political and social context. Within this scenario, the importance of European power's involvement cannot be underestimated. Great Britain and Germany were definitely interested in the area as it was attractive from an geopolitical, and an economic point of view. Furthermore, a political and military help to these countries was necessary, inasmuch it would have taken out a considerable slice of power from Russia and the Ottomans. However, the European meddling could not suffice to build a solid political and social system, strong enough to oppose the Russian comeback. Finally, it has to be underlined that some inner hostilities, especially between Armenia-Georgia and Armenia-Azerbaijan, did further undermine the hope of a long-lasting independence¹².

Transcaucasian fragility facilitated the region's absorption by the Russian's Empire successor, the Soviet Union. The Caucasus new conquest was strongly desired by the high soviet authorities and Stalin himself, who wanted the revolution to be extended in Turkey and Iran. In 1920, the Red Army did conquer Azerbaijan through a poor military effort, as the resistance was almost not existent. At the moment, Azeri were concentrated on their rivalry with Armenians, concerning the mountainous territories of Nagorno-Karabakh¹³.

The Armenian situation was not different at all, the military operations against Turks and Azeri has effectively turned Armenia into a country which was in search of support. In fact, the Soviets were welcomed and perceived as the saviours. Finally, Georgia, as usual was not agreeable to give up and loose its independence. During the short period of independence, Georgian did in fact, established diplomatic relations with Turks, Europeans and Soviet Russia as well, in hopes of maintaining a relative freedom. Furthermore, Soviet Russia did not accept these claims and through

11 J. Kifner, *Armenian genocide, an Overview*, The New York Times, December 7, 2007

http://www.nytimes.com/ref/timestopics/topics_armeniangenocide.html

12 C. King, *The Ghost of Freedom: A History of the Caucasus*, pp. 156-158

13 A. Ferrari, *Breve Storia del Caucaso*, p. 92

a rapid military intervention, did occupy the country. Thus, the whole Transcaucasia was Soviet hand again¹⁴.

1.4 The Soviet Time

Following the first years of Soviet power establishment, a hard political repression was put into practise within Transcaucasia. Opponents had to be demolished and as the three South Caucasian countries came from their state-building attempt, the opponents in this case were the figures who dominated the political scene during a footnote of history called independence. In addition, the religious authorities played a leading role as well. As usual, Soviets did not hesitate to resort to the use of violence and as a consequence what was perceived as an enemy was politically purged.

In the very first years of the Soviet Union, an innovative aspect emerged; the nationalities policy. The proletarian solution to the nationality question would preserve the unitary state, allowing local self-governing and guaranteeing complete cultural and linguistic freedom within the unitary state. Lenin's self-determination meant that nationalities could choose to become fully independent, but according to his other formulations they wouldn't have the right to an autonomous political territory or to a federative relationship to the centre¹⁵. Russian's authorities hope was to make this national antagonism partially vanish.

14 Ibidem, p. 93

15 R. Pipes, *The Formation of the Soviet Union. Communism and Nationalism, 1917-1923*, Cambridge, Cambridge University Press, 1954, p. 11



Figure 1.3, South Caucasus in the USSR, 2011, http://commons.wikimedia.org/wiki/File:Soviet_Caucasus_map.svg

The Soviet state was both federative (although only theoretically) and based on ethnic political structures. Despite of “vanishing”, the Soviet state gave birth to new nations. As Ronald Suny noted, “Rather than a melting pot, the Soviet Union became the incubator of nations¹⁶”. Caucasus’s particular ethnical complexity transformed the region in a perfect testing ground for Russians to build their new policies. Caucasian people used to identify themselves on a religious and a clan-tribal basis, while Soviets tried to establish an administrative, cultural and lingual reorganization on a “national” and “territorial” basis¹⁷. Furthermore, this policy mainly concerned north Caucasus as speaking about South Caucasus, the situation to deal with was slightly different.

The region’s ethnical complexity was definitely minor and above all, the national identity had already been shaped since centuries. Moreover, Georgia, Armenia and Azerbaijan were not ethnically homogeneous, rather there were different ethnical minorities within each state and for instance Armenians used to live in Georgian and Azeri territories and vice versa as well. It has to be noticed, within this context, that Soviets did grant some territories to that or the other countries. In particular, Azeri did obtain Nachichevan and the high Karabakh territories. In order to strength an eventual alliance with the Kemalist Turkey pro Azeri concessions were put into effect¹⁸.

16 R. G. Suny. *The Revenge of the Past Nationalism, Revolution and the Collapse of the Soviet Union*, Stanford, Stanford University Press, 1991, p. 85

17 A. Ferrari, *Breve Storia del Caucaso*, p.97.

18 C. King, *The Gost of Freedom: A History of the Caucasus*, pp. 158-160

Previously, Lenin wanted Stalin to show restraint in dealing with issues of nationalism. Stalin and fellow Georgian Bolshevik Sergo Orjonikidze, however, pushed for greater centralization in the region¹⁹. Their compromise was the creation of a new Transcaucasian Federation which created a unified economic system for the region but allowed for the three distinct republics to remain independent of one another. The Georgian government was incensed over the change and felt it was an attempt to destroy their sovereignty. Georgian Bolsheviks resigned *en masse* in protest in October 1922. Armenians and Azerbaijanis, on the other hand, were generally supportive of the Federation for economic purposes²⁰.

When the Soviet Union came into existence on March 12, 1922, the Transcaucasian Federation became the Transcaucasian SFSR, one of the four original republics of the Soviet Union²¹. The structure of the Transcaucasian SFSR allowed for the individual republics to maintain their parliaments and individual party structures. This permitted local elites to stay in power and paid lip service to the notion of national self-determination. Moreover, it has to be underlined that physical elimination has been established for the pre-revolutionary elites. The local elites that stayed in power were supporting the Soviets.

Policy concerning the Caucasus was not settled with the creation of the Transcaucasian SFSR and the republic became a laboratory of Soviet nationalities policy. Groups such as the Abkhaz, in Georgia, were granted their own Soviet Republic and then were subsequently demoted to the status of an “autonomous republic”. These policies maintained and often exacerbated ethnic tensions, contributing to explain their prominence in the present day. The existence of governments within the constituent republics of the Transcaucasian SFSR made it quite difficult for any decisions to be made at the highest levels of the republic²².

As in the most USSR countries, the relative “liberalist” political and social period of the 20’s was replaced by the direct and violent Soviet intervention. In 1928, the Soviet summit planned a global land collectivisation and the forced industrialisation of the whole Transcaucasia. The Georgian, Armenia and Azeri resistance, especially the kulak’s one, was tireless but useless at the same time. Even if in South Caucasus collectivisation has been less extended than in the rest of USSR by the beginning of WWII the Soviet power reached an almost total collectivisation and peasant’s control. A last remark has to be added concerning Stalin’s power, when the majority of political, intellectual and religious exponents were get rid of the scene, through massive purges, in order to clear some space for real Stalin doctrine believers.

19 T. de Waal, *The Caucasus: An Introduction*, p.72

20 Ibidem p. 73

21 F. Coene, *The Caucasus: An Introduction*, New York, Routledge, 2010, p.133

22 T. de Waal, *The Caucasus: An Introduction*, p. 74

1.5 WWII and the beginning of the end.

Compared to WWI, the Second World War impacted South Caucasus in a different way. The involvement of the region was less direct from a military point of view, but not less important economically and geopolitically. Germany was immensely interested on the Azeri oil but Azerbaijan was never actually reached from the frontline. The Transcaucasian countries have indeed been faithful to the soviet empire, transforming their huge potential to a great resource for the central power. In fact, beyond Azeri oil, the whole region increased its agricultural and industrial production, supporting the war through a supply of raw materials. This loyalty was finally repaid, during the post-war period, by large concessions. In particular, in Armenia, the Academy of sciences was created, while in Georgia, the church received its autocephaly back²³.

After the arduous economic upturn of the post war period, the following decades have been years of relative tranquillity within the region. As a result of Stalin's death, the Soviet power established its control through local bureaucrats who were absolutely faithful to Moscow but at the same time did not exercise their power through violent displays. The general well-being was due to an increased standard of living too. The social and economic development lived down thirty years of repression and submission.

The weakening of the Soviet's repressive character during the post-Stalin decades, contributed to make Transcaucasia's national sentiment reemerge. Logically, this kind of sentiment was easier to emerge within a reality full of historical and cultural traditions. Therefore, in this respect Georgia and Armenia were particularly active compared to Azerbaijan.

However, only the *perestroika* inaugurated by Mikhail Gorbachev in 1985, did give a definitive prompt to the South Caucasus national claims. The Sovietization, in which these people had been submitted, shaped their inclination towards a hard nationalism, as their knowledge about and democratic system was totally absent. The national element was the only one capable to gather them together, the only thing capable to make them feel strong and unified.

In Georgia, in 1989, a public demonstration in favour of Georgian rights to use their native language turned into a tragedy, registering nineteen victims²⁴. The same demonstrations would have lead to independence claims. It was a turning point for Georgian contemporary history as this last episode was needed by the public opinion as a pretext to obtain independence. The following year, in the first free elections the nationalist party, leaded by Zviad Gamsakhurdia, triumphed. In March 1991, the Independent Georgian Republic's new establishment was approved through a referendum,

23 A. Ferrari, *Breve Storia del Caucaso*, p. 108

24 R. G. Suny, *The making of the Georgian nation*, Indiana, Indiana University Press, 1994, p. 322

while a month later independence was declared²⁵.

Talking about Azerbaijan in the late 80's a special regard must be addressed to the Nagorno-Karabakh issue. In 1988, the inhabitants of the Azeri region of the Nagorno Karabakh, which was mainly made up of Armenians, immersed in the nationalist river that was passing through the south Caucasus during that years, claimed the will to join again the Armenian Republic. Led by Levron Ter Petrosian, after the initial will and the resulting demand's solidification, Azerbaijan replied addressing a total rejection to Karabakh inhabitants claims. From February 1988, a *pogrom* took place in the Azeri city of Sumgait²⁶, and during the following months, all the Armenians left Azerbaijan and vice versa. What leaps out from this panorama is Russia's weakness in solving the issue in a rapid and a long-lasting way. Armenians, in front of the URSS indecision obtained further self confidence and the de-sovietisation process took place within each part of the country.

As for Azerbaijan, the *perestroika* did not have the same effect on the country as that of Georgia and Azerbaijan. Azeri movements, denouncing the total political and economic reliance on URSS', lacking of democracy and the willingness to better exploit the country's resources, finally succeeded in creating a critical awareness in the Azeri people. In addition, the Karabakh issue, confirmed what in the Armenia and Georgia was already clear; the Soviet Republic was about to pass away.

1.6 Georgia

The three countries of the South Caucasus, Georgia, Azerbaijan and Armenia, form the most complex, combustible and unstable region in the former Soviet Union. Lying at the crossroads of Europe, Asia and the Middle East, they share deeply ingrained historical trauma, Soviet-era bad practice, economic mismanagement, corruption, social problems, weak institutions, conflicting tendencies towards authoritarianism and reform, inter-ethnic disharmony, border disputes and several low-intensity (or 'frozen') conflicts²⁷. After centuries of Russian and Soviet domination things were supposed to improve and reliance on Russia to be broken off. Though, any population that has been subdued for a long time reveals great difficulties when it is time to detach itself from the dominant country concerning the political, economical and social life reconstruction. Indeed, these are the main issues when we bump into Georgian, Armenian and Azeri post soviet history. In particular, the period of ten-fifteen years after the independence declaration was deeply influenced

25 N. Troitsky, *The hazy dawn of Georgian Independence*, RIA Novosti, April 2011

<http://en.ria.ru/analysis/20110411/163471890.html>

26 A. Ferrari, *Breve Storia del Caucaso*, p. 112

27 J. Nixey, *The South Caucasus: Drama on three stages*, in R. Niblett (ed), *America and a changed world: a question of leadership*, London, Chatham House, 2010,

http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Americas/us0510_nixey.pdf, p. 125

by the soviet inheritance.

In Georgia, as it has been noticed above, the first President after the collapse of the Soviet Union was Zviad Gamsakhurdia, one of the leading figures of the Georgian opposition during the Soviet period. From the late 1970s he was consistently one of the leaders of the protest movements against the Soviet regime. Gamsakhurdia, representative of a radical nationalism, totally intolerant to ethnical claims, challenged the minorities' willingness to detach them-selves from the newborn republic. The drive for independence by several ethnic groups in Georgia contributed above all to the de-stabilization of the President and the entire government²⁸.

With regard to Gamsakhurdia no positive developments could be observed as he vilified the opposition and had his political opponents arrested. During these years Georgia became internationally isolated, both from Moscow as well as the west. Already in late 1991-early 1992 a power struggle emerged between the President and the newly formed opposition. In January 1992 the President and his partisans left the country. Gamsakhurdia, who was extremely popular when taking over power, was accused of not bringing about a change of the system, rather only a "changing of the guard"²⁹.

The transitional government at that time approached Eduard Shevardnadze with the request to return to Georgia³⁰. Shevardnadze had been the First Secretary of the Georgian Soviet Republic from 1972 until 1985 and then held the position of Foreign Minister until 1990. In 1992, the Georgian population viewed Shevardnadze as a great hope and a stabilizing factor in a country where haphazard rule and chaos prevailed, industrial production had almost come to a stop, and where Abkhazia had separated from Tbilisi during a secession war. During autumn 1993, after months of conflicts, the troops of the Georgian government had already suffered severe military losses. According to Georgian public opinion, these strikingly quick military successes of the Abkhazian troops would have been inconceivable without Russian weapons and officers as well as Chechen free fighters. Tbilisi contended that it was due to their assistance that it lost Abkhazia and had to accept a humiliating cease-fire³¹.

Shevardnadze, who was liked by Moscow, did effectively demonstrate his propensity to maintain good relations with Russians, joining the Commonwealth of Independent States (CIS) and allowing Moscow to station Russian troops in Georgia for a long term. Nevertheless, these decisions did not

28 M. Parsadanishvili, *Georgia before and after the Rose Revolution*, <http://www.ruskodnes.cz/index.php?page=clanek&id=598>

29 Ibidem.

30 R. G. Suny, *The making of the Georgian nation*, p. 324

31 M. Parsadanishvili, *Georgia before and after the Rose Revolution*, <http://www.ruskodnes.cz/index.php?page=clanek&id=598>

modify the people's will to stick out from the Russian sphere of influence. Indeed, Georgia's elite feeling has always been that of a natural inclination towards the West³².

As for domestic political developments, the Shevardnadze's government introduced basic democratic rules, which however did not subvert the traditionally dominant clan structures and especially did not uproot corruption. Hence, everyday life was dominated by corruption and the crime within legal institutions was worrisome high. Shevardnadze's inability to establish the basic fundamentals in the social and civil Georgian life, added to the precarious situation regarding the control of the rebellious regions turned out to be the origin of public resentment towards the man who was representing the country.

A change of power appeared to be imminent in 2003, when the parliamentary elections were to be held. The two oppositional parties, led by the former Minister of Justice Mikhail Saakashvili and the president of Parliament Nino Burjanadze, formed an alliance and in this manner had great chances to overcome the power. The following elections were considered by domestic and international observers to be widely manipulated. Shevardnadze and Saakashvili, who in the meanwhile had become leader of the opposition, both declared their own victory. Saakashvili declared himself to be the winner on the basis of electoral exit polls by independent institutes and called on the Georgians to demonstrate against Shevardnadze and participate in civil disobedience against the government. Immediately afterwards, massive demonstrations against the government began on the streets of Tbilisi, but soon spread out to the rest of the country. At the end of November, supporters of the opposition stormed the Parliament building with roses in their hands (the Rose Revolution), gained access to the plenary hall and interrupted the opening speech of the President. Shevardnadze escaped from the building with his bodyguards, putting a stop to his long power in Georgia. The next elections were held in January 2004, during which the opposition leader Mikhail Saakashvili achieved a landslide victory³³.

Since 2004 the situation has not radically changed, even though several reforms have been initiated and corruption has been harshly fought. In fact, Saakashvili, who dominated the political scene for at least 10 years, has been criticized for his authoritarian trends by both local and international authorities. Indeed, the political pressure on media, the legal system, Saakashvili's personal style in governing and his exasperated populism do not ensure the establishment of democracy in the country³⁴.

1.7 Armenia

32 Ibidem

33 T. de Waal, *So long, Saakashvili*, Foreign Affairs, October 2013, <http://www.foreignaffairs.com/articles/140227/thomas-de-waal/so-long-saakashvili>

34 S. F. Jones, *Georgia: A Political History Since Independence*, I.B.Tauris, 2014, p.162

Because of its geographical characteristics, being surrounded by enemies and landlocked, Armenia is the country that overpaid its independence the most. The post-soviet period and the attempt to build an autonomous country have been a huge challenge for this minuscule country out for its own living space.

The economic relations sharp-cutting break with Russians brought briefly to an economic collapse. Armenia, which was one of the most industrially evolved among the former Soviet republics had to face not only economical problems but also and maybe mainly geopolitical. In particular, the Armenian-Turkish diplomatic relations did not even exist due to the genocide committed by the Ottoman Empire and never forgotten by Armenians. The Turk neighbour does not facilitate the situation for Armenia in regard to another neighbour: Azerbaijan. The country, ethnically composed by Muslim-Turks, had been irritated by the clashes between Armenians and Azeri inhabitants in the High Karabakh region. Immediately after the URSS dissolution and the establishment of the Commonwealth of Independent States (CIS), the Armenian population of High Karabakh proclaimed itself independent, deteriorating the already unstable situation and transforming the issue into an open war, which remains unresolved³⁵. Naturally, Turkey supported the Azeri cause and put into practise an economic blockade, which, added to the Armenian fragile economic situation, brought the country on its knees.

The direct outcome of the crisis was a massive migration flow mostly directed to Russia, which seized the moment and offered its hand to the ex-republic who was struggling. The Russian intervention is still visible in the present-day as its influence in Armenia has always remained important. Indeed, Yerevan granted Moscow a special regard that, traduced in military language, meant the right for Russians to maintain military bases. The small Armenia did survive but at the same time had to sacrifice part of its autonomy³⁶.

Moscow's support was fundamental for Yerevan to survive but so were its cultural compactness and the diaspora's economic aid. In addition, the substantial freeze of the conflictual situation in Karabakh in 1994, brought in turn economic and social improvement. Nevertheless, during the 1990s, there emerged all the government's difficulties to manage the country and above all, its inability to push for political and economical reforms that could have removed the country from the shifting sands in which it was stagnating. Finally, the country tried to maintain good relations with the west as well, as the Armenian diaspora in Europe (mainly France) and the United States did gain a remarkable influence in the country of origin. This phenomenon contributed to spread suspicion

35 A. Ferrari, *Breve Storia del Caucaso*, p. 126

36 S. Minasyan, *Russian-Armenian Relations: Affection or Pragmatism?*, PONARS, July 2013
http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/Pepm_269_Minasyan_July2013.pdf

among the Russians, eventually creating an atmosphere of tension and lack of confidence.

Speaking about politics, the plebiscite for independence in 1991, followed by democratic elections, brought Levor Ter Petrosian in power. Petrosian had to face the difficult situation described above, but the impossibility to put the Karabakh issue on the right track caused popular opposition, which led to his resignation in 1998³⁷. The power vacuum was filled by Robert Kocharyan, ushering in a new wedding, namely that of a very tight relationship between the Armenian government and the Nagorno-Karabakh elites. Kocharyan had indeed been the first president of the Autonomous Republic of Nagorno-Karabakh. The following year, Armenia came to the fore of the international arena thanks to a dramatic terroristic action at the national parliament, which caused the death of the Prime Minister, the President of the Parliament and that of six other deputies³⁸. This last episode, to this day not completely understandable, shows us the domestic fragility Armenia was experiencing³⁹. Moreover, Kocharyan presidency had actually a remarkable impact on the country both positively and negatively. During the eight years of Kocharyan's office the country experienced a domestic, economic and international policy reinforcement. A new Constitution and the country's accession to several international organizations proved the president's credibility, reassuring both national and international opinion. On the other hand, Kocharyan's coming to power has coincided with a entrenchment of an oligarchy created by the economic boom of the early 2000s. The link between the government and the oligarchy underlines the clash of interests characterising the double political mandate of Armenia's second president⁴⁰.

In 2008 new elections took place between Levor Tar Petrosyan (back to the political fore again⁴¹) and Serzh Sargsyan supported by the outgoing president. Sargsyan obtained the reins of the government confirming Kocharyan's delineated political tracks. In particular, the oligarchy continues to be part of the Armenian political class and the link between Stepanekert and Yerevan was more than ever fortified. Indeed, the new president has behind him a military leader career in the Nagorno-Karabakh war and at a later stage, remitted national security and defence positions,

37 P. Carley, *Nagorno-Karabakh: Searching for a Solution*, USIP, December 1998
<http://www.usip.org/publications/nagorno-karabakh-searching-solution-0>

38 K.E. Bravo, *Smoke, Mirrors and the Joker in the pack: on transitioning to democracy and the rule of law in post-soviet Armenia*, Indiana, University of Indiana, 2007, <http://dspace.unive.it/bitstream/handle/10579/1609/805514-1156920.pdf?sequence=2>, pp. 506-507

39 Zolyan, *Armenia's "Velvet Revolution": Successes and Failures*, in A.A.V.V *South Caucasus, 20 Years of Independence*, Berlin, The Friedrich Ebert Stiftung, 2011, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>, p. 54

40 F. Bordonaro, *Armenia, Azerbaijan, Georgia: elezioni, tendenze politiche e scenari del contesto caucasico*, in *Dopo la guerra russo-georgiana. Il Caucaso in una prospettiva europea* (a cura di A. FERRARI), ISPI, Ottobre 2008, [http://www.ispionline.it/it/documents/11%20Caucaso%20in%20una%20prospettiva%20europea%20\(1\).pdf](http://www.ispionline.it/it/documents/11%20Caucaso%20in%20una%20prospettiva%20europea%20(1).pdf), p. 93

41 Human Rights Watch, *Democracy on Rocky Ground: Armenia's Disputed 2008 Presidential Elections, Post-Election Violence, and the One-Sided Pursuit of Accountability*, New York, February 2009, <http://www.hrw.org/sites/default/files/reports/armenia0209webwcover.pdf>, p. 12

which permitted him to increase the military influence within the state apparatus⁴².

1.8 Azerbaijan

In September 1989, Azerbaijan became one of the first Soviet republics to pass a resolution of sovereignty⁴³, even if it was immediately declared invalid by Moscow. This led to a general nationalist ferment which in turn gave rise to urban riots all over the country. In May 1990, the Azerbaijani Supreme Soviet elected Ayaz Mutalibov as first secretary of the communist country and a few months later, in September, he became president of Azerbaijan. Finally, in August 1991, Azerbaijan declared independence, led by Mutalibov. Under his leadership, the country remained under a Russian sphere of influence and adhered to CIS. In 1992, Azerbaijan was facing the building of state institutions or the reforming of the communist ones into a democratic system in both form and action⁴⁴. As for the other post-soviet republics, this process had to be enacted while each country was dealing with a failing economy and the need to build a military force. At that moment, Azerbaijan was ruled by a government that saw little need to reform. Indeed, president Ayaz Mutalibov had declared the independence of the country, but just like the other leaders of post-Soviet Central Asian states, he sought to reinvent himself as a national leader without introducing meaningful political reforms⁴⁵. Unlike other leaders, however, Mutalibov had to face strong political opposition. Most of all, the dramatic question of Nagorno Karabakh eventually crumbled his already weak popular legitimacy. Abulfəz Elçibey took Mutalibov's place in June 1992, becoming the first non-communist Azeri president. Elçibey demanded the Russian troops' complete withdrawal and retired the Azeri adhesion to CIS. The government of popular front tried hard to build a democratic state in an inhospitable environment. He suffered narrow favour from the political elites and lack of personnel when it came to implement the reforms⁴⁶. In addition, after initial military successes, the Azeri army had to deal with the disorganization and lack of coordination that characterised the Azeri state as a whole. For the umpteenth time, the unsolved Karabakh war, the unsuccessful economic recovery and the public administration's pandemic corruption creaked Elçibey's seat of power.

Eventually, Elçibey was forced to ask for help to Heydar Aliyev, as a coup d'etat was going on in the country. Aliyev, who had already led the country during the soviet times, was the first Politburo member of Turkish origins. As a long experienced politician, he did realise the opportunity that was taking shape in front of him and was astute enough to wait and support the

42 F. Bordonaro, *Armenia, Azerbaijan, Georgia: elezioni, tendenze politiche e scenari del contesto caucasico*, p. 94

43 D. Mastro, K. Christensen, *Power and policy making: The case of Azerbaijan*, Canadian Political Science Association, 2006, <http://www.cpsa-acsp.ca/papers-2006/Mastro.pdf>

44 S.E. Cornell, *Azerbaijan since Independence*, New York, Central Asia-Caucasus Institution, 2010, p.60

45 Ibidem p. 61

46 Ibidem p. 67

right wing. The choice shifted on Elçibey's detractors who in turn awarded him by placing Azerbaijan's future in Aliyev's hands⁴⁷.

Aliyev's duties were not easy to achieve but he was a man of *order* and this is what he brought to Azerbaijan. The restoration of stability started with a reassertion of control over the state. In order to take control, Aliyev did not dismantle *de facto* the traditional Azeri structure of power. In particular, Azerbaijan powerful informal institutions, loyalties and networks matter at least as much as formal political institutions⁴⁸. The state institutions were filled by trusted men, whose loyalty was not an issue. In other words, extreme loyalty can bring to extreme corruption, which indeed, was considered normal. Aliyev did not root out corruption but rather regulated it. In addition, political opponents who could somehow threaten the central power were basically eliminated⁴⁹.

Regarding the Mountainous Karabakh issue, that had been Aliyev's predecessors' Achilles' heel, the president succeeded to bring the war to a halt. Aliyev was not interested in winning the war but rather in freezing it, in order to focus on state building and economic growth. In 1994, the war ended with an armistice, which left the control to Armenia within the contentious region and extended the territories populated by the ethnic Azeri majority⁵⁰. In this way, Azerbaijan was sedated by Aliyev's strong antidote, which hereafter transformed into a semi-authoritarian regime. This system was defined by Marina Ottaway, as “an ambiguous system that combines rhetorical acceptance of liberal democracy, the existence of some formal democratic institutions, and respect for a limited sphere of civil and political liberties with essentially illiberal or even authoritarian traits”⁵¹. Aliyev perceived himself as an hero, as he saved the country from destruction, and as a benevolent autocrat that had to be admired⁵².

Finally, the Azeri President has been a great diplomat as well. Aliyev had always been able to maintain good relations with Russia and the United States, avoiding actions that could have compromised the relations with the two superpowers. Azerbaijan remained part of the CIS but at the same time it did not become a Russian puppet. For instance, Russian troops were not allowed to allocate within the country but most of all, Azerbaijan signed an agreement that would have

47 G. Natalizia, *La seconda indipendenza e il contesto internazionale (1991-2012)*, in G. Natalizia, D. P. Vincelli, *Azerbaijan, una lunga storia*, Firenze, Passigli Editori, 2012, http://www.academia.edu/7816660/Azerbaijan_Una_lunga_storia_with_D._POMMIER_VINCELLI_eds_pp_1-177, pp. 95-105

48 S.E. Cornell, *Azerbaijan since Independence*, p. 72

49 G. Natalizia, *La seconda indipendenza e il contesto internazionale (1991-2012)*, pp. 100-102

50 A. Ferrari, *Breve Storia del Caucaso*, p. 129

51 M. S. Ottaway, *Democracy Challenged: the Rise of Semi Authoritarianism*, Washington, Carnegie Endowment for International Peace, 2003, p.3

52 D. Heradstveit and K. E. Stronmen, *Nation building in Azerbaijan: Democracy and human rights*, Oslo, Norwegian Institute of International Affairs, 1999, pp. 48-52

permitted to a west consortium to exploit the oil and gas resources of the country⁵³. On the other hand, Aliyev forged close relations with the United States, which facilitated the arrival of American investments. Through these policies, Aliyev proved to be a trustful leader with whom any kind of negotiation could be held. In particular, after 2001, it became clear that Azerbaijan's strategic position was absolutely necessary to American and Western plans of indirect influence and the struggle to religious extremism. Indeed, Aliyev gave stability to the country, both in terms of society and economy, thus integrating Azerbaijan with the rest of the world.

When Haydar Aliyev was about to pass away in 2003, nobody could imagine who would have been able to replace him. A man with the same profile had to be found; someone able to keep the country on the track through different scenarios and with different interlocutors. Aliyev's and his advisors had always had the name of the most probable successor in their minds: it was Ilham Aliyev, Haydar's son. The choice was easy to make but his eventual election could have implied remarkable efforts. The whole world had to accept a dynastic succession, which was not the first one (in the same period a father-to-son power transition was put in practise from the Assad family in Syria), but far away from democratic rules, of which the so-called west world was and still is the main promoter. In any case, Ilham was considered to be his father's continuation, a stability holder, which was everybody's main claim. The elections that were held in 2003, were unanimously considered below the standard of transparency but permitted Ilham to take the power with 77% of preferences.

With Haydar's successor, the concentration of power remained in the hands of the small economic elite that controlled oil and gas resources and consequently, the country's political life. Even if some of his father's ministers were replaced by younger and slightly reformist politicians, during the first year of Ilham's power, the authoritarian way of leading the country did not change at all. For instance, in 2005 former ministers and other influent political characters were arrested, accused of conspiracy against the nation⁵⁴.

Economically speaking, the country continued its uncontrolled growth thanks to the proceeds of oil exploitation, which, however, were the main cause of the widening gap between the leading elite and the rest of the population. In fact, the oil revenues were not supporting the rest of the economy. There were not enough investments in other economic areas and the consequence was that the money coming into the country was enriching always the same portion of population, enforcing popular disappointment. In order to maintain control, the government had to focus on journalists

53 A. Ferrari, *Breve Storia del Caucaso*, p. 129

54 F. Bordonaro, *Armenia, Azerbaigian, Georgia: elezioni, tendenze politiche e scenari del contesto caucasico*, p. 102

and any other kind of opponents, transforming the country into one of the least democratic states of the world⁵⁵.

As for foreign policy, things did not change either. Ilham Aliyev has continued the “multi-vector” policy initiated by his father. Thus, he has tried to maintain an equal balance in relations with the EU and Russia⁵⁶. Azerbaijani's oil resources have had once again great influence in the country's willingness to preserve its autonomy, despite Russian attempts to dominate the region. An example of this was its economic support to Georgia (investments and cheap gas), which didn't stop even after the Russo-Georgian conflict of 2008. As for the first quarter of 2013, 17% of total foreign direct investment in Georgia came from Azerbaijan⁵⁷. Logistic support was given to Washington and NATO during the Afghanistan and Iraq wars.

1.9 Russian Foreign Policy After The Soviet Dismantlement

During the cold war, Soviet foreign policy was highly centralized and hierarchal. Who had to deal with foreign policy issues and track the guidelines, was the central committee of the communist party. The foreign ministry was charged with putting in practice the decisions already taken by the central committee and politburo. On the one hand, established policies could reveal themselves as substantially predictable but on the other hand, it was ensured that the Soviet government used to speak with one voice⁵⁸.

After seventy years of Soviet communist rule, Russia became an independent state in December 1991. The collapse of the Soviet Union created an entirely new situation to be handled by the political elites. As for what concerns Foreign Policy, this elite had to develop a new “Russian” foreign policy and most of all create new institutions to carry out the new policies. However, Russia has found it difficult to pursue a clear and consistent foreign policy⁵⁹. As Scott Parish observes, “it is not all clear what the goals of Russian foreign policy are – or whether Russian has a coherent foreign policy at all⁶⁰”.

55 Nations in Transit, *Eurasia's rupture with Democracy*, Freedom House, New York, 2014

http://www.freedomhouse.org/sites/default/files/NIT2014%20booklet_WEBSITE.pdf

56 K. Zasztowt, *Azerbaijan after a Decade of President Ilham Aliyev's Rule*, Warsaw, Polish Institute of International Affairs, 2013, www.pism.pl/files/?id_plik=14562, p. 1

57 Ibidem p. 2

58 F. S. Larrabee, T. W. Karasik, *Foreign and Security Policy Decision-Making under Yeltsin*, Santa Monica, RAND 1997, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR831.pdf, pp. 5-7

59 Ibidem p. 8

60 Ibidem

The political class that was about to take control of the new born state adopted an ideology of opposition principally inspired by the West. In its struggle against the Soviet command economy and the totalitarian political system, the pro-western orientation was one of the most important new government's characteristics. Consequently, when Boris Yeltsin assumed control of the newly independent Russian state in December 1991, he and his government were guided by this set of liberal ideas, also including in foreign policy matters a distinctly pro-Western and peaceful foreign policy⁶¹. Yeltsin's identification with liberal ideas and pro-Western foreign policies evolved because of his revolutionary struggle against the Soviet Union and the Communist Party. Because Western capitalist democracies were prosperous and opposed communism, Yeltsin and Russia's democratic movement looked to Western countries as allies in their common struggle against the Soviet system⁶².

Boris Yeltsin's primary aim in foreign policy, like Mikhail Gorbachev's before him, was to create a non-threatening external environment that would be most conducive to his country's internal economic and political development. Just like in the early decades of Soviet rule, this focus on domestic development, together with relative shortcomings in military strength, produced a foreign policy of accommodation, retrenchment, and risk-avoidance, at least in Russia's relations with states at the borders of the former USSR⁶³. Moreover, from another point of view, this policy of accommodation raised a big question on Russian's national identity. As Russia had never experienced a period as a nation-state before, the dismantlement of USSR plunged its habitants into an uncertainty and turmoil. In addition, Russia experienced an inexorable economic decline during its first years of life and the consequent foreign aid request was the last cheap shot for Russian's people pride and self-confidence. The need to establish foreign policy principles was impelling.

1.9.1 Kozyrev, head of the ministry of Foreign Affairs

The difficult task of shaping Russia's new international visage was assigned in the early months of 1992 to Andrei Kozyrev, a young professional diplomat who had spent sixteen years in the Department of International Organizations of the Soviet Ministry of Foreign Affairs⁶⁴. Kozyrev, persuaded to liberate Russia from the burdens of the empire, developed foreign policy ideas centred on the promotion of human rights and the universal values of global economic, environmental, and

61 M. McFaul, *What are Russian Foreign Policy Objectives?*, testimony before the House Committee on International Relations, United States Congress, May 12, 1999.

<http://carnegieendowment.org/1999/05/01/what-are-russian-foreign-policy-objectives/157?reloadFlag=1>

62 Ibidem

63 R. H. Donaldson, *Boris Yeltsin's Foreign Policy*, Tulsa, Tulsa University Press, 1999, <http://digitalcommons.law.utulsa.edu/cgi/viewcontent.cgi?article=1079&context=tjcil>, p. 290

64 Jeffrey T. Checkel, *Ideas and International Political Change: Soviet/Russian Behaviour and the End of the Cold War*, New Haven, Yale University Press, 1997, pp. 107-115

nuclear security, realized through a community of democratic states⁶⁵. The West was defined as political ally, a prototype for Russia's economic and political development, and also as a potential source of financial assistance which was desperately needed for economic reforms. This type of worldview was mainly supported in the immediate aftermath of *perestroika* and the demise of the Soviet Union, and exemplified by the so-called Kozyrev diplomacy, an explicitly pro-Western stage in Russian foreign policy associated with Russia's first Foreign Minister.

The western democratic states and their economic institutions were Yeltsin's and Kozyrev's target. Moreover, after decades of cold war, such a drastic change of attitude was not easy to digest for both the political elite and the average Russian man. Indeed, juxtaposed to this "Westernising" or "Atlanticist" orientation of the Foreign Ministry was a "pragmatic nationalist" or "Eurasianist" viewpoint expressed by officials in a variety of government and academic institutions⁶⁶. Yeltsin's opposition was convinced that Russia's new role within the International scene was that of a conciliator actor, a new power state which had to unify the different elements that were part of the newborn state. In Sergei Stankevich's⁶⁷ opinion, Russia had to talk in tougher tones, to defend Russian population and Russian heritage in other ex-USSR republics⁶⁸.

Kozyrev tried to assuage his critics by adopting an increasingly nationalist line at home while taking a conciliatory approach with his western interlocutors⁶⁹. Kozyrev's "double game" did not help him to regain credibility. On the contrary, it contributed to undermine his already unstable position. The Defence Ministry and the Foreign Intelligence Service (SVR) often took decisions and addressed foreign policy issues. Yeltsin had no choice and Kozyrev's inability to give a direction to Russia's foreign policy persuaded Yeltsin to finally replace Kozyrev in 1996.

Yevgeni Primakov was the new Foreign Policy Minister having the difficult task to reinvigorate Russian perception both inside and outside the country. The former head of the SVR proved to be a much more effective manager than his predecessor. Indeed, Russian foreign policy was now willing to have consistency and coherence, two fundamental elements that were absent during Russia's Federation very early age. In addition, the Foreign Ministry had become a much more important bureaucratic actor due to Primakov's political "weight" and prestige⁷⁰. Primakov had Yeltsin's support, but most of all, he was acceptable for both nationalists and communists. The Duma and its criticism was Kozyrev's main enemy and the main cause of his political pulling down. Primakov

65 R. H. Donaldson, *Boris Yeltsin's Foreign Policy*, p. 293

66 Ibidem p. 295

67 Yeltsin's advisor, leader of the *pragmatic nationalist* party.

68 R. H. Donaldson, *Boris Yeltsin's Foreign Policy*, p. 296

69 F. S. Larrabee, T. W. Karasik, *Foreign and Security Policy Decision-Making under Yeltsin*, Santa Monica, RAND, 1997, http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR831.pdf , p. 42

70 Ibidem p. 44

had a solid base in the security agencies and was considered to be closer to Russia's political spectrum.

Top priority of strengthening the ties with the CIS has been enshrined as Primakov's aim since the outset of his mandate. The relations with the former soviet republics have been neglected under Kozyrev, because relations with the west were considered to be more convenient for Russia's immediate future. On the contrary, under Primakov's stewardship, a “balanced “ strategy was pursued, strengthening relations with China, getting closer to the middle east and protecting the former soviet republics. Even if Primakov's personal figure was highly respected, he did clash against the Russian apparatus. The Ministry of Defence and the Foreign Intelligence Service demonstrated one more time the power they were keeping in their hands. As for Kozyrev, Primakov had to struggle against these two institutions in order to maintain his independence. In fact, there was no clear borderline between the two ministries and the SVI's line of action⁷¹.

Other powers or international institutions dictated a hard-headed advocacy of national interests and they refused to accept that state policy. Moreover, a desire to promote a country's diplomatic influence in areas of traditional concern characterized Primakov's stewardship⁷². He was widely praised in Russian circles for making the Foreign Ministry a more effective and influential player in the policy process during his time there.

1.10 Russia's strategy towards former soviet republics.

Eduard Limonov⁷³ and Sergei Baburin⁷⁴ were part of that consistent public opinion which considered Yeltsin's and Kyzarov's foreign policy totally inadequate to Russia's tradition and future ambitions. According to them, the Russian territories were supposed to include at least those regions inhabited by Russians and then they should influence the regions inhabited by people who considered themselves as belonging to the Russian civilisation⁷⁵. The soviet sentiment of the great empire was definitely present and shared by high ranking officials in the Russian government. The eternal struggle between West and Russia was still alive, as for some of them and did definitely influenced Yeltsin's mandate. In fact, as it has been underlined above, domestic criticism caused Yeltsin's change of course.

Nevertheless, except some extremist positions, Russia and Russian politicians were ready to recognise the collapse of the Soviet Union and the independence of the former Soviet republics. “In

71 Ibidem p. 45

72 J.T. Checkel, *Primakov in Context: Myths and Realities of Russia's New Prime Minister*, in “Policy Memo 41 ARENA”, Universitetet I Oslo, 1998, http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pm_0041.pdf, p. 2

73 Russian writer and political dissident. Founder of the National Bolshevik party.

74 Russian nationalist politician.

75 E. Limonov, *Sovetskaya Rossiya*, 12 July 1992, <http://discovery.ucl.ac.uk/1348746/1/324624.pdf>, p.1

a sense, Russia does not end on the border of the Baltic states or on the foothills of the Great Caucasian Range, any more than it does on the steppe-lands of northern Kazakhstan. The empire is gone. But its geopolitical, political, military, economic, cultural and intellectual space is not. Russia is closely integrated in the affairs of all the new independent regions of the former Soviet Union⁷⁶, what was effectively in stake, as Pleshakov stresses, was Russia's role within the new scenario created by its ex republics. For Yeltsin's opposition, relations with the “near abroad” were of primary importance.

As Vladimir Lukin, Russian Ambassador and later head of the Duma International Affair Committee, stated: “the break-up of the Soviet Union, having turned Russia's former territories into new and independent neighbours, has transformed traditional interests into something much more complex and vital”⁷⁷. The “near abroad” had to be brought back to the core of Russian Foreign Policy.

In reply to his opponents, Yeltsin publicly declared that Russia needed to take national interests into account when formulating foreign policy strategies. He criticised the timidity with which foreign policy was managed until then and frankly asked a change in policy concerning the near abroad. In turn, Kozyrev replied by presenting a new Draft Foreign Policy Outline in 1993, giving priority to relations with the near abroad, aiming at the establishment of a “belt of good neighbourliness”, and working towards the development of multilateral forms of co-operation among the CIS states⁷⁸. However, it has to be noticed that Yeltsin's and consequently Kozyrev's sudden worries about the former soviet states and the relations' improvement became necessary not only because of the domestic contestations. In particular, the economic reforms' failure undermined the economic and social situation, which brought large popular dissatisfaction. In addition, there was a strong economic interdependence between “mother Russia” and its “ex-adoptive sons”, that could have opened the way (in case of economic difficulties of one or more ex Soviet republics) to negative repercussions on Russian industrial and agricultural productions. Eventually, ethnic conflicts among Russian borders did contribute to a Russian concern and bugbear.

In a very short period, Russian strategy changed completely, transforming the ex USSR territories not only to a strategic objective of its foreign policy but putting it as the main element of Russia's aspirations in order to better manage the difficult post soviet times and protect its own outliving. In particular, during different occasions in 1992-3, Kozyrev stated and stressed Russia's willingness to

76 D. Sagramoso, *Russia's Geopolitical Orientation Towards the Former Soviet States*, University College London, 2000, <http://discovery.ucl.ac.uk/1348746/1/324624.pdf>, p. 20

77 V. P. Lukin, *Our Security Predicament*, in “Washington Post Newsweek”(Foreign policy no.88), 1992, <http://www.jstor.org/stable/1149318>, pp. 57-59

78 D. Sagramoso, *Russia's Geopolitical Orientation Towards the Former Soviet States*, p. 39

be the guarantor of stability within the various territories and remain the dominant power in the region⁷⁹. Russian leaders in general saw the near abroad not only as an area of Russian interest but rather as part of Russia's exclusive affair.

In addition, Russian citizens living in any ex soviet republic had to be protected at all costs. “Russia would have never go back on its own people”, became a political slogan and a pretext to justify any possible future claims towards the ex republics⁸⁰.

1.10.1 Yeltsin, Kozyrev and South Caucasus

The period between 1991 and 1993 coincides with Russian efforts to reform the state apparatus towards internal stability by eliminating the legacy of the cumbersome decision-making process inherited by the Soviet Union⁸¹. The economic problems added to the lack of institutionalisation and coordination among the different state structures caused an non-direct Russian intervention within its own regions that were lacerated by ethnic conflicts.

During these years, both Russian and the western countries, recognised Caucasus' important strategic position, but at the same time, it was not identified as a region of particular attention and focus. In particular, Russia had considered the regional conflicts in the Caucasus as issues that could have somehow consumed its existing resources and therefore, the region was not treated as a “top priority” issue. Nevertheless, it has to be underlined that the Russians' missed intervention within the Caucasus during the first years of its life did not mean that Moscow was not interested in a direct influence in the region. Rather in this period, Russians were represented by other Russians. In effect, the ethnically Russians populating the region and the Russian military presence, which was still strong, represented the Russian legacy⁸².

After October 1993, Yeltsin did manage to establish a partial control over the parliament, giving stability to the country. Russia took the first steps towards a new political rapprochement to those countries which were considered to be the “near abroad”. As it has been already underlined, the internal situation that Yeltsin and Kozyrev had to face did change their initial plans and transformed the near abroad into a priority.

In our case, talking about the South Caucasus and its three newborn republics - Georgia, Armenia and Azerbaijan - the change of course towards the “near abroad” was put into practise through accentuated interventionism. This included a military dimension, which led to an increasing fear

79 Ibidem p. 40

80 J. Mankoff, *Russian Foreign Policy: The Return of Great Power Politics*, Maryland, Rowman and Littlefield, 2011, pp. 175-181

81 M. Celikpala, *The Russian Policies in South Caucasus*, in M. Aydin (Ed), *Non-traditional Security Threats and Regional Cooperation in the Southern Caucasus*, Istanbul, IOS Press, 2011, p. 127

82 Ibidem p.129

that the past Soviet times were returning. As a matter of fact, Abkhazia, South Ossetia and Nagorno-Karabakh did, little by little, occupy a central position in Russia's foreign policy. South Caucasus was indeed considered as a region characterised by massive instability, inefficiency and potential danger for Russian interests due to several factors. They were: its ethnic conflicts, the opposition to a new emerging constitutional order, the conflicts of the government and the opposition of each of the three countries, the effort of the countries to establish solid relations with Western countries and finally, the attention that the region was drawing to the outside world⁸³. This last concept underlines the Caucasus' importance as a geopolitic key that had to be maintained under control in order to keep the western powers away and to preserve Russia's vital interests.

The Caucasus area could not be abandoned and Moscow started to talk about security interests and policies towards the region, that had to be better pursued. According to Andranik Migranyan⁸⁴: "Russia cannot simply withdraw from the Transcaucasus, as it did from the Baltics or Central Asia. Withdrawal from that area will jeopardise Russia's presence in the Caucasus in general... a decision to withdraw from the Transcaucasus will bring neither peace nor stability on the borders with the Transcaucasus republics. To the contrary, it could have unpredictable consequences for Russia and its territorial integrity. Centrifugal tendencies in the republics and regions would receive a new impetus towards separatism and the disintegration of Russia..."⁸⁵

If the Transcaucasus area would have been withdrawn, Russia would have been forced to abandon the North Caucasian autonomous entities, where Russia was already losing control. These in turn, persuaded Russian leaders that secessionist movements and separatist tendencies in the former soviet states could have set a precedent for events in Russia and as a consequence, that tendencies had to be abolished⁸⁶. The Russian intervention was closely a necessity.

It became clear that the world community did not want to get deeply involved in Karabakh, or in South Ossetia and Abkhazia regions. Unless Russia did not seriously engage as an intermediary and guarantor in these conflict zones, the violence would have escalated further and the ethnic conflicts would have spilled over into the territory of the Russian Federation itself⁸⁷. Conflicts resulted in streams of refugees, weapons, narcotics and crime pouring into Russia, which threatened the internal stability of the state.

83 Ibidem p.130

84 Armenian-born Russian political analyst, Yeltsin's advisor during the 90's.

85 Sagramoso, *Russia's Geopolitical Orientation Towards the Former Soviet States*, p. 163

86 Ibidem p.165

87 Ibidem p. 180

1.11 The First Chechen war and its repercussions on the Caucasus area. Russia's involvement in Abkhazia.

The developments of the Transcaucasus area were considered to be fundamental and essential for the control of the North Caucasus as well. In fact, the Abkhaz request for independence, if accomplished, it could have been an example for the North Caucasus Republics to follow. In addition, Georgia's strategic position and the Russian worries that the country could have been a Western target transformed Georgia into Russia's main concern. Georgia's increasingly pro-Western orientation, especially after 1993, created additional concerns among the Russian elite regarding Russia's loss of economic and military influence in the area. As D. Sagramoso states, economic support from the West and Georgia's involvement in the projects of transporting Caspian fuel to the West and Turkey led to the belief that the country was an area of rivalry between Russia and the West.⁸⁸ Eventually, the presence of a Russian-speaking community in Abkhazia called in favour for Russian activism. Under these circumstances, the Russians felt that their intervention was necessary in order to preserve the stability of the whole region, and Russia's territorial integrity⁸⁹.

When the fight between Georgia and Abkhazia finally broke out in 1992, Georgia was considered to be better militarily equipped. Immediately after the violence erupted, Moscow sent an airborne division in order to protect Russian army units and citizens. Even if it was not official, Georgians were conscious that they were fighting against Moscow as well. Russians were perceived to be Georgia's main enemy and actually Tbilisi was asking for Russian military withdrawal both from Abkhazia and Georgia. The following sudden Abkhaz offensive made clear that Russians were supporting them by furnishing military equipment. Even if there is not hard evidence to sustain Russia's involvement and the transfer of arms, it can be stated that the kind of weapons used by Abkhaz soldiers were of Russian fabrication. However, the Abkhaz received part of their weapons by local Russian troops even if Moscow's approval can not be verified⁹⁰.

Figure 1.4, *Abkhazia war in 1993*, 2008, http://commons.wikimedia.org/wiki/File:1993_Georgia_war1.svg

88 Ibidem p. 181

89 A. Gegeshidze, *Georgia's Political Transformation: Democracy in Zigzag*, in "South Caucasus: 20 years of independence, Bonn, FES, 2008, pp 25-31 <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>

90 Sagramoso, *Russia's Geopolitical Orientation Towards the Former Soviet States*, p. 185



The Russian involvement within the Georgian-Abkhaz conflict can be explained by Russia's will to bring Georgia back into its sphere of influence. Georgians realised that Russian support was fundamental in order to achieve any kind of goal; in this case, to restore its authority in Abkhazia. In particular, they accepted Russian military presence within the country through the Friendship and Co-operation Treaty signed in February 1994, which stipulated the presence of three Russian military basis in Georgia⁹¹. In this way, a Russian military presence was issued, guaranteeing and keeping Georgia under Russia's sphere of influence. Moscow did finally manage to legitimize its presence in Georgia, as its permanence within the country was accepted by Tbilisi and the West as well. Indeed, Russia's peacekeeping operations were put into practise under the UN's supervision.

Nagorno-Karabakh and Russia

The Nagorno-Karabakh conflict and the rivalries between Armenia and Azerbaijan were of a key importance to Russia. As for Georgia, there were plenty of strategical reasons that pushed, or even forced, Russia to conduct an active policy in the region. The unstable North Caucasus was the first reason that motivated Russia's intervention. The Nagorno-Karabakh issue and the possible success of secessionist demands threatened to encourage and reinvigorate an already present Northern

91 Ibidem p. 186

Caucasus' nationalistic propensity. In addition, exodus of refugees, drugs trafficking, weapons' smuggling and a general regional instability were at stake as well.

Furthermore, as it has been already underlined, South Caucasus' is a territory of strategic importance. Specifically talking about Armenia and Azerbaijan, the role played by Russia in these countries was considered meaningful as a barrier to a potential threat from an ancient enemy: Turkey. The country which was bringing the tracks of the Ottoman Empire on its shoulders was perceived to be dangerous because of its historical, linguistic and religious links with Azerbaijan and indeed, which made of them two potential allies. On the other hand, Turkey had long-lasting tensions with Armenia. Last but not least, control over the rich Azerbaijani oil resources and over the pipeline routes which transported the oil from the Caspian sea to the West, very much determined Russia's strategy towards the area⁹².

During the conflict in 1991-93, Russia did manage to maintain itself out of a direct involvement within the region. This does not exclude Russian weapons wandering through both deployments but at the same time, did not uncover Russia as supporter of one or the other. In 1993, Russia's attitude towards Armenia and Azerbaijan changed, transforming the until then neutrality, into an explicit choice of their strategic ally, Armenia. Two military bases were accepted on the Armenian soil, as the Armenians themselves were eager to maintain a strong Russian presence in the country. In particular Turkey was still considered an enemy and as for Azerbaijan, it was getting stronger as the economic availability and its geopolitic influence was growing thanks to the oil resources⁹³.

Once Elçibey was defeated and Aliyev took the power, the situation radically changed. Heydar Aliyev did maintain his promises to Russia and let Azerbaijan turn back in the CIS, which in turn transformed Russia's behaviour towards the country. Suddenly, the Karabakh Armenians were perceived by Russia to have overstepped their bounds and become a liability. Moscow preferred the state of war as it was weakening both Armenia and Azerbaijan, which was what Russians were seeking for, as this weakness did necessitate the presence of an active powerful state that could have pursued the interest of both countries, certainly not omitting its own ones.

Moreover, what has to be underlined is Russia's willingness to maintain its sphere of influence within both countries. Even if Moscow apparently had a preference for Armenia, Russian weapons and money were still circulating in Azerbaijan, thanks to the oil business. Being the weaker element, Armenia had to be rescued and as a consequence, the Russian involvement was putting more pressure on the Azeri political elite, in order to obtain what Russians were really looking for, a military basis. Russia substantially gained the approval by both countries as even Azerbaijan did

92 Ibidem p. 200

93 S. E. Cornell, *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus*, pp. 89-95

recognise a special role to Moscow with the rise of President Aliyev. In this way, Moscow did manage to reach its original targets: the recognition of being the main actor in the South Caucasus region and maintaining its sphere of influence in such a strategically important area⁹⁴.

Conclusion

Yeltsin stated: "Stopping all armed conflicts on the territory of the former USSR is Russia's vital interest. The world community sees more and more clearly Russia's special responsibility in this difficult undertaking"⁹⁵. On the same wave, Kozyrev wrote in Moscow News on October 22 that Russia would pursue its interests, "not through confrontation, which the remnants of old structures in our country and in the West are dreaming about, but through cooperation as it is enacted by Western allies between themselves."⁹⁶

Both declarations made by the two most influential representatives of Russian Foreign Policy highlight Moscow's main goals regarding its policy in the South Caucasus area during the first years after the collapse of the Soviet Union. Armed conflicts had to be stopped in favour of cooperation. But why? The Russian Federation needed to maintain its influence in the region as it was considered to be fundamental to keep its international political, diplomatic and economic weight. The control of the South Caucasus would have preserved Russian hegemony in the region and prevent other regional powers from emerging. The zone would have been a buffer zone between Russia and its traditional rivals like Turkey and Iran. In addition, a relative stability in the South could have positively contaminated the North as well; at least it would not have compromised the already delicate situation. But when it comes to commerce and economic interests, we probably get very close to the core of the issue. Russian economic interests have to be safeguarded as Azeri oil and generally the whole oil transit area that the Caucasus represented had to remain in Russian hands. Finally, all these interests were attractive for the main international powers, which is another cause that justifies Russia's direct involvement in South Caucasus's matters.

94 C. A. Descalzi, *Russian hegemony in the CIS region: an examination of Russian influence and of variation in consent and dissent by CIS states to regional hierarchy*, London, London School of Economics, 2011, http://etheses.lse.ac.uk/322/1/Gayoso_Russian%20hegemony%20in%20the%20CIS%20region.pdf

95 F. Hill, P. Jewett, *Back in the USSR*, Cambridge, Harvard University Press, p. 2

96 Ibidem, p. 6

Chapter 2

Russian Federation to conquer the South Caucasus

Change At The Top

"I am going. I am going earlier than my established time"⁹⁷.

With these words Boris Yeltsin resigned as Russian President, taking his country and the rest of the world by surprise. During his “live” resignation on the Russian national television, the former President appointed his successor, the Prime Minister Vladimir Putin⁹⁸. The power moved from the man designated to bring the country out of the USSR burdens through the elimination of the state-run economy structure, to a politician who had just recently appeared at the core of the Russian political life.

In this chapter it will be tried to explain how things changed in the field of foreign policy, after Putin's coming to power. We will analyse how Putin managed to shape Russia's new face and behaviour, setting (again) the country on a special stage. In particular, we will focus on the South Caucasus region, trying to understand what does this area mean for Russia and how it directly influences Moscow's foreign policy with respect to the whole geopolitical panorama. Finally, other global actors interested in the region will be analysed.

2.1 Putin's Presidency

When Mr. Putin assumed the presidency on 31 December 1999, the Russian state was definitely weak. Dmitri Trenin argues that Putin inherited a country “reeling from the consequences of a decade and a half of post-communist turbulence” and which was in a “state of semi-disintegration”⁹⁹. “I am absolutely convinced,” Putin said in an interview shortly after he became acting President at the end of 1999, “that we will not solve any problems, any economic or social problems, while the state is disintegrating.¹⁰⁰” Essentially, Putin found himself in front of a virgin soil, a virgin state that could and had to be transformed under his presidency. The new President wanted Russia to place itself in the centre of the world: his view was globalist and there was nothing to ask for Russians, they just had to be confident and “re-conquer” the world.

When Putin took the power, there was a controversial conception of identity diffused through the Russian population and political apparatus. The USSR disintegration and the unstable Yeltsin governance staggered the public's opinion certainties. Who was Russia? Was it European or Asian?

97 B. Yeltsin, BBC News, 31 December 1999,

http://news.bbc.co.uk/onthisday/hi/dates/stories/december/31/newsid_4102000/4102107.stm

98 Ibidem

99 S. Jones, *Russia and the West*, London, House of Common Library, 2009,

<http://www.parliament.uk/business/publications/research/briefing-papers/RP09-36/russia-and-the-west> , p.17

100 Interview with acting president Vladimir Putin, ORT (Russian Public Television), January 4, 2000. Transcript available in the Kremlin Package, Federal News Service, January 5, 2000, <www.fednews.ru>

An empire, a great power or just a nation-state¹⁰¹? Russia and its President wanted to be proud of their origins and history, respected by the international arena and part of the capitalist economy and globalised world. Russia claimed its European inheritance without neglecting relations with China. Putin has been able to give value to the identity issue, seeping self confidence and playing on multiple tables.

“From the very beginning,” Putin said, “Russia was created as a super-centralized state. That’s practically laid down in its genetic code, its traditions and the mentality of its people”¹⁰². Putin has been able to manage the initial perplexity created by his intentions and did impose greater control all over the country. Very soon the Parliament lost its influence over the Kremlin by delivering to the head of the state larger power to be managed autonomously. Placing his men to the most pivotal positions and fomenting the popular myth of himself as the all-seeing and all-knowing leader were the last steps handing Russia's destiny over Putin.

During the Yeltsin period foreign policy was perceived as an instrument to better develop domestic goals. Indeed, foreign policy had to promote domestic and socio-economic transformation. As Russia did not have the wherewithal in financial resources and market-oriented expertise to make a transition from a command-administrative system to an economy based on enterprise and competition by itself¹⁰³, Yeltsin considered the West as an ally, able to support and launch Russia. The West represented the aid and the assistance that the new born state was looking for. A stable Russia was associated to an idea of a more stable world, that was a precious goal for both sides. In turn, Russian government and society were supposed to interiorise the changes and implement them in the Russian reality. In other words, foreign policy would have become domestic as well. However, a number of factors, like economic crisis, corruption and the West's failure to appear trustful did somehow discredit Yeltsin's project¹⁰⁴.

President Putin distanced himself from the approach of the recent past by declaring internal goals' primacy over the external ones during the 2000 presidential campaign¹⁰⁵. The former Director of the Federal Security Service (FSB) used to put the “national priorities” first. The consolidation of the state and full control of the Kremlin occupied a central role in Putin's political agenda. A high centralized state was built in which the central government, with Putin on the top, was dominating on local and regional governments¹⁰⁶. Putin's Russia begun to establish a more independent attitude

101 Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, Blackwell and Chatham House, 2003, p. 23

102 T. H. Graham, *Russia's Decline and Uncertain Recovery*, New York, Carnegie Endowment for International Peace, 2006, <http://carnegieendowment.org/2002/05/29/russia-s-decline-and-uncertain-recovery>, p. 45

103 B. Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, Blackwell and Chatham House, 2003, p. 53

104 Ibidem, p. 54

105 Ibidem

106 E. Brumer, *Russian foreign policy beyond Putin*, International Institute for Strategic Studies, Adelphi Paper 390, October 2007, p. 48

towards foreign advise and models, setting the West aside. In particular, Russia's integration into the global economic community and its influence abroad became the true objectives of the new government¹⁰⁷. These goals were the attempt to create easier profits for the state and individual industries as economic integration was translated in the Russian world market penetration.

2.2 What does Putin want?

In order to summarize what has been highlighted above, a crucial question has to be asked: what does Putin want Russia to become? The Putin regime has been looking for external support and tolerance for what it is considered to be Russia's special role in the world. Putin's Russia perceive itself as a super-power that has to be recognized by the other two super-powers, USA and China. Therefore, the recognition of Russia's indispensable role in global affairs is necessary from Putin's point of view. As Bobo Lo argues “The Putin regime regards the international environment in Hobbesian terms – a tough place where the strong thrive and the weak get beaten. A world where great powers are dominant, geopolitical influence is critical, and hard power matters most”¹⁰⁸. “Russia’s task is to reinvent itself as an international actor. This means: demonstrating that it can make a real contribution to global governance; recalibrating its influence in the post-Soviet space”, B. Lo continues¹⁰⁹. Indeed, Russia was trying to promote itself as a leading actor in the post-Soviet area by reinforcing the idea of a cultural and economic link between Moscow and the former USSR Republics.

But how can a state achieve such goals? Putin was conscious that economic weakness was the reason of Moscow's domestic problems and of its lacking impact on the country's international standing and influence. He ascribed the US post-cold war dominance to its economic, financial and commercial superiority. As Putin himself announced to his people: “There can be no superpower where weakness and poverty reign”¹¹⁰. Therefore, economic issues became a strategic point in Putin's hands. In fact, the decline of political-military capabilities transformed economic policies' influence into Russia's most powerful arm. The energy sector has been used by Putin in order to set Russia at the core of international energy routes. Such a position has been definitely finance-driven as well, but Russia's pivotal position regarding energy has been of primary importance to its global-power ambitions establishment. In particular, Moscow has been trying to “discredit” the Middle East, considering it as a non trustful partner for the West due to its everlasting political instability. In this sense, during the Putin time Russia offered itself as the perfect energy-partner to deal with.

107 T. H. Graham, *Russia's Decline and Uncertain Recovery*, p.46

108 B. Lo, *Ten key questions of Russian foreign policy*, London, Chatham House, 2012, <http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/260312summary.pdf>, p. 2

109 Ibidem, p. 3

110 Open letter by Vladimir Putin to the Russian voters, 24 March 2000, <http://www.putin2000.ru/07/05.html>

Naturally, energy cooperation would have been enforcing the political one as well, integrating Russia to the international panorama on a parity basis and recognizing its strategic role.

As it has been noticed above, integration has been a key element in Putin's agenda and Russia's foreign policy. As Bobo Lo states, Moscow was seeking for integration into the global community, integration into the wider European political, security and economic space; integration into the “dynamically developing” Asia- Pacific region (APR); even integration in the context of the former Soviet Union¹¹¹.

2.3 Russia redefines its objectives.

The 26 March 2000 presidential elections made Vladimir Putin the new leader of Russia. As Fatma Asli Kelkitli argues: “one of the first actions of the new President was the revision and reformulation of national security and foreign policy concepts as well as the military doctrine of the Russian Federation that dated from the Yeltsin era. All three revised documents accentuated the Russian determination to facilitate the achievement of a multi-polar system of international relations despite outside attempts to hinder Russia’s efforts in this direction”¹¹². The principal threats coming from the outside were perceived to be the escalation of the conflicts near the borders of the country and the risk that a creation of armed formations in the near abroad could move within the Russian Federation. Putin's administration identified the territorial integrity of the Russian Federation and the security of its borders as the main goals. These goals could have been achieved through direct interventions but mostly through soft power, using economic levers in order to defend Russian national interests.

Due to the above mentioned principles, South Caucasus became a region of fundamental interest for Moscow. Its strategic weight rests on various factors: (a) Regional Instability caused by armed conflict with the always present danger of a potential escalation and expansion of regional conflicts put South Caucasus under observation by both Russia and the United States; (b) Islamic Radicalism was one of the main characteristics of the whole Caucasus region as it has been a border between Christian and Islamic civilization. From a strategic and security point of view, Moscow decided that the Southern part of Caucasus could negatively influence the Northern part and vice-versa. South Caucasus's independence could not be avoided and therefore, all efforts were focused on maintaining significant influence on it. The world and the Islamic radicals of North Caucasus would know that Russia was present and taking care of its interests; (c) Criminality due to poverty and the weakness of Soviet's successor states allowed the region to be transformed into a transit corridor for

111 B. Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, p. 57

112 F. A. Kelkitli, *Russian Foreign Policy in the South Caucasus Under Putin*, <http://sam.gov.tr/wp-content/uploads/2012/01/Fatma-Kelkitli.pdf> , p. 74

various kinds of criminal trafficking. This was another key reason taken into consideration by Moscow in order to justify its involvement into the region; (d) Finally, oil and natural resources transformed the region in a corridor of access for transporting these resources into the international markets¹¹³. These factors have contributed to set South Caucasus in the centre of Russian geopolitical strategies. On the other hand, the US and other regional actors have their own interests within the area which transformed Armenia, Azerbaijan and Georgia into an apple of discord. Moreover, competition between the Russian desire to “re-acquire” influence in its former territories and the US involvement due to economic interests and geopolitical balance has been characterising the period of the Putin era, proposing again a sort of “New Great Game” such as that characterising the 19th century great power rivalry between the Russian Empire and the United Kingdom¹¹⁴. Because of all these reasons, South Caucasus has always been crucial for Russia, both for strategic reasons but also in terms of political, military and economic interests. In this sense, as Ömer Kocaman states “it is highly important and necessary to understand the Russian interests in the region in order to grasp the nature of Russia’s relations with the three South Caucasus countries”¹¹⁵. South Caucasus represented the area of interest where Putin's Russia could put in practise its new characteristics.

Under Putin, Moscow perceived the foreign military bases in the immediate vicinity of Russia and the outbreak of various conflicts near its border as threats. In particular, Chechen rebels were accused to have settled in Georgian territories from where they could easily launch attacks against Russia. Armed formations were created, equipped and trained in Georgia before being transferred for operations on Russian land.¹¹⁶ Since Putin's arrival to the Kremlin, to guarantee the sovereignty and territorial integrity and to maintain and protect Russian borders became the most important political objectives.

As we stated before, after the presidential elections in 2000, Russia appeared to place great strategic importance on increasing influence in the South Caucasus region. “Several developments over the next few years, however, appeared to jeopardize Putin’s influence efforts¹¹⁷”, J. Nichol noticed. These included the “rose revolution” in Georgia that appeared to usher in democratic

113 R. Craig, *Russia, The United States, and The Caucasus*, Nation, February 2007, <http://www.strategicstudiesinstitute.army.mil/pdf/files/PUB764.pdf>, p. 3

114 V. Kopecek, *Russian Geopolitical Perceptions and Imaginations of the South Caucasus*, <http://conference.osu.edu/globalization/publ/12-kopecek.pdf>, p.102

115 Ö. Kocaman, *Russia's Relations with Georgia within the context of the Russian national interests towards the south caucasus in the post-soviet era:1922-2005*,

<http://www.usak.org.tr/dosyalar/dergi/FQsCUEJ6UD7b9DcYX3NNQv50mPQXXX.pdf>, p. 1

116 F. A. Kelkitli, *Russian Foreign Policy in the Sout Caucasus Under Putin*, <http://sam.gov.tr/wp-content/uploads/2012/01/Fatma-Kelkitli.pdf>, p.74

117 J. Nichol, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, <http://fas.org/sgp/crs/row/RL33453.pdf>, 2014, pp. 9-11

reforms, NATO's increased ties with several states of the region, the completion of the Baku-Tbilisi-Ceyhan oil pipeline and an associated gas pipeline, Russia's ongoing concerns about security in its North Caucasus area (including Chechnya), and Russia's agreement to close its remaining military bases in Georgia. All these events were challenging Russian influence until August 2008, when the Russian-Georgian conflict seemed to reverse them.

During Putin's first mandate, Russia apparently gave highest priority to a military-strategic influence on the region, rather than focusing on the economic (particularly energy) and domestic political spheres¹¹⁸. What does Russia exactly demand from the region? Which are its real objectives?

2.4 South Caucasus as point of contention between global forces.

In 2004 Mikhail Leontiev – one of Putin's favourite TV journalists – published an article tellingly entitled "The Union of the Sword and the Ploughshare". he was celebrating the restoration of Russia to a position of strength under President Putin: "Russians have a huge desire to see a renaissance of their country, a restoration of its role, power, and national dignity. As underlined by all sociological studies – regardless of the differences in the assessments – these sentiments all point to the same fact: it is a demand for revenge. Putin as a political phenomenon was born out of that feeling of humiliated national dignity and the craving for a revenge"¹¹⁹.

These declarations perfectly explain the average Russian point of view regarding perceptions and feelings about the former Soviet republics. In this sense, Putin represented the man who would put in practice policies that would permit larger Russian influence within areas perceived to be under Russian sphere of influence. South Caucasus was one of these areas and became an important "battlefield" for Putin and his advisors willing to bring back Russia at the edge of the International Community. This is obviously not the only reason behind Russian interests in the area, as it will be explained below, but it has to be considered as a point of departure in order to better understand Russian position in the region.

With its empire gone but with many of its imperial entanglements still intact, Russia maintained troops on the ground in all three states of South Caucasus. According to M. Lipman: "this generated the main themes of the current Russian debate on Caucasus: the fear of losing influence, often linked to a sense of frustration; the belief that control of Caucasus is vital to Russia's standing as a

¹¹⁸Ibidem

¹¹⁹ M. Leontyev, *Union of the Sword and the Plowshare*, http://eng.globalaffairs.ru/number/n_2917, 2004, p. 2

great power; and a sense of growing rivalry not only with the US but also with the EU in this region”¹²⁰.

After the dissolution of the USSR and the first period of political transition, South Caucasus emerged as an arena of competition between different visions of integration. A new vision in particular envisaged the region’s anchoring and eventual integration into Euro-Atlantic security and economic systems. As S. E. Cornell noticed: “this would ensure and consolidate the sovereignty and modernization of the region's countries that choose this model which it is closely linked with internal evolution toward better institutional performance, constitutional government and rule of law”¹²¹. The other model refers to Russia's point of view. “It has sought to regain predominance over the South Caucasus through military presence, manipulation of ethnic conflicts, control over energy supplies, takeover of insolvent industries through debt-for-assets swaps, support for Moscow-oriented local political forces, and expansion of government-connected shadow business from Russia interpenetrating with local counterparts”¹²², Cornell continues. Thriving on the insecurity and weakness of nation-states in the region, this integration model aims to draw them into a Russian-led political, military and economic bloc, in which Moscow would exercise *droits de regard* over these states’ policies¹²³.

Its strategic location between Russia and Iran and between Europe and Asia gradually led to increased geopolitical attention toward South Caucasus, also thanks to its internal energy reserves (in particular oil and natural gas) and its position as the chief route for the westward export of Caspian energy resources. Moreover, after September 11, 2001, South Caucasus came to the fore and lost its sideline position in international politics. With the U.S. and its allies' troops stationed in Central Asia, Afghanistan and the Middle East, South Caucasus rose as the area enabling the connection between NATO military operations in Afghanistan and aeronautic staging areas in Central Asia¹²⁴.

To sum up, Russian involvement within the former Transcaucasia could be explained by referring to Russia's glorious past. After Gorbachev's and Yeltsin's failures to establish a new relationship with the West, which was pushing for democratic changes and was trying to lead Russia into the

120 M. Lipman, *Russia’s dilemma: partnership or empire?*, in “*Privileged Interest? The Russian debate on the South Caucasus*”, ESI, 2009, http://www.esiweb.org/pdf/esi_picture_story_-_privileged_interest-the_russian_debate_on_the_caucasus_-_december_2009.pdf, p.5

121 S. E. Cornell, *Regional Security in the South Caucasus: The Role of NATO*, 2009, <http://www.silkroadstudies.org/new/docs/publications/2004/nato.pdf>, p. 16

122 Ibidem, p. 17

123 D. Trenin, *The end of Eurasia: Russia on the border between geopolitics and Globalisation*, New York, Carnegie Endowment for International Peace, 2001, <http://jozefdarski.pl/uploads/zalacznik/7134/dmitritrenin-theendofeurasiarussiaontheborderbetweengeopoliticsandglobalization2002.pdf>, pp.92-95

124 S. E. Cornell, *Regional Security in the South Caucasus: The Role of NATO*, p. 20

modern international panorama, things drastically changed with Vladimir Putin. He decided that the Russian sentiment of frustration over its lost empire and its lack of a precise position within the international chessboard had to be filled up. The decision was that of a direct involvement within the regions that were considered to be Russia's "areas of particular interest" due to their Imperial and then Soviet past. In this way, South Caucasus became a concrete objective on Putin's agenda and the re-acquisition of a more solid position in the eyes of the West was one of the most significant reasons underpinning this shift.

Is it a fact that during the Yeltsin's period the whole South Caucasus region had been politically neglected as the major efforts were addressed to other objectives. This kind of situation led to a chaotic management of those countries, which in those years were trying to build democratic national states with huge difficulties. Indeed, after the Soviet experience this issue was not easy to put into practice. During these years of weak Russian presence, the US, European governments and NATO tried to leak in the South Caucasus. The opportunity to start relations with countries that used to be part of the Soviet empire and were likely to become future targets of the Russian Federation was a strong incentive for the West to seek its interests; the energy issue did the rest¹²⁵.

When Putin came to power, it was already clear that in order to pursue his objective of a new "Great Russia", the re-appropriation of South Caucasus was of vital importance. However, the region was day after day getting closer to the West. Therefore, South Caucasus' geo-strategic importance increased a lot in the first years of the 21st century, putting the region in the heart of the Russia's and USA's agenda. Yet, S. E. Cornell points out that "the important geopolitical location of the South Caucasus has been as much, if not more, of a liability as an asset to the regional states. International interest in the region has tended to increase the polarization of regional politics, entrench existing conflicts, and thereby make the region's road to stability more complicated"¹²⁶. By trying to achieve direct control over South Caucasus, Russia was exactly doing this. In this sense, speaking about Russian strategy's *mise en place*, W. O. Malley's opinion has to be mentioned: "Leading policy-makers, especially in Moscow's power ministries, have sought to apply a policy paradigm of controlled instability in the area through "peacekeeping" and mediation in ethnic conflicts and through military footholds in the region. This policy is based on perpetuating the conflicts within predictable and usable parameters, frustrating their settlement without allowing their escalation"¹²⁷. The main objective of these policies was the political leverage over the South Caucasian countries, through Russian control of the regional conflicts and most of all through the

125 G. Kolt, *Roots of National Security*, in M. H Crutcher (ed), *Russian National Security, Perceptions, Policies, and Prospects*, 2001, <http://www.dtic.mil/get-tr-doc/pdf?AD=ADA423586>, p. 6

126 S. E. Cornell, *Nato's Role in South Caucasus Regional Security*, 2004, <http://www.silkroadstudies.org/new/docs/publications/2004/TPQ.pdf>, p. 126

127 W. O. Malley, *Regional Security in the South Caucasus: The Role of NATO*, p. 18

preservation of Russian military outposts in the region. Georgia and Armenia perfectly fit these concepts, the first one through Moscow's adversarial policy while the latter through economic dependence.

Divide et Impera seems to be Russian strategy towards the former Soviet republics. Moscow's direct and indirect involvement within the turbulent situation in the region caused by reciprocal territorial claims and the resulting wars, demonstrate Russian intentions. Stability is the enemy that has to be defeated. Indeed, under stable conditions Caucasus countries would probably have the strength to at least try to escape from Moscow's clutches, while on the contrary, instability makes Russia indispensable.

Finally, as V. Kopeček noticed: “the Caucasus richly displays the stark contrast between Great Game–style confrontation policies (such as those that characterized 19th century great power rivalry) and globalised soft power competition. Traditionally, Russian foreign and security policy has leaned toward the former, but Russia can only be successful if it learns the ways of the latter”¹²⁸. Almost two decades after the fall of the Soviet Union, post-imperial reconstruction is not complete in the southern section of the Caucasus¹²⁹. The empire is officially dead but it is going on informally, and the issues of borders, nation-building, and national identity have been anything but resolved.

2.5 Illicit Trade and Islam

Illicit trade in South Caucasus has been considered by Russia as a possible threat. Trafficking of narcotics, arms and persons has gradually increased since the demise of the Soviet Union. This implied Russian growing control of the situation, worried that the issue could become a serious threat to statehood and breed instability. Due to its weak political position, the whole region was endangered by transnational organized crime. As it has been noticed in the first chapter, the three South Caucasian countries have had meaningful problems to establish a proper democratic state since their independence. The criminal expansion was immediate in such a political environment. In particular, S. E. Cornell points out that “with persistent economic and political instability in the region, combined with the inability of South Caucasian governments to gain control over all their territory, transnational crime seems set to remain a palpable challenge to the region. Criminal networks have successfully infiltrated state institutions, thus impeding the state’s efforts to crack

128 V. Kopeček, *Russian Geopolitical Perceptions and Imaginations of the SouthCaucasus*, In *Beyond Globalisation: Exploring the Limits of Globalisation in the Regional Context* (conference proceedings), Ostrava: University of Ostrava Czech Republic, 2010. <http://conference.osu.eu/globalization/publ/12-kopecek.pdf>. pp. 99-105

129 D. Trenin, *The end of Eurasia: Russia on the border between geopolitics and Globalisation*, p.67

down on criminality. Neither of the three states have the capability or political will to control the illicit drugs trade, given the risks of potential reprisals associated with targeting relatively powerful actors. As far as the arms trade is concerned, there will remain great demand for weapons until the secessionist conflicts are resolved and the influence of criminal actors is meaningfully reduced¹³⁰.

During periods of instability like those faced by South Caucasus, it is conceivable that criminal or terrorist networks in search for an operational base would find their haven in such a strategic location.¹³¹ With these premises, Russia legitimately feared that such an instability could easily influence Russian territory. In particular, Russia had to deal with the Chechen attempt to proclaim independence both in 1994 and 1999. Drugs and arms traffic would have directly or indirectly facilitate the Chechen army to put in practice its economic and military demands. Control of South Caucasian territories was thus of fundamental importance for the Chechen as well.

Beside illegal trafficking, radical Islamic movements also emerged as a transnational threat. These kind of groups do exist in the South Caucasus, though not on a significant scale. In this area, socio-economic conditions and the democratic governance deficit spurred the rising influence of radical and militant Islamic movements. Azerbaijan, the only overwhelmingly Muslim country in the region, has been more affected by the issue than its neighbours, though Georgia also experienced serious problems¹³². The second war in Chechnya led to the increase of Islamic radicalism among neighbouring republics as well. W. O. Malley explains how “Arab missionaries preach the Salafi version of Islam and are gaining a growing popularity among people whose lives have been ravaged by war and economic despair. By 2000-2001, this process had begun to affect the South Caucasus as well. The Sunni north of Azerbaijan has become an area of Salafi influence, whereas both the Pankisi and Kodori gorges of Georgia and other, not traditionally Muslim parts of mountainous northern Georgia are also affected”¹³³. It has to be noticed that there had been a modest rise of Islamic radicalism developing in Azerbaijan due to Iranian support and the logical consequences of the economic, political and social situation. In this way Islam's appeal did gradually increase, with its notions of equality, brotherhood and fairness.

In brief, Islamic radicalism increased in Georgia and Azerbaijan as a consequence of the first but mostly of the second Chechen war. The phenomenon was not numerically significant, but given their geographical proximity with Chechnya, these two countries faced the accusation of being possible allies of the Chechen nationalist movement. Consequently, Russia could take advantage of Islamic radicalism as an additional motive to get closer to its former republics. This was clearly an

130S. E. Cornell, *Regional Security in the South Caucasus: The Role of NATO*, pp. 11-12

131Ibidem

132W. O. Malley, *Regional Security in the South Caucasus: The Role of NATO*, p. 19

133Ibidem

excuse but both Islamic extremism and criminal trafficking actually contributed to legitimate the Russian intrusion within the South Caucasian countries.

2.6 Russo-Georgian Relations

Since the USSR's dissolution, the Russo-Georgian bilateral relations have been the most controversial among all the other former Soviet republics. At present, Georgia is the only post-Soviet country that Russia does not recognize within its actual boundaries and tensions do not seem to be vanishing. No Georgian government will ever accept the loss of Abkhazia and South Ossetia from its national territory and Russia will probably never change its mind on Abkhazia's and South Ossetia's independence recognition. These factors, however, are only the top of the iceberg of the Russia-Georgian question since there are multiple reasons underpinning Russia's approach towards Tbilisi¹³⁴. Although on a superficial basis Georgia could appear strategically irrelevant compared to Armenia, which guarantees a perfect military base for Russian troops, we have seen how much this statement is wrong. The 2008 Russian military intervention on Georgian soil to defend South Ossetia interests clearly represents this evidence.



Figure 2.1, 2008 Russia- Georgia war, 2008, <http://temi.repubblica.it/limes/la-guerra-fra-georgia-ossezia-del-sud->

Besides geo-strategy, energy resources are another factor laying behind Russia's interests in Georgia. In particular, as T. Sharashenidze explains: “the Baku–Tbilisi–Ceyhan and Baku–Tbilisi–

134 T. Sharashenidze, *Interpreting the Tension in Georgian-Russian Relations*, 2012 <http://www.css.ethz.ch/publications/pdfs/CAD-41.pdf>, p.2

Erzurum pipelines became the first routes that made it possible to transport Caspian oil and natural gas without crossing Russian territory. But, at the same time, the construction of the Baku–Tbilisi–Ceyhan pipeline hardly affected the status quo on the world oil market. The Baku–Tbilisi–Erzurum gas pipeline only impacts the immediate region and most likely it is destined to remain this way since the Nabucco project, which would carry Caspian gas to Europe, has stalled. Thus, Georgia poses little threat to Russia as an alternative energy corridor¹³⁵.

Finally, Moscow perceives Georgia's aspirations to join NATO as a dangerous threat. Indeed, NATO presence near Russia's southern borders is seen with suspicion, as it is in proximity of the North Caucasus which remains a vulnerable part of the Russian Federation. However, there are no evident signs of NATO's and European intentions to destabilize the North Caucasus. In this regard, it should be mentioned that the Baltic states have joined NATO since 2004 and this did not represent any particular danger for Moscow¹³⁶.

All these motives could be judged sufficient to cause a political or military intervention, but they are not the core of the issue. The main reason behind today's bad relations between the two countries is the fact that Georgia represents an actual alternative path toward democracy for the post-Soviet area. The "New Georgia" born after the Rose revolution in 2002 focused its efforts on modernization. Even if the reforms undertaken by the the Georgian governments during the last decade have been significant, true democracy is still far to be implemented. Reforms included a war to corruption and the remarkable improvement of public services, which transformed the country into an example for other ex-Soviet republics¹³⁷.

The post-Soviet era in Russia and in most of the ex-Soviet republics has been dominated by corruption, oligarchs and authoritarian rule. The pessimistic perception of the immediate future also characterized this period. In this context, the Georgian example showed that things could somehow change and that new relations with the Western or European countries could positively influence the ex-Soviet republics. This is actually what scares Russia the most, even more than all the pipeline projects that try to bypass its territory. As T. Sherashenidze points out: "The current Russian regime can expand its influence only over corrupt and backward regimes. If Georgia's successes continue, then Russia will lose its chance to subordinate this country under its political control. If the

135Ibidem

136 US Government Printing Office, *The Future of Democracy in the Black Sea Area*, 2005, <http://www.gpo.gov/fdsys/pkg/CHRG-109shrg23171/html/CHRG-109shrg23171.html>, pp. 22-25

137 S.V Chugrov, *Russian foreign policy and human rights; conflicted culture and uncertain policy*, D.P Forsythe (ed), *Human Rights and Comparative Foreign Policy: foundations of peace*, 2000, <http://www.corteidh.or.cr/tablas/27531.pdf>, pp. 22-25

Georgian reforms set an example for other post-Soviet countries, then Russia's positions will be seriously shaken"¹³⁸

From another point of view, Russo-Georgian relations and the 2008 war can be seen in the framework of the eternal balance of power between the West and Russia. In this sense, Georgia represented the perfect target that Russia needed to show to the world that it was still alive, ready to reply to the US and EU advances in the region. As it has been noticed above, Putin wanted to re-establish the Russian sphere of influence in the former Soviet Union region. How could he accomplish that? First of all, he had to prove Russia's army credibility as a fighting force. Even if it lasted only five days and was not very intense, the war was also used as test of strength in front of the international stage. Furthermore, Putin demonstrated that the guarantees of the West about its support to Georgia for the economic reform path and the adhesion to NATO did not change the Russian approach toward the country and the entire region. He was reaffirming that Moscow was ready to intervene directly in order to maintain the current balance of power¹³⁹. In order to put in practice these principles, Putin had to wait the right moment and choose a country aligned with the US and attempting to get closer to the EU. Georgia was the most appropriate choice.

The 2008 invasion of Georgia also served the purpose of re-establishing the credibility of the Russian army but far more importantly, it showed to the republics that the American guarantees had no real value in limiting Russian interference. The Western powers interpreted, the Russian decision to intervene in South Ossetia as Moscow's step towards its reaffirmation in the region. On the contrary, for all the former Soviet republics this was a bitter pill to swallow as it demonstrated that the West was not capable and probably not willing to intervene to contain Moscow¹⁴⁰.

To sum up, Georgia was and still is fundamental for Russian ambitions to influence its near abroad. Of the three South Caucasian states, Georgia has been the most hard to bend down to Moscow's desires. Its willingness to join NATO and EU partnerships forced Putin to intervene. Georgia had to become an example for its neighbouring countries: Moscow was clearly saying that whoever decides to disassociate from Russia should probably think twice.

2.7 RUSSO-ARMENIAN RELATIONS

Surrounded by Azerbaijan, Turkey and Georgia, Armenia had to face a hostile regional contest since its independence. The already mentioned frictions with all its neighbours along with the

138 T. Sharashenidze, *Interpreting the Tension in Georgian-Russian Relations*, p. 3

139 V. Lehovic, A. Hashim, *Issues for the US navy in the black sea region: country profiles and recommendations, Russia, Turkey, Ukraine, Romania, Bulgaria, Georgia*, Center for Naval Analyses, 2010, <https://www.cna.org/sites/default/files/research/D0000572.A2.pdf> , p.159

140 G. Friedman, *The Russo-Georgian War and the Balance of Power*, Stratfor Global Intelligence, August 12, 2008, http://www.stratfor.com/weekly/russo_georgian_war_and_balance_power#axzz3KZIE4SM0 , p.3

fragile economic situation forced the country to make a crucial choice in regard to its relation with Russia. In particular, the Nagorno-Karabakh cease-fire did not actually evolve into a proper peace agreement, making the situation unstable, hopeless and dangerous. The Western countries' new interests on South Caucasus and the resulting reaction of Russia complicated an already highly problematic context. To deal with this situation, Armenia had to act differently compared to Georgia and Azerbaijan. Moscow would not allow Yerevan to promote a foreign policy similar to that of Georgia and Azerbaijan, nor had Armenia the adequate political, strategic and geographical conditions to do it. The Armenian unstable situation permitted Russia to intervene in order to defend its interests in the country.

Several factors determine the strategic alliance between Russia and Armenia. Armenia's geographical position near the Black Sea has been of fundamental importance as this is an area at the centre of tensions between Moscow and Washington. As it has been underlined above, Putin's special regard for the South Caucasus region turned Yerevan into Russia's outpost in the region¹⁴¹. This subordinate role was clearly accepted by the Armenia government as Russia could guarantee a security ally in a hostile environment. As Laure Delcour points out: “The special relationship between Moscow and Yerevan has been built around military cooperation, with Russia offering both bilateral and multilateral security guarantees. However, the role of Russia as a security provider comes with a price. Indeed, the close military cooperation between Moscow and Yerevan has been beneficial for both countries”¹⁴². On the one hand, Russia guarantees Armenia's military security while on the other, Russia exploits Armenia as an outpost in order to maintain its influence in the region. In particular, this role has been implemented since the early 2000's, as part of Putin's regional foreign policy. It also points out that the Russo-Armenian relations were fundamental in order to prevent the US and Turkish expansion in the region during those years. Moreover, it has to be noticed that the relations between the two countries are not built on equal basis. For example, Armenia's geopolitical weakness allowed Moscow to dominate its economy at several levels: Moscow is Armenia's major energy provider and the main investor as well¹⁴³.

Inevitably, Armenia's autonomy has been decreasing in the last decades due to Russian presence in its territory. In this regard, from the beginning of the 2000's Armenia has increasingly sought to diversify its foreign policy and to enhance its international integration with a view to reducing its

141 M. Yeranossyan, *Armenia and the tremors of the crisis*, in N. Goksel, Z. Shiriyev (ed), *The Geopolitical scene of the Caucasus: a Decade of Perspectives*, Istanbul, Pacifik Ofset, 2013, http://www.turkishpolicy.com/dosyalar/files/The_Geopolitical_Scene_of_the_Caucasus_A_Decade_of_Perspectives.pdf, pp. 365-367

142 L. Delcour, *Armenia in the 21st century*, <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR019/SR019-Delcour.pdf>, pp. 38-39

143 S. Minasyan, *Russian-Armenian Relations: Affection or Pragmatism?*, PONARS Eurasia Policy Memo No. 269, July 2013. http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/Pepm_269_Minasyan_July2013.pdf

vulnerability. L. Delcour underlines that: “the quest for complementarity”, identified as a fundamental principle of Yerevan’s diplomacy, involves the pursue of strategic partnership with Russia “while simultaneously enhancing partnerships with other actors involved in the South Caucasus, including primarily the EU, but also Iran, the US and NATO”¹⁴⁴. Armenian diplomacy identified this “complementarity” as fundamental for its political survival, when the vulnerability caused by Russia being its unique ally became a matter of fact. The implementation of this vision had to conduct to the strengthening of the partnership with Russia but at the same time with other actors like EU, Iran, the US and NATO¹⁴⁵. It can be observed that EU did have a special role in Armenia's political and economic life since the first years of the 2000's. Armenia's intention to keep the door open to new allies, added to its need for economic modernisation, transformed the EU in a desirable partner. The European Union, in its turn, seemed incline to get involved in Armenia and the whole region as well.

In this process of modernisation, Russia was not taken into account, because the European Union represented a more trustful partner. During a speech, President Sargsyan affirmed: “We have stated more than once that European direction is our priority. In recent years, we have registered considerable success in that area. European Union has not only become one of our most important partners in the world but also plays a significant role inside Armenia, assisting us in the implementation of the reforms and in strengthening economic and overall stability of the country”¹⁴⁶

EU's Eastern Partnership¹⁴⁷ (EaP) was little by little becoming reality, thus bringing the former Soviet republics closer to Europe. In 2013, when the first results of the EaP were about to be implemented through the Vilnius summit, Russia intervened on the scene claiming exclusive relations with Yerevan. Basically, Moscow started to increase its pressures on Yerevan leveraging its economic (through the increase of the gas price) and security (through sale of arms to Azerbaijan) appeals¹⁴⁸.

The emergence of EU interests on Armenia and the reaction that it caused shows us to what extent Moscow controls Yerevan. In the name of security Armenia lost great part of its autonomy and not even the European Eastern Partnership was able to make Russia loosen the grip. As we stated before, however, Armenia is not the unique objective of Russian interests in South Caucasus, but it is the easiest vehicle to obtain larger control of the region.

144 L. Delcour, *Armenia in the 21st century*, pp. 40-41

145 Statement by Vartan Oskanian, Minister of Foreign Affairs, 25 May 2000, <http://www.mfa.am/en/speeches/item/2000/05/25/eapc>

146 L. Delcour, *Armenia in the 21st century*, p.42

147 European Union's initiative to implement economic, trade and travel discussions with post Soviet states (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine).

148 G. Arevian, “*Armenia Rules Out Against its Entry into Russian Customs Union*”, 2012 <http://www.accc.org.uk/armenia-again-rules-out-entry-into-russian-customs-union>

2.8 Russo-Azeri relations.

Since Baku's independence, Russo-Azeri relations have always been complicated. Russia has been perceived as an invader who was trying to build up its empire again at the expense of smaller newborn countries. Nevertheless, when Aliyev father took the power, the situation in Azerbaijan slowly stabilized, and the relation with Moscow normalized and was rebuilt on equal basis. In particular, the Azeri government realised that even if Moscow was still to be considered a threat for national integrity, some form of compromise was necessary. Therefore, the measures adopted were aimed at maintaining the balance between Azeri national interests and good relations with Moscow.

On the other hand, Russia considered Azerbaijan as both an opportunity and a threat. Thanks to its natural resources and geographic position, Azerbaijan is considered a strategic bridge between South Caucasus and the Caspian basin area. Given that the area was considered unstable and therefore critical for Russia, the control of Baku became a concrete objective in Moscow's neighbourhood policy. In addition, Azerbaijan's position as transit area could also be perceived as a threat because it represented a potential target for other states as well. The relation between these two nations has a very significant geopolitic weight, because it affects and directly influences the whole Caucasus and Central Asia.

What does Azerbaijan represent for Russia in terms of real advantages? How could Moscow exploit an Azeri pro-Russian attitude? There are several factors that push Russia towards Azerbaijan. First of all, its geographical position between Turkey and Iran makes the country instrumental as for geo-political calculations, as it has been noted above. Russia aims at reducing Ankara's and Tehran's influence in the region and therefore, Azerbaijan becomes decisive. Moreover, Russian borders have to be protected from secessionist attempts in the North Caucasus and Baku could offers logistic and military support in order to prevent those attacks. Azerbaijan also represents an alternative source of hydrocarbon that could threaten Russian monopoly over supplies to Western countries and limit its high potential in the international markets¹⁴⁹. Furthermore, besides Iran and Turkey, also the US and the EU are politically and economically interested in Azerbaijan and the whole region. All of these factors are valid reasons for Russia to “take care” of its former Republic, just as much as its ambitions to become a global-power include the influence on all former Soviet republics.

149 M. Aydin, *(In)Security and Geopolitics in the Post-Soviet Eurasia, 1989-2005: Regional Threats, Transnational Challenges, and Global Responses*, in M. Aydin, K. Infantis (Ed.s), *International Security today, Understanding change and debating strategy*, http://www.academia.edu/715901/International_Security_Today_Understanding_Change_and_Debating_Strategy, 2006, pp. 120-121

When he came to power, Vladimir Putin was very conscious of Azerbaijan's strategic importance and he put many efforts in improving the relations between the two countries. Putin was the first Russian president to visit Azerbaijan in January 2001, thus demonstrating its interest towards the country. Both Putin and Heydar Aliyev had a common background in KGB, thus it was easier for them to build a relationship. Putin obtained the joint use of the strategic Qabala radar station and concessions regarding the Caspian Sea¹⁵⁰. The Russo-American rapprochement as a result of 9/11 and the following common battle against international terrorism improved relations between Russia and Azerbaijan as well. Azerbaijan engaged in the so-called anti terrorism operations offering it airspace and maintaining good relations with the US. In this context, the US-Russian alliance against terrorism permitted Azerbaijan to develop better policies with the West, without being intimidated by the Russian presence.

In 2003, Heydar Aliyev passed away, leaving the power in his son's hands. With Ilham Aliyev, Azerbaijan maintained its balanced foreign policy towards Moscow. Baku, in contrast with Tbilisi and Yerevan, did not express great willingness to any kind of adhesion to NATO or any other Western organisation. Ilham Aliyev preserved energy cooperation with Moscow rather than the military one, avoiding direct Russian interventions in his country's economy, politics and foreign policy¹⁵¹.

Thanks to its natural resources and its balanced attitude towards Russia and the West, Azerbaijan achieved a precise role in the South Caucasus and generally in the international arena. The Aliyev's family "double game" with Russia and the West seemed the right strategy to gain a full independence and move permanently forward from Moscow's shadow.

Nevertheless, the 5-days war between Russia and Georgia totally reversed the situation. As S. Freni underlines, "The 2008 invasion of Georgia by Russia shook the Caucasus, and it became apparent that Moscow still viewed the region through a realpolitik lens. Baku was angered at the danger it provoked to the positive relationship it had worked to build with Moscow, while slowly engaging more and more with the West. However, the West's inability to intervene and the Kremlin's invasion reinforced the notion that Russia still maintained considerable influence, and that it remained a key player for the entire region"¹⁵².

With the Nagorno-Karabakh issue still alive Russia showed once more to Baku and the rest of the world which were its intentions for the region and how the states should behave in order to maintain

150 S. Freni, *Azerbaijan-Russia relations: An analysis of Russian Hegemony*,

http://www.academia.edu/851773/Azerbaijan-Russia_Relations_An_Analysis_of_Hegemony, 2011, p.18

151 A. Aslanlı, *Azerbaijan- Russian Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?* Turkish Policy Quartely, 2010, <http://www.turkishpolicy.com/dosyalar/files/137-145.pdf>, pp. 138-139

152Ibidem. p. 18

Russian support. The war has been a demonstration of the “frozen conflicts” importance for Russia. Indeed, this kind of situation permits to Russia a permanent presence and a possible control of the whole area as all the South Caucasus countries are strictly linked one another due to the already cited territorial claims and ethnical conflicts¹⁵³.

In conclusion, it is fair to state that today Azerbaijan is the most influential country in South Caucasus from an economic, political and a military point of view. Since the beginning of his first presidential term, Putin recognized this role to the country and realized that pressure and manipulation were not the right way to deal with Baku¹⁵⁴. Several concessions have been obtained by Azerbaijan, especially in the energy field, thus demonstrating that a soft power strategy could still be effective when dealing with Moscow. On the one hand, Baku realized that discrete methods and the avoidance of tensions with Moscow were the best solution to better preserve its national interests. On the other hand, Moscow demonstrated to be conscious of its impossibility to treat with all states in the same confrontational way. In this way, we ascertained that countries whose foreign policy does not openly pursue anti-Russia purposes, can cooperate with Moscow.

2.9 Global actors in South Caucasus

Immediately after the disintegration of the Soviet Union a huge vacuum of power emerged in the international space. The new states born near the Russian Federation's borders became a possible target for all the most powerful global players. US, NATO and the EU were ready to take advantage of the situation and get involved in the region. Furthermore, some regional powers, such as Iran and Turkey, wanted to be part of the game as well. The geopolitical importance of the South Caucasus region has been already noted above and therefore it is not surprising that the region raised the competition between the most influent international actors.

2.9.1 US presence.

The United States have been the most active subject in the region since its independence. The US authorities perceived themselves as the unique actor that could and had to compete with the Russian Federation for the establishment of a dominant influence in the region. The American politicians were convinced that the restoration of Russian power in its former republics represented a threat that had to be avoided. Even if Washington was conscious of Moscow's weakness compared to the past, an eventual Russian penetration in the new born republics was considered potentially dangerous for America's geopolitical ambitions¹⁵⁵.

153 K. Abushov, *Policing the Near Abroad: Russian Foreign Policy in the South Caucasus*, Australian Journal of International Affairs, 2009, pp. 187- 190

154 E. Cornell, *Azerbaijan since Independence*, New York, Central Asia-Caucasus Institution, 2010, pp. 350-351

155 Dmitri Trenin, *Post-imperium: a Eurasian Story*, p. 148

With regard to the South Caucasus, during the post independence period Washington actively tried to pursue its strategic goal of ousting Russia from the region. In particular, it offered a support for democratization, political reforms, for market economic reforms and privatizations. However, the particular “infighting” situation that characterized the whole region remained a cause of concern and instability which was not in the US plans. Finally, the strategic goal of providing alternative transit routed for the oil and gas exports in order to bypass Iran and secondly Russia was already part of the US agenda. As L. Girogasian perfectly summarizes, ”the US engagement in the South Caucasus has been driven by the imperative of strengthening the sovereignty and bolstering the independence of these "infant states" in transition, while seeking to curb their dependence on Russia and help them to overcome the legacy of Soviet rule. Further reflecting the divergence of interests in the region, US policies regarding Azerbaijan were also based on a different set of policy priorities, mainly reflecting the strategic significance of Azerbaijan’s energy reserves”¹⁵⁶.

Under the US president George W. Bush, the US policies towards the South Caucasus changed significantly. The post 9/11 environment switched the attention to security and stability issues within the “fight terrorism” framework. Concerning the South Caucasus, R. Giragosian points out again that “these new security priorities stemmed from the need for airspace access through the region, and through Russia, to facilitate operations in Afghanistan. Interestingly, this resulted in a shift from the previous decade, as the priority for secure energy pipelines and transit routes were replaced by a new need for transit routes and access through air corridors”¹⁵⁷.

Under George W. Bush US foreign policy was based on the pursue of military superiority that was needed to maintain the status of superpower. To accomplish that, Washington decided to overthrow any foreign regime perceived as enemy for the United States. Moreover, a policy of “spreading democracy” had to be pursued. In the South Caucasus case, the shift in US policies was at the base of the “Rose Revolution” in Georgia in 2003¹⁵⁸. The new Georgian government obtained full support by Washington and president Bush visited Tbilisi, thus demonstrating great attention for the region and all former Soviet republics. In turn, Tbilisi announced in front of the world its willingness to join NATO.

The United States attempted to intervene with democratic reforms in Azerbaijan as well. In 2005-2006 Baku became the US next target in the region. Its vast energy resources and its geographical

156 R. Giragosian, *Us national interests and Engagement strategies in the South Caucasus*, in F. Ebert Stiflung (ed), *South Caucasus: 20 years of independence*, 2012, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>, p. 243

157 Ibidem

158 M.R.Bessinger, *Structure and Example in Modular Political Phenomena: The Diffusion of Bulldozer/Rose/Orange/Tulip Revolutions*, *Perspectives on Politics*, Vol.5. No.2, June 2007, <http://www.princeton.edu/~mbeissin/beissinger.modrev.article.pdf>, p. 261

position were fundamental for the US aspiration success. Indeed, the Caspian Sea basin and Central Asia independence and democratisation process would result meaningless if Baku was subjected to Russian control. Washington was aspiring a new “Rose Revolution” to occur in Azerbaijan as well, but president Aliyev's measures were not aligned with this intention. The most ambitious US objective in Azerbaijan and in the whole region, however, was the resolution of the region's conflicts, including Nagorno-Karabakh. In US mind, this would eventually favour stability in the region, thus ousting Moscow from the role of the main guarantor of peace.

The willingness to control the South Caucasus deteriorated the US-Russia relations. The Russo-Georgian war of 2008 was a turning point for both super powers. Russia enforced its dominance in the near abroad while the United States were surprised and realized that a new strategy had to be adopted. When President Obama took office in 2009, he immediately announced a new foreign policy strategy: the “reset” relations with Russia. The US objective was the conflict's interruption and the establishment of a reciprocal cooperation. The Obama administration considered this step fundamental in order to overcome the mistrust sense created in the years. Medvedev's presence and Obama's attitude apparently created the basis for a “reset strategy's” success¹⁵⁹.

In reality, the US compliant attitude towards Russia did not bring the desired results. Washington's step back reinforced Moscow's self confidence and consolidated the perception of “the powerful Russia” dreamt by Putin. Furthermore, Washington applied for a “Russia first” strategy, focusing on bilateral relations with Moscow, neglecting other countries in the region¹⁶⁰. As a consequence, South Caucasus and other former Soviet republics lost confidence in US. On the one hand, Obama's approach seriously damaged Washington's interests in the South Caucasus. On the other hand, Moscow took advantage of the situation and tried to expand their influence in the former Soviet space.

2.9.2 Turkey plays its role.

In the early 1990s, also the Eastern horizon of Turkey changed significantly, as it had to deal with three new neighbours: Georgia, Armenia and Azerbaijan. Not willing to provoke Moscow, Ankara started cautious relations with these countries. The immediate Turkish political moves regarded border posts: the terrestrial border with Armenia was closed in 1993, while border posts with Georgia remained open.

159 M. Khalifazadeh, *The South Caucasus, Obama's Russia Reset and Putin's doctrine*, Centre for strategic research and analysis, 27 July 2014, <http://cesran.org/the-south-caucasus-obamas-russia-reset-and-putins-doctrine.html>

160 S. G. Stolberg, “Obama Calls Arms Treaty a Priority,” *The New York Times*, November 13, 2010, <http://www.nytimes.com/2010/11/14/world/europe/14diplo.html?ref=us>

The interests of Ankara in South Caucasus largely regard energy resources. Indeed, the main Turkish project in the region was the support of the Baku-Tbilisi-Ceyhan (BTC) pipeline. Ankara played an important role in the construction and realisation of the whole project. However, the South Caucasus' instability deeply influenced and made it particularly difficult for Ankara's diplomacy to create the conditions to realize the energy corridor. From a Turkish point of view, the pipeline has important political implications rather than exclusively economic factors¹⁶¹. The construction of the BTC allowed Turkey to gain political and strategic advantages in the international arena. In fact, energy corridors are considered to be a security guarantee. Moreover, Ankara benefited from Georgia's and Azerbaijan's willingness to detach themselves from the Russian orbit and get closer to NATO because they represented a security buffer that could protect Ankara from Moscow. The "Protocol among the Republic of Azerbaijan, Georgia and the Republic of Turkey relating to the provision of security for the East-West energy corridor" signed on July, 23, 2003¹⁶² served to clarify the security issues and gave the instrument to implement them. In brief, through its sustain to BTC pipeline Turkey was trying to maintain the status quo among the different actors of the region.

The already cited closure of the border between Armenia and Turkey did not improve the stormy relations between the two countries. Concerning the Nagorno-Karabakh issue, since Ankara openly supports Azerbaijan, the opening of the border could damage Baku-Ankara relations. Objectively, Baku represents a much more important and powerful ally in the region compared to Armenia. However, Turkey is trying to find a diplomatic way to maintain its relations with Azerbaijan while improving those with Armenia at the same time¹⁶³. Indeed, relations with Armenia have improved since the AK Party came to power and introduced its foreign policy of "zero problems with neighbours"¹⁶⁴.

Given that the relations with Armenia are still very cold, Tbilisi represents for Turkey the main gate to South Caucasus. The BTC pipeline best symbolises the connection between these two countries, which is precisely based on this energy route and the security aura that it represents. Tbilisi does not disdain Turkish support and even interference, since Ankara is perceived to be close

161 B. G. Punsmann, Turkey's Interests and Strategies in the South Caucasus, in F. Ebert Stiflung (ed), *South Caucasus: 20 years of independence*, 2012, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>, p. 285

162 Ibidem, p. 286

163 S. E. Cornell, *The Nagorno-Karabakh Conflict*, Report no. 46, Department of East European Studies, Uppsala University, 1999, http://edoc.bibliothek.uni-halle.de/servlets/MCRFileNodeServlet/HALCoRe_derivate_00003079/Nagorno-Karabakh%20Conflict.pdf, p.144

164 B. Balci, *Strengths and Constraints of Turkish foreign Policy in South Caucasus*, commentary in Carnegie Endowment for International Peace, 2014, p. 44 <http://spire.sciencespo.fr/hdl:/2441/3knj4st5ea8okohk2drjne6vaa/resources/strengths-and-constraints-of-turkish-policy-in-the-south-caucasus.pdf>

to the EU. It also represents a balance power concerning the presence of Russia and its ambitions in the country. However, the 2008 war between Russia and Georgia demonstrated that Turkey's northeastern border is still a source of concern. Military security appears to be much more dangerous than an eventual disruption of the energy supplies¹⁶⁵. In particular, Turkey was maintaining good relationships with both Moscow and Tbilisi, which complicated Ankara's position and the eventual reaction to the war.

Talking about Azerbaijan, it has to be noted that Baku has a special role in Turkey's foreign policy both as a good neighbour but also as a Turkic brother. The two countries share cultural and linguistic similarities as well as strategic and political policies as well. As Bayram Balci points out “With the end of the Soviet Empire, Turkey sought to recreate a solidarity based on “Turkishness,” connecting all Turkish-speaking nations. Azerbaijan was the most enthusiastic in heeding this call”¹⁶⁶. The connection between the two countries was natural and predictable.

Economically speaking, Turkey and Azerbaijan cooperate through various accords in almost every sector of the economy. Among others, the energy sector is by far the most dynamic. Turkish companies are investing in Azerbaijan and vice-versa, but the BTC, the BTE and the other pipelines currently under construction, represent the present and the future links between the countries¹⁶⁷.

Generally speaking, B. G. Punsmann underlines that “given the size of Turkey and the complexity of the regional geopolitical context, issues related to the Caucasus are not ranking high in the set of priorities in Turkish politics. Today the region matters mainly because of the geographical proximity: Turkey as a major neighbour country can't stay aloof to the internal dynamics in the region. Instability across the border will necessarily affect Turkey”¹⁶⁸.

To sum up, today Ankara is trying to maintain its interests in the region, concerning both the energy and security issues. Turkey's foreign policy during the last decade and diplomatic efforts did demonstrate that good relations with the neighbouring countries has been a tangible objective for Ankara. Improving the relationship with Armenia was the main target, but this normalization is strictly connected to Azerbaijan. A real solution does not seem to be close but what has to be underlined is Turkey's priority interests in the South Caucasus due to economic, political and symbolic reasons.

2.9.3 EU policies in South Caucasus

165 M. Aydin, “*Foucault's Pendulum: Turkey in Central Asia and the Caucasus*”, *Turkish Studies*, Vo. 5, Issue 2, 2004, pp. 1-22

166 Ibidem, p. 45

167 Ibidem

168 B. G. Punsmann, *Turkey's Interests and Strategies in the South Caucasus*, p. 287

During the 1990s Europe was perceived to be the great absentee in the South Caucasus region. This concept can be valid as the security affairs are concerned, while it is quite reductive when considering the economical and political side. Indeed, the EU was the greatest sponsor of development projects in the region while at the same time it supported democratic reforms in the political systems of the three Caucasian countries. Despite this fact, compared to USA and Russia, EU was did not consider the region's instability as a possible threat for its own security. Indeed, the region was considered geographically distant and therefore, not dangerous¹⁶⁹.

Things changed after 9/11 when the concept of “unresolved regional conflicts” became familiar. The old and complex conflicts of South Caucasus were the main cause of all its problems, and the EU acknowledged this reality only in the post 9/11 context. In addition, U. Halbach notes that “a stronger shift of European attention towards the South Caucasus was accompanied by regional developments such as the "Rose Revolution", even more so with the enlargement of the EU into spaces that once belonged to the Eastern bloc. With the acceptance of Bulgaria and Romania in 2007, the EU now also had maritime borders with Georgia and the South Caucasus. The Black Sea region became more and more a subject of European foreign policy”¹⁷⁰. Europe was getting close to South Caucasus as the region was becoming an effective neighbour. Therefore, the EU increased its activities in the region through initiatives such as the European neighbourhood Policy (ENP) of 2009. In substance, bilateral relations with Armenia, Georgia and Azerbaijan became stable, cooperation institutions came to the fore and additional economic and financial tools were created. In particular, Europe offered political and economic cooperation with the declared aim of bringing South Caucasus toward stability and prosperity. However, when the conflicts' containment became necessary, security became the strongest incentive pushing Europe in the region¹⁷¹.

Differently from what it could be presumed, oil and gas played a less strategic role than security in the eyes of the EU. Indeed, in the last decade the implementation of peace and security throughout its borders has been a much more important value for Bruxelles to pursue. Yet, the energy issue plays a role for European interests in the region. The diversification of energy supplies is a concrete EU objective and the battle for oil played around the Caspian basin by the major international super powers is still going on. The South Caucasus “transit” strategic position for Caspian oil can not be

169 U. Halbach, *The European Union in the South Caucasus: Story of a Hesitant Approximation*, in F. Ebert Stiflung (ed), *South Caucasus: 20 years of independence*, 2012, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>, pp. 301-303

170 Ibidem, p. 312

171 S. Tamm, *Weakness as an opportunity: EU policy in the South Caucasus*, in D. N. Goksel, Z. Shiryev (ed.s), *The Geopolitical Scene of the Caucasus, a Decade of Perspectives*, 2013, http://www.turkishpolicy.com/dosyalar/files/The_Geopolitical_Scene_of_the_Caucasus_A_Decade_of_Perspectives.pdf, p. 85

undervalued, even though the research of peaceful tools to bring stability in the region remains EU's principal goal¹⁷².

S. Tamm notices that: “in all three countries of the region, the EU is perceived as a weak player. This is due, in particular, to the contrast with Russia and the U.S., both have strong influence over the region. From a European point of view this could be seen to be regrettable. In fact, in some cases, the lack of a real coherent foreign policy hinders Europe in enforcing its interests”¹⁷³. Unavoidably, the 2008 war negatively influenced EU's credibility in the region. The lack of direct intervention persuaded Georgia and the other South Caucasian countries that the EU was not willing to jeopardize its relations with Moscow in order to better defend South Caucasus. In particular, the Georgia-Russian war heavily influenced the South Caucasus' relations with EU and generally, the entire international panorama. In particular, the European Union highly invested in the conflict resolution through the settlement of a ceasefire agreement. In brief, the last decade has been characterized by an EU rapprochement towards South Caucasus. Due to EU's enlargement and the 2008 Russo-Georgian war, the region became an issue of considerable concern for Bruxelles. The resolution of the war and the other frozen conflicts in the area gained increasing European interest. Nevertheless, the promotion of democracy and freedom did not change the situation and especially did not significantly increase EU's credibility among Armenian, Georgian and Azeri governments, leaving the reins of the game to Russia, USA and secondly Turkey and Iran.

2.9.4 Iran in the South Caucasus

As we largely affirmed above, the collapse of the Soviet Union favoured foreign intrusion in South Caucasus. The region's importance attracted the most influential actors of the international arena like the USA and the EU but also regional powers like Turkey and Iran. In particular, since the 1990s, Iran has been trying to play a heavier role in the area. Traditionally, South Caucasus and Central Asia have been Teheran's backyard, dating back to the time when the Persian empire competed for influence in the region with other empires¹⁷⁴. Indeed, the historical basis of Iran's interest over the region perfectly coincided with Tehran's foreign policy vision of the time. Seeking security and prevention from external threats were at the core of Iran's foreign policy agenda. In the South Caucasus case, Iran identifies the area as a possible source of problems from both the neighbourhood and distant powers.

The United States, the EU and Turkey all showed uncertainty feelings that Iran used for its own benefit to get involved and eventually influence the South Caucasus area. Security and the

172 Ibidem, p. 88

173 Ibidem, p. 89

174 J. Mankoff, *The Big Caucasus: Between Fragmentation and Integration*, March 2012, http://csis.org/files/publication/120326_Mankoff_BigCaucasus_Web.pdf. p. 8

neutralization of external threats were the main causes behind Iran's policies in South Caucasus. In order to better protect its sovereignty endangered by Western actors, Iran sought a strategy of balance in South Caucasus. Diplomatic, cultural and trade relations' improvement was Iran's main goal towards the region. Doing so, a balance of power between the other regional antagonists (Russia, Turkey) would have been eventually achieved. Furthermore, Iran's presence in the South Caucasus would have made Western's intrusion too much laborious¹⁷⁵.

In greater detail, Iranian-Azeri relations have been see-sawing since Baku's independence. Indeed, their relation is not as friendly as the Iranian-Armenian one. This is mainly due to the fact that Iran and Azerbaijan are competitors on oil and natural gas markets. In addition, historic ties link Baku and Ankara at the expenses of Tehran. Indeed, Iran perceived this connection as dangerous for its influence in South Caucasus. After the BTC pipeline broke Russian oil monopoly, bypassing Iran as well, Tehran tried to strengthen a close cooperation with Azerbaijan. The two countries have signed an agreement forbidding the use of the national territory for launching attacks on the other. Moreover, Azerbaijan supports Iran's right to the peaceful use of nuclear technology¹⁷⁶. In the economic field, energy and gas exchange agreements have been dominating Iranian-Azerbaijani relations.

Regarding Armenian-Iranian relations, the two countries have built very close ties over the years. Indeed, they both share similar geopolitical objectives. On the one hand, independent Armenia has always been trying to avoid or at least reduce Russian control over its territory. On the other, Tehran has been searching for an ally in the region in order to increase its influence. Concerning the Nagorno-Karabakh conflict, after providing support to Armenia, Iran shifted its stance towards one of neutrality and tried in vain to mediate between the two adversaries¹⁷⁷. Tehran could not risk major efforts in Yerevan's favour as a large ethnically Azeri community is living in northern Iran. Moreover, energy cooperation plays the biggest part in Iran-Armenia relations. Iranian-Armenian economic relations are in fact based on several levels of exchange, regarding gas, electricity, trade and industry. This cooperation is of strategic importance, because it sustains Armenia's energy security and creates a transit road for Iran's gas exports to Europe. Moreover, Iranian energy policy played a significant role in the improvement of the relations between the two states.

175I. Baben, Z. Shiriyev, *The U.S. South Caucasus Strategy and Azerbaijan*, in J. Nichol (ed), *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, Turkish Policy Quarterly, September 27, 2012. <http://www.turkishpolicy.com/dosyalar/files/93-103.pdf>. p. 3

176K. S. Zadeh, *Iran's strategy in the South Caucasus*, Caucasian review of International Affairs, 2009, http://www.cria-online.org/Journal/2/Iran's%20Strategy%20in%20the%20South%20Caucasus%20by%20Kaweh%20SadegZadeh_done.pdf p. 38

177 N. Gallina, *Puzzle of state transformation: the case of Armenia and Georgia*, Caucasian review of International Affairs, Winter 2010, http://cria-online.org/10_3.html , p. 3

Georgia does not have any common border with Iran and has the least developed diplomatic relations among the other South Caucasian states. Since its independence, Tbilisi has been trying to get closer to NATO, EU and the USA. This attitude did not permit the Iran-Georgia relations to improve. However, since the 2008 conflict between Russia and Moscow, the Tehran-Tbilisi relations undergone significant changes. Tbilisi's necessity to disengage from Russian energetic and economic dependence transformed Iran in a concrete opportunity¹⁷⁸. Iran can satisfy the Georgian energy supply making Moscow no more indispensable. In addition, Tehran can permit a trade diversification for the Georgian economy which is still strictly linked to Russia. For its part, Iran promptly received the Tbilisi's emergency call, glad to find a new energy customer and renewed relations with a key country in the South Caucasus region.

Chapter 3

The energy security issue and South Caucasus

3.1 Post-Soviet times: growing interest for South Caucasus as energy transit route

The recent political and economic agenda of the European Union has highly focused on a critical international issue: energy security. G. Rzayeva defines energy security as “having a reliable and adequate supply of energy at reasonable prices” or as “securing adequate energy supplies at

¹⁷⁸K. Kakachia, *Iran and Georgia: Genuine Partnership or Marriage of Convenience*, PONARS Eurasia Policy Memo No. 186, September 2011, http://www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm_186.pdf, p.3

reasonable and stable prices in order to sustain economic performance and growth” and argues that the EU has realized the importance of eluding the reliance on a monopolistic energy supplier, namely the Russian Federation¹⁷⁹. In this chapter we will try to explain how South Caucasus has become a strategic transit route able to fulfil this objective.

South Caucasus has historically been an energy transit hub. The first information about oil presence and transportation in the region date back to the late 16th century, when an English company transported Azerbaijani oil through Georgia towards the Persian Gulf. Oil was carried by caravans of mules and camels¹⁸⁰. A few centuries later, precisely in 1883, a railroad connection between Baku and Batumi was financed and completed by the Rothschild family¹⁸¹. This turned Batumi into one of the world’s most important oil ports and allowed Caspian oil to be introduced to the West for the first time. It has been estimated that in 1901 around 60% of all oil produced in Baku was transferred via the Transcaucasia railway to Batumi and onwards. Later on, during the first half of the 20th century, both the Bolsheviks and Nazi Germany were interested in Caspian reserves, although the transit status was suspended for geopolitical reasons¹⁸². Despite oil needs were very high during the Soviet times, Caspian Sea reserves were not fully exploited and the offshore ones remained unexplored. According to Yilmaz, the main reasons for this were that the Soviet Union lacked the adequate technology to develop these oil and gas reserves and that it also wanted to keep them as a “strategic reserve”¹⁸³.

Control of infrastructures was the instrument used by the USSR to guarantee oil and gas supplies for itself. Regarding the natural resources coming from former URSS states of the Caucasus and Caspian areas, it was also a way to keep them in a permanent status of economic dependence. During the Soviet period in fact, all Caspian oil was transported to the Western market via Russia’s Black Sea terminal¹⁸⁴.

179 G. Rzeyeva, *The Southern Corridor: Azerbaijani Perspective from Well Head to End Users*, in C. Frappi and G. Pashayeva (ed.s), *The EU Eastern Partnership: Common Framework or Wider Opportunity?*, Milano, Egea Edizioni, 2012, p. 123.

180 Transparency International Georgia, *Georgia’s Oil and Gas Potential: Georgia as a Traditional Transit Country for Azeri Energy Resources*, 2008, p.6. <http://transparency.ge/en/content/georgia%E2%80%99s-oil-and-gas-potential-georgia-traditional-transit-country-azeri-energy-resources>.

181 D. Yergin, *The Prize: the Epic Quest for Oil, Money and Power*, Simon & Schuster, New York, 1991 p.61.

182 J. Wisniewski, *EU Energy Diversification Policy and the Case of South Caucasus*, Political Perspectives Vol.5 no.2, 2011, pp. 58-79.

183 LTC A. Yilmaz, *Instability in Caucasus and Central Asia and Caspian Basin Energy Resources Management*, USAWC Strategy Research Project, 2002, http://www.researchgate.net/publication/235167121_Instability_in_Caucasus_and_Central_Asia_and_Caspian_Basin_Energy_Resources_Management

184 L. A. Arakelyan and Roger E. Kanet, *Russian Energy Policy in the South Caucasus*, in Maria Raquel Freire and Roger E. Kanet (eds.), *Russia and Its Near Neighbours: Identity, Interests and Foreign Policy* Houndmills, UK: Palgrave Macmillan, 2012, pp. 265-286.

Nowadays the overall situation has changed significantly, even though the Russian Federation still exercises its power by trying to control the transit of main Central Asian exports towards foreign markets. In 2008, Prime Minister Dmitry Medvedev stated that “Russia has always considered Eurasia as a region of Russian exclusive interests”¹⁸⁵. As we largely expressed before, it is a shared belief that even today Russian leaders are highly linked to their imperialistic past and are trying to control Caspian oil and gas production and delivery. However, Arakelyan also notes that during the Yeltsin presidency, the region was largely ignored by Russia, who was rather concentrated on expanding its relations with and integrating into “the capitalist West”. Today, all of the countries involved are moving towards greater independence, although they are deeply engaged with the Russian government and large Russian energy enterprises, such as Lukoil, Rosneft and Gazprom. They are living an at least ambiguous situation, torn between strong pushes towards greater autonomy and the heavy economic dependence on Russia¹⁸⁶.

In this picture, the case of Armenia clearly exemplifies Russian attempt to manipulate the region. Besides political and military influence on Yerevan, that we explained in the previous chapter, Moscow heavily control Armenia at the economic and energetic level as well. For instance, the only firm allowed to distribute and import Russian gas in Armenia is the Armenian-Russian ArmRosgazprom, established in 1997. The 80% of the company is owned by Gazprom, while only 20% belongs to the Armenian government. Thanks to Armenian political and economic weakness, Russia was also able to participate in the Irani-Armenian gas pipeline agreement¹⁸⁷. In the last decades Armenia has been trying to escape from Russian dominance by strengthening economic relations with Europe, but the conflictual relationship with its neighbours does not facilitate this intention, as they provide the main routes for energy exports to the European market.

During the Soviet period, Western countries had no real interests in the South Caucasus area, as it was politically and economically inaccessible. With the disintegration of the USSR and the security system guaranteed by the Warsaw Pact, new political and economic spaces opened towards the world market and became attractive for the United States, NATO and the European Union. Indeed, it stimulated “a pro-active U.S. security and economic policy towards Central and Eastern Europe, oriented towards strengthening the sovereignty and independence of the countries liberated from the Soviet yoke”¹⁸⁸. “This geopolitical agenda was rooted in the strategic goal of providing and promoting alternative transit routes for the exports of oil and gas from the region in order to bypass

185 Ibidem.

186 U. Biliardo, G. Mureddu, *Traffico petrolifero e sostenibilità ambientale*, Unione Petrolifera, 2004, p. 215.

187 L. A. Arakelyan and Roger E. Kanet, *Russian Energy Policy in the South Caucasus*, pp. 265-286.

188 M. Tsereteli, *Why The South Caucasus Needs A Stronger U.S. and European Policy*, May 2013, in <http://www.cacianalyst.org/publications/analytical-articles/item/12732-why-the-south-caucasus-needs-a-stronger-us-and-european-policy.html>.

and isolate Iran and to also overcome the region's inherent reliance on the Russian networks of pipelines and energy infrastructure"¹⁸⁹.

Therefore, in conjunction with NATO and the EU eastward enlargement, energy security became a key issue, both for the U.S. and Europe, being the latter highly dependent on Russian oil and natural gas. The European Union is the third largest energy consumer in the world after the United States and China and despite the consumption decrease due to the 2008 economic downturn, its energy needs are estimated to grow at an average rate of 0,2% a year until 2035¹⁹⁰. At the same time, internal production is declining: in 2012, 53.4% of the EU 28's gross inland energy consumption came from imported resources. Of this share Russia holds numerous records: it is at the first position for crude oil with 33.7% of total imports in 2012 (below the shares of 2010 - 34.7% and 2011 - 34.8%); it is also the principal supplier of solid fuels with a share of 25.9% after Colombia and the United States; finally, it holds the record of natural gas with 32.0% after Norway and Algeria¹⁹¹.

According to Frappi¹⁹², the demand for natural gas will increase proportionally more than the one for other primary sources, mainly due to the declining consumption of oil and the substitution of coal and nuclear consumption with gas and renewable energy sources. He argues that by 2035 natural gas will become the first source of energy for the European Union, while domestic production is set to decrease. Natural gas, mainly composed by methane gas, is the cheapest, least polluting and most abundant among fossil fuels.

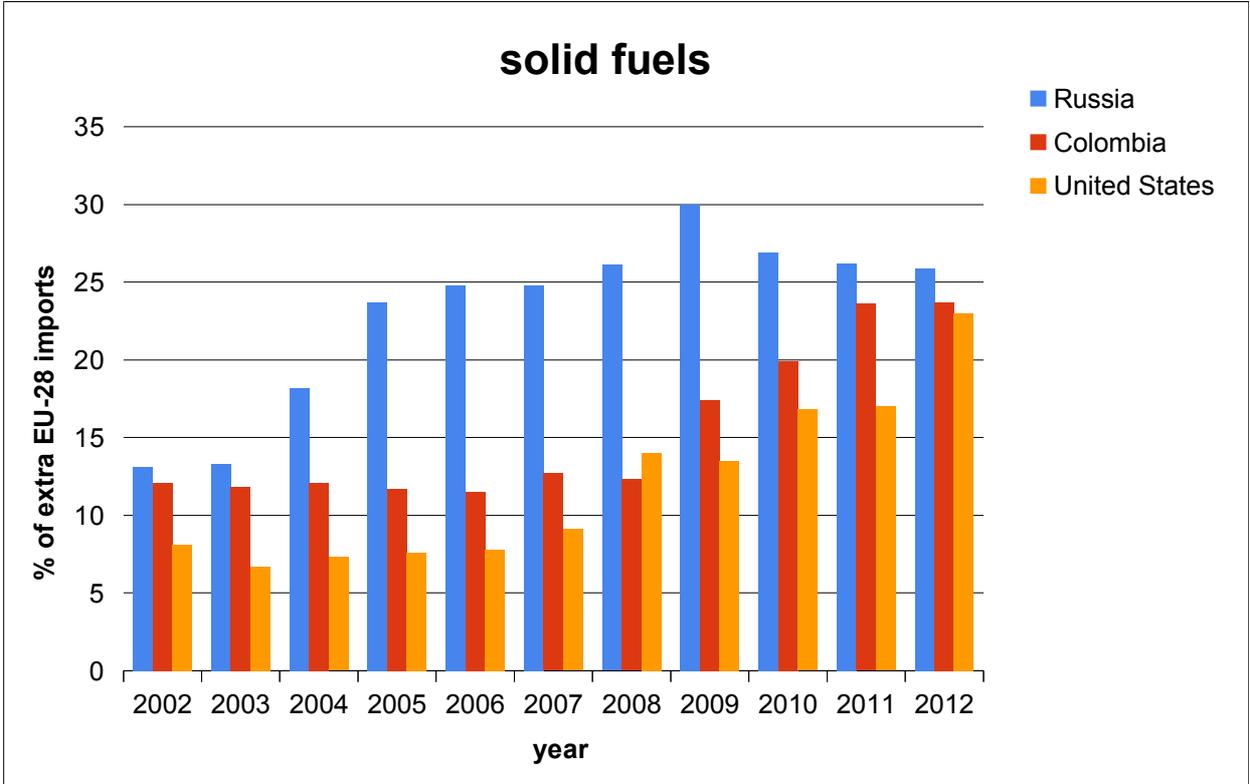
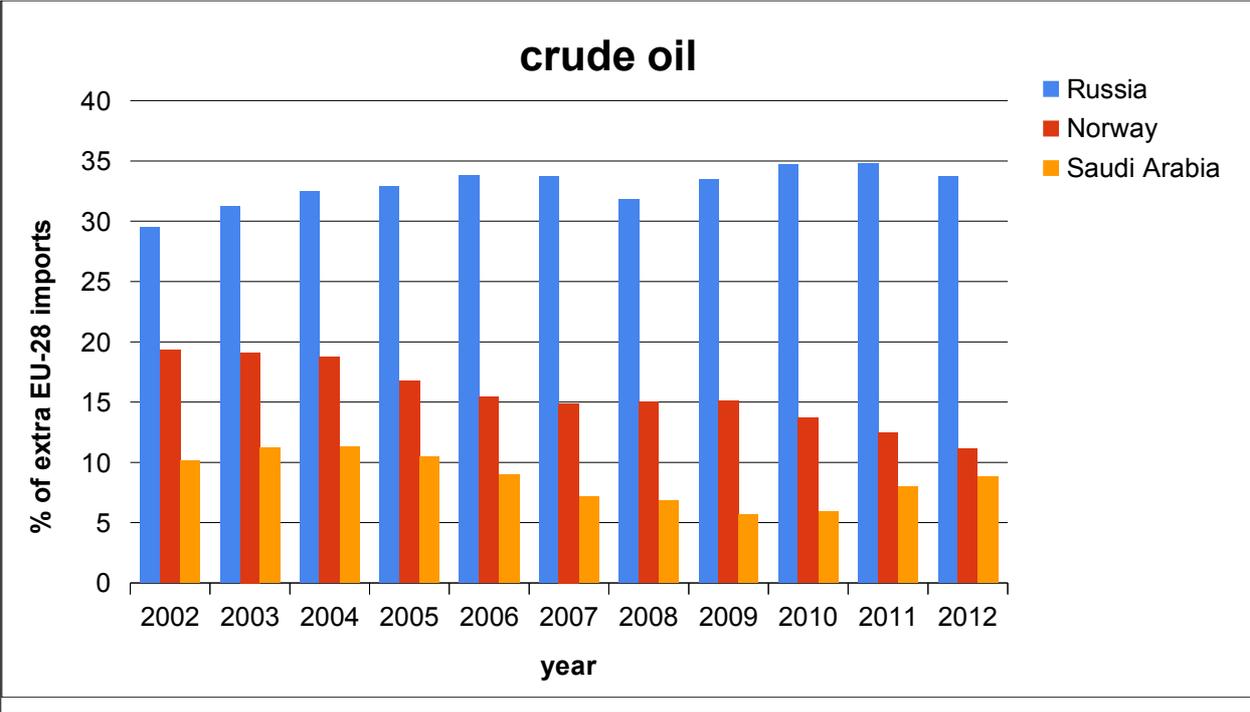
Main origin of primary energy imports, EU-28, 2002–2012

189 R. Giragosian, *US National Interests and Engagement Strategies in the South Caucasus*, in *South Caucasus 20 years of Independence*, Friedrich-Ebert-Stiftung (ed.), pp. 214-258, p. 243, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>.

190 C. Frappi, *EU Energy Security Policies and Azerbaijan*, in C. Frappi and G. Pashayeva (ed.s), *The EU Eastern Partnership: Common Framework or Wider Opportunity?*, Milano, Egea Edizioni, 2012, p. 43.

191 Eurostat official website <http://ec.europa.eu/eurostat/data/database>.

192 C. Frappi, *EU Energy Security Policies and Azerbaijan*, p. 45.



Source: EUROSTAT

The discovery of hydrocarbon resources in the Azerbaijani section of the Caspian Sea represented a significant turning point for the whole South Caucasus, which became a strategic alternative transit route of energy supplies towards the European market¹⁹³. These significant oil and gas reserves contributed to amplify also regional rivalries about the political and economic influence of South Caucasus and Caspian area. Indeed, besides being rich in energy resources in itself, South Caucasus has also become of fundamental importance because it guarantees “direct access to Central Asian oil and gas supplies and an alternative route to some of the energy resources of the Middle East”¹⁹⁴. In particular, Azerbaijan and Georgia acquired new international roles, as an oil producer and a potential transit country respectively. This strengthened the standing of these states in regional politics and functioned as an incentive for other actors of the area to reinforce their resistance to Russian influence¹⁹⁵. Indeed, despite its apparent physical isolation, this region lies at the core of a highly strategic area, surrounded by Iran, Russia, and Turkey and located on the crossroads of Europe and Asia. These hegemonic countries have often utilized South Caucasus as a strategic base for their search for influence in the whole area. In particular, Brzezinski underlines the strategic position of Azerbaijan as channel between Europe and Central Asia and the large presence of energy resources in its territory which makes it highly critical for Russia. He defines it “the cork in the bottle” and therefore, the key regional actor in the competition for political and energetic influence¹⁹⁶.

From this context one understands how much energy resources are a politicized issue: the increasing efforts made by Western oil consumers towards energy routes diversification are both a political message to Russia and part of the European Neighborhood Policy¹⁹⁷. However, as far as Europe is concerned, these policies are quite recent. Indeed, despite geographical proximity, the European Union member states did not show particular interest towards South Caucasus for a long time. During the early post-Soviet period, Europe adopted a distanced stance in the new "Great Game" and the security policy challenges posed by this region¹⁹⁸. Halbach notes that Western research institutions did not differentiate South Caucasus from the rest of the Caspian area until recent times. Only after the complete diversification of the countries in the area and the inclusion of the three South Caucasian states into the Eastern Neighborhood of the European Union, they

193 M. Tsereteli, *Why The South Caucasus Needs A Stronger U.S. and European Policy*.

194 L. A. Arakelyan and Roger E. Kanet, *Russian Energy Policy in the South Caucasus*, pp. 265-286.

195 A. Ryabov, *Russian interests and strategies in South Caucasus*, in *South Caucasus 20 years of Independence*, Friedrich-Ebert-Stiftung (ed.), p. 269, [chrome-extension://ecnphlgnajanjnkcmpancdjoidceilk/http://library.fes.de/pdf-files/bueros/georgien/08706.pdf](http://ecnphlgnajanjnkcmpancdjoidceilk/http://library.fes.de/pdf-files/bueros/georgien/08706.pdf).

196 Z. Brzezinski, *The Great Chessboard*, p. 46.

197 J. Wisniewski, *EU Energy Diversification Policy and the Case of South Caucasus*, p. 61

198 U. Halbach, *The European Union in the South Caucasus: Story of a hesitant approximation*, in *South Caucasus 20 years of Independence*, Friedrich-Ebert-Stiftung (ed.), p. 300, [chrome-extension://ecnphlgnajanjnkcmpancdjoidceilk/http://library.fes.de/pdf-files/bueros/georgien/08706.pdf](http://ecnphlgnajanjnkcmpancdjoidceilk/http://library.fes.de/pdf-files/bueros/georgien/08706.pdf).

emerged as distinct political and economic subjects. However, economic interests of Europe in the area are still limited to the energy sector, both for energy resource production and as a transit area.

European engagement has been growing in the second half of the 2000s, in contrast with its approach during the first post-Soviet decade, as we stated before. Indeed, in that period it was mainly the United States who were interested in supporting new pipeline routes politically. Another change has been occurring in very recent years: the shift of the focus from oil to natural gas. This fact increases the European attention on Azerbaijan, the only energy producer of the region, both for oil and for gas¹⁹⁹. In this context, Wisniewski highlights four main aspects characterizing European energy diversification policy: first, the access to Central Asian energy resources; second, the circumvention of Russian pipeline system; third, the decrease of oil and gas prices; fourth, the increase of the EU's influence on the former Soviet republics²⁰⁰.

In particular the Central and Eastern European members rely heavily on natural gas supplied by the “energy champion Gazprom, which they perceive as an unreliable supplier - if not a threat - due to its closeness to the Kremlin and its role in Russian foreign policy planning”²⁰¹. Also because of the gas crisis in Ukraine of 2006 and 2009 that will be better explained below, the EU has become much aware of the risks given by excessive dependence on a single supplier and of the importance of homogeneity of energy imports among EU Member States. All these factors give gas high strategic stakes, as Frappi underlines, and made the European Union work for diversify its suppliers and the supply routes with the aim of strengthening its energy security²⁰². The exploitation and transportation of the significant and highly unexplored oil and gas resources goes exactly in this direction.

According to the U.S Energy Information Administration (EIA), the Caspian region (South Caucasus and Central Asia) contains around 2,75% of the global oil reserves and around 6,6% of the gas reserves. On the other hand, the Middle East contains 52,4% of the oil reserves and 41,1% of the gas ones²⁰³. Therefore, we understand how Caucasian share of oil and gas reserves is not considerable, when compared to other areas of the world. However, “in view of the uncertainty over the reliability of Persian Gulf supplies, as well as the possibility that Russia may use energy delivery as a power tool, the transport of Caspian and Central Asian (Kazakhstan and Turkmenistan) energy supplies to the West via the Caucasus has gained vital importance”²⁰⁴.

199 Ibidem, p. 306.

200 J. Wisniewski, *EU Energy Diversification Policy and the Case of South Caucasus*, pp. 59-60.

201 C. Frappi, *EU Energy Security Policies and Azerbaijan*, p. 48.

202 Ibidem, p. 49.

203 *Overview of oil and natural gas in the Caspian Sea region*, U.S. Energy Information Administration, August 2013, http://www.eia.gov/countries/analysisbriefs/Caspian_Sea/caspian_sea.pdf.

204 M. de Haas, A. Tibold, V. Cillessen, *Geo-strategy in the South Caucasus: power play and energy security of states and organisations*, Clingendael Institute, 2006, p. 14, chrome-

Indeed, as we largely explained before, oil consumer states in the West are willing to decrease their dependence on resources coming from Russia and the Middle East. In particular, despite the conflicts shaking the region, South Caucasus (with the Azerbaijan-Georgia-Turkey connection) appears more reliable and stable compared to the “Russia-Belarus-Ukraine triangle”. Wisniewski argues that the question of stability could be better understood by taking into consideration the other side of it, that is the great political tool represented by the prospect of becoming an EU member as a stabilizing factor²⁰⁵. Investments in new pipelines are thus directed to South Caucasus not only because it is considered more stable, but also as tools of stabilization themselves. However, according to Tsereteli there is a number of analysts arguing that “Europe no longer has the capacity to offer significant incentives to its partners due to the ongoing economic crisis”. While admitting this fact, it is out of doubt that “closer integration into the European economic space through trade and investments opens greater opportunities for the countries in the European neighborhood”²⁰⁶.

Caspian basins proved and probable reserves, 2012

Country	Crude oil and lease condensate (billion bbl)	Natural gas (Tcf)
Azerbaijan	8,5	51
Offshore Caspian	6,8	46
Onshore Caspian	1,7	5
Iran	0,5	2
Offshore Caspian	0,5	1
Onshore Caspian	(s)	1
Kazakhstan	31,2	104
Offshore Caspian	15,7	36
Onshore Caspian	15,5	68
Russia	6,1	109
Offshore Caspian	1,6	14
Onshore Caspian	4,5	95

extension://ecnpflgnajanjnkcmpancdjoidceilk/http://www.clingendael.nl/sites/default/files/20061100_cscp_haas.pdf.

205 J. Wisniewski, *EU Energy Diversification Policy and the Case of South Caucasus*, p. 74.

206 M. Tsereteli, *Why The South Caucasus Needs A Stronger U.S. and European Policy*.

Turkmenistan	1,9	19
Offshore Caspian	1,1	9
Onshore Caspian	0,8	10
Uzbekistan	(s)	7
Offshore Caspian	0	0
Onshore Caspian	(s)	7
TOTAL CASPIAN	48,2	292
Offshore Caspian	19,6	106
Onshore Caspian	28,6	186

Notes:

(s) = Value is too small for the number of decimal places shown.

"Offshore Caspian" refers to fields in the Caspian Sea.

"Onshore Caspian" refers to fields in Caspian basins that are not offshore.

Proved + Probable reserves exceed the value of 'proved reserves' in EIA's International Energy Statistics.

Sources: U.S. Energy Information Administration, IHS EDIN, Eastern Bloc Research Energy Databook 2012

Crude oil production in Caspian region, 2012

thousand barrels per day

Country	Caspian offshore	onshore basin	Total Caspian production	Total country production	Caspian % of country total production
Azerbaijan	890	32	922	922	100%
Iran	0	0	0	3,367	0%
Kazakhstan	3	1,384	1,387	1,515	92%
Russia	6	114	120	9,922	1%
Turkmenistan	46	170	216	216	100%
Uzbekistan	0	(s)	(s)	66	<1%
Total	945	1,7	2,645	16,007	17%

Sources: U.S. Energy Information Administration, IHS EDIN, Eastern Bloc Energy, Rigzone, Rystad Energy

A recent report published by the U.S. Energy Information Administration on August 26, 2013 suggests that the Caspian basins, including onshore sections contain 48 billion barrels of oil and 292 trillion cubic feet of gas in proved and probable reserves. Of that, 41% of oil and 36% of gas is believed to lie offshore and almost 35% of oil and 45% of natural gas reserves are located onshore within 100 miles of the coast. “In general, the bulk of offshore oil reserves is in the Northern part of the Caspian Sea, while the biggest quantity of offshore natural gas reserves is in the southern part of the Caspian Sea”. The report also cites figures which suggest that the Caspian basins could contain up to 20 billion barrels of oil and 243 trillion cubic feet of undiscovered gas. Up to 81% of this undiscovered gas may lie in the South Caspian Basin, “reflecting the more limited exploration and geologic assessment of the southeastern part of the Caspian Sea near Iran and Turkmenistan because of territorial disputes”²⁰⁷. Indeed, the five bordering states - Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan - have not yet agreed on where to demarcate the maritime borders and consequently how to split the energy resources. By now, negotiations have gone on for nearly two decades but they have not yet produced a solution agreeable to all states. The resolution of this dispute will have significant consequences for all actors interested in Caspian energy resources, with Europe on the front line.

We have understood how Russian monopoly over energy supplies is being challenged both at the local, regional and global level. Unsurprisingly, the Russian Federation is not satisfied with this situation and remains vigilant on the re-routing of energy resources. As we mentioned before, it exercises heavy control over the CIS countries and the energy leverage has often been an effective tool to maintain this control. In this respect, K.C. Smith underlines how in the early 1990s, Russia tried to compel Ukraine and the Baltic states to submit to its demands by threatening the cut of energy supplies²⁰⁸. Later in that decade, the global energy dynamics started to change due to the rising impact of emerging economies such as China and India. This allowed Moscow to rediscover energy as a powerful political tool and brought to the 2006 energy crisis with Ukraine, when Russia cut gas deliveries to Ukraine as a result of a conflict over the supply contract. In 2009 an even more serious dispute broke out between Moscow and Kiev, bringing to the disruption of gas deliveries to Europe for almost three weeks²⁰⁹. These disputes over gas gave important signals to all other actors

207 *Overview of oil and natural gas in the Caspian Sea region*, U.S. Energy Information Administration.

208 K.C. Smith, *Russian Energy Politics in the Baltics, Poland and Ukraine: a New Stealth Imperialism?*, Washington, Center for Strategic and International Studies, 2004, p. 47.

209 N. Sokov, *The South Caucasus Corridor after the Russian-Georgian War*, PONARS Eurasia Policy Memo No. 49, 2009, p. 5, chrome-extension://ecnphlgnajanjnkcmpancdjoidceilk/http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pepm_049.pdf.

involved in the energy supply chain, especially Eastern Europe, resulting in the stronger will to create new and safer energy routes. The dramatic events of 2014 confirm how this question is a living matter. “The Kremlin is very much aware of the importance of synergy in combining military and energy tools of power” highlights de Haas²¹⁰. The increasingly strategic role that gas giant Gazprom was gaining in mid-2000s clearly confirmed this statement. The appointment of Minister of Defence, Sergey Ivanov, as well as the deputy head of Gazprom, Dmitri Medvedev, as vice-premiers in 2005 left no doubt to the question. All the rest is news.

In the section below we will try to present the picture of the complex situation turning around oil and gas pipelines, which have stayed on the international agenda till today.

3.2 The strategic role of pipelines

The first attempts to reduce Russia’s dominating role as energy supplier date back to early 1990s, when the Clinton administration had started to think about alternative delivery routes to bring Central Asian gas to Europe by circumventing Russian territory. After the collapse of the Soviet Union and the gradual economic and political opening of former Soviet Republics, Russia maintained a key role in controlling their energy exports, as we stated before. In particular, during the first post-Soviet period, oil and gas from Azerbaijan and Kazakhstan were still transported through what had been the integrated Soviet pipeline network: a system that piped all resources towards the Russian territory before being deviated to their final destination (mainly Europe).

Various political and economic reasons convinced the Western oil consumers, in particular the United States, to start building new pipelines which gave direct access to the Caspian and Central Asian oil and gas fields²¹¹. As a result, thanks to the so-called “multiple pipeline policy”, strong economic and trade relations have been built between the Caspian Sea and the Black Sea/Mediterranean seaports. In this process, the close collaboration between the United States, Turkey, Azerbaijan, Georgia and Kazakhstan played a crucial role and favoured geopolitical and economic gains, both for Western as well as for local actors²¹².

Because of their location far from export markets, the transportation of Caspian energy resources requires expensive infrastructure. The oil Soviet pipeline networks needed to be replaced but this required large foreign investments. Difficulties are also increased by the periodical freezing of Caspian Sea’s waters, which increases the costs of offshore projects, underlines the EIA research. To move drilling and maintenance equipment to production areas more easily, companies have to

210 M. de Haas, A. Tibold, V. Cillessen, *Geo-strategy in the South Caucasus: power play and energy security of states and organisations*, p. 52.

211 L. A. Arakelyan and Roger E. Kanet, *Russian Energy Policy in the South Caucasus*, p. 270.

212 M. Tsereteli, *Why The South Caucasus Needs A Stronger U.S. and European Policy*.

use canals from the Black Sea. Moreover, the above-mentioned disagreement on Caspian waters' partition has hampered geological exploration in the Southern section of the basin and has created uncertainty to foreign investors due to the shift of legal and regulatory frameworks. Despite all difficulties, Caspian energy resources are object of huge international interests and therefore, foreign companies are promoting large investments on export infrastructures²¹³.

3.2.1 Oil exploitation

Foreign private companies are usually the first subjects making contact with local governments in order to sign contracts. This was the case of a great oil exploitation project that was proposed to the government of Azerbaijan in 1991. The object was the oil field called Azeri located in the Western part of the Caspian Sea and the foreign companies interested were the British BP and the American Amoco. Later on, two other large oil fields, Chirag and Guneshli, became the object of negotiations between other multinationals²¹⁴. These three oil fields were in reality part of only one huge field called Absheron, which became the object of a larger agreement between several companies, which would be called the “contract of the century”.

The conflict with Armenia over the Nagorno-Karabakh region froze the negotiations for a few years. Azerbaijan found itself pressed in the middle of American interests, oil companies and the Russian plan to destabilize it. Moreover, in 1994 the country fell into a deep recession with the economy falling by almost 12% from the previous year and poverty reaching its peak. According to Vugar Bayramov, founder and chairman of the Center for Economic and Social Development, an independent economic think tank in Azerbaijan, in that period Azerbaijan was not considered an attractive country for foreign investors. Despite this, the huge opportunities given by giant oil fields worked as incentive for investments, which in turn helped the national economy to recover and start growing. Indeed, President Heydar Aliyev had understood that oil could be used as leverage to help the country exit the dramatic situation it was facing. He started to ask for economic support to numerous companies all around the world and finally succeeded in concluding a new agreement in September 1994. The contract was signed by a group of companies which included Amoco, Pennzoil, Unocal and McDermott (United States), British Petroleum, Ramco (Scotland), Lukoil (Russia), Statoil (Norway), Exxon (USA), TPAO (Turkey), Itochu (Japan), Delta (Saudi Arabia) and SOCAR (Azerbaijan). It ratified that Azerbaijan would receive 80% of the revenues gained by the exploitation of the great Absheron field, while the remaining 20% was to be divided among companies by different percentages²¹⁵. This agreement was called “contract of the century” because

213 T. L. Thomas, *Russian National Interests and the Caspian Sea*, in “Perceptions”, Vol: 4, 2000, pp. 75-96, <http://fmso.leavenworth.army.mil/documents/caspian.htm>

214 S. Casertano, *Sfida all'Ultimo Barile*, Francesco Brioschi Editore, 2009, p. 178.

215 Ibidem, p. 183.

of the great importance it had on the economy of Azerbaijan. Not only it involved economy, but also politics was highly influenced by this development. The President of the time Heydar Aliyev heavily endorsed the agreement as it was part of his political plan based on the energy strategy.

The contract served as springboard for numerous following projects, among which there were the main pipelines transporting oil and gas to the European market. It led the way for another agreement in the following years with Agip, Lukoil and Pennzoil for the assignment of extraction rights over another oil field, for example²¹⁶. It also facilitated Azerbaijani involvement into the Interstate Oil and Gas Transportation to Europe (INOGATE) programme, an energy technical assistance programme born in 1996 and funded by the Tacis Regional Cooperation Programme in order to facilitate energy cooperation between Europe and the littoral states of the Black and Caspian seas and their neighbours. Despite its intentions, the INOGATE programme only succeeded at the small investment level, “but lacked a regional management structure and failed to leverage external finance in support of its objectives”, an EU evaluation study reports²¹⁷. Azerbaijan is also part of TRACECA (Transport Corridor Europe, Caucasus, Asia), a multilateral programme born under the aegis of the European Union with the purpose of developing trade by harmonizing and simplifying transport and transit legal framework. Despite all these institutional initiatives, it is fair to state that private initiatives and investments often proved to be more effective at the implementation level.

A number of possible transport routes for Caspian hydrocarbons were examined. The shortest and easiest route to transport Caspian oil would have been the one running southward via Iran to the Persian Gulf. Unsurprisingly, the United States opposed this possibility because of their conflictual relation with Iran. An alternative proposition was to transport oil via Armenia to Turkey, rejected by Azerbaijan due to the unresolved conflict over Nagorno-Karabakh. The other possibility was supposed to reach the port of Novorossiysk on the Russian Black Sea coast was not chosen because of the American intention to bypass Russia. De Haas argues that other reasons were at the base of the rejection of the latter transit route: the security threats given by the war in Chechnya and the will of Turkey to decrease the volume of oil-tanker traffic through the Bosphorus²¹⁸.

Finally, in December 1994, the governments of Turkey and Georgia advanced the proposal of routing the main export through Georgia rather than Armenia, thus anchoring Azerbaijan, Georgia and Turkey to the West while at the same time undercutting Russia’s influence in the region. All these reasons made the United States opt for this possibility. Therefore, the first and most famous

216 Ibidem, p. 184.

217 EuropeAid website http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2000/951599_docs_en.htm.

218 M. de Haas, A. Tibold, V. Cillessen, *Geo-strategy in the South Caucasus: power play and energy security of states and organisations*, p. 14.

oil pipeline built to access Caspian oil by bypassing the Russian territory became the Baku-Tbilisi-Ceyhan (BTC), which connects the Caspian basin with the Mediterranean port of Ceyhan in Turkey, as we already mentioned in the previous chapter. The first agreement was followed by many years of negotiations, until the Trabzon meeting on April 26, 1998 and finally the Ankara Declaration on Caspian and Central Asian Oil Transit to the World Markets on 29 October 1998, when the presidents of Turkey, Azerbaijan, Georgia and Kazakhstan signed the definitive agreement. This agreement was approved by the US energy Minister of that time and followed by the Intergovernmental Declaration on the Principles of the Trans-Caspian Pipeline Construction signed during the OSCE's Istanbul Summit on 19 November 1999, to which also Turkmenistan adhered and was finally approved by the US President Bill Clinton²¹⁹. Despite being longer and more expensive than other possible routes, the BTC represented the best solution for all actors involved.

Azeri oil pipelines



Source: Embassy of Azerbaijan in Turkey

Besides BTC, Azerbaijan also has other two pipelines bringing Caspian oil across its territory: the Baku-Supsa and the Baku-Novorossiysk pipelines. The first has an estimated capacity of 145,000 barrels per day and runs 520 miles from Baku to Supsa, on the Georgian coast of the Black Sea. It is managed by BP which is the main stakeholder and is property of the members of the Azerbaijan International Operating Company (AIOC). The second is the Northern route which runs from Sangachal terminal in Azerbaijan to the Russian port of Novorossiysk on the Black Sea for 830 miles. It has a capacity of 100,000 barrels per day and its Azeri section is managed by SOCAR, while the Russian section by Transneft²²⁰.

219 I. S. Zonn, A.N. Kosasrev, M. Glantz, A.G. Kostianoy, *The Caspian Sea Encyclopedia*, Springer, 2010, p. 65.

220 Website of the Italian Embassy in Baku

http://www.ambbaku.esteri.it/Ambasciata_Baku/Menu/I_rapporti_bilaterali/Cooperazione_economica/Sezione_Oleodotti_e_Gasdotti/.

The majority of Azeri oil is however transported through the BTC. The construction of the pipeline was initiated in 2003 and completed by the end of 2005 at the cost of 3.9 billion dollars: Azeri and Kazakh crude oil had started to be pumped through it in the month of May of the same year, although the pipeline became fully operational only in 2006. The BTC can transport up to one million barrels a day and with its 1,768 kilometres, it is one of the longest of its kind in the world. The pipeline is buried for its entire length but its functioning requires more than a hundred of above ground installations. Today, oil supplies are delivered by tanker across the Caspian to Baku and then they run underground from the Caspian Azeri-Chirag-Guneshli fields across Azerbaijan for 443 km, Georgia for 249 and Turkey for 1076 km all the way to the port of Ceyhan Marine Terminal²²¹. From here, the oil is shipped by tanker to the European markets. According to 2012 calculations, in that year the pipeline was transporting 800,000 barrels of oil per day. The Russian government clearly condemned the project and considered it a “political stunt without a serious economic basis and intended solely to reroute oil bound for Europe from the Caspian region, bypassing Russia.”²²² It also declared that the project was not commercially profitable and that Azerbaijan did not have sufficient reserves of oil to fill the pipeline.

The BTC project was developed by a consortium of companies named BTC Company or AIOC, which put together the affiliates of eleven national and international oil companies, with British Petroleum as the main shareholder and operator of the company. Around 70% of total costs were funded by a group of lenders that included the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), the export credit agencies of seven different countries, and a group of fifteen commercial banks. After two years of evaluation of the potential environmental and social impacts of the projects, financing was finally agreed in February 2004, an IFC study declares²²³. Kazakhstan is also involved on the project, as we mentioned before, through a contract with Azerbaijan and the BTC Pipeline Company to ship via the BTC up to 500,000 barrels of oil per day. Kazakh oil is carried on ship tankers across the Caspian Sea to the Sangachal Terminal near Baku.

In this framework, Turkey has a significant role as a corridor between South Caucasus and the European market, both for economic as well as energy security interests. Turkey was very much aware of this potential and therefore it increasingly invested in the oil and gas sectors of the region,

221 British Petroleum Georgia <http://www.bpgeorgia.ge/go/doc/1339/150562/Baku-Tbilisi-Ceyhan-BTC-Pipeline->

222 A. Ryabov, *Russian interests and strategies in South Caucasus*, p. 268.

223 *The Baku-Tbilisi-Ceyhan (BTC) Pipeline Project*, Lessons of Experience no.2, International Finance Corporation, September 2006,
http://www.ifc.org/wps/wcm/connect/d01d2180488556f0bb0cfb6a6515bb18/BTC_LOE_Final.pdf?MOD=AJPERES&CACHEID=d01d2180488556f0bb0cfb6a6515bb18

it enhanced mutual economic links with its neighbours and thus secured the flow of new hydrocarbons to the West. In the early 2000s, the EU viewed Turkey as a security factor²²⁴. Moreover, Turkish strong relations with the United States served as incentive for the BTC pipeline final approval, given that Turkey was a stable ally of NATO. Turkey itself could take advantage of the project, both because it “took the pressure off the congested Straits” and because it “compensated Turkey for the closure of the Kirkuk-Ceyhan pipeline due to the Gulf War”²²⁵.

3.2.2 The key role of natural gas

Parallel to BTC was designed a shorter gas pipeline linking Baku to Erzurum, a town in the middle of Anatolia, thus called BTE (Baku-Tbilisi-Erzurum). Natural gas has become a strategic source of energy, as we stated before, and its production and exploitation is a highly critical issue. Today both lines are operational but they are not exploited with the same intensity. During the first years of functioning, while BTC had become one of the world’s most important pipeline projects in the world, while BTE remained highly under-exploited. Indeed, in 2012, it carried around five to six billion cubic metres of gas a year for 918 kilometres length. However, a much larger project concerns BTE today, with the aim of enlarging its potential and bringing Caspian gas all the way to Europe. BTC and BTE are highly linked to each other, both at the symbolic and at the practical level, J. Roberts explains. According to him, not only “BTC has supplied BTE with a right-of-way extending deep into Turkey”, but also the proceeds of its revenues largely financed expansions or replacements made to the BTE system²²⁶.

While the oil export route is already pumping Azeri natural oil to Europe, this is not the case of natural gas. The pipeline is currently bringing gas to Georgia and Turkey, but its Westward expansion is still under negotiation. Indeed, the prosecution or the replacement of the BTE, also called South Caucasus Pipeline (SCP), has been a hard issue to resolve, as the numerous actors involved had specific and often conflicting interests.

The bulk of Azeri natural gas lies under Caspian waters, in the so-called Shah Deniz gas field, in the Southern part of the sea. It was discovered in 1999 and it is one of the world’s largest gas-condensate fields with over one trillion cubic metres of gas in place. It is located 70 kilometres South-East of Baku, in water depths ranging from 50 up to 500 metres. The exploitation of this huge reserve started in 2006, after almost a decade of negotiations. In June 2006, a production sharing agreement was signed between seven oil companies and the government of Azerbaijan for

224 E. J. Omonbude, *Cross Border Oil and Gas Pipelines and The Role of The Transit Country*, Palgrave Macmillan, New York, 2013, p. 68.

225 Ibidem.

226 J. Roberts, *The Southern Corridor: Baku-Tbilisi-Ceyhan’s gas legacy*, Turkish Policy Quarterly, vol.11 no.2, 2012, p. 78, <http://www.turkishpolicy.com/dosyalar/files/2012-02roberts.pdf>

the drilling of the field, thus starting the so-called Shah Deniz Stage 1. BP and Statoil were the major investors with a share of 25.5% each, even though Statoil reduced its participation in the project to 15.5% in the first half of 2014²²⁷. SOCAR did not have the technical, financial or staffing capacities to take the leadership of the project, nor to own the majority shares, however it owns today around 15%. This huge investment was said to help Azerbaijan with large benefits, going from high revenues and job creation, to the introduction of new technologies and the construction of valuable infrastructure. On the other hand, the other companies and countries involved in the partnership had political, strategic and commercial interests in the project (besides the already explained interest to balance Russia and avoid Iran)²²⁸.

The Southern Corridor project



Source: Osservatorio Balcani e Caucaso

At the political level, the construction of the new Southern Corridor that should bring Azeri gas directly to Europe gives Azerbaijan closer security cooperation with the United States and NATO, as well as with single European states and the EU as a whole. The project also strengthens the relation between Azerbaijan and Turkey, which increases its participation in Caspian energy projects. Indeed, Ankara has its own ambitions to become a regional and international energy hub at the crossroad of the East rich in hydrocarbons and the West in need of them, as we stated before. This would give Turkey a double leverage: a political one against the EU in regard of its accession

227 S. Bellomo, *E.On e Total verso l'uscita dal gasdotto TAP*, Il Sole 24 Ore online, 03/06/2014, <http://www.ilsole24ore.com/art/finanza-e-mercato/2014-06-03/eon-e-total-l-uscita-gasdotto-tap-211909.shtml?uuid=AB0OoRNB>.

228 G. Rzayeva, *The Southern Corridor: Azerbaijani Perspective from Well Head to End Users*, p. 126.

to the Union, and an economic one against Azerbaijan over gas negotiations. Concerning Azeri interests, its relations with Georgia will benefit from the project, as the latter also aims at minimize its dependence on Russian oil and gas. Moreover, Rzayeva claims that the Shah Deniz project is strategic for Azerbaijan with regard to the resolution of the Nagorno-Karabakh conflict with Armenia. According to her, Baku aims at using its growing energy potential as a tool to gain broader international support which becomes a potential leverage in the context of the war²²⁹.

The so-called Nabucco project has been one of the main and most-debated solutions proposed to extend the BTE pipeline in order to bring Caspian gas across Eastern Europe up to Austria. In 2013 it was dropped in favour of the concurrent Trans-Adriatic Pipeline (TAP). This decision lies both on geopolitical and economic reasons but it was not taken in Brussels, but in Baku, Weiss argues²³⁰. What is sure is that Russia will benefit from it, as the Eastern European countries will still have to rely on its distribution channels. The original project dates back to 2002 and it aimed at linking Azeri gas directly to the EU territory. However, it was later considered too expensive and risky and all possible supplier countries rejected the idea. As a consequence, the project was divided into two sections: the Eastern one linking Azerbaijan to Turkey through Georgia and the Western one linking Turkey to Austria through Bulgaria, Romania and Hungary, finally replaced by Trans-Anatolian Pipeline (TANAP) and by TAP respectively.

The Nabucco project was highly endorsed by the US and the EU and the response of Russia did not take long time to arrive. In 2005, the North Stream pipeline, which would export Russian gas under the Baltic to Germany started to be built. It became operational in 2011. Along with the North Stream project, Russia also proposed the so-called South Stream pipeline project in 2007, which aimed at bringing gas to Western Europe by crossing the Black Sea and the Balkans while avoiding Ukraine. Not all European countries were however supporting Nabucco. Rather they were attracted by the South Stream project, before the Trans-Adriatic pipeline was proposed²³¹. The construction of South Stream began in 2012, although, according to Floros, the European Commission is currently trying to stop the regulatory development of the pipeline. In fact, it announced that the project does not respect European law in a few aspects, while the countries crossed by the pipeline define it as a priority project.²³² It is very recent news, however, that in November 2014 Putin declared that the South Stream project, as it was designed, has been

229 G. Rzayeva, *The Southern Corridor: Azerbaijani Perspective from Well Head to End Users*, p. 127.

230 C. Weiss, *European Union's Nabucco pipeline project aborted*, 13 July 2013, <http://www.wsws.org/en/articles/2013/07/13/nabu-j13.html>.

231 J. Wisniewski, *EU Energy Diversification Policy and the Case of South Caucasus*, p. 74.

232 D. Floros, *Tap e South Stream: i due pesi e le due misure dell'Europa*, Limes online, 26/06/2014, <http://temi.repubblica.it/limes/tap-e-south-stream-i-due-pesi-e-le-due-misure-delleuropa/63367>.

cancelled. The pipeline will no longer cross Bulgaria and the other Balkan countries, but it will be directed toward Turkey and Greece. The societies involved in the investments decided to withdraw and sell all their shares to Gazprom.

Planned South Stream and Nabucco gas pipelines



Source : BBC News online <http://news.bbc.co.uk/2/hi/europe/7799396.stm>

The final project approved to deliver Shah Deniz gas to Western Europe is therefore composed by three sections: the BTE, TANAP and TAP pipelines. The total length will comprise more than 3,500 kilometres, an investment of 45 billion dollars and 13 international companies involved. The total capacity will be 100 billion cubic metres of natural gas. The Western section runs through Greece and Albania and under the Adriatic Sea to Southern Italy and is 500 kilometres shorter than the route proposed by Nabucco-West. It represents the implementation of the so-called Shah Deniz Stage 2 project and is said to be operational by 2018. Maybe not everybody knows, however, that this road is two thousand years old, build by the Romans who wanted to control the only pass existing between Southern and Northern Caucasus. The ancient *via Egnazia* became the Silk Road and is today commonly recognized as the new Gas Road. It will contribute heavily to the needs of Italy, for example, thus helping the country to rely more on methane gas rather than on coal and oil, but also to sort it to its neighbouring countries. Through specific branches, this new pipeline will also supply with gas the South-East European countries, Israel and even Iran²³³. As for TANAP, Mr. Magsud Mammadov, External Relations Director of [TANAP](#) declared that the construction of the middle section will begin in 2015, start to operate in Turkey by 2018 and be linked to TAP by 2019. Georgia and Turkey will be the first countries receiving gas supplies in 2018, while gas

233 C. Vulpio, *La Via del Gas, dal Caspio all'Adriatico*, Corriere della Sera, 2014, <http://reportage.corriere.it/esteri/2014/da-baku-a-brindisi-lungo-la-via-del-gas/>

deliveries to Europe are expected to take place one year later. The complete Southern Corridor project is said to be one of the largest gas developments of the world and will be the first to bring Caspian oil to Europe directly.

3.3 Final considerations

The great winner of BTC and Southern Corridor projects is, more than anyone else, Azerbaijan, or at least its political and economic elites. The enlarging of pipelines allowed the country to increase the exports of oil towards the European Union drastically, thus deepening mutual interdependence. Since the demand of natural gas is expected to increase significantly among European countries, the South Caspian transit route will reveal itself a golden mine. Azerbaijan has become one of the world's fastest growing economies thanks to the expansion of its oil sector and mostly after the construction of the BTC pipeline. Indeed, the country "has gained a lot from numerous oil agreements signed with many of the leading international companies"²³⁴. The country has recently become the destination of large amounts of foreign direct investment, even though the resulting revenues are not well distributed. As a consequence, there are wide districts, especially in the Western part of the country, which have very low income and high rates of poverty²³⁵. Oil producers are the real gainers of this match and because they are largely also gas producers, they started to make a lot of money from gas as well. The opening of the BTC pipeline and the attendant development of the giant Azeri-Chirag-Guneshli field made exports rise at a staggering pace, also supported by rising oil prices. In this framework, Baku started to understand that its priority - besides the supply of the domestic market - had to be investments in export-oriented projects in Turkey that could use Azeri oil and gas as feedstock, Roberts argues²³⁶. By mid-2012, the State Oil Fund of Azerbaijan (SOCAR) had collected around 52.8 billion dollars in energy revenues, he continues, although the majority of it was handled in the last few years, "with its earlier receipts essentially going straight to the government to fund the national budget". All this was happening despite the fact that Azeri oil production has not risen as far or as fast as expected. However, the government and its principal company, SOCAR, had now access to giant amounts of investment capital.

The construction of alternative transit routes for such strategic resources as hydrocarbons creates discontent and reactions in other countries' environments. The Russian government did not appreciate the attempt to cut it out of the production and distribution channels, especially for

234 E. Nuriyev, *The EU policy in the South Caucasus: the case of post-Soviet Azerbaijan*, Working paper at the Research Unit Russia/CIS Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, May 2007, http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/SWP_RP_Nuriyev_ks.pdf

235 Ibidem.

236 J. Roberts, *The Southern Corridor: Baku-Tbilisi-Ceyhan's gas legacy*, p. 86.

natural gas. Moreover, South Caucasus is not a peaceful region, as we explained in the previous chapters, and it is also situated next to hot areas, such as Chechnya. Therefore, the question of security has been addressed by a few authors underlying the BTC and BTE are possible targets of sabotages. In 2008 an explosion was actually provoked at the Turkish sector of the pipeline near the town of Refahiye, causing the closure of the pipeline for about three weeks. The Kurdish separatists of the PKK party claimed credit on the attack, even though US intelligence officials have recently spoken about a Russian cyberattack²³⁷. Nuriyev argues that the European Union has to keep constant guarding on the pipeline to prevent sabotage, as its vulnerability represent a potential destabilizing factor on European markets²³⁸.

However, not all authors share this opinion. According to Sokov, for example, alternative energy routes are not as vulnerable as some believe. He points out that, even after a very critical political and military confrontation with Georgia, in the last ten years, Russia has not tried to use its armed forces to tamper any pipeline project. Even if they had the possibility to do so during the “five-day war”, they “abstained from threatening to use force to interrupt deliveries”, and they also “refrained from bombing them”²³⁹. It is true, however, that the expectations of Russian military actions can influence decision makers, as it is confirmed by the temporary halting of the pumping of oil through the Baku-Supsa line during the conflict by the Azeri government. It is true that Russia’s dependence on the EU for credits, consumer products, assembly plant parts and so on, balances Europe’s dependence on Russian oil and gas and that whenever this mutual dependence crashes because of alternative energy routes, Russia would lose its leverage. However, this leverage is very limited, “more than conventional wisdom would suggest”²⁴⁰, Sokov continues.

In this chapter we explained how in recent years South Caucasus countries, especially Azerbaijan and Georgia, have tried to gain political and economic autonomy vis-à-vis the Russian Federation. We focused on the energy sector because it is the most strategic and globally relevant. We underlined how Western economies, in particular the EU, are investing in the region to find alternative transit routes for the huge amounts of energy they need to import and of which South Caucasus and the Caspian Sea are rich. As a result, control over energy became even more important in Russian foreign policy, even though with significant differences in the three South Caucasus states.

237 J. Kucera, *U.S. Intelligence: Russia Sabotaged BTC Pipeline Ahead Of 2008 Georgia War*, 10/12/2014, <http://www.eurasianet.org/node/71291>.

238 E. Nuriyev, *The EU policy in the South Caucasus: the case of post-Soviet Azerbaijan*

239 N. Sokov, *The South Caucasus Corridor after the Russian-Georgian War*, PONARS Eurasia Policy Memo No. 49, 2009, http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pepm_049.pdf.

240 Ibidem.

Arakelyan notes that in the years preceding the Russo-Georgian war of 2008, for instance, Russian economic pressures on Georgia were comparable to those on Ukraine, directed both to the domestic and the foreign policy orientation of the country²⁴¹. Despite the deterioration of bilateral relations after the Rose Revolution of 2003, by 2008 Russian firms were still owning much of the internal energy distribution system of Georgia. This was the price to be paid in order to cover Georgia's debt for energy imports from Russia. The re-routing of oil and gas resources clearly influences this situation, by giving alternative supplies to Georgia, but also alternative political and economic support. Differently from Georgia, Azerbaijan has some strength to be used in the confrontation with Russia, thanks to its large oil and gas reserves. It represents a valid alternative energy producer and therefore, it has a favourable position between Europe and the Russian Federation. For its part, Armenia is in a much weaker position vis-à-vis Russia, compared to Georgia or Azerbaijan. Its economic weakness and its political and geographical isolation makes it heavily dependent on Russia for both security and the economy. Yerevan has not yet established strong economic ties with the EU and the critical relations it has with practically all its neighbours allowed Moscow to overwhelm its economy and society²⁴². To conclude, even though there is evidence that the main objectives of European policy in the area turn around security, recent international changes in the energy realm have shown how it is absolutely necessary for Europe to diversify its energy supplies. Today, South Caucasus represents one of the best solutions to achieve the goal.

241 L. A. Arakelyan and Roger E. Kanet, *Russian Energy Policy in the South Caucasus*, pp. 265-286.

242 Ibidem.

Conclusion

The Caucasus, throughout its history, has been a borderland. It has been an area over which empires have competed; an area in which civilizations and religions met; it has served both as bridge and barrier to contacts between north and south, and between east and west²⁴³. In this sense, the Russian empire has been seeking Transcaucasia's conquest in order to be able to move south, towards Iran and the Ottoman Empire. The South Caucasus would have been a southern flank from which Russia could base its further advances southward; it would have also been a protection, a sort of buffer zone against invasions from the south, thereby preventing them from reaching Russia. By the end of the 18th century, the expansion of the Russian Empire was at the peak of its military victories. Its geopolitical interests and greed for a greater influence within the region, transformed the South Caucasus in an affordable grip.

Russia's biggest concern regarding Transcaucasia, has not been the military conquest but instead its administration. There have been two different ways of dealing with the issue, the central and the regionalist one. According to the first one, the Empire's rules had to be put in practise in the region in the fastest and best way possible, and yet according to the latter one, the local law and its representatives had to be part of the political project in order to achieve a healthier and convenient compliancy. Russia's strategy, in Transcaucasia as in the rest of its immense territories was not ever during; rather it was the consequence of political and military necessities, therefore, both strategies were put into practise with arguable results. Even though, pursuant to the failing management, Russian authorities did realise that the Caucasus region was not minded to withstand the Empire's suffocating pressure, therefore, regionalism was finally preferred to control the region.

The weakening of the Soviet's repressive character during the post-Stalin decades, contributed to make Transcaucasia's national sentiment reemerge. Logically, this kind of sentiment was easier to emerge within a reality full of historical and cultural traditions. Therefore, in this respect Georgia

243 S. Cornell, *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus*, London, Routledge Curzon Caucasus World, 2001, p. 2

and Armenia were particularly active compared to Azerbaijan. After centuries of Russian and Soviet domination things were supposed to improve and reliance on Russia to be broken off. What is to be underlined from the first chapter is Russia's incapacity to handle fruitful relations with the South Caucasus area. During the centuries the general resentment towards Moscow took roots through the former Transcaucasia. In addition, another key concept is Russia's willingness to maintain control over the former soviet republics even after the Soviet dissolution and the birth of the three South Caucasian Republics.

When Mr. Putin assumed the presidency on 31 December 1999, the Russian state was definitely weak. Essentially, Putin found himself in front of a virgin soil, a virgin state that could and had to be transformed under his presidency. The new President wanted Russia to place itself in the centre of the world: his view was globalist and there was nothing to ask for Russians, they just had to be confident and “re-conquer” the world. Russia and its President wanted to be proud of their origins and history, respected by the international arena and part of the capitalist economy and globalised world. Russia claimed its European inheritance without neglecting relations with China. Putin has been able to give value to the identity issue, seeping self confidence and playing on multiple tables.

In our case, the South Caucasus region is of Russia's interest both in terms of ensuring Moscow's security and in terms of its economy as well. There are many factors determining the importance of this region such as: its borders on the North Caucasus, which naturally constitutes an internal threat for Russia, it separates Moscow from Turkey and Iran, its internal deep instability, its strategic position concerning oil issues and finally, an important interest has been paid to South caucasus by global and regional powers.

In this sense, Putin represented the man who would put in practice policies that would permit larger Russian influence within areas perceived to be under Russian sphere of influence. South Caucasus was one of these areas and became an important “battlefield” for Putin and his advisors willing to bring back Russia at the edge of the International Community. Its strategic location between Russia and Iran and between Europe and Asia gradually led to an increased geopolitical attention toward South Caucasus, also thanks to its internal energy reserves (in particular oil and natural gas) and its position as the chief route for the westward export of Caspian energy resources. Moreover, after September 11, 2001, South Caucasus came to the fore and lost its sideline position in international politics.

Putin decided that the Russian sentiment of frustration over its lost empire and its lack of a precise position within the international chessboard had to be filled up. The decision was that of a direct involvement within the regions that were considered to be Russia's “areas of particular interest” due

to their Imperial and then Soviet past. In this way, South Caucasus became a concrete objective on Putin's agenda and the re-acquisition of a more solid position in the eyes of the West was one of the most significant reasons underpinning this shift. In addition, Putin's concerns were addressed to the new states born near the Russian Federation's borders because they became a possible target for all the most powerful global players. US, NATO and the EU were ready to take advantage of the situation and get involved in the region. Furthermore, some regional powers, such as Iran and Turkey, wanted to be part of the game as well. The geopolitical importance of the South Caucasus region has been already noted above and therefore it is not surprising that the region raised the competition between the most influent international actors.

During the Soviet period, Western countries had no real interests in the South Caucasus area, as it was politically and economically inaccessible. With the disintegration of the USSR and the security system guaranteed by the Warsaw Pact, new political and economic spaces opened towards the world market and became attractive for the United States, NATO and the European Union. Therefore, in conjunction with NATO and the EU eastward enlargement, energy security became a key issue, both for the U.S. and Europe, being the latter highly dependent on Russian oil and natural gas.

The Azeri oil and gas reserves contributed to amplify rivalries about the political and economic control of South Caucasus and Caspian area. Indeed, besides the oil and gas reserves, South Caucasus became of fundamental importance because it guaranteed direct access to Central Asian oil and gas supplies and an alternative route to some of the energy resources of the Middle East. In particular, Azerbaijan and Georgia acquired new international roles, as an oil producer and a potential transit country respectively, strengthening the standing of these states in regional politics and incentive other actors of the area to reinforce their resistance to Russian influence.

In particular the Central and Eastern European members rely heavily on natural gas supplied by the energy champion Gazprom. In this sense, EU has become much aware of the risks given by excessive dependence on a single supplier and of the importance of homogeneity of energy imports. Diversifying its suppliers and the supply routes with the aim of strengthening its energy security became EU's and generally the West's objective. Therefore, attempts to reduce Russia's dominating role as energy supplier have been put into practise. Various political and economic reasons convinced the Western oil consumers, in particular the United States, to start building new pipelines which gave direct access to the Caspian and Central Asian oil and gas field.

This agreement was called "contract of the century" because of the great importance it had on the economy of Azerbaijan. The contract served as springboard for numerous following projects,

among which there were the main pipelines transporting oil and gas to the European market. Therefore, the first and most famous oil pipeline built to access Caspian oil by bypassing the Russian territory became the Baku-Tbilisi-Ceyhan (BTC), which connects the Caspian basin with the Mediterranean port of Ceyhan in Turkey. The majority of Azeri oil is however transported through the BTC. The construction of the pipeline was initiated in 2003 and completed by the end of 2005 at the cost of 3.9 billion dollars: Azeri and Kazakh crude oil had started to be pumped through it in the month of May of the same year, although the pipeline became fully operational only in 2006. Parallel to BTC was designed a shorter gas pipeline linking Baku to Erzurum, a town in the middle of Anatolia, thus called BTE (Baku-Tbilisi-Erzurum). Natural gas has become a strategic source of energy, as we stated before, and its production and exploitation is a highly critical issue. Today both lines are operational but they are not exploited with the same intensity.

The great winner of BTC and Southern Corridor projects is, more than anyone else, Azerbaijan, or at least its political and economic elites. The enlarging of pipelines allowed the country to increase the exports of oil towards the European Union drastically, thus deepening mutual interdependence. Moreover, Moscow had demonstrated its intention to maintain its influence in oil issues as well.

As it has been en-lighted the South Caucasus share a common past, present and probably future with the Russian Federation. Since the beginning of the Russian invasion relations have been arduous. Georgia, Armenia and Azerbaijan have never really accepted Moscow's domination through the centuries. Moving to the last decades, the above-mentioned issue has to be kept in mind. In fact, after an initial hesitant post USSR dissolution period, the Russian Federation, represented by Vladimir Putin, landed again on the three Caucasian states. Russia was seeking a place in the international arena and the re-appropriation of its former republics was decided to be the best choice. South Caucasus represented a weak region, flogged by instability and of vital importance from a strategic point of view. In addition, Azeri oil and gas revenues contributed to the South Caucasus' fame and the attention that the global powers payed on the area. Economic interests and an identity re-appropriation process were respectively West's and Russia's objectives. On the one hand, US and EU were seeking different ways in order to better diversify its oil and gas partners, which in addition would have removed the Caucasian states from the Russian chessboard. An opportunity that could not be wasted. On the other hand, Russia would have gained influence through regional and global forces due to its imposition in the South Caucasus and the former soviet republics.

The challenge between West and Russia is still in operation and probably never soothed. The South Caucasus has been another step through the post cold war time. The Western attempt to penetrate

the region through the “contract of the century”, the 2008 “five days War, and the Sochi winter Olympics recall the engaging post Communist South Caucasian years. Independence was not enough for Georgia, Armenia and Azerbaijan to definitively distance Moscow's shadow. Meanwhile, the West has not been strong enough to definitively get its hands on the countries, instilling democratic principles.

BIBLIOGRAFY

MONOGRAFIES:

- Z. Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, Basic Books, New York, 1997,
- T. Barnett, *The Pentagon's New Map: War and Peace in the Twenty-First Century*, New York, G. P. Putnam's Sons, 2004.
- U. Biliardo, G. Mureddu, *Traffico petrolifero e sostenibilità ambientale*, Unione Petrolifera, 2004.
- S. Casertano, *Sfida all'Ultimo Barile*, Francesco Brioschi Editore, 2009
- F. Coene, *The Caucasus: An Introduction*, New York, Routledge, 2010.
- S. B. Cohen, *Geopolitics: The Geography of International Relations*, London, Rowman & Littlefield Publishers, 2009.
- S. E. Cornell, *Azerbaijan since Independence*, New York, Central Asia-Caucasus Institution, 2010.

- S. E. Cornell, *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus*, London, Routledge Curzon Caucasus World, 2001.

- R. Craig, *Russia, the United States, and the Caucasus*, Nation, February 2007

- R. H. Donaldson, *Boris Yeltsin's Foreign Policy*, Tulsa, Tulsa University Press, 1999.

- A. Ferrari, *Breve Storia del Caucaso*, Roma, Carocci, 2007.

- S. Giusti, *La proiezione esterna della Federazione Russa*, Pisa, ETS, 2013.

- S. P Huntington, *The Clash of Civilizations and the Remaking of World Order*, New York, Touchstone Books, 1996.

- L. Gudkov-V. Zaslavsky, *La Russia da Gorbaciov a Putin*, Bologna, Il Mulino, 2010.

- S. F. Jones, *Georgia: A Political History Since Independence*, I.B.Tauris, 2014.

- E. Karagiannis, *Energy and Security in the Caucasus*, London, Routledge Curzon, 2002.

- C. King, *The Ghost of Freedom: A History of the Caucasus*, New York, Oxford University Press, 2008.

- B. Lo, *Russian Foreign Policy in the Post-Soviet Era: Reality, Illusion and Mythmaking*, Palgrave Macmillan, 2002.

- B. Lo, *Vladimir Putin and the Evolution of Russian Foreign Policy*, Blackwell and Chatham House, 2003.

- J. Mankoff, *Russian Foreign Policy: The Return of Great Power Politics*, Maryland, Rowman and Littlefield, 2011.

- M. Massari, *Russia: democrazia europea o potenza globale?*, Milano, Guerini, 2009.

- G. Natalizia, *D. P. Vincelli, Azerbaijan, una lunga storia*, Firenze, Passigli Editori, 2012.

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

- J. Nixey, *The South Caucasus: Drama on three stages*, in R. Niblett (ed), *America and a changed world: a question of leadership*, London, Chatham House, 2010.

- E. J. Omonbude, *Cross Border Oil and Gas Pipelines and The Role of The Transit Country*, Palgrave Macmillan, New York, 2013.

- R. Pipes, *The Formation of the Soviet Union. Communism and Nationalism, 1917-1923*, Cambridge, Cambridge University Press, 1954.

- R. G. Suny, *The making of the Georgian nation*, Indiana, Indiana University Press, 1994.

- R. G. Suny, *The Revenge of the Past Nationalism, Revolution and the Collapse of the Soviet Union*, Stanford, Stanford University Press, 1991.

- D. Trenin, *The end of Eurasia: Russia on the border between geopolitics and Globalisation*, New York, Carnegie Endowment for International Peace, 2001.

- D. Trenin, *Post-Imperium: a Eurasian Story*, Washington, Carnegie Endowment for International Peace, 2011.

- A. P. Tsygankov, *Russia's Foreign Policy: Change and Continuity in National Identity*, Lanham, Maryland, Rowman & Littlefield Publishers, 2011.

- T. de Waal, *The Caucasus: An Introduction*, Oxford, Oxford University Press, 2010.

- D. Yergin, *The Prize: the Epic Quest for Oil, Money and Power*, Simon & Schuster, New York, 1991.

- I. S. Zonn, A.N. Kosasrev, M. Glantz, A.G. Kostianoy, *The Caspian Sea Encyclopedia*, Springer, 2010.

- K.C. Smith, *Russian Energy Politics in the Baltics, Poland and Ukraine: a New Stealth Imperialism?*, Washington, Center for Strategic and International Studies, 2004.

ARTICLES:

- K. Abushov, *Policing the Near Abroad: Russian Foreign Policy in the South Caucasus*, Australian Journal of International Affairs, 2009, pp. 187- 190

- L. A. Arakelyan and Roger E. Kanet, *Russian Energy Policy in the South Caucasus*, in Maria Raquel Freire and Roger E. Kanet (eds.), *Russia and Its Near Neighbours: Identity, Interests and Foreign Policy* Houndmills, UK: Palgrave Macmillan, 2012, pp. 265-286.

- M. Aydin, “*Foucault’s Pendulum: Turkey in Central Asia and the Caucasus*”, Turkish Studies , Vo. 5, Issue 2, 2004, pp. 1-22

- M. Aydin, *(In)Security and Geopolitics in the Post-Soviet Eurasia, 1989-2005: Regional Threats, Transnational Challenges, and Global Responses*, in M. Aydin, K. Infantis (Ed.s), *International Security today, Understanding change and debating strategy*, http://www.academia.edu/715901/International_Security_Today_Understanding_Change_and_Debating_Strategy, 2006

- B. Balci, *Strengths and Constraints of Turkish foreign Policy in South Caucasus*, Commentary in Carnegie Endowment for International Peace, 2014, p. 44
<http://spire.sciencespo.fr/hdl:/2441/3knj4st5ea8okohk2drjne6vaa/resources/strengths-and-constraints-of-turkish-policy-in-the-south-caucasus.pdf>

- S. Bellomo, *Exon e Total verso l’uscita dal gasdotto TAP*, Il Sole 24 Ore online, 03/06/2014, <http://www.ilsole24ore.com/art/finanza-e-mercati/2014-06-03/eon-e-total-l-uscita-gasdotto-tap-211909.shtml?uuid=AB0OoRNB>

- M. R. Bessinger, *Structure and Example in Modular Political Phenomena: The Diffusion of Bulldozer/Rose/Orange/Tulip Revolutions*, *Perspectives on Politics*, Vol.5. No.2, June 2007, <http://www.princeton.edu/~mbeissin/beissinger.modrev.article.pdf>, p. 216

- E. Brumer, *Russian foreign policy beyond Putin*, International Institute for Strategic Studies, Adelphi Paper 390, October 2007, Friedrich Ebert Stiftung Institution, South Caucasus, 20 Years of Independence, Berlin, 2011, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>

- S.V Chugrov, *Russian foreign policy and human rights; conflicted culture and uncertain policy*, D.P Forsythe (ed), *Human Rights and Comparative Foreign Policy: foundations of peace*, 2000, pp. 22-25 <http://www.corteidh.or.cr/tablas/27531.pdf>

- S. E. Cornell, *The Nagorno-Karabakh Conflict*, Report no. 46, Department of East European Studies, Uppsala University, 1999, http://edoc.bibliothek.uni-halle.de/servlets/MCRFileNodeServlet/HALCoRe_derivate_00003079/Nagorno-Karabakh%20Conflict.pdf

- S. E. Cornell, *Regional Security in the South Caucasus: The Role of NATO*, <http://www.silkroadstudies.org/new/docs/publications/2004/nato.pdf>, 2004.

- L. Delcour, *Armenia in the 21st century*, <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR019/SR019-Delcour.pdf>, pp. 38-39

- D. Floros, *Tap e South Stream: i due pesi e le due misure dell'Europa*, Limes online, 26/06/2014, <http://temi.repubblica.it/limes/tap-e-south-stream-i-due-pesi-e-le-due-misure-delleuropa/63367>

- C. Frappi, *EU Energy Security Policies and Azerbaijan*, in C. Frappi and G. Pashayeva (ed.s), *The EU Eastern Partnership: Common Framework or Wider Opportunity?*, Milano, Egea Edizioni, 2012, pp. 43-65.

- S. Freni, *Azerbaijan-Russia relations: An analysis of Russian Hegemony*, http://www.academia.edu/851773/AzerbaijanRussia_Relations_An_Analysis_of_Hegemony, 2011.

- R. Giragosian, *US National Interests and Engagement Strategies in the South Caucasus*, in *South Caucasus 20 years of Independence*, Friedrich-Ebert-Stiftung (ed.), pp. 214-258,
<http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>

- G. Friedman, *The Russo-Georgian War and the Balance of Power*, Stratfor Global Intelligence, August 12, 2008,
http://www.stratfor.com/weekly/russo_georgian_war_and_balance_power#axzz3KZIE4SM0

- T. German, *Russia and the Competition for Influence in the South Caucasus*, paper presented at British International Studies Association conference, Manchester, April 2011,
http://bisa.ac.uk/index.php?option=com_bisa&task=download_paper&no_html=1&passed_paper_id=196

- T. H. Graham, *Russia's Decline and Uncertain Recovery*, New York, Carnegie Endowment for International Peace, 2006 carnegieendowment.org/2002/05/29/russia-s-decline-and-uncertain-recovery.pdf

- M. de Haas, A. Tibold, V. Cillessen, *Geo-strategy in the South Caucasus: power play and energy security of states and organisations*, Clingendael Institute, 2006,
http://www.clingendael.nl/sites/default/files/20061100_cscp_haas.pdf

- U. Halbach, *The European Union in the South Caucasus: Story of a hesitant approximation*, in *South Caucasus 20 years of Independence*, Friedrich-Ebert-Stiftung (ed.), pp. 300-315,
<http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>

- F. Indeo, *Nabucco addio, per il gas l'Europa sceglie Tap*, Limes online, 04/07/2013,
<http://temi.repubblica.it/limes/gas-ue-nabucco-addio-leuropa-sceglie-il-tap/49352>.

- V. I. Ivanov, *Russian energy strategy 2020: balancing Europe with the Asia-Pacific region*, Erina Report vol.53, august 2003, <https://www.erina.or.jp/en/Research/db/pdf2003/03081e.pdf>

- S. Jones, *Russia and the West*, London, House of Common Library, 2009, p. 17
<http://www.parliament.uk/business/publications/research/briefing-papers/RP09-36/russia-and-the-west>

- K. K. Kakachia, *Challenges to the South Caucasus regional security aftermath of Russian–Georgian conflict: Hegemonic stability or new partnership?*, *Journal of Eurasian Studies* vol.2, 2011, pp. 15–20, <http://www.sciencedirect.com/science/article/pii/S1879366510000382>

- F. A. Kelkitli, *Russian Foreign Policy in the South Caucasus Under Putin*, <http://sam.gov.tr/wp-content/uploads/2012/01/Fatma-Kelkitli.pdf>

- Ö. Kocaman, *Russia's Relations with Georgia within the context of the Russian national interests towards the south caucasus in the post-soviet era:1922-2005*,
<http://www.usak.org.tr/dosyalar/dergi/FQsCUEJ6UD7b9DcYX3NNQy50mPQXXX.pdf>, 2011.

- G. Kolt, *Roots of National Security*, in M. H Crutcher (ed), *Russian National Security, Perceptions, Policies, and Prospects*, 2001, <http://www.dtic.mil/get-tr-doc/pdf?AD=ADA423586>

- V. Kopeček, *Russian Geopolitical Perceptions and Imaginations of the SouthCaucasus, In Beyond Globalisation: Exploring the Limits of Globalisation in the Regional Context (conference proceedings)*, 99-105. Ostrava: University of Ostrava Czech Republic, 2010.
<http://conference.osu.eu/globalization/publ/12-kopecek.pdf>.

- J. Kucera, *U.S. Intelligence: Russia Sabotaged BTC Pipeline Ahead Of 2008 Georgia War*, 10/12/2014, <http://www.eurasianet.org/node/71291>

- M. A. McFaul, *Transitions from Postcommunism*, *Stanford University, Journal of Democracy*, Vol. 16, no. 3, July 2005, pp. 5-19
<http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB764.pdf>

- M. Leontyev, *Union of the Sword and the Plowshare*, http://eng.globalaffairs.ru/number/n_2917, 2004

- M. Lipman, *Russia's dilemma: partnership or empire?*, in "Privileged Interest? The Russian debate on the South Caucasus", ESI, 2009, http://www.esiweb.org/pdf/esi_picture_story_privileged_interestthe_russian_debate_on_the_caucasus_-_december_2009.pdf

- B. Lo, *Ten key questions of Russian foreign policy*, London, Chatham House, 2012, p. 2 <http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/260312summary.pdf>

- J. Nichol, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, <http://fas.org/sgp/crs/row/RL33453.pdf>, 2014, pp. 9-11

- B. Mcpherson, *South Caucasus energy integration: market snapshots*, Energy Charter Secretariat - Knowledge Centre, 2014, http://www.encharter.org/fileadmin/user_upload/Knowledge_Centre/Occasional_Papers/Caucasus_Energy.pdf

- N. Mikhelidze, *The winner is TAP: the EU's failed policy in South Caucasus*, IAI Working Papers, 2013, <http://www.iai.it/content.asp?langid=2&contentid=962>

- S. Minasyan, *Russian-Armenian Relations: Affection or Pragmatism?*, PONARS Eurasia Policy Memo No. 269, July 2013. http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/Peprm_269_Minasyan_July2013.pdf

- V. Naumkin, *Russian Policy in the south Caucasus*, 2002, pp. 31-36 <http://connections-qj.org/article/russian-policy-south-caucasus>

- E. Nuriyev, *The EU policy in the South Caucasus: the case of post-Soviet Azerbaijan*, Working paper at the Research Unit Russia/CIS Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, May 2007, http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/SWP_RP_Nuriyev_ks.pdf.

- B. G. Punsmann, *Turkey's Interests and Strategies in the South Caucasus*, in F. Ebert Stiftung (ed), *South Caucasus: 20 years of independence*, 2012, <http://library.fes.de/pdf-files/bueros/georgien/08706.pdf>,

- J. Roberts, *The Southern Corridor: Baku-Tbilisi-Ceyhan's gas legacy*, Turkish Policy Quarterly, vol.11 no.2, 2012, <http://www.turkishpolicy.com/dosyalar/files/2012-02roberts.pdf>

- G. Rzayeva, *The Southern Corridor: Azerbaijani Perspective from Well Head to End Users*, in C. Frappi and G. Pashayeva (ed.s), *The EU Eastern Partnership: Common Framework or Wider Opportunity?*, Milano, Egea Edizioni, 2012, pp. 123-138.

- T. Sharashenidze, *Interpreting the Tension in Georgian-Russian Relations*, <http://www.css.ethz.ch/publications/pdfs/CAD-41.pdf>, 2012

- N. Sokov, *The South Caucasus Corridor after the Russian-Georgian War*, PONARS Eurasia Policy Memo No. 49, 2009, http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pepm_049.pdf

- S. Tamm, *Weakness as an opportunity: EU policy in the South Caucasus*, in D. N. Goksel, Z. Shiryev (ed.s), *The Geopolitical Scene of the Caucasus, a Decade of Perspectives*, 2013, http://www.turkishpolicy.com/dosyalar/files/The_Geopolitical_Scene_of_the_Caucasus_A_Decade_of_Perspectives.pdf,

- T. L. Thomas, *Russian National Interests and the Caspian Sea*, in "Perceptions", Vol: 4, 2000, pp. 75-96, <http://fmso.leavenworth.army.mil/documents/caspian.htm>

- D. Trenin, *Russia in the Caucasus: Reversing the Tide*. The Brown Journal of World Affairs 15(2), 2009, pp. 143-155.

- M. Tsereteli, *Why The South Caucasus Needs A Stronger U.S. and European Policy*, May 2013, in <http://www.cacianalyst.org/publications/analytical-articles/item/12732-why-the-south-caucasus-needs-a-stronger-us-and-european-policy.html>

- T. de Waal, *Call off the Great Game*, Foreign Affairs, September 13, 2010, <http://foreignpolicy.com/2010/09/13/call-off-the-great-game/>

- T. Varol, *The Russian Foreign Energy Policy*, European Scientific Institute, 2013, <http://eujournal.org/files/journals/1/books/TugceVarol.pdf>

- C. Vulpio, *La Via del Gas, dal Caspio all'Adriatico*, Corriere della Sera, 2014, <http://reportage.corriere.it/esteri/2014/da-baku-a-brindisi-lungo-la-via-del-gas/> .

- C. Weiss, *European Union's Nabucco pipeline project aborted*, 13 July 2013, <http://www.wsws.org/en/articles/2013/07/13/nabu-j13.html> .

- J. Wisniewski, *EU Energy Diversification Policy and the Case of South Caucasus*, Political Perspectives Vol.5 no.2, 2011, pp. 58-79, externalfile:drive-543bdc9747a2255df1dd8b25921aa1d0f725d3f1/root/tesi/Wisniewski-EU energy differentiation policy.pdf

- A. Yilmaz, *Instability in Caucasus and Central Asia and Caspian Basin Energy Resources Management*, USAWC Strategy Research Project, 2002, http://www.researchgate.net/publication/235167121_Instability_in_Caucasus_and_Central_Asia_and_Caspian_Basin_Energy_Resources_Management

- *The Baku-Tbilisi-Ceyhan (BTC) Pipeline Project*, Lessons of Experience no.2, International Finance Corporation, September 2006,

http://www.ifc.org/wps/wcm/connect/d01d2180488556f0bb0cfb6a6515bb18/BTC_LOE_Final.pdf?MOD=AJPERES&CACHEID=d01d2180488556f0bb0cfb6a6515bb18

-Transparency International Georgia, *Georgia's Oil and Gas Potential: Georgia as a Traditional Transit Country for Azeri Energy Resources*, 2008, <http://transparency.ge/en/content/georgia%E2%80%99s-oil-and-gas-potential-georgia-traditional-transit-country-azeri-energy-resources>

SITOGRAFIA:

- Eurostat official website <http://ec.europa.eu/eurostat/data/database>
- Stratfor Global Intelligence <http://www.stratfor.com/video/strategic-importance-caspian-sea#axzz3N1hqrlcB>
- European Commission Development & Cooperation - EuropeAid website http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2000/951599_docs_en.htm
- British Petroleum Georgia <http://www.bpgeorgia.ge/go/doc/1339/150562/Baku-Tbilisi-Ceyhan-BTC-Pipeline->
- Website of the Italian Embassy in Baku http://www.ambbaku.esteri.it/Ambasciata_Baku/Menu/I_rapporti_bilaterali/Cooperazione_economica/Sezione_Oleodotti_e_Gasdotti/
- Website of the Azeri Embassy in Ankara <http://www.azembassy.org.tr/?options=content&id=81>
- Osservatorio Balcani e Caucaso <http://www.balcanicaucaso.org/aree/Turchia/Gordio-e-il-groviglio-dei-gasdotti-138854>
- Istituto per gli Studi di Politica Internazionale <http://www.ispionline.it/>
- Chatham House: International Affairs Think Tank <http://www.chathamhouse.org/>
- Foreign Policy: The global Magazine of News and Ideas, <http://foreignpolicy.com/>