

# CAUCASUS CRISIS: IMPLICATIONS AND OPTIONS FOR THE WEST

Following Russia's military intervention in Georgia and its recognition, in contravention of international law, of South Ossetian and Abkhazian independence, the Caucasus has returned to the focus of security policy attention. Georgia's attempt to retake South Ossetia by military force and the demonstration of Russian power have called into question some important parameters of the European security framework. The unstable situation in the Caucasus also threatens to undermine European efforts to reduce its energy-policy dependency on Russia. The West's options are limited, since an isolation of Moscow would be counter-productive.



Current EU President Sarkozy and Russian President Medvedev in Moscow, 12 August 2008

From a security-policy point of view, the conflict over Georgia's territorial integrity is important for three reasons: First of all, the attack by Georgian troops against the breakaway Republic of South Ossetia on 7 August 2008 demonstrated that ethnic tensions and secessionist tendencies in the multiethnic Caucasus region continue to constitute a major potential source of tensions.

Secondly, with its military action against Georgia, Russia has demonstrated that it is prepared to enforce its claim to influence in the Caucasus region by all means necessary. The ejection of Georgian forces from South Ossetia and the advance of Russian troops deep into the heart of Georgia's territory were linked to the overarching

goal of inflicting a painful defeat on the US-trained Georgian armed forces and to destabilize the pro-American government of Georgia. At the same time, Moscow signaled its neighbors and the Western countries that it is determined and able to act as a regional hegemon. The Russian government underscored its rejection of Western interference through its unilateral recognition of South Ossetia and Abkhazia as independent states on 26 August 2008.

Third, the Georgian crisis and the harsh Russian action are likely to have security-political consequences far beyond the Caucasus. NATO and the EU are forced to reconsider their relations with Russia in the context of their security relations with the countries of the post-Soviet space. Fur-

thermore, the crisis jeopardizes European efforts to reduce their dependency on Russian energy deliveries, as the only pipelines carrying Caspian oil and gas westwards without transiting Russian territory run through Georgia.

## Caucasian conflict landscapes

In view of the problems in Afghanistan and the Middle East, the Caucasian conflict hotspots had temporarily disappeared from the security policy radar of the West in recent years. It was occasionally forgotten that there have been several major conflict zones in this region since the dissolution of the Soviet Union:

In the Northern Caucasus, which is part of Russia's territory, Moscow intervened twice militarily against secessionist Chechnya. The Russian human rights organization Memorial estimates that the two Chechen wars (1994–6, 1999–2005) killed around 75,000 civilian victims. More than 10,000 Russian soldiers and probably at least as many Chechen fighters lost their lives. The situation remains tense even today. Almost every day, there are armed clashes between Chechen rebels and state security forces. There is also a continuing conflict between Chechen clans. Furthermore, the conflict is no longer restricted to Chechnya, but has also gripped Dagestan and Ingushetia.

The Northern Caucasian neighbors Ingushetia and North Ossetia are also embroiled in a tense standoff. In 1992, a short but intense war broke out over the so-called Prigorodny district, a contended territory that is claimed by both republics.

<b>Military expenditures in the Southern Caucasus (million US\$)</b>							
		2002	2003	2004	2005	2006	2007
<b>Georgia</b>	US\$	49.3	57.7	80.6	214	362	592
	%GDP	1.0	1.1	1.4	3.3	5.2	
<b>Armenia</b>	US\$	90.5	104	115	141	157	194
	%GDP	2.7	2.7	2.7	2.9	2.8	
<b>Azerbaijan</b>	US\$	172	215	260	305	625	667
	%GDP	2.2	2.4	2.6	2.3	3.6	

*Source: sipri*

The war cost the lives of more than 500 people. Thousands of Ingush people were displaced. The territorial question remains unresolved until today. A new outbreak of violence is not altogether unlikely.

In the Southern Caucasus states of Armenia, Azerbaijan, and Georgia, three major crisis zones can be identified. There is a conflict between Azerbaijan and Armenians over Nagorno Karabakh, which is legally part of Azerbaijan, but is populated predominantly by Armenians. In the bloody war of secession between 1992 and 1994, more than 20,000 people died and around one million people were displaced. Ever since, the status of Nagorno Karabakh has remained unresolved.

In Georgia, the central state waged two wars against minorities immediately after the dissolution of the Soviet Union – against the South Ossetians (1991–2) and against the Abkhaz (1992–3). The Abkhaz-Georgian conflict was particularly bloody, with terrible massacres of the Georgian population and the expulsion of around 250,000 refugees. The imprudent attack by Georgian troops against South Ossetia and the Russian military intervention in the summer of 2008 have triggered new refugee flows and further escalated the humanitarian crisis.

### The geopolitical significance of the Caucasus

Due to ethnic overlap, the conflict zones in the multiethnic assembly of states in the Caucasus are closely intertwined. The massive arms race that has been underway in this region for years has further raised the potential for escalation. Russia has stationed large numbers of troops from the Ministry of Defense as well as other security structures in the Northern Caucasus and periodically carries out large-scale maneuvers there. The three Southern Caucasus states have drastically raised their

defense expenditures in the past years: Georgia's spending on its armed forces rose more than tenfold between 2002 and 2007, while Azerbaijan has been able to massively expand its defense budget not least because of its additional revenue from oil exports.

In particular, the conflicts in the Southern Caucasus have an explosive potential on the international stage, since they coincide with geostrategic rivalries. The main center of gravity is the struggle for influence between Russia and the US (and NATO). However, the EU, too, is expanding its sphere of influence eastwards, in a move that for now manifests itself mainly in the expansion of trade relations. Furthermore, Turkey and Iran as immediate neighbors have concrete interests in the region, although they have so far remained politically reticent.

As the dominant military power, Russia plays an important role in the crisis zones of the Southern Caucasus. Its relations are closest with South Ossetia and Abkhazia, where Russia has established itself as the de facto protector of the Abkhaz and South Ossetian people by deploying peacekeepers after the ceasefire agreements at the beginning of the 1990s. Moscow has since maintained close economic and political relations with the breakaway territories and has most likely also supported them with military aid for many years. While the Armenians of Karabakh enjoy significant support from Armenia, Russia also plays a key role here thanks to its military alliance with Yerevan.

The US, in turn, has since 1991 been supporting several initiatives that aim at removing the former Soviet republics from the Russian sphere of influence. From the onset, Washington has been a strong advocate of building the pipeline from Baku via Tbilisi to Ceyhan in Turkey (the BTC pipeline), has supported regional alliances of

former Soviet states such as GUAM (Georgia, Ukraine, Azerbaijan, and Moldova), and has offered military aid to all three states of the Southern Caucasus. Its security policy partnership with Georgia has been particularly close. With its openhanded financial aid and training programs, the US has contributed significantly to the modernization of the Georgian armed forces.

The rivalry between Washington and Moscow in the Caucasus became evident just before the Georgian crisis broke out in mid-July 2008, when both sides carried out simultaneous military maneuvers. For three weeks, more than 1,000 US troops trained near Tbilisi together with several hundred Georgians to enhance military readiness. This annual exercise was also attended by units from Azerbaijan, Armenia, and Ukraine. Russia, in turn, carried out a major military exercise with more than 8,000 troops in the Northern Caucasus near the Georgian border. A few weeks later, these same Russian forces were deployed deep in the heartland of Georgia. From the Russian point of view, the Russian–Georgian war of August 2008 was the first proxy war between Russia and the US since the dissolution of the Soviet Union in 1991.

### The supra-regional dimension

Russia's actions in the Georgia crisis will not only intensify the struggle for influence in the Caucasus, but is also bound to have repercussions well beyond the region. Moscow's unmistakable warning to the West not to extend its influence in the post-Soviet space any further relates in particular to the conflict over Ukraine's foreign and security policy alignment. NATO membership for Kiev would be unacceptable from the Russian point of view, since the Western alliance would thus advance to the borders of Russia itself in a region of key geostrategic importance for Russia. Furthermore, Ukraine, with its significant Russian minority population, is regarded by many Russians as the cradle of Russian civilization.

Well beyond Ukraine, the Georgian crisis has raised apprehensions in the former area of Soviet influence that Moscow might try once more to pursue its interests by military means. The concomitant desire for stronger links with the West has, for example, manifested itself in Poland's surprisingly rapid agreement to station US missiles. From the West's point of view, however, the question is whether it should and can afford to accept an escalation of

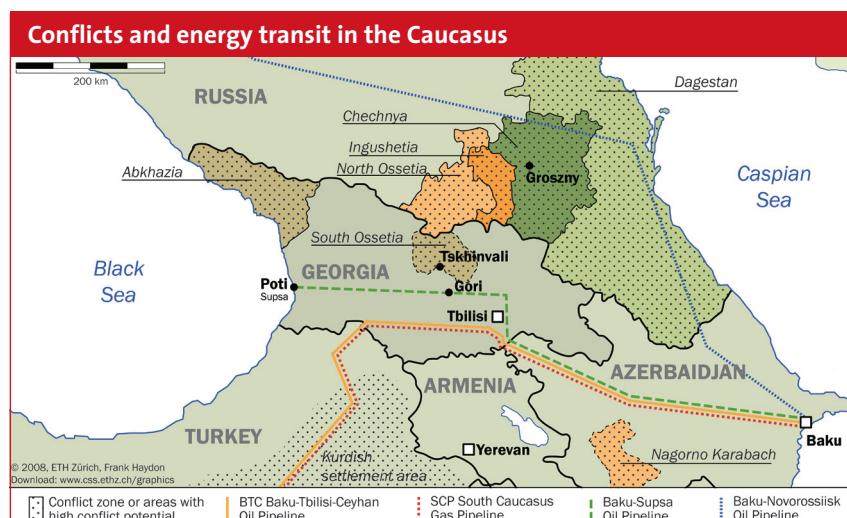
tensions with Russia, which would be inevitable should the Euro-Atlantic security institutions be expanded further eastwards once more.

It remains to be seen how relations between the West and Russia will develop. Currently, cooperation in security policy and economic matters, which – like NATO and EU enlargement – has become an important parameter of the European security system, is being questioned by both sides. However, the power brokers in Moscow most likely understand that they have overstepped the mark and become isolated both within the UN and among Russia's supposed allies in the Shanghai Cooperation Organization to an extent that is contrary to Russia's own interests and in particular to the goal of gaining greater influence in its neighborhood.

### Energy concerns

For Europe in particular, the Georgia crisis also has implications in terms of energy policy. The longstanding efforts of the West to create a safe East-West energy corridor circumventing Russian territory have suffered a serious setback. Russia did take care during the war not to damage any elements of the pipeline infrastructure, since that would have damaged its reputation among the Caspian energy producers. However, the Russian air force bombed Georgian harbors and infrastructure elements, at which point the pipeline operators switched off the entire pipeline network within Georgia.

Due to the unstable situation in Georgia, Europeans should ask themselves whether it makes sense to expand the capacities for oil and gas transport through Georgia. The situation is particularly difficult in the case of gas, which unlike oil cannot be transported by sea in barrels, but depends heavily on the presence of a pipeline infrastructure. Turkmenistan and Kazakhstan, the two most important gas exporters in Central Asia, will have to consider carefully whether they choose to use the unsafe route via the Caspian and through Georgia in the future, which will bring them into conflict with Russian interests. The alternative of continuing to sell their energy at a good price to Russia, and in the future increasingly also to China, is likely to have become more attractive since the Georgian crisis. Since Azerbaijan alone does not produce sufficient gas for the planned Nabucco pipeline, this European showcase energy project is increasingly in jeopardy



(cf. CSS Analysis 36). Thus, the EU's prospects of significantly reducing its energy policy dependency on Russia through direct access to the Caspian energy resources are also dwindling.

### Limited options for the West

The West has rightly criticized Russia's actions in Georgia. The matter of an appropriate response by the West remains controversial, however. At this point, a strategy of isolating Moscow does not seem promising. That would hardly convince Moscow to give in, but would strengthen those forces within Russia that have long been spoiling for a confrontational policy towards the West. Also, Russia's policies towards its neighbors would only harden further. In order to secure the stability of Europe and its energy supplies as well as a solution for international security challenges such as the Iranian nuclear program, the West continues to depend on cooperation with Moscow. Conversely, in view of its highly fragile power base resting on high energy prices, Russia should have no interest in a further escalation of tensions. Selective cooperation is indispensable for both sides.

It is important that the countries of the West enhance their efforts to seek a solution to the Caucasus conflicts. While Russia would hardly accept mediation efforts in the crisis zones of the Northern Caucasus, the West can and must play a more active role in all conflicts of the Southern Caucasus. In the case of Georgia, the West's options are currently limited against the background of the strong Russian position. As Russia's most important trade partner, the EU is positioned best to exert pressure on Russia. In particular, the Europeans should urge Russia

to work towards the initiation of a dialog between the conflict parties. This dialog should take place under international supervision and deal with questions such as the return of refugees, the protection of minorities, and aid in the reconstruction of destroyed residential areas and infrastructure.

A hasty integration of post-Soviet states into the Euro-Atlantic security institutions should be avoided. Certainly, NATO must not raise false hopes in these countries, as that could lead the governments in question to misjudge their security situation, as was the case in Georgia. Any expansion of partnerships with Russia's neighbors should be conducted, as far as possible, in parallel with the normalization of relations with Moscow.

Finally, Europe should not write off the Caspian energy option too soon, since that would amount to a de facto recognition of Russia's geo-economic preeminence. The EU should signal Russia unequivocally in direct negotiations that the Caspian region must remain open to the trade in oil and gas. At the same time, the West cannot avoid dealing with the issue of how pipelines in crisis zones can be protected more efficiently.

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