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Expert Comment

The Caucasus: There will be no drastic changes

Alexey Malashenko (2019)

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Dialogue of Civilizations Research Institute gGmbH
Französische Straße 23
10117 Berlin
Germany
+49 30 209677900
info@doc-research.org

The Caucasus: There will be no drastic changes

Alexey Malashenko

Today, the Caucasus region does not exist as a political subject. It is simply a geographical region. This statement could seem rather bold to some, and even offensive to people of the Caucasus. The region can be likened to Central Asia, which consists of five very different countries with frequently diverging national interests and periodic mutual conflicts.

Defining the Caucasus

The Caucasus can be considered a classic part of Eurasia, at least technically, since it forms a border between Eurasia's European and Asian regions. But for the people of the Caucasus, there is no place for Eurasia in their mentality, their traditional culture, or their political culture. Eurasia is only mentioned by the region's politicians in situations when conformity is called for – predominantly when communicating with Russian counterparts.

The phrase “Caucasian civilization” is sometimes used.¹ However, it is difficult to establish civilizational features truly shared by Chechnya and Armenia, or Georgia and Dagestan. Azerbaijan is more a part of the Turkic world, with an Iranian strand. In fact, Iran borders ‘Iranian’ Azerbaijan, challenging the conventional definition of the Caucasus region's southern border.

Armenians are distinct from the Caucasus' other peoples, being cosmopolitan in the sense that their culture and philosophy extends beyond the geographical boundaries of the Caucasus. To some extent, belonging to the Caucasus is secondary.

¹ Roin Metreveli (2009) provides one example in *The Caucasian civilization in the context of globalization*. Stockholm: CAE-CC Press.

According to Thomas de Waal, “we inevitably come to call the South Caucasus a ‘region’, but this is incorrect in many ways”.² Politician and researcher Ruslan Khasbulatov notes the difference between Georgia on one hand and Armenia and Azerbaijan on the other: the latter two countries are “a significant part of West Asia,” whereas Georgia “is a Caucasian republic inhabited by indigenous Caucasian people”.³

Nation-states and conflict in the South Caucasus

The South Caucasus is made up of a group of states with clashing interests and high levels of conflict, the key points of which are Nagorno-Karabakh, Abkhazia, and South Ossetia. Ongoing calls for peace from various actors have made little impact. Parties to the conflicts long for resolution but they each seek terms at their own discretion, i.e., through concessions from their counterparts.

Three unrecognised states for such a small geographical region is too many. Fortunately, these conflicts are not driven by religion. Most local politicians refuse to use religion to stoke conflict, although this did take place in the early 1990s.

The various conflicts complicate the aims of the countries of the Caucasus to fully establish themselves as nation-states, says the Georgian analyst Ivlian Khaindrava. We need to understand that a *complete* nation-state would possess a stable political system free from the excesses of revolutionary issues, strong borders, and exercise independent foreign policy choices. Although some of the prerequisites for the creation of nation-states of this kind certainly exist, this is a long and complicated process.

The Caucasus is distinctly complex because building a nation-state when national borders remain unclear means that political leaders face the question of whether to proceed on the basis of de facto territorial changes as if they are irreversible, or to aim for a return to

² Thomas de Waal (2010). *The Caucasus. An Introduction*. Oxford: Oxford University Press.

³ Ruslan Khasbulatov (2016). New Independent States: Gains and Losses. *World of Changes*, 4, pp. 82–83.

the borders formed immediately after the Soviet Union's collapse – and thus to continue the necessary 'persuasion' of society that would entail.

This kind of *informal* renunciation of initial borders seems especially painful for Georgia, but although it will take a lot of time, it is possible – with Abkhazia and North Ossetia remaining outside the Georgian state – that this could become an acceptable status quo. Indeed, the only means by which these territories would return to Georgia would be the collapse of Russia, but nobody in the Caucasus is currently making predictions on that basis. It is indicative that Georgia has “almost completely ceased its political proselytism regarding the return of Abkhazia”. Such arguments for this issue have come to be seen as “pseudoscientific”.⁴ Back in 2010, military analyst Anatoly Tsyganok wrote that a dialogue between Georgia and Russia would “have some chances of success only if its participants abandoned maximalist and obviously impossible requirements”.⁵

Discussions on the future of Karabakh will continue indefinitely. Compromise on its official status is unachievable. A return to Azerbaijan would only be possible as a result of a complete victory for the country in a large-scale war with Armenia, which for numerous reasons is impossible, but particularly due to an external factor of the respective positioning of Russia, Europe, and the US. Even in the unlikely event that the Karabakh conflict ended via a military victory for one party, conflict would still continue in other forms.

According to Azerbaijani writer Anar Rasul oghlu Rzayev, known as Anar, “There are no winners in large and small wars, for, supposedly, the defeated side accumulates resentment and thirst for revenge, and this is the key to a future war... But the alternative to losing may be not revenge, but consent and mutual understanding, the courage to find the

⁴ Sergei Markedonov (2019, July 1). Riot of Frustrated. *Profile*, 25. p. 7.

⁵ Anatoly Tsyganok (2010). *Russia in the South Caucasus: The Georgian-Ossetian war of 8–13 August 2008*, p.276. Moscow.

strength to understand the other side”.⁶ But mutual understanding of this kind is still far away.

Depending on different eventualities, Nagorno-Karabakh, also known as Artsakh by Armenians living in the area, could end up with one of three mutually exclusive statuses: part of the territory of Azerbaijan; part of the territory of Armenia; or its own sovereign state.

It is ever more normal to liken the South Caucasus to the situation in Yugoslavia. The enormous difference is that in the Balkans, the problems of separatism and borders were resolved relatively quickly, albeit through wars. Today, each state of the former Yugoslavia is building a nation-state within borders to which the world has become accustomed, despite all the difficulties. ‘Becoming accustomed’ to the new situation in the South Caucasus will take several generations. Attempting to define the final political boundaries and the ethnic composition of the new nation-states would therefore be a mistake.

Separatist movements in the Caucasus region that have culminated in unrecognised states serve as additional confirmation of the withering of the concept of sovereignty.⁷ The post-World War Two sense of the eternity of state borders turned out to be wrong, generally speaking. There are more than enough examples besides Yugoslavia and the Caucasus.

But issues of border uncertainty are nowhere near the only thing that complicates difficulties in building nation-states in the region.

The economy

Armenian analyst Grant Mikaelian wrote that “by 2018, it had become completely clear that fast growth in the economies of the South Caucasus was impossible – neither reforms, nor

⁶ Anar (2000). The cleansing moan of Kemenche: Protection of the future. In Fraimut Fuve and Haidi Taliavini (Eds.), *The Caucasus in search of peace*, p. 30. OSCE representative for freedom of the press. B.m.

⁷ See more details in Larisa Deriglazova and Sergey Minasyan (2011). *Nagorny Karabakh: Paradoxes of strength and weakness in an asymmetric conflict*, pp. 22–34. Caucasus Institute.

integration into international associations, nor the sale of primary resources would produce the desired effect”.⁸ This approach may seem excessively pessimistic, but in reality, none of the region’s states has found success in building a modern economy. This is a common problem across all former Soviet republics.

The countries of the Caucasus remain highly dependent on Russia economically. Without attempting to praise or criticize this reality, we should recognise that this holds back the progress of economic modernisation and the implementation of reforms.

Armenia is a participant in Russia’s main integration project – the Eurasian Economic Union (EAEU). Armenia joined the EAEU in 2015; this was done for both economic and political reasons. The economic benefits have included a facilitation of migrant entry to other EAEU countries. In 2015, the number of emigrants to the rest of the union was 225,000 people. According to various sources, these people sent back US\$1.5–1.8 billion to Armenia.⁹

In 2017, commodity trade between Russia and Armenia grew by almost 30%.¹⁰ In 2016, exports from Armenia to Russia grew by 70%. In 2015, gas prices for Armenia were reduced by 13% from US\$189 to US\$165 dollars per 1000 cubic metres. In April 2019, it was announced by Sergei Prikhodko – the deputy chief of the staff of the Russian government – that Moscow and Yerevan would coordinate a plan for gas supply to Armenia until 2030, with Gazprom as the only gas supplier.¹¹

In common with Central Asian states, Armenia pursues a multi-vector policy, but with a clear, pro-Russian tendency. This policy is sometimes referred to as “complementary”.¹²

⁸ Grant Mikaelian (2018). 2017 in the economies of the South Caucasus countries, p .133. The Caucasus. Annual publication of the Caucasus Institute. Yerevan.

⁹ Armenia in the EAEU: pros and cons. Retrieved from <https://www.dw.com/ru/армения-в-еаэс-плюсы-и-минусы/а-18221302>.

¹⁰ Data retrieved from <https://ru.armeniasputnik/am/politics/20181227/16482872/v-moskvu-v-shestoj-raz-pashinyan-i-putin-obmenyalis-messedhami.html>.

¹¹ Data retrieved from <https://regnum.ru/news/polit/2621307.html>.

¹² Ashot Gazizyan (2019, June 7). Yerevan continues to tease Washington. *Nezavisimaya gazeta*.

Georgia's economic dependence on Russia also remains. This is seen in numerous superficial ways: in 2018, 1.7 million Russian tourists visited Georgia;¹³ Russian media constantly advertise the purchase of real estate in Batumi, Georgia, a resort city on the Black Sea; and Georgian wines are still popular in Russia. Although the official trade volume between the two countries is not high, it is considerably important for Georgia. In 2018, bilateral trade increased by 25% from the previous year.¹⁴

The unexpected aggravation of Georgian-Russian relations in the summer of 2019 led to the loss of hundreds of millions of US dollars by Georgia. This was caused by the inappropriate behaviour of Sergei Gavrilov, a deputy of the Russian State Duma, who arrived in Georgia and provoked anti-Russian protests in Tbilisi. The Russian State Duma immediately proposed sanctions against Georgia including the termination of flights between the two countries, a cessation of money transfers from Russia, as well as a refusal to purchase wines. The situation was resolved after a statement by Vladimir Putin, who said that sanctions should not be imposed "due to respect for the Georgian people".¹⁵ If sanctions had been implemented, the damage to Georgia could have reached US\$ 1 billion dollars.¹⁶

Relations between Azerbaijan and Russia are relatively calm and predictable. Their mutual understanding is predetermined by a similarity in political regimes, as well as by Azerbaijani business in Russia. Azerbaijan does not participate in Russian integration projects. Azerbaijan maintains strong connections with the United States and European countries, although it is sometimes criticised for violating human rights. The West-facing side of Azerbaijani politics does not displease the Kremlin. Baku, unlike Tbilisi, does not seek and does not want to become an organic member of the Western world. In a sense,

¹³ Data retrieved from <https://www.kommersant.ru/doc/4010844>.

¹⁴ Data retrieved from <http://russian-trade.com/reports-and-reviews/2019-02/torgovlya-mezhdu-rossiey-i-gruziey-v-2018-g/>.

¹⁵ Retrieved from <https://ria.ru/20190709/1556352584>.

¹⁶ Data retrieved from <https://www.kommersant.ru/doc/4010844>.

Azerbaijan's multi-vector politics is almost 'ideal'. It suits both Russia and its Western partners and opponents. Important avenues of Baku's foreign policy include its relations with Iran and Turkey, which also underline the diverse nature of its foreign policy.

Russian investments in Azerbaijan amount to US\$3 billion, and Azerbaijani investments in Russia total US\$1 billion. Commodity trade between the two countries is worth US\$2 billion, and Russia is Azerbaijan's third biggest trading partner Italy and Turkey.¹⁷ Azerbaijan's arms imports from Russia are worth US\$1.8 billion.¹⁸ Armenia receives Russian weapons free of charge, but Baku treats this with understanding.

All countries in the South Caucasus are seeking to diversify their economic relationships, although other countries have shown relatively insignificant interest in cooperating economically with them. Azerbaijan has been more successful in this regard than Armenia and Georgia, thanks its hydrocarbons exports. Participation in the local economies of these countries may seem like charity to some external actors. However, if Europe were to cease its limitations on imports of wines from the Caucasus region and the market share of these wines were to grow, they would be able to compete with local European producers; a little trade leverage could go a long way for the economies of the South Caucasus.

Foreign economic relations are hindered, however, by the periodic aggravations of domestic policy. Corruption also has a negative role. There is a prevailing idea that 'the Caucasus must count on itself' and this will remain true for a long time.

The building of a nation-state is heavily influenced by the existing political system, i.e., the regime available to build it. There are two types of political regime in the South

¹⁷ Data retrieved from <http://www.ved.gov.ru/news/23765.html>.

¹⁸ Data retrieved from <https://www.geopolitica.ru/article/ekonomicheskoe-sotrudnichestvo-rossii-i-azerbaydzhana-v-kontekste-mezhdunarodnyh-otnosheniy>.

Caucasus. The first is the 'Armenian-Georgian model'; the second is authoritarian Azerbaijan.

The common problem for Georgia and Armenia is instability, or at least the persistent threat to stability. The modern history of both countries is oversaturated with outbreaks of violence, mass protests, assassinations, early presidential resignations, and ongoing internal struggle against the background of external wars. Almost every leader has declared adherence to democratic principles, but at the same time all of them have used and still use authoritarian methods as much as possible. It is interesting to note that in Armenia, Nikol Pashinyan is referred to as a neo-authoritarian who is constantly demonstrating his commitment to democratic forms of government. The 'street' plays a massive role, and street protests remain one of the key political trends in Georgia and Armenia.

It is very difficult to predict the evolving dynamics of Armenian and Georgian political processes. Similarly, the personality of 'the leader' will have great importance, but at the same time the attitude towards the leader in society is constantly changing, which we have observed with president after president. The political situation is also affected by what some call 'Caucasian expressiveness' –this cannot be ignored either.

As a consequence, it is difficult to foresee what the final governing mechanisms of these two states will look like. It is possible that they will remain 'authoritarian-democratic' states, where the ambitions of authorities to tighten their rule will always meet with strong public protest. The likelihood of recurring 'leader leapfrog' therefore is high.

Political developments in Azerbaijan are more predictable, where almost from the very beginning of independence – or more precisely, after Heydar Aliyev came to power in 1993 – 'reasonably tough' authoritarian rule was established. This tradition has been maintained by his son Ilham, who became the Azerbaijan's president in 2003. The ruling regime intends to avoid serious protests and mass discontent. Freedom of expression is

limited, but not to the extent that the country exists in a world of silence. It would be wrong to consider Azerbaijan a dictatorship.

Ilham Aliyev successfully uses the Karabakh factor to consolidate society around his authority. This does not happen in Armenia, and the Karabakh problem is likely to aggravate relations between various political forces there.

In contrast to its neighbours, Azerbaijan is a Muslim country, and therefore authorities must take the religious factor into account. Generally speaking, the influence of the Islamic tradition in Azerbaijani society is not that significant. An organised Islamist opposition has been unable to emerge. However, the presence of Islamism in Muslim countries, including those with established secular tendencies like Turkey, cannot be ignored. It is worth recalling that back in Soviet times, when the Islamic Renaissance began, seven Islamic factions immediately appeared in Azerbaijan and austere portraits of Ayatollah Khomeini looked out from Baku windows.

According to Julie Wilhelmsen, neither the Shia nor the Sunni Islamist movements have much potential.¹⁹ Nevertheless, both Shia and Sunni Islamists do exist in Azerbaijan. In 2004, Azerbaijani researcher Rafik Aliyev claimed that around 15,000 Wahhabis were present in Baku alone.²⁰ Islamist attempts to penetrate the country – in their Sunni form, from the North Caucasus; and their Shia form, from Iran – are not over.

The state succeeds in restraining political Islam by using it as grounds to tighten control over society. Comparable actions are taken by authorities in Central Asia.

Aliyev himself does not use Islam as a political tool, and Azerbaijan's leading politicians, in contrast to their Central Asian counterparts, do not publicly demonstrate their religiosity. Perhaps one reason for this is that the country's president Ilham Aliyev is a

¹⁹ Julie Wilhelmsen (2017). Repressions in Azerbaijan as a growth factor for radical Islamism, pp. 51-511. *Radical Islamic movements on the political map of the modern world*, 2. The North and the South Caucasus. Moscow.

²⁰ (2005, February 10). *Terrorism Monitor*.

graduate of the Moscow State Institute for International Relations, and his father Heydar, the third president of Azerbaijan, was the head of the Committee for State Security, which served as a 'vaccine' against the politicisation of religion. "From the moment Heydar Alirza oglu came to power, he announced his preference for a process of building nationwide secularism".²¹

The building of a nation-state in Azerbaijan, which has been more successful than in Georgia and Armenia, is occurring 'apart from Islam', although the process does take Islam's political potential into account. This potential facilitates the maintenance of authoritarian government.

In 2008, Azerbaijani researcher Hikmet Haji-zade, while discussing the future of the South Caucasus, proposed two scenarios for the coming decade – one optimistic and one pessimistic. In the first scenario, increasing scarcity of natural resources and intensifying competition between the West and Russia, alongside an inability for countries in the Caucasus to create effective democratic states, "the region will continue to remain one of the main conflict zones of the planet". In the second, 'pessimistic' scenario, large-scale military activities resume in the region and Russia "brings back" Georgia and Azerbaijan.²² The South Caucasus would then continue their thoughtlessly extensive development, destroying their ecological surroundings to the extent there would be no more sturgeon in the Caspian Sea".²³

I would describe both proposed scenarios as pessimistic and somewhat extravagant. Looking back over the decade for which both of them were proposed, neither the political

²¹ Gidayat Orudzhev (2001). *Heydar Aliyev and the national policy of Azerbaijan*, p. 92. Baku: Shark-Garb.

²² Russia has no need to 'bring back' Armenia, as it hasn't gone anywhere – author's comment, not part of the quotation.

²³ Hikmet Haji-Zade (2008). *Azerbaijan – regional integration in a hazardous region. Caucasian neighborhood. Turkey and the South Caucasus*. Caucasus Institute: Yerevan, pp. 38–40.

nor the economic situation in the South Caucasus has fundamentally changed and the need to overcome internal and external difficulties continues.

Just as in Central Asia, there is practically no regional cooperation in the Caucasus. A regional market has been unable to form. Besides infrastructure, the region's countries are economically irrelevant to one another.

An increase in political dialogue – regionally but also domestically – is unlikely. Finding a common language is incredibly difficult and this makes the building of a nation-state even harder.

The role of the Caucasus in world politics will lose prominence. The Caucasus remains a periphery, a geopolitical marginal. It will be remembered from time to time. But its relevance, especially if measured by the interest of the West, is not comparable to the Middle East or China. The interest in resolving the Ukrainian issue is much greater than the interest in Ossetia, Abkhazia, and Karabakh. It is interesting to note that the Armenian diaspora in the United States is only slightly concerned by the Karabakh conflict.

Of course, as Haji-Zade wrote in 2008, “The EU separates Russia and the South Caucasus CIS countries in different directions” ... “The EU, by implementing long-term programs of TACIS, TRACECA, INOGATE, sets a goal of occupying dominant economic positions in the Caucasus.” And further, “... the integration of the South Caucasus states into European structures can completely force Russia out of there.”²⁴ However, there are other views. Thomas de Waal writes that, despite the widespread idea that the South Caucasus is “waiting for Europe”, the EU itself has some concerns about this.²⁵ Russia is still far from being replaced by any other actor in the Caucasus. US passivity over the region is an additional factor.

²⁴ Yulia Kudryashova (2008). *Countries of the South Caucasus in the European Neighborhood Policy. Internal and external factors in the dynamics of the modern Caucasus development. Analytic commentaries*, p. 38. Scientific and Coordination Council for International Studies of the Moscow State Institute of International Relations of the Ministry of Foreign Affairs of the Russian Federation, 6(35).

²⁵ Thomas de Waal, *ibid.*, p. 227.

In this context, Karabakh is an unnecessary conflict for everyone apart from Armenia and Azerbaijan. Of course, the Karabakh issue is used by Russia to maintain its presence in the region. But the paradox is that it will remain unresolved, both with Russia and without Russia. The world has got used to the Karabakh conflict, just as it got used to the unrecognised states of Abkhazia and South Ossetia, and thus agreed with their de facto existence.

What has fundamentally changed in the South Caucasus over the past decade? Essentially nothing. And there is no significant reason to predict qualitative changes in the coming decade.

Alexey Malashenko

Chief Researcher, Dialogue of Civilizations Research Institute