

**T.C. MARMARA ÜNİVERSİTESİ
AVRUPA TOPLULUĐU ENSTİTÜSÜ**

**AVRUPA BİRLİĐİ SİYASETİ VE ULUSLAR ARASI İLİŐKİLERİ ANABİLİM
DALI**

**A COMMON FOREIGN AND SECURITY POLICY TOWARDS THE
CAUCASUS? WITH SPECIAL REFERENCE TO SOME EU MEMBER STATES**

DOKTORA TEZİ

Sanem ÖZER

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İstanbul, 2006

Sanem ZER

ÖZET

KAFKASYA'YA YÖNELİK BİR ORTAK DIŞİLİŞKİLER VE GÜVENLİK POLİTİKASI? BAZI AB ÜYE DEVLETLERİNE ÖZEL ATIF İLE

Bu tez Avrupa Siyasi İşbirliğinin Ortak Dışilişkiler ve Güvenlik Politikasına evrimini ve Güney Kafkasya'daki işleyişini değerlendirmektedir. Ancak, Avrupa dış siyaset yapımı Avrupa Birliği içinde ve Birliği çevreleyen bölgede etkili birtakım aktörleri hesaba katmak zorundadır. Güney Kafkasya, Avrupa Birliği'nin dışilişkiler ve güvenlik politikalarını şekillendiren çok sayıda sistemik ve sürekli değişken düşünüldüğünde eşsiz bir vakadır. Araştırma, AB; Rusya; Birleşik Devletler; bölgesel aktörler: Türkiye ve İran; Güney Kafkasya devletleri: Gürcistan, Ermenistan ve Azerbaycan ve son olarak da AB'ye üye devletler: Almanya ve Birleşik Krallık'ın siyasi eylemleri arkasında yatan motivasyon, amaç ve mantığa bakmaktadır.

Ulus devletler, uluslararası örgütler, şirketler, bölgesel ve komşu toplumlar, farklı etnisiteler, sivil toplum örgütleri ve Ermeni Diasporası arasındaki karmaşık ilişkiler ağı ve bütün bu aktörlerin değişen öncelikleri, beklentileri ve olanakları bu çalışmanın konusu içine girmektedir. Araştırma, AB'nin Yugoslavya'daki çatışmalara cevaben ve Barcelona süreci aracılığıyla takip ettiği politikaların ve Sovyetler Birliği'nin dağılışı sonrasında yeni ve yakın çevresinde yer alan Güney Kafkasya'ya yönelik politikasının karşılaştırmalı bir değerlendirmesini sunmaktadır. Araştırma, AB'nin Güney Kafkasya'ya yönelik Yeni Komşuluk Politikası ile çeşitli politika araçları olan İşbirliği ve Ortaklık, TACIS, TRACECA ve INOGATE projelerini incelemektedir. Avrupa Birliği'nin sivil gücü, yeni komşuları için bir çekim gücü oluşturması ve devletler ile toplumların Batı Avrupa'nın eksik bir yansıması olarak yeniden şekillendirilmesi mantığı üzerine inşa edilen yapısalcı yaklaşımı Avrupa dış siyasetine egemen olmaktadır.

ABSTRACT

A COMMON FOREIGN AND SECURITY POLICY TOWARDS THE CAUCASUS? WITH SPECIAL REFERENCE TO SOME EU MEMBER STATES

This dissertation assesses the evolution of the European Political Cooperation into the Common Foreign and Security Policy (CFSP) and how it is working in the South Caucasus. However, the making of European foreign policy has to regard a number of actors that are influential in and around the territory surrounding the European Union (EU). The South Caucasus is a unique case, when the multiplicity of systemic and constant variables that curb the foreign and security policies of the EU is considered. Thus, the research looks at the motives, objectives and logic behind the activities of the EU, Russia, The United States (U.S.), the regional actors: Turkey and Iran, the South Caucasus states of Georgia, Armenia and Azerbaijan and finally the EU member states: Germany and the United Kingdom (UK).

The complex web of relations among the nation states; international organizations; firms; regional and neighbouring societies; different ethnicities; non-governmental organisations; the Armenian Diaspora and the differing priorities, expectations and capacities of all these actors is also the subject of this study. The research provides a comparative examination of the EU action in response to the conflicts in Yugoslavia and through the Barcelona process, with the EU's policy towards its new and close periphery, the South Caucasus, after the dissolution of the Soviet Union. Hence, the research examines the EU's response to the South Caucasus by means of the New Neighbourhood Policy and policy tools of Development Cooperation and Association, TACIS, TRACECA and INOGATE. Hence, the civil power of the European Union, its magnetism for the New Neighbourhood and its constructivist approach built upon the rationale of re-moulding the states and societies as the lesser-self of the West Europe dominates the European foreign policy.

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ABBREVIATIONS

ACP: African, Carribean and Pacific Countries
ACG: Azeri-Chirag-Guneshli
AEPLAC: Armenian-European Policy and Legal Advice Centre
AIOC: Azerbaijan International Operating Company
AZPLAC: Azerbaijan Policy and Legal Advice Centre
BMWA: German Federal Ministry of Economics and Labour
BMZ: German Ministry for Co-operation
BP: British Petroleum
BTC Co.: Baku-Tbilisi-Ceyhan Pipeline Consortium
CAP: Common Agricultural Policy
CASCM: Central Asia, South Caucasus and Moldova
CDU/CSU: German Christian Democratic Union/Christian Social Union
CEEC: Central and Eastern European Countries
CENTCOM: United States Central Command
CFSP: Common Foreign and Security Policy
CIS: Commonwealth of Independent States
CJTF: Combined Joint Task Force
CR: Conciliation Resources
CRS: Catholic Relief Services
COREPER: Committee of Permanent Representatives
CSCE: Conference on Security and Cooperation in Europe
CSP: Country Strategy Papers
DFID: United Kingdom Department for International Development
EBRD: European Bank for Reconstruction and Development
EC: European Community
ECGD: United Kingdom Export Credit Guarantee Department
ECHO: Humanitarian Aid Department of the European Commission
EDPRP: Economic Development and Poverty Reduction Programme
EEC: European Economic Community
EEC: Eastern European Countries
EECCA: Eastern Europe, Caucasus and Central Asia
EITI: Extractive Industry Transparency Initiative
EMS: European Monetary System
EMU: European Monetary Union
EP: European Parliament
EPC: European Political Cooperation
ESAF: Enhanced Structural Adjustment Facility
ESDI: European Security and Defence Identity
ESDP: European Security and Defence Policy
EU: European Union
Eurocorps: European Police Force
EUROFOR: European Forces
EUROMARFOR: European Marine Forces

FCO: Foreign and Commonwealth Office
FEOGA: The European Agricultural Guidance and Guarantee Fund (Also EAGGF)
FRG: Federal Republic of Germany
FSU: Former Soviet Union
G8: Group of Eight
GCPP: Global Conflict Prevention Pool
GDP: Gross domestic product
GDR: German Democratic Republic
GEPLAC: Georgian-European Policy and Legal Advice Centre
GNP: Gross national product
GRA: General Resources Account
GTZ: German Society for Technical Cooperation
HJA: Home and Justice Affairs
HR: High Representative
IAEA: International Atomic Energy Agency
IBRD: International Bank for Reconstruction and Development
IBTA: Institutional Building Technical Assistance
IDA: International Development Agency
IFC: International Finance Corporation
IFIs: International Finance Institutions
IGC: Intergovernmental Conference
ILO: International Labor Organisation
IMF: International Monetary Fund
INF: Intermediate Range Nuclear Forces
INOGATE: Interstate Oil and Gas Transmission to Europe
ICRC: International Committee of Red Cross
LINKS: London Information Network on Conflicts and State-Building
KFOR: Kosovo Force
KfW: Kreditanstalt für Wiederaufbau
MEDA: Political Mediterranean Region partnership relations with regard to Barcelona Declaration (French abbreviation for: mesures d'accompagnement)
MERLIN: Medical Emergency Relief International
MEP: Member of European Parliament
MOD: UK Ministry of Defence
NACC: North Atlantic Cooperation Council
NATO: North Atlantic Treaty Organisation
NGOs: Non-governmental organisations
NIS: Newly Independent States
ODA: Official Development Assistance
OECD: Organisation for Economic Cooperation and Development
OSCE: Organisation for Security and Cooperation in Europe
PACE: Parliamentary Assembly of the Council of Europe
PC: Political Committee
PCA: Partnership and Cooperation Agreement
PfP: Partnership for Peace
PRDP: Poverty Reduction and Development Plan

PRSP: Poverty Reduction Strategy Paper
PRGF: Poverty Reduction and Growth Facility
QMV: Qualified majority voting
SACs: Structural Adjustment Credits
SCP: South Caucasus Pipeline
SCPI: South Caucasus Parliamentary Initiative
SEA: Single European Act
SME: Small and medium-sized enterprise
SOCAR: State Oil Company of Azerbaijan
SPD: Socialist Party of Germany
START II: Strategic Arms Reduction Treaty II
TACIS: Programme for Technical Assistance to the Independent States of the Former Soviet Union and Mongolia
TENs: Trans-European Networks
TEU: Treaty on European Union
TRACECA: Transport Corridor Europe-Caucasus-Asia
UK: United Kingdom
UN: United Nations
UNOMIG: United Nations Observer Mission to Georgia
U.S.: United States
USA: United States of America
WEU: Western European Union
WIRAM: Economic Reform and Development of the Market System
WMD: Weapons of Mass Destruction
WTO: World Trade Organisation
VPs: Voluntary Principles on Security and Human Rights

INTRODUCTION

The enlargement and integration of the European Union (EU) are two interwoven projects that have carried the European Community (EC) a long way from the basically economic incentives for cooperation to the stage of common policy development on external affairs. However, the three pillar structure of the EU refers to the fact that foreign policy and security have developed apart from but in close relation to the external affairs governed by the Commission. The federalist and functionalist thoughts of the founding fathers of the European Union have predicted the gradual erosion of nation state structures and authority, leaving its place to supranational formations in time. The European Community structures were foreseen to develop close dialogue, thus, mutual understanding among the members of the EC/EU. The learning process would ease the historical tensions and build trust. What they could not predict was the end of the Cold-War and the persistence of subsidiarity. The EU enlarged since the collapse of the Soviet Union beyond comprehensions. So did the negative side-effects of globalisation. The need and efforts to construct a common foreign policy came as a political response to globalisation, however could not develop into a full governmental level of conduct in the handling of local conflicts in the new neighbourhood of the EU, the South Caucasus.

My principal aim is to assess the evolution of the European Political Cooperation into the Common Foreign and Security Policy (CFSP) and how it is working in the South Caucasus. However, the making of European foreign policy has to regard a number of actors that are influential in and around the territory surrounding the EU. The South Caucasus is a unique case, when the multiplicity of systemic and constituent variables that curb the foreign and security policies of the EU is considered. Hence, the discussions over a common European foreign and security policy should not only deal with the treaty changes in the EU structure, but also focus on a complex network of national states, international organizations, public opinion, multidimensional and global security threats. Foreign policy always has to be accompanied by domestic politics and has a wide scope extending from energy to cooperation and development. Hence, the instruments for foreign policy implementation have multiplied, as well. In addition to the traditional state-to-state diplomatic relations, which international organizations and states are

involved in, the non-governmental organisations and public opinion are influential to a growing extent. While the only adversary for the Western European states and the European Community was the Soviet Russia and communism prior to the collapse of the Soviet Union, the number of adversaries has multiplied since the only common reference point for cooperation in the relatively peaceful environment of the Cold War has disappeared while leaving a loophole for the Transatlantic alliance behind. The disarray among the international organisations and their member states are even more apparent in the South Caucasus.

The test of EU action is its capacity to add value. The enlargement process, the conflicts in Yugoslavia and the Barcelona process display, where and how the EU can make a constructive contribution to the problems that would otherwise overcome national governments. However, where the EU lacks the common position and capacity to add value, EU member states like Germany and the United Kingdom will follow national actions that complement the European Foreign Policy. Hence, the initiatives of Germany and the United Kingdom towards the South Caucasus are studied under separate chapters. These two EU member states are particularly chosen to indicate the presence of two adverse approaches to the European Common Foreign and Security Policy inside the EU.

Both Germany and the United Kingdom are significant member states with noteworthy financial, political and military powers. Hence, they are to play important role in the formation of common foreign and security if they are able to meet at a common perception. However, their different histories and differing traditions of foreign policy construction are obstacles to the converging of the individual foreign and security policies under the common roof of the Community. While Germany represents the integrationist drive, the United Kingdom sees its future as a potential global power in the preservation of the Transatlantic alliance. The paradox of the EU foreign and security policy is that Europeanization of security and defence will strengthen the intergovernmental bases of the EU, hence, making the prospects of a supranational 'federal superstate' with a common foreign and security policy more remote. Since, the European capacities for a self-sufficient security and defence identity are limited and indigent to the assets of the Transatlantic alliance, the EU has to share tasks and duties in

the face of new global security threats such as inter-ethnic conflicts, weapons, drugs and human trafficking, transnational criminal organizations, terrorism and the rise of radical Islam with other actors of competence. Although the EU feels the need for a coherent foreign and security policy as it emerges into a bigger and more influential actor, the necessity to give equal attention to relations with Russia, the US and Turkey grows, too. However, not all the EU Member States have developed ties in equal debt with and the same kind of approach towards these actors. Therefore, particular comment will be made on the priorities and foreign policy traditions of the two EU Member Germany and the United Kingdom (UK). The EU nurtures the expectations of a more solid European foreign policy and stronger representation in conflictual territories such as the South Caucasus, Afghanistan and the Middle East, all of which combine into one large region thanks to the Greater Middle East project of the United States (U.S.), both inside the Union and abroad. However, the belated strategy development for the new European neighbourhood does not help with the construction of foreign policy.

In addition to the EU's existing neighbours, new ones have been driven closer to the EU as a result of enlargement. Hence, the EU's commitment had to be enlarged to the South Caucasus, too. The EU's aspirations to become a global power require its contribution to sustainable stability and security both on the European continent and its new periphery. The new global system and conjuncture, which have evolved after the dissolution of the Soviet Union present new risks and threats for European security. Now the EU is closer to regions of conflict, weak state structure, international terror, weapons, drugs and human trafficking and radical movements. Societies in these regions are highly disappointed with their political and socio-economic life. The unresolved ethnic and territorial conflicts are obstacles to development and democratization. The proximity of conflicts to the energy resources and transportation routes is also a significant threat to energy security.

Hence, the European Neighbourhood Policy has been developed in the last couple of years. The involvement of the South Caucasus states into the European Neighbourhood Policy has been realized even more recently in 14 June 2004. This development signals that the EU is inclined to be more active both at local and global levels. The EU is once

again adapting to the contemporary changes in the regional and international environment. In the meantime, the European Neighbourhood Policy reflects the EU's comparative advantage in the use of soft power policies.

Previous experiences of the EU both in the Central and Eastern Europe and the Mediterranean region provide a powerful image and instruments of partnership and cooperation for the EU. Hence, the EU is exploiting its talents in engineering, restructuring and transforming of state and social structures in regions outside but adjacent to the EU. The EU is especially successful in presenting itself as a model to the states and societies regarded as representing its "lesser self". For that purpose integration with the EU is encouraged. The hope for the probability of the EU's further enlargement is always kept afresh.

As long as the EU keeps as a pole of attraction for its neighbours, it will be easier for the EU to mould the countries at its periphery into 'a ring of friends'. The European Neighbourhood Policy involves the effective use of cooperation and development programmes and persuasion of the partner countries to share the EU's fundamental values and objectives. Financial and technical aid for the neighbouring countries and regional projects like Transport Corridor Europe-Caucasus-Asia (Traceca) and Interstate Oil and Gas Transmission to Europe (Inogate) constitute the EU's civil power, which the developing countries and societies of the South Caucasus bind much hope to. Hence, the EU expects not only to help with the development of state structures, free market mechanisms, the appropriate environment for international financial institutions and investment, but also encourage cooperation and dialogue among the states of the South Caucasus and conflict settlement. The New Neighbourhood Policy envisages conflict prevention, too. Thus, the EU's involvement in the South Caucasus, through economic, political and diplomatic instruments is targeted to handle the potential sources of conflict before they develop into hard security issues.

However, following a civil and soft power projection towards the South Caucasus does not mean that the EU's foreign and security policies towards this region of complex and interwoven identities, interests and policies will be easy and free from risks. The EU,

Russia and the U.S. have overlapping territories of influence and near-abroads. Hence, the European foreign policy has to be cautious for a long time. The diverging interests and partnerships of the EU member states and the influential systemic variables in the South Caucasus complicate the picture for the EU further. While, the EU continues to strengthen its global position as a soft power, in the long term it is distant to responding the expectations of its Member States and the Caucasian states in the way the U.S. does. The European Union's interest in the region is the natural consequence of regional policies and global ambitions. It is also a contemporary test case for its foreign and security policy ambitions and capabilities, which are constrained by regional and international actors and their individual policies. We think that the European Union cannot but act with all the contributors together to develop a sensible foreign and security policy towards the South Caucasus. Still, the EU cannot prevent Member States like Germany and the UK to move in accordance with their bilateral and privileged partnerships and priorities. Instead the EU emerges as a reference for the 'appropriateness' of behaviour and policies followed by the EU Member States.

Part One: THE DEVELOPMENT OF THE COMMON FOREIGN AND SECURITY POLICY IN THE EU AND THE INTERNATIONAL ENVIRONMENT

The purpose of Part One is to provide a thorough understanding of the historical and operational contexts, which the EU has emerged through as a political system and organisation. The nature and dynamics of the European Union has a well deserved reputation for having the capacity to remould itself by evolving forces and events. Hence, Part One will go beyond a study of the historical evaluation of European foreign policy upto the Intergovernmental Conference (IGC) of Maastricht and define the European efforts to strengthen the EU decision-making mechanism and presence as a Global Actor. Thus, Part One defines where the expectations, capabilities and limitations of the EU as a Global Actor come from. The unification of Europe coincided with the dissolution of the Soviet Union and the rise of ethnic conflicts at the heart of Europe. Therefore, the European Union had to redescribe security threats with the changing time and the disappearance of the once greatest adversary. The new definition of security threats has required a new perception, too. The conflicts of contemporary world are mainly inter-ethnic within a state rather than state-to-state. Additionally, the security risks are not confined to military conflicts. The troublesome regions of the world, where the state structure, rule of law and democracy have not been constructed are a constant source of terrorism; criminal organisations; radical Islam; human, drugs and weapons trafficking. Hence, the European response to these security perceptions has been through constructing its own security community. The EU has been successful in transforming the Central and Eastern European Countries (CEECs). For that purpose, the EU has presented itself as an appealing model. The European enlargement and integration process has served well in the security of the EU. However, where the military policies and common action for security purposes are required the EU has a poor record. The study of the Balkans and the Barcelona Process in Part One provides a base for understanding the capabilities and limitations of the Common Foreign and Security Policy (CFSP) and the logic behind the efforts to reconstruct the Newly Independent States of the South Caucasus.

I. The Historical Evolution of European Foreign Policy

A. Foreign Policy Cooperation: From EPC to CFSP

The first initiative taken to provide the EC/EU with a meaningful foreign policy structure was the French proposal of 1952 for common foreign policy and common system of defence. Though signed by all the original Six, French National Assembly failed to ratify this first attempt to set up a common defence system on supranational basis backed by foreign policy coordination among the member states. The climbing tensions of the Cold War attended the foundation of European Communities. The general aim was “the construction of a peaceful and prosperous Western Europe and of seeking, collectively, to recover some of the international influence lost by West European states individually”.¹ However, as the federalist proposal for European Defence Community was returned, not only the idea of a fully integrated European Army would remain untouched for decades, but also the issues in the domain of foreign policy would be perceived with caution.² Soon, the original Six adopted an alternative route to European integration, which would be largely economic and trade-oriented. The creation of the European Economic Community (EEC) and a common market were the projects to replace the ‘political community’ proposed probably too early.

By the early 1960s, it was clear for the European Community that an external identity was increasingly required. The European Community was involved in external economic relations of growing significance for not only the founding members of the EEC, but also the third countries involved in trade relations with the European Community. The EC’s external economic relations were gradually gaining an explicit foreign policy dimension, too. While this significant role played by the European Commission in external relations encouraged some members for further integration,

¹ Charlotte Bretherton and John Vogler, **The European Union as a Global Actor**, London and NY: Routledge, 1999, pp.172-173.

² Ibid.

preference of Gaullist France was for an intergovernmental rather than a supranational evolution of the European cooperation.

The draft statute for a European Union of States drawn by the French diplomat Christian Fouchet reflects this intergovernmental understanding from foreign policy and security cooperation. Fouchet Plan was adding a political dimension to the economic and trade-oriented approach of the EEC; yet, the ‘European Political Union’ of the Fouchet Plan did not receive any support from the rest of the Six fearing a ‘Europe of Nations’, de Gaulle would probably like to convert the Community into. Thanks to the rejection of the Fouchet Plan, no institution rival to the competence of the Commission in external economic affairs was constructed. However, by the time the final communiqué of the 1969 Hague Summit “stated that the beginning of the final stage of creating the common market meant ‘paving the way for a United Europe capable of assuming its responsibilities in the world of tomorrow and of making a contribution commensurate with its traditions and mission’”, President de Gaulle had resigned and British application for Community membership was accepted.³ Thus, in 1970 the foreign ministers were able to take the first step for political cooperation, in order to foster a joint approach to foreign policy. 1970 Luxembourg Report was creating a purely intergovernmental mechanism leaving the Commission outside the regular meetings of the foreign ministers and a Political Committee of senior diplomats. Foreign ministers were consulting the Commission only on the matters related to the work of the EC. In 1973 with the review of the initial experiences of European political cooperation, it was revealed that separating the working of the member states from the Community entirely was impossible. The Commission was undertaking an increasing role in the Community’s and member states’ relations with the Mediterranean countries and in discussions on the Community for Security and Cooperation in Europe (CSCE), due to its expertise in the economic area. Debates over foreign policy decisions had to consider economic cooperation, which was at the core of most of the external relations. Today, when evaluated with an impartial eye,

³ Andreas Kintis, “The European Union’s Common Foreign and Security Policy: Transition to a Single Foreign Policy?”, <http://www.psa.ac.uk/cps/1995%5Ckint.pdf>, (02/12/2004). Final Communiqué of the Conference of Heads of State or Government on 1 and 2 December 1969 at the Hague, http://europa.eu.int/comm/economy_finance/emu_history/documentation/chapter3/19691202fr02finalecommunsumconf.PDF, (02/12/2004).

economic cooperation is still observed to cover a determinative space, not only in external economic relations, but also in foreign policy considerations. Thus, the line between external relations and foreign policy, community and intergovernmental, economic area and political cooperation is getting thinner.

Through 1981 London Report, the Commission's growing role in the European Political Cooperation (EPC) was recognized. Once again, change in the French presidency and election of Mitterrand with his new foreign minister, former member of the Commission, Claude Cheysson marked another milestone in the changing attitude towards EPC and Commission relations. Foreign ministers agreed to associate Commission with EPC process at all levels and determined joint action instead of cooperation as main EPC goal. The two events testing the joint action capacity of the EPC were the imposition of martial law in Poland in 1982 and Argentinean invasion of Falkland/Malvinas Islands causing a territorial dispute and then war between Argentina and the United Kingdom. In the first event the Community responded the Soviet Union with a series of sanctions. In the second event, Community was again united and acting as one through declaring its solidarity with the United Kingdom and imposing economic and trade sanctions against Argentina.

The EPC lacked even a secretariat until its codification in the 1986 Single European Act. Until then, the country holding the Presidency provided administrative support, and national officials carried the load of work. To surpass the problems of continuity as a result of the absence of a collective and institutional memory, the national officials began to assist successive presidencies by the late 1970s. Although, such a development helped with the adoption of a cooperative habit and better communication among member states, EPC required enhancement, which was clear to all. The Secretariat established by the Single European Act (SEA) was not a permanent body; it was not involved in the General Secretariat of the Council of Ministers, either. It was rather a separate body with great dependence upon the staff of national foreign ministries for information.⁴ Thus, member states felt that they could prevent communitarization in foreign affairs, while increasing the efficiency of the EPC. The aims of the EPC at home were increasing "mutual

⁴ Bretherton and Vogler, op.cit., p.175.

understanding on foreign policy issues through regularly informing and consulting partners”; and strengthening “solidarity through harmonization of views, coordination of policy positions and, where possible or desirable, joint action”.⁵ Abroad, the goals varied from “working together to adopt joint positions in international organizations like the United Nations (UN) and the Organisation for European Cooperation and Development (OECD), entering into political as well as economic dialogue with third countries and regional groupings”, to “pressing for the restoration of democracy and human rights in places where they were missing”.⁶

Title 3 of SEA established a separate legal basis for EPC activity. The EPC continued its development outside the *aquis communautaire* and treaties until then. The legal basis of EPC was consisting of the declarations made by the member states after each summit. Article 30.1 of SEA commits the parties to work together to formulate and implement a European foreign policy. As agreed upon under Article 30.5 “the external policies of the European Community and the policies agreed in European Political Cooperation must be consistent”.⁷ The key actors involved in the EPC process were the rotating presidency, the European Council, the General Affairs Council, the Political Committee of Political Directors and a more junior group of national foreign office of diplomats. Meanwhile, states retained their right to pursue national foreign policies as they participated in the EPC mechanism.

By 1989, the Communist bloc began to crumble down with great repercussions for the European integration process and the evolution of a common strategy toward foreign policy. The economic dimension of relations with the newly independent Central and Eastern European Countries (CEECs) and the transformation awaiting them were requiring the Western European countries to consider the European Community as the mediator of external relations with them instead of an exclusively bilateral foreign policy approach. In 1988 the first generation trade and cooperation agreements were already negotiated between the Community and most of the former East bloc countries. The

⁵ Ibid, p.176.

⁶ Christopher Pianning, **Global Europe: The European Union in World Affairs**, Boulder and London: Lynne Rienner Publishers, 1997, p.38.

⁷ Brian White, **Understanding European Foreign Policy**, NY: Palgrave, 2001, p.74.

second generation association agreements were the perfect example of highly political aims going hand in hand with economic cooperation. The Commission granted with the task of coordinating assistance to the CEECs played the leading role in negotiating the European Agreements with these countries. The agenda of the EPC was crowded with low policy issues of financial and economic diplomacy, technical and humanitarian assistance towards the CEECs, which were in search of their place in the new world order after the collapse of the Communist bloc. The Commission certainly was the leading institution in low politics, since it had the control over the implementation of the Community budget and coordinated the international aid effort on behalf of the CEECs.

As White states, policy instruments associated with EPC could be classified as political diplomacy, economic diplomacy and a mix of political and economic diplomacy.⁸ Political diplomacy used by EPC in the shape of declarations and dialogues with third countries have often led criticisms of EPC lacking effective instruments and actor capabilities. However, dialogues and structural consultations with third parties helped the Community “to shape and influence international relations in different ways”.⁹ Besides, third parties were requesting political consultations with the Community, too. They were regarding political consultations as a valuable means of facilitating other benefits from their relationship with the Community.

The Community held many dialogues with third countries and regional groups to promote regional stability and cooperation in the pursuit of particular strategies. Dialogues provide better communication and mutual understanding of the positions adopted by the Community and the third parties in return. Another benefit of dialogues is the collective identity that the dialogue partners articulate in time.

Economic diplomacy was performed in various shapes such as financial aid, economic concessions and privileged relationships or voluntary export quotas and orderly marketing arrangements. The Community could use coercion in the form of the removal of the economic favours.

⁸ Ibid., p.80.

⁹ Ibid., p.81.

The economic and political diplomacy was best expressed through association agreements. Europe Agreements were formulated to combine a comprehensive political partnership with an improved trade agreement, thus including political and economic dialogue together in a consistent manner.

As Glarbo points to, two grand attempts, one in 1952, the other in 1962, which were models for a formalized political co-operation did fail as a result of “intense inter-diplomatic conflict and mutual suspicion”¹⁰. Prior to EPC, West European diplomacies were not involved in a regularized interaction. However, regularized interaction among agencies forges their perception of each other and reality on the basis of ‘typifications’. As Glarbo defines ‘typifications’, they “refer to ideal typical charts of reality, which are held as integral, not only to a diplomatic agent’s way of viewing the international system and its elements, but also more broadly to any social agent’s method of grasping social reality”, sometimes “simply through the use of language. The active operation of ‘typifying’ hence embodies phenomenology’s theoretical strategy for capturing how agents manage to conduct social existence”.¹¹ Therefore, social interaction enables the actors to create, alter and help typifications converge, overcome their mutual suspiciousness, and as within the North Atlantic Treaty Organisation (NATO), facilitate an institutionalization of democratic norms, customs and a degree of collective identity. Constructivist focus on inter-subjective practices is therefore to explain how actor identities and interests are formed in the processes of interaction rather than being formed prior to interaction.¹² Hence, initiatives towards political cooperation experienced repercussions and breakdowns prior to EPC. The process was not without caution even after EPC; however, did much better, as the social interaction between member states, their leadership, diplomats and bureaucracy increased. A mutual exchange of gestures and significant symbols between partners allowed them to reinterpret meaning, their identities and interests. As Wendt states, “there is no ‘logic’ of anarchy apart from the

¹⁰ Kenneth Glarbo, “Reconstructing a Common European Foreign Policy”, in Thomas Christiansen, Knud Erik Jorgensen et al. (eds.), **The Social Construction of Europe**, London: Sage Publications Ltd., 2001, p.145.

¹¹ Ibid.

¹² Wendt, “Anarchy is What States Make of It: The Social Construction of Power Politics”, **International Organization**, Vol.46, No.2, 1992, pp.394-395.

practices that create and instantiate one structure of identities and interests rather than another; structure has no existence or causal powers apart from process”.¹³

The EPC process, which has evolved on a trial-and-error basis, provided a great co-ordination reflex and experience on probing new routines for solving co-ordination problems for the member states and their diplomacies. In the early days of the EPC the national interests continued to play a major part; yet as in the working group model developed for the relations within the CSCE process, both a degree of Community involvement in political co-operation was enabled and the autonomous and functional structure of the EPC was preserved. Thus, Commission representation within an *ad hoc* committee was accepted by member states, too.

Another example of efforts to construct EPC in accord with national interest and negotiated compromise was the semi-annual Gymnich meetings launched by the West Germany presidency in 1974, the same year with the creation of the European Council.¹⁴ The disagreement among member states over the Middle East and energy policy could be overcome through the informal and relaxed atmosphere of the Gymnich meetings that enabled face-to face contact between foreign ministers without surrounding diplomats. Soon the ‘appropriate’ policy for the EPC would be built upon the dedication to CSCE and Middle East issues.

During the 1970s the aims of the foreign policy were limited to ensuring an increased mutual understanding in international problems through exchange of information and consultations and strengthening the member states’ solidarity by harmonization of views. If feasible, members could take action. However, none of the declarations and decisions did foster political unity or encourage member states to incorporate the EPC into the EC. Eliassen relates that “[t]he oil crises of 1973 was, to some extent, a turning point for European Political Cooperation as the EC became

¹³ Ibid., p.394. According to Wendt, “[s]elf-help and power politics are institutions, not essential features of anarchy. Anarchy is what states make of it”. In fact, self-help and power politics are socially constructed. They do not follow logically or causally from anarchy. It is not structure; but, “process” that creates one structure of identities and interests rather than another. Self-interested conceptions of security are not constitutive properties of anarchy. The processes of interaction between states may well produce self-help and competitive power politics. Here, anarchy only plays a permissive role.

¹⁴ Glarbo, op.cit.p.148.

involved in political dialogue to resolve the economic crisis, once again indicating the futility of separating economic issues from the political”.¹⁵ By 1980s EC was able to develop political positions such as the Venice Declaration recognizing the right of the Palestinians to a homeland. With the signing of the 1986 SEC, the European Parliament was brought closer to the EPC, as well.

When the Cold-war came to an end, the European Political Cooperation (EPC) had ripened into what would be re-named as Common Foreign and Security Policy (CFSP) with the 1991 Intergovernmental Conference (IGC) and Treaty of the European Union creating the Economic and Monetary Union, as well. Thus, Treaty of the European Union did not bring much difference to the already existing European Political Co-operation structure, apart from expectations stated as goals in the Treaty. Article J.4 of the Treaty makes it clear for all future EU member states that the Union will define a common foreign and security policy covering all fields of the foreign and security policies. Security of the Union will be fortified in all aspects. Preservation of peace and strengthening of international security, protection of outer borders are also included in the goals of the Treaty of the European Union. Promotion of international cooperation, democracy and the rule of law, human rights and respect for fundamental freedoms are also emphasized among the goals of the European Union, since Article J.4 refers to the CFSP as including all questions related to the security of the Union. What is expected from member states is complete and active support. Importance of solidarity is emphasized in all occasions. However, especially in the first years of the EPC, member states have used their right for abstention or taken unilateral action towards some third countries, as in the case of German governments’ recognition of Croatia and Slovakia.

The demise of the Soviet Union changed the whole international context and security considerations. The challenges of the post-cold war period were different from the circumstances, which had facilitated the US commitment to the Atlantic Alliance. The political instability Eastern Europe and the Balkans were drawn into was calling for the EC to play a central role in maintaining peace and stability in Europe as a whole. The re-

¹⁵ Kjell A. Eliassen, “Introduction: The New European Foreign and Security Policy Agenda”, in **Foreign and Security Policy in the European Union**, London: Sage Publications, 1998, p.4.

unification of Germany, the Gulf War and the conflicts in the former Yugoslavia came one after another. The relations with the CEE were another urgent task waiting to be conducted through economic and political instruments in the same time. Piening notes:

*“...there could be no question of exclusively bilateral foreign policy approaches by the EC’s individual member states to the countries of Eastern and Central Europe, not least because it was immediately clear that thrust of policy toward the new democracies would have to be in the economic field”.*¹⁶

The decision for a common foreign and security policy came in such an international environment and haste and passed with the tediously studied and determined European Monetary Union. Though words such as ‘foreign’, ‘policy’, ‘security’ and ‘common’ were used in the TEU without reservation, the statement of “eventual framing of a common defence policy, which might in time lead to a common defence”, reveals the limited capacities of the CFSP and is an example of the vague lines inside the text. White states that “the imperative to include a security/defence dimension in CFSP, for example, clearly emerged without reconciling deep differences between Franco-German proposals for a new EU ‘defence identity’ and a more circumspect UK-Italian plan”.¹⁷

Maastricht replaced the EPC with CFSP and built the second pillar of the ‘temple’, but only to bring “the affairs of the Community a new dichotomy”.¹⁸ CFSP is one of the two intergovernmental pillars with Justice and Home Affairs and a Union activity. However, it is not a Community activity like the External Relations conducted by the Commission. McCormick notes:

“...the goals of the CFSP are only very loosely defined, with vague talk about the need to safeguard ‘common values’ and fundamental interests’, ‘to preserve peace and

¹⁶ Pianning, op.cit., p.38.

¹⁷ White, op.cit., p.96.

¹⁸ Piening, op.cit., p.39.

*strengthen international security’, and to ‘promote international cooperation’. The result has been little change in the practice of European foreign policy”.*¹⁹

However, “the CFSP represents a stronger commitment to common policies, joint action can be initiated and/or implemented by qualified majority voting in the Council (although unanimity is the norm), security issues are fully included in the CFSP, and the CFSP is part of the Institutional structure of the EU”.²⁰ The EU is the coordinator of Western aid to nearly all former Soviet republics and a major supplier of aid to developing countries from African- Caribbean to the Mediterranean, from the Balkans to the Caucasus. Brussels hosts diplomatic representations from every country in the world and the Commission has reached more than 120 places with its overseas delegations.

B. WEU and European Defence

In 1948, Benelux countries, Great Britain and France joined together for post-war security cooperation in Europe. However, this first European initiative to foster economic, social and cultural collaboration and to organize for collective defence could not get beyond a dormant organization. NATO’s formation in 1949 displaced the European efforts to develop its defence capability.

1948 Brussels Treaty founding the Western European Union (WEU) was modified and strengthened after the failure of the EDC in 1954. Still, the WEU was far away from being a self-sufficient organization with a clear identity. The European pillar for security and defence continued to be discussed in the context of NATO until the 1980s. The WEU was activated only at the end of the 1980s. Reagan administration’s policies, especially those dealing with the disposition and removal of nuclear forces, made European partners to reconsider the burden sharing role of the of the WEU. As McKenzie notes “perception

¹⁹ John McCormick, **Understanding The European Union**, The European Union Series, Macmillan Press Ltd, London, 1999, p.206-207.

²⁰ Ibid.

grew that the United States was not heeding European interests”.²¹ In 1987, the dual role identified for the WEU in the Hague “Platform on Security Interests” was “to provide Europe’s security identity, and to serve as a bridge between NATO and the European Community”.²²

The transformation of European security environment determined the contents of the negotiations for the Maastricht Treaty. The fear of U.S. disengagement in Europe, the urgency to extend European security community eastwards to include CEE and the neighbours to the South determined the external priorities of the European Union in European security.²³

Internally, containing the overpowering German force in the European security space was the biggest motivation.²⁴ Strengthening of the European defence pillar, which was central to Maastricht, would prevent the “renationalization” of European foreign policies. The CFSP was planned to lead to a common defence policy under the umbrella of the WEU through a gradual progress. However, EU members were not united on how deep security and defence union should be.

Defining the relationship between the EU, WEU and NATO is a challenge for both institutions and EU member states. As McKenzie relates “the main difficulty has been reconciling two competing conceptions of the WEU-EU relationship: one is reflected in the Maastricht Treaty in which the WEU acts as a bridge between NATO and the EU; the second envisions the synthesis, or even merger, of the two institutions”.²⁵ The first conception defends the continuity of the status quo and “posits the European pillar as a component of the transatlantic relationship”, whereas the second calls for the creation of a European Security and Defence Identity independent from the NATO.²⁶

²¹ Mary M. McKenzie and Peter H. Loedel, **The Promise and Reality of European Security Cooperation: States, Interests, and Institutions**, Westport, CT: Praeger Publishers, 1998, p.103.

²² Ibid.

²³ Fraser Cameron, “The Role of the EU and WEU in European Security”, in Wilfried von Bredow, Thomas Jager and Gerhard Kümmel (eds.), **European Security**, London: Macmillan Press Ltd., 1997, pp.132-140.

²⁴ McKenzie, op.cit., p.103.

²⁵ Ibid., p.106.

²⁶ Ibid.

As Sjursen notes Member States' view on key issues such as European Council authority over the WEU and inclusion of the WEU into the EU continue to diverge.²⁷ Since Maastricht, WEU members have sought to improve functional and structural capacities of the WEU. The WEU was entrusted with the task of 'elaborating and implementing' the EU's defence dimension. Thus, acting as the defence arm of the EU, the WEU had to define what a common foreign and security policy would be about. The first step for this search was put forward through the Petersberg declaration of June 1992. The Petersberg missions include humanitarian and rescue tasks, peacekeeping and crisis management. Inclusion of the Petersberg tasks into the legal framework of the EU through the Amsterdam Treaty allowed the EU to use the limited military assets of the WEU, which relies, however, on NATO even for information and advice.

Current security situation declares that "military concerns no longer dominate national and regional security considerations quite so much as they did during the Cold War".²⁸ Economic and social aspects of security have great implications in an increasing number of occasions.²⁹ However, this does not mean that the military component of security is irrelevant. Overall security includes a variety of political, economic, military and social components. Military power may not be the only and the most important tool in the pursuit of security policies, but as Whalen points out "it remains a vital instrument of modern-day statecraft".³⁰

Europe's military security remains tied to NATO, since the US continues to keep the most developed army of the world. In spite of the reduction in the U.S. military, the U.S. preserves its title as a military superpower with a flexible military strategy and capacity for flexible strategic deployment of large bodies of troops to any corner in the world.³¹ Therefore, as Whalen notes "the United States alone can offer the alliance robust strategic

²⁷ Helene Sjursen, "Missed Opportunity or Eternal Fantasy? The Idea of a European Security and Defense Policy", in John Peterson and Helen Sjursen (eds.), **A Common Foreign Policy for Europe? Competing Visions of the CFSP**, London and New York,: Routledge, p.100.

²⁸ Edward M. Whalen, "Military Aspects of European Security", in Carl C. Hodge (ed.), **Redefining European Security**, New York: Garland Publishing Inc., 1999, p.259.

²⁹ Colin McInnes, "Military Security Agenda", in G.Wyn Rees (ed.), **International Politics in Europe: The New Agenda**, London and New York: Routledge, 1993.

³⁰ Ibid.

³¹ Whalen, op. cit., p.261.

mobility (airlift and sealift transports and tankers); deployable command, control and communications systems; and multidimensional intelligence capabilities”.³² Thus, it is impossible for European political and military planners to do without American participation in European security undertakings in the short or medium term.

The frequently quoted term “separate but not separable” was to describe the WEU’s relationship with NATO. Thus, the WEU would not hold the ultimate control of the loaned alliance assets, which were offered to the WEU for military operations at the 1994 NATO Summit in Brussels.³³ However, the WEU Council of Ministers met in Lisbon in May 1995 and established a politico-military group in support of its Council, a Situation Centre, and an intelligence Unit inside the Planning Cell. In addition to these efforts for the improvement of the WEU’s institutional form and structural capacity for independent analysis and action, the WEU continued “to refine the list of forces ‘answerable to WEU’, which so far include various national forces as well as multinational units, such as the Eurocorps, the EUROFOR, and the EUROMARFOR”.³⁴

Washington promotes the integration of European security measures, too. Yet, American support is to the Combined Joint Task Force (CJTF) that creates a military instrument for European security only within the bounds of the NATO alliance. The CJTF project was approved at the NATO meeting in Berlin in June 1996. Hence, the WEU would not have to duplicate the provision of military capabilities, such as military headquarters and long-range transportation systems, which would have required considerable spending, otherwise. As Flockhardt and Rees state “[i]n return, the US was granted an effective veto over European operations. The CJTF arrangement has, on the one hand, made small-scale European-only military operations more credible, while at the same time symbolized the subordination of the WEU to NATO”.³⁵

³² Ibid.

³³ Whalen, op. cit., p.263.

³⁴ McKenzie, op. cit., p.107.

³⁵ Trine Flockhardt and G. Wyn Rees, “A Core Europe? The EU and the WEU”, in William Park and G. Wyn Rees, **Rethinking Security in Post-Cold War Europe**, London and New York: Longman, 1998, p.71.

The 1999 Helsinki Summit ends the existence of WEU as an independent institution and makes it a component of the EU. As Flockhardt and Rees indicate one of the primary functions of the EU/WEU is to ensure that the core remains intact in Europe, thus preventing a return to a great power rivalry particularly between France and Germany.³⁶ Thus further integration through WEU meant a continued project of 'European construction'. The Treaty of Union, which had displayed some move towards rationalizing a structure for a European core was especially important to emphasize the importance of Europe having one power centre rather than several. Linking the WEU to the European Union meant that its enlargement would be contingent on the widening of the EU.

The Finnish Presidency reports decide the creation of new political and military structures necessary to plan and conduct operations within the field of Petersberg tasks. Hence, these structures would provide political advice and strategic guidance. However, member states were willing to keep the control over the political developments in this field. They chose the Council of Ministers instead of the Commission for the new structuring of the military crisis management.³⁷ Additionally, Ministers of Defence would attend the General Affairs Council when discussing the issues related to the European Security and Defence Policy (ESDP). The three new permanent institutions constructed within the Council were the Political and Security Committee, the EU Military Committee and the EU Military Staff. First of these organs is responsible with the political control of the operation and its strategic dimension. Secondly, the EU Military Committee provides military advices and proposals and determines the military dimension of its own. When taking decisions in relation to defense, the chief of the Military Committee attends the Council meetings. The Political and Security Committee transmits the guiding principles to the EU Military Committee. Lastly, the EU military Staff prepares strategic planning for Petersberg tasks provides early warning, etc.

In spite of all these renovations in the military and security architecture of the EU, getting into action and providing operations through military instruments requires an

³⁶ Ibid., p.66.

³⁷ Michael Rupp, *Avrupa Birliđinin Ortak Dışışleri ve Güvenlik Politikası ve Türkiye'nin Uyumı*, İKV, May 2002, p.16.

extensive amount of financial investment in the development of technical, military capacities and intelligence mechanisms in the firsthand. In this sense, when all the national and international forces and capabilities of Europe brought together, the EU falls still backward, in comparison to the American assets. Keeping an army of its own, particularly a strong one still appears to be a dream for the EU.³⁸ However, 1999 Helsinki Summit notes down the goal of attaining a military power of 60.000 by 2003. This force would intervene in international conflicts, which NATO did not want to get involved in. The army of 60.000 would be capable of getting into action in 60 days and continue its task for one year.

Another obstacle to WEU development has been, in McKenzie's words, the divergent membership of European security organizations.³⁹ Not all of the EU members are the full members of the WEU. Some have preferred to remain outside the European Defence Structure with observer status. Additionally, non-EU NATO states are associate members of the WEU. Moreover, associate partners consisting of the states of Central and Eastern Europe contributed to this already complicated environment. The Central and Eastern European states used to be valued mostly upon the historic opportunity they offered to their western neighbours to overcome the division of the continent. These states, already in queue for membership to both the EU and WEU, were in need of overcoming their internal problems such as weak economies, border disputes and tensions over ethnic minorities in the first hand. Hence, the WEU first complemented the EC's signing of Association Agreements "by instituting its own process of interaction with states to the east" and then creating a 'Forum of Consultation' in June 1992.⁴⁰ 'Forum of Consultation' provided the Visegrad and Baltic States, Romania and Bulgaria with a dialogue on security matters, thus started a process of communication and mutual understanding. It is no doubt that such initiatives worked as exercises towards the final goal of membership. The WEU raised the status of the CEE states to that of 'Associate partners' with the signing of the Kirchenberg Declaration in May 1994. According to Flockhardt and Rees this decision demonstrates a willingness of the WEU "to surpass

³⁸ Özlem Düdükçü, "AB'nin Güçlü Ordu Rüyası", **Cumhuriyet Strateji**, 16 Ağustos 2004, p.8.

³⁹ McKenzie, op. cit., p.107.

⁴⁰ Flockhardt and Rees, op. cit., p.68-69.

what organizations such as NATO had offered to central and East European countries at time”.⁴¹ Associate partnership was previously used to cause less friction between NATO and the EU, since some states are members of NATO but kept outside the EU like Turkey, Norway and Iceland. Again associate partnership would draw some states into the inner decision-making structures of the WEU and accord them the right to participate in Council meetings, play an active part in working groups and deploy forces in support of low-level military tasks, but would not integrate them completely until, the EU/WEU and NATO were ready for an extension to further East.

In a time of crisis, the EU has to work with a multitude of different actors and countries with memberships to institutions which are not always overlapping. Besides, the EU is dependent upon them to achieve success as it has been in the case of former Yugoslavia. The WEU may argue that a wide range of different memberships to diverse institutions, such as WEU, EU, NATO, CSCE and UN will provide flexibility in the pursuit of policies. However, when the interrelation between these actors and their operations during a particular crisis are not well-organized and in harmony, the outcome is hardly a success story.

II. CFSP after Maastricht and Foreign Policy Tools in Use

A. Decision-making Mechanism

European policies in external affairs are not restricted to the Community, CFSP or member states’ foreign policy, but confine them all. Therefore, the first and second pillars have been involved in the external affairs of the EU with their differing participants, decision-making structures, and spheres of competence. The foundations of EC were constructed upon the need for closer and better coordination of economic and trade relations. The realization of Customs Union in 1970 and Economic and Monetary Union were the consequences of this starting point and determination. Under the responsibility of EEC, foreign trade relations of Western Europe displayed a unified and dominating

⁴¹ Ibid.

position for Europe in the international trading system. In parallel to EEC, the EPC attempted to provide structures enabling cooperation and coordination of West European foreign policy. However, defence and security aspects were excluded from European foreign policy drawn around mainly foreign and trade relations. The transformation of EPC into CFSP was to respond to the historic events of 1989-1990, but could not achieve the same amount of integration with the EC. The efforts to communitarize the CFSP have remained without any significant consequence. The CFSP was in deed the product of “a specific ‘decision regime’” guarding the sovereignty of member states in security and defence aspects of foreign affairs.⁴²

Intergovernmentalism that is jealously retained through and within the Second Pillar next to the Community policies, brought multidimensionality to the foreign policies of the EU. In spite of the treaty reforms of Amsterdam and Nice Summits, the fragmented profile of the EU has not differed much. The main CFSP policy instruments were consisting of definition of the CFSP’s principles and general guidelines, common strategies, joint actions, common positions and strengthened cooperation between the member states. These five instruments were left much the same in spite of the Amsterdam Treaty’s amendments to the TEU and the objective to develop an effective and coherent external policy. Hence, the European Council should act unanimously, when deciding for ‘the definition of the CFSP’s principles and general guidelines’ and when determining ‘common strategies’. These two instruments preserved their intergovernmental character after the Maastricht Treaty. However, the qualified majority voting (QMV) was established for adopting and implementing joint actions and common positions. Thus, supranationalism was strengthened through these two instruments. Yet, member states retained their right to oppose the adoption of a decision by QMV in case of “important and stated reasons of national policy”. In such a circumstance, the Council, acting by QMV, can decide to carry the matter to the European Council for decision by unanimity.⁴³ Additionally, the Amsterdam Treaty introduced a new device, ‘constructive abstention’ though in a restrictive fashion. Hence, a state abstaining in a vote could issue

⁴² Gisela Muller-Brandeck-Bocquet, “The New CFSP and ESDP Decision-Making System of the European Union”, **European Foreign Affairs Review**, Kluwer Law International, Vol.7, Iss.3, Autumn 2002, p.258.

⁴³ Neill Nugent, **The Government and Politics of the European Union**, New York: Palgrave Macmillan, Fifth Edition, 2003, p.76.

a declaration that it would not be obliged to apply the decision. However, the same state would recognise that the decision did commit the EU. According to the Amsterdam Treaty, a majority of states was required to proceed with enhanced cooperation. Yet, the Treaty of Nice would relieve this restriction and the minimum number of member states required for enhanced cooperation would be set at eight.

The Amsterdam Treaty, which has been scrupulously designed in a relatively long period of time, when compared with the Treaty of European Union (TEU) and the Treaty of Nice, decided to the appointment of a CFSP High Representative; introduced a declaration on the establishment of a policy planning and early warning unit with personnel drawn from the Council Secretariat, the member states, the Commission, and the WEU; and identified specific security issues for the first time. Still, the intergovernmental and sovereignty preserving principle in the EU has remained mainly untouched as a consequence of the main and steering role assigned to the European Council in the CFSP. In Muller-Brandeck Bocquet's words:

*“Foreign policy, at least in the large Member States like France, Great Britain, Italy and Germany, is largely decided by the heads of government (and in France also by president). As a consequence, foreign affairs at the European level have also been mostly left in their hands. Thus the Member States represent, in the shape of the EC, the principal actors of the CFSP”.*⁴⁴

The governing heads of states holding the Presidency of the Council have the opportunity to represent different approaches to and interests in foreign policy. Thus, as the priorities of each presidency differ, it would be harder to operate an effective and coherent CFSP. The proposals to improve the efficiency and operating procedures of the European Council and the Council include making the European Council less burdensome through eliminating “reports, conclusions, and parasitic procedures that clog up the meetings”, extending its term, improving the Council's preparatory work for the EC meetings and installing “a president of the EU, elected by the EC, who should

⁴⁴ Muller-Brandeck-Bocquet, op. cit., p.262.

represent the EU for five years and also be in charge defining the general guideline of the CFSP”.⁴⁵ As it can be observed from these proposals, among the formulators of which, the heads of leading states such as Tony Blair, Gerhard Schröder, Jacques Chirac and Jose M. Aznar take place, the European Council will continue to be the focus of efforts to preserve the intergovernmental, sovereignty preserving principle in the EU. Article 13, Paragraph 3 of the TEU states, the Council takes ‘the decisions necessary for defining and implementing the common foreign and security policy’. The European Council provides the guidelines and strategies, decisions on which are formulated by the Council.

However, the Council is not alone in the CFSP area. The Political Committee (PC) and the Committee of Permanent Representatives (COREPER) are the two working structures of the Council in the CFSP. The PC, the highest committee of officials in the CFSP area, prepares the contents of all CFSP-relevant themes for the Council and works out the corresponding statements. Then the COREPER carries the positions and conclusions of the PC to the attention of the Council.⁴⁶ While COREPER coordinates the preparations for and the sessions of the Council, and plays the role of transmitter between the PC and the Council, it should not be considered as a passive structure. Since COREPER represents the interests and instructions of the Member States, it brings its own observations and comments to the attention of the Council, too. Although, the PC has enjoyed priority in concrete CFSP preparations since 1993, in order to resolve a power struggle with the COREPER, the COREPER continues to carry “its weight especially with those CFSP matters which go beyond pure diplomacy and fall back on the possibility for action of the First Pillar, and this increases de facto the coherence in the handling of foreign affairs by both Pillars”.⁴⁷ Attaining coherence between not only the individual states, but also the Pillars is highly required, because, the CFSP matters are extending beyond diplomacy into the fields of economic proficiency, as in the case of the First Pillar, and Justice and Home Affairs of the Third Pillar. Such an interrelation between diverse policies, point out to the multi-face of foreign policy and the inevitable need for a balanced and organized attendance of all pillars into foreign affairs.

⁴⁵ Ibid., p.263.

⁴⁶ Ibid., p.265. Also in <http://www.europa.eu.int>.

⁴⁷ Ibid.

The Member States' decision to create 'a European crisis reaction force', added another dimension to the CFSP after Nice. The Political Committee was transformed into the Political and Security Committee, with the additional tasks of political control and strategic supervision of crisis-handling operations. The provisions of the Treaty of Nice on enhanced cooperation, however, exclude enhanced cooperation on 'matters, having military or defence implications'.

Article 17 of the TEU has stated 'the progressive framing of a common defence policy...which might lead to a common defence' as one of the objectives of CFSP. "The development of a common defence policy was seen to be one of the more promising prospects of enabling enhanced cooperation within the Second Pillar".⁴⁸ However, the ESDP decisions requiring unanimity did serve in the strengthening of the sovereignty preserving element in the whole CFSP. As Muller-Brandeck-Bocquet stresses:

"On the one hand, they (the new ESDP structures on the decision-making system of the CFSP), will enhance the credibility of the European security policy. On the other, it is certainly clear that the new ESDP structures will further upgrade intergovernmentalism in the CFSP. A decision to employ the future European crisis reaction forces, which can be a decision about life or death, is only conceivable as intergovernmental cooperation preserving the sovereignty of individual states".⁴⁹

In spite of the imperative for a common defence policy in the future, the limited capabilities of Member States have led to flexible arrangements as in the Treaty of Nice. Thus, participation in any related mission would remain a sovereign decision to be taken by national governments on a case-by-case basis. Yet, the EU would not be held from carrying out a mission, which a member state opts out, as long as the same member state authorizes the cooperation of others. A minimum of eight Member states can initiate cooperation and maintain this cooperation, while those, which are unable to can opt-out.

⁴⁸ Thomas Jaeger, "Enhanced Cooperation in the Treaty of Nice and Flexibility in the Common Foreign and Security Policy", **European Foreign Affairs Review**, Kluwer Law International, Vol.7, Iss.3, Autumn 2002, p.306.

⁴⁹ Muller-Brandeck-Bocquet, op. cit., p.267.

Hence, the Treaty of Nice provides the legal basis for differentiated cooperation among the Member states, which have diverse foreign policy potentials. While, the Treaty of Nice introduces the possibility of enhanced cooperation in the second pillar and widens the domain of qualified majority voting, the application of enhanced cooperation in the European Union's foreign policy constitution is limited to the occasions, when a common position or joint action binding all Member States is adopted prior to a foreign policy decision-making through qualified majority voting. Additionally, constructive abstention has been introduced as a 'procedural safeguard', which brings "supranational effectiveness" together with "intergovernmental preservation of specific national policy preferences".⁵⁰ If a member state opts out from CFSP decisions unilaterally and vetoes the implementation of the CFSP decision by the rest of the Union, the issue is carried to the European Council for the evaluation of the reasons for veto put forward by the Member state opting out. The Member state is also given the right for defence by the Treaty of Nice. If the European Council approves that the CFSP decision is threatening the national interests of the Member state, the decision may be suspended.⁵¹ Although, flexibility in humanitarian missions and peace keeping operations announces the likely increase in the efficiency of these operations through enhanced cooperation and under the common roof of the EU, there remains the question "whether a Member State opposed to certain types of operations as a matter of principle would be prepared to authorize the enhanced cooperation of others in such a sensitive area, thereby surrendering its own control over the issue".⁵² In fact, the effect of enhanced cooperations is very similar to that of qualified majority voting. Constructive abstention, on the other hand, is the modified version of the 1966 Luxembourg compromise, which was found as a solution to the empty chair crisis. Similarly, enhanced cooperation and the constructive abstention may well serve the EU to maintain its credibility outside and the image of a uniform Union action.

With the adoption of qualified majority voting in the CFSP, sovereignty-sharing elements were introduced, too. Although, the general practice in the Council is

⁵⁰ Ingolf Pernice and Daniel Thym, "A New Institutional Balance for European Foreign Policy?", *European Foreign Affairs Review*, Vol.7, Iss.4, Winter 2002, p.382.

⁵¹ Rıdvan Karluk, *Avrupa Birliği ve Türkiye*, Sixth Edition, İstanbul: Beta, 2002, p.118.

⁵² Jaeger, op.cit., p.308.

unanimity, the Council decides about joint actions and common positions through majority voting following a common strategy of the European Council. However, deciding by qualified majority requires hard work on coordination and cooptation. Thus, it has not been possible to extend qualified majority voting beyond the election of Security General, HR for the CFSP, the Deputy of the Secretary General, and the EU Special representatives, in the future. Decisions with military and defence implications are, however, difficult to carry into the scope of qualified majority voting for a long time since defence is regarded as the core of national sovereignty and defence policies of the member states range from neutrality to Britain's 'special relationship' with the U.S.

Overcoming the rule of unanimity may well serve the larger Member States interested in an efficient CFSP, where they can follow policies without the assent of smaller states. The agenda of the CFSP will be much more crowded and diversified with the increase in the number of member states. Thus, use of more qualified majority and enhanced co-operations as instruments in the CFSP will continue to be the issues of debate in the future intergovernmental conferences.

Constructive abstention brings further flexibility in the Common Foreign and Security Policy, which can also be read as weakening intergovernmentalism and giving the Council the opportunity to side-step the interests of the individual states in the sake of the 'unity, consistency and effectiveness of actions by the Union'. Thus, Article 23, Paragraph 1 of TEU states that a member of the Council, who abstains from a Council decision 'shall admit that the decision commits the Union in a spirit of mutual solidarity, the Member States concerned shall refrain from any action likely to conflict with or impede Union action based on this position'.

However, as the opposition of the neutral states and the UK to the Franco-German proposal for the creation of a convergence pact for defence spending and the gradual creation of a European armaments market, as well as the creation of a European Armaments Agency displayed, even the use of enhanced cooperation and constructive abstention were weak to persuade all the members for the adoption of "a clause or a declaration in the TEU on 'common solidarity and security', which identifies all the risks

facing the EU, including terrorism and the way to combat them” and to “improving military capabilities through a process of harmonizing military planning, pooling of capabilities and resources, and increased division of labour”.⁵³ As Piana states *The Convention Working Group on Defence*, chaired by Michael Barnier was influenced by the Franco-German proposal, too, and in its final report on December 10, 2002 suggested that a solidarity clause be included in the Treaty of the European Union.⁵⁴ While the neutral states abstain from getting involved in a European military operation, thus oppose the solidarity clause, the UK wants to maintain control over its defence spending and protect the British defence industry from any harm a fortress Europe approach could give. Hence, neither the Barnier Report’s solidarity clause, nor the Franco-German proposal for ‘reinforced co-operation’, which is based on qualified majority voting and on a rapid decision process was encouraging for everyone to commit themselves further to the developing of the ESDP due to lack of will and capabilities. Hence, the reform of the institutions and the decision-making process does not always go hand in hand with the progress in practice and political convergence among the Member states.

The establishment of the new office of High Representative (HR) for the CFSP, the Policy Unit responsible with a common strategy planning and early warning and the efforts of the Commission to develop its participatory role in the CFSP through the RELEX Commissioners and the establishment of the General Directions are all the steps paving the way towards a closer inter pillar cooperation. Hence, the creation of these positions after the decision at Amsterdam was a considerable first step to denationalizing of the CFSP and ‘brusselization’ of European foreign policy.

The establishment of the new office of High Representative and its attendance by a politician who enjoyed the highest international regard, Javier Solana the former General Secretary of NATO, was almost like an answer to Kissinger’s question about whom he should call to communicate with the EU. Thus, there would be someone at the end of the phone. The office of High Representative was attaining visibility to the presence of the EU in the outside world. However, the tasks awaiting Solana were not easy. He was

⁵³ Claire Piana, “The European Convention and Defence”, **European Security Review**, ISIS Europe, No.15, December 2002, pp.2-3, <http://www.isis-europe.org>, (10/05/2005).

⁵⁴ *Ibid.*, p.1-2.

assigned to elaborate a coherent and efficient policy for the EU to cope with both military and civil crises.

Solana displayed successful cooperation with External Affairs Commissioner Chris Paten, while preserving good relations with Member States and the European Parliament, in the same time. Solana managed a delicate balance between the intergovernmental and supranational elements in the CFSP. On the one hand, the Secretary of General/High Representative lacks a monopoly of initiative as the Commission does. On the other hand, the rotating Council Presidency, which has been regarded as the main factor pushing for deeper integration and enlargement so far, especially when in the hands of Germany, France and the UK is now threatening to become a source of imbalance, since every country holding the presidency add their national priorities to the CFSP work programme rather than observing long-term strategies for the efficacy of the CFSP.⁵⁵ The proposal for a single foreign policy representative came out of such a situation. Hence, the specific tasks and functions of the Presidency would be combined with present functions of the Secretariat General and High Representative of the General Affairs Council. Furthermore, the tasks of the Commissioner responsible for external relations could be conferred upon the Secretariat-General/High Representative (SG/HR), since foreign policy has become the field of juxtaposition for ‘supranational’ external relations and ‘intergovernmental’ security/defence matters, which cannot be reduced to one another. Hence, the Foreign Policy Representative of the EU or the Minister of Foreign Affairs, we shall say, “would get its instructions from the Council when acting within the scope of the CFSP and from the competent first pillar bodies when acting under the EC Treaty” as Pernice and Thym state.⁵⁶ Such a Foreign Policy Representative would present a united front in dealings with third countries and international organizations and strengthen the image of the EU as an independent actor.⁵⁷

The inter-pillar cooperation and the strengthening of the horizontal coherence in the EU’s foreign relations will help both the EP and the Commission to gain power in the

⁵⁵ Pernice and Thym, *op. cit.*, p.392-393.

⁵⁶ *Ibid.*, p.395.

⁵⁷ Horst-Günter Krenzler and Henning C. Schneider, “The Question of Consistency” in Elfriede Regelsberger (eds.), **Foreign Policy of the European Union: From EBC to CFSP and Beyond**, London: Lynne Rienner Publishers, 1997, p.145.

CFSP and introduce some of their supranational elements into the CFSP. The Amsterdam revisions of the TEU established an obligation on the part of the Council to consult the EP on matters of Common Foreign and Security Policy. In October 2002 the European Parliament approved an inter-institutional agreement with the Council, governing EP access to sensitive Council information in the sphere of security and defence policy. However, the new agreement was limiting the right of information to what the Presidency of the Council or the Secretariat-General/High Representative decide to share with a special committee of five Members of the European Parliament (MEPs) “taking into account the public interest in matters relating to the security and defence of the European Union or of one or more of its Members States or military and non-military crisis management”.⁵⁸ Hence, many Members of the EP argue that the Agreement will in practice limit the EP’s right to access to information.

B. The European Union as a Global Actor

In line with Cox’s analysis in the context of Europe about “the ability of the social democratic state to withstand the pressures of economic globalization”, ‘macro-regional economic spheres’ have emerged to respond economic globalization.⁵⁹ A new form of state challenges “Westphalian assumptions of sovereignty and territoriality through a “complex, multilayered systems of governance”.⁶⁰ Thus, state adopts an international character beyond territoriality. By the time political/military power remains territoriality based, economic power is not amenable to regulation at the state level, as the West Europe used to do through traditional economy policies. Economic globalization has led to the transfer of economic management functions from nation-state level to the European Community level. To the advantage of global economic liberalism, the process of

⁵⁸ Malin Tappert, “European Parliament Resigned to Limited Oversight of ESDP?” **European Security Review**, No.16, ISIS Europe, p.9.

⁵⁹ Charlotte Bretherton and John Vogler, “Actors and Actorness in Global Politics, Locating the European Union”, in **The European Union as a Global Actor**, London and New York: Routledge, p.27.

Robert W. Cox, “Social Forces, States and World Orders: Beyond International Relations Theory”, in Fredrich Kratochwil and Edward D. Mansfield (eds.), **International Organization: A Reader**, New York: Harper Collins College Publishers, 1994, pp.356-360.

⁶⁰ Bretherton and Vogler, op. cit. p.26-27.

“separation of ‘political’ foreign policy and external economic relations” continues while the political control of social democratic forms of governance is curtailed. An example of separation between political foreign policy and external economic relations was the delay of the EC’s imposition of economic sanctions in protest of the South Africa’s bad record in human rights. Here, however, not only external demands, but also internal tensions have to be considered, as in the case of British backing of the South Africa during the Thatcher government. In the example given by Bretherton, the Commission opposes the proposals emanating from the CFSP of the EU to suspend relations with ASEAN and protest Burma’s accession to the organization in spite of its poor human rights records.⁶¹

In the global sphere, the actors are not equally competent in the economic and political/military dimensions of foreign affairs, necessarily. As in the tasks of global management the US takes the lead in matters where ‘military enforcement’ is required. However, the role assigned to the EU is rather a ‘civilian power’ as it is evident in the Middle East/Mediterranean and former Yugoslavia. As Bretherton states “[t]he EU, for its part, is increasingly expected to pay a large proportion of the cost, while gaining little political advantage”.⁶² However, it would not be fair to say that there is not any political gain for the EU. Wallerstein’s speculation on the EU’s enlargement to the East draws attention to “the diversion of EC financial assistance, in the 1990s, from ‘Third World’ to Central and East European countries”.⁶³ With the completion of decolonization in the ACP, the interest has slipped towards the Mediterranean/Middle East and the CEE, thus, shortly to the ‘near abroad’. Wallerstein’s conclusion on EC enlargement to the East was that it would “breathe considerable new life into the existing capitalist world-economy. It would also perpetuate a system in which ‘a large portion of the world’s population would still be outrageously exploited, perhaps more than ever’”.⁶⁴ According to Bretherton and Vogler’s evaluation, EC financial assistance to a region, in this case, to Central and East European countries proves the prescience of Wallerstein’s speculations.⁶⁵ It reflects the unique political form of the EU bringing external demands and opportunities,

⁶¹ Ibid., p.27.

⁶² Ibid.

⁶³ Ibid., p.26.

⁶⁴ Ibid.

⁶⁵ Ibid.

political/economic will and capacities of its constituting parts together, in order to respond to the structure evolving in the ‘existing capitalist world-economy’.

However, Wendt abstains from reducing ‘the structure of any social system’ to simply material conditions.⁶⁶ In deed, structure contains material conditions, interests and ideas. Material structure, structure of interests and ideational structures are equally necessary to explain social outcomes: “without ideas there are no interests, without interests there are no meaningful material conditions, without material conditions there is no reality at all”.⁶⁷

In Hill’s words, structures “are the sets of factors which make up the multiple environments in which agents operate, and they shape the nature of choices, by setting limits to the possible but also, more profoundly, by determining the nature of the problems which occur there, by shaping our very life-worlds”.⁶⁸ Besides, structures are not limited to external environment. The political, bureaucratic and social structures are of vital importance to the foreign policy-making. The relationship between agent and structure is one of an intersubjective and ‘mutual constitution’. Bretherton and Vogler state “we cannot infer actorhood merely from the internal characteristics of a political unit, however; we must also consider the patterns of constraint and opportunity associated with the political and economic structures within which the EU is located”.⁶⁹ Thus, when evaluating the European Union as a global actor, we have to consider the external as well as the internal determinants of EU external policy: “The capacity to act, or actorhood, is a function both of external opportunities, including those associated with the international legal and institutional framework; and internal capabilities, which include the availability of policy instruments and the capacity and legitimacy of decision making processes”.⁷⁰

⁶⁶ Alexander Wendt, “Structure, Agency, and Culture”, in **Social Theory of International Politics**, Cambridge, UK: Cambridge University Press, 1999, p.139. Also see Wiener, Antje. “Constructivism: The Limits of Bridging Gaps”, **JIRD**, Vol.6, No.3, pp.252-275.

⁶⁷ Ibid.

⁶⁸ Christopher Hill, “The Politics of Foreign Policy”, in **The Changing Politics of Foreign Policy**, New York: Palgrave Macmillan, 2003, p.26.

⁶⁹ Bretherton and Vogler, op. cit. p.16.

⁷⁰ Ibid., p.29.

The EU has shown little diplomatic and military muscle in international crises. The explanation for this situation is various. Diplomatic disunity, the WEU's lack of the operational capability to conduct military actions independently of NATO, the EU's members' "lack of commonly perceived interests in crises whose implications for Europe's security and economic well being are far from clear", and the absence of a common vision of how to solve the crises that arise are the political/military factors hindering the EU's efficiency in the face of international crises, which are even at the edge of the European borders.⁷¹

The CFSP is seen as the real core of European foreign policy and the motor of the EU's actorness in the global politics. However, it is external economic relations and external economic policies of the EU that give the EU "a growing potential for strategic action" through the European Community.⁷²

External economic policies are the effective source of the EU foreign policy and the EC is the essential agent of the politicization process. There have been substantial member state demands for politicization, too, especially targeted on central and Eastern Europe and the former Soviet Union. "In this context", Smith states, "it can be argued that the use of 'enlargement as foreign policy' or the production of networks of partnership and cooperation lends weight not to the emergence of CFSP, but rather to the politicization of external political-economic relations".⁷³

The development of an EU 'foreign policy' is based on the use of the institutional assets and international agency of the EC. An initiative like the Balladur Pact is the example of such a joint action of the EU members in the CFSP, which could be conducted through the use of EC assets and the process of politicization. Foreign policy should not be diminished to the military and hard security. Thus, "the CFSP is to be seen as one of the contextual forces leading to the further development of the EC's foreign

⁷¹ Juan Diez Medrano, "The European Union: Economic Giant, Political Dwarf", in T.V. Paul and John A. Hall (eds.), **International Order and the Future of World Politics**, Cambridge, UK: Cambridge University Press, 1999, p.172-173.

⁷² Michael Smith, "Does the Flag Follow Trade? 'Politicisation' and Emergence of a European Foreign Policy", in John Peterson and Helene Sjursen (eds.), **A Common Foreign Policy for Europe? Competing Visions of the CFSP**, London and New York: Routledge, 2000, p.78.

⁷³ *Ibid.*, p.91.

policy, and perhaps as a means by which EU member states manage their relationships to that foreign policy”.⁷⁴ Foreign policy does not consist of CFSP alone; but, is a mixture of both EC and CFSP.

Since the limitations of the CFSP in world affairs are realized, expectations both inside the EU and outside have been lowered since 1992. The EU has a multi-level character and this requires the EU to overcome a credibility gap. Countries like Germany and Benelux push for “a genuinely supranational foreign policy integrated with the Community institutions proper” to preserve the reputation of the EU in external affairs.⁷⁵

The EU has a firm presence in many areas of the world trading system. Moreover, the EU is an action organization with the capacity to decide in its region. However, American guarantees, the use of US facilities, and the failure of the EU in the development of an independent defence policy prevent some major European states to perceive the CFSP as a rival to the US presence.

The EU’s capabilities are suffering from scarcities in terms of resources, instruments and cohesiveness when it comes to military and financial aspects of resources, and the EU’s claim to full actorness. The poor record of CFSP and Commission in the ability of taking decisions and holding to them and making foreign policy less intergovernmental is a reflection of the difficulty the EU is having in terms of cohesiveness.

According to Peterson, “[t]he European Union’s (EU) enormous international power and frequent inability to wield it very effectively in the pursuit of European interests surely constitutes one of the most fascinating paradoxes of the ‘European project’”.⁷⁶ First of the defects the CFSP is suffering from is the absence of an identity, since there is no ‘European public’.⁷⁷ Thus, in the face of the new foreign policy challenges of a post-Cold war world, hosting far more diversity in terms of national interests among the

⁷⁴ Ibid., p.93.

⁷⁵ Christopher Hill, “Closing the Capabilities-Expectations Gap?”, in John Peterson and Helene Sjursen (eds.), **A Common Foreign Policy for Europe? Competing Visions of the CFSP**, London and New York: Routledge, 2000, p.36.

⁷⁶ John Peterson, “Introduction”, In John Peterson and Helen Sjursen (eds.), **A Common Foreign Policy for Europe? Competing Visions of the CFSP**, London and New York: Routledge, 2000, p.3.

⁷⁷ Ibid.

crowded EU members, it is increasingly difficult to construct identifiable European interests. Thirdly, the CFSP's weakness derives partly from its weak institutions.

The disillusionment with the CFSP, to a great degree, is the result of the gap between what has been expected from the CFSP, and how far the CFSP has advanced on EPC. Although the ambitions of EU member governments to play a larger international role were great, the intergovernmental framework has not differed much with the Maastricht Treaty. Besides, the Maastricht Treaty's new pillar structure established a persistent problem. As Peterson notes "[s]everal CFSP actions (under 'pillar')...were successful mainly because European Community ('pillar I') instruments were deployed effectively".⁷⁸ By 1990s, the contents of foreign policy have both expanded and become more compartmentalized. Foreign policy was not only limited to security and defence, but also included financial, economic and development aid and trade as policy instruments, "many of which come under the remit of the Commission and pillar I".⁷⁹

III. European Efforts to Construct the Security Architecture of the EU

A. Security Considerations of the EU for Europe and for Russia that is the Strategic Actor

The rationale for western security community was built upon the 'realities' of a bipolar system. However, the demise of the Cold War and the unification of two Germanies, revealed the necessity to review the western security strategy of double containment. Old tensions and new challenges, insistent geopolitical uncertainties and renewed ethnic conflicts characterize the new European security environment of "a striking mix of continuity and change-the continuity of national interest amidst a changing institutional context and a shifting security landscape".⁸⁰ Thus, the new security architecture of Europe should contain a wider space, with no clear boundaries. The 1990 Paris Summit

⁷⁸ Ibid., p.6.

⁷⁹ Ibid., p.8

⁸⁰ Mary M. McKenzie and Peter H. Loedel, "Introduction: States and Institutions in European Security", in **The Promise and Reality of European Security Cooperation: States, Interests, and Institutions**, Westport, CT: Praeger Publishers, 1998, p.1.

of the CSCE was the first step announcing the change in perception of and attitudes towards security in Europe. The European order would be constructed through “a more cooperative security framework based on common interests and truly ‘interlocking’ institutions” and “a regional collective security system based in part on the CSCE”.⁸¹ At this point, the institution centred approach of cooperative security emerges next to the national interest of states, which may require unilateral action. Therefore, both state-level and institution-level concerns affect European security cooperation. Whereas, the states define their individual understanding of security and seek to develop a level of security corresponding with their alleged national interest, they are participating in institutional arrangements, too. As McKenzie and Loedel state “[n]ational security and conceptions of national interest as articulated in the domestic arena cannot be divorced from the constraints and influences of the international and institutional arena within which European security policy takes place”. Hence, the changing nature of European security brings national priorities together with pressures for international interdependence.

German Defence Minister Volker R  he’s statement that “Western Europe has to project stability to the East; otherwise instability will come to the West” reveals the position of Europe in the face of a complex and interwoven catalogue of threats.⁸² European Security Strategy, adopted by the European Council in 12 December 2003 in Brussels, refers to the creation of the European Union as central to the security and freedom in Europe. Thus, the relations between the European states and the lives of citizens have transformed due to the commitment of European countries “to dealing peacefully with disputes and to co-operating through common institutions”.⁸³ As the European Council states in European Security Strategy, successive enlargements realize the vision of a united and peaceful continent, while authoritarian regimes change into secure, stable and dynamic democracies as a result of progressive spread of rule of law and democracy.

⁸¹ Ibid.

⁸² Narrated by Wilfred von Bredow, Thomas Jager and Gerhard Kummel, “European Security in an Unsafe World”, **European Security**, UK: Macmillan Press, 1997, p.212.

⁸³ European Security Strategy, Adopted by the European Council, 12 December 2003 in Brussels, **Internationale Politik**, Transatlantic Edition, Vol.5., Spring Issue, 1/2004.

Although, the European Council accepts that “[t]he United States has played a critical role in European integration and European security” and “[t]he end of the Cold War has left the United States in a dominant position as a military actor”, the EC adds that no single country is able to deal with the complex problems of our time alone, on its own.⁸⁴ The security threats and challenges that Europe has to cope with are various. Although large scale aggression against any Member State is not expected, terrorism, violent religious extremism, proliferation of weapons of mass destruction, regional conflicts, bad governance and civil conflict in developing states, organized crime are listed in European Security Strategy as key threats. In response to such threats neither military nor traditional economic means are effective on their own. Since, no great power is capable of handling all of the means for meeting the new security threats, unilateralism is activated within an increasingly limited space and only when it is very necessary; whereas, collective security, cooperation with strategic actors in strategic regions and multilateralism is increasingly adopted.

In the case of terrorism, the assumption is that the whole of Europe is threatened, and thus, “openness and tolerance of our societies” are undermined. Violent or frozen regional conflicts are taken as a persistent threat to regional stability, especially when close to the EU borders. The fact that conflict gives birth to extremism, terrorism, state failure, organized crime, and according to “the most frightening scenario”, to the spread of Weapons of Mass Destruction (WMD) in the hands of terrorism and organized crime calls the EU to tackle with the older problems of regional conflict without further delay. After all, as the EC notes in European Security Strategy,

*“Security is a precondition of development. Conflict not only destroys infrastructure, including social infrastructure; it also encourages criminality, deters investment and makes normal economic activity impossible. A number of countries and regions are caught in a cycle of conflict, insecurity and poverty”.*⁸⁵

⁸⁴ Ibid.

⁸⁵ Ibid.

Along the periphery of Europe stand newly independent states “governed by ineffective or corrupted judiciaries and other flawed democratic structures, and ... economies that are either criminalized or escape the strictures of national authority”.⁸⁶ However, the erosion of meaningful boundaries within the EU, as a result of interaction density has a rather adverse affect on the security of the EU, since “the porousness of national boundaries in the European State system” facilitates the transmission of security threats across national boundaries and their climbing from a single state level into the international.⁸⁷ Thus, the EU is aware of the fact that neither the member states, nor the EU as an organization over the national level is immune to external penetration of a wide range of threats, any more. In Kirchner and Sperling’s words:

*“...while the increasing economic, normative, and political interdependence between the states of Europe makes cooperative outcomes more likely and reinforces the emergence of a collective identity which recasts both interests and threats within a collective frame of reference; it also provides multiple channels of disturbance and creates a dense network of diffusion mechanisms”.*⁸⁸

Externalization of domestic economic and political crises and their development into system-wide threats; emergence of a progressive criminalization of the economy in the more prosperous part as result of the degraded civil societies or political institutions; repercussions of domestic disturbances in the shape of unwanted and uncontrolled population migrations; penetration of criminal organization into states through the cyberspace and the inadequacy of the NATO alliance in “managing many critical dimensions of the post-cold war security agenda” are the contemporary threats posed to European stability.⁸⁹ However, state is neither the sole agent, nor the only target of these threats. In other words, “[m]any new security challenges target the functioning of society

⁸⁶ Emil Kirchner and James Sperling, “The New Security Threats in Europe: Theory and Evidence”, **European Foreign Affairs Review**, Kluwer Law International, Vol.7, Iss.4, London, Winter 2002, p.428.

⁸⁷ Ibid., p.426. However, the effectiveness of governance structure within the EU should not be ignored. The European governance structure has been developing its protection mechanisms, too.

⁸⁸ Ibid., p.427.

⁸⁹ Ibid., p.446.

or threaten societal integrity”, while the others “target the governance structure of the European state system or the milieu goals of its member states”.⁹⁰ Additionally, the source of threats to European security is likely to be mostly non-state actors, with a variety of objectives hard to define. The state will, however, continue to maintain its important functional role in acting in response to incongruent security threats of our time.

When defining its strategic objectives, the European Council stresses two facts: First, the EU needs to think globally and to act locally. Secondly, defending its security goes hand in hand with promoting its values. Thus, the EU would not remain inattentive to the global perceptions of threat, as it displayed in its adoption of a European Arrest Warrant and an agreement on mutual legal assistance with the US after 11 September. In addition to that, the EU pursues policies against proliferation, illegal shipment and illicit purchasing of nuclear materials or weapons and is committed to achieving universal observance of multilateral treaty regimes. However, the EU and Member States interfere into regional conflicts, and deal with the resources of conflict nourishing organized crime and terrorism at the local level, too. As, the European Security Strategy paper notes “[i]n an era of globalization, distant threats may be as much a concern as those that are near at hand”. Hence, the EU and Member States cannot stay ignorant to the risks of proliferation, terrorist networks, state failure and spread of organized crime in the Balkans, Afghanistan, South Asia, or West Africa. In deed, it is harder to cope with these threats having a dynamic character and potential to spread, in a later stage. Therefore, the European Council states in the Security Strategy Paper that “[t]his implies that we should be ready to act before a crisis occurs. Conflict prevention and threat prevention cannot start too early”. To respond and contain the new threats, regional conflicts and multi-faceted situations, a mixture of intelligence, police, and judicial, military and other political instruments is required. The EU and Member States seem to have noticed the importance of tackling with the political causes of proliferation, regional conflicts, organized crime in failed states, in the one hand, and economic instruments to serve reconstruction, civilian crisis management to restore civil government, humanitarian

⁹⁰ Ibid.

means to tackle immediate crisis, on the other, not to forget the need for military instruments to restore order.

Apart from *Addressing the Threats*, Strategy Paper, adopted by the European Council, refers to *Building Security in our Neighbourhood* as the second strategic objective. The statement that “[e]ven in an era of globalization, geography is still important” points to the importance the EU gives to the peace and stability in the countries and regions encircling Europe. The integration of acceding states is acknowledged to increase the European security, but would also remove the space between the EU and troubled areas.

The Balkans, the Mediterranean, and the Southern Caucasus are the closest of the strategically important regions and they are surrounding the outer borders of the EU. The Balkans is the first and foregoing example of how far concerted efforts between the EU, the US, Russia, NATO and other international partners can go to promote stability in a conflict-ridden region. The European Council associates the credibility of the EU’s foreign policy with the consolidation of achievements by the ‘concert of willing’ in the Balkans, as it is one of the participants.⁹¹

The Mediterranean area, together with the unresolved Arab/Israeli conflict in the Middle East, is another strategic region requiring a continued engagement of the EU. Similar to the Balkans, solution of the Middle East conflict will also require “a united and cooperative effort by the European Union, the United States, the United Nations and Russia” as accepted by the European Council.⁹²

The Southern Caucasus has a growing significance for the EU, especially when considered with enlargement. Another factor carrying the Southern Caucasus to the agenda of European Security Strategy is the existence of Russia. As observed in the other two strategically important regions, the Balkans and the Middle East, the EU counts Russia together with the US as working partners. Therefore, next to the ‘irreplaceable’

⁹¹ European Security Strategy, Adopted by the European Council, 12 December 2003 in Brussels, **Internationale Politik**, Transatlantic Edition, Vol.5, Spring Issue, 1/2004.

⁹² Ibid.

transatlantic relationship, the EU puts relationship with Russia; and the European Council mentions that “[w]e should continue to work for closer relations with Russia, *a major factor in our security and prosperity*”.⁹³

The European Council states in the European Security Strategy that

*“It is not in our interest that enlargement should create new dividing lines in Europe. We need to extend the benefits of economic and political cooperation to our neighbours in the East while tackling political problems there. We should now take a stronger and more active interest in the problems of the Southern Caucasus, which will in due course also be a neighbouring region”.*⁹⁴

Here, the statement of ‘new dividing lines’ refers basically to those which may emerge between the West and Russia.

Trenin notes the compelling interest the West Europeans have in securing an organic relationship with Russia:

*“As the European Union becomes more integrated internally and expands eastward, it has to define itself as a political, as well as an economic actor. Thus, it needs a long-term outward-looking strategy, not only an inward-looking one. This strategy should concern itself in particular with the Union’s immediate neighbourhood, which includes, next to the Balkans and North Africa, Turkey, Ukraine and Russia”.*⁹⁵

Neighbourhood to Russia and regions, which are perceived by Russia as its near abroad, stresses that “[a]t least from a security perspective ... Russia has been an intrinsic

⁹³ Ibid. (Italics are of the author).

⁹⁴ Ibid.

⁹⁵ Dimitri Trenin, “A Russia-within-Europe: Working towards a New Security Arrangement”, in **Russia’s Security Policy and EU-Russian Relations**, ESF Working Paper No.6, March 2002. The paper can be reached at <http://www.ceps.be/Pubs/2002/esfwp6.pdf>

part of Europe” and “will continue to be so in post-Cold War Europe”.⁹⁶ Without reference to Russian domestic developments, foreign and security concerns, ‘non-Russian Europe’ can hardly pursue security policies for the continent.

Despite the end of the Cold-war, neither the consideration of the western bloc and Russia of each other as the ‘other’ disappeared, nor could they gather around an effective security community. Yet, the EU is following a gradual and patient policy towards the strategically important regions of potential risk, such as CEE, Balkans and the Caucasus, and the foregoing actor, Russia that is keen to preserve its past, present and future ties to these regions, in spite of the relative decline in its power of influence.

The central task of Western Europe is not to deter or contain Russia anymore, as it did during the Cold War, but maintain sustainable relationship with the Russian state. As Marantz states, today the challenge is “to stabilize Russia’s fragile economic and political system, to prevent its fragmentation into feuding mini-states, and to lessen the Russian population’s hardship and suffering, since these conditions provide a fertile breeding ground for authoritarian and ultranationalist movements”.⁹⁷ In fact, the EU and Member States contain not the Russian might or its potential for being a great power again, but the threats deriving from its weaknesses such as low level of institutionalization, ineffectiveness, the danger of collapse and even “[t]he remarkable erosion in Moscow’s military capacity”.⁹⁸

⁹⁶ William Park, “A New Russia in a New Europe: Still Back to the Future?”, in William Park and G. Wyn Rees (eds.), **Rethinking Security in Post-Cold War Europe**, London and New York: Longman, 1998, p.96.

⁹⁷ Paul Marantz, “Russia and European Security”, in Carl C. Hodge (ed.), **Redefining European Security**, New York: Garland Publishing Inc., 1999, p.214.

⁹⁸ *Ibid.*, p.213. The Russian army takes its share from the pangs of economic, political and social change. It constitutes only one third of its previous strength under Brezhnev and now stands at 1.5 million men. Military salaries are terribly low, which is also counted among the reasons for corruption and officers’ involvement in illegal activities. The morale and discipline of the army have collapsed and the Russian troops are now poorly trained, badly equipped and terribly commanded. Military equipment is deteriorating and the failure of Russian troops in conflict-ridden zones like the breakaway republic of Chechnya reveals the hard situation the Russian military is in. Also see Arbatov, Alexei G. “Military Reform in Russia: Dilemmas, Obstacles, and Prospects”, Working Papers, International Security Program, Belfer Center for Science and International Affairs (BCSIA), September, 1997, <http://www.ciaonet.org/wps/ara02/ara02.html>, (15/02/2005).

Russia is far from being a direct military threat to Western Europe, but Russia's economic collapse or political disintegration would increase the flow of refugees to Central and Western Europe. Marantz also reminds that "[a] weakening of law and order in Russia would result in an intensification of transnational criminal activity, drug trafficking, and the smuggling of nuclear material beyond the levels to which these have already risen since 1991".⁹⁹ The fate of nuclear command and control structures and the security of nuclear technology and know-how in Eurasia has also emerged as another dimension of security problems the West would face in case of a breakdown in the Eurasian stability. Nuclear incidents in a disintegrating Russia could lead to humanitarian and environmental disasters. A collapse of vital part of infrastructure including nuclear installation or Russian exports of weapons and sensitive technology to 'rogue states' are among the list of the EU's security considerations.¹⁰⁰

Erosion of Russia's existence in its surrounding is neither preferable nor beneficial for Europe. Absence of state authority within the region has created the perfect ground for organized crime and terrorism so far. Russia, which still remains a major regional power, in spite of its social, economic and military misery, has the potential to maintain the order in Eurasia and Caucasus, as long as it adopts cooperative rather than competitive attitude towards regional actors and Europe.¹⁰¹ According to Alexandrova "we should speak less about the 'Russian threat' and more about the 'Russian problem' for the West, and this problem will persist in the foreseeable future".¹⁰² She also adds that "[t]he answer to this question depends substantially on whether Russia will be able and willing to redefine and manage its domestic and foreign policies in ways which are compatible with the interests of its neighbours and its partners".¹⁰³ Marantz states that

⁹⁹ Marantz, op. cit, p.214.

¹⁰⁰ The EU's and the US's uneasiness over the relations between Russia and Iran getting closer and serious perceptions of threat over Iran's nuclear policy, though it claims that nuclear studies are just for the construction of nuclear energy plantation but not for proliferation should be considered under the light of this predominant concern over the spread of nuclear weapons technology.

¹⁰¹ Burkard Schmitt, "EU Cooperative Threat Reduction Activities in Russia", **Chaillot Papers**, No.61, June 2003.

¹⁰² Olga Alexandrova, "The Russian Threat - Real or Imaginary", in Wilfried von Bredow, Thomas Jager and Gerhard Kümmel (eds.), **European Security**, Macmillan Press Ltd., 1997, p.51.

¹⁰³ Alexandrova, *ibid*.

there is a tacit understanding between Russia and the West.¹⁰⁴ As long as the Russian policy toward its perceived 'near abroad' does not contradict with the larger issues of European security covering Ukraine and Baltic states, Russia is welcomed by most of the Western leaders to maintain a strong presence and influence in neighbouring countries. In fact, Russia is "granted a relatively free hand in Central Asia and the Caucasus".¹⁰⁵ However, Russia knows, too, that it has to avoid hard-handed policies and overt use of force not to lose Western tolerance.

Although, Russia's policy towards 'its near abroad' comes and goes between relatively civil and more assertive it restraints from injuring relations with the former Soviet republics and the Western Europe. Russia's main priority is now to secure foreign economic assistance, overcome domestic problems, transformation of economy and construction of new stable institutions. Meanwhile, Russia seeks to preserve good relations, thus ties, with its 'near abroad'. Since, Russia's near abroad coincides with the 'near abroad of the EU', too, both Russia and the EU have an understanding of common good and mutual interest in cooperation in strategic regions like Kaliningrad, Baltics and Southern Caucasus, since neither of them can do much without the consent and support of the other. Emerson notes the EU strategy towards Russia and its "genuine search for a deep and extensive partnership across an extensive policy agenda" which "is now a constant factor in EU external policy", since "the EU enlargement process brings these two semi-empires closer together, with increasingly an overlapping of their respective near abroads".¹⁰⁶ Western policymakers know it well that their options for countering Russian influence in the Caucasus and other regions that are important for the European security because of their proximity to the rest of Europe are limited. Thus, the best is to

¹⁰⁴ Marantz, op. cit., p.220.

¹⁰⁵ Ibid.

¹⁰⁶ Michael Emerson, "Transatlantic and European Strategies towards Russia and the Caucasus", **European Security and Cooperation in the 21st Century**, International Conference, The Marmara Hotel, Istanbul, June 28-29, 2001. For an interesting study of the Russian public's perception of institutions and values associated with the "West" see Diligenski, German. "The 'West' in Russian Public Consciousness", **Social Sciences**, Vol.32, No.2, 2001, http://www.ciaonet.org/olj/socsci_01dig01.html, (15/02/2005).

transform Russia into a co-operable partner with compatible institutions and values, rather than isolate and alienate it.¹⁰⁷

The West spends considerable effort to shape the direction of Russia's development. Still it is an enigma where Russia is heading to, or what kind of an identity it will take to itself; but, construction of a democratic Russia that has overcome its internal problems and external conflicts is the long-term goal of the EU. Therefore, the EU uses its instruments to tame and mould Russia for the sake of European security. The neighbourhood aspect which has been put into use and the Partnership and Cooperation Agreements signed with Russia and the three South Caucasian States is the outcome of the EU's strategic thinking. The EU is well aware that state consolidation and economic revitalization is the priority of Russia. The EU is also busy with a transformation project of its own. Thus, neither Russia nor the EU has been insistent on policies reflecting an immediate and pressing need for the other in security terms. However, this does not mean that the EU and Russia will not need each other more with increasing urgency in the future. The EU's initiatives towards Russia and the European periphery are an investment for the medium and long term, providing communication and learning for both of the parties which share a number of foreign policy concerns about the international system. According to Lynch, one of the urgencies is the need of the EU for closer strategic ties with Russia, which will add value to European diplomacy.¹⁰⁸ The European Convention and the enlargement are expected to increase the potential weight of the Union on the international stage. A number of key questions affecting the international affairs wait for a response by the EU. In addition to the conflicts in the Middle East, and the Balkans, the EU has to consider the security and stability of Europe's new neighbours, including Moldova, Ukraine and Belarus. This fact automatically refers to a geographical reality that the EU enlargement has already brought the EU much closer to the Russian

¹⁰⁷ Alexandrova puts it bluntly: "It is, of course, true that until recently Russian history was a history of expansion and of imperialist behaviour. It is also true that the heritage of empire still affects the thinking and behaviour of some groups within the Russian elite and the Russian public. But it would be incorrect to simply extrapolate this historic tradition into the future. The reemergence of an imperial and expansionist Russian foreign is definitely possible, but not inevitable. Helping to prevent this from happening is one of the main challenges for the West". See, Olga Alexandrova, "The Russian Threat - Real or Imaginary", in Wilfried von Bredow, Thomas Jager and Gerhard Kümmel (eds.), **European Security**, Macmillan Press Ltd., 1997, p.43.

¹⁰⁸ Dov Lynch, "Russia Faces Europe", **Chaillot Papers**, No.60, May 2003, p.82.

homeland. As Lynch states “the Russian government is well aware that future EU-led peace support operations are likely to move beyond an increasingly stabilized South-East Europe towards zones closer to Russia’s borders”.¹⁰⁹ In order to retain its influence on such operations and organizations like the EU, the UN and the OSCE Russia cannot do but participate in and seek for cooperation on European security.

Sagromoso notes “since the mid-1990s there has been a willingness to entrust the United Nations and other multilateral bodies with substantial authority for the administration of war-torn territories such as Kosovo and East Timor”.¹¹⁰ The perceived failure of international mediators and peacekeepers notably in Somalia and ex-Yugoslavia led to the debates over the impotence of international organizations like the UN, the OSCE, the EU and the NATO; but hardly refers to that internationalism has failed altogether. *European Security Strategy* emphasizes the importance of multilateralism and refers to the enforcement of international organizations such as the UN and the OSCE as an important pillar of its objectives. This perspective was shared by the Russian Federation willing to rejoin the civilized Western world. Russia was of the same opinion with the EU on the importance of international law and universal principles and the use of global mechanisms for their implementation. As the successor state to the Soviet Union at the UN Security Council, Russia perceived the UN capable of satisfactorily resolving post-Soviet conflicts.¹¹¹ The CSCE was considered as an appropriate body, which would provide a higher status for Russia if transformed into a smaller version of the UN.

The process of interlocking and harmonizing the activities of European institutions is a part of the substantial changes the European security structures are undergoing. As the number of areas for inter-institutional cooperation increases, European institutions will have to use each other’s assets and adopt labour division. One example was the Union’s initiative of the 1995 Stability Pact in Europe. Though launched by France, it is continued

¹⁰⁹ Ibid., p.83.

¹¹⁰ Domitilla Sagromoso, “The UN, the OSCE and NATO”, in Dov Lynch (ed.), **The South Caucasus a Challenge for the EU, Chaillot Papers**, No.65, p.64.

¹¹¹ Dimitri Trenin, “International Institutions and Conflict Resolution in the Former Soviet Union”, in Marco Carnovale (ed.), **European Security and International Institutions after the Cold War**, UK: Macmillan Press Ltd., 1995, p.61.

by the OSCE. As Lachowski and Rotfeld note the then CSCE did even participate in the negotiating process initiated by the Union regarding the Stability Pact.¹¹² Cooperation with CSCE/OSCE has been supported by different security structures and organizations in several occasions. NATO was willing to continue “in supporting the ongoing arms control process and co-operative security process; in helping develop the CSCE institutions; in serving as a basis, on request, for peacekeeping operations; in complementing the CSCE efforts through the North Atlantic Cooperation Council (NACC) and the Partnership for Peace (PfP)”.¹¹³ The EU is following a similar path with the NATO as the example of the agreement by the EC upon the initiatives taken at the CSCE forum during the Helsinki Process has shown. To contain and prevent conflicts in Europe, the EU/WEU cooperated with the OSCE again and implemented the UN recommendations as the experience in Kosovo displayed. In fact, with the Dayton Agreement, specific roles for the NATO, the UN and the OSCE has emerged. Thus, military matters belong to the NATO, political legal and economic matters fall to the share of the EU, the UN is responsible with the matters related to the return of refugees and police operations; humanitarian issues, elections, building democratic institutions, confidence-building measures and arms control are supervised by the OSCE.

The CSCE/OSCE which was declared a ‘regional arrangement’ under Chapter VIII of the United Nations Charter developed from being simply a forum for negotiation and dialogue into “an active operational mechanism for early warning, conflict prevention, crisis management and post-conflict rehabilitation” in time.¹¹⁴ However, the OSCE could act effectively in terms of conflict resolution and post-conflict rehabilitation only when a serious conflict as in the case of Bosnia came to a halt. Thus, the OSCE would activate its operational role only after the road to signing of the Dayton Peace Agreement in 1995 was paved by the actors most influential such as the US, the EU and some individual member states. As Sagromoso points out “the OSCE experienced a substantial increase in

¹¹² Zdzislaw Lachowski and Adam Daniel Rotfeld, “Inter-Institutional Security Co-operation in Europe: Past, Present and Perspectives”, in Wilfred von Bredow, Thomas Jager and Gerhard Kümmel (eds.), **European Security**, UK: Macmillan Press Ltd., 1997, p.124.

¹¹³ Ibid. Lachowski and Rotfeld remind the OSCE’s representation in the NACC *Ad Hoc* Group on Peacekeeping as an example of ‘businesslike cooperation’ between the security and defense structures of the OSCE and the NATO, in spite of the perception that the OSCE is competing with the NATO.

¹¹⁴ Sagromoso, op.cit., p.72.

the number of field missions, primarily in the Balkans, the Caucasus and Central Asia”, though with a mixed record of role and impact in enhancing security and responding security challenges.¹¹⁵ Hence, the attention should be drawn to the geographical location of these three strategically important regions, almost completing a larger geographical space, and to their neighbourhood. Though a regional arrangement, the OSCE cannot be considered beyond the global/international system and its actors.

The OSCE could develop as the main security provider to countries in the South Caucasus, but the non-ignorable strategic actor of the region, Russia, did not display a very coherent attitude towards such a development, which it seemed to support at the beginning.¹¹⁶ Neither, the CSCE/OSCE members did much in the favour of the emergence of the OSCE as the major security organization of the European Continent. Instead, the bilateral assistance of the neighbouring countries, military organizations such as the NATO, the PfP programme and the Commonwealth of Independent States (CIS), taking Russia into account, came to the fore.¹¹⁷ Russia, as the sole country with borders to all of the three regions mentioned above and stranding next to one another, has interests and concerns, which have to be considered by those that are concerned with peace and security provision. The OSCE has the potential to emerge as a multilateral forum, where Russia will be able to find voice and pulled into the initiatives like arms control, conflict prevention and conflict resolution as an active participant. Since, the sensitivity of the Russian decision-makers is towards the developments and policies outer their control, but inside the regions, which are perceived to be complementing their traditional space of interference and national security, neither the EU nor NATO is ignorant to the Russian factor. Russia can be either destabilizing for the region under ‘construction’ or a valuable partner in cooperation. However, it is not an easy task to attain coherence between the way Russia sees the OSCE and what the EU tries to activate in the form of OSCE.

Though equipped with limited political tools, a poor economy which has responded neither to ‘shock therapies’ nor to foreign aid, an extremely ill managed and demoralized

¹¹⁵ Ibid.

¹¹⁶ Dov Lynch, “Russia and the Organization for Security and Cooperation in Europe”, in Mark Webber (ed.), **Russia and Europe: Conflict or Cooperation?** London: Macmillan Press Ltd, 2000, pp.99-109.

¹¹⁷ For a close study of the CIS see Sakwa, Richard and Mark Weber. “The Commonwealth of Independent States, 1991-1998: Stagnation and Survival”, **Europe-Asia Studies**, Vol.51, No.3, 1999, pp.379-415.

army, and military forces scattered in the South Caucasus resembling ‘lost legions’ more than anything, Russian presence continues to preserve its significance for both individual states inside and outside the South Caucasus and multilateral organizations. Either its is the implementation of an arms control treaty or the withdrawal of Russian armed forces stationed in Georgia and Moldova, the fight against terrorism in Afghanistan or checking the illegal organizations filtering through the borders from the Middle East to Europe by means of the historical Silk Road, Russia must give its consent and support. In other words, European considerations on Moldova at the shore of Europe and Russian policy thereunto can only find an answer according to what Russia adopts for Georgia. These two cannot be considered totally independent from one another. The large Russian minority in the enlarged Europe and ‘Union’ with a potential to threaten stability within the borders, and the Russian exclave, Kaliningrad, make the European Union even more sensitive to relations with Russia, and the Russian problem - yet to be seen whether there is one or not. Hence, the West always keeps in mind that what they are dealing with when they put their hands into the South Caucasus is a piece of the former Soviet ‘space’.

The involvement of the CSCE/ OSCE in the Nagorno-Karabakh conflict came in January 1992, in such a care and atmosphere. The conference to be held in Minsk would bring eleven CSCE member states and the warring parties together. However, this initial attempt was unsuccessful as a result of disagreements between Armenia and Azerbaijan. Neither a smaller group of CSCE mediating countries, later to be called Minsk Group, succeeded in negotiating a cease-fire. Only after the Armenian military occupied Nagorno-Karabakh and six adjacent Azerbaijani districts, and the Russian Minister of Defence Pavel Grochev brokered a cease-fire agreement, the military conflict came to an end.

In Georgia, the OSCE shared a ‘mixed mandate’ with the UN from the beginning. The OSCE would “promote negotiations between the conflicting parties in Georgia”.¹¹⁸ Thus, as the OSCE follows an active role through negotiating and intervening in addition to observing and reporting, the UN would participate in the mission of preventive

¹¹⁸ Heinz Vetschera , “Co-operative Security in the OSCE Framework: CSBMs, Emergency Mechanisms and Conflict Prevention”, in Wilfried von Bredow, Thomas Jager and Gerhard Kümmel (eds.), **European Security**, UK: Macmillan Press Ltd., 1997, p.156.

diplomacy and crisis-management with a stronger military component. The objective was a peaceful political settlement. The mission to Georgia which began with the start of deployment on 3 December 1992 contained both the South Ossetian conflict and the Abkhazian conflict. However, the UN had a leading role in Abkhazia, whereas the CSCE Mission concentrated on South Ossetia. Yet, the mission did not remain limited either in objectives or to the conflict areas. The Permanent Committee expanded the mission's objective to include the promotion of respect for human rights and assistance in democratic institution building in the whole of Georgia. Hence, the flexible structure of the CSCE was an opportunity for it to respond the needs in and around a conflict area and adapt its objectives and tasks quickly when it is necessary.

Still, the CSCE/OSCE shared similar shortcomings with the EU. First of all the conflicts in the Balkans and the Horn of Africa was occupying all of the attention and efforts by the European countries and the United States. Secondly, the region as a former Soviet 'space' had remained out of sight for such a long time that Western countries had very little knowledge, expertise and hardly any idea about what to do in the South Caucasus.¹¹⁹ Besides, like the EU the CSCE did not have the necessary tools to enforce a settlement of the Karabakh war. Neither did Western countries have a common and firm commitment to impose a resolution on the parties of Karabakh conflict, nor did the EU member states in Yugoslavia.

B. European Security Community

'Security communities' is a concept made prominent by Karl Deutsch nearly forty years ago. According to Karl Deutsch, if the aim of integration is to attain a greater power for general and specific goals, to have a common role identity or achieve all of these goals to a certain degree, then an amalgamated community (union) with a common government should be preferred. If the aim is, however, the protection of peace between integrated

¹¹⁹ Turkey's initial relations with the Caucasus and Central Asia are a good example of how fruitless could policies be when knowledge and expertise do not accompany interest in a newly discovered region after a long period of ignorance. See Baskın Oran (ed.), **Türk Dış Politikası, Kurtuluş Savaşından Bugüne Olgular, Belgeler ve Yorumlar**, Cilt II: 1980-2001, İstanbul: İletişim, 2001, pp.371-439.

political units, then a pluralistic security community, which is easier to construct, will be adequate.¹²⁰ Three preconditions for such a structure are:

1. The appropriateness of fundamental political values for the participatory states;
2. Capacity of governments to participate in such a security community and that the elites of the participatory states are responsive to the needs, actions and messages of each other;
3. The ability to predict political, economic and social behaviours of each other beforehand.

The political units constituting pluralist security communities should have evolved a perception that the possibility of a war between the units is no longer existent or attractive. Thus, the formation of the political climate necessary for integration and intellectual communication is very important. Mutual attention, reciprocity, communication and responsiveness should be developed to have the opportunity for the protection of the participatory states' autonomy, sovereignty and peace while enabling peaceful change.¹²¹ In a pluralistic security community, separate governments which have gathered around the goal of "dependable expectations of peaceful change" and settlement of their disputes in some other way than fighting with each other physically, retain their legal independence while they develop 'a sense of community', involving core values, mutual responsiveness and "a sense of 'we-ness'".¹²²

Constructivist view that international actors are embedded in a structure that is both normative and material represents a return to social theorizing in international relations, which was first developed through the 'Deutschian perspective' relying on shared knowledge, ideational forces, and a normative environment. On the contrary to the rationalist perspectives stressing the logic of anarchy, constructivism has resurrected "Deutsch's concept of security community: urging that international relations scholarship

¹²⁰ Tayyar Arı, **Uluslararası İlişkiler Teorileri**, Second Edition, Bursa: Alfa, Kasım 2002, p.456.

¹²¹ Ibid., p.460.

¹²² Emanuel Adler and Michael Barnett, "Security Communities in Theoretical Perspective", in Emanuel Adler and Michael Barnett (eds.), **Security Communities**, Cambridge Studies in International Studies, Cambridge, UK: Cambridge University Press, 1998, p.7.

recognize the social character of global politics; forwarding the need to consider the importance of state identities and the sources of state interests; suggesting that the purposes for which power is deployed and is regarded as socially legitimate may be changing; and positing that the cultural similarities among states might be shaped by institutional agents”.¹²³ Hence, the characteristics defining a community are commonly shared, intersubjective identities, values, meanings and a common language among the community members. Secondly, the participants of a community preserve their face-to-face encounter and interaction in numerous settings. Thirdly, as Adler and Barnett state, communities display ‘diffuse reciprocity’.

Actors with shared identities, which, together with interests, are shaped by their social environment, construct communities to respond the dependable expectations of peaceful change “in the absence of well-developed strategic ties or formal alliance, but in any case there are tacit and/or formal normative prohibitions against states settling their disputes through military means”.¹²⁴ Wendt states “[i]t is collective meanings that constitute the structures which organize our actions. Actors acquire identities – relatively stable, role-specific understandings and expectations about self – by participating in such collective meanings”.¹²⁵ Intersubjective understandings and expectations and the distribution of knowledge among states, thus, their conceptions of self and other affect the meaning they attribute to the distribution of power.

Identities are the basis of interests and interests are defined in accordance with the social context. In Ulusoy’s words “the process of identity formation is of a kind that develops within a social unit”.¹²⁶ Process of identity formation under anarchy is concerned with preservation and “security” of the self. Therefore, concepts of security are

¹²³ Ibid., p.12.

¹²⁴ Emanuel Adler and Michael Barnett, “A Framework for the Study of Security Communities”, in Emanuel Adler and Michael Barnett (eds.), **Security Communities**, Cambridge Studies in International Studies, Cambridge, UK: Cambridge University Press, 1998, p.34-35.

¹²⁵ Alexander Wendt, “Anarchy is what States Make of It: The Social Construction of Power Politics”, **International Organization**, Vol.46, No.2, 1992, p.397; Alexander Wendt, “The State and the Problem of Corporate Agency”, in **Social Theory of International Politics**, Cambridge, UK: Cambridge University Press, 1999, pp.224-233.

¹²⁶ Hasan Ulusoy, “Revisiting Security Communities after the Cold War: The Constructivist Perspective”, **Perceptions, Journal of International Affairs**, Ankara, Vol.VIII, No.3, September-November 2003, p.181.

interrelated with the self that is cognitively identified with the other. “Any identification requires a distinction just as any distinction necessitates some identification”.¹²⁷ Rumelili explains the existence of identities with their otherness:

*“Identities are always constituted in relation to difference because a thing can only be known what it is not. However, the constitution of identities in relation to difference does not necessitate a behavioural relationship between self (the bearer of identity) and other (the bearer of difference) that is characterized by mutual exclusion and the perception and representation of the other as a threat to one’s identity”.*¹²⁸

The EU gives us the examples of overlapping and mutually constitutive identities replacing clear-cut self/other distinctions. However, the EU as a collectivity may be replicating the modern, Westphalian form of differentiation in terms of its external relations. This modern approach of differentiation leads the European collective identity to relate to and construct its outside as inherently different. As a result, the possibilities for change in the other are by definition non-existent, and the other is placed in position of permanent difference.¹²⁹ The exclusionary nature of identification is clearly exhibited, as the members to the European Union externalize or disassociate their Community from the values, myths, symbols, attitudes and more of those, which the Community does not identify itself with. Yet, as Barnett and Adler maintain intellectuals all over the world have played an epistemic role in the development of myths, norms, symbols, institutions, and practices that are the building blocks of a security community.¹³⁰ Thus, the EU has also developed its own myths, norms, symbols, institutions and practices, which are attractive for not immediate but prospective members of the European security community to identify with. In Barnett and Adler’s words “there is nothing like a good

¹²⁷ Ibid., p.181. Hasan Ulusoy is citing from A. N. Yurdusev. (A.N. Yurdusev, **International Relations and the Philosophy of History: a Civilizational Approach**, (Macmillan, London forthcoming), p.105.)

¹²⁸ Bahar Rumelili, “Constructing Identity and Relating to Difference: Understanding the EU’s Mode of Differentiation”, **Review of International Studies**, No.30, 2004, p.29.

¹²⁹ Ibid., p.28.

¹³⁰ Michael Barnett and Emanuel Adler, “Studying Security Communities in Theory, Comparison and History”, in Michael Barnett and Emanuel Adler (eds.), **Security Communities**, Cambridge Studies in International Studies, Cambridge, UK: Cambridge University Press, 1998, p.426.

myth to instil a sense of confidence and forge a shared identity”.¹³¹ Still, the meaning of national interests has to be redefined by an inclusion of ‘Europe’. Europe policies have to be compatible with core meanings of nation states. Waever maintains “[e]specially for a major power, the overall foreign policy line must be explainable as to where this leaves “us”: what kind of future for “France”/“Germany”/“Russia” in what kind of Europe?”.¹³² Thus, the major countries were involved in constructing a narrative of state, nation, identity and a Europe compatible with their national tradition of political thought. Since, each member state had a different Europe project, these different Europes had to be cognitively and politically compatible to exist at the same time. However, Weaver warns that “by incorporating a different conception of ‘Europe’ into their national identities, European states are threatening the future of the security community in Western Europe”.¹³³

Whereas, the EU member states begin to see each other as an extension of self rather than as other, regionalism developing in the EU has a more critical and fastidious perception of space beyond its increasingly obscure borders in flux. The EU is constructing itself at the core of a larger security community with other centres and actors of influence around, either close or at the periphery, but in either case tied to the core. It is interesting to see Western countries despising the strongly centralized empires of the past to take a similar path through constructing a core to replace separate powers. The EU does not erect firm lines of boundary around itself, but ‘large zones of transition’ or ‘frontiers’. If difference beyond these frontiers is deriving from acquired characteristics, then, by definition there is the possibility that the other will become like self one day.

¹³¹ Ibid., p.427. For a comprehensive explanation of the role played by the myths and symbols in the social accord, preservation of order and obedience to the political power, see Mümtaz’er Türköne (ed.), **Siyaset**, Istanbul, Lotus Yayınevi, 1. Basım, Eylül 2003. Accordingly, the whole community completes each other cognitively and integrates through mitologies. A common world of loyalties is created. By means of mitologies, an upper space of sacredness is created to strengthen the consent to the existing situation. The phenomena of time and space are transformed into the time and space that are desired with mythologies, thus a new world is constructed. Mythologies provide a social structure to bind tightly around an order or hero through rituals. Thus, a political power strengthens both its legacy for the use of power and causes connecting people to itself. (Summary is of the author)

¹³² Ole Waever, “Insecurity, Security, Asecurity”, in Emanuel Adler and Michael Barnett (eds.), **Security Communities**, Cambridge Studies in International Studies, Cambridge, UK: Cambridge University Press, 1998, p.94.

¹³³ Barnett and Adler, op. cit., p.429.

Thus, the other is only in a position of temporary difference. The EU's attitude towards the CEECs is the example of this collective identity, which has neither led to disunity between the EU and future Europe, nor attributed a permanent difference to CEECs, thus, making them a permanent threat. Inherent characteristics of the CEECs are perceived to be compatible with the EU, yet, they are different in terms of acquired ones. Since, acquired characteristics are open to reconstruction and redefinition, association agreements with the CEECs would provide the most suitable mechanism for the construction and preservation of the European collective identity. Hence, the EU has dealt with the acquired differences of the CEECs, carrying the traces of their communist past, through the institution of candidacy. The negative or positive identification with others draw the basic lines of social identities, the self- and collective interests. Through positive identification, the self conceives the other as the extension of self, while defining the boundaries of the self. The question of where the boundaries of Europe end, and the qualification of the East as the extension of the West, "as a lesser self of Europe" are examples of identification, the "corporate" need for differentiation and collective definitions of identity and interests.¹³⁴

It is necessary, however, to remember that the identity/difference nexus is performatively and mutually constituted by both self and other.¹³⁵ Hence, how the other responds to the construction of its identity has an important dimension. While, the recognition by the other secures the identity of the self, resistance by the other makes the identity of the self more insecure. The others' recognition of the norms, institutions and meanings represented by the EU reproduces the EU's identity. As the candidates to the EU membership acknowledge the superiority of the EU, the values and institutions it represents, and as they aspire to become like the model constructed by the EU, they secure the EU's collective identity. Here, the question is what will happen when all the candidates attain the status of full membership one day. Since, enlargement and integration constitute the process that is fundamental for the construction of European collective identity and security community, what will fill in the space emptied by the

¹³⁴ Alexander Wendt, "Identity and Structural Changes in International Politics", in Yosef Lapid, Friedrich Kratochwil (eds.), **The Return of Culture and Identity in IR Theory**, London: Lynne Rienner Publishers, 1996, p.52.

¹³⁵ Rumelili, op. cit., p.32.

fulfilment of enlargement to the last possible borders? As mentioned above, the EU prefers to preserve the boundaries a little blurred, by rejecting no one, but keeping to say “yes-but”. The institution of candidacy has served to the construction of a European identity well, through the practices of differentiation. Rumelili states:

*“By making certain states to be candidates before they can be members, Europe constructs the other as inadequate in these characteristics that define the European identity. As a result, it differentiates the states in the community as the natural possessors of these morally desirable qualities. The institution of candidacy also grants the members of community, as natural possessors, the authority to monitor and evaluate the progress of these outside states towards these moral ideas”.*¹³⁶

Indeed, the EU has the opportunity to observe during the period of candidacy, whether the candidates are truly internalizing the teachings of the European institutions or simply to exploit and adopt them as instrumental to their membership. The EU is a good example to the capacity of the international organizations in engineering a regional culture around commonly held attributes such as democracy, developmentalism and human rights and promoting regional projects in line with these attributes. As Adler and Barnett stress organizations are sites of socialization and learning, where political actors learn and teach others “what their interpretations of the situation and normative understandings are”.¹³⁷ In the meantime, actors are involved in socialization, which is promoted by international organizations; they develop positive reciprocal expectations and thrust to each other; they reconceptualise their identities; they reimagine their social bonds and even identify with each other. Thus, social learning plays a critical role, “which can be described as an active process of redefinition and reinterpretation of reality – what people consider real, possible and desirable on the basis of new causal and normative knowledge”.¹³⁸ The international organizations are particularly instrumental in

¹³⁶ Ibid., p.40.

¹³⁷ Adler and Barnett, op.cit., p.43.

¹³⁸ Ibid.

engineering a regional culture around commonly held attributes, mutual trust and identification, and in promoting regional projects.

However, the EU's collective identity is basically built not upon the fear of 'others', but on the shared fear of disunity. The stability and security of the EU, thus its future and identity are all identified with integration. Fragmentation means the opposite. The 'other' for the EU is the past of Europe. In order to secure Europe and prevent a return to the insecurities of the past, European Union establishes "a zone of peace which enhances trade and thereby wealth" just like the empires it has been critical of.¹³⁹ Hence, centrism has returned under the name of post-sovereignty. However, what is European Security? According to Waever, this question still requires an answer. It may mean "regional international security", or "Euronational security".¹⁴⁰ According to Waever, European order is unique in its combination of the supranational level and the intergovernmental level, which cannot be reduced to one another and the mechanisms of this very system of security pre-empt most of the main security problems. Waever states that "[s]uch security stabilization is neither collective security (because it is not about equal states and a general mutuality, and not even explicitly about aggression), nor collective defence/alliance (because it is not directed against outsiders)".¹⁴¹ However, the threat of Balkanization provides "a tool for legitimizing an international order without a named enemy" for Europe. Especially the US discourse on European security uses Balkans as "a metaphor of chaos and disintegration". Thus, the opposites of stability, continuity and NATO are Balkanization and efforts to change the defence structure under NATO and EU/Franco-German defence cooperation.

The EU discourse, on the contrary to the US, observes fragmentation as the basic threat of integration, hence leading to instability and Balkanization. The EU also sees the "superpower" influence as the obstacle to the EU taking responsibility for security. In this

¹³⁹ Ole Waever, "The EU as a Security Actor: Reflections from a Pessimistic Constructivist on Post-sovereign Security Orders", in Morton Kelstrup and Michael C. Williams (eds.), **International Relations Theory and the Politics of European Integration: Power, Security and Community**, London: Routledge, 2000, p.255-256.

¹⁴⁰ Waever, "Securitization and Desecuritization", in Ronnie D. Lipshutz (ed.), **On Security**, New York: Columbia University Press, 1995, p.72.

¹⁴¹ Waever, "The EU as a Security Actor: Reflections from a Pessimistic Constructivist on Post-Sovereign Security Orders", op. cit., p.251.

respect, integration and centralization are taken as the remedy of fragmentation/Balkanization/renationalization. As Waever states, almost with a state-building logic, “European security” concept uses disintegration as a threat to “a not-yet-existing social order”.¹⁴² The debates over European security are the most apparent examples of how security is constructed. In fact, the concept of security is not ‘given’. Even culture becomes security policy in time. European integration proceeds with the ‘culturalization’ of nations, as a result of which, societal security emerges apart from state security. While, the European Union member states evaluate the enlargement of the Union to the Balkans and Turkey for instance, in terms of ‘hard security’, their societies consider the cultural convergence, as the underlying reasons for the failure of the European Convention displayed. However, there is always the probability that the security concerns on the societal side and securitization of the ‘European culture’ escalate - as the rise of xenophobia in the European capitals displays – “to the point of calling the state back in”. In that case as Weaver indicates “we could see a retreat away from integration and back toward a Europe of distinct nation-states”.¹⁴³ Waever relates one very important point:

*“The European post-Wall order was stable because it fulfilled the dual criteria of two kinds of compatibility: first, that it is possible in each of the major countries to construct a narrative of state, nation and Europe that makes sense in relation to the national tradition of political thought, and secondly, when we in this way get Europe in the plural, that these different Europes are politically compatible, that it is possible for a French integration project, German border-penetrating networks and Russian all-European structures to unfold at the same time”.*¹⁴⁴

Basically the concept of security refers to state and is almost associated with its survival. However, national security as Buzan argues cannot be comprehended at the state level alone, since few countries have the resources to cope with its requirements and

¹⁴² Waever, “Securitization and Desecuritization”, op. cit., pp.72-74.

¹⁴³ Ole Waever, “Securitization and Desecuritization”, op. cit., pp.69.

¹⁴⁴ Ole Waever, “Insecurity, Security, and Asecurity in the West European Non-war Community”, in Emanuel Adler and Michael Barnett (eds.), **Security Communities**, Cambridge Studies in International Studies, Cambridge, UK: Cambridge University Press, 1998, p.95.

national security is short of the logic to conceive the broader dimensions of the security problem beyond the state level.¹⁴⁵ On the contrary, Buzan states:

*“International security strategy has a number of advantages: it addresses the security problem at the regional and system level squarely, and offers a prospect of a much more cost-efficient security policy than that available with a national security strategy. If threats have been eliminated at source, then resources do not have to be wasted in meeting each of them on its own terms. Such resource economies have a positive feedback effect in as much as they mute the power-security dilemma, and lead to a general lowering of threats all round. They make an attractive alternative to the costly and dangerous competitive security-seeking of uncoordinated national security strategies”.*¹⁴⁶

According to Aybet western security community has developed gradually during the Cold War from two inseparable components: the transatlantic link and Western Europe; and “the European pillar, was perhaps the most significant factor in shaping a western community, because it came to represent an unprecedented accumulation of cooperation in security and defence matters”.¹⁴⁷ The common experience of the Cold War period was the result of the western European states’ being squeezed between superpowers. In the meantime, they developed a common understanding of western European security interests. Thus, the core of the European security architecture was the transatlantic security. However, western security community, consisting of the WEU, the EU, NATO and also CSCE/OSCE, which is absorbed into its culture since 1990, has become more than the sum of its institutions.¹⁴⁸ Indeed, western security community is a regime, on the foundations, structures and interlocking institutions of which, the European security architecture has been constructed. In Aybet’s words:

¹⁴⁵ Barry Buzan, **Peoples, States and Fear**, Second Edition, London: Harvester Wheatsheaf, 1991, p.333.

¹⁴⁶ Ibid., p.334.

¹⁴⁷ Gülnur Aybet, “The Legitimacy of a Western Security Community”, in **A European Security Architecture after the Cold War Questions of Legitimacy**, London: Macmillan Press Ltd., 2000, p.17.

¹⁴⁸ Ibid., p.20.

*“It is in this sense a kind of ‘architecture’, which involves the political and economic weight of the EU, the experience of the WEU as the exclusive security and defence forum for western Europe during the Cold War, the early-warning, conflict-prevention and mediation facilities of the OSCE, and the military and intelligence capabilities of the NATO”.*¹⁴⁹

The European security architecture, which is the offspring of the western security community, continues to reflect the values of the western security community inherited from the Cold War. However, the post-communist components of the emerging European security architecture were deprived of an identity altogether. As they broke away from their communist past, they had to adopt a new identity. Aybet states:

*“All they can do is to subscribe to those values of the western security community, and wait their turn to become part of it. Therefore, the interests that shape the European security architecture are essentially western security interests. Even the OSCE, although not exclusively a western European institution, came gradually to reflect the values imprinted in the foundations of the EU, the WEU and NATO, as it transformed itself from a mere conference to a massive organization of information-gathering, and early-warning capabilities”.*¹⁵⁰

However, the process of socialization and identity construction for the post-communist states are still far from being complete, and may even go astray. Nationalist attitudes are frequently witnessed in post-communist states. Therefore, as Taylor maintains:

“...if the Deutschian optimists are correct, and the west European security community is built on a network of economic and social contact rather than on the presence of both an external threat and guardian, it follows that the west European security community cannot be extended overnight merely through inter-governmental

¹⁴⁹ Ibid., p.21.

¹⁵⁰ Ibid., p.23.

agreement: eastern Europeans must over time become drawn ever more closely together through a diverse range of contact, both with each other and with west Europeans”.¹⁵¹

Thus, the framework developed by Adler and Barnett to explain the conceptual foundations of security communities is organized around three tiers, which refers to the gradual construction of such communities.¹⁵² Accordingly, *tier one* consists of “precipitating conditions”, such as change in technology, demography, economics, the environment; development of new interpretations of social reality and external threats, for the production of trust or mutual identification (though not necessarily) through “more pleasant and more numerous interactions”, thus, “[b]ecause of exogenous or endogenous factors states begin to orient themselves in each other’s direction and desire to coordinate their relation”.¹⁵³ *Tier two* refers to the “factors conducive to the development of mutual trust and collective identity”.¹⁵⁴ These factors are structure and process. While power and knowledge constitute the structure, transactions, organizations and social learning determine the process. Power can be either the ability of a core state to coerce others to keep a collective stance, or a centre of attractiveness for weaker states that would like to join a community around more powerful states in pursuit of security and material progress. Knowledge represents the cognitive part of structure, thus shared and intersubjective ideas, which also account for the formation of security communities. Transactions, institutions and organizations, which are the contents of the process, contribute to the development of trust. Either security organizations or economic institutions with a non-security identity, but instrumental to the development of a security community, “they facilitate and encourage transactions and trust by: establishing norms of behaviour, monitoring mechanisms, and sanctions to enforce those norms”.¹⁵⁵ Eventually political actors are involved in social learning, as they develop shared definitions of security, proper domestic and international action, and regional boundaries.

¹⁵¹ Trevor Taylor, “Security for Europe”, in Hugh Miall (ed.), **Redefining Europe: New Patterns of Conflict and Cooperation**, The Royal Institute of International Affairs, London and New York: Pinter Publishers, 1994, p.170.

¹⁵² Adler and Barnett, “A Framework for the Study of Security Communities”, op. cit., p.37-48.

¹⁵³ Ibid., p.38.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid., p.43.

Finally, tier three notes that “a minimal measure of trust is needed for a collective identity to develop”, for these two are the necessary conditions of dependable expectations of peaceful change.¹⁵⁶ After all, the frequently given example of Great Britain and France holding nuclear weapons, but not threatening the physical survival of any NATO allies stresses the importance of knowledge and beliefs held among the parties involved in interaction.

The completion of the EU membership process for the Central and Eastern European countries is another major and significant example of success in realizing the European security community. Going over Adler and Barnett’s the *three tiers* of constructing a security community, the first step of ‘precipitating conditions’ took place in the last two decades before the collapse of the Soviet Union. The impressive growth rates of the 1960s would not continue in the 1970s and by the end of 1970s communism withered and died in East Germany, Poland, Czechoslovakia, Bulgaria and Hungary. Yet, the Central and Eastern Europeans desired to raise their living standards. As Aldcroft states:

*“During the 1970s many East Europeans acquired their first televisions, washing machines, fridges and, to a lesser extent cars. Foreign holidays became the norm in several countries. By the middle of the decade thirty-four times as many Hungarians were going abroad compared with 1960. Such was the demand for high quality consumer goods in Yugoslavia that regular shopping trips were made to proximate western countries”.*¹⁵⁷

In the mean time, the Federal Republic of Germany assumed the status of most important trading partner not just for the Eastern Germany but also for the rest of the Central and Eastern Europeans, who recognized that “a high-tech phase of growth had dawned for which [they were] ill prepared”.¹⁵⁸ Hence, Aldcroft states that Eastern Europe saw large quantities of Western technology essential to bridge the gap with the west.

¹⁵⁶ Ibid. p.45.

¹⁵⁷ Derek H. Aldcroft, **The European Economy 1914-1990**, London and New York: Routledge, Third Edition, 1996, p.254.

¹⁵⁸ Ibid., p.255.

Countries like Yugoslavia, Poland and Romania hoped to develop more sophisticated and competitive home industries through the use of western machinery and equipment. In return, they would export high quality products to the Western Europe. Thus, they were integrating with the market economy of the West, while the intra-CMEA trade was reducing.¹⁵⁹ The deterioration of the Eastern European economies by 1989 was announcing the failure of *perestroika*, but *glasnost* had taken much deeper root in the societies of the Central and Eastern Europe. As *glasnost* allowed open criticism of the Soviet-past, the Central and Eastern European countries took the path towards transformation. The choice of the CEECs was to orient in the direction of the Western European states and the EC/EU. Since, the EC and the member states wanted to reorient the CEECs in the direction of democracy and liberal market economy, too; both sides found each other ready to coordinate their relations. The EC/EU certainly had the power to constitute the structure and process necessary to foster mutual trust and social learning for the CEECs. The EC/EU offered a new dress to the CEECs, which were ready to take off the old. The Communist past soon became the “other” for the CEECs. Hence, at the second stage the CEECs adopted new shared and intersubjective ideas, which were compatible with their new transformed identities. At the third stage, the CEECs were to be the full members of the EU. Enlargement rose the number of the EU members to 25, where as Romania, Bulgaria and Turkey were kept waiting for a longer time. Whether the process ends with a full membership or not, the EU displayed its capacity in transforming and constructing both the candidates and its security environment. Now, the same approach, which has proved its efficiency, targets a wider region extending over the Black sea to the Caucasus.

¹⁵⁹ CMEA refers to the Council for Mutual Economic Aid founded by the initiatives of the Soviet Union in 25 October 1949 as an economic and technical cooperation organisation for the socialist countries. The organisation was active during the Cold War years, but it was completely abolished in 1991. Another abbreviation used for the Council for Mutual Economic Aid is COMECON. See Ahmet Emin Dağ, **Uluslararası İlişkiler ve Diplomasi Sözlüğü**, İstanbul: ANKA, 2004, p.116.

C. Balkans and the Barcelona Process: Two Tests, Two Diverse Records for CFSP

When the Yugoslav crisis erupted, the CFSP was caught unprepared. Many of the most sensitive issues remained unresolved. The issues of security and defence were the subject of ongoing controversy between member states. The EC/EU was heavily occupied with internal concern to proceed with integration and the ratification of the TEU. Since the mid-1980s, the integration process has gone uninterrupted and the EC has played the major role in the transformation of CEE. Therefore, the EC's approach to the Yugoslav crisis was full of confidence. Yet, the EC was neither politically nor militarily prepared for a problem of such proportions. The result was, as German chancellor Helmut described it, "Europe's shame".¹⁶⁰

As Bretherton writes "the crisis in Yugoslavia was perceived, by proponents of an EC security and defence dimension, as an opportunity to demonstrate the EC's ability to manage crises on its borders".¹⁶¹ Through a common foreign policy, the EU could foster its influence in the Balkans and be perceived "as a component of the new European geostrategic landscape with substantial troops on the ground in its own backyard, able to achieve a political settlement of ethnic conflict over territory without the military power and political leadership of the United States".¹⁶² Yet, the war in former Yugoslavia was also seen as a challenge. Crisis in Yugoslavia was no direct threat to the vital and national security interests of the EU. As Rupp notes the West was unable to develop a coherent and successful intervention strategy in the Balkans in the absence of a clear threat.¹⁶³ The European governments have never been prepared to intervene with sufficient force to compel a permanent cease-fire through out the Yugoslavian conflict.

The EC did not seriously address the Yugoslav crises before the Croatian and Slovenian declarations of independence on 25 June 1991. However, Germany did not

¹⁶⁰ McCormick, op. cit., p.204.

¹⁶¹ Charlotte Bretherton and John Vogler, **The European Union as a Global Actor**, London and New York: Routledge, 1999, p.208.

¹⁶² Andreas G. Kintis, "Between Ambition and Paralysis: The European Union's Common Foreign and Security Policy and the War in the Former Yugoslavia" in Carl C. Hodge (ed.), **Redefining European Security**, New York: Garland Publishing Inc., 1999, p.282.

¹⁶³ Richard E. Rupp, "The Balkan Conflict: The Test Case for European Security Cooperation", in Mary M. McKenzie and Peter H. Loedel (eds.), **The Promise and Reality of European Security Cooperation: States, Interests and Institutions**, Westport, CT: Praeger Publishers Ltd., 1998, p.159.

lose time to take the lead in the absence of a common European position and sought to persuade Community members to recognize the independence of Croatia and Slovenia. With Buchan's words, none of Mr. Kohl's "partners wanted to confront him on an issue which was, to all of them, less importance than political and monetary union within the Community. So, they conspired to a compromise".¹⁶⁴ For the sake of giving a unified picture, the EU deprived future efforts of mediation from a trump card. In deed, "recognition – Croatia's desire to be recognized and Serbia's fear of Croatia being recognized – was the Community's best diplomatic weapon".¹⁶⁵

The first move of the Community came on 28 June 1991, with Italy's foreign minister Gianni de Michelis representing the past term in the EC troika of foreign ministers. Three foreign ministers flew to Belgrade and Zagreb to obtain a cease-fire and return with a too early announced victory, since it would be the first of many other cease-fires not lasting long. This first and naïve initiative was then followed by the more focused Community attempt to mediate diplomatically through the mission undertaken by Lord Carrington.

In September 1991, Lord Carrington sought to negotiate a Yugoslav-wide settlement in the Hague Conference, without any success. In conjunction with Lord Carrington, Jose Cuttileiro, who had been chairing the EC Committee dealing with issues of Croatian and Slovenian sovereignty, included Bosnia into the Committee's mandate, as it was on the verge of declaring independence early in 1992.¹⁶⁶ However, the Carrington-Cuttileiro mediation failed "to push for constitutional protections for minorities and creative governing arrangements to mitigate the heat of ethnic conflict".¹⁶⁷

Twelve months after Lord Carrington's failure in the Hague Conference, a joint EC-UN attempt to establish and promote a political settlement specifically in Bosnia was

¹⁶⁴ David Buchan, "Yugoslavia: A Tragic Failure", in **Europe: The Strange Superpower**, Aldershot: Dartmouth, 1993, p.67.

¹⁶⁵ Ibid.

¹⁶⁶ Melanie C. Greenberg and Margaret E. McGuinness, "From Lisbon to Dayton: International Mediation and the Bosnia Crisis", in Melanie C. Greenberg, John H. Barton and Margaret E. McGuinness (eds.), **Words over War Mediation and Arbitration to Prevent Deadly Conflict**, Carnegie Commission on Preventing Deadly Conflict, New York: Rowman and Littlefield Publishers Inc., 2000, p.45-46.

¹⁶⁷ Ibid., p.45.

launched. Neither did the peace plans promoted by the chairmanship of David Owen (EC) and Cyrus Vance (UN) succeed in classical mediation efforts. The Vance-Owen Peace Plan, which “promised to reverse the trend of ethnic cleansing and partition by creating a country in which interdependence between ethnic groups was the only choice”, was not appealing to anyone except the Bosnian Croats. Bosnian Muslims regarded the Plan as a reward to the Serbian ethnic cleansing, granting them with more land than they had before the war. Croats were happy, though, with the wide piece of land they gained containing Croatian majority and directly contiguous to their border. Western part of Bosnia would be de facto contained without annexation. The Bosnian Serbs were deeply disappointed with the Plan, since it reduced their territory from 70 percent to approximately 43 percent of Bosnia.¹⁶⁸

The failure of Vance-Owen Plan eradicated the last hopes for a multiethnic state in Bosnia. However, Owen agreed to continue the EC mediation efforts with Thorvold Soltenberg replacing Cyrus Vance. Meanwhile, Bosnian Muslims were squeezed between Serbs and Croats who have turned against them. The plans put forward by the parties of the conflict, Bosnian Croats and Bosnian Serbs, a novelty after the failure of classical mediation efforts in the Owen-Vance Plan, was leaving 30 percent of Bosnia for the Bosnian Muslims. However, Owen-Soltenberg plan achieved some success as it convinced the major European powers to participate in the negotiation process with the parties to conflict through their foreign ministers. The Muslim share of Bosnia was increased to 33.5 percent and was given the means to defend its own borders. Yet, there was no power to enforce the boundaries established by the Plan. The U.S. was reluctant to give the support for the plan, the European leaders wanted. Without the NATO enforcement, the plan was doomed to fail. When the last hopes were eroded with the Serb bombing of the UN safe area of Gorazde and impertinent Serbian attack on Tuzla taking 150 UN personnel as captive, the U.S. and Russia sought to push mediation into a new direction with their participation in the so-called Contact Group. The Contact Group involved the representatives from the US, Russia, Germany, France and the UK. The last two were the only members of the Group with peace keeping troops on the ground in

¹⁶⁸ Ibid. p.48.

Bosnia. France had even complained about the unfair imbalance between the involvement of peace keeping troops on the ground and the US planes bombing from the above. The fear of a revengeful attack from Serbian forces could lead losses for the French troops on the ground to keep a nonexistent peace.

Representatives from the EU and UN were also participating in the Contact Group Plan, but “the Contact Group was an important shift from the EU effort because it included the two powers viewed as indispensable to a lasting agreement: the United States and Russia”.¹⁶⁹

As the Bosnian Serbs rejected the plan, violence climbed immensely. The slaughter in Srebrenica would leave deep traces in the international memory. Following the fall of Srebrenica, over 7.000 Muslims out of a total population of 30.000 were murdered, while the Dutch UN peacekeeping troops held as hostage, watched helplessly.¹⁷⁰ Thus, it turned out for the international community that showing muscle for a true conflict resolution was inevitable and this decisiveness paved the way to Dayton Peace Agreement through the NATO air-strikes under the command of U.S.

Throughout the Yugoslav Crisis, the sanctions put into force by the EC/EU fell short of being effective. As Buchan notes:

“Nor were Community economic sanctions anything more than a slap on the wrist to republican leaders...EC sanctions mainly took the marginal form of denying certain republics import tariff and quota preferences for their goods in the Community market. These are not the sort of measures to bring armies to a halt, unlike the oil embargo which was only imposed on Serbia after the UN entered the stage and which could have been effective if it had been fully observed”.¹⁷¹

It was inevitable for the EU to turn to the UN for assistance as negotiations mentioned above failed and the EC/EU revealed its weakness in enforcing its policies and

¹⁶⁹ Ibid., p.58.

¹⁷⁰ Ibid., p.60.

¹⁷¹ Buchan, op. cit., p.68.

strategies. For example, on 25 September 1992, the Security Council adopted Resolution 713, which placed an international arms embargo on all the states of the former Yugoslavia. The UN Security Council gave full backing to EC peace efforts, but also invited the UN Secretary General to start consultations with the Yugoslav government. The UN involvement was later followed by a fully-fledged UN peacekeeping force of several thousand troops sent to Yugoslavia.¹⁷²

In June 1992 the WEU declared its willingness to participate in conflict prevention and crisis-management measures. In addition to that, WEU would participate in peacekeeping activities of the CSCE or the United Nations Security Council. As Bretherton and Vogler relate “in addition to the common defence provisions of the amended Brussels Treaty, the WEU was to develop a new role, in accordance with Chapter VIII of the UN Charter, as a ‘regional arrangement’ for the implementation of tasks at the request of the UN”.¹⁷³

However, WEU was not the only organization which had decided to extend its roles beyond collective defence. NATO was experiencing a similar transition under the influence of new needs and risks of the post-cold war period. Both NATO and WEU “offered their services in monitoring (and subsequently enforcing) UN sanctions against Serbia imposed in May 1992”.¹⁷⁴ In order to prevent leakage through the embargo upon Serbia, both organizations operated naval patrols in the Adriatic independently for almost a year. Adriatic was crowded with the vessels of the two organizations, which was, in deed, duplication of efforts and assets, which could be used more beneficially, otherwise. As Cremasco states the significance of the commitment provided by the WEU to deploying naval units in the Adriatic was that for the first time NATO and WEU forces were able to operate in a single mission and in the same area, though under two different command authorities.¹⁷⁵ Additionally, Germany, for the first time, accepted that German troops could participate in peacekeeping operations under the EU authority and took part

¹⁷² Ibid., p.74.

¹⁷³ Bretherton and Vogler, op. cit., p.209.

¹⁷⁴ Ibid.

¹⁷⁵ Maurizio Cremasco, “Successes and Failures of International Institutions in the Post-Yugoslav Crisis”, in Marco Carnovale (ed.), **European Security and International Institutions after the Cold War**, London: Macmillan Press, 1995, p.45.

in the NATO naval force with a German destroyer and sent a Maritime Air Patrol aircraft to the WEU force. However, when the NATO and WEU decided to start stop-and-search naval operations in the Adriatic responding to a Security Council resolution calling for a naval blockade, the German destroyer Hamburg was ordered not to participate in the enforcement action.¹⁷⁶

All the developments during the Balkan Conflict revealed the importance and value of unity within the EC/EU as a diplomatic and political instrument. It is true that, at the outbreak of the Balkan War the CFSP was still too young, and the crisis in Yugoslavia cannot therefore be used as a test of the EU's security and defence policy. However, this does not conceal the fact that as Carl Bildt, the EU's High Representative in Bosnia-Herzegovina from 1995 to 1997, argued,

*“It is an absolute necessity for the EU to forge a true common and foreign and security policy to enable Europe to take on its responsibilities and develop a partnership primarily with the United States, but increasingly with Russia as well. Only then can the Union play its proper role in the world”.*¹⁷⁷

Once the political agreement had been reached in Yugoslavia after US-led NATO air-strikes in 1995 and the US-brokered peace accords signed in Dayton, the EU had the chance to turn back to peacekeeping activities. In 1999 it was providing over two thirds of the 36.500 peacekeeping forces in Bosnia. All 15 EU states were involved in these forces, including traditionally neutral Austria, Finland, Ireland and Sweden.¹⁷⁸

After the collapse of the Soviet-dominated Europe, the restructuring of the European environment occupied the EU's external relations agenda with the highest priority. As the enlargement of Europe towards the East was decisive, the EU's near abroad, the

¹⁷⁶ Ibid.

¹⁷⁷ Kintis, op. cit., p.290.

¹⁷⁸ McCormick, op. cit., p.204.

Mediterranean and the Middle East, neglected for a decade until the early 90s, regained attention. The admittance of Portugal and Spanish membership to the EC had also influenced the redirection of interest to the Southern shore of the Mediterranean and the Middle East. France had a colonial past in the Mediterranean that lasted until the late 60s and it was especially interested in the relations with the region, which “was the cultural and economic heart not only of Europe but of the world”.¹⁷⁹

The EU can not ignore the arc of countries to its South and East, stretching from Morocco to Turkey and struggling with the repercussions of poverty, debt, continuously increasing population, and religious fundamentalism, lack of democracy, political rivalry, the conflict between Israel and its Arab neighbours and the struggle of Palestinians.¹⁸⁰

Until the mid-1980s, the Mediterranean and the Middle East was the focus of rivalry between superpowers. Then, the “Southern Flank” of NATO, the Mediterranean and the Middle East, is today the “Southern Flank” of Europe. Both of the regions, which have received considerable financial support and arms directly from the superpowers in the Cold-war era, have not lost anything from their capacity to produce worldwide crisis. However, as Buchan states “Europe, by virtue of its proximity and dependence on Arab oil, is the first to feel the political and economic fall-out”.¹⁸¹

First, in 1973, oil shock displayed the necessity for Europe to diversify its energy requirements and sourcing. Although, the development of North Sea oil and gas and availability of oil and gas from Russia and NIS gave Europe a relative independence from Middle East suppliers, Europe continued to feel the need to structure a prosperous, peaceful and stable region just across the Mediterranean, as it does now for the Caucasus, though with less urgency.¹⁸²

However, oil is not the only or principal factor in the institutionalization of relations between the EC and the Maghreb and Mashreq countries. The European Community

¹⁷⁹ Pienning, op. cit., p.69.

¹⁸⁰ David Buchan, “The Southern Flank”, in **Europe, The Strange Superpower**, Aldershot: Dartmouth, 1993, p.105.

¹⁸¹ Ibid., p.106.

¹⁸² Security and strategic concerns on the Caucasus will be studied under a separate title.

launched its ‘global Mediterranean policy’ at the Paris Summit of 1972, which targeted cooperation in economic, social and technical fields, besides, development and liberalization of trade between partners.¹⁸³ In 1973, the Community decided to launch Europe-Arab Dialogue in Copenhagen Summit. Thus, commercial and economic accords were signed with all of the Mediterranean countries in 1976-78. The accords known as “cooperation agreements were concluded on the basis of Article 238 of the EC Treaty. The agreement provided trade preferences, financial and technical cooperation and privileged status for immigrant workers from Maghreb countries, residing in the European Community countries and common institutions in the form of a Council Ministers.¹⁸⁴

In 1989, the European Commission declared that welfare and stability in the Mediterranean basin had vital importance for the welfare and stability of the Community, thus economic reforms and democratic movements in Mediterranean countries had to be supported.¹⁸⁵ By 1989, the East-West conflict was over and the EC/EU had to restudy its geostrategic priorities. The EU would take the necessary steps to anchor in the Mediterranean. The Madrid Middle East Peace Conference in 1991 would start a cycle of easing of the Arab-Israeli conflict and would allow for the emergence of the projects such as the Barcelona Process, which would be otherwise impossible to realize. Certainly, the EU has more chance to succeed in following its comprehensive Mediterranean policy shaped as early as 1976 when compared with the conflict-ridden Balkans ready to explode anytime into a military crisis. As displayed in the Yugoslav failure, the EU is ineffective, when a crisis gains military character. However, the EU has employed all its civilian power and assets to foster stability, development, dialogue and democracy in the Mediterranean. As Mirapeix notes “[f]or the countries of the southern shore a need was felt *to structure* their strategic relations with the EU and their contacts with the other

¹⁸³ For further information on the ‘global Mediterranean policy’ and the Euro-Arab Dialogue in the 1970s, and Europe’s ‘renovated Mediterranean policy’ in the late 1980s see Stelios Stavridis and Justin Hutchence, “Mediterranean Challenges to the EU’s Foreign Policy”, **European Foreign Affairs Review**, Vol.5, Iss.1, Spring 2000.

¹⁸⁴ Christopher Pianning, “The EU’s Near Abroad: The Mediterranean and the Middle East”, **Global Europe: The European Union in World Affairs**, London: Lynne Rienner Publishers, p.72-73.

¹⁸⁵ Maya Arakon, **Avrupa-Akdeniz Ortaklığı Mali Aracı Meda ve Türkiye**, İKV, No.169, İstanbul, 2002, p.2.

countries of the South *into a model* that could bring, among other things, economic growth”.¹⁸⁶ Thus, the Mediterranean states, fearing a ‘fortress Europe’ in the case of an enlarged and deeply unified Europe, were responding the EC/EU’s efforts to reconstruct a strategically important area, which would also have effects on the social shaping of European countries, their economic, political and security evolution.

The gap between the Northern and Southern shores of the Mediterranean is huge. Mirapeix states:

*“The latest known statistics show that South-South trade continues to be very small. Exchanges only represent 6 percent of the total while the EU continues to be the main trading partner of the Southern countries, constituting the origin or destination of 52 percent of their trade flows”.*¹⁸⁷

The regional infrastructure has not developed to the level of efficiency. Conflicts, tensions and divisions over several issues in the area have prevented regional projects in energy, water, transport and communication from realization so far. To the disappointment of Europe, neither religion nor language, or pan-Arabism had any effect on integration among Mediterranean countries.¹⁸⁸ The absence of harmonized market rules, the absence of a unified system of rules of origin and administrative systems, a business framework without transparency and the scarcity of foreign direct investment in the region were explaining the poor state of South-South economic integration. The

¹⁸⁶ Eudaldo Mirapeix, “The Barcelona Process: Critical Assessment and Challenges Ahead”, in Bo Hultdt, Mats Engman and Elisabeth Davidson (ed.s), **Euro-Mediterranean Security and the Barcelona Process, Strategic Yearbook 2003**, Swedish National Defence College, 2002, p.194.

¹⁸⁷ Ibid., p.202.

¹⁸⁸ It is especially interesting to see considerable European support, even direct involvement in almost all of the ideological and political movements emerging in the Arabian Peninsula since the 19th Century onwards without any reservation or discrimination. Therefore, one cannot do, but think that the debates over “mild Islam” came about as an alternative to Pan-Arabism, which has not been successful enough to construct a collective Arabian identity or policy around the standards or guidelines developed by the West. Also see David Fromkin, **A Peace to End All Peace, The Fall of the Ottoman Empire and the Creation of the Modern Middle East**, New York: Henry Holt and Company, LLC, First Owl Books Edition, 2001; Dr. Ahmet Vehbi Ecer, **Tarihte Vehhabi Hareketi ve Etkileri**, Ortadoğu Araştırmaları Dizisi 2, Ankara: ASAM, 2001; Fulya Atacan (ed.), **Değişen Toplumlar Değişmeyen Siyaset: Ortadoğu**, İstanbul: Bağlam Yayınları, Birinci Basım, Nisan 2004.

Barcelona Declaration foresees a common area of peace and stability. As early as the 1992 meeting of the European Council in Lisbon, “the Maghreb was declared to be a geographical area of common interest under the new Common Foreign and Security Policy”.¹⁸⁹ However, the EU had to wait for the Euro-Mediterranean Conference in Barcelona in November 1995 to launch its extremely comprehensive Mediterranean policy. Central and Eastern Europe had a confidence rising experience for the EU in structuring a model region tied to the West with the ideals of trade liberalism and democracy and common institutions. The Mediterranean basin was said to constitute “an area of strategic importance for the Community” according to the 1994 Commission communication entitled “Strengthening the Mediterranean Policy of the European Union: Establishing a Euro-Mediterranean Partnership”. Thus, a Euro-Mediterranean zone of peace and stability would be built upon policies supporting political reform, respect for human rights and freedom of expression as a means to contain extremism, and promoting economic reform, leading to sustained growth and improved living standards, a consequent diminution of violence and an easing of migratory pressures.¹⁹⁰ Up to the Euro-Mediterranean partnership, the EU’s Mediterranean policy has consisted in a network of bilateral agreements rather than a multilateral network, however with the Euro-Mediterranean partnership a first step “to create an area of co-operation and multilateral negotiation” was taken.¹⁹¹ The Euro-Mediterranean partnership’s emphasize was on the indivisibility of Euro-Mediterranean security and the establishment of a framework of comprehensive Confidence- and Security-building Measures. “In this sense”, relates Jesus, “it would be necessary to integrate the Mediterranean aspects of European security into the Common Foreign and Security Policy (CFSP)”.¹⁹² Besides, the Barcelona Declaration notes down “the long-term possibility of establishing a Euro-Mediterranean pact”.¹⁹³

¹⁸⁹ Piening, op. cit., p.79.

¹⁹⁰ Commission Communication, “Strengthening the Mediterranean Policy of the European Union: Establishing a Euro-Mediterranean Partnership”, COM (94) 427, 19 October 1994.

¹⁹¹ Carlos Echeverria Jesus, “European Security and the Mediterranean”, in Wilfried von Bredow, Thomas Jager and Gerhard Kümmel (eds.), **European Security**, Macmillan Press Ltd., 1997, p.58.

¹⁹² Ibid.

¹⁹³ Ibid.

According to the Barcelona Declaration, the Euro-Mediterranean partnership would be based upon the three pillars of a strengthened and regular political dialogue, the development of economic and financial cooperation (aid) and greater emphasis on the social, cultural, and human dimension. Guazzone and Bicchi state:

*“A comprehensive, soft security approach has framed the focus of European security policies in the Mediterranean since the early 1990s; the cornerstone and clearest example of this approach is enshrined in the 1995 Barcelona Declaration and in the Euro-Mediterranean Partnership (EMP) it established”.*¹⁹⁴

In Spencer’s words this innovative and global approach “reflects a consensus among European governments that conflicts and violence in the Mediterranean arise as much from economic deprivation and socio-political inequalities as from arms build-ups or conventional intra-state tensions”.¹⁹⁵ The West has recognized the fact that the long-term stability of the Mediterranean will depend on the growth of autonomous public institutions, of liable governments, respect for human rights and the rule of law, as well as successful private sectors based on a liberalization of trade relations within and beyond the region. The EU was trying to develop a new global EU policy towards the non-European partners in the Mediterranean region, since the repercussions of local conflicts, such as civil war in Algeria were getting threatening for a larger space beyond the original borders of violence. France did get its share from terrorist attacks in 1995 and 1996. Hence, the EU’s approach was focused on the need to address the sources of regional popular discontent at root, rather than plan for combating its excesses alone.¹⁹⁶

Guazzone and Bicchi add:

¹⁹⁴ Laura Guazzone and Federica Bicchi, “European Security Policies in the Mediterranean: From Comprehensive to “Neo-Hard”?”, in Bo Huldt, Mats Engman and Elisabeth Davidson (eds.), **Euro-Mediterranean Security and the Barcelona Process, Strategic Yearbook 2003**, Swedish National Defence College, 2002, p.239.

¹⁹⁵ Claire Spencer, “Rethinking or Reorienting Europe’s Mediterranean Security Focus? ”, in William Park and G. Wyn Rees (eds.), **Rethinking Security in Post-Cold War Europe**, London and New York, Longman, 1998, p.136.

¹⁹⁶ *Ibid.*, p.141.

*“In line with the comprehensive security approach, the European Union has included conflict prevention among the objectives of its external relations since 1995...the entire setting of multilateral initiatives towards the Mediterranean has sprung from the European intention to construct a conflict prevention strategy with its southern partners, while maintaining the control of the security agenda”.*¹⁹⁷

Thus, “a common conflict prevention strategy has been a prominent goal of political and security cooperation in the EMP” and “the present EU conflict prevention strategy is a unilateral policy goal that the EU tries to implement through contractual relations with its partners”.¹⁹⁸

Piening interestingly points out to the importance of the Mediterranean and the place it occupies in the security agenda of the EU “in terms of its complementarity vis-à-vis the EU’s policies towards its other near abroad, the countries of Central and Eastern Europe”.¹⁹⁹ Keramane goes one step further and refers to the Mediterranean as “a zone of passage to and a junction between, all the corners of the world”,²⁰⁰ Keramane mentions “plans for a Caspian Sea-Mediterranean connection project wherein Azeri oil will be evacuated” and a Mediterranean country, Turkey will be connected to the significant gas resources in Russia, via Turkmenistan.²⁰¹ The EU needs to think globally, while acting locally more than ever. The EU’s focus on local conflicts and issues is compatible with its traditional foreign policy concepts built on cooperation, development and conflict prevention, hence, a pre-emptive strategy. Still, the EU’s local/regional focus does not prevent it from thinking globally, since, when all the regions the EU has included in its cooperation and partnership policies are brought together, they present a much wider global picture from the Balkans to the Caucasus and the Mediterranean. Indeed, they complement that global outlook the EU tries to gain. Thus, strategic regions are not

¹⁹⁷ Guazzone and Bicchi, op. cit., p.242.

¹⁹⁸ Ibid.

¹⁹⁹ Piening, op. cit., p.81.

²⁰⁰ Abdenour Keramane, “Energy Issues in the Mediterranean Region, in Bo Huldt, Mats Engman and Elisabeth Davidson (eds.), **Euro-Mediterranean Security and the Barcelona Process, Strategic Yearbook 2003**, Swedish National Defence College, 2002, p.100.

²⁰¹ Ibid.

distant from each other so much as they have been considered. Neither, the economic character of foreign policy can be split from its diplomatic/political dimension, when geostrategic priorities are influential enough. However, like the rest of the world, the EC/EU would, too, suffer from a dichotomy, as the global economic liberalism prevails: the attraction of economic tools in the pursuit of political goals, and the diverse priorities of the fields of economy and policy.

Part Two: EU'S COMMON FOREIGN AND SECURITY POLICY TOWARDS THE SOUTH CAUCASUS

Part Two examines the various factors affecting the EU's Common Foreign and Security Policy towards the South Caucasus. The conjuncture in the aftermath of the Cold War is one factor in its own right, since the dissolution of the Soviet Union has not only unleashed territorial and inter-ethnic disputes, but also has enabled for the first time the West to get in close and direct relationship with the Caucasian states. As Part Two describes the political, ethnical and military issues in the South Caucasus are deeply rooted in history and the Soviet legacy. The socio-economic issues are hard to be overcome in short or medium term. However, the EU has some instruments that no other political force or organisation does have. As the emphasize on the EU's constructivist foreign policy towards the CEECs and the Middle East and the Mediterranean region has displayed in Part One, the EU has been following a foreign policy towards the South Caucasus similar in both strategy, perspective and implementation. However, the main difference of the South Caucasus from the Central and Eastern Europe is that there are far many more actors active in the region. The Caucasian states are aware of this situation, too. Hence, the EU has to consider the impact of systemic variables upon its foreign and security policy projections towards the South Caucasus. The EU will never be the only actor in the region no matter how significant its financial and political contributions to the reconstruction of the South Caucasus are. As the EU works to transform the Caucasian States into its lesser self as it has done to the CEECs through conditional aids, regional projects, close political and diplomatic relations, the response of the Caucasian States to the EU will be determined by a more complex network of relations with the Russian Federation, the United States and regional powers such as Turkey and Iran.

I. The South Caucasus after the Dissolution of the Soviet Union

A. The Conjuncture in the Aftermath of the Cold War

The reform movements in the Eastern European states, which began in the mid 80s with the *perestroika* and *glasnost* politics of Gorbachev, would soon grow out of control. The collapse of the Berlin Wall was significant in the sense that it symbolized the will and the hope the Eastern European countries carried for the future. The ideological differences, which have divided Europe into two camps for almost 50 years were gone. The bipolar world of Cold War years needed to be re-described in the post-Cold War period. Though the unchallenged global power of the United States was taken as granted immediately after the dissolution of the Soviet Union; the growing potential of the future continental powers such as the EU and Germany in the West, Russia and China in the East is telling that the structure of the new international system will be determined by a growing number of actors and factors, which are not limited to the military power solely. While the responsibilities of the United Nations increased in the face of new conflicts and persistent tensions, where super powers used to govern once, NATO came across a critical stage. Either it would disappear as the Warsaw Pact did, since the inexistence of a cause such as the deterrence of the Soviet threat was a loophole; or it would adapt to the needs and conditions of the contemporary conjuncture. So did NATO, for the ethnic and military conflicts in Europe necessitated the use of NATO's assets in the Balkans. At the later stage NATO was enlarging to encompass the Eastern European states.

As Russia retreated from the competition for balance of power with the U.S., new regional powers such as the EU and China emerged to fill in the vacuum created by the unipolarity of the "new world order". Though, these regional powers do not seem to change the political structure in the short period of time, they display their potential for economic power clearly. Besides, as the growing gap of prosperity between the North and East; the spreading of modern arms across the national and regional borders; and the debates over the EU's becoming a fortress in return, make us think the globalisation is triggering its adversary, too, that is regionalism. The EU is displaying its commitment to strengthen its position as a regional power. However, the EU is the produce of a vision

that the dissolution of the blocs with the end of the Cold War and the dependence of the newly independent states on the foreign aid will underline the usefulness of diplomacy and individual politics rather than the politics of blocs. The European efforts “to apply multilateralism to devise a security system based on a web of relationships within which a set of norms, especially on the sanctity of borders and the nonuse of force constitutes a pluralistic security community” were in strong contrast with the unilateralism and military policies of the U.S. throughout the 1990s.²⁰² Hence, the security community, which was initially targeted by the Europeans did not include provisions for elaborate enforcement institutions, peace keeping capabilities and dispute resolution resources. However, the security system designed for the Cold War period required modifications immediately after the collapse of the Soviets. The sources of threats were not limited to state-to-state anymore. On the contrary, threat perceptions had to be redescribed as the examples of ethnic tensions within a state spread all over a geography extending from Former Soviet Union to the Middle East and Africa.

In the meantime, the United States proceeded with its offensive highly military foreign policies during Bill Clinton’s two terms of presidency. Clinton deployed the U.S. military several times under hostile circumstances.²⁰³ In 1993, U.S. troops initially deployed to Somalia by the Bush administration fought the Battle of Mogadishu in an attempt to capture local warlord Mohammed Farrah Aidid. However, the U.S. withdrew its troops after suffering casualties in the battle, including the Black Hawk Down event. In 1994, Clinton sent U.S. troops to Haiti to restore Jean-Bertrand Aristide as president, ending a period of intense violence. Clinton also committed American forces twice in the former-Yugoslavia to stop ethnic violence, particularly in Kosovo. Iraq remained as a target of several military strikes in Clinton’s time and Al-Qaeda began to emerge as a major terrorist threat. After the 1998 bombings of American embassies in Tanzania and Kenya, Clinton retaliated with cruise missile strikes on terrorist groups in Kandahar, Afghanistan and a suspected chemical weapons facility in Khartoum, Sudan. Clinton was

²⁰² Patrick M. Morgen, “Multilateralism and Security: Prospects in Europe”, in John Gerard Ruggie (ed.), **Multilateralism Matters, The Theory and Praxis of an Institutional Form**, New York: Columbia University Press, 1993, p.357.

²⁰³ Wikipedia, “Bill Clinton, Foreign Policy”, http://en.wikipedia.org/wiki/Bill_Clinton#Foreign_Policy (10.10.2005).

also the first to give “orders authorizing the arrest or, if need be, assassination” of Al-Qaeda leader Osama bin Laden. By the end of Clinton’s term, the terrorists struck again with the USS Cole bombing in late 2000. Hence, before the September 11, 2001 attacks, Al-Qaeda was listed as the foremost threat to national security. The Central Asia and the Middle East were the main target and subject of unilateral security and power projections of the U.S.

The regional balance of power changed drastically, after the states of the ‘Southern Tier’ declared their independence. European, Middle Eastern, Central and South Asian politics, economics and security would thereon be influenced by the far-reaching consequences of the end of the Cold-war, which was a relatively peaceful period, indeed, in the absence of military conflicts. However, the disintegration of the Soviet State meaning the end of a central political authority opened up the Pandora’s box with a “range of regional, ethnic and political movements to challenge for power” breaking free. Thus, it was the time for new political entities to have their claims for autonomy, land or simply independence accepted. With the struggle of minority groups for self-determination, the picture was even more complicated. Competing claims of parties to a multiplicity of local conflicts involved not just states as actors but also several minority groups in each of the states.

Yet, ethnic and religious differences are not the sole, though basic element, of the constant struggles in the Southern Caucasus. All the three countries of the region: Georgia, Armenia and Azerbaijan are going through a transitional period ever since they broke up with the Soviet Union, a period which is characterized by instability. In fact, the Soviet legacy remains to a great degree. As Jones points out, seventy years spent under the totalitarian rule of the Soviet Union has left deep marks on the Caucasus, Central Asia and their constituting nations.²⁰⁴ Whereas some of the states sought to preserve the patronage systems of Soviet political tradition through the monopoly of political power under the heads of state such as Zviad Gamsakhurdia in Georgia and Abulfaz Elçibey in

²⁰⁴ Scott A. Jones, “Introduction”, in Gary K. Bertsch et.al., **Crossroads and Conflict, Security and Foreign Policy in the Caucasus and Central Asia**, New York: Routledge, 2000, p.2.

Azerbaijan, though unsuccessfully, subsequent leaders Eduard Shevardnadze and Heidar Aliyev were relatively more successful in the augmentation of central power.

Although stability could be preserved for some time by personal guarantees of regional political leaders, it has proven not to live for long. Corruption and deepening economic inequalities are the other two factors effecting the state building process and social unrest. The uneven distribution of wealth has remained as a heritage of the Soviets. The uprising and the demonstrations of the shipyard workers in Gdansk, who were asking for meat instead of what was remaining from Moscow, was the symbol of this fact. Today, competition for natural resources continues to affect both the expectations and considerations of the regional actors in the South Caucasus. Additionally, states of the region build their calculations largely, though not altogether, on the distribution of wealth which is expected to emerge from the production and the transfer of oil and gas from the Caspian to the West.

The Soviet era was also responsible with the distribution of many ethnic groups throughout the region and the artificial drawing of boundaries that would bring conflicts with it. Many ethnic groups were scattered around the Eurasian geography living far from their ancestral homelands. The present new states of the South Caucasus struggling with the challenges of nation building cannot do but hold tight to national political myths and historical memories having not always a pleasant character for ethnic minorities. While the homeland strengthens the national identity and ties with its nationals living abroad by means of such myths and memories of the past, it distances its own ethnic minorities. Such a policy may prove beneficial only if the population is largely homogenized; otherwise it harms the stability of the country and deteriorates relations with other states. Armenia has succeeded in such a homogenization with the Soviet policies to reshape the demography of the area covering today's Armenia and Azerbaijan and especially after the exodus of the Azeri population from Karabakh. Besides, the Armenian population abroad serves as an important connection with the world to voice its political claims.

The fact is that the conflicts, which are rooted well in ethnical and socio-economic cleavages within the societies create the perfect ground for actors other than the South

Caucasian states to interrupt their internal affairs and propagate specific identities and policies. The South Caucasus states are going through a stage of transition. They are not only in search of a place in the newly evolving world order, but also identities and roles acceptable to a range of domestic and foreign actors. Morgen states that construction of “a sufficiently homogenous Europe is largely dependent on domestic developments in those societies broken apart from the Soviet Union”.²⁰⁵ Hence, the EU paid particular attention to the domestic peculiarities, socio-economic and political problems of the Central and Eastern European during the integration process. Now, the same process applies to the South Caucasus. The domestic politics have to be incorporated into analysis in order to understand international cooperation for the re-construction of the region.

B. Political Ethnical and Military Issues in the Conflict-Ridden South Caucasus

The mountainous terrain of the Caucasus has always been greatly influential on the political and ethnic structure of the region. Inaccessible mountains and deep valleys have been the main obstacle to a complete control of the region, whereas many ethnic groups moving from the East to the West owe their sheltering in the region to the same topography. Almost 50 ethnic groups live in the Caucasus. Majority of these are Azeris, Georgians, Armenians and Chechens. These ethnic groups have so far preserved their language and culture, since the environment they live in is not suitable for the assimilation of smaller groups in larger and more dominant cultures. Indeed, even the smallest groups of people, mostly living in the mountains have been isolated, thus away from outer influence. These are mainly the native peoples of the region such as Abkhaz, several sub-groups of Cherkessk, Ingush, Avars and Lezgi living in the Northern Caucasus. The more crowded nations such as the Georgians, Armenians and Turks like Azeris, Karachay, Balkar, Nogay and Kumuk are settled at the periphery of the mountainous parts of the region.²⁰⁶ The segregated settlement and living of these peoples helped them to preserve very distinct ethnic identities, which would give the outsiders the

²⁰⁵ M. Morgen, op. cit., p.358.

²⁰⁶ Savaş Yanar, **Türk-Rus İlişkilerinde Gizli Güç: Kafkasya**, İstanbul: IQ Kültür-Sanat Yayıncılık, Ağustos 2002, p.28-30.

opportunity to exploit their strong kinship ties within and the underdeveloped habits of dialogue and communication outside. Location and geography have been decisive in the success of secessionists in the twentieth century, too. Walker refers to “[t]he fact that all three separatist regions are highly mountainous helps explain the military success of the secessionists and makes national governments more reluctant to use force to reassert their sovereignty”.²⁰⁷

The Caucasus has been the gateway of an extremely rich number of nations moving between the East and the West. Since the first nomadic tribes of Gimmarai and Skyts moved from the Central Asia to the South of Russia, the Caucasus has been the stage of struggle for rule over a region extending towards the East of Anatolia and Egypt.²⁰⁸ Persian, Macedonian, Roman and Byzantium Empires ruled over the region one after another. The Caucasus, where once the Argonauts searched for the Golden Fleece was described as the border of the Persian Empire by Herodotus.²⁰⁹ The Emperor Hadrian wrote about the shores of the Caucasus on the Black Sea in his work, *Strobilus*. Huns, Avars and Hazars reached as far as Southern Azerbaijan. Until the ninth century various Oguz tribes settled in Azerbaijan and Karabakh became the oldest winter quarters of the Turks passing through Derbent and descending to Anatolia from the Caucasus Mountains. Caucasus remained under the rule of Seljchuks until the Mongol invasion in the eighth Century. Although, the Kiev princedoms got in touch with the Adiges in the West Caucasus through several attacks, it was not until the sixteenth Century that any power from Russia was able to emerge as an important factor to affect the regional

²⁰⁷ Edward Walker, “No War, No Peace in the Caucasus: Contested Sovereignty in Chechnya, Abkhazia, and Karabakh”, in Gary K. Bertsch, Cassidy Craft, Scott A. Jones, and Michael Beck (eds.), **Crossroads and Conflict, Security and Foreign Policy in the Caucasus and Central Asia**, New York: Routledge, 2000, p.186.

²⁰⁸ Gimmerai is the Greek name for the tribe that is called Gimes in the Bible. Also **Kimmerler** in Turkish. Again Greeks gave the name of Skyts to the general of tribes climbing down from the North-east Asia to the South of Russia. Persians called them Saka. Also **İskitler/Sakalar** in Turkish. Seton Lloyd, **Türkiye’ nin Tarihi, Bir Gezginin Gözüyle Anadolu Uygarlıkları**, Ankara: Tübitak, 10. Basım, Ağustos 1998. Under the name of these tribes many groups of people of not necessarily the same origin have immigrated to the Caucasus. Although some of researches refer to their Turkish origin, some to their speaking Iran language, these ancient tribes remain in darkness. However, Ossets with their language descending from the Skyts can be referred to as one of the oldest settlers of the Caucasus. The Albans, who are among the first settlers of a geography covering today’s Armenia and most of Azerbaijan, have survived so far. The region was also called Albania in the Roman times. Their being relatives of today’s Azeris or just being an ancient Turkish tribe that has dissolved in the population of Azeris has also been subject of debate.

²⁰⁹ Azra Erhat, **Mitoloji Sözlüğü**, İstanbul: Remzi Kitabevi, Eylül 1993.

balance of power. Moscow became a significant rival of the Ottoman Empire only in the sixteenth century.²¹⁰ Moscow was seen only as a secondary power until the 1530s.

The primary source of threat from the East was Iran, which had extended its influence beyond Tebriz to most of Azerbaijan. Yet, the Safevid Iran would accept that the Ottomans took hold of the provinces of Gence, which included East part of Northern Azerbaijan and the historical Şirvan, Karabakh, Nahcivan, Revan, Hoy, Çors, Urmiye, Meraga, Sine, Selmas, Hemedan, and Kirman-Şah in the time of Ahmet III and the South Caucasus would get under the Ottoman rule as Tebriz, the capital of Safevids under the Ottoman siege, surrendered in 1725. As Öztuna states, for the Safevids South Azerbaijan was as important as the Marmara region was for the Ottomans.²¹¹ South Azerbaijan was at the junction of the roads leading to the Black Sea in the North, and Basra in the South. The struggle between the Sunni Ottomans and the Shiite Safevids was getting more serious as the Safevid control over the South Caucasus meant direct threat over the Eastern Anatolia and contact with the Alevi population.

However, this struggle would be interrupted by the Russians descending to Georgia. As Öztuna relates from Cevdet Pasha, when the Russians reached the Caucasus the Georgian sovereign, who had worn the caftan sent by the Ottoman Sultan in 1776, got into connection with Russia in 1783, since the weakness of the Ottoman state got clear in the last ten years.²¹² Georgia paying homage to Russia would get under the Russian rule seventeen years later. Iran would enter Tbilisi in 1795 and Russia would run to the help of Georgia. After defeating Iran, Russia invaded the Armenian Plato and Gence, the most important trade centre of the South Caucasus. In 1801, Georgia signed the negotiation for its annexation to Russia. In 1813 the Baku Khanate was recognizing the mandate of the

²¹⁰ Halil İnalçık, **Osmanlı İmparatorluğu Klasik Çağ (1300-1600)**, İstanbul: YKY, 2. Baskı, Haziran 2003. See also Meftun Metin, **Politik ve Bölgesel Güç: Hazar**, İstanbul: IQ Kültür ve Sanat Yayıncılık, Aralık 2004, pp.43-56, for the struggle of regional powers, Russia, Iran and Ottoman empire in the Caucasus.

²¹¹ Yılmaz Öztuna, **Başlangıcından Zamanımıza Kadar Büyük Türkiye Tarihi**, 13. Cilt, İstanbul: Ötüken Yayınevi, 1983, pp.334-335.

²¹² *Ibid.*, p.338-339.

Ottoman rule and in the same years many countries of the Caucasus such as Dagestan were still declaring their servitude to the Ottomans, in spite of the Russian invasion.²¹³

The entrance of Russia in the Caucasus was the absolute end of the Ottoman control over the region. Russia was creating a buffer zone between the Ottoman Turkey and the Turkish populations of the Caucasus/Central Asia and holding the way to the Middle East in its hands, as Iran did in the sixteenth and seventeenth centuries. Russia would speed up this process by serious interventions to the demography of the region. In 1829 Nicolas I started the systematic immigration of the Armenians to Azerbaijan. As soon as Russia achieved total control of Georgia, Northern Azerbaijan, Karabakh, Revan/Yerevan, and Nahcivan in 1829 through Turkmençay Peace Treaty with Iran, it divided the Karabakh region into the administrative districts of Susa, Cevanşir, Cebrail, and Zangezür. In the same year Czar Nicolas I founded an Armenian Province in the Region. According to the Turkmençay Treaty, the peoples living in Iran and Russian lands could use their right to immigrate to where they wished.²¹⁴ Russia did not lose time in exploiting this decree of the treaty and settled more than forty thousand Armenians from Iran in the South Caucasus. Edirne Peace Treaty signed with the Ottomans in 1829, also included a similar article. Till 1830, eighty four thousand and six hundred Armenians were migrated from Turkey and settled in Elizavetpol and Yerevan districts. Creation of an Armenian region in the largely Azeri populated Revan Khanate was to be the primary source of future ethnic clashes. As İşyar relates from Onk, before the Armenian immigrants from Turkey and Iran arrived to the region 73.8% of the population in Yerevan was consisting of Muslim-Turks.²¹⁵ Similarly the Armenian historian Goerge Bournoutian states that 80% of Yerevan's population was Muslims and 20% were Armenians; yet after the Russian invasion the ratio between these two populations reached to an equality of 50-50% due to immigrations to the region.²¹⁶ According to the census in 1871, 878.000 Turks and 291.000 Armenians were living in the Karabakh district of Elizabetpol/Gence province. Yet, the 1897 census states that 53% of the total population was Armenian and 47% was

²¹³ Ibid.

²¹⁴ Ömer Göksel İşyar, **Bölgesel ve Global Güvenlik Çıkarları Bağlamında Sovyet-Rus Dış Politikaları ve Karabağ Sorunu**, İstanbul: Alfa, 2004, p.191.

²¹⁵ Ibid., p.220.

²¹⁶ Ibid., p.220. Ömer Göksel İşyar is citing from Swietochowski. (Swietochowski, **Russia and Azerbaijan: A Borderland in Transition**, New York: Columbia University Press, 1995, p.11.)

Turks. İşyar relates that as Armenians fearing retaliation immigrated to Yerevan during and after the Ottoman-Russian War of 1877-78, the administrators of the Armenian province drove them to Karabakh, where they would not suffer from scarcity of food and shelter.²¹⁷ Thus, more than 130.000 Armenian families were settled in the South Caucasus, especially in and around Karabakh. Despite such drastic moves of population, in the Yerevan province the ratio of the Azerbaijanis was still changing between 32% and 57% in the four of the five districts. In 1883 the number of the Muslim population in the Yerevan province was 211.000, whereas the Armenians were 286.000.

The 1880s were also significant for the involvement of the British Empire into the competition with the Russian Empire in the Caucasus and the Central Asia as the Ottoman Empire withdrew from stage. This competition for the control of these regions would later be called “Great Game” by Rudyard Kipling, who had also named East and West as twins, who could never meet. The ingredients of the Great Game, thus, would be irreconcilable beliefs and ethnicities as much as struggle for power and influence. After the demarcation of the USSR, the question is again, who will fill in the power vacuum left back by the weakening of Russia. As Aydın states, although it is not openly said, the goal of the new “Great Game” is to close the Caspian to other rivals very like it has been in the nineteenth century.²¹⁸ The claim of the “civilized West” for the eighteenth and nineteenth century was to bring its civilization with to the regions under its mandate, the consequences of which were best related by Joseph Conrad in *The Heart of Darkness* with a rather grim irony.²¹⁹ The second Great Game was once again coinciding ideals

²¹⁷ Ibid., p.250-251.

²¹⁸ M. Aydın, “Büyük Oyun ve İkinci Büyük Oyun’un Ayırt Edici Özellikleri”, in Baskın Oran (ed.), **Türk Dış Politikası**, İstanbul: İletişim, 2001, p.392.

²¹⁹ Joseph Conrad, **Heart of Darkness**, London: Penguin Books, 1994. **Heart of Darkness** is based around Conrad’s own disastrous experiences in Congo in 1890, however it could be published in 1902. Marlow, the hero of the novel attends the Eldorado Expedition to meet with Mr. Kurtz, the “remarkable” agent of a trading post. However, his expedition in the Belgian Congo and his introduction to the real Mr. Kurtz, who was depicted almost like a benevolent missionary monk by the Europeans who had never been to Congo would be shocking for Marlow. “The original Kurtz had been educated partly in England, ...His mother was half-English, his father was half-French. All Europe contributed to the making of Kurtz; and by-and-by I learned that, most appropriately, the International Society for the Suppression of Savage Customs had entrusted him with the making of a report, for its future guidance”.(p.71) In his report Mr. Kurtz writes “that we whites, from the point of development we had arrived at, ‘must necessarily appear to them [savages] in the nature of supernatural beings – we approach them with the might as of a deity, ...[b]y the simple exercise of our will we can exert a power for good practically unbounded”. However, to the surprise of the hero, he reads at the foot of the last page, the exposition of the method: “Exterminate all the

with, power and benefits. Especially the USA was decisive not to miss the historical opportunity to spread freedom and democracy. Thus, West style liberal democracy would be the antidote of the contemporary threats of Islamic fundamentalism and suppressive regimes. Besides, the Western involvement meant foreign investment, employment, foreign aid for economic development and political stability for the national leaders. Thus, they did not oppose foreign interference in the pursuit of political influence, strategic advantages, economic benefits, pipelines and new markets. The Caucasus after 1995 is hosting more than two competing parties, thus, the rule of the game differs from the sixteenth, nineteenth and twentieth centuries. In the nineteenth century the Great Game was played by two imperial powers, the British and Russian Empires. However, the British role of sole competitor with Russia has been replaced by several states including China, Pakistan, Israel, Iran, Turkey, and the USA. Additionally, five new states in Central Asia, and three in the Caucasus are added in the new geopolitical game with their own motives, interests and methods. In addition to these state actors, non-state bodies such as NATO, the UN and the OSCE at the supra-state level, and multinational companies, corporations and conglomerates, non-governmental organizations, pressure groups, diasporas, political factions, terrorist groups and criminal organizations at sub-state level are involved in the regional competition. As Edwards states, soon after the Cold-War ended it has been argued that a ‘New Great Game has emerged in the South Caucasus:

“Central Asia, scene of the Great Game between England and Russia in the nineteenth century is once more a key to the security of all Eurasia, as Russia geostrategically on the defensive, ...is engaged in complex geopolitical manoeuvres and enmeshed in geo-economic competition into its contiguous ‘Great Space’ because the West does not want to see any structure in Eurasia that permits Russian hegemony”.²²⁰

brutes!”.(p.71-72) The main point of this first example of the early twentieth century British novel was to destroy the illusion of the civilized white men bringing peace and Christian values to the world outside Europe.

²²⁰ Matthew Edwards, “The New Great Game and the New Great Gamers: Disciples of Kipling and Mackinder”, **Central Asian Survey**, Carfax Publishing, Vol.22, No.1, March, 2003, p.85. However, according to Edwards the use and the concept of ‘New Great Game’ requires intellectual and academic rigor as does the discipline of geopolitics when it comes to their use as a tool for analysis in the South Caucasus and Central Asia: “Many geopolitical ‘truths’ that have passed into the canon of security by

The Caucasus is the most intricate and complicated zone of conflict, which has been a major scene of international rivalry and the home of five distinct armed conflicts. Its geographical location and rich hydrocarbon resources of the Caspian area have been the interrelated items of international attention. The aims of those involved in the region range from “the establishment of a form of neo-imperialist hegemony, the formation of cultural allegiances and influence and promotion of state security concerns” at state actor level, to “the maximization of profits, securing of contracts and dominant shares in consortia and the securing of local influence and politico-religious aims” at non-state actor level.²²¹ In such an environment, geopolitical alignments appear as a major determinant of the conflicts’ developments.

The primary objective of the South Caucasian States is national security. They consider consolidation of independence, weakening of dependence on Russia and establishment of direct bilateral contacts of all kinds with other states, international and regional organizations as vital. However, weak legitimacy is one of the primary shortcomings of the South Caucasian republics. In order to deal with threats of sovereignty and survival, Georgia, Armenia and Azerbaijan have been in search of policies to enhance their legitimacies inside the country and abroad in both regional and global terms. Hence, these republics gave grave importance to building up their military potentials, seeking alliances and state-building as much as their capacities allowed. While the main task of Georgia and Azerbaijan was to combat with threats deriving from potential and actual secessionists, Armenia, due to its homogenized population, could focus on the protection of the rights of the Armenians living outside its borders. In spite of struggling against secessionists within its borders, Armenia could transmit its energy to unification with the regions under Armenian occupation such as Nagorno-Karabakh.

However, none of the South Caucasus republics are free from political fractions and political upheavals among rivals, which are obstacles to the construction of legitimate

intellectuals rarely get a proper re-examination to determine their relevance to the constantly evolving nature of the [world] system”. p.97.

²²¹ Ibid., p.89.

institutions, effective administrative structures or with skilful politicians coming to the post backed by a unified support to mobilize available resources. Even though, the republics inherited from the Soviet Union national assemblies, administrative bureaucracies and the main ministries of foreign and interior affairs, regional and local administrative bodies of their own under the rule of Soviet constitution, none of these structures were granted with real political power. Thus, governmental and democratic experience was extremely weak, and a basic level of law and order was missing when the republics had to stand on their own feet. When the state leaders were called to mobilize military tasks, they had troubles with creating organized national armies or controlling them. Instead, the militia warlord replaced the state authority. Its repercussions would be constant instability, waste of national and socio-economic resources, and an environment open to destabilizing intervention by Russia, last but not the least strengthening of illegal/criminal organizations hand in hand with the militia.

Main security problems of the South Caucasus stem from the internal weaknesses of Georgia, Armenia and Azerbaijan. The main impediments of state building in these countries are ethnic nationalism, insufficient socio-economic cohesion of populations, parochialism, familism, lack of democratic traditions, corruption in almost every sector and preference for a strong, even caudillo-type leader. According to Celac, authoritarian form of government does not help the state overcome “the weak state syndrome”.²²² Since the indicators of good governance are maturity of democratic institutions, the rule of law, the existence of functioning market mechanisms, civil society and an independent media, political developments inside each of the South Caucasus states carry great importance. Thus, new values, new notions of leadership and social responsibility are required, which will attend change of political generations, emergence of new political and business elites with little or no recollection of the Soviet past in time. However, there are serious obstacles to both such a change within the system that makes up the appetite of the actors in the regional sub-system and directs the instruments they choose to deal with their goals, and the realization of sustainable peace in the region.

²²² Sergiu Celac, “Prospects of a Stability Pact for the Caucasus”, **Marco Polo Magazine**, April-May 2000, p. 4.

As Cornell notes “the soviet view of ethnicity and the thereto connected territorial structure it left behind” is one of the roots of conflict within the region.²²³ The hierarchical organization of fifteen republics and thirty autonomous republics and provinces (oblasty) under their jurisdiction with lower levels of nominal self-rule was based on the ethnical definition of territories. The autonomous regions were equipped with “legislative, executive and judiciary organs, clearly demarcated borders, mass media controlled by the government, and control over education, particularly school curricula”, shortly almost all of the institution and symbols of autonomy, enough to construct a quasi-state.²²⁴ In the case of the South Caucasus, conflict broke in four autonomous entities among “nine compactly settled minorities”. Cornell refers to “the role of autonomy institutions in the escalation of conflict” and points to the fact that the non-autonomous minorities such as Azeris in Armenia; Azeris and Armenians in Georgia; and Talysh and Lezgins in Azerbaijan have not lived the conflict that has broken between the central governments and Nagorno-Karabakh Armenians in Azerbaijan, Ossetians and Abkhaz in Georgia.²²⁵ Adjaria is an exception, where tension between this autonomous minority and the Georgian government has never gone as far as a military conflict.

In the last ten years, as communism faded in time, nationalism succeeded in its place. Complexity in the ethnic map of the region and the unsettled debates between ethnic groups do not allow a common identity even in the same country. Instead, group identity is growing, especially for Nagorno-Karabakh Armenians, South Ossetians and Abkhaz, which has been strengthened by their own institutions in the Soviet era, and their *de facto* independence since they succeeded in the battlefields against the central governments. Grigorian explicitly states that on both sides of the Karabakh conflict, there is no incentive for an acceptable compromise.²²⁶ On the contrary, as the positions in Azerbaijan and Karabakh are radicalized in time and a new generation grows, negotiations hardly mean anything to the highly militarized society of Karabakh, which has enjoyed independence and nine years of peace after a definite victory in the

²²³ Svante E. Cornell, “The Caucasian Conundrum and the Geopolitics of Conflict”, **Marco Polo Magazine**, No.4, Fall 2000, p. 1.

²²⁴ *Ibid.*, pp. 1-2.

²²⁵ *Ibid.*

²²⁶ Arman Grigorian, “The EU and the Karabakh Conflict”, in Dov Lynch (et.al.), **The South Caucasus: A Challenge for the EU**, Chaillot Paper, No.65, December 2003, p.137-138.

battlefield; or to Azerbaijanis, who see a military solution as the only way to regain what they have lost in war. Therefore, as Grigorian says “there is the perverse situation of Azerbaijanis saying ‘We have lost so much, how can we make any compromises?’ and Armenians saying ‘We have won, why should we make any compromises?’”²²⁷

The situation is not very different in South Ossetia and Abkhaz region. The frozen state of “no war, no peace” is favoured by the autonomous but internationally unrecognized republics of South Ossetia and Abkhaz, while it is preferential for the Georgian Republic, as well, due to rather different expectations. Abkhazia and Ajaria were originally autonomous republics under the Soviet Constitution, whereas South Ossetia had never formal rights and the status of an autonomous region.²²⁸

Abkhazia, was created as a separate union republic in 1921, but was tied up to Georgia under a confederate union treaty later the same year. Abkhazia’s status was downgraded in 1931. It became an autonomous republic incorporated into the Georgian union republic, but Abkhaz demand “for union republic status within the USSR equal to the Georgians” would heighten starting from the late 1980s as much as *perestroika* allowed.²²⁹ The Abkhaz constituted only 17 percent of population in Abkhazia and 1.8 percent of Georgia’s population, thus, a minority in their homeland. However, Russia allocated some two-thirds of party and government positions within the republic to them, although their share in the population was only about one-sixth. Abkhazia covers 12.5 percent of territory of the Republic, which has rich agricultural resources, a major power station, rail and road links to Russia and beautiful beaches. Poti, remaining in the Abkhaz territory is one of the most important ports located on the Black Sea coast. The Azeri oil coming to Poti is loaded into ships and transferred through the Black Sea from this port. Thus, Abkhazia is too valuable to give up easily.

²²⁷ Ibid., p.138.

²²⁸ Jonathan Aves, “National Security and Military Issues in the Transcaucasus : The Cases of Georgia, Azerbaijan, and Armenia”, in Bruce Parrott (ed.), **State Building and Military Power in Russia and the New States of Eurasia**, The International Politics of Eurasia, Vol.5, New York: M. E. Sharpe, Inc., 1995, p.214.

²²⁹ Anna Matveeva, “Georgia: Peace Remains Elusive in Ethnic Patchwork”, in Paul von Tongeren , Hans von de Veen and Juliette Verhoeven (eds.), **Searching for Peace in Europe and Eurasia: An Overview of Conflict Prevention and Peacebuilding Activities**, A PROJECT OF THE EUROPEAN CENTRE FOR CONFLICT PREVENTION, London: Lynne Rienner Publishers, 2002, p.418.

Stalin's migration of large numbers of Georgians to Abkhazia in the post-World War II created a Georgian majority in the Abkhazia homeland with 45 percent. Armenians and Russians constituted 30 percent of the population. Growing dissent among Abkhaz reached its climax after 1988. The Abkhaz feeling threatened by the assimilation policies of Georgia, first demanded cultural and language rights, which would be then followed by a power-sharing dispute. Georgians for their part feared Abkhaz ambitions directed at the dismemberment of Georgia. The Abkhaz requests to Moscow for a return to the 1920s status quo and protests against their subjugation under Tbilisi's authority strengthened only Georgia's suspicion of Moscow's hand in the dispute. In August 1990 the Abkhazian Supreme Soviet declared Abkhazia's sovereignty, and in July 1992 voted to return to the 1925 constitution. The proclamation of a Union Republic meant separation from Georgia and unification with the new Soviets of Gorbachev.

Actual fighting began with the attack of the National Guard under the command of Tengiz Kitovani to Sukhumi.²³⁰ In fact Defence Minister Tengiz Kitovani was sent to Abkhazia for a mission other than flaming an inter-ethnic military conflict. He was entrusted with capturing the kidnapers of Georgian officials sent to arrange the release of Georgian Deputy Prime Minister Aleksandr Kavsadze, who was also kidnapped by the supporters of ousted President Gamsakhurdia. However, Kitovani marched into Sukhumi, at which point the Abkhazis opened fire.²³¹ Though Georgian Prime Minister Tengiz Sigua called for an immediate cease-fire and withdrawal, Kitovani re-entered the city and

²³⁰ Alexei Zverev, "Ethnic Conflicts in the Caucasus 1988-1994", in Bruno Coppieters (ed.), **Contested Borders in the Caucasus**, Brussels: VUB University Press, 1996, p.48-49.

²³¹ Shevardnadze accused Kitovani for the attack. The power struggle among the ruling elites of Georgia was best displayed in the Abkhaz case. Shevardnadze was short of any control over the National Guard, defence and foreign affairs. After the ousting of Gamsakhurdia, Shevardnadze had to work with the opposition to Gamsakhurdia for a while: Kitovani, Iosseliani and Sigua. However, they kept to be the biggest obstacle to the policies of Shevardnadze until the day they were deprived from their powers. Shevardnadze was expected to provide competence and coherence in the country. However, Shevardnadze had to strengthen his position and control over the army forces by eliminating the previous members of the State Council, Tengiz Kitovani, Jaba Iosseliani and Tengiz Sigua. Kitovani first refused to obey Gamsakhurdia's order to disband the National Guard and place it under the Ministry of Internal affairs and then resisted Shevardnadze's attempt to bring a professional soldier, Lieutenant General Anatolii to his post. Kitovani was finally replaced by Karkerashvili in May 1993. However, Karkerashvili was also dismissed in 1994 to leave its post to Vardiko Nodibaidze, an ethnically Georgian General in the Russian army, to be the head of a new Georgian army. Hence, Shevardnadze achieved what Gamsakhurdia had attempted, but failed. See, Jonathan Aves, op. cit., p.216.

drove the Abkhazis.²³² However, the Abkhaz were outraged and their response would be fierce. In response to the Georgian attack, the Abkhaz leader, Vladislav Arzinba reinforced the Abkhaz forces with support from the Confederation of Caucasian Peoples, especially with the Chechen fighters and Russian military support launched an offensive to finish with a decisive Abkhaz victory in September.²³³

In the meantime, Shevardnadze had to deal with threats other than secessionists, too. Gamsakhurdia, the first president of the independent Georgia, was based in Megrelia after he was out posted by the Military Council. He did not lose the opportunity to march on Tbilisi, as the Georgian defeat in war with the Abkhaz weakened Shevardnadze. However, it was an unsuccessful attempt. Gamsakhurdia fled to Chechnya in 1992, where he died two years later. Even after his death in 1994, the Zviadists continued to challenge Shevardnadze's government.

During the war Russia did not stay behind in conflict-settlement, either. All of the three cease-fires that interrupted the conflict were brokered by Moscow. The first of these cease-fires was signed on 3 September 1992 and recognized Abkhazia within the internationally recognized borders of Georgia, though it did not last long. On 14 May 1993, the second cease-fire was negotiated by Georgia and Russia in Sochi. However, Abkhazia claimed that Georgia did not comply quickly to the negotiation, according to which Georgia would withdraw its heavy weaponry. Thus, Abkhaz offensive and assault on Sukhumi brought this cease-fire to an end. A third, which was providing establishment of a joint commission for the settlement of the conflict, monitoring by trilateral group and Georgian withdrawal was again broken by the Abkhaz side on 15-16 September, only one and half months after it went into effect. However, this time the Abkhaz would capture Sukhumi.

²³² Catherine Dale, "The Case of Abkhazia (Georgia)", in Lena Jonson and Clive Archer (eds.), **Peacekeeping and the Role of Russia in Eurasia**, Oxford, USA: Westview Press, 1996, p.122.

²³³ Edmund Herzig, **The New Caucasus: Armenia, Azerbaijan and Georgia**, Chatham House Papers, The Royal Institute of International Affairs, 1999, p.77. Herzig states that although, the level of Russian military support to the Abkhaz remains disputed, the Russian bases in Abkhazia at Gudauta and Bombora, were used for that purpose, to the great disappointment of Georgia. Georgia still perceives Russian bases as a source of direct threat, since it has served to the needs of secessionist in several cases.

Almost the entire population of ethnic Georgians fled from the republic following the Georgian defeat and the flight of Georgian troops from Sukhumi. Later the estimated 180,000 to 240,000 displaced persons would be the subject of UN-sponsored talks between Abkhazia and Georgia. However, the repatriation of displaced persons still remains as a big problem waiting to be solved. Abkhazia, which has lost some six to eight thousand lives, much of the republic's infrastructure, industrial capacity and housing stock to the fighting in 1992-1993 fears, once a majority, the Georgians would move to eliminate all the preferential policies, such as parliamentary quotas and reserved positions in government; insist on full restoration of Georgian sovereignty; threaten the Abkhaz with ethnic cleansing, discrimination or cultural pressure; and force them to emigrate in the end.²³⁴ The Abkhaz are not willing to return to the demographic balance of 1989. Gali District, southern Ochamchire and the Kodori Gorge were once areas with large prewar Georgian majorities. In 1989, the Gali District's population had been 93.8 percent Georgian and only 0.8 percent Abkhaz. However, until mid 1997, when an estimated fifty to sixty thousand Georgian villagers returned to Gali under a low-profile repatriation program run by the UNHCR, the region was completely stripped of its Georgian population.

In spite of the efforts to restore the Georgian population in Gali, Georgian refugees returning to the Gali district would not stay for long. The Georgian guerrillas and the Abkhazian government in exile, which were encouraged by the activities of guerrilla groups such as White Legion and Forest Brothers against Abkhaz authorities and Russian peacekeepers, and the deterioration of the general situation in Abkhazia, challenged the authority of the Abkhazian government in the region. Their "symbolic actions signifying that Georgian jurisdiction now extended to Gali" would, however, result with the operations conducted by the Abkhaz militia targeting the guerrillas and the residents of villages where they were based.²³⁵ In 26 May 1998, a new ceasefire was signed to end the "Six-Day War" in Gali. Yet, an estimated thirty to forty thousand Georgian had to leave the Gali district for the second time and some two hundred to four hundred were

²³⁴ Edward Walker, *op.cit.*, p.167.

²³⁵ Ghia Nodia, "A New Cycle of Instability in Georgia: New Troubles and Old Problems", in Gary K. Bertsch, Cassidy Craft, Scott A. Jones, and Michael Beck (eds.), **Crossroads and Conflict, Security and Foreign Policy in the Caucasus and Central Asia**, New York: Routledge, 2000, p.190.

dead on both sides. Last but not the least, the war in 1998 had both political and economic repercussions in Georgia. The Georgian government was blamed for the misfortunes of Georgians fleeing from Gali and taking refuge in Mengrelia. As Nodia states the government “was seen as recklessly provoking the Abkhaz without being able to protect the population exposed to punitive attacks”.²³⁶ The monetary aid provided for Mengralia and the huge number of refugees to prevent further dissent prompted a fiscal crisis, since the treasury was almost emptied.

The May 1994 agreement on the specifics of peacekeeping force deployment; establishment of a demilitarized zone stretching for twelve kilometres on each side of the Inguri River; withdrawal of heavy weapons from a Restricted Weapons Zone extending for another twelve kilometres on each side of the demilitarized zone (also referred to as “Security Zone”); operation of the peacekeeping force under a CIS mandate; and safe return of refugees and displaced persons, especially in Gali District was not fully realized.²³⁷ The troops operating in the peacekeeping force were to come from a number of CIS states; but, Russian contribution came out to dominate the overwhelming majority of troops for the peacekeeping force.

Russia displayed clearly that it wanted to be in every stage of developments taking place in the South Caucasus, at war or in peace; but, the Georgian-Abkhaz war was also a warning for such an enthusiastic actor to take other nationalities and potential territories of conflict into account. As the war exposed, several non Georgian peoples from the North Caucasus fought for the Abkhaz against the Georgian authorities. As Dale underlines, conflict in the Southern Caucasus “not only brings profound instability to Russia’s back door but also carries the danger that fighting will spill over into the Russian Federation itself, especially into the historically volatile North Caucasus”.²³⁸

Additionally, the Russian bases in Armenia and the Armenian pro-Russian stance, urge Russia to support Georgian efforts to prevent turmoil in the country, in order to secure its reach to Armenia over Georgia. Besides, violent conflict anywhere in the

²³⁶ Ibid., p.191.

²³⁷ Walker, op. cit., p.159.

²³⁸ Dale, op. cit., p.124.

Caucasus, which has historically served as a critical buffer zone between Russia, Turkey and Iran, is perceived as a severe threat leaving Russia's underbelly exposed. Furthermore, Russian military bases in Georgia, strategically significant ports along the Black Sea coast and Russian interest in the rich Azeri oil reserves are solid grounds for particular Russian interest to the Abkhaz problem. Meanwhile, Russia fears a further loss of influence in the Caucasus and has attempted to monopolize peacekeeping operations. Thus, Russia gave its support to Shevardnadze as soon as he agreed with Russia for Georgia's entry to the CIS in 8 October 1993. Russian support secured both the settlement of Russian soldiers in Georgian territory and prevention of further turmoil in Georgia. Shevardnadze could stop the forces of Gamsakhurdia and bring Mengrelia under control.

Georgians and Abkhaz have considerable interest and incentive to avoid another round of fighting as it prevailed between the years of 1992-93. The years of anarchy have cost Abkhazia a lot in both human and material resources. Now, the Abkhaz have more of their own land, but less of their previous population. As Walker states, the Republic's population has dropped by 70 percent from 535,061 in 1989 to an estimated 145,000 in 2000.²³⁹ The economy has come to a standstill. Skilled labour and white collar workers have left the country. Getting involved in another devastating war only consumes the last resources of the Republic. Hence, preservation of the recent winnings is their priority. Georgia needs both peace and substantial investment in order to sustain its economic recovery and growth. The completion of the pipeline bringing the 'early oil' is considered particularly important. Thus, Georgia may profit from delivering reserves of oil from the Caspian Basin to the international markets. Georgia hopes to strengthen its political, economic and military position in time. Even if it chooses a military solution, it needs time to strengthen its hand. The poor economic conditions in territories out of Georgian control will either bring them closer to Russia as in the case of Abkhazia or make them find reintegration with Georgia more attractive as in the case of Adjara. Hence, increasing welfare in Georgia may well serve as an incentive rubbing the sharp edges of secessionists in territories under blockade.

²³⁹ Walker, *op. cit.*, p.162.

The unlikelihood of a peace enforcement operation by the international community has also been understood by Georgia. Georgians' wish for the expansion of the peacekeeping forces' responsibilities "beyond the currently defined Security and Weapons Exclusion Zones to provide security for returning DPs in Gali and the southern Ochamchire district" was not realized.²⁴⁰ Russian troops were short of the capabilities necessary to provide policing for redeployment in such "large and volatile" areas. Thus, Shevardnadze searched for a UN, NATO or OSCE mandated solution instead of the Russian force. Shevardnadze's appeals for a "Bosnia Style" peace enforcement intervention by the Western powers, however, never found any response. His visit to the United States, where he tried to convince President Clinton and UN secretary general Kofi Annan to provide UN-mandated peacekeeping force did not come to any conclusion. The West was unwilling for such an intervention. The recent status quo is not agreeable for the parties to the conflict. Although they restrain from a large scale conflict, tensions between Abkhazia and Georgia remain high. The risks of new fighting continue to exist. The Abkhaz militia, the White Legion of Georgia and the Russian troops in the region have been frequently confronting each other, and it is the civilian population that is harmed the most.

Conflict in South Ossetia followed a similar course with the one in Abkhazia. Ossetia, which was established as an autonomous region (oblast) within Georgia, issued a declaration of sovereignty in August 1990 and demanded recognition from Moscow as Abkhazia did. South Ossetians, a population of 60,000 were separated from the Ossetians living in the North (some 350,000 in 1989) as a result of Soviet border delimitation in 1920s. The delimitation was criticized by both Ossetes and Georgians. While their Northern kinsmen lived under the North Ossetian Autonomous Republic of the Russian Federation, South Ossetians were ruled from Tbilisi as an autonomous region (oblast). Georgians were also dissatisfied with the Soviets policies. According to the Georgian perspective the delimitation was a part of the divide and rule policy of the Soviet Russia coveting the Georgian territory. Besides, Georgians thought that Ossetians were granted with privileges no other minorities in Georgia had.

²⁴⁰ Ibid., p.163.

In 1989-91, the claims were declared more openly. As Georgians stressed the primacy of the Georgian central authority, Georgian language and culture, Ossetes emphasized their autonomy and links with North Ossetia in return. Tbilisi responded the Ossetian request for recognition from Moscow and election of a new parliament subordinated directly to the USSR with exclusion of regional parties from national elections and abolishment of South Ossetia as a distinct administrative entity in December 1990.²⁴¹ The dispute immediately sprang from the constitutional level to the conflictual level and at the end of 1990, fighting erupted. Ossetian militias fighting Georgian militias, interior ministry troops and the National Guard drove the Georgians out from the regional capital, Tskhinvali, which was then besieged and bombarded from the surrounding hills by the Georgians.²⁴² The fighting continued until a cease-fire was signed in June 1992. The cease-fire would be under the supervision of a Joint Control Commission bringing Russian, Georgian and Ossetian peacekeeping forces together. The OSCE was carrying the task of promoting negotiations between conflicting parties and monitoring the peacekeeping operation in South Ossetia. However, negotiations were basically conducted under the auspices of Russia rather than an international organization. Still, the OSCE mission since late 1992 has served to sooth the Georgian suspicions of Russian peacekeeping activities in the region. It has also been effective in relieving hostility and tension between the parties of conflict. Herzig notes that “[i]n May 1996 the parties signed a memorandum on refraining from the threat of force, solving refugee problem, gradual demilitarization and continuing dialogue and negotiations”.²⁴³ The conflict resolution process in South Ossetia has taken a much better pace than in Abkhazia and Karabakh. Interethnic relations are improving especially on economic bases, although the status problem remains untouched. Matveeva notes:

“While each of them has its unique background, political actors in the conflict areas look at each other and especially at the developments in Abkhazia, the most significant

²⁴¹ Herzig, op.cit., p.74.

²⁴² Matveeva, op.cit., p.440.

²⁴³ Herzig, op. cit., p.75.

*conflict, to see what kind of settlement will be achieved there in the end, and level their demands accordingly”.*²⁴⁴

Ajaria, a fiefdom under the local leadership of Aslan Abashidze did not declare its will to separate from the Republic, but gave importance to the strengthening of its economic autonomy and became a territory, where Tbilisi could not enforce its claims. Aslan Abashidze proved to be successful in transferring from one regime to another, as he declared his loyalty to Tbilisi in every change of government. Ajaria had its own armed units, refused to transfer taxes to the central budget and insisted on guarding borders of its own, again with its own armed units.

In the meantime illegal armed units and criminal gangs settled in the Samagrello-Svaneti region adjacent to Abkhazia, where they had influence over local politics and economics. However, their zone of activity has coincided partly with the area of responsibility of the Russian peacekeeping operation under a CIS mandate, which has also been a factor of destabilization and weakening the control of Georgia’s central authorities.²⁴⁵ Pankisi Gorge is another such region, where illegal armed formations such as Chechen fighters are residing out of the reach of Georgian and Russian authorities. The region is populated by Kists, ethnic Chechens of Georgian citizenship, who escaped ethnic cleansing by the Russian Empire in the early nineteenth century. This geographically isolated part of the country has become a haven for criminals since the early 1990s. Its proximity to Chechnya helped the region to develop into a major route for arms and drug trafficking. Crime affected the relations between Chechen and Georgian communities living in Pankisi, too. Tension between these two communities rose to dangerous levels and in July 2001, vigilante groups came to the brink of armed confrontation. However, community elders and some Chechen warlords intervened before the tension evolved into a real fighting.²⁴⁶

²⁴⁴ Matveeva, op. cit., p.439.

²⁴⁵ David Darchiashvili, “Georgian Security Problems and Policies”, in Dov Lynch et al. (eds.), “The South Caucasus: A Challenge for the EU”, Chaillot Papers, No.65, ISS, Paris, December 2003, p.117.

²⁴⁶ Jaba Devdariani, “Georgian Officials Prepare to Tackle Pankisi Gorge Problem”, 1/15/02. <http://www.eurasianet.org/departments/insight/articles/eav011502.shtml>, (28/04/2005).

Pankisi damaged Shevardnadze's prestige and Georgian Law Enforcement's image was shattered. In 2002 Putin pointed out to the probability of a hot pursuit into the Georgian territories. If Russia did not take such an action, it was only because the US objected a unilateral action of Russia in the Georgian territory. In 2002 the new ministries of security and interior started anti-criminal operations in Pankisi. Pankisi Gorge problem was also significant to show that anti crime efforts should be accompanied by long-term development efforts as well.

The establishment of a anti-corruption policy co-ordination council in early 2001 and a new commission 'for the preparation of recommendations on the institutional reform of security and law enforcement agencies' in December 2001 were important efforts to deal with extensive corruption in Georgia, but levels of crime are still on rise. The chronic lack of professionalism and discipline in law enforcement agencies make it harder to deal with the challenges to the rule of law. Law enforcement was unsuccessful in investigating violent crimes such as kidnappings and murder. The presidential decrees on anti-corruption measures are waiting to be implemented, too. The parliamentary 'Group of Trust' was constituted to provide democratic control and monitoring over special security programmes and secret activities, however legislative vagueness and unclear delineation of competences and competition with the executive branch are limiting parliament's role.²⁴⁷

The systematic electoral fraud during 2 November 2003 parliamentary issues finally triggered large discontent of the Georgian population, which was reflected through massive street protests. The political crisis accompanied by economic hardship and pervasive corruption brought the end of an era with Shevardnadze. President Eduard Shevardnadze resigned on 23 November 2003 as a result of the non-violent 'Revolution of Roses'. The Georgian authorities were particularly careful to display a genuine will to conduct a democratic election process during the election polls held in 4 January 2004. Mikhail Saakashvili came out of the polls with a distinct victory. He was elected President with 97 percent of the votes. The parliamentary election held in 28 March 2004 was the second test for Georgia's democratic development. The OSCE/ODIHR

²⁴⁷ Darchiashvili, op. cit., p.119.

International Election Observation Mission was pleased with the way Georgian authorities handled the election process.

Georgia's election process was seen to come into closer alignment with European standards for democratic elections. Adjara was one exception. During the elections, Adjarian authorities and supporters of Aslan abashidze were observed to get involved in fraud and suppression against the electors. However, Abashidze's efforts did not change the result. His part All-Union of Georgia could not find place in the Georgian parliament. The confrontation between the centre and the Adjara Autonomous Republic was rising to a dangerous level. However, parties to the conflict reached an interim compromise. Adjara agreed to cede control of the strategic Black Sea port of Batumi and a customs point at the Turkish border to central authority. Other points of the agreement including dissolution of illegal military formations on the territory of Adjara were fully implemented. Yet, the conflict erupted again in late April 2004. In May 2004, Saakashvili called for Adjara to return to Georgia's constitutional framework within ten days. Saakashvili declared that Abashidze had to restore normal legal activities in the region and begin disarming. Otherwise, Georgia was to use his constitutional right to dissolve local state bodies and hold new local elections on Adjara's territory, preserving, at the same time, Adjara's autonomy and democratic status and giving the Adjara people the opportunity for free choice.²⁴⁸ In response Adjarian leader exploded the bridge connecting Adjara to Georgia. International community and the Russian Federation got involved in the negotiations. After Igor Ivanov arrived in Batumi to mandate a peaceful end to the political confrontation, Abashidze resigned in 5 May 2004 and went to exile in Russia.²⁴⁹ In fact, Saakashvili's strategy was to use the popular unrest against the present authorities as he did during the Rose Revolution. Hence, mass protest strategy worked once again for Saakashvili toppling Aslan Abashidze down. It was a peaceful victory for Saakashvili, thus, strengthening hopes for similar success in Abkhazia and South Ossetia.

The European Parliament, European Commission and International Financial Institutions did not ignore the steps Georgia took. Soon after the elections of 2004, EU

²⁴⁸ Antoine Blua, "Georgian Leader Gives Ultimatum to Adjara", **Eurasia Insight**, EURASIANET.org, 5/03/04.

²⁴⁹ Eurasia Insight, "Georgia: Popular Protest Topples Adjarian Leader", EURASIANET.org, 5/05/04.

officials visited Georgia and gave important messages. The EU's foreign policy chief Solana and the external relations commissioner Patten gave a positive account of Georgia in their addressing to the European Parliament.²⁵⁰ To Patten Georgia had achieved the fairest and freest presidential and parliamentary elections since the collapse of the Soviet Union. However, structural problems facing Georgia and endemic corruption were not forgotten. Patten stated that Georgia's state finances have been put on a mere stable path to recovery; revenue collection has increased allowing the Georgian government to pay salaries on time; reform of the law enforcement agencies has begun, and a new tax code has been presented to the parliament.²⁵¹ Solana said in his speech to the European Parliament that the bloc has been "absolutely engaged" with Saakashvili's government. In order to summarize this engagement Solana told about the appointment of a special representative for the South Caucasus, Heikki Talvitie; the inclusion of the three South Caucasus counties in the EU's European Neighbourhood Policy, organizing a high-yield donors conference for Georgia; and the first ever EU-sponsored "rule of law mission" in another country.²⁵² Again the place of Russia and the South Caucasus in the European security was emphasized. Patten stated the Commission's view: "From our perspective, the South Caucasus is an extremely important part of the common neighbourhood of the European Union and Russia. We will continue to place this region high on [the agenda] of our bilateral dialogue with Russia".²⁵³ Saakashvili's visit to Moscow after the elections was like an answer to the foreign expectations for better relations and communication between Georgia and Russia. Saakashvili also told the UN about his inclination for better relations with Russia to resolve dispute. Hence, Saakashvili is expecting to have greater power to exert pressure on Russia to close down its two remaining military bases in Georgia – one near the Adjarian capital Batumi, the other in Armenian populated Akhalkalaki – as long as his government is backed by both the United States and the European Union.

²⁵⁰ Ahto Lobjakas, "Georgia: EU Officials Say Relations with Russia Key to Long-Term Stability", **RFE/RL**, Thursday, 14 October 2004.

²⁵¹ Ibid.

²⁵² Ibid.

²⁵³ Ibid.

When Gorbachev started the reform programmes of Glasnost and Prestroika, the Caucasian societies asked for their status to be revised. In the absence of the suppressive communist ideology, charismatic and nationalist leaders, destructive irredentism and extreme nationalism took the lead. Civilian participation into the governmental affairs and democratic institutionalization was either weak or lacking, hence the Caucasian societies gathered around extreme nationalist ideologies rather than reformation and cooperation. At the time the Supreme Soviet of Armenia and the National Council of Karabakh declared the unification of Karabakh and Armenia in December 1989, the claim of the Armenian societies was that Azerbaijan did disregard the unique economic and cultural needs of the Karabakh oblast. In fact, the basic motive for the unification was a pan-nationalist Armenian movement. Karabakh Armenians were in a much better position, when compared with the Azeris living in Zangezur. However, Armenians had, what Azeris lacked, a well rooted nationalist consciousness. The historical Armenian aspiration to create an Armenian Union that consists of Eastern Anatolia, Karabakh and Zangezur regions was one of the roots of the conflict. As Furman and Asenius note “even if the nationalistic mentality, with its tendency to self-deception and mythological constructs, regarded reclaiming Turkish Armenia as a distant and scarcely realistic prospect, attempting to retrieve Nagorno-Karabakh with the aid of Moscow appeared worthwhile”.²⁵⁴ Secondly, Armenians were regarding the Soviet demarcation of republican borders in 1920 and creation of the Nagorno Karabakh Autonomous Region as an artificial drawing of borders. Thirdly the incompatible Armenian and Azerbaijani claims to exclusive ethnic homelands provided the ideological dimension to the conflict.

The Karabakh Committee in Armenia had evolved into a pan-nationalist movement in 1989. Leon Ter-Petrosyan, the leader of this movement, became the republic’s President of High Soviet in August 1990. In the meantime, the communist authorities in Baku succeeded to break the Azerbaijan People’s Front into pieces. The Azerbaijan People’s Front slipped to a more extreme point under the leadership of Elchibei under these circumstances. Yet, Armenians were better equipped for their struggle. The Armenian Church, superiority complex – an ideological and psychological complex of

²⁵⁴ Dimitry Furman, “The Case of Nagorno-Karabakh (Azerbaijan), in Lena Jonson and Clive Archer (eds.), **Peacekeeping and the Role of Russia in Eurasia**, Oxford, USA: Westview Press, 1996, p.142.

uniqueness- and a feeling of isolation have all contributed in the making of Armenian ethnic consciousness and nationalist tendencies. Azeri self-consciousness was much weaker, when compared to that of the Armenians. It was more difficult for Azeris to become united around an issue of national importance until the decay of communist ideology. While “almost overnight, Armenia united around the Karabakh issue, a truly all-national movement which comprised Nagorno-Karabakh and Armenia as well as Armenians in Moscow, France and the USA”, Azeri society was disorganized in the face of such an unexpected enemy.²⁵⁵

The Karabakh movement brought independence to Armenia and the Armenian All-National Movement to power in the first free elections.²⁵⁶ Armenia was unable to unify with Nagorno-Karabakh, since the international law and world community would not tolerate annexation of occupied territories, but gained its independence as a result of the movement emerging from Nagorno-Karabakh. Soon the idea of unification gave way to the notion of an independent Nagorno-Karabakh.

In 1992, the conflict entered a stage of open war between Azerbaijan and the Armenians of Nagorno-Karabakh, supported by Armenia. After April 1993, Armenians attacked on Kelbajar, thus capturing another corridor binding Karabakh with Armenia and parallel to Lachin. The UN Security Council resolution was demanding withdrawal of Armenian troops from the occupied territories and the Karabakh authorities agreed to comply. By late 1993 both nations were exhausted and dispirited. Their resources were depleting. As mass emigration from economically disadvantaged Armenia signified war was affecting Armenia’s human resources, too.

The Bishkek Protocol signed in May 1994 marks an era of a relatively effective cease-fire between Armenia and Azerbaijan. After both adversaries agreed to the cease-fire of 12 May 1994, the CSCE heads of state and government took the political decision in principle to provide a peacekeeping contingent in December 1994. The peacekeeping capacity of the UN was overstretched, but the efforts of the CSCE could be brought

²⁵⁵ Ibid., p.143.

²⁵⁶ Alexei Zverev, “Ethnic Conflicts in the Caucasus 1988-1994”, in Bruno Coppieters (ed.), **Contested Borders in the Caucasus**, Brussels: VUB University Press, 1996, pp.28-37.

together with those of Russia. The CSCE/OSCE's effectiveness as a regional organization was hindered by internal differences and the low priority given to Karabakh by some members of the Minsk Group. The Western states were reluctant in committing themselves to peacekeeping operations in the remote Caucasus. On the other hand, Russia hoped to re-establish its influence in the region partly through the deployment of a Russian or CIS force.

Finally, in December 1994, Russian initiatives were brought under the OSCE umbrella through making it a permanent co-chair of the Minsk Group. Russians viewed the 1994 agreement as a success of Russian diplomacy in monopolizing peace keeping operations in the CIS. Moscow has spent all its efforts to keep the CSCE out of the peace process, as a result of which "in an effort to reconcile Russia's advocacy of 'sphere of influence' peacekeeping in the CIS with the OSCE-led mediation effort, an agreement was reached at an OSCE summit in Budapest on December 5 1994, to increase Moscow's weight within the Minsk Group".²⁵⁷ By 1996 Armenia and Azerbaijan achieved very little in terms of negotiations, however, they strengthened their relations and ties with Russia and Turkey. As the international pressure on warring parties was intensified by 1996, Russia was committed more unequivocally to the pursuit of regional stabilization and the promotion of Russian economic interests in the Caucasus. In 1997 the Minsk Group gained greater international weight as the United States and France joined Russia as co-chairs. The development of energy resources and foreign direct investment in Azerbaijan, which started to materialize in 1996-1997, was giving the news of change in the attitudes of the West towards this "remote" corner of the world and also in the profile of the Minsk Group.

Azerbaijan and Armenia cannot agree at the basic point that preservation of Azerbaijan's territorial integrity shall predetermine the status of Karabakh. Hence, no progress has been achieved on the Karabakh issue, yet. The 1997 proposals of the Minsk Group for a phased settlement were rejected by Stepanakert. After the election of Robert Kocharian as the president of Armenia in the place of Leon Ter-Petrosyan, it became improbable altogether for the Armenian side to give its consent to a proposal that calls for

²⁵⁷ Walker, *op.cit.*, p.172.

Armenian withdrawal from Azerbaijani territory and return of Azeri refugees to their homes. Kocharian had come to power with the rhetoric that Ter-Petrosyan was selling out Karabakh. Hence, there would be no place to Ter-Petrosyan's "flexible" policies, again. The Armenian distrust in the word of Azerbaijan that Karabakh's status would be decided in a second stage leads to strong oppositions to the phased approach. According to Stepanakert and the circle of Robert Kocharian in Yerevan, Azerbaijan might subsequently change its position on the status issue. Hence, a 'package' solution that would resolve status and all major issues in a single settlement was prepared by Stepanakert and Yerevan.

Eventually, an oil lobby emerged in the West to act as a counter-balance to the Armenian diaspora and the Caspian Sea area acquired more international significance. The post of Caspian Coordinator established in the U.S. Department of State was pointing to that change in context.²⁵⁸ Hence, foreign actors would pay a growing attention to the Karabakh conflict, increase their efforts for its resolution and get involved in cooperation with the regional actors as Russian foreign minister Yevgenii Primolon and the U.S. secretary of state, Madelen Albright did in time.

However, neither the November 1999 OSCE Istanbul summit, nor the Key West Summit in 3-7 April 2001 did help with the making of any substantive improvements. In the first case, internal struggles in both Armenia and Azerbaijan occupied the agenda of the elites and population at large. The October 1999 shootings in the Armenia Parliament interrupted the negotiation process just when some indications that the political leaders were about to take some steps for the political settlement came. In the latter case, the Karabakh peace talks in the U.S. did not comply with the expectations and attitude of the societies at home.

Still the years of 1999 and 2000 were significant in the sense that the parties to the conflict in the South Caucasus drew a more cooperation-prone picture. At the time when quiet diplomacy by the Minsk Group of three began to yield some results in 1999,

²⁵⁸ Anna Matveeva, "Nagorno Karabakh: a Straightforward Territorial Conflict, in Paul von Tongeren, Hans van de Veen and Juliette Verrhoeven (eds.), **Searching for Peace in Europe and Eurasia: An Overview of Conflict Prevention and Peacebuilding Activities**, A Project of the European Centre for Conflict Prevention, Lynne Rienner Publishers, London, 2002, p.451.

President Eduard Shevardnadze was calling for support to the ‘Peaceful Caucasus’ initiative which emphasized the common interest of the three South Caucasian countries to develop a modern revival of the ancient Silk Road. Again in October 1999, the speakers of the parliaments of Georgia, Armenia and Azerbaijan were brought together at Luxembourg under the aegis of the Speaker of the Council of European parliamentary Assembly. The presidents of Armenia and Azerbaijan referred to the need for a stability arrangement in Southern Caucasus at the OSCE Summits in Istanbul (18-19 November 1999). However, Armenia and Azerbaijan suggested somewhat different lists of out-of-area participants. While Aliyev recommended the involvement of the U.S., Russian Federation and Turkey, Kocharian mentioned Russia, Turkey and Iran.²⁵⁹ As Celac notes an Armenian proposal for a Security Treaty for Southern Caucasus “was apparently tabled again in early January 2000 – in a modified version, - as a preliminary Round Table on Stability in Southern Caucasus, according to a 3+3+2 formula (Georgia, Armenia, Azerbaijan + Russia, Turkey, Iran + United States, European Union)” thus ignoring no one.²⁶⁰

However, neither the international community acting in concert nor any single power acting independently has succeeded in negotiating a compromise so far. The risk of renewed fighting and the hard task of economic reconstruction continue to be problematic in the South Caucasus. The conflicts in the region are frozen. The absence of war does not mean that a permanent peace is close in reach. Thus, the life has not normalized yet. In order to break such an impasse, compromise and a consideration of some form of autonomy are inevitable. The question is what shall be the means for such a compromise, and who can offer such means.

²⁵⁹ Sergiu Celac, “The Nagorno-Karabakh Question: An Update”, **Marco Polo Magazine**, March 2000.

²⁶⁰ Ibid.

C. Socio-economic Issues

The three South Caucasus states, Georgia, Armenia and Azerbaijan have to reconstitute not only their national identities, state structures, political institutions and international relations, but also their national economies. Soon after their independence they came across with the great test of transition from a command system to a market system. They had to cope with shifting political developments, ethnic clashes, blockades and institutional shortcomings, which made it harder for their economies to recover. The region's physical geography, climate and natural resources did also affect economic development. All three countries regard their geographic positioning as an important factor in determining their future economic development and relations with the outer world. The region's mild climate is suitable for agriculture; however, sectors of agriculture and forestry, too, have been affected by wars. An important part of the populations has moved from the rural parts of the countries to cities and agriculture is hardly suspended. They have small national markets, thus, need investment and purchasers for their products. Secluded economies and isolationism will not do any good to these economies of limited opportunities. Almost every political leader admits the importance of regional cooperation but cannot answer how to realize it, as long as mutual suspicion and enmities continue to exist. Whereas, Armenia turns its face to the Armenian diaspora living in a space from Russia to Lebanon, France and the US, Canada and Argentina; Georgia depends mostly on the financial aid coming from the West. Azerbaijan is expecting an economic boom, as the Caspian oil and gas arrives to world markets and tries to make use of the international investment on its natural resources. The transportation of the Caspian oil and gas through the South Caucasus to world markets has something to offer everyone depending on the routes chosen. As the international interests grow on the region either because of energy or security considerations, the economic as well as the political stability of the South Caucasus will mean a lot to both political and security organizations and international financial institutions.

Specialization of economies in the republics all across the Soviet Union has created a deep interdependence among the republics. The local and republican interests on the other hand were subordinated to the interests of the centre and the Union as a whole. The

repercussions of the Soviet command system were even greater after the union dissolved and the interdependent countries were left alone with their own limited resources, production and almost no investment. The needs of their economies and industries, which had been once met by remote corners of the Soviet Union, were not responded anymore. Before the collapse of the USSR, the basic inputs for industry, of consumer goods and foodstuffs such as grain, meat and dairy products were provided from outside the region. The products of the South Caucasus were not addressing to the world market, but marketable only in other Soviet Republics. Hence, they were dependent on trade with other Soviet republics. Whereas, trade with Russia was covering 50 percent of all trade for the South Caucasus states, trade among the three South Caucasus republics were poorly developed, or had never been encouraged to develop at all. Today there are almost no commercial relations among the republics of the same region, the South Caucasus, apart from illegal and cross border trade, which has no nationality anyway. Wars, blockades and virtual state collapse in the first half of the 1990s made it even worse for the economies of the South Caucasus, which were cut from transport of goods and energy.

The first encounter with a competitive international system was tragic for Georgia, Armenia and Azerbaijan. Soviet bureaucratic and management traditions could not respond the needs of government, industry and agriculture. Trade between the former republics declined since it received several blows from the disintegration of the Soviet Union. Elborough-Woytek summarizes multiple adverse shocks that the former Republics received in the following sequence: Firstly, payment and clearing procedures were discontinued, resulting in severe payments difficulties. Secondly, the introduction of independent, inconvertible currencies during 1992-94 led to foreign exchange shortages.²⁶¹ Thirdly real sector integration was severely disrupted. Fourthly, declining incomes resulted in a demand shock. Lastly, the opening up to high quality imports from developed market economies implied a supply shock.²⁶² In 1992 Armenia's GDP dropped by 52 percent, in 1994 Georgia's GDP was only 23 percent of its 1989 level and in 1997

²⁶¹ Armenia was not willing to leave the Russian Rouble, though its request was rejected by Russia.

²⁶² Katrin Elborgh-Woytek, "Of Openness and Distance: Trade Developments in the Commonwealth of Independent States, 1992-2002", **IMF Working Paper**, WP/03/207, October 2003, <http://www.imf.org/externalpubs/ft/wp/2003/wp03207.pdf>, (20/02/2005)

combined GDPs of Armenia, Azerbaijan and Georgia were still 40 percent of the 1988 level.²⁶³ Shadow and conflict economy, widespread corruption and high levels of organized crime were the common traits of Georgian, Armenian and Azerbaijan economies. Especially the years of 1992-1994 witnessed the development of a complex war economy. Politicians, military commanders, suppliers, and criminal leaders were the actors of the war economy with intersecting roles most of the time. However, in the second half of the 1990s security and policy officers, public servants, politicians and their relatives emerged to replace the actors of the war economy. Shadow economy continues to be a challenge for the states.

As Darchiashvili states shadow economy makes up 66 percent of GDP in Georgia, and active involvement of the state apparatus is seen in these process.²⁶⁴ While power structures have resorted to self-financing, usually by criminal means, law enforcement and security sectors are cooperating instead of fighting against organized crime and corruption. The police responsible with the protection of order provides its income from illegal sources and this situation will not change as long as the power agencies remain as pillars of corrupted public servants; the democratic institutions do not replace the patronage system; illegal armed formations preserve their influence over the political process; and the state economy is unable to pay even the wages of its police and military officers in time. Darchiashvili also notes that Georgia's overall economic security is affected as the share of contraband in overall petrol consumption in the country reportedly reaching 80 percent in 2000 displays.²⁶⁵ The Abkhaz and South Ossetian de facto borders, Pankisi Gorge, Azeri territories under the Armenian invasion and Karabakh- Azerbaijan borders have been routes for contraband including drugs and weapons since the war years.

The Russian financial crisis of August shook Georgia, which is also economically dependent on Russia, the biggest trading partner of Georgia. Neighbouring Turkey and Russia are main export markets for Georgia. Turkmenistan is the third best market for Georgia. The recovery of Georgian economy after the 1998 crisis was mainly led by

²⁶³ Herzig, op.cit., pp.119-146.

²⁶⁴ Darchiashvili, op. cit., p. 111.

²⁶⁵ Ibid.

export. However, GDP in 2003 owes its considerable increase to the start of Baku-Tbilisi-Ceyhan oil pipeline construction. Agriculture is the largest sector of economy and accounts for 21 percent of total GDP. Construction has even a higher share in GDP with 33 percent. Financial intermediation accounts for 20 percent, communication for 19 percent, hotels and restaurants (tourism sector) for 17 percent.²⁶⁶

The newly-appointed Georgian authorities frequently stress their strong commitment to democracy and a market economy. However, organized crime and corruption; governance and structural issues within the energy sector and the weak external position are the main problem areas waiting for treatment by the government for an improved investment climate. The government presented its commitment to immediately addressing corruption; administrative, civil service; fiscal and public finance reforms in a high level donor co-ordination meeting held in Brussels on June 16.²⁶⁷ Thus, the government is open to observation and scrutiny by the donors, which the necessary financial aid for the country's reconstruction and reform will come from.

The real annual GDP growth gradually recovered to about 5 percent during 2002 and accelerated to an estimated 8.6 percent in 2003. The projected GDP growth for 2004 is at 6.0 percent. The underlying reasons for good economic indications are the commencement of work on the Baku-Tibilisi-Ceyhan pipeline, strong growth of construction, the "prudent and ensured" monetary policy of the Georgian national bank, currency stability and achievement of inflation targets that is less than 6 percent in the past two years.²⁶⁸

Georgia's problems of revenue collection and high level of corruption still remain as the greatest obstacles to attaining economic objectives. Tax revenues are just above 16 percent of GDP in 2003, among the lowest in the CIS. Although corrupt behaviour by tax and custom officials and smuggling across unsecured borders and conflict zones continue to hinder tax collection, collection performance improved by almost 37 percent in the first half of 2004 when compared with the same period in 2003. For 2003 the budget

²⁶⁶ For economic indications see **Foreign and Commonwealth Office Country Profiles: Georgia** in <http://www.fco.gov.uk>, (13/05/2005).

²⁶⁷ EBRD, "Georgia Strategy Overview", <http://www.ebrd.org>, (09/04/2005).

²⁶⁸ EBRD, "Georgia Strategy Overview", <http://www.ebrd.org>, (09/04/2005).

deficit amounted to around USD 95 million. In such circumstances, the IMF and the World Bank reconsidered their commitments to the Georgian economy. The IMF has supported the economic reform programme of the Georgian government with resources provided under the General Resources Account (GRA), the Poverty Reduction and Growth Facility (PRGF), and the Enhanced Structural Adjustment Facility (ESAF) since 1994. These arrangements provided USD 434 million so far. The fund has also given technical assistance in the areas of payments system reform, banking supervision and regulation. Poor fiscal revenue performance of Georgia in early 2001 led to the suspension of IMF loan facilities until November 2001. Thanks to improved fiscal performance and the passage of a reduced budget for 2001, disbursements were resumed; however, only to be suspended in August 2003 for a second time. Georgian economy was unable to follow a stable performance. 2004 was a year of relative success for Georgia, due to the recent political developments, significantly improved fiscal revenue performance in the first quarter of 2004 and a strongly enhanced financial management approach from the government. Hence, a resumption of the PRGF was agreed with the IMF.

Georgia joined the World Bank in 1992 and International Development Association in 1993. Since then the World Bank is committed to poverty alleviation, transition to market economy, rehabilitation of infrastructure, improved public sector management, human resource and institutional development, strengthening the social safety net, promoting regional environmental initiatives, health and education system reforms with USD 725, 2 million under 34 IDA credits. In the years 2001 and 2003, the World Bank programme was suspended due to Georgia's failure in fiscal performance and institutional reform. Thus, Georgia was deprived of two important sources of financial support in the same time, the IMF and the World Bank. The Economic development and Poverty Reduction Programme has been tailored by Georgian authorities in association with international organizations and donors. Hence, Georgia is setting out its main objectives and identifying priorities for the first time. This programme, developed during 2003 is covering the piece of time until 2015. However, the suspension of financial aid by the IMF and the World Bank, that were provided on conditional bases was a warning for the newly-appointed government that they depended totally on foreign financial

institutions if they did want to preserve internal and external support and guarantee their position. The new government was welcomed both at home and by international observers with political consent and found the financial backing necessary to strengthen its position. In fact, the IMF and the World Bank constitute the only force pushing the government towards a liberal economy through the policy of conditionality.

The EBRD's commitment to financial institutions is 21.5 percent of total. In infrastructure, the EBRD's commitment amounts to 69.4 percent. The enterprise support provided by the EBRD for Georgia is 9.1 percent of total. As of 30 June 2004, the Bank signed 35 investment projects in Georgia. The EBRD's commitment to the projects covering energy, transport, agribusiness, general industry and banking sectors is EUR 242.1 million. The greatest EBRD funding was provided for 5 projects in the energy sector with EUR 133.1 million and for 3 projects in the transport sector with EUR 34.9 million. The current net portfolio at the EBRD for Georgia as at 30 June 2004 reveals its focus on infrastructure with 72 percent. The Engri Hydropower Plant and Trans-Caucasian Rail Link projects in 1998 and the Baku-Tibilisi-Ceyhan project in 2004 granted Georgia relatively high annual business volume. Hence it is not a coincidence that the high proportion of the portfolio has been provided to infrastructure projects.²⁶⁹

Trade level between Georgia and the EU has not improved, yet. In 2003 Georgian imports and exports amounted to EUR 0.4 billion and EUR 0.3 billion respectively.²⁷⁰ Energy products, machinery, and transport materials cover most of the merchandise trade. Georgia has achieved a significant surplus of EUR 0.17 billion in the trade of energy products.²⁷¹ The content of trade between the EU and Georgia reveals the comparative advantage of Georgia in the industry of energy products, machinery and transport materials, which has not changed since the Soviet era. Like the rest of the South Caucasus, Georgia has to build its economy on what has remained from and constructed in the Soviet economy. Hence, another legacy of the Soviet Union is sectorization of the republics' economies, which prevails but with arrears. The commitment of international

²⁶⁹ See Table 1 in Appendix 1.

²⁷⁰ European Commission, "Trade Issues, Regions, Caucasus", http://europa.eu.int/comm/trade/issues/bilateral/regions/caucasus/index_en.htm, (13/05/2005)

²⁷¹ See Table 3 in the Appendix 1.

financial institutions and organizations like the EU, which offers assistance for reform and reconstruction, therefore, targets the already existing industry in Georgia. Interconnecting Georgian, Armenian and Azerbaijani economies through cooperation and better transportation infrastructure is important to overcome this sectorization and make their economies more productive.

Armenian government is committed to the principles of multiparty democracy, pluralism and construction of a market-oriented economy. Although general performance of economy is good and promising further progress on liberalization and structural reforms when compared with other economies of the region, it has also suffered several shocks in recent years. Yet, Armenia's focus on liberalization and structural reforms helped generate growth averaging over 5.9 percent a year since 1994, with growth rates accelerating close to 10 percent in 2001 and the first half of 2002. The successful stabilization of the economy in the mid-1990s, the introduction of a liberal trade regime and a prudent monetary policy enabled low inflation and a stable exchange rate.

In spite of its good macroeconomic performance, job opportunities in Armenia have not grown and 49.1 percent of the population still lives below the poverty line. Widespread poverty, limited employment opportunities for educated and highly skilled workers lead to the emigration of young, well-trained Armenians mostly to the U.S., Russia and other CIS. 'Brain drain' seems to be one of the biggest problems of Armenia in the near future, if they want to reconstruct the country. According to ILO's estimations 25 percent of the population is unemployed. The unemployment rate increases in the urban area to 39 percent according to World Bank ILCs, which gives the unemployment rate for 2001 as 30.7 percent. The poor employment opportunities as a result of the slow growth of new private enterprises, and little restructuring of the existing ones partly explain the high incidence of poverty in 1990s. New investment could not develop due to interference in business activities by government officials, a serious shortage of necessary skills and investors' perception of high political risks.

Poverty reduction is a clear priority for the government. Armenia is a low income country. Per capita income in 2002 was USD 789. The share of population in poverty has

declined to 48 percent in 2001, down from 55 percent in 1998-1999. However, scarcity of public funds makes it difficult to further reduce poverty levels, which are still high through government spending. The country's small size and the economic blockade erected by some of its neighbours are limitations on investment and growth potential. Therefore, the government of Armenia regards private sector development to be an effective instrument for ensuring sustainable poverty reduction. The Poverty Reduction Strategy Paper (PRSP) adopted in August 2003 targets increase in real incomes and living standards and better governance assistance to the poor.²⁷² Although the strategy aims to reduce the share of population in poverty to 35 percent by 2007, resources are mainly limited to future official donor assistance, financial support from the rich Diaspora, and some selected industrial sectors' success. Still improved treasury operation under the PRGF contributed to the near elimination of domestic expenditure arrears in 2003. Even an exit from PRGF is envisaged by the IMF, since the Country's income level is envisaged to exceed IDA thresholds soon, and the financing gap is reported to be likely to shrink further.²⁷³ The opinion of the IMF is that a subsequent fund arrangement may not be necessary for Armenia, if it is able to carry out the remaining macro-critical reforms during the next three years. It is of course a dilemma for Armenia. On the one hand displaying a good economic profile serves to drawing a picture of success for the government in the eyes of the elector. On the other hand, it may also mean decrease in the financial assistance given to the government by institutions and donors like the IMF and the World Bank.

Up until independence, Armenian economy was based largely on industry-chemicals, electronic products, machinery, processed food, synthetic rubber, and textiles. It has always been highly dependent on outside resources now and then. Agriculture was only 20 percent of net material product and 10 percent of employment before 1991. Today, the existing agriculture is badly affected by desertification and contamination of earth and water resources. Competitiveness of time sensitive, low-valued added and bulky exports such as agricultural products is further limited by the bribery payments to border guards,

²⁷² Poverty Reduction Strategy Paper, http://poverty.worldbank.org/files/Armenia_PRSP.pdf, (13/05/2005).

²⁷³ IMF, "Republic of Armenia: Ex Post Assessment of Long-Term Program Engagement", IMF Country Report No.05/2, January 2005. www.imf.org/external/pubs/ft/scr/2005/cr0502.pdf, (13/05/2005).

traffic police and criminal gangs on the route of transportation and railway tariffs set by the Georgian railways.

The ceasefire in effect since 1994, however, gave Armenia the opportunity to reduce the fiscal deficit. Improved tax and customs administration helped with the lowering of expenditures. Hence, fiscal deficit declined from 3.8 percent in 2001 to 0.6 percent in 2002. Construction and manufacturing sectors were the locomotive of the economic growth. Improved performance in the industrial sector, mainly diamond cutting and polishing, metals, woods, rubber, tobacco, and information technology and construction, which has benefited from funding by the Lincy Foundation, an American Diaspora Fund, brought growth in 2003. Armenia's main exposure to the global economy is through diamond trade, which makes up around 40 percent of exports. USD 185 million of donation by the Lincy Foundation over three years, which accounts to 2-3 percent of GDP annually, is another fact that relieves the significance of remittances from the Diaspora for Armenia. However, the payback for support from the Diaspora is also reflected through the irrational policies of enmity towards neighbouring countries directed from abroad. On the contrary to Georgia, Armenia managed to drop the deficit in energy sector from 2.5 percent of GDP in 2001 to 0.4 percent in 2002, thanks to improved collection rates from 81 percent to 90 percent.

International trade is crucial for the small Armenian market; but, routes for trade flows to and from Armenia are limited with access to Georgia and Iran. The Port of Poti in Georgia is a gateway for Armenia to the world. Yet, bribery, theft, poor road and railway conditions, and high transport costs are deficiencies of this route. Transportation through Iran could be more profitable, due to lower transport costs; still trade embargoes imposed on Iran by some main trading partners of Armenia badly affect this route. In order to overcome Armenia's partial isolation from neighbouring markets, the corridors through Azerbaijan and Turkey have to be opened. Private sector development and foreign direct investment relies on Armenia's building links with its neighbours, too. Nagorno-Karabakh is the main obstacle to the normalization of both political and economic links to the neighbouring regions.

Excessive corruption, especially in judiciary, is also one of the main challenges of Armenia. A large part of the population and international donors have serious doubts about the independence of judiciary, General Prosecutor's office and integrity of the courts. As the Transparency International's survey in 2002 revealed 750 out of 1000 households found the courts to be very corrupt or extremely corrupt. Human trafficking is another serious problem, a crime with no specific prohibition in law. The International Organization for Migration reports that annually an approximate number of 700 women and girls are trafficked abroad to act mainly as prostitutes.²⁷⁴ Corruption among police officers, border guards and custom officials makes the social and economic conditions for the society, business environment and international donor even worse. The government has approved an anti-corruption strategy at end-2003. However, the real challenge for the government is its implementation in a fully participatory progress. Efforts to decentralize government operations take place in such an environment. The absence of appropriate reporting requirements in place have brought governance problems instead, because of reduced transparency and accountability.²⁷⁵

Armenia is a member of the IMF since May 1992. IMF provides support for macro stabilization and structural reforms in Armenia through four programmes. First of these programmes was a systematic transformation facility as approved in February 1994. In June 1995, the second program, a one-year stand by arrangement was approved. Thirdly, in addition to the current Poverty Reduction and Growth Facility (PRGF), which totals SDR 234.9 million, the IMF approved the PRGF worth SDR 69 million in May 2001. However, the disbursement of fourth tranche was delayed due to on-going discussions with the authorities on the tax-system. Apart from them Armenia has had a smooth relationship with the IMF and other international financial institutions.

In January 2003 the World Bank Group approved 29 International Development Agency (IDA) credits, one International Bank for Reconstruction and Development (IBRD) loan and three International Finance Corporation (IFC) investments, with a total of USD 704 million. Nineteen projects are under implementation, while twelve projects

²⁷⁴ EBRD, "EBRD and Armenia: Annex 1 Political Assessment", <http://www.ebrd.org>, (13/05/2005).

²⁷⁵ IMF, "Republic of Armenia: Ex Post Assessment of Long-Term Program Engagement", IMF Country Report, No.05/2, January 2005, <http://www.imf.org/external/pubs/ft/scr/2005/cr/0502.pdf>, (13/05/2005).

have been complemented. The areas of activities that the World Bank Group gives support to are: infrastructure rehabilitation (including support for earthquake reconstruction, irrigation, power, road maintenance, and municipal water), social sector (health, education, and a social investment fund), agriculture, energy, financial sector, and the business environment. Four structural adjustment credits (SACs) totalling USD 235 million have been completed by 2002. Currently SACV, which makes USD 40 million is under implementation and targets the private sector, promotion of public administration and progress in social sector reforms.

The EBRD is committed to supporting the transition process in Armenia. The Bank's portfolio as of end-September was covering 8 projects in the power, transport, general industry and financial sectors. Six projects out of these were in the private sector representing 44 percent of the total portfolio. The Bank's portfolio for Armenia was EUR 51.4 million. The EBRD's commitment to business and private sector was not new. During the previous Strategy period, the Bank committed EUR 4.2 million in new business for 3 projects in the private sector and around EUR 720.000 in new Technical Assistance. Hence the EBRD's focus for Armenia is on the construction and development of a well functioning private sector and business environment, which will eventually help Armenian economy to stand on its feet.²⁷⁶ The EBRD states that,

*“...notwithstanding the challenges of the local business environment [it] will endeavour to deepen and broaden its activities in the country. The Bank's activities over the coming strategy period will focus primarily on support targeting the development of the private sector, including through an intensified policy dialogue with the authorities on measures to improve the business environment”.*²⁷⁷

EBRD also states its determination to cooperate with other international financial institutions and bilateral donors. Hence cooperation with the European Commission will be continued in a number of spheres. Strategy development for the South Caucasus,

²⁷⁶ See Table 4 in Appendix 1.

²⁷⁷ EBRD, Document of the European Bank for Reconstruction and Development Strategy for Armenia, as approved by the Board of Directors on 25 November 2003, <http://www.ebrd.org>, (13/05/2005).

under TRACECA receives support from the EBRD, and the Bank's experience is appreciated to be valuable in business advisory services. The Bank will also work closely with the USAID and KfW.²⁷⁸

Armenia's major trading partners are Russia, Iran, Ukraine, Turkmenistan and Belgium. Merchandise exports of Armenia increased approximately from USD 342.8 million in 2001 to USD 411.4 million in 2002. Merchandise imports doubled the exports and amounted to USD 874.3 million in 2001 and USD 918.2 million in 2002. Whereas Armenia imports energy, machinery and parts, chemicals and foodstuffs to respond the needs of its industry mainly, its major exports are foodstuffs, mineral products, plastics and rubbery materials, textile production, precious stones and metals, machinery and equipment and software. Hence, it is hard to say that Armenia is self-sufficient but deeply depends on the material and side products imported from outside to keep its industry functioning. EU trade with Armenia is very low and remains limited in 2003. Exports and imports to Armenia amounted to EUR 0.2 billion and EUR 0.3 billion respectively. Trade was mainly dominated by transport material with 20 percent of total bilateral trade and machinery accounting 10.2 percent. The share of agricultural products, textiles and clothing and chemical products in merchandise trade were 6.8 percent, 6 percent and 4 percent likewise. Armenia's share in the EU's external trade was rather insignificant in 2003, 0.02 percent in imports and 0.04 percent in exports.²⁷⁹

Azerbaijan inherited from the Soviet Union a less developed industrial structure than its two Caucasian neighbours. With the disintegration of the former Soviet Union, Azerbaijan's economy suffered large shocks. Disruption of trade routes and markets, and the drain on resources caused by the Nagorno-Karabakh war effort were the main causes of poor performance by Azerbaijan economy. Between 1991 and the end of 1995 Azerbaijan suffered the worst economic conditions. By the end of 1995, GDP was only 34 percent of its 1988 value. Inflation increased drastically and the budgetary deficits were pointing to a huge expenditure because of war and heavy involvement of the state in the economy through an extensive public sector. Huge numbers of internally displaced

²⁷⁸ Kreditanstalt für Wiederaufbau (KfW)

²⁷⁹ See Table 6 in Appendix 1.

persons and refugees from Azerbaijan's territories occupied by Armenia were creating a heavy burden for the country's economy. As a result of conflict 20 percent of Azerbaijan's territory was occupied and one million Azerbaijani constituting around 12 percent of the total population poured to Azerbaijan, hence deteriorating the already poor social conditions in Azerbaijan.

The year 1993 was a turning point for Azerbaijan, since political order was finally established by the assumption of power by Heidar Aliyev, a cease-fire was accomplished and the country could put the steps forward for serious economic reforms. However, it was not before 1996 that Azerbaijan could reap its efforts. Country achieved positive real GDP growth for the first time with 1.3 percent and a substantial reduction in inflation in 1996.²⁸⁰ In 2002, boom in the oil market eased pressure and Azerbaijan economy showed an impressive growth of 11.1 percent. In the first eight months of 2002 real GDP increased by an annualized 9 percent, across a broad range of sectors, industry, agriculture, construction, transport and communications. However, the economy continues to be highly dependent on oil and gas related activity.

Extraction and processing of oil and gas contributes more than 30 percent of GDP in 2001. In the first half of the 1990s, the activity in oil and gas sector was poor with almost no foreign direct investment²⁸¹, because Azerbaijan did not have the capabilities necessary for extraction and processing of large amounts of its natural resources. Indeed, when the amount of oil that is extracted increased the amount of oil it could process, Azerbaijan would export the crude oil to a lesser price. Even to meet its own needs, Azerbaijan had to import processed oil. Rasizade states that the 'energy rich' Azerbaijan ironically became an importer of Russian natural gas and Armenian electricity.²⁸² The technology, which was used before the disintegration of the Soviet Union was old and inadequate. However, investment of foreign companies brought research and development, machinery and qualified labour force to the oil and gas sector, which in return improved the productivity of the sector. Especially since 2002, the repercussions of

²⁸⁰ See Table 7 in Appendix 1.

²⁸¹ See Table 7 in Appendix 1.

²⁸² Alec Rasizade, "Azerbaijan after a Decade of Independence: Less Oil, More Graft and Poverty", *Central Asian Survey*, Vol. 21, Iss.4, 2002, p.364.

buoyancy in the oil market have been noticed in the general of economy. The State Oil Fund of Azerbaijan grew from USD 692 million on 1 January 2003 to USD 780 million by 1 July 2003.²⁸³ Under an average oil price of USD 20 per barrel, the State Oil Fund's resources are expected to increase to as much as USD 13 billion by the end of 2015.²⁸⁴ Prudent fiscal management since 1999 has allowed the accumulation of an expected USD 700 million by the end of 2002 in the State Oil Fund. The State Oil Fund resources together with the fiscal management are expected to contribute into the financing of identified key infrastructural priorities. Here, the IMF and the World Bank have decided the criteria for the state's fiscal performance and priorities in the reconstruction of infrastructure.

Oil revenues together with donor aids and multilateral assistance are the key political instruments for sustainable economic development in Azerbaijan, poverty reduction and balanced growth. However, there are tensions between the expectations and consequences of policies agreed by IFIs such as the IMF, the World Bank and the EBRD. First of all, change in the prices of oil and gas effects the activities of foreign companies investing on extraction and processing facilities. In late 1998 a drop in the oil prices has ceased foreign oil companies from investing on planned projects for the high cost extraction and transportation of oil with low market prices.²⁸⁵ As long as development plans are financed only through the energy and natural resources sector, Azerbaijan's future resource revenue will reflect the ups and downs in the prices. It is not a healthy choice for Azerbaijan to depend its revenue completely on the exports of its energy resources, since volatility of prices does not guarantee a sustainable macroeconomic stability. Secondly, the prudent fiscal policy developed by the IFIs for Azerbaijan dropped expenditure at the cost of shrinkage in the public sector, thus, reduction in public sector provision of health, education and social services. The social safety net, which was previously guaranteed by the socialist state structure, has now been seriously damaged. As Macfarlane warns:

²⁸³ Foreign and Commonwealth Office, "Country Profiles: Azerbaijan", <http://www.fco.gov.uk>

²⁸⁴ EBRD, Document of the European Bank for Reconstruction and Development, Strategy for Azerbaijan, approved by the Board of Directors, 17 December 2002, <http://www.ebrd.org>, (13/05/2005).

²⁸⁵ S. Neil Macfarlane, **Western Engagement**, Central Asian and Caucasian Prospects Project, Russia and Eurasia Programme, The Royal Institute of International Affairs, 1999, p.49.

*“When combined with the increasingly inequitable pattern of income distribution”, the prescriptions of the IFIs which “reduce the short-term welfare of the population as a whole” will sharpen the disillusionment of many people with the democratic project of Western countries and multilateral organizations”.*²⁸⁶

Azerbaijan has to reduce its dependence on short-lived and potentially volatile oil revenue. The boom in economy has a temporary nature, since the buoyancy in the oil and gas sector is not expected to last more than 20 years or so. Although the oil sector is a substantial source of revenue for the country at the moment, it is not a source of much employment. Only 1.1 percent of the Azerbaijani labour force was employed in the sector in 2001. According to Wakeman-Linn et al., it is vital to the country’s economic future that the government manages its revenue from the energy sector in a way that allows the diversification of the economy, in order to increase living standards of the Azerbaijani population.²⁸⁷

The government of Azerbaijan Republic adopted a Poverty Reduction and Development Plan in October 2002.²⁸⁸ The programme focuses on poverty reduction, increased growth in the non-oil sector, reduction of corruption, continuing strong monitoring of monetary policy, governance measures such as reform of the Cabinet of ministers and improving expenditure control. The PRDP is expected to link oil revenues, donor funds and multilateral assistance directly with the aim of poverty reduction and balanced growth. However, it is a hard task for Azerbaijan to improve the social conditions and drop expenditure in the public sector to increase growth in the same time.

²⁸⁶ Ibid., p.48.

²⁸⁷ John Wakeman-Linn, Chonira Aturupone, Stephan Donninger et. al., **Managing Oil Wealth: The Case of Azerbaijan**, International Monetary Fund, 21 April 2004, <http://www.imf.org>, (13/05/2005).

²⁸⁸ For an assessment of The State Program for Poverty Reduction and Economic Development (SPPRED) see IMF, “Azerbaijan Republic: Joint Staff Assessment of the Poverty Reduction Strategy Paper Progress Report”, IMF Country Report, No. 04/323, October 2004, <http://www.imf.org/external/pubs/ft/scr/2004/cr04323.pdf>, (13/05/2005).

Also, “A Long Term Oil Revenue management Strategy” has been drafted. The Strategy aims to ensure that substantial, but relatively short-lived, non-renewable oil and gas revenue windfall benefits both current and future generations by setting fiscal rules which target a constant real non-oil deficit with a limit on the year-to-year fluctuation in the non-oil deficit as a percentage of non-oil GDP.

Azerbaijan's success in implementing the PRDP will secure future assistance by IFIs in the short term, and provide improvement for the social conditions in the long term.

Foreign direct investment inflows are mainly concentrating in the oil and gas sector, reaching USD 883 million in 2001. According to the EBRD's projection for the net foreign direct investment in 2003 was USD 2.900 million.²⁸⁹ The level of FDI in the oil and gas sector proceeds to increase, though remains limited in other sectors due to the difficult business environment, perceived high political risks and a relatively small market with limited purchasing power, the common problems for all of the three South Caucasus countries. Foreign exchange reserve in Azerbaijan is, however, the highest among the Caucasian states. Azerbaijan owes the continuing increase in its foreign exchange reserve to the ongoing oil and gas projects.

If privatization continues in its current direction the share of the private sector will soon reach the level of 60 percent. The privatization of electricity distribution companies, gas and water utilities is expected to open the infrastructure sector to private sector investments. Transport infrastructure will, however, need state-guaranteed financing until further progress in the commercialization of the various state enterprises is realized. Poor infrastructure is hindering economic diversification opportunities in Azerbaijan as much as in any other state of the South Caucasus. Limited access to financing is also common to all states in the Southern Tier. In Azerbaijan family financing and lending by friends have emerged as a partly solution to the difficulty in accessing to finance. Hence, the banking sector has to be developed.

The IMF is supporting Azerbaijan's economic programme and effort to alleviate poverty. In 2001 the IMF approved a three year loan of SDR 80.5 million (USD 100 million) for that purpose under the Poverty Reduction and Growth Facility. According to the programme maintenance of macroeconomic stability, improvement of governance, and growth of non-oil related sectors of economy were targeted. Poverty Reduction Strategy of the government did also aim at progress with reforms in the areas of tax administration, customs, financial sector, the establishment and management of the oil

²⁸⁹ See Table 7 in Appendix 1.

fund, energy sector, governance, fiscal policy and trade policy. The adjustment of domestic energy prices, preparation of oil fund law and progress in the privatization of International Bank of Azerbaijan, hence, emerged as the prerequisites for successful conclusion of the second review by the IMF.

Azerbaijan became a member of the World Bank in 1992. The World Bank has been providing policy advice, financing for investments and government budget, and co-ordination of aid. The World Bank is particularly involved in the efforts to strengthen the government's institutional capacity to manage its petroleum resources and reformulate key policy changes to speed up the reform progress. The Irrigation and Drainage Infrastructure Project worth USD 42 million, Health Reform project worth USD 5 million, the Financial Sector Technical Assistance Project worth USD 5.4 million, and the Highway Project worth USD 40 million refer to the World Bank's focus on the improvement of infrastructure in various sectors. On 12 March 2002 the World Bank approved the Second Structural Adjustment Credit (SAC II) amounting USD 60 million. The SAC II provided support for the government's structural reforms in public sector to strengthen institutions and policies for public expenditure management, poverty monitoring, social services, and safety nets. The SAC II support also intended to support the government's efforts to accelerate non-oil sector growth. On 19 June 2002, the World Bank approved the Second Institutional Building Technical Assistance (IBTA II) in the amount of USD 9.45 million, in order to provide technical assistance to support the policy measures to be implemented under the SAC II. The International Finance Corporation's strategy for Azerbaijan is emphasizing the strengthening of financial sector and funding for 9 projects representing a total value of USD 134.4 million has been approved.²⁹⁰

The EBRD's portfolio in Azerbaijan was covering 17 signed investment projects and commitments of EUR 329 million towards the end of September 2002. Bank's investments were made on power and energy, transport, municipal and environmental infrastructure, oil and gas, financials sector and property and tourism. Financial sector

²⁹⁰ EBRD, "Document of European Bank for Reconstruction and Development, Strategy for Azerbaijan, Annex 3", <http://www.ebrd.org>, (13/05/2005).

and promotion of SMEs were also among the list of the Bank's commitments. However, as the realization of major oil and gas as well as infrastructure investments absorbed an increasing amount of the commitments, the share of the financial sector and SMEs decreased. The Bank was involved in 50 Technical co-operation operations with cumulative financing commitments of EUR 10.9 million. Financial institutions received 43 percent of the funds. Transport and power sectors received 40 percent and 11 percent respectively. As a result of large projects in the oil sector led to the Bank's complementary financing of EUR 2.0 billion for projects worth a total of EUR 2.3 billion in Azerbaijan. The Bank's and the International Finance Corporation's (IFC) syndication of EUR 77 million in connection with the Chirag Early Oil financing encouraged international commercial banks to provide for the first time long term financing to an Azerbaijani project. Till then international commercial banks were mostly concentrated on short-term trade financing.

The majority of the EBRD's investment commitments in Azerbaijan are concentrated in the private sector with 55 percent. The private sector operations consist of oil and gas, financial institutions and property and tourism. Oil and gas absorbs most of the commitment with 6 operations and EUR 152.2 million. The EBRD activities are not confined only with the private sector, though. Power, transport, municipal and environmental infrastructure are the other three addresses of commitments.²⁹¹

The total trade between the EU and Azerbaijan has grown steadily since 1993. The evolution of trade between the other CIS and the EU has not displayed a similar trait. On the opposite it has fallen over the past 7 years with the result that exports are currently about 32 percent of levels in 1992 and imports about 66 percent of the same year. Azerbaijan is an important agricultural country. Grain, cotton, tobacco, grape, fruits and vegetables constitute the primary agricultural products. Hence, cotton is among the primary ingredients of trade with the EU next to oil and gas. Trade in textiles is covered by a specific agreement. EU exports to Azerbaijan accounting EUR 120.3 million in 1995 have doubled in 1998 with EUR 276.6 million. In 1999 the EU export to Azerbaijan dropped to EUR 213.7 million. EU imports from Azerbaijan accounted EUR 444.4

²⁹¹ See Table 7 in Appendix 1.

million in 1999, which is incomparable even with 1998, when the EU imports from Azerbaijan was constituting only EUR 45.8 million.²⁹² The rise in the total export of Azerbaijan from USD 678 million in 1998 to USD 1.025 billion in 1999 is mainly the result of the revenues from oil and gas. In 2003 Azerbaijan had a positive trade balance. Exports to the EU amounted to EUR 1.3 billion and imports reached EUR 0.8 billion. Trade in energy was the most significant. Azeri exports of energy products were worth EUR 1.23 billion.²⁹³ Azerbaijan's share in the EU's external trade was 0.1 percent in imports and 0.1 percent in exports in 2003. The second greatest source of trade between Azerbaijan and the EU is machinery.²⁹⁴ However trade levels are still relatively low, thus the European Community gives great importance to assistance that will help promotion of trade and investment links.

The CIS countries in general have achieved impressive economic growth, but need to implement further structural reforms not only to strengthen the investment climate, which will open them to the global economy and remove the distance with the large markets of the world such as the EU, but also help the creation of a healthier socio-economic environment. Real GDP levels of the CIS are lagging behind other regions of Central and Eastern Europe, Middle East and North Africa and other developing Asia. Increase in trade with neighboring regions will surely revitalize the CIS economies. Trade, especially exports has shifted to Non-CIS destinations, such as the European Union. Exports of CIS countries to CIS and the EU were almost equal in 1994. In 2002 exports to the EU increased; but they dropped in the CIS.²⁹⁵ The CIS-7 continued to reorient their trade toward non-CIS partners, primarily the EU. This has been especially the case of the South Caucasus and the Kyrgyz Republic on the export side. Almost 35 percent of total merchandise exports of the CIS-7 went to the EU by 2002.²⁹⁶ Turkey and the North America are two other rapidly growing export destinations. They received 11 percent of

²⁹² European Commission, "The EU's relations with Azerbaijan-Overview", http://www.europa.eu.int/comm/external_relations/azerbaidjan/intro/index.htm, (13/05/2005).

²⁹³ European Commission, "Trade Issues, Regions, Caucasus, Azerbaijan", <http://www.europa.eu.int/comm/trade/issues/bilateral/regions/caucasus/indexen/htm#aze>, (13/05/2005).

²⁹⁴ See Table 8 in Appendix 1.

²⁹⁵ IMF, "Country Focus: The Commonwealth of Independent States", Finance and Development, December 2003, <http://www.imf.org/external/pubs/ft/fandd/2003/12/pdf/country.pdf>, (13/05/2005).

²⁹⁶ International Monetary Fund and the World Bank, "Recent Policies and Performance of the Low-Income CIS Countries, An Update of the CIS-7 Initiative", 23 April 2004.

the CIS-7 exports in 2002.²⁹⁷ EU-led transport project linking Europe, Caucasus, and Asia (TRACECA) is the basic component of any policy targeting any increase in the South Caucasus countries' trade, very like the Caucasus itself is the component of this 'enlarged market project'.

Economic performance of one country is of course not the only criteria to evaluate the level of development in that country. School enrolment, mortality rates, the combat with communicable diseases, the level of social protection and social inclusion are some other implications of development. An estimated 40 percent of the CIS-7 population lives in absolute poverty, which is defined by an international poverty line of USD 2.15 PPP. Azerbaijan and Georgia display the lowest levels of poverty, respectively 10 and 13 percent in all CIS-7. In order to reduce poverty, growth must be broad-based and inclusive. However, the republics of the South Caucasus preserve their concentration of economies on one or two sectors. In order to expand growth, investment on technologies, a variety of private sectors, and most important of all on human resources is of vital importance.

When we look at other indicators of development²⁹⁸, we see that the primary school enrolment, which was close to universal in the CIS-7 at independence, displays a drop in recent years to 85-95 percent of all school age children. It is declining particularly in two South Caucasus countries, Armenia, Georgia and three Central Asian countries, the Kyrgyz Republic, Tajikistan and Uzbekistan.

Under-5 mortality rates decreased from 37 per 1.000 live births in 1990 to 25 per 1.000 in 2000 for the CIS-7 as a whole; but, Georgia and possibly Armenia are unlikely to meet their individual under-5 mortality rates target. On average, over 90 percent of the CIS-7 births are attended by a trained medic. In these circumstance, while maternal mortality rates are relatively low at about 69 per 10.000 live births, rates for the three South Caucasus countries are even lower at about 20-35 per 100.000.

²⁹⁷ Also see Table 8 in Appendix 1.

²⁹⁸ International Monetary Fund and World Bank, "Recent Policies and Performance of the Low-Income CIS Countries, An Update of the CIS-7 Initiative", 23 April, 2004, <http://www.imf.org/external/np/oth/042304.pdf>, (13/05/2005).

In terms of combat with HIV/AIDS, malaria, and other communicable diseases, the CIS-7 prospects are the worst. In Azerbaijan, reported cases of HIV among females aged 15-24 increased from 2 in 1994 to 128 in 2001. Only in Armenia do the rates seem to be considerably lower at 29 cases in 2001. The incidence of tuberculosis in the early 2000s has almost doubled compared to early independence years. Access to safe water is astonishingly low in Azerbaijan (81 percent), while Georgia reports access to safe water as 99 percent.

Corruption in administration is threatening not only the business environment but also social security, since corruption and governance problems are extending beyond its perverse effect on investor confidence and the ground for the SMEs to flourish. Unofficial payments to receive health care, education, social benefits and even driving licenses show how far corruption has expanded. Corruption and weak governance affect especially the poor and those least able to defend themselves. However, the gap between the very rich and the very poor is growing rapidly in the South Caucasus, which will bring social unrest with it. Hence, governments have to complement their policies to improve governance, reduce corruption, enhance business environment, promote trade openness and support SMEs with policies supporting rural development, promoting social inclusion, providing human resource development, and social protection. Mainly vulnerable groups such as children, the disabled, women, internally displaced persons and migrant workers need protection.

II. The EU's Response to the South Caucasus

A. Development Cooperation and Association

The EU cannot and does not stay ignorant to the developments in the South Caucasus. Bilateral relations with the regional states are built upon reconstruction and socialization of them in line with the norms and standards of the West. The instruments for the EU to re-mould the social, institutional and state structures of the region and to educate the regional agencies are various, but mostly competent with the civil power of the EU.

Among these, financial and technical assistance constructed according to the framework of the Partnership and Cooperation Agreements (PCAs) come to the fore.

The EC/EU's experience with the Central and Eastern European Countries and the MEDA project taught that conditionality-based initiatives are better than persuasive strategies.²⁹⁹ Although western norms of governance and rights were not readily accepted by the countries, which were most of the time wrongly perceived as the receptive side, western economic agenda presented to the developing countries were considered more agreeable. Hence, the EU tried to close the gap emerging from its little effect in the areas of conflict management and resolution by tying its normative agenda to the economic agenda. The economic and political aspects of the Western agenda shall go together and reinforce each other. Support of democracy emerged as one of the basic elements of the EU's security policy. Development of interdependence and economic liberalization were considered to serve as disincentives for conflict. Therefore, the EU defined the overall objectives of the PCAs:

- To provide an appropriate framework for the political dialogue between the Parties allowing the development of political relations;
- To support the ... efforts to consolidate [the related country's] efforts to consolidate its democracy and to develop its economy and to complete the transition into a market economy;
- To promote trade and investment and harmonious economic relations between the Parties and so to foster their sustainable economic development;
- To provide a basis for legislative, economic, social, financial, civil scientific, technological and cultural operation. [Article 1].

The PCAs were drawing the guidelines for the foundation of political dialogues, trade in goods, better labour conditions; the establishment and operation of companies;

²⁹⁹ MEDA is an abbreviation used to describe European Programme for South Mediterranean countries. It is originally a French abbreviation for 'mesures d'accompagnement', which is translated into English as 'political Mediterranean region partnership relations with regard to Barcelona Declaration'.

cross-border supply of services; payments and capital; competition; industrial and commercial property protection; cooperation on human rights and democracy; cooperation in combating illegal activities and illegal immigration; cultural cooperation, and financial cooperation. Fundamental objective of the PCAs, as referred to in Article one, were economic and legal reform to encourage self-sustaining growth, price stability, openness to the world economy and inclusion in global financial institutions. Economic normalization of the South Caucasus was perceived to be a precondition for democratic stability. After all, the point where the Western economic actors wanted to arrive was the emergence of democratic governance in the South Caucasus states in line with Western norms and standards. Thus, the PCAs brought persuasive and incentive-based approaches together. Macfarlane states that development agencies and the country concerned frame out a programme as result of both consultations and bargaining.³⁰⁰ Here, the consent of the recipient states determines the preparation of a particular programme. However, as Macfarlane clarifies the mutual relationship between the donor and recipients “the desperate need in the region for assistance gives donors considerable power in interaction. This allows a significant transposition of their preferences into programme design and implementation”.³⁰¹ Conditionality is the favourite tool in the hands of the EU. The EU has inserted political and human rights conditionalities into the Partnership and Cooperation Agreements it has signed with the CIS. The Articles 98, 95 and 98 of PCAs, respectively for Georgia, Armenia and Azerbaijan, state “[i]f either Party considers that the other Party has failed to fulfill an obligation under this Agreement, it may take appropriate measures”.³⁰² Georgia, Armenia and Azerbaijan were obliged to comply with the Western Agenda of democratization, economic reform and human rights. In response the EU would provide technical and financial assistance.

The sub-objectives for the support of the efforts to transform political institutions and processes in the South Caucasus were cultivation of civil society and civic organizations, diffusion of political power through society, facilitating Western media presence in the region, familiarization of people with the consumer society, and

³⁰⁰ Macfarlane, op. cit. p.14.

³⁰¹ Ibid.

³⁰² PCA with Georgia: OJ L 205, 4.8.1999. PCA with Armenia: OJ L 239, 9.9.1999. PCA with Azerbaijan: OJ L 246, 17.9.1999.

exposition of students to the West through educational assistance.³⁰³ Additionally, economic diversification and, in particular, industrialization were seen especially by the South Caucasus states as central to policies seeking to promote development. The PCAs strengthened the role of patron/mentor the EU adopted under the influence of post-Cold war ideological climate. Hence, the EU successfully exploits the attraction of its market. Development is thought together with trade. The EU used trade incentives to encourage industrial export sectors of developing countries. As Bretherton and Vogler state development cooperation between the European Community and the third parties had a growing trade-related aspect.³⁰⁴

Trade not only helps to form new ties between the EU and third parties but also serves to strengthen and deepen the existing ones. It is not a coincidence that association relationship was basically formulated and implemented for the purpose of development cooperation with the African, Caribbean and Pacific Group (the ACP). Colonial ties of the member states brought the EC to the core of “a network of dependency relationships”. Bretherton and Vogler point to the fact that “the EC’s initial involvement in development matters grew directly from colonialism”.³⁰⁵ French colonial interests were adopted as a piece of Community policy. The Treaty of Rome recognized “association of non-European countries and territories with which Member States have special relations”.³⁰⁶ As the number of members increased development cooperation and trade associationism extended towards the southern shores of the Mediterranean and the Middle East. Now the EU membership increases to twenty-five and brings the EU closer to the Asia. Even the acronym used for Eastern European Countries –EEC- has been extended to include the Caucasus and Asia that is EECCA. Hence, assistance should support dialogue between

³⁰³ If they do not become a Pol-Pot, they may serve as the instruments of inserting Western agenda of reform at the elite level. Saakashvili, the president of Georgia, has received most of its university education in the USA. He came to force with its rhetoric against corruption rather than promises for liberalization in economy and privatization. The Western educated elites may not always find welcome from the desperately poor masses or the populations, which are not satisfied with political and territorial settlements imposed by the Western agencies.

³⁰⁴ Charlotte Bretherton and John Vogler, “Development Cooperation, The EC in North/South Relations”, in **The European Union as a Global Actor**, London and New York: Routledge, 1999, p.110.

³⁰⁵ Ibid. p.111.

³⁰⁶ Treaty of Rome, Articles 131-6 [182-7], <http://europa.eu.int/obj/treaties/en/entoc05.htm>, (03/17/2004).

the EU and EECCA partner states, and in particular the implementation of the Partnership and Cooperation Agreements and the Wider Europe Action Plan.

European Parliament states in its resolution on the European Union's relations with the South Caucasus that the three countries of Georgia, Armenia and Azerbaijan "constitute a strategically important region for the EU in terms of its common foreign and security policy as well as a genuine gateway to Central Asia" owing to their geographical position and their history, culture and traditions.³⁰⁷ Hence, relations with the states of South Caucasus, which have a history and culture unique to the region, will serve as a stepping stone for the EU to develop a global policy wider than regional considerations. The Parliament adds that "it is precisely the countries of the South Caucasus that could assume a key role as a bridge between Asia and Europe at the extreme edge of Europe after enlargement of the European Union".³⁰⁸ The European Parliament also calls on the Council in its resolution to work on a comprehensive and long-term Common Strategy for the countries of the South Caucasus and to implement it as swiftly as possible.

The flight of refugees; creation of break-away regions and territories; absence of democratic state structures and sustainable economic development; and the need to address 'soft security' problems such as the smuggling of arms and drugs, money laundering and trafficking of human beings are considered to be the primary problems of the region also closely related to the conflicts in the region. South Caucasus does not only shelter the complex web of conflicts and tensions; but also draws a large international political involvement to itself. European Parliament states that comprehensive international involvement in the region should be brought in line with the objectives to resolve the conflicts and stabilize the region. Thus, the relations between the regional countries and the providers of multilateral and bilateral aid shall be organized. Since, the countries of the region want to see greater EU involvement in the region and bear the aspiration to belong to Europe and to cooperate closely in the economic, political and other fields with European institutions and organizations, the Parliament reflects the

³⁰⁷ European Parliament resolution on the communication from the Commission to the Council and the European Parliament on the European Union's relations with the South Caucasus, under the partnership and cooperation agreements (COM (1999) 272 – C5 – 0116/1999 – 1999/2119 (COS))

³⁰⁸ Ibid.

opinion that “the EU is well placed to take the lead in formulating a comprehensive approach towards the region as well as serving as a mediator”.³⁰⁹

The extraction and transport of energy resources in and close to the region is defined as “the major geopolitical factor” by the parliament in its resolution. However, the orderly and healthy exploitation of natural resources is hard to achieve in the absence of mutual confidence in the region and without the development of an effective framework for the regional stability and cooperation. The comprehensive and extensive nature of the PCAs provide the framework the EU needs to use as a reference for its efforts to promote political dialogue and cooperation both within the region and between the regional states and sources of multilateral and bilateral assistance. Economic cooperation again both within the region and abroad particularly with the EU are evaluated through the PCAs. The effort of the EU is to create a correlation between the political dialogue and economic cooperation between the three countries of the South Caucasus. Increasing dialogue will create mutual thrust and help promotion of economic development. It is also applicable to vice versa. The EU is applying partly its own individual experience to the South Caucasus.

Fight against corruption and environmental hazards like the Medzamor Nuclear Plant situated in an earthquake region in Armenia close to the Turkish border are the other two titles that show how detailed the PCAs are. The PCAs do not only describe the objectives of reformation and development in the countries referred to but also point to the fact that the countries will be under continuous scrutiny and evaluation. The EU does not fail to notice, for instance, Armenia’s disinclination to comply with the wills of the EU on the matter related to the Medzamor Nuclear Plant.

³⁰⁹ Ibid.

B. TACIS

The EC holds the record of largest provider of assistance to Eastern Europe and Central Asia. The member states make of course an important contribution to the EC's development assistance in support of democracy, the rule of law, consolidation of a market economy and strengthening of administrative capacity and implementation of the PCAs. The provisions of the PCAs apply to these bilateral relationships, too. Yet, the policy objectives of the PCAs are not comprehensive enough to cover these relationships, as well. Hence, the EU has drawn up Common Strategies to ensure coordination of all activities of the EU and its member states. However, the only two examples of Common Strategies developed are for Russia and Ukraine. Providing Common Strategies for the South Caucasus countries is also considered, but the Tacis programme is the only tool for donors to transmit their assistance to the South Caucasus, at the moment. The Tacis assistance program is now the main instrument through which the EU supports the implementation of the PCAs. Up until 1999, Tacis had committed a total of EUR 4.226 million of funding to projects in countries lying to its east and further afield in central Asia. Tacis entered a new phase in January 2000, a decade after its first implementation. Tacis was planned to provide assistance totalling EUR 3.138 million up until the end of 2006. Council Regulation No. 99/2000 for the years 2000-2006 was focusing on fewer and larger projects, improved programming, and emphasizing the guidance of dialogue between the Community and the partner countries. Hence, the associate partners would not stay on the demand side but get involved in dialogue with the EU to ensure that "a wider range of input is received but also ... that the EU's own priorities are addressed".³¹⁰

Tacis provides technical assistance in support of actions to respond to immediate needs in the partner states. There are seven fields where Tacis funding is used. These are³¹¹:

³¹⁰ Tacis, "The European Union and the Countries of Eastern Europe, the Caucasus and Central Asia", 2002.

³¹¹ Tacis, "The European Union and the Countries of Eastern Europe, the Caucasus and Central Asia", 2002.

1. Institutional, legal and administrative reform which covers the organization and policies of public administration at national, regional and local level; developing legal systems and their operation along with the skills of legal professionals; education and training and the development of civil society;
2. Private sector and economic development which involves supporting entrepreneurship and small companies, including through industrial partnership, as well as the developments of the banking and finance system and the market framework needed to underpin enterprise;
3. Consequences of changes in society which comprises reform of the health, pension, social security and insurance systems, as well as particular attention to the consequences of industrial restructuring and developing employment services such as retraining;
4. Infrastructure networks which covers transport, telecommunications, energy pipelines and transmission networks, and border-crossings;
5. Environmental protection which includes developing sustainable environmental policies and practices, promoting harmonization with EU environmental standards, and promotion of energy technologies and sustainable management of natural resources, including energy resources;
6. Rural economy which covers developing legal and regulatory frameworks, including for private land ownership, increasing access to finance and training, and improvement of distribution systems and access to markets;
7. Nuclear safety is the last area where Tacis works to promote an effective safety culture, support the establishment of strategies for the management of spent fuel, decommissioning and waste management, as well as contributing to international initiatives such as the G7/EU initiative for the closure of Chernobyl.

Every three or four years an indicative programme is established to set up the overall objectives and structure to Tacis support. The national indicative programmes provide the

basis for the bilateral cooperation with each partner country and help identify priorities in the above mentioned cross cutting areas of co-operation. Action programmes adopted every one or two years, are much more detailed and specify the projects to be supported and the funding available.

Tacis was launched soon after the dissolution of the Soviet Union to economically stabilize the region and commence longer term relations with the New Independent States. Traceca and Inogate were the two network infrastructure programmes set off under the Inter-state programme of Tacis. As the Tacis Programme Annual Report 1999 indicates³¹²:

“Infrastructure networks need modernisation and restructuring, so that new trading opportunities can be exploited and the transport of raw materials within and outside the NIS can be facilitated...Most NIS still have only modest trade with the EU...Over-centralisation of transport and energy networks in the Soviet era has restricted these countries’ access to markets under competitive and open conditions...The focus on networks aims to:

- *Strengthen transport, energy and telecommunications links between the NIS;*
- *Link the NIS’ and the EU’s energy, transport and telecommunications networks;*
- *Regenerate inter-state trade and allow for further diversification of trade through new routes”.*

The reconstruction of infrastructure is a prerequisite for the exploitation of the region’s energy resources that will also integrate the South Caucasus into the European energy, security and economic community, though not the Union. Hence, the EU has run a series of aid programmes under Tacis. Yet, European Commissioner for External relations, Chris Patten’s evaluation is cautious: “[s]ince I joined the Commission last September, I have been privileged to see the scale and variety of the EU’s external assistance programmes. They are rarely high profile and often take effect over time rather

³¹² Commission of the European Communities, “The Tacis Programme Annual Report 1999”, COM (2000) 835 final, 20 December 2000, p.49.

than in one big bang”.³¹³ However, when combined with the response of the Caucasian states to the magnetism of the EU, the EU’s external assistance has gone considerable way in remoulding the South Caucasus states.

C. TRACECA

Development of a wide network of transport and communication linking the Central Asia through the Caucasus to Europe is a part of both regional and wider global considerations of the EU. The global EU strategy towards the Central Asian and Caucasian republics requires the development of an additional complementary route to the existing ones. Diversification of the traditional Moscow-centred trade and transport flows and open up newer alternative trade routes to the South is one of the principal aims of the TRACECA Programme. Alternative transport routes will enhance the capacity of the regional states to access European and World markets. Particularly the leaders of the Caucasian republics perceive closer contacts with the West through better transport and trade routes as a major factor to support the political and economic independence of their countries. The EU is drawing, hence, these countries out of Russia’s scope of influence into its own by involving the region into its future uninterrupted transport network as if to confirm the saying that “the place you cannot go is not yours”. The TRACECA project is also expected to encourage further regional co-operation among the partner states. Another objective of the TRACECA Programme was to attract the support of the International Financial Institutions and private investors. Lastly the TRACECA route will be linked with the Trans-European Networks (TENs).

The TRACECA Programme was launched in 1993 as a part of Tacis to develop a transport corridor on a west-east axis from Europe, across the Black Sea, through the Caucasus and the Caspian Sea to Central Asia. The Brussels Conference, which brought

³¹³ Keith Fisher, “A Meeting of Blood and Oil: The Balkan Factor in Western Energy Security”, **Journal of Southern Europe and the Balkans**, Vol.4, No.1, May 2002, pp.75-89, <http://www.flyingfish.org.uk/articles/balkan/pipelines.htm>, (21/06/2004). Keith Fisher is citing from Chris Patten. (Chris Patten, “Foreword from the Commissioner”, in European Commission, “Cooperation that Counts: A Focus on the European Union’s Tacis Programme 1999”, 2000, p.2.)

five Central Asian and three South Caucasus states together in May 1993, was the first initiative to identify a number of problems and deficiencies in the region's trade and transport systems. In 1994, the EU initiated the TRACECA project, which actually follows the ancient Great Silk Road. The Project is financed by the EU within the framework of the TACIS programme. Main objective of the TRACECA is to connect the Black Sea and the Caspian Sea Basin by means of modern transport and communications systems and to develop a coherent and integrated transport infrastructure.³¹⁴ The direct route from East to West is a strategic lifeline for the South Caucasus, in case Russia shuts the "door to Europe" as it once did under the pretext of events in Chechnya. The Eurasian transport corridor delivers goods first to South Caucasus by ferries and then to ports in Eastern China across the Central Asian Republics of the former USSR using the Druzhba-Tianjin railway.³¹⁵ Hence, it ends the Russian monopoly over the existing routes connecting Europe and Asia by land via Minsk, Moscow and the Trans-Siberian main railway. In 1996 the agreement to include the South Caucasus railway in the Eurasian transport corridor was signed in Serakhs, Turkmenistan, by the presidents of Azerbaijan, Georgia, Uzbekistan and Turkmenistan.

The 2000-2003 Tacis Regional Programme worked on a transport corridor binding Europe to Asia. Hence, in 2000 Basic Multilateral Agreement on International Transport for the Development of Transport Corridor Europe-Caucasus-Asia and its Technical Annexes on international rail and road transport, international commercial maritime navigation, customs procedures and documentation handling were ratified by the national parliaments of Georgia, Armenia and Azerbaijan; Bulgaria, Romania, and Turkey;

³¹⁴ Alexander Rondeli, "Traceca: A Tool for Regional Cooperation on the Caucasus, **Marco Polo Magazine**, January 1999.

³¹⁵ The new Eurasian Transport and Communication Corridor, which is currently under construction and 3000 km shorter than the Trans-Siberia thoroughfare. This new Eurasian bridge links Pacific and Atlantic economic centres, which constitute a fundamental part of the developed world. However, between these centers of East and West is a less developed region, too, that is rich in natural and diverse in ethnicity, confession and religious beliefs resources; but, poor in transport infrastructure. Gegeshidze states that the poor countries situated around the new Eurasian Transport and Communication Corridor "need investment, credit resources and technical assistance, while the developed ones are interested in natural resources and new markets". Archil Gegeshidze, "The New Silk Road: A Georgian Perspective", **Perceptions**, June-August 2000, p.138. Gegeshidze also adds that developed countries have great interest in the 'export' of democracy and market economy to the poor in the region, since "[s]uch a 'democratic area' will serve as a wedge to divide potentially aggressive and conflict prone Russia from the Middle East and South Asia".

Moldova and Ukraine; Tajikistan, Kazakhstan, Kyrgyzstan and Uzbekistan. The objectives of the Agreement were.³¹⁶

- assisting in the development of economic relations, trade and transport communication in Europe, Black Sea region, Caucasus, Caspian Sea Region and Asia;
- ensuring access to the world market of road, rail, transport and commercial navigation;
- ensuring traffic security, cargo safety and environment protection;
- harmonizing transport policy and legal structure in the field of transport creation of equal conditions of competition for transport operations.

Sectoral Working Groups for trade facilitation, road, rail and maritime transport with representatives from all the participating states are responsible for project identification and for the endorsement of projects proposed for EC financing. The Caucasus Optical Cable project is developed, for instance, to respond the need to cope with the rapidly increasing traffic of container and tank wagons between the Black Sea and the Caspian Sea.³¹⁷ The existing telecommunications and signalling infrastructure was short of carrying this load of traffic. Therefore, the EU supplied an optical cable system for communication and signalling to the Railways of Armenia, Azerbaijan and Georgia with investment funding. The Project will provide operational safety, fully utilize rail line capacity and allow provision of commercially attractive transit times and information systems. The optical cable will be used for general telecommunication purposes, too. The project is forming a west-east link between the Georgian port of Poti, on the Black Sea, and the Azeri port of Baku, on the Caspian Sea, with a branch to the south from Tbilisi towards Yerevan. What remains back for the European Union is to connect this regional link to the rest of the transportation chain lying towards the West over Black Sea and Turkey. Therefore, several technical assistance (TA) and investment projects are focusing

³¹⁶ The TRACECA Website, "What is TRACECA", <http://www.traceca-org.org>, (13/05/2005).

³¹⁷ The TRACECA Website, "Encyclopedia: An Overview of the Key Issues Addressed by TRACECA Projects", <http://www.traceca-org.org/docs/main.php?tmi=tfaz&mi=enc>, (13/05/2005).

on improving the link across the Caspian Sea and the link between TRACECA and the Black Sea countries that provide a transit route to Europe and beyond through the Trans-European Network (TEN) countries. Maritime links are as important as the rail links to establish a chain between Europe, the Caucasus, Central Asia and China. Thus, a TA project to realize this chain has been launched in June 1998. The roads network in the TRACECA region is extensive and also in need of rehabilitation projects. However, the funds for maintenance and upgrading are limited. Therefore, maintenance management is very important to best employ the limited funds available. In this context, institutional reform to introduce changes in the institutional environment in which the transport systems operate requires attention. The monolithic institutions of Former Soviet Union need to be divided into client and supplier entities. The reorientation of national economies towards free market principles will have repercussions in the transport sector, too. Two projects have been launched to assist in restructuring of the railways in all TRACECA countries. These projects recommended new organizational structures and business plans to enable the railway enterprises to run, maintain, and modernize their essential asset bases.³¹⁸

D. INOGATE

The goal of the TRACECA project launched by the EU and supported by the United States is mainly to produce an alternative to the Russian monopoly on the current basic routes of exportation of eight newly independent states. Thus, these new states (Georgia, Armenia, Azerbaijan, Tajikistan, Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan) will prefer the West when choosing their economic partners. The programme was later extended to include Ukraine, Moldova and Mongolia. The original programme was consistent of only roads, railways and ports. Similarly, the contents of the programme were enlarged to cover an airlines project under the name of Southern Ring Air Route and a pipelines project under the name of Interstate Oil and Gas Transmission to Europe (INOGATE). The routes of transportation, either to carry goods, people, communication

³¹⁸ The TRACECA Website, "Encyclopedia: An Overview of the Key Issues Addressed by TRACECA Projects", <http://www.traceca-org.org/docs/main.php?tmi=tfaz&mi=enc>, (13/05/2005).

or natural sources like oil and gas complement each other. In fact, behind the technical discussions on the best routes of land, railway and pipelines available are found basically political and strategic facts. Therefore, INOGATE should be evaluated more according to the political and strategic considerations of the EU and its member states rather than limited calculations upon the arguable oil and gas bonanza of the Caspian Region.³¹⁹

The Interstate Oil and Gas Transmission to Europe programme has become a broad-based instrument of EU strategy for the security of energy supplies. The Community production of energy supplies is not sufficient to respond its energy requirements. In the meantime, the EU's external dependence for energy is constantly increasing. The EU is the second largest energy consumer in the world and the largest energy importer. The Union accounts for 14 to 15 percent of world energy consumption, though it is home to only 6 percent of the world's population. It represents 19 percent of world oil consumption, 16 percent of natural gas, 10 percent of coal and 35 percent of uranium. Current energy demand of the Union is covered by 41 percent oil, 22 percent gas, 16 percent coal, 15 percent nuclear energy and only 6 percent renewables. Dependence on external energy supplies cost some EUR 240 billion in 1999, 1.2 percent of GDP and held 6 percent of total imports. The total energy picture for the European Union in 2030 is not expected to be much different. Then the energy demand will be supplied by 38 percent oil, 29 percent gas, 19 percent solid fuels, 8 percent renewables and barely 6 percent nuclear energy. In the next 20 to 30 years, the amount of the Union's energy requirements supplied by the imports will increase from the current 50 percent to 70 percent. In the case of oil, gas and coal, dependence on imported products is expected to increase up to 90 percent, 70 percent and almost 100 percent respectively.³²⁰

The transition economies of the new members of the EU after the recent enlargement in 2004 and the applicant countries will be growing much faster than those of the member states in the period leading up to 2010, thus increase the EU's dependence on the energy supplies necessary for the development of industry and modernization of systems in these

³¹⁹ Mahmut Niyazi Sezgin, "Güney Kafkasya'da Ulaştırma ve Jeostrateji", **Stratejik Analiz**, Vol.2, Iss.25, May 2002, p.42-43.

³²⁰ European Commission, "Towards a European Strategy for the Security of Energy Supply", Green Paper, 2001. http://europa.eu.int/comm/energy_transport/doc-principal/pubfinal_en.pdf, (13/05/2005).

countries. The EU-15 however, has changed from being an industrial society to a services society, thus lessened the impact of fluctuations in the oil prices and gradually deserted the use of coal in industry.³²¹

The concept of security of energy supply is not new for the EU but dates back to the Treaty establishing the European Community, which calls for the diversification of the various sources of supply in products and by geographical areas. Hence, risks connected to dependence on imported energy products will be reduced. The world's remaining oil reserves will increasingly be concentrated in the Middle East in the future. In this context, geographical diversification is hard to achieve for oil. Most oil-exporting countries, except Saudi Arabia, Iraq and to some extent Russia, do not have spare production capacity, either. The EU is building up stocks of oil that will respond its needs up to some 90 days, but this will not relieve its effective dependence on the Middle East oil and Russian natural gas. Since, the status of world reserves for oil and gas and the current production capacity of Europe will not change; transit conditions and the continuing diversification of transport routes will determine the risks and opportunities in relation to security of supply. Therefore, the energy supply policy has been evolving into the construction of an integrated transportation, gas and oil pipeline networks that will give the EU effectiveness and efficiency in the management of supplies and their transportation rather than seeking to maximize energy self-sufficiency or to minimize dependence.

The Green Paper asks “[how] can we ensure the development and better operation of energy transport networks in the European Union and neighbouring countries that enable the internal market to function properly and guarantee security of supply?” and “[g]iven the importance of a partnership with Russia in particular, how can stable quantities, prices and investments guaranteed?”. These two questions are closely related to the EU's

³²¹ European coal industry is losing its significance. Producing countries such as Portugal, Belgium and France will cease all their production in 2005 or restructure their industry in order to reduce mining activities gradually as in Germany and Spain. The reason for such a change in the countries, which have once gathered around coal and steel, is mainly the rules governing social insurance in the European Union. European coal production is not profitable anymore. The average cost of mining is 3-4 times the international market price that is USD 150 per tce compared to USD 40 per tce. See European Commission, “Towards a European Strategy for the Security of Energy Supply”, Green Paper, 2001, http://europa.eu.int/comm/energy_transport/doc-principal/pubfinal_en.pdf, (13/05/2005).

capability to develop an efficient energy policy abroad.³²² In order to ensure external supplies, the EU must use its political and economic influence to ensure flexible and reliable external supply conditions. The development of oil and gas reserves in the Caspian Sea basin, construction of new oil and gas pipelines that will make it possible to import oil and gas from the Caspian Sea Basin and the Southern Mediterranean, are regarded as the factors that will diversify geographic sources of supply.³²³ The INOGATE Programme foresees that Caspian Sea Basin will accompany the Southern Mediterranean in feeding the oil and gas requirements of Europe.³²⁴ The Programme divides the geographic sources of supply into three and calls them Northern Ring, Central Ring and Southern Ring. Caspian Sea Basin and Southern Mediterranean are included in this Southern Ring.

The EU gives great importance to dialogue with the suppliers and the countries on the transportation routes. European technical assistance targets to improve transportation infrastructure and to facilitate European and international investments in transport and production in the energy sector. The European technical assistance also works for the construction of a precise legal framework for investments in the energy sector, taxation and guarantee mechanisms for investments. Whereas the partnership and cooperation agreements lay down the measures in relation to the legal, financial, political dimensions of the energy sector, the INOGATE deals with the transportation network in detail. The success of INOGATE will provide the EU with a common energy supply mechanism if not a policy, which has been lacking so far. Since energy policy is one facet of the multidimensional foreign and security policy, the EU weaves its instruments for partnership and cooperation, TACIS, TRACECA and INOGATE, together and uses them as complementary of each other. As Fisher relates from Hans van den Broek concluding

³²² As a matter of fact, no foundations of a common energy policy were laid in the European Coal and Steel Community Treaty and the Euratom Treaty. However, as the Green Paper indicates Article 103 of the Treaty of Rome has provided the basis for the construction of oil stocks in order to remedy supply problems in case of need. The Maastricht Treaty, on the other hand, distances from a common energy policy and necessitates the decisions that will implement such measures to be taken unanimously, rather than by qualified majority vote.

³²³ INOGATE: 1996-2000, and The European Union's Oil Supply, 4 October 2000. http://www.europa.eu.int/comm/energy/oil/doc/2000_10_oil_supply_en.pdf, (13/05/2005).

³²⁴ In its 1998 Luxembourg meeting, the General Affairs Council of the European Union considered that "the Caspian Sea Basin could make a major contribution to global oil and gas supplies within a decade". Hence, the Caspian Sea Basin was included into the INOGATE Programme, too.

an INOGATE Conference, the programme's 'ultimate objective' is "to help free the huge and gas and oil reserves of the Caspian Basin by overcoming the institutional, technical and financial bottlenecks which have impeded access to local and European markets".³²⁵ The legal and structural impediments to investment and trade in the energy sector were the absence of legal and cultural foundation for market-oriented private enterprise and investment, and the disappearance of a framework for the co-ordination of cross-border energy transit. In these circumstances the energy companies of the world's economic powers felt vulnerable to the whims of foreign sovereign governments. Hence, the EU needed "a legal instrument determining the behaviour of governments towards industry, 'across the Caspian, Black Sea region and westwards to Europe...and the protection of foreign investments'".³²⁶ The INOGATE Programme aims to promote regional integration of the oil and gas pipeline systems and facilitate their transport both within the region in question and towards the credit-worthy, developing export markets of Europe. Under INOGATE, the EU has supported the feasibility studies of ways to export gas from Shah Deniz, of possible Armenian routes to export gas from Turkmenistan, and of the condition of the Dhruzba oil pipeline network, and was behind the development of a pipeline from the Azeri port of Baku to the Georgian port of Supsa. Hence, the EU's energy and reconstruction policies for the Caucasus has covered the region with a wholist approach as the efforts of creating a network of transportation and pipelines including even Armenia but avoiding Russia are considered. The INOGATE Programme minimizes the non-financial risks of investing in interstate projects through the implementation of the Inogate Umbrella Agreement, which sets out an international system designed to rationalize and facilitate the development of interstate oil and gas transportation systems and to attract the investments necessary for their construction and operation.³²⁷ The INOGATE Programme assesses the existing oil and gas networks, the possibilities for the development of new transmission systems; works for the institutional improvement of the trade and interstate transport of hydrocarbons; provides urgent small-scale investment in hazardous interstate infrastructures, and helps transfer of know-how in resources

³²⁵ Keith Fisher, "A Meeting of Blood and Oil: The Balkan Factor in Western Energy Security", **Journal of Southern Europe and the Balkans**, Vol.4, No.1, May 2002, pp.75-89, <http://www.flyingfish.org.uk/articles/balkan/pipelines.htm>, (21/06/2004).

³²⁶ Ibid.

³²⁷ INOGATE: 1996-2000, p.10.

management and pipeline operations.³²⁸ Therefore, the projects have to be inline with these objectives of INOGATE, too.

In the case of MEDA, the basic concern was to link national infrastructure networks among themselves and up to trans-European networks (TENs). Likewise, the INOGATE together with TRACECA have been used as indispensable instruments to open up resources in particular countries like Azerbaijan, Kazakhstan and Turkmenistan. The EU wants to have influence over the international market of energy supplies. Sudden price shifts are the consequence of deliberate actions by exporting countries, mostly cartels such as OPEC, geopolitical disputes and other speculative factors. However, the EU lacks the means to negotiate and exert pressure on a market, in which it is deeply involved as a huge importer. The Union has no competence, no community cohesion in energy matters. It also lacks a mandate for a European energy policy and a consistent common energy policy. Hence, the EU has to develop means to reduce the influence of the international markets and increase its ability to influence dialogue over energy matters at world level. Presently, the EU is focusing on improving dialogue with energy importing countries in several regions and being influential on the transport and pipeline routes rather than spending its efforts on developing a centralized decision-making mechanism within Europe, through which oil could be released onto the European market.

III. Caucasian Countries

A. Georgia at the Crossroads of Regional Powers

As Russia attempts to play its hand to greater effect in the Caucasus and domestic tensions challenge the governments in Georgia, Armenia and Azerbaijan for reform, the Caucasian states place greater expectations on the West. At the moment the EU, the EU member states, the US and its ally Turkey are considered as the constituent parts of the West, a rather vague term used to mean the adversary of dependence on Russia, misgovernment, poor economy, limited resources for development, instability, insecurity,

³²⁸ INOGATE:1996-2000, p.9.

and frozen conflicts. While the governments of the South Caucasus hope the West to exert external pressure for change in the status quo in South Ossetia, Abkhazia and Nagorno-Karabakh despite Russia, the civil society expects the scrutiny of international organizations to push the governments for more democracy, transparency and improvement of civil rights.

Where the individual states of the South Caucasus are short of means to solve conflicts within and between the states or to strengthen their political, military and economic presence, they turn to parties abroad. In January 2005 Georgia introduced two new peace plans for Abkhazia and South Ossetia. Both of the plans were scheduled to be unveiled during President Mikhail Saakashvili's addressing to the Parliamentary Assembly of the Council of Europe (PACE). Tbilisi's peace proposal was assuring ethnic Abkhazians equal representation in the Georgian parliament through a quota system, lifting the economic sanctions against the region and restoring the railway link between Tbilisi and the Abkhazian capital Sokhumi. Hence, Saakashvili's strategy has been, since the day he came to force, that Georgia could one day display a much more alternative to the break-up regions than Russia. However, Abkhazia does not seem to be willing to tramp its de facto independence with a "federal" status within the "Georgian Federal State" at the moment. On the contrary, Sergei Bagapsh the elected president of Abkhazia has stated his administration's first priorities as "deepening...the integration process with the Russian Federation, as well as boosting Russian investments [in Abkhazia] and [establishing an] open-border policy [with Russia]".³²⁹ Bagapsh's power sharing deal with Raul Khajimba after the January 12 election was a clear indication of how limited were Georgia's attempts to reach out Abkhazia as long as Russia could manipulate the distribution of power among the Abkhazian elites. According to the deal, Khajimba is charged with coordinating the region's foreign, defence and security policies. Hence, Rondeli's comment is that "Russia wanted to show that they are in complete control of Abkhazia, so much so that they practically put Khajimba in power. This puts Georgia in a difficult position, because it cannot negotiate with a puppet state".³³⁰ However, Georgia

³²⁹ John Mackedon and Molly Corso, "Little Optimism for Georgia's Abkhazia Peace Plan", **Eurasia Insight**, 20/1/05, http://www.eurasianet.org/departments/insight/articles/eav012005_pr.shtml (25/04/2005)

³³⁰ Ibid.

has also indicated that it is ready to recommence talks with the Abkhazian leadership under the auspices of the United Nations Secretary General's Group of Friends of Georgia, which includes Russia, the United States, the United Kingdom, France and Germany. Georgia's reliance on the international and western society is the only way for Georgia to counterbalance Russia. Group of Friends does not leave Russia out, but indicates Georgia's search for allies that will stand against Russian efforts to turn the region into a de facto Russian protectorate.

Saakashvili's proposal for South Ossetia promises autonomy and right to elect its own government with an executive branch and parliament; authority over local economic, cultural, education, environmental and law enforcement policy; responsibility for defence, foreign and human rights policies and constitutional amendment in Georgia which will "guarantee that South Ossetian 'voices will be present' in Georgia's judicial system, Constitutional Court and parliament".³³¹ However, neither the plan's content rich with the payment of pension arrears, provision of compensation for property damaged in the 1991-1992 war with Georgia, rebuilding infrastructure, extension of a series of economic development projects supported by the international community were enough to draw the South Ossetian leader Eduard Kokoiti to the negotiation table; nor were the promise to grant the South Ossetian language official status and to support the preservation of South Ossetian culture through central government funds. Kokoiti's response was that South Ossetia was determined to preserve its already determined and independent status. In return of the deep distrust of the South Ossetia on the Georgian government's promise to provide extended freedom and security to the people of South Ossetia, Saakashvili seeks for "some kind of help from the European side to show them [South Ossetians] that Georgia is willing to change this status; to make more changes in...cultural relations, economic relations and so on".³³² As Corso states "[b]y presenting the plan before a European organization - and in a European city - the government is attempting to tie the European Union more closely to the peace process, as a potential

³³¹ Molly Corso, "Georgian President Unveils South Ossetia Peace Plan", **Eurasia Insight**, 27/01/2005, http://www.eurasianet.org/departments/insight/article/eav012705_pr.shtml (25/04/2005)

³³² As quoted from Levan Avalishli by Molly Corso, *ibid.*

counterweight to Russia”.³³³ In fact, Georgia has been successful to draw Western attention to its peace plan submitted to the Parliamentary Assembly of the Council of Europe (PACE) in Strasbourg, France. Both the United States and European Union have expressed their support for the plan. The Council of Europe’s Venice Commission that is an advisory body, has begun to cooperate with the Georgian government and NGO representatives on how to draft a document defining South Ossetia’s constitutional status.

Meanwhile, Georgia gives great importance to strengthening military and economic ties with the West and Turkey, which will make integration with Georgia attractive for Abkhazia and South Ossetia due to the economic cooperation and economic benefits they will have. Otherwise, a strong and well governed Georgian army will be kept under hand as the last resort to be used if the conditions are ripe enough. For that reason, Georgia welcomes military cooperation particularly with the U.S. and Turkey. While doing that Georgia does not forget to emphasize its desire for NATO membership. The U.S.’s two-year Train and Equip Program for Georgia ended in April 2004.³³⁴ Yet, the U.S. and Georgia extended the training program with a 16 month initiative called Sustainment and Stability Operations Program intended to enhance the Georgian military’s peacekeeping skills and to provide assistance which is worth roughly USD 60 million. In fact, the Georgian and American governments agreed in March 2004 that the 18-month program by means of which the U.S. forces trained three Georgian battalions would not end but continue indefinitely.³³⁵ The U.S, has also promised to assist the Georgian government “with ‘reasonable costs’ involved in the removal of Russian troops from Georgia” as U.S. Secretary of State Colin Powell declared at the OSCE ministerial meeting in Sofia in

³³³ Ibid.

³³⁴ Natalia Antelava, “US Military will Stay in Georgia (Former Soviet Republic)”, **BBC**, 18 January 2004, [http://www.independent-media.tv/itemprint.cfm?media_id=5147&fcategory_desc=Georgia%20\(Former%20Soviet%20Republic\)](http://www.independent-media.tv/itemprint.cfm?media_id=5147&fcategory_desc=Georgia%20(Former%20Soviet%20Republic)), (28/04/2005). Antelava reports that “[i]n 2002 the Bush administration set up an 18-month, USD65 million programme aimed at training and equipping Georgia’s impoverished Army. The programme was part of America’s war on terror and it started after the US confirmed Russian allegations about the presence of Chechen and al-Qaeda fighters in Georgia’s Pankisi Gorge, on the border with Chechnya”.

³³⁵ Chloe Feinberg, “The Republic of Georgia Moves Toward Stability and Security: Escaping Russia’s Grip, Tbilisi may Prove an Important U.S. Partner/Energy Supplier”, **JINSA Online**, 12 January 2005, <http://www.jinsa.org/articles/print.html/documentid/2809> (28/04/2005).

December 7, 2004.³³⁶ This offer was to speed up the Russian withdrawal of its troops, while Russia claimed that this might not happen before 11 years due to its high cost. Walsh comments that:

“Washington’s offer ensures that the only obstacle to Russia’s quick withdrawal remains Moscow’s unwillingness to retreat from the former Soviet Union while the US expands eastwards. Washington has been slowly increasing its presence in Georgia, training local troops and considering storing military equipment in the region”.³³⁷

Saakashvili’s administration takes the U.S. military assistance program and military cooperation in the fields of counterterrorism and closure of the Russian military bases in the country as a way to promote Georgia’s integration into the Eastern Security framework. Hence as Mackedon relates Defence Minister Giorgi Baramidze has commented on the new US program that it “represents a new step made by Georgia toward the NATO alliance” and Prime Minister Zurab Zhvania has stated that Georgia could become a full NATO member within the next two years.³³⁸ Nino Burdjanze, the speaker of the Georgian Parliament, told Georgia’s Imedi TV channel following talks

³³⁶ John Mackedon, “With US Help, Georgia Gets Its Cake and Eats It, Too”, **Eurasia Insight**, 17/12/2004, http://www.eurasianet.org/departments/insight/articles/eav121704_pr.shtml (25/04/2005). Initially Russian officials have claimed that it could take an additional 11 years before the bases are removed and the cost is one of the main factors in the delay. According to the Russian estimations the removal of Russian troops costs roughly USD 300 million, far beyond Georgia’s capacity and not a small amount for Russia, either. Also see Giorgi Sepasvili, “U.S. Backs Georgia in Hard Talks Concerning Russian Military Bases”, **Civil Georgia**, 15/01/2004, <http://www.civil.ge/eng/print.php?id=6023> (28/04/2005). As Sepashvili states Russian Defence Minister Sergei Ivanov harks back to the withdrawal of Russian troops from East Germany: “No way will we again throw our soldiers, officers and weapons into an empty field and call that a departure, like it happened in [East] Germany [in the early 90s]” and he adds that only after a treaty between Moscow and Tbilisi is formally agreed upon, the Russian Finance Ministry will allocate the funds necessary for the construction of new garrisons in Russia. Besides the Gudauta, Akhalkalaki and Batumi military bases Russia also has five military facilities, which are Warehouse and Bath in Tbilisi, military sanatorium in Kobuleti, Adjarian Autonomous Republic, two military camps, belonging to the Akhalkalaki base and Heavy Armour Factory in Tbilisi.

³³⁷ Nick Paton Walsh, “US Offer for Russian Base Exit”, **The Guardian**, 14 January 2004, [www.independent-media.tv/itemprint.cfm?fmedia_id=5027&fcategory_desc=Georgia%20\(Former%20Soviet%20Republic\)](http://www.independent-media.tv/itemprint.cfm?fmedia_id=5027&fcategory_desc=Georgia%20(Former%20Soviet%20Republic)) (23/04/2005)

³³⁸ Ibid. Prime Minister Zurab Zhvania was found dead with another important political figure in his apartment due to carbon dioxide poisoning short while ago. He was praised to be an eminent factor in the reform process since the Rose revolution.

with NATO officials in Brussels in April 2005 that NATO officials want Georgia in the military alliance “as soon as possible”.³³⁹ Georgia has already committed the second highest amount of troops in ratio with its size after the U.S. for the operation in Iraq and has remained in Iraq since its first entry, while many Western military forces such as Poland, Italy and New Zealand pull out one after another.

Indeed President Saakashvili frequently repeats his “country’s European orientation, its willingness to cooperate with international organizations and its refusal to allow foreign bases on Georgian soil or tolerate foreign interference in its internal affairs as among the tenets that all political parties should accept” as he did in his annual state of the nation speech to parliament on February 10, 2005.³⁴⁰ Since Georgia considers the realization of these goals as complementary of each other, as Georgia seeks to involve international organizations such as the EU and the UN into its conflicts with the breakaway regions and opposition to the Russian presence in its territories it also tries to strengthen its ties with these organizations. Although, the EU frequently repeats the opinion that the EU’s Neighbourhood Policy is not designed to pave the way for membership and states of the South Caucasus are not considered within the scope of enlargement, Georgian Foreign Minister Salome Zurbishvili responds with the argument that her country does not just want partnership with the EU but ultimately membership, too. Georgia is very impressed by the developments in Ukraine and the EU’s attention to this country. For Tbilisi the Neighbourhood Policy “provides possibilities for the kinds of reform that are precondition for EU membership”, therefore Zurbishvili declares Georgia’s impatience for a European Union decision to be taken on a Neighbourhood Policy Action Plan just like the one given to Ukraine.³⁴¹ Therefore, Zurbishvili wants the EU to consider Georgia with the same perspective she believes it does Ukraine: “it’s certainly better for Georgia to be put in the [same framework as] Ukraine when talking

³³⁹ ITAR-TASS, “Georgian Speaker Upbeat on Chances of Joining NATO”, **RFE/RL Article**, 14 April 2005, <http://www.rferl.org/featuresarticleprint/2005/04/2ce0a2bf-a54e-4578-8b66-a88909729c7...> (25/04/2005).

³⁴⁰ Eurasia Insight, “Saakashvili: Georgia Now a ‘Model’ Country”, 11/02/2005, http://www.eurasianet.org/departments/insight/articles/eav021105a_pr.shtml (25/04/2005)

³⁴¹ Ahto Lobjakas, “Georgia: Foreign Minister Pushes for Greater EU Involvement in South Caucasus”, **RFE/RL Article**, 2 March 2005, <http://www.rferl.org/featuresarticleprint/2005/03/b7cff0fc-8c3b-4ab1-b176-979544bcea4...> (28/04/2005).

about accession, rather than Turkey...” and she adds “that Georgia has always supported Turkish EU membership, saying it would be in the interests of European stability. But... ‘Ukraine is moving faster, and we are moving faster also’”.³⁴²

Although Tbilisi praises the EU involvement in the spheres of judiciary, penitentiary and police systems from the mouth of Zurabishvili in comparison with the U.S. role in reforming the Georgian military, it is willing to see the EU’s “own monitoring mission on Georgia’s borders with Russia to replace a similar operation run by the Organization for Security and Cooperation in Europe (OSCE)”, too.³⁴³ Russia is the basic obstacle to the operation of the Border Monitoring Operation (BMO) mission with its veto power in the OSCE and Georgia wants to see instead an organization where Russia does not have a veto right to block the operations. In spite of Tbilisi’s enthusiastic invitation for the EU’s involvement in the frozen conflicts in South Ossetia and Abkhazia, the EU officials do not seem to have moved away from their cautious standing in regards of Russian presence. Devdariani notes that:

*“On a September 16 trip to Tbilisi, European Commission President Romano Prodi stated that the European Union would refrain from taking any direct political actions in the South Caucasus to resolve territorial disputes. Instead, in an interview with RFE/RL, he emphasized that the EU, as a ‘strong, independent’ friend of Russia, can help resolve conflicts in the Caucasus, but not with a unilateral hand. Russia, he maintained, has no interest in destabilizing the region”.*³⁴⁴

EU member states, France, Germany and Italy, which do not want to harm their ties with Russia, cannot agree upon a possible takeover of the OSCE border monitoring mission, either. The EU’s activities cannot get beyond dispatching three experts to

³⁴² Ibid.

³⁴³ Ibid.

³⁴⁴ Jaba Devdariani, “Georgia Hunts for Friends, but Comes up Short”, **Eurasia Insight**, 21/9/2005, http://www.eurasianet.org/departments/insight/articles/eav092104a_pr.shtml (25/04/2005).

Georgia to strengthen the Tbilisi office of the special representative in the region, Heikki Talvitie.³⁴⁵

The UN is another potentially important source of assistance for Georgia. The UN-sponsored Georgian-Abkhaz talks, known as the ‘Geneva format’ took place in Geneva on 7-8 April 2005. Three EU member states, France, Germany and United Kingdom, which could not reach an end in the discussions over the EU’s takeover of the border monitoring missions in Georgia and refrained from hurting ties with Russia were involved in the UN-sponsored talks with the other representatives from the UN Secretary General’s Group of Friends for Georgia – Russian Federation and the United States. However as an interview with Georgia’s Ambassador to the UN, Revaz Adamia reveals, Tbilisi’s expectations from the talks are close to the “cautious optimism”, expressed by the UN Under-Secretary-General for Peacekeeping Operations, Jean Marie Guehenno. Adamia says:

*“We have a unique conflict. For example, if we use the example of the Darfur conflict in Sudan – the UN Security Council made its decisions regarding this conflict through a consensus, since none of the five permanent members of the Security Council are directly involved in this conflict. In our case, Russia is directly interested in this [Abkhaz] issue, and openly declares that it is an area of its vital interests. Therefore, it is very difficult to make decisions in this case”.*³⁴⁶

The final statement of the two day talks in Geneva referred to some of the issues which were of vital importance to Tbilisi at least. Hence, opening of human rights office in Gali, launching of the UN civilian police component – also in Gali and the issue of a necessity to promptly solve the problem of the return of the internally displaced persons

³⁴⁵ Ahto Lobjakas, “Georgia: Tbilisi Lobbies EU for Border Monitors, Harder Stance on Russia”, **RFE/RL Article**, 12 April 2005, <http://www.rferl.org/featuresarticleprint/2005/04/aa9f5566-c02a-4560-b8cf-d3d1efe33c0...> (28/04/2005).

³⁴⁶ Giorgi Sepashvili, “UN Cautiously Optimistic over Abkhaz Conflict Settlement”, **Civil Georgia**, Interview, 26/03/2005, <http://www.civil.ge/eng/print.php?id=9441> (28/04/2005)

were addressed.³⁴⁷ Following the UN-led Georgian-Abkhaz talks, a meeting between Putin and Abkhaz leader Sergey Bagapsh and South Ossetian leader Eduard Kokoity took place on 5 April 2005 in Russia's Black Sea resort of Sochi. U.S. diplomacy did not delay organizing a diplomatic landing on Abkhazia and Georgia in return.³⁴⁸ First the U.S. Department of State's Senior Advisor for Caspian Basin Energy Diplomacy Ambassador Steven Mann, who is also the Special Negotiator for Nagorno-Karabakh and Eurasian Conflicts, and U.S. Ambassador to Georgia, Richard Miles talked to Bagapsh in the Abkhaz capital Sokhumi on 11 April 2005. Later, Mann and Miles went to Tbilisi to brief President Saakashvili over their visit to Sokhumi. The U.S. President George Bush's planned trip to Georgia was scheduled for 10 May 2005. All these high level visits point to the increase in the U.S. motivation for greater and more active involvement in the resolution of conflict in the region. In the meantime, Georgia has to preserve dialogue with Russia. Especially in terms of business and investment, Russia offers more than the U.S. does at the moment.³⁴⁹ Georgian firms are drawing the attention of several Russian firms, which want to purchase shares. Russia's airline company, Aeroflot Air, negotiating with its Georgian counterpart Airzena airline and one of Russia's leading banks VneshTorgBank, which has reached an agreement with the United Bank of Georgia on purchasing the latter's controlling shares are two of the Russia-Georgian economic ties that are vital for Georgia.³⁵⁰ The Russian natural-gas giant Gazprom began negotiations with the Georgian government to acquire important stakes in Georgia's main import pipeline that runs from Georgia's northern border with Russia to its southern border with Armenia in 2005. The former President Eduard Shevardnadze negotiated with Gazprom about the possibility of acquiring a stake in the country's pipeline in 2003; but, the deal was not realized. Now, Georgia is following an ambitious denationalization program in economy under the leadership of State Minister Kakha Bendukidze, a successful Russian industry baron, now economy minister in Saakashvili's team. However, selling "state-

³⁴⁷ **Civil Georgia**, "U.S. Diplomats Visit Abkhazia in the Wake of Geneva Talks", 10/04/2005, <http://civil.ge/eng/print.php?id=9567> (28/04/2005).

³⁴⁸ **Civil Georgia**, "Enlivened U.S. Diplomacy Compels Abkhaz Leadership to Visit Moscow", 12/04/2005, <http://www.civil.ge/eng/print.php?id=9582> (28/04/2005).

³⁴⁹ Nino Khutsidze, "Cautious Optimism as American Investors Explore Georgia", **Civil Georgia**, 09/10/2004, <http://www.civil.ge/eng/print.php?id=8022> (28/04/2005).

³⁵⁰ Tea Gularidze, "Business Forum Hopes to Improve Russian-Georgian Economic Ties", **Civil Georgia**, 31/05/2004, <http://www.civil.ge/eng/print.php?id=7031> (28/04/2005).

owned assets to the highest bidders regardless of their nationality”, does not receive much approval especially if it is Russia that “could soon own all or part of the country’s import gas pipeline” as Saakashvili indicated. Besides, it was not only the opposition Conservative Party; but also late Prime Minister Zurab Zhvania that spoke against the sale of the pipeline to Gazprom. Meanwhile, the U.S. clearly declared its opposition against “any step that could ruin its years-long efforts to secure Georgia’s energy independence” through the U.S. State Department’s Caspian Basin energy adviser, Steven Mann who warned Tbilisi to consider the pros and cons before deciding on privatizing its pipelines.³⁵¹ Washington does not want the sale of the North-South pipeline to Gazprom to hinder the realization of the Shah-Deniz project.

B. The Factors Shaping the Armenian and Azerbaijani Perceptions of the International Society’s Involvement in the South Caucasus

The path Armenia and Azerbaijan take to solve their problems is not much different in the sense that they seek to solve the conflicts they are involved in through the pressure of forces outside the region. While, Armenia ties its hopes to Diaspora, Azerbaijan builds its hopes on its growing strategic importance and location right at the intersection of the Caspian and the Middle East. As it will be discussed under separate titles about “*The United States’ Unilateralism in the Post Cold-War Caucasus*” and “*Turkey*” in the following chapter, “*Systemic Variable’s Impact on the CFSP*”, the ‘Caspian Guard’ notes how Azerbaijan fits in cooperation and alliances the U.S. seeks for. Hence, Azerbaijan constitutes one of the three pillars with Georgia and Turkey that the U.S. rests on in the Caucasus. While Azerbaijan exploits the strategic partnerships with the U.S., Turkey and Georgia to differing degrees, Armenia tries to make use of good relations with Russia and Iran in the region and develop relations with the EU and its member states. In fact, Armenia has already noticed the favourable conduct of relations between Azerbaijan and the West, and specifically the U.S. Armenia follows the Western and

³⁵¹ Jean-Christophe Peuch, “Georgia: President Hints at Possible Gazprom Deal, U.S. Unhappy”, **RFE/RL Article**, 25 February 2005, <http://www.rferl.org/featuresarticleprint/2005/02/8f1205e3-2826-4470-811a-bc9d9ef577a...> (28.04.2005).

particularly the U.S. attitude regarding the NATO's involvement in the South Caucasus with curiosity. As Harutyunyan states:

*“The Deputy Commander of the US European Command, Gen Charles Wald, mentioned in an interview with the American Defence News magazine the possible re-examination of the deployment of American military bases as the US European Command is going to strengthen its presence in Africa and the Caspian region. Charles Wald listed countries where US military bases may be deployed and Azerbaijan is among them. According to the general the US army would patrol and safeguard new oil pipeline in the region because ‘the main part of [Azerbaijani] oil and gas goes to Western Europe, which is why safeguarding this route dovetails with the interests of the USA. As for me, I think that this is a NATO mission’”.*³⁵²

From the Armenian point of view, safeguarding the transportation of oil and gas from the Caspian Basin through the South Caucasus is in the interest of the West in general, but it is only the U.S. involved in the active and military dimension of energy security, hence stepping into the South Caucasus. Harutyunyan says, “the US stands as the ‘godfather’ of the Baku-Georgia-Ceyhan project, a main export pipeline, by allocating additional means for the set-up of special battalions to protect the pipeline”, pointing to the creation of the Caspian Guard, which is discovered by the Turkish media much later.³⁵³ Hence, Armenian will to get involved in the oil pipeline, which winds around Azerbaijan, Georgia and Turkey, is also motivated by the considerations that the strategic partnership announced among these three countries will give Azerbaijan and Georgia an insight to NATO and closer relations with the West, while leaving Armenia outside the European economic and security community.

No pace has been taken in talks between Armenians and Azerbaijanis on the Nagorno-Karabakh conflict, so far. Neither the propositions of the Minsk Group, nor the individual initiatives of France which has followed a policy more in line with Russia

³⁵² Aram Harutyunyan, “Armenia as a Factor of Balance in the Southern Caucasus Region”, **Austrian National Defence Academy**, February 2004, [http:// www.ciaonet.org/frame/casefrm.html](http://www.ciaonet.org/frame/casefrm.html) (15/02/2005).

³⁵³ Ibid.

helped with the achievement of a compromise between the two sides of the conflict.³⁵⁴ Azerbaijan and the secessionist region still remain technically in war and cannot even reach an agreement upon whether a “step-by-step approach” will be adopted or a “package solution” will be negotiated. While the international/western society urges for a solution to the conflict as soon as possible, neither the Minsk Group of nations, France, Russia and the United States, mandated by the OSCE, nor the UN have the efficiency to push the talks forward. Yerevan has not complied with the past UN resolutions calling for the liberation of all occupied territories of Azerbaijan and affirming the right of displaced populations to return to their homes. The UN’s resolution on 23 November 2004, for instance expresses great concern at the situation in the area occupied by Armenian forces and about reports of Armenian settlers being transferred to the territories. The resolution also invites the Organization for Security and Cooperation in Europe (OSCE) to send a fact-finding mission to lands occupied by ethnic Armenian forces to report on situation. Although Azerbaijan welcomed the UN’s resolution as an initiative that “would seek to expand international pressure for a solution”, Armenia warned against Azerbaijani efforts in the UN General Assembly for the adoption of such a resolution. Armenia’s argument was that Azerbaijan’s initiative in the assembly could undermine mediation efforts under the OSCE’s Minsk Group.

However, Armenia is not the only one fearing some other organization or force to replace the Minsk Group. France, which is pleased to get involved in the Caucasus affairs through the Nagorno-Karabakh issue, its seat in the Minsk Group and its role in the mediation efforts is eager to preserve this opportunity. Hence, as McMahon reports “[a] French diplomat speaking on behalf of the group (the Minsk Group) told the General Assembly in October that the group did not believe UN was the proper forum to discuss

³⁵⁴ Aslanlı, Araz. “Küresel ve Bölgesel Aktörlerin Son Girişimleri Işığında Karabağ Sorunu: Çözüme Doğru mu?”, **Stratejik Analiz**, Vol.1, No.12, April 2001, pp.52-65. As Aslanlı states France representing the West has often followed the same policy with Russia against the U.S. In addition to this, the strong Armenian lobby in France and the French parliament’s assent to the acceptance of ‘Armenian Genocide’ make France an acceptable negotiator for both Russia and Armenia in the region. However, two initiatives by French President Jacques Chirac, one in 1999 the other in 2000 has not brought much change.

the matter”.³⁵⁵ Hence, as Azerbaijan tries to draw the attention of the whole international community to the matter, the Minsk Group wants to preserve the involvement in the mediation efforts limited to a small group with few members. At this point France does not differ from another member of the Minsk Group, Russia. When Parliamentary Assembly of the Council of Europe approved a resolution on the Nagorno-Karabakh drafted by British parliamentarian David Atkinson on 25 January 2005, Armenia opposed this resolution as it did to the UN and found French support, too.³⁵⁶ Of all non-Armenian delegates attending the debate on the resolution on the Nagorno-Karabakh, only the French parliamentarian Francois Rochebloine questioned the impartiality of Atkinson’s report and “[i]t seems to me that, for the sake of objectivity, this report should have given a more balanced view of the position of the Armenian side and its readiness to negotiate” Rochebloine said.³⁵⁷

Although, the resolution does not explicitly mention the massive exodus of Azerbaijani civilians during the years of 1993 and 1994, as Peuch relates, a sentence that refers to the “large scale ethnic expulsions” as a result of the Karabakh conflict and “the creation of mono-ethnic areas which resemble the terrible concept of ethnic cleansing” was of great concern to Armenia’s representatives.³⁵⁸ The pressures on Armenia for the return of Azerbaijani territory seized during the Karabakh conflict will grow as Europe and the United States seeking to break the existing stalemate in Karabakh peace talks lose their patience. As Martirosyan states, according to the reports of both Armenian and Azerbaijani media, the U.S. has already been pressing Armenia to agree to the return of Azerbaijani regions, anywhere between three and six of the seven areas except the Lachin corridor, which were captured during the 1991-1994 conflict.³⁵⁹ During a June 23 session of the Council of Europe’s Parliamentary Assembly (PACE) in 2005, Kocharian

³⁵⁵ Robert McMahon, “Nagorno-Karabakh: UN General Assembly to Discuss Occupation of Azerbaijani Land”, **RFE/RL Article**, 23 November 2004, <http://www.rferl.org/featuresarticleprint/2004/11/fd3b3f90-d3a8-43df-9b5d-77a21d5431a...> (28/04/2005).

³⁵⁶ Jean-Christophe Peuch, “Azerbaijan:PACE Criticizes Armenian Occupation of Azerbaijani Territories”, **RFE/RL Article**, 25 January 2005, <http://www.rferl.org/featuresarticleprint/2005/01/38483b43-668a-4cc6-9a6c-12912c7da8f...> (28.04.2005).

³⁵⁷ Ibid.

³⁵⁸ Ibid.

³⁵⁹ Samvel Martirosyan, “Armenia Facing Pressure on Nagorno-Karabakh Issue”, **Eurasia Insight**, 21/7/2004, http://www.eurasianet.org/departments/insight/articles/eav072104_pr.shtml (25/04/2005).

told that the question of what Azerbaijan insists is “occupied lands” could have been settled if Baku had implemented the so called Key-West principles. Any potential handover of the occupied Azerbaijani territories, which Armenians describe as “liberated territories”, is not welcomed by the Armenian public opinion. Although, Kocharian states that such a return of Azerbaijani territories would have to be part of overall Karabakh settlement, a package plan for solution to the conflict, Kocharian’s administration is open to attacks by the opposition.

As Martirosyan refers to a June 25 poll carried by the Armenian Centre for National and International Studies, while only 1 percent of the 1.950 respondents believed that the captured territories should be returned to Azerbaijan, 45.5 percent wanted the lands to remain under Armenian control.³⁶⁰ Besides, only 2.5 percent of respondents to the same poll expressed their trust in the Armenian authorities to resolve the Karabakh impasse. Hence, Kocharian has to refresh trust of the Armenian public opinion on his administration and prepare it for a policy shift on the territory handover issue at the same time. While, the West expect a move by the Armenian side, Kocharian tries to avoid the circumstances, which led to Levon Ter-Petrosian’s forced resignation and Kocharian’s rise to the presidency. Kocharian, thus, exploits the expansionist tendencies among the public opinion, which the poll carried by the Armenian Centre for National and International Studies revealed in 2004, and the so-called Armenian Genocide, which is carried to the fore through the cooperation of foreign parliaments. The growing debates on the so-called Armenian Genocide abroad not only improves the morale of the public and the popularity of Kocharian at home, but also enable land-locked Armenia to open outside and take its place in the agenda of developed countries in spite of its limited resources. Mehtiev states that “Armenia has a militarist government that lacks clear-cut visions of how to shape relations with its neighbours” and “Azerbaijan has a corrupt authoritarian dynastic regime without any political will”.³⁶¹

Armenia is not in a position to exploit a strong geostrategic position in the region, or strong connections of trade, as Azerbaijan has been doing. On the contrary it is poor in

³⁶⁰ Ibid.

³⁶¹ Mehtiyev, Elkhan. “Perspectives of Security Development in the South Caucasus”, <http://www.ciaonet.org/frame/casefrm.html>, (15/02/2005).

natural resources and dependent on energy and agricultural imports. Hence, Russia is the only option for Armenia to resort to for protection, while Iran and the U.S. are seen as the regional powers, by means of which Armenia can settle into a network of relations with convergent interests. Weinstein calls Yerevan's pursuit "a foreign policy of 'complementarity'".³⁶² Forging closer military and economic relations with the West without impairing its essential ties to Russia is at the core of Yerevan's perceived interests. However, Yerevan's policy of complementarity contrasts with Tbilisi's pro-Western orientation and Baku's balanced policy. Yerevan can not display the same amount of attitude in favour of NATO as the Georgian administration does since the Rose Revolution partly because the Western Alliance includes Turkey and partly because Russia will not permit Yerevan to slide towards an independent foreign policy. Additionally, Armenia does not have the Caspian oil reserves of Baku, which can pursue a balance of power strategy of playing impinging forces against each other. Thanks to the primary interest of the West in the security of Baku-Tbilisi-Ceyhan pipeline both Georgia and Azerbaijan find place in the centre of the east-west axis. This formation leaves Armenia a place only in the Moscow-Yerevan-Tehran axis, though with a hardly satisfactory outcome. As Tellal states this axis has extended with the participation of Damascus- Nicosia (Southern Cyprus)-Athens.³⁶³ Russia's decision to close border-crossing points with Georgia and Azerbaijan including the Upper Lars Pass, which Armenia depended heavily on as a trade route, immediately after the September 3 hostage tragedy in Beslan, North Ossetia led to resentments in Armenia. Danielyan relates that one survey conducted in May 2004 by the Armenian Centre for National and International Studies "found that almost two-thirds of the 50 political and public-policy experts interviewed wanted Armenia to join NATO within the next decade".³⁶⁴ According to the same survey most experts identified Russia as the foreign power that limits Armenia's independence. However, as Danielyan states another survey conducted by the same think-tank in August 2004 found that the broader Armenian population was

³⁶² Michael A. Weinstein, "Armenia: The Dream of Complementarity and the Reality of Dependency", **Eurasia Insight**, 29/9/2004, http://eurasianet.org/departments/insight/articles/pp092904_pr.shtml (25/04/2005).

³⁶³ Tellal, Erel. "Güney Kafkasya Devletlerinin Dış Politikaları", **Mülkiye**, Vol.XXIV, Iss.225, 2000, p.107.

³⁶⁴ Emil Danielyan, "Russian Blockade of South Caucasus Leaves Armenians Fuming", **Business and Economics**, 18/10/2004, http://www.eurasianet.org/departments/business/articles/eav101804_pr.shtml (25/04/2005).

pro-Russian and almost 90 percent of 2.000 respondents described Russia as a friendly nation.³⁶⁵ On the other hand, only 47 percent had the same perceptions of the United States.

The sense of insecurity and the socio-economic component of the Russian-Armenian relations due to the large numbers of Armenians working in Russia and providing regular cash remittances for their families in Armenia support the pro-Russian sentiment among the Armenians. However, strengthening ties with the West will remain as a strong incentive as the country's commercial exchange with the EU develops and the European capitals sympathetic with the historical Armenian claims on the responsibility of the Ottoman Turkey for the 'Armenian Genocide' offer their political support.³⁶⁶ In fact, this support not only strengthens Kocharian's hand against the opposition, especially the nationalists, but also provides a prize in return of a potential resolution of the Karabakh conflict, which will require important concessions by the Armenian administration. The expectation of the West and Armenia is that either Turkey accepts having committed a crime like genocide or just opens the borders with Armenia prior to the settlement of any conflicts. In either case, Turkey will be the one paying in return of the Western pressure on Armenia to overcome the Karabakh impasse. As Blank states "[w]ith the opening of the Baku-Tbilisi-Ceyhan pipeline scheduled to occur in 2005, Europe's incentive for clearing up territorial disputes will only increase".³⁶⁷ Although Blank claims that "Turkey could use this situation to emphasize its own possibilities as a peace broker", statements like that of the European Parliament on Turkey's relations with neighbouring countries,

³⁶⁵ Ibid.

³⁶⁶ Barsegian describes how Armenian identity is constructed upon the concepts of "suffering" and "genocide": "The idea of unjust and perennial suffering at the hands of alien occupiers has made **suffering** play a distinctive role: Armenia is a crucified land and Armenians are a crucified people. Dadrian described this feeling as a 'sense of being the original pillars of Christianity in the land of Mount Ararat'. This feeling created images of Turks and Azeris as nomads-newcomers who just occupied Armenia and the sacred Mount Ararat and organized what Armenians consider the first genocide in the 20th century. Thus, a national martyrology was created, and I consider this to be the core of the Armenian nationalist ideology". Barsegian also states that genocide was and still is the one of the most sacred symbols of Armenian nationalism, used to refer to almost everything: the Azerbaijanization of Nakchivan is called a 'white genocide'; the air pollution of Yerevan is called 'ecological genocide', the assimilationist policies of Azerbaijan were called 'cultural genocide'. Igor Barsegian, "Armenian Nationalism – Past and Present", in Ole Hoiris and Sefa Martin Yürükel, **Contrasts and Solutions in the Caucasus**, Denmark: Aarhus University Press, 1998, pp.231, 234.

³⁶⁷ Stephen Blank, "Changes in the CIS: What to Expect in 2005", **Eurasia Insight**, 05/01/2005, http://www.eurasianet.org/departments/insight/articles/eav010505_pr.shtml (25/04/2005).

which ask for the friendly settlement of border disputes and the recognition of the Armenian Genocide point to the fact that Turkey will be pulled into a situation, where it will be a party to the conflicts rather than an impartial peace broker between others.

Diaspora is another asset that the Armenian Republic and Karabakh leans on. Giragosian counts the Armenian Diaspora and its political leverage in Europe, in the United States, and even in Russia as one of the main three factors from which the positive approach exercised toward Armenia by the EU and by the West in general stem.³⁶⁸ According to Giragosian the other two are Armenia's reforms and its potential relative to its more worrisome neighbours and a realization that Armenia is pivotal to maintaining the delicate balance of power in the region which also "drove the necessity for pushing for greater Armenian integration with the Council of Europe and, where possible, with NATO", while "[t]here was also a lesser element involving a longer-term strategic recognition of Armenia as a potential bridge to Iran, a very important factor in future commercial and energy considerations".³⁶⁹ Giragosian also points to the fact that "the active and rather sophisticated Armenian Diaspora", which "involved pure politics on a local level and applied as much if not more to the U.S. approach to Armenia" has great influence on Armenian foreign policy with the most visible impact seen on Armenia's troubled relationship with Turkey.³⁷⁰ Hence, the approach of the West to the claims of the Armenian Diaspora and the Armenian Republic cannot be divorced from the political and geostrategic considerations on the South Caucasus.

The influence of "the active and rather sophisticated Armenian Diaspora" on the foreign policy preferences of the Armenian Republic and the Western capitals is not, however, solely the success of the Diaspora on its own. Indeed, it has a history that is intertwined with the U.S.'s Near East, Middle East and South Caucasus policies and a degree of underlying competition mainly between the United Kingdom and the U.S. over the Eastern Anatolia, the South Caucasus, Iraq and the Persian Gulf through out the World War I, which Giragosian also sees to exist in the present time between the EU and

³⁶⁸ Richard Giragosian, "Armenia: Annual Survey 2003", **CIAO**, 15 April 2004, http://www.ciaonet.org/atlas/countries/ar_data_tol_print.html (16/02/2005).

³⁶⁹ Ibid.

³⁷⁰ Ibid.

the U.S.³⁷¹ American Board of Commissioners for Foreign Missions was the first of many U.S. originated organizations to enter the territories of the Ottoman Empire since 1820. In spite of their initial goal to convert the Muslims into Christianity, the American missionaries could neither succeed in this goal nor achieve the spreading of Protestantism among the Orthodox, Jewish and Gregorian citizens of the Ottoman Empire. However, in 1854 the organization focused its attention on the Armenian population mainly in Anatolia and the American mission split into three pieces named as Western Turkey Mission, Central Turkey Mission and Eastern Turkey Mission. The zones of activity, which the last two missions were covering, extended from Central Anatolia to the South Caucasus, from Black Sea to Syria and Iraq. The line dividing Anatolia into two for participation of work descended from Giresun on the Black Sea to Mersin on the Mediterranean. Hence, these two missions in a way drew the Western border of the Great Armenia, which the U.S. President Wilson would work hard to build on maps under the American mandate. The American Board of Commissioners for Foreign Missions, hence, had 17 main, 256 sub-stations, 174 workers, 9 hospitals, 426 schools and 25.000 students by 1891.³⁷²

Soon the activities of this organization spreading nationalist tendencies among Armenians mainly through the Central and Eastern Turkey Missions were to be accompanied by the propaganda made by the Episcopalian, Congregationalist and Presbyterian clerics in the U.S. to guard the American interests and punish Turks. In the meantime, the British censorship on the news arriving first to the United Kingdom and then sent to the U.S. helped the spreading of misinformation in the American public. The Turkish brutality and the glorification of the Armenians as a noble and ancient Christian community suffering in the hands of Ottoman authorities and Muslim populations in

³⁷¹ Ibid. Also Kotanjian states: "It [diaspora] has become an effective venue for the promotion of American-Armenian, Franco-Armenian, Russo-Armenian, Armenian-Arab, and Armenian-Persian relationships (among others), and bilateral cooperation in favour of mutual national strategic interests within the entire geopolitical scope of this relatively small but dynamic and well-organized world-wide community (within and beyond the regional boundaries of the South Caucasus)", in Hayk Kotanjian, "Armenian Security and U.S. Foreign Policy in the South Caucasus", *Quarterly Journal*, Vol.III, No.2, June 2004, p.18.

³⁷² Nurşen MAZICI, *ABD'nin Güney Kafkasya Politikası Olarak Ermenistan Sorunu 1919-1921*, Pozitif, İstanbul, Mart 2005, p.22. Also see Nurşen MAZICI, *Uluslararası Rekabette Ermeni Sorununun Kökeni 1878-1920*, Second Edition, İstanbul:Pozitif, April 2005.

Anatolia were the basic themes of the Western, but mainly British propaganda to draw the American public and administration to the side of Allies.³⁷³ Senator Call's request for urgent use of power against the Ottoman Empire in order to guard the American interests and found an Armenian state, and the British Prime minister Salisbury's letter to the U.S. Foreign Affairs Minister Richard Olney calling for a common Naval practice to stop killings and put pressure on Abdulhamit II for political reforms show that the Armenian problem was already carried to the governmental level during the administration of the U.S. President Cleveland by 1896.

However, it was not until the administration of President Wilson that the American governments were ready to ignore the Monroe Doctrine. Henry Morgenthau, the U.S. Ambassador to the Ottoman Empire played the main role in introducing the Armenian problem to President Wilson. Close personal ties between Wilson and Morgenthau dating back to Morgenthau's support to the President's election campaigns helped him to persuade Wilson for a military intervention to construct an Armenian state under the American mandate. The U.S.'s Commissioner for Istanbul, Heck's comment on the American plans for the breaking of the Ottoman Empire into pieces was that the U.S. should take the control of Georgia and Azerbaijan in addition to the territories of the Armenian state instead of tearing the Empire into parts and it should constitute a mandate all over the Empire from Istanbul to the South Caucasus.³⁷⁴ Hence, the U.S. would be able to manage various resources of the Caucasus. However, without taking hold of the other more advantageous and better regions, controlling just the Armenian lands would be a burden.

Similarly James W. Gerald, the former U.S. Ambassador of Germany and the President of the American Committee for Independence of Armenia described Armenia as a geostrategically important country connecting Asia to Europe, the Black Sea to the Mediterranean and warned the Wilson administration that an unstable government in Armenia would create chaos in the Middle East and prevent peace.³⁷⁵ According to Gerald if the U.S. would take the mandatory administration of Armenia, Armenia would

³⁷³ Bilal Şimşir, **Ermeni Meselesi, 1774-2005**, Ankara: Bilgi Yayınevi, September 2005.

³⁷⁴ Mazıcı, op.cit., pp.44-46.

³⁷⁵ Ibid., p.83.

be the site of American civilization's forward outpost in the Orient. Within a circle of 500 hundred miles around Armenia, the U.S. would be able to find 100.000.000 people respecting the American thought and administration. Besides, the U.S. would be able to establish American economic interests and encourage American trade in the Middle East through the activities of educators and missionaries in Armenia. However, the administration of the mandatory government of the Armenian state should not be captured by a country other than the U.S. and an Anglo-Saxon state. The reports of the Harbord and King-Crane Councils, which conducted researches in Anatolia, supported the views in favour of the U.S.'s role as a protectorate over the whole Istanbul, the Turkish Asia Minor and the South Caucasus.

According to General Harbord, the mandatory rule of the U.S. would increase the U.S.'s dignity and power abroad and the interest for the reorganization of the Middle East at home.³⁷⁶ Both the geostrategic evaluation of Armenia and the claims to bring order to the Middle East under the American protectorate during the World War I highly coincide with the present day national foreign and security strategies of the U.S., which will be studied in the following chapter IV *Systemic Variable's Impact on the CFSP* under the subtitle of *The United State's Unilateralism in the Post-Cold War Caucasus*. However, it would not be possible for Wilson to persuade the senate that such an intervention was in the favour of the U.S. After long discussions the general opinion was that the United Kingdom pulling out of the South Caucasus planned to employ the U.S.'s military and financial capabilities in the region instead. Hence, the United Kingdom would be able to guard its interests in Iraq and the Persian Gulf under the guarantee of the U.S.

Although, the political efforts of the President Wilson and his supporters were not realized, the efforts of several ethnically and religiously oriented foundations and NGOs such as United Friends of Armenia founded in Boston (1894); Phil-Armenic Association getting effective in Washington (1895); National Armenian Relief Committee organized in New York (1895); James G. Gerald's American Committee for Independence of Armenia; Miran Sevasly's Armenian National Union; Davis Arnold's American Committee for Relief in the Near East; many churches in the U.S, and the British

³⁷⁶ Ibid., p.59.

Propaganda Office of the Wellington House succeeded to create a prejudiced and anti-Turkish public opinion in the U.S. This public opinion, which was calmed with the success of the Turkish Army against the Armenian forces during the Independence War, did never disappear totally. Indeed, it preserves its presence as the greatest obstacle at any improvement of relations between the Armenian Republic and Turkey mostly among the American Armenians. However, as the Representative of Italy in the San Remo Conference wrote President Wilson that Armenia could be revived by the help of many foundations and rich Armenians present in the U.S., today's Karabakh rose to its feet as a mini-state through the financial assistance pouring from the Armenian Diaspora and foundations. As MAZICI states President Wilson, who was misinformed by the awry propaganda of the missionaries in the American churches felt religiously close to the Armenians and gave support to the American foundations supporting the Armenians; yet, Wilson used his subjective preference as a justification for his will to give the U.S. a decisive role in the new world order.³⁷⁷ What remained to the Armenians, however, was the feeling of being betrayed by the Western powers, which kept the key to the independence of Great Armenia in their hands, but refrained to use it.

Armenian Diaspora continues to exploit the legacy of the nineteenth century imperialism and hatred built upon the myths of genocide. Foreign policy of the Armenian Republic is mainly shaped by a group of politicians, which have taken hold of the government after the war with Azerbaijan. Robert Kocharian, a Karabakh Armenian and former president of Nagorno-Karabakh is a significant representative of this group having the power to influence the foreign policy of Armenia. However, as we mentioned, Karabakh Armenians are not independent in determining their peculiarities and interests, either. Armenian Diaspora, which has brought Nagorno-Karabakh to its feet, is a decisive factor behind the foreign policy construction both in Nagorno-Karabakh and Armenia through Karabakh and Diaspora Armenians. As Çelikpala states it is the wealthy and politically active Armenian Diaspora that provides financial and humanitarian support to Armenia; introduces this small state and the Armenian thesis in the international community, beyond international organizations and big countries; makes it possible for

³⁷⁷ Ibid., pp.126-127.

Armenia to open embassies in many countries and keeps them open.³⁷⁸ Yet, Diaspora prevents Armenia from developing rational foreign policies as an independent country. Subjective evaluations of history and judgments under the influence of an obsession with genocide are the greatest obstacles to the improvement of relations between Armenia and its neighbours Turkey and Azerbaijan. Any efforts to normalize relations between Armenia and Turkey will come across with the opposition of the Diaspora that is far stronger than the opposition in Armenia. The notion of genocide, which has united Armenians in the U.S., Argentina, Russia, Iran, Lebanon and Europe for almost a century and equipped them with a common identity, is now the only means to preserve ties between the Armenians scattered all around the World and the Armenians in the South Caucasus. Hence, it is not a surprise that the Armenian Diaspora refuses all the calls by Turkish authorities and historians to found a common committee for a common evaluation of historical relations between the Turks and Armenians.³⁷⁹ A Turkish Armenian, Hrant Dink points to the same fact that the Armenians will never accept the findings of such a committee other than Armenian Genocide.³⁸⁰ In fact, they will never want to get deprived of the only common writing/conviction of history they have, which is the glue of a large Armenian community outside Armenia and a strong motivation for the mobilization of political and economic capacities for a common goal.

³⁷⁸ Mitat Çelikpala, "Ermeni Yönetiminin Zor Kararı: Ermenistan'ın mı, Diyasporanın mı Önceliği?", **Cumhuriyet Strateji**, Iss.1, No.43, 25 April 2005. Kotanjian states that "[a]mong the many successes of Armenian NGOs is leadership in advocating formation of the Congressional Caucus on Armenian Issues (in 2004 totaling 128 Members of the U.S. Congress)", in Hayk Kotanjian, "Armenian Security and U.S. Foreign Policy in the South Caucasus", **Quarterly Journal**, Vol.III, No.2, June 2004, p.20.

³⁷⁹ Şükrü Elekdağ, "Tarihsel Gerçekler Işığında Ermeni Soykırımını Savı, TBMM'den Ermenistana Çağrı: 'Ortak Komisyon Kuralım'", **Cumhuriyet**, 25 Nisan 2005, p.6. Also see Nurtemin Başaran, Fransa'nın Ermeni Soykırım Yasasına Bakış: Avrupa, ABD, İsviçre ve Türkiyenin Yaklaşımı, **Stratejik Analiz**, Vol.1, No.12, April 2001, pp.34-39.

³⁸⁰ NTV, Interview with Hrant Dink, 14 December 2004, <http://www.ntvmsnbc.com/news/300699.asp?Om=N2JO> (12/03/2005). Dink also says, "When I talk to them, I ask 'Do you know what you want?'. And sometimes you receive such answers that, you come to this conclusion: In fact these [Armenian diaspora] do not want Turkey to acknowledge genocide ... Because, what will happen after it does?". (Translation is by the author) However, Kotanjian indicates very clearly the ambitions of the Armenian Diaspora in these words: "Organizations of the Armenian Diaspora over the decades have acted with the hope that the modern democratic Republic of Turkey will eventually distance itself from the catastrophic experience suffered under the Ottomans and follow the meritorious example of the condemnation of Nazi Germany by the Federal Republic of Germany for the Holocaust perpetrated against the Jews", in Hayk Kotanjian, op. cit., p.17.

IV. Systemic Variables' Impact on the CFSP

A. The Importance of the Russian Factor

The Russian Federation today, is a country of 17 million square kilometres and 147 million people. The number of Russians within the borders of the Federation is about 120 million, while there are 20 million Russians living in the former Soviet Republics. In spite of all its flaws, the Russian Federation is still the greatest military power of all European states, with 1.7 million soldiers and the nuclear legacy of the USSR. Its neighbourhood is expanding from Northern Europe and the Balkans, to the Far East. To the South of the Russian Federation is lying the Central Asia and the Middle East, in the middle of which the Caucasus is squeezed.

In 1992, Russia entered a process of integration into the international system. Until 1994, Russia followed a policy in harmony with the West, under the hegemony of Atlanticists. However, Russia's failure in the construction of the capitalist economy, economic and political stability, and the problems facing Russia in preserving the unity of land strengthened the Eurasian perspective. The economic crisis in 1998 particularly, and the Russian military operation in Chechnya led further drop in the popularity of the Atlanticist policies. In 1999 Putin emerged as a significant figure. His policies in Chechnya brought him first to prime ministry and then to presidency. Tellal states that the government gained power thanks to the operation in Chechnya and it is not a coincidence that the Chechen operation started with Putin.³⁸¹ As Berryman states "Russia is struggling to develop a coherent definition of its national identity, statehood and national interests".³⁸² Foreign policy also has its share from the debates about the very nature, identity and values of the new Russia and its place in the new world order. Some of the foreign policy opinion groups are Atlanticists; Eurasianists; Geopolitical or State Realists; National-Patriotic expansionists and Nationalists. However, since 1996, "a rough consensus' over a more assertive foreign policy stance has emerged with

³⁸¹ Erel Tellal, "Rusya Federasyonundaki Gelişmeler Nasıl Değerlendirilmeli", *Mülkiye*, Vol.XXIV, Iss.220, 1999, p.214.

³⁸² John Berryman, *op.cit.*, p.339.

Primakov. The two operations Putin made in Chechnya brought drastic increase in the support given both to him and such policies.

Chechnya is particularly important to show Russian strategic and security priorities. First of all it has a highly strategic importance and location for Russia. Groznyy, the capital of Chechnya is located on one of the important routes carrying the oil in the Middle East and the Caucasus to the world market. Loss of Chechnya will not only cut Russia from the rest of the larger Caucasus and the adjacent Middle East, but also undermine the Russian power holding the Federation together. Hence, the case of Chechnya makes it clear that the greatest fear of Russia is the further loss of territory from the remnants of the former Soviet Union and dissolution of the Russian Federation.

However, neither the Western European states nor the US kept silent to the military operations Russia followed in Chechnya, as if to remind that it is not the sole actor in the region anymore. The West used the suspension of financial aid by the IMF as a tool to express its reaction. The UN and the Council for Europe published a common declaration to warn Russia not to commit human rights abuses in Chechnya. The attitude of the West was regarded as one-sided and strengthened the views of the public and some political elites critical of the West, but the relations between the West and Russia were preserved. The trends in opposition to the West directed Russia to the election of a strong leader inside and to the search for control in the former Soviet territories outside as a response to the poor economic conditions, disappointment with the Western aid and the political isolation by the West. As Tellal states whereas the relations between the USA and Russia were named as “strategic partnership” in the beginning; today “strategic patience” has replaced the term used to express the previous period –indeed the expectations- of rapprochement.³⁸³

The collapse of the Soviet Union in Central and Eastern Europe did not only distance the Russian Federation from the centre of European members by pushing Russia more than 1000 kilometres East, but also left an important amount of military capacity and important resources of raw material for its economy that previously belonged to the

³⁸³ Erel Tellal, op. cit., p.219.

Soviet Union outside Russia's new and shrunken borders. In Berryman's words, "[m]ore than half of the combat aircraft, tanks and armoured vehicles, much of it's the best quality first- and second-echelon equipment, and one-quarter of the warships of the former Soviet Union" were lost.³⁸⁴ Although, the Russian Federation can no longer claim to be a military power, it can still remind its nuclear power status to its rivals when necessary as Yeltsin did in 1998 to Clinton and as Putin has recently stated the development of a new super power weapon. In fact, Russia's emphasize on its nuclear power is the indication of its weakness in other fields of power. Russia's status as a strategic nuclear power is its last resort to support its claim for great power status both in domestic and foreign policy. Russia's defence doctrine has also evolved increasingly toward reliance on nuclear deterrence as a last resort, because of the weakness of Russian military forces. As Zagorski quotes from the National Security Conception of 1997, "the most important task of the Armed Forces of the Russian Federation is to ensure nuclear deterrence in the interests of the prevention of a nuclear as well as of a conventional large scale or regional war".³⁸⁵ The military doctrine that Russia's Security Council adopted on February 4, 2000 was especially important to reveal the change in Russia's attitude towards the latest developments in the world. On the contrary to the term 'defence security' the military doctrine of 1993 used, the military doctrine of 2000 was referring to 'military security'. Though a large scale aggression against Russia has not been foreseen, events in the Northern Caucasus have drawn the attention of Russia to possible internal threats that will require concrete military solutions. Hence, Viktor Yesin, Chief of the military construction directorate of the Russian Security Council states:

"There should be no more illusion, even if there were the most favourable conditions and Russia achieved considerable progress in the military and economic spheres, it would never be able to confront NATO as an equal with the help of conventional weapons. This is why our new military doctrine clearly states that the security of our

³⁸⁴ John Berryman, "Russian Foreign Policy: an Overview", in Mike Bowker and Cameron Ross (eds.), **Russia after the Cold War**, Essex: Pearson Education Ltd., 2000, p.336.

³⁸⁵ Andrei V. Zagorski, "Traditional Russian Security Interests in the Caucasus and Central Asia: Perceptions and Realities", in Rajon Menon, Yuri Fedorov and Ghia Nodia (eds.), **Russia, the Caucasus, and Central Asia, The 21st Century Security Environment**, EastWest Institute, Vol.2, London and New York: M.E. Sharpe, 1999, p.62.

*country will be ensured by the entire package of means at our disposal. However, Russia will not use nuclear weapons if there is no aggression”.*³⁸⁶

Russia’s claim to be a great power is indicating its strategy to construct a multipolar system of international relations, while “[a] trend is growing towards the establishment of a unipolar world structure that would be dominated by the US economically and through force”.³⁸⁷ In the face of the “new world order” of the US, the Russian Federation comes up with “building a New World Architecture” through “a stable system of international relations, a system based on the principles of equality, mutual respect and mutually beneficial cooperation”.³⁸⁸ Due to its limited capabilities to construct such a multipolar world, where Russia will be on par with the West, Russia seeks for the opportunities to participate in international affairs in order to strengthen the country’s positions. Thus, Russia declares that it will oppose any attempts to belittle the role of the United Nations and its Security Council in world affairs. Similarly, Russia sees the Group of Eight as an important formation, through which it may have its voice heard by the leading industrialized countries. The relations with the EU are of key importance and as *The Foreign Policy Concept of Russia* states:

*“Interaction with West European nations, primarily with such influential ones as France, Germany, Great Britain and Italy is an important resource for Russia’s upholding its national interests in European and world affairs and for the stabilization and growth of the Russian economy”.*³⁸⁹

Russia’s foreign debt in the beginning of 2000 was USD 156.2 billion. In 1990 foreign debt constituted 10.4 percent of GDP. However, in 1998 this rate increased up to 113 percent. Inflation for 1998 was 84.4 percent. Real growth of GDP was -5.3 percent in

³⁸⁶ Cited by Baidya Bikash Basu, “Russian National Security Thinking”, **Strategic Analysis: A Monthly Journal of the IDSA**, Vol.24, No.7, October 2000.

³⁸⁷ **International Affairs: A Russian Journal**, “Foreign Policy Concept of the Russian Federation”, No.5, 2000, http://www.ciaonet.org/olj.iarj_00_05a.html, (25/04/2005).

³⁸⁸ Ibid.

³⁸⁹ Ibid.

1998. Real growth of industrial production was accounting -5.2 percent. In 1999, Russia could pay only 5-6 billion of 17.5 billion USD it had to pay for that year. 2000 was a turning point for Russia. In the early 2000, Putin came to power as the new president of the Russian Federation. For the year 2000, the real growth of GDP rose up to 10.0 percent. Inflation dropped to 20.2 percent. Real growth of industrial production was 11.9 percent in 2000. Unemployment has dropped slightly since 1998 and the unemployment rate for the end of 2000 was 10.2 percent. In the years 1999-2003 Russia established a more stable and predictable political environment, built up a fairly respectable record of economic growth, macroeconomic stabilization and policy reforms.³⁹⁰ By 2003 real GDP has grown nearly by 40 percent. Prudent macroeconomic policies brought public expenditure under control and were effective in translating higher oil revenues into four years of budget surplus instead of spending.

Russia needs the credits from international financial institutions such as the IMF and the World Bank, like the rest of the CIS. The favourable environment, which the sound policies of Putin did create in economy helped normalize Russia's relations with foreign creditors and reduce its foreign currency debt from 87.7 percent of GDP in 1999 to 28.3 percent of GDP in 2003. The rapid rise in oil prices in 1999 and 2000 has also greatly helped Putin. Russia may be the largest state in the world, with huge natural resources, a qualified workforce and abundant scientific, technical and cultural potential, and the largest conventional military power in Europe and Asia. However, the fact is that Russia is not strong enough to follow economy policies independent of foreign creditors and aid. In spite of all efforts for the recovering of the Russian economy by 2020 the latest, it is not an easy task. Almost 40 percent of the population was living under the poverty line 1999. In 2003 it dropped to about 25 percent. Unemployment in 2003 was 8.6 percent. Although Russian economy has taken progress through reforms and achieved a score close to 3 out of 5 on the EBRD's transition indicator, the communication from the Commission is warning not to overestimate the strength of the Russian economy or to

³⁹⁰ Communication from the Commission to the Council and the European Parliament on Relations with Russia, COM (2004) 106, 09/02/04. <http://www.europa.eu.int>, (20/03/2005).

underestimate the challenges it faces.³⁹¹ Russian economy needs serious structural reform.

First of all, Russia's economy is largely concentrated on natural resources, in particular oil and gas, thus, not sufficiently diversified. Secondly, there has been only limited restructuring of many large and traditional industrial enterprises. The SMEs constitute just 20 percent of GDP. Thirdly, market power and wealth is concentrated in a small number of large financial-industrial groups as a result of the above mentioned over-reliance on natural resources and insufficient competition. Weak social indicators and a deteriorating demographic situation are also other constraints on the socio-economic transition of Russia. Life expectancy of Russian men has dropped to 57 years. Old people can hardly cope with the precarious social conditions and eventually die. Lower fertility when combined with a sharp increase in adult mortality creates a threatening situation for the future of Russia. Putin mentions the decrease in population (by some 3 million over the past ten years) as a threat to national security. The immigration of ethnic Russians from other NIS has not been able to offset the significant decrease, either. In the long term, further erosion of ethnic Russian population may lead to instability in the vast lands of the Russian Federation and have negative implications for sustainable development and economic growth.

Russia is trying to overcome the results of “the weakness of the federal centre; the collapse of the old vertical structure of political control; decentralization as a result of democratization; the lack of proper legal basis for separation of powers between centre and regions; the economic challenges of a period of transition (economic crisis, disruption of economic ties between different regions, the tendency to self-reliance of the regions); the rise of regional elites; Russia's ethnic, religious, cultural and spatial diversity”.³⁹² In the face of its unique institutional, socio-economic and demographic structure, geographic space, and historical ties with the CIS, Russian identity and interests are evolving in parallel to a growing trend of Eurasianism. Foreign policy elites argue for conservative and restorational goals in varied levels. Yet, they also support

³⁹¹ Ibid.

³⁹² Alexander A. Sergounin, “Russia's Regionalization: The International Dimension”, Working Papers, Copenhagen Peace Research Institute, <http://www.ciaonet.org/wps/sea02/index.html>, (23/06/2005).

broad international contacts. Their orientation toward the West displays a moderately pro-Western attitude, whereas relations with the 'near abroad' especially the South Caucasus are rather hegemonial.

The universalistic and pro-Western course of Foreign Minister Kozyrev was partly the continuation of the foreign policy course started by Gorbachev's 'new thinking'. Until the middle of 1992, the basic objective was the integration of a democratic Russia, run on market-economy principles and integrated with the highly developed democracies of northern hemisphere. However, armed conflicts in Transdnjestr region of Moldova, Chechnya, Georgia and Azerbaijan gave rise to Eurasianism and the militarization of Russian politics. Hence, Russia began to take more account of nearby foreign countries. In 1993 even Kozyrev moved among the foreign policy elites developing a "new national consensus", thus a strengthened sense of national identity.³⁹³ The next phase of the foreign policy debate in Russia was the emergence of nationalist and communist camps. Although their common point was expansionism, their priorities were differing: while some were Slavophil, the others were targeting to gain the territories of the former Soviet Union back especially in Eurasia.

In reaction against the growing international criticism of the Russian campaign in Chechnya, Russia underwent a transition to hegemonial great power policies. Though, ranking below the US, Russia wants to be considered above other European and Asian powers which lay claim to regional and local spheres of influence in Russia's 'near abroad' and the CIS. Moscow has come to perceive Russia's vital interest to lie pre-eminently within those Eurasian regions contiguous with or close to Russia's new borders. Though the members of the former Soviet Union in Central and Eastern Europe- now members and candidates for membership in the EU- were perceived to be Europeanized to a great extent, Eurasian regions and countries were seen to be still fitting in the Russian zone of influence. Hence, as Berryman states "[d]emands arose that Russia's status as a Great Power should be affirmed by a re-assertion of influence in the

³⁹³ Demokratie, Sicherheit, Frieden Institute for Peace Research and Security Policy, **The European Security Community (ESC), The Security Model for the Twenty-First Century**, Baden Baden: Nomos Verlagsgesellschaft.

‘Near Abroad’ rather than by a continuance of Kozyrev’s efforts to seek recognition from the West”.³⁹⁴

Regional priorities of the Russian Federation consist of multilateral and bilateral cooperation, multi-speed and multi-level integration with the Commonwealth of Independent States (CIS); building a stable and democratic system of pan-European security and cooperation; development of an intensive, sustainable and long-term cooperation with the EU; development of good neighbourliness and mutually beneficial cooperation with the Baltic countries of Lithuania, Latvia and Estonia, especially because of the central question of respect for the rights of the Russian-speaking population in these countries; preservation of the infrastructure of Russian-American cooperation, though increasingly difficult; and the invigoration of Russia’s participation in the main integration structures of the Asia-Pacific region, where Russia directly belongs to.³⁹⁵

The stabilization of the situation in the Middle East is of particular importance for Russia and as *The Foreign Policy Concept of the Russian Federation* indicates:

*“Viewing the Greater Mediterranean as a hub of such regions as the Middle East, the Black Sea, the Caucasus and the Caspian, Russia intends to steer purposeful course toward turning it into a zone of peace, stability and good neighbourliness, which will help advance Russia’s economic interests, including the choice of routes for major energy routes”.*³⁹⁶

Hence, foreign policy concept of Russia is not different from the EU’s and the US’s foreign policy concepts in the sense that they consider the above mentioned regions as complimentary of a larger construction, too. The question is how Russia will be able to avoid being a passive observer. Russia has already been involved in closer relations with the leading Asian nations, primarily with China and India. Russia considers developing

³⁹⁴ Berryman, op. cit., p.350.

³⁹⁵ **International Affairs: A Russian Journal**, “Foreign Policy Concept of the Russian Federation”, No.5, 2000, http://www.ciaonet.org/olj.iarj_00_05a.html, (25/04/2005).

³⁹⁶ Ibid.

relations with Turkey and Iran as important, too. In fact, Iran is the closest ally of Russia in the Middle East. As Freedman relates:

*“...a greatly weakened Russia has found Iran as a useful ally in dealing with a number of very sensitive Middle Eastern, Caucasian, Transcaucasian, and Central and Southwest Asian political hot spots. These include Chechnya, where Iran kept a very low profile in the first Chechen war despite the use by the Chechen rebels of Islamic themes in their conflict with Russia; Tajikistan, where Iran helped Russia achieve a political settlement, albeit a shaky one; Afghanistan, where both Russia and Iran have stood together against Taliban efforts to seize control over the country; and Azerbaijan, which neither Iran, with a sizeable Azeri population of its own, nor Russia wish to see emerge as a significant economic and military power”.*³⁹⁷

Russia's relations with Turkey are not less significant. Though, Turkey has appeared as a 'regional arbiter' for Russia due to its economic and military support to Azerbaijan and relations with the Chechen rebels and Turkish support to trans-Caucasian oil and gas pipeline projects bypassing Russia; the increasing bilateral trade and energy deals between Russia and Turkey, the threat of international terrorism common to all carried Russo-Turkish relations to a direction completely different from what is expected from geopolitical rivals. Moustakis and Ackerman state that in October 2000, the Russian Prime Minister Mikhail Kasyanov on his visit to Turkey proposed to raise and consolidate bilateral relations to the level of 'strategic partnership.'³⁹⁸ Even the Blue Stream pipeline project, which will supply 16 billion cubic meters of natural gas every year from Russia to Turkey through a pipeline running under the Black Sea by 2007 and has already been the subject of debates over the high price and amount of gas, which has to be bought from Russia every year according to a determined quota will be a factor in developing relations between two states, since the issue can be settled only if the two sides of the contract negotiate over the price and amount of gas to be bought.

³⁹⁷ Robert O. Freedman, "Russian Policy Toward the Middle East Under Yeltsin and Putin", **The Jerusalem Letter**, Jerusalem Center for Public Affairs, September 2001, <http://www.ciaonet.org/pbei/jcpa/frr02.html>, (16/02/2005).

³⁹⁸ Fotios Moustakis and Ella Ackerman. "September 11: A Dynamic for Russo-Turkish Co-operation or Conflict?", **Central Asian Survey**, Vol.21, No.4, 2002, p.426.

Russia accepts the fact that the resources available to support the foreign policy of the Russian Federation are limited.³⁹⁹ Hence it is inevitable for Russia to adopt a policy of 'selective engagement'. Russia's neighbourhood with many regions, almost all of which are afflicted with conflict; and its being located between the rich North and poor South; the necessity to preserve cooperative relations with the EU and the US at the same time, both of which are intended to increase their military and political weight in global politics; and a collection of CIS contiguous to an extensive geography from the Far-east to the Eastern Europe require Russia "to develop a variety of regional and sub-regional accommodations with different degrees and types of Russian participation".⁴⁰⁰ Russia has come to understand that a free and prosperous Russia cannot be an imperial Russia. It can neither subsidize the CIS as it did in the Soviet era. However, it can maintain or enforce stability on its borders through ensuring that neighbouring regimes are cooperative and friendly. As Aron states:

*"It will do so both by exerting pressure and by continuing to keep afloat some of its impoverished neighbour-states with electricity, oil, and gas provided free of charge or orders of magnitude below the market prices in what amounts to perhaps the world's largest bilateral economic aid program, particularly in Ukraine, Armenia, and Georgia".*⁴⁰¹

As the January 2004 Levada Centre poll reveals only 12 percent of the respondents wish for a policy of reunification of the former Soviet republics, but most Russians are in favour of greater assertiveness of national interest and a strong, efficient, and modern army.⁴⁰² However, according to the Russia Nationwide Survey No.2, 46 percent of respondents agree that the key for Russia to best assert its place in the world is

³⁹⁹ Ermina van Hoye, "Russia's Shrinking Role in the South", **EWI Policy Brief No.6**, EastWest Institute, March 1999, <http://www.ciaonet.org/pbei/ewi/ewi04/ewi04.html>, (15/02/2005).

⁴⁰⁰ Andrei Kortunov, "Russia, the "Near Abroad", and the West", in Gail W. Lapidus (ed.), **The New Russia: Troubled Transformation**, Oxford, U.S.: Westview Press, 1995, p.173.

⁴⁰¹ Leon Aron, "The Putin Restoration", **American Enterprise Institute for Public Policy Research**, Washington, Spring 2004, p.7.

⁴⁰² *Ibid.*, p.4.

“becoming more competitive economically”.⁴⁰³ According to the same survey only 21 percent thinks that Russia can best assert its place in the world through “maintaining and rebuilding a strong military”. Hence, an over-helming majority of the Russian population considers that the well being of the individual and the country’s economic progress shall be the priority of Russia, which will in time help Russia restore its military might, as well.

The priority of Russia is to preserve its territorial unity and to prevent the developments in the Caucasus, Central Asia and the Middle East from getting out of its control. Russia prefers the new balances in the region to be determined among the regional powers but not from the outside. However, the question is how Russia will balance the interference of foreign powers in the region, since even its power as a regional actor has been questioned. The South Caucasus and Central Asia constitute Russia’s southern security buffer. However, the growing European and American involvement in these regions are thought to challenge Russia’s influence, thus having “a potential for undermining the territorial integrity of the Russian Federation”.⁴⁰⁴ Especially the U.S. relations with Azerbaijan and Georgia make Russia believe that the United States is following policies against any closer integration of the countries of the Caucasus and Central Asia with Russia, either within the framework of the CIS or on a regional and bilateral basis. Russia regards US involvement in Caspian energy development and engagement in the Caucasus and Central Asia as a purposeful act to weaken Russia’s strategic position and constrain Russia. Additionally, the perceived American intention to establish Central Asia and the Caucasus as US outposts creates further disturbance for Russia, which “sees itself caught between NATO to the West and chaos to the south”.⁴⁰⁵ Hence, Russia is frequently emphasizing the multi-polarity of the current international system⁴⁰⁶:

⁴⁰³ Ibid., p.4. Leon Aron is citing from **International Republican Institute and the Tarrance Group**. (**International Republican Institute and the Tarrance Group**, “Russia Nationwide Survey No.2”, conducted October 13-23, 2003.)

⁴⁰⁴ V. Zagorski, op. cit., p.63.

⁴⁰⁵ Fiona Hill, “The Caucasus and Central Asia”, Policy Brief, The Brookings Institute, No.80, Washington, DC, May 2001.

⁴⁰⁶ Basu, op. cit.

- centrifugal forces have been guiding the world from a bipolar to a multi-polar structure since the end of the Cold War;
- the countries of Eastern and Central Europe and the former Soviet republics moved away from Russia politically and came closer to the West after the disintegration of the Soviet Union;
- the role of the United States in the Western world has been diminishing in time, as Euro centrism in Western Europe is strengthening to replace the traditional Atlanticism;
- China, which has not participated in the bipolar confrontation is now emerging as a new centre of economic power;
- the number of centres of economic power are multiplying as new ones emerge in the East and Southeast Asia.

In return, according to Russia the most distinctive threats in international sphere are, as listed in the New Security Concept⁴⁰⁷:

- the desire of some states and international associations to diminish the role of existing mechanisms for ensuring international security such as the United Nations and the OSCE;
- the danger of weakening Russia's political, economic and military influence in the world;
- the strengthening of military-political blocks and alliances, and particularly NATO's eastward expansion;
- the possible emergence of foreign military bases and major military presences in the immediate proximity of Russian borders;
- proliferation of mass destruction weapons and their delivery vehicles;

⁴⁰⁷ Cited by Baidya Bikash Basu, *ibid.*

- the weakening of integrational processes in the Commonwealth of Independent States;
- outbreak and escalation of conflicts close to the states borders of the Russian Federation and the external borders of the CIS countries;
- territorial claims on Russia;
- trans-border organized crime, Islamic fundamentalism and foreign terrorist organizations;
- economic, demographic and cultural-religious expansion of the adjacent states into the Russian territory.

Hence, international relations are developing according to two growing tendencies: one, “a positive tendency toward regionalism and multidimensional integration”; two, “a negative tendency toward the new system based on Western domination with U.S. leadership”.⁴⁰⁸ In these circumstances, it is predictable that Russia will play on the differences and contradictions among the interests of emerging poles of world power. Thus, Russia will be able to avoid any formal security alliances and a unipolar domination in the same time. As Piotrowski states it is a practical course for Russia’s actions toward the United States, European Union, Association of South-East Asian Nations (ASEAN) countries, China, and India, therefore, “Moscow’s interests would be represented in almost all political, diplomatic, and military relations with the European Union, China, India, and Iran, to say nothing of the representation of this goal in contacts with smaller and weaker partners”.⁴⁰⁹

For Russia the Caucasus constitutes a “security complex”.⁴¹⁰ Russia has numerous strategic reasons to see the South Caucasus as crucial to its security interests. Russian efforts to control the region including the Central Asia have a long history with particular

⁴⁰⁸ Marcin A. Piotrowski, “Russia’s Security Policy”, in **Toward and Understanding of Russia**, p.63. http://www.ciaonet.org/book/buj01/buj01_05.pdf, (17/02/2005).

⁴⁰⁹ Ibid.

⁴¹⁰ Bruno Coppieters, “Conclusions: The Caucasus as a Security Complex”, in **Contested Borders in the Caucasus**, Brussels: VUB University Press, 1996, p.194.

success in the 19th century and onwards until the collapse of the Soviet Union. The Central Asian and South Caucasus states were important fields of resources for the Russian empire under the Tsarist and Soviet rules. However, the imperial possessions turned out to constitute a component of Russia's self definition beyond the intentions to reap economic and strategic benefits around the Caspian. Today, many ethnic Russians who have remained in the post-Soviet space keep the memoirs of the near past fresh. Yet, Russian interest in the new republics of the post-Soviet space is not limited with the cultural and linguistic rights of the ethnic Russians. Economic benefits of continued close ties with the South Caucasus and Central Asian states, particularly Caspian energy developments promise real opportunities for economic gains. Hence, Russia hopes to play a role in the extraction and transportation of Caspian energy resources. As Oliker writes:

“Russia, a major energy exporter in its own right (with its own Caspian Sea reserves) has strong incentives, for instance, to charge high transit fees for Caspian oil transported over its territory, to buy up other states’ production to keep prices high, and to otherwise prevent or hinder its neighbours from effectively and profitably exporting fossil fuels”.⁴¹¹

The current infrastructure perpetuates economic dependence on Russia for the countries which possess fossil fuels among the only export assets. Russia wants to maintain the dependence of these states on Russian export routes, hence objects new pipelines or other energy routes that bypass its territory.

The growth of radical Islamic political movements and secessionist movements of both religious and non-religious character in and around the Russian Federation is another source of fear for regional instability and conflict with the potential to spread from local scale to the regional. As long as the conflicts in the “Transcaucasia” are unsettled, Russia fears a negative impact on the Russian North Caucasus that completes

⁴¹¹ Olga Oliker, “Conflict in Central Asia and South Caucasus: Implications of Foreign Interests and Involvement”, in Olga Oliker and Thomas Szayna (eds.), **Faultlines of Conflict in Central Asia and the South Caucasus**, RAND,2003, p.191.

the region. The South is viewed by the Russian public opinion and the ruling elite increasingly as the source of a variety of threats, such as militant Islam, ethnic mafias, agents of foreign states, and drug traders. The growing power and influence of the post-Soviet criminal groups is another source of considerations, since they do not only threaten government control and the social order throughout the region, but also have repercussions beyond the borders of the South Caucasus, neighbouring states, in Europe, and the US. Indeed there is not much to stop the movement of criminal and radical Islamist groups from Afghanistan to Europe over the Central Asia and the South Caucasus.

The Russian prescription to turn the region into a zone of peace and stability is an integration process under the guidance and unification of Russia. Instability and conflict in the region served both as a source of threats and an opportunity Russia could seek to advance its goals. Hence, Russia offered political, military, and economic ties and assistance to the South Caucasus and Central Asian states. As Trenin states:

*“The purely military interest which Russia has had in the Caucasus appears to have receded in importance in comparison with the Imperial or Soviet periods. It is now essentially defensive in nature and precludes any large-scale penetration, including the supply of military assistance, arms supplies, etc., to any third party”.*⁴¹²

Still, Russia intends to keep its military forces stationed within the region, as long as it can, to prevent a security vacuum, which a wide range of candidates consisting of the EU and its member states, the United States and the regional actors such as Turkey and Iran hope to fill in through a rich selection of assistance ranging from military to financial, humanitarian, administrative and infrastructure.

Russian military assistance was consisting of sale of weapons, the stationing of troops to assist with defensive goals, joint counterinsurgency training, and the

⁴¹² Dmitri Trenin, “Russia’s Security Interests and Policies in the Caucasus Region”, in Bruno Coppieters (ed.), **Contested Borders in the Caucasus**, Brussels: VUB University Press, 1996, p.97.

establishment of a joint regional counterterrorist organization headquartered in Bishkek, as well as an associated joint rapid-reaction unit. However, each of the South Caucasus and Central Asian states responded to Russian promise of security assistance and commitments differently. Tajikistan and Armenia welcomed Russian troops with almost no reservation. Kyrgyzstan has accepted some military and political ties including the Shanghai Cooperation Organization. Turkmenistan was the only state to remain non-aligned and increasingly isolationist. Georgia, on the other hand, demands Russian forces to leave its soil and has protested Russian pursuit and shelling of Chechen rebels in its territory. Georgia has also returned Russian call for a joint operation against Chechen terrorist organizations in the Pankisi region. Azerbaijan has been steadfast in its refusal to allow Russian troops to be stationed on its soil and refused Russian efforts to re-establish close ties. Similarly Uzbekistan has repeatedly rebuffed to accept Russian military assistance. Although, Georgia, Uzbekistan, Azerbaijan refused to participate in any military and security construction by Russia, they came together with Ukraine and Moldova in a defence organization. Hence, GUUAM (Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova) emerged, though largely moribund. Also GUUAM peacekeeping battalion is about to be established. Still, implementation of GUUAM remained minimal.

Another objective of Russia was to prevent any large scale strategic penetration by foreign actors, including the supply of military assistance or arms to a third party and prevent the formation of a security vacuum. Thus, Russian efforts were directed at security policy coordination and military integration with the CIS states, in order “to create a ‘belt of friendly states’”.⁴¹³ The Tashkent Collective Security Agreement of 15 May 1992, which was originally signed by Russia, Armenia, and all the Central Asian states except Turkmenistan proved however dormant. Hardly did any of the members of the CIS share significant common or overlapping security interests. Divergent security interests were the basic handicap of the wishful thinking for the creation of a common defence space. There was neither a common enemy nor common values. Allison states that “Russian proposals to create regional command posts of CIS unified air defence

⁴¹³ Roy Allison, “The Military and Political Security Landscape in Russia and the South”, in Rajon Menon, Yuri E. Fedorov and Ghia Nodia (eds.), **Russia, the Caucasus, and Central Asia, The 21st Century Security Environment**, EastWest Institute, Vol.2, London and New York: M.E. Sharpe, 1999, p.28.

forces in Tbilisi and Tashkent have come to nothing”, and Georgia and Azerbaijan avoided participating in a multilateral regime on “CIS border defences”.⁴¹⁴ In the Caucasus, only Armenia remains as a strategic partner eager to welcome Russian troops in its territory. Russia and five other ex-Soviet states- Kazakhstan, Kyrgyzstan, Tajikistan, Armenia and Belarus- transformed the 10-year-old Collective Security Treaty into a full-fledged regional defence pact at the end of April 2003. As Radyuhin states “[t]he Collective Security Treaty Organization (CSTO) will be modelled after the cold war Warsaw Pact in Eastern Europe, complete with a joint headquarters and armed forces, and a written commitment to repulse aggression against any member-state”.⁴¹⁵

Becker states that Russian political and military pressure on it’s near abroad “to prevent the solidification of a long-term U.S. presence, along with a possible clash of political-economic interests over integration in the CIS and the Eurasian economic Community, are also potential threats to regional stability”.⁴¹⁶ Russia has to cope not only with NATO expansion to its West, but also with the emerging rivalry with the US to its East in the Caspian Region. Russia considers political and economic activities of the US in the Caspian region as an effort to oust Russia from its traditional sphere of influence. The Clinton administration’s support for dividing the seabed and endorsing the Baku-Ceyhan pipeline as the main export route from Azerbaijan instead of the Russian advocated route for oil to flow north to Novorossiysk and south from Turkmenistan through Iran were also taken as the clear signs of American influence committed to constrain Russia. Additionally, as Pane states Russia is concerned that investment in the Caspian Sea oilfields will divert Western financial backing and interests from Russian oil production in Siberia and the Far East.⁴¹⁷ Hence, Russia sees the US as an important actor that has the potential to erode its geopolitical position in the region and lead to the loss of important economic resources.

⁴¹⁴ Ibid., pp.52-53.

⁴¹⁵ Vladimir Radyuhin, “A New Big Game in Central Asia”, **The Hindu**, 18 July 2003, <http://www.cdi.org/russia/268-12.cfm>, (23/06/2005).

⁴¹⁶ Abraham S. Becker, “Some Economic Dimensions of Security in Central Asian and South Caucasus”, in Olga Olikier and Thomas Szayna (eds.), **Faultlines of Conflict in Central Asia and the South Caucasus**, RAND, 2003, p.69.

⁴¹⁷ Laura Payne, “US-Russia Security Relations”, **Foreign Policy in Focus**, Vol.3, No.26, September 1998, <http://www.ciaonet.org/pbei/fpif/pal01/index.html>, (26/03/2005).

Moscow's "European choice" will continue to occupy a key position in the overall security and foreign policy of Russia. The European Union is regarded as having the potential to act as a counter-balance to American hegemony.⁴¹⁸ Hence, closer Russian-EU relations have the potential to place Russia and the EU at each corner of a triangle with the US. Russia also appreciates the EU's contribution to soft security and stability in Europe through European integration, though its limits are also acknowledged. Russia benefits such a stable and peaceful Europe on its borders. Yet, Russia fears Europe becoming a fortress, where it will be shut out from, as well.

Europe is such a significant trading partner for Russia that Russian exportation to the EU for 1997 was 32.0 percent, whereas the CIS's share in the total remained at 19.0 percent. Similarly, in imports to Russia, the EU had the greatest share with 28.8 percent, while importation from the CIS in 1997 was 20.7 percent. Exports to Germany alone in 1997 were 7.5 percent, while imports from Germany accounted 9.7 percent.⁴¹⁹ Although the 1998 financial crisis led to a dramatic downward trend in bilateral trade with the EU, the devaluation of the rouble in 2000 helped to an increase in Russian exports to the EU. The slight recovery in the Russian economy did also enable a small increase in imports from the EU. Still, bilateral trade between the EU and Russia could reach its 1997 records only after 2000. Hence, foreign trade of Russia has been moving away from the former-Soviet republics to the industrialized and developed states of the West. Energy supplies represent 45 percent of Russia's exports to the EU, which in return account for 42 percent of the EU's needs in imported natural gas and 17 percent of oil imports.⁴²⁰

Since the Partnership and Cooperation Agreement (PCA) came into force on December 1, 1997, three years after it was signed, the EU-Russia relations have gained great impetus. The main contents of the PCA are trade; political dialogue; economic and legislative cooperation; cooperation against illegal activities such as drug trafficking,

⁴¹⁸ Margot Light, John Löwenhardt and Stephen White (eds.), "Russian Perspectives on European Security", **European Foreign Affairs Review**, Vol.5, Iss.4, Winter 2000, pp.489-505.

⁴¹⁹ Dilek Yüksel, **Rusya Federaasyonu ve Avrupa Birliği ile İlişkileri**, Ankara: Kale Ofset, 1999, p.81-86.

⁴²⁰ Elif Hatun Kılıçbeyli, "Russia-The European Union: An Economic and Strategic Partnership", in Ertan Efeğil (ed.), **Geopolitics of Central Asia in the Post-Cold War Era, A Systemic Analysis**, Research Center for Turkestan and Azerbaijan, Haarlem, Holland: Sota, 2002, p.354.

money laundering and organized crime; and institutionalization of summits through Co-operation Council at the ministerial level, Co-operation Committee at the senior official level and Sub-committees on technical issues. With the implementation of the PCAs, Technical Assistance for CIS (Tacis) became the main strategic instrument in the co-operation process between EU and partner countries. The EU did not oust Russia from the co-operation process but spent a great effort to include it into this wide ranging transition process. Between 1991 and 2000, Russia has received EURO 2.281 billion in EU assistance, 1.391 billion of which has been allocated within the framework of the Tacis Action Programs.⁴²¹

Energy partnership is another dimension of the Russia-EU relationship.⁴²² Energy partnership that is established in the legal framework of the Partnership and Cooperation Agreement seeks to improve dialogue on energy and ensure that the policies opening and integrating energy markets are pursued.⁴²³ As Olcott states President Putin believes that Russian ownership of Russia's resource base is critical to Russia's economic recovery and to the country's re-emergence as an important international actor.⁴²⁴ Vladimir Putin aims to maximize the role Russia's oil and gas plays in Russia's foreign policy. He is not against an energy partnership with the United States and the Western European governments, on the contrary he is eager to make the Russian energy sector attractive for foreign investment. Yet, Putin will not surrender to premature globalization of the Russian economy and open the Russian energy market to foreign governments and firms before constructing a Russian energy sector competitive enough to cope with the international market through the re-regulation of the State. Putin clearly showed that he will not let the state control on energy go first with the paper on Russia's energy policy paper *Energy Strategy up to 2020* and later through his pitiless policies against Russia's

⁴²¹ Erhan Büyükkakıncı, "Avrupa Birliği-Rusya Federasyonu İlişkilerinde Güvenlik Sorunsalı", in Beril Dedeoğlu (ed.), **Dünden Bugüne Avrupa Birliği**, İstanbul: Boyut Kitapları, Ekim 2003, p. 343.

⁴²² European Commission, "Communication from President Prodi, Vice President De Palacio and Commissioner Patten to the Commission: The EU-Russia Energy Dialogue", http://europa.eu.int/comm/energy/russia/refernce_texts/doc/comm-final-en.pdf, (17/02/2005).

⁴²³ The **Energy Dialogue** was launched at the 2000 Paris Summit of the EU.

⁴²⁴ Martha Brill Olcott, "The Energy Dimension in Russian Global Strategy, Vladimir Putin and the Geopolitics of Oil", The James A. Baker III Institute for Public Policy of Rice University, October 2004, p.16. http://www.rice.edu/energy/publications/docs/PEC_Olcott_10_2004.pdf, (29/02/2005).

oligarchs, who have a greater capital than the Russian State's when 25 of them come together. Olcott says:

“President Putin was not going to use his increased political power simply to open the door for foreign investment in the Russian oil and gas industry, but to enhance the power of the Russian state. Only then, after the reorganization was complete and the state's capacity to protect national interest in this strategic sector was reaffirmed, would Western firms be invited in to participate in the Russian market”.⁴²⁵

The arrest of Mikhail Khodorkosky raised uproars in the West, just because Putin's policies were conflicting with liberalization and free market rules, which were the basic objectives of energy partnership between the EU and Russia. However, Putin is determined to preserve his power for “managed democracy” in his country and not willing to share his powers with the oligarchs of the Yeltsin era. The public popularity of Putin's energy policy and handling of the oligarchs seems to be the evidence of a growing protectionist lobby that is resisting the opening up of the Russian market to competition from western goods.

Russia wants a serious, close and settled relationship with Brussels. However, for such a relation to develop, Russia has to overcome its corrupt and inefficient bureaucracy, achieve implementation of laws at home and meet the Western standards for human rights. As *The Economist* states “Russia needs good relations with the outside world to stand even a chance of gaining the investment and know-how necessary to catch up” and Russia has already given the signs of change in its understanding of the West.⁴²⁶ Putin is not only fond of repeating his portrayal of Russia as an amenable partner for the West, but has even remained rather indifferent to the settlement of western military presence in the Central Asia. He is even reported to reply “so what?”, when asked about the American presence in Georgia. However, the future of Russia's pro-western policy

⁴²⁵ Ibid.

⁴²⁶ **The Economist**, “Special Report: Vladimir Putin's Long, Hard Haul-What Russia Wants”, London, May 18, 2002.

depends on whether Putin is able to convert the country's decline into success first of all in domestic affairs in the longer term.

The EU External Relations Commissioner Chris Patten referred to the wish “to build a genuine strategic partnership based on shared values and driven by our evident common interests”, though European Union/Russia cooperation does not always display a straightforward relationship.⁴²⁷ He also adds that promotion of close ties with an open, stable and democratic Russia, acting as a reliable partner which can uphold European values, continue reforms, implement commitments, and in cooperation with the EU, play a constructive role in the Newly Independent States (NIS) is in the interest of the EU. The General Affairs and External Relations which has discussed the creation of a series of common spaces within the framework of the PCA reaffirms the EU's interest in and commitment to further integration with Russia. The Commission has also been the forerunner for the presentation of a draft joint Action Plan to Russia after an agreement is reached on PCA extension. The European priority for the joint action to Russia is its consistency with the EU's neighbourhood policy and that it is incorporating relevant elements which are of common interest to the EU and Russia.⁴²⁸ The European Parliament's emphasize on the need to discuss frankly the Russian practices that run counter to European values, such as human rights in Chechnya, media freedom and co-operation on the environment and to defend EU interest vigorously and without hesitation reveals that the EU will not recede from imposing its values upon Russia.

Russia's position in return will be more receptive as the EU's perceived role in the Greater Middle East continues to grow. Then an answer can be given to the question of Chris Patten: “Why, for example, is it that the EU subscribes to joint statements with Russia, in which we agree to step up co-operation on crisis management, yet the EU is unable to convince Russia to work with it to resolve the very real problems in Moldova and the Southern Caucasus?”.⁴²⁹ Russia's position is changing in favour of recognition of

⁴²⁷ Chris Patten, “EP Plenary Debate on Russia”, European Parliament, Brussels, 26 February 2004. http://www.europa.eu.int/comm/external_relations/news/patten/speech04_99.htm, (23/06/2005).

⁴²⁸ Martin Walker, “The European Union and Russia”, in Robert J. Guttman (ed.), **Europe in the New Century: Visions of an Emerging Superpower**, Boulder and London: Lynne Rienner Publishers Inc., 2001, pp.117-125.

⁴²⁹ Chris Patten, op.cit.

a greater role for the EU. The disappointment with the format of the American-Russian co-sponsorship in the Middle East peace process is nurturing the Russian desire for rapprochement with the EU, which plays especially a significant economic role. Russia has also moved away from the American position on Iraq drastically, while adopting a similar attitude with major Western European countries such as Germany and France. Russia was opposed to the idea of a military action against Iraq to topple Saddam Hussein, which it thought might destabilize the whole region. However, the countries of the European Union were lacking a common position on Iraq, too. Although Russia sees a European role in conflict ridden parts of the world, in this case, the Middle East “as that of an active partner which is able to effectively promote economic developments of the region, as well as to facilitate the settlement of crisis situations”, it also considers that the efficiency of the all-European course is decreased by an increased weight of national governments, which differ significantly on national interests and policies concerning the region as a whole, regional problems and individual states.⁴³⁰ Hence, in the case of any efforts the EU is involved to solve conflicts in the South Caucasus or Central Asia in the future, Russia will take the record of Europe’s role in the Middle East into consideration. An inefficient Europe will not pose a threat to the Russian influence in its near abroad, but then Russia will be deprived of a valuable partner too. It may hinder the transition efforts in Russia, as well, since there will be no imperative to urge for change. There is not another single force that will give impetus to Russia for necessary reforms in the political, institutional and economic environment through conditionality, while preserving friendly relations apart from the EU. Russia tolerates the European scrutiny, as the EU tolerates Russian fastidiousness in constructing a balance between a partnership based on common values and a policy of defending one’s own national interests. As Marantz states “Western statesmen often argue that there is no inherent conflict between expanding international cooperation and the pursuit of enlightened self-interest, and Kozyrev was simply making the same claim for Russian foreign policy”.⁴³¹ As long as Russia acts with caution and within the consent of the relevant governments in the region

⁴³⁰ Vitaly Naumkin, “Europe’s Role in the Greater Middle East: A Russian Perspective”, prepared for the IISS/CEPS European Security Forum, Brussels, March 11, 2002. www.iiss.org/eusec/naumkin.htm

⁴³¹ Paul J. Marantz, “Neither Adversaries Nor Partners: Russia and the West Search for a New Relationship”, in Roger E. Kanet and Alexander V. Kozhemiakin (eds.), **The Foreign Policy of the Russian Federation**, London: Macmillan Press Ltd, 1997, p.86.

such as Tajikistan and Georgia and employing a minimum of force, the United States, the Western countries and their public opinion are “prepared to accept Russian predominance in these regions”.⁴³² As Mahncke states after the EU-Russia summit meeting in May 2000 President Putin

*“...expressed a positive interest in the EU’s evolving European security and Defence Policy. He noted that there are possibilities for cooperation in accordance with the UN Charter principles and in recognition of the main responsibilities of the UN Security Council, in particular on the issues of strengthening international peace, security and stability, notably early warning, conflict prevention, crisis management and post-conflict reconstruction”.*⁴³³

Mahncke indicates that “this statement may also very well be interpreted as an effort to restrict the EU’s room for manoeuvre with regard to ESDP by binding it to the ‘main responsibilities of the UN Security Council’ in which Russia has a veto”.⁴³⁴ Should Russia see its foreign policy in terms of integrating itself into a stable and peaceful Europe, resting on peaceful conflict resolution, mutually beneficial cooperation and good neighbourly relations in the future, Russia will be able to develop cooperative rather than a competitive relationship with the EU. Although the relationship with NATO and the U.S. is strategically important for Russia, fear and hostility about NATO’s enlargement prevail. Thus a Common European Security and Defence Policy is welcomed as an opportunity to create a security system in which Russia could participate and which could diminish NATO’s perceived dominance of European security. Hence, as Light states “Russian policy makers saw cooperation with CESDP as a means of driving a wedge between the European members of NATO and the USA”.⁴³⁵ However, NATO continues

⁴³² Ibid., p.88.

⁴³³ Joint Statement, 29 May 2000, http://www.europa.eu.int/comm/external_relations/russia/summit_29_05_00/index.htm, as cited by Dieter Mahncke, “Russia’s Attitude to the European Security and Defence Policy”, **European Foreign Affairs Review**, Vol.6, 2001, p.434.

⁴³⁴ Ibid.

⁴³⁵ Margot Light, John Löwenhardt and Stephen White, op. cit., p.501. Also see Sabine Huebner-Monien , “Russia and European security: The Case against NATO’s Eastward Expansion”, in Mary M. McKenzie, and Peter H. Loedel (eds.), **The Promise and Reality of European Security Cooperation: States,**

to advance towards the borders of Russia and all three states of the South Caucasus want equally to be a member of both the EU and NATO.⁴³⁶ Many Russians see the U.S. military presence in Central Asia and the South Caucasus and security assistance to many former Soviet States as deliberate attempts at encirclement.⁴³⁷ Yet, Russia does not have the means to bring stability and security to the states of the former Soviet Union and fill the ‘security vacuum’, which it has so far rejected to exist, on its own terms. In the meantime, the unprecedented expansion of U.S. and U.S.-led security assistance efforts in the former Soviet Union from Ukraine to Uzbekistan prepare the conditions for a collision of U.S. and Russian policies and interests. Thus, Russian response to the American expansionism emerges in the shape of closer cooperation and partnership with the EU.⁴³⁸ Instead of involving in a purely military competition with the U.S., which Russia is doomed to lose, Russia tries to close the gap and respond its relative decline through the EU. The American unilateralism, and the war in Iraq led to an EU-Russian alliance to constrain the US. The UN is the birth place of the alliance between France, Germany and Russia, which is then carried to the EU. Hence, a series of relationships emerged between the three corners of the EU-Russia-US triangle. The EU-Russia alliance vis-à-vis the US is on the rise at the moment. Since, Russia accepts the need for self-restriction and concentration on vital interests, the EU-Russia bilateral relations are not challenged seriously. If Russia chooses to return to active policy in CIS, this will bring direct rivalry with the European Union over the future of these countries, which the EU invests on to see sovereign and in close relations with itself, rather than a former hegemon. As Emerson states:

Interests, and Institutions, Westport, CT: Praeger Publishers, 1998, pp.37-59; Alexander Konovalov, “International Institutions and European Security: The Russian Debate”, in Marco Carnovale (ed.), **European Security and International Institutions after the Cold War**, London: Macmillan Press Ltd., 1995, pp.119-134.

⁴³⁶ Dimitri Trenin, “Russian-American Relations, Two Years after 9/11”, **Carnegie Endowment for International Peace Briefing Papers**, Vol.5, Iss.8, August 2003, <http://www.carnegie.ru/en/print/67440-print.htm>, (17/02/2005).

⁴³⁷ Eugene B. Rumer, “Collision Avoidance: U.S.-Russian Bilateral Relations and Former Soviet States”, **Strategic Forum**, Institute for National Defence University, No.207, April 2004, pp.1-6.

⁴³⁸ European Economic and Social Committee, “Opinion on EU/Russia Strategic Partnership: What are the Next Steps?”, CES 354/2002, Brussels, 20-21 March 2002. Also see Pavel K. Baev, “Putin’s Western Choice: Too Good to be True?”, **European Security**, Vol.12, No.1, Spring 2003, pp.1-16.

*“Their strategic interests are not yet convergent. Russia wants to consolidate the European CIS space, and then have a neat Europe in which the enlarged EU and the Russian led space would be mutually exclusive, and the EU and Russia would manage the big Europe as an ordered duopoly. The EU does not support this idea, yet for its part is caught up on a dilemma of its own making. **It wants to see all of Europe converge on its conception of European political values and economic norms, but without offering membership perspectives to the outer periphery of the European CIS states, although all except Russia and Belarus are asking for this**”.*⁴³⁹

Hence, the future of the EU-Russia relationship depends on how long the two have to constrain the U.S. in their intersecting ‘nearabroads’ and how far Russia will wait to see the EU converge the states of the South Caucasus ‘on its conception of European political values and economic’, hence, pull out of the Russian sphere and convert into its own. For that reason, gradual convergence and conversion of Russia on similar terms with what the EU projects for a region extending from Ukraine to Azerbaijan is necessary for the maintenance of good relations with Russia. However, it would be too optimistic not to expect resistance to the EU policies from Russia and exploitation of “alternating diplomatic alliances at different times and on different topics” with regards to the “variable geometry in the EU-Russia-US triangle”.⁴⁴⁰

B. The United States’ Unilateralism in the Post Cold-War Caucasus

United States’ unilateralism is the most contentious issue in U.S.-European relations. A U.S. go-it-alone approach to foreign policy is incompatible with the European tendency to emphasize “negotiation, compromise, and the virtues of agreed constraints”. The policies of Bush administration intensified the criticisms already common during the Clinton period. Rejection of Kyoto Protocol, threat to withdraw from the ABM treaty, U.S. failure to use NATO in the war first in Afghanistan and then in Iraq, U.S. campaign

⁴³⁹ Michael Emerson, “The EU-Russia-US Triangle”, CEPS Policy Brief, Centre for European Policy Studies, No.52, June 2004, p.7. (Bold highlights are of the author of this dissertation) Also see Michael Emerson, Irina Kobrinskaya and Eugene B. Rumer, “Russia and the West”, ESF Working Paper, European Security Forum, CEPS and IISS, May 2004.

⁴⁴⁰ Emerson, op. cit. , p.6.

to exempt itself from jurisdiction of the International Criminal Court (ICC) did not only provoke reactions to the unilateral attitudes of the U.S but also suspicions about its infringement of and sidetracking from international law.⁴⁴¹

Europe is largely regarded as the opposite of the American unilateralism. The general conviction of European officials and commentators is that Europe is inherently multilateralist due to its 50 years of experience. Whereas the U.S. observers, who are critical of the perceived unilateralism of U.S. policy, refer to Europe as a counterexample, those on the conservative front praise “the more realistic unilateralism” of the U.S. against “the naïve multilateralism of Europe” in world affairs. However, multilateralism of European governments and the EU is open to debate, as well. Van Oudenaren refers to the fact that “[i]nternally, the EU has developed habits of restraint that respect the domestic difficulties of individual members states; decision-making by consensus is highly praised”, while “[e]xternally, the EU is increasingly known for a ‘take-it-or-leave-it’ style of negotiation, as exemplified in the accession process with the countries of Central and Eastern Europe ..., and in the rigid stances taken with the United States in recent multilateral negotiations on world order”.⁴⁴² As the EU increasingly feels the need to assert its identity and demarcate itself from the rest of the world through measures, The U.S. comes across with a greater unilateralist and oppositionary stance by the EU, which is displayed in the reaction against external and the U.S. interference in the European integration process and the development of the CFSP and the ESDP. Hence, the EU does not want any other power to get involved in the timing or the eligibility of countries for membership, yet asks NATO to adapt itself to the CFSP and the ESDP. As the U.S. is accused of being unilateralist in its efforts to manage the direction of the NATO and press the membership of Turkey in the EU, the European Union ignores its own approach to the reconstruction of the NATO and to the statement of criteria

⁴⁴¹ Mohammed El Zeidy, “The United States Dropped the Atomic Bomb of Article 16 of the ICC Statute: Security Council Power of Deferrals and Resolution 1442”, *Vanderbilt Journal of Transnational Law*, Vol.35, No. 5, 2002. <http://law.vanderbilt.edu/journal/35-05/Zeidy.pdf>, (04/10/2003).

⁴⁴² John van Oudenaren, “What is ‘Multilateral’? ”, *Policy Review*, Washington, Iss.117, Feb/Mar 2003, <http://www.policyreview.org/feb03/oudenaren.html>, (20/02/2005).

necessary for Turkey to meet in order to be appropriate for membership. Simply possessing the right to decide whether a candidate becomes a member or not in the last phase makes the EU unilateralist. Therefore, The EU regarded the American insistence on Turkey's EU membership as a serious interference by the Clinton administration.

Any unilateral action by the U.S. challenges the European efforts to take its place as a partner of or counterweight to the U.S. In return the EU will either strengthen its unilateral action further and sense of sovereignty or give way to not only the U.S. unilateralism but also the unilateralism of the EU member states, which seem to be fighting back supranationalism to preserve their sovereignty through reassertion of intergovernmental mechanisms of Europe. Another alternative to the growing tension and delineation between the U.S. and the EU on global security, economy and environmental policies is a constructive and innovative treatment of the Transatlantic alliance. However, it requires hard work to wind back the deteriorating transatlantic relations. As Europeans call for a continued U.S. commitment to multilateral cooperation for the continuity of strong transatlantic ties, the EU is deepening its existence in the Eurasia through purely European bilateral and multilateral agreements and aids. At a stage when the U.S. is moving its military weight to the region around the Caspian, at the shore of the Middle East, European involvement in the Caucasus will either create an atmosphere for the distribution of tasks and duties or a new source of competition.

It was not until the presidency of McKinley that the U.S. administration or public felt that America could or should have any role in the world. The United States' isolationism was clearly enunciated by President Monroe in 1823. According to the so-called Monroe doctrine, the U.S. would view any European intervention in the Americas as "an unfriendly disposition". The unique geographical positioning of the continent helped the U.S. keep out of the constant quarrel between European powers. Hence, the U.S. had not ever thought of becoming a vindicator of freedom and independence in Europe, either. However, on September 5, 1901 President McKinley stated that no notion could longer be indifferent to any other and addressed on America's new role in the world. Theodore Roosevelt repeated the increasing interdependence among nations and the complexity of international political and economic relations as he came to the post after the

assassination of McKinley. Hence, he declared that all civilized and orderly powers were responsible with “the power of policing the world”. By the twentieth century, the U.S. came to see itself as one of the world powers capable to participate in the policing of the world. Ruggie refers to the drastic change in the American foreign policy and national identification: “for the Republican McKinley and Roosevelt administrations the issue initially was unproblematic: the United States would simply have to become a great power, like the European great powers, and for the same reason: the United States, as were the European powers, was affected by the global balance of power”.⁴⁴³ Hence, the U.S. was leaving isolationism forever except an interwar period, in spite of the social psychology of the American society that is inclined to draw into its shell.

Woodrow Wilson was the first to argue for multilateralism fervently, though without success. Wilson was expecting to get a greater role for the U.S. in the world by means of the post-war settlement. Hence, he first involved the U.S. into the war and then proposed an international political agenda with the formation of the League of Nations. From then on, the U.S. helped establish numerous multilateral institutions. However, as Ruggie indicates:

*“...rarely if ever has it been American policy to endow multilateral institutions with significant independent powers. Thus, the United States insisted on a veto in the UN Security Council every bit as much as the Soviets did, voting in the International Monetary Fund and World Bank was and remains weighted, with the United States still having the largest single share. At American insistence, the General Agreement on Tariffs and Trade barely existed as a formal organization, though it has now been folded into an institutionally stronger World Trade Organization. And the ‘O’ in NATO refers to a policy forum, secretariat, and largely American-dominated military command structure, not an autonomous body providing security to its members”.*⁴⁴⁴

Hence, the American interpretation of multilateralism was carrying the traces of ‘unilateralism in multilateral organizations’.

⁴⁴³ John Gerard Ruggie, “An American Dilemma”, in **Winning the Peace: America and World Order in the New Era**, New York: Columbia University Press, 1996, p.9.

⁴⁴⁴ Ibid., p.21.

The U.S. involvement in the world is forged through a unilateralist approach that minimizes and even disregards the participation of other governments and organizations. Haass bases the popularity of acting alone on its “obvious advantages”: First of all, unilateralism does not require searching for the consent of others and compromise; instead unilateralism makes it easier to act with greater speed and freedom of decision making and implementation. Secondly, unilateralism does not necessitate military interoperability with others; hence the problems of collective operation and organization on military affairs are eliminated.⁴⁴⁵ The post-Cold War international environment has also encouraged unilateralist action since the U.S. did neither come across an immediate resistance from great power adversaries or assistance from its transatlantic allies to its policies. Thus, the U.S. grasped unilateralism partly because, its allies lacked the capacity to participate in its policies with global dimension such as world policing or providing the greatest amount of financial aid to the friendly regimes in developing and third world countries. Another cause for the U.S.’s sticking to unilateralism was the existence of narrow interests, which are not always compatible with the interests of both adversaries and allies.

However, unilateralism is an approach hard to sustain especially in resource consuming military interventions in a remote and geopolitically disputable region. In such an occasion, the party involved in a military operation unilaterally may need logistical and political support of a multilateral organization or a regional body both to add a legitimacy and legality to its undertakings and draw domestic political support and foreign military and economic participation to its side in the long term. Thus, Haass states:

“Most military interventions ...require either the indirect or direct support and participation of others. Access to bases, the right to overfly, intelligence support – all are usually necessary if an action is at all complicated or distant. Those operations that promise to be large in scale and/or long-term need to the active participation of others – their forces and equipment – for several reasons: to share the military burden, distribute

⁴⁴⁵ Richard N. Haass, “Foreign Policy by Posse”, in **The Reluctant Sheriff, The United States after the Cold War**, U.S.: Council on Foreign Relations, Inc., 1997, p.89.

*economic costs, and assuage domestic political demands that the United States not assume a disproportionate share of the costs of acting in the world when the interests of others are engaged alongside our own”.*⁴⁴⁶

The United States’ insistence on the Turkish political and military backing and opening up of the military and civilian air bases and seaports refers to the limits of unilateralism. While, the U.S. seeks to maintain the driving force of leadership, it wants the willing participation of regional actors such as Turkey and the states of the South Caucasus and the new government of Iraq. However, the U.S.’s unilateralism and the ‘coalition of the willing’ can be compatible only if the administrations of ‘strategic partners’ are receptive enough to get in line with the American strategies and national interests. The U.S. describes its foreign policy as “assertive multilateralism” revealing its tendency to build or influence institutions and international organizations “in the process making them a more central vehicle”.⁴⁴⁷ Hence, the U.S. proceeds in institutionalizing its foreign policy, too. Yet, one obstacle to the U.S.’s unilateralism under the disguise of ‘assertive multilateralism’ and institutionalism is the strong clinging of some regional actors to national sovereignty. Governments are not always eager to cede their independence in the political, economic, or military domains, to some agency run by international civil officers. At this point ‘moderate Islam’ runs to the help of the U.S. and major powers in agreement with certain policies of the U.S. Although, the increasing threat of radical political and military Islam and Islamist terrorism is cited as the cause of strategies resting on ‘moderate Islam’, the main objective is to empower Islamist cadres in the national governments that will have strong incentive to cooperate. For that purpose, the U.S. does not hesitate to use foreign assistance and propaganda. In dealing with ‘difficult actors’ that threaten the United States and its citizens; threaten or have the potential to disrupt the balance of power in strategically important key regions such as the Asia-Pacific, the Persian Gulf, and Europe; or simply refuse to cooperate such as the non-allied major powers of China and Russia, the U.S. may resort to constructive and conditional engagement. Through offering specific economic incentives, the U.S. is

⁴⁴⁶ Ibid., p.89.

⁴⁴⁷ Ibid., p.96.

engaged in constructing more ‘democratic’ and market-oriented countries. Such a foreign policy is also compatible with the EU’s.

However, economic assistance can serve policymakers only with states in financial difficulty and that are not considered rogue, such as Turkey and Georgia. With Russia, the U.S. has to follow a multifaceted policy. Diplomacy and military power are the other two tools in the use of the U.S. Arms control; reduction of the number of nuclear weapons and delivery systems; disposition of Russian nuclear weapons and materials; and the provisions of NATO commitment in conflict stricken regions are the primary subjects of the U.S. diplomacy against Russia. Hence, cooperation on terrorism was taken as a diplomatic success in the U.S.-Russia relations.

Yet, military tool remains to be central to dealing with the balance of power in critical regions, such as the Middle East. It even affects the American perspective of the role Europe plays in the Middle East. Cordesman states that Europe can again play a diplomatic and investment role the U.S. cannot.⁴⁴⁸ This, Cordesman says, “may mean the U.S. is locked into a role of containment and military action, but if the US must play the role ‘bad cop’, Europe can play the role of ‘good cop’”. If understanding of ‘balance of power’ by the Bush administration is taken into account, no power challenging the American hegemonic power will be tolerated. Thus, any use of force by a potential adversary – either a rouge state or a terrorist group – will be deterred in the first stage. If deterrence fails, the adversary will be defeated. In Steinbrunner’s opinion, the conceptual and institutional grip of the Cold War has been preserved: though ideological confrontation ended, military posture did not alter.⁴⁴⁹ Even after the September 11 attacks to the heart of the U.S., the American defence policy is short of designating a specific enemy but prepares for large-scale war anywhere in the world on short notice. The U.S. has spent more than USD 11 trillion in today’s currency to create and maintain its present military establishment. Steinbrunner states “proud of that accomplishment and committed

⁴⁴⁸ Cordesman, Anthony H. “The Role of Europe in the Middle East: An American Perspective”, IISS/CEPS European Security Forum, Brussels, 11 March 2002, <http://www.iiss.org/eusec/cordesman.htm>, (24/02/2004).

⁴⁴⁹ John D. Steinbrunner, “Reluctant Strategic Realignment: The Need for a New View of National Security”, **The Brookings Review**, No.13, Iss.1, Winter 1995.

to preserving it, we are inclined to view the world in terms that justify our efforts”.⁴⁵⁰ However, the combined official defence budgets of Russia, China, Iran, Iraq, Syria, Libya, India, and North Korea were about 20 percent of the U.S. budget in 1990s. The military establishments of Russia and China are far from matching the U.S.’s global reach in a decade or so. Hence, towards the end of 1990s, the U.S. described the contemporary dangers as uncontrolled weapons proliferation; endemic austerity and disintegrating political systems worldwide. Even the new national security strategy drawn after the September 11 attacks did not add clarity to the vague definition of risks and dangers to security. Apart from the U.S.’s increasing involvement in ‘disintegrating political systems worldwide’ itself, it would be unfair to say that September 11 has differed much in the U.S. national security thinking and policy making. In deed, the U.S. foreign policy has matured in the last ten years towards a more integrated combination of force and diplomacy. Although, this development in the U.S. foreign policy is supported as a new sort of policy tool, neither it is new nor is the making of the recent changes in the security environment under the climbing threat of radical Islamism, proliferation of rogue states and terrorist organizations or regional conflicts.⁴⁵¹ It is rather the continuation of the Carter Doctrine that presumes any outside attempt to take control over the Middle East as an assault on vital national interests of the U.S. since 1980. In March 1980 the Rapid Deployment Joint Task Force (RDJTF) was established in order to enforce the Carter Doctrine and supply the U.S. power projection across the Middle East and East Africa with a temporary solution. Hence, the Nixon Doctrine of the gradual disengagement of the U.S. from Third World conflicts would be reversed. However it was Reagan administration that established a permanent unified command for the region. In 1983 the U.S. Central Command (CENTCOM) evolving from RDJTF replaced the previous temporary structure. CENTCOM would have component forces assigned to the command instead of the notional forces that characterized the RDJTF.⁴⁵² Thus, the U.S. successfully accompanied its political and diplomatic projection of power with military

⁴⁵⁰ Ibid., p.6.

⁴⁵¹ Eric D. Newsom (Assistant Secretary of State for Political-military Affairs), “Uniting the Tools of Force and Diplomacy to Enhance Security”, <http://usinfo.state.gov/journals/itps/0300/ijpe/pj51news.htm>, (23/02/2005).

⁴⁵² Jay E. Hines, “From Desert One to Southern Watch: The Evolution of U.S. Central Command”, **JFQ**, Spring 2000, p.44.

reorganization in the region. Actually, the standing of the present administration in the U.S. is not a coincidence or novelty; but a descendant of its forerunners.

Since his first term President George W. Bush has based American foreign policy upon the great economic and military power the United States wields disproportionately, hence the U.S. foreign policy rises over the thought that “it can act effectively in its own interest and in its perception of the world’s interest without needing to accommodate the views of other nations, including allies”.⁴⁵³ The terrorist attacks of 11 September 2001 strengthened the omnipotent attitude of the U.S. The U.S. became less cautious in behaving in accordance with international rules and law. Considering itself the sole global power the U.S. declared that it should not be constrained by international agreements or conventions which limit its prerogative.⁴⁵⁴ The U.S. mentions the growing role of its diplomats in especially strategically important regions and countries. Hence, the diplomats are seen as important tools of foreign policy; must be knowledgeable about the geopolitical, social, cultural and economic peculiarities of the countries they are working at and gain influence in the host countries as much as possible. Still, in view of the dominance of the armed forces, military action is accepted as more effective and more certain than diplomacy, especially in countries where the U.S. can hardly find a correspondence.⁴⁵⁵

⁴⁵³ William C. Harrop (A Retired Senior American Diplomat), “Major International Challenges the United States will Face in 2005”, **American Diplomacy**, January 8, 2005, http://www.unc.edu/depts/diplomat/item/2005/0103/harrop/harrop_major.htm, (11/06/2005).

In National Security Strategy this inclination is stated as: “In exercising our leadership, we will respect the values, judgment, and interests of our friends and partners. Still, we will be prepared to act apart when our interests and unique responsibilities require”, p.31.

⁴⁵⁴National Security Strategy: “We will take the actions necessary to ensure that our efforts to meet our global security commitments and protect Americans are not impaired by the potential for investigations, inquiry, or prosecution by the International Criminal Court (ICC), whose jurisdiction does not extend to Americans and which we do not accept. We will work together with other nations to avoid complications in or military operations and cooperation, through such mechanisms as multilateral and bilateral agreements that will protect U.S. nationals from the ICC. WE will implement fully the American Servicemembers Protection Act, whose provisions are intended to ensure and enhance the protection of U.S. personnel and officials”, p.31.

⁴⁵⁵ National Security Strategy reveals that military strength has a prerogative for the U.S.: “It is time to reaffirm the essential role of American military strength, we must build and maintain our defenses beyond challenge”. Besides, military must “assure our allies and friends; dissuade future military competition; deter threats against U.S. interests, allies, and friends; and decisively defeat any adversary if deterrence fails”, p.29.

In addition to military and diplomacy as the elements of national and international power the U.S. seeks to display, identifying and destroying the threat both at home and abroad through a pre-emptive strike and containment of states providing sponsorship, support and sanctuary to terrorists are other methods to disrupt terrorist organizations. The U.S. declares in the National Security Strategy that it will no longer rely solely on a reactive posture that is certainly the greatest difference from the historical foreign policy behaviour of the U.S. Pre-emption and anticipatory self-defence is particularly brought to foreground by the recent Bush government. Though, these two concepts are not new either, they are constantly emphasized since September 11. The U.S.'s perception of its unequalled power is used as a special factor in support of its right to self-defence and imposition of values in global scale either through democratic methods or by force if necessary. Condoleezza Rice states during her post as assistant to the President for National Security Affairs that "power and values are married completely. Power matters in the conduct of world affairs. Great powers matter a great deal – they have the ability to influence the lives of millions and change history. And the values of great powers matter as well".⁴⁵⁶

Harrop further refers to one of the foreign policy premises of the U.S. that democracies do not launch wars and all people desire liberty and democracy: hence, the U.S. should press for democratization and get involved in "the benign military occupation of a country formerly oppressed by dictatorship".⁴⁵⁷ However, from the beginning, the U.S. administration's doctrine of preventive action and the Iraq war raise questions about this homily. Additionally, the recent situation of the American army in Iraq, the previous examples of Lebanon and Somalia reveal that all the naïve expectations that the benign military occupation will lead to installation of a popular democratic government once the dictatorship is removed have come to nothing. Further more, the American army is not welcomed as warmly as the American government has expected. On the opposite, in each of the two cases, the American army has withdrawn with humiliation and uncalculated loss while leaving a chaos behind. Local people do not only want a more democratic rule

⁴⁵⁶ Condoleezza Rice (Assistant to the President for National Security Affairs), "A Balance of Power that Favors Freedom", <http://usinfo.state.gov/journals/itps/1202/ijpe/pj7-4rice.htm>, (11/06/2005).

⁴⁵⁷ Ibid.

but also peace and order, which the streets have always been the explicit indicator of, and which the American army has been unable to provide so far. Many commentators refer to the moral authority of the Bush administration deriving from its evangelism as a devout government of a Christian nation, too.⁴⁵⁸ However, neither this, nor the others have served America well. The war in Iraq has not come up with any satisfactory conclusions.

The American public begins to perceive the fact that the invasion of Iraq is a diversion from what was introduced to them as a struggle against Al Qaeda. The American administration has gone astray from the preliminary target of fighting against terrorism and radical Islamist organizations. Above all, the United States is suffering from a serious erosion of respect and trust worldwide. Rice states that G-8 partners of the U.S. and other are increasingly wary of U.S. power and intentions.⁴⁵⁹ The previous admiration with the democratic ideals of Americanism is leaving its place to fear and suspicion of the growing U.S. tendency towards unilateral action in world affairs. Rice says “[t]his fear has been reinforced by the doctrines of pre-emption and zero tolerance for competitor states, as outlined in President Bush’s National Security Strategy”.⁴⁶⁰ In the National Security Strategy it says “[w]e make no distinction between terrorists and those who knowingly harbour or provide aid to them”.⁴⁶¹ Hence, it is not clear who is the next in the list of American militarism. Besides, the National Security Strategy mentions a “particularly elusive enemy” and “an extended period of time” for “the struggle against global terrorism”. Hence, neither an enemy is identified nor is the source of terrorism limited to a certain region. Instead both the scale of struggle against terrorism is held global and the period of time as infinite. The expected end result of the struggle is not defined either: “Progress will come through the persistent accumulation of successes –

⁴⁵⁸ Ibid. Other commentators such as Oliner refers to “government openness to the alignment of interests between Christian fundamentalists and Zionists, as well as a rethinking of support for conservative authoritarian regimes in the region”, as an ingredient of the present policy “ which may have helped create support for extremists”, see Olga Oliner and Natasha Yefimova, “Carnegie-RAND Workshop on the Future of the Greater Middle East and the Prospects for U.S.-Russian Partnership”, RAND, July 2004, p.2-3.

⁴⁵⁹ Susan E. Rice, “U.S. National Security Policy Post-9/11:Perils and Prospects”, speech in Tufts University, September 29, 2003, <http://www.brookings.edu/views/speeches/rice20030929.pdf>, (11/06/2005).

⁴⁶⁰ Ibid.

⁴⁶¹ The National Security Strategy of the United States of America, September 2002, p.5.

some seen, some unseen".⁴⁶² However, as Harrop states "America has jeopardized its ability to lead".⁴⁶³ He also adds "[t]he dream of imposing democracy upon Iraq by force of arms, and that this event would turn the Arab Middle East toward democracy, was just that ...a neoconservative dream divorced from the lessons of history".⁴⁶⁴

Haass gives the preconditions for the military tool to be an effective deterrent: "some presence in the region backed up by ability and a perceived willingness to introduce more and more capable forces there in short order". He also adds that "[s]uch a military posture requires ample conventional military forces, mobility, and close cooperation with friendly local states".⁴⁶⁵ Blank refers to the "U.S.' emerging plan to reorganize its global posture and shift many existing formations to Asia, albeit in transformed organizational structures".⁴⁶⁶ The U.S. Army divisions are transformed into brigades and many of the areas in Asia are considered to be used as bases, smaller in formation when compared with the permanent bases in Germany, Italy and Britain "on the basis of need to gain access to a particular theater of military operations during times of crisis and/or conflict".⁴⁶⁷ Martin states:

*"...the Bush administration and the Pentagon are carrying out a military buildup in Central Asia whose object is not merely support for the ongoing conflict in Afghanistan, but a permanent military presence in the oil-rich region. The US government has acquired basing or transit rights for passage of warplanes and military supplies from nearly two dozen countries in Central Asia, the Middle East and their periphery, a projection of American power into the centre of the Eurasian landmass that has no historical precedent".*⁴⁶⁸

⁴⁶² The National Security Strategy of the United States of America, September 2002, p.5.

⁴⁶³ Harrop, op.cit.

⁴⁶⁴ Ibid.

⁴⁶⁵ N. Haass, op. cit., p.98.

⁴⁶⁶ Stephen Blank, "NATO's Drive to the East", **In the National Interest**, February 11, 2004, <http://www.inthenationalinterest.com/Articles/Vol3Issue6/Vol3Issue6BlankPFV.html>, (25/02/2005).

⁴⁶⁷ Ibid.

⁴⁶⁸ For a valuable insight to the American military bases stationed in Central Asia, their capacities and future use see Patrick Martin, "US Bases Pay the Way for Long-term Intervention in Central Asia", **World Socialist Web Site**, http://www.wsws.org/articles/2002/jan2002/base-j11_prn.shtml (23/04/2005).

Hence Martin quotes Deputy Defence Secretary Paul D. Wolfowitz discussing the bases in an interview with the *New York Times* “[t]heir function may be more political than actually military, [the new bases] send a message to everybody, including important countries like Uzbekistan, that we have a capacity to come back in and will come back in”.⁴⁶⁹

Considering the huge distance between the U.S. and the fields of American military operation in the Middle East, the U.S. has provided an important concentration of military equipment and troops both in the region and at its close periphery. Otherwise, mobility of troops and logistic support would not be possible. Procurement of military bases in the neighbouring states to the Middle East would supplement the presence of the U.S. in the region and guarantee its anchoring in the region. Thus, the Middle East is extended under the name of Greater Middle East to encompass the potential sources of base for the U.S. military forces in cooperative and friendly states. As Blank reports the U.S. and Turkish governments were planning to invite Egypt, Israel along with four other Middle Eastern and North African countries, among which are Morocco, Tunisia and Qatar, to join NATO’s Partnership for Peace (PfP) programme which already includes the five Central Asian states and the three South Caucasus states during the Istanbul summit in June 2004.⁴⁷⁰ The Summit was particularly important since it would unveil NATO’s new plan, the so-called “Greater Middle East Initiative” in order to “create a stronger basis for its relations with the Middle East”, as Blank announced. Yet, on the contrary to Blank’s assumption the U.S. proved not to be so “reluctant to enter Iraq unless the members united behind the idea”.⁴⁷¹ With or without them, what the U.S. was considering to do was strengthening its own basis in the Middle East. As mentioned above, the international environment was especially tempting for a unilateral American

⁴⁶⁹ Ibid. Indeed the message is much more for Russia, China and Iran, since the American forces deployed in Central Asia cover the activities of these countries in the region within its strategic scope that is much wider than a fight against Taliban in Afghanistan. The Manas base in Kyrgyzstan is only 200 miles from Sinkiang in China and that country’s main nuclear testing facility at Lop Nor. Both American and Russian combat forces are stationed in Kyrgyzstan and Tajikistan. Much of Russia’s highest security military, nuclear and space infrastructure located in northern Kazakhstan and western Siberia are no longer distant from the US military facilities. The ring of new and expanded military bases encircles not just Afghanistan but Iran, too. These bases enhance the American army’s ability to strike throughout much of the Muslim world.

⁴⁷⁰ Ibid.

⁴⁷¹ Ibid.

engagement in the Middle East, since the U.S. came across no serious adversary or a substantial support from its allies.

The reasons for the U.S. engagement in such a vast arena are plenty. Lesser explains the American perspective on the Middle East through the fact that “[t]he Mediterranean and Black Sea region is the logistical anteroom for power projection to the Gulf and the Caspian”.⁴⁷² The security challenges that cross cut traditional regional lines pull the U.S. into the increasingly interwoven European, Middle Eastern, and Eurasian security. Energy and energy security are the key issues that are common to both Gulf and Caspian. In Lesser’s words “[p]rotecting access to the energy resources of the Persian Gulf has imposed power projection requirements on the United States and on at least some NATO allies that have, in turn, shaped security relationships around the Mediterranean”.⁴⁷³ Hence, Europe, Eurasia and the Middle East would be connected to each other in terms of energy and energy security more closely, through the development of Caspian resources and lines of transportation to world markets and within the “‘strategic energy ellipse’ formed by the Caspian and the Gulf”.⁴⁷⁴ The development of Caspian resources means the delimitation of the neighbouring countries’, including the Caucasus and the EU, dependence on the Russian energy resources. However, energy has also become the new special topic in Russian-American relations, though without much promise.⁴⁷⁵ The US is a key player in the Caspian Sea’s resource exploration. Politically, it seeks to influence the oil’s transport to the international market in order to diversify sources of supply and to keep oil prices low, at which point the U.S. conflicts with Russia. Washington has sought to contain both Russia’s and Iran’s roles in the region by supporting pipelines routes that pass east-west through Turkey rather than north-south through Iran and Russia. Caspian oil development means investment opportunities for American oil and construction companies; economic growth for the states having oil and gas fields or on route of transportation; regional stability and an opportunity to move away from Russia’s

⁴⁷² Ian O. Lesser, **NATO Looks South: New Challenges and New Strategies in the Mediterranean**, Rand, 2000, p.3. <http://www.rand.org/publications/MR/MR1126/>, (23/04/2005).

⁴⁷³ Ibid.

⁴⁷⁴ Ibid.

⁴⁷⁵ David G. Victor and Nadejda M. Victor, “Axis of Oil?”, **Foreign Affairs**, New York, Vol. 82, Iss.2, Mar/Apr 2003.

sphere of influence. Hence, the US intends to help the former Soviet republics of Kazakhstan and Azerbaijan develop their oil and gas industries.

Additionally, the U.S. has come across the fact that global capital markets can be dangerously volatile. The American national interests in international politics, economic, and security requires an active and influential American existence in the global market, which is supposed to be governed by the “free hand” of the market economy. In Hamilton’s words:

*“...the key challenge for the United States in foreign economic policy is to use America’s great influence to maintain an open and prosperous global economy and deepen and extend the benefits of globalization. Inherent in this challenge is also the opportunity to have a great impact on America’s capacity to meet its political, strategic, and humanitarian foreign policy goals. The evaluation of the global economy will affect our [U.S.’s] national security”.*⁴⁷⁶

Hence, both political-military and economic spheres of security require the U.S. to follow an increasingly pushing foreign policy. Additionally, the U.S. has to guard the security of oil and transit through the Middle East. Oil is the basic factor in the vibrant economic relationship between the U.S. and the Middle East, while most of this oil must transit through Strait of Hormuz, and Suez Canal. Thus as Peay states America’s vital interests in the Middle East require “maintaining a free flow of oil at stable and reasonable prices, ensuring the freedom of navigation and access to markets, assuring the safety of U.S. citizens and property”.⁴⁷⁷ Hence, Iran takes its share from the American efforts to contain potential regional adversaries like Russia, too.

Both Russia and the U.S. have repeatedly declared that they are no more strategic adversaries. The U.S. supports Russia’s entry into the World Trade Organization and its integration into the Euro-Atlantic community. The National Security Strategy refers to

⁴⁷⁶ Lee H. Hamilton, “International Economic Issues and U.S. Foreign Policy”, **U.S. Foreign Policy Agenda, The Making of U.S. Foreign Policy**, An Electronic Journal of the U.S. Department of State, Vol.5, No.1, March 2000, <http://usinfo.state.gov>, (23/04/2005).

⁴⁷⁷ J. H. Binford Peay III, “The Five Pillars of Peace in the Central Region”, **JFQ**, Autumn 1995, p.33.

the Moscow Treaty on Strategic Reductions and the “already extensive cooperation in the global war on terrorism”.⁴⁷⁸ NATO-Russia Council works for deepening security cooperation among Russia, European allies and the U.S. However, the U.S.-Russian relationship is not free from doubts. The Strategic Arms Reduction Treaty II (START II) of 1993, for instance, was to be regarded with suspicion by many Russians since US reductions were to be consisting of removing warheads from missiles that will remain in service, while Russia was required to destroy its largest and most capable missiles, the SS-18s. Russian scepticism of American intentions is also fostered by the National Missile Defence System revitalized by the U.S., whereas non-proliferation is advocated for Russia. On the Russian-American side of the cooperation under NATO-Russia Council, future of the relations are not always very promising, as long as the U.S. extends its military activism and stay in Russia’s near abroad. However, the American intentions point to that direction. National Security Strategy states:

“Before the war in Afghanistan, that area was low on the list of major planning contingencies. Yet, in a very short time, we had to operate across the length and breadth of that remote nation, using every branch of the armed forces. We must prepare for more such deployments by developing assets such as advanced remote sensing, long-range precision strike capabilities, and transformed manoeuvre and expeditionary forces”.⁴⁷⁹

One of the basic geo-strategic imperatives of the U.S. in Eurasia is the military bracketing of Russia and China in order to obtain their subordinate co-operation. The U.S. has obtained valuable intelligence support during its operation in Afghanistan and in the pretext of common struggle against terrorist organizations such as Al Qaeda and Taliban. Yet, the U.S.’s military and strategic affairs are not easy for Russia to converge with any more. For several strategic and military calculations, the U.S. is expanding its area of responsibility to the natural backyard of Russia. The former U.S. Secretary of State Colin Powell’s declaration that “the American interest in the region should be permanent and these relations will continue after the [Afghan] crisis” ought to be taken as

⁴⁷⁸ The National Security Strategy of the United States of America, September 2002, p.26.

⁴⁷⁹ The National Security Strategy of the United States of America, September 2002, p.29.

the statement of American intentions for a substantial and long-term U.S./allied presence in the South Caucasus and the Central Asia.⁴⁸⁰ Although, Islamic extremism, international terrorism and proximity of these problems to the Russian borders play a crucial role in determining Russia's security policies and the potential for Russian-American cooperation in Central Asia, this does not mean that the U.S. and Russia share goals in the Caucasus. Especially when Georgia maintains an antagonistic relationship with Russia, Azerbaijan is increasingly absorbed into the Western energy market and Armenia finds growing response to its demands though the activities of Armenian Diaspora in the Western countries, the U.S. support for these countries will increase tensions between the two countries.

The U.S. has been adopting not a single strategy but a range of strategies suited to changing circumstances and capabilities. The multi-variant war it has been involved in requires the U.S. to seek for reliable coalition members. Sustenance of its forces in distant, austere, underdeveloped and occasionally inaccessible and landlocked theatres such as Afghanistan is of great strategic priority to the U.S.⁴⁸¹ Since such areas of operations are and will be lack of infrastructure, water and lubricants necessary to sustain its troops and army divisions involved in long-range operations far away from the central command structures situated in the U.S. and Western Europe, the U.S. will put new bases and stations in the Central Asian and Caucasus states to use for easy and rapid access, joint power projection, and expeditionary forces in addition to its recent invasion in Iraq. The National Security Strategy of the U.S. foresees the establishment of new bases and stations and development of the existing ones within and beyond Western Europe and Northeast Asia. These bases and stations are required to meet the security challenges emerging in uncertainty and provide temporary access for the long-distance deployment of U.S. forces. Instead of identifying and locating a specific security challenge, the U.S. adopts a strategy of being deployed in the closer range of possible challenges.

⁴⁸⁰ Abraham S. Becker, "Some Economic Dimensions of Security in Central Asia and the South Caucasus", in Olga Olikier and Thomas Szayna (eds.), **Faultlines of Conflict in Central Asia and the South Caucasus**, RAND, 2003, p.68.

⁴⁸¹ Potential fields of operation in the Greater Middle East stretch 7000 Miles, approximately 24 hours by air from Norfolk in the U.S.

The U.S. came up with important lessons from Operation Enduring Freedom. Gaining essential over-flight and base access rights to regional deployment airfields and ports were essential for the rapid deployment of forces into distant theatres, far remote fields of operation such as in Afghanistan. The U.S. basing in the Middle East after the entrance into Iraq already provides the U.S. with a dramatically expanded perimeter of military influence, easy and rapid access and long-term power projection as a concluding part of the global “American security perimeter”. This enlargement of the American security perimeter has also brought the shift of the U.S. forces in Europe to southward and eastward in the last ten years. The Europe garrison which used to serve the Cold-War needs of the U.S. is far from being efficient and effective when future American military involvement in Asia and the Middle East is likely. The split and controversy between Europe-Eurasia and the U.S.-UK axis on the Iraqi war reveals the fact that the U.S. will find it even harder to provide support and access from Europe to the fields of operation in the Middle East in the near future not due to the far distance of air fields from obvious operation zones and limited capacities of the air bases in Europe alone but also the differing strategies and ideologies.

Incirlik has been the hub of many operations, yet, Turkey’s willingness to be a participant of the American military operations in all occasions is not guaranteed.⁴⁸² Conversely, Turkey displays the reluctance of democratic and sovereign regimes to converge with the unilateral demands of the U.S. Hence, Donnelly’s remark that “[t]he future of America’s military posture in Europe must be harmonized with the likelihood of a continued U.S. presence in Afghanistan and Central Asia as well as Iraq and the Persian Gulf” relates to the fact that as the contemporary American security perimeter moves to east and southward, the basing and station requirements will leave western Europe,

⁴⁸² Robinson draws attention to “that dependence upon host nation support has significantly hampered U.S. military operations”. The U.S.-Turkish relations still carry the traces of the Turkish Grand National Assembly’s refusal to admit U.S. troops slated to man a northern front into Iraq immediately before the U.S. attack to Iraq. Tensions with Germany, France and Turkey are serious obstacles to the U.S. unilateral operations requiring rapid action. Colin Robinson, “Worldwide Reorientation of U.S. Military Basing in Prospect”, **Center for Defense Information**, September 2003, <http://www.ciaonet.org/wps/roc05/index.html>, (23/04/2005).

too.⁴⁸³ In these circumstances as the Eastern and Southern European states willing to cooperate with the U.S. such as Poland, Bulgaria and Romania gain importance, the U.S. is establishing the fixed foot of the pair of compasses on Iraq. On this foot the U.S. is drawing a huge circle of influence and access capabilities with a perimeter of 1000 miles at least, as it used to by means of Incirlik. Within the range of this circle, the U.S. Central Command (CENTCOM) carries the responsibility “to promote and protect U.S. interests, ensure uninterrupted access to regional resources and markets, assist regional friends in providing for their own security and regional stability, promote the attainment of a just and lasting Middle East Peace, counter the proliferation of weapons of mass destruction and other transnational threats, and rapidly deploy joint and combined forces to support the full range of military operations”.⁴⁸⁴ After CENTCOM is expanded to South and Central Asia it has come to encompass 25 nations, ranging from Egypt in the west to Pakistan in the east and from Kazakhstan in the north to Kenya in the south, which is the true picture of the Greater Middle East.⁴⁸⁵ The CENTCOM area of responsibility now covers Afghanistan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan, too. General Anthony C. Zinni, the then Commander in Chief of U.S. Central Command tells in an interview with JFQ that the American theatre strategy is built around the mission of U.S. Central Command which has four elements. He states:

“The first is obvious – providing access to the energy resources of the region, which is a vital national interest. The Second element is something often overlooked – the growing commercial significance of the area. The pattern of global trade is shifting from east to west. Investments are flowing into the region because of its geostrategic position. The third is the number of maritime choke points in the region, such as the Suez Canal and the Strait of Hormuz. We must ensure these passages remain open to communication and trade. Fourth, there are issues of stability – the Middle East peace process,

⁴⁸³ Thomas Donnelly, “Realignment of Foreign Basing of U.S. Troops: Catching Up with History”, **National Security Outlooks**, American Enterprise Institute for Public Policy Research, March 2003, <http://www.ciaonet.org/pbei/aei/nso/dot04/html>, (26/02/2005).

⁴⁸⁴ **JFQ**, “U.S. Central Command”, spring 2000, p.32. Centcom headquarters is located at MacDill air Force Base, Florida. It has five component commands headquartered in Georgia, Bahrain, Hawaii, South Carolina and Florida.

⁴⁸⁵ Richard A. Lechowich, “Crossing Boundaries Commanders in Chief and Areas of Interest”, **JFQ**, Spring 2000, p.34-41. Also see the CENTCOM homepage (<http://www.centcom.mil>) for details on the area of responsibility, component commands, theater strategy, subregional strategies, and other issues.

*extremism, and other concerns that could destabilize the region and reach beyond it. This is more than terrorism”.*⁴⁸⁶

Central Asia and South Caucasus is the perfect area for ground support operations with cooperative administrations. Hence, the region is in the list of the U.S. for its use as a power-projection platform. Additionally Hines explains the integration of the five former republics of Soviet Union in Central Asia to the overall collective engagement of the command with the strategy, according to which “an ounce of proactive engagement protection is cheaper than a pound of warfighting cure”.⁴⁸⁷ In fact, the U.S.’s search for chances to deploy its forces in Azerbaijan beyond its presence for military training and assistance requires a closer look. In April 12, Rumsfeld paid a highly secret visit to Azerbaijan with limited public information. However, neither the Western media nor the Turkish newspapers gave the news of Rumsfeld’s unexpected three hour visit to Azerbaijan on the way from Baghdad to Afghanistan. However, the subject of the visit was closely related with the Turkish interests in the region and the regional balances. The United States is setting up an organization called Caspian Guard, which is the produce of Bush administration’s and Pentagon’s “rapid reaction strategy” to protect the Caspian Sea’s oil infrastructure and the nearly finished Baku-Tbilisi-Ceyhan pipeline. According to the report of *The Wall Street Journal* on April 11, the US plans to spend USD 100 million for the creation of such a “Caspian Guard” that will be able to respond to crisis situations in the Caspian region. The U.S. also plans to develop a radar equipped command centre in Baku, responsible for monitoring ships in the Caspian Sea.

Caspian Guard is basically a three-way alliance between the United States, Azerbaijan and Kazakhstan for the integration of several interlocking program elements such as airspace and maritime surveillance and control systems, reaction and response forces, and border control. As Bubnov states “the USA is interested in establishing mobile army bases on the territory of Azerbaijan, which is stipulated in the plan to re-

⁴⁸⁶ Anthony C. Zinni, “Challenges in the Central Region”, Interview, **JFQ**, Spring 2000, p.26-27.

⁴⁸⁷ Jay E. Hines, “From Desert One to Southern Watch: The Evolution of U.S. Central Command”, **JFQ**, Spring 2000, p.48.

deploy U.S. troops in Europe and Asia”.⁴⁸⁸ The Caspian Guard founded in 2003 will represent a network of police detachments and special military units in the Caspian region, in addition to the U.S. efforts to guard the transportation of Caspian oil and Baku-Tbilisi-Ceyhan pipeline. Hence Caspian Guard responds to the concept of “operating sites” in Asia, which Rumsfeld outlined in a February 2004 visit to Uzbekistan. Talyshli reports that these sites “would allow the U.S. and its allies ‘to periodically and intermittently have access and support’ ”.⁴⁸⁹ In 2004 the Azerbaijani parliament adopted a law prohibiting the stationing of foreign troops on its territory, in order to hush Russia and Iran, which oppose the strengthening of military ties between Azerbaijan and the US. However, Bubnov states that “[j]udging upon the views of the Azeri government” the deployment of mobile army bases will not lead to any problems.⁴⁹⁰ Hence, “Donald Rumsfeld will coordinate certain dates for such mobile groups to appear in Azerbaijan” and he “will settle the time issue with the president and the defence minister of Azerbaijan”, Bubnow writes upon the comment of the Echo newspaper in Baku.⁴⁹¹

As Cutler states the U.S. has been able to do little directly with respect of the situation in Georgia, but the United States’ participation has been largely limited to support of the United Nations Observer Mission in Georgia (UNOMIG).⁴⁹² Yet, the U.S. policy on Karabakh has been determined mainly by the extremely well organized and politically well connected Armenian Diaspora. However, the oil lobby in Washington supporting the establishment of an essential relationship with Azerbaijan seems to be reversing the previous policies such as the American legislation “that required a percentage of United States aid go directly to Karabakh and which penalized both Azerbaijan and Turkey for their bans on trade with Armenia”.⁴⁹³ Hence, the U.S. supports European efforts to lift the Turkish blockading over Armenia and press Turkey to accept

⁴⁸⁸ Vasily Bubnov, “USA Plans to Expand Military Presence in Azerbaijan to Strike Iran”, **Mirze Xezerin Sesi**, 13/04/2005, <http://en.mirzehezerinsesi.net/cms/Item?contentId=1583> (14/05/2005).

⁴⁸⁹ Alman Talyshli, “Rumsfeld’s Baku Trip Stirs Controversy”, **Eurasia Insight**, 13/4/2005, http://www.eurasianet.org/departments/insight/articles/eav041305_pr.shtml, (23/04/2005).

⁴⁹⁰ Ibid.

⁴⁹¹ Ibid.

⁴⁹² Robert Cutler, “U.S. Interests and ‘Cooperative Security’ in Abkhazia and Karabakh: Engagement versus Commitment?”, in Mehmet Tütüncü (ed.), **Caucasus: War and Peace, The New World Disorder and Caucasia**, Haarlem: SOTA, 1998, pp.134-135.

⁴⁹³ Ibid., p.136.

the Armenian claims of 'Genocide', which will relieve the U.S. from being squeezed between two influential lobbies, too. As Cyr indicates "United States' foreign policy can be effective through more explicit, thorough co-operation with both regional organizations and multinational corporations".⁴⁹⁴ However, the U.S. first has to be sensitive towards the vital interests and perceptions of states like Russia and Turkey in the region and the EU, if it is to benefit from co-operation with such regional players and regional organizations. As the events in the last decade has showed stabilizing and transforming regions like Bosnia, Kosovo, Afghanistan and Iraq require the West to be involved in policies and mechanisms that will lock these countries in reform and a pro-Western orientation. The same logic is appropriate for the South Caucasus, too. However, rebuilding the Atlantic alliance over a coherent strategy and steady co-operation as in the Central and Eastern Europe is necessary to repeat in the South Caucasus the West's success in integrating Central and Eastern European states.⁴⁹⁵

C. Regional Powers' Position

1. Turkey

Turkish foreign policy agenda has been bulky with the emergence of new independent states in the Caucasus and Central Asia, internal and cross border conflicts in the Caucasus and the Balkans, the ongoing EU membership process with its ups and downs and the growing weight of the U.S. in the Middle East since the collapse of the Soviet Union. Additionally, the internal and external problems of Turkey, important challenges from other competing countries such as Russia and Iran, status-quo oriented foreign policy of Turkey respecting world balance of power and her pro-Western foreign policy understanding were holding Turkey back from following more active and assertive foreign policies. Although Turkey was the first to recognize the newly independent states of the Caucasus and Central Asia region in the early 1990s, Turkey regarded Moscow's

⁴⁹⁴ Arthur I. Cyr, **After the Cold War: American Foreign Policy, Europe and Asia**, New York: New York University Press, 1997, p.150.

⁴⁹⁵ Asmus, Ronald D. "Rebuilding the Atlantic Alliance", **Foreign Affairs**, Vol.82, Iss. 5, September/October 2003, <http://gateway.proquest.com> (10/09/2003)

sensitivities and restrained from developing contacts with the Turkic and Muslim populations abroad until the collapse of the USSR and the U.S.'s Gulf War. However, during the presidency of Turgut Özal Turkish foreign policy went off its traditional course of non-intervention. Turkey disembarked to the largely neglected Caucasus and Central Asia region, with little knowledge and experience but grandiose plans and promises. However, it is hard to say that Turkey has displayed an effective presence in either the South Caucasus or Central Asia.

Turkey had to deal with its own financial and security shortcomings at home in the first hand. In spite of Turkey's success in fight with the terrorist organizations in the rural towards the end of 1990s, this time financial centres in the urban shook with the economic crisis of 1998. In the meantime, the Russian Federation proved that it has not left the Caucasus and Central Asia region altogether, as if to justify Turkey's initial care and self-restraint in building relations with the states of the South Caucasus and Central Asia. In the case of Iran, however, Turkey had the advantage of being the first to form diplomatic dialogue with the states of South Caucasus and Central Asia. Turkey did not leave the opportunity of being the first to recognize the newly independent states and open embassies in the South Caucasus and Central Asia to Iran, either. Besides, the financial and political conditions in Iran were not brighter than in Turkey. Hence, the Russian Federation came to the fore as the undisputable rival for any other regional actor willing to enter the stage in the South Caucasus and Central Asia. Indeed, Turkey refrained from trying Russia's presence in the region.

However, Turkey's NATO membership, the Turkish-American strategic partnership and Turkey's historic aim of becoming part of Europe required Turkey to draw the general guidelines of its foreign policy in line with the Western perceptions of norms, values, threats and interests. Even conservative circles in Turkey could not break away from the all Western-centred policies after they came to power. Neither the Welfare Party of Necmettin Erbakan, nor the Justice and Development Party of Recep Tayyip Erdoğan could. In spite of their party names associated with social welfare, they were merely a continuation of Turgut Özal's all liberal economic policies. Soon after the electoral victory of the Justice and Development Party, Erdoğan was praised for his and his party's

inclination to a new opening in foreign policy both at home and abroad. Turgut Özal had similarly drawn attention from many domestic institutions and foreign circles for his efforts to follow more assertive and participatory policies in the Middle East and Central Asia.⁴⁹⁶ Especially, his efforts to pull Turkey into the Gulf War by the U.S. were criticized to be adventurous policies going astray from the self-possessed foreign policies of Turkey, which have been followed with few exceptions since Atatürk's time. Hence, Özal met with serious opposition by domestic institutions and public. Things have not been different for Erdoğan. He had to step back from actively participating in any effort by the U.S. that would shake the international balance of power from its roots. The Grand National Assembly of Turkey did not approve the opening of Turkish ports and bases to large amounts of foreign troops and entering of Turkish army to Iraq with the coalition forces. In fact, Turkey has been trying to find its own balance on a tight rope rather than participating in the conservation of international balance of power. Hence, the next five or ten years will be vital for Turkey's status as a unified, sovereign and trustworthy regional actor as it will be increasingly hard to preserve the delicate balance between Turkey's neighbours and 'Western friends' until the U.S. finishes with its Middle East project.

Turkey's exaggerated enthusiasm for entry to the Caucasus and Central Asia region with its discovery of the region after the collapse of the Soviet Union in the early 1990s did not last for long. In the time of the President Turgut Özal the region was seen "as a new field for expanding Turkish influence and enhancing Turkey's strategic importance to the West" and "as a way to offset Turkey's difficulties with Europe".⁴⁹⁷ However, the strategic calculations of the time in Turkey were mistaken to take Eurasia apart from and as an alternative to Europe. Neither Europe nor the U.S. was inclined to carry on their relations with the newly independent states of the region, especially in the South

⁴⁹⁶ Baskın Oran, "The Turkish Approach to Transcaucasia and Central Asia", in Ole Hoiris and Sefa Martin Yürükel (eds.), **Contrasts and Solutions in the Caucasus**, Denmark: Aarhus University Press, 1998, pp.454-467. Mehmet Tütüncü, "Turkish Foreign Policy in the Caucasus", in Ole Hoiris and Sefa Martin Yürükel (eds.), **Contrasts and Solutions in the Caucasus**, Denmark: Aarhus University Press, 1998, pp.468-481. Also see William Hale, "Turkey, the Black Sea and Transcaucasia", in John F. R. Wright, Suzanne Goldenberg and Richard Schofield, **Transcaucasian Boundaries**, London: UCL Press Limited, 1996, pp.54-70.

⁴⁹⁷ F. Stephen Larrabee and Ian O. Lesser, "Chapter Five: Turkey and Eurasia" in F. Stephen Larrabee and Ian O. Lesser (eds.), **Turkish Foreign Policy in an Age of Uncertainty**, RAND, 2003, p.99.

Caucasus via Turkey in the long term. Hence, first the EU member states like Germany and France got interested in the Caucasus and developing relations with the Russian Federation, and in a short while, the EU introduced its Partnership and Cooperation Programs, which Turkey could not compete with in its comprehensiveness.

Turkey's limited success in its attempt to expand its influence to the Caucasus and Central Asia region due to the shortage in financial means and resources to play a significant economic and political role led to the re-evaluation of Turkey's capabilities, expectations from the region and significance as a regional actor. First of all, Turkey saw that it had over-emphasized its cultural, linguistic and religious proximity to the regional states. Almost 70 years of Soviet domination in the region has not only alienated the newly independent states to Turkey, but also to their own national cultures and language. The meeting of Turkish Speaking Countries in Istanbul, where the leaders of the newly independent states except Azerbaijan spoke Russian to communicate was an interesting experience. Additionally, Turkey's claim to offer a democratic model and liberal economy was not attractive at all for the region's dictatorial regimes having difficulties in preserving territorial unity in the face of break away regions, riotous groups and weak economies requiring protection in the first hand to recover. The efforts to develop political and commercial ties suffered from the domestic weakness, widespread corruption and the lack of rule of law. Besides, the newly independent states did not want to jeopardize their primary relationship with Russia by forming new partnerships, thus Turkey could not find the support it hoped to get in the cases of Bosnian Muslims or Turkish Cypriots, either.⁴⁹⁸ Hence, it is not fair to accuse Turkey's own financial impediments only. It is hard to say that much bigger financial aids by the international organizations such as the EU, EBRD and wealthy donors like Germany and the U.S. have reached to their target.

Ties of religion did not serve either side much or well, either. On the contrary it led to frictions as some Central Asian regimes like Uzbekistan felt uneasy about the activities of some Turkey-originated religious orders. Indeed, mostly secular populations and

⁴⁹⁸ Suzanne Goldenberg, "The Unsteady Return to the World Community", in **Pride of Small Nations, The Caucasus and Post-Soviet Disorder**, London and New Jersey: Zed Books Ltd., 1994, p.51.

leaderships of the Turkic newly independent states did not only find the congregations brought up in Turkey alien to their traditions and cultures; but they also feared them to find supporters in the much disappointed opposition.⁴⁹⁹ Hence, Nur schools which have spread from Russia to Uzbekistan with over 100 branches created annoyance.⁵⁰⁰ While Uzbekistan closed some of the schools and businesses down and cancelled student exchange programs with Turkey, Russia openly complained Turkish authorities about the activities of the so-called Fethullah Gülen schools.⁵⁰¹ Relations with the predominantly Christian Georgia and Shiite Azerbaijan, however, developed more smoothly.⁵⁰²

Larrabee points to an important fact about Turkish foreign policy towards Eurasia and refers to the absence of overall policy and coordination:

*“A large number of ministries and quasi-governmental bodies appear to pursue their own agenda with little overall coordination. There has been no clear-cut policy framework providing overall guidance for policy toward the Caucasus and Central Asia. In the absence of such guidance, Turkey’s policies toward the region have been dominated by personal whims and personalized connections”.*⁵⁰³

⁴⁹⁹ For a closer look at the character of Islamic opposition groups, clans, criminal organizations, their interrelation and Islamic resurgence in the region see Tanya Charlick-Paley, Phil Williams and Olga Oliker, “The Political Evolution of Central Asia and South Caucasus”, in Olga Oliker and Thomas Szayna (eds.), **Faultlines of Conflict in Central Asia and the South Caucasus: Implications for the U.S. Army**, RAND, 2003, pp.21-28.

⁵⁰⁰ The number of such schools founded with the financial resources of private firms connected to the Nur congregation under Fethullah Gülen is around 300 all over the world. The author of the dissertation has personally witnessed the coloured elementary school students brought to a **dershane** (a private school specialized for preparation to the university exams only) from one of the African republics as part of a school trip.

⁵⁰¹ İlhan Taşçı and Ayhan Şimşek, “Rusya’nın Sorunu Gülen”, **Cumhuriyet**, 8 December 2004, p. 11. During his visit to Turkey in December 2004, Putin came with a dossier about the activities of Fethullah Gülen schools, and firms opening these schools in the Russian Federation. Russia is closely monitoring these firms and trying to limit their activities through various precautions. Russia is very disturbed by the strengthening of ‘Islamist trends’ in the Caucasus and Central Asia region and the Russian officials drew the attention of Turkey to the activities of Gülen schools in the autonomous republics connected to the Russian Federation and in the Central Asian republics. The Russian officials, hence, told Turkey that these schools make “Islamist and Pan-Turkish” propaganda. However, Russia has not responded to the demands of Turkey against the activities of PKK terrorist organization in the territory of the Russian Federation with the same sensitivity. The Russian Federation has not recognized PKK as a terrorist organization yet.

⁵⁰² Although radical Islamist trends and parties are not expected to find much support from the Azeri public, the Azerbaijan government has not tolerated Islamist opposition parties in Heidar Aliiev’s and his son İlham Aliiev’s time.

⁵⁰³ Larrabee and Lesser, op.cit., p.125.

However, the overcomplicated network of relations over the region and their outcomes announce the fact that the time of prominent political figures acting as the sole possessors of initiative for the developments in the region is over. Today, the voice of civil societies, especially in the South Caucasus, has increased. NGOs in connection with foreign civil and governmental think-tanks and financial circles, oil and gas lobbies are increasingly involved in domestic policies. Domestic and foreign pressure over the national leaders such as Saakashvili in Georgia, Kocharian in Armenia and Ilham Aliev in Azerbaijan push for change. Relations between the national bureaucracies, economic and energy sectors in the South Caucasus and their foreign counterparts are more and more institutionalized. The majority of foreign aid and assistance invested on the development of state structure, private sector and their legal understructure is serving the institutionalization of relations between the states of South Caucasus and the Western donators and investors the best, which will diminish the role and dominance of charismatic leaderships in return. While Turkey trusted personal ties and dialogue between presidents for developing communication with the states of Caucasus (Georgia and Azerbaijan); political and economic circles from Europe entered the region through NGOs, and research and humanitarian assistance foundations, which forged ties with the public.

Turkey's comparative advantage in the competition of power and influence over the region among the Western countries is its geographic proximity to the region. Lesser relates "TGS strategists themselves note that Turkey's role has changed from a 'flank' to a 'front'. Turkey and Turkish facilities can also play critical, possibly unique role in Alliance power projection from the Black Sea and the Caspian to the Gulf".⁵⁰⁴ Although analysts began referring to Turkey as a 'flank' country after the collapse of the USSR and particularly after the U.S. took over Iraq, it continues to preserve its status as a pivot

⁵⁰⁴ Ian O. Lesser, **NATO Looks South: New Challenges and New Strategies in the Mediterranean**, RAND, 2000, p.40, <http://www.rand.org/publicatons/MR/MR1126>. Also see **White Book**, "Section 2: Turkey's Geopolitical, Geostrategic and Ecostrategic Importance", <http://www.msb.gov.tr/Birimler/GnPPD/pdf/pc1c2.pdf>, where it writes "Turkey ceased to be in the location of a flank country of the North Atlantic Alliance and assumed the central position in the Eurasian belt connecting Europe to Asia".

country indeed, though with a little change. As Larrabee states “Turkey stands at the nexus of three areas of increasing strategic importance to the United States and Europe: the Balkans, the Caspian region, and the Middle East”.⁵⁰⁵ After all, all the major energy resources and routes from the Persian Gulf and Caspian Basin are within the range of 1.000 miles of Incirlik.⁵⁰⁶ As Khalilzad notes “Turkey is ideally located to play a vital role to ensure security both in the Persian Gulf and in the Caspian Basin. Turkish military facilities provide an excellent location for projecting power to both regions”.⁵⁰⁷

In an accelerated power rivalry with the regional states like Russia and Iran, Turkey’s comparative advantage will be her sound and predictable foreign policy traditions, which has historically proved to be not inclined to colonialization or expansionism since Atatürk, on the contrary to Russia and Iran. While the foreign policy applied by Turkey is introduced to be “based on both the geostrategic, economic and cultural realities in the special geography in which she lives and on the peaceful principles set by Great Atatürk” in the *White Book*, Turkey’s defence policy is described as defence oriented with the basic principle “to take all measures to prevent crises and conflicts and to take an active part in collective defence systems and to fulfil the responsibilities entrusted to it”.⁵⁰⁸ Posch states “Turkey is not playing a significant role in the Middle East conflict, but its credibility in Israel and Islamic countries will be a valuable asset in the future”.⁵⁰⁹ Posch’s statement is applicable for Turkey’s relations with the states in Central Asia and South Caucasus region, too. Turkey emerges as a more efficient actor in South Caucasus and Central Asia, when compared with her role in the Middle East, but her credibility as a member of multilateral organizations, for having close ties with the West, and for associating itself with collective defence and multilateralism rather than unilateral foreign policies is valuable for the construction of

⁵⁰⁵ Larrabee and Lesser, op. cit., p.2.

⁵⁰⁶ The Institute of Turkish Studies-ITS Washington D.C., “Conference Report: The Changing Environment of Turkish Foreign Policy”, <http://turkishstudies.org/reportsa.html>, (25/10/2001).

⁵⁰⁷ Zalmay Khalilzad, “A Strategic Plan for Western-Turkish Relations”, **The Future of Turkish-Western Relations: Toward a Strategic Plan**, RAND, 2000, p.85, <http://www.rand.org/publications/MR/MR1241>

⁵⁰⁸ **White Book**, “Section 2: Turkey’s Geopolitical, Geostrategic and Ecostrategic Importance”, <http://www.msb.gov.tr/Birimler/GnPPD/pdf/pc1c2.pdf>, and **White Book**, “Part Four: Turkey’s Defence Policy and Military Strategy, Section One: Turkey’s National Defence Policy”, <http://www.msb.gov.tr/Birimler/GnPPD/pdf/p4c1.pdf>

⁵⁰⁹ Walter Posch, “Talking Turkey”, **Comment**, ISS, No.12, <http://www.iss-eu.org/news/lttr/n12.pdf>

dialogue among the states of the South Caucasus and Central Asia region as much as it is in the Middle East.

Furthermore, all of the three South Caucasus states seek to reduce their dependence on Moscow. Closer relations between Russia and Turkey will eventually allow Turkey's relations with Georgia, Armenia and Azerbaijan to develop more freely. Turkey and Georgia signed an agreement on military assistance and cooperation in March 1999. A Five year agreement envisages the construction in Georgia of military training centres in Kodori and Gori and a shooting range outside Tbilisi. Turkish military advisers are in Georgia, as well as in Azerbaijan and Turkey leases a Georgian airbase, where it now has military presence. Azerbaijan has also built a close cooperative relationship with Turkey. Turkey provides military assistance, including training and refurbishment of bases to Azerbaijan, too. Both Georgia and Azerbaijan hope that by building close ties with Turkey and the United States they can guarantee their independence from Russia for the long term. Hence, Turkish military assistance to these two countries is seen as a part of a broader effort to strengthen their ties with the West, including NATO. Turkey, Azerbaijan and Georgia also signed a tripartite security cooperation agreement that commits Turkey to provide more military assistance and training. Additionally, Turkey sponsored Azerbaijan and Turkey's participation in NATO-lead peacekeeping in the former Yugoslavia. Units from Georgia and Azerbaijan participated in the Kosovo Force (KFOR) as part of a Turkish Battalion. Georgia and Azerbaijan perceive Turkey's assistance as a means to more direct assistance from and alignment with the United States. In deed, they are not wrong. The U.S. efforts to construct a "Caspian Guard" since 2003 that has Turkey in its core will eventually pull Turkey inside as most of the Baku-Tbilisi-Ceyhan pipeline is within the borders of Turkey. Turkey is the main pillar of such an organization and the operation field of the 'Caspian Guard' will be covering the whole East Anatolia, and the Caspian Littoral.⁵¹⁰ Hence, the U.S. backing for Turkey's influence in the South Caucasus (Georgia and Azerbaijan) will continue. If Turkey becomes a customer of Caspian gas in the future, Turkey will have even stronger incentives to protect its interests in the region. As Olikar states "Turkey is likely to be

⁵¹⁰ Osman Çutsay, Hazar için Özel Güç: ABD, Baku-Ceyhan Petrol Hattı için Yeni Bir Koruma Birliği Oluşturuyor, **Cumhuriyet**, 20 April 2005.

involved in any multinational presence in the region”.⁵¹¹ Yet, Russia is cautious against any Turkish attempts to increase its influence in the region. When Turkey took the war in Nagorno-Karabakh to the UN Security Council on 17 August 1993 after the Armenian attacks on Fizuli and Cebrail and in the area around Agdam, the UN demanded the immediate, complete and unconditional withdrawal of Armenian forces from the recently occupied areas and demanded that Armenia should not support the occupying forces. Turkey also proposed the use of sanctions if Armenia disregarded the UN statements. De Pauw states:

*“Russia, however, would probably have vetoed such a proposal for sanctions in the Security Council. Russia did not accept Turkey as a negotiator on Nagorno-Karabakh: ‘Some people think that Turkey should fill a vacuum... There is no vacuum. Russia has considerable historical, economic and political interests in this region’, explained Albert Chernichev, the Russian ambassador in Ankara, in the Turkish press in April 1993”.*⁵¹²

Iran, the problematic neighbour of Turkey, inflicted with paranoid suspicion of conspiracies against her existence is reconsidering her relations with Turkey. President Ahmet Necdet Sezer’s visit to Iran in 2002 was accepted with similar enthusiasm and pleasure as his last visit to Syria in April 12, 2005. In 17 June, President Sezer visited Iran and met with President Mohammed Khatami.⁵¹³ During the meeting sides talked over the expansion of bilateral ties, developments in Iraq, the Middle East crisis, and the reconstruction of Afghanistan. Additionally, Iranian Minister of Finance Tahmasb Mazaheri and a visiting Turkish official signed an agreement to eliminate double taxation. During the meeting of tradesmen, which started with the participation of the Presidents of Turkey and Iran, elimination of non-tariff barriers, Iranian gas exports to Europe via Turkey, and the readiness of Iranian investors to carry out joint ventures with

⁵¹¹ Olga Olikier, “Conflict in Central Asia and the South Caucasus: Implications of Foreign Interests and Involvement”, in Olga Olikier and Thomas Szayna (ed.), **Faultlines of Conflict in Central Asia and the South Caucasus: Implications for the U.S. Army**, RAND, 2003, p.206.

⁵¹² Freddy De Pauw, “Turkey’s Policies in Transcaucasis”, in Bruno Coppieters (ed.), **Contested Borders in the Caucasus**, Brussels: VUB University Press, 1996, p.184.

⁵¹³ <http://www.rferl.org/reports/iran-report/2002/06/23-240602.asp>

their Turkish counterparts were discussed. Trade between the two countries was worth some USD 1.2 billion in 2001 and Iran is eager to develop it more. Thus, Iran sees Turkey as a way out of its isolation in the region. Putin's warm encounter with President Sezer this year in Ankara had a similar inclination at the time when the American criticisms of Russia increased. Certainly Turkey's importance for the regional states feeling threatened by the American influence and containment policies has grown rapidly. However, Turkish-Russian relations entail anxieties, too. Russian arms transfers to Cyprus as in the case of the S-300 surface-to-air batteries, and Iran, especially when considered with the Russia-Iran nuclear cooperation, create serious concern. Russian bases in Georgia and Armenia lead to considerable unease. Turkey also fears that Russia will take advantage of CFE treaty adjustments that allowed the Russian Federation to have a higher ceiling for its proliferation in the Caucasus. Turkey's initial reluctance for the enlargement of NATO was, therefore, carrying the signs of this fear that Russian activities and proliferation in the Caucasus would be both tempted and tolerated by the European-Atlantic Alliance in return.⁵¹⁴

That Turkey is standing over a sensitive balance between the U.S. and the EU is a shortcoming of Turkish foreign policy, which will in return effect its foreign policy projection towards the South Caucasus. Turkey is clenching on the two sides of the crack opening between the historic U.S.-Europe cooperation. As the rift grows, it will be harder to hold on both sides. Bacık states that "the crux of the question lies with the differing perspectives of a global superpower and individual EU member states... Put briefly this is a uni-multipolar system with one superpower and several major powers".⁵¹⁵ This crux will grow as the U.S. gets more involved in the South Caucasus. Besides, there is not an agreement between Turkey, Europe and the U.S. on what kind of a role Turkey should play on energy security, and against the spreading of weapons of mass destruction (WMD) in the regions adjacent to Turkey, which pose one of the most serious challenges to the global non-proliferation regime. It is rather awkward that the EU does not involve

⁵¹⁴ Lesser, op.cit., p.39.

⁵¹⁵ Gökhan Bacık and Bülent Aras, "Turkey's Inescapable Dilemma: America or Europe?", **Alternatives, Turkish Journal of International Relations**, Vol.3, No.1, Spring, 2004, p.59.

Turkey into its security and defence identity, while struggling to develop its own defensive structures. As Lesser writes:

*“Europe is not inclined to give Turkey, even as an EU ‘candidate’ more than a peripheral say in its nascent foreign and security policy...If Europe is unable to develop an effective framework for integrating Turkey in its future foreign and security policy decision-making Turkey’s position in European security will become even more anomalous and more dependent on bilateral ties with the United States”.*⁵¹⁶

Expelling Turkey from the full EU membership is opening a hole in the European security and defence, since the threat of retaliatory attacks to Western cities from hostile regimes to the East and South-east of the EU has not disappeared even after the American dominance in the Middle East. In fact, such a risk has a growing probability in the limbo created after the American intervention to Iraq. Today, even the Saudi regime faces a terrorist threat that has the potential to shake sooner or later the stability of Saudi Arabia and the energy security for the West. Radical and terrorist organizations have an astonishing mobility from Saudi Arabia to Chechnya, from Syria to Afghanistan and ability to reach a variety of weapons, from ballistic missiles to WMD. Failure to seek areas of compromise with Turkey means that both the EU and the U.S. will be deprived of a crucial ally that has the potential to enrich their limited foreign policy involvement in the South Caucasus.

This time, it is the Caucasus and Central Asia region that Turkey provides the bases of projection for. Turkey does not have direct access to Central Asia. Its long border with the Caucasus, however, makes Turkey an indispensable ally for the U.S. Hence, Incirlik preserves its importance for the projections towards the Caucasus and as a station to be used for control over the Caspian Basin although some analysts claim that Incirlik has lost its previous importance for the U.S.’s power projection over the Middle East after the invasion of Iraq and the U.S.’s settlement in the region with the full force of CENTCOM.

⁵¹⁶ Ian O. Lesser, “Western Interests in a Changing Turkey”, in Zalmay Khalilzad, Ian O. Lesser and Stephen Larrabee (eds.), **The Future of Turkish Western Relations: Toward a Strategic Plan**, RAND, 2000, p.4.

However, concerns about political acceptance, regime stability, and terrorism in relation to deployed forces in regions such as Iraq and Saudi Arabia indicate that Turkey will remain as the most attractive power projection option.

The same risks are also relevant for Central Asia and South Caucasus. Again for the EU that has increasingly focused on the South Caucasus, Turkey is the key partner that will contemplate the European Security Architecture, which is also referred to in the *White Book*.⁵¹⁷ In order to underline Turkey's importance, the fact that Turkey "contains one and the most important of the routes determined for the transport of the oil and natural gas from Caucasus and Central Asia to the West...and has a powerful Armed forces, both in terms of quality and size, in Europe and in the region" is brought to the fore in the *White Book*.⁵¹⁸ Turkey also emphasizes its role as "a key country from the aspect of the realization of the Trans-Caucasian Transport Corridor, necessitated by the increased traffic of people and goods directed to Caucasus and Central Asia".⁵¹⁹ Hence, Turkey will be situated at the core of a vast economic space extending from the Central Asia to Europe with important economic ties and interests. Any disruption of trade, transportation of goods, services and particularly of energy resources will lead to growing security concerns for Turkey in the future.

Now a new strategic and military dimension is added to Turkey's role at the intersection of the Caucasus and the Middle East with the uncovering of 'Caspian Guard', as well, as we mentioned. Turkey's role in accordance with the activities of this organization will be determinant in the regional balance and its own security. Although, the EU gives great importance to the protection of trade routes and oil and gas pipelines from the Caspian to Europe, it has been short of means to construct anything close to what the U.S. undertakes. Hence, the U.S. is taking over the military dimension of security and cooperation, while leaving the civilian efforts to the EU and cementing its civilian role, once again. When taken together with Turkey's 'strategic partnership' with the U.S. and tension stricken relations with the EU, the 'Caspian Guard' points to the creation of a new kind of alliance in the region.

⁵¹⁷ Ibid.

⁵¹⁸ Ibid.

⁵¹⁹ Ibid.

The ‘Caspian Guard’ is planned to operate on similar organizational structure and objectives with its sister organization, the Proliferation Security Initiative (PSI). Hence, Preston talks in the place of many hardliners disappointed with the Europe-U.S. cooperation and relates their wishes in a way: “As an organization set up to perform a mission that the United States and the International Atomic Energy Agency have jointly failed, halting the spread of nuclear weapons, it [Proliferation Security Initiative] has the potential of becoming an alternative to the UN itself in coming decades”.⁵²⁰ Like the PSI, the Caspian Guard will not be a pure military alliance, economic consortium or intelligence agency, but a combination of some of their features. It will not have an operating budget; swank headquarters building or a defence pact like the one exists in the NATO charter. However, it will give the U.S. activities in the South Caucasus, Central Asia and the Middle East a multilateral guise. Besides, as analysts relate this rapid reaction force created under the name of ‘Caspian Guard’ can be used for an attack to Iran, as well.

Indeed, many, mainly the neo-conservative circles in the U.S., see the ‘Caspian Guard’ as a valuable asset, which the US is belated to construct. The ‘Caspian Guard’ will serve as a cage built by the U.S. to contain Iran as the PSI is to North Korea. Preston writes:

*“...the United States will begin to encircle Iran, the world’s most dangerous remaining Islamic State, the way it is attempting to encircle North Korea, all to strangle their nuclear proliferation programs and over time halt their nuclear programs altogether. Additionally, Caspian Guard gives member states access to US training and tactical knowledge and the assurance in dealing with the world’s sole superpower in exchange for assistance in dealing with some of the axis of evil’s charter members”.*⁵²¹

⁵²⁰ Bryan Preston, “Mr. Multilateral”, **Tech Central Station**, 29/07/2004, <http://www2.techcentralstation.com/1051/printer.jsp?CID=1051-072904B> (23/04/2005).

⁵²¹ Ibid.

Nuclear proliferation on an axis starting from North Korea and going through India, Pakistan, Iran and extending towards other probable nuclear powers in our region, especially Iran's nuclear programme, is of serious consideration to and considerable threat for Turkey, too.⁵²² However, Turkey has followed a foreign policy towards Iran in a similar line with the European countries. Hence, political dialogue and engagement comes before containment and isolation. The last thing Turkey wants is the deterioration of relations with Iran and the inflammation of a military conflict between the U.S. and Iran. However, an American attack to Iran after the latter develops nuclear missile will be even worse for Turkey getting in the range of target as 'the strategic partner' of the U.S. and a NATO member. Even without a hot conflict, the regional balance will be severely disturbed, since Turkey will never have the previous deterrence it displayed in the pursuit of PKK terrorists within the Iranian territory after Iran is armed with Nuclear power and 1300-kilometer range Shahab-3 ballistic missile.⁵²³

After Turkey did overcome the initial disappointment with its inability to project itself as a major political influence in either the South Caucasus or Central Asia in 1990s, it came to understand that its soft power would not transfer into hard power so easily. In spite of the rivalry in the region which has divided states into camps, with Russia, Armenia and Iran on one side, the U.S., Turkey, Azerbaijan and occasionally Georgia, on the other, Turkey and Russia developed closer bilateral relations in a pragmatic fashion. Today, Turkey is Russia's major gas market and both countries see that they have much to gain from evolving economic and political relations.⁵²⁴ The thrust of the U.S. on pipelines and energy security, and the declarations of Georgia, Armenia and Azerbaijan to join Western institutions and organisations such as the NATO and perhaps the EU in

⁵²² Özlem Güvemli, "Özkök'ten Herkese Mesaj, 'İran'ı Kaygıyla İzliyoruz'", *Cumhuriyet*, 21 April 2005, p.9.

⁵²³ Michael Rubin, "Will Washington Support Democracy in Iran?", *Jerusalem Center for Public Affairs: Issue Brief*, 13 February 2005, <http://www.meforum.org/pf.php?id=680> (23/04/2005). Rubin says "Iranian authorities, for example, ignored numerous Turkish diplomatic demarches, and only scaled back support for Kurdistan Workers Party [PKK] terrorists operating in Turkey after the Turkish Air Force bombed the Iranian border town of Piranshahr. Had the Islamic Republic enjoyed a potential nuclear retaliation capability, Turkish authorities could likely have not forced an abandonment of Tehran's PKK support".

⁵²⁴ For a detailed analysis see Fiona Hill, "Seismic Shifts in Eurasia: the Changing Relationship Between Turkey and Russia and Its Implications for the South Caucasus", *Journal of Southeast European and Black Sea Studies*, Vol.3, No.3, September 2003, pp.55-75.

the longer term have already carried Turkey to the core of developments in and the transformation of the South Caucasus.

2. Iran

Emergence of a unipolar world is troublesome for Iran as it is for Russia. Hence, pragmatic necessity to offset U.S. dominance near and around Iran requires this Islamic country to develop closer and friendlier relations with the Russian Federation after the dissolution of the USSR. Iran, which once played the Soviet Union and the U.S. one to another, finds it harder to exploit the regional balances now. Still, Russian and Chinese manufactured arms and Russian nuclear technology are seen as a way out from the American squeeze and Western embargo on arms sale to Iran. Although Russia remains suspicious of Iran's regional ambitions and support for Muslim movements and elements within the Federation and the Caucasus-Central Asia region, Iran has adopted a cautious policy not to rock the stability at its periphery. In the case of Chechnya, Iran receded from excessive criticism of Russia. Additionally it has taken part in the coalition against Taliban. Still, the Caucasus and Central Asia remain to be potential areas of conflict between Iran and Russia. The construction of the principal energy route for exports from the region is a potential issue of competition and overlapping interests. Interestingly, however, Russia has recently given its support to the construction of a gas pipeline project between Armenia and Iran that will transport gas from Turkmenistan.

In spite of Turkey's ties to the West and tight secularism and Iran's support for Islamist elements in Turkey, Iran and Turkey have also shared common perplexities from time to time: Once, the Soviet threat of expansionism, then the fear of a strong Iraqi Kurdish movement that can destabilize the regional states like Iran and Turkey with significant ethnic Kurdish populations. Yet, only in the case of a possible Soviet occupation these two states seemed to come to terms with each other. In the latter case, Iran did not abstain from having ties with the Kurdish Workers' Party (PKK). Iran's ties to Islamist elements and illegal organizations were frequently questioned after each assassination of a leading academic or journalist in Turkey. However, Iran was careful

not to overemphasize its Islamic character in relations with the Caucasian and Central Asian states. Instead, Iran enjoyed cultural and linguistic ties where appropriate e.g. in Tajikistan, but particularly its direct access to the Caucasus and Central Asia region.

Iran sees the states of Caucasus and Central Asia region “as a diplomatic opportunity to break out of the containment imposed by the United States”.⁵²⁵ Although, Iran finds some relief in the split opening in the Western containment and enjoys developing closer relations with Germany and France, Caucasian and Central Asian states have a growing importance for Iran’s economy that benefits from transit fees, swap arrangements and markets for goods of its own produce. As the U.S. clenches its political and military control in the Middle East, Iran tries to reach its North-west and North-east for breath. Hence, transportation of Turkmenistan oil through Armenia and Iran to Europe is a highly favourable opportunity for Iran. As Giragosian states Iranian initiative is built on “an effective diplomatic strategy of forging a network of bilateral economic and trade agreements to foster cooperative relations with the former Soviet states”.⁵²⁶ Hence, Iran tries to overcome the U.S. policies seeking to isolate and exclude Iran from the region through pragmatic and economic policies. Iran is stressing energy issues, offering its port facilities, providing technical expertise and selling natural gas supplies to the states of the South Caucasus.

Accept Georgia, most of the Caucasian and Central Asian states are landlocked. Armenia, Azerbaijan, Turkmenistan and Kazakhstan need access to open waters in the South. Though, Azerbaijan invests on the Baku, Tbilisi and Ceyhan pipeline project, Armenia does not have much choice but develop relations with Georgia to the North and Iran to the South. Iran has signed several projects with Armenia. A 230 KV electricity transmission line was put into operation between Iran and energy thirsty Armenia in 1997. Iran, Armenia and Greece came together in 1998 for the first trilateral meeting of the energy committee. Since than, these countries pay particular attention to the energy transportation over Armenia. EU is also known to prefer the construction of a gas

⁵²⁵ Daniel L. Byman, Shahram Chubin (et. al.), “Chapter Six: Impact on Foreign Policy” in **Iran’s Security Policy in the Post-Revolutionary Era**, RAND, 2001, p.77.

⁵²⁶ Richar Giragosian, “Oil and Geopolitics in the Transcaucasus”, in Ole Hoiris and Sefa Martin Yürükel (eds.), **Contrasts and Solutions in the Caucasus**, Denmark: AARHUS University Press, 1998, p.67.

pipeline on the route of Turkmenistan-Iran-Armenia-Georgia and Ukraine, from where gas will be transported to Europe, to a route of Turkmenistan-Iran-Turkey and Greece.⁵²⁷ The pipeline will carry 36 billion cubic meters of gas over a 20 year period from Turkmenistan via Iran to Armenia when completed.⁵²⁸ Armenia is also trying to expand its trade contacts with Iran in order to ease its economic isolation. However, the poor condition of Iran's economy and the poor quality of Iranian consumer goods limit trade relations. The tension between the U.S. and Iran over the nuclear dispute is a threat to the future of Iran-Armenia economic relations and completion of Iran-Armenian projects, as well. Construction of a new highway between Iran and Armenia is one of the projects that target to develop trade. As Danielyan reports Kocharian issued the guidelines of the project in late February and "the work on the highway, which will run through the mountainous south-eastern province of Syunik province bordering Iran is scheduled to start in April and finish in late 2006".⁵²⁹

Turkey's alliance with the U.S. and cooperation with Israel have been of great disturbance for Iran. Hence, Iran has chosen to develop closer relations with Armenia, Greece, Syria and Georgia in return. These close relations were not limited to the energy sector, either. Iran, Greece, Syria and Armenia signed a defence agreement, too. Indeed, Turkey constitutes the most peaceful and predictable neighbour - that is much needed in the region - for Iran. Iran and Turkey do not have any of the territorial disputes and historical resentments that have been a source of tension between Turkey and Armenia all the time. Additionally, Turkey and Iran have an interest in the stability of the neighbouring regions. Besides, oil and gas can be another factor for cooperation between the energy rich Iran and the potential purchaser Turkey. Yet, Iran has chosen to escalate political hostilities with Turkey until very recently. In the face of growing American influence in the Caucasus-Central Asia region and the U.S.'s open threat to change

⁵²⁷ Hamid Chitchian, "Iran-Armenia Gas Pipeline: Opportunities and Threats", **International Institute for Caspian Studies**, 14 February, 2001, <http://www.caspianstudies.com/article/CHITCHIAN-E.htm> (23/04/2005).

⁵²⁸ Safa Haeri, "Islamic Iran, Orthodox Armenia, Strange Bedfellows", **Iran Press Service**, September 9, 2004, http://www.iran-press-service.com/ips/articles-2004/september/khatami_armenia_9904.shtml

⁵²⁹ Emil Danielyan, "Armenia Widens Ties with Iran amid Tension between Tehran and Washington", **Business and Economics**, 3/03/05, http://www.eurasianet.org/departments/business/articles/eav030305_pr.shtml

regimes and redraw their borders throughout the Middle East, Iran has abandoned provocative rhetoric against Turkey's secular leadership and political and military institutions. Still, one of the main reasons of Iran's closer relations with Armenia is to limit the spread of the Turkish influence in the region as some analysts in Armenia agree, too.⁵³⁰

With one end in the Persian Gulf and one end in the Caspian Sea, Iran is like a transport corridor taking hold of the whole transportation between the Middle East and the Caucasus-Central Asia region. This large country is the main obstacle for the U.S. and dividing the Greater Middle East in the middle, which the U.S. will patrol without any limitations otherwise. Iran's nuclear program is an additional source of irritation for the U.S. Iran can not convince the U.S. that its nuclear program is only for civilian purposes. In fact, it is questionable that an oil rich country like Iran needs nuclear power. It is hard to find an answer to whether Iran is secretly working on nuclear weapons even for the International Atomic Energy Agency (IAEA). Yet, it is apparent why Iran feels increasingly threatened and resorts to self-reliance. Until the U.S.'s invasion of Iraq, Israel was the only nuclear force in the region and eager to remain the only one. Hence, Israel had not tolerated Osirak Nuclear plantation in Iraq, either. However, today Iran considers that a second nuclear power, the U.S., has entered the region with policies completely in line with Israel's plans for the Middle East. Hence, if Iran resorts to nuclear proliferation it is because Iran develops a new security initiative to counter perceived U.S. threat with "a classic deterrence concept that relies on strategic regional alliances and military preparedness to discourage enemies".⁵³¹

The name of Iran's new and more confrontational strategy is "deterrent defence". As Berman relates from Iran's foreign minister Kamal Kharrazi, "this national security concept is designed to confront "a broad spectrum of threats to Iran's national security, among them foreign aggression, war, border incidents, espionage, sabotage, regional crises derived from the proliferation of weapons of mass destruction (WMD), state

⁵³⁰ Ibid.

⁵³¹ Ariel Cohen, "Iranian Developing New Security Initiatives to Counter Perceived U.S. threat", Eurasia Insight, 5/14/03, www.eurasianet.org/departments/insight/articles/eav/051403a.shtml (23/04/2005).

terrorism, and discrimination in manufacturing and storing WMD””.⁵³² Nuclear policy is a complementary part of Iran’s regional security initiative that both searches for enhanced ties, diplomatic dialogue with regional states and develops capabilities that would be able “to absorb a first strike” in order to create “a basis for [Iranian] secondary resistance against the threats”.⁵³³ Iran wants to make it clear for potential aggressors that it will not be easy and without serious damage or resistance to take offensive measures against Iran. Hence, the best defence for the U.S. may not be offence in the case of Iran. Iran certainly is not Iraq.

Iran’s legitimacy rests on 3000 years of history which has not seen any invasion, and Shi’a *fikh* that constitutes the traditional and legal foundations of state for the last 500 years.⁵³⁴ Through out its history, ruling dynasties have changed; shahs have come and gone in Iran; but, the clerical foundations of the state have remained safe and sound. Iran has been able to homogenize the ethnic differences among its large population through a dominant Persian and Shi’a identity, through which the Persian nationalism is nurturing. Çitlioğlu, states that Iran is carrying particular natural difficulties for a military operation by the U.S. due to its 1.630.000 kilometre square surface, which is nearly four times larger than Iraq, and a population of 70 million.⁵³⁵ Certainly, it is hard even for the U.S.’s gigantic military machine to take control of Iran’s deep hinterland or bring Iran’s military force to its knees through one operation, as it did in Iraq. Hence, one option for the U.S. is an escalation policy, during which, the U.S. will work on attrition. Popular frustration in Iran has been climbing since 2001 among those, who are not satisfied with the President Mohammad Khatami’s policies short of reforms he has promised. Molavi states that “popular frustration with clerics is evident all over the country”, taxis do not take clerics, jokes about greedy and corrupted clerics are the subject of common talk, “[a]lso less than clear is the loyalty of rank-and-file soldiers, the majority of whom reportedly

⁵³² Ilan Berman, “How to Tame Tehran”, **Middle East Quarterly**, Spring 2004, <http://www.meforum.org/pf.php?id=614> (23/04/2005).

⁵³³ Cohen relates Iran’s defense strategy from the Defense Minister Ali Shamkhani. Ariel Cohen, op.cit.

⁵³⁴ Farhad Daftary, **Muhallif İslamın 1400 Yılı, İsmaililer, Tarih ve Kuram**, Ankara: Rastlantı Yayınları, 2001, pp.506-508. Also see Ercüment Özkaya, “Önsöz”, in Farhad Daftary, **Muhallif İslamın 1400 Yılı, İsmaililer, Tarih ve Kuram**, Ankara: Rastlantı Yayınları, 2001, pp.9-23.

⁵³⁵ Ercan Çitlioğlu, “İran Irak Olur mu?”, **Cumhuriyet Strateji**, Vol.1, Iss.24, 13 Aralık 2004, p.13. Defne Sarısoy Cop, “İran Irak’a Benzemez”, Interview with Faruk Sönmezoğlu, **NTVMSNBC**, 25 January 2005, <http://www.ntvmsnc.com/news/306413.asp?0m=-2DQ>, (28/04/2005).

favour reform”.⁵³⁶ Students are making demonstrations as they have done for the Revolution and giving their support to reform. Erdurmaz relates that the U.S. President Bush called out to the people of Iran during his speech titled “The Situation of the Coalition” in the second week of February 2005 and gave the message that “we are with you if you revolt”.⁵³⁷ The U.S. makes its calculation according to the confrontations between the reformists and the conservative establishment, and the ethnic groups that ask for their rights. The expectation of the U.S. is that uprisings will wear and tear Iran from inside. Ethnic groups are the underbelly of Iran. Hence, the authorities of Iran refer to their disturbance from foreign efforts to exploit ethnic groups and lead to confrontation. The Azeri population (about 30 million according to the U.N. records) is the second largest group in Iran. Especially in Elchibey’s government, Azerbaijan’s unification with the South Azerbaijan was spoken as a part of nationalist policy, which in return has created a deep distrust among the Iranian authorities since then. However, the Iranian Azeris have preserved their ethnicities in the second place after an all encompassing Persian identity worked by Shi’a belief. Shi’a and Sunni Kurds constitute the third largest group in Iran with 10 percent and like the Azeris they are not expected to get involved in a revolt like the one in Iraq, which will break the country into peaces. Still these groups ask for more cultural and linguistic rights and reforms. The U.S. efforts to make the university students descend to the streets in July 17 to commemorate the students, who died during protests a few years ago, were neither successful. As Çitlioğlu relates the answer of the student leaders after learning the American involvement was that they would prefer being with their state if the U.S. was going to back them.⁵³⁸ On that day not a single student participated in demonstrations. Indeed, hatred towards the U.S. leadership exceeds anything, even the public discontent about the present status quo that is guarded by the wealthy and powerful ayatollahs. Hence, the domestic situation in Iran has not matured enough for the U.S. to find allies within, yet.

⁵³⁶ Afshin Molavi, “Popular Frustration in Iran Simmers as Conservative Crackdown Continues”, Eurasia Insight, 4/21/01, http://www.eurasianet.org/departments/insight/articles/eav042401_pr.shtml

⁵³⁷ A. Serdar Erdurmaz, “Avrasya’yı Kontrol Etmek”, **Cumhuriyet Strateji**, Vol.1, Iss.34, 21 February 2005, p.5.

⁵³⁸ Çitlioğlu, op.cit., p.14.

Another factor that weakens the U.S.'s hand in dealing with Iran is the disagreement with the EU over Iran's nuclear program and the policies that should be followed to prevent Iran from developing nuclear weapons. On the contrary to the U.S. the European capitals do not consider that Iran should be referred to the U.N. Secretary Council for possible sanctions. Donovan states that "Germany, France and Britain are taking diplomatic lead in the Iran nuclear issue, and they hope to solve it through engaging Tehran".⁵³⁹ In addition to the trans-Atlantic divide over Iran, the U.S.'s heavy involvement in Iraq prevents further focus on Iran. At the moment there is a race between the U.S. and Iran against time. As the U.S. tries to delay Iran's nuclear program and meanwhile collapse Iran through its inner dynamics, Iran's effort is to fulfil its program as soon as possible. One and a half or two years is very important here. Within this period of time, the U.S. will be able to entrust Iraq to a government under its mandate and turn its attention to Iran. Meanwhile, the U.S.'s escalation policy has the potential to lead Iran to a more aggressive standing and pave the way towards a pre-emptive strike with conditions less questionable by international law and community. Hatemi has already given an acrimonious reply to the American threats and stated that they would make a hell of Iran for the U.S. The next target for the U.S. after the Iraqi operation is Iran. Hence, through one way or another, the U.S. will work to topple the present regime in Iran and complete the belt from the Mediterranean to the Central Asia with friendly regimes. That the U.S. succeeds or not is not the subject of our debate; but, even in the case of such a change in the regime, the realities of Iran dictate that the newcomers will not break from the past traditions, since the opposition to the regime does not question its roots in Shi'a. The opposition is not the supporter of a foreign intrusion, either, especially if it is by the U.S.

The status quo in the Middle East does not leave Iran much choice but shift its foreign policy towards Central Asia and Caucasus. Iran is basically the only gateway for Armenia, Azerbaijan and Turkmenistan opening to the West. Efegil and Stone state that "Iran is positioning itself to play a crucial role in the region-situated as it is as a bridge between Transcaucasus and Central Asia on the one hand and the Middle East and the

⁵³⁹ Jeffrey Donovan, "Iran: U.S., EU Disagree over Tehran's Nuclear Program ahead of IAEA Meeting", Eurasian Insight, 11/08/03, http://www.eurasianet.org/departments/business/articles/eav110803_pr.shtml

Persian Gulf on the other hand”.⁵⁴⁰ However, the U.S. is targeting Iran exactly for that reason. Tehran perceived a historical opportunity to become an overall regional power in the demise of the Soviet Union. Still, Iran continued to follow measured, but more active and constructive policies. On the one hand, Iran does not want Turkey and Russia to increase their influence in the region, on the other hand it sees developing relations with these two as necessary against the squeeze of the U.S. Hence, maintaining close relations not just with Armenia and Azerbaijan in the South Caucasus, but also with Russia and Turkey is vital for Iran. Iran shares an interest with Russia in prolonging the Karabakh conflict, though on low intensity, which has in return cemented Russian-Iranian co-operation in the Caucasus. Iran has also approached the conflict on non-ideological basis, through the support it gave to Armenia despite its struggle against Shiite Azerbaijan.⁵⁴¹ Yet, Iran has not formulated a long-term foreign policy for the region. Instead, it has to limit itself to the immediate developments in the Middle East and the U.S. presence, which curb its regional ambitions.

⁵⁴⁰ Ertan Efeğil and Leonard A. Stone, “Iran’s Interests in Central Asia: A Contemporary Assessment”, **Central Asian Survey**, Vol.20, Iss. 3, 2001, p.363.

⁵⁴¹ Fred Halliday, “Condemned to react, unable to influence: Iran and Transcaucasia”, in John F. R. Wright, Suzanne Goldenberg and Richard Schofield (eds.), **Transcaucasian Boundaries**, London: UCL Press Limited, 1996, pp.71-88.

Part Three: SOME EU MEMBERS' INITIATIVES TOWARDS THE SOUTH CAUCASUS

As Part Two displays the EU is not alone in the South Caucasus, but is a contemplating element of the general system among other systemic variables dominant in the region to varying degrees. However, as Part Three examines the European Union is a very significant contributor. Its relative prominence comes from its successful experience with the CEECs and the achievements of the European enlargement project. However, the capacity of the EU is confined to how far its constituting parts, the EU Member States, are willing to devolve the EU institutions significant responsibilities. Part Three argues that the EU is equipped with the necessary instruments for conflict prevention. As it is studied under the subtitle of "*The EU's Relations with the Caucasian States*" the EU once again comes to the fore as a power of attraction and dynamic force pushing the Caucasian Countries for change through its financial, technical, humanitarian aid and regional cooperation programmes. Hence, the EU has developed the European Neighbourhood Policy extending to the South Caucasus states. Germany and the United Kingdom's initiatives towards the South Caucasus are the main focus of Part Three. As the EU falls short of developing a common foreign policy, member states choose to follow their own individual foreign policies towards the regions of interest. While Germany focuses on relations with Russia and Georgia and intrudes into the South Caucasus, mainly Georgia, through the technical and financial aid it provides and the activities of non-governmental organisations; the United Kingdom displays its presence through the British Petroleum and participation in the pipeline projects. As Part Three examines it is the relations Germany and the United Kingdom have developed bilaterally with important actors such as Russia and the U.S. and the Caucasian States that shape their foreign policy projections towards the South Caucasus rather than a Common Foreign and Security Policy initiated by the EU towards the South Caucasus.

I. The European Union and its Inner Dynamics

A. The Capacity of the European Union for Foreign and Security Policy Projections towards the South Caucasus

The EU is a conglomerate of national politics of varying capacities and traditions. The EU is not evolving around a single policy; but, fragmenting into federal, national and regional levels, where the nation-state will not disappear in the near future. The EU is a gathering of states with distinct size and identities. Among these Germany, the United Kingdom and France are the most prominent political identities, which regard each other as such. Wood states that William Pfaff has written:

“Acknowledgement of a common European interest and moral purpose had not extinguished the divergent and sometimes conflicting practical interests and perceptions of the European states. It was possible, although difficult, to accommodate these within the European Community between 1951 and 1993 precisely because Europe remained far from political integration”.⁵⁴²

Pfaff adds that “[t]he European Community’s own development had run into contradiction in its own ambition, to create a ‘union’ of sovereign states. Europe actually had to become one or the other”.⁵⁴³ Member states represent different political and security traditions, which are not compatible with each other. Especially common or collective use of force under the EU auspices is an important issue, which the EU members hardly agree upon. The EU’s transition from a ‘civilian power’ to one that can use a military force does not find the same domestic and political support among the European capitals. The use of force under the EU auspices requires an important amount of pooling of sovereignty in terms of foreign policy, defence and security. However, the

⁵⁴² William Pfaff, **The Wrath of Nations: Civilization and Furies of Nationalism**, New York: Simon and Schuster, 1993, pp.207-208 as cited by Stephan Wood, “Europe and the Union: New Theatre, Old Actors”, in **Germany, Europe and the Persistence of Nations, Transformation, Interests and Identity, 1989-1996**, Aldershot: Ashgate Publishing Ltd., 1998, p.286.

⁵⁴³ Ibid.

EU member states live hesitancy whether the power of national state should be further eroded for the sake of efficiency in the community.

At this point emerges two questions. First, ‘will member states devolve to EU institutions significant responsibilities that have so far remained national prerogatives?’ secondly, ‘in case of a competition within EU institutions between civilian and military response mechanisms, how will the EU and member states come out of this competition?’. The referendums for the European Constitution in France and Netherlands ended with a complete disappointment for the supporters of a united states of Europe. Two of the states, France and Netherlands, which Germany had planned to thrust the EU’s enlargement and integration through pulled out of Germany’s *Kerneuropa* leaving a weaker and narrower core for the future *Federal Europe*. The fact that the Community is a creation of a treaty rather than a constitution has not changed in spite of the long years of common experience and “the strength of the territorial dimension within the Community” has not weakened.⁵⁴⁴

The EU consists of twenty five well-established states, some of which have a long history of sovereignty, whereas some others are relatively young. These states are not particularly threatened from the outside and still foreign policy is a key symbol of identity and sovereignty. Additionally, foreign policy is not the field “to conduct the debate about sovereignty and integration first and foremost”, since it “can create and sustain a sense of common purpose among a people(s) only up to a limited point”.⁵⁴⁵

As Hill states:

⁵⁴⁴ Alberta M. Sbragia, “Thinking about the European Future: The Uses of Comparison”, in Friedrich Kratochwil and Edward D. Mansfield (eds.), **International Organization: A Reader**, New York: Harper Collins College Publishers, 1994, p.318.

⁵⁴⁵ Christopher Hill, “The actors Involved: National Perspectives”, in Elfriede Regelsberger, Philippe de Schoutheete de Tervarent and Wolfgang Wessels (eds.), **Foreign Policy of the European Union: From EPC to CFSP and Beyond**, London: Lynne Rienner Publishers, 1997, p.94. Also see Schmidt, Vivien A. “The EU and Its Member-States: Institutional Contrasts and their Consequences”, Working Paper 99/7, Max Planck Institute for the Study of Societies, May 1999. Meyer, Christoph O. “Theorizing European Strategic Culture between Convergence and the Persistence of National Diversity”, CEPS Working Document No.204, Brussels: CEPS, June 2004. Musu, Costanza. “European Foreign Policy: A Collective Policy or a Policy of ‘Converging Parallels’?”, **European Foreign Affairs Review**, Vol.8, No.1, Spring 2003, pp.35-49.

*“Foreign policy still leans more toward the nations-state than toward the European Europe. Of course there are things states can not do all alone but achieve only through cooperation. Since it is difficult to be self-sufficient in defence, “all the pressures are toward collective defence in the form of alliances, burden sharing and forward defence”.*⁵⁴⁶

Belgium and Germany are examples to those pushing on the European defence project for this reason. The strong member states such as Britain and France seem to have accepted their incapacity to follow independent global roles and activism.

Yet, bigger states of the EU are eager to protect their particular historical interests and promote associated bilateral relationships with major countries like China, Russia and the United States. Besides, national foreign policies “still wish to have capacity to put a brake on what might be seen as a risky, expensive, dangerous, or simply immoral initiative”.⁵⁴⁷ The democratic deficit of the EU brings the democratic accountability of the member states to the foreground because national foreign policies “act as a manageable reference point of democratic accountability”, where as it is hard to achieve even in huge states like the U.S.⁵⁴⁸

Here, the self-regarding identity and interests of the component units are involved in the mutually constituting process with the structure of the system. Hence, the collective and/or subjective view of the units such as the Federal Republic of Germany and the United Kingdom determine their conceptions of the international system and the EU in it. Alexander Wendt’s methodology for explaining the intersubjective understanding of the states about their identity and interests, which in return constitutes the structure of the international system leads him to the observation that “sovereignty is an institution dependent upon the implementation of rules that, like all other rules, exist ‘only in virtue

⁵⁴⁶ Hill, op. cit., p.92.

⁵⁴⁷ Ibid., p.91.

⁵⁴⁸ Ibid., p.92.

of certain intersubjective understandings and expectations”⁵⁴⁹ Hence, constructivists do not deny the material reality of the world, but argue that shared knowledge, norms and identities influence how the material world shapes social interaction and how social interaction influences the material world.⁵⁵⁰ Additionally, power for the constructivists is “authority to determine a community’s shared knowledge, norms, identities” and it also “enables the positive construction of new rules”.⁵⁵¹

The EU’s security policy towards the Caucasus, its relationship with the Caucasian states and the influence of the EU’s inner dynamics can not be evaluated without making reference from Macsweeney’s description of security:

*“Security cannot be reduced to defence, to a balance of threats and vulnerabilities, or to any such objective and material equation, it has been argued. Security and insecurity are a quality of a relationship, and reflect stability or change in the identity of the collectivities involved...neither a fixed human nature nor an independent structure determines the direction of security policy...”*⁵⁵²

The EU’s commitment to expand without reviving Cold War tensions or recreating a divided Europe signifies the purpose of the organization, which is defined less in terms of defence than of providing a well settled stability in Europe.⁵⁵³ This purpose now reflects in the meaning of security for Europe and how to maintain security.

Hill states that “conflict prevention has become a central idea, and a prime hope, in the Common Foreign and Security Policy”.⁵⁵⁴ Conflict prevention provides the values,

⁵⁴⁹ Barry Buzan and Richard Little (eds.), **International Systems in World History: Remaking the Study of International Relations**, Oxford and New York: Oxford University Press, 2000, p.43.

⁵⁵⁰ Brian Frederking, **Resolving Security Dilemmas: A Constructivist Explanation of the INF Treaty**, Critical Security Series, Ashgate: Aldershot, 2000, p.11.

⁵⁵¹ Ibid.

⁵⁵² Bill McSweeney, **Security, Identity and Interests: Sociology of International Relations**, Cambridge University Press, 1999, p.101.

⁵⁵³ K.M. Fierke and Antje Wiener, “Constructing Institutional Interests: EU and NATO Enlargement”, in Thomas Christiansen, Knud Erik Jorgensen and Antje Wiener, **The Social Construction of Europe**, London: Sage Publications Ltd., 2001, p.122.

⁵⁵⁴ Christopher Hill, “The EU’s Capacity for Conflict Prevention”, *European Foreign Affairs Review*, Vol.6, Iss.3, Autumn, 2001, p.315.

objectives and instruments necessary for the EU to reduce its exposure to security dangers and policy failures by preventing the very outbreak of serious conflicts. Since the EU has limited intervention and crisis management capabilities in short term, it is more efficient and constructive for the EU to concentrate on conflict resolution and conflict prevention.

Any potential international and civil conflict “in the states of east and central Europe, including Russia and the Balkans, or in any of the states on the Mediterranean littoral” may give damage to the EU and its member states. The movement of displaced persons, the spillover of political instability or the disruption of trade are some of the threats emerging from such conflicts. The events of September 11, 2001 was a turning point in the EU’s understanding of international terror, regional conflicts and the need for a common action plan to fight against the dark face of globalism in general.⁵⁵⁵ While, the U.S. is determinant to eliminate the causes of terrorism through war in the Middle East, the EU focuses on non-military tactics such as police, intelligence and judicial cooperation as instruments of counter-terrorism capabilities. Hence, the EU keeps distant to a kind of fight against the causes of terror as the U.S. employs in its ‘pre-emptive’ war.⁵⁵⁶ As Fedorov states the difference derives from the “distinctions between ‘American’ and ‘European’ strategic cultures”.⁵⁵⁷ Hence, Europe sees the existence of an outer threat as a natural and customary element of a political entity. Europe has developed the perspective of strengthening legal norms and building strong multilateral institutions, engaging dangerous states and regimes into international efforts and institutions so far. Fedorov states that “this strategy seeks to prove rogue states that cooperation and refusal of aggressive intentions are more fruitful”.⁵⁵⁸ Indeed, it is a method of imposing a new set of motivations.

⁵⁵⁵ **Süddeutsche Zeitung**, “Terrorangst beherrscht die Politik des Westens”, No.71, 25 March 2004, p.1, <http://epaper.sueddeutsche.de>, (25/03/2005).

⁵⁵⁶ Javier Solana, “Leading the Fight against the Causes of Terror”, **European Voice**, Interview by David Cronin, 3-9 April 2003, p.14. Jamie Woodbridge, “Tackling Terrorism within EU Borders”, **European security Review**, ISIS Europe, No.12, May 2002, p.5.

⁵⁵⁷ Yury E. Fedorov, “Old and New Europe: A View from Russia”, in **European Security Strategy: Is It for Real?**, The European Security Forum, Working Paper No.14, October 2003, p.8.

⁵⁵⁸ *Ibid.*

Long history of wars in Europe has taught the inefficiency of military power in destroying the roots of threats. Hence, the European security strategy targets social inequality and poverty through economic assistance and building a more equitable and just social order. Besides, upto 90 percent of the populations in the UK, Poland, the Netherlands and Turkey, which are known to be traditionally supportive of American policy were against the war in Iraq. One basic cause of this opposition was the thought that the use of force for preventing terrorism may consolidate extremist forces and enlarge their social and political bases. The recent events and street fights between the police force and immigrants in France and the increasing trend of guerrilla warfare in Iraq against the U.S. forces and the Iraqi state structures associated with American policies reflect the righteousness of this view.

Conflict prevention is a reflection of the philosophy of civilian power and the EC's unwillingness to engage in a conflict after it enters a military phase. The EU is "a power of attraction" thanks to the enticement of membership combined with stick of sanctions and the carrots of aid. Meanwhile, it helps spreading the values of the rule of law and has a socializing effect. Economic sanctions and conditionality are the instruments of soft power, which the EU develops its foreign policy actions with. Aid, association agreements and trade concessions are conditional, depending on cooperation with the EU.

The adoption of joint actions, common positions and common strategies in the CFSP enable the evolution of new initiatives like the stability process in the Balkans. The new post of High Representative also provides an increase in the diplomatic representation of the EU. However, as Hill states "a diversity of specific national concerns, dependency on the presidency for initiatives and information, confinement in Title V and the lack of an effective defence dimension" are the structural limits of the CFSP.⁵⁵⁹ The EU has a great economic capacity for reward and punishment, technical and administrative capacity to support and stabilize. Diplomacy is still seen to be an important tool to address the root causes of international conflict. In the short term, the EU has limited intervention and crisis management capabilities, but, its comparative advantage lies more in the medium term of conflict resolution and in the long term of conflict prevention. Thus, it is not only

⁵⁵⁹ Hill, *op. cit.*, pp.328-329.

the diversity of political philosophies between the EU and the U.S. that result in the deep differences in strategic views and attitudes between the EU and the U.S. but also the apparent gap in their military power. Only the UK is both able to implement large-scale military operations outside of Europe and supportive of the American policies. Though, France is comparable to the UK in military strength, it is openly against the American policies. Germany has significant military power, but “the domestic political situation in Germany and the dependence of the German social-democratic government upon an anti-American and anti-war sentiment typical of a left-wing European political mindset” has been the basic source of Germany’s negative attitude towards the British-American intervention in Iraq. As the split between Europe and the U.S. grows, a similar gap opens within the EU between two groups of states. These two groups consist of the opponents of the current American approach and some EU member states supporting the British-American operation in Iraq partly as a result of a desire to strengthen their own international profiles. Hence, the accent on using political means of conflict prevention and settling is the source of the EU’s international influence, where as the use of military force which requires common decision-making and action on every stage is the privilege of the U.S. The split in Europe is growing as the French and German fail to develop an effective opposition to U.S. policy. Yet, an increasing focus on a more efficient conflict prevention policy has the opportunity to provide a privileged position for the EU, too. Although, the European security identity is vague at the moment, the EU has an unchallenged reputation for its use of trade and development policies as powerful tools for promoting reform, contributing to better governance through assistance programmes, conditionality and targeted trade measures.⁵⁶⁰

The best form of conflict prevention is the spread of values and beliefs that violent conflict is counterproductive. Besides, the conflict prevention strategy of the EU will be more successful if pursued coherently and applied on the European continent or its periphery. The EU has already been involved in conflict prevention through both financial and political means of development co-operation and external assistance, trade policy instruments, humanitarian aid, social and environmental policies, diplomatic

⁵⁶⁰ Roberto Menotti, “European Security Strategy-Is It for Real?, European Security Forum, Working Paper, No.14, October 2003, p.17.

instruments, political dialogue and co-operation with international partners and NGOs. Since the events of September 11, the EU will have to get more involved in policies to address the root causes of international terrorism and crime through the use of instruments within its capacity. As Lennon states Europe is the biggest aid donor in the world, providing 56 percent of all world assistance to developing countries.⁵⁶¹ Besides, the European aid is as old as the European Economic Community established in 1957. In time, the EU assistance became one of the world's five leading donor programmes. In a year the EU manages between USD 5.5 billion and USD 6 billion of development aid, which is about the same amount as the official development assistance (ODA) managed by large international finance organisations such as the UN, World Bank and IMF.

The European development cooperation policies and its humanitarian aid extend broadly over many crosscutting fields and have a multifaceted character. The EU's development policy is a combination of regional agreements through which the recipient country decides the use of various instruments for development with the EU. The EU supports regional agreements with trade agreements, financial, technical and humanitarian aid, too. Apart from the EU's common development policy towards the recipient countries and developing regions, each member state of the EU conducts its own development policy through bilateral cooperation with the recipient country. Here Lennon refers to the fact that "this process is not entirely altruistic: the national interests of the members states are served by helping developing countries, which both supply them with raw materials and offer markets in which to sell their products". Hence, the EU members states with a colonial past would like to preserve their ties with the Mediterranean and Africa-Caribbean and Pacific (ACP) countries. As we discussed in the first chapter, while some want to focus on Eastern Mediterranean with economic and security concerns, some give greater importance to developing ties with Eastern Europe, Asia or ACP. This makes the coordination of development policies not easy. Thus, development policies of the individual member states need a good 'Europeanization' process, as well. As Pascal Lamy, the EU Commissioner responsible with trade, states:

⁵⁶¹ David Lennon, "The European Union: A Leader in Humanitarian and Development Assistance", in Robert J. Guttman, **Europe in the New Century: Visions of an Emerging Superpower**, Boulder and London: Lynne Rienner Publishers Inc., 2001, p.127.

*“...the EU is relatively well equipped in the area of trade policy, where we operate as a virtually federal system...This in turn helps formulate a clear policy line...So when it comes to promoting its arguments in the WTO or in bilateral or regional discussions, the EU has relatively good tools at its disposal. In trade, we are not a bad laboratory for global governance”.*⁵⁶²

Hence, first the EU must define its strategic objectives, than use its assets such as its strong position in trade for that purpose. Pascal Lamy states that there is a complex relationship between trade and development and that trade liberalization has not benefited all regions of the world; since:

*“The key to success lies first and foremost with the domestic policies of the developing countries themselves. A successful approach to development needs to take account of the whole range of institutional, social and structural needs of a well-functioning society, such as good governance (including policies aimed at transparency, free information flow, fighting corruption, an efficient civil service), an appropriate institutional and regulatory framework, social inclusion policies (in the field of education, health care, social protection), public services and infrastructures and environmental protection policies”.*⁵⁶³

In terms of Europe’s engagement with the outside world, Pascal Lamy calls the EU “to mainstream trade into development assistance”, hence, address the need of the developing countries for trade-related assistance. He then refers to the need of the EU first to put its internal affairs in order.⁵⁶⁴ Otherwise, the record of EU performance as a provider of development and humanitarian aid will not be able to get beyond ‘mixed’ and continue to receive heavy criticisms from the European Parliament and member

⁵⁶² Pascal Lamy, “Is the Enlarged EU an Economic Superpower”, Speeches and Articles by Pascal Lamy, http://europa.eu.int/comm/commissioners/lamy/speeches_articles/spla215_en.htm, (30/07/2004).

⁵⁶³ Pascal Lamy, “The EU Trade and Development Agenda – From Doha via Johannesburg to Cancun”, Speeches and Articles by Pascal Lamy, http://europa.eu.int/comm/commissioners/lamy/speeches_articles/spla115_en.htm, (30/07/2004).

⁵⁶⁴ Ibid.

countries. The creation of the country strategies is to respond the criticisms about the inefficiencies, slowness in disbursing aid, and the Commission “for drawing conclusions merely in statistical and economic terms for describing the situation in developing countries solely in the context of macroeconomic functions, disregarding the socioeconomic, ecological, and cultural aspects”.⁵⁶⁵

The Country Strategy Papers (CSP) were identified in the Communication from the Commission on Conflict Prevention as key tools to integrate conflict prevention in the programming of development co-operation. The CSP provides the much needed common analysis of root causes of conflict and of signs of emerging conflict. As the communication indicates poverty, economic stagnation, uneven distribution of resources, weak social structures, undemocratic governance, systematic discrimination, oppression of the rights of minorities, destabilizing effects of refugee flows, ethnic antagonisms, religious and cultural intolerance, social injustice and the proliferation of weapons of mass destruction and small arms are the factors which aggravate conflict.⁵⁶⁶ The list of the EU instruments for dealing with the above mentioned frequently cross-cutting issues involves development co-operation and external assistance, economic co-operation and trade policy instruments, humanitarian aid, social and environmental policies, diplomatic instruments such as political dialogue and mediation, as well as economic and other sanctions, and the new instruments of the ESDP (including information gathering for anticipating potential conflicts situations and monitoring international arrangements).⁵⁶⁷ After the Country Strategy Papers provide a conflict analysis, the external aid is projected towards conflict prevention focused activities such as strengthening of the rule of law, the support to democratic institutions such as election monitoring, the development of the civil society, the reform of the security sector or specific post conflict measures.⁵⁶⁸ The Commission’s Conflict Prevention policy also focuses on integrating specific conflict

⁵⁶⁵ Lennon, op. cit., p.130.

⁵⁶⁶ European Commission, “Communication from the Commission on Conflict Prevention”, COM (2001) 211 final, Brussels, 11/04/2001.

⁵⁶⁷ Catriona Gourlay, “The EU’s Progress in Mainstreaming Conflict Prevention”, **European Security Review**, ISIS Europe, No.12, May 2002, p.1-2. Catriona Mace, “ESDP Goes Live: The EU Polic Mission in Bosnia and Herzegovina”, **European Security Review**, ISIS Europe, February 2003, pp.4-6.

⁵⁶⁸ EU, External Relations, “Conflict Prevention, One Year On: the Commission’s Conflict Prevention Policy”, http://www.europa.eu.int/comm/external_relations/cpcm/cp/rep.htm, (16/03/2004).

prevention provisions in traditional co-operation and sectoral programmes in various fields such as transport, rural development, energy, environment, health, research and education. The fields the EU assistance is involved reflect its 'do no harm' approach; hence enable the EU to implement civic instruments.

B. The EU's Relations with the Caucasian States

The EU's relations with Georgia are encouraging for its aims to integrate into Euro-Atlantic structures. Georgia, along with Armenia and Azerbaijan, were included in the EU's European Neighbourhood Policy. Georgia's membership of the European Neighbourhood Policy nourishes its longer term aspirations to EU membership. A Partnership and Cooperation Agreement (PCA) between the EU and Georgia was signed in 22 April 1996. The PCA entered into force on 1 July 1999 and was structured to govern the political, economic and trade relations between the two parties. The PCA between Georgia and the EU lays a basis for social, financial, scientific, technological and cultural co-operation.

The EC aid is mainly humanitarian assistance. Since independence, Georgia has received EUR 342.88 million in grants. TACIS support, on the other hand, is mainly in the form of policy advice, institution building, training and the design of legal and regulatory frameworks. The Tacis National allocations between 1992 and 2002 accounted to a total of EUR 84 million, which constitutes the 24.49 % of grants in all. The second in amount after the grants provided through Tacis is the ECHO (Humanitarian Aid Department of the European Commission) with EUR 80.93 million, which makes 23.6 % of total. The assistance for Food Security is the third after Tacis and ECHO with a value of EUR 71 million and 20.70 % of the total grants. FEOGA food aid comprises an important portion of the EU allocations to Georgia that is worth EUR 62.55 million and 18.24 % of the total. Georgia also received more than EUR 20 million in the framework of the Tacis/Traceca programme for national projects. While the 2000-2001 Tacis National Action Programme concentrates on the support for institutional, legal and administrative reforms, support to the private sector development and assistance for

economic development, and development of infrastructure networks with an allocation of EUR 15 million in total; in 2002-2003 Tacis allocates and indicative budget of EUR 14 million for support for institutional, legal and administrative reform, as well as on support to the social consequences of transition.⁵⁶⁹

The Tacis National Programme for Georgia focused on the creations of a stable environment needed for the initial process of privatisation in the first 5 years. The programme also contributed in the developing of stronger sense for the values that it shares with the EU; in the legal and regulatory reforms in a range of sectors extending from financial sectors, agriculture and energy to civil service reform. Tacis was also instrumental in laying the foundations of reforms in enterprise provocation and restructuring, financial markets, energy transport and SMEs development. Tacis has made a contribution to higher education through the Tempus. The EU's assistance to Georgia contemplates and supports the Economic Development and Poverty Reduction Programme (EDPRP) of the Georgian government, as well. As the Country Strategy Paper 2003-2006 for Georgia states it is in line with the Statement on Development Policy, adopted by the Commission and Council in November 2000 to support efforts for poverty reduction and prevention and resolution of conflicts. Hence, Tacis has been developing close cooperation with other donors in areas such as the EDPRP and the health sector. Unfortunately, weak governance and law enforcement, as well as, the lack of adequate capacity, trained staff and appropriate budget allocations by the Georgian government hamper progress in legal and administrative reform, particularly implementation of law and rule of law. The insufficiency of the Tacis in engaging with the Government of Georgia in policy implications of the reform process through technical cooperation is evaluated as one cause curtailing Tacis's success.⁵⁷⁰ The other is the insufficient conditionality in projects.

A Partnership and Cooperation Agreement between the EU and Armenia was signed on 22 April 1996. Since then Armenia has reiterated, similar to Georgia, that its main

⁵⁶⁹ EU, "The EU's Relations with Georgia: Overview", http://www.europa.eu.int/comm/external_relations/georgia/intro/index.htm, (17/03/2004).

⁵⁷⁰ European Commission, "Country Strategy Paper 2003-2006, Tacis National Indicative Programme 2004-2006 Georgia", 23 September 2003, <http://europa.eu.int>.

target is progressive integration into EU models and standards. EC aid to Armenia is mainly humanitarian assistance similar to the aid provided for Georgia. Since independence, the EU has provided EUR 286.13 million of grant-based assistance. Tacis National Allocations cover 24.07 % of the whole grants with EUR 68.9 million. Humanitarian assistance provided through ECHO accounts to EUR 67.75 million for the period between 1991 and 2000 and constitutes the second largest allocation with 23.67 % of total after Tacis. The allocations for Food security and FEOGA food aid were EUR 51 million and EUR 50 million respectively accounting to 35.35 % of the EU grant-based assistance to Armenia.

The 2000-2001 Tacis National Action Programme concentrated on three priority areas: first, support for institutional, legal and administrative reforms; secondly, support to the private sector development and assistance for economic development; thirdly development of infrastructure networks, especially in relation to energy and with the perspective of closing the Medzamor Nuclear Power Plant.⁵⁷¹ The 2002-2003 Tacis focused on support for institutional, legal and administrative reform, as well as on support to the approximation of legislation for the full implementation of the PCA.⁵⁷² The indicative budget for each of the 2000-2001 and 2001-2002 Tacis projects were EUR 10 million. However as the Country Strategy Paper 2002-2003 indicates Armenia has not fully benefited so far from EU-supported regional programmes due to its isolation resulting from the Nagorno-Karabakh context. The 2004-2006 Tacis National Indicative Programme for Armenia follows the example provided by the previous National Action Programmes developed for Armenia. Hence, two priority areas determined for the 2004-2006 National Indicative Programme are as follows: support for institutional, legal and administrative reform and support in addressing the social consequences of transition. The Tacis National Indicative Programme 2004-2006 will seek to assist the implementation of the PCA and the National Programme for Poverty Reduction of

⁵⁷¹ European Commission, “Country Strategy Paper 2002-2006, National Indicative Programme 2002-2003 Republic of Armenia”, 27 December 2001, <http://europa.eu.int>.

⁵⁷² EU, “The EU’s Relations with Armenia: Overview”, http://europa.eu.int/comm/external_relations/armenia/intro/inex.htm, (21/04/2005).

Armenia (PRSP).⁵⁷³ Making the legislation gradually compatible with that of the Community, creation of a favourable investment climate and improvement of governance and fight against corruption are the objectives of the support for institutional, legal and administrative reform. For that purpose Tacis is providing technical assistance to the Armenian government through the Armenian-European Policy and Legal advice Centre (AEPLAC) and through its “Tacis Small Project Programme: Policy Advice”. Tacis has given support to the elaboration of a Strategy Paper for the design of an energy security and diversification plan and a Financing and Investment Plan for the development of alternative capacities to the Medzamor Nuclear Plantation. Hence, Medzamor is mentioned in almost every National Indicative Programme, though with little progress on this issue. Republic of Armenia also receives Tacis support to its de-centralization process, local self-governance and development of regions.

The Government of Armenia’s Poverty Reduction Strategy Paper sets as its central objective to provide minimum welfare conditions to all, highlighting in particular access to food. In addition to that the development of education is identified as one of the key priorities in the struggle against poverty. Increased education standards if accompanied by an appropriate employment policy are expected to contribute to reducing poverty and improving overall economic and social conditions. Tempus provides support to higher education, as well. The Tacis National Indicative Programme 2004-2006 involves all these objectives to its priority area for support to the development of vocational education and training, and reform in higher education. Tempus provides support to higher education, as well.

Azerbaijan takes integration to the Euro-Atlantic political, security and economic institutions as one of its main foreign policy priorities. Azerbaijan has to tear of the geopolitical siege of the Moscow, Erivan and Tehran alliance, hence searches for partnership with Turkey, Georgia, the U.S. and Europe.⁵⁷⁴ As Azerbaijan reaches European and world markets, it will strengthen its political and economic independence.

⁵⁷³ European Commission, “Tacis National Indicative Programme 2004-2006”, 18 September 2003, <http://europa.eu.int>.

⁵⁷⁴ Nesib Nesibli, “Doğu-Batı Ekseninde Azerbaycan”, **Stratejik Analiz**, Vol.2, No.20, December 2001, pp.101-109.

A Partnership and Cooperation Agreement that governs political, economic and trade relations between the EU and Azerbaijan was signed in April 1996. The European Neighbourhood Policy, which sets ambitious objectives for partnership with countries neighbouring the EU's borders was extended to Azerbaijan in June 2004. The European Commission completed a Country Report on Azerbaijan, as well as on Georgia and Armenia in March 1995. The next stage of the process will be the development of a three-year Action Plan.

Azerbaijan is the EU's largest trading partner in the South Caucasus and the most important contributor of the TRACECA trade route due to its strategic location between the EC and Central Asia. The Partnership and Cooperation Agreement with Azerbaijan draws the framework of cooperation between the EU and Azerbaijan in all non-military areas. In addition to the main elements of the PCA with Azerbaijan in common with the other South Caucasus states such as the elimination of trade quotas and provision of most favoured nation treatment; protection of intellectual, industrial and commercial property rights; holding Cooperation Councils and Cooperation Committees; appointment of a Special Representative to the Southern Caucasus; developing trade with the EU; providing humanitarian aid, food aid and budgetary food security assistance, the PCA with Azerbaijan includes rehabilitation of territories damaged in the Nagorno-Karabakh conflict, including the rehabilitation of a railway line to Fizuli, electricity supplies, drinking water and irrigation and the reconstruction of schools.⁵⁷⁵

In its Country Strategy Paper 2002-2006, the EU states:

“Enlargement will bring the EU frontier closer to the Caucasus and Azerbaijan. It is therefore important that Azerbaijan is helped to prepare for the day it will be a neighbour of the EU...Azerbaijan and the other countries in the Southern Caucasus have a pivotal role to play in the opening up of alternative transportation routes for trade and

⁵⁷⁵ EU, “The EU's Relations with Azerbaijan: Overview”, http://europa.eu.int/comm/external_relations/azerbaidjan/intro/index.htm, (21/06/2005).

*oil and gas resources from the Caspian and Central Asia to Europe. The EU has both direct as well as indirect political interests in fostering regional cooperation”.*⁵⁷⁶

The Tacis National Indicative Programme 2002-2003 for Azerbaijan determines two priority areas of cooperation namely: support for institutional, legal and administrative, legal ad administrative reform and support to the private sector for economic development. Under the first priority area the programmes focus on reforms in central government through a top-down approach. Hence, Tacis assistance was provided for the continued assistance for the reform of the legal and judicial system started under the 2000-2001 Tacis National Action Programme, including reform of the prison system and environmental legislation; continued development of the PCA through assistance to the Azerbaijan Policy Legal Advice Centre (AZPLAC) started under the 1998-1999 Tacis National Action Programme; the reform of the statistical services (Eurostat programme); and TEMPUS, which aims at supporting the reform and restructuring of the higher education system. Under the second priority area of cooperation the focus was on the preparation of economic strategies primarily designed to ensure economic diversification in terms of sectoral and regional development and the continued development of the Ministry of Fuel and Energy and oil certification process started under the 2000-2001 Tacis National Action Programme.

The Tacis Indicative Programme for Azerbaijan 2004-2006 decided its programmes to be as such⁵⁷⁷:

- Area of Cooperation 1: support for institutional, legal and administrative reform
 1. Implementation of the PCA
 2. Improved border management and combating trafficking in people
 3. Modernisation of the State Customs Committee

⁵⁷⁶ EC, “Country Strategy Paper 2002-2006, National Indicative Programme 2002-2003 Azerbaijan”, 27 December 2001, p.2, <http://europa.eu.int>.

⁵⁷⁷ European Commission, “Tacis Indicative Programme for Azerbaijan 2004-2006”, 22 May 2003, <http://europa.eu.int>.

4. Improved targeting of social assistance
 5. Support to the Ministry of Ecology and Natural Resources
- Area of Cooperation 2: support to the private sector and assistance for economic development
 1. Support to encourage economic development and diversification
 2. Modernisation of the Tax System Phase 2
 3. Development of a Vocational Training Strategy and pilot application in selected regions
 4. TEMPUS.

The indicative budget for Tacis assistance during 2004-2006 is EUR 30 million in total. Between 1992 and 2004, the total assistance provided by the Community to Azerbaijan amounted to some EUR 400 million. The three principal Community instruments have been Tacis with EUR 116.5 million in technical assistance, the Food Security Programme with EUR 57 million, and humanitarian assistance, food aid and rehabilitation of war damaged areas with EUR 176.2 million. Azerbaijan also benefits from the Tacis Regional Programme, particularly in the fields of transport and transit, which comprises maritime, seaport and rail; energy in the fields of oil and gas; environment through the assistance of the EU Water initiative and Regional Environment Centre; as well as Justice and Home Affairs in fight against drug trafficking.⁵⁷⁸

⁵⁷⁸ Commission of the European Communities, "Commission Staff Working Paper, Annex to: 'European Neighbourhood Policy', Country Report, Azerbaijan", COM (2005) 72 final, Brussels, 02/03/2005, http://europa.eu.int/comm/world/enp/pdf/country/azerbaijan_cr_0503.pdf, (20/06/2005).

C. The South Caucasus as a Focus of the EU's New Neighbourhood Policy and Comprehensive Soft Security Policy Approach

In March 2003 the Commission presented its Communication “Wider Europe – Neighbourhood: A new Framework for Relations with our Eastern and Southern Neighbours” and in June the Council welcomed this Communication as a good basis for developing a new range of policies towards these countries. In July 2003 the Commission tabled a Communication “Paving the Way for a New Neighbourhood Instrument and established a Wider Europe Task Force and a Wider Europe Inter-Service Group. Hence, as the final enlargement day approached, the EU would have developed its new centre of attention under the close study of its capabilities, priorities and a strategy. The Strategy Paper states that the EU's Neighbourhood Policy will cover the EU's existing neighbours and those that have drawn closer to the EU as a result of enlargement and employ a comprehensive policy “integrating related components from all three ‘pillars’ of the Union's present structure”. Hence, it would be appropriate to profess that the New Neighbourhood Policy is going to be a new project by means of which the EU will provide both a new issue for concentration and a new test case for common action. The European Neighbourhood Policy Strategy Paper also indicates that “[i]n the implementation of the ENP it is of the utmost importance that the Institutions and Members States act in a consistent and coherent way”.⁵⁷⁹ In 14 June 2004, the Council included three states of the South Caucasus into the European Neighbourhood Policy, as well. The conclusion of the Council in 25 April 2005 was the following:

“The Council recalls its conclusions of 14 June 2004 on European Neighbourhood Policy (ENP) and reaffirms the special role of this policy for the European Union's external relations, offering the possibility of increased political, security, economic and cultural cooperation between the European Union and its neighbours. The Council

⁵⁷⁹ Commission of the European Communities, “Communication from the Commission, European Neighbourhood Policy, Strategy Paper”, COM (2004) 373 final, Brussels, 12.5.2004, http://europa.eu.int/comm/world/enp/pdf/strategy/strategy_Paper_EN.pdf, (20/06/2005).

*confirms its desire for the European Union's commitment in the Mediterranean, Eastern European and South Caucasus regions to be carried forward".*⁵⁸⁰

Romano Prodi, President of the European Commission, had stressed the necessity for the EU to become "a real global power" and play its part in dealing with the Balkans, Afghanistan and the Middle East in 2002. Hence, the EU's contribution to the international security will be through extending the security provided with the EU to its new neighbourhood. After praising the current enlargement as "the greatest contribution to sustainable stability and security on the European continent...the most successful and impressive political transformations of the twentieth century", Prodi states that "[t]he EU looks certain to remain a pole of attraction for its neighbours. For many of the countries in our future 'backyard' the EU is the only prospect. Many of these countries have already received a formal undertaking from the Union".⁵⁸¹ In the same speech Prodi explains how the goal of membership has enabled the candidates to implement necessary reforms and continues:

*"Such hope is a strange thing. It has much in common with the thrust people have in you. It determines how you look at people or events. How does a country envision its future when it is lacking direction or confidence? Hope gives direction and so inspires confidence. But the future must be attractive to inspire hope".*⁵⁸²

Prodi expresses his confidence that the EU will remain as pole of attraction for its neighbours, too. However, he warns not to water down the European political project but to discuss where the limits of Europe lie and to prevent those limits being determined by others. Since "[a]ccession is not the only game in town", other options are presented to

⁵⁸⁰ Council of the European Union, "Press Release, 2655th Council Meeting, General Affairs and External Affairs and External Relations", General Affairs, Luxembourg, 25 April 2005, p.11, http://europa.eu.int/comm/external_relations/gac/date/2005/04_250405_ga.pdf#enp, (20/06/2005).

⁵⁸¹ Romano Prodi President of the European Commission, "A Wider Europe – A Proximity Policy as the Key to Stability", in the Sixth ECSA-World Conference, "Peace, Security and Stability International Dialogue and the Role of the EU", Jean Monnet Project, Brussels, 5-6 December 2002, http://europa.eu.int/comm/world/enp/index_en.htm, (21/06/2005).

⁵⁸² Ibid.

the neighbours of the EU such as “better market opportunities in amore stable economic and political environment”.⁵⁸³ There is no doubt that the project Prodi introduced three years ago was a ‘privileged partnership’ to countries encircling the EU from the Black Sea to the Mediterranean, most of which wish a true membership or have ‘hope’ for entry to the EU. However, the EU’s expectations are different. Prodi states in his speech:

“I want to see a ‘ring of friends’ surrounding the Union and its closest European neighbours, from Morocco to Russia and the Black Sea. This encircling band of friendly countries will be diverse. The quality of our relations with them will largely depend on their performance and the political will on either side. Of course geography will play a role too”.⁵⁸⁴

This expression took its place in the European Neighbourhood Policy Strategy Paper as such: “The European Neighbourhood Policy’s vision involves a ring of countries, sharing the EU’s fundamental values and objectives, drawn into an increasingly close relationship, going beyond co-operation to involve a significant measure of economic and political integration”.⁵⁸⁵

The instruments to be used for this model of relationship with the EU will be the same with those adopted for the Eastern enlargement of the EU, mainly Copenhagen criteria. Prodi describes this policy as a proximity policy which would “not start with the promise of membership, but would “not exclude the eventual membership”, either. He also describes this concept as “sharing everything with the Union but institutions”. In his

⁵⁸³ Ibid.

⁵⁸⁴ Ibid. According to Hatipoğlu the EU’s Neighbourhood Policy towards the South Caucasus puts forward what it is not and what it wants to stay away rather than what it is and what it wants to achieve. Indeed, Neighbourhood Policy for the South Caucasus is far from being clear. The European policy of integration with the South Caucasus States without membership does not help with the development of a Neighbourhood Policy that is better defined, either. As Hatipoğlu states the EU’s Neighbourhood Policy is prepared mainly to hide the problems of the region rather than produce solutions. Esra Hatipoğlu, “Komşuluk Politikası: Avrupa Birliği ve Yakın Çevresi için Bir Sınav Güney Kafkasya Ülkeleri”, Esra Hatipoğlu, esrhat@gmail.com. “Makale” Personal e-mail to Sanem Özer. sanemozer@gmail.com. (06 October 2005).

⁵⁸⁵ Commission of the European Communities, “Communication from the Commission, European Neighbourhood Policy, Strategy Paper”, COM (2004) 373 final, Brussels, 12.5.2004, p.5, http://europa.eu.int/comm/world/enp/pdf/strategy/strategy_Paper_EN.pdf, (20/06/2005).

words, “[t]he aim is to extend to this neighbouring region a set of principles, values and standards which define the very essence of the European Union”.⁵⁸⁶

The EU’s aspirations to become ‘a global actor’ and encircle itself with ‘friendly states and stable regions’ resemble the U.S.’s foreign policy towards the ‘Greater Middle East’. However, the instruments adopted for that purpose differ greatly. The New Neighbourhood Policy refers to the European efforts to develop a common foreign policy through civil and economic power. Yet, this does not require a common position and a joint action among the member states less than the use of military instruments does. Bilateral relations between the EU member states and the partner countries in the Caucasus provide opportunity for the sides to follow alternative paths too and enrich their foreign relations in addition to the cooperation with the EU if necessary. Especially, if the ‘hope’ for membership to the EU leaves its place to disappointment for the partners of the EU or the members of the EU come to the fore leaving the dynamism of the EU behind in their bilateral relationship with the regional states, construction of a common foreign policy towards a particular region may well be impeded. However, the EU member states, too, are aware of the fact that no single power can follow a unilateral foreign policy and succeed. The collaboration of other actors at both regional and global level is needed to adopt a coherent policy. Hence, the success of the member states in harmonizing national policies with the common positions adopted at the community level and the priorities of the regional actors will determine the efficiency of the EU as a ‘global power’. Additionally, the European Neighbourhood Strategy Paper calls the EU and partner countries to work for an effective multilateralism and states:

“Improved co-ordination within the established political dialogue formats should be explored, as well as the possible involvement of partner countries in aspects of CFSP and ESDP, conflict prevention, crisis management, the exchange of information, joint training and exercises and possible participation in EU-led crisis management operations”.⁵⁸⁷

⁵⁸⁶ Ibid.

⁵⁸⁷ Commission of the European Communities, op. cit., p.13.

Hence, the European Neighbourhood Policy posits a rescue for the Common Foreign and Security Policy if it succeeds. It foresees the ‘transformation’ of the partner states within the framework provided by the Partnership and Cooperation Agreements into values and standards compatible with the EU’s. Hence, the EU aims at the use of its inner dynamics for the ‘reconstruction’ of the South Caucasus, as well as the Balkans and the Mediterranean. However, the question is whether these dynamics are compatible in themselves since they include the individual states of the EU with differing characteristics, priorities and capacities. Besides, these regions have their own dynamics, which do not necessarily fit in the frameworks drawn by the EU. As the EU tries harder to mould and re-mould these states under the name of partnership and cooperation it will have to face new risks. Even the loss of credibility is probable if the programmes developed for the region do not reach the targets as a result of national identities, conflicts, economies and above all human factor unique to that particular region, in our case the South Caucasus. Developing new identities to replace the old is not an easy task and is not always welcomed with enthusiasm. The societies rather prefer to stick to the old. In the case of the South Caucasus, where peoples have continuously passed through, the societies preserve their identities with greater persistence, not to wash away with each flood of people.

The EU assesses the permanence of conflicts in regions such as Abkhazia, South Ossetia and Nagorno-Karabakh as threatening the security of the EU and its energy politics. Hence, the EU gives great importance to the adoption of common policies that will solve the problems creating conflicts and instability, which are the main source of immigration, human, weapons and drugs trafficking, criminal organisations and mafia relations originating from the region. For that purpose the EU has adopted a comprehensive soft security approach that targets the development of democracy, state structures, rule of law and liberal market economy. The Partnership and Cooperation Agreements signed with Georgia, Armenia and Azerbaijan cover an extensive range of fields and issues for cooperation and development. While the EU provides guidance for reform, it also puts pressure on the Caucasian states to comply with the values of the EU through tying economic assistance to conditionality. Economic assistance and foreign investment are the source of the EU’s sanction power and provide the most prominent

tool for implementing its political power in the region. As in the Barcelona Process, the EU tries to strengthen economic and political dialogue among the states of the South Caucasus, too. Hence, the EU submits Traceca and Inogate projects to the South Caucasus. Demir relates that Hans van den Broek has clearly indicated the vital importance of the South Caucasus for the EU due to the energy resources in the Caspian, which constitutes the basic crossroad between Europe and Asia.⁵⁸⁸ The regional projects developed by the EU for the region found the basis of strong ties between the EU and the states of the South Caucasus. The European Union is among the important international actors with close interest in the South Caucasus. However, the EU's policies towards the region under the framework of the PCAs do not prevent the member states such as Germany and the United Kingdom from following bilateral relations with the states of the South Caucasus. These two prominent members of the EU and their initiatives to materialize economic, political, cultural and technical relationships with the states and the societies of the South Caucasus are also welcomed by the Caucasian states. However, as Cutler states:

*“the greater the East diversifies and the more its countries take different paths, the more diversified will Western interests become, as each Western country will look to different Eastern country for partnership, following either its capital or its historical ties, or its instincts or its idiosyncrasies”.*⁵⁸⁹

Hence, the European Neighbourhood Policy in the company of regional projects such as Traceca and Inogate that encourage regional cooperation and the PCAs are the instruments of the EU to prevent such diversification of the East. The foreign policy formula, which the EU has initiated for the South Caucasus States is ‘Europeanisation’ in

⁵⁸⁸ Ali Faik Demir, “AB’nin Güney Kafkasya Politikaları”, in Beril Dedeoğlu (ed.), **Dünden Bugüne Avrupa Birliği**, İstanbul: Boyut Kitapları, 2003, p.391-392. Ali Faik Demir is citing from M. Hans van den Broek’s visit to the South Caucasus States. (Visite de M. Hans van den Broek en Arménie, en Géorgie et en Azerbaïdjan, DN: IP/98/489, 02/06/1998.)

⁵⁸⁹ Robert M. Cutler, “Defining Western Interests in the [Post-Soviet] Newly Independent States”, <http://www.robertcutler.org/download/pf-cp95h.htm>, (31/03/2004).

the shape of political, economic and societal transformation. As Emerson relates Europeanisation works through three types of mechanism⁵⁹⁰:

1. The states subject to europeanisation are obliged to follow precise legal obligations during the process of preparation for accession to the EU and accession to the Council of Europe. In the meantime, the process serves as the EU's human rights training school and the enforcement agency.
2. The strategic position of domestic actors alters as the domestic rules of the game in politics and business change.
3. The beliefs, expectations and identity of the individual change.

Emerson states that the process of Europeanization has now extended to the Caucasus in its new form which has been differentiated from accession to the EU membership with a formal political and legal act.⁵⁹¹ The success of this policy is to be seen. However, the recent situation in Abkhazia, South Ossetia and Nagorno-Karabakh indicate that the EU cannot do much on its own to settle conflicts and bring stability to the South Caucasus just through its Europeanization policy, but needs to cooperate with other external players, too. The recent status quo in the South Caucasus has led Russia to become a de facto protectorate for Abkhazia, which has become increasingly associated with Russia economically and integrated politically. South Ossetia, which remains outside the effective jurisdiction of Tbilisi, resembles a micro-state and a smuggling enclave between Russia and Georgia. The question of final status for Nagorno-Karabakh remains unanswered. Two possible answers are the solution of the issue according to a constitutional deal of a federative type and a common state model where Nagorno-Karabakh remains as a part of state of Azerbaijan, but with a large autonomy or a categoriacal land swap wher Azerbaijan receives the region separating Nakichevan and the rest of Azerbaijan in return of Nagorno-Karabakh. However, the solution of the Nagorno-Karabakh is seeked for increasingly in Ankara rather than Armenia or

⁵⁹⁰ Emerson, Michael. "Caucasus Revisited", **CEPS Policy Brief**, Centre for European Policy Studies, No.34, June 2003.

⁵⁹¹ Ibid.

Azerbaijan. Interestingly, the European capitals see re-opening the Turkish frontier with Armenia and removal of the blockading a pre-requisite for the conflict settlement. The signals given by the recent Turkish government in that direction will certainly feed the tendency to tie the solution of the Nagorno-Karabakh question to Turkish foreign policy choices. As the last hopes of the West for conflict settlement between the two sides of the Karabakh problem diminish, the tendency to strengthen the Armenian hand despite the Turkish and Azerbaijani blockading increase. Hence, all the roads from Brussels lead to Moscow and Ankara before the last stop in the South Caucasus. This, in return complicates the already confused foreign policy construction in the EU. As the number of external and regional players increases, it becomes even harder for the EU to come up with common solid strategies and policies towards the South Caucasus.

The question is with Britain, France and Germany having taken such widely divergent paths over war with Iraq; can they do better in working together in pursuit of peace? As Maclay and Weidenfeld put it “For this to happen there will need to be a more systematic attempt among the three to pool strategic judgments, wise up to international realities and concert policies ahead of rather than in the wake of crisis”.⁵⁹² However, neither the European capitals’ unwillingness to play a leading security role in the immediate aftermath of the conflict settlement beyond providing mainly EU financial support to a postwar settlement in regions of conflict as the Yugoslav case displays; nor the tension between the U.S., Uk, Fance and Germany help the EU develop an efficient common foreign and security policy.⁵⁹³ As Dempsey states “A European security strategy is a chance to redesign a transatlantic relationship characterised by dependence and inequality”.⁵⁹⁴ This dependence and inequality proceed outside the new enlarged European territory. Dempsey states that “France, Britain and Germany all individually believe they have a strategy towards Russia. But in reality it consists of little more than

⁵⁹² Michael Maclay and George Weidenfeld, “Seeking a Concerted Role for Europe’s Big Three”, **Financial Times**, 11 April 2003.

⁵⁹³ Also see Jon B. Alterman, “The Promise of Partnership: U.S.-EU Coordination in the Middle East”, AICGS Policy Report, No.10, The American Institute for Contemporary German Studies, The Johns Hopkins University, 2003.

⁵⁹⁴ Judy Dempsey, “Europe Needs its Own Security Strategy”, **Financial Times**, 9 April 2003. Also for a critical of the fragility of the European governments’ commitment to a common foreign and security policy see William Wallace, “Hard Decisions are Needed to Defend Europe”, **Financial Times**, 27 June 2003.

wooing President Vladimir Putin”. Not only developing a new deal with the U.S. for the future handling of global security issues enclosing the South Caucasus, but also a stronger and more coherent forward-planning structure instead of the snail’s pace of EU discussion over foreign policies is required for the future of CFSP. Hence, European Council and its Presidency that will involve the heads of European governments and their foreign offices will have greater significance and weight in the foreign and security policy construction of the EU as the decade old discussions for the strengthening of the European Council Presidency’s role in policy making display. This means the rise of intergovernmentalism once again, in the one hand, and the increase of the role played by basically three heads of government, the UK, France and Germany in the decision and policy making on the other. Thus, the states at the core of concentric circles will have the chance to develop closer and more integrated foreign and security policies and better coordination through closer cooperation within a close circle or group of EU members. The compensation for the inability to come up with a common foreign and security policy may still be a more efficient, and coherent foreign and security policy, through which mainly three large EU Member States with differing perceptions and intentions come to the fore as they have liked to. Though, it is hard to return to the conditions which 15 member EU was in after enlargement through concentrating foreign and security policy making in the hands of a hard core Europe as Germany liked to, the EU still has a chance if it exploits its famous ability for adaptation to the changing circumstances and develop well coordinated - even common- policies and strategies of ‘cooperation’ in the South Caucasus, where the number of external and regional players is the highest among anywhere in the world. Hence, the South Caucasus is a true test case for the future of the CFSP.

II. Germany

German behaviour in the field of foreign and security policy constitutes a challenge for both purely rational-choice theories explaining actor behaviour on the basis of fixed material interests induced by systemic forces and purely reflexivist theories taking into consideration institutional connections and normative preferences which actors have acquired in the past and which they will stick to as a determining reference point to their behaviour in the future. Instead, empirical study of German foreign policy so far has displayed that foreign policy interest formation within Germany and between Germany and its neighbours and partners has developed on the basis of mutual constitutive interrelation between agency and structure. Neither interests nor the identities are fixed but open to change and reconstruction. Hence, the constitutive role of institutions over the actors through particular norms, which present collective expectations for the proper behaviour of actors with a given identity and/or specific collective identities, which appear as varying constructions of statehood is one side of the coin. Norms and collective identities Germany acquired from the EC/EU helped to constitute Germany and shape its interests. Thus, Germany learned to constrain its preferences according to the European institutional, security and cultural framework. Yet, on the other side of the coin we see that Germany has also been involved in the reshaping of the structure. The development of the European institutional structure from the European Community to the European Union and the efforts for reform in the EU decision-making mechanisms and foreign policy carry the traces of Federal Republic of Germany (FRG). Hence, in analyzing German foreign policy the interplay between the external environment and domestic-level cognitive, institutional and political variables will be taken into account. The relationship between interests, institutions and identity; the importance of foreign policy culture as a set of attitudes, beliefs and sentiments; and the role of institutions on the redefinition of interests as contingent on norms, beliefs and values are the basic guidelines for the examination of German foreign policy and the change it experiences at critical junctures.

A. A ‘Civilian Power’ within Europe

Traditional analysis of foreign policy based on realist assumptions about international anarchy and the neo-realist conception that the behaviour of state is determined, first and foremost, by its relative power capabilities and its structural position in the anarchical states’ system was short of explaining the end of the Cold-War bipolarity, and the emergence of a transatlantic security community extending from the West Europe to the former members of the Warsaw Pact. It could not explain the role of Germany, once a forerunner of militarism and authoritarianism in Europe, in the rapprochement between two Europes, one West the other East, either. However, it was the processes of social transformation that first grabbed Germany with the end of the World War II and was later felt in Central and Eastern Europe towards the end of the Cold-War. Germany’s conception of nation-state identity, national interests and pursuit of its political strategies evolved within Europe’s new political context after the World War II. German unification went in line with the European integration process. Europeanization of German state does not undermine national interests, on the contrary it serves Germany’s broad interests since national and European interests are fused to a degree. European institutions help shape the conception of interests. Besides, integration has given Germany an ‘unintentional’ and ‘indirect institutional power’ as Germany’s conditional approval of the European Monetary Union and adoption of single currency instead of the strong German Mark signifies. Thus, Germany’s significant economic weight gave it the privilege to direct monetary unification. Deepening involvement in the European integration provided Germany with many benefits such as an important economic market open to further enlargement, opportunity to built international trust on Germany and rehabilitate relations with states like Poland and Russia and a valuable asset for the conduct of a multilateralized German diplomacy. However, Germany’s attachment to the institutions of integration was not restricted to material benefit and socialization as a result of it. Germany’s commitment to integration is best described by a constructivist approach, most important insight of which is, as Hyde-Price quotes from Adler, “the manner in which the material world shapes and is shaped by human action and interaction

depends on dynamic normative and epistemic interpretations of the material world”.⁵⁹⁵ Culture and identity, on the other hand has a significant influence on the construction of these interpretations.

The views arising from neorealist and realist thinking expected Germany to assert its national interests directly after unification. Accordingly, Germany would assume a leadership role as it was the largest economy in Europe with substantial military forces. Besides, Germany had more influence in Central and Eastern Europe than other European states due to its geography and its economic support for the region. Neorealism describes the international system as fundamentally anarchical. Therefore states, which are the principal actors and unit of analysis, have to defend their interests in competition with other states. A state’s international behaviour is shaped by its power relative to other states. International co-operation is rare, too. Even if a co-operative strategy means greater gains for all sides, the neo-realist thinking argues that states will avoid such a strategy that will permit another state to achieve gains at their cost. The neo-liberals, on the other hand deny that relative gains calculations pose an obstacle to international cooperation. According to the neo-liberals, the states are not defensive positionalists but utility maximisers. Reus-Smit describes the neo-liberal thinking:

*“...states that are confident in survival, which amount to a significant proportion of states, are not as preoccupied with relative gains as neo-realists think; states tend to evaluate the intentions of other states as well as their relative capabilities; and when states have multiple relationships with multiple states the constant calculation of relative gains is simply impracticable”.*⁵⁹⁶

Institutional liberalism argues for the opposite of neo-realist perception. According to the institutionalist explanation, international institutions eventually bring co-operation

⁵⁹⁵ Adrian Hyde-Price, “Analysing German Foreign Policy”, in **Germany and European Order: Enlarging NATO and the EU**, Manchester, NY: Manchester University Press, 2000, p.27. Adrian Hyde-Price is citing from Emanuel Adler, 1997, p.322.

⁵⁹⁶ Christian Reus-Smit, “Constructivism”, in Scott Burchill, Richard Devetok, Andrew Linklater et. al. (eds.), **Theories of International Relations**, New York: Palgrave, 2001, p.212.

despite the anarchy of the international system, since the membership of international institutions alters the perceptions that states have of their interests. Both of the neo-realist and neo-liberal approaches treat state interest as exogenous to interstate action, and see no need for a theory of interest formation. Since neo-realist and neo-liberal representatives of the rationalist theories take the identities and interests of actors as given, “processes such as those of institutions affect the behaviour but not identities and interests of actors. For both theories, the actors are self-interested states”.⁵⁹⁷ Still, the institutionalist approach brings an explanation to the interest transformation. However, its difference from the constructivist approach is that, while institutionalism refers to the gains, attraction of membership to an international organization and the costs of leaving as the factors playing the part in the learning process, which eventually brings change of behaviours with and leads to an avoidance from searching for interests outside a particular set of identities and interests; constructivism explains the change of interests with dialogue and socialization. As Dougherty and Pfaltzgraff state:

“The reflectivist component of this approach arises from the assumption that institutions emerge as a result of a deliberative process that, in turn, shapes the social milieu. The initiatives that develop are reflective of values, norms, and practices that, according to Robert Keohane, differ from one culture to another, and that may undergo change from one era to another”.⁵⁹⁸

Constructivism involved the social, the historical and the normative to the centre stage of debate, where as the rationalist theory constituting neo-realism and neo-liberalism focused solely on its imagination of humans and states “as atomistic, self-interested, strategic actors, thus positing a standard form of instrumental rationality across all political actors”.⁵⁹⁹ According to the constructivists, the states form more than a system, they form a society. Thus, on the contrary to the dominant idea in the

⁵⁹⁷ J. Baylis and S. Smith, **The Globalization of world Politics**, Oxford: Oxford University Press, 2001, p.243.

⁵⁹⁸ James E. Dougherty and Robert L. Pfaltzgraff, **Contending Theories of International Relations: A Comprehensive Survey**, New York: Longman, 1997, p.162.

⁵⁹⁹ Reus-Smith, op. cit., p.525.

international relations theory that is the states are driven by context-transcendent survival motives or universal modes of rationality; the lessons of history provide the possibilities of meaningful change and difference in the ideas, norms, identities and interests of the agents within a societal construction.⁶⁰⁰

Germany, one of the leading examples to the constructivist debate, has spent a great effort since the end of the War to overcome its past. Christian values, democracy and social market economy were adopted as the three pillars of a collective European identity. European Unification was heartily appropriated as a break with German's past, which was also Europe's other. Both political elites and the public opinion perceived European integration to be in Germany's vital interest. Thus, Germany institutionalized the regulatory and constitutive national social and legal norms after the historical lessons of the two World Wars.⁶⁰¹ Germany replaced the 'Hobbesian' view of society of states with a perspective of 'Groatian' international community to which Germany belonged. CDU brought Europeanism and Catholicism together and Adenauer "amalgamated the Christian vision of Europe with the modern Western concept in one identity construction".⁶⁰² SPD leaders considered Europe, German democracy and socialism as identical and supported a 'United States of Europe', with a Socialist Germany in a Socialist Europe. Although, these were "the legitimately available ideas and identity constructions" for the SPD, by the late 50s German social democrats had to reform their

⁶⁰⁰ Indeed, as Hobson indicates, that neo-realism is a scientific and value-free as it claims to be is open to debate, because "it embodies a conservative set of political values" and thus neo-realism "embodies a reductionist theoretical approach which exaggerates and *reifies* the importance of anarchy, thereby downgrading the domestic and private spheres; *privileges* military force and power and downgrades empathy and cooperation; *separates* out international and national spheres as two holly discrete, *reified* realms and fails to recognise their mutual embeddedness; *reifies* the state's autonomy and in *separating* it out from the private sphere fails to recognise the gendered nature of states; and *reifies* 'objectivity' and 'military rationality', thereby downgrading the importance of morality", John M. Hobson, **The State and International Relations**, Cambridge: Cambridge University Press, 2000, p.164.

⁶⁰¹ As Jepperson, Wendt and Katzenstein state, "norms either define ("constitute") identities in the first place (generating expectations about the proper portfolio of identities for a given context) or proscribe ("regulate") behaviours for already constituted identities (generating expectations about how those identities will shape behaviour in varying circumstances)", Ronald L. Jepperson, Alexander Wendt, and Peter J. Katzenstein, "Norms, Identity, and Culture in National Security", in Peter J. Katzenstein (ed.), **The Culture of National Security: Norms and Identity in World Politics**, New York: Columbia University Press, 1996, p.54.

⁶⁰² Martin Marcussen, Thomas Risse et.al., "Constructing Europe? The Evolution of Nation-State Identities", in Thomas Christiansen, Knud Erik Jorgensen and Antje Wiener (eds.), **The Social Construction of Europe**, London: Wiener Sage Publications Ltd., 2001, p.109.

domestic and foreign policy programme, too. Among the aforementioned ideas and identity constructions, they chose what suited their perceived power interests best. In domestic policy, they adopted the German model of welfare state capitalism, the social market economy and in foreign policy they became strong supporters of European integration. The critical juncture for Germany was the Nazi experience and its militarism. The modern Western vision of Europe and the consideration of Europe's 'other' as being both Germany's past and communism resonated well with the embedded identities and ideas of the party elites in exile. Meanwhile they constituted their perceived interest, as well.

Federal Republic of Germany was established as one half of a divided Germany upon the ruins of a National Socialist regime associated with totalitarianism, militarism and disastrous violation of human rights. In the immediate aftermath of the World War II, political parties and the governments of *Länder* has started to discuss over the foreign policy of the new German state, which was about to be built under the mandate of the Allies and the U.S. The period, which would start with Germany's first Chancellor and head of the *Christliche Demokratische Union*, Konrad Adenauer in 1949 and continue till 1957 put an end to the debates whether Germany should follow a third way between the Western Capitalism and Soviet Socialism; or play the role of a bridge between the West and the East; or follow the Austrian model and construct a unified and neutral nation-state participating in none of the blocs, which would also be an alternative to the Western integration. Adenauer's pragmatic approach targeted integration with the west as its *Westpolitik*. Hence, Germany's foreign policy was constructed upon and associated with an irreversible integration with the Western Europe far from the beginning.

The trauma of the World War II was so great that German culture and institutional structures got through a complete re-shaping. From then on, German state identity, political culture, constitution and even military establishment would be constructed upon a complete rejection of the dark past. The authoritarianism and militarism of the Third Reich would constitute the 'other' for German political and cultural thinking. After Eastern Germany was integrated into the Eastern Bloc, communism was added to the list of 'other'. Hence, Federal Republic of Germany's determination to pursue west

integration as a principle of its *Westpolitik* received international support and granted Germany a secure external environment. The second step Adenauer took was a proposal for the limited proliferation of Germany against the threat from the East, which found support from the U.S., too. Besides, Germany would be an active participant of Western Europe's organization for self-defence, which found support from France. Adenauer's plan was to involve Germany into the Western European defence pact and integrate his country into the international system with equal rights. Although, the European Defence Community could not have been realized though it had received France's initial support, Germany reached its aim after its acceptance into NATO in 1955. Germany's admittance into the NATO enabled its limited conventional proliferation. Germany did not only become one of the most important allies of the U.S. and the core base of the NATO forces in Europe but also gained its partial sovereignty. Only after Germany's involvement into the Western Defence, Germany could receive the authority to built diplomatic relations with foreign countries and sign agreements on the basis of international law.

In his second term of office, Adenauer continued in his pursuit of *Westpolitik* and development of relations with France. Hence, as early as 1957 Germany saw that path to deeper integration with the West went through closer relations and cooperation with France. However, it would not be possible until 1963-1969 for Germany to adopt a more active foreign policy due to Adenauer's Hallstein Doctrine, which did not count Eastern Germany as a legally constituted state and threatened to cut all diplomatic relations with third countries building relations with the German Democratic Republic (GDR). The tendencies to acknowledge Eastern Germany as a de facto state strengthened in 1963-1969 during the governments of Ludvig Erhardt, Kurt Georg Kiesinger and Willy Brandt, who have successively argued for policies of close cooperation with the U.S. for the security of Germany; policies of an intense relationship with De Gaulle's France; and policies of appeasement with Eastern European countries. All of these political attitudes came to power consecutively.

The social-liberal coalition government of 1969 took the *Ostpolitik* of the former foreign minister of the Grand Coalition, Willy Brandt from where he had left. The Grand

Coalition between the CDU/CSU and SPD in 1966 had already started a long process of relaxation of tension between the two Germanies and rapprochement. Willy Brandt perceived the solution to the German question to be “only with the Soviet Union, not in opposition to it”. The new Eastern policy of the Federal government quitted the previous claim of representing both of the Germanies and accepted the de facto presence of two states and two nations. The principle vehicle of the *Ostpolitik* would be the launching of a dialogue with the Soviet Union about an agreement on the renunciation of force. Hence, Federal Republic of Germany accepted that borders with the German Democratic Republic were unchangeable and the two parties would not use force against each other with the Moscow Treaty of 1970, which has brought novelty in terms of political attitude. Thus, the FRG did foresee that improvement of conditions in Berlin would diminish Soviet influence and improve negotiations with the Western powers instead. Improving East-West relations was a gain in itself. Two other agreements, one with Poland and the other with Czechoslovakia were in the same character with the Moscow Treaty. Political confidence building substantially reduced the threat to German security. Besides, this notion would result in détente and the construction of a collective security system in Europe, which had also been advocated by the Soviet Union. Germany’s *Ostpolitik*, which aimed at increasing human contact, trade relations with Eastern Europe and promotion of human rights through the Basket III of CSCE established the basis of a long step-by-step process of integration. Soon after the German unification, Federal Republic of Germany worked for the Eastern enlargement of the European Union. Hence, the legacy of international relations Germany conducted with and the Eastern European countries and the Russian Federation dates back to mid 1960s.

From the day Helmut Schmidt was elected the Chancellor in 1974, until the election of the Christian Democrat Helmut Kohl in 1982, Germany enjoyed an enlargement in the field of its foreign policy effectiveness as a result of the circumstances constructed through *Westintegration* and *Ostpolitik*. Especially after the Hallstein Doctrine was abolished, Germany could develop its relations with third world and developing countries more freely. Germany’s increasingly active foreign policy would be based on the use of economic resources such as foreign investment and distribution of credits. However, this ideal type foreign policy compatible with Germany’s and its neighbours’ sensitivities was

financially challenging for Germany. In return of Germany's growing effectiveness in foreign policy, it began to live hardships in home affairs as a result of growing national debts and weakness in social policies. When Helmut Kohl took over the Chancellorship in October 1982, his primary target was internal affairs and re-establishing the balance in the state budget. However, foreign policy did never lose any of its primacy in the general German policy even at a time when the economic resources were strained, unemployment increased and the public opinion was more employed with the internal financial and political affairs. *Primat der Aussenpolitik* remained at the central focus of whatever party came to power. Hence, Federal government was at the side of NATO during the negotiations with the Soviet Union on the removal of Middle Range theatre nuclear forces from Europe. Since no reconciliation was achieved in 1983, new American missiles were installed as a result of Germany's support to deployment. Still, this development did not bring any deterioration of relations. As Bluth states "[d]espite the intense political struggle unfolding over the deployment of long range theatre nuclear forces in Europe, this did not in itself imply that all of the achievements of the détente process had been lost".⁶⁰³ On the contrary, the conviction of the Schmidt government and his successors was that East-West relations required more, not less détente, which found reply on the other side, too. Besides, the legitimacy of nuclear defence began to lose ground especially among the younger generation. The Soviet-American Treaty on the removal of middle range theatre nuclear forces from Europe was signed in 1987. In spite of its initial support to NATO's proliferation in Europe, Germany could follow a policy in favour of reducing and restricting the use of forces from 1987 to 1989. Hence, Germany's proposals for the reduction and restriction of arms covered the agenda of NATO's summit in May 1989. While, Germany was promoted to the rank of "partner in leadership" as the U.S. President George Bush flamboyantly called Germany, the President of the Soviet Union, Mikhail Gorbachev mentioned a "common European House" during his speech in the Council of Europe in 7 July 1989. However, Germany was not tempted by close cooperation and strategic partnership with the U.S. Additionally, as Canbolat states Germany's initial will to play "the function of a bridge"

⁶⁰³ Christoph Bluth, "Germany in the International System", in **Germany and the Future of European Security**, London: Macmillan Press Ltd, 2000, p.26.

between the West and the Eastern Bloc, as the President of the Federal Republic, Richard von Weizsacker named it came to surface as soon as East-West relations entered an irreversible track. After fulfilling its role as a responsible and loyal ally to U.S./NATO, Federal Republic of Germany was once again oriented towards the achievement of common actions with the member states of the EC. Thus, Germany could prepare for the European order shaping after the end of the Cold-War. What was expected for such a long time came all of a sudden. The change triggered by the Federal Republic's policy of *Wandel durch Annäherung* gave its fruits not only on European scale and in relations with the Eastern Bloc in general but was also reflected in German Democratic Republic. The crowds, who were first singing "we are the people" in the streets of GDR, began to sing "we are the one people" in the eve of Christmas. The Federal Republic of Germany succeeded in persuading the public opinion for unification chiefly in the GDR.

With the unification of two German states in 3 October 1990 Germany was one piece again. However, the German unification (Einigung) was fundamentally different from the German unification of 1871, which has brought more than 300 principalities under the rule of a central authority. The unified Prussian state of 1870-1871 was built upon a symbiotic relationship between the Prussian absolutism and German nationalism, which was basically effective until the rise of the Nazi regime. Great-German nationalism went hand in hand with the dynastic military interests of Prussia. The military ethos of traditional elites accompanied the realization of national aspirations of this newly founded state. The accumulation of wealth in the middle class led to the emergence of the Prussian Junker class, some kind of traditional German aristocracy as the dominant factor in state. The empire had brought the industrialized West absorbing more liberal and democratic values together with the agricultural East. The rapid capitalist development under a centralized semi-constitutional authoritarian rule was not accompanied by a parallel process of liberalization.

As Spohn states:

“German nationalism as it had developed during the nineteenth century represented an ethnic-linguistic-cultural phenomenon identified with the territorially based German Kulturnation and oriented toward its unification as a nation-state. But it was at the same time a liberal democratic nationalism, directed against the dynastic separation and absolutism of the German-speaking regions. Both components constituted German nationalism. Hence, it is problematic to reduce Western and German nationalisms to opposing ethnic-cultural and political-constitutional ideal-types. Nevertheless, the constitutional-democratic components of German nationalism were on the whole more ambiguous and less dominant; the romantic-cultural components carried more weight in reaction to foreign hegemony. At the same time, the identification with a powerful state became stronger, because only through a strong state was the unification of a German nation-state possible – or so it seemed”.⁶⁰⁴

However, German unification followed by integration with the EU came after 57 years of reconstruction between 1945 and 1992. German national and state identities, interests and institutional structures were redefined. Even after German unification, Germany preserved the discontinuity from the era of German empire and held tight to the Westernization of the German nation-state. The break from the traditional German *Sonderweg* (special path) of authoritarian modernization was cemented through Eastern Germany’s absorption to the westernization process and the East German *Lander*’s involvement into the EU through Germany’s federal structure. Hence, Germany did both overcome “dynastic separation and absolutism of German speaking regions” through its federal constitution and prevented the re-emergence of “ethnic-linguistic-cultural phenomenon” of German nationalism “identified with territorially based German *Kulturnation* and oriented toward its unification as a nation-state” through identification with the Western values and high devotion to the integration and enlargement of the EU. Hence, “identification with a powerful state” in the first half of the 20th Century was replaced with identification with a powerful - but decentralized, ‘European Germany’. German unification did only strengthen the need and feeling that Germany should emphasize its involvement in the European integration, which turned Germany into one of the main pillars of the Western institutional framework.

⁶⁰⁴ Willfried Spohn, “United Germany as the Renewed Center in Europe: Continuity and Change in the German Question”, in Stephen E. Hanson and Willfried Spohn (eds.), **Can Europe Work? Germany and the Reconstruction of Postcommunist Societies**, Seattle and London: University of Washington Press, 1995, pp.94-95.

The Federal Republic has constructed its foreign policy on trust and predictability. The policy of self-restriction and multilateral pursuit of interests have been the characteristic of Germany's cautious foreign policy. Instead of attempting to assert its interest in the international system, Germany aims at finding ways in which Germany and its partners can attain their goals jointly. Hence, the 'normalisation' of German foreign policy encompasses four dimensions⁶⁰⁵:

1. to be less reliant on partners and more self-confident in the formulation of German interests, hence, a break up with purely reflexive consultation procedures in foreign policy;
2. to take on greater responsibilities internationally, which requires definition of objectives as a sovereign nation-state in the first hand;
3. to assure neighbours of good relations, thus construction and deepening of trust; and
4. to affirm that there will be no repeat of the past, which is best assured through integration with the Western economic, political and security structures.

Jepperson, Wendt and Katzenstein state that "German state elites have sought to lock in a reconstructed German identity – pacified, democratic, and internationalist – by linking this identity to regional and multilateral institutions and identities".⁶⁰⁶ CFSP was one of a multitude of European and international institutions Germany could pursue its interests discretely and without alarming its Western and Eastern neighbours. The CFSP framework served German aspirations of continuing to build trust and confidence between itself and the members of the EU and Eastern neighbours such as Poland and Czechoslovakia, which had a right to suspect revival of Germany's nationalist and militarist tendencies. However, as Peters indicates "some who regard mere continuity as insufficient for Germany's post-unification foreign policy...suggest that Germany take

⁶⁰⁵ Lisbeth Aggestam, "Germany", in Ian Manners and Richard G. Whitman (eds.), **The Foreign Policies of European Union Member States**, Manchester and New York: Manchester University Press, 2000, p.71.

⁶⁰⁶ Jepperson, Wendt and Katzenstein, op. cit., p.61.

the challenges of interdependence even more seriously and engage in a ‘civilizing’ foreign policy”.⁶⁰⁷ Preventing crises and ensuring the peaceful resolution of conflicts are among the responsibilities of German foreign policy in an increasingly interdependent world. According to the viewpoint of the advocates of a civilizing foreign policy, “traditional power politics are ill suited to achieve” these ends.⁶⁰⁸ Besides, Germany cannot attain its goals and defend its central interests such as smooth functioning of world markets, the management of migration, and the protection of environment, preservation of stability in and around Europe on its own but needs international cooperation. Similarly, non-military ways of conflict resolution requires Germany to strengthen its commitment to organizations such as the OSCE and put less emphasize on organizations such as the NATO and WEU. However, that would be contradictory with Germany’s policy of integration with the Western institutions of defence and security. Thus, Germany’s foreign policy gained such a character described as *sowohl als auch*: the fundamental foreign policy orientations such as Germany’s western integration *as well as* cooperation through institutions such as the UN and the OSCE to constrain the use of force in the international realm. After all, developing and strengthening of supranational and pan-European structures such as the EU, NATO and the OSCE has been considered to be the best way to manage and contain the dynamism and productivity of Germans and prevent it from yielding to the ‘arrogance of power’ once again.⁶⁰⁹ Germany’s ‘self-entanglement’ in regional and world institutions and internalization of multilateralism as a constitutive part of its identity, in return, had great affect on the consolidation of identity reconstruction in Germany.

When there was tension between different norms such as strong resistance to nuclear proliferation and production of nuclear materials even for civilian use, and solidarity with allies such as France, the United Kingdom and the United States, all nuclear powers,

⁶⁰⁷ Dirk Peters, “The Debate about a New German Foreign Policy after Unification”, in Volker Rittberger (ed.), **German Foreign Policy since Unification: Theories and Case Studies**, Manchester, Manchester University Press, 2001, p.24. Also see Sloam, James. “‘Responsibility for Europe’: The EU Policy of the German Social Democrats since Unification”, **German Politics**, Vol.12, No.1, April 2003, pp.59-78.

⁶⁰⁸ Peters, op. cit., p.26. Also see Carl Cavanagh Hodge, “Germany: Is Sound Diplomacy the Better Part of Security?”, in **Redefining European Security**, New York: Garland Publishing Inc., 1999, pp.181-205.

⁶⁰⁹ Adrian Hyde-Price, “Germany after the Berlin Wall”, in **European Security beyond the Cold War, Four Scenarios for the Year 2010**, London: Royal Institute of International Affairs, 1991, p. 156.

Germany did not hesitate to act in accordance with both norms. Hence, the policy of *sowohl als auch* (as well as) helped Germany to overcome what would otherwise seem to be a dilemma. Another example was Germany's resistance to out-of-area operations by NATO and Germany's involvement in Kosovo under NATO command and without the assent of UN Security Council, when Serbian attacks deteriorated civilian casualties despite the EU's sanctions. German foreign policy choices received public support and consent in both occasions. Indeed, German obsession with non-militarism and violations of human rights in countries other than the EU members has developed as a part of the European-Germany constructed since the end of the World War. Yet, both the party politics and public opinion gave support to the latter. Hence, as Harnisch and Maull state, in line with "the arguments of transnational constructivist approaches which hold that norms shared by the international society or regional institutions influence their members' perception of what is 'appropriate'", Germany chose 'no more genocide' over 'no more war'.⁶¹⁰ Thus, transnational socialization in German foreign policy proceeds, as a result of which the Constitutional Court gave its assent to the deployment of German troops in peace-keeping and peace-enforcement missions with the consent of the parliament, even without the mandate by the UN Security Council as in Kosovo. According to the constructivist conviction Germany's gradual policy change from a robust dissident of military activism to a wilful participant of peace-keeping and peace-enforcement operations is the most obvious example of how role concepts can be "reconstructed" as part of a larger foreign policy culture in the face of changing circumstances and changing role expectations of others in Germany.⁶¹¹

Another term used to describe German foreign policy is the politics of peace. The commitment to peace has emerged as a decisive element of the modern German consciousness. As Hyde-Price states:

⁶¹⁰ Sebastian Harnisch and Hanns W. Maull, "'Learned its Lesson Well?': Germany as a Civilian Power Ten Years after Unification", in **Germany as a Civilian Power? The Foreign Policy of the Berlin Republic**, Manchester: Manchester University Press, 2001, p.138. Also see Henning Boekle, Volker Rittberger and Wolfgang Wagner, "Constructivist Foreign Policy Theory", in Volker Rittberger (ed.), **German Foreign Policy Since Unification: Theories and Case Studies**, Manchester: Manchester University Press, 2001; Reinhardt Rummel, "The German Debate on International Security Institutions", in Marco Carnovale (ed.), **European security and International Institutions after the Cold War**, London: Macmillan Press Ltd., 1995, pp.177-193.

⁶¹¹ Harnisch and Maull, op. cit., p.135-137.

*“There is a strong current of thinking in modern Germany which sees peace not simply as the absence of war, but as the precondition for turning to ‘real’ problems such as Third World poverty, the problems of post-industrial societies in the West, and the human costs of reform in East Europe. This conception of peace, it suggested, could provide the basis for what Otto Schily has termed ‘a new German identity’, which would at the same time be ‘a European, human identity’”.*⁶¹²

This thinking has given a certain formation to German foreign policy. Firstly it limits the reliance on military means in rare cases to implement a civilizing foreign policy, especially if massive violations of human rights cannot otherwise be stopped, as in Yugoslavia and Kosovo, with adherence to several basic principles: The use of force must conform to principles laid down by *bellum iustum* doctrine such as just cause, last resort, reasonable expectation of success and proportionality.⁶¹³ Secondly, the aim to restrict the use of force in the international system should be accompanied by the promotion of freedom of individuals and democratization. Thirdly, as Peters states “a civilizing foreign policy should address the gross inequalities in the international system”.⁶¹⁴ Since, large gaps in welfare are considered to be at the bottom of potential conflicts, Germany’s foreign aid policy is largely used to provide support for poor countries. Hence, on the contrary to a marginal group advocating a more assertive foreign policy through ‘normalization’, that is Germany should pursue a foreign policy similar to that of the other European great powers (also nuclear powers), Britain and France, use the Western ties to its advantage and must be ready to use military force in certain circumstances as a normal European great power; the advocates of continuity and a civilizing foreign policy argue for preserving the cautious and largely defensive traditions of German foreign policy, while making human rights concerns a central focus of German foreign policy and foreign aid flows one of the main tools.

⁶¹² Hyde-Price, op.cit., p.156

⁶¹³ For a detailed analysis of ‘normative factor’ in the security policy of Germany see, Reimund Seidelman, “The Security Policy of a United Germany”, in Kjell A. Eliassen (ed.), **Foreign and Security Policy in the European Union**, London: Sage Publications, 1998, pp.107-123.

⁶¹⁴ Peters, op. cit. p.29.

There are fundamental differences between Germany and the other two prominent identities, the United Kingdom and France. First of all, the German Federation-Lander 1993 agreement on regionally driven integration was inconsiderable for the United Kingdom and France. Only smaller states such as Belgium, Netherlands and Luxemburg, which share pro-federal viewpoints, appreciated regionalism “as a means to bring Europe together by, effectively, splitting it up”, since as Wood states “[l]ess influential positions means their status internationally is enhanced in a larger political system of merged sovereignties”.⁶¹⁵ In contrast to the United Kingdom and France, Germany is characterized by a system of diffused power, which can operate and fuse into a system of associated sovereignty quite easily. While the United Kingdom and France, systems of which support concentration of power in the hands of prime minister and president, respectively, refer to the efficacy of popular participation in politics as a precondition of democracy, in Germany the legitimacy of corporatist bargains tends to matter. Hence, trade unions and corporate business organizations have a keen interest in shaping German policy towards Europe.⁶¹⁶ Both the Bundestag and the Bundesrat help shape the German foreign policy given the federal structure of the German states and the traditions of power sharing, coalition building, compromise and consensus. The German Lander have also noticed that “the legitimacy of European policy rests substantially on voluntary compliance and the effectiveness of the policy machinery rather than on authoritative, central control and public participation”.⁶¹⁷ Interestingly, national interests are felt the most at the level of German Lander. As Harnisch and Maull state:

*“In most cases under consideration, pressure by the lander had a significant effect in pushing the Federal government towards the ‘pursuit of national interests’. At the Amsterdam Summit Meeting, the Federal government rejected further integration in Home and Justice Affairs (HJA) due to pressure by some German Lander who feared to lose ‘national veto’ in asylum policies”.*⁶¹⁸

⁶¹⁵ Wood, op. cit., p.314.

⁶¹⁶ Adrian Hyde-Price, “Analysing German Foreign Policy”, **Germany and European Order: Enlarging NATO and the EU**, New York: Manchester University Press, 2000, p.33.

⁶¹⁷ Peter J. Katzenstein, “United Germany in an Integrating Europe”, in **Tamed Power, Germany in Europe**, New York: Cornell University Press, 1997, p.43.

⁶¹⁸ Harnisch and Maull, op. cit., p.146.

Another example is Germany's use of nuclear weapons material in the research reactor Garching II, which can be traced back to the interests of Siemens and the Bavarian state, as Harnisch and Maull explain.⁶¹⁹ As the German Lander are increasingly involved in European integration, Germany, which has used to search for the most appropriate policies compatible with the integration will come across more occasions requiring it to deviate from its Civilian power role model. As a result of the introduction of the new Article 23 of the Constitution, which enables the Lander to hold a veto position on important issues of Germany's European policymaking and allows them to increasingly oppose foreign policy choices by the Federal government, the Lander could push for "their own European political agenda which focused on preserving their own autonomy under the guise of the subsidiarity principle". Hence, the Federal government soothed the growing scepticism of the German Lander towards European integration. However, as the Federal Republic of Germany is enriching the corporatist structure of the EU with its Lander, it is also creating a thickening obstacle to the admittance of further members into the EU. That Lander hold a veto power and oppose foreign policies contradicting with their asylum policies, mean that the Federal Republic of Germany will not preserve its policy for Turkey's membership in the EU forever. Seeing their effectiveness extending from the domestic setting to the European, from the Bundestag and Bundesrat to the EU, German Lander will be increasingly inclined to achieve a stronger involvement in European policies.

Germany's policy-making in EC/EU affairs is highly complex and interwoven, since there is not one central actor but a plurality of actors representing various institutions of different levels. The German policy-making in EC/EU matters are sectorized at the federal, Lander and local levels of deciding, implementing and controlling. Hence, the Federal Republic of Germany displays a pattern of multitiered governance. The sectorization inherent in German public policy not only resembles the segmentation of EU policy-making, but also provides the ideological basis for Germany's promotion of European integration, since German political culture perceives political institutions both

⁶¹⁹ Ibid., p.147.

at home and in the EU as forums for the management of conflict. The strong corporatist traditions help approval of institutionalized power sharing in domestic policy-making. Since legal component of the European integration is also important for the Federal Republic of Germany, which regards the Federal Constitutional Court with almost a sacredness and supremacy, the Basic Law has brought some important regulations after the Unification. Articles 24 and 23 provide respectively for the transfer of sovereignty from the Federal Republic's to international organisations, including those which serve international security, and a constitutional basis for Germany's membership of the EU, including the right of the Federal Republic to pass laws transferring sovereignty to the EU with the consent of the Bundesrat. Hence, the need to consult the Lander on certain issues was scripted in the Basic Law. Yet, the German Basic Law contains a basic dilemma with regard to the integration process as an unfortunate consequence of the Federal Republic's enthusiasm to do everything in congruence with the basic sets of law. As Rometsch states:

“...on the one hand there is the federal structure of Germany which according to the Basic Law is not alterable (Art. 79, parag.3GG), and on the other hand the Bund has the power to represent Germany in foreign affairs (Art.32 GG) and to transfer competences by simple law to a supranational level”.⁶²⁰

The competences which the Bund transfers to a supranational level necessarily include the actions which affect the content of federal power to represent Germany in foreign affairs. Yet, the competences of the *Lander* determine whether the Bund has the right to exert its power fully in the integration process. Hence, as Rometsch adds that “EC policy-making in the Federal Republic, therefore is a policy to find the right balance between the internal structure, i.e. the distribution of competences between Bund and Lander, and the external functioning, i.e. the pursuance of an effective EC policy”.⁶²¹

⁶²⁰ Dietrich Rometsch, “The Federal Republic of Germany”, in Dietrich Rometsch and Wolfgang Wessels (ed.), **The European Union and Member States: Towards Institutional Fusion?**, European Policy Research Unit Series, Manchester and New York: Manchester University Press, 1996, p.82. Also see

⁶²¹ Ibid.

However, this balance is hard to achieve especially when the pluralist institutional structure of the EU is added on the top of the already complex consensus building mechanism in the German political system characterized by a vertical (federal-Lander-local) division and horizontal (Chancellery, Ministers, Ministers of state, Federal Constitutional Court) division.⁶²² Roberts states:

“There is little provision for central co-ordination of policy; the Cabinet, the coalition committee from time to time and the Chancellor’s office undertake only a very limited degree of such co-ordination, and the treatment of European policy is more diffuse in the Federal Republic than in other of the large member-states”.⁶²³

Although the pluralistic dispersal of policy responsibility helps Germany embrace the EU’s institutional structure and supranational integration more readily than the United Kingdom, it also has some disadvantages.⁶²⁴ First of all, so many EU policies have two or more sectoral dimensions, hence lead to overlapping responsibilities among the ministerial departments and between the competences of Bundestag and Bundesrat, which have used to operate without a central coordination, so far. Yet, this fact can also be read as that the blurring of the boundaries between the policies segregated to the Bund and Lander means the erosion of the autonomies the Lander have under the supranational structure of the EU, in time. Secondly, as Roberts puts it forward “since the EU itself is pluralistic in its operation, this makes for an amplification of problems of ‘dealing with

⁶²² The sectorization of German policy-making is not exclusive to the vertical level. The sectorization of the German executive government under the **Ressortprinzip** (principle of departmental responsibility) included in Article 65 of the Basic Law intensifies the pluralistic dispersal of policy responsibility and provides an obstacle to effective and rapid policy cooperation in European policy. According to the principle each department of state has a remarkable amount of autonomy in its own field, which is not observed in any other large members of the EU.

⁶²³ Geoffrey K. Roberts, “Germany and Europe”, in **German Politics Today**, Manchester: Manchester University Press, 2000, p.172.

⁶²⁴ For a detailed study of the complex German ‘multi-level’ administrative system and how “German civil servants at all levels have pushed and have been pulled into a growing EU system” see Wolfgang Wessels and Dietrich Rometsch, “German Administrative Interaction and European Union: The Fusion of Public Policies”, in Yves Meny, Pierre Muller and Jean-Lois Quermonne (eds.), **Adjusting to Europe: The Impact of the European Union on National Institutions and Policies**, European Public Policy Series, London and New York: Routledge, 1996, pp.73-109.

Brussels' to secure German interests, whether these interests are seen in terms of national advantage or the promotion of European integration",⁶²⁵

Another factor differentiating Germany from the United Kingdom and France and affecting its European policy preferences in return is identity. Germany displayed a unique example of how identities shape the definition of state and national interests and how mutable they are. Over time, new identities defining new concepts of the national interest can emerge. New circumstances and experiences may well lead to the adoption of new polities, which participate in the development of new mythologies. Germany's post-Holocaust identity was constructed upon a deep fracture in German history. The focal point for the German political actors and institutions was the debate on National Socialism and determination not to repeat the same mistake. This consensus helped Germany to reflect its cognitive revolution effectively to the structural factors such as its constitution, institutions, military, state of economy and international regimes, which it is in relation with. For an effective foreign policy, Germany had to redefine its national identity, its nation-state's place in the world, its friends and enemies, its interests and aspirations. As Hyde-Price states Germans have historically defined national identity in accordance with ethnic terms, thus differed from the French idea of nationhood emerging from the notion of popular sovereignty and citizenship. German reference to history, language and culture under the term of the *Volkgeist* to describe nation was in complete contrast with 'Western' concepts of citizenship and a commitment to democratic values and human rights. Human rights have become central to foreign policy discourse. Hence, the new German political culture would be reconstructed in accordance with civic nationalism, western norms and institutions, whereas the Germany of Hitler with all it represented would be a reference point for the Federal Republic's "significant other". While, European states and the U.S. were friends, the countries with low human rights records received the severest criticisms. While, further integration was embraced as Germany's primary aspiration, interests such as the EU's eastern enlargement were successfully fused with this aspiration. Yet, the constant evolution of Germany's foreign policy identity led to debates and subtle reformulations of German identity since 1950s,

⁶²⁵ Roberts, op., p.173.

too. At one end is the notion of an enlightened self-interest, at the other is a nationalist evaluation of normalization in German foreign policies and self-perception. As Hyde-Price states the normalization-nationalists do even seek to “relativise the Holocaust and downplay the unique horror of Auschwitz”.⁶²⁶ However, these efforts to downplay the significance of such a flagrant crime are not exclusive to nationalists. Armenian problem is increasingly compared with the Holocaust by the German publications. While the revisionists of the right among the German intellectuals compare the Holocaust with the ‘Gulag massacres’ of the Bolsheviks and claim that Bolsheviks were the bad example to Nazi Germany, German researchers of left-liberal views argue that the “Armenian Genocide” pioneered the Holocaust.⁶²⁷ Among these are so-called “Armenian specialist” Tessa Hoffman, who claims that gas chambers were originally inventions of the Turks; and Turkish academicians in Germany such as Taner Akçam, who refers to Heinrich Vierbücher’s racist thesis of “Turk’s homicidal spirit” to explain his views on “Armenian Genocide”; politicians such as Cem Özdemir, who admits responsibility of the Holocaust as a German and of the “Armenian Genocide” as a Turk in origin.⁶²⁸ Lastly, the sensitivity of the German newspapers, academicians and the public opinion on the “Kurdish question” is increasingly pulled to the same scope of debates on the “Armenian Genocide”. Especially, the efforts to describe Kurds and Armenians on ethnic terms such as referring to their Indo-germen origins bring to mind serious doubts at Germany’s success at re-describing nationhood at civic terms and strengthen the opinion that Germany’s evaluation of human rights in countries other than its own can be perverted as a result of an ethno-centric perception.⁶²⁹

⁶²⁶ Hyde-Price, op. cit., p.40.

⁶²⁷ Tamer Bacınoğlu and Andrea Bacınoğlu, **Modern Alman Oryantalizmi: Alman Yayıncılığının Türkiye Tablosu**, Avrupa Araştırmaları Dizisi, No.2, Ankara: ASAM, 2001, p.200.

⁶²⁸ Ibid. pp.198-218.

⁶²⁹ According to Max Georg Meier, who is the former representative of the Adenauer Foundation in Turkey and the present representative of the Hans Seidel Foundation in Ankara Kurds speak an Indo-Germen language, which is very close to Persian, hence, they are Persian, whereas Turks are Turani. Meier then calls his readers to read Şahname, which depicts according to him the “Turan/Persian war”. Max Georg Meier, “Zwischen Tradition und Moderne, Spannungen innerhalb der türkischen Gesellschaft”, **Politische Studien**, September/Oktober 1999, p.75, as cited by Tamer Bacınoğlu and Andrea Bacınoğlu, op.cit., p.109.

Similarly Bacınoğlu refers to a television program of Germany’s most popular Islam specialist and his description of the Kurds’ high Arian skulls in comparison to the round heads of the stout Turks, ibid. As

B. How does the ‘Civilian Power’ Work in the South Caucasus

Together with the United States, Germany has provided the largest bilateral assistance to the transition economies since the collapse of the Soviet Union. Germany and the US do not only rank as the first and second largest official bilateral donors in terms of monies committed and disbursed but also has helped mobilize international assistance through multilateral organizations such as the IMF, the World Bank and the European Union and used official trade and investment promotion programs to encourage private firms to conduct business in the region.⁶³⁰ However, German trade and investment has accumulated mostly in Central and Eastern Europe, where the opportunities are far better than the conflict-ridden and distant South Caucasus. Hence, in addition to its bilateral assistance programs, Germany has developed a foreign policy projection towards the South Caucasus through a close but cautious cooperation with Russia. Thompson states that “[a] clear asymmetry exists in their bilateral relations. As donor of half of Russia’s aid since 1990 and as Russia’s main trading partner, Germany has much more influence on Russia’s domestic life than vice versa”.⁶³¹ Germany also poses no military threat to Russia, in spite of its large army in Europe. Although Germany was the first partner to advocate for NATO’s eastward enlargement, it is careful not to shake Russia’s thrust but strengthen it. Germany supports Russia’s transition to democracy and free market economy and explicitly shows its friendship in an effort to prevent a return to great-power politics. Germany also provided a reassurance at the time of the Two Plus Four Agreement in 1990 for Russia that it has no political interest in and territorial claims to the Kaliningrad *oblast*. Hence, Germany constitutes the perfect partner in Russia’s efforts for closer cooperation with the West. Germany exploits these favourable relations for its foreign policy projection towards the South Caucasus, too. Germany cooperates closely

Bacinoglu states a former ambassador of Germany in Ankara accuses Turkey to be ‘reactionary’ since it does not accept the racial differences between the Turks and the Kurds, *ibid*.

⁶³⁰ Peter Dombrowski, “German and American Assistance to the Post-Soviet Transition”, in Karen Dawisha (ed.), **The International Dimension of Post-Communist Transitions in Russia and the New States of Eurasia**, New York: M. E. Sharpe, 1997, pp.217-242. Angela Stent, “The Overburdened Partner: Germany and the Successor States”, in John W. Blaney, (ed.), **The Successor States to The USSR**, Washington, D.C.: Congressional Quarterly Inc., 1995.

⁶³¹ Wayne C. Thompson, “Germany and the East”, **Europe-Asia Studies (Formerly Soviet Studies)**, University of Glasgow, Vol.53, No.6, September 2001, p.946.

with Russia on a wide range of matters from international crime, terrorism, and drug trafficking, to proliferation of nuclear weapons.

In addition to its bilateral ties with Russia, Germany also emphasized its role as an EU member. Although the EU lacked a common Ostpolitik towards Russia, Germany led the EU to put a step through signing an EU-Russia agreement. Hence, the EU could go “some way toward embedding Russia economically in a wider global and European network”.⁶³² Besides, Germany is willing to include Russia into the European security architecture. Schröder states that Russia is in a key position in the process of efforts for the European security and stability. Hence it is the common goal of Germany, NATO and the allies in the EU to found firm, enduring and continuous security cooperation with Russia. With this, Russian membership to NATO is one of the fundamental pillars of the German foreign policy.⁶³³ As Thompson relates Putin tells the Foreign Minister Fischer in February 2001 his satisfaction over the “relations and the intensity of contacts with Germany”.⁶³⁴ Hence, as Russia wants to keep its window opening to Europe through close cooperation with Germany, Germany keeps its own open to the South Caucasus.

Germany has an initiative individually developed for the South Caucasus. In its Caucasus Initiative Germany gives particular importance to contribution to conflict reduction and crisis prevention and adopts multi-country approaches for the South Caucasus such as developing the legal system and strengthening local democracy, supporting the energy sector, and fostering the private sector. Supporting the fight against tuberculosis and supporting the protection of biosphere reserves are the other two multi-country approaches with humanitarian and environmental concerns.

The Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – BMZ) states in its development policy that peacekeeping is its guiding vision and foreign, security and

⁶³² Angela Stent, “Germany and the Post-Soviet States”, in Karen Dawisha (ed.), **The International Dimension of Post-Communist Transition in Russia and the New States of Eurasia**, New York: M.E. Sharpe, 1997, p.205.

⁶³³ Gerhard Schröder, “Almanyanın Rusya Politikası – Avrupanın Doğu Politikası”, **Stratejik Analiz**, Vol.2, No.14, June 2001, p.116.

⁶³⁴ Thompson, op. cit., p.946.

development policies must work together coherently to remove the structural causes of conflict and to firmly establish mechanisms for peaceful conflict management. Hence the goals of German development policy are⁶³⁵:

1. Removing the structural causes of violent conflict by improving the economic, social, ecological and political conditions in the partner country.
2. Building mechanisms for peaceful conflict management so as to prevent, at an early stage, conflicts from turning violent and to curb violence that has already erupted. Once an armed conflict has ended, effective peace consolidation and reconstruction must prevent renewed outbreaks of violence.

The Federal Ministry for Economic Cooperation and Development indicates its intention “to contribute in potential crisis and conflict areas to the early prevention of violent conflicts, the limitation of violent conflicts already underway, and, following the end of armed disputes, the prevention of recurring outbreaks of violence by means of effective peace-building and reconstruction measures”.⁶³⁶ For that purpose, Germany states that it “will always work in coordination with its partners and with the players from the international community” and address to “the structural and procedural causes of conflicts” holistically and use instruments relating to foreign, security, development, financial, economic, environmental, culture and legal policy. Hence, the overall strategy

⁶³⁵ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, “Development Policy – The Peace Policy of the 21st Century”, <http://www.bmz.de/include/cgibin/druck.pl?default>, (20/06/2004).

⁶³⁶ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, “BMZ Spezial, Crisis Prevention and Conflict Settlement, Fundamental Issues and Principles”, <http://www.bmz.de/include/cgibin/druck.pl?default>, (29/06/2004). Also see Dr. Uschi Eid’s speech on development and his emphasize on “the principle that prevention is more effective than the arduous work of reconstruction”, Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, “Speech by Dr. Uschi Eid, Parliamentary State Secretary at the Federal Ministry for Economic Co-operation and Development ‘Development Policy on a Tight Budget’ at the Ambassador’s Club on 10 September 2003”, <http://www.bmz.de/include/cgibin/druck.pl?default>, (29/06/2004). Uwe Kievelitz, Gabriele Kruk and Norbert Frieters, “Joint Utstein Study of Peacebuilding, National Report on Germany”, Commissioned by the Evaluation Division of the German Federal Ministry for Economic Cooperation and Development (BMZ), Eschborn, 2003, <http://www.bmz.de/en/media/evaluation/StudiePeacebuilding.pdf>, (25/02/2005).

for crisis prevention and conflict settlement includes “further developing international law, submitting conflicts to law (international criminal and arbitral jurisdiction), using human rights policy as a preventive policy for peace and improving the means of imposing civil sanctions”, next to development policy, disarmament, arms control and arms export controls. The German army has already been contributing to worldwide crisis prevention and conflicts settlement activities with 60.000 troops through its membership to multilateral bodies. Currently there are German soldiers serving in Georgia in the Caucasus with UNOMIG (United Nations Mission in Georgia).

Besides, German Foreign Office is cooperating with German and international non-governmental organisations worldwide. The Civil Conflict Resolution (zivik) project is a part of the Institute for Foreign Cultural Relations (ifa) Stuttgart/Germany.⁶³⁷ The zivik team distributes the funding made available by the Foreign Office of the Federal Republic of Germany and provides inputs on the field of civil conflict management such as “evaluation designs and their implementation, compilation and critical review on ‘lessons learned’ as well as documentation on ‘good practices’”. Hence, the Federal Foreign Office takes the advice and service of a non-governmental think-tank on project planning, proposal assessment, disbursement of funds, monitoring of projects and control on expenditure of funds like any other NGOs. Still, the intermediary of a non-governmental organisation does not affect the fact that the Federal Government is the sponsor of non-governmental organisations such as the Capacity-building, South Caucasus and Central Southeast Europe project presented by Friedenszentrum (Peace Centre) Burg Schlaining/Austria. The project encompasses promotion of the analytical capability and working competence of representatives of NGOs active in the peace process in the sector of peace-building and conflict transformation. The representatives of these NGOs are to contribute to capacity-building, mediation, policy development, building up regional networks in the South Caucasus and their integration in international network activities. The participating NGOs are united in the “Caucasus NGO Forum”, a wide-ranging network of NGOs across the whole of the South Caucasus. Representatives of NGOs in Georgia, Armenia and Azerbaijan are also given scholarships to take part in

⁶³⁷ Institut Für Auslandsbeziehungen, Civil Conflict Resolution (zivik), http://www.ifa.de/zivik/ezivik_ueber.htm, (08.09.2005).

the basic course “International Civilian Peace-keeping and Peace-Building Training Program” (IPT) and to attend the specialisation course “Human Rights Protection”.

However, German contribution to conflict resolution and crisis prevention in the Caucasus region is essentially through country-specific bilateral development cooperation. The BMZ mobilized a commitment volume of some DM 100 million per year for 2001 and 2002 for the Caucasus Initiative. The BMZ Caucasus Initiative provided multi-country project for legal consultancy to the three Caucasian countries, which seek to return to the continental law and readjust their constitutional, private, and commercial law. For that purpose, the BMZ supports the expansion of joint programs of advanced training and dialogue for journalist and media decision-makers, and the exchange of experience with regard to decentralization and local self-administration. In the energy sector, the BMZ wishes to support projects, where at least two, preferably all three Caucasus countries are involved. In addition to that, Germany plays a prominent role in the energy sector through bilateral Financial Cooperation and sees the energy sector as the main focus of cooperation. Additionally, Germany fosters projects for the establishment and further development of small and medium-sized private enterprises, course of transition in the three Caucasus countries from a state-run planned economy to a social market economy through bilateral Financial and Technical Cooperation. KfW Entwicklungsbank and the Deutsche Investitions – und Entwicklungsgesellschaft GmbH (DEG) are the most active contributors. In 2000, DEG received a DM 2 million commitment for the expansion of Public-Private partnership activities in the Caucasus and Central Asia.⁶³⁸ The GTZ is currently implementing the following eight technical cooperation projects⁶³⁹:

- Reform of legal and judicial system in the South Caucasus;
- Fund for supporting civil society and communal democracy in the Caucasus;
- Fund for supporting conflict-prevention initiatives in South Caucasus states;

⁶³⁸ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, “Caucasus Initiative”, <http://www.bmz.de/include/cgibin/druck.pl?default>, (29/06/2004).

⁶³⁹ Deutsche Gesellschaft für Technische Zusammenarbeit, “GTZ, Caucasus Initiative”, <http://www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/2829.htm>, (10/06/2005).

- Municipal networks in the Caucasus;
- Economic promotion in the South Caucasus;
- Promoting training and advanced training in agriculture and rural development;
- Establishing a retail banking in Azerbaijan and Georgia;
- Fighting tuberculosis in the Caucasus.

GTZ is also implementing programme to promote food security and regional cooperation and stability in the Southern Caucasus within the framework of food security. BMZ has mobilized a commitment volume of over EURO 50 million per year for Financial Cooperation, which is implemented by KfW Entwicklungsbank (KfW development bank) and Technical Cooperation in the South Caucasus, which is implemented by Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German Society for Technical Cooperation) since the endorsement of the Caucasus Initiative in 2001.⁶⁴⁰

Georgia is the only priority partner country (Schwerpunktpartnerland) of the Federal Republic of Germany for development cooperation in Caucasian/Central Asian regions.⁶⁴¹ The then Federal President Roman Herzog visited Georgia in June 1996. Thus, Germany was the first to start diplomatic visits with this small Caucasian country at the presidential level. Shevardnadze came to Germany for a state visit in 1999. Germany advocates in the European Union as well, for closer relations with Georgia and the region as a whole. Hence, Germany pressed for the admission of the three Caucasus states to the European Neighbourhood Policy. Germany attains great priority to its Development Cooperation with this country in the fields of democracy, civil society, public administration, energy, economic reforms and construction of a market economy. German Development Cooperation is working in the areas of fostering democracy, civil society and public administration with a combination of “top down” and “bottom up”

⁶⁴⁰ Federal Ministry for Economic Cooperation and Development (BMZ), “Caucasus Initiative of the Federal Ministry for Economic Cooperation and Dvelopment”, 10 September 2004, p.4.

⁶⁴¹ BMZ, “Situation und Zusammenarbeit”, <http://www.bmz.de/de/laender/partnerlaender/georgien/zusammenarbeit.html>, (10/06/2005).

approaches.⁶⁴² Hence, Germany considers improving statutory and political environment at national level as the only way to give initiatives at the micro level a chance of sustainable success. The “bottom up” approach refers to the promotion of bottom up initiatives to have a decisive impact on political goals at the national level. Thus, not only legal and administrative restructuring, but grass roots politics are highly respected.

In 2003, Germany was Georgia’s second largest European trading partner, ranking sixth after Turkey, Russia and Azerbaijan. In spite of legal agreements on investment promotion, air transport and road traffic, bilateral economic exchange between Germany and Georgia is lagging behind the economic relations between Georgia and the regional states. . The overall trade turnover was about EURO 120 million in 2004 and the balance was largely unfavourable for Georgia. In the first quarter of 2005, Georgia’s export to Germany was 4,360.7 thousand USD and imports from Germany amounted to 34,201.9 thousand USD. The total trade turnover between Georgia and Germany was 38,562.7 thousand USD, hence higher than the trade with the UK and Italy. Yet, it could hardly amount to the half of the trade turnover between Georgia and Turkey, which was as high as 95, 148.2 thousand USD in the first quarter of 2005. For the year 2005 Germany is among Georgia’s top ten trade partners with the EU member states, the UK and Italy – plus Turkey. As the First Secretary of the Embassy of the Federal Republic of Germany in Tbilisi Mirko Schilbach relates trade between Germany and Georgia has always been limited in spite of a growth of about 18 percent between 2003 and 2004.⁶⁴³ Mr. Schilbach reports that since the independence of Georgia, they can only report one major direct investment meanwhile amounting to about EURO 30 million by a German company, who is exploiting tea plantations and factories in Western Georgia.⁶⁴⁴ Though the previous ambassador to Georgia has mentioned the investment of the German pharmaceutical companies Hoechst and Bayer to Georgia, these are limited. The pharmaceutical products are imported almost totally from abroad. Imports of pharmaceutical products account for 5 percent of recorded imports. Although industry in Georgia was the main branch of

⁶⁴² GTZ, “GTZ Worldwide, Europe, Caucasus and Central Asia, Georgia: Democracy, Civil Society and Public Administration”, <http://www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/georgien/2825.htm>, (10/06/2005).

⁶⁴³ Mirko Schilbach, v@tifl.auswaertiges-amt.de. “Fw:Cooperation activities between Germany and Georgia” Personal e-mail to Sanem Özer. sanemozer@gmail.com. (28 October 2005).

⁶⁴⁴ Ibid.

national economy in the Soviet times, today it is going through hard times due to the difficult process of transferring on market economy since the early 1990s. The process of restructurisation of big enterprises into smaller ones resulted with an increase in the number of enterprises, but a decrease in the number of employees. The light industry was a significant field in manufacturing economy in Georgia. Unfortunately, since the Georgian Industry Investment Corporation Light Industry Ltd. Set up main restructurization process in 1995, six serving factories have survived all together in Tibilis, Kutaisi and Batumi out of 65 light industry enterprises with 75 thousand workers. As Kortua states these six enterprises with 2 thousand employees “couldn’t function by the known reasons and have been operating step by step since 1996 with the support and investment of famous German garment producing companies such as Lebek International Fashion GmbH”.⁶⁴⁵ Daimler-Chrysler Aerospace is also one of the main partners of the Georgian Institute of Space Constructions, which designed the first German Space System that was put into orbit from the space station MIR. The Institute’s German and Italian (Alenia-Spazia) partners with the Russian space company Energia provided more than USD 500 thousand for FY 2004 budget through their contracts.⁶⁴⁶

However, Germany is the second largest provider of bilateral aid to Georgia after the U.S. Over the last ten years Germany has committed approximately EURO 250 million in technical and financial assistance besides its contribution through multilateral donor institutions. Commitments of Germany to Georgia to date are EURO 175.10 million through Financial Cooperation; EURO 32.26 million through Technical Cooperation in the strict sense and EURO 18.18 million for Food Security.⁶⁴⁷ Germany has also contributed in the foundation of the third largest bank in the country, the Procreditbank, which provides services largely to poorer sections of the population and small and medium-sized enterprises. Germany considers that the sectoral priority area of Economic

⁶⁴⁵ Teimuraz Kortua, “Restructuring Light Industry Manufacturing for Economy Development in Georgia”, in Forum on “After Fifteen Years of Market Reforms in Transition Economies: New Challenges and Perspectives for the Industrial Sector”, Trade, Industry and Enterprise Development Week UNECE 24-25 May, Geneva: UNECE Plais des Nations, 2005, p.2, <http://www.unece.org/ie/wp8/documents/mayfar/Teimuraz%20Kortua.pdf>, (09/10/2005).

⁶⁴⁶ Marie Anderson, “Economy: An Aerospace Industry in Georgia”, CAUCAZ.com, 24.01.2005, <http://www.caucaz.com>.

⁶⁴⁷ Federal Ministry for Economic Cooperation and Development (BMZ), “Caucasus Initiative of the Federal Ministry for Economic Cooperation and Dvelopment”, 10 September 2004, p.10.

Reform and Development of the Market System (WIRAM) perfectly fits with the Georgian Government's poverty reduction and economic strategy. GTZ carries out coordinated projects in private sector promotion for bilateral Technical Cooperation with Georgia and in the area of public finance and economic legislation to complement the projects in the WIRAM sectoral priority area.⁶⁴⁸ The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) has also been the contractor on the all four phases of an EU-supported project since November 1997. Hence, the Georgian-European Policy and Legal Advice Centre-GEPLAC was established to support Georgia's accession to the WTO in the first phase; to help with the implementation of the PCA between the EU member states and Georgia in the second phase; to provide technical and managerial support to an Inter-Agency working Group, covering 13 economic sectors and elaboration of the National Programme for Harmonisation of Georgian Legislation with that of the EU, pursuant to Article 43 of the PCA and the requisite Presidential Enactments in the third phase. GEPLAC continued with these activities with increasing emphasis on programmed and ad hoc policy advice in the fourth phase from December 2003 to May 2005.⁶⁴⁹ Schilbach states that the main sectors of activity of German cooperation programs remain in the energy sector, in democratization (legal advisory service, chamber of control and other projects) and in economic reforms (micro-financing, export promotion and related topics). Germany also held project/leadership for the TACIS projects in the field of economic policies submitted to the Russian Federation, Ukraine, Armenia, Georgia and Kazakhstan. Indeed, the Federal Ministry of Economics and Labour (BMWA) was the institution responsible with the implementation of the 'twinning' instrument of the EU. Twinning is originally an instrument that provides the framework for accession partnerships between administrations of EU member countries on the one hand and administrations of the EU candidate countries of the Central and Eastern Europe and Southern Cyprus and Malta on the other. However, its success and the positive experience gained with twinning in the case of the accession countries prompted the European Commission to extend the instrument to some TACIS countries,

⁶⁴⁸ GTZ, "GTZ Worldwide, Europe, Caucasus and Central Asia, Georgia: Economic Reform and Dvelopment of the Market System (WIRAM)", <http://www.gtz.de/en/weltweit/europa-kaucasus-zentralasien/georgien/2825.htm>, (10/06/2005).

⁶⁴⁹ Georgian-European Policy and Legal Advice Centre, <http://www.geplac.org>.

as well. The objectives of the twinning in the framework of the EU TACIS programme is first to support the partner countries in implementing administrative reforms, in particular in developing and strengthening key and public institutions like Ministries, Parliaments including traineeships for officials with ministries or the administration of justice and secondly to support partner countries in formulating policies.⁶⁵⁰ For 2002-2003 the EU launched calls for 68 twinning projects under the TACIS programme, five of which were for Armenia and three for Georgia. Germany submitted proposals for 20 projects and was awarded the contract as project leader. Again by 29 February 2004, the BMWA was awarded contracts for 6 twinning projects two of which were for Armenia and Georgia I the field of economy. Under German project leadership, Armenia was provided macroeconomic policy from 1 November 2003 to 31 January 2005. The project implemented for Georgia under German leadership was the reform of the National Standardisation System from 26 January 2004 till 25 August 2005.

German technical and financial assistance to Georgia is frequently accompanied by the visits of high ranking state officials to Georgia and experts in the fields of reform. German Supreme Court Delegation led by the President of the Supreme Court Prof. Erhard Hirsch visited Georgia on April 9-12 2002. The visit was held in the frames of Georgian Supreme Court Assistance programme, which was implemented in 2000.⁶⁵¹ Otto Schily, Interior Minister of Germany paid one-day visit to Georgia on March 2003. Again the visit was accompanied by a plan of reform. Otto Schilly presented plan of reform of the Georgian Border Guard Department to the Georgian President, elaborated by the German experts in 2002.⁶⁵² Germany's commitment to send a group of experts to Georgia to support its economic and democratic development was announced personally by Chancellor Schroeder after a meeting with the new Georgian President Mikhail Saakashvili in Berlin on January 30, 2004. Accordingly, German specialists were responsible for the instruction of customs officers and Diplomats. During the same visit, the German Minister for Development Aid, Heidemarie Wieczorek-Zeul, announced the

⁶⁵⁰ Federal Ministry of Economics and Labour, "Tasks of the Federal Ministry of Economics and Labour (BMWA) in the Context of Twinning", <http://www.bmwa.bund.de>, (10.10.2005).

⁶⁵¹ Civil.Ge, UNAG online Magazine, "German Supreme Court Visits Georgia", <http://www.civil.ge/eng/print.php?id=1747>, (02.09.2005).

⁶⁵² Civil.Ge, UNAG online Magazine, "German Interior Minister Visits Georgia", <http://www.civil.ge/eng/print.php?id=3282>, (02.09.2005).

transfer of 26 million Euros to strengthen the country's economy. The Georgian president's statement in response was that without financial help from Germany "the country would have not survived".⁶⁵³ On 27-29 April 2005 Georgia hosted another important visitor from Germany. German Justice Minister Brigitte Zypries paid a visit to discuss cooperation with the Georgian leadership and sign a two-year cooperation plan. Hence, Zypries had the opportunity to come together with the Georgian President, Foreign Minister, Chairman of Supreme Court and General Prosecutor.

Germany is not ignorant of the frozen conflicts between Georgia and the breakaway Abkhazia and South Ossetia. The meeting between the Abkhaz President Sergey Bagapsh with the ambassadors of the UN Secretary General's Group of Friends on Georgia gives Germany the opportunity to follow up and have a saying in the negotiations for conflict settlement with France, Russia, the United Kingdom and the United States. Hence, German Ambassador to Georgia Uwe Schramm urged the Abkhaz leader to release the dozen Georgians who were arrested by Abkhaz militias in July 2005 for alleged illegal woodcutting in the unrecognized republic during the meeting on August 10, 2005.⁶⁵⁴ Similarly, president of breakaway South Ossetia Eduard Kokoity held talks with German Ambassador to Georgia Uwe Schramm on August 18, soon after the international conference over South Ossetia, which was held in Batumi in July.⁶⁵⁵ Besides, five non-governmental organisations of well-known names are active in Georgia. These are Goethe Institut Tiflis, Friedrich-Ebert-Stiftung, Robert-Bosch-Stiftung, Heinrich-Böll-Stiftung and Konrad-Adenauer-Stiftung. Especially Friedrich-Ebert-Stiftung is focusing on conflict settlement through constructive and intercultural dialogue. Hence, the initiatives of the Friedrich Ebert Organisation are mainly developing contact, dialogue and understanding between the societies of Georgia and Abkhazia and South Ossetia.⁶⁵⁶ Friedrich-Ebert-Stiftung supports the development of free press and information, as well,

⁶⁵³ Civil.Ge, UNAG online Magazine, "German Expert to Help Georgian Officials", <http://www.civil.ge/eng/print.php?id=6146>, (02.09.2005).

⁶⁵⁴ Civil.Ge, UNAG online Magazine, "Abkhaz Leader Meets Ambassadors of 'Group of Friends'", <http://www.civil.ge/eng/print.php?id=10521>, (02.09.2005).

⁶⁵⁵ Civil.Ge, UNAG online Magazine, "South Ossetian Leader Meets German Ambassador", <http://www.civil.ge/eng/print.php?id=10578>, (02.09.2005).

⁶⁵⁶ Friedrich-Ebert-Stiftung, <http://www.fes.ge>.

especially through the online news portal reporting from Abkhazia and South Ossetia. One such portal is the Civil.Ge, UNAG Online Magazine.

The President of Armenia Kocharian's visit to Germany in January 2003 marks the establishment of a very late political dialogue with this country. Economic relations are still very low. According to the German accounting, economic relations constitute 5.6% of the country's imports and 9.8% of its exports. Armenian statistics declare that exports to Germany increased by 65.8% (a total of USD 44.4 million) and imports by 95.7% (USD 47.7 million in all) up to August 2004.⁶⁵⁷ The main German exports in 2003 were motor vehicles, tobacco products and gold for industrial purposes. Germany imported semi-finished aluminium products, textiles, cognac, ferrous alloys, copper and other commodities.

Since 2000 the field of "economic reform and support for the development of a market economy" (WIRAM) has been the priority area of German Financial Cooperation with Armenia. Also German Financial Cooperation has provided extensive investments in the rehabilitation of power transmission. However, energy sector will no longer be supported once the ongoing projects are completed. Currently 11 Financial Cooperation projects under Kreditanstalt für Wiederaufbau (KfW) and 19 Technical Cooperation projects under GTZ are running. Funds allocated to Financial Cooperation and Technical Cooperation for Armenia are respectively EUR 120 million and EUR 33.46 million with a total of EUR 153.46 million. Financial Cooperation projects focus on rehabilitating the power supply system (Kanakaner hydroelectric power station as well as transformer stations); municipal utilities such as water supply and sewage disposal in Armavir and Gyumri/Vanadzor region; setting up a credit line through German Armenian Fund, an investment guarantee fund and a loan guarantee fund; providing equipment for the health sector and to combat tuberculosis.⁶⁵⁸ Another project is to protect the wetlands and nature extending from Armenia to Georgia through the cooperation of the two countries. The Technical Cooperation projects, on the other hand, support the economy, vocational and

⁶⁵⁷ Auswaertiges Amt, "Armenia", http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe_html?type_id=14&land_id=10, (10/06/2005).

⁶⁵⁸ KfW Entwicklungsbank, "Priority areas of Cooperation in Armenia", <http://www.kfw.de>. The German-Armenian Fund was established by the KfW as a loan programme to give private SMEs sustainable access to financial services through easy application process and fast processing.

technical education and municipal development, as well as food security. A legal advisory services project provides support in consolidating the legal system civil and commercial law, too. Armenia has also been the subject of the twinning projects in the framework of the EU TACIS programme under the project leadership of Germany. Although, the relations of commerce and business with Armenia could never reach the level with Georgia or Azerbaijan and will hardly in the future, Germany tries to close this gap through political statements and efforts for development directed through projects developed by the EU. The growing conviction in Germany is that Armenia will never break through its present political and economic miseries unless Turkey opens the borders and normalizes the relations with Armenia. As Himmelreich writes in *Süddeutsche Zeitung*:

*“Due to this historical legacy and to its good relations to Turkey, Germany has the obligation to lobby within the European Union for mediation between Armenia and Turkey. Priority of this discussion has to be the separation of the recognition of the genocide and the opening of the border. Within the Turkish government, the willingness regarding such a pragmatic approach is increasing...The speedy opening of the Turkish-Armenian border would be one of the main priorities of accession negotiations between Turkey and the European Union and would have an influence on the integration of Armenia and Azerbaijan in the European Neighbourhood Programme. Compared to Georgia and Azerbaijan, Armenia does not yet attract much political attention from the US and the European Union and faces the danger of becoming economically isolated”.*⁶⁵⁹

Hence, Armenia is not a country to be dealt with alone for Germany, but through states and organizations with key positions and direct access to Armenia. Germany's remedy for the stabilization of Armenia and its South Caucasus neighbours Georgia and Azerbaijan, which serves as a bridge to the Middle East and Central Asia and is geopolitically important for the EU, the USA and Russia, is putting political pressure on Turkey. Himmelreich states that “[t]he German government and the European Union

⁶⁵⁹ Jörg Himmelreich, “External Views: Stabilising Instead of Isolating Armenia”, *Süddeutsche Zeitung*, May 3, 2005, <http://www.gmfus.org/publications/article.cfm?print=yes&id=102>, (08.09.2005) Himmelreich mentions the standing of the German Empire ‘behind its Turkish ally’ in 1915 and the then-Chancellor Theobal von Bethmann-Hollweg’s statement: “Our single aims is as that Turkey remains on our side until the end of the war, whether Armenians perish or not” as the “this historical legacy”.

should take the memorial [the ninetieth anniversary of the so-called Armenian genocide] as an opportunity to review their foreign policy towards Armenia”.⁶⁶⁰

Political and economic relations between Germany and Azerbaijan are developing well. As reported by the Federal Statistical Office Germany, Azerbaijan has become a particular focus due to its rich oil and natural gas deposits.⁶⁶¹ Over the last years, German imports from Azerbaijan have continuously increased and amounted to EUR 275.0 million in 2001. Oil accounted for 92.5 percent of that sum. Between January and November 2003, German exports to Azerbaijan rose to EUR 162.2 million from EUR 129 million (2002), whereas German imports from Azerbaijan dropped from EUR 289 million (2002) to EUR 195.8 million. In 2003 just the imports of oil accounted EUR 178.1 million. In January-November 2004 German imports from Azerbaijan recorded further decrease to EUR 184.3 million. However, the German exports to Azerbaijan for that year were worth EUR 205.7 million. While Germany provided mostly oil products worth EUR 178.1 million from Azerbaijan, Germany’s principal exports to Azerbaijan were cars, pipes, sheet metal and complete production facilities. The cumulative value of German foreign investment in Azerbaijan until the end of 2002 was EUR 179 million. Hence, the biggest German investment project in Azerbaijan so far is the pipe-coating plant, with a volume of approximately EUR 100 million and built by the German company EUPEC.⁶⁶²

In Azerbaijan, too, the priority area is economic reform and developing the market system (WIRAM), including the agricultural sector. Hence, Germany focuses on creating an economic and legal environment suitable to promote the private sector. The primary goal is to reduce poverty by creating sustainable and broad-based employment and income opportunities. Since, Azerbaijan’s economy is dominated by export-oriented petroleum production; the diversification and further processing in other industries are vital for the economy in general and struggle against poverty and unemployment. Hence, Germany pays particular attention to the private small and medium-sized enterprises

⁶⁶⁰ Himmelreich, op.cit. The explanation within the brackets is of the author of this dissertation.

⁶⁶¹ Federal Statistical Office Germany, “Trends in German Foreign Policy with Caucasian Countries”, Press Release, 22 November 2002, <http://www.destatis.de/presse/englisch/pm2002/p4110181.htm>, (10.10.2005).

⁶⁶² Auswaertiges Amt, “Azerbaijan”, http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe_html?type_id=14&land_id=11, (10/06/2005).

(SMEs), in order to help develop a balanced economic structure in Azerbaijan. High taxes, red tape, corruption and deficits in the legal system are considered to be the basic impediments to the emergence of SMEs. Insufficient capitalization and liquidity problems are the other factors that shape Germany's Development Cooperation with Azerbaijan. Thus, the Financial Cooperation funds of Germany amounting to EUR 5 million were provided for loans to small and medium-sized enterprises and paid into a revolving fund. Private commercial banks can obtain refinancing from this fund, though only for granting loans to small private enterprises.⁶⁶³ The German government also committed a EUR 1 million grant to train loan officers, to advise banks in the selection of borrowers and to offer customer care throughout the term of each loan. The GTZ provides business consulting services, supports individual companies and the relevant authorities. The Financial and Technical Cooperation measures adopted for Azerbaijan to develop the loan system closely resemble the measures in Armenia - micro-finance bank, German Azerbaijani Fund, credit guarantee fund and support of the private bank sector. For 2002 Azerbaijan received EUR 18 million from the Technical Cooperation budget of the GTZ and EUR 2 million for Financial Cooperation. For April 2004 another EUR 13.8 million was provided through Financial Cooperation and EUR 5 million through Technical Cooperation.

The German government has also provided EUR 31 million to rehabilitate the drinking water supply and to finance the rehabilitation work at substations and switchboard plants of the two largest hydropower plants and the largest thermal power plant in Azerbaijan. The inefficient administrative structures for the management of water and energy resources and dating back to the centrally planned economy in addition to the lack of budget funds are taken as the causes of uneconomical and poor institutional performance of the operator organization. Therefore, Financial and Technical cooperation supports de-centralization and privatization.

Germany has a positive image in Azerbaijan. Azerbaijan regards Germany as the most important partner in Western Europe. Germany also mentions the tradition of German settlement in Azerbaijan since the beginning of the 19th century as a potential

⁶⁶³ KfW Entwicklungsbank, "Priority Areas of Cooperation in Azerbaijan", <http://www.kfw.de>.

basis for cultural relations between the two countries. The establishment of a German Reading Room in the Azerbaijan Foreign Language Institute in 1998, German courses provided by the German Embassy, the German Academic Exchange Service scholarships for the exchange of academics and scientists and partnerships between the Azerbaijani and German academic institutions are some of the initiatives taken to further cultural relations. The other activities to make Germany better understood in foreign countries and foster sympathy to German culture and politics involve the projects and symposiums developed by the political foundations such as Konrad Adenauer Stiftung, Friedrich-Ebert Stiftung, Friedrich-Naumann Stiftung and Hans Seidel Stiftung. All these foundations have organic ties with the political parties in Germany and work to develop cooperation on economic, social, environmental and security issues. Especially the Friedrich Naumann Foundation is active in all three countries of the South Caucasus.⁶⁶⁴

Germany's activities in the South Caucasus, its Development Cooperation with the regional states do not give disturbance to any of the countries interested in the region at the moment. As long as German assistance to the Caucasian states through Financial and Technical Cooperation is accompanied by closer relations with Russia, the Federal Republic of Germany will preserve its strong place as a civil power in the region. It is hard to expect solely German aid, commerce, business or investment to bring the South Caucasian countries up to their feet. However, Germany is observed as an important contributor. Especially its position in the EU and the growing potential as a regional power make the states of the South Caucasus to take relations with Germany serious not just because of its economic power but also for its political weight in important multinational groupings, institutions and relationships with the highly influential actors in the region such as the United States and Russia. Hence, it is not simply the money politics but diplomacy that brings Germany to the fore.

⁶⁶⁴ Friedrich-Naumann-Stiftung, "Südkaucasus", http://www.fnst.de/webcom/show_article.php/c-814/nr-1/printmode-true/i.html, (08/05/2005)

C. Strategic Relationships with Russia, the United States and France

In contrast with the French effort to contain Germany by dividing and permanently weakening it after the war, the United States was the provider of economic assistance, security guarantee against the Soviet threat, supporter of the creation of a new German state and the one who has both carried Germany into a European organization for the first time, that is the European Organization for Economic Cooperation (EOEC), and persuaded France to reconsider its German policy. These developments of 1947-1949 defined Germany's Atlantic orientation in foreign policy. West Germany's dependence on American security guarantee would increase throughout the 50s and France would fall short of both economic and military means to overcome the U.S. growing weight in the European and West Germany's foreign policies. France was a member of NATO as well and was not dependent on the U.S. for security guarantee less than the Federal Republic. As France had to accept the Federal Republic as an equal entity in a larger European entity after the foundation of the European Coal and Steel Community, it proposed the Pleven Plan (a failed project) in order to integrate German forces into a new European Army. Indeed, French, who had come across the idea of Germany's contribution to the defence of Europe with considerable pressure from the U.S. only five years after the World War II, proposed the foundation of a European Army under the political control and leadership of a European Council of Ministers, a European Minister of Defence, and a European Assembly simply to reconcile Germany's rearmament. In spite of French failure in ratifying the European Defence Treaty, Adenauer's policy of achieving sovereignty and equality via European integration continued to be at the core of German foreign policy though through different channels. As Keukeleire states:

“German-American relations and NATO were instead strengthened when the British Foreign Secretary Anthony Eden proposed the expansion and transformation of the

*Western Union into a West European Union (WEU) that included West Germany and Italy and would be incorporated into the NATO framework”.*⁶⁶⁵

Yet, German-French and German-American relations would enter a new phase after the East Germans closed the border on 13 August 1961. Although the French President of the time, Charles de Gaulle was not against the Atlantic Alliance, an American role in Europe or the German rearmament, he was opposed to the dominant role played by the U.S. in Europe and any aspirations, which he regarded to circumvent the primacy of the nation-state and the French ‘grandeur’ in Europe through supranationalism. German efforts to receive French support in convincing the UN and the United Kingdom to hold a rigid position against the Soviet Russia on the issue of Berlin was in vain, since French considered the Russian pressure for the neutralization of the Federal Republic would also mean the neutralization of Europe and help France to continue its unilateral foreign policy and preserve its independence. Keukeleire states that after the East Germans closed the border in 1961, “Adenauer understood that he could not depend upon the Americans who together with the British had expressed a willingness to strike some sort of bargain with the Soviets to resolve the dispute), but at the same time could not rely upon the French either”.⁶⁶⁶ Instead, Germany adopted a complementary foreign policy; it did cooperate with the U.S. and France acknowledging the need to preserve cooperation with the U.S. on the global issues and to receive French support for European integration. The lead, which Germany took, was initially de Gaulle’s desire; but, Germany was successful in implementing it.

Fouchet Plan of 1961 was another disappointment, but Germany was quick to show its will to cooperate with France. Hence, the Treaty of Franco-German Cooperation (the Elysee Treaty) was signed on 22 January 1963 to reconcile Germany’s, Europe’s by the way France’s dependence upon the U.S. and NATO. While the Elysee Treaty strengthened France’s political and military commitment to the West Germany and

⁶⁶⁵ Stephen Keukeleire, “Franco-German Security Cooperation”, in Emil J. Kirchner and James Sperling, **The Federal Republic of Germany and NATO, 40 Years after**, London: Macmillan Press Ltd., 1992, p.129.

⁶⁶⁶ *Ibid.*, p.131.

enabled closer cooperation between the two countries, a Preamble added to the Treaty by the Federal Republic at its ratification in the Bundestag subordinated the Elysee Treaty to the North Atlantic and Rome treaties. In 1960s France understood that the Franco-German relations could not be an alternative to NATO for the West Germany. Especially after France's withdrawal from the NATO's integrated military command, NATO's presence in Europe and West Germany, military integration of the West Germany in NATO and the continued division of Germany gained greater importance for France. However, in 1970s the Federal Republic was no longer a French subordinate and could pursue its dealings with the Eastern Europe despite French concerns that Germany could distance from the West and realize German reunification. Towards the end of 1970s, Franco-German cooperation gained a new impetus mainly to protect détente from the deterioration of relations between the U.S. and the Soviet Union. Hence, France and Germany could unite for a coordinated and partly independent policy against the American pressures on particularly Bonn to conform to the American foreign policies.

In 1980s France was cooperating with the West Germany to secure the Federal Republic's continued participation in the Atlantic Alliance, in spite of the West Germany's initial disappointment with the stationing of NATO's Intermediate Range Nuclear Forces (INF decision of 1979) and the possibility of deterioration in East-West relations. Interestingly, France feared this time neutralist and Anti-American tendencies in West Germany. The ambiguities of the French foreign policy were the consequence of several factors. First there was a gap between political assumptions of France and military and economic feasibilities. Secondly, the change in the international system was much bigger than what France could respond unilaterally. Franco-German cooperation with its ups and downs was a mechanism for France to integrate the Federal Republic in a Western political, economic and security system. West German foreign policy fell in line with France's expectation of Germany's integration with the West both ideologically and politically. However, where France was short of addressing West Germany's security interests fully, Federal Republic did not hesitate to take bilateral initiatives to strengthen ties with the Western Alliance or vice versa. Hence, the Federal Republic chose to dance around the partners but with great care not to alarm any of its partners and neighbours at a return of the West Germany to traditional nationalist, militarist and expansionist

policies. In January 1988 at the 25th anniversary of the Elysee Treaty, France and Germany added two protocols to the Treaty. The creation of the Franco-German Defence and Security Council and the Economic and Financial Council was indicating the belief in a Franco-German community of destiny, which was named *Schicksalsgemeinschaft*; but also reserving from any role such as an alternative to American leadership and the Atlantic structure. The creation of a Council and a brigade did not disturb the U.S. but received its approval, too. As long as the primacy of NATO as the guarantor of the West Germany was accepted, French involvement in the defence of the Western Europe was welcomed.

The unification of the two Germanies was the last step to certify that the Federal Republic was no longer a subordinate of France but an equal in status and the foundations of French foreign policy were upside down after four decades. Again Germany was careful to give the right message. As Kirchner refers to Chancellor Kohl he has stated that “‘German unity is conceivable only under a European roof that includes NATO’ and that his government is ‘committed to binding the new Germany in the NATO Alliance’ and that ‘there is no question of us going for neutrality’”.⁶⁶⁷ However, the legacy of the Franco-German cooperation has been preserved so far. The intensification of Franco-German military cooperation has been seen as the basis of a new kind of European security system to replace the American-led security system, which has become increasingly difficult to sustain for Germany and France. Although the Franco-German cooperation could not develop a credible alternative to NATO in the international environment, a European security identity appeared as a French proposal firmly embraced by the unified Germany and cautiously observed by the United Kingdom. Now almost 50 years after the Plevin Plan, the European Constitution was the closest to this first and the most enthusiastic project perhaps carrying it one step further. Germany gave its full support to European integration and craved for French support, too. However, it was not the French, who have so deeply identified with the European integration. Besides, the French priorities have changed again. The eastward enlargement of the EU

⁶⁶⁷ Emil J. Kirchner, “Germany, European Defence Institutions and NATO”, in Emil J. Kirchner and James Sperling (eds.), **The Federal Republic of Germany and NATO, 40 Years after**, London: Macmillan Press Ltd., 1992, p.118.

has responded the Federal Republic's security needs. Yet, France's security considerations lie further in the South. Besides, the referendum in France and the vote of disapproval displayed that France remains to be France, not willing to accept further loss of sovereignty.

The formation of NATO was the expression of the common identity of liberal democracies and led to the formation of a North Atlantic security community eventually. At the core of this security community was the norm of multilateral consultation. Since internalization of multilateralism, and observance of international institutions has been some of the basic characteristics of Germany, the American urge for unilateralism lead to clashes from time to time. However, the U.S.'s unwillingness for compliance with the norm of multilateral consultation from time to time, does not bring Germany's break with the NATO or UN. On the contrary, Germany supports the reconstruction of cultural and institutional structure with its state policies. However, the NATO-first proposals and what Europe's and Germany's roles should be have not been clarified yet. The proposals for a continued leadership role of the U.S. in NATO are vague and what specific role is envisioned for Europe is unknown. Hence, the question of under what conditions would the United States and Europe should act collectively or jointly has not found an answer, yet. Loedel states:

*“Traditionally, the United States has sought to create security dependency in Europe (the focus of which was West Germany), discouraging the Germans from challenging the U.S. leadership or even aspiring to more prominent regional or global roles. Such a U.S. orchestration of security policy served Germany's interest during the cold war... Europeans, however, should be sceptical of a continued security system orchestrated and controlled from Washington. Is double containment of Russia and Germany under U.S. domination and NATO leadership still required today?”*⁶⁶⁸

⁶⁶⁸ Peter H. Loedel, “Searching for Security: Redefining Germany's Security Interests“, in Mary M. McKenzie and Peter H. Loedel (eds.), **The Promise and Reality of European Security Cooperation: States, Interests, and Institutions**, Westport, CT: Praeger Publishers, 1998, p.73.

During the *détente*, even before the collapse of the Soviet Union, Germany had a tremendous affect on the development of some nascent norms within the Soviet space such as the avoidance of military force, the maintenance of strategic stability, and the legitimating of human rights. As Jepperson, Wendt and Katzenstein state these norms shaped the definition of national interests, which were advanced by liberal reformers within the USSR.⁶⁶⁹ However, Germany's investment on the reconstruction of a common wisdom hardly complements with the American policy of pre-emptive strike and deterrence, which are used where appropriate. Since Germany regards the developments in Soviet politics as the fundamental cause of the current revolution in world politics, it supports the continuation of institutional forms of security cooperation, and Russia's participation in them. The change of Soviet identity and policy helped to bring an end of the Cold War. As Russia seeks to develop its identity in the new structure of international system, Germany supports this search and even reinforces this search. Germany's expectations are to have a role in the definition of the international security conditions in Europe and Asia, through assets typical of a trading state voicing multilateralism. After all, Germany has gone a long way in constructing mutual trust and a cooperative culture with Russia, where as the U.S., in search of an identity for itself with the end of Cold-War, has hardly managed any stability in its relations with Russia.

Germany has been a central concern of Russian foreign policy, as well. As Hellman states, “[i]t is one of the most important achievements of German foreign policy since unification that the relationship of trust with Russia has been maintained or even strengthened without harming relations with Western partners”.⁶⁷⁰ Though, the primary preoccupation of Russia has been to contain Germany and prevent Germany from uniting and regaining its military and political strength after the World War II, Russia is deprived of its Eastern Germany card. Yet, Loedel states that “the case for creating divisions between the United States and Western Europe still makes sense in some circles in Moscow”.⁶⁷¹ While Russian dependence on European and primarily German aid help

⁶⁶⁹ Jepperson, Wendt, and Katzenstein, *op. cit.*, p.55.

⁶⁷⁰ Gunther Hellman, “Precarious Power: Germany at the Dawn of the Twenty-First Century”, in Wolf-Dieter Eberwein and Karl Kaiser (eds.), **Germany's New Foreign Policy: Decision-Making in an Interdependent World**, New York: Palgrave, 2001

⁶⁷¹ Loedel, *op. cit.*, p.75.

develop relations with the EU and Germany, American resistance to increase aid to Russia creates tension between the U.S and Germany, which also has the potential to create a division in Europe. Loedel states “[a]s with its other policies, Germany’s bilateral partnership with Russia straddles the divisions within Europe and the transatlantic alliance”.⁶⁷² Future political and economic development in Russia is particularly important for Germany, since Russia and Germany are likely to become the key players in the newly emerging power structure.

However, a constructive policy towards Russia aimed to include Russia into European political, economic and security structures will overcome the Russian aversion to NATO’s and the EU’s eastward expansion if all the EU members including the UK agree upon a common position towards Russia, a relationship of equals with Russia and mutually supportive security and economic policies within the context of multinational institutions of the EU. This will, however, require a reconsideration of the NATO, the future role of the EU-WEU and the roles of basically two states, Germany and the United Kingdom within the collective European security community. Still, German foreign and security policy will continue to be a combination of unilateralism, bilateralism and multilateralism in the pursuit of four main options as Timothy Garton Ash saw in 1994: i) a Carolingian completion of deeper integration by the inner circle of old EEC countries, ii) the promotion of a wider Europe, involving more members but a looser integration implying no political union, iii) elaborating a new “special relationship with Moscow, and iv) the pursuit of the status of a world power, hence, becoming “a partner in relationship” with the U.S.⁶⁷³

The relationship between Germany and Russia is a combination of rivalry and cooperation. Shearman states:

⁶⁷² Ibid., p.76.

⁶⁷³ Timothy Garton Ash, “Germany’s Choice”, **Foreign Affairs**, Vol.73, No.4, 1994, pp.65-81 as cited by Klaus von Beyme, “Redefining European Security: The Role of German Foreign Policy”, in Carl C. Hodge (ed.), **Redefining European Security**, New York: Garland Publishing Inc., 1999, pp.168-169.

“Germany’s increasing interest in the East will also dictate that it will have to act more often unilaterally, independently of the EU. Russia’s interests in the near abroad will determine that it too will act unilaterally in defence of its perceived national interests. Germany’s and Russia’s emerging spheres of interests are geographically proximate and will at times overlap. The relationship between Germany and Russia, the two largest states in Europe, is bound to be decisive as they continue to develop a complex web of political and economic ties”.⁶⁷⁴

Russia has already been in the pursuit of developing cooperation with the Western European countries, including France, Italy, Spain, and the UK through the bilateral accords it has signed. The EU and Germany are the most generous of all providing aid to Russia. Additionally, Russia considers Germany and the EU more willing to risk investing in the Russian economy. Besides, Russia’s main potentialities and its infrastructure that are concentrated in its European part make Russia realize the necessity to foster links to the EU, particularly through Germany for access to the world economy. Shearman states that “[i]n the wider international environment Germany and Russia are likely also to move closer to one another to counter the power and influence of the U.S. and Japan”.⁶⁷⁵ Germany has been pushing for the emergence of a separate European military alliance with France, Belgium, and Luxembourg since the Iraq war. Schröder’s visit to Russia on 9 October 2003, which was the sixth time that year was, thus, evaluated to “have provided Putin with an opportunity to express concerns about NATO and strengthen the European direction – or “vector” – of Russia’s foreign policy”.⁶⁷⁶ Hence, the Russian-German informal partnership, which is likely to develop, will determine Europe’s future progress and stability, as well.

⁶⁷⁴ Peter Shearman, “Russian Policy Toward Western Europe: The German Axis”, in **Russian Foreign Policy since 1990**, Oxford, U.S.: Westview Press, Inc., 1995, p.106.

⁶⁷⁵ Ibid.

⁶⁷⁶ Dimitri Litvinovich, “Russia: On the Offensive”, **Week in Review**, 7-13 October 2003, Transitions Online, http://www.ciaonet.org/pbei/tol/tol_2003/oct7-13/oct7-13_b.html, (17/02/2005).

III. United Kingdom

The United Kingdom is not the only member of the EU governed with a parliamentary monarchy; but, has some peculiarities unique to its own. The continuity in the territorial unity and the parliamentary history is a source of pride in the United Kingdom. However, the abolition of an Empire after 1945 led Britain to the search of a new role. Though, the United Kingdom had a Great Power history, it was a middling power for the world. Hence, New Labour declared its intention to carry Britain to the centre of international decision-making from the margins. To accomplish this goal, the United Kingdom had to overcome economic weakness and develop a coherent and relevant British foreign policy. As the United Kingdom seeks for a new European role, it “has no desire to leave France as the only Western European state with a carrier capability”.⁶⁷⁷ As Fielding states the United Kingdom adopted a skilful pro-European position; whereas it “brought an agenda to the summit and the EU different from the dominant Franco-German priorities”.⁶⁷⁸ Hence, the Blair government’s emphasis within Europe was on enlargement and employment, while France and Germany focused on single currency and achievement of the Maastricht economic criteria for inclusion in the European monetary union. United Kingdom wanted a new global role, too. For that purpose Britain had to build on its traditional strengths and work actively with the international system. With Blair, British foreign policy gained a more idealist stance. The Blair government re-evaluated its trade and aid policy and replaced the Overseas Development Agency with a new Department for International Development under the ministry of Claire Short. The United Kingdom has been a significant trading country for most of its history and is willing to preserve its historical, political and commercial ties with most of the world including the Commonwealth. Hence, the new aid policy of Britain would be pulled to the UN target of 0.7 percent. The United Kingdom has already been spending more than the U.S. on development aid in terms of its proportion to the GNP. Britain has always been in the front lines to fulfil its peacekeeping duties both within and outside the UN. The United Kingdom participated in peacekeeping activities in Bosnia. In 1997 it was the British

⁶⁷⁷ Jeremy Fielding, “Lost an Empire, Found a Role”, British Foreign Policy at the End of the twentieth Century”, **International Security Studies at Yale University**, December, 1997, <http://www.ciaonet.org/wps/fij01/fij01.html>, (15.02.2005).

⁶⁷⁸ Ibid.

Special Forces that played the central role in the NATO forces to detain the war criminals. Although, the British government has become more assertive on the international stage, commitment to operating with the United States and within the institutional structures of NATO, the UN and the EU is firmly observed. Yet, the intersecting spheres of the British commitment of itself to the U.S., the NATO and most importantly to the EU do not guarantee a smooth foreign policy-making process for the UK.

A. State Sovereignty or a ‘Common Foreign Policy’

According to Wendt’s description of ‘fundamental principle of constructivist social theory’, all actors, including states, interact with one another on the basis of meanings. Hence, Wendt states:

*“The distribution of power may always affect states’ calculations, but how it does so depends on the intersubjective understandings and expectations, on the ‘distribution of knowledge’, that constitute their conceptions of self and other...It is collective meanings that constitute the structures which organize our actions”.*⁶⁷⁹

Thus, Wendt refers to his view that identity is inherently relational and identity is the basis of interests.⁶⁸⁰ Actors acquire identities, which are ‘relatively stable, role-specific understandings and expectations about self’ according to Wendt’s definition, through participating in collective meanings.⁶⁸¹ Hence, the definition and redefinition of identity and interests require a history of collectively and mutually constituted collective meanings between the agencies and structure. The process of interaction among the states and between the states and international institutions such as the EU, the UN and the NATO determine what the states are going to be like and where they are going to be

⁶⁷⁹ Alexander Wendt, “Anarchy is What States Make of It: The Social Construction of Power Politics”, **International Organization**, Vol.46, No.2, 1992, pp.397.

⁶⁸⁰ Ibid., p.398.

⁶⁸¹ Ibid., p.398.

located “on a continuum of identities from egoistic to cooperative”.⁶⁸² The United Kingdom’s national and state identities have not been challenged by critical historical experiences like those of Japan, Germany and Italy. Hence, they display a continuum in a certain degree. The ‘mutually constitutive’ effect of identities and collective meanings are also apparent, as the British presence in the European integration presents, and the efforts for reform, preservation and enlargement of the UN and the NATO prove. Hence, the United Kingdom has not returned to a unilateralist standing or a balance of power approach after the end of the Cold War. Yet, the United Kingdom’s experience and socialization within the structure of the EU has not been long enough to start a debate on the redefinition of the persistent British national and state identities, which mark its difference from the Continental Europe.

In his speech at Zurich University on 19 September 1946, Winston Churchill called for “a kind of a United States of Europe” led by Europe’s former antagonists, France and Germany. After describing Europe as “the fountain of Christian faith and Christian ethnics”, Churchill referred to “series of frightful nationalistic quarrels” among “Europeans”, “originated by the Teutonic nations” only comparable to the invasions of the Mongols in the fourteenth century. Hence, the solution was first joining the ancient states and principalities of Germany in a federal system, and then involving Germany in a larger European system, where each might “take their individual place among the United States of Europe”. Western Europe and the Federal Republic took this course proposed by Churchill, and carried the European Union to the present level. Yet, Churchill had not involved the United Kingdom to this project at any stage of its foundation or development. His project had targeted only the “Europeans” and the British were outside this classification. Hence, Churchill told the audience during his speech:

“I was very glad to read in the newspapers two days ago that my friend President Truman had expressed his interest and sympathy with this great design. There is no reason why a regional organization of Europe should in any way conflict with the world organization of the United Nations. On the contrary, I believe that the larger synthesis will only survive if it is founded upon coherent natural groupings. There is already a

⁶⁸² Ibid., p.403.

*natural grouping in the Western Hemisphere. **We British have our own Commonwealth of Nations.** These do not weaken, on the contrary they strengthen, the world organization”.*⁶⁸³

However, it was Prime Minister Margaret Thatcher, another Conservative Party leader like Churchill, who did candidly explain the United Kingdom’s perception of its place in Europe and the European Community: “Our destiny is in Europe, as part of the Community. That is not to say that our future lies only in Europe”.⁶⁸⁴ Margaret Thatcher also states:

*“...willing and active cooperation between independent sovereign states is the best way to build a successful European Community. To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardize the objectives we seek to achieve. Europe will be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its own customs, traditions and identity. It would be a folly to try to fit them into some sort of identikit European personality”.*⁶⁸⁵

The United Kingdom has a particular understanding of national sovereignty that is totally different from Germany’s. Seven hundred years old parliamentary tradition of the United Kingdom refers to parliamentary and internal sovereignty won against the absolute monarchy. The Crown, however, is the symbol of external sovereignty won against the catholic absolutism of Rome, the Pope, France and Spain. Therefore, Europe does not resonate well with the pre-existing collective identities endorsed in political institutions and culture of today’s Great Britain. As Churchill has expressed, Britain has its own Commonwealth and Empire and an exclusive Anglo-Saxon identity. Europe is on

⁶⁸³ Winston S. Churchill, “The Tragedy of Europe”, in Brent F. Nelsen and Alexander C-G. Stubb (eds.), **The European Union: Readings on the Theory and Practice of European Integration**, London: Lynne Rienner Publishers, 1994, p.7. (Bold highlights are of the author of this dissertation)

⁶⁸⁴ Margaret Thatcher, “A Family of Nations”, in Brent F. Nelsen and Alexander C-G. Stubb (eds.), **The European Union: Readings on the Theory and Practice of European Integration**, London: Lynne Rienner Publishers, 1994, p.47.

⁶⁸⁵ *Ibid.*, p.48.

the East, where ‘the Continent’ begins at the other edge of the English Channel. Both Labour Party and the Conservative Party have a consensual vision of European order “as an alliance of independent nations choosing to cooperate to achieve the goals they cannot achieve alone”, thus, they “want to be in Europe but not run by Europe”.⁶⁸⁶ Hence, this view, which was voiced by the Conservative leader Prime Minister Thatcher, came to the present day with little change. Yet, the institutions and regulations of the EC/EU were the subject of debates and under the pressure of constant change towards centralization of power in Brussels, which we described as ‘Brusselization’ in the first chapter. Thatcher’s answer to such attempts was sharp and critical:

*“The Community is not an end in itself. Nor is it an institutional device to be constantly modified according to the dictates of some abstract intellectual concept. Nor must it be ossified by endless regulation. The European Community is the practical means by which Europe can ensure the future prosperity and security of its people in a world in which there are many other powerful nations and groups of nations. We Europeans cannot afford to waste our energies on internal disputes or arcane institutional debates. They are no substitute for effective action. Europe has to be ready both to contribute in full measure to its own security and to compete commercially and industrially, in a world in which success goes to the countries which encourage individual initiative and enterprise, rather than to those which attempt to diminish them”.*⁶⁸⁷

Thatcher’s speech in Belgium was a clear remark on the United Kingdom’s determination to favour ‘individual initiative and enterprise’ such as preserving close relations with ‘other powerful nations and groups of nations’ such as the U.S. and NATO over the Community policies regarding security and defence if necessary. Indeed, the United Kingdom displays a good example of values, identities and interests constructed upon the perspective of instrumental institutionalism. The United Kingdom’s identification of its parliamentary democracy with national sovereignty and preference

⁶⁸⁶ Martin Marcussen, Thomas Risse et.al., “Constructing Europe? The Evolution of Nation-State Identities”, in Thomas Christiansen, Knud Erik Jorgensen and Antje Wiener (eds.), **The Social Construction of Europe**, London: Wiener Sage Publications Ltd., 2001, pp.100-120.

⁶⁸⁷ Thatcher, op. cit., p.47.

for informal policy rather than treaty amendments have influenced the British efforts to mould the evolution of European integration. It is rather awkward to expect a country, which has avoided from adopting a written constitution at home, but constructed the legal bases of its state according to the historical developments to accept a European Constitution instead. British 'constitution' is the product of a large public consent, "a most delicate organism"⁶⁸⁸, which has born out of blood, conflicts, struggles, and bargains within a particular society in almost seven hundred years.

The first characteristic of Britain is its being a parliamentary monarchy. Legally there is not a second organization that is equal or superior to the parliament and authorized to check the parliament. As Soysal states a judiciary to check the appropriateness of the laws according to the superior laws adopted for the state order (the unwritten constitution of the United Kingdom) is against the British system.⁶⁸⁹ The British parliament, indeed the House of Commons, could take hold of power after very long struggles against the crown, while the crown gained its full independence only after it broke away from the Roman Catholic Church and founded its own Anglican Church. Hence, the use of force in the field of foreign policy is the basic statement of state authority and independence. The United Kingdom is organized around a system of parliamentary government and strong two-party system and has successfully combined representative democracy with the 'amalgamation of powers'. Government holds the authority to use state powers and apply laws in its hands and dominates the Parliament having the legislative authority through the House of Commons with 630 members and strict party discipline. The power is, thus, effectively concentrated in the majority party in parliament and in the hands of the prime minister. In the absence of an unwritten

⁶⁸⁸ Allan Nevins and Henry Steele Commager, **ABD Tarihi**, Translation by Halil İnalçık, Ankara: Doğu Batı Yayınları, March 2005, p.113, "Gladstone, 'İngiliz anayasası, ilerleyen tarihin şimdiye kadar doğurduğu en ince organizma olduğu gibi Amerikan anayasası da belirli bir zaman içinde insan beyni ve takip fikrinin ortaya çıkardığı en güzel eserdir' demiştir". The authors add that the American constitution really is a consequence of the historical development (determinism) in large, but this development shaped as one of the most significant reconciliation of the new ages. However, it is hard to talk about a historical development or reconciliation particularly among the peoples of Europe for the preparation of the European Constitution. On the contrary, the constitution was prepared in the governmental cadres of the European elite and imposed from top down, thus, did not receive any large scale approval particularly by those, who were sensitive about individual rights, identities and interests differing from one another.

⁶⁸⁹ Mümtaz Soysal, **Anayasaya Giriş**, Ankara Üniversitesi Siyasal Bilgiler Fakültesi Yayınları, No.271, Ankara: Sevinç Matbaası, 1969, p.36.

constitution and a judicial review the only check over the parliament is the reaction of the public opinion and the balance of power within the British community.⁶⁹⁰ Hence, Thatcher particularly emphasized in Bruges, Belgium on 20 September 1988 that “[w]e in Britain are rightly proud of the way in which, since Magna Carta in 1215, we have pioneered and developed representative institutions to stand as bastions of freedom”.⁶⁹¹ Thus, the United Kingdom has avoided the extension of supranationalism to foreign policy. European foreign policy cooperation is only communitarized to a marginal level. Yet, Britain observes its own weaknesses and decline of power. Such a contradiction does not help with the future development of British foreign policy. Britain is “caught halfway between a determination to accept its traditional responsibilities for shaping the European balance of power, and a helpless indecision in the absence of either an American lead or a powerful, mobilized, and truly collective European capacity for intervention”.⁶⁹²

Britain prefers informal cooperation to formal treaty enhancements within the field of EU foreign policy, since it wants to retain its national capacity to act and make use of the CFSP capacities to that end. Therefore, British attitude toward European foreign policy is intergovernmentalist and instrumentalist in the same time. The British commitment to CFSP as a part of the integration project is low. The European level foreign policy cooperation is perceived rather as a means to strengthen national policy and balance the decreasing capacity of Britain to act. Still, British involvement in European foreign and security policy cooperation is crucial. The military capabilities are incomparable to the other members of the EU. The economic power enables Britain to become one of the greatest contributors of development aid among France and Germany. Moreover, the political weight of the country in several international organizations like EU, UN, NATO, CSCE and Council of Europe is determinant when a cooperation, collective decision or consensus is required. Contrary to the sectorized and federal structure of government and bureaucracy in Germany; the complex, but, tightly organized and highly centralized policy-making process enables the British Government to come up

⁶⁹⁰ Ibid.

⁶⁹¹ Thatcher, *op. cit.*, p.46.

⁶⁹² Christopher Hill, “United Kingdom: Sharpening Contradictions” in **The Actors in Europe’s Foreign Policy**, London and New York: Routledge, 1996, p.82.

with authority and a posture, which the other member states of the EU must accommodate if an EU policy is to be acceptable to Britain. Yet, non-state actors are more influential in British foreign policy making than in France or Germany where access is more limited. The NGOs have a close working relationship with the FCO and MoD. Besides, as Forster states “[m]ost officials share no particular European idealism and have a realist(ic) view of cooperation, which in their view is best based on convergence of national interests and an awareness of the limits of institutional and procedural tinkering”.⁶⁹³

British foreign policy, especially during the time of Thatcher government was pleased to use instruments of policy at the European level such as EC sanctions and political conditionality of European Development aid. However, the more the EU would be involved in the use of such policies, the higher the demands for a truly consistent European foreign policy would be. The United Kingdom’s great influence in determining the institutional developments are not as great as the first decades of the community. On the one hand, the United Kingdom’s status in the UN and the quality of its diplomatic service continue to grant it a dominant role in Europe’s collective diplomacy. On the other hand, the United Kingdom could become only one of the three important states, “a partner in the leadership”, governing the EPC, by 1990. Germany returned, however, to normalcy, gained a new assertiveness and became the locomotive of European integration with France. In terms of political and economic power for influence, Germany is the determinant factor in the CFSP. The CFSP requires significant levels of financial expenditure and needs Germany to commit its resources.

The UK pursued policies, which were beyond its reach on a unilateral basis, through EU-level action and used EU structures to multilateralise British policy. Britain also saw the EU as an organization it could provide foreign policy leadership to. EU level action is, thus, contemplating unilateral actions of Britain. Additionally, the EU has been used “as a multiplier to deliver financial benefit in the pursuit of national policy”.⁶⁹⁴ Britain has been successful in linking its traditional foreign policies to first pillar external aid

⁶⁹³ Anthony Forster, “Britain”, in Ian Manners, Richard G. Whitman (eds.), **The Foreign Policies of European Union Member States**, Manchester and New York: Manchester University Press, 2000, p.51.

⁶⁹⁴ *Ibid.*, pp.53-54.

funding. All these point to the British pragmatism and ability to use membership of the EU to reinforce its substantive interests and foreign policy.

However, in time, the UK had to trim its unilateral position to maintain an EU-level backing for a particular policy or an existing common position. Very few issues have been significantly divergent from British national interest so far. Still, British governments are willing to maintain their independence from the CFSP to a certain degree and feel free when they prefer a bilateral relationship with their “real partner” America. Therefore, there is continuity in the traditional objectives of British foreign policy, in spite of membership to the EU and twenty-seven years of European foreign security collaboration. British foreign policy continues to preserve its unique identity, while using the opportunities of the EU.

Thatcher summarizes the United Kingdom’s stature with regard to the European integration in these words:

*“I am the first to say that on many great issues the countries of Europe should try to speak with a single voice. I want to see us work more closely on the things we can do better together than alone. Europe is stronger when we do so, whether it be in trade, in defence, or in relations with the world. But working more closely together does not require power to be centralized in Brussels or decisions to be taken by an appointed bureaucracy. Indeed, it is ironic that just when those countries such as the Soviet Union, which have tried to run everything from the centre, are learning that success depends on dispersing power and decisions away from the centre, some in the Community seem to want to move in the opposite direction. We have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level, with a European superstate exercising a new dominance from Brussels”.*⁶⁹⁵

Thatcher had a rigid standing against any idea or move associated with a ‘European superstate’.⁶⁹⁶ Although, the Conservative Party’s self conception and successful appeal

⁶⁹⁵ Thatcher, op. cit., p.48.

⁶⁹⁶ Philip Acton and Simon Crowe, “Nostalgic Isolationism: Policies towards Europe”, in Stuart Croft (ed.), **British Security Policy, The Thatcher Years and the End of the Cold War**, London: Harper Collins Academic, 1991, pp.127-142.

to the mass public is the chief promoter of national independence, Thatcher's replacement, John Major had to follow a different course than the antiquated posture of Thatcher to overcome the deteriorating relations which went into a deadlock with the European Community. However, Major's mild pro-Europe leadership did trigger further internal divisions within the party. Hence, the United Kingdom was differing from its partner, Federal Republic of Germany in this sense, too. The party in the government was short of a common standing and a consensus for the European integration. Therefore, John Major had to appeal the rebels in his party, who opposed his pro-European polity through a pledge to block any big constitutional change in 1996 IGC. Major was the one, who signed the TEU, but now he had to sooth the fears as he did in his foreword to the 1994 Conservative Manifesto for Europe, which resembled Thatcher's speech in Belgium very much: "it is for nations to build Europe, not for Europe to attempt to supersede nations".⁶⁹⁷

The Labour Party was neither less liberal, nor less cautious about European integration. The Labour Party's chance was that it did not need to deal with a war within the party on Europe, unlike the Conservatives. Hence, the Labour Party could follow a less clear policy. Yet, as Wood states "Labour does not favour a 'federal Europe' or rescinding of national vetoes either".⁶⁹⁸ Blair's last statement about the intention to focus on relations with and the development of Africa - since there is no sense in focusing on the European Union after the European Convention's failure - points to the British pragmatism, in the one hand, and an involuntary responsibility of the United Kingdom for the European integration, rather than a persistent will like that of the Federal Republic of Germany, on the other.

Britain's distant relation to Europe derives from the traditional identity of being a global power and a victor in World War II on the contrary to France with a deeply hurt pride. Hence, it was hard for the United Kingdom to accept a descent to the position of an important medium-sized state in Europe. Katzenstein states that "[t]he United Kingdom's halfhearted commitment to an integrated Europe stems from the prospect of a diminished

⁶⁹⁷ Stephen Wood, "Britain, Germany and Europe", in **Germany, Europe and the Persistence of Nations, Transformation, Interests and Identity, 1989-1996**, Aldershot: Ashgate Publishing Ltd., 1998, p.259.

⁶⁹⁸ *Ibid.*, p.261.

global rather than an enhanced national role”.⁶⁹⁹ The United Kingdom’s economic interests on questions of investment and finance such as direct foreign investment and financial services, which are totally separate from the EU has remained closely tied to the global economy. Another factor determining the global interest of the United Kingdom is oil. While the United Kingdom is a significant exporter of oil, the EU shares the same significance as an importer. The special partnership between the United Kingdom and the U.S., which has developed around global interests and security including oil, as well, retains a strong hold over British policy, reflected in the obstinate British opposition to developing a common security and foreign policy within the EU. While the United Kingdom regarded European integration as a rival to its existing state identity, Germany assumed Europe to be a means of strengthening and projecting its state identity constructed after the World War II. After all, the United Kingdom does not have a big part of its history, it has to forget, and an identity it has to reconstruct, unlike Germany and Italy.

When the United Kingdom joined the European Community, it saw that its interests were diverging greatly from the Community’s policies as in the Common Agricultural Policy (CAP) and the social policy. Bulmer states:

*“It is revealing, then, that there has only been one major British initiative for integration that has found support from its European partners, namely the single market. Otherwise, Britain’s record under both Labour and Conservative governments has been that of an ‘outliner’: renegotiation of the terms of membership (1974-1975); refusal to join EMS in 1979’ the budgetary crisis (1979-1984); refusal to sign the Social Charter (1979); insistence on opt-out provisions for EMU and the Social Charter in the TEU (1991); and noncooperation in the Council in protest at the other member states’ failure to agree on a program for the lifting of the ban on the British export of beef which arose from concerns about ‘mad cow disease’. This is not the diplomacy of a state that experiences the EU as a warm bath. It reflects continuing domestic political divisions that hamper the projection of British interests, institutional models, and identity in the EU context”.*⁷⁰⁰

⁶⁹⁹ Katzenstein, op. cit., p.32.

⁷⁰⁰ Simon J. Bulmer, “Shaping the Rules? The Constitutive Politics of the European Union and German Power”, in Peter J. Katzenstein (ed.), **Tamed Power, Germany in Europe**, New York: Cornell University Press, 1997, p.77.

At the background of this haggling between the United Kingdom and the EU are the UK's European policy-making and the institutions, which shape the pattern of policy. There are particularly two routes of policy-making, first of which is characteristically the British approach towards the European matters arising concerns about sovereignty – whether external (national sovereignty) or internal (parliamentary sovereignty). If this first route is implemented then it means that European matters quickly enter the parliamentary arena for political debate. The British government easily exploits this method of policy-making, hence, through politicizing a much discussed European matter. Referring to the parliamentary scrutiny helps the government with its resistance to formal constitutional changes as in the cases of the SEA's drafting and the TEU's negotiation. The other approach and the route to European-policy making is indeed the default position and adopted where the concerns about sovereignty do not arise. Here the policy is largely conducted at a specialist level with interest groups, often in discrete institutions and settings. Hence, the sensitivities of the government make it to choose whether it is a parliamentary politics or a matter of interest group lobbying, still with institutional checks to ensure policy coherence. As Armstrong and Bulmer state “[w]hen constitutional change is under consideration within the EU and, for ratification purposes, within the British polity, the parliamentary arena potentially becomes much more involved in policy-making”.⁷⁰¹

However, there is one point that must be mentioned. Although, the House of Commons assumes that a sovereign parliament is the central locus for policy-making, executive control over the Commons severely curtails parliamentary sovereignty. Instead, the House of Lords takes on a more effective scrutiny role than the House of Commons through its *Select Committee on the European Communities*. The scrutiny role of the Lords is highly respected due to its highly technical character both at home and abroad. Indeed, the House of Lords manages to preserve a role in political life through scrutinizing draft legislation emanating from Brussels. Otherwise, the English

⁷⁰¹ Kenneth Armstrong and Simon Bulmer, “United Kingdom”, in Dietrich Rometsch and Wolfgang Wessels (eds.), **The European Union and Member States: Towards Institutional Fusion?**, European Policy Research Unit Series, Manchester and New York: Manchester University Press, 1996, p.259.

constitutional settlement of 1689 does not leave much to do for the upper house, while the parliamentary sovereignty of the Commons is rooted by means of the same settlement.⁷⁰² The Scrutiny Committee of the House of the Commons is named the *Select Committee on the European Legislation* and is where the “adversarial ritual” and “symbolic politics of parliamentary sovereignty” dominates on major issues of integration in contrast to the “instrumental role” of the Lords.⁷⁰³

British government’s resistance to formal constitutional change as in the cases of the SEA’s drafting and the TEU’s negotiation derives from the absence of a codified British constitution and the dominance of a mostly pragmatic nature in the British politicians’ proposals for the development of integration. As Armstrong and Bulmer state the UK is neither familiar with constitutional politics nor it has a normative political support for integration going after some grand visions of a European future.⁷⁰⁴ However, once the EU legislation is ratified, it is a smooth process at the implementation stage. European Secretariat created within the Cabinet Office is the principal focus for policy coordination. The European Secretariat serves as a clearing house for dossiers that go to ministers and helps with the preparation of negotiation tactics. In order to strengthen her control over the European policy, Mrs. Thatcher created the Prime Minister’s Policy Unit as an important source of policy, ideas and a prime ministerial ‘think-tank’, as well. Departmental ministers have also served as advisers to the prime minister, sometimes with conflicting approaches to the European policy accompanied by resignations. Yet, there has never been a deep-seated sectorization in the British policy-making process unlike its German counterpart. The default route to the European-policy making goes through the individual ministries at the specialist level. However, this requires a good coordination, which is entrusted to the Cabinet Office. The Cabinet Office, which is thought to be more neutral in relation to the European matters than the Foreign and Commonwealth Office having expertise in mainly diplomatic matters, brings a wide

⁷⁰² For a detailed analysis of the period, the Revolution of 1688 (the ‘Glorious Revolution’) and the Bill of Rights see: Kenneth O. Morgan (ed.), **The Oxford Illustrated History of Britain**, Oxford and New York: Oxford University Press, 1994, pp.351-362.

⁷⁰³ Armstrong and Bulmer, op. cit., p.257.

⁷⁰⁴ Ibid., p.263.

spectrum of ministerial views together under its roof.⁷⁰⁵ Hence, the working of the Cabinet Office as “part of government responsible for putting into practice the principle of collective cabinet responsibility” highlights the highly centred powers of European policy-making in the government’s hands despite the existence of Scottish, Welsh and Northern Ireland territories. In fact, the United Kingdom has the Scottish, Welsh and Northern Ireland Offices, which are ministries in their own right, but they do not reflect a separate, elected level of government, again in contrast with the federal state structure and policy-making in Germany. They are of course entitled with the representation of their particular territorial interests at the policy-making stage and supervision of the policy implementation in their own territories. As Armstrong and Bulmer state “the strong position of central government - and the absence of constitutional checks - means that the interests of the English regions, of Wales and Scotland, may be subordinated to other political values to which governing party gives priority”.⁷⁰⁶ In the Federal Republic of Germany, however, the German states are the part of the decision-making, and highly influential in European politics through a crowded team of lobbying in Brussels. In the United Kingdom, neither the notion of proportionality nor the corporatist notions are represented in the manner characteristic of Germany. The diversity of political opinion and the diversity of interest group opinion are not channelled to the governmental level via representation in institutional agencies. However, this does not mean that the executive is ignorant to opinion sources. On the contrary, after decision is taken at home, the executive branch of government attains a rather firm standing in the EU and contribute to a relatively coherent presentation of policy. The administrative culture of the United Kingdom also contributes to the United Kingdom’s presentation within the EU institutions. The parliamentary debates are often praised due to the competitive and even confrontational characteristics of senior ministers. This also partly explains the British toughness in supranational policy-making.

⁷⁰⁵ For further reading about the central position of the FCO and the Diplomatic Service in the making and implementation of British foreign policy and the strategies they have developed for responding to change see Allen, David. “United Kingdom The Foreign and Commonwealth Office: ‘Flexible, Responsive and Proactive’?”, in Brian Hocking (ed.), **Foreign Ministries: Change and Adaptation**, GB: Macmillan Press Ltd, US: St. Martin’s Press. Inc., 1999, pp.207-225.

⁷⁰⁶ Armstrong and Bulmer, op. cit., p.258-259.

Another area of tension is the building of a common foreign policy for Europe. However, as Wood states even a moderate like the Foreign Secretary of State in 1993, Douglas Hurd was

*“...in favour of a consensual meaning an unanimously agreed, Common Foreign and Security Policy against the background of an adversarial domestic political scene while the Germans pushed for a majority decision mechanism on the European level with, on this issue, a largely consensual political culture at home”.*⁷⁰⁷

Dorman also points to the danger of souring divisions between the United Kingdom and its European partners on other issues such as the single currency as the moves towards a greater European defence capability will reinforce towards a deepening of the European political relationship.⁷⁰⁸ The United Kingdom’s perception of the EU is best described by Miliband:

*“The test of EU action is its capacity to add value; where the EU can help tackle problems that would otherwise overcome national governments, and where it can make a constructive contribution, then it should act. Where it cannot add value, it should keep out of the way. This is a stronger version of the subsidiarity thesis: Europe is a political response to globalization, not a layer of government trying to solve local problems”.*⁷⁰⁹

According to Miliband, the United Kingdom approves functionalist approach to European integration based on developing institutional responses to the need for

⁷⁰⁷ Wood, op. cit., p.271. Hurd says “the key to successful and coherent foreign policy cooperation is persuading your partners of the force of your arguments, not resorting to the procedural means of a vote to overrule their point of view...A policy which all can support, because all agree with it, carries far more weight than one where underlying dissent might all too easily be exposed. Countries are not going to operate successfully a foreign policy measure to which they are strongly opposed”, Stephen Wood, *ibid.*

⁷⁰⁸ Andrew Dorman, “Reconciling Britain to Europe in the Next Millennium: The evolution of British Defence Policy in the post-Cold War Era”, Los Angeles, CA: International Studies Association, 14-18 March 2000, <http://www.ciaonet.org/isa/doa01/doa01.html>, (15/02/2005).

⁷⁰⁹ David Miliband, “Perspectives on European Integration – A British View”, **Max Planck Institute for the Study of Societies**, March 2002, <http://www.ciaonet.org/wps/mid01/index.html>, (15/02/2005).

economic, social or environmental integration, to the need of addressing cross-border issues including crime and population movement, and to “promote European values in a world of competing interests”, in a wide range of fields from trade and the environment to foreign affairs and defence.⁷¹⁰ However, the United Kingdom is also tailoring a constructivist foreign policy for the EU. Hence, the UK will accept, in the long term, a foreign policy and defence identity that complements but not replaces national action.⁷¹¹

B. British Activities in the South Caucasus

The strategic policy priorities of the United Kingdom are determined according to the rapidly and constantly changing world and the country’s key international relationships. Global terrorism and weapons of mass destruction; illegal immigration, drug trafficking and other international crime; disputes and conflicts on scarce resources and territories with a variety of character ranging from ethnic to religious; the need for an effective EU in a neighbourhood, which is more prone to conflict than ever; economic interests of the UK in an open and expanding global economy; the importance of sustainable development, democracy, good governance and human rights for global peace; the security of UK and global energy supplies and the security and good governance of the UK’s Overseas territories are the eight strategic policy priorities, which supervise British foreign policy orientation.

The British efforts in fight against global terrorism and weapons of mass destruction involve “working to change conditions which can push people towards political extremism, such as bad government, regional conflict and environmental degradation”.⁷¹² Hence, in tackling new security threats the United Kingdom focuses on conflict

⁷¹⁰ Ibid.

⁷¹¹ Michael Clarke, “British Security Policy”, in Kjell A. Eliassen (ed.), **Foreign and Security Policy in the European Union**, London: Sage Publications, 1998, pp.125-146.

⁷¹² For the views of Clare Short, Secretary of State for International development, on security, development and conflict prevention and their interrelationship from the Department for International Development’s point of view see, Clare Short, “Security, development and conflict prevention”, **Department for International Development**, <http://www.dfid.gov.uk/news/speeches/files/sp13may.html>, (25/06/2004).

prevention at the first stage. Some of the specific aims for the FCO as listed in the *Strategy* paper are as follows:⁷¹³

- Build a shared understanding of the threats and promote active and effective responses within Europe, between Europe and the US, and in the UN;
- Help to resolve the key regional disputes that might create incentives for terrorism and proliferation, or lead to use of WMD;
- Strengthen UK, EU and international approaches to dealing in advance with the problems of state failure.

The UK's referral to an international involvement through commonly held view on threat and interests, and close cooperation between the members of international organisations in addition to cohesion among the members of the EU and the UN gives the hints of a dedication to, conflict prevention, a serious effort to provide a harmony between the objectives of different states and international organisations to that end and multilateralism as a result of it. Similarly some of the specific aims for the FCO to maintain "an international system based on rule of law, which is better able to resolve disputes and prevent conflicts" are:⁷¹⁴

- to build agreement between Europe and the US on the most successful approaches to international co-operation;
- to strengthen the capacity of the UN, EU and NATO to conduct effective stabilisation and humanitarian operations, including post-conflict reconstruction, and
- to build stronger strategic relationships with China, *Russia*, Japan and India, and encourage their engagement in the international system, including peacekeeping.

⁷¹³ Foreign and Commonwealth Office, "4.Strategic International Policy Priorities", in **Strategy**, <http://www.fco.gov.uk>, (07/06/2005). Also see, Clare Short, "Conflict prevention, conflict resolution and post-conflict peace-building – from rhetoric to reality", **Department for International Development**, <http://www.dfid.gov.uk/new/speeches/files/sp2nov99.html>, (25/06/2004).

⁷¹⁴ Foreign and Commonwealth Office, op. cit.

Hence, the United Kingdom envisages the EU, NATO, UN, and Russia, a key state in efforts to resolve disputes and prevent conflicts, to work together for a collective security policy. Besides, the UK sees an effective EU vital to achieve the UK's foreign policy interest in supporting democracy, prosperity and stability in its neighbours and future members from the former Soviet Union to the Mediterranean, from the Balkans to the Middle East. For that purpose the UK aims at strengthening "the EU's capacity to undertake military operations in support of these policies, and ensure that this capacity reinforces NATO". Thus, the UK does not miss the opportunity to emphasize the view that the EU's efforts to improve its international impact through adding a military weight to its economic and diplomatic capacity is desired as long as the military role of the EU does not curtail NATO's. Again, sustainable development buttressed by democracy, good governance and human rights in poverty and conflict ridden regions is one of the basic strategic priorities of the British foreign policy, which requires "more effective UK, EU and international responses to prevent and resolve conflict and assist with post-conflict reconstruction".⁷¹⁵ As the specific aims for the FCO indicate clearly in almost every strategic priority outlined in the *Strategy* paper, the United Kingdom tries to tailor mainly a conflict prevention and resolution role for the EU as a complementary to the NATO's main responsibility for defence.

The South Caucasus is such a region, where the EU can follow a foreign policy as envisioned by the United Kingdom. Where the EU falls short of achieving principal targets, the UK is able to engage in close cooperation with the U.S. in NATO, develop bilateral relations with the key states in the region, such as Russia and Azerbaijan. Indeed, the priorities such as "promotion of UK economic interests in an open and expanding global economy" and "security of UK and global energy supplies", which intersect in the South Caucasus require the United Kingdom to help improve economic governance in the South Caucasus in general and in Russia, and Azerbaijan in particular. Russia and the key transitional states of the South Caucasus have great importance for the emerging oil and gas market in the Caspian. Due to the location of the South Caucasus, these are either supplier or transit countries, which need economic and political reforms,

⁷¹⁵ Ibid.

and improvement in the investment regimes and energy sector management. Since, the South Caucasus is another link in the supply chain to the UK through international diversification of supply, it takes its share from the specific aim for the FCO to “promote the export of UK technology and services, the import of best practice, and the efforts of British energy companies investing or trading abroad”.⁷¹⁶ Hence, the activities of the British energy companies in Azerbaijan constitute the most prominent British presence in the region and the UK’s focus on this country is greater. However, Georgia shares this attention with Azerbaijan due to its place on the route of oil and gas transportation projects. British development and humanitarian aid is provided for all the three states, Georgia, Armenia and Azerbaijan in the South Caucasus, though limited in scale and amount when compared with the UK involvement in the overseas territories, particularly in Africa.

UK Department for International Development (DFID) provides the major funds for Georgia. DFID has an annual budget of 2.5 million pounds reserved for assistance to Georgia. DFID manages Britain’s bilateral technical assistance to Georgia and provides direct assistance in the fields of Good Governance/Democracy Building, Sustainable Livelihoods, Health and Welfare. In addition to that, UK Government established Global Conflict Prevention Pool, which supports projects focusing on conflict resolution. In the *FCO Departmental Report 2004*, the Conflict Prevention Pools are introduced as “the pooled budgets jointly administered by the FCO, DFID and MOD”. The Global Pool deals with conflict outside sub-Saharan Africa in an interdepartmental manner and promotes “a coherent cross-Whitehall approach to new opportunities and risks for conflict management and resolution”.⁷¹⁷ The use of Global Conflict Prevention Pool is expected to provide long-term stability, capacity and confidence building in the frozen conflicts of the former Soviet Union.⁷¹⁸ The appointment of the UK Special Representative, Sir Brian Fall, for Georgia, funded by the GCPP, is also considered to have a very strong positive effect on coordination of external actors interested in conflict

⁷¹⁶ Ibid.

⁷¹⁷ Foreign and Commonwealth Office, “Chapter 2: UK and Global Security” in **FCO Departmental Report 2004**, p.61, <http://www.fco.gov.uk>.

⁷¹⁸ Greg Austin and Paul Bergne, “Evaluation of the Conflict Prevention Pools, Russia and the Former Soviet Union”, Evaluation Report EV 647, DFID, March 2004, p.20, <http://www.dfid.gov.uk/aboutdfid/performance/files/ev647russia.pdf>, (19/05/2005).

resolution in Georgia. This project is developed as one of the few GCPP projects operating in the high level political sphere and is judged by most interlocutors to be one of the most important UK contributions to conflict resolution. The GCPP-funded peacekeeping activities in Georgia have been conducted by the UN Observer Mission in Georgia (UNOMIG) and OSCE. About 2.2 million pounds was directed through assessed contributions to UNOMIG and OSCE.

The UK has also participated in the OSCE/ODIHR Election Observation Missions during the election process in Georgia with a commitment of 500.000 pounds, most of which has been spent providing UK election experts and observers. Hence, the Georgia Election Assistance Programme was financed for the computerization of the voter register, election officials received training and the election guidelines were updated.

In the meantime, the British Embassy in Tbilisi supports local projects with a small budget of approximately 40.000 pounds and runs the former DFID Small Grants Scheme. The British Council, on the other hand, concentrates on English language training in Georgia.

UK exports to Georgia rose from USD 23 million in 2002 to a total of USD 141 million in 2003. The drastic increase of exports from the UK in just one year is explained with the start of Baku-Tbilisi-Ceyhan (BTC) pipeline construction in April 2004. Hence, the FCO states that “[a]s the British Petroleum is the main partner of the BTC Construction, the pipes and other materials imported into Georgia for the construction were accounted for as imports from the UK”.⁷¹⁹

Most of the UK contribution to Armenia has been in the form of humanitarian assistance. The UK has provided over 5 million pounds in direct humanitarian relief since March 1993, much of which has been channelled through international organisations and their programmes.⁷²⁰ These are the UN High Commissioner for Refugees, the World

⁷¹⁹ Foreign and Commonwealth Office, “Countries and Regions, Country Profiles, Georgia”, <http://www.fco.gov.uk>, (07/06/2005).

⁷²⁰ As the DFID reports in its **Strategy Paper**, “[t]he main bilateral donors are the US, Germany, Japan and the Netherlands. There is significant US assistance to Armenia and Georgia (US\$135 million and \$120 million respectively in 1998). The Soros Foundation is the largest non-official donor in the region”, DFID,

Food Programme, UNICEF, the World Health Programme, Oxfam, the International Committee of the Red Cross (ICRC), ‘MERLIN’ (Medical Emergency Relief International) and Christian Solidarity International. These organisations and their programmes provided general relief items and food assistance for the displaced population and other vulnerable groups. In addition to that Armenia’s share from the UK contribution to appeals for the South Caucasus region has amounted to 2.5 million pounds since March 1994. The FCO states that the Department for International Development (DFID) has a 1.8 million pounds per annum bilateral programme focused on good governance and social sector development at the present.⁷²¹ The DFID also works on poverty reduction with local authorities.

In spite of an Investment Promotion and Protection Agreement signed in 1993 and an Air Services Agreement signed in 1994, there has not been a significant development in trade and investment between the UK and Armenia. The UK official figures for exports to Armenia in 2001 were just 7.68 million pounds. However, the British Embassy recently played an active role in the formation of an EU Chamber of Commerce to promote trade between Armenia and Europe. Again, the British Council is responsible with the promotion of relations between the two countries through cultural activities in the areas of arts, English language, education, information, governance and science.

The UK has spent over 3.5 million through the bilateral programme with Azerbaijan since 1997. The Department for International Development maintains a Small Grants Scheme, similar to the one in Georgia, which is managed by the British Embassy in Baku. The DFID allocated 36,000 pounds in the 2004/2005 financial year for the Scheme. Although, the UK’s direct bilateral assistance through DFID is limited, the British government has committed 4 million pounds to poverty reduction in Azerbaijan through the Early Transition Country Initiative for a period over 3 years. The initiative, which is launched in November 2004 and administered by the European Bank of Reconstruction and Development, will help Azerbaijan achieve the goals it has indicated

“Central Asia and the South Caucasus: Strategy Paper”, <http://www.dfid.gov.uk/pubs/files/casiacaucasus-csp.pdf>, (09/05/2005).

⁷²¹ Foreign and Commonwealth Office, “Countries and Regions, Country Profiles, Armenia”, <http://www.fco.gov.uk>, (07/06/2005).

in its State Programme for Poverty Reduction and Economic Development and successor programmes.⁷²²

British government also provides a funding for a consortium of international non-governmental organisations through its Global Conflict Prevention Pool to address the conflict between Armenians and Azerbaijanis over Nagorno-Karabakh, though with little success. The Consortium Initiative consists of Conciliation Resources, International Alert, LINKS and Catholic Relief Services and works closely with governments, parliaments, international organisations, and civil society, media and grassroots organisations in support of the other international and local efforts for the peaceful resolution of the Karabakh issue.⁷²³

In 2004, Azerbaijan was included in the Re-Uniting Europe strand of the Foreign and Commonwealth Office's Global Opportunities Fund. In 2005, Global Opportunities fund will finance projects in Azerbaijan that aim to support municipal development, as well as corporate governance and business ethics in Azerbaijan.

The UK has taken an important pace in cultural relations with Azerbaijan. The British Council has been operating in Baku since March 1993 and has an annual budget of 350.000 pounds, which leaves the budgets distributed for Georgia and Armenia far behind.

The British trade with and investment to Azerbaijan is the highest in the South Caucasus due to the energy sector. However, there are over 100 British companies active in Azerbaijan, not all of them in the energy sector, e.g. GBI International, who import Azeri cotton to the UK, the British Bank of the Middle East and Sedgwick specialised in insurance. The UK and Azerbaijan also signed an Investment Promotion and Protection Agreement in January 1996.

⁷²² The UK DFID states that "support for country-driven poverty reduction strategies will be a priority for DFID", DFID, "Central Asia, South Caucasus and Moldova Regional assistance Plan", June 2004, <http://www.dfid.gov.uk/pubs/files/rapcascsm.pdf>, (09/05/2005).

⁷²³ Greg Austin and Paul Bergne, "Evaluation of the Conflict Prevention Pools, Russia and the Former Soviet Union", Evaluation Report EV 647, DFID, March 2004, p.22, <http://www.dfid.gov.uk/aboutdfid/performance/files/ev647russia.pdf>, (19/05/2005).

UK exports to Azerbaijan in 2002 were officially worth 56.29 million pounds and imports were 11.07 million pounds. The UK companies are drawn to “excellent current and long term commercial prospects” in Azerbaijan. BP Amoco lead a consortium of 12 companies in the Azerbaijan International Operating Company (AIOC), including Ramco (UK), LUKoil of Russia and State Oil Company of Azerbaijan (SOCAR), which on 20 September 1994 signed a production-Sharing Agreement to develop the Azeri, Chirag and deep water Gunashli fields. The share of parent companies to AIOC are BP (34.1%); UNOCAL (10.3%); Lukoil (10%); SOCAR (10%); Statoil (8.6%); Exxon (8%); TPAO (6.7%); Pennzoil (5.6%); ITOCHU (3.9%); Delta Hess (2.7%).⁷²⁴ BP Amoco also lead the Shakh Deniz Consortium (51%), with TPAO (Turkey) 9%, LUKoil 10%, Elf (France) 10%, OIEC (Iran) 10% and SOCAR 10%.⁷²⁵

The South Caucasus Pipeline (SCP) is planed to deliver gas from Shah Deniz to the Georgian/Turkish border for delivery to Turkish gas markets. The field and pipeline are also constructed by British Petroleum (BP) on behalf of another consortium including some companies from AIOC and BTC Co. The Baku-Tbilisi-Ceyhan pipeline, which is built to transport oil produced in the Azeri, Chirag and Gunashli field is another major investment, the largest foreign direct investment in the region, with an estimated cost of USD 2.8 billion, where the BP is the largest contributor. The BTC co-participants are as follows: BP (operator), 30.1%, SOCAR (25%), Unocal (8.9%), Statoil (8.71%), TPAO (6.53%), TFE (5%), Agip (5%), Itochu (3.4%), Inpex (2.5%), ConocoPhillips (2.5%), Delta Hess (2.36%).⁷²⁶

⁷²⁴ British Petroleum, “BP Global, Reports and Publications, Azeri, Chirag, Deepwater Guneshli (ACG)”, <http://www.bp.com/genericarticle.do?categoryId=2010344&contentId=2008027>, (19/06/2005). Metin gives the shares a little different: BP Amoco (United Kingdom, 34%); Unocal (USA, 10%); Exxon-Mobil (USA, 8%); Pennzoil (USA, 5%); Ramco (United Kingdom, 2%); Statoil (Norway, 9%); TPAO (Turkey, 7%); AIAOC (Azerbaijan, 10%); LUKoil (Russia, 10%); Itochu (Japan, 4%); Delta Oil (Saudi Arabia, 2%), Meftun Metin, **Politik ve Bölgesel Güç Hazer**, İstanbul: IQ Kültür Sanat Yayıncılık, 2004, pp.91-92.

⁷²⁵ Foreign and Commonwealth Office, “Countries and Regions, Country Profiles, Azerbaijan”, <http://www.fco.gov.uk>, (07/06/2005). British Petroleum, “BP Global, Reports and Publications, Shah Deniz”, <http://www.bp.com/genericarticle.do?categoryId=2010344&contentId=2006722>, (19/06/2005)

⁷²⁶ British Petroleum, “BP Global, Reports and Publications, BTC”, <http://www.bp.com/genericarticle.do?categoryId=2010344&contentId=2008023>, (19/06/2005) In International Alert’s report “Oil and the Search for Peace in the South Caucasus: The Baku-Tbilisi-Ceyhan (BTC) Oil Pipeline” published in December 2004, we see Eni (Italy, 5%), TotalFinaElf (France, 5%) and Amerada Hess (USA, 2.36%) as shareholders and members of the BTC Co. instead of TFE, Agip and Delta Hess.

The Financial institutions involved in the BTC pipeline project apart from the oil firms include the IFC and the EBRD, plus eight export credit agencies and a consortium of 15 commercial banks. The credit agencies are: UK Export Credit Guarantee Department (ECGD), which provides cover for USD 150 million line credit for UK contractors involved in the project; US Export-Import Bank (EXIM), which provides USD 160 million guarantee for US equipment and services, including engineering services, control systems and pump systems; Japan Bank for International Cooperation (JBIC), which provides a loan of USD 580 million to the BTC Co., con-financed with private financial institutions; Nippon Export and Investment Insurance; US Overseas Private Investment Corporation (OPIC) providing USD 100 million in political risk insurance; Italian Servizi Assicurativi del Commercio Estero (SACE), which provides cover for USD 50 million; French Compagnie Française pour le Commerce Exterior (COFACE) and German Euler Hermes Kreditanstalt. The banks providing between USD 900 million-1,2 billion together are: ABN AMRO, Citibank, Mizuho and Societe Generale with Banca Intersa, BNP Paribas, Credit Agricole Indosuez, Dexia, HypoVereinsbank, ING, KBC, Natexis Banques Populaires, San Pado IMI, West LB and Royal Bank of Scotland. If it was not such a large scale and multinational construction work that is driven by BP, it would be impossible to attract such a variety of credit providers and banks to the South Caucasus for any other purpose. The BTC pipeline is a solid investment, in fact the biggest of all in the whole Caucasus and Central Asia. Hence, the UK is the source of the biggest foreign direct investment. Almost all the initiatives for development and conflict prevention in the South Caucasus mention the importance of foreign direct investment for the recovery of economy and poverty reduction. However, most of the donors are short of the instruments necessary for the deployment of an investment in the scale provided by the BP. Hence, the energy sector is apparently the most significant field, where the British are the most active.

British Petroleum is also interested in two major exploration projects, Inam, which is a large structure south of Shah Deniz, just 40 km offshore in water depths ranging from 20 to 350 metres and Araz-Alov-Sharg, which is located less than 100 km away from

Shah Deniz.⁷²⁷ The oil industry in Azerbaijan has already generated large amounts of revenue from early oil and signature bonus payments. As International Alert relates the estimation of the Caspian Revenue Watch, the Government of Azerbaijan's share of oil profits from the ACG will amount to about USD 16 billion at a high price of USD 25 per barrel from 2003-2010.⁷²⁸ The British Petroleum will certainly be playing the biggest role in the country's development through oil exploration and transportation and the investment provided for that purpose. The BTC project and the associated Azeri-Chirag-Guneshli (ACG), Shah Deniz and South Caucasus Pipeline projects are expected to have mobilized more than USD 20 billion in investment, when they are completed by 2005. As the Caspian Development and Export informs this investment is expected to enable the Azerbaijan Republic to realize between USD 30 billion and USD 65 billion in revenues from the sale of its oil and the Azerbaijan Republic, the Republic of Turkey and Georgia together to realize approximately USD 2.4 billion in transit revenues during the first 20 years of operation.⁷²⁹

If Azerbaijan follows a prudent revenue management, the benefits from the ACG Full Field Development can lead to positive social and environmental change. The British Petroleum reports that the revenues from oil and gas production and transit will be significant in Azerbaijan, especially over the ten years between approximately 2007 and 2017.⁷³⁰ Most of the national share will go to the government rather than SOCAR and over the peak period these revenues are likely to exceed other sources of public revenues. The BP states another indication of the size of the project in relation to the economy of Azerbaijan is that estimated capital spending on oil projects in Azerbaijan on ACG Phase 1 (and the associated Baku-Tbilisi-Ceyhan (BTC) Pipeline that will be used to export the

⁷²⁷ British Petroleum, "BP Global, Reports and Publications, Inam", <http://www.bp.com/genericarticle.do?categoryId=2010344&contentId=2004225>, (19/06/2005)

⁷²⁸ International Alert, "Oil and the Search for Peace in the South Caucasus: The Baku-Tbilisi-Ceyhan (BTC) Oil Pipeline", December 2004, p.79.

⁷²⁹ Caspian Development and Export, "Citizen's Guide to the BTC Project Agreements: Environmental, Social and Human Rights Standards", p.5, <http://www.caspiandevelopmentandexport.com/Downloads/citizens%20guide%20final.pdf>, (10/10/2005).

⁷³⁰ BP, "Azeri, Chirag and Guneshli Full Field Development Phase 1 Environmental and Socio-economic Impact Assessment, Final, Executive Summary, February 2002, <http://www.caspiandevelopmentandexport.com/Files/ACG/English/ESIA%20Executive%20Summary/Content/ACG%20Phase%201%20Executive%20Summary.pdf>, (10/10/2005).

oil) could total USD 6,000 million.⁷³¹ This amount compares to the agreed potential lending by IMF and the World Bank to Azerbaijan (the major international institutions investing in the country) of around USD 400 million over 2000-2002.

Since, the dimensions and amount of the investment is huge, the expectations from the BP and the BTC Co. are great, too. In fact, the investment provided through the BTC pipeline and other projects will have a multiplier effect. The revenues yield by the project can be used for investment in the non-oil sector and the successful completion of the project can create an environment that is domestically more favourable to private sector investment. Current estimates by the BP suggest that between 10 percent and 30 percent of spend on oil projects in Azerbaijan goes to local Azerbaijani firms. However, the positive impacts of the project have to be supported by governmental and non-governmental efforts, too. For instance, the Azerbaijani and Georgian governments are expected to develop and maintain a liberal trade regime, modernise customs procedures and adopt prudent and transparent revenue management. The non-governmental organisations and the public see the BP and the BTC Co. as an important contributor to poverty alleviation and sustainable development via the direct and indirect employment opportunities and the revenues generated from the projects of oil and gas exploration and transition. The expectations are not limited with the economic dimension of the project, though. The non-governmental organisations in cooperation with the contracting countries such as the UK and the hosting countries such as Georgia and Azerbaijan want the BP to include a social and political dimension to its oil and gas projects, hence develop programmes that will enhance public awareness, education and dialogue between the peoples of the South Caucasus.

The non-governmental organisations such as the International Alert and LINKS have already noticed this significant instrument in the hands of the UK, something the EU lacks. As Dennis Sammut, the Executive Director of LINKS presented in a paper to the Policy Seminar organised by the Ministry of Foreign Affairs of Netherlands and the European Centre for Conflict Prevention in the Hague 24-26 May 2004, the relations between the EU and the South Caucasus in the last decade were not successful enough as

⁷³¹ Ibid.

a result of “an all round failure to appreciate the depth of problems facing the three countries after the collapse of the Soviet Union”.⁷³² According to Sammut the appointment of a Special Representative to the South Caucasus is a step in the right direction but the time will show “what tangibly this is going to mean”. Although the non-governmental organisations based in London, such as LINKS appreciate the generosity of the EU towards the South Caucasus, the EU is criticised for lacking a strategic approach and a strong and unified message towards the region. Hence, Sammut calls the EU to adopt a stronger ground vis-à-vis the US and Russia, work on a strategy towards the region and sharpen its instruments. Regarding these criticisms of the non-governmental organisations with expertise, experience and focus on the South Caucasus such as the Catholic Relief Services (CRS), Conciliation Resources (CR), International Alert (IA), and the London Information Network on Conflicts and State-building (LINKS), it is understandable why the British government and a giant of British petroleum industry such as the BP are the main partners for the projects. All the four non-governmental organisations have united in a coalition called the Consortium Initiative and brought their many years of experience of work in the region, as well as an extensive network of local partners together. The coordination unit is in London and based at the office of International Alert. The Initiative promotes a multifaceted process of engagement with the conflict between Armenians and Azerbaijanis over Nagorno-Karabakh and seeks to put this conflict into a regional framework, locating it in the wider dynamic of the South Caucasus. Within the Consortium, CRS addresses issues of conflict sensitivity and grassroots engagement; CR addresses media and public awareness issues; IA focuses on civil society work; and LINKS works on the level of political dialogue. There is not another German non-governmental organisation, which can deal with the Armenian-Azerbaijani conflict in such debt and vigour. In fact, German non-governmental organisations have side-stepped this issue, while they mostly focused on the conflict between Georgia and the breakaway regions. The real chance of the Consortium Members is that both the UK government and the private sector have developed close ties with the South Caucasus thanks to the Baku-Tbilisi-Ceyhan pipeline project. Hence, the

⁷³² LINKS, “The EU and the South Caucasus Co-operation in the Field of Democracy and Good Governance”, <http://www.links.org>.

UK government and the British Petroleum are responsive to the analysis, scrutiny and programmes of the above mentioned UK-based NGOs.

LINKS has worked with a broad range of Georgian political forces including parties and the parliament, with different communities through out Georgia and given support to the evolution of Georgian politics over the last decade. It is especially significant for a non-governmental organisation to have developed relationship with important political forces in the South Caucasus almost in the same pace with the Western European States and Institutions. LINKS has a long tradition of co-operation with the Georgian, Armenian and Azerbaijani Parliaments. It was the initiator of the South Caucasus Parliamentary Initiative (SCPI) and is still a facilitator of the process. LINKS assisted the Georgian parliament during its first presidency of SCPI in January-June 2004; gave support to the Armenian Presidency of SCPI in the Period JULY-December 2004 and finally provided support for the Azerbaijan Presidency of SCPI in the period January-June 2005. The South Caucasus Parliamentary Initiative is a framework for dialogue, contacts, exchange of views and joint analysis between the Parliaments of Armenia, Azerbaijan and Georgia. The national assemblies of each South Caucasus country are strategic partners of LINKS in contributing to free, peaceful and democratic states. LINKS further co-operates with Georgian political parties and organisations representing and working with national minorities in Georgia; the International Human Development and the British Alumni Association in Armenia; and the National Centre for Strategic Initiatives and NAYORA in Azerbaijan. LINKS also collaborates with other British and international partners such as the John Smith Memorial Trust. For 2004-2007 LINKS will give particular attention to work to empower the Azerbaijani speaking community of Southern Georgia that is underrepresented in the country's decision making processes and make it more aware of its role in a modern Georgian state. Besides, LINKS supports the peaceful resolution of the conflicts in Abkhazia and South Ossetia and will contribute to the existing work of international and non-governmental actors active on the Abkhaz and South Ossetian issues through confidence building measures and community awareness programmes in the conflict regions. Gali District with serious human rights situation is one such focus point for LINKS. LINKS is also active through organisation of a series of workshops between Georgian, Russian and European Union politicians and academics in 2006, in

order to help develop new thinking of the South Caucasus. The LINKS also supports the Georgian government and people in their efforts to get rid of the Soviet era military bases remaining in Georgia. LINKS programme priorities in Armenia and Azerbaijan for 2004-2006 consist of engagement with efforts to find a peaceful and early solution to the Karabakh issue; normalization of relations between these two states and between Armenia and Turkey; support for the process of full integration of Armenia and Azerbaijan in the European family; launch of a businessmen club, which brings businessmen with a social responsibility and belief in that legitimate business can make an important social contribution to society and support for the process of democratic state building, particularly through engagement with the youth sections of the political parties. The 2004 Baku Debates held at the International Centre in Baku brought participants from right across the political spectrum and from all strata of society including politicians, diplomats, academics, activists, and community leaders together for a responsive engagement in debates over most important and relevant issues in contemporary Azerbaijani society such as liberalism, human rights, Islam, building democratic institutions, and the impact of oil in Azerbaijan; Azerbaijan Foreign Policy and the National Security Concept; Karabakh issue; Globalisation, Europe and US. The Debates were relaunched in 2005 and this time televised.

Conciliation Resources (CR) has a long time expertise and years of experience like the LINKS in the Caucasus. The CR's activities began in 1997, but the programme team, Jonathan Cohen and Rachel Clogg were involved in the region since the early 1990s. CR activities developed through discussions and joint analysis with local partners, regional and international NGOs and parties to the political and negotiations processes. Unlike other NGOs CR focuses on only one issue that is Georgian-Abkhaz conflict and peace process, yet work on the conflict between Armenia and Azerbaijan over Nagorno-Karabakh, too. Among a range of partners that CR works with are Caucasian Institute for Peace Democracy and Development (Tbilisi), the Centre for Humanitarian programmes (Sukhumi), the Centre for Rehabilitation (Sukhumi) and Studio Re (Tbilisi). Hence CR works on civil society capacity building; media and public awareness raising and initiatives that focus on dialogue and analysis. The efforts are to promote opportunities for dialogue and constructive engagement within the communities and overcome the

communal divides, which have rooted as a result of political, economic and psychological isolation, economic disarray, and as a legacy of war.⁷³³

There is a growing international momentum on transparency of oil revenues to combat misappropriation and misuse of funds. Hence, the British Premier Tony Blair put forward the Extractive Industry Transparency Initiative (EITI). Maintaining constructive engagement with Azerbaijan on EITI is one of the specific priorities that the Department for International Development has described. The British Petroleum was also one of the participants in the EITI and committed to transparency and promotion of strong business principles in its own conduct. The NGOs see the BP as one of the important channels of influence on the region's stability. In response, BP is working with others to promote scrutiny of SOFAR funds. BP has also been a vital actor in both launching and sustaining the Voluntary Principles on Security and Human Rights (VPs). The NGOs are very sensitive of the pipeline projects' influence on the societies and environment. Hence, international NGOs prompted BP to commission a Regional Review that explores the wider impacts of the BTC project.

The Department for International Development (DFID) states in its Central Asia, South Caucasus and Moldova, Regional Assistance Plan that their strategy for 2004-2007 aims to focus assistance to the weaker, poorer states Armenia and Georgia for the South Caucasus.⁷³⁴ The DFID also asserts that they will actively look for opportunities for Moldova, Georgia and Armenia in the EU's European Neighbourhood Policy. As the DFID states in the same plan, the Department will monitor the impact of the Baku-Tbilisi-Ceyhan pipeline and provide support to the design and implementation of BP's Regional Development Initiative in Azerbaijan, where it does not have a bilateral programme. The "modest resources" of the DFID generate "the need to avoid getting locked into long-term commitments that tie up a significant proportion of [their] bilateral resources".⁷³⁵ The DFID openly states that it has no expectations of immediate results in terms of poverty reduction and stresses the necessity of a sustained long-term effort and

⁷³³ Conciliation Resources, "The Caucasus, Conflict Transformation and Civil Society Development", <http://www.conciliationresources.org>.

⁷³⁴ Department for International Development, "Central Asia, South Caucasus and Moldova, Regional Assistance Plan", Plans, June 2004, p.17, <http://www.dfid.gov.uk/pubs/files/rapcascm.pdf>, (09/05/2005).

⁷³⁵ Ibid., p.14.

promotion of a more effective dialogue between South Caucasus governments and development partners for poverty reduction.

Hence, the DFID has developed a ‘thematic focus’ on three main subjects. The first is on improving governance and the institutional environment for poverty reduction rather than transferring huge amounts of financial aid. The DFID states: “Over the strategy period we envisage a deeper, more sustained effort to strengthen this involvement by engaging with governments, civil society organisations, independent media and others on selected priorities”. The second is promoting ‘pro-poor’ sustainable growth. The DFID points out to the importance of taking full account of the social dimensions of the International Financial Institutions’ investments and of their impacts on poor people. The third is strengthening the UK’s contribution to conflict resolution and peace building (in collaboration with the FCO and the Ministry of Defence). The objective of the DFID for that purpose is to use a range of developmental, diplomatic and security related tools available to the UK more effectively to make a contribution to conflict prevention and peace building in Central Asia, South Caucasus and Moldova (CASCAM). The UK’s commitment in Armenia, Azerbaijan and Georgia is also supported through the interdepartmental Russia-FSU Conflict Prevention Pool.

The DFID also provides targeted support for two specific ‘regional issues’. These are countering the spread of HIV/AIDS and improving regional cooperation. In order to improve regional cooperation the DFID has identified mainly three areas of work:⁷³⁶

1. Working with the International Financial Institutions and British Petroleum (BP) to design and implement the Regional Development Initiative for the Caucasus and monitoring the impact of the Baku-Tbilisi-Ceyhan Pipeline;
2. Working with governments in CASCAM, the private sector, civil society organisations and other to contribute to the Extractive Industries Transparency Initiative, which potentially could contribute to all three of the focal themes;

⁷³⁶ Ibid., p.15.

3. Working with EU partners to ensure that EU policies on the New Neighbours Initiative and TACIS contribute more effectively to political and economic reforms.

All of these goals require an extensive collaboration with external partners including UK-based NGOs. The range of instruments for the UK in the region can be summarized as the BP, the EU policies and the NGOs. Improving collaboration with these partners will not only lift the financial weight of the UK's foreign policy towards the region, but also provide the developmental, diplomatic, security and know-how related tools for the use of the UK in such a complex region like the South Caucasus. The British NGOs have already won the trust of the societies they have been working with for more than a decade. The Georgian, Armenian and Azerbaijan governments, civil societies and organisations see these organisations as a gate opening to the Western media, society and governments. The UK-based organisations have traditional relations with the British government and experience of lobbying for a specific policy in both political and business environments. British private sector, governmental and non-governmental institutions are open to collaboration and communicate well. Hence the BTC project enabled the NGOs, the BP and the British government to unite around common objectives. This situation is highly favourable for countries such as Georgia and Azerbaijan, too. At the one hand the instruments and the objectives of the NGOs, private sector and governmental actors can be co-ordinated more harmoniously and effectively. On the other, the South Caucasus states and the communities within, which have tied their hopes to the bolstering of economic activities as a consequence of major investments from the ACG, BTC and Shah Deniz/SCP projects, will have more than one respondent to their expectations. One single problem is that those expectations may be too high and hard to develop a coherent policy in response. The societies on the route of pipelines have already raised their expectations for employment, though the opportunities for employment in the oil and gas industry are limited. Again the NGOs expect the oil companies, particularly the BP to take on social and political responsibilities in addition to its environmental responsibility. Hence, they want the BP to exploit its economic

weight in countries such as Georgia and Azerbaijan to urge for transparency in financial and political affairs of the governments. They expect the BP to develop programmes on public awareness, training and environmental protection. Thus, in May 2002, the project sponsors in AIOC, the Shah Deniz and BTC oil export pipeline project opened the Azerbaijan Enterprise Centre, the main aim of which is to help local companies develop their business in support of oil and gas developments in Azerbaijan. The foreign investors and local suppliers in the country's oil and gas industry will be able to meet through the Centre. Hence, the project sponsors were able to display their commitment to the sustainable development of Azerbaijan, too. The Centre is aimed primarily at local SMEs and is intended to bring together national and international companies to increase mutual awareness of capabilities and needs.⁷³⁷

The cumulative net foreign direct investment in Azerbaijan from 1994 through 2000 is estimated to have accounted USD 4.1 billion, of which most went into the oil and gas sector. Inflows of foreign direct investment in Azerbaijan are predicted to increase as the pipeline projects proceed and investments come with them. Georgia, which is emerging as a key transit country for oil and gas exports has witnessed the growth of the transport and communications in importance. The share of GDP by the transport and communications sector increased from 8 percent in 1997 to 14 percent in 2000, while trade increased from 11 percent to 13 percent and industry rose from 13 percent to 14 percent.⁷³⁸ Hence, transport and communications sector is the fastest growing sector in Georgia. Although, Russia, Turkey and Germany are the main trade partners of Georgia for both exports and imports, and the US is the largest foreign investor with an annual contribution of 20-34 percent of overall foreign direct investment in recent years, the growing potential of the transport and communications as one of the key sectors of economic activity offer the UK the opportunity to strengthen its position in Georgia similar to that in Azerbaijan. The BP states in its Regional Review that:

⁷³⁷ The Azerbaijan Enterprise Centre, <http://www.ecbaku.com>

⁷³⁸ BP, "BTC Regional Review Economic, Social and Environmental Context", <http://www.caspiandevlopmentandexport.com/Files/BTC/English/Regional%20Review/Content/Economic,%20Social%20and%20Environmental%20Context.pdf>, (10/10/2005).

“The Georgian Government stakes much on the development of an east-west energy and transportation corridor between Europe and Asia. However, there is a view that would-be foreign investors are waiting to assess the success of the BTC and SCP projects and the pace of Government policy reforms before making significant investment commitments”.⁷³⁹

Hence, the UK easily finds many routes of communication with Georgia. Either it is through the Traceca and Inogate projects of the EU or BTC and SCP projects coordinated by a British company; either through the policy reform initiatives of the EU under Tacis and PCA with Georgia or the UK-based NGOs, the UK will always find a responsive Georgia eager to comply with the western objectives projected from the UK and abroad. Yet, where the opportunities for investment and engagement in common projects are limited, as in Armenia, the UK has to limit the scope of relations, too. Even the routes of constructive diplomatic dialogue slide from bilateral to multilateral. Hence, the UK, too, seems to perceive the diplomatic and political weight of international institutions like the EU and the OSCE to be greater than its ongoing relations with Armenia.

C. The United Kingdom and the Transatlantic Alliance

After Margaret Thatcher’s aspiration to carry the United Kingdom to the ‘core of Europe’ fell short of realization, Tony Blair came to power with the grand strategy of a United Kingdom acting as a bridge across the Atlantic.⁷⁴⁰ The experience of Suez Canal had taught the UK its limits and position in the global order in regards to the United States. Hence, it could only act as a *secundus inter pares* in NATO, but not contrary to American

⁷³⁹ Ibid.

⁷⁴⁰ For an analysis of how the view that relations with the U.S. is complementary with the EU dates back to the Thatcher years see, Wyn Rees, “The Anglo-American Security Relationship”, in Stuart Croft (ed.), **British Security Policy, The Thatcher Years and the End of the Cold War**, London: Harper Collins Academic, 1991, pp.143-160. Fielding describes the major re-orientation of the British government’s foreign policy after the general election in 1997 with the following words: “Prime Minister Blair and his government already have become much more assertive on the international stage than its predecessor, but also firmly committed itself to operating within the institutional structures of NATO, the UN and most importantly, the European Union”. See Jeremy Fielding, “‘Lost an Empire, Found a Role’. British Foreign Policy at the End of the Twentieth Century”, **International Security Studies at Yale University**, December 1997.

wishes. In time, the “special relationship” with the United States began to take the appearance of merely “the ability (or at least hope) to influence American policy”.⁷⁴¹ However, the Labour Party took the government over in 1997 with two fundamental questions of how to develop a new relationship with Europe in which the United Kingdom would play a central and self-confident role, and how to balance ties to Europe and the special relationship with the United States.

The United Kingdom is still in search of a place for itself in Europe unlike the Federal Republic of Germany, which has comfortably placed itself in the European niche perfectly fitting its identity, aspirations and relations with diverse partners like France, Russia and the U.S. Although, the UK’s resistance to further constitutional change in favour of ‘creeping supranationalism’ is wearisome for many in the EU, the collaboration of the UK is still important for the EU to fulfil the stages towards the accomplishment of a federal Europe. Hence, the proposals for a multi-speed Europe or a core Europe take the United Kingdom’s traditional opt-outs and reluctance to get involved in integration process with the same enthusiasm into consideration. However, the United Kingdom perceives the fact that the European process develops without its leadership. Thus, the UK’s orientation is more towards developing an efficient security and defence mechanism within the EU. The Franco-British summit in Saint Malo on 3-4 December 1998, which called for a European capacity for autonomous action backed up by credible military force to act at times when NATO as a whole was not engaged reveals the British will to open a field of its own, where it can enjoy its European leadership role. In fact, development of a European Security and Defence Identity (ESDI) is the only area, where the UK has genuine strengths due to its modern, all professional militaries, the capacity to project force, independent command capability, nuclear power, and the political will to use military power on a global level.

France is the perfect partner to push for the ESDI with, and still not able to take the European leadership role from the hands of the United Kingdom. However, these two approach the development of a Common European Security and Defence Policy and an ESDI from different perspective. According to the UK perspective the NATO reference

⁷⁴¹ Steven Philip Kramer, “Blair’s Britain after Iraq”, **Foreign Affairs**, July/August 2003, p.92.

remains primary for the creation of a European defence and security capacity. Indeed, what the UK proposes as the project of ESDI is a NATO project, which promotes European capacity inside NATO. Hence, the proposal for the merger of the WEU with the EU was vetoed by the Blair government at Amsterdam in June 1997. Instead, Partnership for Peace (PfP) and NATO enlargement were carried into the European agenda. While, the USA's position as the key actor across the continent was effectively reinforced through NATO enlargement, the *Strategic Defence Review* of the Ministry of Defence (MOD) in 1998 referred to "the need for a concerted European approach to security in the EU's 'near abroad'".⁷⁴² Giving the EU genuine capacity in the defence and security field had become almost the very condition for the survival of NATO as a viable alliance and considered in the same vein by the UK, which wants to strengthen and perpetuate the Atlantic Alliance. In contrast with the British objective to save and consolidate the NATO by means of creating a new European instrument, albeit by Europeanizing the defence in the shape of CESDP; the French objective has been to develop and strengthen a European security and defence policy and capacity albeit through the Atlanticist instruments. Hence, the UK's policy shift in the support of a Europeanized defence has brought the French and American perspectives a little closer to each other. Yet, the main divergences have remained. The British view is that the military dimension of the EU's CESDP should always prioritize the NATO reference and never develop into a European federal army. Here, Howorth's evaluation on the Europeanization of defence should be mentioned. He states that "a defence Europeanized, it strengthens the *intergovernmental* bases of the EU, thereby, paradoxically, making the prospects of a supranational 'federal superstate' even more remote".⁷⁴³

The role the U.S. assigns to a potential EU military capacity - though nascent at the moment - is limited to a greater efficiency in policing the European near-abroad. However, the U.S. does not hide its will for the European security and defence capabilities to reach a level enough to back US security policy across the globe. The UK, on the other hand seems to be content with the Petersberg-type collective security

⁷⁴² Jolyon Howorth, Britain, NATO and CESDP: Fixed Strategy, Changing Tactics", **European Foreign Affairs Review**, No.5, Iss.3, Autumn, 2000, p.382.

⁷⁴³ *Ibid.*, p.383-384.

missions in the name of the EU, since providing support for the U.S. global policy is something that the UK offers Washington.⁷⁴⁴ When the U.S. policy in the Gulf, South East Asia and now in Iraq is considered, there is hardly any congruence between the attitudes and methods of the two sides of the Atlantic in dealing with these conflict ridden corners of the earth, whereas the UK does not restrain from siding with the muscular approach of the U.S. However, in its relationship with the U.S. the United Kingdom has to spend effort to prevent its further isolation from the EU allies, too. The UK tries to overcome this dilemma through supporting a ‘division of labour’ between the EU and the NATO; but, as the EU emerges as a bigger and more influential international actor it feels the need of a coherent CFSP and the projection of military power next to the political instruments. If the regions of interest and approaches overlap, it will be even more difficult to sustain the delicate balance of relations between the two sides of the Atlantic for the UK. Although, the EU is reluctant to go beyond the NATO area, its neighbourhood well extends beyond the NATO area, where the UK acts more freely in relation to its European partners. Even the mere presence of the United Kingdom in Iraq made it possible for the U.S. to talk about a ‘coalition’ effort. The United Kingdom’s engagement with the U.S. was also the product of the fear that without the United Kingdom’s involvement, America might run completely free from any influence. Hence, the United Kingdom will continue its efforts to influence the U.S. from within a close alliance, whereas France and Germany display the signs of a shift towards a more confrontational approach towards the U.S. The European reaction is growing in parallel to the rise of American unilateralism. The Iraq crisis was a serious blow to the faith in the value of the Atlantic partnership and mutual trust between the U.S. and its European partners in the Alliance. As the ties within the NATO begin to loosen, it becomes increasingly hard even to found a “coalition of the willing” among the once strong supporters of common values and a shared vision within a genuine alliance.

⁷⁴⁴ Also Dorman evaluates the British decision to assign troops to the headquarters of the Eurocorps, which the previous British administration has been a principle critic of and sought to block its evolution at every opportunity as politically very symbolic and as a reversal of policy representing “a shift of the UK from a confrontational position with the Franco-German founded Eurocorps to an acceptance of its importance”. See Dorman, Andrew. “Reconciling Britain to Europe in the Next Millenium: The Evolution of British Defence Policy in the post-Cold War Era”, 41st Annual Convention, Los Angeles, CA: International Studies Association, 14-18 March, 2000, <http://www.ciaonet.org/isa/doa01/doa01.html>, (15/02/2005).

However, the despair experienced as a result of particular political disparities among the partners of the Atlantic Alliance was not the consequence of what the realist theories of balance argued for. Although, the Soviet threat disappeared, hence the main reason for alliance and cooperation was removed the U.S. and Western Europe avoided a return to strategic rivalry and great power balance. Instead, the wider democratic capitalist order proved its durability. Hence, it was something more than the Cold War, which held the advanced industrial countries together within institutions and political forums that served well to the dampening of conflicts and sustaining cooperation. In these circumstances, the U.S. has preserved its liberal hegemony for 50 years since the end of the World War II. This durability is astonishing for many; however, Ikenberry has an explanation:

*“...the American hegemonic order is a relatively stable and expansive political order. This is not only because the United States is an unmatched economic and military power today, but also because it is uniquely capable of engaging in “strategic restraint”, reassuring partners and facilitating cooperation. Because of its distinctively penetrated domestic political system and because of the array of international institutions it has created to manage political conflict, the United States has been able to remain at the center of a large and expanding hegemonic order. Its capacity to win in specific struggles with others within the system may rise and fall, but the larger hegemonic order remains in place with little prospect of decline”.*⁷⁴⁵

It is true that the members of the EU *restrain* from openly confronting the U.S. or any of the institutions, in which the U.S. covers the front seat. However, they do not share the above view that the U.S. troubles about ‘reassuring partners and facilitating cooperation’ any more. Indeed, as the hegemonic order reaches climax, it prepares its decline, too. The more the U.S. goes astray from the common values and shared visions of the Alliance and ignores the benefits of good counsel, it gives further damage to the legitimate bases of the Alliance.

⁷⁴⁵ G. John Ikenberry, “Liberal Hegemony and the Future of American Postwar Order”, in T.V. Paul, John A. Hall (eds.), **International Order and the Future of World Politics**, Cambridge: Cambridge University Press, 1999, p.125.

The Iraq War revealed not only the gap between the European and American partners within the NATO but also the differences between France, Germany and the United Kingdom. While France increases its defence expenditure, Germany tries to cut down. There is a will to construct the EU as a bloc but there is no consistency between the approaches of the members. Although, all three can work for a common foreign policy and face the pressures from the U.S. together, it will be harder to involve the UK into such a camp after Poland is added to the American friendly group of states consisting of the United Kingdom, Italy and Spain. As Yıldızoğlu states, the inability of the EU to construct a foreign policy creates an instability, as it was the case in the Iraq War, and opens huge cracks in the integration process personally through the assistance of the U.S., as well.⁷⁴⁶

Although, the U.S. is criticized for not willing the cohesion of the EU but aiming at its dispersal there is still no answer to what extent the EU states would coordinate their foreign and security policies and take action without U.S. leadership. Also Wood asks “would the member states of the EU, deprived of the American leadership in Europe, be able to agree what to do with their forces?”⁷⁴⁷ Yost states:

“Paralysis owing to deficiencies in capabilities or a lack of consensus might in some circumstances be less likely than disjointed action, with some EU capitals (London and Paris, perhaps Berlin and Rome) trying to exert leadership, with uneven results and some discord, if not actual divisions. If the EU could maintain cohesion, it might be on a directoire rather than a communautaire basis. Outcomes in specific cases would no doubt be scenario-dependent, but the precedents in the Balkans (e.g. Bosnia in 1992-5, Albania in 1997, and Kosovo in 1998-9) are not encouraging. In each of these cases, marked differences in policy preferences emerged among EU members. While an Italian-led ‘coalition of the willing’ eventually took action regarding Albania, the Western European Union did not endorse ‘Operation Alba’, and Britain and Germany declined to

⁷⁴⁶ Ergin Yıldızoğlu, “Avrupa Tıkanıklığı”, **Cumhuriyet**, 23 February 2004.

⁷⁴⁷ Sebastian Wood, **Transatlantic Security and the Taiwan Straits**, Cambridge, MA: Weatherhead Center for International Affairs, Harvard University, June 2001, p.35, as cited by David S. Yost, “Transatlantic Relations and Peace in Europe”, **International Affairs**, No.78, Iss.2, 2002, p.295.

*participate in the intervention. With regard to Bosnia and Kosovo, it was US leadership in NATO that ultimately made effective interventions possible”.*⁷⁴⁸

After all, the EU has to set up such an ESDP that it provides credible nuclear protection via the British and French forces for all members of the Union. Otherwise, it is hard for any of the EU member states to take over the leadership role and substitute for the US nuclear commitments. However, the major European powers are too divided to play the role of lead nation within the EU concerning the security issues. Yet, the U.S.’s contemporary policy, which seeks “to maximise American domination by treating Europe and NATO as a toolbox from which Washington can pick and choose in order to build ad hoc ‘coalitions of the willing’ on its own terms”⁷⁴⁹ will increase the European complaints and efforts for an autonomous security and defence capability, which will in return invite splits among the EU members. Since, the unilateralist approach of the U.S. tempts some like the French president to assert that the EU must also go its own way and act as a counterweight to American power, others like the UK will resist to such a policy choice. The Foreign and Commonwealth Office published in its last *Foreign Policy Strategy* that,

*“...the US will seek to exercise global leadership in responding to new strategic challenges. In doing so, it will seek international support where possible, but will be reluctant to be impeded by others in pursuing what it considers to be US national interests. Our relationship with the US will continue to be the UK’s most important individual relationship and a vital asset. It will be essential to achieving many of our objectives, especially in ensuring our security...We will encourage effective US leadership in strengthening international institutions”.*⁷⁵⁰

In these circumstances, it is hard for the EU to gather around a European leadership but highly probable to break into differing groups within the EU. Asmus suggests the

⁷⁴⁸ David S. Yost, “Transatlantic Relations and Peace in Europe”, **International Affairs**, No.78, Iss.2, 2002, p.291.

⁷⁴⁹ Ronald D. Asmus, “Rebuilding the Atlantic Alliance”, **Foreign Affairs**, Vol.82, Iss. 5, September/October 2003, <http://gateway.proquest.com> (10/09/2003)

⁷⁵⁰ Foreign and Commonwealth Office, “3.The UK in the International System”, in **Strategy**, <http://www.fco.gov.uk>, (07/06/2005).

United States and its European counterparts to adopt a common strategy to treat the damage done to the Alliance and meet the challenges of the present time as they have done for almost 50 years. According to his proposal the United States and Europe, which have lost each other ‘somewhere between Kabul and Baghdad’ can meet again, since:

“Also needed is a new strategy vis-à-vis countries in the Caucasus and Central Asia. The West’s success in integrating Central and Eastern Europe has awakened hope in some of these countries that they too can move closer to NATO and the EU. These aspirations should be encouraged, not rejected. The West needs a more coherent strategy toward the Black Sea region and those countries lying further eastward around the Caspian. These countries vary widely and have a very long way to go; many may only ever achieve a loose link to the West, rather than full membership in the key Euro-Atlantic institutions. But in a post-September 11 world, the United States can no longer afford to treat these countries as a strategic backwater on Europe’s periphery and must instead recognize their growing and critical role in the war on terrorism. As the West becomes more involved on the ground in rebuilding Iraq, the importance of stabilizing and transforming these regions becomes increasingly self-evident. Policies and mechanisms developed over the last decade should be enhanced and implemented through steady cooperation with the EU and NATO. Locking in reform and a pro-Western orientation in these countries is the logical next phase in the Euro-Atlantic integration process”.⁷⁵¹

Here is a call to the U.S. for the recognition of the EU as an independent but cooperative identity. In fact, it is what the United Kingdom seeks for. While, the EU is asked to develop a more coherent strategy, the role which is distributed to the EU’s share is mostly ‘soft power’, which is necessary for the transformation and/or reconstruction of the regional states. As the EU takes on the task of rebuilding and anchoring the Caucasus and Central Asian states into the West, NATO would be reserved for ‘hard power’. Thus, the United Kingdom would not have to choose between the two sides of the Atlantic but work as a bridge, something which constituted Tony Blair’s grand strategy. Yet, history will show whether the EU unites around such an idea as advocated by Tony Blair or not. Thus, the future of the Transatlantic Alliance will determine the future of the EU, too. The UK is well aware of the “different approaches to important areas of domestic and

⁷⁵¹ Asmus, op.cit.

international policies” and friction between Europe and the U.S. as a result of this. Besides, the erosion of a clearly understood sense of common purpose, since the Cold-War; the emergence of new US strategic priorities outside Europe; and divergence between US and European attitudes towards the use of power are considered to exacerbate this friction.⁷⁵² However, for the UK there is no alternative to the U.S., the world’s single superpower, which sets the international agenda. In its *Strategy* paper, the UK openly states:

“Strengthening commitment on both sides of the Atlantic to a global partnership between Europe and America will be the single most important goal for UK international policy in the decade ahead, because only through such a partnership will we be able to achieve our policy priorities around the world”.⁷⁵³

Therefore, the U.S. will continue to occupy the core position in the UK’s bilateral and multilateral relations. The attacks of September 11 opened a new era for all. September 11 marks the day, when the ‘sleeping giant’ is awoken. The UK makes its calculations according to the U.S.’s use of its ‘unequalled political and military power’. Hence, the United Kingdom will carefully watch and take into consideration the United States’ next step in the fight against global terrorism, in political and military intervention in the regions of crisis and in the restructuring of international institutions such as the NATO and the UN. The United Kingdom represents a strong pro-American voice within the EU. As Lieven states:

“If the Conservative Party ever comes to power again in Britain, then Washington may find a British government ready to join with it in trying either to block further integration of the European Union, or if necessary split Europe. Under this Labour government, the desire is different: it is for Britain to lead a group of generally pro-American countries within the EU, and it is accompanied by a wish not to obstruct or

⁷⁵² Foreign and Commonwealth Office, “3. The UK in the International System”, in **Strategy**, <http://www.fco.gov.uk>, (07/06/2005).

⁷⁵³ Ibid.

*wreck EU institutions, but to make them work more effectively both for Europe and for Britain”.*⁷⁵⁴

The Iraq War gave great damage to the image of the U.S. as the opinion polls across Europe revealed. Even in the Central and Eastern Europe, where governments have given strong support to the American position, 82 percent of Hungarians and 67 percent of Czechs opposed war according to Gallup.⁷⁵⁵ The domestic personality of the Bush administration has been even more damaging in the public views of both the United Kingdom and the Central and Eastern Europe. Hence, as the nationalist character of the American administration’s foreign and security policy persists, the Labour government will face the risk of being alienated from the Western Europe and find it increasingly hard to pull the Central and Eastern European countries to the pro-American group with the EU. Lieven summarizes that the present “strategy of this British government and of the British foreign policy establishment in general, is to avoid having to make a definitive choice between Britain’s alliance with the United States and its place in the European Union”.⁷⁵⁶ However, it is not just the U.S. but also the EU that should see the risks of having the UK choose between the two. Instead, present time requires more multilateralism than ever, more cooperation and constraint to unilateral pursuits of foreign policy. Yet, the discrepancies of priorities, capabilities, norms and identities among the West make unilateral pursuits inevitable and widen the cracks, while the states like the UK, which have perceived their multilateral relations as an opportunity so far, now face a new dilemma.

⁷⁵⁴ Anatol Lieven, “The Hinge to Europe: Don’t Make Britain Choose between the U.S. and the E.U.”, **Policy Brief**, Carnegie Endowment, 25 August 2003, p.7, <http://www.ceip.org/pubs>, (10/03/2005).

⁷⁵⁵ *Ibid.*, p.3.

⁷⁵⁶ *Ibid.*, p.1.

CONCLUSION

The devastating experience of two world wars and the climbing tensions of the Cold War contributed into the construction of a powerful and vivid memory for the West Europeans. This memory provided the reference for drawing the frameworks of norms, rules and identities of the Europeans willing to come together in a security community. The European Political Cooperation enabled the participants of the European Community to get involved in a regularized interaction. As a result of this social interaction among the West European diplomacies, the West Europeans came up with converging typications. Their interpretations of the international system and their individual identities within the system developed in accordance with the intersubjective practices and facilitated an institutionalization of democratic norms, customs and a degree of collective identity.

When the Cold War came to an end, the EPC was re-named as the CFSP. Indeed, the CFSP was the continuation of a well-learned co-ordination and co-operation reflex in monetary and external affairs. After all, it was the inavoidable consequence of a huge and attractive market in need of smooth and concerted operation and the preservation of a peace won with great sacrifices. Yet, the end of Cold War did not only announce the removal of barriers right in between to different worlds of ideologies and markets, but also the removal of authoritarian control over the long sleeping ethnic and religious enmities, territorial disagreements and competition over the inheritance of a huge Soviet Empire. The changing character of conflicts from state-to-state to inter-ethnic within a state led the EC/EU to reconsider its foreign policy options and instruments. Despite the vague statement in the TEU for “the progressive framing of a common defence policy..., which might lead to a common defence”, the progress has been limited to the definition of the CFSP’s principles and general guidelines, common strategies, joint actions, common positions and strengthened cooperation between the members states thanks to the Amsterdam Treaty and differentiated cooperation among the Member States under the name of constructive abstention after the Treaty of Nice.

Yet, the multiface of foreign policies requires not only the three pillars of the EU, but also a wide range of political/military and economic instruments including diplomacy, bilateral economic relations and those that combine these two such as conditionality and economic sanctions. Additionally, the EU foreign policies must consider the sensitivities of two significant actors in a strategically important region such as the South Caucasus: Russia and the United States. Besides, the Member States of the EU have not and will not abandon their favourable relations with those two actors for the sake of a common foreign policy within the EU. Hence, as Germany comes to the fore with its close relationship with Russia and Georgia, the United Kingdom is dedicated to the Transatlantic and strategic partnership with the United States and significant presence in Azerbaijan thanks to the petroleum industry and pipeline projects.

The EU's response to the conflicts in the Balkans and involvement in the Barcelona process have been two cases enlightening for the study of the EU's expectations from foreign and security policy development, its institutional capacities and limitations. The expansion of the contents of foreign policy by 1990s was dictating that foreign policy was not limited to security and defence, but also included financial, economic and development aid and trade as policy instruments. On the one hand, the Commission and Pillar I have a strengthening position within the foreign policy making of the EU due to their experience and competence in external economic relations. On the other hand, the role of the Council is growing as the scope of the external affairs extends beyond economic relations into the field of ESDP. The new world does not live the relatively peaceful times of the Cold-War. The conflicts are feeding from the socio-economic and political milieu in the territories, where the newly independent states of the former Soviet Union reside and struggle to adopt new state identities and roles in the international system. The weak state structures and underdeveloped democracies cannot cope with the spread of ethnic conflicts, the rising of radical Islam, cross-border activities of illegal criminal organisations and the resistance of breakaway regions. Hence, the EU, which has built a collective (though not common) identity and a Western security community over the shared fear of disunity and a return to the past of Europe in turmoil came to realize the existence of a complex and interwoven catalogue of threats such as terrorism, violent religious extremism, proliferation of weapons of mass destruction, regional

conflicts, bad governance and civil conflict in developing states and organized crime. Though, a large scale and direct military aggression was not expected towards any Member State, openness and tolerance of the Western societies were threatened.

The EU also recognized the need to think globally and act locally. In order to break the vicious cycle of conflict, insecurity and poverty in the regions surrounding the enlarged territories of the European Union, the EU referred to its experience with the integration of the Central and Eastern European countries into the EU. Thus, the EU presented its democratic institutions, *acquis communautaire* and liberal market rules as the constituting parts of a single model to the states of the former Soviet Union. The Balkans, the Mediterranean and the South Caucasus are the closest of the strategically important regions encircling Europe. The integration of the acceding CEECs has removed the space between the EU and troubled areas. The European Union is following a gradual and patient policy of reconstructing the strategically important regions of potential risk dealing with the sources of conflicts before they develop into what the EU cannot cope with its present political, economic and nascent military means. When the poor record of the WEU in the Balkans and the limited pace it has taken so far are considered, it is reasonable for the EU and the constituting nations to rely on the Union's power of gravity for persuasion. Hence, the EU's preventive diplomacy falls far apart from the assertive policy of the U.S. Where the crisis-management with a stronger military component is required, the EU falls short of the necessary cohesion and infrastructure.

Yet, following the example of the CEECs and the eastward enlargement of the EU, the South Caucasus states are willing and responsive pupils of the West European policies. The EU once again perceives 'a lesser self' in the South Caucasus states and these states keep their hopes for a future full integration to the EU fresh. In the meantime, the EU is developing the strongest possible ties with the states of the South Caucasus through Partnership and Cooperation Agreements and regional projects under the Tacis. The construction of a transportation and communication network extending from the Central Asia through the South Caucasus to Europe provides the perfect ground for cooperation. Hence, not only the energy resources of the Caspian Basin would be

transported to Europe as a part of energy security strategy, but also improve the political weight of the EU globally.

All three Caucasian states have territorial disputes with breakaway regions and strive with the political and economic hardships of the state building and legacies of the Soviet Union. Their poor economies hardly stand on their feet and depend mainly on foreign assistance. The Caucasian countries place great expectations on the West. Georgia, Armenia and Azerbaijan seek to develop a network of strategic relations with the EU, the EU member states, the U.S. and its ally Turkey. West means the adversary of dependence on Russia, misgovernment, poor economy, limited resources for development, instability, insecurity and frozen conflicts for both the governments of the South Caucasus and their civil societies. However, as the domestic tensions challenge the governments and the public opinion exerts greater pressure for more democracy, transparency and improvement of civil rights; having good relations with the West serves as an instrument to draw a stronger and positive image for the governments, too. The EU aims at the use of its inner dynamics for the 'reconstruction' of the South Caucasus. As the European Neighbourhood Policy Strategy Paper indicates the European Neighbourhood Policy's vision is to create a ring of friendly countries sharing the EU's fundamental values and objectives, drawn into an increasingly close relationship. Thus, this relationship going beyond cooperation will involve a significant measure of economic and political integration, some kind of 'privileged partnership'. The instruments used for this model of relationship with the EU will be the same with those adopted for the Eastern enlargement of the EU and the partner states in the South Caucasus will be 'transformed' into what is compatible with the EU values and standards. However, this runs the risk for the EU of losing credibility if the programmes developed for the region and the assistance provided do not reach the targets as a result of national identities, conflicts, economies and in particular the human factor unique to that particular region. In fact, the greater the expectations from the West and its institutions are, the greater the disappointment will be.

The Caucasian states are aware of a number of actors' interest in the region. Hence, as they recognize the importance of relations with the EU they do not ignore Russia, the U.S., Turkey and Iran either. In fact, each of these regional actors responds to one side of

their needs. While, Georgia and Azerbaijan come together with Turkey in a common pipeline project and support the presence of the U.S. in the region as a counter balance to Russia's intervention into its 'near abroad', their aspirations to EU membership and the ongoing assistance provided by the EU make relations with the EU equally important for the two Caucasian countries, which want to overcome dependence to Russia. Both Georgia and Azerbaijan give great importance to strengthening military and economic relations with the West and Turkey. Hence, military cooperation with the U.S. and Turkey is complementary to the economic cooperations with the EU and the EU member States like Germany and the UK. Similarly, Armenia depends on its political and economic relations with Russia and the Armenian diaspora abroad to overcome the side effects of its isolation by Turkey and Azerbaijan. Additionally, the EU is seen as a possible political means to exert pressure over Turkey. The fact is that the EU is not the only option for the Caucasian states. It is not the only source to respond all of their needs either. In fact, it is for the good of the EU to participate in the distribution of tasks for the development of the South Caucasus and resolution of the conflicts it nourishes. Thus, the EU foreign and security policies cannot disregard the presence of Russia, the U.S., Turkey and Iran in the region.

Russia wants a serious, close and settled relationship with the EU, too. Russia needs good relations with the outside world, particularly the EU, since all the calculations to convert the country's decline into success requires Western aid and investment. Besides, closer cooperation and partnership with the EU is the only reply Russia can give to the American unilateralism and expansionism. The Russian strategy is to construct a multipolar system of international relations. However, the American involvement in Caspian energy development and engagement in the Caucasus and Central Asia through military, technical and financial assistance is regarded as purposeful act to weaken Russia's strategic position and constrain Russia. Hence, the European Union is Moscow's choice to act as a counter-balance to American hegemony. For the moment, the EU and Russia are not involved into direct rivalry over their intersecting 'nearabroads'. Still, Russia will not like to see any large scale strategic penetration by any foreign actor. The creation of a security vacuum does not only enable such a penetration, but also weaken Russia's hand across the growth of radical Islamic political movements, criminal

organisations in territories such as Pankisi Gorge and secessionist movements of both religious and non-religious character. Russia also fears the regional instability and conflicts in its near abroad to spread to the North. Hence, Russian priorities for the moment are to preserve the unity of the Russian Federation and prevent the deterioration of the conflicts in the South Caucasus. For that reason Russia tolerates the EU policies towards the South Caucasus as long as the EU does not oust Russia from the co-operation process with the Caucasian countries. So does the EU and spends great effort to include Russia into its wide ranging transition process directed towards the South Caucasus through the PCAs. Another incentive for both sides to develop relations is the energy partnership also included to the Partnership and Cooperation Agreement. As Putin aims to maximise the role Russia's oil and gas plays in Russia's foreign policy and provide economic recovery the EU seeks to improve dialogue on energy and ensure that the policies opening and integrating energy markets are pursued. Hence, energy resources will not be a tool in hand of Russia to exert pressure on the South Caucasus states and energy market. The EU certainly needs an open, stable and democratic Russia, acting as a reliable partner. Hence, the EU will continue to impose its values and institutions upon Russia on every occasion. As long as Russia sees its foreign policy in terms of integrating itself into a stable and peaceful Europe, resting on peaceful conflict resolution, mutually beneficial cooperation and good neighbourly relations, it will be able to develop cooperative rather than a competitive relationship with the EU in the future, too. As long as Russia considers that it can, too, participate in, a Common European Security and Defence Policy will be welcomed as an opportunity to create a security system that will diminish the NATO's perceived dominance of European security. Similarly, the EU is preferred to a future presence of the NATO in the South Caucasus. Thus, the EU develops its strategy towards Russia parallel to the South Caucasus: gradual convergence and conversion of Russia on similar terms with what the EU projects for a region extending from Ukraine to Azerbaijan.

For the United States, the South Caucasus, together with the Central Asia is the perfect area for ground support operations. The rapid reaction strategy of the U.S. requires the deployment of American forces in the South Caucasus and Central Asia, whenever it is necessary. Hence, the region can be used as a power-projection platform

for the protection and governance of important transport routes and energy sites in the Middle East. Besides, the American strategy to identify and destroy threat through a pre-emptive strike and containment of states providing sponsorship, support and sanctuary to terrorists requires the American military force to be close in reach. For that purpose, the U.S. seeks to establish governments responsive to its wishes in the region and shift its existing military formations towards Asia. The U.S. seeks to put new bases and stations in the Central Asia and Caucasus states to use for easy and rapid access, joint power projection, and expeditionary forces in addition to its recent invasion in Iraq. The settlement of a Caspian Guard in Azerbaijan must be considered in these terms. This organisation is to protect the Caspian Sea's oil infrastructure and the Baku-Tbilis-Ceyhan pipeline. It will allow the U.S. and its allies to periodically and intermittently have access and support through the deployment of mobile army bases, hence complement the operating sites in Central Asia. The U.S. has intentions for substantial and long-term U.S./allied presence in the South Caucasus and Central Asia. Hence the EU has to consider the American factor, too. However, the American unilateralism based upon the great economic and military power does not help with the accommodation of the views and needs of the allies with the U.S. Since, the military tool remains to be central for the U.S. in dealing with critical regions such as the Middle East; the EU finds it increasingly hard to cooperate with the U.S. Hence, the projections of the EU and the U.S. are not easy to converge. The EU and the U.S. have competences in different spheres of foreign policy. The EU is welcomed by the Caucasian states with greater ease and without the anxiety to disturb Russia due to its civilian power and is perceived as impartial, while those getting into cooperation with the U.S. have to consider Russia's reaction. Still, the U.S. is considered to have a disproportionate economic and military power and provide the kind of guarantee the regional states seek for. Hence, the EU will gain from a distribution of tasks and duties with the U.S.

Turkey and Iran are the other two actors in the region, which the EU has to take into account if it wants to develop efficient policies towards the region. The significance of Turkey and Iran come from their geostrategic positioning and bilateral relations with the Caucasian states rather than their economic and military strength. Turkey is the only European country having direct territorial contact, linguistic, religious and historic ties

with the South Caucasus. Iran is the only connection between the South Caucasus and the Middle East. Hence, Turkey and Iran are the only gates opening to the world markets for the South Caucasus states except the Georgian ports on the Black Sea. Turkey is especially the key partner for the EU to contemplate the European Security Architecture, since it is a crucial ally that has the potential to enrich their limited foreign policy involvement in the South Caucasus; contains the Baku-Tbilisi-Ceyhan pipeline and the South Caucasus pipeline that will transport oil and gas from the South Caucasus and Central Asia to the West and has a modern and powerful army to guard the transportation of goods, services and particularly of energy resources at the core of a vast economic space extending from the Central Asia to Europe. The U.S.' undertaking for the military dimension of the protection of trade routes and oil and gas pipelines through the settlement of the 'Caspian Guard' will emphasize the civilian role of the EU once again, while carrying Turkey to a significant position in the regional balance in accordance with the duty it takes. Hence, the EU has to consider this new strategic and military dimension added to Turkey's role added at the intersection of the Caucasus and the Middle East. Iran wishes to develop closer and friendlier relationships with the Russian Federation, Turkey and the EU in order to offset the American dominance in the region. Iran is like a transport corridor controlling the whole transportation between the Middle East and the Caucasus-Central Asia region. Hence, the elimination of Iran means the total victory of the American unilateralism and global dominance over an inter-continental territory and two major energy resources, the Caspian Basin and the Middle East. It is hard to say that Europeans are not worried about such a dominance challenging the European multilateralism.

However, Russia, the U.S., Turkey and Iran are not the only variables determinant on the EU's foreign policy towards the Caucasus. The EU contains divergent and sometimes conflicting practical interests and perceptions of the European states, as well. However, the evolution of a common foreign and security, in particular the use of force under the EU auspices, requires an important pooling of sovereignty in terms of foreign policy, defence and security. Yet, member states coming from different political and security traditions are hesitant towards any development that will further erode the power of national state for the sake of efficiency in the community politics. Besides, it is difficult

even for the EU to be self-sufficient in defence. Hence, no matter how common defence is pursued as community goal, the pressures are toward collective defence in the form of alliances, burden sharing and forward defence as the South Caucasus example, which we have studied so far, displays. Besides, the constructive foreign policies goals and methods of the EU working on the re-moulding the South Caucasus states in line with the Western institutions and policies point to the relative power of the EU to determine a community's shared knowledge, norms and identities, which is not a little thing. Hence, the EU will inevitably shift to conflict prevention as a reflection of its civilian power. The EU has a great economic capacity for reward and punishment, technical and administrative capacity to support and stabilize. Hence, the future of the EU foreign policy lies in conflict prevention that the EU has already been involved in through both financial and political means of development co-operation and external assistance, trade policy instruments, humanitarian aid, social and environmental policies, diplomatic instruments, political dialogue and co-operation with international partners and the NGOs. Hence the Country Strategy Papers, which provide the much needed common analysis of root causes of conflict and brings out the signs of emerging conflicts, integrate conflict prevention in the programming of development cooperation with the states of the South Caucasus. The EU continues to provide support for institutional, legal and administrative reforms in the Caucasian countries through Tacis National Indicative Programmes and address the social consequences of transition. The EU concentrates on the development of the private sector, gives assistance to economic development and gives priority the development of infrastructure networks in all three. However, the success of the Tacis is closely correlated with the engagement of the Caucasian governments in policy implications of the reform process. The EU involvement in the South Caucasus provides a strong impetus for change in the South Caucasus. Yet, the response of the national governments and public opinion in the South Caucasus to the European Neighbourhood Policy that foresees the transformation of the Caucasian states within the framework provided by the PCAs is equally important for the success of the EU in developing a common foreign policy towards the South Caucasus through civil and economic power.

The EU wants to become a real global power and play its part in dealing with the Balkans, Afghanistan and the Middle East. However, the EU's contribution to the

international security will be mostly through extending the security provided with the EU's political transformation projects for its new neighbourhood. Yet, the South Caucasus is not a region like the Central and Eastern Europe, upon the transformation of which all the EU member states and the Transatlantic alliance and even Russia have agreed. Hence, the EU has to develop a network of successful cooperation with global and regional actors on a wide scale of political/military and economic policies in the South Caucasus. However, the EU has not even succeeded in coming up with one big common position on the South Caucasus and all the other foreign policy and security matters the region is connected with. The implications of the foreign policy towards the South Caucasus will certainly be wider than its territorial scale. Yet, the EU is not ready to cope with the contents of security and defence in the face of global threats. Where, the EU falls short of capacity and coherence the individual member states come to the fore. They are not only the principle wealth of the Union thanks to their support for foreign and security policy through their expertise in technical and financial assistance and diplomacy, competence in strategic partnerships and experience in military operations within the Transatlantic alliance, but also the source of disparities.

Germany was re-born from the ashes of the World War II and the Federal Republic of Germany was established over Christian values, democracy and social market, which were adopted as the three pillars of a collective European identity. Germany's conception of nation-state identity, national interests and pursuit of its political strategies evolved within Europe's new political context after the World War II. Germany was the primary subject of the European reconstructive policies. The political elites and the public opinion in Germany perceived European integration to be in Germany's vital interest. Hence, Germany could institutionalize the regulatory and constitutive national, social and legal norms in line with the historical lessons of the two World Wars. The critical juncture for Germany was particularly the Nazi experience and its militarism. Germany's past was the 'other' for both Germany itself and the Western Europe. German culture and institutional structures got through a complete re-shaping. German state identity, political culture, constitution and even military establishment were constructed upon a complete rejection of the German past. An irreversible integration with the West was adopted as the basis of Germany's future re-entrance into the international system with equal rights. Hence,

Germany followed a gradual policy to regain the thrust of the Western Europe and Russia. In time Germany was allowed to get involved in the Western European defence pact and the NATO. After receiving the authority to build diplomatic relations with foreign countries and sign agreements on the basis of international law, Germany learned to make most of a foreign policy limited to the use of 'civilian power'. Developing diplomatic relations and political dialogue with the third countries, particularly the Central and Eastern Europe, helped to the establishment of mutual trust and cooperation. Germany's increasingly active foreign policy would be based on the use of economic resources such as foreign investment and distribution of credits. Though, no matter how ideal this type of policy for Germany was, it was financially challenging. Germany has so far learned to develop a foreign policy cautious to the sensitivities of its neighbours. Even after the German unification, German national and state identities, interests and institutional structures continued to be defined parallel to the policy of self-restriction, multilateral pursuit of interests and an irreversible European integration. Hence, Germany engaged in a 'civilizing foreign policy', which sees preventing crises and ensuring peaceful resolution of conflicts in close cooperation with international organizations like the OSCE, the NATO and the WEU among the responsibilities and main concentration of German foreign policy. However, Germany is not a robust dissident of military activism as before. Its role concepts continue to be reconstructed as part of a larger foreign policy culture in the face of changing role expectations of others in Germany. Thus, Germany is evolving as a wilful participant of peace-keeping and peace-enforcement operations, as long as they are implemented through multilateral organizations.

Germany has developed a foreign policy projection towards the South Caucasus through close but cautious cooperation with Russia. As the improvement of dialogue has worked with the CEECs, Germany supports Russia's transition to democracy and free market economy and tries to prevent a return to great-power politics. German cooperates with Russia on a wide range of matters from international crime, terrorism, and drug trafficking, to proliferation of nuclear weapons. In fact a good dialogue with Russia is the primary factor opening the South Caucasus to Germany. Germany serves to the common goal of founding firm, enduring and continuous security cooperation with Russia for the NATO and the EU. Russia also wants to integrate economically into a wider global and

European network. Russia sees Germany as the trustable partner for that purpose and a window opening to Europe. In return, Germany can act in the South Caucasus without disturbing Russia on the contrary to the U.S. or Turkey and the EU if they decide for a deeper involvement. Germany has developed a Caucasus Initiative particularly for contribution to conflict reduction and crisis prevention in the South Caucasus. Hence, Germany presents technical and financial assistance to develop the legal system, strengthen local democracy, support the energy sector and foster the private sector in the Caucasian states. German contribution to conflict resolution and crisis prevention in the Caucasus region is essentially through country-specific bilateral development cooperation. Germany also advocates in the European Union for closer relations with Georgia and the region as a whole. Hence, Germany pressed for the admission of the three Caucasus states to the European Neighbourhood Policy. However, Germany focuses mainly on Georgia and attains great priority to its development cooperation with this country.

The United Kingdom draws a completely different picture from Germany in all terms. First of all the United Kingdom's national and state identities have not been challenged by a critical historical experience like the one Germany did undergo. Secondly, the UK has a particular understanding of national sovereignty that is totally different from Germany's. Thirdly, the UK wants to preserve its traditional identity of being a global power with significant military power and as an influential member of international organisations such as the NATO, the UN and the OSCE. The political institutions and culture of today's Great Britain derive from persistent collective identities, which have been the produce of seven years old parliamentary tradition, thus, internal sovereignty won against the absolute monarchy and a crown symbolizing external sovereignty guaranteed against the catholic absolutism of Rome, the Pope, France and Spain. Hence, the relations with the continental Europe, which have been most of the time painful and threatening, have close connotations of struggle for independence. The United Kingdom's identification of its parliamentary democracy with national sovereignty, and its preference for an unwritten constitution, an informal policy rather than treaty amendments have been influential in its efforts to mould the evolution of European integration in return. The UK cooperates for the communitarization of the European political cooperation in foreign and security policy only to a marginal level.

Although, the UK observes its own weaknesses and a decline of power it is not very sure whether supranationalism should extend to foreign policy to build up a powerful, mobilized, and truly collective European capacity for military intervention. The European level foreign policy cooperation is perceived as a means to strengthen national policy and balance the decreasing capacity of Britain to act. However, British governments are willing to maintain their independence from the CFSP to a certain degree and feel free when they prefer a bilateral relationship with their strategic partner the U.S.

The multilateral organisations that the UK contributes to, have always occupied an important place in the British foreign policy making both as a reference point and as main instruments. The EU and the NATO are equally important for the UK. The United Kingdom is dedicated to conflict prevention against the new security threats and provision of harmony between the objectives of different states and international organisations to that end. Hence, the UK supports multilateralism. However, the unilateralist standing of its strategic partner, the U.S. makes it hard for the UK to defend the U.S. and Alliance against the scrutiny of the Europeans. The UK wants the EU to display a more coherent foreign policy and strategy development and improve its international impact through adding a military weight to its economic and diplomatic capacity as long as the military role of the EU does not curtail the NATO's. However, the UK sees the EU mostly as a 'soft power', which is necessary as much as the hard power of the NATO and the U.S. Hence, the EU is the most appropriate organization to work for the transformation and/or reconstruction of the regional states in the South Caucasus.

The UK contributes to the conflict prevention and transformation/reconstruction tasks of the EU in the South Caucasus through its Global Conflict Prevention Pool. Even a UK Special Representative for Georgia has been appointed. However, the greatest contribution is through the British oil industry investing in Azerbaijan. Hence, the primary focus of the UK in the South Caucasus is Azerbaijan, while the German projection towards the South Caucasus is mainly through Russia and Georgia. The UK also leans on its strategic partnership with the U.S. and the pipeline projects with significant U.S. backing. However, the oil and gas industry is not the only field of British existence in the South Caucasus. The London based non-governmental organizations in

the South Caucasus are in close cooperation with the British government and provide great expertise. Still, the British Petroleum is the single greatest contributor to the Baku-Tbilisi-Ceyhan pipeline project. Hence, a British firm provides the greatest investment to Azerbaijan on its own.

As the relations between the Caucasian states and the two EU Member States display, not even Germany and the UK are equally influential in all of the three Caucasian states. They have different comparative advantages, preferences and priorities in terms of developing relationships with the Caucasian states. Differing expectations and capabilities among the Member States is one of the factors curtailing the Member States' involvement in a common foreign security policy. This effects the expectations and capabilities of the European foreign policy in return. The Member States cannot be expected to focus on each and every foreign policy issue due to their limited resources. However, it is also in favour of the EU to have Member States with particular competence in a certain field. The growing number of issues enlisted within the scope of foreign policy will crowd the agenda of European foreign policy. Yet, the Europeanization of matters and policies with complex security connotations will bring the strengthening of intergovernmentalism.

APPENDICES

APPENDIX 1: TABLES

Table 1
Commitments and Portfolio of the EBRD as at 30 June 2004 (EUR Million)

Sector Name	COMMITMENTS					NET PORTFOLIO				
	No. Of projects	Total Project Cost	EBRD Funding	EBRD % of total	Disbursed	No. Of projects	Portfolio	% of Portfolio	Undrawn commitment	Operating assets
Financial Institutions	21	74.4	52.1	21.5%	41.6	17	35.8	24.1%	8.7	27.1
Infrastructure	8	1674.4	168	69.4%	127	6	106.8	72%	41	65.8
<i>Energy</i>	5	1610.2	133.1	55	95.7	3	84.3	56.8	37.4	46.9
<i>Transport</i>	3	64.2	34.9	14.4	31.3	3	22.5	15.2	3.6	18.9
Enterprise support	6	54.3	22	9.1%	15.9	4	5.7	3.8%	3	2.7
<i>Agribusiness</i>	5	36.4	19.3	8	13.2	4	5.7	3.8	3	2.7
<i>General Industry</i>	1	17.9	2.7	1.1	2.7	0	0	0	0	0
Country Total	35	1803.1	242.1	100%	184.5	27	148.3	100%	52.7	95.6

Source: Document of the European Bank for Reconstruction and Development, “Strategy for Georgia”, as approved by the Board of Directors at its meeting on 7 September 2004. <http://www.ebrd.org>

Table 2
Economic Indicators for Georgia

Georgia	1996	1997	1998	1999	2000	2001	2002	2003	2004
								<i>Estimate</i>	<i>Projection</i>
Output and expenditure (Percentage change in real terms)									
GDP	10.5	10.8	2.9	3.0	1.9	4.7	5.6	8.6	6.0
Industrial gross output	7.7	4.3	-1.8	3.7	5.3	-4.5	7.8	14.0	na
Agricultural gross output	5.1	3.9	-6.6	6.9	-12.0	8.2	-1.4	7.0	na
Employment (Percentage change)									
Labour force (end-year)	5.0	13.5	-4.8	-1.4	10.0	-3.6	-8.9	9.0	na
Employment (end-year)	0.6	12.5	-9.9	-6.0	13.2	-2.2	-6.7	10.7	na
Unemployment (end-year)	2.8	7.7	12.3	12.7	10.3	11.1	11.9	10.5	na
Prices and wages (Percentage change)									
Consumer prices (annual average)	39.4	7.1	3.6	19.2	4.1	4.6	5.7	4.9	6.0
Consumer prices (end-year)	13.7	7.3	10.7	11.0	4.6	3.4	5.6	7.0	5.0
Producer prices (annual average)	32.4	29.0	2.3	na	na	na	6.0	na	na
Producer prices (end-year)	na	na	3.7	15.7	na	na	1.6	na	na
Government sector¹ (In per cent of GDP)									
General government balance	-7.3	-6.7	-5.4	-6.7	-4.0	-2.0	-2.0	-2.9	-0.2
General government expenditure	21.1	21.0	19.1	22.1	19.2	18.3	17.8	18.9	20.5
General government debt	na	na	58.2	77.0	69.8	68.4	67.4	62.0	56.5
Monetary sector (Percentage change)									
Broad money (M3, end-year)	41.4	44.0	-1.1	21.0	39.4	18.5	17.1	22.7	19.6
Domestic credit (end-year)	66.9	77.4	39.4	36.7	18.7	1.1	10.1	14.7	10.9
Broad money (M3, end-year)	6.7	8.0	6.4	7.9	10.4	11.1	11.6	12.5	13.5
Interest and exchange rates (In per cent per annum, end-year)									
Money market rate ²	27.0	31.0	40.0	na	20.0	22.0	na	na	na
Treasury bill rate (3-month maturity) ³	43.4	26.6	43.3	na	26.0	29.9	43.4	44.3	na
Deposit rate (3-month) ⁴	31.1	13.7	17.0	14.6	12.0	7.8	9.8	9.3	na
Lending rate (3-month)	58.2	50.6	46.0	33.4	32.8	27.0	32.0	32.0	na
Exchange rate (end-year)	1.3	1.3	1.7	1.9	2.0	2.1	2.1	2.1	2.2
Exchange rate (annual average)	1.3	1.3	1.4	2.0	2.0	2.1	2.2	2.1	2.2
External sector (In millions of US dollars)									
Current account	-275	-375	-370	-217	-136	-210	-205	-310	-418
Trade balance	-351	-559	-685	-536	-398	-486	-439	-615	-770
Merchandise exports	417	494	478	477	584	473	553	650	691
Merchandise imports	768	1,052	1,164	1,013	982	959	992	1,265	1,461
Foreign direct investment, net	54	236	221	62	153	80	130	306	350
Gross reserves, excluding gold (end-year)	158	173	118	132	109	161	198	191	208
External debt stock	1,357	1,508	1,636	1,722	1,582	1,712	1,858	1,954	2,039
Gross reserves, excluding gold (end-year)	158	173	118	132	109	161	198	191	208
Debt service	47	40	125	151	187	188	233	201	222
Memorandum items (Denominations as indicated)									
Population (end-year, million)	5.4	5.4	5.4	5.4	4.6	4.6	4.6	4.6	4.6
GDP (in millions of levis)	3,847.0	4,679.0	5,741.0	5,665.0	6,013.0	6,637.8	7,448.1	8,466.0	9,422.0
GDP per capita (in US dollars)	563.0	657.0	771.5	524.0	658.7	693.2	734.4	854.2	na
Share of industry in GDP (in per cent)	20.3	13.3	12.3	13.0	13.7	12.2	12.4	na	na
Share of agriculture in GDP (in per cent)	33.2	29.0	26.7	24.7	20.2	20.7	19.3	na	na
Current account/GDP (in per cent)	-9.1	-10.6	-8.9	-7.7	-4.5	-6.6	-6.0	-7.9	-9.8
External debt - reserves, in US\$ millions	1,199.4	1,334.4	1,517.6	1,589.6	1,472.6	1,550.9	1,660.3	1,763.1	1,831.5
External debt/GDP (in per cent)	44.8	42.8	39.4	61.1	52.0	53.5	54.8	49.5	47.6
External debt/exports of goods and services (in per cent)	266	228	227	233	144	176	174	162	163

¹General government includes the state, municipalities and extra-budgetary funds.

²Interest rate on the interbank market from the International Financial Statistics (IFS). The National Bank regulates liquidity through credit auctions.

³Treasury bills were introduced in August 1997. The market was suspended from September 1998 to August 1999. The data from 1998 relate to August. The data from 2000 relate to the average auction rates during that year.

⁴Data refer to average rates for local currency from IFS.

Source: EBRD, Document of the European Bank for Reconstruction and Development Strategy for Georgia, as approved by the Board Directors at its meeting on 7 September 2004. <http://www.ebrd.org>

Table 3
The EU's Trade Relations with Georgia



Source: European Commission, "Trade Documents", http://trade-info.cec.eu.int/doclib/docs/2004/june/tradoc_113383.pdf

Table 4
The EU's Trade Relations with Armenia



Source: European Commission, "Trade Documents", http://trade-info.cec.eu.int/doclib/docs/2004/may/tradoc_113345.pdf

Table 5
Economic Indicators for Azerbaijan

Azerbaijan	Updated 09/2002										
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
										Estimate	Projection
Output and expenditure											
	(Percentage change in real terms)										
GDP	-23.1	-19.7	-11.8	1.3	5.8	10.0	7.4	11.1	9.9	8.8	8.0
Industrial gross output 1/	-19.7	-24.7	-21.4	-8.7	0.5	2.2	4.2	6.9	4.7	na	na
Agricultural gross output	-15.4	-13.0	-8.8	3.0	6.1	8.2	7.0	12.1	9.7	na	na
Employment 2/											
	(Percentage change)										
Labour force (end-year)	-0.8	-1.4	1.0	2.5	-11.0	0.3	0.1	0.0	0.1	0.2	na
Employment (end-year)	-0.2	-2.3	-0.5	2.0	0.2	0.2	0.0	0.0	0.0	0.1	na
	(In per cent of labour force)										
Unemployment (end-year)	0.5	0.6	0.7	0.8	1.0	1.1	1.2	1.2	1.2	na	na
Prices and wages											
	(Percentage change)										
Consumer prices (annual average)	1120.0	1684.0	412.0	10.7	3.5	-0.8	-8.5	1.8	1.5	2.8	2.5
Consumer prices (end-year)	1204.0	1788.0	85.0	6.5	0.4	-7.8	-0.5	2.2	1.5	1.9	4.1
Producer prices (annual average)	na	na	1754.0	122.7	29.8	0.0	-8.1	27.4	na	na	na
Producer prices (end-year)	na	na	na	87.2	2.2	-21.5	17.9	14.5	-4.4	-5.2	na
Gross average monthly earnings in economy (annual average)	708.3	801.5	307.8	43.1	58.5	18.9	9.5	20.2	15.7	18.5	na
Government sector											
	(In per cent of GDP)										
General government balance 3/	-15.3	-12.1	-4.9	-2.8	-1.6	-3.9	-4.7	-0.6	1.4	-0.1	0.1
General government expenditure 3/	55.9	45.9	27.2	21.3	20.7	22.9	23.8	20.8	20.1	23.9	na
General government debt	na	25.7	19.8	14.1	13.5	14.9	24.2	25.7	20.4	32.4	na
Monetary sector											
	(Percentage change)										
Broad money (M3, end-year)	818.0	1114.8	24.0	18.9	33.8	-17.0	22.2	89.5	-13.4	-8.2	na
Domestic credit (end-year)	480.0	841.0	61.0	33.2	11.1	13.0	-15.2	17.8	-13.5	na	na
	(In per cent of GDP)										
Broad money (M3, end-year)	54.9	55.9	12.2	11.3	13.1	10.0	11.1	18.8	12.9	10.8	na
Interest and exchange rates											
	(In per cent per annum, end-year)										
Refinance rate (8 months)	na	na	80.0	20.0	12.0	14.0	10.0	10.0	10.0	na	na
Interbank interest rate (3 months) 4/	na	na	na	38.0	22.9	23.2	20.5	22.5	19.8	na	na
Deposit rate 5/	34.0	408.0	90.0	13.0	11.5	10.9	9.9	12.2	12.0	na	na
Lending rate 5/	257.0	408.0	107.0	33.0	21.5	27.7	27.5	27.2	28.1	na	na
	(Manats per US dollar)										
Exchange rate (end-year)	258.0	4330.0	4440.0	4008.0	3888.0	3890.0	4378.0	4585.0	4775.0	4985.5	5108.5
Exchange rate (annual average)	120.0	1435.0	4417.0	4300.0	3983.0	3889.0	4120.0	4472.0	4656.8	4884.9	5050.8
External sector											
	(In millions of US dollars)										
Current account	-160	-123	-318	-821	-915	-1,384	-800	-188	-51	-1,385	-2,209
Trade balance	-122	-183	-275	-549	-587	-1,048	-408	319	614	-482	-880
Merchandise exports	697	882	880	789	808	878	1,025	1,858	2,079	1,593	1,753
Merchandise imports	819	845	955	1,338	1,375	1,724	1,433	1,539	1,465	2,055	2,613
Foreign direct investment, net	0	22	330	827	1,115	1,023	510	119	227	1,300	2,300
Gross reserves (end-year), excluding gold 6/	0	2	119	214	487	447	673	680	897	717	na
External debt stock	52	239	425	521	602	717	1,034	1,259	1,402	1,632	na
	(In months of imports of goods and services)										
Gross reserves (end-year), excluding gold 6/	na	0.0	1.1	1.5	2.7	2.2	4.2	4.0	5.1	2.8	na
	(In per cent of exports of goods and services)										
Debt service	na	0.4	5.2	7.4	7.3	4.7	4.8	4.5	5.7	7.3	na
Memorandum items											
	(Denominations as indicated)										
Population (end-year, millions)	7.5	7.8	7.7	7.8	7.9	8.0	8.0	8.1	8.1	8.2	na
GDP (in millions of manats)	157,082	1,873,400	10,889,000	13,883,200	15,791,400	17,203,000	18,875,000	23,591,000	26,819,000	29,709,121	32,892,332
GDP per capita (in US dollars) 7/	173	171	313	407	503	559	572	653	708	742	na
Share of industry in GDP (in per cent)	24.9	20.4	27.3	25.8	25.2	22.0	28.2	32.0	0.2	na	na
Share of agriculture in GDP (in per cent)	26.9	32.2	25.1	24.7	20.0	17.9	18.4	18.1	0.1	na	na
Current account/GDP (in per cent)	-12.2	-9.4	-13.2	-25.8	-23.1	-30.7	-13.1	-3.2	-0.9	-22.4	-33.9
External Debt - Reserves, in US\$ millions	52	237	308	307	135	270	361	579	505	na	na
External Debt/GDP (in per cent)	4.0	18.3	17.8	16.4	15.2	16.1	22.8	23.9	24.5	26.8	na
External Debt/Exports of goods and services (in per cent)	6.3	29.2	49.9	55.5	52.3	71.0	80.7	59.4	59.2	na	na

Note: Data for 1992-99 represent official estimates of outputs as reflected in publications from the national authorities, the International Monetary Fund, the World Bank, and the OECD. Data for 2000-2001 reflect EBRD evaluations, partly based on information from these sources.

1/ Industrial output excludes crude oil production.

2/ Employment and labour force estimates differ from official statistics. Labour force data is corrected for the working age population outside the labour force.

Unemployment is based on survey data. Less than 5% of all unemployed are registered.

3/ General government consolidates all levels of government except for municipalities and SOEs, and includes the Oil Fund and other extrabudgetary funds.

4/ 90 days interbank offer rate in manats, nominal.

5/ 1993-1995: minimum rate for household time deposits, minimum lending rate for private enterprises respectively. From 1996, 3 month deposit and lending rates to "bank-clients"

6/ By mid-August 2002, there were additional foreign exchange assets of around USD 600 million in the account of the State Oil Fund.

7/ GDP per capita figures for 1992-1993 are estimated from the IMF. The Manat became official legal tender only in January 1994. An improved method of calculating value-added in the oil sector has led to a sharp upward revision in n

Source: EBRD, *Document of the European Bank for Reconstruction and Development, Strategy for Azerbaijan*, approved by the Board of Directors, 17 December 2002.

Table 6
The EU's Trade Relations with Azerbaijan



Source: European Commission, "Trade Documents", http://trade-info.cec.eu.int/doclib/docs/2004/may/tradoc_113347.pdf

Table 7
The EBRD's Commitments to Azerbaijan

	<i>Oil & Gas</i>	<i>Financial Institutions</i>	<i>Property & Tourism</i>
No. of operations	6(1)	4(2)	1
Commitments in million Euro	152.2	25.1	1.8

(1) Chirag Early Oil has been recorded as 5 investment projects as this transaction includes 5 different borrowers.

(2) Excluding regional venture funds.

	<i>Power</i>	<i>Transport</i>	<i>MEI(1)</i>
No. of operations	2	3	1
Commitments in million Euro	75.7	50.7	23.0

(1) Municipal and Environmental Infrastructure

Source: EBRD, Document of the European Bank for Reconstruction and Development Strategy for Azerbaijan, approved by the Bank of Directors on 17 December 2002. www.ebrd.org

Table 8
Geographical Composition of Merchandise Trade

	1988	1995	2001	2002
<i>Merchandise exports, fob</i>				
CIS	92.7	41.5	28.4	31.2
EU	---	18.0	37.0	34.0
Rest of the world	7.3	⁽¹⁾ 40.1	34.5	34.9
<i>Merchandise imports, cif</i>				
CIS	81.7	46.2	37.3	45.1
EU	---	15.8	17.3	24.2
Rest of the world	18.3	⁽¹⁾ 38.0	45.3	30.6

Note: In 1988, Rest of the world includes the EU.

Source: The IMF Directions of Trade Statistics for 1995, 2001 and 2002, "Vestnik Statistiki," No. 3, 1990, for 1988.

Source: International Monetary Fund and World Bank, Recent Policies and Performance of the Low-Income CIS Countries, an Update of the CIS-7 Initiative, 23 April 2004.

www.imf.org/external/np.oth/042304.pdf

APPENDIX 2: MAPS

**Map 1
Georgia**



Source: The World Factbook, Georgia, <http://www.cia.gov/cia/publications/factbook/print/gg/html>, (10/10/2005).

**Map 2
Armenia**



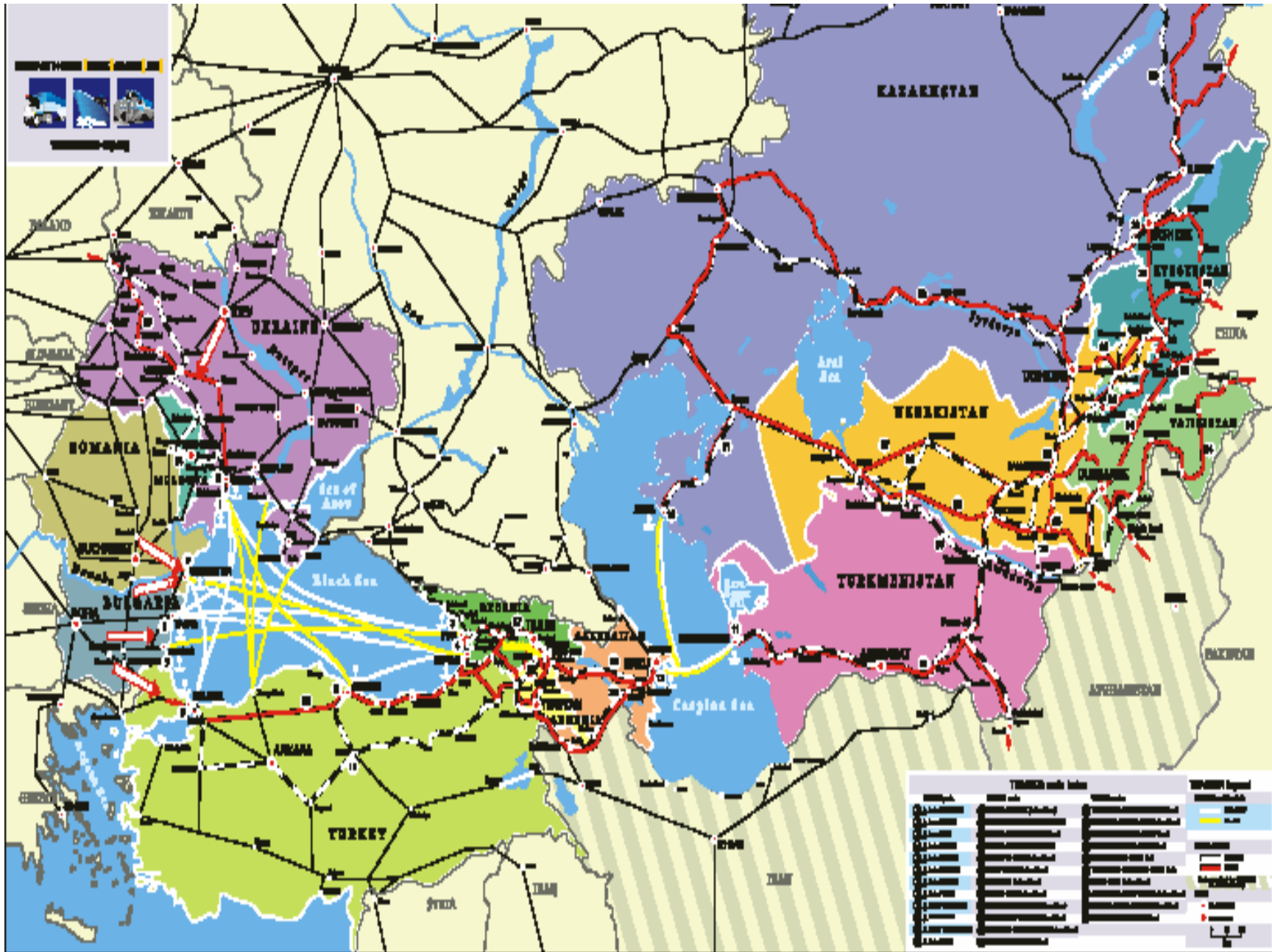
Source: The World Factbook, Armenia, <http://www.cia.gov/cia/publications/factbook/print/am.html>, (10/10/2005).

Map3
Azerbaijan



Source: The World Factbook, Azerbaijan, <http://www.cia.gov/cia/publications/factbook/print/aj.html>, (10/10/2005).

Map 4
Traceca RouteMap

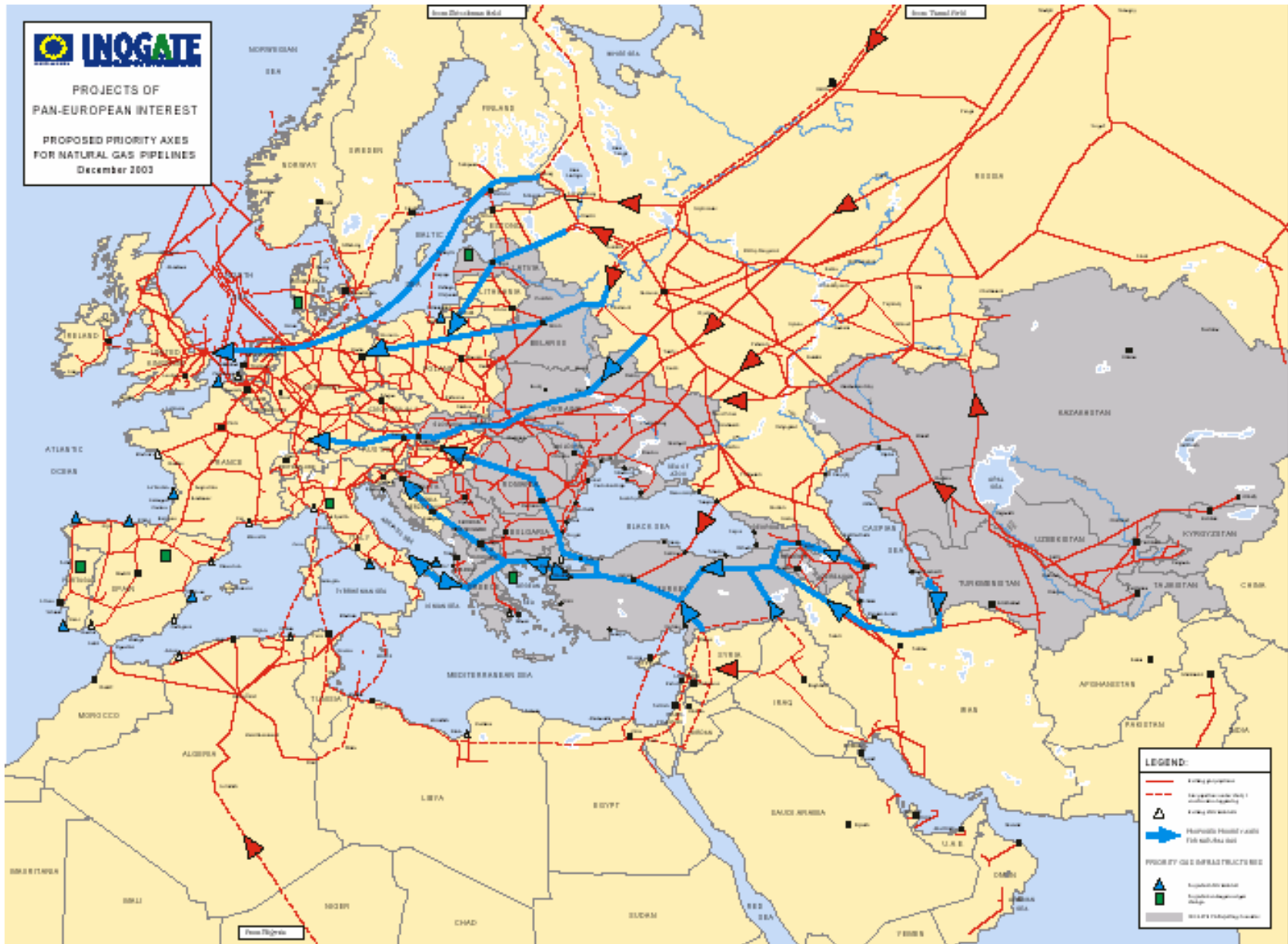


Source: TRACECA MAP, http://www.traceca.org/rep/traceca_map/TRACECA_MAP_A3.pdf, (10/10/2005).

Map 5
Traceca Routes Going through the South Caucasus



Map 6
Inogate Route Map for Gas Pipelines



378

Source: INOGATE, Maps, <http://www.inogate.org/html/maps/mapsgas.htm>, (10/10/2005).

Map 7
Inogate Route Map for Gas Pipelines Going through the South Caucasus

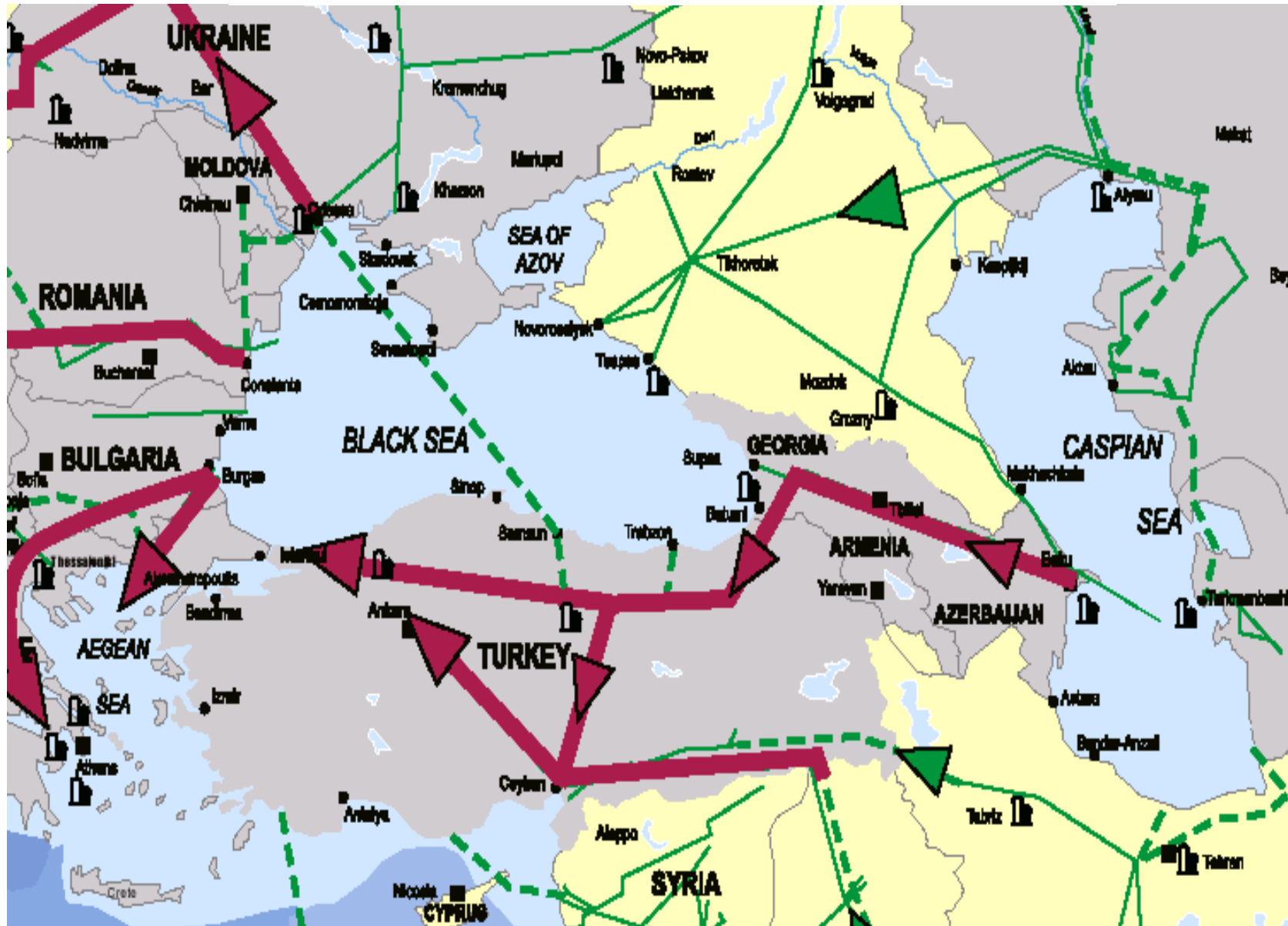


Source: INOGATE, Maps, <http://www.inogate.org/html/maps/mapsgas.htm>, (10/10/2005).

Map 8
Inogate Route Map for Crude Oil Pipelines



Map 9
Inogate Route Map for Crude Oil Pipelines Going through the South Caucasus



Source: INOGATE, Maps, <http://www.inogate.org/html/maps/mapsoil.htm>, (10/10/2005).

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