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FACTS, TRENDS, FUTURE SCENARIOS
SECURITY PERCEPTIONS:  
THE VIEWS FROM ARMENIA,  
AZERBAIJAN & GEORGIA  

The Evolution of Armenian National Security  
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Introduction  

The evolutionary development of Armenian national security has been closely tied to the unique history of the Armenians. Driven by its long but troubled history, the fundamental concept of Armenian national security has been dominated by the most basic and essential mission: survival. Throughout history, this mission has entailed a complex strategy of managing threats from a number of competing empires and regional powers. The sole driving force of this mission has been a priority of ensuring the physical survival of the Armenian nation. Although this mission of national security was not always tied to statehood, or even to sovereignty, the imperative for national survival forged a resilient and vibrant nationalism among the Armenian nation.  

Throughout the Ottoman period, with its sporadic threat of pogrom and massacre that culminated in the 1915 Armenian Genocide, the Armenian perception of national security was further equated with outright survival. With the birth of the first independent nation-state, through the formation of the Republic of Armenia in 1918, this historically defensive concept of Armenian national security adopted new elements of state security and military strategy. But the short duration of that early period statehood, which abruptly ended with the absorption of the first Armenian Republic into the Soviet Union, effectively halted the development of a more mature concept of Armenian national security.
The Soviet Legacy

Although the Sovietization of Armenia ended the country's short-lived independence, the incorporation of Armenia within the Soviet Union provided an important degree of security, especially in the aftermath of a series of military attacks by Turkish forces targeting the small Armenian state. Yet while the Soviet Union offered inherent security and ensured the survival of the beleaguered state, it also impeded the course of Armenian statehood and impaired the development of a more sophisticated concept of national security. Throughout the Soviet period, Armenia was confined within the parameters of Soviet identity and policy, leading to a long period of stunted development and retarded growth. This was also evident in the misdirection of national security during the Soviet period, with its inward focus on "enemies of the state," rather than focusing outward for potential threats. For the Soviet Union, as with most authoritarian regimes, such an inward focus of national security was necessary to maintain security and stability. Yet this resulted in an institutionalization of "regime security" over national security.

Thus, the foundations for Armenian statehood and national security were seriously flawed by the inherent limitations and impediments from the country's legacy as a component of the Soviet system. With the collapse of the Soviet Union and the emergence of a new independent Armenian state, there was no reservoir of experience and maturity to draw upon in preparation for the complex challenges from such an abrupt reawakening. Moreover, its legacy as a Soviet state led to a rather incoherent combination of strategy and statecraft at times grossly ill-suited for prudent policy or national power.

Yet during the early years of post-Soviet independence, Armenia was still able to withstand war and blockade, and to adapt to externally imposed isolation while still achieving economic growth in only a few short years. And in terms of military security, Armenia was able to emerge as the dominant force in the region. But in the fifteen years since a ceasefire with Azerbaijan that essentially "froze" the Nagorno Karabagh conflict, there has been far too little adaptation to meet
the changing nature of strategic threats and the geopolitical shifts that have so profoundly altered regional security. Moreover, and most worrisome, Armenia has yet to seriously confront the dynamic pace of change in global security, geopolitics and globalization.

**Armenia: The Process of National Security**

For all countries, not just Armenia, the process of defining national security is one of the more basic obligations of a state. The term national security is essentially used to define a state’s mission to meet possible threats, both internal and external. This state mission is comprised of three main pillars: to protect its territorial integrity and state borders; to provide security for its population; and to preserve stability, in both political and economic terms. The challenge of national security, especially in today’s complex environment of multiplying threats, is to ensure that both the definition and defense of national security is a dynamic, not static, process of constant vigilance and preparation.

For an infant state like Armenia, small in both size and population, national security holds an even greater role in influencing the formulation of domestic and foreign policy alike. Faced with the demands of a long-standing trade and transport blockade by two of its four neighbors, as well as the constraints of an unresolved conflict over Nagorno Karabagh, Armenian national security is endowed with a significance well beyond the traditional nature of small state geopolitics. Moreover, Armenia is now increasingly subject to several broader challenges, ranging from shifting regional geopolitical competition to new threats to the state-centered system of international security. More specifically, there are four key components to reassessing and redefining Armenian national security within the context of the country’s current limitations, challenges and threats.

**The Imperative to Reassess Armenian National Security**

For Armenia, there are obvious limitations of resources, both human and financial, to the development of a more sophisticated and
comprehensive strategy of national security. But Armenia faces a particularly challenging threat environment, with one neighboring country, Azerbaijan, that is both hostile and unhappy with its territorial and diplomatic losses in its war with Armenia over the Nagorno Karabagh enclave, and another neighbor, Turkey, which poses its own potential threat to Armenian security. Thus, this combination of scarce resources and potent security threats requires a more sophisticated strategic response. The core mission for Armenia, from this context, is to establish a coherent process of national security. This entails both organizational and ideological reforms, including a reexamination of commonly held but little questioned tenets of Armenian national security, as well as a greater effort to maximize policy options while mitigating the inherent impediments to its national power.

In terms of this imperative for forging a sophisticated strategic process of national security, Armenia needs to look for international models. One such example for Armenia stems from the U.S. model of national security planning, which offers an important precedent for Armenia mainly because it elevates the national security process to a level of equal significance with national security policy by opening the process to a higher level of policy debate and public disclosure. During the initial stage of the Cold War, for example, the executive branch of the U.S. government first instituted the practice of publicly disclosing an articulated concept of national security. The practice of an annual reporting of U.S. national security was not instituted until later, when a new law was adopted in 1986 requiring every U.S. Administration to submit an annual report on its national security strategy to Congress. This practice is more than a display of the transparency of U.S. governance, but as a legal requirement, forces the Administration to formulate and articulate a coherent concept of its national security goals and perspectives. Thus, it is the process more than the policy of national security that is enhanced by this system.

Yet the absence of an effective policy formulation process in Armenia remains unresolved, with the inactivity and inadequate authority of
each of the institutions of Armenian national security posing a seri-
ous obstacle. This deficiency is notable not only within the Armenian
National Security Council itself, which as the country’s principal secu-
rity body is largely marginalized from any lead role in the formulation
and consideration of the national security decision-making process.
Although there has been a marked increase in the role of parliamen-
tary committees with jurisdiction over defense and security policy,
the sheer dominance of the executive branch has only solidified the
dysfunctional nature of the national security process.

Therefore, a primary recommendation to improve the process of Ar-
menian national security would be to reform the organization of the
National Security Council. Currently, the Armenian National Security
Council is rarely utilized as an effective consultative body and, even
when it is engaged in the public policy process, is usually focused on
the implementation of a decision already adopted. This distorted pro-
cess stems from the fact that the body is headed by a politician and
former parliamentary speaker, with little experience and expertise to
fulfill his role as the Secretary of the National Security Council. Given
the president’s dominant role over much of the country’s military and
security policies and decisions, the practical result renders the body
to be organizationally impotent.

In terms of the process of national security, Armenian officials must
also recognize the fact that national security is a dynamic, not static
process that must become more inclusive, incorporating a broader
range of actors and input. The most basic mechanism to achieve such
inclusion would be to focus on targeting three specific actors: (1)
state bodies and ministries, through an emphasis on an inter-agency
approach; (2) academic and civilian experts, to harness critical input
from those beyond the confines of political constraints or consider-
ations; and (3) international experts and foreign officials, to utilize
“best practices” for national security decisions and to leverage the
input from other stakeholders in the process, such as experts from
the US, Russia and NATO, for only a few examples.
The Impact of the Georgian-Russian War on Armenia

Even before the August 2008 war in Georgia, there were several dangerous trends in the region already evident. These regional trends, ranging from a regional “arms race” to a shift in the fragile military balance of power in the region, posed new and very serious threats to Armenian national security. Yet even today, the outlook for security and stability in the South Caucasus remains far from certain. But the August 2008 war further demonstrated a dramatic shift in the region’s delicate balance of power, which has already reconfigured the threat perception and military posture of the region. More specifically, the changing nature of the regional military balance of power is compounded by two factors: a virtual “arms race” in the region, driven by sustained increases in defense spending, which have only impeded and subverted the course of reform and development in the region, and an overall shift in the regional “balance of power,” matched by a deeper trend of “militarization” in the region, with the amplification of militant discourse and threats of war heightening tension and increasing the danger of renewed military hostilities or war.

A Regional Arms Race

For several years, there has been a marked increase in a regional competition over defense spending. As Azerbaijan escalates its defense spending on a massive scale, Armenia is compelled to keep pace, fueling a new “arms race” in the region. Over the medium term, the danger for Armenia is not simply to match Azerbaijan’s military spending and rearmament, but to prepare for a possible emergence of a much stronger Azerbaijani military. In addition, there is a related worry over Azerbaijan’s militant rhetoric to “resolve” the Nagorno Karabagh conflict by force, which bolstered by several years of billion-dollar-plus defense budgets, now poses one of the most serious threats to regional security and stability.

The emergence of a virtual “arms race” in the region first started in 2004, as annual defense-related expenditures increased annually. Al-
though the precise composition of military spending differs among each of the three countries of the region, the defense spending has steadily and consistently increased over the past five years, with each country devoting an ever-larger share of limited revenue and resources to defense spending. Most notably, Azerbaijan has increased its defense budget from $175 million in 2004 to $4.4 billion for 2012. But given the extent of corruption within the country, the increase in the annual defense budget has not been used to either invest in developing or training a more capable armed forces, or for procuring modern military weapons. A similar, but less substantial, increase in defense spending has also been underway in Armenia, largely due to the pressure of feeling compelled to keep pace with Azerbaijan. But Armenian defense spending has been the lowest in the region, with Azerbaijan spending roughly ten times more than Armenia on its military for 2012.

The Shifting Military Balance of Power

Since the August 2008 war in Georgia, the shift in the region’s already delicate balance of power has become apparent, actually presenting an even more serious challenge to regional stability and security. In light of the virtual “arms race” in rising defense spending, the danger of a new wave of rearmament, amid an overall climate of militarization, suggests that any change in the fragile military balance of power in the region could pose a serious threat to security. And with Nagorno Karabagh now the sole unresolved or “frozen” conflict in the region, any new imbalance of military power threatens the capacity for maintaining relative peace and stability in the region.

Azerbaijan’s Military Aspirations

But the larger problem stems from Azerbaijan’s military aspirations, as Baku has repeatedly asserted a commitment to building a modern, self-sufficient armed forces on its own terms, rejecting the patronage of both NATO and Russia. Yet the course of military reform in Azerbaijan has been particularly difficult in recent years and, despite a sharp increase in its annual defense budget financed by its energy
wealth, the outlook for Azerbaijan’s rise as a regional power is far from certain.

Despite several consecutive years of multi-billion defense budgets, Azerbaijan has accomplished little to date in terms of procuring advanced weapons systems or investing in modern equipment. Of its three branches of service, both the army and air force have continued to suffer from neglect, with continued shortages of spare parts and poor equipment maintenance. In addition, the Azerbaijani Air Force continues to suffer from shortfalls in munitions, ordnance and even aviation fuel, making the service the least combat-ready force. The Azerbaijani army, traditionally the core service of the armed forces, also lacks power projection capabilities and is far from attaining even a minimum level of combat-readiness. Thus, the real potential for building a modern armed forces in Azerbaijan remains little more than a distant promise at this stage. And even with the enormous state budgets for defense, a relatively small proportion of defense spending has actually been spent on arms, training and essential equipment. Moreover, although the future of Azerbaijan as a regional military power seems certain, it will require at least a decade of sustained and serious military reform before Azerbaijan can even begin to realize its potential as the dominant military power in the region.

**Threat Perception**

For Armenia, the continued threats of war and sizable defense spending by Azerbaijan loom large in the minds of Armenian defense planners. Faced with the possibility for renewed war, Armenian officials see a crucial strategic benefit from the security umbrella of the Collective Security Treaty Organization (CSTO) and are convinced of the advantage of collective defense for CSTO members, including Armenia. And for Nagorno Karabagh, which after Russia’s recognition of the independence of Abkhazia and South Ossetia from Georgia, is now the sole remaining “frozen” conflict in the region, the threats posed by a re-armed and re-assertive Azerbaijan can not be ignored. For the time being, Nagorno Karabagh remains fairly secure, mainly
due to the impressive professionalism and high state of readiness of the Karabagh military, in contrast to the generally poor state of affairs within the Azerbaijani armed forces. Most crucially, the tactical advantages of the Karabagh military’s well-entrenched defensive fortifications also deter Azerbaijani aggression in the medium-term.

But Armenia should not be the only one concerned over such a threat to regional security. The international community should also be worried, especially since the August 2008 war in Georgia only demonstrated the vulnerability of the region’s oil and gas pipelines from renewed hostilities. In addition to the fragility of the regional energy infrastructure, there are also several broader economic considerations, of even greater and longer lasting concern.

The Fallacy of Economic Deterrence

First, it is now clear that the war in Georgia has revealed that the flow of oil and gas from the Caspian through the region is hostage to the inherent insecurity of the countries of the South Caucasus. But such vulnerability is certainly not a new development, as Western attempts to develop Iraq’s oil sector have failed repeatedly in the face of incessant instability, for only one example. What was different in the Georgian case was the utter failure of the “economic deterrent” that was presumed to underscore Western commitments to security in the region.

More specifically, although the war in Georgia interrupted the flow of oil and from the Caspian and halted pipeline operations, the response was surprising. Prior to the August war, many analysts expected that by virtue of the sizable Western investments in the regional energy sector, which included the massive Baku-Tbilisi-Ceyhan oil pipeline, Western oil companies would do all in their power to pressure their governments to take immediate steps to end the conflict. Yet there was no concerted pressure, neither from the Western oil companies nor the states often thought to act on their behalf. The lesson of such empty “economic deterrence” suggests that in the event of a future conflict in the region, such as a war initiated by Azerbaijan, there should be no real expecta-
tion of an immediate or effective Western response. So much for the fallacy of British Petroleum exercising its influence over Azerbaijan to prevent war in order to maintain the flow of its oil supplies.

The Risk of Hostilities & the "Hostilities of Risk"

The second factor of defense economics is the relationship between the risk of hostilities and the "hostilities of risk." Notably, there is an inverse relationship between an increasing level of the risk of hostilities and an increasingly hostile level of risk, affirmed by the fact that international capital may pull out of a region once it becomes too dangerous to operate or too unstable to protect investments.

Ironically, this rather basic business maxim poses more of a threat to Azerbaijan than to Armenia. It also means that by aspiring to replace Armenia as the region's dominant military power and threatening to retake Karabagh by force, Azerbaijan may soon face a worried group of investors who may decide that the risk outweighs the profit in Azerbaijan. And Azerbaijan is especially vulnerable to any downturn in investor confidence because of its over-reliance on foreign capital amid falling oil prices and due to a lack of industry beyond its energy sector.

Against the backdrop, it is clear that the military balance of power has returned as one of the most crucial considerations for regional security and stability. But at the same time, the real imperatives for regional security and stability are, nevertheless, internal in nature and depend far more on institutional legitimacy, the rule of law and good governance, and on local economics and politics than grand geopolitics.

Threats to National Security

Armenia faces several new internal developments that compound the need to reexamine its concept of national security. These internal challenges, in many ways the hardest to overcome, range from a worrisome trend in authoritarianism and a widening deficit of democracy, to an erosion of self-sufficiency and independence stemming from a dan-
gerous over-reliance on Russia. In many ways, the most serious threat to Armenian national security comes not from Azerbaijan, nor Turkey, but comes from within. It is posed by the internal threat of corruption and all of its derivatives, from the rise of the powerful oligarchs to a “rule of law” that has degenerated into a “law of the rulers.”

The real threat to Armenian democracy is most clearly demonstrated by the tendency for governance by strong individual leaders over strong institutional leadership. This dominance of “strongmen over statesmen” has emerged as one of the most formidable obstacles to conflict resolution and regional reintegration. The challenges of a mounting social divide, marked by widening disparities in wealth and income constitute “economic security.” These economic and social components of national security, exacerbated by a cancer of corruption, constitute a threat to Armenia’s internal stability and security that has been ignored for far too long.

Despite the serious problems and deficiencies with Armenian politics, there is, nevertheless, a widening “democracy divide” between pluralist Armenia and its more autocratic Azerbaijani neighbor. And although there is a troubling need to bolster the institutions of Armenia’s infant democracy and address the serious social inequalities, this advantage should not only be highlighted, but must also be exploited.

The Blockade of Armenia

One of the more immediate challenges driving Armenian national security has been the blockade imposed by Azerbaijan and Turkey. Although the term blockade usually refers to the maritime interdiction, interference and denial of trade and transport to a nation’s port and coastline, in the case of the blockade of Armenia, it has encompassed a total East-West closure of Armenian land borders with both Azerbaijan and Turkey. The blockade of Armenia was especially powerful as it included a full disruption of trade, transport and energy links, and its effects were magnified by the landlocked nature of the Armenian state.
While the imposition of the blockade by Azerbaijan was a natural result of the conflict with Armenia over Nagorno Karabagh, its initial impact resulted in an immediate and devastating shortage of foodstuffs and basic commodities, an abrupt and severe energy crisis, and a period of isolation. Armenia was forced to quickly adapt to the sanctions and strove to accommodate the social and economic demands of crisis by concentrating on its sole remaining external trade link northward through Georgia. The structural effects, however, of such adaptation fostered a degree of mounting dependence on Georgian territory as its sole source for Russian energy and goods. This dependence was quickly exploited by the Georgians as transit and tariff fees quickly exceeded normal market rates. The second external trade route, consisting of a small border crossing point southward through Iran, was without the infrastructure necessary to provide an immediate alternative. The long-closed border with Iran through the Soviet period, the nature of the Iranian market and political regime, as well as the “rogue” state status of Iran all complicated Armenia’s use of the Iranian option.

Overall, the blockade of Armenia has long surpassed its utility. Not only was Armenia able to adapt, it has achieved impressive rates of economic growth. In some ways, the effect of the blockade actually unified the Armenian (and Karabagh) population. This “siege mentality” also withstood internal divisions and enhanced outward unity far beyond that of its neighbors. Although the structural effects of such an artificial economic situation tends to foster economic development that does not correspond with an economy’s natural comparative advantage or conform to a country’s normal direction of trade, the lasting impact of the blockade on the Armenian economy was far less than originally anticipated.

The Threat of Isolation

In addition, there is also a new threat matrix facing Armenia, mainly from the danger of isolation. This threat involves the danger of becoming isolated and disconnected from the globalized marketplace. This threat is rooted in the economics of isolation, and is a shared threat throughout the region that involves a need to keep pace with
technological and economic changes inherent in the process of globalization. Although from a regional perspective, Armenia benefits from increasing rates of foreign investment that are not resource-based like Azerbaijan nor aid-driven as with Georgia, but are attracted by the openness and opportunity offered by the Armenian economy. The Armenian IT sector holds another important advantage over its neighbors and demonstrates the necessity for interoperability with global markets and knowledge-based development.

In terms of global security it is now accepted that “national security depends less and less on territory and natural resources and more and more on the ability to adapt and integrate into the global economy.” And for a country like Armenia, that is faced with traditional limits of demography and geography, “economic issues are increasingly linked to security.” Yet this recognition has yet to be embraced by Armenian national security, as the current confines of Armenian nationalism have as yet failed to expand to include the demands of “economic security.”

**Conclusion**

Traditional regional players in the region, Russia, Turkey and Iran, are now also competing for influence with the United States and the European Union. But the most significant factor for Armenia is not the role of outside players in the region, but the challenge of addressing Armenia’s unresolved domestic political crisis. Without the foundation of resilient democracy, a population whose needs are met and an economy based on opportunity, Armenia will not be strong or stable enough to resist the outside influence of external actors. In this way, Armenia needs to tackle these internal challenges in order to strengthen its own sovereignty and statehood.

As an arena for both cooperation and competition, the region is strategically significant, by virtue of its geographic and geopolitical vulnerability as a region where the national interests of Russia, Turkey, Iran and the United States all converge. Over the long-term, in order to acquire durable security in the South Caucasus, however, the real im-
peratives are internal in nature, stemming from several key challenges: the need to graduate from the political school of elections driven by power not politics, and for leaders to be elected, not simply selected. Legitimacy is the key determinant for durable security and stability, while the strategic reality of the region is defined less by geopolitics, and more by local politics and economics. But most crucial is the lesson that institutions matter more than individuals for real democratization.

For Armenia, there seems to be a dangerous lack of appreciation of these trends, however, and more seriously, is compounded by an incomplete Armenian strategy for national security, only matched by a lack of a coherent process of national security. Specifically, the course of Armenian national security has failed to evolve beyond the parameters of the Karabagh conflict and has only led to a hardening of Armenian political thinking in recent years, fostering an increasingly rigid nationalist posture, a closed system of politics and limited political discourse. But again, it is also the absence of the process more than the policy of national security that is most worrisome.

Thus, the redefinition of Armenian national security reveals the need for not only for a clear and coherent redefinition national security, but for a new recognition of national security as a dynamic, not static, process beyond policy. But the imperative for overcoming Armenia’s national insecurity is to first address the underlying military, political and economic trends. The overwhelming focus on so-called external threats to Armenian national security has been both misplaced and mistaken. Such “threat misperception” is rooted in a rigid nationalism has been compounded by the closed and subjective nature of national security and defense policy-making.

The overwhelming need, therefore, is to institute a process of national security and defense that elevates Armenia’s true national interests over more parochial partisan interests and that recognizes that the core challenges to Armenian national security come not from Turkey or even Azerbaijan, but from within. Only then, can Armenia attain real security and lasting stability.
Azerbaijan’s Threat Perception and Hierarchy of Security Threats

Zaur Shiriyev

Introduction

More than twenty years have passed since the three South Caucasian states, Azerbaijan, Armenia and Georgia, regained independence in this physically small but geo-strategically significant region. Since the dissolution of the Soviet Union, they have sought to independently protect and promote national security, rather than slipping back under the Soviet shadow. After the end of a vast, single, comprehensive security system and its common implementation structure, the newly independent states were faced with the challenge of identifying new national security concepts and finding the means to provide them. The main difference between these tiny South Caucasus states and the other post-Soviet countries emerged during the first half of the 1990’s, as South Caucasian enmities led to various conflicts that ran parallel to these countries’ respective state-building processes, which arguably protracted the security dilemmas and cemented the interrelationship with nation-building.

In addition to the common disputes inherited as part of the post-Soviet legacy (for example, the status of Soviet military bases, contested status of the Caspian), each country has its own security dilemmas. Inter-regional conflicts, notably, became a serious security threat with the wars of the early 1990s: the Azerbaijan-Armenia Nagorno-Karabakh war, and the Georgia-Ossetia and Georgia-Abkhazia conflicts. Concerns about the possible outcomes of these conflicts have significantly influenced not only intra-regional relations, but also relations with the external powers, including strategic alliances. As stated above, each state has a subjective perception of security issues, as well as their common concerns (notably the post-Soviet questions mentioned above, human trafficking, migration and others).

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Security Perception of Azerbaijan

Due to its geostrategic location, Azerbaijan occupies a sensitive area that presents itself as a "defensive shield" for the Caspian Sea: it opens or blocks access to many significant extra-regional actors to oil and gas wealth. This situation is best described by Elin Suleymanov, the Azerbaijani Ambassador of Azerbaijan to the United States: "The only way, from the Arctic to the Indian Ocean that you can transport eastern Eurasia energy resources to Western Europe without passing either through Russia or Iran is via the Republic of Azerbaijan." ²

On the other hand, from a geopolitical perspective, Azerbaijan finds itself sandwiched between Russia to the north and Iran to the south. Azerbaijan’s allegiance on the East-West axis is hard to establish, due to the fact that the realization of all strategic energy and transportation projects on the Silk Road are subject to occasional threat by the geostrategic North-South ‘alliance’.

Generally, Azerbaijan’s national security policy and threat perception developed only during the mid to late 2000’s as government policy, under which the main aim was achieving and strengthening national interests, according to National Security Concept of Azerbaijan (NSC),³ which states the primacy of protecting "independence and territorial integrity, ensuring inviolability of its internationally recognized borders.” Especially after the Georgia crisis in 2008, regional security has become more complicated and fragile, and Baku responded by developing its Military Doctrine. In both strategy papers, country has broad range of aims on protecting national interests, but given the limited space for analysis, Azerbaijan’s security perceptions can be reviewed by classifying threats as either military and non-military security threats.

Military Threats:

_Nagorno-Karabakh conflict; Continuation of occupation and the possibility of a ‘new’ war_

One of the most serious and long-standing conflicts in the Caucasus is the controversy between Armenia and Azerbaijan over the Nagorno-Karabakh province located in the southwestern corner of Azerbaijan. In 1991–94, Armenia’s undeclared war gave rise to one million IDPs in Azerbaijan and the occupation of Azerbaijani territories: former Nagorno-Karabakh province (oblast) and its seven adjunct provinces. For Azerbaijan, the Nagorno-Karabakh conflict (NK) poses threats in several directions:

Physical Dimension: First, Azerbaijan perceives the NK conflict as threat to territorial integrity and state independence. According to the NSC, the aggression against the Republic of Azerbaijan is a major determinant of the country’s security environment and is a key factor in the formulation of the National Security Policy”. “The vast majority of the NSC paper that deals with the NK conflict is straightforward, with clear references to Azerbaijan’s commitment to the peaceful settlement of the conflict within the framework of the OSCE Minsk Group, and a statement of Azerbaijan’s desired principles for such a peaceful settlement - Armenian withdrawal of troops from occupied territories, re-establishment of Azerbaijani sovereignty, return of IDPs, definition of legal status for the two - i.e. Armenian and Azerbaijani - communities of NK, and establishment of conditions for the region’s overall development and integration. However, leaked information from the U.S. State Department reveals that despite the NSC’s ostensibly good intentions on NK, the draft version of the NSC document was cause for regret and surprise on the part of Western diplomats, who were disappointed that the strategy paper failed to meet NATO standards, making claims of Armenian “genocide, war crimes, and crimes against humanity”. This language, felt the US,

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could potentially limit its ability to strongly endorse this document. In general, in the direction of adopting NATO’s military and defense reforms, changes in Azerbaijan have so far been nothing more than cosmetic, and have little to do with units being brought up to NATO “standards.” However, the Military Doctrine of Azerbaijan (MDA), adopted in 2010, stresses that “Occupied territories’ by Armenian Republic temporarily remaining out of the control of government bodies of the Azerbaijani Republic damages not only national security, but has a serious negative influence on regional security as well. These situations are worsening as a result of the inefficiency of international union’s efforts in the settlement of the problem.” In the MOD, Azerbaijan openly remarks that, “an act of aggression committed against Azerbaijan by any state (excluding the Armenian Republic) at the current stage is in the low level”. At every opportunity, the country makes clear at the international level that it still perceives the NK conflict as a threat to the physical presence and stability of country.

Energy Dimension: The second area of conflict is in energy, and its impact on bilateral relations. Hence, the resolution of the Nagorno-Karabakh conflict is strongly linked to relations with the EU and U.S., and development of the Caspian energy strategy, where Baku has consistently used petroleum politics and pipeline diplomacy in a pragmatic manner with the primary objective of resolving the Nagorno-Karabakh issue, the “Achilles heel” of the country’s security threat perception. Despite expectations that the energy card could be successfully deployed to resolve the conflict, and to keep Armenian leadership under economic blockade (the Azerbaijani leadership’s explicitly stated priority) ultimately this tool was ineffective. Meanwhile, growing frustration between both nations could lead to the outbreak of war and thus put the socio-economic development of the region and energy projects at great risk. This came true during the 2008 August War between Russia and Georgia, which destroyed Baku’s previously held belief that

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Western countries could counterbalance Russian power, and that there was no threat of a new war, nor any threat to Azerbaijan’s energy policy. But the advantage of this development is that after this crisis, Baku had facts (i.e. the Russian-Georgian conflict) to show the West, regarding the fragile nature of regional security, and that official Baku’s concerns about energy security were warranted.

Bilateral and International Relations: The NK conflict affects bilateral relations of countries, and even poses serious challenges to alliance formations. From its outbreak, the conflict has affected Iranian-Azerbaijan relations; Azerbaijan believes that Iran holds a hypocritical position on the settlement of the Nagorno-Karabakh conflict. Due to Iranian economic support, Armenia feels economically more secure in the region, despite the fact that officially, Iran has declared Karabakh to be the historical territory of Azerbaijan. In practice, Tehran is not interested in the speedy resolution of conflict, and wants the status quo to prevail without turning into a hot war. Second, the NK conflict brought about a crisis in 2009 between two strategic allies, Turkey and Azerbaijan, namely when Turkey pushed rapprochement with Armenia. This step, taken in the absence of meaningful progress in resolving the Nagorno-Karabakh conflict between Azerbaijan and Armenia, was perceived by Baku as a betrayal by its Turkish ally.

In the case of Armenia, the NK conflict brought about a more dramatic situation in regard to bilateral relations when an Azerbaijani officer was released after returning home from prison in Hungary. Yerevan responded by cutting off diplomatic relations with Hungary. Also, in the international arena, specifically EU and NATO, when they adopt a resolution on the conflict, or invite leaders of both countries to summits, the main question is if in the final resolution there will be mention of the territorial integrity of Azerbaijan; in that case Armenia demands that the principles of self determination be put in such documents. One practical example of this dimension was seen in the 2012 Chicago NATO Summit, where Armenia did not send high-level representatives

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after NATO stated in advance that there would be emphasis on territorial integrity in the final declaration of the summit.\textsuperscript{8}

Socio-economic and Domestic Political dimension: One of the important dimensions of the NK conflict is its impact on the socio-economic development of the countries involved and the current and potential impacts on the domestic political struggle between the ruling party and opposition.

Regarding the economic impact of the conflict, its outbreak was accompanied by a sharp decline of the country’s economy during the first years and macro-economic reforms, especially privatization, were delayed as they were coincided with the conflict.\textsuperscript{9} Since the mid 1990s the situation has gradually stabilized, and the country has experienced a steady growth in gross domestic product (GDP) through the 2000s, due to income from oil exports. The main victims of the economic downturn were Internally Displaced Persons (IDP). International organizations estimated that about 70 per cent of IDPs are poor, with 35 per cent of these categorized as very poor, after the decade of conflict.\textsuperscript{10}

Despite economic growth and stabilization of the situation of IDPs, some experts argue that the NK conflict has led some people from both sides of conflict to benefit from "shadow economies"; the beneficiaries of these "shadow economies" are mistakenly considered proponents of the status quo of the conflict and as a major obstacle to the peace process.\textsuperscript{11} On the other hand, as mentioned before, Baku’s rising economic power has increased belief among the political elite that Armenia will become more open on negotiations and will act to benefit from the economic promise of Azerbaijan’s oil revenues. But

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\textsuperscript{10} USAID 2001 http://www.usaid.org.ge/factsheets/fsS03iz.html

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this process has had the opposite effect in some sense; Armenia now, more than ever, can count on Russian help. Relative to Armenia, Azerbaijan looks very strong; relative to Armenia and Russia, it looks rather different.\textsuperscript{12} However, while physical destruction may be compensated by Azerbaijan’s revenues from the oil and gas resources, the Azerbaijani government plans to spend 28.4 billion dollars on post-conflict rehabilitation. Officially, Baku has shared views on the post-conflict period and its plan to attract the local population of NK. In fact, independent research suggests that $30 billion worth of rehabilitation and reconstruction needs to be invested in basic infrastructure and services for the territories around Nagorno-Karabakh, and total reconstruction costs top $60 billion, according to Government estimates for all affected territories.\textsuperscript{13}

One of the key negative effects of the NK conflict on the economy is increased military expenditure. In 2011, the military budget was 2.5 billion manats, or about $3.12 billion, and $4.4 billion in 2012,\textsuperscript{14} higher than Armenia’s entire state budget for 2012 ($2.26 billion). The only issue that Azerbaijan’s ruling and opposition parties share views on and support one another on is the NK conflict. In this regard, the ruling party freely allocates large portions of the state budget to the military budget, and gives the argument that this money is not only for buying military equipment; it is also used to build up the military industry, enabling Azerbaijan to export products of its military industry.

Meanwhile, the more politically aware voters are against government policy in this area, arguing that this money would have greater impact if spent on sectors that require urgent investment, education, health, etc. Meanwhile, the ruling party can easily manage the situation by


\textsuperscript{14} Azerbaijan To Reform Military Conscription, RFE/RL, 21 February 2012, http://www.rferl.org/content/azerbaijan_to_reform_military_conscription/24491577.html
saying that opposition is against the resolution of the NK conflict, and in its turn, the opposition can easily put pressure on government by saying that despite its claims that the military is developing and economy has had a big impact on this process, Karabakh and adjunct territories are still under occupation. Such rhetoric can also be found in Armenia, where claims that one party is trying to ‘sell NK’ is good maneuver for politicians, especially during election period.

**Terrorism, Military Use of Nuclear Weapons**

Terrorism was a key challenge for Azerbaijan mainly during the first years of independence (1989-1994), when Armenian-backed terrorist groups attacked the civilian population of Azerbaijan. The special intelligence services of Armenia organized and committed terrorist actions in locations populated by peaceful Azerbaijanis, far from the territories where battles were being waged, and as a result hundreds of innocent people were killed and wounded. Since the ceasefire agreement was reached in 1994, it has been fundamentalist Islamic groups that have begun to pose new terrorist threats to national security.

Following the September 11, 2001 attacks, the main targets of the Azerbaijani special services were international terrorists from Middle Eastern countries, and starting from 2004, the U.S. government was concerned that the Iranian special services were expanding their influence in Azerbaijan, possibly in order to gain leverage over the United States should Washington decide to attack Iran.\(^{15}\) The August 2008 bombing of a Baku mosque heightened an already anxious mood in Azerbaijan.\(^{16}\)

This incident caused the government to take further measures for security, notably an order titled “On additional measures to reinforce security of the pipelines, bridges, power stations and main electricity lines in Azerbaijan.” According to the NSC, “132 km of the international border


with Islamic Republic of Iran and 733 km of the border with Armenia [...] lack of control over these borders creates fertile grounds for above mentioned crimes.” 17 Azerbaijan’s concerns are for the most part shared by the U.S., as seen in its annual intelligence reports on terrorism.

Since 2011, Azerbaijan has mainly received terrorist threats from Iranian financed terrorist groups, whose main aim is to threaten US and Israel. The number of security alerts issued by the US and Israeli embassies have increase. In 2011 and the first half of 2012, Azerbaijan national security services stopped a terrorist attack on Israeli and US diplomats; during the 2012 Eurovision Song Contest, the main target was the leadership of Azerbaijan. The main reason for the increasing number of Iranian financed terrorist groups is undoubtedly the increasing discussions about military interventions in Iran by Israel and US, and the same time, Iran’s aim to destabilize the country. This situation has been aptly summarized by Matthew Levitt, an analyst at the Washington Institute for Near East Policy: “The Iranians have a history of a presence there and they wouldn’t mind undermining the country, given Azerbaijan’s Western leanings.” 18

The nuclear armament in and around the region poses a further security threat. The main controversy around nuclear activity Azerbaijan’s opposition to Armenia’s Metzamor Nuclear Power Plant, which was built during the 1970s, and lies about 20 miles west of the Armenian capital of Yerevan. Azerbaijan’s position is based on two facts, firstly, that this nuclear station is located in a seismically active zone, which has a 11-magnitude earthquake risk and thus is a source of serious danger for all of the Caucasus region. Secondly, the Metzamor plant very similar to the ones which the European Union insisted be shut down before Bulgaria and Slovakia joined the EU.

In regard to Iran, officially Baku has not raised the same concerns, and in several documents, has even stressed its support for ‘peace-


ful’ nuclear energy. But in fact, the military doctrine stresses concern over potential military use of nuclear facilities in neighboring region. This is also mentioned in the NSC: “Possible acquisition of weapons of mass destruction or their production for terrorist activities may exacerbate these threats.” However, under current political conditions, this concern might rise to the top in coming years.

Separatist Movements, Possible Conflicts in and around the Region

Separatism, ethnic and religious extremism have been stated as one of the main challenges to state security, according to the NSC of Azerbaijan. In the first years of the 1990’s, there was an ethnic separatism movement in the South (separatist Talysh movement) as well as in the North (separatism Lezgin movement sponsored by the Sadval terrorist group). The latter group organized terrorist attacks against civilians, notably the 1994 terrorist attack on a metro station. In the meantime, Azerbaijan deems the current regime in Nagorno-Karabakh as separatist. Therefore, Azerbaijan is struggling against the self-defined NKR on the international stage, calling upon all countries to refrain from allowing activities that would legitimize this group.

In addition, Azerbaijan perceives Southern Ossetia and Abkhazia as a source of military, terrorist and subversive threats to regional economic cooperation and security. Azerbaijan has stated that it will take hard security measures against any conflict which poses a threat to regional stability, including South Ossetia and Abkhazia.

The main challenge in the neighborhood seems to be from the North Caucasus. Azerbaijan’s security has been challenged several times by the North Caucasus, where fundamental Islamic movement are operating and are trying to find traction in Azerbaijan. This movement is known to cooperate with North Caucasian militants. Arguably, Azerbaijan faces not only the territorial presence of Jamaat and other fundamental Islamic groups that sympathize with the militarized North Caucasian resistance movement, but also a more delicate issue, which is the conflict
between the Shia and Sunni branches of Islam. The radical Islamist movement in the North Caucasus, which identifies itself as either Salafi or Wahhabi, would like to become a sovereign entity, the Caucasus Emirate. Under this objective, the jihadist-Islamic movement is becoming well-established. This situation causes security concerns in a number of directions. Firstly, it can help to reinvigorate the Lezgin separatist movement, and secondly, there is the more dangerous threat that the jihadist movement will spread in northern Azerbaijan and strengthen cooperation with already established fundamentalist groups in Azerbaijan. The government of Azerbaijan could soon find itself on the side of Russia on this particular issue. Moscow believes stabilization can come via investment in the region, and thus some business contacts from Azerbaijan have visited the region and established contact with local authorities, to identifying possibilities for investment.

Non-Military Threats

The country’s security threats in the non-military field are quite complex, as well as being difficult to separate from the military threats. Significantly, contrary to the military threats, these have no permanent solution, and are constantly changing in size and range.

Drug, Human and Narcotics Trafficking; Smuggling

Drug/narcotics trafficking is a key challenge for Azerbaijan, taking into considerate that after the disruption of the Balkan Route, which was the main international narcotics transit route until the end of the 1990’s, the Caucasus has become one of the main transit routes for drug and narcotics. Thus since 2001, despite the fall of the Taliban (the main ‘drug mafia in Central Asia) drug trafficking to Europe has increased. Reports by several international organizations mention

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19 Mairbek Vatchagaev, Azerbaijani Jamaat Cooperates with Caucasus Emirate, Eurasia Daily Monitor Volume: 9 Issue: 73, August 2012

20 Reference made here to businessmen, oligarchs

that the main challenge for Azerbaijan in terms of drug trafficking is the 132-kilometer territory under occupation, which is not sufficiently controlled, either by local governments or international organizations. The Autonomous Republic of Naxchivan represents another major drug route on the Iranian-Azerbaijani border, a region which is under blockade by Armenia, and for which Iran and Turkey offer the only outside links for its impoverished citizens.

However, the increase of drug smuggling through Azerbaijan is cause for concern not only for Western countries; it poses considerable threat to Azerbaijan’s domestic situation. If a few years ago the internal consumption of drugs in Azerbaijan was relatively low, now the situation has changed and the use of illegal substances has rocketed. In the meantime, since the 2000s, due to the health system’s limited capacity for proper treatment for drug addicts, and a dearth of facilities for proper medical treatment in the regions. According to the national Narcotics Dispensary, drug use has increased substantially in the last fifteen years; drug use prevalence per 100,000 people was just thirteen in 1988, but had risen to 200 by 2011.

Human trafficking to neighboring countries for sexual exploitation and labor exploitation is another key concern. In 2005, Azerbaijan passed the Law on the Fight Against Human Trafficking, which established the legal and organizational grounds for fighting human trafficking, defined the legal status of victims of human trafficking, and regulates issues of protection of victims. Despite this, under the U.S. State Department 2011 Trafficking in Persons Report, the Republic of Azerbaijan received a Tier 2 Rating. Tier 1 is the best rating and Tier 3 is the worst. The report cited a lack of prosecution and law enforcement within Azerbaijan pertaining to human trafficking and the high level of sex trafficking within the country.

22 Fariz Ismayilzade, Azerbaijan becoming popular drug trafficking route, Eurasia Daily Monitor Volume: 3 Issue: 190, October 2006


24 See: http://www.state.gov/documents/organization/164453.pdf
Immigration, Illegal Migration and Lack of Human Capital

Since 1991, Azerbaijan has experienced many changes regarding internal migration, as well as migration flows in and out of the country, due the decade long economic hardship in the country, people emigrated to other post-Soviet countries, particularly to Russia in order to find better jobs and better social conditions. After the financial crisis, which had a significant impact on the Russian economy, by early 2009, the official number of migrants from CIS countries had dropped, but it is still unclear what impact the crisis has had due to large numbers of unofficial migrants.\textsuperscript{25} IDPs from Nagorno-Karabakh, particularly, face difficulties in the labor market, and many IDP men also go to Russia to work while their families stay in Azerbaijan to maintain their IDP status.\textsuperscript{26} In recent years, however, there has been a tendency of decreasing flows of migrants to neighboring countries.

On the other hand, the number of foreign workers in Baku has been increasing, although the official numbers are still low. Azerbaijan is not only exporting migrants, but also attracting them in. The NSC perceives immigration and any form of migration to Azerbaijan as a ‘security threat’, arguing that “Improvement of the mechanisms for regulating migration processes in the country requires formulation of effective immigration policy, strengthening international cooperation”.\textsuperscript{27} The State Migration Program was adopted in 2006 to achieve migration goals. The program identified priority areas in migration policy, reflected improved legislation, and established institutional mechanisms. The State Migration Service was established in 2007 to implement public policy on migration as an integral part of institutional reforms, to develop management, to manage migration processes and coordinate the work of the relevant government agencies dealing with migration. Despite this, the critical challenge in managing migration is having ac-


\textsuperscript{27} National Security Concept of Azerbaijan Republic, 23 May 2007, pp. 17-20
curate data on the numbers of migrants entering and leaving a country.

Human capital, or the lack thereof, constitutes another challenge, where the failure to develop and effectively manage a modern education system capable of ensuring education and training at all levels necessary for the development of the national professional workforce “may have negative consequences for the overall development of the Republic of Azerbaijan in a long-term perspective”, according to the NSC. Unfortunately, the level of human capital now fails to meet even the demand of the currently small non-energy sector, let alone those of a largely diversified economy. As several international institutions report, the current state of the educational system is poor, and at the same time, there is a serious mismatch between degrees granted by local universities and skills demanded by the changing economy. To combat this problem, over the past few years, the government has built or renovated more than 1200 schools, and in 2007 it launched the State Program on Education of Azerbaijani Youth Abroad. These efforts have resulted in some progress. In addition, according to the 2010 UNDP Human Development Report, Azerbaijan is now in the category of “high human development.” Indeed, over the past five years, Azerbaijan has achieved the most rapid development of all of the 169 countries covered by the UNDP report.

**Information-Cyber Security**

From Azerbaijan’s perspective, until recent years there was no clear distinction between information and cyber security. Legal and national security documents state that the key issues here are increasing the coherence and effectiveness of the intelligence and counter-intelligence capabilities and ensuring coordination in protecting classified information. Meanwhile, after “cyber-freedom” has become increasingly important in the course of democratic uprisings across the Arab and Middle Eastern countries, some countries have committed to improving their internet security systems. There have been cyber attacks launched against several national security systems. Despite fact that some attempts at democratic uprisings in Azerbaijan were initiated via cyber space, the government does not consider this as a
serious threat. The West have been disappointed and alarmed by the way in which the government has taken measures to silence or block internet users who are speaking out against the current regime.

Only after the Iran-Azerbaijan cyber war, in which Iran-based hackers repeatedly targeted the websites of Azerbaijani ministries and information agencies, did the country start taking measures to protect information security, and therefore in September 2012. The Special Communication and Information Security State Agency was created on the basis of the Security Department of Special Communication and Information of the Special State Protection Service.

In this context of uncertainty, even just on the theoretical level, cyber security is of growing importance for Azerbaijan. In light of the variety of threats that are continually emerging, local experts argue that one of the most significant challenges of cyber security for Azerbaijan is the so-called "information war". At this point, it is crucial for Azerbaijan to maintain an appropriate level of cyber security to protect its critical infrastructure such as energy grids, financial networks, industry, and defense.

**Economic Meltdown**

As Azerbaijan is an oil-export country, and its main income is from the oil and gas sector, any development (e.g. decline of prices) seriously affects the economy. True, Azerbaijan has not been as seriously affected by the world economic crisis of 2008 as many other countries, but it has not been entirely immune, due to drops in the price of oil, Azerbaijan’s major export earner. Though the country has grown by 212.3 % with steady prices when compared to its 1991 GDP, the dependency of the national economy on the income provided from petrol industry has further increased in recent years.29

28 Kamal Makili-Aliyev, Growing importance of cybersecurity for Azerbaijan, News.az, 12 October 2012

The main security threat in the economic sphere is the country’s heavy dependence on the oil-gas sector (more than 90 percent), and the fact that the underdeveloped non-oil sector has no significant impact on the economy. Transferring part of the income obtained from the petrol industry to these sectors in previous years has brought some positive developments, and there are also positive growth rates in all sectors except petrol, but the non-oil sector is not expected to grow significantly in coming years. But eradicating the dependency on the petrol sector and the shifting of growth dynamics to other sectors requires strategic thinking on how to achieve short term development of an efficient non-oil sector, keeping in mind the importance of long term sustainability of growth. According to the NSC, the government sees the occupation of Azerbaijan’s territories as having trans-regional implications that represent a major economic threat to national interests. Contrary to this argument, and given the fact that Azerbaijan has pledged to use its financial resources for post-war reconstruction in Nagorno-Karabakh, the availability of resources over the next decade remains unclear. In fact, the one-sided development of the economy has begun to show its symptoms. As a result, the country’s economic growth rate both in the first quarter of 2012 and in 2011 has decreased to its lowest level since 1996.30

Conclusion

The abovementioned security challenges for Azerbaijan are gradually increasing due to the new security threats emerging in neighboring countries. Thus security complexes cannot be limited to state and interstate relations or to political-military issues; other types of security issues (economic, social, environmental and so on) as well as new units, such as nations, societies and communities, must be accounted for. Until now, neither Azerbaijan nor its neighboring countries in the Caucasus have perceived security challenges as a common threat, nor have they cooperated on this issue. This must change, as current

and emerging threats require cooperation and a common strategy. It is true, of course, that some, especially military threats come from the neighboring countries themselves.

In this respect, until the resolution of the various regional conflicts, the ‘cold peace’ will continue, so will the militarization of the region. It is also possible, as happened with the 2008 August War, that a new war will damage stability in the region. At this point, the only achievement in the region is stable insecurity.
Georgia - Security Perceptions & their impact on foreign policy

Kornely Kakachia

Introduction

Since its declaration of independence from Soviet Union in 1991, Georgia has been a weak small state confronted with issue of survival and choice of strategic orientation. Nestled between the Black Sea, Russia, and Turkey, and surrounded by the Caucasus Mountains occupies a unique geographic space, which gives it strategic importance far beyond its size. Hence, it is no surprise that Geography and identity define Georgia’s political options and determine many aspects of its state behavior. As a Black Sea and South-Eastern European state, the country has historically claimed to be a geographic, political and cultural part of greater Europe. Like other Eastern European nations in the middle of transition, Georgia is trying to construct a collective identity oriented toward the international arena. However, with an inherited political culture lacking democratic tradition, inexperienced foreign policy elite, scarce financial resources, and hardly definable competing social forces, initially, Georgia was unable to develop a viable foreign and security policy.

Georgia’s Foreign Policy and Security treats after independence

As a weak state, Georgia had to rely on foreign policy as a means establishing its presence within the international system. In order to compensate its weakness small, conflict ridden Georgia developed close relations with the regional actors and great powers in and outside of the region and align with them in hopes to achieve political stability, as well as internal social cohesion. Hence, Georgia’s, national security has been

tied to several inter-related goals, including completing a transition to a political democracy and a market economy, rebuilding the state and restoring territorial integrity. A leading Georgian analyst identified six major goals of Georgian foreign policy after its independence, which small Caucasian state intended to tackle. These goals included:

- Seeking Western mediation of the conflicts in the Georgian regions of Abkhazia and South Ossetia;
- Courting Western investment;
- Seeking Georgia’s participation in European and Euro-Atlantic security structures;
- Promoting Georgia as a transit country for commerce between the West and the states of Central Asia and the South Caucasus; and
- Pursue direct political, economic, and security ties with the United States.

However, in the first years of independence it became clear, that small country with considerable internal problems (a coup, civil war, and two wars of secession) was unable to focus on its development and meet all its foreign policy goals. International observers have repeatedly questioned the ability of newly independent Georgian state to overcome the threat of anarchy and to establish sovereign statehood. Beyond its domestic difficulties, Georgia’s problems have been aggravated by Moscow’s policies, which have helped weaken and fragment the country in hopes to rebuff Georgia’s Euro Atlantic aspiration or if that not possible, minimum compel it towards “Finlandization.” As a result, Georgia felt

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32 Archil Gegeshidze. Georgia in the wider Europe context: bridging divergent interpretations. GFSIS. Tbilisi. 2006 Available at: http://www.policy.hu/gegeshidze/Wider_Europe.pdf


34 *Finlandization* or “Policy of silence”-the term has been defined as a process by which a democratic nation living in the shadow of a military powerful totalitarian state gradually submits to the political domination of its neighbor and finally loses its internal freedom. For Georgians finlandization is believed to reveal a limitation of sovereignty, an abdication from pursuit of the national interest.
threatened by Russia, whose formal recognition of Georgia’s political independence and sovereignty was not enough to bring long-lasting security to the country. This, in turn, minimized the chances of creating favorable conditions necessary to resolve the conflicts and develop the strong Georgian state. Georgian society hoped that step-by-step inclusion of Georgia in the Wider Europe and the broader trans-Atlantic community would settle its security fears and act as a deterrent to future conflicts. It was strongly believed that Georgia’s close bonds with the West lies in the values powered by shared vision, values and aspirations.

**Current Security Environment**

International and regional developments of the last few years have significantly changed the security environment in Georgia. The August 2008 Russian invasion of the Georgia and the unilateral recognition of the independence of Abkhazia and South Ossetia fundamentally worsened Georgia’s security environment and indefinitely postponed the prospect of Georgia restoring its territorial integrity. The war has created a new strategic situation in the region. By sending forces over its borders for the first time since the 1979 Soviet invasion of Afghanistan and forcibly redefining the border with Georgia, Moscow raised concern among other countries about its future intentions.35

The 2008 Russo-Georgian war also demonstrated that the Russian Federation does not accept the sovereignty of Georgia, including Georgia’s choice of democracy and its independent domestic and foreign policy. With Russian forces based in Abkhazia and South Ossetia and Moscow saying the Georgian government should treat the regions as nations, security is fraught. Positions remain intransigent, insecurity and a lack of trust continue to underpin attitudes, and bellicose rhetoric reinforces a conflict dynamic that leaves little room for engagement with the other side, let alone compromise. While an EU-brokered ceasefire remains in effect, several hundred thousand refugees and internally displaced persons (IDPs) have yet to return

home. As war produced a new generation of IDPs in Georgia, until recently there was a common view that sooner or later another conflict is inevitable. While the continuation of the fighting might have negative immediate and long-term consequences for all parties and civilian populations within the region, the goal of sustainable peace and justice with regard to Georgia’s conflicts has yet to be discussed.\(^{36}\)

Despite the complex internal and international situation after the conflict and the West’s diminished interest in Georgia since 2008, its foreign policy course did not change much. Georgia still aspires to become part of European and Euro-Atlantic structures, and pursues foreign and now internal policy aimed to disassociate itself from Post-Soviet space and “escape” from Russia’s historic, geographic and civilizational space. Subsequently, Georgia’s major foreign policy objective has been balancing Russian power and influence, which is seen as key to enhancing the country’s national security. Ultimately, forging close ties with the United States and acceding to NATO are the two preferred foreign policy outcomes - as well as the means of achieving that balance. The majority of Georgia’s political elite share these goals.\(^{37}\) For Georgia, NATO and EU, are important institutions to which it aspires to belong and with which it seeks mutual and complementary political, economic, and security benefits.

**Georgia’s Foreign policy: possible modifications after the Parliamentary Elections**

Recent parliamentary (October 1, 2012) election marked an important point in the country’s history, as it signposted a first ever peaceful transfer of power that reflects positively on consolidating its democratic transition. Among the many questions as to what comes next, the country’s geopolitical direction under Bidzina Ivanishvili’s Georgian Dream coalition has become the subject of extensive inqu-

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\(^{37}\) CRRC
ry and supposition. Present Georgian leaders may not agree among themselves on many issues, but so far it seems that on one core goal related to defend national interest they may have shared stance. Like Saakashvili’s government, Ivanishvili has repeatedly claimed before and after the elections that he will keep Georgia on the course towards NATO membership and integration with EU while also continuing efforts to integrate the self-styled republics.

However, it still unclear how new government could do that without sacrificing Georgia’s national interest. Citing some of Ivanishvili’s more erratic coalition partners and alleged links to Kremlin authorities, critics are framing the Georgian Dream victory as the first step toward a Ukraine-like backslide into the Russian orbit. However, Ivanishvili’s Georgian Dream does not accept that good relations with Europe and Russia are mutually exclusive. Moreover, ignoring criticism, new government is convinced that they will be able to normalize diplomatic relations with Moscow, while Georgia will continue to refrain from formal diplomatic relations with it as long as it maintains “embassies” in two separatist regions. Meanwhile, as emerging new and sometimes contradictory foreign policy stance increases policy of uncertainty, many regional analysts claim that Ivanishvili’s choice of a foreign policy team suggests he plans to tone down the heated rhetoric that marked bilateral relations with Russia. Accordingly, he will try to adopt more pragmatic, less ideologically driven and balanced line with Moscow and improve economic and cultural ties with northern neighbor. As a “pragmatic dreamer” he also realizes the economic and other benefits of normalization of relations with Russia and hopes to recover trade and transportation links with reopening the Russian market for Georgian wine and mineral water. As one


40 RFE/RL. Tbilisi Says No Diplomatic Ties With Russia While It Occupies Georgian Territory. Available at: http://www.rferl.org/content/georgia-foreign-minister-russia-occupies-territory-no-diplomatic-relations/24752066.html
analyst pointed out: “an initial turn to Russia with Ivanishvili would bring a more immediate economic benefit than a re-engagement with the non-committal West under any Saakashvili-inspired system.” Moreover, Ivanishvili believes that there is still deal to be had with Kremlin as establishment of relations may facilitate the integration of South Ossetia and Abkhazia into Georgia. As a first step towards this direction, Ivanishvili placed Georgia’s former ambassador to Moscow Zurab Abashidze in a new post, Special Representative for Relations with Russia who will report directly to Georgian Prime Minister. Ivanishvili also expressed hope that Moscow would reciprocate. It seems that with such steps Tbilisi will be able to test whether or not Russia changed its approach towards Georgia in the new political reality. Overall, Ivanishvili’s ascendency will mark an important shift in Georgia’s relationship with Russia and with the West, while providing an example of democratization for other post-Soviet states mired in autocratic regimes. Whatever, the real outcome might be the result of political flirting with Kremlin, finding middle path between confrontation and capitulation will be one of the toughest tasks for Ivanishvili’s government.


42 Civil Georgia. PM Appoints Special Envoy for Relations with Russia. November 12, 2012 Available at: http://www.civil.ge/eng/article.php?id=25407