

**"THE UNRESOLVED CONFLICTS IN THE SOUTH CAUCASUS:  
IMPLICATIONS FOR EUROPEAN AND EURASIAN INTEGRATION"**

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**Speaking points for Session 1: "Assessment of current status and prospects for  
resolution of the frozen conflicts in the South Caucasus"**

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The "frozen conflicts" are currently plaguing the South Caucasus, maintaining the regional countries outside economic integration processes in either the European Union, or in the prospective Eurasian Union. The current situation is likely to continue, at least in the medium term, given the current deadlocks facing all three unresolved conflicts in the South Caucasus.

However, the current deadlocks are playing against major national interests of each and every regional actor. I would like to share some thoughts on how could regional actors help overcoming the ensuing "security deficit in the South Caucasus", to use a concept promoted by Joos Boonstra and his colleague in a FRIDE working paper published in April 2011?

Armenia might be concerned by the rising regional power of Turkey, and by the need to strengthen reliance on Russia for ensuring its national security. Closer Russian-Turkish political ties might be both reassuring in case the two regional powers would constrain Azerbaijan's military build-up around Nagorno-Karabakh (N-K), and dangerous in case Ankara and Moscow might conclude a deal on the South Caucasus, which would pay lip service to Armenian interests in N-K. The current Western preoccupation with finding solutions to its own problems stemming from the global economic crisis, and the re-focusing of its political attention to the developments in the Mediterranean in the aftermath of the Arab spring might also play against current Armenian policy for maintaining the status quo in N-K. It is probably the right time for Yerevan to review its national security strategy in line with the changing regional geopolitical and geostrategic context with a focus on adopting more flexible policies on both N-K and its bilateral relations with Turkey and Azerbaijan.

Azerbaijan who enjoyed a steep growth rate of its GDP fueled by booming oil revenues might realize that there would be no prosperity without security, and no security without a peaceful settlement of the N-K conflict. After 17 years of lack of progress in finding a peaceful solution based upon a return to the pre-war situation in N-K, Baku might be looking at two options: another war with Armenia, which is unclear whether it will be winning or not, but which is very likely to cut off its current oil and gas revenues, or becoming more creative and flexible in reconciling its territorial integrity with broad autonomy to Armenians in N-K.

Georgian aspirations for NATO and EU membership are clearly undermined by the current deadlock in relations with Russia. I was often telling my Georgian friends: "if you are serious about your willingness to join Western organizations you have to fix your relations with Russia first". Unfortunately, after the Georgian-Russian war in 2008, fixing relations b/w Tbilisi and Moscow has become challenging for both parties, though this isn't quite "mission impossible", as the recent agreement on Russia's membership to the WTO has proven. A shared Russian and Georgian interest for strengthening stability and security in the North Caucasus might potentially be a promising path, but it is still an unexploited lever of moving on from the current deadlock in Abkhazia and South Ossetia.

Russia is, aside Turkey, one of the key stakeholders in the South Caucasus. Like in the age of the Tsarist Empire, the Caucasus is deemed by Moscow rather a national security than a mere foreign policy issue. Russian interest to maintain a leading role on energy corridors crossing the Caucasus might potentially lead Moscow towards radical policies in the aftermath of the March 2012 presidential elections. However, such policies might eventually backfire against Russian concerns over mutually feeding instabilities in the Northern and South Caucasus. This would also undermine current Russian policy to seek ways to ensure more political control in exchange for the economic assistance provided to the republics in the North Caucasus, as well as to Abkhazia and S. Ossetia. Russia can't offer a peaceful solution for N-K on its own, but instead it is likely to seek cooperation with those who are taking into consideration Russian regional interests, like potentially Turkey and the EU. However, Moscow's recent disappointment with Turkish policy in the Eastern Mediterranean, Tu-Aze energy cooperation, and shifting Turkish positions on Abkhazia and S. Ossetia might have an unpredictable impact on Russian policy in the South Caucasus.

Turkey is emerging as a new regional power in the Eastern Mediterranean. This is the outcome of a number of factors, including: internal political stability reinforced by the June elections; continued economic growth since 2002, under two AKP governments; the recent sweeping changes in the Arab world, and Turkey's potential ability to play a regional model role. So far, Turkey has exercised a restraining role on Azerbaijan in relation to the conflict over NK, which has helped to ease tension and prevent the warring parties from resuming hostilities. Furthermore, Turkey's relationship with Russia has likewise proven to be a force for restraint in the N-K conflict at certain pivotal moments. Turkey should be more involved in settling the N-K conflict by adjusting its regional policy to that of the Minsk Group. That would mean inter alia moderating its current approach to Azerbaijan, and normalizing its relations with Armenia. Turkey should also have a bolder role in solving the conflicts in Georgia. So far, Turkey preferred to pay lip service to this issue, but there is a serious risk that ignoring conflicts in its neighborhood may eventually backfire against a standing regional power. Therefore, Turkey might actually gain from playing a mediator role between the West and Russia in Georgia.

The OSCE Minsk Group was created in 1992 by the Conference on Security and Cooperation in Europe (now Organization for Security and Co-operation in Europe (OSCE)) to encourage a peaceful, negotiated resolution to the conflict between Azerbaijan and Armenia over Nagorno-Karabakh. To date, it has achieved little, if any, progress in fulfilling its mission, and one could legitimately wonder: is it still the appropriate framework for the pursuit of conflict resolution in NK? Its critics are claiming that it was biased in favor of Armenia, that it was not always able to reconcile diverging regional interests of its co-chairs (France, Russia, United States), or that it proved to be hardly creative in proposing workable solutions. In my view, a key question that requires a credible response from the Minsk Group is: "How should its current organization and approach to the conflict change to become more effective? A large part of the answer to this question might be related to adapting to the sweeping changes in the regional political, economic, and strategic context in the South Caucasus over the last 20 years, while remaining capable of dealing with its usual tasks at challenging times.

Finally, what role in conflict prevention and resolution should have the internationally unrecognized political entities, which are at the core of the unresolved conflicts in the South Caucasus, namely Abkhazia, South Ossetia and Nagorno-Karabakh? So far, they seemed to have no other choice than to speak through the mouth of their protectors, which in turn has created the stereotype of being considered rather as puppets in the hands of their masters than independent actors whose political, economic and cultural future is at stake. Was this stereotype helpful in resolving the conflicts around their future? I very much doubt it was. To start overcoming that stereotype, the involvement of a broad spectrum of civil society organizations from these unrecognized political entities in public debates on possible compromise-solutions for the unresolved conflicts should be stepped up. Potential topics for such debates may include:

1. Regional economic integration: benefits, mechanisms, and requirements;
2. The energy issue as a factor for regional security;
3. Promoting dialogue, transparency and reaching compromise among conflicting parties;
4. Multicultural approaches to multi-ethnic societies;
5. Education and training of younger generations supporting peaceful solutions to conflicts.

I realize that this is easier to say than do, and that there might be significant obstacles to overcome. However, this is probably the best opportunity to multiply the channels of communication with local populations directly affected by the unresolved conflicts in the South Caucasus aiming at turning them into the main drivers of peace.