

# Regional Integration as a Conflict Management Strategy in the Balkans and South Caucasus

There is much enthusiasm among researchers and policy-makers alike concerning the pacifying effects of trade and broader interdependence among states. The European Union is an often cited example of greater regional integration as a way to enhance peace and security among neighboring states. This comparative regional study draws from the cases of the Balkans and South Caucasus in order (1) to offer a descriptive account of patterns and processes of regionalism in politically divided conflict areas, and (2) to examine the extent to which such regional engagement can positively affect ongoing conflict management efforts in a given conflict region. The study advocates promoting regional structures as a new and potentially effective approach to peace-building and security enhancement, toward managing the many 'frozen conflicts' both in the Balkans as well as in the South Caucasus.

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Anna Ohanyan  
Stonehill College  
Research Country:  
Armenia, Bosnia  
and Herzegovina,  
and Georgia  
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IREX 2121 K STREET, NW, SUITE 700, WASHINGTON, DC 20037

T +1 202 628 8188 F +1 202 628 8189 WWW.IREX.ORG

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## RESEARCH IN CONTEXT

This study explores whether or not promoting greater regional economic and political integration in politically divided conflict areas, such as the Balkans and the post-Soviet South Caucasus, can be a viable strategy for short-term conflict management and long-term security-building. The European Union (EU) is perhaps the most institutionalized example of such regionalism and the most visible template as to how deep, multi-layered and multi-sectoral economic and political interdependence can be fostered and translated into enhanced security within a given geographic area. This study explores whether similar regional structures can be introduced into politically divided areas (PDAs) as a strategy for conflict management and security enhancement, especially for so-called “frozen conflicts”.

This study of comparative regionalism in PDAs defines 'regions' as systems of geographically proximate states with deep security interdependencies, relatively weak internal and strong external recognition as a distinctive area, and a layer of international institutions engaged in state-building initiatives of various sorts. Regionalism is understood as a tool to establish a regional order and to mitigate local instabilities and conflicts (Pugh and Sdhu 2003), and to prevent future outbreaks of inter-state and intra-state violence.

The enthusiasts of regional economic and political integration as a peace-building strategy assert that greater trade and economic interface will help mitigate inter-state and intra-communal conflict. However, there is very little research that is specifically focused on modes and practices of promoting regional integration in politically divided areas. The potential of greater regional integration leading to greater stability is rarely applied to states and regions that are already in conflict. While commerce can help to prevent future outbreak of war, it is unclear whether it can be fostered and sustained in settings where conflict already exists, and if so, whether the benefits can spread to the broader society to generate enough stakeholders for engagement with the other side in the conflict.



The skeptics of regional economic integration as a peace-building strategy point out that existing interdependencies and common interests among states in conflict rarely translate into effective regional action. Instead, regions in politically divided areas are sites of often opposing forces of nation-building and forces of regional economic integration. Against this backdrop, such regions are dynamic, and should be amenable to internal or external actions.

The regional approach to conflict management has the potential in particular to be a systemic initiative for addressing the multiple 'frozen conflicts' in the post-Soviet South Caucasus (Georgia-Russia, Georgia-Abkhazia, Georgia-South Ossetia, Armenia-Azerbaijan, Nagorno-Karabakh-Azerbaijan), and similarly for consolidating the gains from Dayton Peace Accord in the Balkans. This study proposes a framework of peace-building as region-building that entails cultivating regional networks of governance to expand the boundaries of conflict management and to diversify modes of inter-state engagement among states that are in conflict.

## RESEARCH PROCESS AND RESULTS

This comparative study of the Balkans and South Caucasus was focused on two primary research goals. First, *it sought to understand the processes of regional integration in politically divided conflict areas*. The regions were compared in terms of the extent to which a conflict inside one state, or between two states, tended to affect the broader geographic region. Subsequently, the regional profiles of the South Caucasus and the Balkans were analyzed in terms of the dominant security arrangements that are in place, with an emphasis on whether security management mechanisms are external and supported by the great powers, or whether there are regionally negotiated or even institutionalized alternatives. The second goal of the study was to explore *whether processes of regional integration can have any impact on the prospects and opportunities of conflict management between communities and their respective governments*. In particular, the research asks whether the institutional infrastructure of regional integration can affect the prospects and effectiveness of conflict management and peace-building initiatives on the ground. If so, what kind of integration matters? What are the benefits of political, economic and social integration, if there are any? The study places a special emphasis on the role that regional international organizations (RIOs) play in enhancing security and advancing peace-building in conflict and politically divided areas. The data collection entailed structured interviews with over 50 respondents from international organizations, international financial institutions, bilateral aid agencies, embassies, NGOs, and the private sector. The field work for the study was carried out in Georgia, Armenia, and Bosnia and Herzegovina.

There are several findings from this research. First, contrary to the widespread assumption that shared economic interests can become an engine for cooperation, the study of regionalism in PDAs shows that such shared interests need to be purposefully activated. In many cases, states in PDAs are either authoritarian or have poorly consolidated democracies. The study showed that a lack of democracy is problematic in terms of fostering greater regionalism. In semi-democratic settings, the stakeholders for greater integration are not active and often do not have a voice. Conflict divisions are used by oligarchic

structures to seal their monopoly over domestic markets. Civil society actors tend to be weak, and existing NGO initiatives toward enhanced regional integration are few. In addition to the lack of political will for regional cooperation, such states also lack the administrative structures needed to cultivate and sustain shared regional governance.

Second, regionalism in PDAs has a hub-and-spoke pattern which further fragments the area. This is particularly the case in South Caucasus. In sharp contrast to the Balkans, where the EU has blanketed the region with institutions and incentives for regional cooperation, the South Caucasus is an institutional desert in terms of regionalism. Only recently has the EU been more active in the region, with the advancement of the Deep and Comprehensive Free Trade Area (DCFTA) agreements. Security management mechanisms are more consolidated in the Balkans, where there is a clear dominant power, namely the EU, which facilitates the integration of the Balkans into the European Union. In the case of South Caucasus, both Russia and the EU have been floating regional integration schemes, which are different in terms of their organizational structure, focus as well as their respective geographic orientation. EU initiative such as the Eastern Partnership and DCFTA aim to integrate the South Caucasus with Europe, while Russia's proposed Customs Union and 'Eurasian Union' aim to return the South Caucasus to a Russian fold. In the case of



Armenia, both models are being considered by the government, although the European model seems to be the most advanced in institutional terms, while the Russian models are at embryonic stages. The concurrent existence of both models and orientations perpetuates the hub-and-spoke model of regionalism in the South Caucasus and dramatically reduces the prospects of conflict management through region-building initiatives.

Third, in terms of the institutional structure of regionalism, the Balkan region is significantly more networked than is the South Caucasus. In general, the strengthening of the institutional fabric of regionalism in a given PDA entails cultivating networks among professional communities from the public and private sectors, thereby creating an environment conducive to the compromises needed to solve existing conflicts peacefully. In the case of the Balkans, there is a layer of regional network governance that has been introduced by the European Union. The existence of networks that bring together local, national, European and trans-national professionals into a single institutional space has empowered those groups that have reached out for greater engagement. The Regional Cooperation Council, a successor of the EU-initiated Stability Pact for South Eastern Europe, has created an alternative structure of regional governance in each country in the Balkans. This has allowed outward-oriented groups to build support for regionalism through these regional structures, and subsequently exert pressure on national governments in cases of weak political will. In short, the availability of regional governance structures as alternatives to national governments allows the building of political will for a given regional project, by generating support at the regional level, and creating an external 'push' on an otherwise uncooperative or unresponsive government. In short, the presence of regional networks has helped groups withstand political pressures, often deriving from their domestic governments, to disengage from regional initiatives.

In the case of the South Caucasus, regional network governance along the lines of what exists in the Balkans is embryonic and fragile. Beyond the EU's Eastern Partnership initiative, which is a valuable potential tool for regional network development, there are a number of isolated cases of civil society engagement among the states and societies in the region. In contrast to the Balkans,

conflicting great power influence in the South Caucasus remains a major factor. However, great power influence on the dynamics of the various 'frozen conflicts' seems to be limited to the various negotiation processes, such as within the OSCE Minsk Group framework for Nagorno-Karabakh.

In conclusion, the EU has established institutional hegemony in the Balkans by deploying a dense and expansive network of regional governance. In the South Caucasus, the EU seems to enjoy an institutional (as opposed to political) hegemony, but its regional networks of governance are still fragile and embryonic. Russia is in the process of promoting and extending similar networks of regional governance in the region, but at present it lags behind the EU in terms of its organizational maturity.



## CONTINUING RESEARCH

The follow-up research from this project focuses on the following. First, it involves furthering the studies of the political economy in politically divided areas (PDAs). To this end, increasing the number of case studies of regionalism in PDAs both for qualitative as well as quantitative studies is crucial. Such comparative regional analysis will help to elucidate the behavior of multinational corporations in PDAs, the flows of foreign direct investment, the role and scope of state and state sovereignty relative to greater economic integration as well as conflict management processes. Second, qualitative analysis is needed to understand the way regional structures can affect conflict dynamics and ongoing conflict management. Whether or not networked structure can have an impact on conflict management and outcomes is of broader interest. In this respect, further analysis of regional governance structures, both on short-term conflict management as well as long-term conflict prevention processes, is needed. Peace-building as region-building offers a qualitatively new set of approaches and mechanisms in conflict management. As such, it entails additional investigation on the politics and the feasibility of advancing regional conflict management packages for entire conflict regions, as opposed to single countries and isolated cases. Lastly, further research on the prospects and pitfalls of strengthening regional governance structures in PDAs will generate new insight about the potential for evolving the global infrastructure of conflict management in the developing world. Understanding the challenges and opportunities of regional network governance for conflict management processes will provide the mediating powers with the tools necessary to engage in network management: building and nourishing networks at key pressure points within each society; generating external institutional pressures on governments in conflict states for enhanced governance and democratization. The latter is crucial to support voices for peace and stability, and for disarming groups that benefit from the status quo of fragmentation and isolation. To extend this work, a book is currently in preparation titled "Networking Peace: Regionalism and Conflict Management," which will explore many of the issues outlined above. It will include, as well, Northern Ireland as an informative case study of conflict management within the EU as a regional integration model.

## RELEVANCE TO POLICY COMMUNITY

This research proposes a change of strategy in conflict management processes in the South Caucasus supported by the United States. Current global conflict management efforts target 'frozen conflicts' both in the Balkans and the South Caucasus. This study calls for an adjustment in the way conflict management is practiced by Western powers. A piecemeal, case-by-case approach in dealing with conflicts in both regions is insufficient. Developing instead a regional approach in both cases, largely through network-based regional governance, is needed. Regional network governance allows the penetration of society via multiples sectors and issue areas, thereby de-politicizing engagement across conflicting governments and their respective societies.

Practicing peace-building by region-building through network governance is the strategy advocated here. This entails the following. *First*, appreciation of the interdependencies between the domestic structures of conflict states and their respective foreign policies toward negotiation processes. Deploying regional networks as alternative sources of governance would introduce diversity at the frontlines of conflict management, thereby offering new pressure points for compromise across conflict countries and governments. *Second*, transferring the Balkan experience with the Regional Cooperation Council to the South Caucasus appears a promising yet unexplored strategy. Currently there is no regional forum that would be anchored by the three countries. (To date, Azerbaijan, as a "rentier-state" that is reliant on oil, has managed to resist internal and external pressures for engagement with Armenia, making any cooperation Armenia conditional on conflict settlement). Such an organization would serve as an institutional intermediary between governments, societies, and specific professional communities. Indeed, the negotiation process may further extend for quite some time. It is important to use that time wisely by building networks, issue-by-issue, thereby increasing the chances of a negotiated outcome and its acceptability in all conflict countries when the time comes. *Third*, it is crucial to strengthen regional organizations, particularly in the South Caucasus. There is an institutional vacuum in this region which creates opportunities for the conflicting parties to look in various directions for external support. Strengthening regional organizations, in parallel with creating new ones, would help to embed negotiation proposals into a regional economic context and a regional incentive structure.

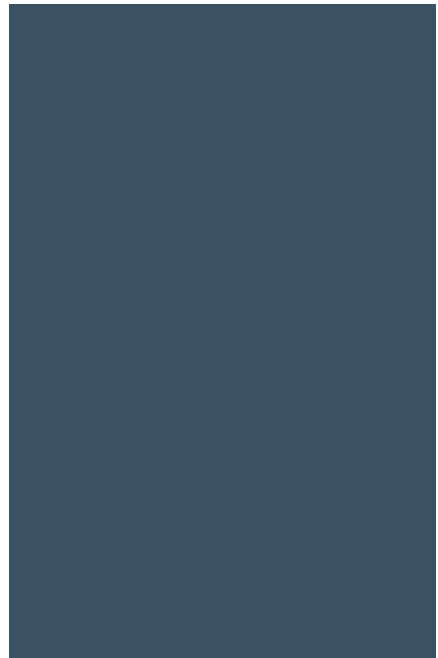
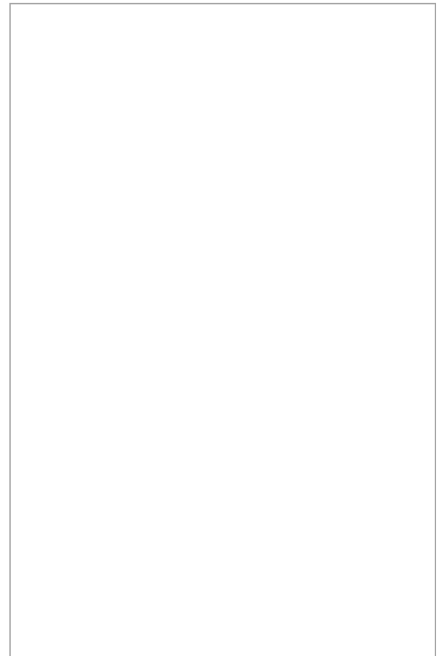


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