

Azerbaijan and Georgia: Strategic Partnership for Stability in a Volatile Region

Mamuka Tsereteli

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Introduction

Azerbaijan and Georgia are two neighboring countries of the South Caucasus and strategic allies in the region. The current de-jure map of the South Caucasus region includes three internationally recognized states: Armenia, Azerbaijan, and Georgia. These three countries not only share borders, but also a long history of cohabitation as well as many traditions. At the same time, the unresolved armed conflict between Armenia and Azerbaijan is the most serious challenge for stability and prosperity in the region. Azerbaijan is the largest country of the South Caucasus in terms of territory and population, followed by Georgia and Armenia. There are also three other territories that claim independence from Georgia and Azerbaijan. These are Nagorno-Karabakh in Azerbaijan, and Abkhazia and South Ossetia in Georgia. These territories are recognized by the United Nations and international community as part of Azerbaijan and Georgia, respectively.

In terms of geopolitical orientation, Azerbaijan and Georgia have a clearly declared Western orientation, with Georgia more aggressively aiming to join NATO and the EU. Azerbaijan has substantial hydrocarbon wealth located in the Caspian Sea, and its major oil and natural gas fields are already connected to Black Sea and Mediterranean markets through pipelines and railroads transiting Georgia and using the latter's ports. Azerbaijan and Georgia, moreover, both have strategic partnerships with Turkey. While Azerbaijan has no Russian troops on its territory, the Georgian territories of Abkhazia and South Ossetia have been occupied by Russian forces since the 2008 war. At the same time, Armenia has willingly allowed Russian troops on its territory and sees them as a security guarantee and deterrent. Armenian forces occupy Nagorno-Karabakh as well as seven surrounding provinces of Azerbaijan. Thus, Western-leaning Georgia and Azerbaijan, like equally Western-leaning Moldova, have territorial issues and regions that are not under control of the central governments, while Russian-leaning Armenia has no such problem.

Georgia and Azerbaijan form a key strategic link between the Black Sea and Caspian Sea that connects Europe and the broader Transatlantic space to Greater Central Asia, the resource-rich and strategically important heartland of the Eurasian continent. This strategic link is actively functioning, allowing the transshipment of commercial and military cargoes in and out of Central Asia via the air corridors, railways, ports, and highways of Georgia and Azerbaijan. In both Azerbaijan and Georgia, this transit role is widely seen as a tool for the two countries' greater integration into the European economic and security space.

Azerbaijan and Georgia have also shared similar historical paths over the last hundred years. Both had brief experiences of statehood in 1918-1921 (Azerbaijan was conquered by the Bolsheviks in 1920, Georgia lasted as an independent state until February of 1921), both became independent states again in 1991, and both countries faced internal conflicts that ended with the *de facto* separation of territories that remain ruled by governments lacking international recognition. Both countries, furthermore, experienced internal political turmoil, the hardship of economic transition from central planning to a market economy, military coups, and instability. But since the mid-1990s, the state-building process has advanced, and today, despite unresolved conflicts, both Azerbaijan and Georgia are successful states progressing toward strengthening statehood and economic prosperity.

Notwithstanding, there are also important differences between the two countries. Azerbaijan has significant hydrocarbon resources, and the successful implementation of large multinational exploration projects has allowed the country to become a leading oil exporting country, which will soon also begin exporting natural gas directly to Europe. This has allowed Azerbaijan to become a dominant economic force of the South Caucasus. In fact, according to World Bank data from 2011, Azerbaijan produced more than 72 percent of the GDP of the entire South Caucasus, compared to little over 16 percent for Georgia and 11.6 percent for Armenia.¹

¹ World Bank country profiles accessible at: <http://www.worldbank.org/en/country/georgia>; <http://www.worldbank.org/en/country/azerbaijan>; <http://www.worldbank.org/en/country/armenia>.

At the same time, Georgia has made substantial progress in the areas of economic and governance reforms, including drastic reduction of bribery, petty corruption, and regulatory burdens, easing some registration and licensing procedures that have made Georgia an easy place to visit, to trade with, or a place to acquire property. Georgia is proactively seeking membership in NATO and the EU, which caused a significant deterioration of its relationship with Russia, and ultimately resulted in the military conflict in August 2008. Azerbaijan, for its part, has managed to keep balanced relationships with its neighbors, despite occasionally intense pressure and periodic provocations from its larger neighbors to the south and north.

The countries' strategic partnership and commonality of interests in territorial integrity, prosperity and integration in the global and regional security and economic system, as well as some differences in domestic and external policies, make the Azerbaijani-Georgian relationship a very interesting subject of analysis. There is limited scholarly research available on the topic, and as such, this paper aspires to partly fill this gap in current knowledge.

Historical Background: From Medieval Times to the First Republics

The peoples of the South Caucasus have a long, shared history. Georgians are natives of the region, and have a history of statehood in the western and central parts of the South Caucasus dating back to the first millennium B.C. Georgian statehood and national identity became strengthened with the adoption of Christianity in the fourth century A.D. Caucasian Albanians at this time inhabited the eastern part of the South Caucasus, which today constitutes modern day Azerbaijan. They were also natives of the Caucasus and adopted Christianity in the fourth century. They were gradually influenced by Turkic expansion from Central Asia and the penetration of Islam following the Arab conquest of Persia.

Already then, the South Caucasus was an area of rivalry between the largest powers of the time: Persians, Greeks, and Romans. The area had fertile lands, well-developed trade and trade routes, and served as a buffer for ancient civilizations against barbarian invasions from the north and north-east.

The South Caucasus became one of the targets of the Arab expansion of the seventh century, when the entire region was conquered and occupied by Arab forces. Arabs dominated the South Caucasus for two hundred years, and ruled Georgia's capital, Tbilisi, until the early twelfth century. They left multiple footprints in the region, by far the most important of which is the religion of Islam. Thus, while Georgia and Armenia remained overwhelmingly Christian, the eastern part of the Caucasus became predominantly Muslim. The Eastern Caucasus was geographically closer to Persia, and had greater political and cultural interaction with this powerful neighbor, which channeled its religious influence to the Eastern Caucasus. Yet being weakened after the Arab invasions, Persia had no ability to resist the expansion of the first Turkic Oghuz Tribes migrating from Central Asia, and subsequently the Seljuk Turks, who forced their expansion all the way to the Middle

East and Mediterranean. This is the time when the Turkic influence also began to make its mark on the South Caucasus, resulting in the emergence of several strong Turkic-speaking principalities in the Eastern and South-eastern Caucasus, the strongest of them being Shirvan. Despite the Turkic ethnic dominance, the cultural and frequently political influence of Persia was also maintained, and Farsi remained the language of the elites.

Having declined after the Arab invasion, a revival and strengthening of the Georgian state started in the tenth century, when the Bagrationi family, rulers of the emerging Georgian state in the South-western Caucasus, were invited to rule Abkhazia, thus becoming sovereigns of the Georgian Kingdom. They ruled the Georgian state until the early nineteenth century, when Georgia was annexed by the Russian Empire. The state built by David the Builder in the twelfth century included Turkic Muslim principalities in the Eastern Caucasus. This started a period of greater trade and economic integration within the South Caucasus, which coincided with a period of increased transit through one of the branches of the ancient Silk Road, connecting Asia with Europe.

The Mongol and Timurid invasions of the thirteenth and fourteenth centuries devastated the region, and the fall of the Eastern Roman Empire in 1453 further reduced trade and transit and regional economic ties. Politically, the South Caucasus became fragmented into several kingdoms and principalities which fell under the influence of the Ottoman and Persian empires. The western parts of the South Caucasus, the Georgian Kingdoms of Kartli and Imereti, were increasingly impacted by Ottoman Turkish influence, while the eastern Georgian state of Kakheti, as well as the principalities of Ganja, Shirvan, among others in modern day Azerbaijan, came under strong Persian influence.

In the seventeenth century, the Russian Empire became active in the Caucasus, and, by the end of the eighteenth century, it was the dominant regional geostrategic force; the Russians had established a presence in the Baku area by the early eighteenth century. In 1783, the eastern Georgian kingdom of Kartli-Kakheti and Russia signed the Georgievsk Treaty, under which Kartli-Kakheti maintained its sovereignty and statehood, and Russia took on the responsibility of protecting the kingdom against Persian and Turkish inva-

sions. Russia did not honor the agreement, and Russian troops failed to aid Georgia during the Iranian invasion of Agha-Mahmad Khan in 1795, which ended in the devastation of the Georgian capital, Tbilisi. Prior to the invasion of Georgia, Agha-Mahmad Khan conquered Baku and claimed modern day Azerbaijan and Georgia as Persian territories. In 1801, Russian Tsar Alexander I, in violation of the 1783 agreement, signed the decree of annexation of the Georgian Kingdom, abolishing the 2,000-year-old institution of Georgian kingship. In doing so, Russia obtained control over most of the Central Caucasus. Russia received full control over the Eastern Caucasus, including Azerbaijan, eastern Georgia, and Dagestan under the treaty of Gulistan in 1813. It took Russia another 13 years to annex the western Georgian Kingdom of Imereti, and, as a follow-up, the Russian administration abolished all the other principalities in western Georgia (Mingrelia in 1857, Svaneti in 1858, and Abkhazia in 1864). The Russian Empire continued its expansion toward the south and further strengthened its position after the Russian-Ottoman war of 1877-78.

Historically, relationships between different ethnic groups in the South Caucasus were relatively peaceful. Wars and internal rivalry were not uncommon, but more typically the region faced external invaders, in most cases the key regional powers of Persia and Turkey. The Russian-Persian war of 1828-29 and Russian-Ottoman war of 1877-78 resulted in the increased presence of the Russian Empire in the South Caucasus. Demographically, the result of Russian annexation was not only to solidify most of the ethnic Georgian population inside the Russian Empire (although a significant Muslim Georgian population was left in the Ottoman Empire), but also to divide the areas populated by Armenians and Azerbaijanis between Russia, Ottoman Turkey, and Persia.

The emergence of Nationalism in Europe spread to the Russian and Ottoman empires, and by the end of the nineteenth century and early twentieth century it became one of the driving forces of the political dynamics in the South Caucasus as well. While there were forces who wanted to revive statehood and national ideas in Georgia, Armenia, and Azerbaijan, there were also forces driven by communist or social-democratic ideologies who saw the South Caucasus as a part of an international struggle against oppressive classes and

the domination of the proletariat. In some cases, those two movements were mixed, and that created complex and sometimes very hostile relationships between different ethnic and political groups in the Caucasus. Starting from the early twentieth century, violence on both political and ethnic grounds became common. World War I and the military confrontation between the Ottoman Empire and Russia escalated ethnic conflicts in the region, resulting in the forced deportation and massacres of Armenians within the Ottoman Empire during the war. This process had serious implications for the multi-ethnic South Caucasus with large Armenian and Azerbaijani Turkic populations.

Before this, the discovery of large oil deposits in Baku had brought the South Caucasus back onto the international scene as a producer and transit territory for oil. The Baku oil discovery changed the dynamics of development. South Caucasian trade and transportation routes were reopened with the need to export oil from Baku. The major economic event of the time was the completion of the Baku-Batumi railroad in 1883, which made large-scale international exports possible. Baku was connected with a railway to Russia in 1900 that allowed larger shipments to the center of the Russian Empire. Meanwhile, the development of the Black Sea port of Poti in the 1870s had great significance for the economic development of the entire Caucasus. A Tbilisi-Poti railway was completed in 1872. By the beginning of the twentieth century, the entire South Caucasus was crisscrossed by rail transportation, with all of the major cities connected to the Black Sea ports of Batumi and Poti, as well as the Caspian port of Baku. The new transportation network stimulated both economic growth and urban development in the Caucasus, but oil production remained the driving force of the economy and the major reason behind the world's growing interest in the region. By 1914, Baku and the surrounding areas of the Apsheron peninsula were producing half of the world's oil and 80 percent of Russia's domestic production.

The geopolitical consequences of World War I created an environment that allowed the formation of independent democratic states in Armenia, Azerbaijan, and Georgia. Economic and political upheavals led to the February Revolution of 1917 in the Russian Empire, which ended the reign of the Romanov dynasty in Russia. The provisional government took over the govern-

ance of Russia and established a special committee to govern Transcaucasia,² the region that today comprises Armenia, Azerbaijan, and Georgia. Governance of the region gradually evolved and, after the October Revolution of 1917, the Transcaucasian Republic was formed. On April 22, 1918, this republic announced its independence from Moscow and the formation of the Democratic Federative Republic of Transcaucasia. But this new state lasted barely a month due to internal divisions between the three constituent nations and military pressure from Turkey to gain control over substantial parts of the Armenian- and Georgian-populated territories. Under pressure, Transcaucasia split into the independent states of Georgia, Azerbaijan, and Armenia in May 1918, with all three run by governments of a social-democratic orientation.

Azerbaijan's oil and other Caucasian resources were too important to the nascent Russian revolutionary state to be given up. Even after the declaration of independence, a diarchy existed in Azerbaijan: the city of Baku and Baku province were controlled for several months by the Bolshevik Baku Commune, which even managed to nationalize the oil industry in spite of protests by international oil companies and Western governments. Lenin personally followed developments in Baku, instructing the Baku Soviet to keep oil flows to Russia secure. His telegram of May 28, 1918, the day of the announcement of the independence of Azerbaijan,³ ordered that, "most importantly, the oil production should be secured." Two weeks later he sent another telegram ordering the Baku Soviet to "take necessary measures to rapidly export the oil products from Baku."⁴

Georgia announced independence on May 26, 1918, and immediately approached Germany's representative in the region, General Otto Von Lossow, for help. Germany promised troops and protection from Turkey but demand-

² This is the term that Russians used to describe territories south of the Caucasus Mountains.

³ The announcement on the creation of the independent Azerbaijan Democratic Republic was made on May 28 in the Georgian capital of Tbilisi by the Azerbaijani National Council.

⁴ N. Maxwell, "The Oil Issue In The Policy Of Azerbaijan's Government in 1918-1920," *Caspian Crossroads*, vol. 2 no. 3, 1997. (<http://adr90.wordpress.com/2008/05/26/the-oil-issue-in-the-policy-of-azerbajians-government-in-1918-1920/>) (retrieved on January 6, 2013).

ed certain concessions. German-Georgian agreements signed on May 28, 1918, two days after Georgia's declaration of independence, included among others a clause giving Germany the "right to use Georgia's railways for the transportation of men and materials, for which purpose the port of Poti, as well as all railroad stations, were to be occupied by German troops." Supplementary agreements were also signed the same day, according to which the Georgian government was promised loans, guaranteed by the properties of the newly created companies that owned the Georgian railway system and port of Poti.⁵

Georgia also had to sign a peace agreement with Turkey—with which many concessions were made in order to receive formal recognition of independence by the Ottoman Empire. Agreements were signed on June 4, 1918, and one of the supplementary agreements gave the Turks rights to use the Georgian railway, despite the fact that those rights were already given to Germany. The German agreements were seen as a priority for the Georgian leadership, and, in follow-up negotiations in July, all the commitments made on May 28 were sealed by new agreements.

As a parallel development, after establishing control of the independent Republic of Azerbaijan in Baku, the Azerbaijani government closely collaborated with the Ottoman military. "A special agreement between Azerbaijan and Turkey obligated Azerbaijan to provide oil, cotton, wool, and other products at a cost of 1 million liras to Turkey. The Turkish command took measures for the refurbishment of the Baku-Batumi kerosene pipeline to transport the oil products. Simultaneously, the trains with oil tanks for Turkey and Germany started moving: from Baku through Batumi at a rate [of] at least 23 tanks per day."⁶ At that time the tankers were leaving Batumi for Istanbul on a daily basis. This allowed the Azerbaijani government to develop some independent policies and on October 6, 1918, the Council of Ministers issued a resolution on the denationalization of the oil industry. After the defeat of Germany and Turkey in World War I, British troops were deployed in both Azerbaijan and Georgia, and control over Baku and Batumi allowed British occupants the opportunity of securing significant exports of oil from Baku

⁵ Firuz Kazemzadeh, *The Struggle for Transcaucasia (1917-1921)*, New York: Philosophical Library, 1951, 123.

⁶ Maxwell, "The Oil Issue In The Policy Of Azerbaijan's Government in 1918-1920."

for the needs of the British Empire, utilizing the newly established British Oil Administration.⁷

These developments are of particular significance from the perspective of Turkish and Western interests in the region. They give pause for reflection on the historic recognition of the strategic significance of transportation links between oil fields in Azerbaijan and ports on the Georgian Black Sea coast.

Soviet-South Caucasian relations from 1918-20 were centered on Russia's desire to defeat the "counter-revolution" in the non-Russian regions and to obtain greater access to economic goods, especially oil. The British Empire, which had received the mandate for most of the South Caucasus in 1918 after the defeat of Germany and the retreat of Turkish troops from the region, began to lose interest in Baku after the oil resources of Southern Iran and the Mosul area, formerly part of the Ottoman Empire, were secured.

Unfortunately, territorial disputes, wars, and ethnic conflicts did not allow the newly emerged states to fully capitalize on their independent statehood. As Harun Yılmaz has observed, "a foundation of the conflicts was that the former imperial administrative borders did not confirm existing ethnic or religious divisions. Moreover, the Transcaucasian states took each territorial claim separately and used either historical presence or demographic dominance or Russian imperial administrative borders as a basis of their territorial claims, depending on the case, while ignoring the claims of their neighbors with the same justifications."⁸ The three Caucasus states had no coordination in terms of domestic and foreign policies and were pursuing essentially conflicting interests. This, in turn, made it easier for Bolshevik Russia to establish control over the region. In other words, regional tensions allowed Russia to easily conquer the South Caucasus.

On April 28, 1920, Soviet Russia invaded Azerbaijan. Armenia came next with Soviet rule being established on December 2. On February 25, 1921, Georgia was also annexed by military force. Russia once again occupied the entire South Caucasus. European states, preoccupied with the division of German and Ottoman lands, showed little interest in keeping the Soviet

⁷ Ibid.

⁸ Harun Yılmaz, "An Unexpected Peace: Azerbaijani-Georgian Relations, 1918-1920," *Revolutionary Russia*, vol. 22, no. 1, 2009.

state out of the Caucasus, and in 1921 the United Kingdom recognized Soviet Russia *de facto*, and in 1924 *de jure*, thus recognizing Russia's rights in the Caucasus. The political, military, and economic cost of maintaining control in the Caucasus was too high for Europeans to challenge Bolshevik Russia.

In the context of global and regional conflicts, the Georgian-Azerbaijani relationship stands alone as an example of more pragmatic collaboration based on mutually beneficial interests, rather than disagreements and potential for conflicts. In fact, Georgia and Azerbaijan were the only countries in the region that avoided direct military conflict during the turmoil that preceded independence: Azerbaijan and Armenia experienced prolonged military conflict, whereas Armenia and Georgia experienced a shorter military confrontation. In addition, there was a military conflict between Turkey and Armenia, Turkey and Georgia, as well as the White Russian confrontation with Georgia and Azerbaijan, followed by Bolshevik Russia.

Despite conflicting interests and territorial disputes in some areas—for example, the Zaqatala and Borchalo districts, as well as Georgia's concerns over Azerbaijan's support to the short-lived South-West Caucasian Republic—and despite occasional violent clashes between ethnic Georgians and Azerbaijanis, the Georgian-Azerbaijani relationship never escalated to the level of military conflict.

The two countries established diplomatic relationships soon after independence and an Azerbaijani ambassador was stationed in Tbilisi starting from June 1918. A Georgian ambassador was dispatched to Baku in October 1918. From the very beginning, the countries started to collaborate on a wide range of economic issues and signed several agreements. The relationship developed further in anticipation of the attack of the White Russian forces of General Denikin, when the ministers of foreign affairs of the two countries signed the Azerbaijani–Georgian mutual defense pact in Tbilisi on June 16, 1919. Following this agreement, there was a flow of some ammunition and army boots from Georgia to Azerbaijan, while the latter sent grain and provided oil and oil products for the Georgian army.⁹

⁹ *Ibid.*, 51.

Various Georgian-Azerbaijani agreements also covered the areas of trade, finance, transit, railway cooperation, food supply, and so on. Government agencies from both sides were actively involved in directing trade relationships. In addition, different public organizations, such as the Union of Cities of the Republic of Georgia, the Union of Co-operatives of Tbilisi, and the Central Food Council of the Georgian Democratic Republic, signed contracts for the barter of food and grain with administrative units in Azerbaijan and the Ministry of Supply in Georgia for different commodities. Georgia was most interested in oil as well as food products from Azerbaijan. Azerbaijan meanwhile was importing coal and manganese from Georgia.¹⁰

Already then, transit was key for the Azerbaijani-Georgian relationship. Azerbaijan had a great need to export its oil via Georgia's railways and the Batumi port, and Georgia needed access to Iran for food products. The functioning of the Baku-Batumi and Baku-Poti transportation corridor was an important element that brought the countries together. This transit potential was also of interest not only to the great powers, but to newly emerging states as well. The briefly independent Republic of Ukraine had a great interest in trade and transit collaboration with the South Caucasus, and the Ukrainian Rada had sent its representative to Tbilisi to deal with the trade and transit of oil from Baku to Ukraine, as well as the shipment of Ukrainian iron ore, steel, and food products to Georgia and Azerbaijan.

After Sovietization, the Baku-Batumi oil link was strengthened by a new pipeline, constructed by 1930, and in general, Georgia and Azerbaijan maintained good neighborly relationships that included both close economic as well as cultural ties. But the entire region was politically and economically attached to the rest of the Soviet Union, with many limits to the full realization of its economic and cultural potential.

Overall, historical analysis demonstrates deep roots of cohabitation and collaboration of Azerbaijani and Georgian peoples in the South Caucasus. The two peoples resisted the same invaders throughout history. They have also demonstrated considerable mutual respect for each other's cultural and religious traditions. Furthermore, the Azerbaijanis of Georgia were loyal citizens of the Georgian state, fighting the enemies of Georgia for centuries. Poets

¹⁰ *Ibid.*, 44-48.

and intellectuals of the two nations were friends and soul mates, educating and leading their people toward greater respect and friendship. This positive historical experience creates a foundation for close ties between Azerbaijan and Georgia in the twenty-first century.

Key Milestones since Regaining Independence

In 1991, both Azerbaijan and Georgia restored their independence, and diplomatic ties were established between them on November 18, 1992. Since then, the countries have engaged in active diplomatic collaboration in both bilateral and multilateral frameworks, exchanged multiple high-level delegations, signed more than 100 bilateral agreements, and developed a depth of relationships that is characterized as a strategic partnership. Both Azerbaijan and Georgia experienced civil and ethno-political conflicts in the early years of independence with devastating social and economic consequences in both countries. After the first turbulent years of independence, however, mature leaders with long experience of leadership and governance came to power in both Azerbaijan and Georgia. Presidents Heydar Aliyev and Eduard Shevardnadze shared in common their Soviet Politburo past and significant connections within the former Soviet space, as well as on the international arena. Driven by a great desire to strengthen the independence and sovereignty of their newly re-born countries, they identified key areas of cooperation to ensure mutual benefits. The major driver for the development of bilateral ties, as well as broader regional cooperation, was the energy potential of Azerbaijan. The traditional export route for Azerbaijani oil since the nineteenth century was via Georgia's Black Sea ports, and the revitalization of that export link became a priority for both countries. It was also clear for these visionary leaders that Georgia and Azerbaijan could serve as a strategic access link for Western countries and Turkey to Central Asia, where large deposits of hydrocarbons and other resources were ripe for exploitation, and which saw the emergence of a strategic void following the Soviet collapse. Existing and potential conflicts and the danger of destabilization in the Caucasus and Central Asia were additional incentives to initiate regional cooperation.

But most importantly, the two countries needed each other to fulfill their regional and international functions. Initially, this took the form of an interest

in transportation links. Already in January 1993, in speaking about Azerbaijan, President Shevardnadze stated that “our interests complement each other. We need their railroads ... they need our Black Sea ports if they want to export anything to the West.”¹¹ By the mid to late 1990s, the Azerbaijani-Georgian relationship evolved around energy and transit-related projects that led to collaboration on broader political and security issues, and ultimately to a strategic partnership.

Azerbaijan and Georgia, in partnership with other regional countries, also collaborated closely in the multilateral framework of the Organization for Security and Cooperation in Europe (OSCE) on issues that had importance for the independence and security of both countries. This partnership was actively supported by the United States, as well as Turkey. A set of key political and energy related events determined the direction of the strategic developments, as well as the bilateral Azerbaijani-Georgian relationship. Those events included:

- The signing of the “Contract of the Century” on September 20, 1994, between the Azerbaijani government and a consortium of predominantly Western oil companies, creating the Azerbaijan International Operating Company (AIOC). This was a Production Sharing Agreement (PSA) covering several offshore oil fields in the Caspian Sea between the government and AIOC;
- The decision by the Azerbaijani government on multiple export options for the so-called Early Oil pipelines. This decision opened an opportunity for pipeline development via Georgia to the new Georgian port of Supsa;
- The TRACECA (Transport Corridor Europe-Caucasus-Asia) meeting in Baku in September 1998, which culminated in an EU and regional effort to boost the development of the East-West transportation corridor connecting Central Asia with Europe;

¹¹ Emmanuel Karagiannis, *Energy and Security in the Caucasus*, London: Routledge Curzon, 2002, 147.

- The final decision on the so-called Major Oil Pipeline, later named the Baku-Tbilisi-Ceyhan (BTC) pipeline. This decision was first announced on the sidelines of the OSCE Istanbul Summit in 1999;
- The decision on a natural gas export pipeline. In 2001, Georgia and Azerbaijan announced the construction of the South Caucasus natural gas pipeline, connecting Baku via Tbilisi to Erzurum in Turkey.

All these major political and economic decisions required close coordination between Azerbaijan and Georgia, facilitating close and productive working relationships between the leaders of the two countries, as well as between the entire hierarchies of government agencies handling a broad range of issues related to energy, transportation, and foreign policy.

A key event for the developing and deepening of the Azerbaijani-Georgian relationship was the visit of President Aliyev to Tbilisi in March 1996. In addition to signing 15 important bilateral agreements, regulating economic relationships, trade, and so on, the highlight of the visit was the announcement of Azerbaijan's historic decision to send part of its oil for export to the West—via the Baku-Supsa pipeline to Georgia's newly developed port of Supsa. The establishment of alternative routes for the transportation of oil was a courageous step by Azerbaijan's leader. This was an alternative route to developing the Baku-Novorossiysk pipeline. The trilateral contracts signed between AIOC, the State Oil Company of Azerbaijan, and Georgia stipulated that the first Azerbaijani oil, named Early Oil, from the Azeri, Chirag, and Guneshli fields were to be transported by the Baku-Supsa oil pipeline.

The importance of that decision is hard to exaggerate. It reestablished the Georgian Black Sea coast as one of the important outlets for Azerbaijan's oil exports. This decision cemented the close partnership of the two countries in a strategically important area of cooperation: transit and transportation. Construction of the Baku-Tbilisi pipeline laid the foundation for capacity-building in infrastructure development for both Azerbaijan and Georgia. This was also a strategic breakthrough, since this was the first pipeline project since the collapse of the Soviet Union to export Caspian oil which did not transit Russian territory. This decision, and most importantly, its implementation, proved the viability of Azerbaijan and Georgia as independent, functioning states. Ultimately, the positive experience and success of the

Early Oil pipeline project served as a key factor for the final decision on the so-called Main Oil pipeline. The implementation and successful functioning of the Baku-Supsa pipeline reduced the perceptions of risk factors for the South Caucasus energy corridor, and made it easier for sponsors of the much larger BTC pipeline to fund the development and construction process.

It is also important to mention the role of the United States in the process of decision-making on the Baku-Supsa pipeline. It is an open secret that high-level communication between the U.S. and Azerbaijani governments, facilitated by diplomats from Azerbaijan and Georgia in Washington, had a positive impact on the final decision. Former Secretary of State Zbigniew Brzezinski, on the request of the White House, traveled to Baku in September 1995 to deliver a letter from President Bill Clinton to President Aliyev, requesting his support for multiple pipeline options for AIOC oil. A direct conversation between President Clinton and President Aliyev took place in early October, and on October 9, 1995, AIOC, with Aliyev's blessing, announced its plans to use both the Novorossiisk and Supsa routes to export initial oil volumes from the three main Azerbaijani oil fields.¹²

The decision became the first in a series of decisions on pipeline projects that contributed to the success of the U.S. Multiple Pipeline Policy. The Baku-Supsa pipeline was followed by several other infrastructure projects, the most significant among them being the BTC oil pipeline. BTC, together with the South Caucasus natural gas pipeline, allowed Azerbaijan, as well as Georgia, to start capitalizing on the resource and economic potential of the region.

Strategic Pipelines: Drivers for Regional Collaboration

As mentioned previously, the development of energy infrastructure became the primary focus and policy instrument of the successful regional cooperation between Azerbaijan and Georgia, and a driver for Western engagement with the Caucasus and Central Asia. A combination of multiple factors contributed to the success of the energy projects in the region:

¹² Jofi Joseph, *Pipeline Diplomacy: The Clinton Administration's Fight for Baku-Ceyhan*, WWS Case Study 1/99, 17, <http://wws.princeton.edu/cases/papers/pipeline.pdf> (retrieved on March 2, 2013).

- Geopolitical realities favored the Western orientation of oil and gas pipelines from the landlocked Caspian Sea region. In particular, U.S. sanctions excluded Iran from the list of potential export routes for Caspian energy resources;
- Multiple obstacles created by the Russian state-owned energy monopolies Transneft and Gazprom in preventing easy access for transit for Western producers in the region made the Russian option unattractive;
- A lack of strategic vision in Russia about energy developments in the Caspian, and a lack of strategy toward the South Caucasus in particular;
- The clear strategic decision of the United States and Europe to help the newly independent states of the former Soviet Union to build their own sovereign economies, based on energy wealth and their transit potential;
- The strategic partnership between Turkey and the United States that allowed strong and coordinated leadership in the process of designing and implementing the pipeline policy;
- Strong personal bonds and understanding between regional leaders, particularly Presidents Süleyman Demirel of Turkey, Heydar Aliyev of Azerbaijan, and Eduard Shevardnadze of Georgia, which allowed the development and implementation of a coordinated strategy for energy development in the region;
- Commercial interest in delivering oil and gas from Azerbaijani fields to world markets. Indeed, strong commercial interest from British Petroleum (BP) was supported by the equally strong desire of the producing and transit countries to have these strategic pipelines on their territory. This allowed BP to receive attractive terms for production and transit.

As a result, the so-called Multiple Pipeline Policy—initiated by the U.S. and supported by regional countries—envisioned the development of multiple new commercial pipelines crossing several countries, including Russia. The close collaboration of the United States, Turkey, Azerbaijan, Georgia, and

Kazakhstan in the process of implementation of the policy played a crucial role in building strong economic and trade links between the Caspian Sea and Black Sea/Mediterranean Sea ports. The energy engagement with the region translated into substantial Western, but also regional geopolitical, gains. The construction of the major oil and natural gas pipelines across Azerbaijan, Georgia, and Turkey solidified the region's dramatic break from the political and energy dominance of Russia.

Despite serious ethno-political conflicts, political intimidation from Russia, and structural and institutional weakness, the countries of the region made it possible to deliver world-class infrastructure projects through a cooperative effort that has changed the strategic configuration of the region. The BTC pipeline had a particular significance in this regard. The project was seen as a strategic link for Azerbaijan and Georgia, connecting the two countries to each other, and together, to the world. The project allowed the two countries to see their futures in close ties with Europe and the West. For the United States and Europe, BTC provided first the stimulus, and later, justification of the successful engagement, creating opportunities for further engagement in opening the strategic link to Central Asia and the development of the East-West transportation corridor.

While it is clear that Azerbaijan is the key source and most important player in energy development in the Caucasus, Georgia has always had a pro-active role to play, and being a key transit country, positively contributed to the development of the corridor. For example, to make Baku-Tbilisi-Ceyhan pipeline happen, Georgia agreed to lower than internationally accepted standards of transit tariffs. Azerbaijan reciprocated this contribution and, during the natural gas pipeline development, provided some additional incentives to Georgia at its own expense. This was a *modus operandi* in the relations of the two countries throughout the decades of regaining statehood.

Construction of the BTC oil pipeline started on September 18, 2002, and on October 16, 2004, the Azerbaijani and Georgian parts of the pipeline were connected—the same day on which the construction of the Baku-Tbilisi-

Erzurum gas pipeline started. BTC was officially opened on July 13, 2006, and is currently capable of delivering over one million barrels of oil a day.¹³

The Baku-Tbilisi-Erzurum gas pipeline started to pump natural gas in the beginning of 2007. Taking into consideration the opening of the natural gas pipeline between Turkey and Greece in September of the same year, Azerbaijan received an opportunity to sell some of its gas to European customers via Turkey, thus making not only Azerbaijani oil, but also gas available to European markets. This was another strategic breakthrough, making Azerbaijan a gas exporter to Europe. At present, the Baku-Supsa and Baku-Tbilisi-Ceyhan oil pipelines as well as the Baku-Tbilisi-Erzurum gas pipeline constitute the South Caucasus Pipelines System (SCPS), ensuring delivery of Caspian energy resources to world markets. Development of the SCPS laid the foundation for further development of the East-West transport corridor for hydrocarbons, as well as other cargos.

The energy potential of Azerbaijan opens new opportunities to increase the supply of energy to—and strengthen ties with—Europe. Europe needs energy, especially gas and other green fuels like hydroelectricity. Azerbaijan and Georgia have the potential to supply both, and the development of new infrastructure that would ensure production and delivery of the energy resources to Europe is a top priority for both countries. The more that infrastructure links Azerbaijan and Georgia to Europe, the greater the revenue, integration, and security for the South Caucasus.

At the Prague Summit in May 2009, the EU launched a Southern Corridor initiative for natural gas designed to ensure delivery of natural gas from the Caspian region to European markets via Azerbaijan, Georgia, and Turkey.¹⁴ Such infrastructure projects, should they go through, would ensure the delivery of gas to Central, Eastern, and Southern European countries through several pipelines.

Russia is opposed to any alternative natural gas supplies to Europe that challenge its position as the dominant supplier. Natural gas is a strategic product

¹³ “General Historical Background on East-West Transportation Corridor,” <http://library.aliyev-heritage.org/en/6345926.html> (retrieved on January 12, 2013).

¹⁴ “Prague Summit Declaration,” http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/misc/107598.pdf (retrieved on January 27, 2013).

for Russia that gives it considerable influence over European markets and provides political leverage. Russia's gas pipelines also bring substantial revenues to the Russian state. In order to keep this leverage intact, Russia built the expensive Nord Stream Pipeline which connects Russia directly to Germany via an undersea pipeline in the Baltic Sea. The German, Italian, and French energy companies, BASF, ENI, and EDF, are helping Russia to develop another pipeline, bypassing Ukraine, known as the South Stream pipeline. This pipeline will directly connect Russian gas via the Black Sea to an EU member country, Bulgaria, and to other Southeast European markets. South Stream is a direct competitor to the EU-supported Southern Corridor concept, which calls for a diversification of European supplies and the reduction of large-scale dependence on Russian gas.¹⁵

Russian projects are currently competing with the Trans-Anatolian Pipeline, or TANAP, which has a planned capacity of 16 bcm per annum, which is scheduled to be funded by the Azerbaijani state oil company, SOCAR. TANAP, if built, will cross from Georgia to Turkey's western border with the EU. The source of natural gas will be the Shah-Deniz field in the Azerbaijani section of the Caspian Sea; it will use part of the existing South Caucasus Pipeline, and connect Turkey to markets in Europe. TANAP will bring Azerbaijani gas to the western border of Turkey, and from there to European markets. After several years of deliberation, the options to connect TANAP to European markets were narrowed down to two potential pipelines: 1) Nabucco West, connecting Turkey to Austria through Bulgaria, Romania, and Hungary; and 2) Trans Adriatic Pipeline, or TAP, connecting Turkey via Greece, Albania, and the Adriatic Sea to Italy.¹⁶ On June 28, 2013, the Shah Deniz Consortium officially announced in Baku that it had selected TAP as its delivery route to Europe. The 500-mile-long TAP is backed by the Swiss energy company Axpo, Statoil, and Germany's E.ON SE. It will run through northern Greece and southern Albania before crossing the Adriatic Sea by means of an under-sea pipeline to Italy. As previously mentioned,

¹⁵ "Putin Launches Construction of South Stream Pipeline," *EUbusiness*, December 7, 2012, <http://www.eubusiness.com/news-eu/russia-italy-france.l8p> (retrieved on January 13, 2013).

¹⁶ "Nabucco West Scenario," <http://www.nabucco-pipeline.com/portal/page/portal/en/press/=Nabucco%20West%20Scenario> (retrieved on January 14, 2013).

TAP will connect with the TANAP pipeline carrying gas through Turkey. The first supply of gas should reach TANAP in Turkey in 2018 and Europe via TAP by 2019. Initially, 10 bcm each year will be exported through TAP, but the pipeline's capacity can be increased to up to 20 bcm.¹⁷

EU Commission President Jose Manuel Barroso issued a statement saying that TAP “will provide further momentum to the full and rapid realization of the entire Southern Gas Corridor as a direct and dedicated link from the Caspian Sea to the European Union, which should be expanded over time.” EU Energy Commissioner Günther H. Oettinger also made an important statement: “We have a definite commitment from Azerbaijan that gas will be directly delivered to Europe through a new dedicated gas pipeline system. Whether the system consists of two gas pipelines—TANAP and TAP—or one single pipeline as earlier projects had foreseen—does not make any difference in terms of energy security. We now have a new partner for gas, and I am confident that we will receive more gas in the future.”¹⁸ Once developed, this chain of infrastructure projects will, for the first time, directly connect natural gas fields in the Caspian Sea to European Union markets. The importance of this project is difficult to overestimate. While initial volumes will cover only about two percent of total European needs, the project has the potential for substantial expansion based on increased volumes from other fields in Azerbaijan, as well as from Turkmenistan. The strategic significance of the functioning Southern Corridor project is comparable to the BTC: it will pull the Caucasus deeper into the European economic space and will facilitate economic and political integration in the European Union. While Italy will be the primary destination of TAP, some gas may be shipped from Italy north to Austria or other markets via existing pipelines.

¹⁷ “Shah Deniz Project Selects TAP As European Gas Pipeline,” *Wall Street Journal*, June 28, 2013, <http://online.wsj.com/article/BT-CO-20130628-703082.html> (retrieved on June 28, 2013); “BP-led Shah Deniz group snub Nabucco gas pipeline in favor of TAP,” *Platts*, June 26, 2013, <http://www.platts.com/latest-news/natural-gas/London/BP-led-Shah-Deniz-group-snub-Nabucco-gas-pipeline-26054085> (retrieved on June 28, 2013).

¹⁸ “EU Commission welcomes decision on gas pipeline: Door opener for direct link to Caspian Sea,” June 28, 2013, http://europa.eu/rapid/press-release_IP-13-623_en.htm?locale=en (retrieved on June 28, 2013).

The new infrastructure will allow Azerbaijan to make direct sale contracts to European countries.

This new development increases the interdependency of Azerbaijan and Georgia and brings the two countries even closer together, and supports their economic development prospects. Technically, the existing gas transit agreement between the Shah-Deniz Consortium and Georgia on the South Caucasus Pipeline allows the producer to ship 25 bcm of gas per annum via Georgia, so additional volumes will not require additional negotiations on terms of shipment and transit fees. But in order to handle larger volumes, the South Caucasus pipeline will need to be upgraded with additional pumping stations. While Azerbaijan will receive substantial investments for the second phase development of the Shah Deniz gas field, Georgia will also receive about US\$ 2 billion in foreign direct investments.

The choice of TAP over the Nabucco West project does not fully eliminate the potential for the latter project. The idea behind Nabucco emerged from the potential of several large producers of natural gas in the region, including Turkmenistan. If Turkmenistan opens itself to larger commercial actors in exchange for greater commitments to its security from the U.S. and EU, Nabucco could still be realized in years to come.

Azerbaijan and Georgia's strategic location harbors potential not only in terms of the transit of energy resources. Ports, railways, and airspace present considerable opportunities to bridge Asia with Europe and thus serve as a positive factor in global economic and political development across the Eurasian continent. During 2011 the Caucasus Transit Corridor, which crosses Georgia and Azerbaijan and connects Turkey and Black Sea ports via the Caspian Sea to Central Asia, carried 8.5 million tons of liquid bulk and 8,457 TEUs¹⁹ by rail, in addition to 8,010 TEUs by road. But this is far from utilizing the full transit potential of the region. With some service improvements made in terms of border crossings and more competitive tariff policies, the potential quantities are much larger still. New infrastructure development is also essential for servicing additional transit. Studies show that the average cost of shipping a TEU from Taraz in Central Asia to Hamburg in Germany

¹⁹ Twenty Foot Equivalent Unit container, which has no definite weight, but is used as a measurement in transportation.

is currently lowest if it crosses Russia and is loaded on ships in Riga, Latvia. This option is 10 percent cheaper and takes about one week less than shipping the same container via the Baku and Poti ports to Northern Europe. Accordingly, the potential exists to attract additional cargos by increasing the efficiency and timing of shipments via Azerbaijan and Georgia.²⁰

Another study demonstrates that shipment of cargos from Afghanistan to Europe and the open seas is most cost effective and secure if done so via Turkmenistan, Azerbaijan, and Georgia. Regardless, the precondition must still be to increase efficiency and reduce the cost and transit times of shipments.²¹

One important regional initiative to increase the capacity and efficiency of the rail corridor between Azerbaijan and Georgia is already underway. Azerbaijan took a pro-active step and provided financing for the Georgian section of the Baku-Tbilisi-Kars railway line, which will connect the Azerbaijani and Georgian railways to the Turkish railway system, and thus will create a functioning rail link between East and Central Asia to Europe. This railway connection should attract additional cargos for the South Caucasus transportation corridor, thus increasing both the economic and political significance of the region to the world.

Azerbaijan and Georgia will need to work closely together and with their key regional allies to increase the competitiveness of the South Caucasus corridor and attract cargos that are currently shipped from Asia to Europe by sea lines, via Russia, or through the Iranian-Turkish corridor. This would require the harmonization of customs procedures, logistics, and legal environments between Georgia, Azerbaijan, Turkey, and the Central Asian states. While this is by no means an easy process,²² the BTC pipeline demonstrates that the

²⁰ "Competitiveness Analysis of the Caucasus Transit Corridor," USAID/Georgia, June 2012, http://www.rciproject.com/rcicaucasusworkshops_files/Tom%20Kennedy.pdf (retrieved on June 20, 2013).

²¹ "Comparative Analysis of Alternative Transport Routes for Afghan Transit Trade," USAID, November 11, 2012.

²² Taleh Ziyadov, "Azerbaijan as a Regional Hub in Central Eurasia," Caspian Strategy Institute, December, 2012, 23-27, http://www.hasen.org.tr/content/userfiles/files/Azerbaijan_as_a_regional_hub_in_central_eurasia_-_aral_k_2012_3.pdf (retrieved on January 18, 2013).

countries of the region are capable of meeting such challenges when common interests are concerned and when there is a strong leadership in place.

Another area for potential cooperation is the development of the regional electricity grid and regional electricity market. Azerbaijan's hydrocarbon resources and Georgia's hydro resources could complement each other in building a stable regional source of supply for one of the fastest growing electricity markets in the world—Turkey. A new high-voltage electricity line is now connecting Georgia and Turkey, providing an opportunity for regional trade of electricity between Azerbaijan, Georgia, and Turkey. Other regional actors, like Russia and Armenia, may be interested in participating in the process of building a regional electricity system, but the current political environment and existing conflicts are, for the moment at least, prohibitive factors to the establishment of this kind of inclusive system.

The Azerbaijani-Georgian Partnership in a Multilateral Framework

Building on deepening bilateral ties driven by energy development, Azerbaijan and Georgian have pursued active diplomatic collaboration via different multilateral setups to facilitate mutually beneficial outcomes.

TRACECA

The development of the energy corridor via Georgia and Azerbaijan required sophisticated logistical support. European and Central Asian countries were interested in the development of infrastructure that would support greater trade, exports, and imports in and out of Central Asia and the Caucasus. In 1993, the Transportation Corridor Europe-Caucasus-Asia, or TRACECA, became an active initiative of the regional countries and the European Union to facilitate the development of transportation infrastructure that would connect Europe to Central Asia via the Caucasus. The official website of the European Commission states that: “TRACECA is an ambitious interstate programme aimed at supporting the political and economic development in [the] Black Sea Region, Caucasus and Central Asia by means of improvement of international transport.”²³ In May 1993, the EU launched a technical assistance program for the development of the transport corridor between Europe and Asia across the Black Sea, the countries of the South Caucasus, and the Central Asian states. Since then the EU has financed multiple technical assistance and investment projects throughout the region.²⁴

The favorable, central geographic position of Azerbaijan and Georgia, as well as the advantage of conceptualization of the importance of the transit corridor for all the countries involved, allowed the two countries to play a leader-

²³ European Commission, http://ec.europa.eu/europeaid/where/asia/regional-cooperation-central-asia/transport/traceca_en.htm (retrieved on February 1, 2013).

²⁴ Ibid.

ship role in developing the TRACECA concept and in raising this initiative to the level of the long-term policy of the European Union. In September 1998, at a historic summit in Baku, 12 TRACECA countries (Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Uzbekistan, Ukraine) signed the “Basic Multilateral Agreement on International Transport for Development Corridor Europe-Caucasus-Asia (MLA),” including four supplementary technical annexes on rail and road transport, commercial maritime navigation, customs procedures and documentation. MLA became a legal basis for effective implementation of the TRACECA initiatives. The Summit in Baku also established the Intergovernmental Commission (IGC) and its TRACECA Permanent Secretariat, with offices based in Baku. Representatives from 32 states and 13 international organizations attended and endorsed key documents of the conference. The office of the permanent secretariat of the TRACECA Intergovernmental Commission started to function in Baku on February 21, 2001. The new office was tasked with coordinating efforts to attract additional cargos and to facilitate the smooth functioning of the transportation network in the framework of TRACECA.

This development boosted the revitalization of the Great Silk Road, connecting Asia and Europe. The corridor starts in Eastern Europe (Bulgaria, Romania, Ukraine) and continues to the Black Sea port of Poti in Georgia, further utilizing the transport networks of the Southern Caucasus, as well as a land connection toward this region from Turkey. From Azerbaijan by means of the Caspian ferries (Baku to Turkmenbashi and Aktau), TRACECA’s route reaches the railway networks of the Central Asian states of Turkmenistan and Kazakhstan. The transport networks of these states are connected to destinations in Uzbekistan, Kyrgyzstan, and Tajikistan, and reach the borders of China and Afghanistan. This multi-modal transport system provides efficient transportation options for increasing freight flows from the Asia-Pacific region to destinations in Central Asia, the Caucasus, and Europe. This also makes it possible to open and to enlarge the markets of TRACECA countries and to connect them to the trans-European Networks.²⁵ The lead-

²⁵ TRACECA website, <http://www.traceca-org.org/en/home/the-silk-road-of-the-21st-century/> (retrieved February 7, 2013).

ers of Azerbaijan and Georgia, as well as diplomatic and business communities in both countries, played a very active role in promoting the vision for this important geo-strategic project. They saw the growth potential for this transportation corridor to expand and involve many more countries interested in easier access to markets in Europe and Asia. The project has already evolved to a new level and is now connected to a railway link, known as the Viking Railroad, which connects the Ukrainian port of Odessa with the Lithuanian port of Klaipeda. In fact, Lithuania became an observer of the TRACECA project, demonstrating the expansion potential of the project.

Currently, new ports, roads, bridges, railways, and other transport infrastructure are being constructed, and existing ones rehabilitated to increase the transit capacity of the entire area, including the South Caucasus. Corresponding unified regulatory basis and tariff rules are being developed. Furthermore, TRACECA countries have joined the relevant international conventions and agreements. Transport infrastructure necessary for the development of multimodal transport is being established, supported by adequate capacity-building required for professional international transportation.²⁶

Diplomatic and private sector efforts for promotion of the East-West transportation corridor and revitalization continued throughout the late 1990s and early 2000s. While not being part of the region, and at the time not directly benefiting from the implementation of TRACECA, the U.S. government and NATO both actively supported the initiative. At the time, the U.S. Congress played a very pro-active role. For example, a meeting of Heads of State and Ministers of Foreign Affairs took place on Capitol Hill in April 1999, after the summit dedicated to NATO's 50th anniversary. The meeting was dedicated to the restoration of the Great Silk Road, and was hosted by Senator Sam Brownback, a champion of the U.S. regional engagement at that time.

Deserving of special attention is the fact that civil society organizations and business associations of Georgia and Azerbaijan also actively supported and facilitated the conceptualization and implementation of the East-West transportation corridor. Of particular significance to these efforts was the close collaboration of the America-Georgia Business Council and the U.S.-

²⁶ Ibid.

Azerbaijani Chamber of Commerce in Washington D.C., which resulted in many joint events and activities in Washington involving policy makers as well as constituencies of other regional countries, such as the U.S.-Turkish Council, U.S.-Kazakhstan Business Association, among others. The efforts of those organizations played a significant role in educating U.S. policy makers and the foreign policy establishment on the importance of the South Caucasus transportation corridor for U.S. strategic interests in a volatile part of the world. One successful example of these efforts was a conference entitled “The East-West Energy Transport Corridor is Reality” held in Washington on February 25, 2003. The international conference was organized at the joint initiative of the U.S.-Azerbaijan Chamber of Commerce, America-Georgia Business Council, and the U.S.-Turkish Council. The major issue discussed in the conference was the construction of the BTC oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline which were to deliver Caspian energy resources to the world market.

One important—and the most recent—trilateral initiative of the Azerbaijani, Georgian, and Turkish governments, which complements and strengthens the TRACECA initiative and regional transportation infrastructure, is the Baku-Tbilisi-Kars railroad connection. This 127-km railroad connector line between the main Caucasus railway system and the Turkish railroad system will not only significantly shorten railway transportation links connecting Europe with the Caucasus, but also with Central Asia and China, as well as, potentially, Pakistan and India.²⁷ The railway will start functioning in 2013, and is expected to achieve full operational capacity by 2015.

Today TRACECA is a functioning transportation system that connects Europe to Asia. Accordingly, Azerbaijan and Georgia together play a very significant role providing transit opportunities to shippers from Asia to the Mediterranean, Western Europe, and beyond.

GUAM

Azerbaijani-Georgian diplomatic collaboration in the framework of the OSCE is another good example of the coordinated diplomatic efforts be-

²⁷ “General Historical Background on ‘East-West Transportation Corridor,’” Heydar Aliyev Heritage Library, <http://library.aliyev-heritage.org/en/6345926.html>.

tween the two countries to advance common strategic goals. They worked closely together in the process of negotiations of amendments to the treaty for Conventional Arms in Europe (CFE) under the auspices of the OSCE. Starting from 1996, both became part of a group of countries which focused in the negotiation process on the so-called Flank Agreement to reduce Russian military presence in areas that included the South Caucasus and Moldova.²⁸ In May 1996, at the CFE Treaty Conference in Vienna, Azerbaijan, Georgia, Moldova, and Ukraine issued a joint statement emphasizing their commitment to OSCE principles and interest in closer collaboration on regional issues. On October 10, 1997, the presidents of the aforementioned countries met in Strasbourg during the summit of the Council of Europe and stated their mutual interest in developing bilateral and regional cooperation, European and regional security, and political and economic contacts. In the joint communiqué that was issued, the respective presidents stressed the importance of the four nations' cooperation in establishing TRACECA and underscored the importance of strengthening quadrilateral cooperation "for the sake of a stable and secure Europe guided by the principles of respect for sovereignty, territorial integrity, inviolability of state frontiers, mutual respect, cooperation, democracy, supremacy of law and respect for human rights."²⁹ The leaders set up a working group of GUAM (Georgia, Ukraine, Moldova, and Azerbaijan) that was tasked with coordinating issues of common interest.

The GUAM framework became an important instrument for coordinated efforts to achieve the strategic goals of Georgia and Azerbaijan via multilateral mechanisms in the late 1990s and the early years of the new century. Key priorities for the GUAM group reflected the foreign policy priorities of the two countries. For example, after consultations between the deputy foreign ministers in Baku in November 1997, a joint protocol was signed emphasizing the following priorities: political interaction and cooperation; interaction in the field of peaceful settlement of conflicts and cooperation in combating separatism; cooperation in the field of peacekeeping activities; cooperation in

²⁸ "Final Document of the First Conference to Review the Operation of the Treaty on Conventional Armed Forces in Europe and the Concluding Act of the Negotiation on Personnel Strength," <http://www.osce.org/library/14099> (retrieved on March 5, 2013).

²⁹ "Joint Communiqué of the Meeting of the President of Azerbaijan, Georgia, Moldova and Ukraine," GUAM website, <http://guam-organization.org/en/node/440> (retrieved on March 5, 2013).

the field of development of a Eurasian transport corridor; and interaction within the framework of processes of integration to Euro-Atlantic and European structures of security and cooperation.³⁰

In October 1998, the chief delegates of the GUAM countries, who participated in the International Monetary Fund and the World Bank Annual Meeting, met at the Embassy of Ukraine in Washington D.C., and issued a joint statement announcing the four countries' determination to work together on four goals: (1) to minimize the effect of the Russian financial crisis on their countries; (2) to support each other against "growing challenges to regional security and stability"; (3) to cooperate with each other and international partners in the Europe-South Caucasus-Central Asia transit corridor project; and (4) to jointly lobby for accelerated development of Caspian oil deposits and the construction of multiple pipelines directly to international markets. The four states confirmed their commitment to the continuation of economic reforms aimed at developing democratic societies, free markets, and the active integration of their countries into the global economy. The participants also noted the importance of quadrilateral cooperation in creating the Eurasian Transportation Corridor, not only as a means of extending economic cooperation, but also as an important factor for strengthening the economic and political sovereignty of the states involved.³¹

On April 24, 1999, GUAM was enlarged through the addition of Uzbekistan, which joined the group at the GUUAM summit, held during the NATO/EAPC Summit in Washington D.C., on April 23-25, 1999.³² The frequency and intensity of the meetings and cooperation was maintained during 2001-6 despite the fact that Uzbekistan relinquished its GUUAM membership in 2005. On May 23, 2006, the four original members issued the Kyiv

³⁰ "The GUUAM Group: History and Principles," Briefing paper, November 2000, GUAM website, <http://www.guam.org/general/browse.html> (retrieved on March 5, 2013).

³¹ *Ibid.*

³² "The GUUAM Group: History and Principles."

Declaration and formed the International Organization for Democracy and Economic Development – GUAM.³³

GUAM continues to function today, but the level of commitment to this multilateral organization by member states is more limited. This is a reflection of a lack of coordinated regional messages coming from multiple actors with common interests. The CFE treaty and negotiations on the Flank Agreement was a major stimulus for engagement and coordination between Moldova, Ukraine, Georgia, and Azerbaijan. The transit corridor and energy-related cooperation, as well as growing Azerbaijani investments in Georgia, keep Georgia and Azerbaijan closer than other partners, but what is missing is an effort toward broader regional cooperation that could bring the countries of GUAM and other regional actors closer together again. Greater regional cooperation would increase the engagement of Central Asia and the South Caucasus with Europe and Transatlantic political and economic structures, and further the integration of the entire region into the global economy.

³³ “Kyiv Declaration on establishment of the Organization for democracy and economic development – GUAM,” GUAM website, <http://guam-organization.org/en/node/468>.

Comparative Analysis of Foreign Policy Priorities

Azerbaijan and Georgia have common long-term foreign policy goals and priorities. These include securing their independence and sovereignty, achieving territorial integrity within their respective internationally recognized borders, and strengthening the process of regional and international integration that brings both political as well as economic security for Azerbaijan and Georgia. In fact, the two states were following almost parallel foreign policy lines up until 2002. As described above, both countries are active members of the OSCE; they joined the Council of Europe (Georgia in 1999, Azerbaijan in 2001); and both collaborated closely with NATO's Partnership for Peace program. One difference between the two countries in terms of the membership of international organizations was the fact that Georgia joined the World Trade Organization in 2000, whereas Azerbaijan is currently still in negotiations concerning its membership.

Western countries and international organizations, such as the EU, OSCE, and UN, supported strong regional collaboration between all actors in the Black Sea-Caspian region, with the Azerbaijani-Georgian relationship serving as a strong showcase for this kind of collaboration. Unlike Western countries and international organizations, Russia was never interested in the emergence of strong regional partnerships between countries in its neighborhood; it instead tried to deal with countries not as a group, but individually, thus receiving a greater advantage due to its size and power.

Despite their common and frequently coordinated foreign policy, Georgia and Azerbaijan had, and still have, different strategic positions in the region. Azerbaijan, rich in oil and gas resources, and with a larger economy, has always had a stronger strategic position than Georgia. In fact, when the East-West energy and transportation corridor was discussed, Georgia was always seen as the weakest and most vulnerable point in this system, with fears that it could be targeted by those who sought to prevent the success of the pro-

ject.³⁴ This weakness was cultivated and deepened by the systematically greater Russian pressure on Georgia than on Azerbaijan. Moscow actively supported separatist movements in Georgia, and used every opportunity to weaken Georgia and present it as a failed state. Several assassination attempts on President Shevardnadze in the 1990s were linked to the Russian special services.³⁵

The initial Russian strategy toward Azerbaijan was very similar to the strategy toward Georgia: to manipulate the country's internal political situation and to fuel the conflict in Nagorno-Karabakh so as to weaken Azerbaijan's drive toward political and economic independence. There were several coups and assassination attempts on Azerbaijani leaders in the early years of independence. Russia, through its military and political support, played an important role in the ultimate military success of the Armenian forces in the war with Azerbaijan. Russia's goal was to ensure that Azerbaijan would continue to depend on Russian energy infrastructure, as well as on Russia's political will to resolve the conflict and restore the territorial integrity of Azerbaijan. On the one hand, Russia claimed impartiality in the conflict and acted as a mediator between the conflicting sides. On the other, it maintained a military base in Armenia and was bound by military obligations to Armenia through the Collective Security Treaty, as well as bilateral military treaties, first signed in 1995, and then extended in 2010 until 2044.³⁶ Despite these obligations, Russia is an active part of the so-called Minsk group that leads OSCE efforts to facilitate conflict resolution in and around Nagorno-Karabakh. In reality, Russia has no interest in resolving a conflict that allows it to maintain its significant military, political, and economic presence in

³⁴ Zeyno Baran, "High Stakes for U.S. Credibility," *The National Interest*, November 12, 2003, <http://nationalinterest.org/article/georgia-high-stakes-for-us-credibility-2475> (retrieved on February 5, 2013).

³⁵ Paul Quinn-Judge, "Shevardnadze the Survivor," *Washington Post*, March 19, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/03/17/AR2006031702090.html> (retrieved on January 10, 2013). President Aliyev was the first leader to call President Shevardnadze after a second major assassination attempt in 1998. "Shevardnadze Escapes Another Assassination Attempt," *Chicago Tribune*, February 10, 1998, http://articles.chicagotribune.com/1998-02-10/news/9802100271_1_mkhedrioni-dzhaba-ioseliani-assassination-attempt (retrieved on January 10, 2013).

³⁶ "Russia, Armenia sign Extended Defense Treaty," *RFE/RL*, August 20, 2012, http://www.rferl.org/content/Russian_President_Medvedev_To_Visit_Armenia/2131915.html (retrieved on June 15, 2013).

Armenia—unless, that is, such a resolution would cement Russia’s influence in the region, through Russian forces on the ground, including in Azerbaijan. Despite these problems with Russia, after the ceasefire agreement of 1994 Azerbaijan chose to focus on the development of its resources as the basis for its internal political and economic stabilization, and to avoid further confrontation with Russia. This pragmatic approach proved to be the correct strategy for Azerbaijan.

Meanwhile, Russian pressure on Georgia increased after President Shevardnadze developed a clear pro-Western stance on many international issues. Building on the pro-Western orientations of the country, he made the first cautious statement about Georgia’s desire to join NATO as an ultimate goal of Georgia’s foreign and security policy. This announcement came against the backdrop of ongoing Russian military operations in neighboring Chechnya in 2002, when Russia demanded use of Georgian territory for military operations against Chechen rebels. At the same time, Russia accused Georgia of harboring Chechen rebels in the Pankisi Gorge and of supporting terrorism. In the face of strong political pressure from Russia, punctuated by the occasional bombing of Georgian territories by Russia’s air force, Georgia nonetheless managed to avoid war with Russia at that time. The Georgian government also supported the U.S.-sponsored “Global War on Terrorism” for the purpose of protecting its borders from penetration by radical Islamist groups and cleaning up Georgian territory from militant Chechen insurgents. Georgia received an American “Train and Equip Program,” which was designed to train Georgian troops in managing antiterrorism operations. This was the first example of combat training for Georgian troops under NATO standards, and it has had significant political implications for the modernization of Georgia’s armed forces. These developments did not please Georgia’s northern neighbor, however.

Thus, it is no surprise that Russia welcomed changes in the government in 2003 after the Rose Revolution, and sent its foreign minister, Igor Ivanov, to negotiate President Shevardnadze’s departure from power.³⁷ Following She-

³⁷ PBS reported on November 24, 2003, that Ivanov told Shevardnadze that “time was up,” http://www.pbs.org/newshour/bb/europe/july-deco3/georgia_11-24.html (retrieved on January 12, 2013).

vardnadze's resignation and the election of President Saakashvili, the relationship appeared more pragmatic and positive. Saakashvili's first foreign visit was to Moscow, and Russia did not intervene when President Saakashvili managed to re-establish the central government's control in the Adjara region. This was a time when Russia honored its international obligations and began the process of removing most of its military equipment and personnel from Georgia, closing three out of four military bases by 2007.³⁸ But the relationship worsened again starting from the end of 2005, when it became clear that Georgia was following through with its strategy of European and Transatlantic integration. This also coincided with an increasingly publicly strained personal relationship between Saakashvili and Putin.

One of the main leverages that Russia constantly exercised on Georgia was the latter's energy dependency on Russia. Since the time of independence, Georgia experienced severe shortages in energy supplies, and for years it was dependent on Russian supplies of natural gas and electricity. Due to the strained Russian-Georgian relationship, there were many occasions when natural gas or electricity supplies from Russia were cut off, and on those critical occasions, Azerbaijan proved to be a key source of support. One such occasion emerged in January 2006, when the power line and natural gas pipeline that connected Russia to Georgia were both blown up in different locations at the same time.³⁹ This was before the commissioning of the Baku-Tbilisi-Erzurum pipeline later that year, which meant that Azerbaijan had to use an existing pipeline connecting to Georgia to at least partially compensate for the downfall in natural gas supplies to the Georgian population. This was a time when Azerbaijan itself had a shortage of natural gas and had to import substantial volumes from Russia. Nevertheless, the leadership of Azerbaijan made a very rapid decision to start supplying Georgia to help its neighbor and strategic partner overcome the crisis.⁴⁰

³⁸ The only remaining base was Gudauta in Abkhazia. Russia considered that base as closed and only as a facility for peacekeeping operations.

³⁹ "Explosions in Southern Russia Sever Gas Lines to Georgia, *New York Times*," *New York Times*, January 23, 2006, http://www.nytimes.com/2006/01/23/international/europe/23georgia.html?_r=0 (retrieved on March 1, 2013).

⁴⁰ "Azerbaijan Supplies Gas to Georgia," *Associated Press*, January 23, 2006, <http://www.apnewsarchive.com/2006/Azerbaijan-Supplies-Gas-to-Georgia/id-ddda63802f17c143c71ed8716f83d8fa> (retrieved on March 1, 2013).

There are several reasons that explain why Georgia was targeted by more significant Russian pressure than Azerbaijan. As Svante Cornell has noted,

First, Putin and Heydar Aliyev both had a past in the KGB and could connect on a personal level; second, Azerbaijan was a stronger state with fewer minority problems, making Georgia the weak link that Russia focused on; third, a focus of Russian policy was to split the Georgian-Azerbaijani strategic partnership by pressuring Georgia and wooing Azerbaijan; fourth, Russian leaders generally applied an emotional streak to relations with Georgia, feeling that its pro-western policy was much more of a betrayal, being culturally closer to Russia; and, fifth, the more aggressive and outspoken Georgian policy style mattered much in angering Moscow, whereas Azerbaijan's policies were more discre[et], in spite of being very similar to Georgia's.⁴¹

By contrast, Georgian President Eduard Shevardnadze, who also served as the last Minister of Foreign Affairs of the Soviet Union (1985-1990), was often blamed by many in Russia for his role in the collapse of the USSR. Hence, Shevardnadze was personally very disliked in Russian security circles, especially given his uncompromising refusal to allow Russian troops to use Georgian territory for military operations in Chechnya in 1999-2000.⁴²

Georgia's strategy under President Saakashvili before the war in 2008 was to aggressively try to "attach" the country to Europe, and particularly NATO, pursuing this goal sometimes at the expense of the depth of relationships with Georgia's main *regional* partners, Turkey and Azerbaijan. Georgia tried to repeat the path of the Baltic States, in a sense seeking to remove itself from the South Caucasus context and instead partnering with Ukraine, but neither of the countries was ready for the serious task. The visit of President Bush to Georgia in 2005, and the close personal ties of President Saakashvili to many Western—and in particular American—politicians, created an ex-

⁴¹ Svante E. Cornell, *Georgia after the Rose Revolution: Geopolitical Predicament and Implications for U.S. Policy*, Carlisle, PA: U.S. Army War College, SSI, February 2007, 27, <http://www.silkroadstudies.org/new/docs/publications/2007/0703USAWC.pdf> (retrieved on January 16, 2013).

⁴² Alexandros Petersen and Taleh Ziyadov, "Azerbaijan and Georgia: Playing Russian Roulette with Moscow," *Central Asia-Caucasus Analyst*, January 10, 2007, <http://www.cacianalyst.org/publications/analytical-articles/item/11277-analytical-articles-caci-analyst-2007-1-10-art-11277.html>.

pectation that Georgia could make it into NATO via the Membership Action Plan. But this ambitious goal required precision and walking a fine line on many issues of internal and external policies, which Georgia was unable to accomplish: there was simply not enough political and institutional maturity that could lead to the success of such a strategy.

Studying the rhetoric and actions of the Georgian government before and after the 2008 war, it is noticeable that the country's foreign policy became much more rational in the aftermath. But this change simply reflected the devastating results of the war. Georgia's foreign policy priority after the war was non-recognition of the separatist areas, and with the help of the United States and other allies, Georgian diplomacy managed to achieve this goal, which must be considered a success.

A very important factor in Georgia's foreign policy was the popular mood. Georgians remember well that the annexation of 1801 and the Bolshevik invasion of 1921 both violated agreements signed between the Georgian and Russian states. Georgians experienced the brutality of Soviet troops once again in 1989—as did the Azerbaijanis in January 1990—when Soviet troops massacred civilians in the respective capital cities. Russia took the side of separatist movements in the Tskhinvali region and Abkhazia in the early 1990s, and helped them to establish *de facto* independent governments. This support was direct, unlike in the case of Nagorno-Karabakh, where the Russian side more subtly supported Armenia's occupation of Azerbaijani territories, especially through its unconstructive stance in the negotiations to resolve that conflict.

At the same time, Georgia received substantial humanitarian aid, and later political support, from Western countries, in particular the United States. The West has always expressed firm support for the territorial integrity of both Georgia and Azerbaijan, and assisted Georgia in multilateral institutions to establish the facts of the ethnic cleansing of Georgians in Abkhazia. Compared to Azerbaijan, Georgia had the advantage of not being systematically counteracted by Armenian diaspora groups.

Western countries also provided important assistance to Georgia during the difficult period after the 2008 Russian invasion, which determined the Western orientation of the majority of the Georgian population. Georgian foreign policy reflected the popular mood, cultivated by political elites throughout

the revival of the national liberation movement in the 1980s and beyond. Georgians overwhelmingly voted for NATO membership in a 2008 referendum, and even the most recent survey of the Caucasus Barometer 2012 demonstrates strong support for EU and NATO membership among Georgians. The survey shows that 67 percent of Georgians support NATO membership, while this number is 33 percent in Armenia and 45 percent in Azerbaijan. In the case of EU membership, 72 percent of Georgians are in favor compared to only 48 percent of Azerbaijanis and 54 percent of Armenians. These numbers have been relatively consistent over the past several years that such surveys have been conducted.⁴³ While Georgia may turn to more diplomatic language and reduce the negative rhetoric against Russia in the years to come, the nature of the Georgian-Russian political relationship will not change as long as Georgia focuses on integration into Europe, and as long as Russia sees this process as a threat to its interests. In fact, Georgia may try to duplicate the Azerbaijani experience and keep the temperature of the bilateral relationships with Russia low. In any case, the nature of the Georgian-Russian and Azerbaijani-Russian relationship will remain more or less the same—determined by developments in the North Caucasus, the evolution of the Russian-Western relationship, and ultimately developments inside Russia after the Putin era.

One potential positive vector of development will be if the Russian Federation becomes more pragmatic and accepts the reality that more security on its southern border means more security for Russia. The Russian leadership portrays Georgia's desire to join NATO and integrate into the EU as a threat to Russia's national interests. In reality, Georgia's NATO membership will strengthen the security of Russia's southern border, and will help the stabilization process in the North Caucasus. Unfortunately, Russia has not learned the lessons of the 1990s, when it supported the separatist war in Abkhazia against the central government of Georgia, and encouraged the Armenian-Azerbaijani conflict. The result was the destabilization of the entire region, and led to radicalization inside Russia. Chechen fighters, who had fought against the Georgian government (and some on the Azerbaijani side against

⁴³ Caucasus Research Resource Centers, *Caucasus Barometer 2012*. (<http://www.crrcenters.org/caucasusbarometer/overview/>)

Armenia in 1992), soon turned their arms against Russia. The same process can be observed in the North Caucasus following the Russian invasion of Georgia in 2008 and the stationing of Russian troops in Abkhazia and the Tskhinvali region. Indeed, the security environment in the North Caucasus has deteriorated since the war of 2008. As history has shown since the nineteenth century, stability can only be achieved in the North Caucasus if there is stability and security in the South Caucasus. NATO can bring much needed security and stability to Georgia and the South Caucasus, and thus contribute to greater stability in the North Caucasus.

NATO is not a threat to Russia. Quite to the contrary, Russia can achieve substantial security benefits with the presence of NATO at its borders, similar to how Russian security benefited from the NATO presence in Afghanistan. In fact, NATO has served as a “public goods” provider for Russia, the Central Asian states, and even China’s Xinjiang province in the past decade, by preventing the spread of destabilization and potentially radical Islamic influence from Afghanistan and the lawless areas of Northwest Pakistan.

Thus, instead of targeting Georgia and manipulating the security environment with potentially dangerous consequences for itself, Russia could benefit from an adjustment of its policies and acceptance of NATO’s presence on its southern borders. This is an argument Europeans need to make to Russians. Sooner or later, Russia will recognize that strategically NATO is a security provider to Russia, dealing with the threats that are shared by both NATO and Russia.

Despite differences in approach to some issues of foreign policy, including their relationships with Russia, Azerbaijan and Georgia have been and continue to be strategic partners. Azerbaijan did not hesitate to provide energy resources or extend other forms of assistance when Georgia was under pressure from Russia. The internal stability and strength of the Azerbaijani state allowed Azerbaijan to pursue its own strategic interests and downplay perceived or real Russian discontent. Even after the dramatic events of August 2008 and the Russian military campaign in Georgia, Azerbaijan managed to maintain a very balanced approach: Azerbaijan managed to avoid antagonizing Russia, while maintaining and even increasing its engagement with

Georgia, translating strong relationships into investments, a larger economic presence, and ownership of assets in Georgia.

In fact, Azerbaijan played its diplomatic cards very skillfully. The period after the war coincided with American and Turkish efforts to initiate a Turkish-Armenian rapprochement. Azerbaijan resisted this initiative of normalization of relationships and opening of borders between Turkey and Armenia as long as it was not linked to the resolution of the Nagorno-Karabakh conflict. Turkey had closed its border with Armenia in the early 1990s in response to Armenia's occupation of Azerbaijani territories. The initiative of 2009 strained Turkish-Azerbaijani as well as the U.S.-Azerbaijani relations. These events were taking place parallel to negotiations on the Southern Corridor for natural gas. Moscow took advantage of the situation and offered to buy all the gas that Azerbaijan had available for export. After careful calculations, by the end of 2009 Azerbaijan decided to sell initially one billion cubic meters of gas to Russia, with a planned increase to two billion and possibly more by 2011 and beyond. This decision pleased Russia and strengthened Azerbaijan's ability to continue to support Georgia. At the same time, it demonstrated Azerbaijan's strong negotiation power vis-à-vis Turkey and Europeans on gas issues. Meanwhile, strong Azerbaijani lobbying in Turkey also played a role in restoring the linkage between the Turkish-Armenian rapprochement and conflict resolution in Nagorno-Karabakh. Ultimately, Azerbaijan managed to maintain a good relationship with Russia, strengthened its interests and position in Georgia, achieved a favorable gas deal with Turkey, and restored the connection between the normalization of the Turkish-Armenian relationship and opening of the common land border on one hand, and resolution of the Nagorno-Karabakh conflict on the other.

Going forward, Azerbaijan and Georgia will face many of the same foreign policy challenges, requiring closely coordinated strategies from both countries to address them. Several expected and potential developments will have to be considered. One of them is that Azerbaijan and Georgia need to come up with a common strategy for the post-2014 period, when most of the U.S. and NATO troops will depart Afghanistan. Azerbaijan and Georgia have a role to play in transiting equipment, and probably troops as well. But the countries also need to prepare themselves for a downsized U.S. presence, and

possibly interests, in the region. Thus, the two countries need a well-thought-out security strategy to deal with the new environment.

Additionally, the two countries need to devise a common strategy in the case of a further deterioration in the U.S.-Iranian relationship. Azerbaijan and Georgia are two Western allies in the region and depending on the level of escalation, they may become a primary target for Iranian retaliation. The countries are also a target for growing Russian pressure to join Russian-led integration mechanisms, and, in the case of Georgia, there is an attendant risk of renewed military aggression. Both Georgia and Azerbaijan need to consider various scenarios with all interested parties, including Turkey, the United States, and NATO.

Azerbaijan and Georgia also need to have a coordinated strategy in case of escalated destabilization in the North Caucasus. This may require some level of collaboration with Russia, which may potentially contribute to a reduction in tensions in the Georgian-Russian relationship. But this is an area where Azerbaijan and Georgia, as well as their Western allies, should develop a coordinated strategy.

While dealing with serious foreign policy challenges, both Azerbaijan and Georgia are deepening their bilateral ties, as well as a trilateral Azerbaijan-Georgia-Turkey cooperation platform. In June 2012, a meeting of Ministers of Foreign Affairs of the three countries took place in the Turkish Black Sea city of Trabzon. The Trabzon Declaration signed by the parties outlined the major priorities of the trilateral collaboration. The meeting was followed by a second trilateral meeting in March 2013 in Batumi. The second meeting focused on trilateral sectoral cooperation in 2013-15, focusing on priorities such as the Baku-Tbilisi-Kars railway, energy pipelines, as well as environmental and humanitarian areas. The sides agreed to make trilateral ministerial meetings a permanent format for cooperation and to hold the next meeting in Azerbaijan in the second half of 2013.⁴⁴ This new trilateral platform of re-

⁴⁴ "Joint Communique of the Second Trilateral Meeting of the Ministers of Foreign Affairs of the Republic of Azerbaijan, Georgia and the Republic of Turkey," *Civil.ge*, March 28, 2013, <http://www.civil.ge/eng/article.php?id=25902> (retrieved on June 16, 2013).

gional cooperation is a clear demonstration of the institutionalization of the two decade-long partnership of the three countries.

Current Status of the Azerbaijani-Georgian Relationship

In 2012, the Georgian people elected a new government and Georgia went through an important process that saw the peaceful transition of power from one political party to another. The new Georgian Prime Minister, Bidzina Ivanishvili, visited Azerbaijan soon after his appointment and met President Ilham Aliyev, emphasizing the importance of the bilateral relationship and regional partnership. The two leaders conducted in-depth discussions on multiple issues of mutual interest, reaffirmed their commitment to previous obligations and agreements, and set directions for new developments.

The Azerbaijani-Georgian bilateral relationship has demonstrated some sensitivity at times of political transitions in Georgia. Georgia experienced two political transitions in the last decade, in 2003 and in 2012, and at both occasions, the leaders who left power had close relationships with the leaders of Azerbaijan, thus causing cautious initial reaction to those transitions in Baku.

President Saakashvili came to power after the Rose Revolution in 2003, and almost the entire political elite was replaced with a much younger cohort of politicians, who did not initially enjoy the same level of respect in Baku as president Shevardnadze did. In addition, president Shevardnadze was forced out of power by the opposition through street protests led by the *Kmara!* movement, and this scenario of a change in the political status-quo by the opposition was unacceptable for the Azerbaijani leadership.

Gradually, however, mutual respect was established between the leaders and the Georgian-Azerbaijani relationship started to develop further, moving to a higher level of economic integration after the 2008 war with greater Azerbaijani economic presence in Georgia.

The democratic transfer of power from the ruling United National Movement to the Georgian Dream Coalition led by billionaire Bidzina Ivanishvili was also unwelcomed change from Azerbaijan's perspective. The percep-

tion among influential forces in Azerbaijan is, and to some extent remains, that Ivanishvili represented Russian interests, and that his arrival to power may result in adjustments of Georgia's foreign policy, favorable to Russia.

Some of Ivanishvili's the initial statements in fact fueled Baku's concerns. His statement on the eve of his first official visit to Baku on December 21, 2012 received particular attention: Ivanishvili questioned Georgia's economic rationale for the Baku-Tbilisi-Kars railway, and mentioned that it could reduce transshipments through Georgia's Black Sea ports.⁴⁵ After several days Mr. Ivanishvili clarified that there were no plans to stop the construction of the railway, and that there were just questions about the project that he planned to discuss in Baku.⁴⁶ But even the raising of such concerns was seen in Baku as an alarming signal of possibly changing policies in Tbilisi. Ivanishvili's visit to Baku, his meeting with President Aliyev and assurances of Georgia's commitments to foreign policy priorities, helped to establish communication between the two leaders, but did not fully eliminate Baku's concerns.

Azerbaijani concerns increased after Mr. Ivanishvili's visit to Armenia in January 2013, during which he discussed the potential restoration of the transit railway system through Abkhazia, which could potentially connect Russia to Armenia via Georgia. The new Georgian leadership sees the opening of the Abkhaz railway as a potential bargaining point with Russia, and as a tool to have some engagement and presence in Abkhazia. Azerbaijan, for strategic military-security reasons, is nevertheless concerned about the opening of direct railway access between Russia and Armenia. And even if prospects of progress on the Abkhaz railway is a very distant possibility, Baku sees the initiation of this discussion as an invitation to Russia to establish an even greater presence in South Caucasus.

Georgia's progress in negotiations on Association Agreement with European Union, and continues efforts towards NATO integration, helps Azerbaijan feel more comfortable with the current Georgian government, but it will take

⁴⁵ "PM Says Construction of Baku-Kars Railway 'Triggers Question,'" *Civil Georgia*, December 21, 2012. (<http://www.civil.ge/eng/article.php?id=25575>)

⁴⁶ "PM: Georgia Does not Intend to Stop Baku-Tbilisi-Kars Project Implementation", *Trend*, December 24, 2012. (<http://en.trend.az/capital/business/2102293.html>)

more time and real geopolitical test to develop full trust and confidence between the new political elite in Tbilisi and their partners in Baku.

The Azerbaijan-Georgian relationship could presently be described as a strategic partnership of two countries in a volatile and difficult neighborhood that is affected by regional tensions and conflicts, as well as rivalries of great powers pursuing their interests in the South Caucasus. Azerbaijan and Georgia can manage this risk-fraught geopolitical and regional environment through close collaboration and coordinated foreign and regional policies. Common interests and mutual respect for differences that may exist serve as the foundation for a deep and comprehensive partnership.

In addition to energy collaboration and common geopolitical interests, bilateral relationships between Azerbaijan and Georgia are driven by several factors:

- Mutual economic interests, and, in particular, growing Azerbaijani economic interests in Georgia;
- The presence of a large Azerbaijani population in Georgia and the comparatively smaller, but for Georgian cultural heritage important, Georgian population in Azerbaijan;
- Issues related to the delimitation of borders between two countries, and related disputed areas.

These drivers of the relationship present positive avenues for deepening ties and the two countries' partnership, but also carry some risk factors that require appropriate management.

Azerbaijan's Economic Interests in Georgia

Azerbaijan owns significant assets in Georgia. The State Oil Company of Azerbaijan, SOCAR, owns over a hundred gas stations, operates the natural gas distribution network, and owns and operates the Black Sea port of Kulevi. Kulevi port represents the largest foreign direct investment from Azerbaijan to Georgia and provides an important export outlet for Azerbaijani oil. SOCAR made substantial investments in the purchase and development of the port. Overall, SOCAR has invested more than \$1 billion in the Georgian

economy in the past six years of operation,⁴⁷ and is currently the main supplier of crude oil, oil products, and natural gas to Georgia.

As previously mentioned, Azerbaijan has provided financing for the construction of the new 105-kilometer railway section in Georgia, connecting the Georgian town of Akhalkalaki to the Turkish town of Kars, as well as for the renovation of some of the existing segments of the railway to increase the line's capacity up to 15 million tons per year, and for the construction of the facility that would transfer trains from broad gauge rails to European standard gauge, used in Turkey. The Baku-Tbilisi-Kars railway is being constructed on the basis of the Georgian-Azerbaijani-Turkish inter-state agreement. Azerbaijan allocated a loan worth \$775 million to construct and renovate the Georgian section. Around \$431.3 million was spent between 2007 and 2012. Of this funding, \$151.5 million was used in 2012. The State Oil Fund of Azerbaijan finances this project.⁴⁸

During the past several years, Azerbaijan has expanded its interests in other sectors of the Georgian economy. Azerbaijani companies and individuals invest funds in agribusiness, real estate, and tourism infrastructure, among other sectors. Azerbaijan invested \$138 million in the Georgian economy in 2012, accounting for 12 percent of the total volume of FDI to Georgia in that year.

These close bilateral economic ties are reflected in volumes of trade between the two countries. Azerbaijan is Georgia's second largest trade partner after Turkey, with a total trade turnover of \$1.26 billion, accounting for more than 10 percent of Georgia's total trade turnover of \$10.2 billion.⁴⁹ Georgia's role in Azerbaijani trade is more modest and constitutes less than 4 percent of the latter's trade turnover of more than \$40 billion. Georgia imports oil and oil products, natural gas, chemical products, and some agricultural products

⁴⁷ "Azerbaijan's SOCAR acquires Georgian gas supplier," *Reuters*, November 1, 2012, <http://www.reuters.com/article/2012/11/01/azerbaijan-gas-georgia-idUSL5E8M18Po20121101>.

⁴⁸ "Over \$431 million Spent for Baku-Tbilisi-Kars Railway Construction," *Turkish Weekly*, January 26, 2013, <http://www.turkishweekly.net/news/146730/over-431-million-spent-for-baku-tbilisi-kars-railway-construction.html> (retrieved on January 28, 2013).

⁴⁹ "Georgia's Trade Turnover," *Civil.ge*, January 25, 2013, <http://civil.ge/eng/article.php?id=25680> (retrieved on January 14, 2013).

from Azerbaijan. Azerbaijan is a primary destination for the re-export of cars from Georgia, as well fertilizers and agricultural products. Georgia is a major destination for Azerbaijani tourists, forming Georgia's export of services, and improving the balance of payment. It is notable that Azerbaijan is the only major trade partner with whom Georgia has a balanced trade: exports (about \$627 million) almost equaled imports (\$633 million).⁵⁰ This is very different from the overall picture of Georgia's trade balance, with \$2.37 billion in exports versus \$7.84 billion in imports in 2012. By contrast, Azerbaijan had a \$30 billion trade surplus in 2011.

Azerbaijani-Georgian economic ties are expected to grow in the future with the expansion of the natural gas pipeline, greater rail transit, and increased transshipments from Central and East Asia, thus contributing to both deepening bilateral relationships and the integration of the South Caucasus into the world economy.

In terms of the key macroeconomic indicators, Azerbaijan has a GDP five times' larger than that of Georgia—with a GDP per capita of \$10,000, Azerbaijan—based on the World Bank's classification—belongs to the upper middle-income group of countries, while Georgia belongs to the low to middle-income group of countries. The difference in wealth between the two countries, as described above, is translated into a larger Azerbaijani economic presence in Georgia. Georgia attracts Azerbaijani investments with its easy business environment, low taxes, limited regulations, absence of petty corruption, and undervalued assets. By comparison, there are fewer options for Georgian companies to operate in Azerbaijan.

It is in the interests of both countries to reduce imbalances in the economic performance between them. Poverty and unemployment in Georgia are factors of potential destabilization that are not in Azerbaijan's interest. The same factors, against the backdrop of growing Azerbaijani ownership of assets in Georgia, could lead to some expression of economic nationalism, which is not in the interest of either Georgia or Azerbaijan.

⁵⁰ Geostat, National Statistics Office of Georgia, http://www.geostat.ge/index.php?action=page&p_id=137&lang=eng (retrieved on March 20, 2013).

The new Georgian government is planning aggressive policies to attract foreign direct investments into Georgia in the coming years. No doubt, Azerbaijani capital will be involved in the implementation of these new projects, but it is expected that there will be other sources of investments as well. If Georgia manages to attract FDI on a larger scale, this should help in the creation of jobs, alleviation of poverty, and accumulation of wealth, thus eliminating pre-conditions for destabilization and social unrest.

The stability and prosperity of Azerbaijan is equally important for Georgia. In addition to being a major source of energy resources and FDI, Azerbaijan is also a major destination for Georgian exports and, as mentioned, a key source of tourism. While Azerbaijan has a larger GDP and GDP per capita than Georgia, Azerbaijan is still faced with significant unemployment, as according to the most recent Caucasus Barometer⁵¹ Survey. Thus, stability and economic prosperity in both countries is crucial for political and economic security.

Border Delimitation

One of the most important risk factors in Azerbaijani-Georgian relations is the issue of the delimitation of borders between the two countries. There is one particular area of the border that is the subject of dispute. The issue relates to a monastery called David Gareji, which was built in the sixth century AD and was expanded several times thereafter. This monastery complex is associated with the name of St. David from Gareji, one of the Assyrian fathers who arrived in Georgia for monastic purposes and who is considered to be one of the most respected saints of the Georgian Orthodox Church. The Holy Mountain, or Mtatsminda in Georgian, overlooking Tbilisi, also has a monastery bearing his name. The Gareji monastery is a system of churches, caves, and other elements of infrastructure built into the mountain range that comprises the current border area between Georgia and Azerbaijan. The great majority of the churches, buildings, and caves are located on the Georgian side of the administrative borders that divided Georgia and Azerbaijan during Soviet times and which currently serve as a mutually accepted line for the border delimitation process. A minor part of the monastery complex,

⁵¹ Caucasus Barometer 2012.

which includes the important Udabno Church, is on the Azerbaijani side of the border. Georgia is interested in a territorial swap that would allow the entire monastery to be inside Georgia's borders. In exchange, Georgia is ready to provide territory in other border areas. So far the issue has not been resolved. While, for years, Azerbaijan has not restricted access to the Azerbaijani side of the monastery complex for Georgian clergy and tourists, on May 6, 2012, Georgian media reported that Azerbaijan had placed border guards in the monastery and denied access to Udabno Church to Georgian church representatives and pilgrims. While this caused public discontent in Georgia,⁵² the issue was quickly resolved after the presidents of the two countries spoke on the sidelines of the Chicago NATO Summit on May 20. By May 21st, the two countries' border agencies had agreed to restore the status quo, recognizing that Georgian citizens and foreign tourists coming from the Georgian side would be allowed to visit the entire territory of the monastery complex without hindrance until the border issue is resolved.⁵³

It is thus in the interest of both countries to find a permanent solution to this issue and to avoid any potential future tensions over the complex.

The Azerbaijani Population of Georgia

Georgia's largest ethnic minority population is the Azerbaijani community. According to a 2002 census (the last census conducted in Georgia), the ethnic Azerbaijani population was 284,761.⁵⁴ The majority of this population is concentrated in the region of Kvemo Kartli, and the administrative districts of Marneuli, Gardabani, and Bolnisi. There are several other pockets of concentration in the Kakheti region, mainly in the Sagarejo district. The Azerbaijani population of Georgia enjoys cultural and religious freedom and, economically, is somewhat integrated with the rest of Georgia. Kvemo Kartli is a major supplier of agricultural products to the Georgian capital of Tbilisi as well as Rustavi, another large city. The region is facing the same sort of economic

⁵² "Border Guards Inside David Gareja Monastery," *Democracy and Freedom Watch*, May 18, 2012, <http://dfwatch.net/border-guards-inside-david-gareja-monastery-25248>.

⁵³ "Georgia, Azerbaijan Agree to Settle Border Issue," *RIA Novosti*, May 21, 2013. <http://en.rian.ru/world/20120521/173591213.html>.

⁵⁴ Geostat, http://www.geostat.ge/?action=page&p_id=52&lang=geo (retrieved on March 2, 2013).

and social problems as the rest of Georgia. At the same time, there are issues concerning cultural and linguistic integration: most of the Azerbaijanis from Kvemo Kartli rarely speak Georgian; Russian is also gradually disappearing.

Traditionally, the region is known for its loyalty to the Georgian government, which is reflective of the historical patterns this population has traditionally followed. Despite some discontent with social and political conditions in recent decades—as seen throughout the rest of the country—the Azerbaijani population has never doubted their commitment and loyalty to the Georgian state.

Notwithstanding, the growing religious influence of Iran in the Azerbaijani-populated areas of Georgia could become of concern for both Georgian and Azerbaijani authorities. While Georgia is predominantly an Orthodox Christian country, about ten percent of its population is Muslim. This population is concentrated in three major areas and represents different traditions of Islam: ethnic Georgian Muslims from the Adjara region in the Black Sea area and mountains neighboring Turkey, who are Sunni and influenced by the moderate Turkish version of Islam; the ethnic Chechen population of the Pankisi George in the north-east of the country, bordering Chechnya, who have traditionally espoused a Sufi version of Sunni Islam, but who recently, however, have been heavily influenced by the Salafi tendencies of the North Caucasus; and, third, the ethnic Azerbaijani Muslims of Kvemo Kartli who are predominantly Shi'a Muslims. While developments in the Adjara region have a limited impact on Georgian-Azerbaijani relations (but more significantly impact the Turkish-Georgian relationship), developments in the two other regions have importance for both Georgia and Azerbaijan and, thus, are significant for bilateral interests as well.

The growing Salafi influence in the Pankisi George is a reflection of the dynamics of the North Caucasus, which impact both Georgia and Azerbaijan, since they both neighbor the volatile region of Dagestan. This issue requires close security and political collaboration between Georgia and Azerbaijan. The evidence suggests that there are a growing number of individuals who travel abroad for religious education, and who mainly receive a fundamental Islamic education strongly influenced by Salafism.

The Iranian religious influence in Kvemo Kartli is another area requiring coordination between Georgian and Azerbaijani authorities. According to a study conducted in the region, one of the most active organizations with Iranian connections is the so-called Ahlul Baiti, an organization that emphasizes the kinship and brotherhood of Iranians and Azerbaijanis in Georgia.⁵⁵ They distribute religious literature and fund religious schools. They have also built a mosque in the Marneuli district, the head of which speaks neither Georgian nor Russian but only Farsi. Shia clergy from the Marneuli area do not hide their discontent with Turkish-supported Sunni groups, for whom Turkey built a Sunni mosque near the so-called Red Bridge, in the border area between Georgia and Azerbaijan.⁵⁶ Notwithstanding, the majority of Azerbaijanis in Georgia are Shia Muslims who have been more influenced by Iran. The question is if this influence is limited to religion only, or if there are political and security implications as well. If so, this would carry the potential for problems, since the penetration of radical ideas with security implications may cause the Georgian government to react, which, in turn, could be interpreted as intervention in the religious practices of the Azerbaijani population, thus causing destabilization in the region.

Azerbaijan experiences much greater cultural and religious pressure from Iran—it is, for instance, under the direct influence of TV and radio coverage from Iranian state-funded stations, who broadcast anti-Western and pro-Iranian propaganda.⁵⁷ Azerbaijan also has greater economic interactions with Iran. However, Azerbaijan also has greater experience in dealing with the problem of religious influence and the potential negative consequences of radicalization. Therefore, a common strategy should help the Georgian government deal with this issue.

⁵⁵ “Political Aspects of Islam in Georgia,” preliminary results of the study by the Strategic Research Institute, Tbilisi, Georgia (in Georgian, to be published in English), 27

⁵⁶ *Ibid.*

⁵⁷ “Azerbaijan Fears Neighbor Iran’s Radical Influence,” *AFP*, February 27, 2011, accessible at: <http://www.google.com/hostednews/afp/article/ALeqM5jRWYA1KIUXP6wFDdTnFRsnugkFgg?docId=CNG.363298fc7347ba63c4b288eb7bbce000.5b1> (retrieved on February 22, 2013).

Conclusions: Strategy for the Future

Azerbaijan and Georgia are destined to remain close strategic partners for decades to come, but the depth of their partnership will depend on multiple factors related to internal developments in each country, external factors affecting the South Caucasus region, and on the ability of the leaderships in Azerbaijan and Georgia to develop a common attractive message that would appeal to major strategic partners, including Turkey, the United States, Europe, and the countries of Central Asia. The South Caucasus and Caspian region came into the visor of American policy makers in the early to mid-1990s, the region being considered as an extension of the pro-active U.S. European policy, covering multiple aspects of political-security and economic relationships, including active support to European energy security. Azerbaijan and Georgia, together with Turkey, presented themselves at that time to be a viable option for alternative supplies of oil and natural gas to European markets, thus strengthening the European position vis-à-vis Russia in terms of energy dependency. Strong U.S. leadership and massive efforts from Turkey, Georgia, and Azerbaijan allowed the success of policy initiatives that were also in line with major policy initiatives for Europe concerning the eastward enlargement of NATO and the EU.

Strategic realities have changed since the mid-2000s, however. After achieving its goals of EU and NATO enlargement, and the success of the pipeline policies, U.S. European policy became less active, and the South Caucasus was no longer closely attached to its European policy. America's strategic attention has since switched to Asia, the Middle East, and other parts of the world, and while the South Caucasus was still relevant for the purposes of the ongoing military operations in Afghanistan and remains a potential transit area for the planned withdrawal of forces in 2014, there appear to be no major long-term policy initiatives with regard to the region that could keep the South Caucasus on the radar screen of U.S. policy makers.

Another factor of the evolving strategic reality is that neither the U.S. nor major European states now consider Russia as a strategic threat to Europe. While perceptions on this issue differed in Eastern European capitals, their voices have not proven decisive in European policy making.

The global financial crisis has also affected Western engagement with the South Caucasus: there have simply not been enough public funds and appetite to support new policy initiatives and projects, aside from the EU's Eastern Partnership initiative. This reality serves to impact European engagement and policy priorities toward the South Caucasus.

The most recent development of the rise in shale gas and fracking technology is also affecting the strategic environment for the South Caucasus. Due to this technology, the U.S. has become the world's largest producer of natural gas and no longer needs the import of Liquefied Natural Gas (LNG). LNG originally destined for the U.S. market by producers such as Qatar, Algeria, and Trinidad and Tobago could now be exported to Europe, which has built, and continues to build, several new LNG receiving terminals. This reduced dependence on Russian gas in Europe, and also pushed prices down. So while the Southern Corridor for natural gas is still the priority for the diversification of European supplies, there is a diminishing sense of urgency regarding needs. This is reflected in policy making as well. The fact that the U.S. government has abolished the position of Special Envoy for Caspian Diplomacy Issues, a position created in the 1990s, is reflective of these new realities.

All these developments, of course, do not eliminate U.S. or European interest in developments in South Caucasus. There is broad support for the Southern Energy and Transportation Corridor, and for greater integration of the three countries of the South Caucasus into the European political, economic, and cultural space. But this support in recent years has no longer translated into major strategic and political initiatives. Thus, there have been no political or financial resources to support them. The only exception is the Eastern Partnership Initiative of the EU, as initiated by Poland and Sweden. This initiative, targeted at Belarus, Moldova, Ukraine, Armenia, Azerbaijan, and Georgia, encourages "new Association Agreements including Deep and Comprehensive Free Trade Agreements with those countries willing and able to enter into a deeper engagement and gradual integration in the EU economy. It

would also allow for easier travel to the EU through gradual visa liberalization, accompanied by measures to tackle illegal immigration.” But the Eastern Partnership is not equally supported by all the members of the EU, and limited enthusiasm among major Western European countries means limited resources and consequently limited impact.

The primary strategic objective for Azerbaijan and Georgia against this backdrop is to find ways to raise the visibility of the two countries in the policy-making process in Washington and Brussels. This will be very difficult to do, unless the two countries are attached to major policy initiatives of the U.S. and EU. One potential avenue is to find a way to become part of the emerging Transatlantic Trade and Investment Partnership (TTIP) initiative. An increasing number of policy makers and experts in Washington agree that Europe is the key strategic ally of the United States and thus should remain as a policy priority. All the data on bilateral trade and investment indicate that the U.S. is far more dependent on its economic ties with Europe than on any other region of the world. Thus, neglecting Europe would mean neglecting vital American interests. This notion was reflected to some degree in President Obama’s 2013 State of the Union speech, in which he addressed the strengthening of Transatlantic economic ties and the need for the U.S.-EU free trade agreement, as well as the enlargement of the Transatlantic economic space.⁵⁸ This opens new opportunities for the South Caucasus as well as other non-EU and non-NATO Eastern European countries.

In this context, Azerbaijan and Georgia should ally themselves closely with Turkey, but also with Ukraine and others, to convince Washington and Brussels that these countries represent a natural expansion of the European economic space, and must be included in any policy initiative related to the broader European and Transatlantic space. This will serve not only the immediate economic interests of Europe and the United States, but will also serve the longer term goal of facilitating the inclusion of Russia in the Transatlantic economic space. Reinventing the European economic space to include Turkey, Ukraine, Russia, and the South Caucasus may become an attractive

⁵⁸ “Obama’s State of the Union Address”, *New York Times*, February 12, 2013. (<http://www.nytimes.com/2013/02/13/us/politics/obamas-2013-state-of-the-union-address.html>)

long-term policy initiative for both Washington and Brussels that will also incorporate the interests of Azerbaijan and Georgia. Existing mechanisms of the EU, such as the Eastern Partnership initiative, may help facilitate reaching this ultimate goal.

Creative ideas which take into consideration the interests of the major actors with whom Azerbaijan and Georgia want to align themselves, is the only way to make them both relevant to the policy-making process in those countries. Internal reforms, economic growth, and responsible domestic and foreign policy are a foundation to build on to raise the visibility of Azerbaijan and Georgia in the region and also in the Transatlantic space, where both countries aspire to belong.

Author Bio

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