

PROSPECTS FOR THE DEVELOPMENT OF PEACE AND STABILITY IN THE SOUTHERN CAUCASUS

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The dramatic change that took place after the end of the Cold War has brought conceptual changes in the literature of International Relations. Security and stability are two such concepts which were affected on a major scale from this change.¹ In this period, new elements like re-

¹ For the widening dimension of the stability and security after the Cold War, see: B. Buzan, *People, State and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, Lynce Rienner, Boulder, 1991; idem,

gional and ethnic conflicts, human rights, religious fundamentalism, international terrorism, economic problems, illegal trafficking of drugs and weapons gained threat status.

The South Caucasian region represents one of the most diverse and conflict-ridden regions in the world. It includes the three former Soviet

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states of Armenia, Azerbaijan and Georgia, as well as numerous ethnic minorities and small nations within these states. Three kinds of rivalries have been observed in the region since their independence: Firstly, between the regional states like Turkey, Iran and Russia, secondly between South Caucasian states themselves and thirdly between nations within the states.² These rivalries have become extremely complex, especially since the involvement of the U.S. from the mid-1990s. Each of these states, while trying to influence the dynamics of regional developments, developed policies based on various historical, economic, ethno-linguistic and cultural factors. However, as mentioned before, the main factors that allowed external powers to get a foothold in the

² See: St. Jones, "Georgia: The Caucasian Context," *Caspian Crossroads*, Vol. 1, No. 2, Spring 1995, pp. 7.

region were the continuing regional conflicts, on the one hand, and energy resources, on the other.³ The conflict of political and economic interests among these powers prevents a solution to the instability in the region.

The first of the ethnic conflicts which are the main reason for this instability occurred in the Armenian populated enclave Nagorno-Karabakh located within the territorial boundaries of Azerbaijan. The two other conflicts occurred in Georgia, between the Georgian central authorities of Tbilisi and the autonomous regions of Abkhazia and South Ossetia. In all the three cases, ceasefire agreements were reached without final settlements.

³ See: N.S. MacFarlane, *Western Engagement in the Caucasus and Central Asia*, Royal Institute of International Affairs, London, 1999, p. 24.

Interests of External Powers in the Region

Russia

The unique geographical location of the Southern Caucasus between the Black Sea and the Caspian Sea has throughout the centuries served the role of a bridge or barrier for Russia. In the aftermath of the dissolution of the Soviet Union, the Southern Caucasus was supposed to be a *cordon sanitaire* against instability emanating from the South.⁴

Apart from, geostrategic reasons, geopolitical factors are important for Russia. Russian geopolitical interest to the region can be explained with "Near Abroad Policy."⁵ Especially, Georgia was perceived by Russian strategists as a key component in Russia's security policy in the Southern Caucasus. In addition, Russia is interested in Caspian energy resources. For this reason, Russia aims to exert control over the region. Russian presence in the region has strengthened with the stationing of troops in accordance with its near-abroad policies.⁶

⁴ See: D.B. Sezer, "Russia and the South: Central Asia and the Southern Caucasus", *European Security*, Vol. 5, No. 2, 1995, p. 322.

⁵ S. Cornell, *Small Nations and Great Powers, A Study of Ethno-political Conflict in the Caucasus*, Curzon Press, United Kingdom, 2001, p. 348.

⁶ For Russia's Caucasian policy, see: A.G. Arbatov, "Russia's Foreign Policy Alternatives," *International Security*, Vol. 18, No. 2, 1993; M. Mohiaddin, "Russian Foreign Policy and Security in Central Asia and the Caucasus", *Central Asian Survey*, Vol. 12, No. 2, 1993. Against the states which oppose its military presence and growing influence in the region, Russian analysts have based Russian armed operations on the international law principle of "legitimate intervention" in conflict in another nation's territory at the request of that nation (O.N. Khlestov, A.I. Nikitin, "Using Armed Forces in International Relations and Russia's Point of View: International Legal Aspects," Foreign Military Studies Office publications, *Low Intensity Conflict and Law Enforcement*, Vol. 5, No. 1, 1996, p. 46).

Russia, also, aims at getting a large share in the operation and transportation of oil and natural gas resources and has followed suitable policies to realize these aims. At this point, Russia tried to preserve its power over existing transport pipelines, against the new oil pipeline projects of the West, for the transfer of Caspian energy sources. Russia has especially opposed the East-West pipeline project supported by the U.S. The eastward enlargement of NATO, especially with Georgian and Azerbaijani wishes of rapprochement with NATO, have led Russia to find strategic allies. In that context, Iran which has an anti-Western and anti-American regime, has become its most natural and most important partner.⁷ Apart from Iran, Russia in cooperation with its historical ally Armenia has also become partners with China due to the Shanghai Cooperation Organization. The policy of Russia toward the region can be summed up as follows: to keep the region within the Russian sphere of influence, to control the transportation of Caspian energy resources to the world market.

In that point, as argued by Revaz Gachechiladze "The emerging new geo-political geometry in South-Caucasus fosters anxiety and creates a feeling of imperial nostalgia that considers all post-Soviet territory to be in the sphere of Russian vital interests. Any encroachment by outside powers into Russia's historical sphere of influence is considered intolerable to the Russian political and military elites."⁸

Turkey

The Southern Caucasus region has created new advances and risks for Turkey in the aftermath of the Cold War.⁹ Turkey has become one of the important players in a region where it previously had only a marginal influence and no active involvement. The region, with which it has historical, ethnic, and cultural ties, has the same economic and strategic value for Turkey. It creates a buffer zone with Russia, is a bridge to the Central Asian republics, and possesses natural resources. Turkey considers Azerbaijan the most strategically located Turkic state: a gateway to Central Asia, a potential economic partner with huge petroleum resources and a natural ally in containing Russian influence in the region.¹⁰ In time, Turkey has become the only country that consistently supported Azerbaijan in its struggle over Karabakh, risking its relations with Armenia and Russia along the way.¹¹ In the Karabakh problem, Turkish public opinion backed Azerbaijan. Turkey has endorsed Azerbaijan in the international arena, joined the embargo against Armenia, and ended its diplomatic relations with Armenia. However, considering its position as a NATO member, on the one hand, and the position of Russia on the other, Turkey abstained from delivering arms to Azerbaijan or intervening militarily in the quarrel between the two countries. Turkey, upon the Azerbaijani request, used its connections in the West to try to bring the conflict to the attention of Western governments. However, domestic pressures made it impossible for Turkey to keep a neutral stance in

⁷ The relations between Russia and Iran continued to develop with Russian offer to Iran of low petrol prices between 1997 and 2007, and the reports on 4 billion dollars' worth of sale of equipment to Iran in an agreement of which Iran is urged to abide by its economic obligations (see: V. Vishniakov, "Russian-Iranian Relations and Regional Stability," *International Affairs*, Vol. 45, No. 1, 1999, pp. 143-153; Sh. Chubin, "Iran's Strategic Predicament," *Middle East Journal*, Vol. 54, No. 1, 2000, pp. 10-24).

⁸ R. Gachechiladze, "Geo-politics in the Caucasus: Local and External Players," *Geopolitics*, Vol. 7, No. 1, 2002, p. 128.

⁹ See: M. Aydın, "Determinants of Turkish Foreign Policy: Changing Patterns and Conjectures During the Cold War," *Middle Eastern Studies*, Vol. 36, No. 1, January 2000.

¹⁰ See: S. Bölükbaşı, "Ankara's Baku-centered Transcaucasia Policy: Has it Failed?" *The Middle East Journal*, Vol. 51, No. 1, 1997, p. 84.

¹¹ See: M. Aydın, "Turkish Policy Toward South Caucasus," *The Quarterly Journal*, No. 3, pp. 44.

the conflict, forcing Turkey to pursue a completely pro-Azeri policy.¹² Turkish relations with Georgia have thrived on Georgian opposition to Russian dominance in the Caucasus, its support for the BTC project, and its willingness to cooperate with Turkey on wide variety of issues, from tourism to security. In contrast to Russian involvement in ethnic issues in Georgia, Turkey's bipartisan approach to Abkhazia and Ossetian problems and its continuing reaffirmation of Georgian territorial integrity greatly helped to enhance the relations.¹³

Armenia is the only country in the region with which Turkey has distant relations. Turkey recognized Armenian independence on 16 December, 1991, without any preconditions and provided humanitarian aid to Armenia facing economic strains. Turkey has assisted in the transportation of aid from foreign countries and organizations to Armenia, and has even invited Armenia as a founding member of the Black Sea Economic Cooperation Organization (BSECO) founded on 25 June, 1992. The rapprochement, ready for development during the time of Levon Ter-Petrossian, however, was completely reversed due to the Armenian position in the Karabakh conflict. Turkey declared in April 1993 that it could not let its lands and airspace be used in any transport, including humanitarian aid missions to Armenian destinations.

Turkey as a member of the OSCE Minsk peace group, has been playing an important conciliatory role in the efforts to bring these disputes to a swift settlement bilaterally. Also, Turkey is pursuing economic cooperation, development and stability in the region. The BTC oil pipeline and the planned Baku-Tbilisi-Erzurum gas pipeline, have added economic importance to the Southern Caucasus for Turkey. Although there are tensions and conflicts of interests experienced in the region, such as when Russian and Turkish interests conflict, Turkey has learned two important lessons vis-à-vis its relationship with Russia: that Russia is an important economic partner for Turkey, and that an overly aggressive foreign policy in Eurasia is not advisable, given the risk of escalation into direct confrontation with Russia, the regional superpower.¹⁴ In this context, the Action Plan between the Russian Federation and the Republic of Turkey on cooperation in Eurasia that was signed in November 2001, is an important development in the possibility that we will see cooperation instead of rivalry between these two powers.

The U.S.

At the beginning of the 1990s, Washington was not keen on asserting its influence in the region, acknowledging it as Russia's sphere of influence. In the meantime, the U.S. limited its policy to espousing the Turkish model for the Muslim states emerging from the Soviet Union. At the urging of the American-Armenian lobby, Congress imposed sanctions in Azerbaijan in 1992 in the form of Section 907 of the Freedom Support Act. Up until the presidential waiver in 2002, this legislation barred direct government to government aid between Washington and Baku and constituted a major constraint on U.S. policy options toward the region. It could be said that America's policy regarding the Caucasus changed after 1997. However, during this time, American involvement in the Caspian Sea basin and Central Asia had largely been restricted to economic and diplomatic efforts, accompanied by a number of military aid agreements. U.S. policy toward the region changed even more dramatically following the events of 11 September. The

¹² See: S. Cornell, "Turkey and the Conflict in Nagorno-Karabakh: A Delicate Balance," *Middle Eastern Studies*, Vol. 34, No. 1, 1998, p. 62.

¹³ See: M. Aydın, "Turkish Policy Toward South Caucasus," p. 45 (see also: Y. Demirağ, "Turkish-Georgian Relations from Independence to Velvet Revolution," *Uluslararası İlişkiler*, Vol. 2, No. 7, 2005, pp. 125-157).

¹⁴ See: M. Aydın, "Turkish Policy Toward South Caucasus," p. 49.

U.S. initiated a very activist policy in the Southern Caucasus and many of its priorities have changed. Currently, the U.S. views its presence and policy in this region as a component of its larger Middle East and anti-terrorism policies.¹⁵ The U.S. understood a prerequisite for continued global hegemony was the domination of Eurasia.¹⁶

The growing influence of Russia, China and Iran in the region and the emergence of the Shanghai Organization of Cooperation have all contributed to growing American interest in the region. The U.S. entered the region by using the same pretexts that Russia and China used previously: security and terrorism. In this context, The U.S. conducts extensive security cooperation with both Azerbaijan and Georgia. Despite this cooperation, while the U.S. views conflict resolution in the region as important to promoting its own goals, it will not expend enough effort to resolve them. The foreign policy agenda of the U.S. is overburdened with Iraq, terror, Iran and the Middle East.¹⁷

The European Union

Prior to 1999, the EU retained a low political and strategic profile in the Southern Caucasus. In other words, the EU has decided not to intervene directly in the negotiation mechanism of the conflict so as to leave this to U.N. and OSCE. But, the EU abandoned this policy. Since 1999, events have demonstrated that EU changed its stance. In June 1999, the joint EU-Caucasus summit was held in Luxembourg where a consensus was reached that "outstanding conflicts are impeding the political and economic development of the South Caucasian States." The signature of the Partnership and Cooperation Agreements (PCA) with the three Caucasian states on 22 June, 1999 in Luxembourg officially represented a qualitative breakthrough in EU-Caucasus relations.¹⁸ The Partnership and Cooperation Agreement provided a basis for economic, social, financial, industrial and cultural cooperation and promotes activities of joint interest. In a joint statement of the EU and Armenia, Azerbaijan and Georgia, it is stated that the conflicts in the Southern Caucasus are impeding the political and economic development of the region and that the EU stands ready to use its instrument to underpin concrete progress of the peace processes.¹⁹

Like NATO, the EU has been reviewing its foreign policy instruments that would serve its primary goals in this vast area: stabilization and democratization. The EU's growing geo-economic interests in the Caspian region should not be overlooked either. The EU has used predominantly economic tools such as economic assistance, creation of intra-regional cooperation structures such as TRACECA (Transport Corridor Europe-Caucasus-Central Asia) and INOGATE (Interstate Oil and Gas Transport to Europe) to achieve its regional objectives. For the EU, economic development of the regional countries would solve the ethnic problems. However, it is clear that economic solutions alone are insufficient to solve the region's problems.

¹⁵ See: Sh. Brenda, "U.S. Policy," in: *The South Caucasus. A Challenge for the EU, Chaillot Papers*, No. 65, Institute for Security Studies, Paris, 2003, pp. 53-63.

¹⁶ As clearly stated by Z. Brzezinski, "a power that dominates Eurasia would control two of the world's three most advanced and economically productive regions... About 75 percent of the world's people live in Eurasia, and most of the world's physical wealth is there as well, both in its enterprises and underneath its soil. Eurasia accounts for about 60 percent of the world's GNP and about three-fourths of the world's known energy resources. Eurasia is also the location of most of the world's politically assertive and dynamic states" (Z. Brzezinski, *The Grand Chessboard. American Primacy and its Geostategic Imperatives*, Basic Books, New York, 1997, p. 31).

¹⁷ See: Sh. Brenda, op. cit., p. 57.

¹⁸ C. Witterbrood, "Towards a Partnership with the Countries of the Eurasian Corridor," *Insight Turkey*, Vol. 2, No. 3, 2000, p. 15.

¹⁹ See: *Joint Declaration of the European Union and the Republics of Armenia, Azerbaijan and Georgia*. Official website of European Union, available at [<http://www.europa.eu.int>].

The need for change in EU policies toward the region which began in 1999 with the PCA and the importance of the regional states for the EU were described in the words of EU Commissioner Van Den Broek during his Baku visit in 1998: "The EU's relations with Azerbaijan are more important than energy benefits and it plays a key role in our plans that reach up to Central Asia. Besides, it helps maintain stability in the Caucasian region of the European continent."²⁰ However, the events of 11 September shifted the priorities of the Council, as Central Asia and fighting against terrorism became the main concerns.²¹

On March 2003, the European Commission published its Communication "Wider Europe-Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors."²² Armenia, Azerbaijan and Georgia have been excluded for the time being on geographical grounds. It is interesting that the EU, which excluded South Caucasian states from the Wider Europe Neighborhood in March 2003, has claimed, shortly after this date, in June 2003, that these states should be considered within the EU's neighborhood in the draft strategy prepared by Javier Solana and entitled "A Secure Europe in a Better World."²³ In the wake of these developments, going a step further, the Council appointed Heikki Talvitie, the European Union Special Representative for the Southern Caucasus on 7 July, 2003.²⁴ The decision was declared to be in line with the Council's wish to play a "more active political role" in the region.²⁵

In the same direction, on 14 June, 2004, the European Council decided to include Georgia, Armenia, and Azerbaijan in the European Neighborhood Policy (ENP). At the same time, the Council endorsed the commission's strategy for putting the ENP into action. The objective of the European Neighborhood Policy is to share the benefits of the EU's 2004 enlargement with neighboring countries—i.e., stability, security and well-being in a way that is distinct from EU membership. It is designed to prevent the emergence of new dividing lines between the enlarged Union and its neighbors and to offer them an increasingly close relationship with the EU involving a significant degree of economic integration and a deepening of political cooperation. The ENP will also help address one of the strategic objectives the EU set in the European Security Strategy in December 2003, that of building security in its neighborhood. The inclusion of three South Caucasian countries in ENP gives an important message that the EU is fully committed to support these countries on their route toward building stable societies based on democratic values. Within the European Neighborhood Policy, each country will be given the possibility to develop its links with the EU and will be treated on its individual merits. The Policy is based on a commitment to the shared values of democracy, the rule of law, good governance and respect for human rights and to the principles of the market economy.²⁶ In line with the EU's policy toward the region, which changed and became more active, Commissioner Janez Potočnik met with the Presidents

²⁰ D. Lynch, "The EU: Towards a Strategy," in: *The South Caucasus. A Challenge for the EU*, p. 195.

²¹ See: D. Helly, "The Role of the EU in the Security of the South Caucasus: A Compromised Specificity?" *Quarterly Journal*, No. 3, September 2002, pp. 67-76.

²² "Wider Europe-Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors," *Commission Communication COM (2003), 104*, Brussels, 11 March, 2003, available at [Europa.eu.int/comm/external_relations/we/doc/com03_104-en.pdf].

²³ See: "A Secure Europe in a Better World," Paper presented by Javier Solana, High Representative for the Common Foreign and Security Policy, European Council, Thessalonika, 20 June, 2003, available at [http://ue.eu.int/pressdata/EN/reports/76255.pdf].

²⁴ See: Council Joint Action 2003/496/CFSP, available at [http://ue.eu.int/pesc/envoye/cv/talvitie/1_16920030708en00740075.pdf].

²⁵ H. Talvitie, "The EU and the South Caucasus—Perspectives for Partnership," *International Policy Dialogue. In-Went Development Policy Forum*, Federal Ministry for Economic Cooperation and Development, Berlin, 12-13 November, 2003, available at [www.dse.de/ef/caucasus/talvitie].

²⁶ See: Ch. Patten, *The EU-South Caucasus-The Gahrton Report*. Speech by the Rt Hon Chris Patten, European Parliament, Brussels, 26 February, 2004, available at [http://europa.eu.int/comm/external-relations/news/patten/speech04-98.htm].

of the three countries during his visit on 5-8 July.²⁷ During his visit, Potočník encouraged the partners to put special emphasis on conflict resolution and prevention and underline the importance of strengthening regional cooperation.

The Union has strategic and economic interests in the region. It is a junction for EU energy interests and an important transportation corridor. Its location makes it a potential major crossroads for trade. As a cornerstone of the ancient Silk Road it has invaluable links with the Black Sea countries to its west, Russia to its north, China to its east and Turkey, Iran, Pakistan, and India to its south. It gets geographically closer to an enlarged Union since it will border some of the new Member States.²⁸

Among the reasons of the main motive behind the EU changing policy toward the region, some factors can be counted. With the enlargement of 1 May, 2004, the EU has new member states,²⁹ which will have different interests from those of the older members. For instance, Lithuania and Latvia have been active in developing military ties with the three South Caucasian states. Georgia has sea borders with Bulgaria and Rumania being candidates for EU. The enlarged EU will have new borders. These new borders also bring a new immediacy to EU thinking about the states on its periphery and the policies that should be adopted in response to potential and actual threats emerging from these regions.³⁰ Stability in the region is necessary for the enlarged EU. The political interest of the EU toward the region should be linked with this. The sixth (expected to be completed with Rumania and Bulgaria by 2007) rounds of enlargement will extend the EU even further to the East.

Searches for Stability

As Gnesotto states, the Caucasus “presents practically all the security challenges that typify the post-Cold War period: newly independent states’ transformation from the Soviet system, regional conflicts and separatist movements, often against the background of religious strife, the difficult process of democratization in weak states, the flourishing activities of mafia networks and trafficking of various types directed by criminal organizations, the infiltration of networks linked to international terrorism, the security of oil and gas pipelines, ecological risks and massive economic development and so on.”³¹

Stability in the Caucasus is not just a regional issue. Unless there is stability in the Caucasus, it will be difficult to have stability in neighboring states and in Europe. For this reason, to date, many research centers and heads of state have proposed models of stability.³² First of all, the efforts of international organizations as U.N., NATO and OSCE for the establishment of stability in the region are essentially important. Apart from their efforts, the first step in this perspective came from the states of the Southern Caucasus. In February 1997, the South Caucasian states issued a joint declaration On Peace, Security and Cooperation in the Caucasian Region. They participated in the Kislovodsk Summit of 31 May, 1997, initiated by Russia, which ended with the adoption of the statement “On Mutual Understanding, Peace and Inter-Ethnic Accord in the Caucasus.” However these initiatives failed in the settlement of the regional conflicts.

²⁷ [[http:// europa.eu.int/comm/external_relations/ceeca/index.htm](http://europa.eu.int/comm/external_relations/ceeca/index.htm)].

²⁸ See: C. Wittebrood, *op.cit.*, p. 24.

²⁹ Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.

³⁰ See: D. Lynch, *op.cit.*, pp. 173-174.

³¹ From his speech in a conference with the title “Transatlantic Security Cooperation Facing the New Challenges,” 17 November, 2003, Rome.

³² For the stability models proposed and their comparison, see: M. Emerson, “Approaches to the Stabilization of the Caucasus,” *Caucasian Regional Studies*, Vol. 5, No. 1, 2000, pp. 32-46.

Another proposal for the establishment of stability in the Caucasus region came in 1999 from the Armenian Foreign Minister Vardan Oskanian. This proposal which was formulated as “3+3” contained a scheme which asked for the establishment of a Regional Security and Cooperation Pact among Russian Federation, Turkey, Iran and the three South Caucasian states. Another proposal of such a pact came from the then Turkish president Demirel during the OSCE summit in November 1999 in Istanbul.³³ In the wake of this proposal Russia came up with the idea of “Caucasian Four” which would include Russian Federation, Georgia, Armenia, and Azerbaijan. Although Armenia declared interest in this scheme, it also declared it was friendly to the so-called Caucasian G8, made up of the three South Caucasian republics, Russia, Turkey, Iran, the EU, and the U.S. as well. As a result, the search for stability have turned into a rivalry of different approaches on regional cooperation.

Domestic problems are rendered even more complicated with the conflict of the great powers’ interests with regard to the region. The two most important and influential third-party mediators in the Caucasus are Russia and the United States. Despite the sweeping declarations about the end of the Cold War and the new era of cooperation and engagement, the political rivalry between these two states in the Caucasus has been continued. The U.S. has explicitly discouraged the Russian route for transporting Caspian oil to the West, and encouraged Azerbaijan and Georgia to play hardball with Russia. In response, Russia has tried to maintain and strengthen its strategic monopoly over the Caucasus, and both of them have used their economic and political levers in order to interfere in the domestic affairs of all three South Caucasian states as well as to influence the course of the three in the region in a direction most compatible with their interests, but not necessarily most conducive to a speedy political solution.³⁴

The Thawing Polarization in the Region in the Light of the Recent Developments and Prospect for Peace

Stability requires serious progress in resolving regional conflicts, which are often called “frozen” ones. In fact, conflicts themselves are not “frozen”—they are alive, they develop with different intensity and bring numerous negative effects. What is “frozen” though, is the process of conflict resolution.³⁵ Such domestic problems as weak state institutions, lack of political culture, corruption in the state structures, organized crime, social problems and economic hardships are potentially threatening the fragile domestic stability in South Caucasian states. However, the principal source of instability came from the unresolved armed conflicts in Karabakh, Abkhazia and South Ossetia. The regional security problems are intermingled with each other. The situation of “neither war, nor peace” and continuing threat of separatism in these countries are serious obstacles on the way of domestic stability and impede socioeconomic development and democratization process in these countries.

³³ See: S. Celac, “Prospects of a Stability Pact for the Caucasus,” *Caucasian Regional Studies*, Vol. 5, No. 1, 2000.

³⁴ See: A. Grigorian, “The EU and the Karabakh conflict,” in: *The South Caucasus. A Challenge for the EU*, p. 136.

³⁵ As pointed out by David Bakradze (Member of Parliament of Georgia).

The recent developments and the rapprochement among countries are promising in relation with the stability of the region. In particular, there has been considerable changes during the leadership of Vladimir Putin who declared on 21 September, 2001 a comprehensive cooperation with the U.S. in Washington's anti-terrorist campaign.³⁶ At the same year, his recognition of Georgia's territorial integrity and a formula of political settlement of regional disputes proposed by him during his visit to Azerbaijan in January 2001, according to which regional conflicts should be solved "without victors or vanquished" showed that he began to pursue more balanced and pragmatic policy in the Southern Caucasus.³⁷ Under the declaration of Baku, Vladimir Putin and Heydar Aliyev undertook to raise the level of state cooperation, particularly on economic issues.³⁸ On this occasion, a new agreement was signed on the exploitation of Azerbaijan's oil between LUKoil and SOCAR, the Russian and Azerbaijani companies. The dispute between Baku and Moscow concerning the legal status of the Caspian Sea was settled by an agreement signed by two states on 23 September, 2002.³⁹ Parallel to the economic rapprochement, there are signs of closer interaction between Baku and Moscow in the military field. During the Russian Defense Minister's visit to Baku from 26-27 February, 2003, a military cooperation agreement was signed, covering arms sales, modernization of military equipment and training of Azerbaijani military personnel by Russia.⁴⁰

The visit of the Russian head of state to Turkey after an interlude of 32 years and the visit of the Turkish prime minister to Russia in the wake of this visit, are pointing to an improvement in the Turkish-Russian relations and to the possibility that the Turkish-Russian relations will reflect positively on the South Caucasian region. Moscow revised its perception of Turkey's role in the region and views Turkey primarily as a "valuable partner" rather than a threat. The main reason behind the development of the bilateral relationship between Turkey and Russia is gas. Turkey is Russia's major market for gas. The completion of the Blue Stream gas pipeline under the Black Sea will increase Turkey's dependence on Russian natural gas from 66 percent up to 80 percent. Moreover, Russia is beginning to see Turkey as a transit country for its energy resources rather than simply an export market. As Alexander Lebedev, Russia's ambassador to Ankara, stated that the relations between Russia and Turkey have evolved from the stage of competition through that of cooperation and further on to the level of "multidimensional partnership."

Also, despite not any result was reached, the meeting which was held in Geneva in 21-23 April, 2005 and the following meeting at Sochi, served the promotion of practical cooperation and created an available atmosphere for a comprehensive settlement between Georgian and Abkhaz side.

Conclusion

The regional unresolved conflicts give wide opportunities for the world and regional powers and international organizations concerned for direct intervention in the regional processes. Their contradicting geopolitical and geostrategic interests prevent the establishment of a regional security environment. In international politics, it is natural that each state tries to protect its interests. When the policies toward the region are analyzed, it can be seen that this actually is the case. However, this

³⁶ See: L. Buzsynski, "Russia and The Commonwealth of Independent States in 2002: Going Seperate Ways," *Asian Survey*, Vol. 43, No. 1, 2003, p. 17.

³⁷ See: V. Tretiakov, "Putin's Pragmatic Foreign Policy," *International Affairs*, Vol. 48, No. 3, 2002, p. 17.

³⁸ See: "Russian President Starts Russo-Azeri Relations," *Azernews*, No. 2 (187), 2001.

³⁹ See: A. Jafalian, "Influences in the South Caucasus: Opposition & Convergence in Axes of Cooperation," Conflict Studies Research Centre, U.K., February 2004, p. 5.

⁴⁰ See: "Azerbaijan and Russia Signed Agreement on Military-Technical Cooperation," *Baku Today*, 28 February, 2003.

situation hardens the problems rather than bringing stability to the region. In other words, rivalries and conflicts should be replaced by cooperation. To this end, as Michael Emerson stated, the balance of power concept should be substituted by balance of interests.⁴¹ Only by this means stability in the region can be realized. As sited above, stability is vital in this region and it is also a necessity for all the states that have policies toward the region, because, as long as instability rises, not the possibilities offered by the region, but only the troubles are to be shared. Also, external factors are only the part of the whole picture and cannot explain the overall failure to achieve progress in the process of conflict resolution. Differences in vision, perceptions and orientations of South Caucasian states undermine the idea of regional cooperation. As a consequence, in order to establish stability in the region, cooperation between the South Caucasian states and external powers among themselves is necessary to achieve this end.

⁴¹ See: M. Emerson, "A Stability Pact For the Caucasus," *Insight Turkey*, Vol. 2, No. 3, 2000, p. 22.