



CARNEGIE
ENDOWMENT FOR
INTERNATIONAL PEACE



U.S. POLICY TOWARD THE SOUTH CAUCASUS Take Three

Eugene Rumer, Richard Sokolsky,
and Paul Stronski



CARNEGIE
ENDOWMENT FOR
INTERNATIONAL PEACE

U.S. POLICY TOWARD THE SOUTH CAUCASUS

Take Three

Eugene Rumer, Richard Sokolsky,
and Paul Stronski

© 2017 Carnegie Endowment for International Peace. All rights reserved.

Carnegie does not take institutional positions on public policy issues; the views represented herein are the authors' own and do not necessarily reflect the views of Carnegie, its staff, or its trustees.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Carnegie Endowment. Please direct inquiries to:

Carnegie Endowment for International Peace
Publications Department
1779 Massachusetts Avenue, NW
Washington, DC 20036
P: +1 202 483 7600
F: +1 202 483 1840
CarnegieEndowment.org

This publication can be downloaded at no cost
at CarnegieEndowment.org/pubs.

Contents

About the Authors	v
Summary	3
Introduction	5
Three New Countries, Three New Wars	6
U.S. Policy—An Uncertain Beginning	10
A New Chapter in the South Caucasus	20
Toward a Sustainable U.S. Policy in the South Caucasus	26
Conclusion	29
Notes	31
Carnegie Endowment for International Peace	36

About the Authors

Eugene Rumer is a senior fellow and the director of Carnegie's Russia and Eurasia Program.

Rumer's research focuses on political, economic, and security trends in Russia and former Soviet states, as well as on U.S. policy toward that region.

Prior to joining Carnegie, Rumer was the national intelligence officer for Russia and Eurasia at the U.S. National Intelligence Council from 2010 to 2014. Earlier, he held research appointments at the National Defense University, the International Institute for Strategic Studies, and the RAND Corporation. He has also served on the National Security Council staff and at the State Department, taught at Georgetown University and George Washington University, and published widely.

Richard Sokolsky is a nonresident senior fellow in Carnegie's Russia and Eurasia Program, where his work focuses on U.S. security policy toward Russia. Prior to joining Carnegie, Sokolsky served for thirty-seven years in the Department of State, including as a member of the Secretary of State's Office of Policy Planning from 2005–2015. During his tenure at the State Department, he served as director of the offices of Strategic Policy and Negotiations, Policy Analysis, and Defense Relations and Security Assistance in the Bureau of Political-Military Affairs. He has been a visiting senior fellow at the RAND Corporation and at the Institute for National Strategic Studies at the National Defense University.

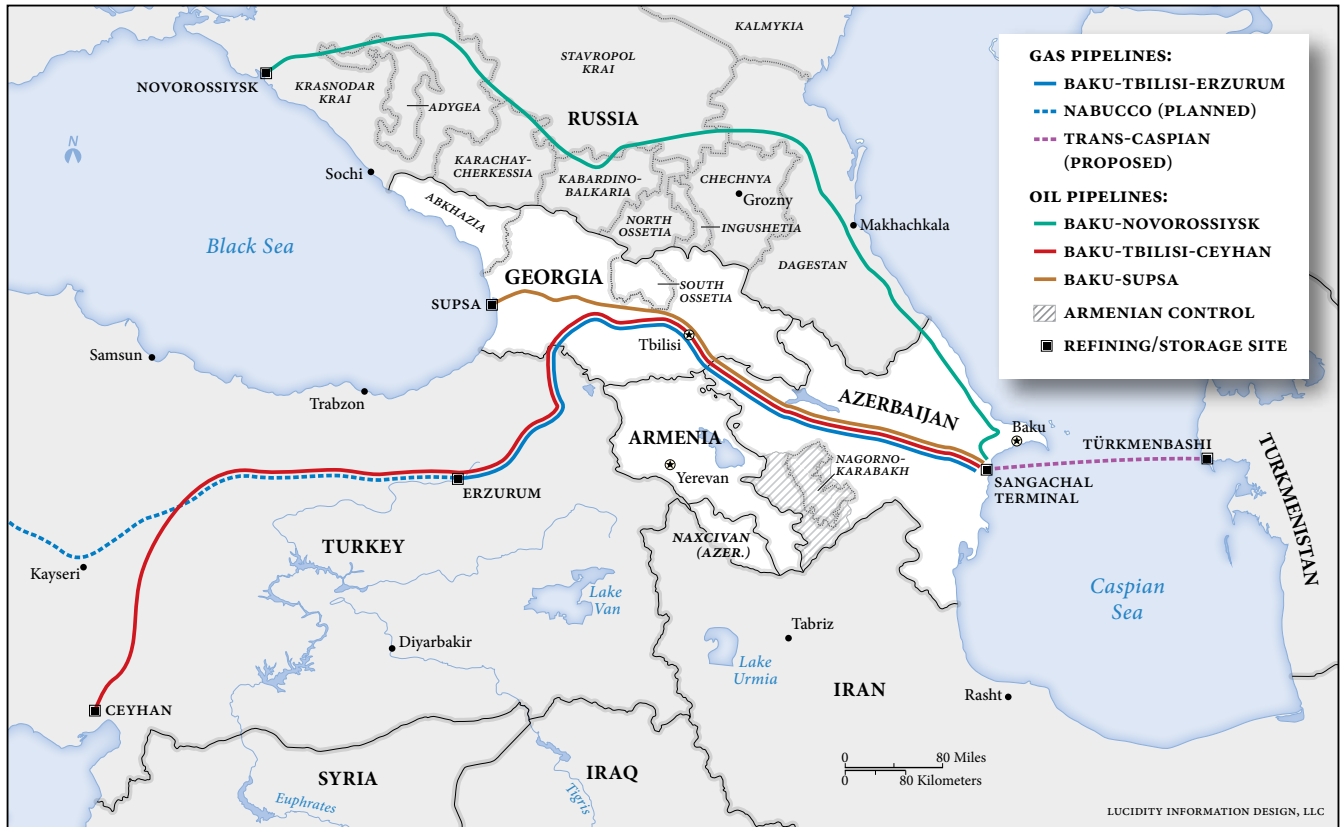
Paul Stronski is a senior fellow in Carnegie's Russia and Eurasia Program, where his research focuses on the relationship between Russia and neighboring countries in Central Asia and the South Caucasus.

Until January 2015, Stronski served as a senior analyst for Russian domestic politics in the U.S. State Department's Bureau of Intelligence and Research. He was director for Russia and Central Asia on the U.S. National Security Council Staff from 2012 to 2014, where he supported the president, the national security adviser, and other senior U.S. officials on the development and coordination of policy toward Russia.

He is the author of *Tashkent: Forging a Soviet City, 1930-1966* (University of Pittsburgh Press, 2010), which won the 2011 Central Eurasian Studies Society Book Award for History and the Humanities. Since the mid-1990s, he has undertaken extensive research and work experience in Russia, Uzbekistan, Kazakhstan, and Armenia.

The authors wish to acknowledge the Norwegian Ministry of Foreign Affairs for their generous support of this research effort.

Additionally, the authors would like to thank Bogdan Belei, a James C. Gaither Junior Fellow in Carnegie's Russia and Eurasia Program, for his assistance in preparing this paper.



Summary

The United States has important but not vital interests in the South Caucasus, which include preserving regional stability; preventing the resumption of frozen conflicts; and supporting democratic change and better governance as well as the international integration of Armenia, Azerbaijan, and Georgia. Recent events—the breakdown of the post–Cold War European security order, changing global energy markets, instability to the region’s south, a new U.S. administration, and the European Union’s (EU) internal challenges—call for sustained U.S. engagement to advance those interests.

U.S. Engagement in the South Caucasus

- Over the past twenty-five years, U.S. involvement in the South Caucasus has helped produce important positive changes in the region, particularly in Georgia. However, some U.S.-supported initiatives proved too ambitious because they underestimated the challenges facing the South Caucasus states and lacked adequate resources.
- U.S. policy will continue to face limited resources and challenging conditions in the region. Washington should stay engaged to help the South Caucasus states tackle their internal challenges. But U.S. policy in the region cannot change its environment, and will have to contend with Russia’s dominant position and its opposition to U.S. engagement there.
- The United States cannot retreat from the South Caucasus. But success will depend on a careful balancing of U.S. commitments and resources, as well as a clear appreciation of the limits on U.S. capacity to promote transformational change.

A Long-Term U.S. Approach

A more sustainable policy toward the region should be based on five guiding principles:

Prioritize conflict prevention. Keeping any one of the region’s frozen conflicts from escalating into hostilities should remain the top priority for U.S. policy toward the South Caucasus.

Proceed cautiously in promoting U.S. values. The United States should support democratic change; however, a single regional approach is unlikely

to be effective given the different trajectories of the South Caucasus states. Tailored, country-specific approaches to achieve incremental progress offer the best prospect for success.

Keep expectations modest. The United States is at a serious geopolitical disadvantage in the region vis-à-vis Russia. Washington should not promise support to counterbalance Moscow that it cannot deliver. This is especially the case with Georgia and its aspirations for NATO membership.

Make room for the EU. Economic development, rule of law, and other domestic reforms should remain priorities for U.S. engagement, but Washington should coordinate its efforts with the EU.

Be realistic about energy potential. The significance of Caspian Sea energy resources for the region in the past has created unrealistic expectations, which are important to keep in check.

Introduction

U.S. policy toward the states of the South Caucasus—Armenia, Azerbaijan, and Georgia—has gone through several phases over the past quarter century. At each phase, U.S. policy set out ambitious goals, and each time the accomplishments fell short of initial expectations. The region has become increasingly complex, due to a confluence of recent events. These include the breakdown of the post–Cold War European security order in the wake of Russian President Vladimir Putin’s annexation of Crimea, changing energy markets, growing instability in the Middle East to the region’s south, the new administration in Washington, and the European Union’s (EU) internal challenges, to name just a few. This changing landscape calls for reassessing U.S. policy toward the South Caucasus. Formulating such an approach requires an analytical review of U.S. experience in the South Caucasus, an assessment of key successes as well as shortcomings, and recommendations for U.S. policy toward the region going forward.

The sudden breakup of the Soviet Union made the United States confront three countries that were entirely new to U.S. foreign policy. It’s not that the three newly independent states moved up in importance on the foreign policy agenda of the United States—they simply appeared as if out of nowhere. The United States and the three new states were ill-prepared for what followed. For Washington, the end of the Cold War and the demise of communism opened new opportunities for expanding the reach of peace, democracy, and capitalism. Yet, it was hardly ready to confront the difficult reality of post-Soviet transitions in war-torn Armenia, Azerbaijan, and Georgia. The unraveling and eventual breakup of the Soviet Union paved the way in the South Caucasus for nationalist agendas, ethnic conflicts, and interstate rivalries rather than peace, markets, and democracy. Before reforms could be launched, U.S. policymakers first had to help stop the fighting that was raging throughout the South Caucasus. Once that task was accomplished by the mid-1990s, Washington and the three states in the region could finally turn to the task of reconstruction. Again, U.S. policy was guided by big aspirations and generated equally big expectations. By the turn of the century, some of these goals had been realized, but the end result once again fell short of promises and expectations, as local customs and difficult legacies prevailed over the best of intentions.

The sudden breakup of the Soviet Union made the United States confront three countries that were entirely new to U.S. foreign policy.

The next phase in U.S. policy was given impetus by the 2003 Rose Revolution in Georgia, which rekindled hopes for democratic renewal as well as for new opportunities to expand the reach of Western institutions further east. Georgia accomplished a great deal in its internal transformation, but the rest of the region did not follow in its footsteps. Moreover, Georgia's own accomplishments fell short of its own and U.S. policymakers' ambitions and expectations. The 2008 war between Georgia and Russia effectively halted the expansion of Western institutions into the South Caucasus and also sent sharp warnings to Georgia's neighbors of the lengths Russia would go to in order to preserve its perceived interests.

Since then, U.S. policy has proceeded along a path of carefully calibrated engagement with the region. The same declaratory policy of democratic renewal and integration with the West is still on the books, but expectations are clearly diminished—particularly as Armenia, Azerbaijan, and Georgia have proceeded along different paths. Armenia has maintained its “partly free” designation from Freedom House, while pursuing a carefully calibrated course of engagement with both Russia and the West. Azerbaijan has grown increasingly authoritarian and distant from its Western partners. Georgia has continued to consolidate democratic reforms at home and pursue closer ties with the West in its foreign policy.

The new U.S. administration has yet to formulate its own policy toward the South Caucasus. It may choose to continue along the current path, guided largely by inertia and responding to developments in the region as they happen. Or it may decide to chart its own approach to the region. Either way, those in charge of devising it would be well advised to take full measure of the region's complexity, its diversity, its changing geopolitical environment, the United States' and its allies' interests there, and the lessons of the first quarter century of U.S. policymaking in the South Caucasus.

Three New Countries, Three New Wars

No region of the former Soviet Union has seen more turmoil than the South Caucasus. With three frozen conflicts—in Nagorno-Karabakh, Abkhazia, and South Ossetia—and the ever-present possibility of renewed fighting across the

Frozen conflicts . . . are the most salient feature of the entire South Caucasus security landscape.

fragile ceasefire lines, the region is likely to remain tense and volatile for the foreseeable future. The presence of these frozen conflicts since the earliest days of the region's independence, and in some instances even before the Soviet Union broke up, is the most salient feature of the entire South Caucasus security landscape. It is also the defining feature of each of the three states' political, economic, and security environments. The fact that each is locked in an open-ended military standoff with no prospect of peaceful resolution in the near future also contributes to the

perception that the entire region is frozen in time. That, however, is not the case. The 2016 Four-Day War between Armenia and Azerbaijan—the bloodiest confrontation the two countries have seen since the 1994 ceasefire—highlights that these conflicts are anything but frozen.

By the time the Soviet Union fell apart in 1991, war had already broken out in the South Caucasus. The longest-running conflict in the territory of the former Soviet Union—between Armenia and Azerbaijan over the enclave of Nagorno-Karabakh—erupted as Moscow’s grip on the region gradually loosened in the late 1980s. But Nagorno-Karabakh was not the only conflict that broke out with the easing of Soviet-era political and security restraints. It seemed the entire Caucasus region had exploded with long-bottled up destructive energies.

The relaxation of ideological and political restrictions during former Soviet leader Mikhail Gorbachev’s glasnost campaign had led to a fundamental reassessment of the Soviet experience and a rewriting of the entire Soviet-era historical record, as well as the exploration of cultural, ethnic, and religious roots. In every union republic, leaders draped themselves in nationalist banners and pursued their own agendas of national liberation from Moscow’s control. But throughout the Caucasus, with its patchwork quilt of ethnic groups, arbitrarily drawn and redrawn boundaries, and long legacy of resistance to Russian rule, national liberation slogans created fault lines between republic leaders and small autonomous regions and ethnic groups within these republics.

Waves of nationalism swept over the entire Caucasus, along with a host of historical grievances that the Soviet system had mostly suppressed, but not resolved. When ethnic groups aired their grievances in the 1950s, 1960s, or 1970s, Moscow tightened its grip and cracked down. That did not happen during the Gorbachev era. The national revival and the freer political atmosphere of that period made possible the rise of new nationalist leaders throughout the region. On those occasions when Moscow tried to intervene, its attempts to suppress these nationalist revivals were crude and even counterproductive, and only led to more unrest.

Early Conflicts in the South Caucasus States

Armenia was the first troublemaker. From the 1960s onward, the Soviet government had tolerated and occasionally even encouraged Armenian grievances against Turkey. But, in the increasingly permissive atmosphere of glasnost, Armenia’s intellectual and political elites turned their attention to the fate of the Armenian population in Nagorno-Karabakh, an autonomous territory with a predominantly Armenian population within Azerbaijan. Leading Armenian voices charged that the Armenians there were victims of persecution at the

In every union republic, leaders draped themselves in nationalist banners and pursued their own agendas of national liberation from Moscow’s control.

hands of Azerbaijani authorities, and they called for Nagorno-Karabakh to be liberated and reunified with Armenia proper. The political campaign quickly escalated into an armed conflict with Azerbaijan by the end of the 1980s.

Azerbaijan experienced a cultural and nationalist revival during this period too. In addition to the nationalist tide engulfing the republic, its domestic politics were energized by the imperative to push back at Armenian claims and preserve Nagorno-Karabakh as a part of Soviet Azerbaijan. The Armenian territorial claim represented a twin challenge to Azerbaijan—it threatened its territorial integrity and its reemerging sense of national identity and pride. Cultural elites in both countries dove deeply into history with both sides trying to delegitimize each other's claim to the territory and construct a narrative to support its own. The rise of conflicting nationalist visions fueled an action-reaction dynamic, with Azerbaijan holding firm in its resolve to protect its territorial integrity and Armenia fearing for its ethnic kin in this atmosphere, and thereby pushing even harder to seize Nagorno-Karabakh.

Georgia too found itself caught up in a nationalist revival. A major turning point was the brutal suppression of a peaceful demonstration in Tbilisi by Soviet paratroopers, which resulted in a number of fatalities. Georgia's grief, indignation, and pride energized an even more fervent nationalist movement. This in turn triggered a backlash in small, non-ethnically Georgian enclaves, where the revival of Georgian nationalism was feared because it was perceived as a threat to the national identities of Georgia's smaller ethnic groups. This sentiment was encouraged by Moscow, which was desperately trying to stem the nationalist tide and keep the empire from unraveling. No doubt, some of these frozen conflicts bore visible signs of Russian attempts to hold on to its crumbling empire. However, they had deeper roots, echoing the warning of then U.S. president George H.W. Bush about the perilous effects of nationalism.¹

The frozen conflicts—in Abkhazia, Nagorno-Karabakh, and South Ossetia—are the enduring legacy of that turbulent era. None of these conflicts has the slightest hope of being resolved in the foreseeable future. Their unfreezing is likely to produce only more violence, grief, deaths, and suffering.

The Limited Role of Other Regional Actors

The early years of independence in the South Caucasus were marked by turmoil and fears that the conflicts engulfing the region would continue indefinitely. The surrounding geopolitical context offered little hope for relief. In fact, the early post-Soviet period left the new states of the South Caucasus in a vacuum, without a strong and continuous stabilizing presence to assist them in their difficult transitions. Due to their own unique and complex reasons, none of the major powers with a potential stake in the region was in a position to help. Ill-prepared to face the challenges of transition, the South Caucasus region was nonetheless left to chart largely its own course—a situation compounded by the equally ill-prepared condition of its potential partners to engage in the region.

At this time, Russia was struggling with the challenge of its own post-Soviet transition: a seemingly endless succession of domestic political and economic upheavals, the consequences of losing its empire, and its shrinking presence on the world stage. Russia's own tenuous hold on its restive North Caucasus provinces was an additional source of concern and insecurity for the entire Caucasus region.

The two other neighboring countries and former contenders for hegemony in the Caucasus—Iran and Turkey—were likewise in no position to exert a stabilizing influence in the region. Iran was still recovering from its nearly decade-long war with Iraq and was ill-equipped either to project its influence to a region from which it had been cut off during the Soviet era, or to offer much-needed economic assistance. After all, the conflict-torn Caucasus was struggling to overcome the economic shock of the Soviet Union's breakup, and was not an attractive trading partner. If anything, it was a likely competitor seeking to develop its own energy resources and transportation infrastructure.

Moreover, with its substantial ethnic Azeri minority,² Iran saw the emergence of an independent Azeri state on its northern border as a development to watch warily and not worth antagonizing Russia over, just in case it had lingering imperial ambitions. Iran's relationship with Russia was becoming too important to risk over the South Caucasus, as Tehran was coming under increasing pressure from the United States and its allies suspicious of its nuclear ambitions. From the standpoint of Armenia, Azerbaijan, and Georgia, the pressure from the United States and the international community to isolate Iran made it a problematic partner. Their friendship with Iran could get in the way of better ties with the United States, the sole remaining global superpower and a source of much-needed aid and reassurance in the turbulent post-Soviet environment.

Turkey too was hardly in a position to stabilize and project its influence in the South Caucasus, even if it had wanted to pursue an ambitious geopolitical agenda there. Its own economic circumstances made it an unlikely source of assistance to the economies of the region.³ Moreover, Turkey's own geopolitical orientation during the 1990s was fixed on Europe, driven by Ankara's aspirations for European integration. Although the South Caucasus was an important frontier in security terms, and while it held a certain degree of historical and ethnic nostalgia, it was hardly a region rich in opportunities for advancing Turkey's economic or political modernization.

Turkey's ties with the three South Caucasus countries were an additional complicating factor. Its relationship with newly independent Armenia was severely hampered by the legacy of the Armenian massacres early in the twentieth century and Turkey's rejection of Armenia's claim that it was a genocide; there was also the conflict in Nagorno-Karabakh, during which Turkey, siding

The early post-Soviet period left the new states of the South Caucasus in a vacuum, without a strong and continuous stabilizing presence to assist them in their difficult transitions.

firmly with its ethnic Azeri kin, had closed its border with Armenia. Turkish-Georgian relations, while benign on the surface and reinforced by residual shared suspicions of Russian intentions, were hardly trouble free. Turkey, with its large Caucasus diaspora, maintained ties with the Georgian breakaway region of Abkhazia and near-breakaway territory of Ajara on its border; the latter's longtime ruler, Aslan Abashidze, had barely recognized Tbilisi's sovereignty and threatened to secede from Georgia.

The Early Role of Western Actors

Europe and the United States remained distant—even if well-inclined—partners to the South Caucasus. Both were preoccupied with opportunities and challenges elsewhere. The EU was then still a very new entity, only beginning to tackle the tasks of formulating a common foreign and security policy and a strategy for engaging its neighbors. That left the United States in the driver's seat, steering the foreign and security policy of the entire transatlantic community.

Yet throughout the 1990s, the United States was focused on more significant geopolitical developments elsewhere—the conflicts in the Balkans, the post-Soviet transition of Russia and the fate of the Soviet Union's nuclear arsenal, and the rise of China. The South Caucasus certainly mattered to Washington, but largely, if not mostly, as a derivative of those bigger geopolitical developments, chiefly Russia's post-Soviet transition. The underlying, and sometimes openly stated, assumption of U.S. policy at the time was that if Russia's transition were successful, those of its former satellites states would also have greater prospects for success; conversely, if Russia's transition failed, there would be little hope for the successful transitions of its neighbors.⁴

U.S. policymakers proceeded to shape an approach to Armenia, Azerbaijan, and Georgia derived from the same set of principles they applied to other parts of the former Soviet Union.

U.S. Policy—An Uncertain Beginning

It is hardly a secret that U.S. and European policymakers had neither expected nor prepared for the swift breakup of the Soviet Union. It had caught all by surprise and left little time for Western governments to develop blueprints for engaging with the far-flung and diverse regions of the vast former empire. With the focus of U.S. policymakers first and foremost on securing the nuclear arsenal of the Soviet Union scattered across many newly independent states, Armenia, Azerbaijan, and Georgia did not merit the same degree of immediate attention, since none of them had nuclear weapons deployed in their territory.

Nonetheless, U.S. policymakers proceeded to shape an approach to Armenia, Azerbaijan, and Georgia derived from the same set of principles they applied to other parts of the former Soviet Union. This consisted of recognizing and encouraging other countries, especially Russia, to respect the sovereignty and

independence of the three states and supporting their declared desire to make the economic and political reforms necessary to transition to inclusive political systems and market economies. Over time, however, the goals of these efforts shifted in response to events on the ground and elsewhere in the world. The United States and other members of the international community undertook efforts first to curb the various conflicts in the South Caucasus, then to foster oil-fueled economic growth in the region. Later, their attention shifted to garnering regional support for the U.S.-led global counterterrorism coalition and supporting domestic reform efforts in Georgia.

Job One—Stop the Fighting

The South Caucasus stood out in the post-Soviet landscape because it was engulfed in three active conflicts simultaneously: Nagorno-Karabakh, Abkhazia, and South Ossetia. The top priority for U.S. policymakers was not democratization or market reform but rather stopping the fighting, providing humanitarian relief for many thousands of refugees, and bringing a measure of stability to the region. The survival of the three South Caucasus states could not be taken for granted at that time. Stopping the fighting was job number one.

Beyond that, the novelty of the situation raised the question of U.S. interests in the region. While none of these new states had a history of relations with the United States, all three potentially had special claims on its attention. Georgia's then president, Eduard Shevardnadze, had served previously as Gorbachev's foreign minister and played a pivotal role in the peaceful settlement of the Cold War. He was widely recognized in the United States as an elder statesman and almost an iconic figure. Armenia too had a special claim on U.S. attention and affection. The large, active, and well-organized Armenian-American community has long been an important actor in U.S. domestic politics, and the newly independent Armenian state was effectively guaranteed a friendly reception among U.S. policymakers. And Azerbaijan had oil. The birthplace of the global oil industry, the country sat atop important oil reserves. Lacking Georgia's or Armenia's claims on Washington's attention, it could command the attention of any number of major oil companies—another important actor in U.S. domestic politics.

Nonetheless, the question of U.S. interests and policy in the South Caucasus remained unsettled. None of the interests or ties between the South Caucasus countries and the United States was sufficiently compelling to warrant U.S. direct military involvement to stop conflicts in the region. Moreover, several other crises—the unraveling of Yugoslavia, the disastrous intervention in Somalia, and the failed attempt to intervene in Haiti—left little room or appetite for another robust, boots-on-the-ground U.S. military operation. Finally,

The top priority for U.S. policymakers was not democratization or market reform but rather stopping the fighting.

the preoccupation of U.S. policy with Russia made the option of a U.S. military presence in the South Caucasus risky due to concerns about possible Russian resentment and backlash.

Still, the region could not be left to its own devices. The humanitarian situation could not be ignored. It was perhaps not on the same scale as the tragedy that would befall the Balkans a short time later, let alone the massacres in Rwanda, but it was occurring on the edge of Europe—the continent that after the end of the Cold War was supposed to have left war and conflict in the past. The conflict in Nagorno-Karabakh carried the risk of Turkish intervention in support of Azerbaijan and Russian intervention in support of Armenia. A conflict between Russia and a North Atlantic Treaty Organization (NATO) ally of the United States like Turkey was to be avoided at all costs. Moreover, Russia's growing military involvement in Georgia's conflicts on behalf of the separatists in Abkhazia and South Ossetia also had to be stopped or minimized, so as to end the fighting, avoid the collapse of Georgia, and prevent a very visible manifestation of Russia's lingering neo-imperialist instincts.

The result was a series of complicated diplomatic undertakings designed by various actors to end or at least freeze these conflicts. This was to be done while paying due deference to Russian sensitivities by including it as a key partner in these efforts. It was equally important to internationalize efforts to end these conflicts to prevent an exclusive Russian role and to avoid the appearance of great power interference in the affairs of small states. Involving the Organization for Security and Co-operation in Europe (OSCE) and the United Nations (UN) would presumably restrain Russia, while simultaneously giving the United States a veto on these matters and avoiding greater, and potentially costly, long-term U.S. entanglement in a region where immediate U.S. interests did not warrant it. What emerged from these diplomatic initiatives was a patchwork quilt of international actors and efforts seeking—with varying degree of intensity, but usually with little success—to resolve the region's conflicts and improve its security environment. OSCE observers, Russian peacekeepers with a UN mandate, and U.S. observers as part of a UN-mandated observer mission were all playing on this crowded diplomatic field.⁵

The United States's biggest stake was in the outcome of the conflict in Nagorno-Karabakh, and U.S. involvement there was greater than in all other South Caucasus conflicts combined. The existence of the Armenian-American community was an important factor behind this level of commitment. The United States took an active diplomatic role as one of the co-chairs of the so-called Minsk process.⁶ It also became the biggest donor to Armenia, which at the time was suffering from the combined effects of the conflict, a blockade imposed on it by Azerbaijan and Turkey, and the consequences of the post-Soviet economic meltdown. In a further sign of its political commitment to Armenia, the United States adopted legislation—Section 907 of the Freedom Support Act—that punished Azerbaijan for its blockade and limited

U.S. assistance to Baku, even though the blockade was imposed in retribution for the Armenian occupation of Nagorno-Karabakh and surrounding areas of Azerbaijan.⁷

The Nagorno-Karabakh ceasefire reached in May 1994 was the last and arguably most important step in this series of efforts by the international community that froze but did not end the conflicts in the South Caucasus. This made it possible to move on to the task of reconstruction. Notwithstanding the brewing conflict just north of the border in Chechnya and elsewhere in the Russian North Caucasus, the freezing of these conflicts also allowed the United States to proceed with its support for the three countries' transition to market-based economies and representative political systems.

Pipeline Dreams

All three countries' economies were shattered by the combined effects of these conflicts, the consequences of the breakup of the Soviet economy, and Russia's own economic troubles—and these effects cascaded throughout the economies of its neighbors long dependent on access to Russian markets. In this otherwise bleak situation, the one bright spot was Azerbaijan's oil wealth, which had the potential to provide a much-needed spark for the economic development of the entire South Caucasus region and its immediate neighborhood. The promise of Caspian oil and gas fueled U.S. policy toward the region for the remainder of the 1990s and beyond, though the potential of these resources generally failed to meet expectations.

From the standpoint of U.S. policy, the significance of Azerbaijan's oil and gas reserves far exceeded their value as an energy resource and potential as an engine for economic development—in fact, these resources were seen in Washington as a one-stop answer to all of the region's problems. According to this vision, Azerbaijani hydrocarbons would generate much-needed revenues for the country's reconstruction with multiplier effects rippling beyond its borders.

Oil and gas would have to be transported via pipelines, which would serve as the backbone of a new transport corridor. Oil and gas were also found in vast quantities in Kazakhstan and Turkmenistan, and these resources would feed via trans-Caspian pipelines into this emerging South Caucasus transportation corridor. This corridor would extend all the way across Georgia and through Turkey to the eastern Mediterranean, and thus benefit Georgia and enhance Turkey's strategic importance in the South Caucasus and in Europe as the energy hub between the East and the West. The transport corridor would enhance not only the economic development of the South Caucasus states—it would also help secure their independence from Russia by removing Moscow's monopolistic grip on Caspian energy exports.

The promise of Caspian oil and gas fueled U.S. policy toward the region for the remainder of the 1990s and beyond.

It was thought that all of this would stimulate economic reforms in the region. Economic development in turn would provide a powerful incentive for Armenia and Azerbaijan to find a solution to their conflict in order to fully partake of these benefits. This would even potentially facilitate a *détente* between Armenia and Turkey. Caspian energy flowing to global markets would also enhance U.S. energy security and reduce Europe's dependence on Russian energy exports. And all of this could be accomplished with relatively little investment of public funds from Western donor nations, as energy companies would invest in Caspian energy development.⁸

Based on this logic, pipelines to take Caspian oil and gas across the Caucasus to European and other international energy markets became the centerpiece of U.S. policy in the region. At the State Department, a new ambassadorial position was created to coordinate Caspian Basin energy diplomacy. To add political gravitas to the post, its holder was designated not only as an adviser to the secretary of state, but also to the president. U.S. officials actively promoted the new transportation corridor in various capitals and at conferences in Europe, the South Caucasus, and the United States. Foreign governments and corporate actors were encouraged to support and participate in the project. U.S. taxpayer funds were made available to facilitate various pipeline initiatives.⁹ However, the promise of this transportation corridor and its attendant benefits for the region far exceeded its real impact.

Georgia, badly damaged by internal strife and separatist conflicts, suffered from widespread corruption and was, in the words of one of its leading political scientists, "practically a failed state."¹⁰ In addition, it found itself under constant pressure from Russia, which supported the separatists in Abkhazia and South Ossetia and was rumored to be behind several assassination attempts on Georgia's then president Shevardnadze.¹¹

Similarly, Armenia and Azerbaijan remained locked in their standoff over Nagorno-Karabakh with frequent violations of the ceasefire, multiple casualties, countless refugees, and the ever-present prospect of a resumption of fighting. The promise of economic benefits did little to defuse tensions between the two countries. On the contrary, Armenian representatives occasionally threatened to take military action against the pipeline, which passes near Armenia's border.¹²

For its part, Armenia's economy had suffered devastating losses as a result of the war and the blockade imposed by Azerbaijan and Turkey. The lack of economic opportunities—combined with the specter of renewed conflict and the consequences of a devastating 1988 earthquake, which were never fully addressed—led to large-scale, outbound migration. Of the approximately 3.5 million citizens at the time of the Soviet breakup,¹³ over 800,000 emigrated during the first decade of independence.¹⁴ The emigration was facilitated by the existence of a large Armenian diaspora abroad willing to accept and support newcomers. In addition, as a result of the war, Armenia had to cope with an influx of displaced people numbering over 200,000.¹⁵

Meanwhile, Azerbaijan also suffered badly from the war. It lost some 15 percent of its territory to Armenia,¹⁶ and was forced to deal with the influx of over half a million displaced people from the lands occupied by Armenia.¹⁷ The consequences of the war were aggravated by a period of internal turmoil. After the country's first two post-independence governments collapsed under the weight of intra-elite rivalries and the war, the country's old communist-era boss, Heydar Aliyev, took over in 1993 and began consolidating power and rebuilding the country's shattered economy.¹⁸ He successfully leveraged its oil and gas wealth to secure Washington's attention and attract major energy companies, but the process of reconstruction, linked to the development of the Baku–Tbilisi–Ceyhan pipeline, stretched on for well over a decade; oil and gas revenues would not appear in significant quantities until then.¹⁹

In short, then, the first post-independence decade produced modest results at best for the South Caucasus. The three regional conflicts remained unresolved and were perennially at risk of renewed fighting. Azerbaijan's economy recovered to its pre-independence level, but Armenia's and Georgia's did not.²⁰ All three suffered from widespread corruption and remained vulnerable to Russian pressure.²¹ Georgia and Azerbaijan were additionally threatened because of their shared borders with Russia's turbulent North Caucasus provinces. Azerbaijan recovered its domestic political stability, but at the price of gradually becoming an authoritarian regime. Meanwhile, Armenia and Georgia made progress toward democratic governance, although the political systems of both countries remained overly personalized. This inhibited the development of independent institutions and left them at risk of democratic backsliding. Both countries remained fragile, and neither achieved domestic political stability during this period. The tasks of securing their futures by building sustainable democratic governance, fostering economic prosperity, and achieving integration with the international community remained incomplete.

The first post-independence decade produced modest results at best for the South Caucasus. The three regional conflicts remained unresolved and were perennially at risk of renewed fighting.

Beyond the Pipelines

The start of a new century and the arrival of a new administration in Washington in early 2001 led to a different set of priorities in U.S. policy toward the South Caucasus. The September 11 terrorist attacks and the wars in Afghanistan and Iraq altered Washington's foreign policy priorities. The South Caucasus's energy potential was undoubtedly still a factor in U.S. policy, in particular as an alternative to Russian energy in Europe.²² However, Washington's focus shifted away from the unfinished business of the post-Soviet transitions and instead toward the needs of the new era. These included the logistics of conducting the war in the Afghan theater, the establishment of a global counterterrorism coalition, and the creation of an international coalition for the war in Iraq.

All three countries in the South Caucasus contributed troops to the U.S.-led coalitions in Iraq and Afghanistan.²³ Georgia has been by far the most active contributor of troops to both operations, and its forces continue to serve in Afghanistan. Azerbaijan became an important logistics hub supporting U.S. troops in Afghanistan.²⁴ However, as important as these undertakings were to the three countries' relations with the United States, the countries themselves became second-tier priorities on the U.S. foreign policy agenda. The same was true of efforts to halt the fighting in Nagorno-Karabakh or Abkhazia, assist the newly independent states' post-Soviet transitions, and build the Caspian infrastructure corridor.

U.S. policy in the South Caucasus was reenergized and refocused following Georgia's 2003 Rose Revolution, which resulted in the overthrow of Shevardnadze, whose government was respected for its democratic credentials but discredited by widespread allegations of corruption and poor governance. In Shevardnadze's place, the people of Georgia elected a young, charismatic new president, Mikheil Saakashvili—a U.S.-educated lawyer with strong democratic and reformist credentials—supported by a team of like-minded young leaders.

The new Georgian government demonstrated its commitment to democratic and market reforms through bold and decisive steps to curb corruption, pursue an ambitious privatization campaign, and undertake a host of other reformist initiatives.²⁵ After more than a decade of turmoil, sluggish reforms, and widespread corruption, the new Georgian government was welcomed enthusiastically at home and abroad.

The new team in Tbilisi was equally determined to take the initiative in foreign and security policy. Instead of Shevardnadze's cautious and ultimately unproductive approach to the separatist conflicts in Abkhazia and South Ossetia, the new government acted boldly in 2004 by seizing power in Adjara. Its longtime ruler, Aslan Abashidze, fled into exile in Russia. The contrast with the Shevardnadze era could not have been starker: the new Georgian government—fully aware of the risk of Russia intervening to save its longtime client Abashidze—took a David-versus-Goliath risk and came out victorious. The message to Abkhazia and South Ossetia that they would be next was unmistakable.

But the new Georgian leadership had much bigger ambitions. It had set its sight on integration with the West and made its intention known in both Brussels and Washington. Brussels reacted cautiously to this message, based on Georgia's difficult transition and the slow progress many Eastern and Central European countries were making toward integration with the West. But in Washington the reaction could not have been more enthusiastic. Democracy promotion was at the top of U.S. foreign policy agenda during the presidency of George W. Bush.²⁶ Georgia's democratic transformation seemed like an outstanding candidate for U.S. support.

Its success would also help expand the frontiers of freedom in the former Soviet space, where U.S. efforts to promote democracy had run into some headwinds, especially as Putin's presidency slipped toward authoritarianism. The South Caucasus was no exception to this backsliding. Azerbaijan's Heydar Aliyev transferred the presidency to his son shortly before dying in December 2003, thus launching the first dynasty in the former Soviet space. Meanwhile, Armenia's democratic transition was uncertain amid factional rivalries and accusations of corruption and abuse of office.²⁷

In light of these developments, the United States shifted the focus of its policy in the South Caucasus from Azerbaijan and its oil and gas as the drivers of regional change to Georgia and its reform agenda and plans to join the West. Georgia was the outlier in the region and could potentially serve as a pioneer to reverse this pattern of stagnating reforms. Georgia's aspirations were to follow the well-trodden path taken by Poland, Romania, and the Baltic states—which joined both NATO and the EU in 2004. Determined to leave Russia's orbit, Georgia pursued its reforms—with a view toward first joining NATO and then, at a later date, the EU.

As a result, Georgia became Washington's favorite post-Soviet state, and the contrast between it and its neighbors was increasingly striking. In Azerbaijan, Heydar Aliyev's son Ilham was consolidating power and the country was moving toward a more oppressive and less tolerant form of authoritarianism.²⁸ Armenia's democratic transition was making little, if any, progress. And even though it did not experience the same form of authoritarianism as Azerbaijan, political power in Armenia was increasingly concentrated in the hands of a small group of political and business elites.

Similar political setbacks were taking place in other former Soviet states as well. In Ukraine, the Orange Revolution of 2004 brought to power a promising team of reformers. But their record in power proved disappointing to both the people of Ukraine and its supporters abroad, as the government got bogged down in personal rivalries, accusations of corruption, and competing political agendas.

As for Central Asia, where democratic changes had been slow to take hold, there was even less ground for optimism. U.S. relations with Uzbekistan were frozen in the wake of government suppression of an uprising in Andijan, which drew charges of excessive force from U.S. policymakers. In Kyrgyzstan, the so-called Tulip Revolution of 2005 resulted in the overthrow of a long-serving president reputed to be mired in corruption. However, he was replaced by another reportedly equally corrupt and increasingly unpopular president, who in turn was overthrown five years later.²⁹ Russia too was shedding its democratic baggage of the 1990s on President Putin's watch. Independent political parties were disappearing from the State Duma, and the media and the commanding heights of the economy were coming increasingly under government control, either directly or indirectly.

Determined to leave Russia's orbit, Georgia pursued its reforms—with a view toward first joining NATO and then, at a later date, the EU.

From Washington's perspective, then, Georgia was arguably the only post-Soviet state moving in the right direction. It was not only the undisputed reform leader in the South Caucasus and throughout the entire post-Soviet space, but also had explicitly adopted the goal of joining both NATO and the EU. It was a favorite of Washington and a thorn in Russia's side. As a result, Georgia became a major irritant in U.S.-Russia bilateral relations and the two countries' respective policies throughout the former Soviet Union. For Washington, Georgia became the champion of Euro-Atlantic integration and then president George W. Bush's Freedom Agenda.³⁰ For Moscow, Georgia's integration into Western political and security structures had to be halted, as did Washington's ambitions to expand NATO further to the east. At the 2007 Munich Security Conference, Putin bluntly warned the alliance against expanding closer to Russia's borders and taking in new members.³¹ With Georgia as the lead candidate for membership among the post-Soviet states, the target of Putin's message was hard to miss.

The clash of Euro-Atlantic expansion and Russian resistance culminated in August 2008, when the Russian army crushed the much smaller Georgian army in a brief war. Speaking shortly afterward, then Russian president Dmitry Medvedev laid claim to a "sphere of privileged interests" for Russia around its periphery with the underlying message that this sphere would be off-limits to NATO and the EU.³²

The 2008 war between Russia and Georgia marked another turning point in the evolution of U.S. policy, not only toward Georgia but also toward the South Caucasus. The Kremlin's military action made clear that it would not tolerate the expanded influence of the United States and its allies on its doorstep and that NATO membership—the essential vehicle for that expansion—would be off-limits to any former Soviet state. The Kremlin also made clear that it was prepared to use force to prevent its neighbors from leaving Russia's orbit. The United States and its allies were not prepared to go to war with Russia over the issue of NATO expansion into the former Soviet states.

Neither side would back down from its stated rhetorical position, however. As a result, Georgia found itself in limbo. It remained committed to its goal of NATO membership and closer ties to the EU, and it received assurances that its candidacy for NATO membership was alive. But its prospects for admission remained effectively nil as far as the eye could see.

In light of this apparent stalemate, U.S. policy toward the South Caucasus had effectively lost its focus and its regional champion. Relations with Azerbaijan were complicated by the increasingly authoritarian nature of its government. Armenia could hardly be the champion of U.S. interests in the region because of its special relationship with Russia. And relations with Georgia stalled, as Washington was unwilling to risk a confrontation with Russia over Georgia's pursuit of NATO membership. That proved to be a Russian redline that Washington would not cross.

An Interlude—Europe in the Lead

The loss of momentum in the U.S.-Georgian relationship paved the way for a shift in policy leadership in the South Caucasus from the United States and NATO to the EU. The latter's principal vehicle for engagement in the region became Association Agreements (AA), which did not hold out the possibility of membership explicitly but promised closer economic and political ties with the EU in exchange for economic and political reforms by aspiring states. Armenia and Georgia each pursued an AA actively, while Azerbaijan's interest was lukewarm at best.

U.S. policy toward the South Caucasus following the Russo-Georgian war can be best described as managing the status quo rather than seeking breakthroughs or launching new initiatives. The most important U.S. diplomatic initiative to attempt a breakthrough on normalizing relations between Armenia and Turkey did not succeed.³³ Afterwards, U.S. policy focused on efforts to prevent a new conflict between Russia and Georgia, avoid a breakdown in the anemic negotiating process between Armenia and Azerbaijan, help Georgia manage its potentially difficult political transition to the post-Saakashvili era, maintain working relations with the increasingly authoritarian and insecure regime in Azerbaijan, and preserve access to the region as a gateway to the Afghan war theater.

The next major shift in U.S. policy toward the South Caucasus was triggered by events in Ukraine in 2014, when Russia annexed Crimea and made clear through its subsequent actions that it would not tolerate NATO membership or EU AAs for its former Soviet neighbors. Under pressure from Russia, Armenia was forced to cancel its plan to sign its already negotiated AA with the EU and instead joined the Russian-led Eurasian Economic Union (EAEU).³⁴ Given Yerevan's close security ties to Russia, the decision to back away from the AA under Russian pressure did not lead to protests in Armenia as it did in Ukraine, although the government's about-face was not uniformly popular. Georgia, however, defied Russian pressure and signed the AA with the EU in 2014.³⁵

The Ukraine crisis marked a major milestone in European security trends. It signaled the end of the post-Cold War era, when Europe, Russia, and the United States had all embraced the goal of common security without divisions or spheres of influence. The policy of the United States and its allies toward Russia could no longer follow a cooperative track absent a major shift in one side or the other's fundamental approach to foreign policy and national security. The old U.S. policy framework is no longer applicable, but a new policy has not yet been put in place.

U.S. policy toward the South Caucasus following the Russo-Georgian war can be best described as managing the status quo rather than seeking breakthroughs.

A New Chapter in the South Caucasus

In the aftermath of the Ukraine crisis, the three states of the South Caucasus find themselves in a geopolitical no man's land between Russia and the West. Neither side is prepared to cede the region to the other. Whereas Russia does indeed claim its sphere of influence over the South Caucasus, the United States and Europe reject the very concept of spheres of influence. In the wake of these developments, U.S. and EU engagement with the South Caucasus seems to be a product of previously formulated policies and inertia, rather than a set of deliberate decisions taken in response to the region's changed strategic environment.

The South Caucasus After Crimea

Moreover, changes in that strategic environment are not limited to renewed Cold War–style East-West tensions. Within the South Caucasus, the break in relations between Russia and the West has triggered a split among the region's three states. These three countries are pursuing three very different foreign policies at a time of major geopolitical changes around the region. Georgia is firmly on the path of Euro-Atlantic integration, seeking to distance itself from Russia as much as possible. Armenia is pursuing a course designed to maintain ties in both camps—Russia and the West. And Azerbaijan wants to keep both Russia and the West at arm's length.

Georgia is determined to continue pursuing its rapprochement with the West and integration in both NATO and the EU. Its relations with Russia have not recovered from the war of 2008 and are unlikely to recover for the foreseeable future.

For Armenia, the key task is to balance its ties to both sides of the new East-West divide. Armenia, bound to Russia as a result of its geopolitical environment and security requirements, can ill-afford to risk undermining that critical relationship by getting too close to NATO and the EU. At the same time, its population is growing weary of Russia's influence in the country, while the brief Four-Day War with Azerbaijan in 2016 caused some Armenians to question Russia's reliability as an ally. Armenia also has extensive ties to Europe and the United States, which are very important to its economy, society, and international standing. This explains why Armenia resumed negotiations with the EU in order to come up with an alternative to the AA it did not sign.

Azerbaijan's relations with the United States and Europe, meanwhile, have suffered as a consequence of the authoritarian turn in its domestic politics.³⁶ The Russian narrative about U.S. support for so-called color revolutions appears to have gained traction among senior Azerbaijani officials. During the last years of the administration of former president Barack Obama, the Azerbaijani

The break in relations between Russia and the West has triggered a split among the three states in the South Caucasus. These three countries are pursuing three very different foreign policies.

press published broadsides against U.S. officials—including Obama himself. Baku also remained upset about Western media reporting on corruption in Azerbaijan, including revelations of the ruling family's corrupt practices in the Panama Papers.

The Azerbaijani leadership showed little interest in and eventually refused to sign an AA with the EU similar to those signed by Georgia and almost signed by Armenia, instead demanding a special, higher-level agreement,³⁷ and seeking to leverage its agreement with the EU to put pressure on Armenia in the Nagorno-Karabakh conflict.³⁸ The EU and Azerbaijan have agreed to launch negotiations about a new comprehensive agreement, but the completion of these proceedings is uncertain.³⁹ Meanwhile, the new comprehensive agreement between the EU and Armenia is being finalized.⁴⁰ At the same time, Baku has not joined the Russian-led EAEU and appears determined to keep Moscow's integrationist schemes at arm's length.

Russia, meanwhile, is intent on pursuing a harder line than before the Ukraine crisis, claiming an exclusive geopolitical sphere of influence around its periphery and aggressively promoting its EAEU as the counterweight to EU integration. Continued Russian pressure on Georgia,⁴¹ its effort to force Armenia to abandon the AA with the EU and sign on to the EAEU, and its economic pressure on Belarus to make it a more pliant partner all suggest that Russia's interest in securing a ring of satellites around its periphery has not diminished.⁴² All of these developments signal Russia's neighbors to proceed with caution.

At the same time, the South Caucasus's longtime partners in the West are preoccupied with other, urgent matters. The EU is coping with multiple challenges—including the refugee crisis, relations with Russia and Moscow's interference in several European elections, negotiations with the United Kingdom over Brexit, Ukraine's struggle to sustain its reform momentum, and Greece's seemingly never-ending troubles. This hardly leaves much time for EU policy-makers to devote to the South Caucasus where one-size approaches do not fit all and where diversified diplomacy is necessary.

The United States, meanwhile, is focused on fighting the self-proclaimed Islamic State in Iraq and Syria, alongside other global and regional challenges, like the challenge of a rising China and the threat emanating from North Korea. Washington's uncertain relationship with Moscow, which has become a major issue in U.S. domestic politics, leaves unanswered many questions about U.S. policy toward Russia's neighbors, including the South Caucasus.

Other countries in the South Caucasus's neighborhood also bear mentioning, particularly China, Iran, and Turkey. Turkey is undergoing its own transition to an increasingly authoritarian political system, culminating in the approval of an April 2017 referendum that expands the country's presidential powers. The outcome of the referendum was a major victory for President Recep Tayyip Erdoğan—who is widely seen as intent on establishing an

authoritarian state in Turkey—and a blow to the country’s democratic institutions. Turkey’s relations with both Europe and the United States have suffered as a result, and Ankara is unlikely to play the role of the West’s partner in the South Caucasus as was previously expected. Erdoğan’s rapprochement with Putin raises questions about Turkish policy in the South Caucasus and deals Ankara may be prepared to conclude with Moscow at the expense of its South Caucasus neighbors.

Given these uncertainties, deeper economic ties between the South Caucasus states and other regional actors are worth pursuing. The South Caucasus could benefit from the growing regional presence of Iran, which is gradually shedding the burden of its international isolation as a result of the P5+1 nuclear deal. This is likely to be more important for Armenia than for Azerbaijan and Georgia. In the event of another conflict with Azerbaijan, Iran could be an especially valuable outlet and trade partner for Yerevan, since Armenia’s border with Turkey remains closed, leaving it entirely dependent on Georgia for access to the outside world. At the same time, Armenia, Azerbaijan, and Georgia all may benefit from China’s growing penetration of the South Caucasus and in particular its ambitious Belt and Road Initiative, which includes future infrastructure development projects that traverse the region. However, both Iran and China have close relations with Russia, and neither is likely to act in the foreseeable future as a geopolitical counterweight to Moscow.

Deeper economic ties between the South Caucasus states and other regional actors are worth pursuing.

Ultimately, then, despite the multitude of changes in and around the South Caucasus region, the principal challenge for its three states remains their relationship with Russia and the task of balancing it with their ties to the West. Russia has a number of advantages in dealing with the region—geographic proximity, demonstrated willingness to use force, and a claim, backed up by its actions, that it cares more about and has more at stake in the region than the United States and its European allies and partners do. However, Moscow is not the region’s preferred partner and is unlikely to become one in the foreseeable future.

U.S. Interests and Priorities in the South Caucasus

Given all the changes that have taken place in the South Caucasus and its neighborhood over the past twenty-five years, it is worth taking stock of what Washington has at stake in the region. The United States has important security and economic interests in the South Caucasus. However, none of them is vital.

The United States has made a long-term commitment and invested a great deal in the region over the past quarter century. It has pledged its support for the independence and sovereignty of the three South Caucasus states. It remains a co-chair of the Minsk Group that has helped to manage—even if

it has not been successful at resolving—the dispute over Nagorno-Karabakh. It has pledged support for the three states’ pursuit of integration into Euro-Atlantic institutions. The United States also has significant cultural connections to at least two countries in the South Caucasus: The Armenian-American community has extensive ties to the region, while cultural, education, and political ties between the United States and Georgia continue to expand.

U.S. regional interests even extend beyond the immediate borders of the South Caucasus. Notwithstanding recent frictions with Washington, nearby Turkey remains a NATO ally. Renewed conflicts in the South Caucasus could threaten Turkey and other NATO allies in the Black Sea region. Conflict and general destabilization of the South Caucasus could turn it into a conduit for fighters transiting to or from the Middle East to join the conflicts in Syria or Iraq, or those returning to Central Asia or Russia’s North Caucasus.

Ultimately, though, U.S. interests in the region can be summarized as Armenia, Azerbaijan, and Georgia being at peace with themselves and their neighbors, while pursuing economic development, effective governance, and integration in international structures of their choice. To achieve this, several conditions need to be present.

Avert Resumption of Regional Conflicts: Preventing any one of the region’s frozen conflicts from escalating into hostilities should remain the top priority for U.S. policy in the South Caucasus. The brief resumption of hostilities last year between Azerbaijan and Armenia highlighted the danger these conflicts pose to regional security and U.S. interests, and therefore this objective should be at the top of the list for U.S. diplomacy in the region. Renewed hostilities would endanger the lives of many civilians, put at risk important infrastructure, possibly result in serious environmental damage, and affect not only the two warring parties but also Georgia, whose fortunes are closely tied to those of its neighbors.

Active U.S. diplomacy to prevent the resumption of the Nagorno-Karabakh conflict through the Minsk process and bilaterally with each of the parties is essential. If fighting were to break out again, Russia and Turkey would be involved indirectly, and quite possibly directly, due to their respective ties to Armenia and Azerbaijan. Depending on the course of the conflict, Iran too could become involved. The conflict could conceivably become a secondary theater to the conflict in Syria, where Iran and Russia are pursuing different objectives than Turkey.

The region’s other two frozen conflicts—between South Ossetia and Georgia, and between Abkhazia and Georgia—appear to be less precarious. The disparity in the military capabilities between Georgia and these two Russian protectorates—effectively supported by Russian military might—makes resumption of

The United States has important security and economic interests in the South Caucasus. However, none of them is vital.

hostilities between them highly unlikely. Nonetheless, U.S. diplomatic efforts intended to sustain channels of communications and manage issues that arise across the ceasefire lines should be continued. U.S. efforts intended to bring international diplomatic pressure to bear on Russia to discourage its violations of the ceasefire line with Georgia in South Ossetia also should be sustained.

Energy Development: U.S. energy diplomacy has played an important role in the South Caucasus. It has accomplished a great deal in terms of new markets and new export opportunities for Caspian energy, an important revenue stream for Georgia. However, the significance of Caspian energy resources for the region and their impact on it have at times been exaggerated and led to unrealistic expectations. It is important to avoid this in the future. Furthermore, although energy diplomacy has played a big role in the fortunes of the South Caucasus and U.S. engagement with the region in the past, it is unlikely to do so in the future, due to limited U.S. interests at stake and broader trends in global energy markets.

For this reason, it is important to place Caspian energy development in the context of U.S. interests. Energy diplomacy was a valuable tool of U.S. engagement in the South Caucasus more than a decade ago. At the time, the United States also had an interest in diversifying the global energy supply, and Caspian energy development served that important end. However, much has changed in global energy markets in the past decade, and the contribution of Caspian energy resources to global markets has been eclipsed by other developments in the energy sector. The shale revolution, the expansion of liquefied natural gas, and the development of new deep-water resources all have emerged as more important contributors to global energy supply than the Caspian Sea.

One of the most ambitious claims associated with Caspian energy is that it can reduce Europe's dependence on Russian energy imports. This claim has been made for a long time but, despite its obvious attractiveness, it has been met with little interest in Europe or elsewhere. It has not attracted much commercial interest or any state sponsors willing to commit adequate resources to realize it. Europe is so heavily dependent on Russia for its energy—amounting to 34 percent of EU gas consumption in 2016⁴³—that it would take a major shift in its energy supply to make a meaningful difference. The Caspian region does not have the resources to drive such a big shift. The ongoing construction of and plans for new pipelines between Russia and Europe—in the Baltic and Black Sea regions—is indicative of Russia's commitment to preserve its access to the European energy market. And while the transport corridor from Azerbaijan to Georgia and Turkey does not cross Russian territory, its proximity to Russia means that it will continue to operate only as long as Moscow tolerates it.

Combat Illicit Transnational Activities: The South Caucasus's proximity to conflict zones and relatively open borders have put it at risk as a conduit for all manner of illicit trafficking—from weapons and drug smuggling to radiological material to militants trying to join the fighting elsewhere in the Middle East. Eurasian organized criminal groups' long-standing presence in and ties to the region are a source of additional concern.⁴⁴ They have connections to organizations in the Middle East, Europe, and the Americas.⁴⁵ While progress has been made in this area—with U.S. assistance—the United States has a strong interest in combatting illicit smuggling and transnational crime, and it should remain a priority for U.S. diplomacy and assistance efforts in the region.⁴⁶

Democracy, Human Rights, and Good Governance: The United States also has an interest in promoting democratic practices and respect for human rights throughout the region. U.S. commitment to and interest in democracy promotion is long-standing. Respect for international human rights would promote human security, mitigate the risks of domestic instability, and carry many other additional benefits.

Given these benefits, U.S. support for democratic change in the South Caucasus should be continued. However, the differences among the three South Caucasus states are such that a single regional approach is unlikely to be effective and could even be counterproductive. These differences call for tailored, country-specific approaches to the task of promoting democracy in Armenia, Azerbaijan, and Georgia.

Progress within each country toward democracy and rule of law has been and will continue to be driven by organic domestic developments. U.S. investment in democratic change in Georgia, for instance, has produced important results for the people of Georgia and for the United States, and this should continue. As for Armenia, while the country has struggled with democratic change, its civil society remains remarkably vibrant. Armenia's alliance with Russia and the ever-present threat of war with Azerbaijan, however, limit its ability to modernize its political and economic system. The United States should continue to offer Armenia help with economic and political modernization. However, the scale and scope of U.S. assistance should be guided by Armenia's ability to absorb it and its calibrated balancing act between Russia and the West. The Azerbaijani elite remains most resistant to and fearful of Western norms of governance and civil society. The United States has few, if any options for promoting democratic change inside Azerbaijan, and efforts to do so could even be counterproductive and endanger U.S. interlocutors inside the country. Besides limited support for civil society inside Azerbaijan, U.S. assistance should be aimed to support Azerbaijani civil society actors in exile.

Toward a Sustainable U.S. Policy in the South Caucasus

Over the past quarter century, U.S. involvement in the South Caucasus—including peacemaking, as well as support for democracy, good governance, and economic development—has played a very important role in its progress at critical times. However, some major ambitious initiatives the United States has championed have not had the transformative effect that was expected and advertised. Those initiatives lacked adequate resources, including material support as well as a clear vision of U.S. interests in the region embraced by senior policymakers. In addition, obstacles to progress in all three states have proved to be more formidable and enduring than could be overcome with the help of pipelines or, in the case of Georgia, as a result of revolutionary change. In each of the three countries and across the region, legacies of the past have been too stubborn to be addressed in a—historically—relatively short period of time.

In the future, U.S. policy toward the South Caucasus has to take this reality into account. Armenia, Azerbaijan, and Georgia share a legacy of conflict, economic underdevelopment, and a very challenging geopolitical environment. U.S. policy toward the South Caucasus has been and should continue to be aimed at helping these states overcome these difficulties. But resources available to this task are limited and may decline further, change will continue to be incremental, and reverses are possible due to circumstances beyond the scope of U.S. policy. Another limiting factor is that Russia is committed to sustaining its influence in the South Caucasus and will actively oppose U.S. engagement with the region. Because of its combination of military capabilities, geographic advantage, and will to exploit them, Russia will remain the most consequential external actor in the South Caucasus that all other external powers vying for influence there will have to contend with.

This is not to suggest that the United States should retreat from the South Caucasus—U.S. interests in the region and commitments made over the past quarter century preclude such an approach. Recognizing that the South Caucasus will remain contested territory is not by itself a barrier to U.S. engagement. U.S. disengagement from the South Caucasus would be tantamount to recognizing Russia's claim to an exclusive sphere of influence. Successive U.S. administrations have repeatedly and firmly rejected that claim since the very outset of the region's independence, and that rejection has been one of the core principles guiding U.S. policy there.

After all, the experience of the past quarter century suggest that no single power, not even Russia, is capable of achieving hegemony over the region. Russia has cast a long shadow over each of the three South Caucasus states, but it has not been able to dominate any one of them. The United States has important interests in the South Caucasus and opportunities to pursue them. Success will

depend on a careful balancing of U.S. interests and resources, a realistic assessment of the situation in and around the region, and a good deal of patience and acceptance that change will be evolutionary rather than revolutionary.

First, the U.S. approach to the South Caucasus should recognize that U.S. interests may coincide with those of other powers' engaged in the region. Expanding the South Caucasus states' broad international engagement is one area that would help reinforce the U.S. policy of support for their independence and economic development. For example, China's pursuit of economic opportunities in the South Caucasus could prove beneficial to the region in expanding its web of international commercial and political ties. That could help balance Russia's ambitions and enhance U.S. support for the South Caucasus states' international integration. Similarly, greater engagement with Iran could unlock new commercial opportunities for the South Caucasus states in the Persian Gulf.

Moreover, in some narrow circumstances, Russian and U.S. interests may even align. For instance, should Russia attempt to bring about a mutually acceptable resolution to one or more of the frozen conflicts in the South Caucasus and succeed in this endeavor, the United States should be supportive and join that effort to the maximum degree possible. This would be important for two reasons: resolving frozen conflicts would serve the interests of the South Caucasus, and U.S. engagement in this process would ensure that it would not be used by Russia to justify its claim to an exclusive sphere of influence.

Second, support for the independence and sovereignty of the three South Caucasus states has always been at the heart of U.S. policy in the region and should remain so. This objective can be pursued by multiple means. The record of the first quarter century of independence of the three states suggests that obstacles to their progress are as much internal as they are external. The United States is unlikely to be able to change the external environment for the South Caucasus states. But it can focus its efforts and assistance on improving their ability to cope with and overcome internal challenges and boost their resilience to external challenges.

Third, this approach calls for a good deal of differentiation on the part of U.S. policy. The AA and Deep and Comprehensive Free Trade Area (DCFTA) agreement that Georgia has signed with the EU both call for far-reaching internal reforms in the country's economy, domestic politics, legal structures, and trade practices so as to make it compatible with EU norms and practices. Many of these measures are certain to be politically difficult for they require painful adjustments to long-standing arrangements and entrenched interests. But the importance and value of these agreements is in their beneficial impact on

The United States has important interests in the South Caucasus . . . Success will depend on a careful balancing of U.S. interests and resources, a . . . great deal of patience, and an acceptance that change will be evolutionary rather than revolutionary.

Georgia's resilience. U.S. assistance to Georgia should be coordinated with the EU and the Georgian government to achieve maximum impact in supporting Tbilisi's efforts to implement the AA and DCFTA agreement.

Arguably, the most challenging element of U.S. policy in the South Caucasus is its security relationship with Georgia and stated commitment to support its aspirations for NATO membership.⁴⁷ The United States has championed Georgian membership in NATO and repeatedly led the alliance in assuring Georgia that NATO's door remains open. But after two dramatic demonstrations—in Georgia in 2008 and in Ukraine since 2014—of Russia's willingness to go to war in order to prevent its former Soviet neighbors from joining the alliance and NATO's unwillingness to come to their rescue, it is clear that NATO membership is an extremely distant prospect for Georgia. Neither NATO as a whole nor a subset of its members will risk war with Russia to get Georgia into NATO.

This does not mean that the United States and its NATO allies should abandon Georgia. To the contrary, robust U.S. bilateral and multilateral engagement with Georgia should be sustained and expanded as appropriate to assist in its effort to reform its armed forces, as well as to improve its defensive and deterrent capabilities.⁴⁸ However, a policy of active pursuit by the United States of NATO membership for Georgia is likely to be futile and even counterproductive, as it would introduce new discord and divisions in the alliance. The purpose of NATO expansion, as described in the text of the North Atlantic Treaty of 1949 and the NATO enlargement study of 1995 is to “strengthen the Alliance's effectiveness and cohesion; and preserve the Alliance's political and military capability to perform its core functions of common defence. . .”⁴⁹ Unlike Georgia, Armenia has not signed its AA and DCFTA agreement with the EU as a result of Russian pressure. However, the government of Armenia has made it clear that it is interested in pursuing closer relations with the EU in other ways. As in the case with Georgia, U.S. assistance and engagement with Armenia should be aimed at implementing key provisions of those agreements as the blueprint for enhancing its domestic resilience, economic prospects, and Euro-Atlantic ties. This too should be coordinated with EU assistance efforts.

Azerbaijan represents a more difficult partner for U.S. policy in the region due to its domestic authoritarian course, which poses a big obstacle to better bilateral relations. Baku's crackdown on civil society, increasingly anti-American public rhetoric, and pervasive corruption should not be overlooked. Many prominent civil society activists, particularly those who have worked with Western counterparts, have had to flee the country or face imprisonment. The United States has had little influence on that situation. With access to Azerbaijan limited, direct U.S. assistance to civil society inside the country appears unlikely; it could even be counterproductive since it could endanger U.S. contacts there. Instead, resources earmarked for it could be reallocated

to regional programming for which Azerbaijanis from inside the country and those in exile should be welcome to participate.

Conclusion

The United States has important interests in the South Caucasus but none that is vital. It should stay actively engaged with the three South Caucasus states, supporting their internal transformation and integration with the international community. All three face considerable challenges at home and abroad, and, in all three cases, change will be incremental rather than revolutionary.

U.S. policy in the region, therefore, should focus on supporting this change and commit to doing so for the long run, rather than seek out opportunities to promote transformational projects. Past U.S. efforts to effect transformational change in the region fell short of expectations and face little prospect of success in the future should attempts be made to replicate them. Slow and steady promises continue to be the better approach to meeting the requirements of the South Caucasus states and U.S. interests in the region.

Notes

1. “After the Summit; Excerpts From Bush’s Ukraine Speech: Working ‘For the Good of Both of Us,’” *New York Times*, August 2, 1991, <http://www.nytimes.com/1991/08/02/world/after-summit-excerpts-bush-s-ukraine-speech-working-for-good-both-us.html?pagewanted=all>.
2. Estimates of the number of ethnic Azeris in Iran vary widely, ranging from 10 to 20 million. See James Reynolds, “Why Azerbaijan Is Closer to Israel Than Iran,” BBC, August 12, 2012, <http://www.bbc.com/news/world-europe-19063885>; Bijan DaBell, “Iran Minorities 2: Ethnic Diversity,” United States Institute of Peace, September 3, 2013, <http://iranprimer.usip.org/blog/2013/sep/03/iran-minorities-2-ethnic-diversity>.
3. For data on national economies, see: “Georgia,” World Bank, <http://data.worldbank.org/country/georgia?view=chart>; “Turkey,” World Bank, <http://data.worldbank.org/country/turkey?view=chart>; “Kazakhstan,” World Bank, <http://data.worldbank.org/country/kazakhstan?view=chart>; and “Uzbekistan,” World Bank, <http://data.worldbank.org/country/uzbekistan?view=chart>.
4. Warren Christopher, “Securing US Interests While Supporting Russian Reform” (speech, Chicago, Illinois, March 22, 1993), HeinOnline, http://heinonline.org/HOL/Page?handle=hein.journals/dsptch8&div=112&g_sent=1&collection=journals.
5. “The Georgian-Ossetian Conflict,” Organization for Security and Co-Operation in Europe (OSCE), <http://www.osce.org/georgia-closed/44630>; “United Nations Observer Mission in Georgia,” United Nations, <https://www.un.org/en/peacekeeping/missions/past/unomig/background.html>.
6. The very name—the Minsk process—is indicative of the ambiguity of the underlying effort. It suggests a certain amount of deference to Russian sensitivities with respect to active U.S. and other international engagement in a major conflict on Russia’s periphery, for Minsk was even then considered a very Moscow-friendly Commonwealth of Independent States (CIS) capital. At the same time, it implies a desire to keep Moscow at arm’s length and prevent its sole ownership of the negotiating process.
7. “Extension of Waiver of Section 907 of the FREEDOM Support Act With Respect to Assistance to the Government of Azerbaijan,” press release, U.S. Department of State, December 30, 2003, <https://2001-2009.state.gov/p/eur/rls/prsr/2003/27664.htm>.
8. Richard Morningstar, “Address to CERA Conference” (speech, Washington, DC, December 7, 1998), Mount Holyoke College, <https://www.mtholyoke.edu/acad/intrel/morning.htm>; “Press Briefing by Energy Secretary Bill Richardson and Special Advisor to the President and to the Secretary of State for Caspian Basin Energy Diplomacy John Wolf,” American Presidency Project, November 18, 1999, <http://www.presidency.ucsb.edu/ws/?pid=47642>; U.S. Senate Committee on Foreign Relations, *Energy and Security From the Caspian to Europe*, 112th Cong., 2nd sess., 2012, <https://www.gpo.gov/fdsys/pkg/CPRT-112SPRT77221/html/CPRT-112SPRT77221.htm>.

9. Ibid.
10. Nina Akhmeteli, "Eduard Shevarnadze: Controversial Legacy to Georgia," BBC, July 8, 2014, <http://www.bbc.com/news/world-europe-28205380>.
11. Ibid.
12. Sara Khojayan and Zulfugar Agayev, "Armenian-Azeri Conflict Threatens to Spread as Casualties Grow," Bloomberg, April 5, 2016, <https://www.bloomberg.com/news/articles/2016-04-05/armenian-azeri-conflict-threatens-to-spread-as-casualties-grow>; Ilgar Gurbanov, "Four-Day Karabakh War Highlights Threats to Energy Security on NATO's Southeastern Flank," *Eurasia Daily Monitor* 13, no. 100 (May 23, 2016): <https://jamestown.org/program/four-day-karabakh-war-highlights-threats-to-energy-security-on-natos-southeastern-flank/>.
13. "Armenia," World Bank, <http://data.worldbank.org/country/armenia>.
14. Nanore Barsoumian, "To Greener Shores: A Detailed Report on Emigration From Armenia," *Armenian Weekly*, January 22, 2013, <http://armenianweekly.com/2013/01/22/to-greener-shores-a-detailed-report-on-emigration-from-armenia/>.
15. "2005 Global Refugee Trends: Statistical Overview of Populations of Refugees, Asylum-Seekers, Internally Displaced Persons, and Other Persons of Concern to UNHCR," United Nations High Commissioner for Refugees (UNHCR), June 9, 2006, <http://www.unhcr.org/statistics/STATISTICS/4486ceb12.pdf>.
16. Vladimir Isachenkov, "More Than Two Decades After 30,000 People Were Killed and 1 Million Were Displaced, Conflict Has Exploded Again Between Azerbaijan and Armenia Around the Region of Nagorno-Karabakh," *US News & World Report*, April 5, 2016, <https://www.usnews.com/news/world/articles/2016-04-05/azerbaijan-says-16-killed-in-nagorno-karabakh-fighting>.
17. "Azerbaijan: After More Than 20 Years, IDPs Still Urgently Need Policies to Support Full Integration," Internal Displacement Monitoring Center, March 26, 2014, <http://www.internal-displacement.org/europe-the-caucasus-and-central-asia/azerbaijan/2014/azerbaijan-after-more-than-20-years-idps-still-urgently-need-policies-to-support-full-integration/>.
18. Jonathan Steele, "Abulfaz Elchibey," *Guardian*, August 25, 2000, <https://www.theguardian.com/news/2000/aug/26/guardianobituaries.jonathansteele>.
19. "Azerbaijan," World Bank, <http://data.worldbank.org/country/azerbaijan>.
20. Ibid.; "Armenia," World Bank, <http://data.worldbank.org/country/armenia?view=chart>; "Georgia," World Bank, <http://data.worldbank.org/country/georgia?view=chart>.
21. "Corruption Perceptions Index 2000," Transparency International, September 12, 2000, https://www.transparency.org/research/cpi/cpi_2000/0/.
22. David S. Hilzenrath and Bradley Graham, "Bush to Receive Azerbaijan's Leader," *Washington Post*, April 28, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/04/27/AR2006042702215.html>; National Energy Policy Development Group, *National Energy Policy: Report of the National Energy Policy Development Group* (Washington, DC: Government Publishing Office, May 2001), 8–13, <https://www.nrc.gov/docs/ML0428/ML042800056.pdf>.
23. Stephen A. Carney, *Allied Participation in Operation Iraqi Freedom* (Washington, DC: Center of Military History, 2011), 37, 42, 62, http://www.history.army.mil/html/books/059/59-3-1/CMH_59-3-1.pdf.
24. "Azerbaijan-US Relations," Embassy of the Republic of Azerbaijan to the United States of America, <http://www.azembassy.us/foreign-policy/azerbaijan-us-relations.html>.
25. "Department of State: 2014 Investment Climate Statement," U.S. Department of State, June 2014, <https://www.state.gov/documents/organization/229020.pdf>; Molly Corso, "Privatization in Georgia: Solving the 'Sensitive Issues,'" *Eurasianet*, July 18, 2005, <http://www.eurasianet.org/departments/business/articles/eav071905.shtml>;

- Matthew Devlin, “Seizing the Reform Moment: Rebuilding Georgia’s Police, 2004-2006,” *Innovations for Successful Societies*, Princeton University, 2010, https://successfulsocieties.princeton.edu/sites/successfulsocieties/files/Policy_Note_ID126.pdf.
26. George W. Bush, “Second Inaugural Address” (speech, Washington DC, January 20, 2005), NPR, <http://www.npr.org/templates/story/story.php?storyId=4460172>; George W. Bush, “Speech in Georgia” (speech, Tbilisi, Georgia, May 10, 2005), BBC, <http://news.bbc.co.uk/2/hi/europe/4534267.stm>.
 27. “Armenia: Internal Instability Ahead,” International Crisis Group, October 18, 2004, <https://www.crisisgroup.org/europe-central-asia/caucasus/armenia/armenia-internal-instability-ahead>.
 28. “Azerbaijan’s 2005 Elections: Lost Opportunity,” International Crisis Group, November 21, 2005, <https://www.crisisgroup.org/europe-central-asia/caucasus/azerbaijan/azerbaijans-2005-elections-lost-opportunity>; Nick Paton Walsh, “Azerbaijan Condemned for Crackdown,” *Guardian*, November 28, 2005, <https://www.theguardian.com/world/2005/nov/28/nickpatonwalsh.mainsection1>; Rufat Abbasov and Mina Muradova, “Police Squash Election Sit-Down Protest,” *Eurasianet*, November 6, 2005, http://www.eurasianet.org/azerbaijan/news/police_20051128.html.
 29. Jim Nichol, “The April 2010 Coup in Kyrgyzstan and Its Aftermath: Context and Implications for U.S. Interests,” Congressional Research Service, June 15, 2010, <https://fas.org/sgp/crs/row/R41178.pdf>; Dilip Hiro, “Kyrgyzstan’s Second Tulip Revolution,” *Guardian*, April 8, 2010, <https://www.theguardian.com/commentisfree/2010/apr/08/kyrgyzstan-second-tulip-revolution>.
 30. White House: George W. Bush, “Fact Sheet: President Bush’s Freedom Agenda Helped Protect the American People,” White House, <https://georgewbush-whitehouse.archives.gov/infocus/freedomagenda/>.
 31. Vladimir Putin, “Putin’s Prepared Remarks at 43rd Munich Conference on Security Policy” (speech, Munich, Germany, February 12, 2007), *Washington Post*, <http://www.washingtonpost.com/wp-dyn/content/article/2007/02/12/AR2007021200555.html>.
 32. Charles Clover, “Russia Announces ‘Spheres of Interest,’” *Financial Times*, August 31, 2008, <https://www.ft.com/content/e9469744-7784-11dd-be24-0000779fd18c>.
 33. “Turkey and Armenia: Focusing on the Possible, Not Hoping for the Best,” International Crisis Group, April 27, 2010, <https://www.crisisgroup.org/europe-central-asia/western-europemediterranean/turkey/turkey-and-armenia-focusing-possible-not-hoping-best>.
 34. Andrew Gardner, “Armenia Chooses Russia Over EU,” *Politico*, May 23, 2014, <http://www.politico.eu/article/armenia-chooses-russia-over-eu/>; “Putin Signs Armenia’s Eurasian Union Deal,” *ArmeniaNow*, December 24, 2014, https://www.armenianow.com/news/59581/armenia_eeu_membership_president_sargsyan_putin.
 35. “EU Signs Pacts With Ukraine, Georgia and Moldova,” BBC, June 27, 2014, <http://www.bbc.com/news/world-europe-28052645>.
 36. Eldar Mamadov, “EU and Azerbaijan: Breaking Up or Muddling Through?,” *Eurasianet*, September 16, 2015, <http://www.eurasianet.org/node/75116>.
 37. “President Aliyev: Azerbaijan Refused From EU Association for the Higher Level of Partnership,” *ABC.az*, January 24, 2014, <http://abc.az/eng/news/78895.html>.
 38. “Novruz Mammadov: EU, Which Proposes Association Agreement, Once Refused to Recognize Azerbaijan’s Territorial Integrity,” *Kaspi*, February 22, 2017, <http://www.kaspi.az/en/novruz-mammadov-eu-which-proposes-association-agreement-once-refused-to-recognize-azerbaijans-territorial-integrity/>.
 39. Amina Nazarli, “Talks on New EU-Azerbaijan Agreement to Start Soon,” *AzerNews*, January 17, 2017, <https://www.azernews.az/nation/107673.html>.

40. “Important Step Forward in the EU-Armenia Relations as Bilateral Agreement Is Initialed,” European External Action Service, https://eeas.europa.eu/headquarters/headquarters-homepage_en/23150/Important%20step%20forward%20in%20EU-Armenia%20relations%20as%20bilateral%20agreement%20is%20initialled;New%20EU-Armenia%20Deal%20Initialed%20in%20Yerevan,” *MassisPost*, March 22, 2017, <https://massispost.com/2017/03/new-eu-armenia-deal-initialed-yerevan/>.
41. Andrew Higgins, “In Russia’s ‘Frozen Zone,’ a Creeping Border With Georgia,” *New York Times*, October 23, 2016, <https://www.nytimes.com/2016/10/24/world/europe/in-russias-frozen-zone-a-creeping-border-with-georgia.html>.
42. Yuras Karmanau and Vladimir Isachenkov, “Russia-Belarus Rift Grows as Putin Loses Patience,” Associated Press, February 18, 2017, <http://bigstory.ap.org/article/04fc05845d3b449aa202c7a01cecefb/russia-belarus-rift-grows-putin-loses-patience>.
43. Elena Mazneva and Anna Shiryaevskaya, “Dominating European Gas for Two Decades,” Bloomberg, February 28, 2017, <https://www.bloomberg.com/news/articles/2017-03-01/putin-s-russia-seen-dominating-european-energy-for-two-decades>.
44. Svante Cornell and Michael Jonsson ed., *Conflict, Crime, and the State in Postcommunist Eurasia* (Philadelphia: University of Pennsylvania Press, 2014), 103.
45. *Ibid.*, 110.
46. See, for example, Sarah Chayes, “The Structure of Corruption: A Systemic Analysis Using Eurasian Cases,” Carnegie Endowment for International Peace, June 30, 2016, <http://carnegieendowment.org/2016/06/30/structure-of-corruption-systemic-analysis-using-eurasian-cases-pub-63991>.
47. Armenia and Azerbaijan are not seeking NATO membership and have carefully calibrated relationships with the alliance, and therefore they do not pose a dilemma similar to Georgia’s pursuit of NATO membership.
48. “Memorandum on Deepening the Defense and Security Partnership Between the United States of America and Georgia,” U.S. Embassy in Georgia, July 6, 2016, <https://ge.usembassy.gov/memorandum-deepening-defense-security-partnership-united-states-america-georgia-july-6/>.
49. North Atlantic Treaty Organization (NATO), *Study on NATO Enlargement* (Brussels, Belgium: NATO, September 3, 1995), http://www.nato.int/cps/en/natohq/official_texts_24733.htm; The North Atlantic Treaty, April 4, 1949, http://www.nato.int/nato_static/assets/pdf/stock_publications/20120822_nato_treaty_en_light_2009.pdf.

Carnegie Endowment for International Peace

The **Carnegie Endowment for International Peace** is a unique global network of policy research centers in Russia, China, Europe, the Middle East, India, and the United States. Our mission, dating back more than a century, is to advance the cause of peace through analysis and development of fresh policy ideas and direct engagement and collaboration with decisionmakers in government, business, and civil society. Working together, our centers bring the inestimable benefit of multiple national viewpoints to bilateral, regional, and global issues.

The **Carnegie Russia and Eurasia Program** has, since the end of the Cold War, led the field on Eurasian security, including strategic nuclear weapons and nonproliferation, development, economic and social issues, governance, and the rule of law.

BEIJING BEIRUT BRUSSELS MOSCOW NEW DELHI WASHINGTON

THE GLOBAL THINK TANK



CarnegieEndowment.org