

The Caucasus: A Broken Region

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The Caucasus region is a small and troubled place.

It should be a common endeavour for its small and diverse nationalities in Georgia, Armenia and Azerbaijan as well as the Russian North Caucasus to work together to build an integrated region.

Unfortunately, no sense of common purpose is discernible: the sad reality is, that with its tangle of closed borders and ceasefire lines, the Caucasus more resembles a suicide pact.

Nowhere in the world can there be so many roadblocks. The two long borders between Armenia and Azerbaijan and Russia and Georgia are almost permanently closed. Only two neighbours – Azerbaijan and Georgia – can be said to have a genuinely close relationship and even that is based primarily on energy politics rather than common values and does not translate into many tangible benefits for ordinary people.

Yet, given the chance, the ordinary folk of the Caucasus eagerly take the opportunity to do business with one another. A tale of two markets confirms this. The first was the one at Ergneti where, right on the administrative border with South Ossetia, the busiest wholesale market in the Caucasus used to flourish. The Ossetians brought untaxed goods from Russia – from cigarettes to cars – to sell. The Georgians mainly sold agricultural produce. Because it was unregulated, the new Georgian government of President Mikheil Saakashvili argued that the market was knocking a big hole in the state budget and had to be shut down, which they duly did in June 2004.

The closure of the market was a justifiable step on legal grounds, except in the words of former Georgian conflict resolution minister Giorgy Khaindrava, “If Ergneti didn’t exist it would have to be invented.” Ergneti was possibly the widest “confidence-building measure” in the entire Caucasus region, with people of all nationalities doing business. Arguably the day it closed was the day the countdown to war in South Ossetia began.

On the Georgian-Armenian border, the Georgian village of Sadakhlo used to be home to another astonishing spectacle: a mass Armenian-Azerbaijani market on Georgian territory with virtually no Georgians in sight. Azerbaijanis bought Armenian produce, Armenians Azerbaijani goods that flooded the shops of Yerevan. Again, governmental pressures have curtailed the market, although it has not shut down entirely. Again, a magnificent example of inter-ethnic cooperation has been suppressed.

What politics drives apart, common economic and security interests should drive together. The South Caucasus is a delicate mechanism in which the malfunctioning of one part affects what is going in the others.

That became obvious during this August’s war in Georgia. Azerbaijan’s prime revenue-earners, the Baku-Tbilisi-Ceyhan and Baku-Supsa pipelines, were shut down. When the Grakali railway bridge in central Georgia on August 16 was blown up, it also shut the only railway line linking Armenia to the Black Sea coast, thereby cutting Armenia’s entire imports for a week and costing it at least half a billion dollars in revenue.

This sad state of affairs is partly everyone’s fault.

Armenia and Azerbaijan have adopted intransigent positions which mean they have failed to resolve the biggest obstacle to peace and prosperity in the Caucasus, the Nagorny Karabakh conflict. Georgia has generally ignored its neighbours and Russia in its push towards Euro-Atlantic integration. In the words of Georgian analyst Archil Gegeshidze, one reason for Georgia's problems is that the Saakashvili government unwisely "put all its eggs in the basket of mobilising western support" and did not pay sufficient attention to its neighbours.

Europeans and Americans, though often paying lip service to the idea of regional integration in the Caucasus, have generally pursued narrower goals. Europe's grand TRASECA project, a communication and transport project linking the Caucasus to Europe and billed as a new "Silk Road", has received less than 200 million euro of investment since it was inaugurated in 1993 and its effects are negligible.

Instead, projects such as NATO expansion, energy security and the claims of Armenian diasporas have all tended to divide Caucasian policy into different segments. In Washington, it seems at times that the Congress, the Pentagon and State Department all have different policies, with a primary focus on, respectively, Armenia, Azerbaijan and Georgia.

Moreover, several Washington strategists have suggested that Russia could be "contained" in the Caucasus, overlooking the fact that the region has figured in Russian minds and plans for two centuries and that much of the Russian elite has family or childhood ties to places that westerners barely know.

For good or ill, Russia still has a special role in the Caucasus. Its own policies have done it no favours. Russia continues to see the region in colonial terms, seeking to intimidate or control resources rather than use the soft power of trade or – its biggest asset in the region but a diminishing one – the Russian language, to help form a new and friendly neighbourhood.

People-to-people ties are still in place, often despite the best efforts of governments. Russians and Georgians are tied together by innumerable ties of history, culture and business. Hundreds of thousands of Georgians continue to work in Russia, despite the August conflict. "[Russian and Georgians] leaders have tried to wreck a good relationship between two peoples," said analyst Ivlian Khaindrava.

Previous Georgian president Eduard Shevardnadze – who after all ran the foreign ministry in Moscow in the perestroika years – understood this, even if he was frequently unable to appease the harder-line elements of the Russian elite when he had returned to Georgia as president.

In an interview with IWPR on December 3 in his residence outside Tbilisi, Shevardnadze said – in a rebuke to his successor – that he had always paid the Russians maximum respect. For example, Shevardnadze said, when the decision was made in 2002 to invite American troops to Georgia as part of the ground-breaking "Train and Equip" programme, he had been careful to inform President Vladimir Putin in advance. Putin went on the record to say that an American troop presence was "no tragedy" for Russia.

"I always tried to emphasise that Russia for us is not a secondary country, that it is a great neighbour with big military and economic potential," said Shevardnadze.

Conflict gives birth to black-and-white thinking, the view that if your opponent is suffering that is a good thing. In the current crisis, says Ivlian Khaindrava, "many in Georgia are just keeping quiet and waiting for the situation in Russia to deteriorate, the oil price to go down, tensions in the North Caucasus to escalate."

That approach, he believes, could be a disaster for Georgia, as an economic downturn in Russia will hurt Georgian migrants and the families back home they send remittances to, while new violence in the North Caucasus could spill over into Georgia.

This kind of zero-sum thinking is most acute between Armenians and Azerbaijanis, many of whom seem content to see their country suffer so long as the other side in the Nagorny Karabakh conflict is feeling pain too.

It is hard for locals to transcend these divisions. It is up to outsiders to give the big picture and the broad vision of how the Caucasus could begin to function more harmoniously, as a political and economic entity rather than merely a dysfunctional geographical region.

Ultimately, it seems likely that only one big international organisation – the European Union – has the transformative power to treat these countries as a single region and promise them benefits that make it worthwhile for them to overcome bad habits. The Balkans provides good proof of it.

Sadly, the signs are that the EU is still too distant and too inward-looking to care sufficiently about the Caucasus. A positive development is that European monitors are now on the ground in Georgia. But the reason that they are there is a tragic one and let us hope they become the advance guard of a much broader engagement – not just confirmation for Europeans that this beautiful mountainous region is a permanent headache that can never be cured.

Thomas de Waal is IWPR's outgoing Caucasus Editor.

This is the last edition of Caucasus Reporting Service he has edited, after almost seven years with IWPR.

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