



A Laboratory of Systemic Rivalry

The South Caucasus between Russia and the European Union

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The systemic rivalry between Russia and the EU plays a central role in the South Caucasus. Moscow regards the region as an exclusive zone of influence, while Brussels formulates offers of cooperation. The states of the South Caucasus act differently in this area of tension – also because the room for manoeuvre varies from country to country.

Sphere of Influence versus Eastern Partnership

One of the descriptions often applied to the war in Ukraine is that it is an expression of the systemic conflict between Russia and the West, in particular the European Union. It can be regarded as an escalation of systemic rivalry in the post-Soviet space. A normative and differentiated approach is seldom adopted when considering this rivalry, but given that it manifests itself in very different ways in the 15 successor states of the Soviet Union, such an approach would seem expedient. Each of the three countries of the South Caucasus – Armenia, Georgia and Azerbaijan – has a different perspective on Russia and the European Union – although it is well understood that these two actors stand for two different systems on which it is possible but not obligatory to adopt a position.

The EU is perceived in the South Caucasus both as an economic bloc – sales market, investor, promoter of innovation – and as a union of values that stands for peaceful coexistence, free and fair elections, respect for human rights and good governance. Russia, on the other hand, is seen primarily as being rich in resources, whereby oil and gas can also be used for political leverage at any time. Georgia, for example, experienced this in 2006, long before the West understood that Russia was prepared to weaponise energy too.¹ In Russia, at least since Vladimir Putin became president in 2000, there has been no significant attempt to develop a values-based model of the state. A system has gradually emerged that has increasingly embodied a counter-model to the EU: foreign policy is

aggressive and militaristic, elections are rigged, human rights are violated, and the government is based on endemic corruption.²

In the countries of the South Caucasus, the systemic antagonism between Russia and the EU determines both political and public discourse. It is supplemented with very varied relationship patterns: for Russia, the region – like the entire post-Soviet space – belongs to its exclusive zone of influence, also referred to as “near abroad”. Russia observes the involvement of other actors such as the EU with suspicion, regarding this as interference in quasi-internal affairs. By contrast, the EU regards the region first and foremost from a geographical perspective, viewing the South Caucasus as a part of Europe and as the EU’s eastern neighbourhood. Political and economic relations with the countries of the region are to be shaped accordingly. In principle – and unlike the post-Soviet states of Central Asia, for example – they have the right to join the EU under Article 49 of the Treaty on European Union (TEU/Lisbon Treaty).³ While Russia thinks in terms of spheres of influence and lays claim to power in the region, the EU formulates offers of cooperation – usually conditioned – and the states concerned are free to decide for themselves whether they actually want to join the EU or whether and to what extent they wish to move closer to it.

System Formation in the South Caucasus

Before considering the positioning of the countries of the South Caucasus in relation to the systemic rivalry between Russia and the EU, we first have to look at the systems that emerged

in the states themselves after the collapse of the Soviet Union. Armenia, Azerbaijan and Georgia declared their independence in the early 1990s. After this, wars broke out in the region: between Armenia and Azerbaijan over Nagorno-Karabakh (1992 to 1994) and a civil war in Georgia between the central power in Tbilisi and a breakaway part of the country: Abkhazia (1992 to 1993). These wars became frozen conflicts with de facto independent territories that were not recognised internationally.⁴ This was followed by very difficult and painful transformation processes, especially in the 1990s, which developed in very different ways in each of the three states.

There are no free elections in Azerbaijan today, but numerous political prisoners.

Armenia

In Armenia, the 1990s and early 2000s were marked by a process of democratisation that was by no means straightforward. The constitution, adopted in 1995, initially provided for a presidential system, as is predominantly the case in the post-Soviet space, establishing a comparatively weak parliament and a president with far-reaching powers. While presidential power was exercised by different individuals, indicating a certain degree of political competition, freedom of the media and assembly were restricted, while elections were accompanied by irregularities and followed by protests, some of which were violently suppressed. After an initial constitutional reform in 2005 had established the introduction of a semi-parliamentary system, a second controversial constitutional reform in December 2015 completed the shift of power from president to parliament. This had been pursued by the ruling party primarily to preserve political power – as prime minister – for the then President Serzh Sargsyan, who was not allowed to run again after two terms in office. This was followed in 2018 by peaceful mass

protests and the so-called Velvet Revolution led by Nikol Pashinyan. Having become prime minister through democratic elections, Pashinyan set himself the goal of advancing constitutional reforms, fighting corruption and deepening relations with the European Union. With the war against Azerbaijan lost in 2020, he was under massive domestic pressure and called early parliamentary elections to gain new legitimacy. Elections that were deemed free and fair gave Pashinyan the mandate to continue the reforms he had begun.

Azerbaijan

The first democratically elected president of Azerbaijan, Abulfaz Elchibey, was overthrown in a military coup in 1993 after the country had lost the first war against Armenia over Nagorno-Karabakh. Since then, Azerbaijan has been governed by an authoritarian regime. The second president was Heydar Aliyev, who came from the Soviet elite.⁵ After his death in 2003, his son Ilham Aliyev succeeded him, cementing his family's control over the resource-rich country. The two-term limit on the presidency was abolished by referendum in 2009. Aliyev's wife, Mehriban Aliyeva, became vice president in 2017. Several democracy indices describe the system in Azerbaijan as authoritarian and based on corruption. There are no free elections, but numerous political prisoners.⁶

Georgia

Georgia suffered the most severe economic collapse of all Soviet republics after the demise of the Soviet Union. Sales markets collapsed, large combines were shut down and the country descended into a civil war between rival parties and mafia-like clans. Georgia's first president, Zviad Gamsakhurdia, was also overthrown in a coup in early 1992. His successor, former Georgian Communist Party (CP) leader and Soviet Foreign Minister Eduard Shevardnadze, consolidated Georgia's statehood and introduced democratic reforms, but he failed to curb endemic corruption and rampant violence. In November 2003, Shevardnadze was ousted from office

by the peaceful Rose Revolution. He was succeeded by Mikheil Saakashvili, who consistently oriented the country towards the West up until 2012. Though he became increasingly authoritarian towards the end of his second term, Saakashvili was nevertheless the first president in the South Caucasus to peacefully relinquish power after an electoral defeat. With the new constitution that came into force in 2013, Georgia – like Armenia two years later – made the transition from a presidential to a parliamentary system. Georgian Dream, the party which has been in power since 2012, initially continued on a course geared towards EU integration. In recent months in particular, however, it can be observed that the government – controlled by an oligarch who made his fortune in Russia – is trying to initiate a gradual and subtle repositioning of Georgia that would tie the country more closely to Russia.

Europe's Interest and the Emerging Systemic Rivalry with Russia

There was no systemic rivalry in the South Caucasus in the 1990s and early 2000s, as the European Union was practically absent from the region and mainly preoccupied with the integration of the countries of Central-Eastern Europe. Conflicts did arise between Russia and the recently independent states of the South Caucasus, however, as the former set up the Commonwealth of Independent States (CIS) in an attempt to create a new integration model, once again dominated by Moscow, to replace the Soviet Union. Azerbaijan left the CIS in October 1992. After the fall of Elchibey, who was considered critical of Russia, it re-joined in September 1993. The civil war between the Georgian central government and Abkhazia, and later in other parts of the country, can also be seen as an



Increased interest: The establishment of the Eastern Partnership in May 2009 at a summit in Prague was an expression of a more ambitious EU policy towards Eastern Europe. [Photo: © Srdjan Suki, epa, picture alliance.](#)

attempt by Russia to regain de facto control over Georgia, which had gained independence two years earlier.⁷

Political tensions between Europe and Russia gradually developed in the region from the mid-2000s onwards. One of the reasons for this was that after the eastern enlargement of the EU in 2004, eight out of the ten new members were formerly communist, and three even post-Soviet successor states. Understandably, there was a high level of interest in, and attention to, the EU's new eastern neighbours among these member states, and Poland was the driving force behind a programme launched at an EU Summit in Prague in 2009 that set out to establish a policy framework for shaping relations with the EU's eastern neighbours – Belarus, Moldova, Ukraine and the countries of the South Caucasus.

Historically, the region has always regarded itself as a point of confluence between Europe and Asia, both geographically and culturally.

Through its Eastern Partnership initiative, the EU originally sought to create a common space of shared values, democracy, prosperity, stability and enhanced cooperation. At the same time, the programme marked the beginning of a deep-seated systemic rivalry in the region. Europe now had a presence there, expressing interest and formulating policy offers. By contrast, Russia had never stopped thinking in terms of spheres of influence and began to become increasingly autocratic under Putin. For the South Caucasus, this meant that the countries suddenly found themselves faced with the challenge of adopting a position vis-à-vis these differing systems. At the outset, the very far-reaching association agreements that the EU was offering the partner countries were a core component of the Eastern Partnership: one of its aims here was to establish closer

political dialogue and more in-depth cooperation on issues such as the rule of law and security. Initially, consideration was indeed given to how Russia could be involved in the programme, which underlines that the Eastern Partnership sought to achieve cooperation rather than competition.⁸ The EU did not succeed in communicating this to the Russian side, however, and Russia was probably not willing to understand this either.⁹

When the Eastern Partnership initiative began, if not before, it seemed as if Russia saw itself as being challenged to create a competing integration model. In 2011, therefore, Putin presented the idea of a Eurasian Union, which would have a clear economic focus but would also provide for free border traffic as in the Schengen area and even envisaged a partnership with the EU.¹⁰ Subsequently, this developed into the model of the Eurasian Economic Union (EEU), which did in fact primarily seek to advance economic integration among its members (facilitating the exchange of goods, capital, services and labour) and did not define itself as a community of values. Officially, the EEU was founded by Russia, Belarus and Kazakhstan in May 2014 – five years after the Eastern Partnership and only a few weeks after Russia's annexation of Crimea. Armenia joined the EEU in January 2015.

The South Caucasus between the European Union and the Eurasian Union

It seems like an irony of history that it is precisely the countries of the South Caucasus that today can once again choose between a European and a Eurasian integration model. Historically, the region has always regarded itself as a point of confluence between Europe and Asia, both geographically and culturally. But never has geographical orientation been so clearly linked to the question of opting for one particular system as it is today. As the writer Lasha Bugadze puts it from the Georgian perspective: “The EU basically asked us to state clearly where we are and who we are before we can take our relations to the next stage. This question needs to be answered not just for Europe's, but for our own sake.”¹¹

The countries of the South Caucasus have reacted and continue to respond differently to the two models of integration, which at the same time manifest the systemic rivalry between Russia and Europe in the region.

Armenia is the most vulnerable country in the South Caucasus: lacking significant natural

resources and having been in conflict with two of its four neighbours (Turkey, Azerbaijan) for decades, it was an existential question for Armenia to choose Russia as a protective power. Dependent on Russia both in terms of security policy and economically, Armenia nonetheless avoided aligning itself in any other way with the authoritarian model of state that was emerging



in Russia. And so, from 2009 onwards the association agreement with the EU was negotiated, which was seen as an opportunity to strengthen the rule of law in Armenia, for example. After four years of negotiations that were certainly constructive, it was assumed in Brussels that Armenia would sign the agreement at the summit in Vilnius in November 2013. However, to

the surprise of many – not least in Armenia itself – the government in Yerevan declared in late summer that it wished to join the Russian-led Eurasian Economic Union. This decision, which also became famous as the “U-turn”, was preceded by a visit by the then Armenian President Serzh Sargsyan to Moscow, during which President Putin presumably told him in no uncertain terms that Armenia had no choice but to become a member of the EEU. As a result, Armenia was stuck with the stigma of being “Russia’s ally”, as the country belonged not only to the EEU but also to the Collective Security Treaty Organization (CSTO), a military alliance likewise dominated by Russia. Domestically, on the other hand, Armenia was undeterred in its orientation towards the EU, with which Sargsyan negotiated a new agreement on comprehensive and enhanced cooperation from December 2015 onwards, with implementation being pursued since 2021.¹² Prime Minister Pashinyan, who has been in office since 2018, emphasises that democratic reforms and the strengthening of the rule of law are the core strategy of his government – further evidence of Armenia’s balancing act between values-based policies and geopolitical orientation.¹³



Russia did not provide Armenia with assistance during the war in 2020 or when the country was attacked by Azerbaijan in autumn 2022.

Having lost the war and facing an ongoing threat from Azerbaijan, Pashinyan says that the people want to know from his government what security guarantees a democratic system entails.

Heading westwards: In spring of 2023, many people in the Georgian capital Tbilisi took to the streets against a Russian-style “agents law” introduced by the government, and for the country’s further rapprochement with the EU.
Photo: © David Mdzinarishvili, AA, picture alliance.

According to foreign policy circles, Armenia cannot afford to exist in a security policy vacuum. For this reason, and because the EU is unable to provide security guarantees, the country remains dependent on Russia.¹⁴ But having lasted for more than 30 years, this dependency now appears to be shifting: since Russia did not provide Armenia with military or diplomatic assistance during either the 44-day war in 2020 or when it was attacked by Azerbaijan in autumn 2022, trust in its protective power has dwindled. Instead, the EU has been running a civilian observer mission on the Armenian-Azerbaijani border since November 2022, initially for two months, and since February 2023 on a longer-term basis, with the aim of building trust and improving the security of the people in the conflict region. Russia condemns the mission as clearly geopolitically motivated.¹⁵

Among young people in particular, the European model holds much greater appeal.

For Azerbaijan, the issue of this systemic rivalry in the South Caucasus arose in a different way. After Heydar Aliyev's coup and the installation and consolidation of an authoritarian regime, the country opted early on for a system that had to be modified only slightly in the 30 years of independence, not least because Azerbaijan was economically independent due to its rich gas and oil deposits. For the same reason, it became an attractive business partner for Europe. At the same time, the government in Baku had no interest in a rapprochement with the EU as a union of values, and offers such as the negotiation of an association agreement were not taken up. Relations between Azerbaijan and the EU are asymmetrical. While Baku is predominantly driven by economic interests, Brussels also attempts to bring up issues such as good governance. This does not mean that Azerbaijan has excellent relations with Russia, however, even though there are obvious similarities between the two systems of government.

Russia is perceived as an ally of the arch enemy Armenia, and the bloody suppression of the Azerbaijani democracy movement by Russian troops in the early 1990s is deeply embedded in people's consciousness. The presence of Russian "peacekeepers" on Azerbaijani territory to secure the ceasefire between Armenia and Azerbaijan agreed in 2020 is also regarded as a problem. In the conflict between Russia and Europe, or between the two models of integration, Azerbaijan thus strives to maintain an equidistance. The country's closest relations are with Turkey, which in recent years has emerged as a key player in the South Caucasus without being involved in any explicit systemic rivalry with Russia or the EU.

Within the South Caucasus, Georgia is the country that has positioned itself most clearly. The central goal of Mikheil Saakashvili's presidency (2004 to 2012) was the sustainable disassociation of Georgia from Russia's sphere of influence and its consistent Euro-Atlantic orientation. In 2008, the country applied to join NATO together with Ukraine, and from 2009 on negotiations were held with the EU on an association agreement: the latter was signed in 2014 together with those of Moldova and Ukraine, with Georgia being the country to make the most progress in terms of implementation for a long time. Euro-Atlantic integration has been enshrined in the Georgian constitution since 2016. Like Ukraine and Moldova, Georgia applied for EU membership in March 2022. The events of March 2023 show how sharply the systemic rivalry between Russia and the EU is perceived in Georgia: in the preceding months, the government took numerous decisions that raised serious doubts as to whether it wanted to stay on track with the country's EU integration, despite statements to that effect. Then the government tried to push a "foreign agents" law through parliament that was obviously inspired by a Russian law silencing all voices critical of the government in Russia from 2012 onwards. After massive protests in the capital, dominated by slogans such as "No to Russian law", "No more Russia" and "We are Europe", the government had to withdraw the legislation. While

European institutions had criticised the introduction of the law, the Russian government criticised its withdrawal.

Conclusion

Ever since the EU began to express its interest in the South Caucasus through its Eastern Partnership initiative and the association or partnership agreements embedded in it, there has been systemic rivalry in the region with Russia, which regards the post-Soviet space as its exclusive zone of influence. The states of the region have adopted differing positions vis-à-vis the two integration models formulated by the Eurasian Economic Union and the European Union, but among young people in particular – as shown by the protests against the “foreign agents” law in Georgia and by surveys conducted in Armenia and Azerbaijan¹⁶ – the European model holds much greater appeal. While Russia is mainly seen as a threat, most people associate Europe with good education, economic opportunities and the right to self-determination. The EU tries to meet these expectations by providing wide-ranging offers of cooperation – from Erasmus+ to extensive free trade agreements. However, it remains to be seen whether Europe can become a serious player in terms of security policy too – which is what Georgia and Armenia in particular would like to see. The further development of the conflict between Armenia and Azerbaijan will show, among other things, how far-reaching Europe’s influence in the South Caucasus can actually be.

– translated from German –

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- 1 Back in January 2006, Russia interrupted gas supplies to Georgia, allegedly due to explosions on the gas pipelines, which the Georgian government interpreted as an attempt at political blackmail. Paton Walsh, Nick 2006: Georgian leader attacks Russia after gas blasts, *The Guardian*, 23 Jan 2006, in: <https://bit.ly/42B3k9a> [3 May 2023]. Georgia then made efforts to become independent of Russian gas.
- 2 “Russia’s political system gained its first as yet unclear profile in the 1990s under Boris Yeltsin’s presidency [...] It transformed into a strictly ‘managed democracy’ under the presidencies of Vladimir Putin [...] As this term – coined by a Russian publicist – suggests, constitutional principles have been bent and democratic institutions and procedures manipulated.” Mommsen, Margareta 2018: *Russland*, Federal Agency for Civic Education, in: <https://bpb.de/47933> [22 May 2023].
- 3 “Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union.” EU Treaty, Article 49, *Official Journal of the European Union*, C 202/43, in: <https://bit.ly/3WzYbM5> [3 May 2023].
- 4 There was a second war over Nagorno-Karabakh in 2020, which significantly changed the status quo in the region and also impacts directly on the systemic rivalry between Russia and the EU there.
- 5 Heydar Aliyev was First Secretary of the Central Committee of the Communist Party of the Azerbaijan Soviet Socialist Republic, a member of the Politburo of the CPSU from 1982 to 1987 and First Deputy Premier of the Soviet Union.
- 6 “Power in Azerbaijan’s authoritarian regime remains heavily concentrated in the hands of Ilham Aliyev, who has served as president since 2003, and his extended family. Corruption is rampant, and the formal political opposition has been weakened by years of persecution.” *Freedom House 2023: Azerbaijan, Freedom in the World 2023*, in: <https://bit.ly/3lssJ4w> [3 May 2023].
- 7 The thoughts of Gela Charkviani during Boris Yeltsin’s visit to Tbilisi in early 1994 are especially noteworthy in this context. Charkviani was a close adviser to Shevardnadze: “Moscow does not want to accept the loss of the empire and its power. This is why Russia is trying to gain new influence and station its troops in countries like Georgia [...] But that is an anachronism. Today it is no longer about prestige politics, troops and military power, but about economic cooperation, from which all countries in the Caucasus ought to benefit, not only Russia.” Nielsen, Fred 2000: *Wind, der weht. Georgien im Wandel*, Frankfurt am Main, p.190.

- 8 “Both Russia and some EU member states raised the question of Russia’s precise role in the Eastern Partnership. EU Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner told the Russian newspaper *Kommersant* (February 5, 2009) that Russia had not been included in the Eastern Partnership because it had decided to remain outside the ENP framework. However, she left open the question of Russian participation on certain issues. Most EU members with a strong interest in the Eastern Partnership, such as Poland and Germany, advocate including Russia in specific projects. France even favours inviting Russia to important summit meetings held in connection with the initiative.” Stewart, Susan 2009: Russia and the Eastern Partnership. *Loud Criticism, Quiet Interest in Cooperation*, SWP Comment 2009/C 07, Stiftung Wissenschaft und Politik (SWP), 15 May 2009, p.2, in: <https://bit.ly/42UY1A5> [22 May 2023].
- 9 “Other commentaries from the Russian Foreign Ministry claimed the initiative was forcing the countries involved to choose between the EU and Russia. [...] Another member of the Duma, Sergei Markov, described the initiative as hindering ‘strategic cooperation’ between Russia and the countries scheduled to participate in the Eastern Partnership.” *Ibid.*, p. 2.
- 10 Halbach, Uwe 2012: Vladimir Putin’s Eurasian Union. A New Integration Project for the CIS Region?, SWP Comment 2012/C 01, SWP, 11 Jan 2012, in: <https://bit.ly/4376tgQ> [22 May 2023].
- 11 Lomsadze, Giorgi 2022: As Georgia imagines its European future, it looks at its past, *Eurasianet*, 1 Aug 2022, in: <https://bit.ly/420VV2v> [3 May 2023].
- 12 The Comprehensive and Enhanced Partnership Agreement (CEPA).
- 13 “He made clear that he would pursue a democratic system, but he ‘also said that he viewed democracy as a firm belief, rather than a geopolitical orientation’.” Remler, Philip 2020: Russia’s Stony Path in the South Caucasus, *Carnegie Endowment for International Peace*, Oct 2020, p.11, in: <https://bit.ly/4082WO4> [3 May 2023].
- 14 Conversation between the author and a representative of the Foreign Affairs Committee in the Armenian National Assembly.
- 15 “Russian Deputy Foreign Minister Mikhail Galuzin told EU Special Representative for the South Caucasus [...] that Moscow views the mission as a bid to ‘squeeze Russia out of the region and weaken its historical role as the main guarantor of security’.” Mgdesyian, Arshaluis 2023: EU launches observer mission in Armenia, *Eurasianet*, 23 Feb 2023, in: <https://bit.ly/40wuqN9> [3 May 2023].
- 16 In a survey of young people in Azerbaijan, when asked which alliance the country should join, 61 per cent chose the EU and only 3.3 per cent the Eurasian Economic Union. Fabbro, Robin 2023: How Azerbaijan’s youth feels towards different countries and the conflict, *Open Caucasus Media*, 9 Feb 2023, in: <https://bit.ly/3NA9eT5> [3 May 2023].