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<b>Rethinking the West : Convergence and Divergence between EU and US Foreign Policy in the South Caucasus</b>
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## Introduction

As part of the Greater Middle East, the South Caucasus has been a permanently unstable area since the collapse of the USSR<sup>1</sup>. EU and US foreign policies in the South Caucasus have been managed by a broad range of American and European actors, institutions and States. There are several US foreign policies (Administration, Congress, Lobbies, Oil and Gas companies, diaspora) as there is much diversity inside the EU's external action system. This plurality could make an analysis of convergence and divergence between US and EU foreign policies a bit too hazardous if it wouldn't specify actors it deals with<sup>2</sup>. A second bias for this study consists of policy changes towards the Caucasian region at work in the US and the EU during the nineties. EU foreign policy, above all, is in the making and very few clear-cut strategic guidelines have been expressed by the Council. Successive US presidential administrations have elaborated their own priorities.<sup>3</sup> As for 1995, the US had given more space to European autonomy on the continent, since Washington was ready to renounce to its leadership role<sup>4</sup>. Some specific events such as September 11<sup>th</sup> have modified some aspects of US foreign policy. Forms of NATO enlargement have been discussed at considerable length. These changes make possible to observe, understand and analyse convergence and divergence between US and EU foreign policies on four main issues : behaviour towards Russia, policy

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<sup>1</sup> ASMUS, Ronald D., POLLACK Kenneth M., *The New Transatlantic Project, A response to Robert Kagan*, Policy Review, 2002, n°115, pp.3-18. COPPIETERS, Bruno, *Contested Borders in the Caucasus*, Bruxelles, VUB press, 1996, 153p. HERZIG, Edmun, *The new Caucasus : Armenia, Azerbaijan and Georgia*, London, RIIA, 1999, 165p.

<sup>2</sup> ZIELONKA, Jan, *Transatlantic Relations : Beyond the CFSP*, in GARDNER, Hall, *Russia and China : The Risks of Uncoordinated Transatlantic Strategies*, in GARDNER, Hall, STEFANOVA, Radoslava, (ed.), Aldershot, Ashgate, 2001, 198p., pp.65-80. "In short, the Union is a very special type of international actor and it would be wrong to view it as a kind of United States of Europe dealing with America in a clear symmetrical fashion.", p.72.

<sup>3</sup> SERFATY, Simon, *Les Etats-Unis, l'Europe et la France*, *Revue française de géoéconomie*, n°7, 1998, pp. 125-143.

in the critical Georgian context, energy politics, policy vis-à-vis Iran. What is at stake is thus part of a broader transatlantic agenda of cooperation "on issues related to Europe from the Atlantic to the Urals"<sup>5</sup>.

The main questions this paper seeks to answer are :

If there is convergence, is a common influence exercised ? My argument here is that there is indeed convergence between US and EU foreign policies inside a so-called 'Western Engagement'<sup>6</sup>, but this engagement is limited by external factors such as Russia and local Caucasian politics. If there is divergence, who, between the US and the EU, dominates then in the region ? This paper argues that a division of tasks has been at work during the nineties, resulting in the US domination upon the EU. However, US legitimacy (often perceived by the Caucasian elite as a new imperialism) is questionable in a region located in the Russian sphere of influence.

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<sup>4</sup> BRENNER, Michael, La diplomatie américaine et la sécurité en Europe, *Le Trimestre du Monde*, 1995, vol.30, pp. 57-69.

<sup>5</sup> BLACKWILL, Robert D. (ed.), *The Future of Transatlantic Relations*, Task Force Report, Council on Foreign Relations, 1999, 80p., p.17.

<sup>6</sup> MACFARLANE, Neil, *Western Engagement in Central Asia and the South Caucasus*, Royal Institute of International Affairs, Chatham House paper, 1999, 72p.

## **Convergence**

Our analysis of US and EU objectives and values promoted in the South Caucasus is based upon strategic documents developing the purpose of western policies in the region. The US has formulated a strategy towards the Caspian region in which the South Caucasus has been included. At the same time, the Silk Road Strategy Act has been written in order to develop political guidelines for US action in Central Asia as well as in the South Caucasus. As far as the EU is concerned, it has never adopted a common strategy (in the framework of CFSP) towards the region but has expressed its objectives in its Partnership and Co-operation Agreements (PCA), entered into force in 1999, as well as in various CFSP declarations.

Convergence between western actors can be observed at three main levels : political objectives and values, channels of action, instruments.

### ***Convergence of political objectives and values***

The EU and the US have both claimed for their support of the independence of Caucasian States from the Soviet Union and then from Russia. They have insisted on territorial integrity of the three NIS and on the necessity to give them the opportunity to exist on the international scene. Armenia, Azerbaijan and Georgia have therefore been recognised by the European Community and its Member States and by the USA in 1992, before being included in the OSCE and the UN, and various international organisations.

The EU and the US have asked for political transition to democracy and economic transition to market economy in the three countries. These two dimensions of transition have been considered as political objectives in the region, nearly as significantly as the resolution of regional conflicts which is probably the most important objective of the EU and the US. Separatist claims inside Georgia have led to violent intra-State conflicts in Abkhazia, South Ossetia and the situation remains tense between Ajaria and in the Armenian populated region of Javakh. Armenia and Azerbaijan have been at odds since 1988 about the Nagorno-Karabakh issue, an enclave predominantly populated by Armenians. Despite relatively sustainable cease fires agreed in 1994, these regional conflicts are said to be frozen and it appeared extremely difficult to remove the status quo resulting from this no peace no war situation.

### ***Convergence on channels of action***

American and EU foreign policies have both used additional channels of action to their own diplomatic or external services in order to perform in the South Caucasus. More generally, neither the US nor the EU would be able to behave alone and isolated in the region : Security, economic and political challenges are much too broad to be dealt with unilaterally.

In the sphere of financial aid, the EU and the US have closely co-operated with the IFIs (World Bank and IMF) in order to co-ordinate their conditionalities and to put pressure on the three States in order to make them intensify and generalise their reforms towards a market-oriented economy. The common use of IFI as a channel of action shows that the US and the EU have developed a liberal approach of Caucasian economic challenges.

The second channel used by the US and the EU is aid. Foreign aid has been one of the most visible indicator of American and European presence in the region, through bilateral programmes, subsidised NGOs and multilateral co-financed projects. It has evolved from purely humanitarian aid (Food, emergency housing for refugees and IDPs) to development aid (community and capacity building, micro-business training, micro-credit and so on) and has continuously covered civil society and human rights dimensions .

Diplomatic mediation is the third channel commonly used and promoted by the US and the EU in order to find mechanisms that could conciliate contradictory interests about regional conflicts. The US and some EU Member States take part in mediation diplomatic groups such as the Minsk Group (initially built in the framework of the OSCE) on Nagorno Karabakh or the Group of the UN Secretary General on Georgia (linked to the UN peace-keeping operation and the so-called Geneva process) dedicated to the Georgian-Abkhazian conflict. These two mediation arenas give the US and the EU (or some of its Member States) the opportunity to deal directly with Russian diplomats on touchy issues like conflicts. The EU and the US consider OSCE and the UN as the best appropriate frameworks for diplomatic negotiations. Comparing to the beginning of the nineties, both have given up acting on their own in order to reach peace. They have understood these issues necessitate multilateral processes of negotiation adapted to such an interdependent context.

Whereas OSCE and the UN have been, a bit by chance actually, chosen as suitable diplomatic and mediation arenas, the OSCE and NATO have been used as channels of action in sensitive fields such as internal political and human rights situation or collective defence issues. The OSCE has opened offices in the three countries. NATO has developed its Partnership for Peace with some EU Member States and organised some manoeuvres in the Black Sea area to which Germany, the UK, among other European States, have taken part.

### ***Convergence of instruments***

The Silk Road Strategy Act has promoted US efforts to build an East-West axis of transport and communication from Central Asia to Europe avoiding Russia and strengthening independence and sovereignty of Caucasian and Central Asian states. The EU has developed since 1993 the concept of an Europe – Caucasus – Asia corridor through the TRACECA programme. This EU policy promotes regional co-operation in the field of transportation and has led to the creation of an Intergovernmental Commission based in Baku (Azerbaijan) gathering all TRACECA states in a regional structure. These two initiatives (Silk Road Strategy Act and TRACECA) converge clearly. They both have tried to bring a solution to the enclosure of Central Asia. The Caucasian TRACECA railway links have been used as a temporary way of transporting oil produced by Chevron in Kazakhstan to the Black Sea ports. This example shows the degree of convergence of EU and US instruments in the region. Financial aid has been a second instrument on which some clear convergence has occurred. IMF programmes and conditionalities have been largely inspired by US positions and supported by EU Member States inside the board of the IFI. The EU's financial assistance has been shaped in accordance with IMF conditionalities and the disbursement of EU funds depends on their fulfilment by Caucasian governments.

### ***Results : a failing western engagement ?***

Above mentioned examples confirm the existence of convergence between EU and US political objectives, channels of action and instruments. It seems therefore possible to talk of a "western engagement", as Neil MacFarlane did. However, this engagement has, to a large extent, failed to reach its objectives. Independence, sovereignty and territorial haven't become a reality yet for these three Caucasian countries. Russian presence is strong at all levels of society, especially in Armenia and Georgia. Transition to market economies has been apparent but the reality of the reforms is dubious : economic indicators are usually absolutely false, privatisation has not been fair at all, poverty has increased, so have external debts. One may say that liberal western recommendations, added to the elite's predator behaviour, have led to the "third-worldisation" of the region.

Corruption has spread everywhere and foreign aid has funded an "assistance market" very profitable for western NGOs and their Caucasian interlocutors. Support to democratisation has partially failed, in spite of some progress made in the field of press and civil society. Peace is still dependent on Russia in the whole region.

Energy is probably the only real success for western actors. The BTC (Baku Tbilisi Ceyhan) pipeline is to be built and used, but this does not mean that exploitation of the pipe won't face with security problems from those who don't appreciate this western intrusion in their sphere of influence. Moreover, the fact that American economic power was represented by oil and gas major companies has disturbed state-focused European (and French in particular) perceptions<sup>7</sup>.

## **Divergence**

Divergence between the EU and the US, although they are not expressed publicly, can be observed at three levels : values and conceptions, contradiction on the field on practical themes, contradiction on specific political (democratisation, military engagement, Iran) or economic issues (Energy, Iran, transportation).

### ***Divergence of values and conceptions***

The US foreign policy has been conceptualised in geopolitical terms by some of the best experts of the Former Soviet Union, such as Brzezinski<sup>8</sup>, who have demonstrated the strategic importance of Eurasia and some of the historically disputed flanks of the Russian empire. Ukraine, Central Asia (Kazakhstan, Uzbekistan, Tajikistan, Kirghizstan, Turkmenistan) and South Caucasian countries should, according to Brzezinski's analysis be accorded the most serious attention from the US in order to contain Russian conservative political and military forces. Supporting the Newly Independent States serves a broader and longer term objective of a Russian "post-imperial choice in favor of the West"<sup>9</sup>. This realist and geostrategic approach has been followed with continuity by US administrations despite some nuances in

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<sup>7</sup> DAVID, Dominique, Pour sommes-nous anti-américains, Etudes, janvier 2003, pp.9-20.

<sup>8</sup> BRZEZINSKI, Zbigniew, The Grand Chessboard : American Primacy and Its Geostrategic Imperatives, New York, BasicBooks, 1997, 223p.

<sup>9</sup> BRZEZINSKI, Zbigniew, The Geostrategic Triad, Living with China, Europe and Russia, CSIS, Washington D.C., 2001, 76p, p.75.

priorities<sup>10</sup>. Russia has remained a priority. But there was a time, after 1995 when both the EU and the US were reluctant to take international, responsibilities, but for different reasons<sup>11</sup>. For the US, the main focus in the Caspian basin has remained the exploitation of Caspian hydrocarbon resources and the search for alternatives transportation routes from Russia.

On the contrary, the EU has never formulated such a clear-cut geopolitical strategy to underlie its policy in the region. As Ian Manners has argued about the EU as an international power, the Union has acted as a normative power<sup>12</sup>. Because its interests are less obvious and because its Member States haven't managed to agree on a common strategy, it has launched regulatory, aid and technical assistance policies in order to realise its objectives of transition and support for independence<sup>13</sup>. If the US have been influenced by a Caspian perception of the Caucasus, putting the sea and its hydrocarbon in the centre of a mental map, European actors have been kept on looking at the South Caucasus as a European periphery towards which the European model of regional co-operation should be exported. Of course, some European actors, and UK in particular, have insisted on the Caspian view of the region, looking at the Caucasus as a transit corridor for raw materials from Central Asia to Europe.

The fact that the EU perceives the Caucasus as European (this membership to the European family has been confirmed by the admission of the three countries in the Council of Europe) raises the problem of legitimacy of external intervention. To what extent are the US more legitimate intervening in the region than the EU, if a continental logic should be applied to the South Caucasus ? The fact that the EU has shown contradictory signs towards Turkey, bowing hot and cold about Ankara's admission and NATO enlargement has convinced Americans to act by themselves in this country and to push for a rapprochement between Turkey and its neighbours<sup>14</sup>. This question is a matter of divergence between the US and some EU actors because the extent to which the EU could collaborate militarily with NATO and Russia hasn't been specified by the EU, creating concerns in the US and in Russia. Vis-à-vis Russia, the problem of legitimacy is even stronger since conservative Russian actors don't appreciate so much a US presence in its traditional sphere of influence.

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<sup>10</sup> It is however noticeable that US oil and gas companies chose sometimes to act in contradiction with US government strategies, in Iran in particular, since the Iranian route for exporting Caspian resources is, by far, the best solution economically.

<sup>11</sup> BRENNER, Michael, *op. cit.*

<sup>12</sup> MANNERS, Ian, EU as a normative power, a contradiction in terms ?, JCMS, 2003.

<sup>13</sup> RUMMEL, Rienhardt, ZULLO, Claude, (dir.), Rethinking European Union Relations with the Caucasus, Nomos Verlagsgesellschaft, Baden-Baden, 1999, 144p.

<sup>14</sup> GARDNER, Hall, Russia and China : The Risks of Uncoordinated Transatlantic Strategies, in GARDNER, Hall, STEFANOVA, Radoslava, (ed.), *op. cit.*, pp.123-152.

## ***Divergence on the Caucasian field***

On the field, some clashes have appeared between European and American actors in various sectors. In 1994-1995, EU Food aid operations delivered a huge amount of food products and provided some financial resources to the Caucasian governments so that they fulfil their budgetary duties towards the population in educational, social and pensions spheres. This policy was severely criticised by the IMF experts who put pressure on the EU and the countries, asking for restrictive budgetary policies and the gathering of EU money inside the national budgets. These claims have been satisfied : Social expenditures have been diminished and Food aid counterpart funds have lost their autonomy. The IMF domination on the European Commission's Food Aid representatives led to tremendous corruption manoeuvres from the Caucasian elite. More generally, USAID and the EU were in competition in the field of foreign aid<sup>15</sup>.

As far as diplomatic mediation is concerned, the US or some EU Member States have sometimes tried to take the lead of negotiations for their own interests. This could have led to some opposition from one side or the other. Integration of Iran in Karakabkh negotiations for example has remained a sensitive issue between the EU and the US. Divergence on the role of OSCE and NATO have continued as well : EU prefers OSCE to NATO because it is less problematic vis-à-vis Russia. The American geopolitical approach has focused on two main points in security : energy and borders control. The US has helped Georgia to strengthen its border guards services. EU's approach is more global and has focuses on softer aspects of security such as non military equipment and support to OSCE border monitoring on the Georgian-Chechnyan border.

Last but not least, competition about destination of Caspian oil has been hard since the EU had more interest in a Europe oriented route (through Black Sea to Central Europe) whereas the US were more favourable to World market oriented export route. The Silk Road label, apparently common to western actors, covered in fact various meanings : exclusively energetic for the Americans, it was understood in a broader sense by the EU who saw in it an technical impetus for regional co-operation built upon the TRACECA experience.

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<sup>15</sup> On US interests behind aid. METREVELI, Ekaterina, HAKOBYAN, Ester, The political underpinnings of US bilateral aid to the countries of Transcaucasus, *Demokratizatziya*, 2001, vol.9, n°3, pp.367-381.



## ***Specific EU-US issues in the Caucasus***

Divergence of values, perceptions and on the ground have been translated in specific bones of contention between the US and the EU. Since 1993, the EU had proposed to help Armenia and Iran (and Azerbaijan to a less extent) to build a gas pipeline that could provide gas to Armenia (and Nakhichevan). This project, which has been delayed because of long Armeno-Iranian discussions on prices, has provoked very negative reactions from the American side who opposes it very clearly. If it became reality, some retaliation measures against Armenia are expected. A Second matter of western contradiction has appeared when the Council of Europe had to make decision on the admission of Azerbaijan after controversial elections in that country in late 2000. Two opposed camps emerged : the US, first supported by some of EU Member States, opposed the entry of Azerbaijan, arguing that elections hadn't been fair enough and claimed for more efforts of democratisation from the Azerbaijani side. On the other hand, France and Italy, then followed by firstly hesitating European states, insisted on the fact that Armenia and Azerbaijan should enter simultaneously in the Council of Europe and that a refusal could provoke aggressive nationalistic reactions. Two diplomatic conceptions of democracy were at stake : an uncompromising US and English approach on democracy and human rights, asking for immediate reforms and changes ; a more consensual, constructive and diplomatic position, built upon the idea that democracy was more a process than a model to apply or not. The US intervention inside the Council of Europe debates turned out to be a failure. Members of the Council of Europe considered that Washington shouldn't have interfered in internal European affairs. Azerbaijan and Armenia were finally both admitted in January 2001, and an ad hoc monitoring mechanism was set up.

A tough euro-american competition has also existed about the privatisation of the Georgian and strategic Poti port. This event has shown the strength of US-IFI alliances in imposing liberal policies to the Caucasian countries and opposing European models of developments in which state structure play a significant role.

After September 11<sup>th</sup>, a window of opportunity was opened for the US to get a foothold in the region. The US managed to negotiate with Moscow the arrival of several hundred of American soldiers in Georgia whose tasks was officially to train Georgian soldiers fighting Chechnyan terrorism in the Pankisi Gorge at the Chechnyan-Georgian border and to secure the building of the future BTC pipeline. This half victory has proved the EU that the US were

ready to act military in the region in accordance with Russia and without any specific European military support. The European equivalent of the US intervention is still unimaginable for the EU Rapid Reaction Force to be operational in 2003. However, the "militarization" of the EU raises some concerns about who, and with which partners, would be able to manage any force intervention in case of crisis.

## **Conclusion**

A Western engagement has definitely existed in the South Caucasus in the 1990s. It has resulted in a kind of division of tasks and various types of euro-atlantic co-operation. But this engagement has largely failed to reach its objectives : The region has become poor and transformed in a new Third World. Economic and good governance reforms haven't work so well and corruption is endemic. Behind the curtains, western unity was put into question in various field (aid, energy, democratisation). Even if they have dominated the EU (reaching to impose a light but real, military presence in Georgia), the US still face with a lack of legitimacy in the region in comparison to the EU and Russia. As in the Balkans in the mid-nineties<sup>16</sup>, they need a stronger EU-US alliance in the region in order to "lessen the appearance and reality of US preeminence in the area that in turn causes special problems with Russia"<sup>17</sup>. Their policy is perceived as a new imperialism and their corruptive methods often criticised. The issue boils down to the degree of dependence the EU could accept when engaging more seriously besides the US, and this question divides EU Member States themselves. Western cohesion is still to be confirmed in the South Caucasus as long as Americans and Europeans will misunderstand each other's project<sup>18</sup>, and regional conflicts (Nagorno Karabakh and Georgian conflicts) resolution may be a crucial test for a new tasks division between the EU and the US.

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<sup>16</sup> SERFATY, Simon, America and Europe Beyond Bosnia, The Washington Quaterly, 1996, vol. 19, n°3, pp.31-44.

<sup>17</sup> BLACKWILL, Robert D. (ed.), *op. cit.*, p.42.

<sup>18</sup> VERNET, Daniel, BERTRAM, Christophe, GARTON ASH, Timothy, responses to BRZEZINSKI, Zbigniew, Living with a New Europe, The National Interest, 2000, n°60, pp. 17-32.