

tives: preventing the resumption of hostilities in Nagorno Karabakh and normalizing relations with Turkey. Unfortunately, there is much work to do in both areas despite the optimistic expectations the events of recent months raised. In particular, the Meindorf Declaration is a non-binding agreement and there are no guarantees preventing military action in the Nagorno Karabakh conflict zone. Progress is similarly slow in advancing Arme-

nian-Turkish relations. Turkey has not abandoned its requirement that normalization is only possible after resolving the Nagorno Karabakh conflict to the satisfaction of Azerbaijan. This pre-condition has so far deadlocked progress, and Armenia hopes that pressure from Europe and other interested parties will help to overcome this obstacle.

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Opinion

The Georgia-Russian Conflict: A Perspective from Azerbaijan and Implications for the Region

By Fariz Ismailzade, Baku

Abstract

The August war between Russia and Georgia had a significant impact on Azerbaijan. The violence imperiled regional attempts to build an energy and railroad transportation corridor bypassing Russia. The conflict threatened to send a new wave of refugees into Azerbaijan and complicated Azerbaijan's efforts to restore its own territorial integrity. However, there are some silver linings for Azerbaijan: the fighting focused attention on the south Caucasus, encouraged Moscow to seek better relations with Baku, and enhanced Azerbaijan's negotiating power with the US and Russia.

Both Sides Deserve Some Blame

Over the two decades since the end of the Cold War, economic and political cooperation have bound Azerbaijan and Georgia more closely together, and the two nations have made significant strides toward reestablishing the south Caucasus as a thriving trade conduit between Europe and Asia. But the recent armed conflict between Georgia and Russia – and its economic and political fallout in the Caucasus and beyond – threatens to thwart this Azeri-Georgian effort to remake the region as a stable, prosperous and reliable component of the global avenues of trade.

Although the rupture of Georgian-Russian relations into open warfare caught many political leaders outside the Caucasus off guard, it was not a surprise for those living in the region. Tensions between the two countries had been rising since the collapse of the Soviet Union, and they escalated after the Rose revolution and Mikhael Saakashvili's ascension to power in 2004. The list of grievances is long and well-known – from Russia's encouraging ethnic separatism in former Soviet states and using energy supplies as a political weapon to Georgia's routine bellicosity toward Moscow over Abkhazia and South Ossetia and its

high-profile push for NATO and EU membership and close military ties to the US. Both sides bear some culpability for the recent violence.

Economic Impact on Azerbaijan

The war did not spill across the border into Azerbaijan, but its economic repercussions have. Foreign investment has been imperiled by the geopolitical instability laid bare by the brief war and the continuing uncertainty about the present peace. The Baku-Tbilisi-Ceyhan and Baku-Supsa oil pipelines and Baku-Tbilisi-Erzurum gas pipeline, as well as the Azeri state oil company's recent purchase of the Kulevi oil terminal on the Black Sea, had begun to enhance the importance of the region as a major East-West energy corridor. Azerbaijan and Georgia have agreed, in partnership with Turkey, to build the Baku-Akhalkalaki-Kars railway, connecting the rail systems of the three countries. The project would create a much shorter and faster rail corridor between Europe and Asia than the current one through Russia, making Georgia and Azerbaijan the key hubs for the Eurasian transport network.

However, the war has shrouded the future of these achievements in doubt and undermined the Azeri grand

vision of turning the south Caucasus into the primary transit hub to central Asia. The conflict froze the operations of the East-West energy corridor. Following the unrelated attack on the Baku-Tbilisi-Ceyhan pipeline in Turkey, the violence brought air and rail traffic to a sudden halt, closed the Kulevi port and forced the evacuation of Azeri personnel. As a result, Azerbaijan and its Western oil company partners were forced to suspend operations in the Caspian oil and gas fields and energy contracts had to be re-negotiated. Kazakhstan has backed off the plan to build a \$1 billion oil refinery in Batumi, a \$10 million grain terminal in Poti, and to export oil products and other goods through the territory of Georgia. The export of Turkmen gas through the south Caucasus has been similarly affected. Azerbaijan, after the death of Turkmenbashi, had cultivated warm relations with Ashkhabad and urged the Turkmen leadership to use the East-West energy corridor for the export of its gas. The visit of Turkmen President Gurbanguly Berdimukhammedov to Baku was evidence of progress on the issue, but the war in Georgia put the initiative on hold.

Additional Impacts

Furthermore, had the conflict escalated, the humanitarian impact on Azerbaijan would have been catastrophic. Refugees would have streamed into Azerbaijan, which already has close to a million of its own refugees and internally displaced persons from the territories occupied by Armenia. A further influx of refugees would have imposed significant strains on the national budget and threatened social order. No less could be expected should the violence between Georgia and Russia recur.

Additionally, the advance of the Russian troops in the south Caucasus and Russia's recognition of Abkhazia and South Ossetia create dangerous precedents for Azerbaijan and complicate Azeri diplomatic efforts to ensure territorial integrity in the search for resolution of the Nagorno-Karabakh dispute. Russia, flush with the ease of military success in Georgia, could be emboldened to undertake similar action in Azerbaijan. Even short of a Georgian-style military intervention by Russia, the war heightened the rivalry between Moscow and Washington – co-chairs of the OSCE Minsk Group mediating the resolution of the Nagorno-Karabakh conflict – and this tension between the mediators only can serve to further delay decisive action on the issue.

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The views and opinions expressed in this article do not reflect the official policy of the organizations for which the author works.

Silver Linings

Still, the Georgia-Russia tension is not without potential positive outcomes for Azerbaijan. It has attracted worldwide attention to the south Caucasus and the region's enduring, unresolved conflicts. Increased focus and a sense of urgency from American and European leaders to Nagorno-Karabakh certainly would benefit Baku. Moreover, US and EU officials have – with a unified voice – espoused the principle of territorial integrity for any successful negotiation of south Caucasian conflicts. Although the territorial integrity of Azerbaijan has never been questioned in the past, Baku is heartened by stronger and more frequent statements from US and European leaders about its inviolability in the wake of the Georgian-Russian clash.

Additionally, given the complete breakdown of relations with Georgia, Moscow is working to improve relations with Azerbaijan. Presidents Dmitry Medvedev and Ilham Aliyev met in Moscow after the Georgian military action, and Russia is eager to enhance its image as a friendly and peaceful partner in the region, in an attempt to improve its battered image in the international community. And the harsh reality is that the Kremlin cannot afford to lose another country in the region. The value of good Russian-Azeri relations has risen dramatically in the wake of the war. Azerbaijan's hand has been strengthened with the US, as well. Vice President Dick Cheney's visit to the region demonstrates the US resolve to preserve the pro-Western course of Azerbaijan. This Russo-American rivalry increases Azeri negotiating power with both

At the moment, it is not clear whether the south Caucasus can regain the momentum to establish itself as a safe, reliable transit zone to central Asia. However, some hope can be gleaned from the recent Azeri exports of oil and petroleum products through Iran. The dream has survived the Georgia-Russia conflict, and the post-Cold War achievements of Azerbaijan and Georgia testify to the global need for this vital new trade corridor, as well as its feasibility if geopolitical stability in the region can be assured. It now remains for the actors in the region – as well as the US, EU and Russia – to step back from the disastrous violence of this past summer and work with speed and diligence to place the south Caucasus back onto the path to a future as the thriving door to Central Asia.