



Prospects for Russia's Policy Towards the South Caucasus

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The priority of Russia's policy towards the Caucasus is to maintain influence on the countries of the region, primarily through military instruments. Russia is striving to establish control over Nagorno-Karabakh (NK) using methods similar to the separatist republics of Abkhazia and South Ossetia, which will enable the Russian peacekeepers to remain in the NK after 2025. The EU and NATO's priority in the Caucasus should be to counter Russia's rapprochement with Turkey, which may limit the EU's instruments in the region and adversely affect NATO cohesion.

Political Dimension. Not all South Caucasus countries participate in Eurasian organisations, which prevents Russia from reintegrating the post-Soviet area. Only Armenia is a member of both the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organisation (CSTO), while Georgia and Azerbaijan have adopted different foreign policy priorities. In view of the failure of Eurasian integration in the Caucasus, Russia seeks to maintain influence over the countries of the region through territorial conflicts using political, economic, and military support for separatist movements. Such activities include the occupation of the separatist republics of Abkhazia and South Ossetia and [instrumentalising the conflict over Nagorno-Karabakh \(NK\)](#).

Russia uses political crises in the countries of the region as an instrument of political pressure to weaken the internal position of their governments in the event of decisions unfavourable to Russia, and to strengthen social and ethnic conflicts and support pro-Russian groups. That is why Russia, through its secret services and agents of influence, continues to fuel the political crisis in Georgia, strengthen nationalist sentiments among minorities (e.g., in Azerbaijan and Armenians in Georgia), and used the conflict over the NK to weaken the position of all Armenian governments since 1991. Contacts between the Russian and Georgian Orthodox churches, business ties between political elites, and the activities of Russian-language media and cultural institutions (including the Russkiy Mir Foundation) foster pro-Russia sentiment in the countries of the region.

Russia perceives the strengthening of Turkey's influence in the South Caucasus as a factor limiting its dominant position in the sphere of regional security. That is why it aims to soften confrontation with Turkey by allowing [it to participate in the peace process in the NK](#). In this way, Russia ensures itself the possibility of entering into tactical alliances with Turkey that both [limit EU policy instruments in the Caucasus and weaken Turkey's cooperation with the EU and NATO](#).

Security Dimension. Military engagement, through an [alliance with Armenia](#) and a presence in all countries in the region, is for Russia the most important instrument of pursuing its policy towards the South Caucasus. Armenia shares a common air defence system with Russia, along with the 102nd Russian military base in Gyumri and an air base in Erebuni. The Russian military presence, regardless of the situation in the NK, guarantees Armenia's security in the context of the Armenia-Azerbaijan conflict and threats from Turkey. Russia uses its military presence in Armenia to maintain a favourable political situation and as a means of influencing relations with other countries in the region.

[There are also Russian military bases in Abkhazia and South Ossetia](#). The Russian military presence guarantees the existence of separatist republics and that the situation in the Georgian-Abkhaz and Georgian-Ossetian conflicts remains frozen. [Abkhazia and South Ossetia are integrated with Russian border control, defence, and customs policy](#). The power structures of these republics are included in the FSB and the Russian armed forces. More than 80% of the

inhabitants of Abkhazia and South Ossetia have Russian passports.

As a result of [the truce of 10 November 2020](#), Russia moved troops to the NK as part of a peacekeeping operation. The official tasks of its [forces in the NK](#) are to clear the area of threats, assist in the return of refugees, and monitor the implementation of the ceasefire. In fact, Russia is establishing control over the NK using the same tactics it used in Abkhazia and South Ossetia. In December last year, Russian border guards and the FSB took over responsibility for the NK's borders. Also new transport corridors under Russian control will be established from Azerbaijan to Nakhichevan through Armenia, and from Russia to Armenia through Azerbaijan. The Russian Ministry for Emergency Affairs has taken over coordinating functions in relation to local law enforcement structures. Russian was recognised as an official language in the NK by the parliament of this quasi-state. Russia has also started preparations for the creation of a simplified procedure for Armenians in the NK to obtain Russian citizenship. Passportisation of NK residents would enable Russia to argue that it must guarantee the security of its citizens, ensuring that Russian troops will remain in the NK after 2025, regardless of whether Armenia consents or Azerbaijan or Turkey agree to extend the mandate of the peace operation.

Economic Dimension. For Russia, economic instruments are not useful in influencing the situation in the region given its limited capacity to compete with the EU in this area ([and because of problems in the Russian economy](#)). Russia accounts for 27% of Armenia's trade, 11% of Azerbaijan's, and 8% of Georgia's. The EU is the region's largest trading partner overall, accounting for 20% of Armenia's trade, 63% of Azerbaijan's, and 24% of Georgia's. Russia is also a less important source of foreign investment, from 46% in Armenia, to 7% in Azerbaijan and 4% in Georgia. EU foreign investment in the South Caucasus is more even and important to the region than Russia's—25% in Armenia, 36% in Azerbaijan, and 42% in Georgia.

Russia maintains economic dominance only in relations with Armenia because of its dependence on Russian security guarantees, which forces the Armenian authorities to submit to Russia in the economic sphere (e.g., through membership of the EAEU). Armenia, however, remains reluctant to deepen integration within the EAEU because it foresees mainly negative results. Harmonisation of customs policy limits the benefits in trade with partners outside the organisation (e.g., with Georgia or Iran). The slow

introduction of the common energy market (to be established in 2025) enables Russia to sign agreements with Armenia on gas and electricity supplies on which Armenia depends, but on preferential terms for Russia.

Russia's strategic goal towards the South Caucasus is to limit the region's role in the transit of non-Russian gas and oil to the EU. Therefore, Russia will make it difficult to increase production in the Caspian Sea, for example, by using environmental standards from the [2018 Caspian Status Convention](#) to block new production projects, such as the Azerbaijani-Turkmenistan Dostluk field's exploration plans. Russia is also willing to use force to obstruct the operation of transmission infrastructure in the region—in 2015, Russia took control of part of the Baku-Supsa oil pipeline in Georgia through [borderisation](#).

Conclusions. Russia is strengthening its influence in the South Caucasus by using military instruments, complemented by political and economic instruments. It will maintain its military presence and support for the separatist republics of Abkhazia and South Ossetia, and by 2025 will create analogous instruments of control over the NK.

The EU's growing economic involvement in the South Caucasus does not compensate for its limited ability to influence the situation in the region through military means. The EU Monitoring Mission in Georgia (EUMM) limits the scale of Russia's instrumentalisation of the Georgian-Abkhaz and Georgian-Ossetian conflicts and is an example of the EU's constructive engagement in stabilising the region. However, it is likely not possible to create similar EU instruments in the NK due to opposition from Russia, Turkey, and Azerbaijan.

The EU and NATO states should counteract [the rapprochement between Turkey and Russia](#) in the Caucasus. Turkish-Russian cooperation there may permanently limit the EU's instruments in the region and adversely affect NATO cohesion. The EU may use the provisions of the ceasefire of 10 November concerning the opening of regional transport corridors to increase support under the Eastern Partnership for infrastructure projects independent from Russia and covering all countries in the region, including Turkey. This would contribute to building confidence measures in the peace process in the NK and would limit Russia's ability to further instrumentalise the conflict.