

Between the “Adjustment Strategy” and the “Balancing Strategy”: Modern Foreign Policy of the South Caucasus States

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Abstract – The authors aim to analyze the modern foreign policies of the South Caucasus countries by applying conceptual approaches of neorealists (adjustment, balancing) in the context of changing international relations. The strategy developed in the period of bipolarity changed in the 1990–2000th when the small and average countries had an opportunity to raise the status on the international scene, reorient the foreign policy taking into account new realities. Each of the South Caucasus countries was inclined to choose this or that strategy, proceeding from foreign policy resources. For the political elite of Armenia, the main issue is the problem of ensuring foreign security. Armenia has chosen an adjustment strategy. The factors that influenced the are the lack of open logistics routes, dependence on Russian gas, dominance of Russian investments, a threat of an escalation of the Karabakh conflict. After the «velvet revolution», the elite of Armenia seeks to combine both strategies. The internal political factor influenced the choice of the policy aimed at joining the EU and the United States when the 2004 change in the elite dramatically changed the country's foreign policy. Azerbaijan with richer natural resources, outlets to the sea, developed logistic routes, a stable political elite, has chosen a balancing strategy which allows the country to successfully converge the interests of such major players as Russia, Turkey, the EU, Iran, the United States, China, and less influential actors performing their own national tasks.

Keywords – *neorealism, adjustment strategy, balancing, South Caucasus.*

I. INTRODUCTION

Due to the intensification of globalization processes, territorial systems are not relevant, giving way to "network flows" such as migration processes, the movement of capital and goods, the circulation of finance and energy resources, the formation of new logistics networks, etc. The state forms diverse functional networks (political, economic, cultural and informational, etc.) in order to influence the "space of flows". This concept has found practical expression in the geopolitical strategy of the USA, EU and China. The current system forces

small states to join this process, choose strategies such as "balancing", "adjustment", "hedging", changing the balance of power in the regions.

According to R. Schweller, within the existing trend of "global power diffusion", small states are experiencing vertical mobility. They seek to raise their voice; challenge the dominance of global and regional actors; form an independent foreign policy trend of development that excludes asymmetric dependence, emphasizing the advantages of the multipolar world. The strategies of world actors are based on a network approach, while the latter rely on previous schemes in the field of realism and neorealism.

II. MATERIALS AND RESEARCH METHODS

The basis of the study is conceptual documents on the foreign policy of the South Caucasus countries (National Security Strategy of the Republic of Armenia 2007, Convention on the Legal Status of the Caspian Sea 2018, Charter on Strategic Partnership between the USA and Georgia 2009), as well as materials taken from the official portal of the Eastern Partnership program "EU Neighborhood" and statistics from the official website of the Eurasian Economic Commission. In addition, the authors used statistical data obtained from information sources and scientific papers.

The methodological basis is approaches developed within the neorealism. Thus, the structural approach of neo-realists makes it possible to determine the place of the state in the system of international relations (small, medium, or great power), reveal the specifics of the correlation of the three levels of the structure of international relations (individual, state, and the international system as a whole) for each of the three countries of the South Caucasus, outline the influence of internal factors (peculiarity of the political elite, the economic potential, stability of the political regime, etc.) on foreign policy. The comparative methods made it possible to carry out a comprehensive analysis of the policies of the South

Caucasus countries and reveal the specifics of adjacency and balancing strategies.

III. RESEARCH RESULTS

C. Waltz and S. Walt believed that adjacency is the opposite of balancing. The first strategy is focused on building allied relations in order to avoid attacks from an aggressive and more powerful state, adopting a subordinate position in relation to a stronger ally. The balancing strategy is characteristic of more powerful states. In the conditions of the collapse of bipolarity, the concepts of adjacency and balancing changed. R. Schweller believes that the goal of adjacency is to maximize the benefits of working with a stronger actor, and not to prevent an attack by a great power. A balancing strategy is aimed at ensuring security [6]. Their views were formed on the basis of an analysis of the policies of European states and the United States, but did not take into account the Eastern countries. J. Levy and M. Barnett say that “leaders of third world countries form alliances to “provide themselves with economic and military resources to advance domestic goals and respond to external and internal threats, consolidate their domestic political positions” [3]. This point of view is reflected in the policies of the ruling elite of Georgia and Armenia, where foreign policies are a means of maintaining power in the country. In addition, new actors apply these strategies in relation to great powers and each other. Modern international relations are based on the principles of “variable” behavior of small states. Armenia, Georgia and Azerbaijan can be a vivid example of such strategies.

Due to the limited energy and raw materials, lack of access to the seas and international logistics routes, an acute shortage of technological and financial resources, the unresolved Karabakh problem, Armenia want to cooperate with Russia. The pro-Russian vector is observed in matters of implementing foreign security and military-political cooperation [1]. The 102nd Russian military base in Gyumri operates in Armenia. The military potential is represented by the S-300V, Buk-M1-2 air defense systems, the Casta-2-1 mobile solid-state low-altitude radar, the MiG-29 4th generation combat fighters, the Mi-8MT military transport helicopters and Mi- attack 24P. In the context of the escalation of the Karabakh conflict, Armenia intensified cooperation in this area. On August 6, 2017, the Agreement on the Combined Group of Troops (Forces) of the two countries in the Caucasus region of collective security entered into force. In December 2017, an agreement on the creation of the Joint Regional Air Defense System in the Caucasus region was signed for 5 years followed by extension; in April 2018, a list of troops of this air defense system was formed.

The pro-Russian policy vector of Armenia is observed through the multilateral cooperation within the CSTO. It was mentioned by the Prime Minister of Armenia Nikol Pashinyan on June 9, 2019. The CSTO membership is akin to a “security umbrella” for Armenia amid escalation of the Karabakh conflict in 2016. The National Security Strategy of Armenia determines that “the main components of military-political security are: bilateral relations with Russia, cooperation in the defense and military-technical spheres, strategic partnership between the two countries, membership in the Collective

Security Treaty Organization security” [17]. The development of bilateral cooperation with NATO, Greece, the United States is indicated after priority areas with Russia and the CSTO.

In the energy sector, Armenia acts by maneuvering between the Russian Federation and Iran. Despite the fact that the electric power industry of Armenia operates autonomously, nevertheless, its main resource is gas. The gas pipeline system of Armenia is controlled by Russian enterprises, and gas is supplied from Russia through the territory of Georgia. This makes the republic dependent on energy supplies of the Russian Federation. Armenia, wishing to diversify its energy supplies so as not to be dependent on only one source, exports electricity to Iran in exchange for gas. The Iran-Armenia gas pipeline launched in 2007 is capable of transferring annually more than 1 billion m³ of Iranian gas to Armenia [13].

In the transport and logistics sector, a combination of two strategies is crucial. Armenia has no access to the seas and is limited in land corridors: since 1993, the Kars-Gyumri-Tbilisi railway branch has become inaccessible to Armenia. Armenia uses Georgian highways on the basis of the 2014 agreement. The sea route from the Caucasus port in Krasnodar Territory to the Georgian port of Poti, and along the railway border with Armenia, as well as the Georgian Military Highway with the Russian border at the Verkhny Lars “suffer from both seasonal and persistent problems. The lack of a direct logistics line between Armenia and Russia is a big stumbling block while expanding its trade balance. In this regard, Armenia is restoring direct railway communication between Armenia and Russia through Abkhazia and Georgia. Armenia is simultaneously participating in the EU initiatives in logistics networks. On January 21, 2019, the European Commission and the World Bank published the “Transnational Transport Network Indicative Action Plan (TEN-T)” to identify priority projects in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine for about € 13 billion. Within the “Indicative Action Plan for the Transnational Transport Network (TEN-T)”, more than € 732 million will be allocated to Armenia for 6 projects, including € 450 million for the construction of the Artashat-Agarak corridor [5].

Armenia is interested in cooperation through the EAEU, which will allow it to compensate for isolation from important logistics routes in the South Caucasus region. With the “sanctions war” in 2014 in Russia and the entry of Armenia into the EAEU in January 2015, the country was able to enter the markets of Belarus, Kazakhstan and Kyrgyzstan and replenish the Russian economy with its goods as part of Russia's implementation of the import substitution model. Mutual trade data of EAEU member states in 2017-2018 tell about the growth compared to the period of 2015-2016. In 2017, in Armenia an increase was 45 %, in Belarus – 19.9 %, in Kazakhstan – 33.9 %, in Russia – 29.4 %, in Kyrgyzstan – 21.1 %. At the end of 2018, Armenia increased the supply of its goods to the EAEU markets by 20.7 %, to Kazakhstan – by 12 %, to Russia – by 11.5 %, to Kyrgyzstan – by 5 %, to Belarus – by 1.8 % [16].

In 2018–2019, the EAEU signed a number of agreements with China and Iran, memoranda of cooperation with ASEAN

and MERCOSUR; the Free Trade Agreements with EAEU and Serbia are being prepared for signing, which will facilitate Armenia's access to world markets. In tourism, a pro-Russian course is clearly observed. On February 23, 2017, an agreement between Russia and Armenia on the mutual visa-free travel of citizens of the two countries entered into force. Russia is the main investor in Armenia.

Georgia occupies a special position in the region. Its foreign policy orientations changed during the restoration of independence, but the pro-Western vector of the foreign policy became the leading one after M. Saakashvili came to power in 2004, having embarked on integration with the EU and joining NATO, which aggravated difficult relations with Russia. The priority areas of foreign policies always remain the guidelines for close cooperation with the EU, USA and NATO. The events of 2008 and the breakdown of diplomatic relations with Russia determined the partners – the USA and the EU. In January 2009, the United States and Georgia signed the Strategic Partnership Charter whose second section dealt with the strengthening of defense and security. In clause 4, it was pointed out that relying on existing cooperation between the defense departments and the armed forces, the United States supports Georgia's efforts to ensure its legitimate security and defense needs, including the creation of appropriate and interacting forces with NATO [7]. In addition, close cooperation was supposed in the fields of economics, trade and energy, the development of democracy and cultural interaction. By concluding such an agreement, Georgia tried to create a system of balance of power, opposing the influence of Russia by the United States, and received wide financial support from Washington for military reforms. The new political elite of Georgia sought to distance themselves from the largest regional player.

Having chosen the "adjoining" strategy, Georgia has joined the Eastern Partnership program, aimed at developing mutually beneficial conditions for cooperation in the economic sphere, including the creation of free trade zones; strengthening democracy, improving governance and ensuring stability and energy security [10]. Despite the fact that this program was supported by Armenia and Azerbaijan, only Georgia was able to significantly advance in relations with the EU. The Association Agreement between the EU and Georgia, including the Deep and Comprehensive Free Trade Area Agreement (AA / DCFTA), entered into force in July 2016 and aims at political association and economic integration. The EU is the largest trading partner which provides annual support in the amount of more than € 120 million. Since March 28, 2017, Georgian citizens have been taking advantage of the visa-free entry to the Schengen zone. The active "adjoining" policy towards the EU is caused by domestic policy problems, such as an unstable financial and economic system, a budget deficit of more than 4 %, and high dependence on foreign investments. On August 31, 2018, the European Commission and the Government of Georgia signed a Memorandum on the provision of macro-financial assistance in the amount of € 45 million for the implementation of structural reforms [8], and on November 21, 2018, an agreement on cooperation in economy, education and culture, justice and internal security was signed. In total, the EU

provided support in the amount of € 597 million. Official Tbilisi applies the balancing strategy with regard to the CIS. Having left its structure in 2008, Georgia concluded free trade agreements with the CIS countries: Belarus, Moldova, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, preferring bilateral cooperation formats.

Georgia has a pronounced logistic potential. 6–7 % of Georgia's GDP is transport services. Georgia is becoming an invaluable partner for its neighbors (Armenia and Azerbaijan). There are free trade zone agreements between Tbilisi and Yerevan, Tbilisi and Baku. At the same time, Tbilisi needs stable relations between them, since oil pipelines pass through Georgia: Baku-Supsa, Baku-Tbilisi-Erzurum and Baku-Tbilisi-Ceyhan, which transport energy from Central Asia to Europe. In 2017, the South Caucasus pipeline branch was expanded to the Trans-Anatolian pipeline (TANAP), through which Azerbaijani gas from the Shah Deniz field is delivered to Turkey. In addition, for Georgia, Azerbaijan is the main energy partner. In accordance with its policy of minimizing imports from Russia, Georgia set the gas balance for 2018 at 2.69 bcm, 2.68 bcm is going to be imported from Azerbaijan. However, Tbilisi confirms its obligations as a transit state of Russian gas to Armenia. The balancing policy towards Azerbaijan and Armenia is directly related to the desire to influence the energy market in the region, to become a member of the global energy network, influence decisions, including political ones, using its position in this field [4].

Since 1991, Azerbaijan has avoided such problems as the ongoing "sovereignty parade" that undermines the territorial integrity of Georgia, or a threat to national security in Armenia. The Karabakh problem is relevant for the elite of Azerbaijan, but not the cornerstone. The political establishment of Georgia and Armenia was forced to use foreign policy as a means to resolve domestic political problems and hold power in their hands.

In Azerbaijan, only during a brief period (1991-1993) alternation of the elite was observed. It led to fluctuations in the foreign policy. With the advent of G. Aliyev, all the resources were used for the construction of an independent national economy. For reconstruction of the petrochemical industry, a balanced policy of searching for strategic partners was implemented. It was reflected in the concept "balance sheet policy" in relation to global and regional actors [11].

In September 1994, the State Oil Company of the Republic of Azerbaijan (SOCAR) concluded a deal with the consortium of world oil companies to develop offshore oil fields in the Caspian Sea [14]. The contract facilitated the reconstruction of advanced technologies in the oil, petrochemical and other industries which formed the basis of the "Oil strategy." The stabilization of the political elite under Presidents G. Aliyev (1993–2003) and I. Aliyev (2003–present) contributed to the successful completion of negotiations on the construction of the Baku-Tbilisi-Ceyhan (BTC) pipeline and the Baku-Tbilisi-Erzurum gas pipeline (BTE), or the South Caucasus gas pipeline), designed to diversify energy supplies to world markets through Georgia and Turkey. In 2006, the BTC pipeline was launched, and in 2007, the BTE pipeline was launched along the similar route, which was made possible

thanks to the success of the “balance sheet” policy, which attracted the British “BP”, the French “Total”, the Italian “EniS.p.A”, the Norwegian StatoilHydro (since 2009 Statoil ASA), the Russian “LUKoil”, and some American, Japanese and Greek firms.

Azerbaijan has become part of the “new” or “soft” regionalism of the EU “Southern Gas Corridor” (SGC), according to which the SGC is an extensive network of gas pipelines designed to increase EU energy security by diversifying routes and sources of energy supplies bypassing Russia. On May 29, 2018, Azerbaijan launched the Southern Gas Corridor (SGC), through which gas began to flow from the Shah Deniz field via Turkey to the countries of southern Europe – Greece, Italy, etc. [4] “Convention on the legal status of the Caspian Sea” of August 12, 2018 [12] expanded opportunities for Azerbaijan. The foreign policy guidelines of Azerbaijan are caused by military-political tasks, and the task of maintaining the integrity of the country.

The successful implementation of the “oil strategy” brought to life a number of logistics projects whose main partner was Turkey, which has become a permanent partner of Azerbaijan. In 2006, Istanbul proposed a plan for the Baku-Tbilisi-Kars (BTK) railway line, which would connect Turkey with the Caucasus Railway. It was launched on October 30, 2017, becoming part of the Chinese One Belt, One Way project. R.T. Erdogan stated that BTK “... is of strategic importance for the entire region, in particular for Azerbaijan, Georgia and Turkey. In this way, we are announcing the creation of direct rail links from London to China.” BTK will allow regular cargo transportation from Turkey and Europe to Central Asia and China, as well as to Iran, the Persian Gulf, Pakistan, and India. In November 2017, the Minister of Road and Urban Development of Iran took the initiative to extend the BTK railway to Tabriz. Given the importance of the BTK project, most Central Asian countries (Kazakhstan, Afghanistan, Uzbekistan and Turkmenistan) have showed interest in joining the BTK.

Successful completion of activities aimed at the development of the transport corridor Europe-Caucasus-Asia entailed the development of alternative projects. Azerbaijan is not limited to them. An example is the idea of the North-South transport corridor proposed by India, Pakistan, Oman, Iran and Russia. The activity of this corridor provides for the delivery by ships coming from India of cargo via the Suez Canal to the Iranian port of Bendar Abbas, and their transportation by railways of Azerbaijan and Russia to other countries [15]. The railway will be officially opened in April 2019. Iran will have access to Russia and the North Caucasus through Azerbaijan.

Another feature of the Azerbaijan’s foreign policy is a focus on global politics since it gained independence in 1991. Azerbaijan has become a member of the Organization of the Islamic Conference (since 2011 – the Organization of Islamic Cooperation – OIC), the CSCE (since 1991 – the OSCE) and the UN (1992). The multi-vector policy of Baku was expressed in contacts with the EU and NATO. In 2001, Azerbaijan became a member of the Council of Europe and other organizations. Azerbaijan participates in regional

organizations and integration associations (GUAM, BSEC, etc.) [9].

Another feature is the desire of Baku to regulate relations with the leading Western and Eastern countries which were based on the principles of mutually beneficial cooperation and partnership. At the same time, integration into the structures of European and Transatlantic security and cooperation as priorities of the foreign policy of Azerbaijan does not exclude a close military-political alliance with Turkey. Documents in the field of military cooperation had an impact on the fact that military relations between the two countries were more meaningful and practical, so that the potential of the Azerbaijani army increased.

The country manages to maintain ties both with Turkey, Iran, the EU, Russia, the USA, China, successfully maneuvering between their interests and national ones. This is seen in the issue of non-recognition of Kosovo, Abkhazia, South Ossetia, Crimea, etc., since Azerbaijan’s consistent position is to preserve the integrity of the territories of states, regardless of whether they are European powers or not. M. Ismailov believes that the Azerbaijani elite launched an intensified confrontation between the alliance of the countries of the West and Israel, on the one hand, and the alliance from Turkey, Iran, led by Russia, on the other one [2].

IV. FINDINGS

After the collapse of the bipolar model of international relations, small and medium-sized states were able to determine foreign policy strategies that are adaptive and multivariate. Their search has become especially urgent for the post-Soviet states, including Armenia, Georgia and Azerbaijan, which have concentrated their efforts on adjacency and balancing strategies. The vectors of the strategies were determined by the behavior of the political elites seeking to gain a foothold in power, as well as by the degree of interest in them from large regional and non-regional players. The states of the South Caucasus have focused on models that would allow them to maintain their own sovereignty and improve their internal situation. In this regard, economic diplomacy has become an effective tool in adjacency and balancing strategies for Azerbaijan and Georgia, and Armenia due to limited resources and the specifics of its geopolitical position. Moreover, each of the states wants to be an independent actor of the global policies.

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