

The fast changing world and the South Caucasus

The events of the last 20 years have led to significant geopolitical changes in the world, creating big opportunities for new independent countries – Armenia, Azerbaijan and Georgia, and, at the same time, setting difficult tasks for them. Many of these events, especially those taking place in the recent 5-7 years, have had serious consequences for global processes, as well as for the South Caucasus (SC), making the region globally important. Let us list some of such events:

- The collapse of the Soviet Union and the socialist camp and establishment of new independent states;
- Decrease of Russian influence in the former Soviet republics, including the SC, with new actors entering the stage – EU, NATO, USA, Turkey, Iran, China and other states and international structures;
- Gradual re-orientation of the members of the Commonwealth of Independent States (CIS) towards other states and organisations, and other security frameworks;
- Beginning of a new wave of democratisation in the ex-USSR territory;
- Adoption of harsher energy policy by Russia, resulting in serious trouble not only with Ukraine, but also with Belarus;
- Russia's 'food wars' with several CIS states;
- Shift of Russia's foreign policy marked by President Vladimir Putin's speech at the Munich Security Conference on 10 February 2007;
- Russia's decision to suspend or terminate international agreements signed during the period of detente with the West;
- The Russo-Georgian war of August 2008;
- The decision made by the Russian Duma in summer of 2009, about expanding the list of possible causes for deployment of troops outside Russia's borders;
- Change of leaders in France and Germany leading to stronger tendencies towards European and Euro-Atlantic integration in their foreign policy;
- France's return to the military command structures of NATO;
- Election of Barack Obama as U.S. President and his attempt to 'reset' the relations with Russia, as well as American initiatives related to the most delicate international issues;
- Turkey's new foreign policy;
- Armenian and Turkish initiatives for normalisation of bilateral relations, leading to signing of the Armenian-Turkish protocols about establishment of international relations and development of cooperation on 10 October 2009;
- Development of democratic processes worldwide;
- Stronger influence of market mechanisms in global economy;
- NATO and EU enlargement towards the East, with inclusion of almost all members of the former Warsaw Pact;
- Armenia's, Azerbaijan's and Georgia's membership in the OSCE and Council of Europe;
- Active cooperation of SC countries with the NATO and EU;
- SC countries' bilateral military cooperation with the United States;
- During 18 years of independence, Armenia, Azerbaijan and Georgia established diplomatic relations with more than 150 states and developed relations in political, economic, military, scientific, cultural and other spheres;
- The 'Kosovo precedent' – the first case in the recent times when autonomy was recognised as an independent state on the basis of the self-determination principle, without the centre's (in that case, Belgrade's) agreement;

- Russia's recognition of Abkhazia and South Ossetia on 26 August 2008, influenced by the 'Kosovo precedent';
- Intensive struggle against terrorism, especially after the terrorist attack on the U.S. in September 2001;
- Cooperation of Russia and Western countries against terrorism, which still continues in Afghanistan;
- Armenia's, Azerbaijan's and Georgia's active participation in the struggle against terrorism;
- Iran's nuclear programme and Iran's insufficient cooperation with the IAEA;
- European and American attempts to diversify the energy sources and transportation routes;
- Turning SC into a transit corridor for transportation of hydrocarbons and goods in East-West direction;
- Joint energy projects between SC countries and Iran.

This is an incomplete list of important events influencing the global and regional developments. Noticeably, many of these events are interconnected. Seemingly, these events result in an increased importance of the SC in international affairs.

This point of view is substantiated also by visits paid to the region during the recent few years. In the last five years, U.S. Secretaries of State and Defence Secretaries visited Azerbaijan and Georgia several times, on 10 May 2005 U.S. President George W. Bush visited Georgia, and on 29 June 2007 UN Secretary General Ban Ki-moon came to Georgia on an official visit. Several summits have been organised in Baku and attended by presidents of Georgia, Lithuania, Poland, Romania, Turkey, Ukraine and other countries.

During the Russo-Georgian war, leaders of several European states visited Georgia in order to put an end to fighting and to show their solidarity with Georgian people.

On 10 October 2009, signing of the Armenian-Turkish protocols in Zurich was attended by U.S. Secretary of State Hillary Clinton, Russia's, France's and Slovenia's foreign ministers Sergei Lavrov, Bernard Couchner and Samuel Zbogor, and EU Supreme Representative on foreign and security policy Xavier Solana; thus, significance of the ceremony was emphasised.

The mentioned global and regional processes have occurred in historically short amount of time, and they may have both positive and negative consequences for the SC countries.

What should SC countries do in this situation? What framework would be the most effective for guaranteeing security and development for these countries? Should the SC countries act alone on their security, or should they act together? What mechanisms should be used for solution of regional conflicts? What should Armenia do in this situation? What kind of foreign policy would suit the existing challenges and threats?

We need to learn to react to the challenges quickly. Let us now attempt to address some of the issues.

Breakdown of the USSR and establishment of new independent states

Breakdown of the USSR and establishment of new independent states created a specific situation, when territory of the former USSR ceased to be a single geopolitical and economic unit. Russian influence in the former Soviet republics gradually decreased, and new actors – EU, NATO, USA, Turkey, Iran, China, other states and international structures – entered the stage.

Eighteen years of existence of the CIS, in which twelve of the former Soviet republics (all but the Baltic States) participated, showed that interests of CIS members often contradict each other. Russia has not been able to offer a development model that would have been attractive

for the CIS members. As a result, gradual re-orientation of the CIS members towards other states and organisations, and other security frameworks began.

Such processes were upheld by establishment of regional organisations excluding Russia within the CIS – GUAM (bringing together Georgia, Ukraine, Azerbaijan and Moldova) and the Central Asian cooperation (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan); by Turkmenistan's opting out from the CIS visa-free movement regime; Turkmenistan's energy projects with China (in December 2009, the Turkmenistan-Uzbekistan-Kazakhstan-China gas pipeline was put into operation), as well as the intention to supply gas for the Nabucco pipeline project; Armenia's, Georgia's, Kyrgyzstan's and Moldova's membership in the WTO that, in fact, marked the demise of the CIS as a common economic area; Azerbaijan's and Georgia's participation in oil- and gas pipeline projects circumventing Russia; Azerbaijan's, Georgia's and Turkey's cooperation in the military sphere and in securing the Baku-Tbilisi-Ceyhan pipeline; Kazakhstan's agreement to export oil to Europe and to participate in the construction of Baku-Tbilisi-Akhalkalaki-Kars railway corridor; deployment of U.S. and other NATO member troops in countries participating in the Collective Security Treaty Organisation (CSTO) – Kyrgyzstan, Tajikistan and Uzbekistan; Tajikistan's multilayer cooperation with Iran, Kazakhstan's and Kyrgyzstan's cooperation with China; active participation of the SC countries in the struggle against terrorism, including sending peacekeeper troops to Afghanistan, Iraq and Kosovo; Moldova's and Ukraine's withdrawal from the military structures within the CIS and orientation towards European integration; Moldova's demand to withdraw Russian troops from Transdnistria in accordance with the pledge adopted by Russia at the OSCE Istanbul Summit in 1999; the political decision of Georgian authorities about integration with the NATO; Georgia's withdrawal from the CIS after the Russo-Georgian war in August 2008; and a number of other events.

Other attempts of integration within the CIS – the Russia-Belarus Union, the customs union of Russia, Belarus, Ukraine and Kazakhstan, the EurAsEC – Eurasian Economic Cooperation framework established by Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan – have also been stillborn, as many other structures within the CIS.

The customs union of Russia, Belarus and Kazakhstan, establishment of which was publicised in late 2009, have not survived the first serious test it faced. On 27 November, presidents of three countries signed an agreement about establishment of the customs union in Minsk. According to the agreement, custom tariffs would be unified beginning from 1 January 2010. However, the dispute between Belarus and Russia about the amount of duty-free oil supply for Belarus' internal use led to termination of oil supply from Russia.

The CSTO, bringing together Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, may be considered the only more or less operational structure within the CIS. In mid-2009, the CSTO made a decision about establishment of Collective Rapid Response Force (CRRF). The CRRF may, in particular, defend the Central Asian countries in case of border conflicts or terrorist attacks. In October 2009, presidents of the CSTO member states observed the CRRF field manoeuvres in Matybulak (Kazakhstan). During the manoeuvres, the troops took practice in joint operations, such as liquidation of hostage-taking criminal gang.

In fact, in the Central Asian direction the CSTO demonstrates some potential, but the same cannot be said about the South Caucasian direction, since the only CSTO member in the SC region, Armenia, does not share borders with other CSTO members. However, CSTO faces troubles in Central Asia as well: for instance, Uzbekistan is strongly opposed to deployment of the CRRF in Kyrgyzstan, curbing the organisation's potential in Central Asia.

Even before the Russo-Georgian war in 2008, relations between Russia and some other CIS members had become hostile. That could be observed in Russia's relations with Ukraine and Belarus in relation to the hydrocarbons costs and the tariffs for transit via Ukraine and

Belarus. Russia's relations with Georgia and Ukraine became especially problematic. In 2006, the Russian authorities banned imports of Ukrainian meat and dairy products, Georgian wine and mineral water. Later, access to Russian markets was denied to Moldovan wine, meat and dairy, and in 2009, Russia's 'food war' was extended also to Belarusian meat and dairy products.

In autumn of 2006, Russo-Georgian relations deteriorated further, when Georgians accused four Russian military officers of spying and deported them from the country. Moscow's response was very harsh. Russia imposed large-scale sanctions on Georgia, including stopping of all communication between two countries, a ban on postal communication and money transfers and other measures.

Worsened Russo-Georgian relations had serious consequences not only for peoples of two countries, but for the entire South Caucasus as well. For instance, when Russia closed (even before the 'spy scandal') the Verkhniy Lars border checkpoint, it caused harm to Armenia's economy and foreign trade, since Armenia's only overland connection with Russia is by Georgian territory.

Near a year after that, in August 2007, we witnessed further deterioration of Russo-Georgian relations, when Tsitelubani village in Georgia had been bombed, and Georgia had accused Russia for that. A group composed of independent experts from Latvia, Lithuania, Sweden and the United States investigated that incident and concluded that an unknown aircraft, indeed, had entered the Georgian airspace from Russia. Georgia considered that incident as aggression and demanded a hearing at the UN Security Council.

It is important to understand the main causes for deterioration of Russo-Georgian relations. Certainly, the main role was played by the unsolved conflicts in Abkhazia and South Ossetia, Georgia's frustration because of Russia's actions in the self-declared republics (e.g. issuing Russian passports for inhabitants of Abkhazia and South Ossetia), and by Georgia's openly-declared preference for European and Euro-Atlantic integration that was badly accepted by Russia.

In late December 2006, we also witnessed worsening of relations between Moscow and Minsk, as Russian gas monopoly, Gazprom, changed the price of gas supplied to Belarus. In the last week of 2006, the world saw a severe 'information war' between two countries blaming each other for breach of contract and inability to compromise. In fact, the Union of Russia and Belarus that had been advertised for years did not withstand its test.

That was a severe blow to Moscow's desire for integration. Russia had tried to prove that the post-Soviet states could take part in integration processes with different pace, i.e. if interests of all 12 states did not match, a smaller number of states might have matching interests at least on the most important issues. For Russia, it had been important to show that integration with Belarus into a united state could be possible, and integration had been understood as assimilation and turning Belarus into a part of the Russian Federation. With time passing, it became clear that in Belarus integration had been viewed as an opportunity to receive hydrocarbons at discounted price.

Although on 31 December 2006 a new agreement about transit of Russian gas to Europe was signed, it was obvious that the crisis was not over. Already on 1 August 2007, another serious scandal worsened Russo-Belarusian relations, when Gazprom threatened to stop supplying gas to Belarus because of the accumulated debt reaching 456 million dollars. To demonstrate the degree of disagreement between two countries, words of Belarusian President Alexander Lukashenka may be quoted: "For the first time, I let myself to say this: Russia wants not just privatise, or even take for free, some industrial plants in Belarus. They want to privatise the entire country." Regrettably, the problems in Russo-Belarusian relations have not been settled until now. In late December 2009, Russia cut the oil supply to Belarus.

The number of countries adopting democratic governance and market economy grows. The successful transition of Central and Eastern Europe and Baltic states to democracy stimulated the democratisation in several CIS member states, with Ukraine, Georgia and Moldova taking the lead. In the recent 5-7 years, the Rose Revolution in Georgia, Orange Revolution in Ukraine, the events in Kyrgyzstan and the fall of the communist rule in Moldova, with democratic pro-European political forces taking power, showed that peoples of these countries desire to live in freedom. The CIS, established after the breakdown of the USSR, have not been able to satisfy the expectations, and Russia's retreat from democratic development makes cooperation with Russia even less satisfying.

Ukraine deserves special attention. During the elections on 17 January 2010, the incumbent president, Viktor Yushchenko, received a little more than 5% of votes; all candidates accepted the results; and international observers representing the OSCE, Council of Europe and CIS viewed the election positively. Evidently, Ukraine has made a confident move towards democracy and, consequently, towards European integration.

Ukraine, Georgia and Moldova have been coordinating their actions in foreign policy and moving towards Europe decidedly. The GUAM, founded in 1997, works rather actively. For instance, the GUAM summit in Baku on 16-18 June 2007 was attended by presidents of Azerbaijan, Georgia, Lithuania, Poland, Romania and Ukraine, as well as high-level delegations from more than 30 countries and international organisations.

The GUAM got observer status at the UN General Assembly. It has been developing its structure: the GUAM Parliamentary Assembly and Business Council are already functioning, the GUAM Secretariat has its budget, and its staff enjoys all privileges of staff of international organisations.

During the Baku summit, documents concerning economic and communication projects, ecology, tourism and nuclear security were signed. President of Ukraine Viktor Yushchenko noted that the main goals of GUAM were construction of the oil pipeline Odessa-Brody-Gdansk and the railway link Baku-Tbilisi-Poti linked by ferries to Kerch.

It seems that it's time to figure out what has been happening in the post-Soviet area in last 5-7 years. Why Russia's relations with other CIS members are so tense? In case of Georgia and Ukraine the tensions could be attributed to the pro-European and Euro-Atlantic orientation of their leaders, but such explanation is not valid for Belarus.

Seemingly, there are several reasons that led to the shift of Russian policies in the post-Soviet area, of which the most important is the failure of the integration model preferred by Russia that implies absorption of CIS countries by Russia, making them de facto parts of the Russian Federation. As we have seen, that model has not worked even with Belarus ruled by Lukashenka. Very probably, that has been one of the ground reasons for stricter Russian policy towards CIS countries.

Noticeably, in the SC and the Western part of CIS – Belarus, Ukraine and Moldova – Russian influence has become weaker. The only part of the CIS where Russia still has strong influence is Central Asia; however, China's influence in that region has been growing persistently. In Central Asia, Russia sometimes manages to take the initiative away from the U.S. and EU. For instance, on 12 May 2007, during trilateral Russia – Kazakhstan – Turkmenistan summit in Turkmenbasi, a new gas cartel was formed. The presidents of three states signed an agreement about construction of pipeline along the eastern shore of the Caspian Sea; projected construction cost is \$1 billion, and capacity is 30 billion cubic metres a year. According to the plan, 360 kilometres of pipeline should be constructed on the territory of Turkmenistan and 150 kilometres – in Kazakhstan; near the Russo-Kazakh border, the pipeline should be connected to the existing Central Asia-Centre pipeline. In fact, Russia managed to convince Turkmenistan that this pipeline should be constructed first, as it would

be more advantageous than Trans-Caspian pipeline, which was planned to cross the Caspian Sea and to reach Europe via Azerbaijan, Georgia and Turkey.

However, Russia is often not capable to keep its positions in Central Asia as well. For instance, when in early 2009 Russia stopped buying Turkmen gas on the pretext that due to the global economic crisis, gas price declined and consumption in Europe diminished, Russo-Turkmen relations worsened abruptly. Indeed, when Russia had signed the contract with Turkmenistan in 2008, it had agreed to buy all gas produced in Turkmenistan at international price. Just because of that Turkmenistan had agreed to sell all produced gas to Russia, and Russia had got monopoly rights for transit of Turkmen gas to Europe. As result of the economic crisis, Russia became unable to fulfil its obligations, thus Turkmenistan began to look for news routes for its gas export, particularly, participation in the Nabucco project was considered possible.

The turn in Russian policy

Russia nowadays is trying to find its place in the world. On one side, Russian leadership declares its commitment to democratic values and market economy. On the other side, many Russian practices do not match democratic principles and norms: political freedom is restricted, all nation-wide TV channels are under total government control, recently amended law about non-governmental organisations sets strict limitations on their activities, elections of governors of federal units were abandoned, propaganda aimed against representatives of national minorities is widespread, violence and murder of journalists and human rights activists became ordinary. Finally, the recent elections of the State Duma and Moscow Duma made it obvious that Russia rapidly returns to a single-party system.

Such problematic situation in internal policy directly influences Russian foreign policy. On one side, Russia admits that the EU, U.S. and NATO have the right to cooperate actively with the South Caucasian states on all issues, including military cooperation and regional security. In the joint declaration signed in May 2002 by presidents George W. Bush and Vladimir Putin, it was stated that the parties agree that they had common interests in maintaining stability, sovereignty and territorial integrity of all Central Asian and South Caucasian states, and that Russia and the USA would cooperate towards solution of regional conflicts, particularly in Abkhazia and Nagorno-Karabakh, as well as the Transdniestrian conflict in Moldova. On the other side, Russia is very biased against Ukraine's, Georgia's, Moldova's and even Belarus' individual attempts to find more reliable partners in political, economic and military spheres.

Vladimir Putin's speech at the Munich Security Conference on 10 February 2007 marked beginning of new foreign policy, based on confrontation with the West. Putin claimed that in contemporary world unilateral model "is not unacceptable, but totally impossible". He discussed the planned deployment of American anti-missile defence components in Europe, and harshly criticised the United States. Europe was criticised as well. Particularly, Putin mentioned that there were attempts to turn the OSCE into a primitive instrument for promotion of interests of one group of states in other states.

During three years after the Munich conference, practically all global for a have been marked by confrontation between Russia and the West. The confrontation intensified after the Russo-Georgian war in 2008, when the NATO-Russia Council was suspended, and EU-Russia summit was cancelled.

Russia withdrew from several agreements signed after the end of the Cold War as a result of the end of confrontation between the NATO and the Warsaw Pact. During the EU-Russia summit in May 2007, Russia rejected ratification of the Energy Charter Treaty (the Charter had been adopted in 1991, and its complimentary treaty – in 1994 in Lisbon). On 16 July

2007, Russian president signed the decree stipulating Russia's withdrawal from the Treaty on Conventional Armed Forces in Europe, signed in Paris on 19 November 1990. The treaty limited the number of tanks, artillery and military aircraft that could be deployed in the territory between the Atlantic Ocean and the Urals. The SC and Russian North Caucasus were subjects to troop ceilings. Withdrawal from the treaty meant stopping the inspections and weakening of mutual trust.

How is present confrontation between Russia and the West characterised? The main feature of the conflict is its ongoing escalation: any unfriendly action is immediately answered, and the number of mutual demands grows continuously.

A good example of that was the Litvinenko case. Former FSB operative Alexander Litvinenko was poisoned with radioactive polonium and died in London in November 2006. After the investigation, British prosecutor's office charged Andrei Lugovoi for murder and requested his extradition in May 2007. Russia denied extradition on the grounds that Constitution of Russia prohibits extraditions of Russian citizens.

In response, on 16 July 2007, the United Kingdom deported four Russian diplomats. London also froze the negotiations about liberalisation of visa regime and introduced a more strict procedure for issuing visas for Russian officials. Russia, in turn, deported four British diplomats and denied issuing visas for British officials.

Another apparent case of worsening of Russia's relations with the West was Russia's attempt to seize 1.2 million square kilometres of the Arctic continental shelf. That part of the Arctic is rich with hydrocarbons and lies outside the Russian 200-mile economic zone. In order to prove its rights for that part of seabed, Russia attempted to prove its connection with the Siberian geological platform. On 7 August 2007, Russian expedition took soil samples from the seabed and set Russian flag there.

Even most patient Western countries expressed their disappointment because of Russia's actions, emphasising that setting Russian flag on the Arctic seabed has no legal value. Canada organised military exercise in the Arctic, involving navy and aviation. Denmark also expressed its serious concern. Western countries referred to the UN Law of the Sea Treaty, according to which not only Russia, but all states neighbouring the Arctic may claim their rights over the shelf.

The 'reset' of US-Russian relations

Russia has been attempting to create a 'multi-polar' world by means of confrontation with the U.S. and NATO. When Jacques Chirac and Gerhard Schroeder left their posts, and the Paris-Berlin-Moscow axis went into oblivion, Russia had to turn towards the East and attempted to create an alternative power centre.

New German and French leaders, Angela Merkel and Nicolas Sarkozy, showed their ability for responsible leadership. When Merkel's first foreign visits were planned, Berlin asserted that European and trans-Atlantic directions of foreign policy were most important. Merkel's meetings with the NATO Secretary General, Chairman of the European Parliament, Head of the European Commission and U.S. President showed that. Nicolas Sarkozy paid his first visit as president to Brussels and spent his first holiday in the United States. France's return to the military command of the NATO under Sarkozy's leadership was an important international event. The French leader also played the crucial role for prevention of escalation of the Russo-Georgian war; the Medvedev-Sarkozy plan for settlement of the conflict in South Ossetia was made public on 12 August 2008.

Russia attempted to make the Shanghai Cooperation Organisation (SCO) a new power centre. SCO was established by Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, while India, Iran, Mongolia and Pakistan received observer status. The SCO gained quite

strong potential, first of all, because of China's growing influence. Russia, willing to create alternatives for U.S. and NATO global leadership, has been attempting to increase the importance of military and political components of SCO. However, China is opposed to militarisation of the SCO, insisting on its economic interests in the regional structure and, at the same time, strengthening its hold in the Central Asia.

After election of Barack Obama as U.S. president, Washington and Moscow announced about the so-called 'reset' of relations. In fact, they decided to step back from harsh competition and to try finding a ground for cooperation on those issues that may be solved. The U.S. made the first move by abandoning the plans for deployment of anti-missile defence systems in Poland and Czech Republic, engaged in the discussion about possible use of Russian radars, started to show their support to Georgia less openly, and let the Russia-NATO Council resume its work. Besides, the U.S. announced readiness for dialogue with Iran and North Korea without preconditions, decided to close the Guantanamo military prison by mid-2010 and to withdraw the troops from Iraq in 2011. In October 2009, Secretary of State Hillary Clinton declared that U.S. was ready to share responsibility in different parts of the world with their partners. In fact, the U.S. agreed with Russian concept of 'multi-polar' world.

The initiatives of the new U.S. administration promised some hope for weakening of the tension in international relations. But several questions should be asked:

First, how realistic are America's promises to the international community?

Already in late 2009, the U.S. announced that it would be technically impossible to close the Guantanamo prison as planned. It is also clear that full withdrawal of American troops from Iraq in 2011 is not feasible, as situation remains very difficult and Iraqi law enforcement agencies cannot provide security by themselves. It was somehow logical that President Obama received Nobel Peace Prize for his attempts to relief the tensions in international relations. However, that was only the preliminary stage, and the U.S. need to fulfil the promises and to set grounds for long-term cooperation with Russia and other states.

Second, was can be done if leaders of Iran and North Korea ignore the American initiatives?

Now, there is an impression that the U.S. initiatives are perceived by the Iranian and North Korean regimes as signs of weakness rather than the White House's goodwill. That's why Iran's and North Korea's leaders are becoming more assertive. Thus, North Korea rejects returning to the negotiation table unless the U.S. signs a peace treaty. And Iran constantly changes its position but always rejects to stop uranium enrichment.

Third, it is now hard to predict how the 'reset' of U.S.-Russia relations will end, as Russia's policy remains non-flexible and unpredictable. In November 2009, Russia adopted the law allowing deployment of Russian troops abroad. Now, Russian army may engage in military operations outside Russia, as well as for protection of Russian citizens abroad, for struggle against piracy and securing maritime routes. Russian president will have the authority to send troops abroad with endorsement of the Federal Council. So, Russia may engage in military actions abroad, and its neighbours are worried. We point out this aspect because we cannot rule out the possibility of new military conflicts in the post-Soviet area, and that would result in more tensions in Russia's relations with the West.

Russia's cooperation with the West is still continued, to some extent, in the spheres of nuclear non-proliferation and in the struggle against terrorism. One of the results of the meeting of American and Russian presidents in July 2007 was adoption of the declaration about joint actions in the sphere of nuclear energy and non-proliferation, as well as anti-terrorism. That declaration was not paid much attention by the media because of the general mutual disappointment.

By means of anti-terrorist coalitions (in Afghanistan, Iraq, etc.), the U.S. and European states have been attempting to act together against international terrorist networks, particularly by means of force. It should be noted that U.S. and European states may have different approaches to the place, time and scale of anti-terrorist operations: notably, France and Germany were against engagement in Iraq without a UN Security Council decision.

However, the terrorist attacks on Spanish railroad station and London underground, as well as the terrorist practice of kidnapping and murdering representatives of European states and international organisations in Iraq, Afghanistan, Pakistan and, more recently, in Yemen, showed to the world that terror may be fought against only in joint attempt. Thus, attitudes of the U.S. and European states moved closer to each other. Not accidentally, the NATO decided to establish a military academy in Iraq, and French Minister of Foreign Affairs visited Iraq on 20 August 2007.

Russia agreed to U.S. military operation in Central Asia and agreed to provide intelligence data. During the official visit of President George W. Bush to Moscow in May 2002, a joint declaration about actions against terrorism was signed, in which, particularly, was stated that the parties “welcome the activities of the international anti-terrorist coalition taken since 11 September 2001”, there was also an appeal to all countries to abide by the UN Security Council resolutions against terrorism, Taliban and Al Qaeda. Both U.S. and Russia showed commitment to cooperate against terrorism. Even after the Russo-Georgian war, Russia continued providing support for NATO operation in Afghanistan in spite of the tension between Russia and the West. It is significant that the U.S. and Russia found opportunities for cooperation also in the South Caucasus (this will be discussed in more detail later).

The main problem is how long U.S. and Russia will have mutual interests and how consistent and predictable they will be in their actions. Now, for instance, the ‘reset’ of relations may fall because of Iran’s nuclear programme. Iran has two plants where uranium is enriched, contrary to IAEA regulations – in Natanz and Kum. Iran denies that its nuclear programme has military goals but declines all offers to supply nuclear fuel elements from abroad. The most recent offer to Iran supposed that low-concentration uranium would be sent from Iran to Russia and then to France for enrichment up to the level required for nuclear fuel. In November 2009, Iran set additional preconditions, so the international offer was abandoned.

U.S. President Obama called the UN to impose new sanctions on Iran, for prevention of possible development of nuclear weapons. But Russia’s attitude towards this issue is ambiguous: Russia does not want additional sanctions. So, the Iranian issue may become fatal for the ‘reset’ of U.S.-Russia relations. It remains to be seen whether Moscow and Washington will be able to develop a common approach. Openly talking, the U.S. and Russia may hardly reach an agreement on the Iranian issue. It is also disappointing that the U.S. and Russia have been unable to conclude a new treaty on reduction of strategic nuclear weapons.

The Russo-Georgian war in August 2008

All aforementioned tensions, particularly in the post-Soviet area, had to result in a new confrontation. Most probably, the South Caucasus was the most problematic region for Russia, and that led to wide-scale military operation against Georgia. Three levels of conflict should be specified:

- Georgia’s conflict with Kokoity’s puppet regime in South Ossetia;
- The conflict between Russia and Georgia, resulting in active combat outside South Ossetia from 8 August on, which proved that Russia was a conflicting party;
- The West’s (U.S.’ and NATO’s) global confrontation with Russia.

What were Russia’s main goals in that war?

- Georgia's and Ukraine's integration with the NATO was aborted; Russia managed, at least, to postpone the process indefinitely, as after the Russo-Georgian war many European states became extremely careful about NATO's future enlargement to the post-Soviet area;
- Another global power centre was formed. Russian leaders understood well that such a blow to the U.S. and NATO would unite rogue states (Cuba, Venezuela and some others) around Russia;
- There has been an attempt to create 'mini-USSR' by means of a merger with Belarus and several unrecognised republics – Abkhazia, South Ossetia and Transdnistria; that was the rationale for recognition of independence of Abkhazia and South Ossetia. Russia has been trying to persuade other countries to recognise independence of Abkhazia and South Ossetia. Nauru's example is significant in this respect: Nauru recognised Abkhazia on 15 December 2009, in exchange for a \$50 million credit provided by Russia. Russia established military bases in Abkhazia and South Ossetia and has been building border infrastructure on administrative borders between Abkhazia and South Ossetia on one side and Georgia on the other side;
- Communication programmes on the East-West direction were suspended. That was the reason for bombing the sea port in Poti;
- It was attempted to remove Mikheil Saakashvili from his post in order to demonstrate to the world who really decides about sharing of power in the South Caucasus.

During the combat and for a rather long time afterwards, Baku-Tbilisi-Supsa and Baku-Tbilisi-Ceyhan oil pipelines and Baku-Tbilisi-Erzurum gas pipeline were not operating. One of Russia's important goals was to show that Georgia were not a reliable transit country. Even short-term occupation of Poti endangered all economic and energy projects with American and European involvement. That made questionable also the existing and planned projects for transportation of oil and gas from the Caspian Sea to Europe by circumventing Russia. Probably, that was the time when the U.S. and EU began looking for alternative transportation routes.

Such situation provided more serious arguments in favour of normalisation of Armenian-Turkish relation and opening of the border between Armenia and Turkey. Absence of an alternative to Georgian communications and attempts to promote European integration of the South Caucasus only by working with Georgia made that country a target for the adversaries of democratisation and European integration of the South Caucasus. The Russo-Georgian war showed that the region needs an alternative, and opening of the border between Armenia and Turkey could provide such an alternative.

Turkey's new foreign policy

Parallel to the mentioned processes, Turkey's foreign policy has been changing. The changes began in 2002, when Islamic party Justice and Development came to power. Turkey's foreign policy has changed significantly: Turkey's acknowledged Russia's and Iran's interests in the South Caucasus, agreed with Russia to build the South Stream gas pipeline, launched dialogue with Syria, concluded agreements on gas supply with Iran and recognised independence of Kosovo. In autumn 2009, Deputy of the Minister of Foreign Affairs of Turkey visited Abkhazia.

Earlier, in 2003, Turkish parliament denied the U.S. possibility of military operation against Saddam Hussein's regime from Turkish territory. In fact, the formula 'what's good for the U.S. in the Middle East, South Caucasus and Central Asia, is good for Turkey as well' became obsolete.

As a result of that, Turkish Prime Minister Recep Tayyip Erdogan went to Moscow on 12 August 2008, during the Russo-Georgian war. Ankara proposed the initiative for Caucasus

Platform of Stability and Cooperation that might be joined by Armenia, Azerbaijan and Georgia. The idea proposed by Turkey was met positively in Russia. Azerbaijan's President Ilham Aliyev, in principle, supported creation of a new alliance. Armenian President Serzh Sargsyan appreciated the Turkish initiative as a step towards creation of a positive atmosphere in the region.

In autumn 2009, Ankara moved further, and during the official visit of Turkish Prime Minister to Iran, the latter got an offer to join the Caucasus Platform of Stability and Cooperation as well.

Hopefully, there is an understanding, particularly in Ankara, than any initiative aimed to stabilisation and development of cooperation in the South Caucasus may not be realistic without participation of the U.S., EU and NATO. During the recent years, the U.S., EU and NATO have realised a number of projects with the Caucasian countries in military, technical, transport and communications, and energy spheres. So, it will be problematic to share influence in the South Caucasus only between Russia and Turkey, especially because Georgian authorities and political elite connect their countries future only with the West. In Georgia, there are no any significant political forces oriented to other values and security system.

It may be noted that from the point of view of normalisation of Armenian-Turkish relations, Turkey's new foreign policy approach has serious potential. Normalisation of relations with Armenia is a natural component of Turkey's new foreign policy. Taking into account Russia's and Iran's interests, recognising independence of Kosovo, supporting Abkhazia and other attempts to play a more important role in the region are not compatible with keeping the border with Armenia closed.

Therefore, it does not seem abnormal that when Serzh Sargsyan became President of Armenia in February 2008, his Turkish counterpart was one of the first to congratulate him. Understanding of the situation in Armenia resulted in a reciprocal initiative: in June 2008, Sargsyan invited President of Turkey Abdullah Gul to the football game between the national teams of Armenia and Turkey on 6 September 2008.

The Armenian-Turkish dialogue and its consequences for the South Caucasus

The advancement of Armenian-Turkish relations that resulted in President Gul's visit to Yerevan on 6 September 2008 was itself one of the results of the crisis in August 2008, which had showed how vulnerable were countries of the region against outside challenges and threats. That is why numerous problems that existed between Armenia and Turkey were considered less important by the national elites and societies of two countries. Then, some quick developments took place. In April 2009, it was disclosed that Armenian and Turkish ministries of foreign affairs had been negotiating, with the Swiss acting as mediators. On 23 April 2009, it was announced that the so-called 'roadmap' had been prepared, and both sides stated that the agreed principles created good opportunities for further negotiations. On 1 September 2009, the two protocols – about establishment of diplomatic relations and cooperation development – were publicised. The protocols were presented to both societies for discussion and were subsequently signed by the ministers of foreign affairs on 10 October 2009.

The Russo-Georgian war broke many economic ties in the South Caucasus. Armenian economy suffered greatly, as it is dependent on Georgia as a transit country for trade with Russia and European countries. According to the statistical data published by the Armenian government, during the five days of fighting the amount of trade was eight times smaller than usual. Turkey and Azerbaijan also faced some troubles, as Baku-Tbilisi-Supsa and Baku-Tbilisi-Ceyhan oil pipelines and Baku-Tbilisi-Erzurum gas pipeline became temporarily

inactive. Besides, almost all economic and transportation projects connecting Azerbaijan, Georgia, and Turkey were temporarily suspended. It became clear that Armenia could be useful in that situation, if it was not isolated from pipelines. Non-functioning of the Georgian railway might also be partly compensated by the existing railway between Kars in Turkey and Gyumri in Armenia, which has been out of operation since 1993.

It is important that Turkey's leaders understood the situation well. Therefore, the initiatives that followed, such as partial abandonment of the preconditions for normalisation of relations with Armenia, were very logical.

In addition, Turkey attempted to play a more active role in the Nagorno-Karabakh conflict resolution process, because Russia's recognition of independence of Abkhazia and South Ossetia, naturally, disturbed Turkish leaders. So, during a press conference in Brussels on 16 September 2008, Turkey's Minister of Foreign Affairs stated that a trilateral format with participation of Armenia, Azerbaijan and Turkey might facilitate solution of the conflict.

As already mentioned, all these initiatives resulted in signing of the Armenian-Turkish protocols on 10 October 2009 – about establishment of diplomatic relations and cooperation development. The protocols have been submitted to the parliaments of two countries for ratification. Both sides are now waiting for each other to make the first move.

There is a significant risk that ratification of the protocols may be postponed by the Turkish parliament because of lack of progress in the negotiations on the Nagorno-Karabakh issue. It is known that in Ankara there is a hope for progress in the Nagorno-Karabakh conflict resolution process. However, it may be suggested that the ratification will succeed, as Armenian-Turkish rapprochement is an objective process and it matches the interests of both Armenia and Turkey.

Turkey understands the need to reach stable peace and cooperation in the South Caucasus, especially facing the challenges and threats emerged after the Russo-Georgian war. That is why Turkey recognises the need to take into account Russia's interests and accepted Moscow's offer to participate in the South Stream project. During the trilateral meeting Putin-Erdogan-Berlusconi in October 2009, Ankara agreed to let build the South Stream, which is a rival for Nabucco, in Turkish waters of the Black Sea.

In Ankara, there is also an understanding that not only the U.S. and EU are interested in opening of the border with Armenia, but Russia as well. So, Turkey's support to Azerbaijan on the Nagorno-Karabakh issue will not hinder protocol ratification. It may be supposed that all mentioned factors will eventually result in ratification of the protocols by the Turkish parliament.

There is no doubt that Armenian parliament will ratify the protocols. The pro-government coalition of three parties has about 75% of votes, so ratification should not be a difficult issue. Of course, keeping in mind Azerbaijan's pressure on Turkey and the level of independence of the Turkish parliament, Ankara has to mention the Nagorno-Karabakh issue often and attempt to connect conflict resolution with normalisation of Armenian-Turkish relations. In November 2009, during the official visit to the U.S., Prime Minister Erdogan met with President Obama and stated that Ankara would normalise relations with Armenia only after substantial progress in Nagorno-Karabakh resolution process. Such attitude of Turkey is known for a long time, but in the recent two years it has been changed quite significantly. Not so long ago, Turkey demanded to withdraw Armenian armed units from five regions bordering Nagorno-Karabakh, but now there is just a demand for progress in the negotiations within the framework of OSCE Minsk Group. It seems that such a shift of Turkey's approach is stipulated by the logic of the Armenian-Turkish dialogue and the need to establish relations without preconditions, by the shifts of Turkish foreign policy in the recent 5-7 years, as well as by the new situation in the South Caucasus after the Russo-Georgian war.

Another aspect of the Armenian-Turkish dialogue also deserves attention. Opening of the border and normalisation of relation may soon result in Armenia's re-orientation towards the West and favourable conditions for trilateral regional cooperation in the South Caucasus. Solution of the regional conflicts may be viewed in the context of simultaneous European and Euro-Atlantic integration of Armenia, Azerbaijan and Georgia, as the role of state borders may diminish and it may be easier to compromise. That is why Georgia and Azerbaijan should also be interested in Armenian-Turkish rapprochement. In this respect, the opinion of the EU Special Representative for the South Caucasus Peter Semneby expressed in November 2009 is significant. Mr. Semneby praised the progress in Armenian-Turkish negotiations, stating that opening of the border would be the first step towards solution of the present abnormal situation: now three longest borders in the South Caucasus are closed – borders between Armenia and Turkey, Armenia and Azerbaijan, Russia and Georgia, and this situation is the principal obstacle for regional development. Then, Mr. Semneby referred to the protocol ratification process, stating that in his opinion, it would suit Azerbaijan's interests as well, because Azerbaijan should be interested in opening of the borders, since the Russo-Georgian war underlined how vulnerable are South Caucasian states.

It is also important that the main regional actors – the U.S., EU and Russia – have reached a consensus about Armenian-Turkish rapprochement. For the U.S. and EU, Armenian-Turkish reconciliation is a crucial task that may secure the functioning of all regional transport and communication projects. For the U.S. it is also important to let Armenia to choose more freely between the West and Russia. It is quite interesting that Russia also has considered Armenian-Turkish rapprochement positively. Russia is interested, surely, in opening of the border, since it would lessen Armenia's dependence on Georgia. Besides, Russian planes have been flying to Yerevan via Turkish air corridors for rather long time.

Russia's interest in the issue was also outlined by Russian Minister of Foreign Affairs Sergei Lavrov. He stated, particularly, that the Russian Federation would be ready to support the process by implementing projects in cooperation with Armenia and Turkey, primarily in such spheres as production of electricity, transport and communication. Mr. Lavrov noted that Russian Inter RAO EES company has been exporting electricity from Armenia to Turkey and that Russian Railway company might resume regular communication between Armenia and Turkey via the Dogukapi-Akhuryan border checkpoint.

It may be supposed that progress in Armenian-Turkish relations will lead to a new reality in the South Caucasus. Now, it is crucially important for participants of the Armenian-Turkish dialogue, first of all, authorities of two countries, to demonstrate political will for successful conclusion of the process, including ratification of the protocols.

Possible unfavourable developments in Armenian-Turkish relations

The process of Armenian-Turkish relations normalisation may face difficulties. That is understandable, because two peoples have troubled history and have been isolated from each other for 90 years, so they cannot reach full mutual understanding and reconciliation easily. Thus, it is important to separate normalisation of relations between two states, which must be based on a pragmatic approach, from reconciliation that may take some decades.

It has also been mentioned that ratification of the protocols may be postponed, first of all, because of the approach adopted by the Turkish parliament. There is some hope in Ankara that progress in the Nagorno-Karabakh conflict resolution process may be reached soon, so ratification of the protocols now depends on that. However, as both parties have been postponing ratification, they should consider several arguments.

First, losing time may aggravate the present difficult situation, so the Armenian and Turkish political forces opposed to the protocols and to normalisation of relations as such, as well as

foreign actors not interested in normalisation of Armenian-Turkish relations get more time and additional chances to reach their goals. Indeed, when the Constitutional Court of Armenia ruled on 12 January 2010 that the protocols were in accordance with the Constitution, it also noted that the protocols might not be explained or applied in such ways that the tenets of the Constitution or Article 11 of the Declaration of Independence (“the Republic of Armenia supports the process of international recognition of the Armenian genocide committed in the Ottoman Empire and Western Armenia in 1915”) could be violated. Obviously, the Court made such reservations under influence of political forces opposing normalisation of Armenian-Turkish relations. And those reservations provoked criticism of the Ministry of Foreign Affairs of Turkey, which interpreted the reservations as preconditions and declared on 19 January that the decision “makes the need to discuss the protocols questionable and impedes reaching of the main goal of the protocols”. Armenia’s Minister of Foreign Affairs replied, noting that he hoped that Turkey had not attempted to make such statements in order to conceal its attempts to set preconditions and to postpone ratification of the protocols. Such mutual dissatisfaction, certainly, does not contribute to ratification of the protocols and may even suspend the normalisation process.

Second, Turkey should take into consideration the new reality in the South Caucasus. Shifts in Turkey’s foreign policy have already resulted in changes of attitudes of Turkey’s traditional partners. For instance, Turkey’s rapprochement with Iran and Syria disappoints Israel and the U.S., so recognition of the 1915 genocide may become possible. During the official visit of Prime Minister Erdogan to the U.S. in November 2009, he was told that if the Armenian-Turkish protocols might not be ratified before April 2010, the U.S. administration would be unable to prevent recognition of the genocide by the U.S. Congress. Moreover, the diplomatic scandal between Israel and Turkey in January 2010 was not occasional. It was a reaction to Turkey’s new foreign policy. Turkey should also pay attention to Vladimir Putin’s statement made in January 2010, about the need to separate Armenian-Turkish relations normalisation process from the Nagorno-Karabakh issue.

If the Armenian-Turkish relations normalisation process is suspended, that will contradict interests of both Armenian and Turkish people. It would be better if Armenia and Turkish ratified the protocols without preconditions and continued to solve the issues of mutual interest bilaterally, without third countries acting as mediators.

Participation of the South Caucasian states in the Council of Europe and OSCE

Armenia, Azerbaijan and Georgia have been members of the OSCE since 1992. Georgia joined the Council of Europe (CoE) in 1999, and Armenia and Azerbaijan – in 2001. That was, in fact, the beginning of the European integration process.

Expert assistance provided by the OSCE is important for amending the legislation and bringing it in accordance with democratic principles and norms. OSCE has also monitored elections in Armenia. OSCE plays an important role in observation of the compliance with the Treaty on Conventional Armed Forces in Europe that stipulates troop ceilings for the South Caucasian states and for Russian North Caucasus. The treaty was signed in Paris on 19 November 1990 by 22 states, 16 of which were NATO members and six – Warsaw Pact members. As a result of dissolution of the Warsaw Pact and NATO enlargement, the treaty had to be adapted to the new security configuration, so during the OSCE summit in Istanbul, on 19 November 1999, a treaty on adaptation of the Treaty on Conventional Armed Forces in Europe was signed by 30 states. By the new treaty, the limitations on the number of heavy weapons applied to states, not to blocs. Each of South Caucasian states may not have more than 220 tanks, 100 military planes, 50 helicopters, 220 AMVs and 285 artillery systems.

Until recently, the treaty prevented uncontrollable militarisation of the Caucasus, but Russia's withdrawal from the treaty changed the situation.

Armenia's membership in the Council of Europe is also important. Armenia was the first South Caucasian state invited to the CoE in 1996, and became full member in 2001. The obligations adopted by Armenia should contribute to democratic development.

The main obligations are compliance with the European convention on human rights, amending the national legislation in accordance with the CoE standards (including constitutional amendments), reform of the court system, as well as intention to solve the Nagorno-Karabakh conflict by peaceful means. President, prime minister, speaker of the parliament and leaders of all parliamentary groups signed the obligations in 2000.

After joining the CoE, considerable work has been done towards fulfilment of the taken obligations. Armenia ratified almost all European conventions, including the European Convention on Human Rights and additional protocols 1, 4, 6 and 7 (Protocol 6 stipulates abandoning of death penalty), the European Charter of Local Self-Government, European Convention for the Prevention of Torture, European Social Charter, etc. New laws governing the activities of political parties, non-governmental organisations, status of judges, the Council of Justice, alternative military service, the media, Ombudsman, as well as transferring of the penitentiary facilities from the Ministry of Interior to the Ministry of Justice were adopted. The Criminal, Administrative and Electoral codes were amended, and in November 2005 the Constitution was amended after a national referendum.

But all described process is matched with serious drawbacks: first of all, not all obligations are fulfilled, and many are fulfilled only partially. For instance, even when the Administrative Code was amended, the possibility of administrative imprisonment for up to 15 days was not eliminated. Such punishment was used a number of times against participants of opposition rallies and marches. Not occasionally, the first Armenian case heard by the European Court of Human Rights dealt with an issue of such administrative punishment. The citizen who applied to the European court had been arrested and fined in April 2004 for participation in a peaceful assembly. The European court ruled that the actions of the Armenian authorities had been illegal.

Armenian laws still do not guarantee the rights of ethnic and religious minorities. Although the Ministry of Justice registered the Jehovah's Witness community, an independent board composed of representatives of all religious communities has not been established. The law about alternative military service is imperfect, as it provides for 42 months of alternative service instead of initially proposed 36 months (military service is 24 months). The commission that governs the television and radio frequencies cannot be independent and impartial, since by the law it is formed by the President of Armenia. The law on assembly, rallies and marches provides that mass gatherings must be licensed rather than acknowledged, and that legal norm contradicts the CoE standards.

Therefore, Armenia does not fulfil its obligations; the main problem is that even the laws adopted in compliance with the CoE demands are not implemented. That is especially visible with regard to presidential and parliamentary elections, when OSCE and CoE observers register an enormous number of violations, notwithstanding the continuous process of amending the Electoral Code that, in general, fits the democratic norms.

The example of the presidential elections of 19 February 2008 is particularly illustrious. The elections were marked by an unprecedented level of falsification, violence against the opposition and illegal actions of the law enforcement agencies and criminals. Certainly, there were also usual violations, such as widespread use of administrative and financial resources in favour of the prime minister, ballot-box stuffing, absentee voting, vote-buying, etc.

Unfortunately, in the relations with the CoE Armenian authorities spend much energy on imitation, rather than real implementation of democratic reforms.

The OSCE Minsk Group and the Kosovo precedent

The OSCE Minsk Group was formed in 1992, with a mission to negotiate a solution of the Nagorno-Karabakh issue. The importance of that framework for problem resolution may hardly be overestimated: the Minsk Group brought together all attempts towards solution of the conflict made by the international community. Within the Minsk Group framework, during the OSCE Budapest summit in 1994, Nagorno-Karabakh was recognised as a conflicting party. The Minsk Group has proposed several options for conflict resolution.

The principles made public by the Minsk Group co-chairs on 22 June 2006, concerning the options for conflict resolution, marked beginning of a new stage of the negotiation process, since these new principles provided for a referendum in Nagorno-Karabakh. In fact, the new proposals took into account the nations' right for self-determination. Later, these principles were amended and in November 2007 were labelled 'Madrid principles'.

The presidents of Armenia and Azerbaijan agreed to continue the negotiations based on the Madrid principles. The main tenet of the Madrid principles is that conflict settlement should be based on the principles of territorial integrity, nations' right for self-determination and solution of the conflict without use of force. In order to implement the Madrid principles, it was proposed to mix the 'step-by-step' and 'package' approaches to conflict resolution: it is supposed that Armenian armed forces will be withdrawn from five regions bordering Nagorno-Karabakh, while special conditions will be established for Kelbajar and Lachin regions; security guarantees will be provided and international peacekeeping forces will be deployed; refugees and internally displaced persons will return; all transport and communication routes will be made operational; provisional status and, at a later stage, permanent status of Nagorno-Karabakh will be determined by a plebiscite.

International mediators, stimulated by the positive reaction to their proposal, showed more activity and expressed optimism. As a result of their active work, it was possible to organise nine meetings between the presidents of Armenia and Azerbaijan in 2009.

At first sight, such an increase of diplomatic activity shows that the conflicting sides have really approached a stage when key decisions may be made. However, in the recent few years such situations occurred several times, but a final resolution of the conflict was impossible. It may be remembered, for example, that before the presidents' meeting in Rambouillet on 10 February 2006, there, in fact, had been an exact date set for signing an agreement on the Nagorno-Karabakh issue.

It seems that as the conflict resolution depends on many factors, either internal or external, it is difficult to foresee a fast resolution. The difficulties include absence of mutual trust in Armenian and Azerbaijani societies, lack of culture of compromise among the elites in two countries, as well as deeply rooted intolerance towards each other. Artificial stimulation aimed to fast solution of the problem is dangerous, as it may increase the danger of resumed fighting.

Besides, there is an impression that Russia and the U.S. reached a certain consensus on the issue: both are not ready and do not consider fast resolution of the Nagorno-Karabakh conflict possible. The difference of motivation is crucial here. Russia does not want to solve the issue quickly because it may lose its last leverage for influencing Azerbaijan. The U.S., in turn, does not see objective reasons for solving the conflict in short-term perspective, particularly because Armenia and Azerbaijan have totally opposite approach to principal issues (withdrawal of troops from regions bordering Nagorno-Karabakh and the time needed for organising a plebiscite in Nagorno-Karabakh). Therefore, it will be difficult to reach an agreement at this time.

However, although there is a serious disagreement between the Armenian and Azerbaijani sides, possibility of concluding an agreement on general principles of resolution in the next few months should not be excluded. Such an agreement may be based on the Madrid principles that include all principal tenets: territorial integrity, nations' right for self-determination and solution of the conflict without use of force. If an agreement is achieved, the current situation in the negotiations will be viewed as development in progress; that may be enough to reach ratification of the protocols in Turkish parliament.

After the Russo-Georgian war of 2008, Russia has been trying to play a more active role in the Nagorno-Karabakh conflict resolution process. To reconfirm its influence on the developments in the South Caucasus and to show to the international community its ability to solve conflicts without use of force, Russia initiated a meeting between presidents of Armenia and Azerbaijan in President Dmitri Medvedev's residence near Moscow. Russia's initiative was substantial, and during the meeting on 2 November 2008 presidents of Armenia, Azerbaijan and Russia signed the so-called Maindorf Declaration.

The Minsk Group was mentioned several times in the Maindorf Declaration as the main framework for conflict resolution, and in Article 5 of the declaration it was stated that the parties give importance to confidence-building measures. That point is important, as it demonstrates that the parties understand the need to prepare two societies for a compromise. Remarkably, that was the first document signed by presidents of Armenia and Azerbaijan since 1994, when the cease-fire agreement (Bishkek Protocol) had been signed.

Here some points about an issue that is influencing conflict resolution process in the post-Soviet area – the Kosovo precedent – may be made.

Apparently, after recognition of independence of Kosovo and subsequent recognition of independence of Abkhazia and South Ossetia by Russia, with reference to the Kosovo precedent, the demands of the people of Karabakh have been supplemented by examples from contemporary international practice.

In the recent years several new states emerged, for instance, Montenegro in 2006. But the Montenegrin case does not suit Nagorno-Karabakh, Abkhazia, South Ossetia and Transdnistria, because Montenegro had been a full member of the federation, equal to Serbia, and it is also very important that Serbia recognised the Montenegrin referendum as legitimate and recognised Montenegro's independence.

The Kosovo issue is different. Before the conflict, Kosovo had been just an autonomous republic within Serbia (like Nagorno-Karabakh, Abkhazia and South Ossetia within Azerbaijan and Georgia), and Serbian authorities had not recognised the referendum results. Nonetheless, the international community, particularly Western states, recognised independence of Kosovo. Therefore, Kosovo's independence gained by means of a referendum on its territory and recognised by the international community, set a serious precedent for Nagorno-Karabakh, Abkhazia, South Ossetia and Transdnistria.

Cooperation of the South Caucasian states with the NATO and EU

After the great enlargement of the NATO and EU in 2004, the South Caucasian states became neighbour states. NATO and EU intend to develop cooperation and are interested in democratisation of the neighbour states and their political stability. NATO and EU are concerned with prevention of terrorist threats, trafficking and uncontrolled migration that might destabilise the political stability in EU. NATO and EU are interested in development of cooperation with Armenia, Azerbaijan and Georgia also because only cooperation may contribute to peaceful solution of regional conflicts and integration of the South Caucasus in European structures.

During the Istanbul summit in June 2004, NATO adopted a decision that the South Caucasus and Central Asia are strategically important regions for NATO. NATO's readiness to move on from the Partnership for Peace to closer cooperation with individual action plans was announced, and decision to have special envoys in South Caucasus and Central Asia was made. In December 2005, Armenia and Georgia signed NATO Individual Partnership Action Plans (IPAP), soon followed by Azerbaijan, so relations of the South Caucasian states with the NATO moved to a higher level. Georgia announced its future intention to join the NATO and to begin cooperation on the level of intensive dialogue. During the ministerial meeting of representatives of 26 NATO members in Slovenia in September 2006, all participants agreed to begin cooperation with Georgia on the level of intensive dialogue.

The NATO-Georgia commission meeting in Brussels in December 2009 discussed a number of issues, including the situation in Abkhazia and South Ossetia. Georgia's envoy to the NATO declared that the commission discussed possibility of ending occupation of Georgian territories and of letting EU observers to enter the occupied territories. NATO Secretary General Anders Fogh Rasmussen confirmed that decisions of the Bucharest summit in April 2008 remained in force, so Georgia and Ukraine would become NATO members but they should fulfil the appropriate conditions (democratic governance, functioning market economy, civic control over armed forces, absence of foreign military bases, absence of territorial disputes within the country and with neighbouring countries, compliance of structure and technical condition of armed forces with NATO standards).

Armenia's obligations taken within the NATO IPAP deserve attention. It is important that the IPAP covers not only such issues as security, struggle against terrorism, secure borders and preparedness to deal with consequences of natural disasters, but also sets detailed conditions for democratisation, securing the rule of law, civic control over the army, the need to introduce the post of military Ombudsman and other issues.

Armenia also became an associate member of the NATO North Atlantic Assembly and has been cooperating with that structure.

During the recent years, large-scale cooperation with NATO took place also within the Partnership for Peace programme. Particularly, in 2002-2004 Cooperative Best Effort military exercises were organised in all South Caucasian states.

The EU has also been actively cooperating with the CIS members. All South Caucasian states, as well as Ukraine and Moldova are included in the group of 17 states that signed programmes for deeper cooperation with the EU. In October 2006, amended cooperation agreements between the EU and South Caucasian states were signed, and on 14 November 2006 all three South Caucasian states ratified the European Neighbourhood Policy (ENP) agreements with the EU.

The ENP Action Plans for Armenia, Azerbaijan and Georgia are different, each of partner states need to implement different measures. In principle, each state has its own priorities and goals in the European integration process. It is important that the ENP Action Plan for Armenia supposes not only EU aid in such spheres as economy, trade, ecology, scientific and cultural cooperation, but also strengthening of democratic institutions, legal reform, anti-corruption measures and cooperation towards peaceful solution of the Nagorno-Karabakh conflict. Political issues were mentioned as first two of eight priorities of EU-Armenia ENP Action Plan.

In May 2008, Poland and Sweden proposed the idea of Eastern Partnership. What is it, and how it differs from the ENP?

The ENP provided for cooperation with a large number of EU neighbours, including the Middle Eastern and North African states (Morocco, Libya, Egypt, Algeria, also Israel and Palestine). Because of different nature of ENP target states, it was impossible to develop a universal mechanism of cooperation, as different states needed to solve different problems.

For the North African states, EU assistance for overcoming poverty was the main issue, while for Armenia, Azerbaijan, Georgia, Moldova and Ukraine cooperation in such spheres as human rights, freedom of expression and rule of law was more important.

In addition, France proposed the initiative for Euro-Mediterranean partnership, so closer cooperation between the EU and Middle Eastern and North African states would be possible. Such cooperation is important for especially for France, Italy and Spain, because they face large-scale illegal immigration from Middle Eastern and North African states, but also because of possibility of cooperation in the energy sphere (Algerian and Moroccan gas export and planned construction of pipelines via territory of North African states to Europe). The latter has become vital in the last 3-4 years, when supply of oil and gas from Russia via Belarus and Ukraine has been facing difficulties.

The idea of Eastern Partnership was proposed with all mentioned factors taken into consideration, so the EU plans to cooperate with those ENP states that may potentially become EU members and may improve their democratic governance by means of close cooperation with the EU. Initially, Eastern Partnership suggested cooperation between the EU and five neighbours – Armenia, Azerbaijan, Georgia, Moldova and Ukraine. But as EU-Belarus dialogue was resumed two years ago, Belarus was also included in the Eastern Partnership programme. The programme was finally adopted at EU summit in Brussels in March 2009.

Another important detail is that unlike the ENP Action Plans that supposed cooperation between the European Commission and governments of neighbour states, Eastern Partnership suggests also direct cooperation with civil society organisations in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Eastern Partnership Civil Society Forum was created, where 21 NGOs and analytical centres from Armenia participate.

Among the main proposals within the Eastern Partnership there is an opportunity for participant states to access EU markets. That is important, because participant states will have to bring their production standards in accordance with the EU standards. Access to European investments market is also important, as well as liberalisation of visa regime for some categories of citizens: youth, representatives of NGOs, businessmen and tourists (for Moldova and Ukraine, possibility of full waiver of visa requirements is also considered). Another feature of the programme is opening of the European job market for citizens of participant states, so there may be legal opportunities to get jobs in EU member states.

As European commissioner External Relations and European Neighbourhood Policy Benita Ferrero-Waldner stated, all six states participating in the Eastern Partnership programme are ready to sign association agreement with the EU. EU had an intention to sign such an agreement with Ukraine in early 2010, and possibility of signing agreements with the South Caucasian states is being discussed.

The EU is gradually playing more active role in resolution of conflicts in the post-Soviet area. For instance, the framework of Transdniestrian conflict resolution that previously included five parties (OSCE, Ukraine, Moldova, Russia and Transdnistria) included two more parties: the U.S. and EU got observer status. Besides, all three ENP Action Plans for the South Caucasian states set conflict resolution issues as one of priorities and assured EU's readiness to provide the required assistance.

After the Russo-Georgian war in 2008, when the frameworks for resolution of Abkhazian and South Ossetian conflicts were destroyed, EU observer mission was the only one about which the conflicting sides were able to reach an agreement. The EU observer mission in Georgia was officially launched on 1 October 2008. Its goals are controlling the fulfilment of the Medvedev-Sarkozy plan, assistance in keeping order and return of refugees. The mission consists of near 200 unarmed observers (policemen, military and other experts), from 22 EU member states. The work of the EU observers became especially important when monitoring

missions of the UN and OSCE were withdrawn because of Russia's attitude. On 27 July 2009, the ministers of foreign affairs of EU member states adopted a decision about prolongation of the mission mandate for another year, until 14 September 2010. It was underlined that the mandate covers the entire territory of Georgia and conflicting sides were required to secure the mission's access to Abkhazia and South Ossetia.

Despite Russia's negative attitude, NATO's and EU's enlargement towards the East that has been going on for near 20 years will probably continue. States in the Western part of CIS, especially Moldova and Ukraine, as well as South Caucasian states will keep the tendencies for cooperation and future integration with the NATO and EU.

Armenia's dependence in the energy sphere

Russia owns almost 80% of Armenian capacities for electricity production. The Sevan-Hrazdan bloc of hydroelectric power plants was transferred to Russia as part of repayment of the state debt, Hrazdan thermal power plant (the largest in the South Caucasus, with capacity of 1100 MW) was sold to Russian RAO EES. In April 2006, Armenian government sold to Russian gas monopoly Gazprom also the fifth, unfinished unit of Hrazdan thermal power plant (with capacity of 300 MW).

Armenian authorities have made some steps in search of alternative sources of energy and transit opportunities. In March 2007, construction of the Iran-Armenia gas pipeline was finished; the 115 kilometre pipeline with diameter of 700 millimetres was launched during a ceremony in which presidents of Armenia and Iran participated, on 19 March 2007. Money provided by a loan from Japan is used for construction of a new unit of Yerevan thermal power plant. Meghri hydroelectric plant construction was launched on the River Arax in cooperation with Iran; it is planned to build one plant in Armenia and another in Iran, with capacity of 140 MW each. The programme of development of small hydroelectric plants is actively developed.

It should be noted that according to the contract, Armenia should pay for gas received from Iran by supplying electricity to Iran. For that purpose, the third high-voltage electricity-transferring communication line is being constructed, with projected capacity of 400 MW. The new line will provide an opportunity to supply electricity to or from Iran from the CIS states via Armenia.

The 'gas for electricity' programme may be launched soon, when the fifth unit of Hrazdan power plant will be launched. Presently, Chinese specialists construct that unit by a contract with ArmRusgazprom company, a Gazprom subsidiary. If relations with Turkey are normalised, there will be an opportunity to access electricity markets of Turkey and Nakhijevan autonomous republic, which also suits Azerbaijan's interests. Potentially, electricity produced in Armenia may be sold to Georgia, Iran, Russia and Turkey.

Presently, Russia is the main supplier of fuel to Armenia. Russia supplies natural gas and nuclear fuel for the Armenian Nuclear Power Plant (ANPP). Oil products are imported to Armenia from Russia, Iran, Bulgaria, Romania, as well as from Middle Eastern countries. Russian Gazprom supplies gas to the border, then gas is sold to ArmRusgazprom. Yearly consumption of natural gas in Armenia reaches an amount of 1.7 billion cubic metres. ArmRusgazprom company was established in December 1997; since late 2006, 58% of its shares belong to Gazprom.

Nuclear energy is the backbone of Armenian electricity production. The first unit of the ANPP was launched in 1976, and the second – in 1980. Soon after the devastating earthquake of December 1988, in April 1989, the ANPP was shut down because of security concerns. The second unit with a VVER-440 reactor with capacity of 400 MW was re-launched in November 1995 and has been producing about 30-40% of electricity generated in Armenia;

the first unit remained under conservation regime. By estimates of international experts, the ANPP may function securely until 2016, when it will exhaust its technical resource. ANPP was transferred to financial management of RAO EES in September 2003.

Armenian government took an obligation to close the ANPP when the ENP Action Plan was signed in November 2006. That is number six task on the list of priority issues, and Armenia was obliged to present an action plan and terms for closing the ANPP. It is clear that Armenia need to build another nuclear power plant, because alternative means of electricity production may not compensate the amount of electricity produced by the ANPP and provide energy security for Armenia.

Recently, Armenian authorities declared their intention to launch construction of the third unit of ANPP; in October 2009 the parliament adopted a corresponding law. A joint Armenian-Russian company was established (Russian side is represented by the RosAtom), which should make the estimates for required supplies; already in 2010 contracts for supplying the needed technical means may be signed. The third nuclear unit is a business project, so several international companies are interested in possibilities of investing in construction and exploitation of the plant. An open joint-stock company will be established, with 20% of shares belonging to the state, and 80% should be sold to private investors. The construction may cost between 4 or 5 billion dollars. Since the countries neighbouring Armenia face shortages of electricity, it is important that Armenia is the only country in the region that may not just cover its own need in electricity but produce it for export as well.

As we see, Armenia has been attempting to modernise its electricity production capacities and to find alternative sources of energy supply. However, it is worrying that many actions of the government are not transparent. For instance, how Gazprom became the owner of 58% of ArmRusgazprom shares, if initially, when ArmRusgazprom was established, Gazprom and Armenia's Ministry of Energy owned 45% each? Why the fifth unit of Hrazdan power plant was sold to Gazprom despite the fact that the EU had provided financial support for its construction, and Iran did so as well? And the latest example: why the government did not conduct a tender for construction of a new nuclear power plant and choose a Russian company without reviewing any alternatives?

And if we take into account that Russian companies own the Sevan-Hrazdan bloc of hydroelectric power plants, the Hrazdan thermal power plant and control the ANPP, it is clear that Armenia's electricity production capacities are extremely dependent on one foreign state.

Alternative sources of energy and transit routes from the East to the West

Recently, the U.S. and EU have been paying special attention to alternative sources of energy and transit routes. Large-scale projects for delivery of oil and natural gas from the Caspian Sea basin, Iran, Middle East and North Africa to Europe are in development. Georgia, Moldova and Ukraine, and more recently Belarus as well, have also been working actively to secure necessary energy supplies. Azerbaijan has been operating Baku-Tbilisi-Supsa and Baku-Tbilisi-Ceyhan oil pipelines and Baku-Tbilisi-Erzurum gas pipeline, thus it choose to export hydrocarbons independently from Russia.

Part of oil produced in Kazakhstan is transferred by tanker ships to Azerbaijan and then sent to the consumers by Baku-Tbilisi-Ceyhan pipeline. It is expected that when new oil-rich well, Kashagan, is put in operation, amount of oil from Kazakhstan transferred via Azerbaijan may reach 20 million tonnes a year. Azerbaijan is also interested in construction of a trans-Caspian pipeline, Aktau-Baku, which may help to load Baku-Tbilisi-Ceyhan pipeline for many years ahead. Western countries and oil companies participating in projects in Kazakhstan also show interest in realisation of trans-Caspian projects.

During the summit in Krakow on 11 May 2007, in which presidents of Azerbaijan, Georgia, Lithuania, Poland and Ukraine participated, President of Azerbaijan Ilham Aliyev declared that Azerbaijan would be ready to join the Odessa-Brody pipeline project, so oil from the Caspian Sea basin might be exported to Western Europe via Ukraine and Poland. The summit resulted in a decision to re-launch the Odessa-Brody-Gdansk pipeline project and to establish a joint company that would operate the pipeline. Summit participants considered that the pipeline would present an alternative to the Russian route Tengiz-Novorossiysk-Black Sea-Burgas-Alexandrupolis.

Plans for construction of other pipelines also exist. The Nabucco project may transport gas from Azerbaijan, Kazakhstan, Turkmenistan and possibly from Iran. Nabucco should be constructed in Azerbaijan, Georgia and Turkey and then reach Europe, up to Austria; if Nabucco passes via Bulgaria and Romania, it will be capable to supply gas also to Moldova and Ukraine. Nabucco's importance will be even larger if a trans-Caspian pipeline from Turkmenistan to Azerbaijan is constructed.

It may be noted that if Iran agrees to export gas to Europe, Armenia may also get some perspective for inclusion in energy projects as a transit country.

The U.S. and EU have been actively lobbying in favour of Nabucco in order to weaken Gazprom's monopoly and diversify gas supplies for Europe. They have been negotiating with Turkmenistan to make realisation of the project possible. That project has a good perspective because Turkmenistan, having fifth largest reserve of gas in the world, will not be satisfied with Russian transit route only; the experience has shown that absence of alternatives already caused serious financial losses to Turkmenistan. In 2009, Russia stopped buying gas from Turkmenistan using the global economic crisis as a pretext.

Russo-Georgian war in August 2008 and Russian pipeline projects such as South Stream resulted in changes in American and European energy policies, particularly because the feasibility of construction of a trans-Caspian pipeline could be questioned. So, actors interested in the Nabucco project started considering possibilities to include Iran (i.e. to transfer gas from Turkmenistan to the South Caucasus by circumventing the Caspian Sea from the South) and/or Armenia (either by constructing a pipeline between Armenia and Turkey or by connecting the Iran-Armenia pipeline with Baku-Tbilisi-Erzurum).

It is logical that the U.S. and EU, having contributed greatly to normalisation of Armenian-Turkish relations, want to make Armenia a transit country by including it in Nabucco. So, as Baku-Tbilisi-Erzurum pipeline may not be fully loaded only with gas produced in Azerbaijan, gas produced in the Central Asia may be delivered via Armenia and Iran.

Realisation of Nabucco with Armenia's participation may result in a European-Russian energy consensus. This suggestion is supplemented by Turkey's agreement to let the South Stream, Nabucco's competitor, to pass via its waters. Probably, if it is decided not to build a pipeline crossing the Black Sea, the most critical political dispute between the interested parties may be reduced.

The EU and Russia have serious disagreements on the Energy Charter Treaty and the project to modernise Ukrainian gas transit network. There are other problems as well, so the energy sphere remains the most politicised in EU-Russia relations. Normalisation of Armenian-Turkish relations and including Armenia in energy transport projects may contribute to cooperation between EU and Russia.

The increasing role of the South Caucasus in international affairs

Aforementioned global changes will invariably change the meaning of the South Caucasus for the international community. Other factors that assign more important roles to the South Caucasian states are:

First, geography: South Caucasian states are close to Iran, Iraq and the Middle East, and provide the most convenient route to the Central Asia.

Second, large international projects in the energy sphere are being realised – Baku-Tbilisi-Supsa and Baku-Tbilisi-Ceyhan oil pipelines, Baku-Tbilisi-Erzurum, Iran-Armenia gas pipelines, the South Stream, Nabucco, etc. So, it may be stated that the energy infrastructure of the region has taken place. The mentioned projects are realised by large international corporations, so it is understandable that European states, U.S. and Russia are increasingly more interested in the regional projects.

Third, the South Caucasus is now viewed as one of the main routes for diversification of oil and gas supplies from the Caspian Sea basin to Europe. Thus, the Nabucco project, which presents serious interest for the U.S. and EU, is planned to pass via the South Caucasus.

Fourth, large transport and communication projects are being realised in the region. Baku-Tbilisi-Akhalkalaki-Kars railway is under construction, and Kazakhstan has joined the project. It has been planned to transfer 2-3 million tonnes of cargo a year in the beginning, with a long-term perspective of 10-15 million tonnes a year. In 2010, technical and economic conditions for construction of the North-South automobile road should be ready, so construction works in Armenia may begin. Also a tender for development of technical and economic conditions for construction of Iran-Armenia railway will be organised in 2010.

Fifth, Armenia's, Azerbaijan's and Georgia's involvement in anti-terrorist operations matters. All three states took part in peacekeeping operations in Kosovo and Iraq; Azerbaijan and Georgia also took part in peacekeeping operation in Afghanistan. On 8 December 2009, Armenian parliament also ratified the agreement with the NATO about sending peacekeepers to Afghanistan. On 9 January 2010, the first group of Armenian peacekeepers, consisting of 36 infantry troops, 3 communication officers and a doctor, was sent to Afghanistan. Armenian troops are serving under German command and are deployed in Kunduz, contributing to security-keeping at the airport.

Sixth, the U.S. have been involved in bilateral cooperation with the South Caucasian states since 2002, in order to assist in capacity-building of the national armies and to prepare specialists for struggle against terrorism. A centre for disarming of mines was established in Armenia, and an anti-terrorist centre – in Georgia, while in Azerbaijan the U.S. help to improve the military communication systems.

Seventh, on 9 January 2009, the U.S. and Georgia signed the Charter for Strategic Partnership.

Eighth, the South Caucasian states have been actively cooperating with the EU and NATO. As already mentioned, Armenia, Azerbaijan and Georgia signed NATO IPAPs, and have been participating in ENP and EU Eastern Partnership.

Ninth, Iran's nuclear programme factor. Enrichment of uranium in Iran's laboratories and lack of openness and transparency for the IAEA inspections worsened Iran's relations with the West. The crisis in Iran presents serious security concern for the South Caucasian states and may result in critical tension in the region, but at the same time, it increases the importance of the attitudes shown by the South Caucasian states for the U.S. and EU.

Tenth, the energy projects realised by the South Caucasian states in cooperation with Iran. After launching the Iran-Armenia gas pipeline, Iran plans to launch other projects as well. Hydroelectric plant construction was launched on the River Arax in cooperation with Armenia; it is planned to build one plant in Armenia and another in Iran, with capacity of 140 MW each. Two more plants, each with capacity of 45 MW, are being constructed on the River Arax in cooperation between Iran and Azerbaijan. Recently, plans for construction of the second unit of Iran-Armenia pipeline were made public.

Eleventh, offer made by the President of Russia about possible shared use of the electronic intelligence system located in Gabala increased the international meaning of the South

Caucasus. The U.S. may be interested in that because the Gabala station is located in immediate vicinity of Iran, Iraq and the Middle East.

Twelfth, Russia's withdrawal from the Treaty on Conventional Armed Forces in Europe. There is now a risk of uncontrolled militarisation of the South Caucasus and Russia's North Caucasus, as the limits stipulated by the Treaty may be exceeded.

Thirteenth, the factor of Kosovo precedent. This issue drives up the expectations of many self-declared states and irritates the political elites of states involved in conflicts. The influence of the Kosovo precedent is so serious that declaration of the summit of the OSCE Parliamentary Assembly in Kyiv on 9 July 2007 contained a warning that solution of certain conflict should not be used as a model for solution of other conflicts. So, impossibility of solving the conflicts in the South Caucasus on basis of the Kosovo precedent was implied, and it became obvious that Russia disagrees with that, as Russia recognised independence of Abkhazia and South Ossetia with reference to the Kosovo precedent.

All mentioned factors demonstrate the dynamics of developments in the South Caucasus and how interests of large states and influential international organisations interact. For a rather long time, the South Caucasus was increasingly becoming more important in international affairs because of actions of Azerbaijan and Georgia. However, the process of Armenian-Turkish reconciliation included Armenia in the regional processes as well.

Armenia's main priorities in foreign policy

Is Armenia ready to face new challenges and threats now? What priorities should Armenia adopt to make regional cooperation in the South Caucasus possible?

Some of the most critical issues require well-calculated, sometimes non-standard actions. It may be suggested that Armenia should make the following steps in the near future:

- Declare about its readiness to negotiate with Azerbaijan and Georgia about future joint security system for the South Caucasus;
- Abandon its policy of full affiliation with the CSTO only, which creates dividing lines in the region;
- Continue steps towards integration with European and Euro-Atlantic structures and fulfil all obligations taken under the NATO IPAP, ENP Action Plan and the EU Eastern Partnership;
- Cooperate with the Council of Europe and OSCE and to implement real reforms instead of present practice of imitating reforms;
- Extend the bilateral military cooperation with the U.S.;
- Prevent militarisation of the region and limitless growth of number of heavy armaments. For this purpose, international mechanisms such as the Treaty on Conventional Armed Forces in Europe must be used, as well as negotiations with Azerbaijan and Georgia must be initiated;
- Declare about readiness to organise an international tender for construction of the third unit of the ANPP, as well as declare about possible joint realisation of that project with Georgia;
- Work towards making the Iran-Armenia pipeline capable for transit purposes by connecting it to Georgia and Turkey;
- Declare about Armenia's interest in participation in the Nabucco project, so the pipeline might pass via Armenia;
- Abandon the practice of transferring the largest energy capacities to one state;
- Finalise ratification of the Armenian-Turkish protocols in the parliament without connecting it to Turkey's attitude;
- If Turkey ratifies the protocols, Armenia may agree to assign Turkey a more important role within the OSCE Minsk Group;

- Armenia should declare about being interested in Turkey's accession to the EU;
- Development of bilateral contacts between representatives of Armenian and Turkish civil societies must continue. Cooperation between civic activists, academics and youth may help to overcome the 'images of enemy' that still exist;
- Declare about readiness to sign a general agreement with Azerbaijan that may be based on the Madrid principles;
- Study the Ahtisaari plan and initiate a discussion about it in Armenia, Azerbaijan and Nagorno-Karabakh. The plan offered in 2007 provided for Kosovo's right of self-governance and right to join international organisations (the so-called 'controlled independence'). Some elements of the Ahtisaari plan may be useful for solution of the Nagorno-Karabakh conflict.
- Measures for improvement of mutual trust in Armenian and Azerbaijani societies must be implemented.

These are some of the steps that Armenia should make in the immediate future. Certainly, such initiatives will require reciprocal actions of the neighbouring states. Turkey may abandon setting preconditions for normalisation of Armenian-Turkish relations and ratify the protocols about establishment of diplomatic relations and cooperation development. Azerbaijan needs to be ready for mutual concessions and compromise on the Nagorno-Karabakh issue and abandon the militaristic rhetoric of the state leaders.

Turkey, Azerbaijan and Georgia could also help to include Armenia in regional projects. Armenian political elite should decide what security framework is suitable for Armenia. Armenia's actions depend on a number of factors, including relations with the West and Russia. But Armenia will eventually have to make a choice of a set of values and of political and economic systems that influence the state policy.