Fear or Love Thy Neighbour? EU Framework of Fostering Regional Cooperation in the South Caucasus

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Abstract

No matter how fuzzy and inconsistent the European Union’s (EU) foreign policy may be, it achieved considerable success with its enlargement endeavors of 2004 and 2007. The attractiveness of the EU’s incentives and the leverage of its political conditionality enabled the EU to more or less successfully promote its norm of regional cooperation to then candidate countries. Encouraged by this achievement, the EU developed its European Neighbourhood Policy (ENP). One of the goals of the ENP is to foster regional cooperation among the countries included in the policy and their neighbours.

The purpose of this paper is to understand the framework of the EU in fostering regional cooperation and discuss their potential impact on the example of the South Caucasus republics of Armenia, Azerbaijan, and Georgia. This paper looks at the domestic situation which might be favorable to regional cooperation and at the conditions and incentives of the EU in fostering cooperation. The South Caucasus is not only an arena of regional lack of cooperation but also often displays disputes with its neighbours (Armenia-Turkey, Georgia-Russia). This paper analyzes the potential progress or lack of it in cooperative relations between the South Caucasus countries and endeavors to explain the outcome of EU’s promotion of regional cooperation.

The findings indicate that ENP framework has greater potential to achieve successful promotion of regional cooperation in economic rather than in military-security issues. This claim is grounded on close analysis of the ENP official documents and political situation in the South Caucasus countries within the period of their inclusion in the ENP, further implementation, and the latest progress reports of 2009.
Introduction

The European Union (EU) positions itself as a unique polity with a supranational structure of governance combined with intergovernmental elements. Its foreign policy development is definitely unique, as it mainly requires unanimous foreign policy decision-making from all member states. Despite the critique of fuzziness and inconsistency, the EU foreign policy reached considerable success with its enlargement policies of 2004 and 2007 transferring its norms to the then candidate states (Kelley 2004, 2006; Schimmelfennig and Scholtz 2008, Smith 2008). The EU foreign policy incorporates several and sometimes clashing foreign policy objectives and it aims to play a unique role in each of them. While the unique actoriness of the EU is disputable in the cases of the promotion of human rights, the promotion of democracy and good governance, the prevention of violent conflicts, and the fight against international crime, its uniqueness is beyond doubt in the case of the promotion of regional cooperation (Smith 2008). The objective of regional cooperation has also found its place in the relatively new foreign policy tool of the EU, the European Neighbourhood Policy (ENP). Though the ENP does not entail a membership perspective unlike the Enlargement policy, it still aims to promote the EU norms to its near abroad. Partner countries vary widely in geographic location and degree of cooperation and include countries as diverse as Israel, Ukraine, and Morocco. Nevertheless, the EU has been optimistic about the ENP’s impact on the target countries (Ferrero-Waldner 2006). Thus, the purpose of this paper is to analyze the role of promotion of regional cooperation within the ENP and discuss the potential influence of its framework and mechanisms on current cooperation status of the ENP countries in the case of the South Caucasus.

This paper examines two specific aspects of the ENP promotion of regional cooperation: what the framework of the promotion of regional cooperation is and how it correlates with the analytical frameworks of cooperation. This paper first discusses cooperation in the light of international relations theories and explores the possibilities of cooperation under anarchy further modified for EU-applicability. This paper analyzes the role of regional cooperation in the ENP and the strategies of promoting regional cooperation and discusses their conduciveness to successful implementation of the policy. As the ENP is under progress now, with progress reports being published every second year, this study is both an ex-ante and ex-post examination of regional cooperation policies.

The South Caucasus region, which includes three post-Soviet countries of Armenia, Azerbaijan, and Georgia, has been included in the EU external relations for more than ten
years and holds important connection vis-à-vis relations with Russia. It is a good case for studying promotion of regional cooperation as it not only lacks cooperation in certain issues between its countries, but the latter are also often involved in inter-state disputes. Thus, examination of the policy strategies and domestic conditions can shed light on potentially effective strategies in problem regions. Along with secondary academic and news sources covering the region, this paper analyzes Strategy Papers, Country Reports, Commission Proposals, Action Plans, and Progress Reports and other documents of the EU.

The empirical result of the study shows that to be successful the EU needs to set clearer objectives and follow a consistent plan of implementation combined with credible incentives and conditionality. The theoretical result shows that the analytical framework of game-theoretical cooperation is a useful tool for understanding the potential impact of the policy given specific international and domestic conditions. The paper is organized as follows. The next section briefly introduces the concept of cooperation and its analysis in light of international relations theories. The following section discusses the EU as a promoter of regional cooperation as part of its foreign policy outlining its general objective and strategies used in different regions. The subsequent section analyzes the role of the regional cooperation within the ENP making references to the analytical framework. The final section elaborates in detail on the ENP strategies of promoting regional cooperation in the South Caucasus countries of Armenia, Azerbaijan, and Georgia, paying closer attention to the Nagorno-Karabakh problem as the most problematic area of cooperation. The paper concludes considering the effectiveness of the ENP given research results and suggests possible policy implications and areas for future research.

**Framing Promotion of Regional Cooperation**

Possibilities of cooperation have always been in the center of the neorealist-neoliberalist debate. If simplified the neorealist (whether defensive or offensive) argument claimed that cooperation is largely impossible and if possible then only in the low politics arena (economics) however not in the high politics one (security) (Waltz 1979, Mearsheimer 2001). Neoliberalist perspective claims that cooperation is possible regardless of the issue (Keohane 1984, 1989) and, in contrast to neorealists, that conflict is simply unnecessary and avoidable. However, according to neoliberalists conflict can be overcome and lead to cooperation if preferences over strategies are changed, and institutions are an effective tool
for this. On the other hand the neorealists argue that institutions can be effective only if both parties believe that cooperation would result in mutual benefit. Following these arguments liberalist thought has always been more supportive of cooperation mostly due to economic interdependence (Keohane and Nye 1977, Keohane 1984) and believes that international institutions are the main instruments to help overcome selfish behavior of the states on the way to sustainable cooperation (Walt 1998). This section explores further the notion of cooperation in the literature and analyses it within liberalist understanding.

Despite the disagreement on the possibilities of cooperation, both camps of scholars agree on the absence of a sovereign authority able to impose binding agreements on the other states. On the other hand, the EU by its promotion of regional cooperation to a certain extent attempts to take the role of the common government by creating institutions to facilitate cooperation among third parties, in some cases concluding binding agreements, and introducing sanctions, rewards, and conditionality. Though sometimes terms cooperation and integration are used interchangeably when discussing EU presence in the South Caucasus, the two should not be confused. Integration entails shifting of loyalties of domestic political actors to a supranational center, which “possess[es] or demand[s] jurisdiction over the preexisting national states” (Haas 1958: 16). Cooperation happens in the environment of conflicting interests, where actors are required to adjust their behavior to the preferences of others (Axelrod and Keohane 1985). Cooperation requires “the presence of common problems and tasks” and is derived out of “concrete needs” (Welsh and Willerton 1997: 37) and assumes “self-governing, self-provisioning communities interacting with each other through consensus” (Edwards 2004: 11).

The conditions of effective promotion of regional cooperation are yet to be researched by scholars, however considerable amount of research has been done on achieving cooperation under anarchy. Thus this paper analyzes EU promotion of regional cooperation within that framework. When considering cooperation in world politics, issues are traditionally divided into political-economic and security-military ones, where the former is more institutionalized than the latter (Lipson 1984). To understand the failure or success of the cooperation efforts three dimensions borrowed from a game-theoretical approach should be taken into consideration—mutuality of interest, the shadow of the future, and the number of players (Axelrod and Keohane 1985). Mutuality of interest refers to the payoff structures that might encourage the actors to cooperate or defect and is based on how the actors perceive their own interests. At the same time, the economic issues demonstrate less conflicting payoff structures than the security ones (Lipson 1985, Oye 1985). The shadow of the future seen as
“long time horizons, regularity of stakes, reliability of information about others’ actions, quick feedback about changes in the others’ actions” (Axelrod and Keohane 1985: 232), and for cooperation to happen future payoffs should be valued over the current ones. This dimension still visibly differentiates between the economic and security issues because there are more chances of retaliation in the case of defection from economic cooperation than the security one.

Another factor facilitating cooperation is the number of actors and the structure of their relationship where reciprocity plays a major role (Axelrod 1984) and is conditioned by the ability of actors to identify the defectors, ability to focus retaliation on defectors and presence of incentives to punish the defectors (Axelrod and Keohane 1985). Thus, cooperation would be achieved best “not by providing benefits unilaterally to others but by conditional cooperation” (Axelrod and Keohane 1985: 249). Besides the mentioned three dimensions, cooperation also depends on the context of interaction, which largely means shared norms and values and identification with other international actors. Though this framework was developed to analyze possibilities of cooperation between states provided there is no central guidance, it can also be applied to the case of promotion of regional cooperation by the EU. In the case of regional cooperation the EU of course does not represent a supranational authority however it provides certain agenda for facilitating cooperation and to some extent acts as a guiding authority.

When considering these dimensions on EU-partner divide, the mutuality of interests and number of actors combined with the structure of their interaction are applicable to both, while the shadow of the future dimension fits best to the EU only because it provides the framework of possible cooperation. Mutuality of interest refers to the EU to the extent it helps us to understand whether the EU is interested in promoting regional cooperation in certain issues. The EU may be in line with regional interests rhetorically and fully endorse cooperation in certain issues also in action (high), but it may also show strong rhetoric commitment combined with vague and inconsistent actions (medium). In the case of partnering countries, the mutuality of interest refers to their understanding of the issue and sharing a mutual interest not only in the form of cooperation but also in the same outcome of the cooperation. Thus, states in the region may show commitment to cooperation and be interested in similar framework and outcome (high); or show commitment, be interested in similar framework but prefer different outcomes (medium); or show commitment but be interested in different frameworks and prefer different outcomes (low). Showing no commitment to cooperation in certain issues would not be an option in this case, as EU’s
promotion of regional cooperation is always based on consensus. Combination of high mutuality of interests from all actors would facilitate the cooperation process, while the medium and low factors would decrease the potential of cooperation especially in security matters.

The shadow of the future dimension with its constituting elements in this case refers to the framework of cooperation to be provided by the EU to facilitate cooperation. Thus, providing long-term cooperation opportunities accompanied with regular rewards, reliable information about all the actors and quick reaction to possible changes would increase the likeliness of promoted regional cooperation. The possibilities of presence in the cooperation framework for these elements can range from high to low. Both partner actors and the EU should have clear understanding of the consequences of non-cooperation, which should be the same for all the actors involved. Should the EU have consistent approaches to identifying and punishing or rewarding the states for their respective actions then the promotion policy would have higher chances of success. However, the willingness of the EU to exercise punishment may depend on its overall geopolitical and economic considerations. Based on this framework, the following sections will discuss the promotion of regional cooperation by the EU paying close attention to the issues it promotes and conditions it provides to facilitate cooperation given the domestic reality of the participating states. As security issues are generally considered to be cooperation-laggards, closer attention is paid to those ones.

The EU as a Promoter of Regional Cooperation

The EU pursues various foreign policy objectives, however the one that makes it stand out among other international actors is the objective of regional cooperation. While the member states have not needed much encouragement to pursue other foreign policy objectives like promotion of democracy and human rights, fighting against organized crime and violence, regional cooperation has always been a unique domain of the EU (Smith 2008). The uniqueness of the EU promotion of regional cooperation is the extent to which it prefers to group neighbouring countries that share transnational problems into regions. After the regional groups are defined, the EU actively supports cooperation within the group and among different regional groups (Smith 2008). The EU classifies countries under regional strategies and supports regional groupings (Smith 2008) understanding regional cooperation as “all efforts on the part of neighbouring countries to address issues of common interest” (European Commission 1995: 3). As in the academic works, the EU also differentiates
between regional integration and regional cooperation. While regional integration aims to remove the barriers to movement of goods, services and production, regional cooperation aims to reduce those barriers and better manage the common resources (European Commission 1995). Thus, due to its understanding of regional cooperation rather than imposing its own model, the EU tends to support the cooperation efforts (Smith 2008).

As with all foreign policy objectives, the promotion of regional cooperation is explained by rival motives: materialist and idealist (Smith 2008). From the materialist perspective, regional cooperation increases the EU’s power vis-à-vis other international actors and the target countries as often regional cooperation entails increased trade and diffusion of EU rules (Soderbaum et al 2005). Though EU promotion of regional cooperation may increase the leverage of neighbouring counties in the grouping, it is up to the EU to bestow or withdraw the benefits (Regelsberger 1991). Thus, the economic interests of the EU are never sacrificed for the sake of regional cooperation. Regional cooperation and treating neighbours grouped within regions also saves time and finances for the EU as it can create regional strategies and organize regional meetings that also include bilateral negotiations (Reiterer 2006). Also from a neorealist point of view, promotion of regional cooperation is in the EU’s interests as it is supposed to eliminate possible dividing lines between neighbouring countries thus decreasing chances of conflicts in the proximity to the EU.

From the idealist perspective, the EU has promoted regional cooperation because based on its own experience it realizes that regional cooperation provides peace, stability and economic development (Smith 2008) and is supposed to “make an important contribution to a more orderly world” (European Council 2003: 9). Though these altruistic considerations sometimes might cause doubt (Farrell 2005) according to the EU it promotes regional cooperation to foster economic development in neighbouring countries and assist them in increasing their competitiveness (Development Council 1995). Following the usual perception of the EU as “one of the most important, if not the most important, normative powers in the world” (Barroso in Petersen 2007), the EU would promote regional cooperation to demonstrate the effectiveness of its own policies and structural organization at the same time assisting the target countries to develop their own policies for their own sake. Though the motives of the EU to promote regional cooperation can be various, it is more important to understand what the potential of promoting regional cooperation is in general and in a conflicting region in particular.

EU’s traditional instruments of regional cooperation promotion are assistance to conflict prevention and crisis-management by increasing the capacity of regional groupings,
cooperation agreements, economic assistance for cross-border projects, political and economic dialogue and conditionality, however to a limited extent. Interestingly, the EU is the only donor which provides financial aid for regional cooperation programs and through political dialogues it aims to provide a framework for discussion of issues of regional interest. Unlike in the case of enlargement, the EU does not often use its favorite tool of conditionality, when promoting regional cooperation and in case the regional groupings are weak, it opts for bilateral agreements still aiming to promote cooperation between the neighbouring countries. Bilateralism over regionalism is especially visible in the case of the ENP which gives considerable preference to bilateralism (Smith 2008). This can be explained by the fact that most of the regions in the ENP do not demonstrate economic or security stability, thus making the task of regional cooperation even more difficult. This is specifically true in regard to the South Caucasus region, which exhibits problems both in terms of economic stability and security.

Regional Cooperation in the Context European Neighbourhood Policy

The ENP, being a response to enlargement (European Commission 2004) and first outlined in the Commission Communication on Wider Europe, calls for bridging the dividing lines between the EU member states and its neighbours by promotion of democracy, stability, and security. In its Strategy Paper on the European Neighbourhood Policy published in May 2004, the EU outlines the strategies of cooperation with its target countries (European Commission 2004). Further in December 2006 and December 2007 the EU proposed strategies of strengthening the ENP (European Commision 2006a and 2007). A policy without a “uniform acquis” (Kelley 2006: 36), the ENP, offers partnership based on “mutual commitment to common values principally within the fields of the rule of law, good governance, the respect for human rights, including minority rights, the promotion of good neighbourly relations, and the principles of market economy and sustainable development” (European Commission 2004: 3). The neighbouring countries can reach the partnership depending on the “extent to which these values [respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights] are effectively shared” (European Commission 2004: 3). Taking into consideration the “joint ownership” (European Commission 2004: 8) of the action plans, it can be assumed that on the initial level the
determination of the extent of adherence to shared values will be carried out based on the
country’s declarations and country reports.

Not only the partnering countries regard the EU as an important player but also the EU
clearly realizes its capabilities and opportunities to be successful in promotion of regional
cooperation. The Commission states that because no other donor holds similar key position in
its neighbouring regions, the EU “represents a unique driver for change and progress” and
“has the ability to act as mediator, facilitator and accelerator of processes beneficial to both
the EU and partner countries” (European Commission 2007). Thus, to ensure the
attractiveness of its activities through the ENP, the Commission elaborates the following
incentives:

1. a perspective of moving beyond co-operation to a significant degree of integration,
   including a stake in the EU’s internal market and the opportunity to participate
   progressively in key aspects of EU policies and programmes;
2. an upgrade in scope and intensity of political co-operation;
3. opening of economies, reduction of trade barriers;
4. increased financial support;
5. participation in Community programmes promoting cultural, educational,
   environmental, technical and scientific links;
6. support for legislative approximation to meet EU norms and standards;
7. deepening trade and economic relations. (Kelley 2006: 37).

On January 1, 2007, the EU reformed its external funding structure and replaced
MEDA, TACIS, and other programs with the European Neighbourhood and Partnership
Instrument, which financially assists the implementation of the ENP in target countries. For
the budgetary period of 2007-2013 EUR 12 billion is available to support the reforms in the
countries according to the priorities mentioned in their Action Plans. For this assistance the
EU introduces conditionality stating “where a partner country fails to observe the principles
referred to in Article 1 [once again confirming the shared values principle], the Council,
acting by a qualified majority on a proposal from the Commission, may take appropriate steps
in respect of any Community assistance granted to the partner country under this Regulation”
(European Parliament and the Council 2006: Article 28:1). However, the conditionality and
sanctions for defection are partial as right after the Parliament and the Council clarify that
“Community assistance shall primarily be used to support non-state actors for measures aimed
at promoting human rights and fundamental freedoms and supporting the democratization process in partner countries” (European Parliament and the Council 2006: Article 28:2). Therefore, even in the case of non-compliance, the EU will not completely withdraw the financial assistance but will simply change the channel from the state to civil society. The effectiveness of such strategy is doubtful because most of the ENP countries are autocracies with weak civil societies and channeling assistance through transnational means has “proved ineffective” (Schimmelfennig et al 2006: 9). In addition, a question rises of how consistent and impartial the EU conditionality is and will be.

The ENP is supposed to reinforce and encourage further development of regional networks by designing various cross-border cooperation initiatives which include local and regional authorities and non-governmental actors. In its ENP Strategy Paper, the EU differentiates between regions it is addressing and in regard to regional cooperation on its eastern borders prioritizes “reinforced cooperation on economy, environment, nuclear safety and natural resources, Justice and Home Affairs issues, and people-to people contacts” (European Commission 2004: 19). While the EU is not willing to establish new regional organization but rather support the existing ones, it does seek greater involvement of the Russian Federation in the efforts of promoting regional cooperation in the eastern dimension of the ENP. Though this is an applaudive effort to involve an important regional player, it entails the danger of increasing Russia’s influence over the region and undermining EU efforts, which cannot be complemented with a credible membership perspective.

In an attempt to strengthen the EU and better address some regional cooperation issues, the EU stated that more active interaction should be encouraged especially in resolution of regional conflicts (European Commission 2006). Thus, the EU has launched the Black Sea Synergy initiative to complement its mainly bilateral policies (European Commission 2007a). In regards to cooperation on the resolution of frozen conflicts, the Black Sea Synergy is supposed to promote “confidence-building measures in the regions affected, including cooperation programs specifically designed to bring the otherwise divided parties together” (European Commission 2007b: 4). Still not avoiding the vague language of the ENP, not much is said how such promotion is to be implemented and even duplicates the efforts already described in the ENP Action Plans and the ENP Instrument of Eastern Regional Program.
Promoting Regional Cooperation in the South Caucasus as part of the European Neighbourhood Policy

Unlike the other post-Soviet states grouped in a region, the Baltic States, the South Caucasus republics of Armenia, Azerbaijan, and Georgia have never been in the spotlight of the EU’s attention. The EU initiated relations with the region later than some EU member states, OSCE and the Council of Europe, which entered the region in 1992. The relations with the EU were channeled through the Partnership and Cooperation Agreements (PCA) that were signed in 1996 and entered into force in 1999 in all three countries and assistance funds were allocated through TACIS and EIDHR. However, in 2001 the EU expressed its willingness for closer cooperation with the South Caucasus, one of the objectives of such cooperation being resolution and prevention of conflicts. The South Caucasus governments were ready to welcome this initiative and the European Council appointed in 2003 Heikki Talvitie as the first EU Special Representative for the South Caucasus. Taking into consideration strongly expressed EU aspirations of all three states, the EU possesses both legitimacy and credibility in acting as an external mediating actor. The region became closer to the EU economically because since 2004 the EU has been its primary trade partner (though for the EU the trade with the South Caucasus is only 0.5% of its overall figure), and geopolitically because of the eastern enlargements of 2004 and 2007. The EU prefers to include previously weak and unstable South Caucasus states in its “ring of friends” (European Commission 2003) because now they are able to help their partners in fight against terrorism and trafficking and.

Because the region shares borders with important international actors as Russia and Iran and with NATO member and EU candidate Turkey, the EU “has a strong interest in the stability and development of the South Caucasus” (European Commission 2004). This interest is also justified taking into consideration that the region suffers from three frozen conflicts in Nagorno Karabakh, Abkhazia and South Ossetia, and proximity of a conflicting region is not to the advantage of the EU. Though the governments of all three states expressed their willingness in resolutions of the conflicts, there is no visible progress and resolution is unlikely without external mediation. These conflicts also negatively impact the economy of the region because the dispute over Nagorno Karabakh prevents Armenia and Azerbaijan from both economic and security cooperation. In addition, Karabakh conflict slows down improvement in the Armenian-Turkish relations, while Abkhazia and South Ossetia conflicts deteriorate Georgian-Russian relations. While Armenia, which is under economic embargo from Azerbaijan, maintains economic cooperation with Georgia, and Georgia maintains
economic and security cooperates with Azerbaijan, there is no trilateral cooperation in the region. Achieving trilateral cooperation through resolution of the frozen conflicts should be among the priorities of the EU regional cooperation policy for the South Caucasus. However, the Abkhazia and South Ossetia conflicts are considered as internal to Georgia rather than regional.

Though involvement in the ENP denies prospects of membership, it is nevertheless advancement in the relations with the EU and provides certain incentives for cooperation and compliance with the ENP requirements. Unlike in the case of its candidate countries, the EU is not using the same conditionality with the ENP and South Caucasus countries. Conditionality in the case of the ENP partner countries is a positive one, i.e. the complying states will receive the promised stakes of potential closer integration into the EU market and to some extent politics. However, there is no mentioning of negative conditionality or sanctioning in case of non-compliance, which can actually limit the effectiveness of the ENP implementation. Thus, though the EU does provide a framework of long-time horizons and regular stakes it does not guarantee punishing the defectors, thus undermining the value of its stakes and potentially undermining the achievements of the other cooperating state.

To guarantee the “joint ownership”, each ENP Action Plan was developed upon consultations with the respective government and civil society. The Action Plans for the South Caucasus states were adopted in 2005 and its financial tool National Indicative Plans cover two equal periods within 2007-2013. Three governments had different success rates when attempting to incorporate certain clauses in the Action Plans. While the Action Plan for Armenia mentions the concept of “the principle of self-determination of people”, the Action Plan for Azerbaijan unlike the one for Georgia mentions the concept of “territorial integrity” only once. Though according to some scholars this is a double standard on the part of the EU (Alieva 2006), it can also be attributed to different bargaining strategies of the South Caucasus states and willingness of the EU to accommodate two ENP member states with contradictory aspirations.

Each Action Plan for the South Caucasus deals with variety of issues such as economic development, promotion of democracy and human rights, energy, transport, environmental protection, people-to-people contacts, development of political institutions, cross-border and regional cooperation. These issues are grouped and divided into priority areas in each of the Action Plans. Though regional cooperation is given a separate priority area in each of the Action Plans, the definition of regional cooperation in the South Caucasus is vague. While regional cooperation priority area entails specific action, the concept of
regional cooperation springs throughout the Action Plans, the Strategy Papers and the National Indicative Plans, being mentioned in the fields not originally present in the corresponding priority area. Important role is given to transnational and inter-parliamentary dialogues over cooperation in water management, border management, transport and communication; however there is no explicit mentioning of inter-governmental interaction. This omission probably comes from inexistent dialogue between Armenian and Azerbaijani governments; however the whole concept of regional cooperation in the South Caucasus is in danger if these two countries would not be able to achieve a compromise.

Action Plans for Armenia and Georgia elaborate on eight priority areas, while the Action Plan for Azerbaijan on ten. There are expected overlaps in the priority areas though the numbering of those are usually different. However the sequence of priorities in the Action Plans cannot point at the importance of the issue at least in the case of regional cooperation because it would be highly irrational to think that one of the states needs regional cooperation more (Georgia) than the other two. In the case of Armenia and Azerbaijan there are two priority areas that explicitly mention regional cooperation: contribute to the peaceful solution of the Nagorno Karabakh conflict and enhanced efforts in the field of regional cooperation (priority areas 7 and 8 for Armenia and 1 and 10 for Azerbaijan respectively). Nearly identical priority areas of Nagorno Karabakh in Armenian and Azerbaijani Action Plans call for increased diplomatic efforts, increased political support to the OSCE Minsk Group, people-to-people contacts and intensified EU dialogue. However, there is nothing about bilateral talks or efforts or how those may be carried out.

 Though both countries share a mutual interest in fast and peaceful resolution of the conflict the outcomes they expect are quite different, which can be seen even from the text of the Action Plan. Thus, the value added of this priority area to potential regional cooperation given its differences and vague language is rather dubious. There has not been tangible progress in Armenian-Azerbaijani relations since the enforcement of the ENP and the peaceful resolution is under doubt given Azerbaijan’s increased military spending, which doubled from 2005 to 2006 (SIPRI 2008) and continues to increase, and bellicose statements of the Azerbaijani government. President Aliyev’s statement that Azerbaijani people “have to be ready to liberate [their] lands by military means, and [they] are ready” (Aliyev 2008) casts uncertainty over the possibilities of cooperation in this particular issue. Though this divergence in interests cannot be blamed on the ENP implementation framework, the EU’s adherence to consensus and friendly language in the Action Plans reduces the possibility of any concrete action in the conflict resolution through cooperation. The Mardakert skirmishes
in March of 2008, which coincided with riots in Yerevan due to contested presidential elections results, and subsequent mutual blaming clearly demonstrated the fragility of cooperation. Though the incident directly undermined the cooperation efforts, the EU delegation in Armenia did not officially react on that.

Action Plans of all three states mention the need for enhanced cooperation in education, environment, transport, border management; strengthened participation in law enforcement initiatives of the Black Sea region; support for the Caucasus Regional Environmental Center; enhanced bilateral and multilateral cooperation in the Black Sea region; and youth exchange. In addition to these, Armenian and Georgian Action Plans include a point on enhanced cooperation in energy and transportation sectors. This clause is a separate priority area in the Azerbaijani Action Plan. Interestingly enough, only the Armenian Action Plan has a clause calling to “continue efforts in cooperation with neighbouring countries, to resolve regional and other related issues and to promote reconciliation” (European Commission 2006). This clause seems general but may point to two perspectives: either Armenia is the least cooperative South Caucasus state, thus requires a separate clause encouraging it to cooperate or the EU is inconsistent in its policies even targeting the same region.

Though the rhetoric of the ENP shows commitment to facilitate cooperation in the military-security matters, country related ENP documents show more concrete actions and less vague language in the economic matters. Regardless of the nature of the cooperation issue, the ENP provides long-term cooperation framework but does not clearly specify what partner countries can expect after the ENP implementation is over. The ENP entails regular rewards if applicable, however the rewards do not vary depending on the priority area and domestic costs of adaptation. Through regular progress and country reports, the ENP provides reliable information about its actions and if possible the partner states’ actions. However, the feedback on changes in actions of the partner states might sometimes be absent or not actually relevant because in case of non-cooperation or non-compliance instead of addressing the issue of divergence, the EU simply opts for amending the Action Plan. In addition, while the rhetorical commitment of the EU and South Caucasus countries of Armenian and Azerbaijan to peaceful resolution of the Nagorno-Karabakh conflict is high, the ENP framework is vague and often sacrifices specific actions for consensus. In their turn Armenia and Azerbaijan strive for different outcomes of the conflict: Armenia advocates for the independence of Nagorno-Karabakh and Azerbaijan insists that Karabakh is to be within its territory and shows readiness to advance its perspective through military means.
Though the number of actors in the South Caucasus regional cooperation is not large and they are coordinated by the EU, the situation is complicated with the EU’s inconsistent policy of conditionality. Unlike other international organizations present in the region, the EU due to its economic and political status has the leverage to sanction the regional actors in case they defect from cooperation. However, in none of ENP documents sanctioning is mentioned and the EU prefers to use the tool of positive conditionality. In addition, the South Caucasus states though can identify the defectors from cooperation, are not entitled to take preventive actions against defectors, at least not within the ENP framework and not explicitly quoting non-cooperation as a reason.

Table 1. Military-security issues. Cooperation on the resolution of Nagorno-Karabakh conflict

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<th>ENP</th>
<th>Armenia</th>
<th>Azerbaijan</th>
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<tr>
<td>Mutuality of Interests</td>
<td>medium</td>
<td>medium</td>
<td>low</td>
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<tr>
<td>Long-term cooperation</td>
<td>medium</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Regular rewards</td>
<td>medium</td>
<td>N/A</td>
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<td>Information</td>
<td>high</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Feedback</td>
<td>medium</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Identification of non-cooperation</td>
<td>high</td>
<td>high</td>
<td>high</td>
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<tr>
<td>Sanctioning non-cooperation</td>
<td>low</td>
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**Conclusion**

The overall ENP Strategy Paper identifies the South Caucasus as a region that should receive “stronger and more active interest” than it currently does (European Commission 2004: 10). The EU also acknowledges the promotion of regional cooperation as one of its main foreign policy priorities and claims its unique approach to it. This paper argues that the ENP framework has greater potential to achieve successful promotion of regional cooperation in economic rather than in military-security issues. This claim is grounded on a close qualitative analysis of the ENP official documents and political situation in the South Caucasus countries within the period of their inclusion in the ENP, adoption of the EU-Armenia Action Plan, and the latest progress reports of 2009. The potential ineffectiveness of the ENP promotion of regional cooperation in military-security issues can be explained not
only by the divergent interests of the regional actors but also by the reluctance of the EU to take specific actions rather opting for vague propositions and encouragements. Though the EU does offer further economic cooperation as a stake for cooperating states, this might not be enough when addressing security issues. In its multilateral approach to address the conflicts in the South Caucasus, the EU is closely connected to the current international initiatives (OSCE, the Minsk Group), it influences the process just indirectly. However, irrational action and financial waste are not among the main characteristics of the EU, thus the raison d’être of including regional cooperation over security matters in the ENP might be not necessarily actual conflict resolution but stretching the influence of the EU further beyond its borders and paying token to its normative power image. These assumptions, however, need further research to be determined.

Without undermining the EU efforts of promoting regional cooperation within the ENP framework, this paper argues that the EU needs to take a more proactive role not only in implementation of policies but also in development of certain conflict settlement actions. This would not only give the EU ownership over the policy but would also increase the legitimacy of its interests on behalf of the South Caucasus states. The EU needs to develop clear and feasible objectives and take concrete actions and carry out active monitoring of the implementation. In case of some controversial issues where cooperation is most difficult to achieve the monitoring needs to be carried both on regional and country basis, to clearly identify the loopholes in cooperation. Given close relations of the South Caucasus countries with some of their out-of-region neighbours, there is also a pressing need for increased engagement of regional actors Turkey and Russia in the development of cooperation policies over issues that require more attention.
References:


