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# CENTRAL ASIA AND THE CAUCASUS

Journal of Social and Political Studies

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**GUAM:  
From a Tactical Alliance  
to Strategic Partnership**

*Special Issue*

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**GUAM:**  
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#### FOR YOUR INFORMATION

*The Special Feature section in the next issue will discuss:*

- Energy Policy and Energy Projects in Central Eurasia
- Central Eurasia: Politics Today
- Regional Security in Central Eurasia

## FOREWORD

Dear Readers,

We are pleased to offer you another special issue of our journal. This time it is dedicated to the 10th anniversary of the creation of the international regional organization—GUAM. As President of the Azerbaijan Republic Ilham Aliiev noted in his speech at the Baku GUAM Summit (18-19 June, 2007), this organization has “an important role to play in regional cooperation on the Eurasian continent.” The authors of the papers in this issue are experts at the world’s leading research centers who essentially present the first in-depth and comprehensive analysis of GUAM’s role and place in the globalizing world.

The two global integration formations of the past—the world capitalist and socialist systems—have disappeared to be replaced by principally new mechanisms for forming a regional structure in the Eurasian geopolitical expanse of the present. This makes an analysis of GUAM’s development problems highly pertinent. Particularly important are the newly arising regional structural elements based on principles of socioeconomic compatibility and complementarity among neighboring states, as well as their ability to function together in world politics and the global economy.

These regional structural elements, which have different internal political-legal and institutional forms, can be grouped as follows:

- the marginal regions—this refers to separate areas of Europe and Asia;
- the pivot area, which is located at the intersection between the Eurasian vectors (East-West and North-South)—Central Eurasia, which includes Central Europe, the Central Caucasus, and Central Asia.

Thus, Central Eurasia as the planet’s pivot area systemically performs the role of a connecting link throughout the Eurasian expanse. This presumes the existence of efficient interstate institutional mechanisms for ensuring the socioeconomic integration of large and relatively independent areas of the Eurasian mainland. In our opinion, GUAM’s development could lead to the formation of such mechanisms.

We hope that the ideas and proposals found in the papers of this collection will provide clear reference points and be beneficial to politicians and experts in their search for optimal development models for the Central Eurasian region, keeping in mind the imminent formation of a new regional structure in the Eurasian geopolitical expanse.

Chairman of the Editorial Council

*Eldar M. Ismailov*

# GLOBALIZATION AND FORMATION OF NEW REGIONAL ORGANIZATIONS

## ORGANIZATION FOR DEMOCRACY AND ECONOMIC DEVELOPMENT—GUAM: REALITY, POSSIBILITIES, AND PROSPECTS

Valery CHECHELASHVILI

*Secretary General of the Organization  
for Democracy and  
Economic Development—GUAM*

After the Kiev summit of the Organization's member states during Ukraine's Presidency GUAM became institutionalized and cooperation within it systemized. The GUAM Baku summit was instrumental in establishing the Organization for Democracy and Economic Development—GUAM. It was important both for further institutionalizing cooperation in the GUAM format and for demonstrating the Organization's possibilities to its foreign partners.

The summit was an important event that helped GUAM to assume a dignified place in the international and regional cooperation system, become firmly established in the region, and raise its appeal. The main political document of the Baku summit, the Baku declaration "GUAM: Bringing Continents Together," presented a political assessment of cooperation in the GUAM format during the time that had passed since the Kiev summit and designated the strategic development goals to be pursued in the future.

The Baku declaration "GUAM: Bringing Continents Together" confirmed the resolve to expand cooperation in order to develop democratic values, the rule of law, respect of human rights and



basic freedoms, achievement of sustainable socioeconomic development, and maintenance of security and stability in the GUAM region. It also strove to enhance GUAM's regional significance and position by consolidating common interests and intensifying branch cooperation. The Declaration underlined the need to fully activate the socioeconomic, transport, energy, scientific and technical, humanitarian, legislative, and law-enforcement potential of the member states in order to create a common space of integration and security in the GUAM region. This was the pivotal idea. All the other documents signed at the Baku summit served to promote it. The Program of Chairmanship of the Azerbaijan Republic approved at the summit by the presidents of the GUAM member states was also oriented toward embodying this idea.

The presidents also adopted the GUAM Strategy of Sectoral Cooperation. This is a new development factor in our Organization reflecting the willingness of our countries not only to interact, but also to further elaborate joint approaches in all areas of cooperation, which is also a practical step toward realizing the idea of a common integration and security space. The activity of the GUAM working groups was also oriented toward implementing the above ideas.

Consequently, GUAM's efforts and achievements will depend on the specific content of the working groups' agendas and on the quality of the ideas being considered and of the documents being approved. This process should generate new proposals for drawing up a legal basis of multilateral cooperation and coming to terms on the implementation of regional projects, including with respect to infrastructure. This will be the best material expression of the member states' cooperation in the GUAM format, and also provide foreign partners with additional encouragement to accelerate cooperation with our Organization.

In other words, the ideas should be realistic, the plans feasible, and the work results tangible. We should also exert efforts to increase the awareness of the positive influence of cooperation within GUAM among our country's businessmen and ordinary citizens.

Based on these tasks and goals set forth in the documents of the Baku summit and in the speeches of the delegation heads, the Secretariat, together with the chairman and other GUAM member states, concentrated efforts on improving the functioning of the entire GUAM cooperation system, raising the quality of the dialog and degree of political interaction, ensuring organized establishment of the Secretariat, and encouraging the generation of project ideas in the GUAM format and their realization. These efforts also went to enhancing the Organization's public image and appeal and increasing public awareness about its statutory cooperation tasks, goals, and priorities.

Ensuring full-fledged functioning of the free trade area, exerting tougher control over measures to combat organized, including transnational, crime, activating cultural-humanitarian cooperation, and executing the signed documents and agreements are still the pivotal tasks.

All in all, these components form the foundation of civilized partnership, the building of which is the key idea of the Baku Declaration. It stands to reason that the most important external vector in the Organization's activity consists of consolidating the support of the international, particularly European, community of the policy of the GUAM member states and Organization as a whole, including with respect to the problem of peaceful conflict settlement.

Within the framework of the Program of Chairmanship of the Azerbaijan Republic, a GUAM Tenth Anniversary Summit was initiated, which was held in Vilnius on 10 October, 2007, exactly ten years after GUAM's international initiative on 10 October, 1997. By defining GUAM's development prospects, the Vilnius summit confirmed the resolve to make an active contribution to international security, stability, and peace in the most efficient and appropriate way. It was emphasized at the summit that, as a natural transportation route joining Europe and Asia, GUAM will continue to play an increasingly important role in economic development and regional integration and, in this way, connect the continents. By bringing together the representatives of different cultural, ethnic, and reli-

gious groups, GUAM is helping to develop a vitally important dialog among civilizations, introducing mutual respect through knowledge and mutual understanding.

After disintegration of the world socialist system and collapse of the Soviet Union, the countries of Southeastern and Southern Europe located at the site where the two centers of the bipolar world used to meet defined integration into the European and Euro-Atlantic structures as a foreign policy priority. From the viewpoint of forming a new European architecture, with its security component, the main contradiction of the post-bipolar period was resolved by most of the Eastern and Southeastern European countries joining NATO and the European Union, which significantly enlarged the area of stability, security, and democracy on the European continent.

Nevertheless, Europe continues to encounter challenges that must be resolved in order to ensure sustainable peace and progress on the continent. At the same time, the potential of the European and Euro-Atlantic structures with respect to further enlargement of the sphere of influence of Euro-Atlantic values is not inexhaustible, so the states that still remain outside this process are called upon to compensate for the subsequent “exhaustion.” A country’s vision in the context of regional development and generally in the system of international relations is an extremely important component without which it is impossible to efficiently deal with the problems and meet foreign policy challenges.

After founding their international regional Organization, the GUAM member states intensified their potential in this sense by adding multilateral diplomacy to their arsenal of foreign policy levers in order to more efficiently execute their own foreign policy agenda. Demonstration of the unity among the member states and their ability to draw up a joint platform of action and consistently uphold a joint position are very conducive to enhancing GUAM’s authority. We must systemize and oppose the challenges of the 21st century together, because global challenges, be they organized crime or energy security, do not recognize national boundaries.

Since the foundation of the Organization for Democracy and Economic Development—GUAM, the member states have been replenishing their regional policy with new content. In addition to executing their national foreign policy agendas, our countries are feeling the urge to create a new European-wide security and stability system. This was a central topic in the European debates, and our countries felt drawn to participate in its discussion. Some of its components, which directly relate to strategic questions of Europe’s future—peaceful settlement of conflicts, energy, transport, and migration—directly correlate with the interests and sphere of responsibility of the GUAM member states. Solidarity and responsibility, predictability and consistency, competitiveness and continuity are principles that form the foundation of GUAM’s collective policy.

If we look at a map of Europe, we can immediately see how small the GUAM space is both in terms of territory and population, not to mention the level of industrial production and trade. At the same time, this view will give any unprejudiced expert an idea of the potential of this space. It stands to reason that this potential can only be used efficiently by means of coordinated actions aimed at forming a civilized cooperation expanse based on European principles, values, and practice. Correspondingly, deeper integration must be ensured based on the principles of the four freedoms—free movement of people, capital, goods, and services, as well as on cooperation development based on solidarity and mutual assistance. Common GUAM approaches must be drawn up in light of the diverse political and economic strategies and tactics.

In order to become an Organization which enjoys a high reputation and prestige on the international arena, GUAM must be based on a unified system of value coordinates. For us, these include democracy and economic development, which are the concepts incorporated into the Organization’s name. We understand them to include strengthening democratic institutions and ensuring human rights, on the one hand, and providing the population of our countries with high standards of living, on the other.

The creation of GUAM in the broad sense should meet the expectations of the citizens of our countries with respect to improving the quality of their living standards. The Organization's strategy should focus on creating conditions in the region for making the full use of our countries' aggregate potential and for implementing a corresponding reform and development plan aimed at achieving greater prosperity and stability.

Our task is to jointly oppose such menaces as conflicts and poverty and ensure our countries a dignified place in the system of international and, more specifically, European relations. Expanding the benefits created by the GUAM space by implementing joint projects and programs, including those relating to infrastructure, could become an important natural component of this process.

One of our basic priorities is raising the appeal of GUAM's transit potential. We are open to cooperation with our partners from Europe and Asia, especially from Central Asia.

Our activity should focus on creating a civilized cooperation space in the Black Sea-Caspian Region based on European standards, criteria, and practice, and particularly on the philosophy of the four freedoms (free movement of people, goods, capital, and services). These services should be our contribution to the creation of a European-wide security and stability system. Implementing this approach will raise, among other things, our potential in the peaceful settlement of conflicts in the GUAM region.

Developing joint transport and energy potential, creating favorable conditions for reforming and developing our economies, and raising the appeal of GUAM's potential for foreign partners are all long-term goals and tasks. In the narrower sense, GUAM's activity is focused on drawing up, signing, and executing various regional agreements and conventions oriented toward realizing the principle of the four freedoms in the GUAM space, as well as on drawing up and implementing specific GUAM sectoral projects, particularly relating to infrastructure. A well-structured and efficient dialog at all levels, including at the level of working groups, is a serious indicator of the countries' interest in cooperating in the GUAM format.

We are constantly taking steps to enhance GUAM's image, appeal, prestige, and reputation, and in the practical sense, to improve the functioning of the entire GUAM cooperation system and raise the quality of dialog and political cooperation.

What are the reserves for improving the functioning of GUAM's cooperation system? Today GUAM's cooperation efforts must be replenished with specific content, businessmen convinced of its importance, and our citizens made aware of its benefits. This should take the form of specific and pragmatic work on the following:

- drafting, signing, ratifying, and executing regional conventions and agreements;
- implementing GUAM's legal mechanisms, explaining and rigorously using them, preventing their violation, and ensuring full-scale functioning of GUAM's free trade area with the protection of the rights of all the member states' exporters and importers, possibly with the drawing up and launching of mechanisms for this;
- generating ideas, drawing up projects, primarily relating to infrastructure, and implementing them (priority areas being energy and transport).

The Secretariat and technical potential being created (interactive dialog on the Organization's new website and the video conference system) will create qualitatively new opportunities for organizational and technical support of the entire cooperation system in the GUAM format, support of the member states' national foreign policy agendas, as well as encouragement of bilateral cooperation. The Secretariat's potential being created will make it possible to hold working group meetings and execute the decisions adopted with greater efficiency. In particular, the Organization is working on a new website which will be more informative, better structured, more attractive, and

will also have the technical capability of providing an interactive dialog among working groups to monitor execution of the decisions adopted and draw up prospective targets of cooperation. The video conference system, which will make it possible to conduct virtual meetings, will help to economize on human and financial resources and ensure that face-to-face working group meetings are held more efficiently.

Naturally one of the most important, if not the most important, priority of our Organization is mobilizing the world community to support the peaceful settlement of conflicts in the GUAM region based on the generally accepted principles and regulations of international law. To be more precise, based on the territorial integrity of our countries within internationally recognized borders.

We see GUAM's role in patiently explaining to the world community our approaches regarding the peaceful settlement of conflicts in the GUAM region. We have already mentioned our efforts in this direction, including on the U.N. and OSCE platform. We will continue to exert consistent and untiring efforts until we restore our countries' territorial integrity and reinstate the rights, honor, and dignity of refugees and temporary migrants. Last December, the GUAM member states submitted a corresponding resolution draft to the 62nd Session of the U.N. General Assembly for review. Now the member states are holding consultations with partners in New York and in various capitals. There is a good chance that the General Assembly will accept the resolution, and there is hope that most of the U.N. member states will support the draft. In our opinion, the U.N., as the most representative forum of the international community, could play a very important role in drawing attention to the need for settling the conflicts in the GUAM member states, and the U.N. is a universal international form for voicing GUAM's points of view.

We now face the difficult task of consolidating the support of most of the countries in the General Assembly and finding the best way to promote the resolution draft to ensure a positive voting result, thus crowning the many months of GUAM's efforts with success. Such a result will undoubtedly help our countries to achieve peaceful settlement of the conflicts. However, it should be noted that the joint work carried out and the solidarity demonstrated among the GUAM member states on the U.N. platform, as well as on the OSCE platform, have already done their part by captivating the world community's attention and drawing it toward this problem. This is also enhancing GUAM's international prestige and reputation.

A few words on GUAM's foreign partnership. GUAM's enlargement is not an end in itself. Our goal is to build an organization with a high international reputation and prestige, which occupies a worthy place in the international relations system. This can only be of benefit to our citizens and attractive to our partners. The growing interest in GUAM and enlargement of the area encompassed by our foreign partnership relations proves that the Organization's development strategy has been drawn up correctly. At the same time, we are indeed open to cooperation with any European or Asian country or organization, as our charter and political documents state. This naturally implies that such an organization or country should share the goals and tasks set forth in GUAM's founding documents. When we receive an application requesting membership or observer status, we consider it in keeping with the founding procedures.

As for specific aspects of cooperation with individual foreign partners, we have drawn up and coordinated very pragmatic areas of cooperation, which is reflected in the corresponding summary documents of the GUAM-U.S., GUAM-Japan, and GUAM-Poland meetings. With the U.S., this relates to efforts to organize and actively cooperate with countries within the framework of the Virtual Law-Enforcement Center, the Program of Cooperation between Operating Bodies of Border Services of GUAM, the Secretariat Assistance Program, and the complete Program of Trade and Transport Facilitation; with Japan, it relates to energy-saving technology and tourism, and with Poland to energy, transport, and experience with creating a free trade area in different formats while drawing closer to the European Union.

The European Union is also a natural partner for GUAM. On 30 November, 2007, the first informal meeting took place in Madrid in the GUAM format—Group of GUAM Friends in EU. The exchange of opinions led to an agreement to hold a second meeting, prior to which the sides agreed to draw up an agenda and exchange opinions on the topic of the talks.

The EU is one of our most promising partners for many reasons. The goals and tasks set forth in GUAM's founding documents fully coincide with the goals and tasks the EU poses in Southeastern Europe and specifically in the GUAM region. They are based on the philosophy of strengthening the security and stability system by developing regional cooperation. All the countries are under one of the European Union's political levers—new European Neighborhood Policy, by means of the potential of which the European Union is encouraging regional cooperation. GUAM, on the other hand, due to the high integration of the interests of its member states, is an efficient tool of regional cooperation. We believe that with the help of our institutional cooperation structure, we will be able to ease the EU's organizational burden in carrying out its own plans to implement various projects and programs in our region. We are ready for this cooperation. The most promising areas of cooperation in the European Union-GUAM format are fighting organized crime and one of its manifestations, illegal migration, energy, and transport. Due to the situation developing, the White Flow project is acquiring special significance, which could place GUAM in an entirely new position in the European cooperation system in its various dimensions. We will repeat, for this and many other reasons, one of GUAM's most natural partners is the European Union.

The Organization for Democracy and Economic Development—GUAM is coming to the Tbilisi summit with a well-streamlined cooperation system, high quality of political cooperation, and growing prestige and reputation in the international relations system. The following can be identified as GUAM's most important recent achievements:

- impressive results with respect to the functioning of the GUAM free trade area. In the last year, trade among the GUAM countries grew from two to three billion dollars. But this is far from the limit. We should step up efforts to streamline the mechanisms and tools that will ensure sustainable functioning of the free trade area. The Strategy of Sectoral Cooperation approved at the Baku summit is aimed at accomplishing this;
- organized formation of the Virtual Law-Enforcement Center and launching of the GUAM Interstate Information Management System. In so doing, GUAM's institutional possibilities in fighting various aspects of organized, including cross-border, crime have significantly grown. Combating the illicit circulation of weapons and drugs, as well as illegal migration, is important both for the GUAM member states themselves and for raising the quality of our interaction with foreign partners, primarily the U.S. and European Union. We are also open to cooperation with other countries and international organizations;
- continued efforts to consolidate the world community's support of the peaceful settlement of conflicts in the GUAM space in keeping with generally accepted principles and regulations of international law. An important stage in this process was submitting a draft resolution called Protracted Conflicts in the GUAM Area and their Implications for International Peace, Security and Development to the U.N. General Assembly. I would like to take this opportunity to thank the leaders of our diplomatic missions at the U.N. and OSCE for their active and efficient efforts in this direction.

Other GUAM programs and projects are also underway, which will be assessed and systemized at the Tbilisi summit. All of this is being carried out within the framework of the GUAM Strategy of Sectoral Cooperation approved at the Baku summit and three of its components: economic cooperation, law-enforcement cooperation, and cultural-humanitarian cooperation.

The main document of the Tbilisi summit will be a Declaration summing up the last year of the Organization's development and designating plans for further cooperation. I am sure that the course adopted by the presidents of our countries in the previous political documents toward forming a civilized partnership space in the GUAM region based on the corporation principles, standards, and practice developed in the European Union will be continued. There are plans to approve the Program of Chairmanship of Georgia in the Organization, which, as I understand, will focus on consistent implementation of the principle of the four freedoms (free movement of people, goods, capital, and services) in the GUAM region.

The Chisinau, Kiev, and Baku summits demonstrated that the Organization for Democracy and Economic Development—GUAM bases its development philosophy on the principles of predictability, consistency, and continuity. The Tbilisi summit will be another confirmation of this, and our Organization will continue to make its contribution to the system of regional integration and European stability and security.

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## POLITICO-ECONOMIC COMPLEMENTARITY AND COMPATIBILITY BETWEEN GUAM MEMBER STATES

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### *I n t r o d u c t i o n*

**A**fter the breakup of the U.S.S.R., some of the newly independent states encountered the problem of aggressive separatism. Bellicose rhetoric soon developed into armed conflicts and a whole range of local wars over territory. In some countries (as in Georgia and Moldova), these wars—at least formally—were a confrontation between the central government and armed groups of separatists from the same state. In other countries, they were even formally transformed into interstate wars. In particular, Armenia went into action on the side of the Nagorno-Karabakh separatists, but since it was far superior to them both in terms of the number of combatants

and in terms of armaments, in actual fact Armenia and Nagorno-Karabakh switched roles almost right after the outbreak of hostilities: from now on it was Nagorno-Karabakh that fought on the side of Armenia, which tried to annex (no matter whether formally or informally) a significant part of the territory of Azerbaijan.

“Post-Soviet wars” did not lead to a final resolution of territorial disputes. One of the main reasons for this was that in virtually all cases there was interference by third states which were stronger than the conflicting parties themselves. These states naturally pursued their own interests, mostly by means of assistance to one of the

parties involved and sometimes by encouraging, supporting or preserving the conflict in question.

When the first wave of “post-Soviet wars” came to an end and gave way to a search for peaceful ways of conflict resolution, some newly independent states, prompted by the natural course of history, objectively came to realize that joint efforts based on essentially common positions are, as a rule, more effective than uncoordinated attempts by individual countries to solve their problem single-handedly. The global community is more attentive and considerate to joint political actions by several united states than if each of them had advocated the same ideas on its own.

The advisability of joining forces in the international arena in order to resolve or prevent territorial problems was exactly what induced Georgia, Ukraine, Azerbaijan and Moldova to create GUAM in 1997. It is no accident that ten years later (in October 2007) they once again emphasized in a joint statement of their Vilnius summit that the development and integration of the GUAM countries was still burdened with unresolved conflicts in the territories of Azerbaijan, Georgia and Moldova, and reaffirmed their commitment to finding peaceful solutions to these conflicts based on sovereignty, territorial integrity and inviolability of internationally recognized state borders.<sup>1</sup>

<sup>1</sup> See: Statement of the GUAM Vilnius Summit, available at [<http://www.guam.org.ua/181.913.0.0.1.0.phtml>].

One might get the impression that Ukraine does not belong among these countries because it has no armed conflicts in its territory started in order to separate some part of the country’s territory and, consequently, no enclaves “infected” with aggressive separatism. But this is a superficial impression. In actual fact, there are regions in Ukraine which can potentially turn into areas of sharp conflict. It is no coincidence that many Russian experts, when examining the political leverage for pressuring Ukraine and Georgia (whose governments they regard as openly anti-Russian), put support for the separatist regimes in Abkhazia and South Ossetia on a par with the so-called “game being played with regional political elites in Donbas and the Crimea.”<sup>2</sup> That is why, while supporting the other GUAM countries in their struggle to overcome the consequences of aggressive separatism, Ukraine is simultaneously working to prevent such phenomena in its own territory.

Yet another and, to a certain extent, background prerequisite for the unification of the GUAM countries was that by then they had already established new, direct economic relations among themselves, so that these relations could now be built without external interference (i.e., without the former Soviet “center”) and on a fundamentally new, market basis.

<sup>2</sup> See, for example: R. Manekin, “SNG-GUAM: ispytanie Ukrainoi?” Political Expert Network Kreml.org, available at [<http://www.kreml.org/opinions/85607560>].

## Main Question

As long as the reasons for the emergence of GUAM hold good (and they, as noted above, are just as relevant today as at the time of its creation), this group, if other circumstances remain the same, will continue its existence, while the relations between its member countries will develop and deepen. There is little doubt about this prospect, at any rate among the GUAM members themselves.

But separatism in the member countries will sooner or later be overcome. The question is whether GUAM will be viable after the final restoration of its members’ territorial integrity and the settlement of territorial disputes with their neighbors in which they are now involved in one form or another. This question can be formulated in more constructive terms: will GUAM be able in the future (possibly, upon the admission of several new states from Eastern Europe and Central Asia) to turn

into a community that would become a kind of democratic axis linking the western and eastern parts of the Eurasian continent?

It should also be borne in mind that GUAM's purposes are by no means confined to overcoming separatism and aggressive nationalism, but cover a much wider range of tasks. The task of ensuring the territorial integrity of the group's member states is present only implicitly among the purposes formulated in its Charter.<sup>3</sup>

The theory of interstate relations has already proved that regional groupings retain effective incentives to continue their existence and sustainable development only under certain conditions. In order to determine how viable GUAM can be once it achieves the purposes that stimulated its creation, one should establish how well each of these conditions "fits" this group of countries.

## Political Interests and Political Compatibility

The identity of political interests associated with the need to overcome the threats to territorial integrity is essentially tactical. At the same time, there are also several circumstances underpinning the strategic community of the GUAM countries' political interests.

First of all, a state's association with other states—provided it takes place on an equal basis and without external interference (i.e., not under pressure from any country)—increases its political influence. The natural urge of nations and states to integrate is what leads the world to further globalization. Even the major powers are constantly in search of friends in order to obtain new political allies, fill the gaps in their economy, and morally enrich themselves through cultural exchanges. It is clear that relatively small countries are even more interested in joining long-term, reliable and effective interstate associations, provided this does not infringe their sovereign rights. In view of the latter, small countries have to exercise particular caution in selecting partners, because their alliances with big and powerful states are rarely equitable and, as a rule, contain many hidden dangers (especially in relations with neighboring powers).<sup>4</sup> A graphic example of such an "alliance" is provided by the relations between Russia and Armenia, which have turned the latter into an outright satellite of the former. But where small countries manage to avoid these "reefs," entering into effective alliances increases their political weight in the international arena. Moreover, the specific nature of the globalization era is such that even the very *capacity* to unite with other countries has a positive effect on the state's international image.

When viewed from this angle, GUAM meets the long-term interests of all its member countries.

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<sup>3</sup> The Charter of the GUAM Group, which was adopted in May 2006 and which formalized its new name, Organization for Democracy and Economic Development—GUAM, declared the following as its main purposes: promoting democratic values, ensuring rule of law and respect for human rights; ensuring sustainable development; strengthening international and regional security and stability; deepening European integration for the establishment of a common security space, and expansion of cooperation in economic and humanitarian spheres; development of social and economic, transport, energy, scientific and technical, and humanitarian potential of the Parties; intensification of political interaction and practical cooperation in the fields of mutual interest (see: Charter of the Organization for Democracy and Economic Development—GUAM, Art 1, available at [<http://www.guam.org.ua/267.0.0.1.0.0.phtml>]).

<sup>4</sup> See, for example: S. Blank, "Russia's Real Drive in the South," *Orbis*, Summer 1995, Vol. 39, No. 3, pp. 369-386; J.W.R. Lepingwell, "The Russian Military and Security Policy in the 'Near Abroad,'" *Survival*, Autumn 1994, Vol. 36, No. 3, pp. 70-92; A. Rondeli, "Russia and Georgia: Relations are Still Tense," *The Caucasus & Globalization*, Vol. 1 (1), 2006, p. 68.



Second, GUAM makes it easier for its member states to integrate into European structures. Such integration is the aim of all GUAM countries without exception, and this is recorded in the organization's Charter as one of its purposes ("deepening European integration for the establishment of a common security space"<sup>5</sup>). Moreover, some experts believe that one of the strategic objectives pursued by the GUAM states, even if not declared officially, is to combine efforts for joining NATO.

Third, this kind of association enables member countries to enlist the political and economic support of a number of third states that have a serious influence on global and regional processes. Apart from some West European states, these include the U.S. and Turkey, which are interested in ending or at least minimizing Russia's political and economic influence in the post-Soviet countries.

Meanwhile, this circumstance is what forms GUAM's major area of vulnerability. It is largely because GUAM's pro-American image has become firmly fixed in the Russian public mind that the Russian political establishment treats this organization with great disdain, while some Russian mass media and experts say quite openly that it is "anti-Russian in character."<sup>6</sup> According to the Russian expert community, GUAM's geopolitical task was formulated in the U.S. and consists in creating a kind of "cordon sanitaire" between Russia and Europe.<sup>7</sup> What makes the situation worse is that some analysts from the GUAM countries themselves also regard this organization as an alternative to the CIS; the latter, in their opinion, was created by Russia to "colonize" the post-Soviet states.<sup>8</sup>

Given the strong influence Russia has (and will continue to have in the near future) on the former Soviet republics, such stark contraposition of GUAM to Russia and the CIS is hardly in the interests of its member countries. GUAM's future will depend in large part on whether its members continue to enjoy the support of the Western world while taking sufficiently effective measures to neutralize the openly negative attitude of Russia and interstate associations created under its leadership.

The leaders of the GUAM countries evidently realize the importance of such flexible behavior, but in varying degrees. The most consistent advocate of "flexible policy" is President of Azerbaijan Ilham Aliyev. This is evident from his repeated statements that GUAM's creation and activities are not directed against the CIS or any third states.<sup>9</sup> Even those Russian experts who are agreed that GUAM was created as an alternative to the CIS note that Azerbaijan is the only member of that Organization which continues constructive cooperation with Russia.<sup>10</sup>

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Throughout recent history the common political interests of states have provided the main incentive for them to create all kinds of alliances, but in the past few decades the political, economic and cultural compatibility of countries has been an increasingly important condition for entering

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<sup>5</sup> Charter of the Organization for Democracy and Economic Development—GUAM, Art 1.

<sup>6</sup> See, for example: V. Sergeev, "GUAM oboidiot truboi Rossii," *Gazeta RU*, 11 October, 2007, available at [[http://www.gazeta.ru/politics/2007/10/11\\_a\\_2232166.shtml](http://www.gazeta.ru/politics/2007/10/11_a_2232166.shtml)].

<sup>7</sup> See, for example: "GUAM—sanitarnyi kordon vokrug Rossii," BBC Monitoring Service: Summary of Russian Press for 23 May, 2006, available at [[http://news.bbc.co.uk/1/hi/russian/press/newsid\\_5007000/5007156.stm#1](http://news.bbc.co.uk/1/hi/russian/press/newsid_5007000/5007156.stm#1)].

<sup>8</sup> See, for example: V. Guluzade, "GUAM—alternativa SNG," REGNUM News Agency, 26 May, 2006, available at [[www.regnum.ru/news/646903.html](http://www.regnum.ru/news/646903.html)].

<sup>9</sup> See, for example: President Ilham Aliyev's interview with Ekho Moskvyy (Echo of Moscow) radio station on 25 December, 2006 (see full text at: [[http://www.mediaforum.az/articles.php?lang=rus&page=02&article\\_id=20061225011038597](http://www.mediaforum.az/articles.php?lang=rus&page=02&article_id=20061225011038597)]).

<sup>10</sup> See, for example: "Rossiiskie SMI: GUAM—klub obizhennykh na bolshogo brata—Rossiiu," Press review on the GUAM Kiev Summit, available at [<http://www.newsru.com/russia/24may2006/guama.html>].

into alliances. A good example here is the process of Turkey's admission to the European Union: the main arguments of its opponents (at any rate those declared officially) are nearly always confined to Turkey's incompatibility with European standards for certain parameters (economic development level, degree of political freedom, liberalization of the business environment and foreign trade, etc.). In this context, let us take a closer look at the question of political compatibility between the GUAM countries.

Despite fairly significant differences in political systems, particularly in the balance between the legislative and executive branches of power, and also in the authority of various executive agencies, all GUAM countries are presidential republics. After regaining independence, all four countries proclaimed the construction of a secular democratic state as the supreme goal of their official policy. For a number of reasons, the political systems of the GUAM member states are very close. Nevertheless, in terms of some indicators their democratic development levels differ significantly. This is quite evident from cross-country comparative studies.

Among the most popular studies of this kind are the annual reports published by Freedom House,<sup>11</sup> in which the level of democracy in different countries is determined based on the degree of protection of political rights and civil liberties. For nations in transit (in the latest Freedom House report, these include 29 countries of the former Soviet Union and the socialist bloc) these studies are conducted in a more detailed form.

The overall democracy score of a particular country is calculated as an average of ratings for the following categories:

- electoral process (EP);
- civil society (CS);
- independent media (IM);
- democratic governance:
  - national governance (NGOV);
  - local governance (LGOV);
- judicial framework and independence (JFI);
- corruption (CO).

For each of these parameters of democracy, countries are rated on a seven-point scale. The higher the rating, the lower the level of freedom. Changes in a country's ratings are made depending on what kind of events and processes (positive and negative) took place in that country during the period under review, with the ratings for the previous year taken as the basis of computation.

Countries with an average score of 1.0-2.5 points are considered to be free; with 3.0-5.0 points, partly free; and with 5.5-7.0 points, not free. Depending on their ratings, countries are also classified by type of political regime: consolidated democracy (democracy score of 1-2 points), semi-consolidated democracy (3 points), transitional government or hybrid regime (4 points), semi-consolidated authoritarian regime (5 points), and consolidated authoritarian regime (6-7 points).

The 2007 report covers the period from 1 January to 31 December, 2006.

It should be taken into account that Freedom House does not assess government activities in the area of "political rights and civil liberties" but estimates their actual level, because freedom can be

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<sup>11</sup> Freedom House is an international nongovernmental organization set up in the United States in 1941. It positions itself as an independent NGO working to develop and expand democracy throughout the world and supporting new democracies, particularly by lobbying for their interests. It is known for its four annual publications: *Freedom in the World*, *Freedom of the Press*, *Nations in Transit* and *Countries at the Crossroads*.

limited not only by the decisions and activities of state institutions, but also by non-state actors, such as terrorist or other armed groups. Moreover, Freedom House does not equate legislative, including constitutional, guarantees of democracy with their implementation, but takes into account both formal and actual aspects of the problem.<sup>12</sup>

Table 1 shows the ratings and overall democracy scores reflecting the level of democratic development in the GUAM and EurAsEC countries, and also the averages for these interstate associations. EurAsEC was founded in 2000 by five states: Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Later on it was joined by Uzbekistan. In effect, GUAM and EurAsEC are the two main interstate associations that have arisen in the space of the former U.S.S.R. Hence the interest in such comparisons.

Table 1

Level of Political Rights and Civil Liberties  
in the GUAM and EurAsEC Countries (2006)<sup>13</sup>

Indicators	EP	CS	IM	NGOV	LGOV	JFI	CO	Democracy score	Status	Regime type
<b>Azerbaijan</b>	6.50	5.25	6.25	6.00	6.00	5.75	6.25	6.00	Not free	Consolidated authoritarian
<b>Georgia</b>	4.50	3.50	4.00	5.50	5.50	4.75	5.00	4.68	Partly free	Semi-consolidated authoritarian
<b>Moldova</b>	3.75	3.75	5.25	5.75	5.75	4.50	6.00	4.96	Partly free	Semi-consolidated authoritarian
<b>Ukraine</b>	3.00	2.75	3.75	4.75	5.25	4.50	5.75	4.25	Partly free	Semi-consolidated authoritarian
<b>GUAM average</b>	4.44	3.81	4.81	5.50	5.63	4.88	5.75	4.97		

<sup>12</sup> The methodology and results of the Freedom House study, as well as other cross-country comparisons mentioned in this article, are analyzed in greater detail in: N. Muzaffarli (Imanov), *Reiting Azerbaidzhana*, Kavkaz Publishers, Baku, 2006.

<sup>13</sup> Compiled from: *Nations in Transit 2007: Democratization from Central Europe to Eurasia*, available at [[http://www.freedomhouse.hu/images/fdh\\_galleries/NIT2007/rating%20and%20democracy%20score%20summary3.pdf](http://www.freedomhouse.hu/images/fdh_galleries/NIT2007/rating%20and%20democracy%20score%20summary3.pdf)], November 2007.

Table 1 (continued)

Indicators	EP	CS	IM	NGOV	LGOV	JFI	CO	Democracy score	Status	Regime type
Countries										
Belarus	7.00	6.50	6.75	7.00	6.50	6.75	6.25	6.68	Not free	Consolidated authoritarian
Kazakhstan	6.50	5.75	6.75	6.75	6.25	6.25	6.50	6.39	Not free	Consolidated authoritarian
Kyrgyzstan	5.75	4.50	5.75	6.00	6.25	5.50	6.00	5.68	Not free	Consolidated authoritarian
Russia	6.50	5.25	6.25	6.00	5.75	5.25	6.00	5.86	Not free	Consolidated authoritarian
Tajikistan	6.50	5.00	6.25	6.25	5.75	5.75	6.25	5.96	Not free	Consolidated authoritarian
Uzbekistan	6.75	7.00	7.00	7.00	6.75	6.75	6.50	6.82	Not free	Consolidated authoritarian
<b>EurAsEC average</b>	<b>6.50</b>	<b>5.67</b>	<b>6.46</b>	<b>6.50</b>	<b>6.21</b>	<b>6.04</b>	<b>6.25</b>	<b>6.23</b>		

It is quite obvious that the overall situation in the post-Soviet countries in the area of political and civil liberties is very unfavorable. In the GUAM countries, it is somewhat better than in EurAsEC. Three of the four GUAM members are included in the category of partly free states with a political regime described as semi-consolidated authoritarian, whereas all six EurAsEC countries are classified as not free states with consolidated authoritarian regimes. The difference between the average democratic development indexes (democracy scores) for GUAM and EurAsEC is quite significant: 1.26 points. The gap is largest for electoral process (2.06) and smallest for freedom from corruption (0.5 points). But the closeness of their scores on the latter parameter is due to the fact that, unfortunately, all the post-Soviet countries are exposed to the pernicious influence of mass corruption. The GUAM countries are also well ahead of the EurAsEC member states in terms of the maturity of civil society (1.86) and media independence (1.65).

It can be said that the degree of political compatibility between the EurAsEC countries is higher than it is within GUAM because these countries, without exception, have the same status regarding

democratic progress and identical types of political regime. The fact that this identity is “identity in the negative,” i.e., that these countries are “equally undemocratic and authoritarian,” makes no difference. It is known that states with roughly similar levels of political and civil liberties find it easier to create long-term alliances. Dictators and authoritarian rulers find it easier to talk and agree among themselves than with leaders of democratic states, although the opposite is true as well: authoritarian regimes are more frequently involved in open (including armed) conflicts with other countries, both democracies and dictatorships. Of course, there are still many examples in today’s world where, in the matter of creating interstate alliances, identity of political or economic interests “outweighs” the contradictions between national political and economic systems, but such alliances, as a rule, are no more than tactical.

The lower political compatibility of the GUAM states is due to the fact that one of the alliance members, Azerbaijan, is classified as a “not free” country and so, in a sense, differs from its partners. It must be admitted that in terms of the level of political rights and civil liberties Azerbaijan is closer to the EurAsEC countries than to the other GUAM states. At the same time, this circumstance gives Azerbaijan a certain advantage: by entering into an alliance with more democratic states, it effectively undertakes an implicit commitment to rise to their level and so has more incentives to improve, in the short run, the situation with political and civil liberties.

A closer look at the GUAM averages shows that the member countries have made the greatest progress in developing civil society (3.81) and the least progress in fighting corruption (5.75). Insufficiently democratic governance, both national and local, also remains a challenging problem for these countries. The best achievement is the level of civil society in Ukraine (2.75), and the worst rating is for electoral democracy in Azerbaijan (6.50). The presidential elections to be held in 2008 provide Azerbaijan with a real opportunity to significantly improve this rating: in these elections, given the lack of a real alternative, the authorities can win without any serious violations of electoral law or electoral process, because there is no well-organized, financially viable or popular opposition in the country, and in the near future (at any rate, before the elections) such an opposition is unlikely to emerge.

Of particular importance in analyzing the political compatibility of transition countries is an examination of the dynamics of democratic change in these countries, as indicated by the degree of agreement between the *directions* of change in the area of political and civil liberties. In this case, such an opportunity is provided by the fact that Freedom House has conducted its investigations over a sufficiently long period: since 1997. Data on changes in the level of democratic freedom (democratic progress) in the GUAM countries during the past eight years are given in Table 2.

Table 2

Democracy Scores for the GUAM Countries (2000-2007)<sup>14</sup>

Countries	Years							
	1999-2000	2001	2002	2003	2004	2005	2006	2007
Azerbaijan	5.58	5.63	5.54	5.46	5.63	5.86	5.93	6.00
Georgia	4.17	4.33	4.58	4.83	4.83	4.96	4.86	4.68
Moldova	4.25	4.29	4.50	4.71	4.88	5.07	4.96	4.96
Ukraine	4.63	4.71	4.92	4.71	4.88	4.50	4.21	4.25
<b>GUAM average</b>	<b>4.66</b>	<b>4.74</b>	<b>4.89</b>	<b>4.93</b>	<b>5.06</b>	<b>5.10</b>	<b>4.99</b>	<b>4.97</b>

<sup>14</sup> Compiled from: *Nations in Transit 2007*, available at [http://www.freedomhouse.hu/images/fdh\_galleries/NIT2007/democracy%20score%20-%20regional3.pdf], November 2007.

The average indicators for the GUAM countries reflecting the level of political democracy worsened steadily in 2000-2005 and somewhat improved in 2005-2007. General democratic progress in GUAM over the past three years would probably have been even more significant but for the worsening of the situation with political and civil liberties in Azerbaijan in 2003-2007. In the latest Freedom House report, only Ukraine was recognized as more democratic than in the report for 1999-2000. In the other GUAM countries, a comparison of the initial and final periods shows a negative trend, which was most pronounced in Moldova and Georgia.

It should be noted that the reaction to the Freedom House studies in the surveyed countries themselves has been mixed. The assessments of local observers, significantly distorted by their political likes and dislikes, do not—and probably cannot—coincide with the view from abroad, which is also influenced by political factors, although in a totally different form. In Azerbaijan, the conclusions drawn by Freedom House displease government officials. In their belief that an active process of democratization of social life is underway in the country, they reject the conclusions about a roll-back in this area.<sup>15</sup> In Georgia, which has somewhat improved its rating in recent years, these studies are criticized, on the contrary, by members of the opposition who believe that Freedom House, fully controlled by the U.S. State Department, artificially boosts Georgia's rating for political freedom in order to convince Georgian society and international public opinion of the legitimacy of its own role in Color Revolutions.<sup>16</sup>

However, regardless of how public opinion in various countries perceives the analysis of the level of democracy and its components presented in *Nations in Transit*, this analysis suggests a number of conclusions, two of which are particularly important in the context of the problems examined in this article.

First, in terms of the level of actual protection of political rights and civil liberties the GUAM countries are fairly close to each other and can be regarded as quite compatible. Second, although GUAM as a whole differs positively from the rest of the CIS space, democratization of political life is one of the most important tasks for all its member states (but especially for Azerbaijan) for the next 5-10 years.

Both these conclusions are fully confirmed by other cross-country comparative studies in the field of democratization of governance and public life, including those of the Center for International Development and Conflict Management (CIDCM) of the University of Maryland, the United States Agency for International Development (USAID), and international nonprofit organizations such as Reporters Without Borders, International Research and Exchanges Board (IREX), The Fund for Peace (FFP), and others.

## Economic Complementarity and Compatibility

It is well known that economic complementarity ranks among the initial conditions for the stability of any geopolitical arrangements and is expressed, as a rule, in a fundamental identity of their members' economic interests. As applied to GUAM or any other interstate alliance, it should be re-

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<sup>15</sup> See, for example: "Ali Gasanov ne soglasen s otchotom organizatsii Freedom House," Interview with electronic newspaper *Day.az*, available at [<http://www.day.az/news/politics/47591.html>]. The government of Uzbekistan has gone further than the rest in demonstrating its negative attitude to Freedom House: in 2006, its office in the country was closed down by decision of Uzbek law-enforcement agencies (see: "Uzbekistan vydvoriat Freedom House," available at [<http://www.day.az/news/world/43419.html>]).

<sup>16</sup> See: *Ponedelnik* (weekly of the South Caucasus Institute of Regional Security), No. 22, 2006, p. 7.

garded as the second (but no less important than common political interests) condition of the group's viability.

The economic interdependence of the GUAM member countries is rooted in their common history: for a long time, they were part of the Russian Empire and then of the U.S.S.R. Being no more than regions of a single state, these countries—together with the other Union republics—constituted a single economic space with totally intertwined economies and close cooperation ties between sectors and enterprises. Moreover, the U.S.S.R. economy was basically a closed economy, and international economic relations—in the vast majority of cases—were maintained by central (Union) agencies or, at any rate, through them. Direct economic contacts between the regions (Union republics) and the outside world were limited to a minimum. The Union republics were obliged to fill the gaps in their economy only with the help of other regions of the empire.

That is why, theoretically speaking, the CIS countries, which by the time of the U.S.S.R.'s breakup had roughly equal technological development levels and a common language, initially had ample opportunities for economic cooperation, for maintaining and even deepening economic integration.<sup>17</sup> But this did not happen and disintegration processes prevailed.

It is generally assumed that the reasons for the disruption of cooperation ties between the former Union republics and their enterprises are of a political nature and boil down to the disintegration of the U.S.S.R. as a single state.<sup>18</sup> This is a highly erroneous view. In actual fact, it is just the other way round: the irrationality of economic ties between enterprises and regions in the U.S.S.R., most clearly expressed in absurd intersectoral proportions, was among the main reasons for its disintegration.<sup>19</sup> In the conditions of market regulation of the economy, the structural relationships established by that time could no longer function, which is why many enterprises and even entire industries ground to a halt, unable to provide an economic justification for their existence, although under the administrative-command system they somehow continued to operate.

Consequently, one can say that *the deeper a Union republic's integration into the single national economic complex of the U.S.S.R., the more unfavorable were its starting conditions for economic development after independence.* The GUAM member countries were among such republics, and in two of them (Georgia and Moldova) the volume of trade with other regions of the empire exceeded their gross product.

This circumstance was among the main reasons why, compared to other post-Soviet states, Georgia, Moldova and Azerbaijan experienced a much faster and deeper decline in GDP in the mid-1990s, although territorial wars naturally played an equally important or even a greater role. Among all CIS countries, the economic recession of the mid-1990s was least pronounced in Belarus, which managed (largely due to the retention of administrative-command elements in economic management) to save the main part of the industrial potential accumulated in the Soviet period (Fig. 1).

According to the U.N. Statistics Division (UNSD), in 1996 Azerbaijan entered a period of economic recovery, which has particularly intensified since 2003, when the country's new oil strategy began to produce its first tangible results. In 2005, GDP at current prices was already nearly

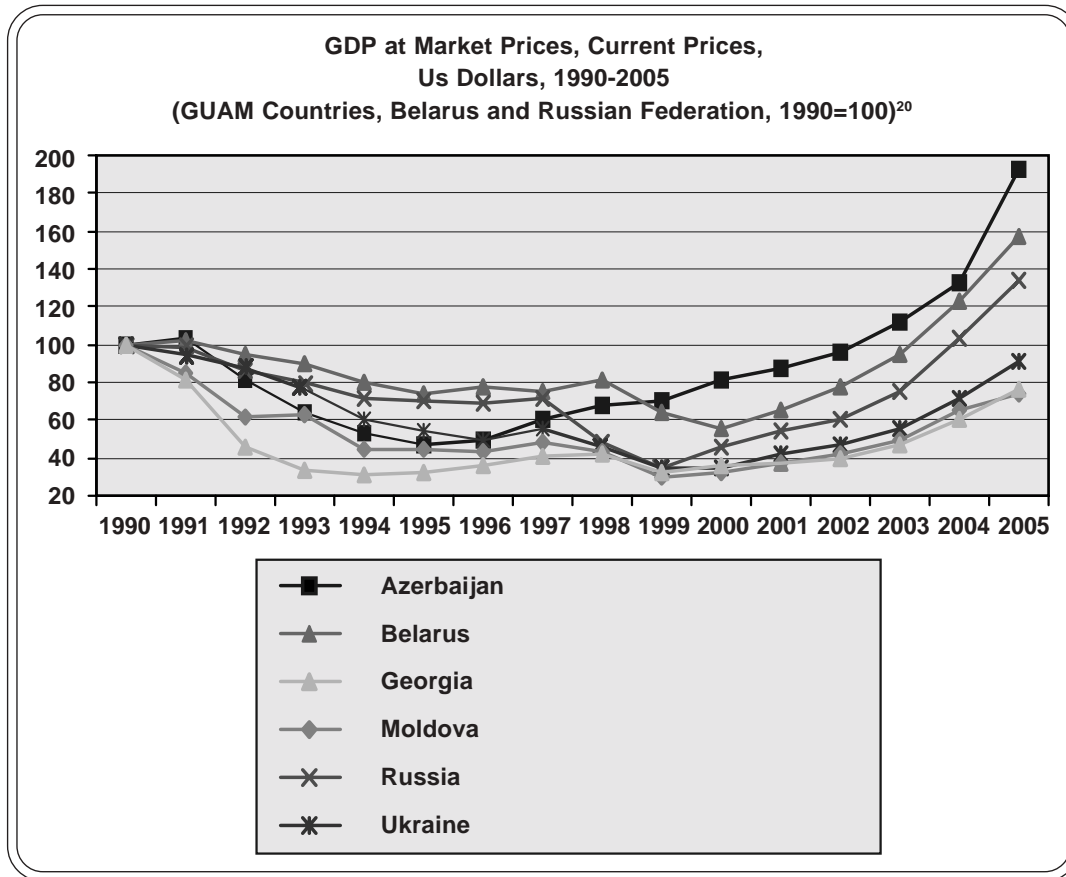
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<sup>17</sup> See: B.M. Smitienko, V.K. Pospelov, *Vneshneekonomicheskaya deiatelnost*, 3rd edition, Akademia, Moscow, 2007, p. 78.

<sup>18</sup> This view is held, in particular, by L. Grigoriev and M. Salikhov, the authors of one of the most systemic studies dealing with the economy of the GUAM countries. Their book contains many interesting conclusions, but these are formulated from the standpoint of the economic development interests primarily of the Russian Federation (see: L.M. Grigoriev, M.R. Salikhov, *GUAM—piat' nadsat let spustia: Sdvigi v ekonomike Azerbaidzhana, Gruzii, Moldavii i Ukrainy, 2001-1006*, REGNUM, Moscow, 2007).

<sup>19</sup> For more detail, see: N. Muzaffarli (Imanov), *Ekonomicheskie etudy*, Shusha Publishers, Baku, 1999, pp. 30-32, 76-80.

Figure 1



double the 1990 level, while the other GUAM countries had, unfortunately, been unable to exceed that level: in 2005, GDP amounted to 90.5% of the 1990 figure in Ukraine, 76.1% in Georgia, and 73.5% in Moldova.<sup>21</sup> Nevertheless, in recent years all GUAM countries have demonstrated fairly high rates of economic growth. In 2000-2006, according to the CIS Interstate Statistical Committee, GDP increased more than 2.5 times in Azerbaijan, by 56% in Georgia, 55% in Ukraine and 46% in Moldova. In the first three countries, GDP growth rates were above the CIS average.<sup>22</sup> As regards Azerbaijan, in 2005 and 2006 it achieved unprecedented economic development (26.4% and 34.5% GDP growth, respectively) and was first in the world rankings with a good lead over its competitors.

The economic future of the GUAM countries will depend in large part on how they build their mutual trade and economic relations. Skeptical experts draw attention to the fact that today each of them has more intensive economic relations with Russia than with its GUAM partners.<sup>23</sup>

<sup>20</sup> Compiled from the data of the U.N. Statistics Division, available at [[http://unstats.un.org/unsd/cdb/cdb\\_simple\\_data\\_extract.asp](http://unstats.un.org/unsd/cdb/cdb_simple_data_extract.asp)].

<sup>21</sup> See: Ibidem.

<sup>22</sup> See: *Godovye dannye po stranam SNG v tselom*, available at [<http://www.cisstat.com>].

<sup>23</sup> See, for example: O. Fesenko, "Igra v GUAM: chetyre igroka i bol'she?" Independent Analytical Agency Glavred, 31 July, 2007, available at [<http://www.glavred.info/archive/2007/07/31/172908-1.html>].



Indeed, trade interactions between the GUAM countries are relatively small. Thus, in Azerbaijan's total exports in 2006 (\$6,372.2 million) Turkey accounted for 6.1% (\$388.1 million) and Russia for 5.4% (\$344.3 million), while Georgia had 4.5% (\$285.3 million) and Ukraine only 0.6% (\$38.4 million). Moldova's share of Azerbaijan exports is so insignificant that it is rounded down to zero. The same applies to mutual trade between Georgia and Moldova (see Table 3).

True, it should be noted that Russia and other CIS countries are still the main foreign market for Azerbaijan's non-oil products, which are mostly agricultural. It is not difficult to foresee that as oil and gas production and exports increase, the share of the CIS (excluding the GUAM partners) in

Table 3

**Export-Import Operations between the GUAM Countries,  
Russia and Turkey in 2006**  
(in millions of US dollars and as a percentage of total volume)<sup>24</sup>

	Azerbaijan	Georgia	Moldova	Ukraine	Russia	Turkey	Total
<b>Exports</b>							
<b>Azerbaijan</b>		285.3 (4.5%)	0.3 (0%)	38.4 (0.6%)	344.3 (5.4%)	388.1 (6.1%)	6,372.2
<b>Georgia</b>	92.2 (9.3%)		0.2 (0%)	57.0 (5.7%)	75.7 (7.6%)	124.9 (12.6%)	991.5
<b>Moldova</b>	4.8 (0.5%)	4.1 (0.4%)		128.8 (12.2%)	182.0 (17.3%)	28.5 (2.7%)	1,051.6
<b>Ukraine</b>	422.0 (1.1%)	312.4 (0.8%)	671.2 (1.7%)		8 650.7 (22.5%)	2 390.0 (6.2%)	38,367.6
<b>Imports</b>							
<b>Azerbaijan</b>		49.2 (0.9%)	4.7 (0.1%)	317.5 (6.0%)	1 181.6 (22.4%)	385.0 (7.3%)	5,267.6
<b>Georgia</b>	318.5 (8.7%)		3.5 (0.1%)	320.1 (8.7%)	558.8 (15.2%)	522.6 (14.2%)	3,674.5
<b>Moldova</b>	1.8 (0.1%)	0.3 (0%)		516.5 (19.2%)	417.0 (15.5%)	113.8 (4.2%)	2,693.2
<b>Ukraine</b>	41.0 (0.1%)	72.4 (0.2%)	122.4 (0.3%)		13 787.2 (30.6%)	769.1 (1.7%)	45,021.6

<sup>24</sup> Compiled from the data of the U.N. Statistics Division (COMTRADE Database), available at [<http://comtrade.un.org/db/dqBasicQuery.aspx>]. In this database, the figure for exports from one country to another, as a rule, does not coincide with the figure for the latter's imports from the former (in 2006, for example, Azerbaijan exports to Georgia totaled \$285.3 million, while the figure for Georgian imports from Azerbaijan was significantly higher: \$318.5 million). The COMTRADE Database is compiled using information received from national statistical agencies, and their data usually do not coincide with each other. There are several reasons for this: differences in calculation techniques (for example, imports may be calculated on CIF basis, and exports on FOB basis); exclusion by some governments of data on exports or imports of certain goods from their reports; differences in statistical reporting periods, etc.

Azerbaijan's total exports will decrease, while that of the West European markets will become larger. In 2006, the republic's exports to economically developed countries reached \$4,454.1 million (about 70% of total exports), including exports to EU countries, \$3,643.3 million (57.2%).<sup>25</sup> With a proper engineering policy, this will enable Azerbaijan to shift the focus to Europe in machinery and equipment imports as well, which is absolutely necessary for modernizing the non-oil sectors of the economy and for enhancing their international competitiveness. That is why we can assume that in the next few years Russia's share of Azerbaijan's total imports (22.4% in 2006) will tend to decline.

One might get the impression that the country least involved in economic cooperation with its GUAM partners is Ukraine. In 2006, its exports to Azerbaijan, Georgia and Moldova made up, respectively, 1.1%, 0.8% and 1.7% of its total exports, and imports, 0.1%, 0.2% and 0.3%. However, this small share of Ukraine's GUAM partners in its foreign trade is due, in the first place, to the different size of their economies. For Moldova, for example, Ukraine is one of the main trading partners: exports to Ukraine make up 12.2% of its total exports, and imports, 19.2% of its total imports, exceeding the Russian share of Moldova's import operations.

The current state of trade between the GUAM countries characterizes their *actual economic complementarity*. It is undoubtedly very important. At the same time, in order to find out how sustainable this alliance can be in the future and what are the prospects for its operation and development, it is essential to analyze the *potential economic complementarity* of its member states. The latter is particularly important in cases where the initial motives behind the creation of interstate associations are not economic but political, as in the case of GUAM.

We can identify at least three areas which can potentially provide the basis for deepening economic integration between the GUAM countries in the next two decades.

- First, *cooperation in the area of energy supply*. Three GUAM countries are net importers of oil and gas. In 2006, Ukraine spent \$12,633.1 million on imports of fuels and lubricants, which exceeds 28% of its total imports. For Georgia, the figures were \$691.8 million and 18.8%, and for Moldova, \$643.7 million and 23.9%.<sup>26</sup> In the same year, Azerbaijan exported mineral resources amounting to \$5,392.7 million, which made up 84.6% of its total exports.<sup>27</sup> Moreover, oil and gas exports from Azerbaijan will sharply increase in the next few years. The potential economic complementarity of the GUAM countries on this indicator is quite obvious.<sup>28</sup>
- Second, *cooperation in the area of transportation of Caspian oil to Europe*. This question, which is closely associated with the first one, is probably the most actively discussed aspect of economic cooperation between the GUAM countries, drawing a fairly sharp response from Russia's official circles and expert community, especially in view of U.S. support for the project.

This project provides for the construction of a pipeline that would link the existing Odessa-Brody pipeline to the Polish city of Plock and then to the port of Gdansk on the Baltic Sea. Its estimated cost is \$700 million. Apart from three GUAM countries (Azerbaijan, Georgia and Ukraine), Lithuania and Poland have also declared their intention to take part in the project. At the so-called Energy Summit in Vilnius in October 2007, these five states signed

<sup>25</sup> See: Azerbaijan in Figures 2007, available at [<http://www.azstat.org/publications/azfigures/2007/en/018.shtml>], November 2007.

<sup>26</sup> Calculated from: U.N. Statistics Division (COMTRADE Database).

<sup>27</sup> See: Azerbaijan in Figures 2007.

<sup>28</sup> Azerbaijan, for its part, annually imports about 1 million tons of grain, which has an important place in the commodity composition of Ukrainian exports: in 2006, Ukrainian grain exports stood at \$1,353.7 million (data of the State Statistical Committee of Ukraine, available at [[http://www.ukrstat.gov.ua/operativ/operativ2007/zd/din\\_rik/din\\_r/dts2006\\_r.htm](http://www.ukrstat.gov.ua/operativ/operativ2007/zd/din_rik/din_r/dts2006_r.htm)]).

an agreement setting up a company to develop the Odessa-Brody-Gdansk project, whereupon the work entered a practical phase. The implementation of the project is complicated by the fact that in order to create a really viable new route for transporting energy resources to European markets the states parties to this agreement require, apart from Azerbaijani oil, Kazakh oil as well, while Kazakhstan, which also took part in the Vilnius summit, is so far somewhat vague on this issue.

An Odessa-Brody-Gdansk oil pipeline would certainly have serious economic and even political consequences, especially from the perspective of reducing Ukraine's and Poland's energy dependence on Russia, but its importance should not be exaggerated, as some experts do. Yu. Makogon, for example, believes that GUAM's whole purpose is to develop a new route for the transportation of Caspian oil bypassing Russia.<sup>29</sup> In actual fact, GUAM was created for totally different purposes.

Clearly, interest in the project on the part of Azerbaijan, which currently exports most of its oil to world markets through Turkish territory, is due to its desire to diversify its energy transportation routes. This is probably the reason for Turkey's "lukewarm" attitude to the energy component of cooperation within the GUAM framework.

- Finally, *the third area of successful economic cooperation between the GUAM countries in the short run could be mutual capital investments*. Although this aspect of their economic complementarity is discussed in sociopolitical and academic circles not as intensely as the first two aspects, it is among the most promising ones and deserves closer attention.

In the latest UNCTAD studies of cross-border capital flows,<sup>30</sup> Azerbaijan invariably ranks high not only in terms of investment inflows, but also in terms of outflows. In 2004 and 2005, it was first in the world rankings for foreign direct investment inflows (Inward FDI Performance Index), moving to 12th place in 2006, and in terms of capital outflows (Outward FDI Performance Index) it has invariably ranked among the top ten countries in the world (9th place in the 2007 report).<sup>31</sup> Azerbaijan's high rating is obviously due, in the first place, to large-scale foreign investment in the oil and gas sector, while its rating for capital outflows is due to the construction of the Baku-Tbilisi-Ceyhan and the Baku-Tbilisi-Erzurum pipelines. That is why the country's gradual fall in the world rankings for capital inflows and outflows is quite natural.

Nevertheless, there is no doubt that Azerbaijan is gradually turning into a capital-surplus country. By the most conservative estimate, in the period until 2024 the country's oil export revenues alone will exceed \$200 billion, and its foreign exchange reserves already exceed \$7 billion.

The experience of most oil-exporting countries (Nigeria, Angola, Algeria, Mexico, Venezuela, Ecuador, etc.) shows that domestic investment of oil revenues in order to diversify the sectoral structure of the economy could have a destructive impact. This is connected with inevitable subjectivity in selecting projects (caused, among other things, by corruption), fragmentation of fiscal policy and, as a result, a loosening of consolidated control over total government expenditure, additional pressure on the monetary-financial system, so-called circular financing, etc. That is why

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<sup>29</sup> See: Yu. Makogon, "GUAM ne sposoben sozdat samostoiatelnyi nefteprovod," Orthodox News Agency Russkaya liniya, 12 October, 2007, available at [<http://www.rusk.ru/newsdata.php?idar=173701>]. In the same interview, Yu. Makogon was very skeptical about the GUAM countries' ability to build an oil pipeline on their own in view of their limited resources. This position does not hold water at all, because such large projects as the construction of oil and gas pipelines are nearly always implemented with the participation of big companies and financial resources from third countries.

<sup>30</sup> The United Nations Conference on Trade and Development is an organization created in 1964 to promote the integration of developing states into the world economy.

<sup>31</sup> See: *UNCTAD World Investment Report-2007: Transnational Corporations, Extractive Industries and Development*, New York and Geneva, 2007, p. 220, available at [[http://www.unctad.org/en/docs/wir2007\\_en.pdf](http://www.unctad.org/en/docs/wir2007_en.pdf)].

the possibilities for effective domestic investment of oil revenues are very limited, while their simple placement abroad in the form of assets, as indicated by an analysis of existing practice, is unprofitable.

In these conditions, Azerbaijan can regard foreign markets as a profitable field of application for its oil revenues. For a number of reasons (roughly equal technical and technological levels of the economy, similar business environments and identical management cultures, a higher—compared to the developed countries—average annual rate of return, absence of language barriers, etc.), the preferable area for investment abroad is undoubtedly the CIS. However, at least two other Commonwealth states—Russia and Kazakhstan—have a surplus of capital (for the same reasons as Azerbaijan and on a much larger scale) and are actively tapping into the markets of the Central Eurasian region.<sup>32</sup>

In view of these circumstances, GUAM provides a good political groundwork for foreign investment by Azerbaijani government agencies and private businesses. Georgia, Moldova and Ukraine are countries with a capital deficit and a labor surplus and will apparently remain such in the near future. There are already several cases of large-scale (by the standards of the regional economy) investment by Azerbaijani companies in Moldova and Georgia, but it is clear that the potential for capital investment in these countries remains largely untapped. It should be borne in mind that the GUAM countries' political partnership would also be more durable and longer-lasting if it were underpinned by such economic cooperation.

In formulating its strategy in the area of cross-border capital flows within GUAM, Azerbaijan should take into account the undeniable fact that private investments abroad are usually more effective than public investments. Besides, some countries impose tight restrictions on intrusions by foreign state-owned companies into their economic life. That is why the preferable way for Azerbaijan to invest in the GUAM countries is to stimulate local private companies and, for this purpose, to set up a special agency that would provide loans (either directly or through commercial banks specially selected on a competitive basis) to finance projects carried out by Azerbaijani companies abroad, in this case in the GUAM countries.<sup>33</sup> Naturally, such loans should cover a certain fixed part of investment in each project. Among other things, the agency could determine and announce the priority areas (sectors, spheres and even regions) which, in the government's opinion, should be the main destinations for investment.

All these aspects of cooperation between the GUAM countries clearly point to Azerbaijan's growing economic role in the Organization.<sup>34</sup>

As a factor to some extent working against the economic complementarity of the GUAM member states, one should note that agriculture in Azerbaijan, Georgia and Moldova has a fairly similar sectoral structure. In particular, winegrowing is a key sector of agriculture in all these countries, and the Azerbaijan market is hardly large enough to accommodate imported Georgian and Moldovan wines and brandies, a major export item in these countries. Suffice it to say that in 1985, when a mass

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<sup>32</sup> In November 2007, the Central Bank of the Russian Federation announced that the country's international reserves had exceeded \$455 billion, increasing by \$151.5 billion in the first nine months of the year (see: "Mezhdunarodnye rezervy RF pobili proshlyi rekord," *Nezavisimaia gazeta*, 15 November, 2007, available at [<http://news.ng.ru/2007/11/15/1195128795.html>]).

<sup>33</sup> In the absence of a special agency, this function could be performed by the State Investment Company of Azerbaijan.

<sup>34</sup> There is nothing accidental about the statements by the Russian newspaper *Nezavisimaia gazeta* that Azerbaijan President Ilham Aliyev is to decide GUAM's future or by *Kommersant* that without Azerbaijan's membership GUAM would have turned into a conventional debating society (see: *Nezavisimaia gazeta*, 24 May, 2006, available at [[http://www.ng.ru/politics/2006-05-24/3\\_kartblansh.html](http://www.ng.ru/politics/2006-05-24/3_kartblansh.html)]; "GUAM—sanitarnyi kordon vokrug Rossii"). True, Russian analysts usually add that Azerbaijan's decisions will depend to a significant extent on the results of the geopolitical confrontation between Russia and the United States.

campaign to uproot vineyards was launched in the U.S.S.R. by Mikhail Gorbachev under the slogan of a “fight against alcohol abuse,” Azerbaijan harvested 1,790 thousand tons of grapes compared to Georgia’s 915 thousand tons and Moldova’s 654 thousand tons. At that time, Azerbaijan produced about one-third of the U.S.S.R.’s viticulture products.<sup>35</sup> In recent years, vineyards in Azerbaijan are being intensively restored, and a number of modern wineries have been built in the country. This example shows that the problem of economic complementarity between the GUAM countries is not as simple as it may seem at first glance.

On the contrary, an encouraging fact is that in 2006 the GUAM states have effectively reanimated the idea of creating a free trade area. An agreement to that effect was signed back in 2002, providing for the abolition of customs duties and quantitative restrictions in mutual trade, removal of barriers to the free movement of goods and services, and creation of an effective payment and settlement system. Considering their geographical location, the GUAM states pay much attention to the formation of a Europe-Caucasus-Asia transportation corridor and, moreover, regard it as a pivotal element of the economy. In 2007, a special Agreement on International Multimodal Freight Transportation<sup>36</sup> was signed in Baku. It is planned to develop cooperation in the area of information and communication technologies, in fighting terrorism, organized crime and drug trafficking, in preventing and eliminating the consequences of emergency situations, and in the field of culture, science, education and tourism.<sup>37</sup> The implementation of these decisions will undoubtedly help to enhance the economic complementarity of the GUAM countries.

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The success of economic cooperation between states within the framework of regional groupings depends in large part (though to a somewhat lesser extent than in the case of political partnerships) on the compatibility of their economic systems. On the whole, such compatibility between the GUAM countries does exist, because all of them have declared the construction of a free economy to be their strategic choice and over the past 15 years have implemented market reforms. At the same time, a more detailed analysis of the results they have achieved along this road reveals some differences, which are sometimes very serious.

The best way to determine how far various countries have advanced along the path of reform and how compatible are their economic systems is to analyze their positions in international comparative studies of the business environment.

***Ease of doing business.*** In its annual reports of the *Doing Business* series, the World Bank (WB) analyzes 10 parameters of the business environment: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business. Cross-country comparisons are made both separately for each of these parameters and for the ease of doing business as a whole. In its *Doing Business 2008* report, the World Bank ranked 178 countries and certain non-sovereign territories. Table 4 shows the rankings of the GUAM countries for the overall indicator and for each of its components in 2006 and 2007. The rankings for 2006 were recalculated with due regard for the changes in methodology made in 2007 and for the increase in the number of countries surveyed.

<sup>35</sup> See: *Narodnoie khoziaistvo SSSR v 1990 godu*, Statistical Yearbook, Finansy i statistika, Moscow, 1991, p. 485.

<sup>36</sup> The text of the Agreement is available at: [<http://www.guam.org.ua/274.763.0.0.1.0.phtml>].

<sup>37</sup> See: *Strategia razvitiia otraslevogo sotrudnichestva GUAM*, available at [<http://www.guam.org.ua/274.762.0.0.1.0.phtml>].

Table 4

**Overall and Component Rankings of the GUAM Countries  
on the Ease of Doing Business  
in 2006 and 2007<sup>38</sup>**

Indicators	Azerbaijan		Georgia		Moldova		Ukraine	
	2006	2007	2006	2007	2006	2007	2006	2007
Starting a business	95	64	39	10	87	81	105	109
Dealing with licenses	159	159	27	11	157	153	174	174
Employing workers	79	80	4	4	87	93	103	102
Registering property	58	56	18	11	45	46	134	138
Getting credit	21	26	62	48	94	97	62	68
Protecting investors	105	107	120	33	96	98	141	141
Paying taxes	142	141	103	102	119	111	177	177
Trading across borders	170	173	59	64	118	122	116	120
Enforcing contracts	30	30	42	42	17	17	46	46
Closing a business	71	75	87	105	78	82	139	140
<b>Overall ease of doing business</b>	<b>99</b>	<b>96</b>	<b>37</b>	<b>18</b>	<b>103</b>	<b>92</b>	<b>128</b>	<b>139</b>

According to the World Bank, the most favorable business environment among the GUAM countries has been created in Georgia, which ranks 18th in the world. In the past year, it has improved its positions still further, while in the previous WB report the republic was declared the world's "top reformer," having risen from 112th to 37th place in a single year. In the ranking of the countries of Eastern Europe and Central Asia (EECA), which includes the GUAM countries, Georgia ranks second behind Estonia.<sup>39</sup> It is the region's best performer in terms of starting a business, dealing with licenses and employing workers. In the past year, the business environment in Georgia has worsened only on two parameters (trading across borders and closing a business), markedly improving on most of the rest. Its achievements in protecting investor rights are particularly impressive: in one year, the country jumped from 120th to 33rd place.

The worst business environment among the GUAM countries will be found in Ukraine, which in the past year has surrendered its positions still further: today it is 139th in the world and next to last in the region. Azerbaijan and Moldova have somewhat improved their business environment and have risen to 96th and 92nd place, respectively. Despite certain improvements in Azerbaijan's positions on some indicators (especially on the ease of starting a business), it has unfortunately

<sup>38</sup> Compiled from: *Doing Business 2008*, available at [<http://www.doingbusiness.org>].

<sup>39</sup> The World Bank includes all GUAM countries in the Eastern Europe and Central Asia region (a total of 28 countries).

been unable to carry out reforms that could radically improve the overall business environment in the country.

At the same time, it should be borne in mind that some of the indicators used by the World Bank are in actual fact insufficiently representative for cross-country comparisons. Based on rankings compiled with the use of these indicators, it is hard to draw conclusions or formulate recommendations. We call such rankings tentative (or relative).

Indicators of this kind include, in particular, the ease of hiring and firing employees, because the difficulty of firing workers, when seen from the opposite side, appears as a guarantee of their social protection. It is no accident that a number of developed European countries rank fairly low on the ease of hiring and firing workers. They include Finland (rank 127), Turkey (136), Germany (137), Greece (142), France (144), Spain (154), Portugal (157) and Luxembourg (164). In these countries, government protection of the social interests of workers is among the top priorities of domestic policy. Meanwhile, other economically prospering states intervene in employment processes to a much lesser extent. They include the United States (rank 1), Singapore (2), Australia (8), Denmark (10), New Zealand (13), Japan (17), Canada (19), Switzerland (20) and the United Kingdom (21). These countries espouse a different philosophy of social protection, according to which economic self-regulation is the best form of such protection.

Which of these two approaches is more effective for a given country at each particular historical stage depends on a whole range of factors, primarily the potential for economic self-regulation. For newly independent transition states, a total absence of government regulation in the field of employment is hardly acceptable: almost all these countries have a labor surplus and cannot allow business to fully ignore the interests of wage workers while pursuing its own short-term interests. But since business in these countries is just emerging, excessively broad and tight control of employment is equally unacceptable.

That is why the "middle" position of Azerbaijan (rank 80), Moldova (93) and Ukraine (102) in the rankings on the ease of hiring and firing workers, as in many other tentative rankings, should be regarded as perfectly satisfactory. But it is quite obvious that, generally speaking, Azerbaijan, Moldova and Ukraine could offer their enterprises, as well as foreign investors, a more competitive environment for business activity than the current one.

**Level of economic freedom.** In contrast to WB reports, which largely focus on bureaucratic barriers to business, the *Index of Economic Freedom* (a joint study by the Heritage Foundation and *The Wall Street Journal*) concentrates on the quality of economic policy. Its authors measure the level of economic freedom from the contrary: by measuring the level of government intervention in the economy.

The overall country index is calculated based on a set of 10 component economic freedoms:

- business freedom (the ease of starting, operating and closing a business);
- trade freedom (absence of tariff and nontariff barriers to exports and imports);
- monetary freedom (combined assessment of inflation and price controls);
- freedom from government (measured by the level of government spending and the share of state-owned enterprises);
- fiscal freedom (freedom from excessive taxes);
- property rights (assessment of the degree of protection of private property rights by the country's laws and actual enforcement of these laws);
- investment freedom (especially foreign investment);

- financial freedom (liberalization of the banking sector and its independence from government control);
- freedom from corruption (level of public perception of corruption in the judicial and administrative systems);
- labor freedom (level of government intervention in economic relations between employers and employees).

In 2007, the *Index* included 157 countries, ranked in terms of both the overall level of economic freedom and each of the above-mentioned specific freedoms. Table 5 shows the overall and specific indicators for the GUAM countries.

Table 5

**Overall and Component Rankings of  
the GUAM Countries on Economic Freedom in 2006<sup>40</sup>**

Countries Indicators	Azerbaijan		Georgia		Moldova		Ukraine	
	rank	freedom %	rank	freedom %	rank	freedom %	rank	freedom %
Business freedom	92	58.0	31	78.9	56-58	70.0	111	54.0
Trade freedom	76	67.6	96-98	61.8	40	74.4	54-55	72.2
Monetary freedom	80-82	76.8	70	77.9	137	68.0	134	68.4
Freedom from government	34	86.6	12	91.3	83	71.7	108	61.9
Fiscal freedom	56-57	87.2	13-14	94.2	28	90.4	37	89.1
Property rights	81-138	30.0	81-138	30.0	41-71	50.0	81-138	30.0
Investment freedom	111-148	30.0	43-51	60.0	111-148	30.0	111-148	30.0
Financial freedom	131-143	30.0	18-37	70.0	71-107	50.0	71-107	50.0
Freedom from corruption	137-141	22.0	131-136	23.0	93-101	29.0	111-118	26.0
Labor freedom	69-70	65.4	1	99.9	81-83	61.2	119	51.8
<i>Overall economic freedom</i>	<i>107</i>	<i>55.4</i>	<i>35</i>	<i>68.7</i>	<i>81</i>	<i>59.5</i>	<i>125</i>	<i>53.3</i>

<sup>40</sup> Compiled from: *2007 Index of Economic Freedom*, available at [<http://www.heritage.org/research/features/index/index.cfm>].



The results of this study generally coincide with the conclusions of the World Bank. In the two reports, the GUAM states are listed in the same order: Georgia, included in the group of “moderately free” countries, is first in both rankings; Ukraine is the worst performer, while Moldova and Azerbaijan are ranked between them. The latter three countries are classified as “mostly unfree” in economic terms. Time series analysis reveals an important positive trend: since 2003, the level of economic freedom in the GUAM countries as a whole has tended to rise.

*Quality of the national business environment* is one of two parameters (subindexes) used by the World Economic Forum (WEF) to calculate its Business Competitiveness Index for various countries. The latest WEF report covers 127 countries. In the ranking on the quality of the national business environment, Azerbaijan is well ahead of its GUAM partners with 72nd place; Ukraine ranks 82, Georgia 93, and Moldova 101.<sup>41</sup>

It is easy to see that the results of this WEF study differ significantly from those of the above studies. This is because, in the first place, the business environment parameters assessed by the WEF also include so-called factor conditions (physical, administrative and technology infrastructure, human resources, capital markets). This is a very important addition, without which an analysis of the business environment cannot be regarded as exhaustive, because even the highest degree of economic freedom granted by the state to enterprises cannot ensure their normal operation without factor conditions (such as access to electricity). Moreover, factor conditions for business activity are basic in relation to all the rest.

That is why Azerbaijan’s higher WEF rankings relative to the other GUAM countries should be seen as a fairly important advantage. The point is that an improvement in factor conditions for business activity requires much more time and resources (including financial resources) than many other components of the economic environment. For example, an improvement in legal guarantees of private property rights and a tightening of their practical implementation (despite their fundamental importance) nevertheless lie within the realm of government economic policy; they can be achieved in a relatively short period and do not require additional resources. The same can be said of most other components of the quality of the business environment as assessed in *Doing Business* and the *Index of Economic Freedom*.

*To summarize the results* of these three cross-country comparative studies of the quality of the business environment, one can say that despite certain differences (which are sometimes quite significant) between the GUAM countries in a number of indicators characterizing the level of economic freedom, they are now, generally speaking, at about the same stage of economic liberalization. From this perspective, they are quite compatible. All GUAM countries are badly in need of improving both political, economic and especially factor conditions for business activity, and their alliance (given efficiently organized cooperation in the appropriate fields) can and must have a positive influence on this process.

## *C o n c l u s i o n*

The alliance between the GUAM countries has every chance to become really viable and to continue its existence in the coming decades, because today its member states are quite compatible, i.e., they are at about the same level of political and economic development. The basic political interests of the GUAM countries are clearly unidirectional, and one can speak of the fundamental identity of these interests in both current and strategic terms, whereas the economic complementarity of these

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<sup>41</sup> See: *The Global Competitiveness Report 2007-2008*, available at [<http://www.gcr.weforum.org>].

countries is more potential than actual. The widely held view that political integration between states is determined by their economic complementarity does not apply to GUAM. In this case, a deepening of economic cooperation is a logical continuation of political partnership.

For a complete analysis, it would be well to consider the sociocultural, including religious, compatibility of the GUAM countries. But this problem is beyond the scope of this article and should be considered separately.

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## THE GUAM PHENOMENON: ITS EXPERIENCE AS A REGIONAL COOPERATION STRUCTURE AND ITS PROSPECTS AS AN INTERNATIONAL ORGANIZATION

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The appearance of the GUAM (Georgia, Ukraine, Azerbaijan, and Moldova) cooperation group in the second half of the 1990s was motivated by the need to create a consultative mechanism within the framework of European international organizations in order to coordinate the positions of the member states and form regional cooperation structures. At the same time, definition of the role and clarification of the functions of GUAM at all stages of cooperation among the interested sides and development of this structure was in no way simple and unequivocal due to the changes in the transnational system and the special features of the processes occurring in the post-Soviet expanse. These circumstances demand a more in-depth assessment of the special roles played by the member states and of the regional processes that have been going on during the last 15 years.

The profound political differences among the post-Soviet states in foreign policy, security, and military partnership designated after the collapse of the U.S.S.R. as early as the first half of 1992 can be regarded as the trigger that launched the formation of GUAM as a separate structural component. After refusing to sign the Collective Security Treaty at the CIS Tashkent summit on 15 May, 1992, several countries, including Ukraine, Moldova, Belarus, Azerbaijan, and Turkmenistan, voiced their objection to Russia's dominating status in the former Soviet expanse and proclaimed their own foreign policy in the European and Euro-Atlantic context.

As early as 1992-1993, political observers led everyone to believe that Kiev could become an alternative center of consolidation within the CIS. This development of events was considered a premise for the possible breakdown of the CIS

into two zones, one of which would be more subject to Western influence, while the other would retain its primary orientation toward Moscow.

The CIS European countries took a long time to adapt to the reality of post-bipolar Europe, and it was not an easy process. Their cooperation potential on an interstate basis, which was envisaged in the CIS founding documents, was poorly tapped. During the transition to capitalism, each of the post-Soviet states strove to set and resolve their domestic development and foreign policy tasks independently, without interacting with the other post-Soviet states. Most of the Central Asian countries and Armenia still hoped to preserve alliance relations with Russia, which was reinforced by the need to guarantee security. In contrast, the political elites of Ukraine, Moldova, Azerbaijan, and Georgia looked for ways to strengthen their independence in their relations with Moscow, rejecting participation in proto-coalition military-political structures, such as the Headquarters for Coordinating Military Cooperation among the CIS Member States (it was in effect from 24 September, 1993 to 1 January, 2006) and the Joint Command Headquarters of CIS Collective Peacekeeping Forces. The question of territorial integrity remained a constant bone of contention for the governments of Moldova, Georgia, and Azerbaijan. In so doing, Russia's position was regarded as a serious obstacle to restoring these countries' control over the autonomies declaring independence. Ukraine viewed the events of 1992-1994 relating to the status of the Black Sea Fleet and the separatist moods in the Crimea as confirmation of Russia's imperial ambitions.

Another important factor was the direct influence of the enlargement of the EU and NATO, which motivated Ukraine and Moldova to declare their pro-European orientation, and also encouraged Georgia and Azerbaijan to move closer to NATO and the EU. In the 1990s, the European integration processes seemed to be the trend that would sooner or later also spread to the European republics of the former Soviet Union. Against this background, refusal to engage in military and military-political cooperation with Russia was viewed as the main prerequisite for a successful pro-Western orientation. Z. Brzezinski's idea about the need for Moscow's preventive deterrence in order to stop a revival of the Russian empire had a significant influence on the formation of political views. Z. Brzezinski saw the creation of a Balto-Black Sea arc—an alliance of states between the Baltic and Black seas—as an effective means for putting pressure on Russia.<sup>1</sup>

Since GUAM's declaration coincided with attempts to establish permanent forms of political coordination between Ukraine, on the one hand, and Poland and Lithuania, on the other, this project was a direct reminder for the Russian elite of the "limitrophe spaces" of the 18th century and of various versions of the "cordon sanitaire" of the 1920s-1930s. So it is not surprising that Moscow's attitude toward GUAM was unequivocally negative from the very beginning.

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<sup>1</sup> See: Z. Brzezinski, *Out of Control: Global Turmoil on the Eve of Twenty-first Century*, New York, 1993, pp. 187-205.

## GUAM's Formation as a Multilateral Consultative Mechanism

In 1995-1996, interaction among the diplomatic corps of Ukraine, Moldova, Azerbaijan, and Georgia was carried out in the form of political consultations within the framework of the U.N., OSCE, and the Council of Europe. More active rapprochement of the positions of these countries was

designated after the OSCE Lisbon summit within the framework of the discussion of the flank limitations of the Treaty on Conventional Weapons and Armed Forces in Europe. GUAM's appearance as a political-consultative mechanism was declared during the meeting of the heads of state and government of the member states of the Council of Europe in Strasbourg on 10 October, 1997. The joint declaration of the presidents of the four states envisaged close cooperation aimed at "strengthening stability and security in Europe based on the principles of sovereignty, territorial integrity, and inviolability of state borders." Stepping up the deadlines for withdrawing Russian troops and military bases from Transnistria and Georgia was considered one of the important goals of this interaction. The document stated that the GUAM states shared the same views on the key international problems, including the processes in the post-Soviet expanse.

GUAM's goals and tasks were defined in general terms during the meeting of the delegation heads of Ukraine, Georgia, Moldova, and Azerbaijan in Washington and during the annual assembly of the IMF and World Bank in October 1998. The sides placed the emphasis on development of a Trans-Caucasian transportation corridor, which was presented as a potentially important direction of regional integration and as a factor for strengthening the economic and political sovereignty of the countries in this group. From Ukraine's viewpoint, the creation of GUAM opened up the possibility of gaining access to Caspian oil, as well as use of the Odessa-Brody oil pipeline with subsequent transportation of energy resources to the European market. Ensuring the security of transportation corridors was regarded as a concomitant goal.

During the NATO summit held in Washington on 24 April, 1999, Uzbekistan also joined the group after suspending its participation in the Tashkent Pact of 1992 in 1999, but not denouncing this document. The enlarged union of states was named GUUAM.

The statements of the GUUAM member states' presidents adopted in Washington clarified the principles and main vectors in the activity of this union with the emphasis on security issues, including:

- strengthening multilateral cooperation within the framework of international organizations and forums;
- developing interaction within the framework of the Euro-Atlantic Partnership Council and NATO Partnership for Peace program;
- cooperating in the peaceful settlement of conflicts and crisis situations;
- intensifying practical cooperation aimed at reinforcing the peacekeeping potential;
- opposing ethnic intolerance, separatism, religious extremism, and terrorism;
- strengthening conditions for the non-dissemination of nuclear weapons and other types of WMD;
- preventing deliveries of arms to conflict zones;
- cooperating in the development of a Europe-Caucasus-Asia transportation corridor;
- holding regular consultations on issues of mutual interest.

Until 2001, GUUAM was primarily regarded as an interstate coordination mechanism. Diplomatic prudence in the member states called for not posing the new structure as an opposition organization to the CIS and other unions that appeared in the post-Soviet expanse. From the viewpoint of Ukraine, GUUAM's main prospects were associated with building and operating a Eurasian transportation corridor, reviving the TRACECA project along the Great Silk Road, and expanding regional cooperation with European and Euro-Atlantic structures, since it was obvious that without their sup-

port it would not be possible to implement the project designed to transport Caspian oil to Europe through Georgia and Ukraine.

In addition, the Ukrainian military-political complex was interested in delivering arms to the GUAM countries and rendering services to modernize military technology. Beginning in 1998, a proposal was made by the Ukrainian high brass to create a joint GUAM military contingent with a specific set of assignments, which included ensuring the security of transportation corridors and pipelines. On 21 January, 1999, at a meeting of the defense ministers of the GUAM states, the formation of a joint peacekeeping battalion was approved. The first common thematic exercises of Ukrainian, Georgian, and Azerbaijani contingents were held in Georgia in the spring of 1999, on the eve of the official opening of the Baku-Supsa oil pipeline and Poti-Ilyichevsk rail ferry crossing.<sup>2</sup>

But official Kiev was clearly in no hurry to use the GUUAM peacekeeping forces in local conflicts. According to A. Kuzmuk (Ukrainian defense minister in July 1996-October 2001 and in September 2004-February 2005), Ukraine was ready to participate in political consultations, create a trans-Caucasian corridor, and restore the Silk Road in order to ensure stability in the Caucasian region, which did "not require sending a peacekeeping contingent to the Caucasus."<sup>3</sup> A. Kuzmuk also emphasized that it was not a matter of creating an official coalition or encouraging the activity of a joint contingent in the CIS.

During Leonid Kuchma's presidency, Nagorno-Karabakh was considered the most likely area for applying the GUUAM peacekeeping efforts (if mutual consent of the sides, i.e. Armenia and Azerbaijan, was reached on this question). As for Abkhazia, the Ukrainian leadership placed its stakes on the offer to provide mediation services to settle the conflict by diplomatic means.

In 1999-2001, almost all the main concepts and ideas about the prospects for the Organization's development had been outlined, including the possibility of its enlargement by means of Poland, Rumania, and Bulgaria, as well as its transformation into an international structure. On Ukraine's initiative, the GUUAM summit in Yalta (6-7 June, 2001) adopted the Organization's Charter, which contained several provisions of a founding nature and specified the goals of activity. In July 2002, an agreement was signed to form a free trade area. In 2004, a decision was made to create a GUUAM Parliamentary Assembly.

On 14 June, 2002, Uzbekistan announced its intention to suspend its membership in the Organization, and in 2005 entirely ceased its participation in its bodies and structures. At the same time, this republic continues to participate in the free trade area and transportation projects, including the TRACECA program supported by the EU, in the framework of which freight from Uzbekistan to Europe passes along the Tashkent-Turkmenbashi-Baku-Poti-Ilyichevsk route. The change in the country's position was motivated primarily by GUUAM's shift toward cooperation with NATO, as well as the advance of plans representing a potential alternative to the CIS projects despite the weak economic integration potential of this Organization.

It is worth noting that GUUAM's potential as a multilateral structure has long been a standby option for Kiev. According to Ukraine, the transport-energy vector was the most important, which was motivated by the need for more sustainable energy security. The emphasis was placed on achieving the maximum yield of the international transportation corridors passing through the GUUAM states, which was considered the Organization's main cohesive element and the main significance of its historical designation.<sup>4</sup>

<sup>2</sup> See: V. Badrak, "Vivat GUUAM!" *Zerkalo nedeli*, No. 40 (313), 14 October, 2000.

<sup>3</sup> V. Badrak, "Batalionotvorchestvo, ili Novaia filosofii voennogo sotrudnichestva," *Zerkalo nedeli*, No. 3 (276), 22 January, 2000.

<sup>4</sup> Speech by Ukrainian President Leonid Kuchma during discussion of Item 3 on the agenda of the GUUAM summit "Current State of Cooperation in GUUAM and the Prospects for its Development" (Yalta, 7 June, 2001).

Nevertheless, no stable prospects were defined for the Baku-Supsa-Odessa-Brody energy route, despite the constant efforts of the Ukrainian side and Poland's token consent to support this project, as well as the serious attempts undertaken by the Ukrainian government in 2003-2004 to come to terms on the possibility of delivering oil from Kazakhstan and Azerbaijan. The plans formulated in the Yalta Charter of 2001 to transform GUUAM into a full-fledged transnational organization were carried out slowly. Moreover, in 2002-2004, during the Ukrainian-Russian talks, the sides succeeded in coordinating and normalizing the mid-term conditions for the delivery and transit of Russian oil and gas through Ukraine, which reinforced Ukraine's status as the main transit state and helped to defuse tension in relations with Moscow, which was most perceptible in 2002-2004. The pragmatic possibilism of the foreign policy of Leonid Kuchma's presidency (in the form of so-called multi-vectorism) was subjected to targeted criticism with respect to its "indefiniteness" and "situation-orient- edness." This became an important factor motivating the support from political circles and various U.S. and EU foundations of the transfer of power to Viktor Yushchenko, who declared an unequivocal Western orientation.

## The Democracy Rage and Development Problems

When Victor Yushchenko came to power in Ukraine (2005), an attempt was made to activate GUAM's activity and launch its new phase. There were three components among the main factors regarded as prerequisites for this Organization's more active role in the context of the changed political situation in the Black Sea-Caspian sub-region:

- the enlargement of NATO and the EU, as well as Rumania and Bulgaria's entry into the Alliance, which gave NATO the status of direct participant in the security relations in the Black Sea Region;
- acceleration of the democratic processes as a result of the development of direct contacts between the region's states and NATO and the EU;
- dynamic development of new energy projects, which prompted a search for mutually beneficial cooperation conditions between the GUAM states and the European and Central Asian countries.

The new tasks were motivated by the fact that the states of the Black Sea-Caspian zone could no longer remain outside the European processes, waiting for the Russian leadership to show it was ready for mutually beneficial cooperation. In order to ensure more sustainable development prospects, it was suggested that attention be concentrated on strengthening regional security, since without this the prospects for ambitious economic projects would remain indefinite. The GUAM member states set their general sights on putting a halt to the Russian military presence in Georgia and Moldova, assisting transfer of the separated provinces to the control of the central authorities, and rendering mutual assistance in crisis situations.

Drawing up a plan for settling the Transnistrian conflict and declaring its willingness to promote democratization of the post-Soviet expanse were new elements in GUAM's political positioning at the summit in Chisinau (22 April, 2005). It was hoped that GUAM's activation would ensure continuation of the processes designed to enlarge NATO and the EU, which would ensure the Black Sea-Caspian states economic advantages, participation in the oil and gas transportation projects, as well as large investments and access to new technology. Of course, this approach meant putting forward if

not an economic, at least a political alternative to the CIS. Giving GUAM a more pronounced political-ideological orientation led to Uzbekistan putting an ultimate halt to its participation in the Organization's activity. During the Chisinau summit, Viktor Yushchenko suggested transforming GUUAM into a regional international structure. GUUAM's goal was defined as "creating a zone of stability, security, and prosperity, which is closely tied to the European Union and is developing according to European rules and standards." According to Viktor Yushchenko, GUUAM's activity as a "coalition of states" is based on three universal principles:

- the Organization should become a "bastion and guarantor of democratic change and stability in the Black Sea-Caspian region." The establishment and reinforcement of these values is impossible without the member states' progress toward European integration;
- strengthening the economic power of the region's states and their joint participation in implementing international projects, primarily in the transport and energy fields. Execution of the agreements on creating a free GUAM trade area will create prerequisites for carrying out other joint projects, "particularly in the transit of energy resources in the European direction;"
- cooperation in security, including combating "the growing menace of international terrorism, separatism, extremism, and transnational organized crime" as a direct threat to democracy and economic development. This goal should be achieved by means of joint peacekeeping forces intended for resolving local contradictions in the regions—presumably in the zone of the Georgian-Abkhazian and Georgian-Ossetian conflicts.<sup>5</sup>

In search of support for its political initiatives, the Georgian and Ukrainian leaders initiated a forum called the Community of Democratic Choice (CDC), which was regarded as a regional projection of the global Community of Democracies created at the end of the 1990s for encouraging the democratization of political systems in developing countries. During the CDC forum held in Kiev on 1-2 December, 2005, the accent was placed on its association with the Balto-Black Sea-Caspian region as a project parallel to GUAM. Since the CDC did not envisage the creation of structural and organizational elements, GUAM became the main practical mechanism for implementing the new policy in the Black Sea-Caspian region.

Convocation of the CDC forum was dictated by the striving of the Ukrainian leadership to demonstrate its potential as ideological leader in the political transformation processes in the CIS expanse and contiguous regions. The official aim of this event was to stimulate the democratic processes in the Balto-Black Sea-Caspian region. The declaration adopted by nongovernmental public organizations expressed the confirmation of the principles of political democracy, supremacy of the law, and civil society, as well as the strengthening of cultural ties among the states of the Baltic, Central-Eastern, and Eastern Europe, the Balkans, Black Sea, and the Caucasus. The actual goals of the new community consisted of placing greater political-ideological pressure on Russia, Belarus, and other post-Soviet states by creating a platform for criticizing their ruling circles.

But, due to the dearth of constructive initiatives and real methods of influence, the forum did not become a viable entity. There can be no doubt that the dynamics of the regime changes in Afghanistan, Iraq, Georgia, Ukraine, and Kyrgyzstan created an additional boost for putting pressure on the Russian leadership by "advertising" standard ways to resolve similar political problems. Nevertheless, Ukraine's claim to regional leadership was rather ambitious, since a state wishing to act as a dominating regional entity needs at least to be sure that the other countries playing the role

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<sup>5</sup> See: "Yushchenko pryzhyvaet k sozdaniiu na base GUUAM 'oplota demokratii i stabil'nosti'," 22 April, 2005, available at [<http://www.podrobnosti.ua/power/intpol/2005/04/22/206716.html>].

of junior partners are interested in this and that they are willing to join forces to resolve several common functional tasks. As for the Euro-Atlantic periphery, the influence on it of the rigid system of Western institutions excludes the possibility of alternative centers of power and influence emerging. The existence of two decision-making centers (the U.S. and the EU) in the bipolar Euro-Atlantic system is creating a specific configuration of relations, under which the United States and the European Union are either vying with each other (which happens quite rarely) or are finding ways to coordinate common approaches. The intensification of NATO's presence in the Black Sea Basin is helping to raise the activity of the regional states, but there is no talk of alternative leadership to them in this situation. Under these conditions, the thesis of Ukraine's regional leadership is sooner playing the role of an emotional factor for encouraging the execution of functions which the governments of the "new" NATO members, such as Poland or Rumania, are loath to carry out.

In 2006, another GUAM summit was held in Kiev (22-23 May), during which a decision was made to turn GUAM into an international organization. Several documents were signed, including the Charter of the Organization for Democracy and Economic Development—GUAM, which, in contrast to the Yalta Charter of 2001, was drafted as an interstate international treaty subject to ratification by the parliaments of the member states.

Speaking at this event, Viktor Yushchenko placed particular emphasis on Ukraine's interest in energy cooperation, which is one of the most important issues for the GUAM states. Primarily, the Ukrainian side expressed an interest in "the new prospects for oil transportation"—keeping in mind the possibilities of the "oil producers, which are Azerbaijan and Kazakhstan," and the interests of consumers in the European Union. Kiev is interested in developing its "obvious transit function" to the utmost and is willing to invest the capacities it has in advancing energy projects, including the Odessa-Brody oil pipeline. It was noted again that Ukraine saw great prospects for this project, including the possibility of building a new oil refinery and terminal for Caspian oil. Viktor Yushchenko confirmed Kiev's willingness to look at projects for building new oil pipelines and gas deliveries from Central Asia through the Caspian Sea, the Caucasus, and Ukraine to Europe, but he evaluated the project for laying a gas pipeline along the bed of the Black Sea bypassing Russia as unrealistic.<sup>6</sup>

Since democratic rhetoric did not ensure a rise in status of the GUAM states in their relations with the EU, but did aggravate the contradictions with the Russian leadership, in 2006-2007, the accents were shifted to popularizing and lobbying several economic projects, particularly those applying to transport infrastructure.

Viktor Yushchenko came forward with these initiatives at the summit of the Black Sea Economic Cooperation Organization (BSECO) in Istanbul on 25-26 June, 2007, proposing that a common energy policy be formed for all the BSECO member states based on transparent and non-discriminating access of all the countries to the energy resources. It was also proposed that a Black Sea free trade area be created and attention concentrated on implementing transport projects and developing international transportation corridors.

The statements of the Ukrainian politicians indirectly express an understanding of GUAM's narrow parameters for developing economic integration projects. Keeping in mind the clearly unrealistic nature of the ideas that if the nature of power in Russia changes, Moscow's attitude toward the prospects and projects of the CIS could significantly change, Kiev declared its willingness to implement an energy policy in GUAM that "would bring these countries closer to the EU" and

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<sup>6</sup> See: *Stenogramma sovmestnoi press-konferentsii i glav gosudarstv-uchastnikov GUAM*, 23 May, 2006, available at [[http://www7.president.gov.ua/ru/news/data/28\\_8461.html](http://www7.president.gov.ua/ru/news/data/28_8461.html)]; "GUAM Sammit—eto ne protivovoes SNG ili Rossii," 23 May, 2006, available at [<http://www.obozrevatel.com/news/2006/5/22/113961.htm>].



voiced its support of Central Eastern European states—EU and NATO members—joining GUAM.<sup>7</sup>

They also talked about unspecified projects aimed at creating a wider market space within the BSECO based on a free trade area with developed transportation routes, which would be regulated by WTO principles and be more open, accessible, and liberal than the European Union market for the countries of the European periphery.

## Plans and Initiatives

In 2006-2007, the plans for GUAM's activity were concentrated on two or three main vectors, including the idea of creating a "common space" for the production and transit of energy resources, a project for an energy transportation corridor based on the use of the Odessa-Brody oil pipeline, and joint representation and advance of the interests of the member states on the international arena, which envisages the creation of peacekeeping structures and their potential use in local conflict zones.

During 2007, two energy summits were held attended by the presidents of Ukraine, Poland, Lithuania, Georgia, and Azerbaijan. The idea of creating a "common Balto-Black Sea-Caspian energy transit space," which was formulated at the Krakow energy summit on 11 May, 2007 was considered the joint initiative of Azerbaijan, Georgia, Lithuania, Poland, and Ukraine. Kazakhstan was also represented at this meeting by Minister of Energy and Mineral Resources B. Izmukhambetov. Kazakhstan President Nursultan Nazarbaev, who was invited to the conference in Krakow, cancelled the trip due to Vladimir Putin's official visit to Kazakhstan scheduled to begin on 10 May. During this event, an agreement was reached to lay a Caspian gas pipeline with the participation of Russia, Kazakhstan, and Turkmenistan.

At the summit in Krakow, Viktor Yushchenko made a statement to the effect that Ukraine's energy development strategy was based on achieving energy efficiency, diversifying sources of energy supply, and ensuring full-fledged use of transit potential. Kiev was interested in forming a common energy space in Central Eastern Europe, which would make it possible to find an optimal combination of the potential of specific countries and encourage execution of the regulations of the European Energy Charter.

Use of the Odessa-Brody oil pipeline was offered as an important component of this strategy. In October 2007, Azerbaijani government approved the candidacy of the State Oil Company of the Azerbaijani Republic (SOCAR) as a shareholder of the Sarmatia enterprise, which was created to finish building the Odessa-Brody oil pipeline to the city of Plońk in Poland. Azerbaijani Minister of Industry and Energy N. Aliev noted that "Azerbaijan is ready to participate in this project," although it is still not clear how the oil pipeline will be loaded.

At an energy summit called "The Development of Energy Cooperation with the Caspian and Black Sea Regions: Toward Enlargement of the Energy Market" (10-11 October, 2007) held in Vilnius, questions were discussed relating to the increase in number of shareholders in the Sarmatia Joint Venture, which was created in July 2004 for laying the Brody-Plock oil pipeline of 490 km in length.<sup>8</sup>

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<sup>7</sup> See: "Yushchenko: GUAM—naibolee perspektivnaia initsiativa sotrudnichestva stran v regione," 12 April, 2005 available at [<http://www.podrobnosti.ua/power/intpol/2005/04/12/203669.html>]; "Ukraina i Gruziiia vystupaiut za otkrytost' GUAM dlia stran vne granits byvshego SSSR," 20 April, 2005, available at [<http://www.podrobnosti.ua/power/intpol/2005/04/20/206014.html>].

<sup>8</sup> The main vectors in the activity of the Sarmatia JV are preparing design and estimate documentation, attracting investments, and supporting construction work. Sarmatia should draw up the feasibility report and determine the efficien-

On Ukraine's initiative, a Round Table meeting was held during the summit to discuss the formation of a common European transit space in Central and Eastern Europe for resolving transit questions in compliance with the European Energy Charter and the national interests of the member states.

A meeting of the Council of GUAM Heads of State in Vilnius (10 October, 2007) adopted a decision to focus the Organization's attention on regional transport and infrastructure projects, including the completion and use of the Odessa-Brody-Plock-Gdansk oil pipeline, the laying of railroads to Georgia, the building of a Kerch-Poti-Batumi ferry crossing, and so on.

The statements by Viktor Yushchenko and the other Ukrainian politicians called for, first, steering clear of issues concerning rivalry with Turkey for the role of main transit state and, second, for interesting the EU in indirectly protecting European energy interests (including by putting pressure on Russia and demanding it join the European Energy Charter). The Ukrainian leadership is continuing to view the Odessa-Brody-Plock oil pipeline as essentially the only realistic way to diversify oil deliveries, as well as ensure relative energy independence. In order to internationalize and Europeanize the problem of energy transit, attention will be focused on drawing up "fundamental principles of a common energy policy," which will make it possible to achieve "greater common benefit" and decrease "the threat of using energy issues as levers of external pressure."<sup>9</sup>

At the moment, only rough outlines of the "common energy transit space" have appeared. By putting forward this initiative, Yushchenko's presidential apparatus tried to unite Polish leader Lech Kaczyński idea to form a unified position of the EU countries and NATO in the sphere of energy security with the Ukrainian side's efforts to convince the European Commission of the realistic nature and benefit of the transit of Caspian oil to the European Union states along the shortest route—through Georgia, Ukraine, and Poland. Nevertheless, in the statements of the Ukrainian politicians, the outlines of the Balto-Black Sea-Caspian energy transit space look very vague and indefinite. Based on the public statements of the GUAM states' leaders, it can be concluded that the matter concerns an attempt to find common ground with several different systems and projects, such as the plans proposed by the U.S. to lay trans-Caspian pipelines, which presume concentrating the energy resources of the Central Asian states on the Turkish transit route, as well as the Nabucco gas pipeline project with the participation of Austria, Turkey, Bulgaria, Rumania, and Hungary, which will pass through Azerbaijan, Georgia, and Turkey to Austria.

It should be noted that the systems offered vie with Russia's plans and projects, such as the Burgas-Alexandroupolis oil pipeline being developed, the currently operating Blue Stream gas pipeline (Tuapse, Russian Federation-Samsun, Turkey) and the planned South Stream gas pipeline (from Tuapse via the Black Sea, Bulgaria, and Greece to the borders of Italy), which is a direct alternative to the Ukrainian gas transit route to the EU countries.

The main idea of the proposed common space is to prevent opposition between the Baku-Supsa-Odessa-Brody Eurasian energy corridor and the current oil transportation route along the Baku-Tbilisi-Ceyhan pipeline, which could be filled to its projected capacity as early as 2008. Since Azerbaijan is planning to significantly increase its oil production (to 65 million tons by 2010), the additional volumes of black gold could be sent along the Georgia-Ukraine-Poland route,

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cy of oil deliveries from the Caspian region to Poland. On 10 October, 2007 state oil and oil transport companies of Azerbaijan, Lithuania, Georgia, Poland, and Ukraine signed an agreement on laying the Brody-Plock oil pipeline and a corporative agreement on share participation in the international Sarmatia enterprise. The share of Ukraine, Azerbaijan, Georgia, and Poland each amounts to 24.75%, of Lithuania—1%. After the oil pipeline is finished, there are plans to extend a branch line from it to Lithuania for delivering oil to the Mažeikių Nafta refinery purchased by the Polish company (see: [<http://delo.ua/news/politics/ukraine/info-59665.html>]).

<sup>9</sup> "Yushchenko vystupaet za sozdanie Chernomorskoi zony svobodnoi trgovli," 25 June, 2007, available at [<http://korrespondent.net/business/196225>].

which, however, will require significant efforts to reconstruct and complete the existing pipelines to Plock and Gdansk, as well as a search for potential consumers. If the project is launched, the energy corridor can be realistically extended in the easterly direction (to the fields in Turkmenistan and Kazakhstan).

Why Viktor Yushchenko and Ilham Aliev mentioned Turkey, Rumania, and Bulgaria as featuring in this space is a mystery. Bulgaria and Rumania are key participants in all the alternative Russian projects and Turkey is Ukraine's direct rival in essentially all the energy transit systems.

Attempts to export oil and gas from Central Asia to Europe without going through Russia are motivated by references to Gazprom's intentions to retain the role of monopolist supplier. Moreover, all the exporter countries, with the exception of Azerbaijan, are still looking for ways to maneuver between the Russian Federation and Western companies. By upholding this tactic, Kazakhstan, Turkmenistan, and Uzbekistan were able to raise the price on gas to be exported, which is resold to Gazpromexport.

Of course if Moscow had agreed to more transparent and mutually advantageous oil and gas transit conditions through the Russian territory, at least for the CIS countries, there would have been no reason to build numerous alternative routes, or this would, at least, not have been regarded as a primary task. At the same time, the absence of transit payments, as well as Gazprom's worries that sooner or later the transit countries will try to unite and impose monopoly consolidated delivery conditions on Russia are important arguments in favor of offshore pipelines.

There were several objective and subjective reasons for the recent reserved assessment of the prospects for using the Odessa-Brody oil pipeline, including the shortage of black gold, as well as problems relating to the quality (grade) of oil and its potential consumers. The oil-producing companies of the Central European states have their own priorities, and they are unlikely to begin looking at the practical possibilities of the Odessa-Brody-Plock pipeline before it goes into operation. As for the oil refineries in the countries of this region, they are oriented mainly toward Russian or Kazakh oil. Correspondingly, if Caspian black gold is delivered, this raw material will either be transported on to the West European states, or several plants will require reconstruction and re-profiling in order to refine the Caspian's light oil. In April 2003, during the Ukrainian-German intergovernmental talks, extending the Odessa-Brody oil pipeline to the German port of Wilhelmshaven was even mentioned as a possible solution to the problem.

Experts most frequently name the subjective reasons as the relatively low level of project management in Ukraine, the insufficiently serious attitude of Polish politicians, and the absence of direct interest on the part of any of the large transnational energy companies.

Exerting common efforts to achieve peaceful settlement of the frozen conflicts existing in the Organization's member states is another priority that defines GUAM's prospects. There is no clarity in this question, which is not surprising given the parameters of the problem and its possible consequences.

The question of "unfreezing" the local conflicts in Transnistria, Abkhazia, South Ossetia, and Nagorno-Karabakh has not been clarified and looks much simpler from the perspective of abstract concepts than in the form of specific actions and efforts. Essentially nothing has been said about eliminating the reasons that led to the conflicts, which are viewed only from the perspective of the external, Russian factor.

But we cannot ignore the fact that in every case, the breakaway autonomies have long been functioning as separate unrecognized states with their own political systems and have no intention of returning to the states they at one time dissociated themselves from. The GUAM countries have not offered their own adequate model for reintegrating the breakaway autonomies in any of the listed cases, relying mainly on the decisions of transnational organizations and the possibility of introduc-

ing multilateral military or police formations as a prerequisite for changing the power structure in these territories. The Ukrainian settlement plan for the Transnistria conflict (April 2005) can be presented as an exception to the general rule. However, it only related to the general framework of the problem and left the question of reintegrating Moldova's and Transnistria's political systems and management bodies unanswered. The main element in the plan consisted of holding free elections to the Supreme Council of Transnistria in 2005, which international observers were supposed to participate in. However, this would only be possible if Moldova's official authorities invited the OSCE, CIS, and European structures to attend. This was very problematic for the Moldovan government, since it would serve as grounds for inevitable criticism from the opposition on the pretext of legitimizing Transnistria's current status.

Since those in favor of returning Transnistria to Moldova with the rights of an autonomy had no chance of winning for the simple reason that there was no one who held such views, Ukraine's economic blockade of Transnistria on the pretext of the non-democratic nature of the political regime in Tiraspol provided a foregone conclusion for recognizing the elections in Transnistria as undemocratic. This created an artificial situation designed to promote capitulation of the enclave. At the same time, neither the opening of the EU mission in Ukraine on 30 November, 2005 to assist in monitoring the Ukrainian-Moldovan border in its Transnistrian section, nor the subsequent enforcement of the economic blockade helped to promote political resolution of the problem.

At the GUAM Baku summit (18-19 June, 2007), a preliminary agreement was reached on creating a joint GUAM peacekeeping battalion, which was proposed to replace the Russian military contingents that operate under the U.N. or CIS mandate or in compliance with regional agreements in the conflict zones. A. Gritsenko (Ukrainian defense minister in 2007) noted that the GUAM battalion for carrying out assignments under the auspices of the U.N., OSCE, "or other regional organizations" would be made up of around 530 servicemen. The battalion was to be formed from three companies, a mortar platoon, an intelligence platoon, a liaison platoon, a sapper platoon, a military police platoon, logistics companies, and other auxiliary units. Each of the states would be represented at the level of one company, but the support units would be formed in compliance with the Ukraine's quota. According to G. Gritsenko, "the decision to send the contingent to a specific hotspot will be made based on a corresponding mandate and with the consent of all the sides."<sup>10</sup>

It should be noted that the designated size of the joint GUAM contingent was too small to have any serious influence on the military situation in the local conflict zones. It was clearly insufficient for effectively separating the fighting sides. But whereas "unfreezing" conflicts implies returning them to the active phase, the replacement of peacekeeping contingents might indeed have a decisive impact on the development of events, giving rise to prerequisites for bringing Moldova's and Georgia's government troops into the territory of the breakaway autonomies. Nevertheless, if use of the GUAM contingent was presumed to be an auxiliary rather than self-contained factor, a logical continuation of the deployment of GUAM's peacekeeping formations in specific conflict zones is regarded as bringing in multinational forces under the auspices of NATO. Such evaluations have already been expressed by officials of the North Atlantic bloc (in particular, NATO Officer-Coordinator for the South Caucasus Romualdas Razuks, who expressed the opinion that, if necessary, deployment of peacekeeping forces in the Caucasus would be possible with the consent of the sides in the conflict and with the support of the OSCE).<sup>11</sup>

<sup>10</sup> "Mirotvortsy GUAM budut vypolniti zadachi pod egidoi OON," 20 June, 2007, available at [<http://news.liga.net/news/N0727478.html>].

<sup>11</sup> "NATO gotovo perebrositi voiska na Kavkaz," 9 November, 2005, available at [[http://dialogs.org.ua/ua/news\\_full.php?nw\\_id=10566](http://dialogs.org.ua/ua/news_full.php?nw_id=10566)].

The cautious nature of the comments by Ukrainian politicians should be noted, as well as the constant references to the fact that Ukraine will only participate in the peacekeeping operations in the local conflict zone under the auspices of the U.N. A. Iatseniuk (foreign minister in 2007) suggested using “economic stimulants” to settle the frozen conflicts and proposed holding an informal consultative meeting at the level of foreign ministers of the GUAM member states to discuss this issue.

## Trends and Prospects

The nature and special features of the GUAM states’ position were generated by the regional specifics of the international processes after the collapse of the bipolar system. The low efficiency of the CIS’s organizational structures, the Commonwealth’s lack of correspondence, as a cooperation mechanism, to the needs of several post-Soviet countries, as well as their objection to Moscow’s geopolitical and economic control and preservation of the dominating position of the Russian political elite were the most important reasons for forming GUAM.<sup>12</sup>

Assessments of the processes in the post-Soviet expanse were defined by the transformation logic, according to which further enlargement of the EU and NATO is giving rise to “intensification of European integration for creating a common security space, as well as expanding economic and humanitarian cooperation.”<sup>13</sup>

But GUAM could not become an integration international organization due to its own limited potential and economic insufficiency. The fact that the GUAM states have no common borders gave rise to the primarily political nature of the interaction among the member states, which lower the Organization’s integration prospects. Since the Central Asian states (Uzbekistan and Kyrgyzstan) refused to participate in this structure, no significant integration prospects for the development of this Organization have been seen so far. The idea that the collapse of the CIS is historically inevitable from the geopolitical viewpoint does not take account of the member states’ interest in using its mechanisms, rejection of which could lead to the curtailment of trade relations. Even if the CIS collapses, most of the members of this union will retain mutual contacts and obligations within the framework of the EurAsEC, the Customs Union, and the Shanghai Cooperation Organization. Despite the relatively low efficiency of economic interaction within the CIS and Russia’s protectionist position on many issues, this structure presents certain economic advantages for its participants, including those relating to the functioning of a free trade area, despite the current exemptions and limitations. The CIS’s amorphous nature gave Ukraine room to maneuver and uphold its own balanced position in the post-Soviet expanse in the sphere of economic relations. The change in Russia’s position and emphasis on the formation of a more integrated space within the CIS mean transferring the main accents to the EurAsEC. It is obvious that GUAM cannot provide its participants with equal mutual advantages, despite the equal status of its members and the indiscriminating nature of their relations.

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<sup>12</sup> See: S. Pirozhkov, B. Parakhonskiy, “Formirovanie modeli regional’nogo sotrudnichestva v sisteme GUAM,” in: *Ukraina i problemy bezopasnosti transportnykh koridorov v Chernomorsko-Kaspiiskom regione. Materialy Pervoi mezhdunarodnoi nauchno-prakticheskoi konferentsii (Sevastopol, 8-9 iunია, 1999)*, Kiev, 1999, pp. 21-22.

<sup>13</sup> Charter of the Organization for Democracy and Economic Development—GUAM, available at [<http://www.guam.org.ua/267.0.0.1.0.0.phtml>].

The influence of the external factor was nevertheless global in the establishment and development of GUAM and defined the Organization's functional potential as a transitional multilateral cooperation structure. GUAM does not have a stable internal center of gravity, which makes this formation directly dependent on external impulses and decisions. GUAM's activity is mainly being stepped up by the extra-statutory participation of Central European states (including Poland, Lithuania, Rumania, and others) in this structure, as well as the political and financial support of the U.S. and EU, which arouses Moscow's concern and its opposition. In the foreseeable future, GUAM could play an auxiliary role in the political projects of NATO and the European Union by filling the space between the control zone of the Euro-Atlantic structures and Russia, which will ensure gradual expansion of the zone of the Alliance's responsibility and create the effect of a "cordon sanitaire" along the perimeter of Russia's borders. At some point, the U.S. and NATO will consider it beneficial to use GUAM's non-bloc participants in particular to put pressure on Moscow, since the Alliance and the Kremlin are bound by sufficiently developed consultative security mechanisms, which is making it difficult for NATO to apply active pressure against Russia. The time-limit and intensity of this transition period will depend on the nature of the relations between the United States/Alliance and Moscow, the state of interrelations between Russia and the European Union, as well as the speed at which controversial and conflict problems are resolved in Moscow's relations with Georgia, Ukraine, and Azerbaijan, including questions relating to the borders, the status of military bases, and local contradictions. At this time, it is obvious that GUAM's role as a regional counterbalance to Russia would be extremely dubious if it did not have outside support.

The interests of the GUAM states and their approaches to the local conflicts are also extremely different. Apart from Transnistria, Ukraine does not have enough means and resources to settle local conflicts. In this sense, Ukrainian experts are expressing concern that, in the event of more active attempts to settle the conflicts in the Caucasus, Kiev could become the hostage of third-country interests,<sup>14</sup> particularly in the context of Kosovo's independence, a precedent that is clearly underestimated by the U.S. and the EU.

GUAM's orientation toward security problems is leading to a further aggravation of relations with Russia and increasing the likelihood of a CIS crisis, which will deal a painful blow to the economic interests of the member states, since the European Union and the United States are not likely to provide sufficient compensation. Geopolitical interests in the form of ousting Russia, both bodily and intellectually, from Transnistria, Abkhazia, and South Ossetia, as well as withdrawal of the Russian naval base from Sevastopol, are regarded as prerequisites for Ukraine and Georgia joining NATO and a significant condition for the security of energy transit bypassing Russia. In turn, Kiev's participation in unfreezing the local conflicts in the Caucasus can be viewed as an independent and very dangerous factor conducive to raising the tension in relations with Moscow. This in turn, due to the anticipated economic losses, threatens the stability of economic development and indirectly pushes the "European prospect" further into the distance.

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<sup>14</sup> See: V. Kulik, "Dialog Kieva i Moskvyy: strategicheskoe partnerstvo ili 'kholodnaia voina'?", available at [<http://ura-inform.com/ru/politics/2006/05/07/dialog/>].

## ON THE ROLE OF THE “CAUCASIAN TANDEM” IN GUAM

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### *I n t r o d u c t i o n*

The disintegration of the U.S.S.R. and collapse of the communist system made significant changes to the geopolitical map of the world. States with similar characteristics rooted in the relatively recent historical past have appeared in the post-Soviet expanse. These states do not have a multitude of state institutions and have inherited the distorted system of the command economy. Since they have no experience in state independence, these countries, in addition to the numerous unresolved domestic tasks, have also found themselves faced with problems caused by the expanding dimensions of globalization.

Globalization is characterized today by the creation of regional unions of states with similar interests, thus making it easier for these countries to reach common goals through joint efforts.

A variety of different regional unions of the former Soviet republics have formed in the territory of the disintegrated U.S.S.R. And it is interesting that these formations are far from always limited to the post-Soviet expanse. On the contrary, it has become a priority for many of the former Union republics to become members of interstate unions that existed even before the collapse of the Soviet Union, such as NATO and the EU. Whereas this proved a very manageable task

for the Baltic states, other countries are still encountering a multitude of obstacles and unresolved issues as they attempt to gain membership in these unions.

More than ten years ago, Georgia, Ukraine, Azerbaijan, and Moldova created the regional international organization called GUAM, which is an institutional entity designed to find common interests and coordinate joint action plans. The fact that this structure has existed for many years shows that each country individually, as well as the organization they represent as a whole still have many unresolved problems. At present, the question of strengthening and developing GUAM is particularly urgent, and it is a priority not only for the states that belong to this structure, but also for the West, the interests of which in the post-Soviet expanse are largely related to the interests of GUAM.

GUAM's development might be successfully promoted by means of the “Caucasian Tandem”<sup>1</sup> of Azerbaijan and Georgia, which has already largely shown its efficacy and efficiency in resolving many problems that affect the interests of these Caucasian republics.

<sup>1</sup> See: T. Beridze, E. Ismailov, V. Papava, *Tsentral'nyy Kavkaz i ekonomika Gruzii*, Nurlan, Baku, 2004, pp. 42-44.

In order to clarify the essence of the “Caucasian Tandem” and define its role in strengthening and developing GUAM, it would be expedi-

ent to at least briefly describe the fragmentation processes of the geopolitical space occurring in the post-Soviet expanse.

## Fragmentation of the Post-Soviet Geopolitical Space and GUAM

The collapse of the U.S.S.R. triggered not only the historical process of the formation of independent states, but also of regional political and economic unions in the post-Soviet expanse. The first of them was the Commonwealth of Independent States (CIS), which encompasses almost the entire territory of the former Soviet Union (with the exception of the Baltic countries). Many experts already agree, to one extent or another, that this structure, which was institutionalized into an international regional organization, is not making a sufficient contribution to the integration processes.<sup>2</sup> One of the main reasons for this is the continued restriction of the integration processes to the framework of the CIS along the same lines as the closed nature of production cooperation that characterized the Soviet economic system.<sup>3</sup> It is also important that Russia’s economic interests today are related more to other entities of the world economy than to the CIS: Russia’s main sales markets are not within the Commonwealth, but beyond its boundaries, since the CIS accounts for only 15% of Russia’s foreign trade turnover.<sup>4</sup> In other words, for the Russian Federation, the Commonwealth is a “legless” organization that will not go anywhere, so Russia can afford to direct its attention to more economically attractive regions, secure in the knowledge that it always has the CIS within its reach. Moreover, the Russian Federation itself has its own priorities within the CIS, where interrelations with some of its members have been raised to the rank of strict priorities (for example, Russia regards Armenia as its strategic partner and even outpost in the Caucasus),<sup>5</sup> while others, such as Georgia, has been coined as a so-called Russian CIS outcast, with respect to which Moscow introduced tough visa conditions, closed its markets to the republic’s products, cancelled air and postal communication, and even took the liberty of persecuting ethnic Georgians living in the Russian Federation.

<sup>2</sup> See, for example: R. Grinberg, L. Zevin, *et al.*, *10 let Sodruzhestva nezavisimyykh gosudarstv: illiuzii, razocharovaniia, nadezhdy*, RAS Institute of International Economics and Political Research, Moscow, 2001; L. Kozik, P. Kokhno, *SNG: realii i perspektivy*, Yuridicheskiy mir BK Publishing House, Moscow, 2001; V. Shulga (head of a group of authors), *Ekonomika SNG: 10 let reformirovaniia i integratsionnogo razvitiia*, Finstatinform, Moscow, 2001; N. Shumskiy, *Sotrudnichestvo nezavisimyykh gosudarstv: problemy i perspektivy razvitiia*, Tekhnoprint, Minsk, 2001; idem, “Ekonomicheskaiia integratsiia gosudarstv Sodruzhestva: vozmozhnosti i perspektivy,” *Voprosy ekonomiki*, No. 6, 2003; idem, “Obshchee ekonomicheskoe prostranstvo gosudarstv Sodruzhestva: optimalny format,” *Mirovaia ekonomika i mezhdunarodnye otnosheniia*, No. 2, 2004.

<sup>3</sup> See, for example: B. Coppieters, “The Failure of Regionalism in Eurasia and the Western Ascendancy over Russia’s Near Abroad,” in: *Commonwealth and Independence in Post-Soviet Eurasia*, ed. by B. Coppieters, A. Zverev, D. Trenin, FRANK CASS PUBLISHERS, London, 1998, pp. 194-197; M.B. Olcott, A. Åslund, Sh.W. Garnett, *Getting it Wrong: Regional Cooperation and the Commonwealth of Independent States*, Carnegie Endowment for International Peace, Washington, 1999.

<sup>4</sup> See: L. Vardomskiy, “Integratsionny proekt: byt’ ili ne byt’?” *Novosti-Moldova* Information Agency, 9 July, 2007, available at [[http://www.newsmoldova.ru/print\\_version.html?nws\\_id=634258](http://www.newsmoldova.ru/print_version.html?nws_id=634258)].

<sup>5</sup> See, for example: F. Cameron, J.M. Domański, “Russian Foreign Policy with Special Reference to its Western Neighbors,” *EPC (European Policy Center) Issue Paper*, No. 37, 2005, available at [[http://www.epc.eu/TEWN/pdf/354600757\\_EPC%20Issue%20Paper%2037%20Russian%20Foreign%20Policy.pdf](http://www.epc.eu/TEWN/pdf/354600757_EPC%20Issue%20Paper%2037%20Russian%20Foreign%20Policy.pdf)]; T. Liloyan, “Armenia-Russia’s Outpost in South Caucasus—Duma Speaker,” *ArmenianDiaspora.com*, 15 December, 2004, available at [<http://www.armeniandiaspora.com/archive/16794.html>].



All of this promoted gradual fragmentation of the post-Soviet geopolitical space. Special mention should be made of the Customs Union in the CIS, to which Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan belong. The member states of this structure went on to form an interstate organization called the Eurasian Economic Community (EurAsEC). Uzbekistan joined it in January 2006. In 2003, Russia, Kazakhstan, Ukraine, and Belarus signed a treaty on the formation of a Single Economic Space (SES). It is worth noting that the experience of the first years testifies to the existence of a whole slew of contradictions among the integrating states caused primarily by incompatibility of their interests.<sup>6</sup>

In 2002, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan created the Central Asian Cooperation Organization (CACO), which Russia also joined in October 2004.

The possibility of forming a Russia-Belarus Union State has been discussed for several years now, but implementation of this project is hindered by the failure of the sides to reach a common understanding about the structure of this entity: according to the Russian view, Belarus should join Russia as a federal district, while Belarus sees the Union State as a confederation.<sup>7</sup>

In October 1997, four countries—Georgia, Ukraine, Azerbaijan, and Moldova—created the GUAM organization, which Uzbekistan joined in April 1999, thus changing the name of this structure to GUUAM. In May 2005, GUUAM once again became GUAM due to Uzbekistan's withdrawal from it. In May 2006, GUAM was transformed into an international formation called the Organization for Democracy and Economic Development—GUAM (ODED-GUAM).

In addition to these transnational structures, the states of the post-Soviet expanse are members of various international unions (for example, the EU, NATO, BSECO, and SCO), to which countries other than the post-Soviet states also belong.

Creation of the listed transnational regional organizations in the post-Soviet expanse shows that significant fragmentation has occurred today in this geopolitical area. According to Stanislav Belkovskiy, the founder of the Institute of National Strategy of Ukraine and Russia, an integrated post-Soviet expanse no longer exists as a geopolitical phenomenon, rather three post-Soviet expanses have appeared in its place: the western part of the former U.S.S.R., where the informal leader is Ukraine (which GUAM theoretically also serves), Russia and Belarus, and the so-called South Asian part, where the role of informal leader belongs to Kazakhstan.<sup>8</sup> Despite the fact that this particular breakdown of the post-Soviet geopolitical space is open to discussion, we must nevertheless understand that the actual fact of this territorial fragmentation is beyond doubt. And it is important to realize that Russia itself is the direct or indirect initiator of this process to one degree or another.

The post-Soviet states that are more loyal to Russian policy “deserve,” so to speak, more attention from the Russian Federation, and it, in turn, enters into various unions with them keeping the degree of this loyalty in mind. At times, the ideological “formalization” of this process gives rise to a certain amount of misunderstanding. For example, when Russia became a member of CACO in 2004, the question of its being recognized as a Central Asian state was discussed.<sup>9</sup> Following this logic, Turkmenistan should be excluded from the Central Asian states, since it does not belong to CACO. In other words, the membership status of a particular state in a particular regional

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<sup>6</sup> See, for example: R. Ultanbaev, “Eurasian Economic Community: Thorny Path of Development,” *Central Asia and the Caucasus*, No. 3 (21), 2003, pp. 135-137; idem, “Eurasian Economic Community in New Integration Conditions,” *Central Asia and the Caucasus*, No. 4 (40), 2006, pp. 38-40.

<sup>7</sup> See, for example: L. Vardomskiy, op. cit.

<sup>8</sup> See: “Dlia chego nuzhen GUAM?” *UNIAN*, 19 May, 2006, available at [<http://www.unian.net/news/print.php?id=155187>].

<sup>9</sup> See: F. Tolipov, “Russia in Central Asia: Retreat, Retention, Or Return?” *Central Asia and the Caucasus*, No. 5 (47), 2007, p. 19.

organization cannot be used as the only criterion for defining whether that state is located in a particular region or not.

Of all the purely post-Soviet international unions, only GUAM arouses unconcealed irritation among Russian politicians and experts, who believe it not simply to be an anti-Russian project orchestrated by the U.S. in the post-Soviet expanse,<sup>10</sup> but even a “branch” of NATO in the CIS,<sup>11</sup> although it is entirely possible that Moscow will gradually have to reconcile itself to GUAM’s existence.<sup>12</sup>

We are deeply convinced that Russia itself prompted the countries belonging to GUAM to create this transnational regional organization. As Chairman of the Center for the Study of Political Values Oles Doniy correctly noted, each of the post-Soviet republics by itself is much weaker than Russia, and, consequently, the latter has (and if necessary uses) strong levers of pressure on them, so GUAM is an institution of resistance to Russian pressure on the countries belonging to this union.<sup>13</sup>

Three of the four GUAM states have serious problems with territorial integrity. Russia directly (in Georgia and Moldova) or indirectly (in Azerbaijan) supports the regimes of the separatist territories; the Russian Federation also supports the separatist manifestations in eastern Ukraine, not to mention the Crimea. Moscow uses the territorial problems of these countries as a way to keep them under its political control.

Deliveries of energy resources play just as important a role in putting pressure on Georgia, Ukraine, and Moldova for Russia. This particularly applies to gas, the tariff policy for which is determined by Moscow’s political interests in these particular states.

In all likelihood, GUAM arouses the Kremlin’s irritation because four post-Soviet countries had the audacity to create an international union without inviting Russia, and in so doing they are clearly declaring their support of pro-Western values.

GUAM Secretary General Valery Chechelashvili justifiably notes that GUAM is an open organization, and any state of the region can apply to join it.<sup>14</sup> It is theoretically possible that the Russian Federation will want to become a member of GUAM, and its membership in what will then be GURAM (Georgia-Ukraine-Russia-Azerbaijan-Moldova) will mean that Moscow will also use this transnational structure in its interests. In this case, it can be presumed with one-hundred-percent probability that the above-mentioned criticism (at times even malicious) by Russian politicians and experts of this union will not only stop, but arguments will be heard about its prospects.

Boris Nemtsov correctly noted that the creation of GUAM was not aimed against the Kremlin, but against “dictatorial imperial Russia,” whereas democratic Russia, which will not have conflicts with the GUAM countries, has a real possibility of integrating into this union.<sup>15</sup>

At present, it is in Russia’s interests for GUAM to be weak. The Russian-Moldovan talks on reinstating deliveries of wine from Moldova to the Russian market are being viewed in this context, not to mention the next round of talks on the Transnistrian problem, as a result of which pro-Russian experts are concluding the Chisinau will repeat Tashkent’s experience and GUAM will be shortened by still one more letter.<sup>16</sup>

<sup>10</sup> See, for example: S. Shakariants, “Sanitarniy kordon protiv Rossii,” *KVKZ.ru. Novosti Kavkaza*, 29 June, 2007, available at [[http://kvkz.ru/2007/06/29/sanitarnyj\\_kordon\\_protiv\\_rossii.html](http://kvkz.ru/2007/06/29/sanitarnyj_kordon_protiv_rossii.html)].

<sup>11</sup> See, for example: V. Yakubian, “GUAM protiv Rossii—bakinskiy raund,” *REGNUM* Information Agency, 23 June, 2007, available at [<http://www.regnum.ru/news/issues/847166.html>].

<sup>12</sup> See: “Ukraina: Rossia smirilas s sushchestvovaniem GUAM,” *Noviy region 2*, 16 June, 2007, available at [<http://www.nr2.ru/pmr/124345.html>].

<sup>13</sup> See: “Dlia chego nuzhen GUAM?”

<sup>14</sup> See: A. Getmanchuk, “Gensek GUAM Valeriy Chechelashvili: ‘Kazhdaia iz chetyrekh stran—lider,’” *Glavred*, 18 June, 2007, available at [<http://glavred.info/print.php?article=/archive/2007/06/18/171626-1.html>].

<sup>15</sup> See: “Nemtsov prognoziruuet ekonomicheskoe razvitie stran ODER-GUAM,” *ForUM*, 24 May, 2005, available at [<http://for-ua.com/ukraine/2006/05/24/161820.html>].

<sup>16</sup> See: V. Iakubian, op. cit.

No matter what, GUAM's future will largely depend on the extent to which the states belonging to it will be of interest both to Europe and the West as a whole, as well as to their direct neighbors with respect to using this international organization as a tool for developing mutual beneficial cooperation in the region.

## Why the "Caucasian Tandem"?

When talking about GUAM's economic prospects, it should be noted that the economies of the countries belonging to it are still insufficiently interrelated, since deliveries to the GUAM states account for only 3-14% of the total export of the countries in this union.<sup>17</sup> The free trade area to be created,<sup>18</sup> not to mention a GUAM common market, a discussion of which has only just begun in the Foreign Minister Council of this structure,<sup>19</sup> is not likely to yield fruit any time soon. Therefore, in addition to common political interests, the implementation of large economic projects of interest not only to the GUAM member states, but also to other states and their unions from a wider area, is currently acquiring special importance.

Due to the small size of three of the GUAM states, Ukraine is usually considered its informal leader.<sup>20</sup>

On the other hand, due to its large supplies of hydrocarbon resources,<sup>21</sup> Azerbaijan has special significance in GUAM, since in addition to everything else it is located on the transportation corridor that connects Europe to Asia. In this respect, we will note that the increase in rates of Azerbaijan's economic development was mainly caused by the increase in oil production and progress in the oil refining industry. The other three GUAM republics (Georgia, Moldova, and Ukraine) are in urgent need of energy resources, and each of them faces the task of decreasing its energy dependence on Russia, which, as was indicated above, is trying to take maximum advantage of the energy factor to place increasing political pressure on the leadership of these countries.<sup>22</sup>

When we talk about the small size of three of the GUAM states, we should keep in mind that in the burgeoning globalization processes, the size of the relevant market becomes significantly less important for the successful development of any country (including a small one): globalization promotes the unification of markets, and if a state is sufficiently open,<sup>23</sup> regardless of how large its territory or how big its population, the market of this state can become a part of the united markets in question.<sup>24</sup>

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<sup>17</sup> See: L. Grigoriev, M. Salikhov, *GUAM—piatnadsat let spustia. Sdvigi v ekonomike Gruzii, Ukrainy, Azerbaidzhana i Moldavii, 1991-2006*, REGNUM, Moscow, 2007, p. 9, available at [<http://www.fief.ru/content/32/1/GUAM.pdf>].

<sup>18</sup> See, for example: "GUAM—zona svobodnoi trgovli," 24 May, 2006, available at [<http://www.kroufr.ru/forum/index.php?PHPSESSID=2549b383f4445d14978df84d46c00a55&topic=1285.msg3270#msg3270>].

<sup>19</sup> See: *Communiqué of the GUAM Baku Summit*, GUAM, 18 June, 2007, p. 3, available at [[http://www.mfa.md/img/docs/baku\\_communique.doc](http://www.mfa.md/img/docs/baku_communique.doc)].

<sup>20</sup> See, for example: V. Stepanov, B. Burkinskiy, *GUAM: problemy i perspektivy razvitiia v kontekste natsionalnykh interesov Ukrainy*, Institute of Market Problems and Economic-Environmental Research, Ukrainian National Academy of Sciences, Odessa, 2001.

<sup>21</sup> See: I. Aliev, *Kaspiiskaia neft Azerbaidzhana*, Izvestia Publishers, Moscow, 2003.

<sup>22</sup> For more about this problem with respect to Ukraine, see, for example: R. Götz, "Ukraine and Belarus: Their Energy Dependence on Russia and their Roles as Transit Countries," in: *The New Eastern Europe: Ukraine, Belarus, Moldova*, ed. by D. Hamilton, G. Mangott, Center for Transatlantic Relations, Washington, DC, 2007.

<sup>23</sup> See, for example: *Policymaking in the Open Economy. Concepts and Case Studies in Economic Performance*, ed. by R. Dornbush, The World Bank, Washington, 1993.

<sup>24</sup> See: A. Alesina, "It's the Size of the Market, not the Country that Counts," *Project Syndicate*, December 1998, available at [<http://www.project-syndicate.org/commentary/ale1>].

Due to the relative underdevelopment of the national economies of the GUAM republics and, consequently, their low competitiveness on the international markets, it is especially important for the economic entities of these states to cooperate with each other in order to concentrate joint efforts on creating prerequisites for rapid and sustainable development. In other words, there is an urgent need to search for ways to establish a system of strategic economic partnership, and not simply cooperation. Only joint efforts will make it easier to find common spheres in the region, into which foreign investments can be pumped.

The future of GUAM's economic development largely depends on streamlining the transport arteries of the Euro-Asian Transport-Communication Corridor (EATCC). The widely known Europe-Caucasus-Asia (TRACECA)<sup>25</sup> transportation corridor became the first practical implementation of this plan.

Today, TRACECA is regarded as a transit corridor that will supplement and develop the already existing routes, primarily the European. In this respect, opportunities are appearing to unite the transport systems of the Black, Caspian, Adriatic, and Mediterranean seas.

Resolving the question of transporting energy resources via pipelines is just as important.<sup>26</sup> In particular, the Azerbaijani-Georgian transportation route for early oil became the first priority large-scale project in Georgia, which attracts large foreign investments. Moreover, implementation of this plan created prerequisites for more active investment in other spheres of the Azerbaijani and Georgian economies, not to mention raising the level of security in this region.<sup>27</sup>

On the other hand, launching the plan for transporting early oil from Azerbaijan through Russia was very significant for the implementation of this project, since under conflict conditions, when oil pipelines pass through hotspots or close to them, the existence of alternative pipelines is vitally important. Consequently, this example shows that not only are Azerbaijan and Georgia strategic economic partners in the transportation of early oil, but Georgia and Russia, as well as Azerbaijan and Russia (although unfortunately, the latter has essentially never acknowledged this) can also be regarded as such.

In the post-Soviet period, the Baku-Tbilisi-Supsa and Baku-Tbilisi-Ceyhan (BTC) pipeline projects laid the basis for economic cooperation between Azerbaijan and Georgia, as well as the South Caucasian gas pipeline (SCG) for transporting blue fuel from the Caspian field Shah Deniz; Turkey is directly involved in the two latter projects.<sup>28</sup>

<sup>25</sup> See: E. Shevardnadze, *Great Silk Route. TRACECA-PETRA. Transport Corridor Europe-Caucasus-Asia. The Eurasian Common Market. Political and Economic Aspects*, Georgian Transport System Ltd., Tbilisi, 1999.

<sup>26</sup> See: F. Asadov, "Oil Caravans of the 21st Century on the Great Silk Road: What the Future has in Store for Azerbaijan and Kazakhstan," *Central Asia and the Caucasus*, No. 6, 2000; H. Chase, "Future Prospects of Caucasian Energy and Transportation Corridor. The Role of Caucasian Energy Corridor in European Energy Security," *Georgian Economic Trends*, No. 3, 2002; J. DeLay, "The Caspian Oil Pipeline Tangle: A Steel Web of Confusion," in: *Oil and Geopolitics of the Caspian Sea Region*, ed. by M.P. Croissant, B. Aras, Praeger, Westport, 1999; J.H. Kalicki, "Caspian Energy at the Crossroads," *Foreign Affairs*, Vol. 80, No. 54, 2001; F. Müller, "Energy Development and Transport Network Cooperation in Central Asia and the South Caucasus," in: *Building Security in the New States of Eurasia. Subregional Cooperation in the Former Soviet Space*, ed. by R. Dwan, O. Pavliuk, M.E. Sharpe, Armonk, 2000; A. Rondeli, "The South Caucasus: Pipeline Politics and Regional Economic Interests," in: *The South Caucasus: Promoting Values Through Cooperation, Seminar Report Series No. 20. Helsinki, 12-15 May, 2004*, NATO Defense College, Academic Research Branch, Rome, 2004; S.F. Starr, S.E. Cornell, "The Politics of Pipelines: Bringing Caspian Energy to Markets," *SAISPHERE*, 2005; *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*, ed. by S.F. Starr, S.E. Cornell, Uppsala University, Uppsala, 2005; Z. Tevzadze, "Caspian Oil: Its Export Routes and Transportation Problems," *Central Asia and the Caucasus*, No. 1 (25), 2004.

<sup>27</sup> See, for example: V. Maisaia, *The Caucasus-Caspian Regional Security Agenda in the 21st Century: Caspian Oil Geopolitics and Georgia*, Publishing House Global-Print, Tbilisi, 2002.

<sup>28</sup> See, for example: S. Caglayan, H. Mamedov, R. Medzmariashvili, et al., *Regional Review: Economic, Social and Environmental Overview of the ACG: BTC and Shah Deniz/SCP Projects in the National and Regional Context of Azerbaijan, Georgia and Turkey*, Minimax, Baku, 2003.

The laying and operation of the Kars-Akhalkalaki-Tbilisi-Baku railroad system will be a further step toward intensifying economic partnership between Azerbaijan and Georgia (as well as toward Turkey's involvement in this process).<sup>29</sup>

All the above-mentioned projects are a graphic example of the coincidence of economic interests between two of the GUAM states—Azerbaijan and Georgia. Nevertheless, taking into account the conflicts in the Caucasus, we can conclude that the implementation of many regional plans is essentially impossible without Georgia's participation. Consequently, the latter acts as a link throughout almost the whole of the Caucasus.

Azerbaijan has essentially already positioned itself as the main regional transport hub,<sup>30</sup> and is also making serious claims to becoming a hub in banking activity, business service, the light industry, and the storage and agricultural businesses.<sup>31</sup> At the same time, the Baku airport also claims the role of a transport hub for the entire Caspian region<sup>32</sup>; it is justifiably believed that in this region, Baku could fulfill the function of a central hub and become another Dubai.<sup>33</sup>

Georgia is interested in Caspian oil and gas (and not only these resources) being transported to the West via its territory, which is also in Azerbaijan's economic interests, since if this happens, the route will acquire special significance—all kinds of cargo (not only oil and gas) will travel from the East to the West and back through its territory. The transportation of Caspian oil and gas via Georgia is raising its role as a transport hub of energy resources.<sup>34</sup> It can also be said that the BTC oil pipeline is endowing the Caspian region with the function of a new European transport hub of energy resources.<sup>35</sup> On the other hand, Georgia's geographic location along the transportation corridor connecting Europe and Asia through the Caucasus has also reinforced this country's position as a so-called transit hub.<sup>36</sup>

Different levels for manifesting the latter are known in the theory of market competition—at the level of companies, at the level of industries, at the level of states, and at the level of regional formations. As a rule, competitors should have more or less equal economic leverage and common vectors in defining their strategic interests, which also ensures they have the same economic claims. The country's competitiveness primarily depends on how productively national natural, labor, material, and financial resources are used. At the same time, any competition prompts a striving for perfection. If there was no international competition, the level of productivity in each individual state would essentially not depend on the situation in other countries, while transnational flows of goods and capital open up the possibility of raising the productive use of the state's resources and exclude the need for independently producing all goods and services, or for specializing in those branches of the economy and segments of the market where the country is relatively more competitive.

Based on the aforesaid, the conclusion can be drawn that economically, for example, Azerbaijan and Georgia are not strategic competitors. This is explained by the fact that Azerbaijan has oil and gas, while

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<sup>29</sup> See: T. Ziyadov, "Officials Meet to Discuss South Caucasus Rail System," *Eurasia Daily Monitor*, Vol. 2, No. 232, 14 December, 2005, available at [[http://www.jamestown.org/edm/article.php?article\\_id=2370599](http://www.jamestown.org/edm/article.php?article_id=2370599)].

<sup>30</sup> See, for example: K.T. Derr, *Commitment in the Caspian—A Chevron Perspective on Energy and Economic Development*, Chevron Corporation, Speech to the Asia Society, 20 October, 1998, available at [<http://agitprop.org.au/stopnato/19990524oil03.php>].

<sup>31</sup> See: S. Escudero, "Hub for the 21st Century. Azerbaijan's Future Role in the Caspian Basin," *Azerbaijan International*, No. 10.2, 2002.

<sup>32</sup> Ibidem.

<sup>33</sup> See: S. Escudero, "Visions of Baku. Future Hub of the Caspian," *Azerbaijan International*, No. 9.3, 2001, available at [[http://www.azer.com/aiweb/categories/magazine/93\\_folder/93\\_articles/93\\_stanley\\_escudero.html](http://www.azer.com/aiweb/categories/magazine/93_folder/93_articles/93_stanley_escudero.html)].

<sup>34</sup> See: R. Boucher, "Opening of Caspian Basin Pipeline. United States Welcomes the Opening of Caspian Basin Pipeline," *International Information Programs, USINFO.STATE.GOV, Europe and Eurasia*, 25 May, 2005, available at [<http://usinfo.state.gov/eur/Archive/2005/May/25-468295.html>].

<sup>35</sup> See: L. Yevgrashina, "BP Starts Work on Baku-Ceyhan Oil Pipeline," *The Turkish Times*, No. 308, 1 October, 2002, available at [[http://www.theturkishtimes.com/archive/02/10\\_01/f\\_veyhan.html](http://www.theturkishtimes.com/archive/02/10_01/f_veyhan.html)].

<sup>36</sup> See: I. Ivakhnenko, "Southern Hospitality: Caspian Exporters Encourage Infrastructure Developments in Georgia," *Publications RE*, 2005, available at [<http://www.rusenergy.com/eng/export.htm>].

Georgia has access to the ocean and is a direct neighbor of Turkey; both republics are on the EATCC route and each of them has its own—in some cases unique—production potential. All of this determines the fact that Azerbaijan and Georgia cannot be regarded as rivals, rather they are strategic economic partners. In other words, these states are creating a “Caucasian Tandem” in international competition.

At the same time, the absence of interstate economic competition between Georgia and Azerbaijan can in no way be perceived as the reason for the absence of market development stimuli: these states have other rival countries, and they themselves, taken together, should be regarded as economic partners in interregional competition. The economic partnership between Azerbaijan and Georgia can become (which is also confirmed to a certain extent in practice) a “magnet” for drawing other entities, both in GUAM and in the Caucasus.

In the GUAM context, the following questions are particularly important: to what extent can the projects designed to transport Caspian energy resources to Ukraine and on to Europe be implemented and, to be more specific, to what extent will the Odessa-Brody pipeline be used for this purpose?

At the moment, as noted above, the target of Azerbaijan’s Caspian energy resources has already been determined. The BTC and the SCG have not only already been laid, they have also been put into operation. Azerbaijan’s known supplies, however, do not give grounds for particular optimism with respect to transporting them to Ukraine. In other words, the question of transporting Kazakhstan’s, as well as Turkmenistan’s, if necessary, energy resources through the Azerbaijan-Georgian transportation corridor is up for discussion. As for the implementation of this project, it is being blocked primarily by Moscow, the interests of which are in no way conducive to resolving the question of creating alternative pipelines for delivering the Caspian’s energy resources to the West, bypassing Russia. So we obviously have a so-called pipeline puzzle.<sup>37</sup>

The policy the U.S. and EU choose will be of special importance in resolving this problem, primarily with respect to the Central Asian states and specifically Kazakhstan. In so doing, the role of the “Caucasian Tandem” is becoming pivotal, both with respect to GUAM as a whole and with respect to regulating the transportation of hydrocarbon resources in the westerly direction.

To sum up, the “Caucasian Tandem” is that foundation which has already been laid and on which GUAM’s economic system can and should be built.

### *In Lieu of a Conclusion, or How to Strengthen GUAM?*

In order to properly understand GUAM’s importance, we need to turn to the geopolitical research of the Eurasian continent carried out by well-known American political scientist Zbigniew Brzezinski, who believes that the geopolitical pivots of this vast region are Ukraine, Azerbaijan, South Korea, Turkey, and Iran.<sup>38</sup> The status of a geopolitical pivot<sup>39</sup> is determined by the country’s geographic location and the consequences of its potential vulnerability as a result of the actions of the “active geostrategic players,”<sup>40</sup> which are states that possess the real capability and national will to wield power and spread influence beyond their own borders.

Two of the five geopolitical centers of Eurasia are GUAM members, which gives this union special importance. GUAM could be significantly strengthened if such a Eurasian geopolitical center

<sup>37</sup> See: G. Lomsadze, “Pipeline Puzzle,” *AmCham News*, American Chamber of Commerce on Georgia, Issue 6, December-January 2007-2008, available at [[http://www.magazine.amcham.ge/issues/2007\\_6/06\\_2007\\_02.htm](http://www.magazine.amcham.ge/issues/2007_6/06_2007_02.htm)].

<sup>38</sup> See: Z. Brzezinski, *The Grand Chessboard. American Primacy and its Geostrategic Imperatives*, Basic Books, New York, 1997, p. 41.

<sup>39</sup> *Ibidem*.

<sup>40</sup> *Ibid.*, p. 40.

as Turkey became more actively involved in its activity. In the event a triangle of geopolitical centers is formed, joint projects within GUAM will become larger in scale and more effective. What is more, if Turkey becomes more intensively involved in this union, not to mention GUAM being expanded to form GUTAM, the first could go beyond the framework of the post-Soviet geopolitical space, which is particularly important keeping in mind Russia's efforts to preserve and strengthen its influence primarily within this space.

Azerbaijan could naturally play a key role in strengthening interrelations between GUAM and Ankara. This stands to reason if we keep in mind its ethnic, cultural, and linguistic communality with Turkey, which will make it possible to reach common views on many international issues. Moreover, we should keep in mind the particular friendly relations between Georgia and Ukraine, which, with the existence and functioning of the "Caucasian Tandem," could ensure the harmonization of interests between the GUAM countries and Turkey.

When describing Azerbaijan with its vast hydrocarbon resources as a "cork" in the "bottle" that contains the riches of the Caspian Sea and Central Asia, Zbigniew Brzezinski emphasizes that independence of the states of the latter essentially depends on Azerbaijan's independence from Moscow.<sup>41</sup> This thesis, which deserves attention, should be perceived in particular by the indicated states themselves as vitally important, which essentially could serve as a platform for enlarging GUAM in the easterly direction.

GUAM's future largely depends on the extent to which it succeeds in drawing Kazakhstan and Turkmenistan into this union. As for Uzbekistan, keeping in mind its relatively recent withdrawal from GUAM, there is no point in hoping it will return to it any time soon.

It is very important that simultaneous efforts are being made to expand GUAM's activity in the Turkish and Kazakhstan-Turkmen directions, which will guarantee the success of the joint projects within the framework of this international regional union. This will balance out Turkey's and Ukraine's interests regarding the transportation of energy resources.

Realization of this possibility of GUAM's development is vitally important for the West, therefore the actions of the U.S. and EU, which are oriented toward enlarging the GUAM format in the mentioned directions, should be qualitatively intensified.

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<sup>41</sup> Ibid., pp. 46-47, 129.

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## GUAM AND GLOBAL ENERGY POLICY

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It is absolutely clear that energy policy can be described as global if states scattered across the globe pursue similar interests in the energy sphere. Its entities are geographical regions with considerable proven or forecast resources of hydrocarbon and other energy and raw materi-

al sources, transportation means and routes, as well as a price-forming system and other economic parameters related to the functioning of the energy markets. In recent years, the Caspian-Black Sea region, a large part of Eurasia, has acquired more prominence as one of the entities of global energy policy. The area in which the active GUAM members are found has been and remains the place where East and West meet. It is also a corridor for the traditional and recent international transportation routes and transcontinental gas and oil pipelines that together create a powerful flow of energy resources indispensable for the regional countries' intensified economic development and very important for the European and other states which receive fuel from the same source. The Caspian-Black Sea region is where global energy policy is formulated and implemented. Moreover, its impact is increasingly felt in the worldwide economic and political processes. The post-Soviet republics (Azerbaijan, Kazakh-

stan, Turkmenistan, Ukraine, Georgia, and Moldova) are coming to the fore together with the United States, European Union, Russia, Iran, Turkey, China, and Japan. Each of the states or blocs of states has interests of its own that should be defended. In the last fifteen years, defending national interests has frequently given rise to conflicts and crises. The region's geopolitical location and its rich energy resources launched it into the center of the important developments. American experts have estimated the Caspian's gas and oil supplies at nearly \$4 trillion. The five Caspian states, the owners of the local gas and oil, have failed so far to agree on the methods and technology for their production, transportation to oil refineries, and marketing. It is no accident that the Organization for Democracy and Economic Development—GUAM was formed in the region: it was set up to help each of its members realize its energy interests. Today, the members are pursuing this aim as they see fit.

## 1. GUAM's Energy Transportation Component

The fuel-deficient countries use different methods (up to and including the use of force) to gain access to energy sources and transportation routes. There is another way, however: they can seek cooperation in the prospecting, production, refinery, and use of energy resources (hydrocarbon and nuclear fuels), as well as in mastering high energy technologies to switch to easily accessible (and renewable) energy sources. Today, the world's energy industry is changing rapidly: energy markets are developing into global markets, individual energy regions are joining into integrated areas, while regional and national energy systems are merging at a faster pace. In short, global energy policy is being formed before our very eyes. The process will be a gradual one: the United States and Europe should reach a mutual understanding about the emerging policy's aims and methods, a process that will promote changes on the world energy market. The GUAM members, in turn, which do not have enough energy sources, should make every effort to remain in the mainstream of the coming changes.

The expert community has not yet agreed on what prompted the emergence of this transnational structure in the first place. There were several aims and objective factors, one of them being the members' intention to create a new Euro-Asian Transportation Corridor (EATC) not only to move hydrocarbon fuels from the Caspian-Black Sea region to Europe via Ukraine, but also to transport other commodities, capital, workforce, intellectual values, cultural values, and communication in both directions. There was an obvious intention to use the corridor to set up regional or even sub-regional



security systems to lighten the burden of political and other dependence on the Russia Federation as a center of power within the CIS.<sup>1</sup>

The joint communique the heads of Georgia, Ukraine, Azerbaijan, and Moldova endorsed in Strasbourg on 10 October, 1997 spoke of the need to develop their cooperation for the sake of European stability and security based on the principles of respect for sovereignty, territorial integrity, inviolability of state borders, the rule of law, and human rights. (Later this initiative became known as a “consultative forum.”) The GUAM members also discussed the Trans-Caucasian Transportation Corridor as one of their priorities designed to exploit the members’ advantageous geographic location. The new fuel transportation routes linking Europe with the Eastern countries, the APR region, and India made it even more attractive. In the future, Europe, Central Asia, and the Caucasus might even be involved in large-scale integration processes. At that time, the Baku-Tbilisi-Poti-Odessa-Kiev transportation line looked more feasible than ever: it was planned as a passenger and freight line to be doubled as an oil pipeline to bring Kazakh oil from Aktau to Baku and Batumi or to Baku and Supsa; later it was to be extended to Ukraine and further on to Europe. This was expected to make Kiev part of the strategic transit route for European customers; its oil-refining capabilities could make it an important link in Europe’s economic and energy security.<sup>2</sup> The routes across Ukraine are less than half as long as the routes that bring Middle Eastern oil to Europe; more than that, they would have enabled the republic to resolve its energy problems by covering oil imports with transit payments. It was at that time that Kazakhstan, Azerbaijan, and Georgia signed the Intergovernmental Agreement on moving up to 10 million tons of oil every year along the route. The harmonized interests of these countries, their involvement in the global Silk Road project and in the EATC, as well as their shared desire to cooperate with the European structures, called for alternative routes for Caspian oil. GUAM is a product of the same. As the only CIS member among the Central European Initiative states also involved in the Baltic-Black Sea Alliance set up in May 1997, Ukraine played the leading role in GUAM/GUAM.

Nevertheless, what we called the “new” EATC could not be such by the time GUAM was formed. Back in 1993, Brussels passed a decision to open funding under the TACIS (Technical Assistance to the Commonwealth of Independent States) program for the South Caucasian and Central Asian republics bordering on the Caspian to help develop the Transport Corridor Europe-Caucasus-Central Asia (TRACECA). The TRACECA ideas completely coincided with the desire of the future GUAM members to move Caspian energy fuels to the West via the Black Sea region.

Azerbaijan and Turkmenistan needed a reliable transportation corridor for the oil and gas volumes anticipated within the new global energy policy being formed in the region. They needed the transit countries (potential users of Caspian energy resources) on their side. Both states could pick and choose: Azeri oil could reach the Black Sea via the Baku-Novorossiisk pipeline, or be brought by rail to the Georgian ports. Independent access to the European oil markets called for new transportation routes (including pipelines) going southward (to Turkey via Georgia) and westward (to the Black Sea coast via Georgia as well). It was expected that Caspian oil would be moved from the Georgian ports by sea to the Mediterranean oil markets or to Odessa where the Ukrainian part of the Euro-Asian Oil Transportation Corridor (EAOTC) still under construction could have been used eventually. The increase in Turkmen gas exports called for increased carrying capacity of the Central Asian gas pipelines in the direction of Uzbekistan, Kazakhstan, and Rus-

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<sup>1</sup> Former Soviet republics were seeking self-assertion in different ways: Azerbaijan, for instance, joined the CEF Treaty flank agreement enacted on 15 May, 1997, etc.

<sup>2</sup> See: S.I. Pirozhkov, “Formirovanie modeli regional’nogo sotrudnichestva v sisteme GUAM,” in: *Ukraina i problemy bezopasnosti transportnykh koridorov v Chernomorsko-Kaspiiskom regione: Materialy I Mezhdunarodnoy nauchno-prakticheskoy konferentsii*, Kiev, 1999, p. 23.

sia. There was another option: the new routes could link Turkmenistan with Azerbaijan, Iran, India, or China.<sup>3</sup>

An analysis completed in the early 1990s shows that Azerbaijan, which by that time had lost nearly all its previous achievements (according to certain sources,<sup>4</sup> the republic produced a mere 2 percent of the Soviet Union's total oil extraction), resolved to revive its oil and gas complex, encouraged by the idea of the so-called Main Export Pipeline (MEP). It was expected to give the republic, a player on the actively integrating Eurasian energy market, more clout. In Azerbaijan, SOCAR pooled forces with foreign companies (Amoco, Pennzoil, BP, and Botash) to launch the project. In 1993, Azerbaijan and Turkey signed an agreement in Ankara on the Baku-Tbilisi-Ceyhan Pipeline (BTC).<sup>5</sup> At that time, however, the route for future "big oil" looked doubtful. On 20 September, 1994, Baku signed the Contract of the Century related to the Azeri, Chyrag, and Gunashli oil fields (ACG) to alleviate the lingering doubts. If realized, it might have pumped larger amounts of oil than the existing pipelines could carry.<sup>6</sup> It was expected that the route would finally be mapped, feasibility studies carried out, and the construction stage launched by late 1996. By that time, however, SOCAR and Amoco had identified only two oil transportation routes (for early oil) from ACG: Baku-Novorossiisk (the so-called Northern route passing through Russia) and Baku-Supsa (otherwise known as the Western route passing through Georgia to its Black Sea port of Supsa).

The MEP talks began in earnest in May 1998; they involved only two GUAM members (Azerbaijan and Georgia), which thus played two roles. On the one hand, their cooperation with American, European, and Turkish companies and other influential actors ensured their real involvement in formulating and realizing elements of the global energy policy in the region. On the other, they acquired an additional dimension to their GUAM membership which allowed them to formulate fragments of GUAM's coordinated energy policy. In 1999, D. Berdzenishvili (at that time Executive Secretary of the Republican Party of Georgia) had to say: "Georgia clarified its geopolitical priorities and partners as it increased its awareness that Caspian and Kazakhstan oil and Turkmenian gas should be developed. This accounts for the emergence of GUAM inside the CIS with its obvious 'Caucasian' Georgia-Azerbaijan tandem... Georgia has acquired a key position in the two geopolitical vectors—the meridional (Russia-Armenia-Iran) and parallel (Central Asia-Azerbaijan-Georgia-Europe). Neither of the two vectors can be efficient without it."<sup>7</sup> Azerbaijan and Georgia are involved together in the EAOTC and in railway and ferry communication; their military doctrines have many things in common, etc. As a transit country for Azeri oil, Georgia alleviated its energy and transport dependence on the Russian Federation. Today, the two countries and Turkey are discussing a single economic expanse.<sup>8</sup>

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<sup>3</sup> Below the discussion of the Turkmenian gas export is limited to the route to Azerbaijan as one of the GUAM members.

<sup>4</sup> See: T. Juvarly, "Azerbaidzhanskaia neft: poiski ravnodeystvuiushchey," available at [[http://www.sakharov-center.ru/azrus/az\\_014.htm](http://www.sakharov-center.ru/azrus/az_014.htm)].

<sup>5</sup> See: S.R. Grinevetskiy, S.S. Zhiltsov, I.S. Zonn, *Chernomorskiy uzel, Mezhdunarodnye otnoshenia*, Kiev, 2007, p. 59.

<sup>6</sup> Under the Gulistan Contract, it was planned to produce \$50 billion-worth of oil at the ACG oil fields. Their fuel reserves were assessed as follows: over 600 million tons of oil (today BP, which operates the field, offers the figure of 800 million tons), 100 billion cu m of petroleum associated gas, and 100-150 billion cu m of natural gas. The project laid the foundation for Azerbaijan's cooperation with West European companies. The total amount of investments poured into the project is assessed at the \$20 billion level: Azerbaijan borrowed money from international companies and repaid with oil. I believe that by 2008 the republic will have repaid its debts, after which its share in the project will increase from the present 10 to 80 percent; the planned annual output will reach 50 million tons.

<sup>7</sup> D. Berdzenishvili, "Mesto Gruzii v sisteme evraziiskikh transportnykh koridorov," in: *Ukraina i problemy bezopasnosti transportnykh koridorov v Chernomorsko-Kaspiiskom regione: Materialy I Mezhdunarodnoy nauchno-prakticheskoy konferentsii*, pp. 35-36, 37.

<sup>8</sup> On 21 November, 2007, speaking at the Georgian-Turkish business forum in Tbilisi, President Saakashvili said that the presidents of Azerbaijan and Turkey shared his opinion that a single economic expanse and a free trade area were

As a GUAM member, Azerbaijan is developing into the main energy source for its partners; it is the only member that fully covers its domestic needs in energy resources and exports them to Europe. Thanks to the fuel and energy complex, in 2006 the country demonstrated the world's highest GDP growth rate of 34.5 percent. According to the EBRD, in the same year, the republic's fuel and energy complex was responsible for 54 percent of the GDP and about 75 percent of the industrial growth. By August 2007, the assets of the State Oil Fund of the Republic of Azerbaijan topped the \$2 billion level, while the gold and hard currency reserves of the National Bank reached \$2.8 billion (by the end of 2007 they could reach \$6 billion). In August 2007, the republic's state debt was no higher than \$2 billion.<sup>9</sup> Azerbaijan is actively involved in the construction of an oil terminal at the Moldovan port of Giurgiulesti on the Danube, which in the future could receive oil and oil products from Azerbaijan.<sup>10</sup> The Republic of Azerbaijan helped Ukraine with oil products during agricultural seasonal work, it was prepared to sell its oil to Ukraine for possible transportation via the Odessa-Brody pipeline to Europe. This gives Ukraine the chance to become an actor, in its own right (together with Poland), on the European energy market and to decrease its dependence on Russian gas. The Azeri leaders have not abandoned the EAOTC idea; it is associated above all with a possible international consortium that will unite interested oil suppliers, transit countries, and European customers.

From the very first days of its independence, Ukraine has been resolved to fully tap the great transit potential it inherited from the Soviet Union; it wants to decrease its excessive energy dependence on imported oil and gas, diversify energy sources, and create conditions conducive to the emergence of a global energy policy in the Caspian-Black Sea region. When Azerbaijan was looking for export outlays for its early oil and then big oil, Ukraine started building another oil terminal at the Yuzhny port in Odessa, the first phase of which was expected to move 12 million tons every year (an amount equal to the joint capacities of two public-owned oil refineries—3.6 million tons in Odessa and 8.7 million tons in Kherson). The port was expected to receive oil brought by tankers from the Middle East.

The possibility of a Ceyhan-Samsun oil pipeline system was discussed with Turkey; the Mediterranean and Black Sea terminals were to become transshipment points for the oil to be sent further on to the Yuzhny port on the opposite coast.<sup>11</sup> The first tanker carrying Middle Eastern oil should have reached Yuzhny in 1994. At the same time, it was decided to place the emphasis on the EAOTC in the form of the newly laid Odessa-Brody oil pipeline. Construction began three years later (on 1 October, 1996); the project took five years to complete. The terminal's first phase was commissioned in 2001. Today, however, the complex is temporarily functioning in the reverse regime.<sup>12</sup> Much earlier Azerbaijan gave Ukraine an opportunity to acquire Caspian oil. I have to go back to Azerbaijan to clarify the details of the failed elements of the two countries energy cooperation. This country never abandoned its efforts to find the best possible alternatives for its involvement in the new export oil and gas routes in the region.

The BTC had already been accepted as a feasible project that needed international approval. (This happened in 1999 at the OSCE Istanbul summit where a corresponding interstate agreement

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needed. "We are working together on a Turkish-Georgian-Azeri single economic and free trade area. The planned Baku-Tbilisi-Kars railway, transparent borders, visa free regime, and joint use of the Batumi airport will create even more favorable conditions," available at [<http://vz.ru/news/2007/11/21/126452.html>].

<sup>9</sup> See: S.R. Grinevetskiy, S.S. Zhiltsov, I.S. Zonn, op. cit., p. 25.

<sup>10</sup> Unfortunately, Ukrainian interests might suffer in this case. However, in the absence of a coordinated energy policy and mechanism for its implementation within GUAM, this was a purely commercial plan.

<sup>11</sup> The agreement registered in the Law of Ukraine of 17 September, 1997 (No. 739/97) has not yet been executed. Today, there is an intention to send oil from Samsun to Ceyhan.

<sup>12</sup> For more detail, see: D. Preiger, I. Maliarchuk, V. Dutchak, "The Ukrainian Part of the Eurasian Oil Transportation Corridor: Yesterday and Today. What about Tomorrow?" *Central Asia and the Caucasus*, No. 3 (15), 2002.

was signed. From that day on, the project, born nearly eight years before, began gathering supporters. The time had come to think about oil, money, and transit.) The Northern and Western routes for big oil remained doubtful. The Western alternative (through Georgia to Supsa) allowed the exporters to move the local high-grade oil (much superior to the other brands on the Mediterranean market) unmixed. A corresponding agreement was signed in 1996. The project did not have to start from scratch: the existing 761 km of pipeline had to be rebuilt; another 86 km added, a terminal built at the port of Supsa, and five compressor plants constructed. The work was to be carried out on the Georgian section (446 km of the pipeline) and on the Azerbaijani (about 400 km); Amoco was expected to invest \$590 million in the Azeri section. The daily carrying capacity was to be 115 thousand barrels, or 5.75 million tons a year (the figures were expected to gradually reach 11 million tons). The tariff was \$3.1 per ton for the total stretch of pipeline (Georgia was to get \$1.2, and Azerbaijan \$1.9). The revived pipeline was commissioned on 17 April, 1999; the ceremony was attended by the president of Ukraine and head of the Naftogaz Ukrainy Company.

Kiev showed a lot of interest in the Baku-Supsa pipeline from the very beginning: it hoped to build a new transportation route to move Caspian oil to Ukrainian oil refineries and Europe. In 1997, President of Azerbaijan Heydar Aliev visited Ukraine to discuss the restoration of the Great Silk Road and deliveries of up to 4 million tons of early Caspian oil a year to Ukraine, as well as the possibility of bringing the figure up to 29 million tons by 2002. Ukraine was ready and eager to organize a new oil and gas transportation corridor from the Caspian to Europe via the Black Sea and its own territory. The events, however, took a different course: the first (and all others for that matter) tanker left Supsa for Trieste on the Mediterranean.

There were several reasons for this. First, Ukraine was not prepared to buy oil at world prices from British Petroleum/Amoco, the main company with 34 percent of the shares in the Azerbaijanian International Operational Corporation. At that time, some of the Ukrainian oil refineries still belonged to the state, which was expected to look after their rational loading. Second, Odessa was technically not ready to receive tankers of over 50 thousand tons of tonnage from Supsa, which used larger tankers (up to 80 thousand tons); third, Ukraine invited the company to invest in the Odessa-Brody-Adamova Zastava pipeline. The offer was declined, but nothing was done to start oil refining in Odessa, something that LUKoil of Russia would have been interested in, since by that time it owned half of the shares in the local oil refinery and used to be a member of Amoco, which had the right to move oil by tankers along the Baku-Supsa route. LUKoil, the owner of an oil refinery in Rumania, was obviously not interested in moving oil to Brody. Besides, it was economically wasteful to transport raw material to Kremenchug and Lisichansk for refining. The situation would have been different had EAOTC been headed by the international consortium of the above-mentioned companies, as well as Polish companies and the owners of oil refineries along the route to Europe, from the very beginning. This is not on the agenda today; EAOTC is not used to move Caspian oil; its future involvement, however, is not excluded.

## **2. Energy Cooperation of the GUAM Member States with Their Black Sea-Caspian Neighbors**

As the main “energy” member of GUAM, Azerbaijan not only has to maintain active cooperation with Georgia, the transit country for its oil and natural gas to Europe, but also with other energy

producers and transit countries. Its involvement in this cooperation is indispensable for implementing global energy policy in the Caspian-Black Sea region. All the partners involved in this cooperation (unfolding in the new market conditions) must work hard to defend their national geopolitical and economic interests. In the case of Azerbaijan, it is very important to keep its smoldering conflict with Armenia in mind: to achieve a positive result, it has to coordinate its efforts with the forces able to change the course of events. It is probably for that reason that the country is trying to enhance its relations with the United States and NATO, intensifying its cooperation with Turkey, and gradually moving away from its Caspian partners—the Russian Federation and Turkmenistan,<sup>13</sup> to say nothing of Armenia.

Cooperation with Russia in the energy sphere is limited to the Baku-Novorossiisk pipeline and purchases of natural gas for thermal power stations. Back in the mid-1990s, Moscow put a project on the table designed to build up the pipeline's carrying capacity in order to export more Azeri oil from Novorossiisk. According to the Russian side, this would have been possible for the relatively low cost of \$300 million, which would have included the expenses for laying a sideline to Grozny and rebuilding the Baku-Novorossiisk oil pipeline to bring its annual carrying capacity up to 12 million tons by 2003. To launch the project Russia needed the state's guarantees of the pipeline's continued loading. Baku took its time to analyze both the Baku-Supsa and the Baku-Novorossiisk pipelines: it took into account that the money needed to develop the existing projects (up to 1 billion) would be better spent on the BTC. Moreover, Azerbaijan would not be able to produce 55 million tons of oil to fill the BTC (if it were put into operation) or load the Baku-Novorossiisk and Baku-Supsa pipelines before 2009. At that time, the country was satisfied with the carrying capacities for transporting oil to Russia: the intergovernmental agreement for 1997-2002 was still in force; it covered the amount of oil the republic was prepared to move to Novorossiisk. In 1997-1998, it moved about 3.5 million tons of oil; in 1999-2000 it planned to ship 4 million tons more; and starting in 2002, this amount would rise to 5 million tons every year. Under the protocol of intentions, Azerbaijan was to transport 9 million tons of oil to Russia in 2003, even though it believed it would be not enough to fully load the Dagh-estanian oil pipeline (the Baku-Novorossiisk pipeline passed through Makhachkala and Grozny). The pipeline needed 25 percent more. To prove that it was determined to move oil to Novorossiisk (at that time the hostilities in the Chechen Republic did not allow Moscow to use the pipeline), Moscow organized railway transportation at the oil pipeline tariff (\$15.76 per ton). Russia was obviously looking after its own, rather than Azeri, interests: it had its long-term obligations to live up to and oil transit profits to retain.

Azerbaijan, in turn, had to load two more oil refineries with a total planned capacity of 22 million tons a year: it had just begun augmenting its oil and gas production (see the table on p. 62). Azerbaijan had only achieved stability in oil and gas production in the last four years; throughout this period the production level of SOCAR remained the same; it was foreign companies that increased oil production, while SOCAR's share was steadily decreasing: in 2003, it was 57.8 percent; and in 2006, a mere 27.9 percent. The company plans to bring gas production up to 6 billion cu m in 2007 and to 9 billion in 2008. The oil reserves of all the fields owned by the company, operational companies (OC), and joint ventures (JV) are assessed at 280-300 billion tons.

As distinct from SOCAR, the foreign companies now operating in Azerbaijan managed to augment oil production for export. In 2003, they sold 9.1 million tons of oil and 1.6 million tons of oil products. In 2006, the volumes rose to 22.1 and 2.9 million, respectively; they accounted for 84.4 percent of the country's oil export.<sup>14</sup> The republic expected to bring oil production up to 50 million tons in 2007 and to 65-70 million tons in 2010.

<sup>13</sup> It seems that the conflict began during the incident related to the Kiapaz hydrocarbon sources in the Caspian.

<sup>14</sup> See: *Neftegazovaia vertikal*, No. 6, 2007, p. 55.

Table

**Oil and Gas Production Dynamics  
in Azerbaijan in 2003-2006**

Production Company	Oil, million tons				Gas, billion cu m			
	2003	2004	2005	2006	2003	2004	2005	2006
<b>SOCAR</b>	<b>8.9</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>4.2</b>	<b>4.0</b>	<b>4.0</b>	<b>4.5</b>
<b>Including Azneft</b>	<b>8.1</b>	<b>8.0</b>	<b>8.0</b>	<b>7.8</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>	<b>4.4</b>
<b>JV and OC</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Amoco</b>	<b>6.5</b>	<b>6.6</b>	<b>13.2</b>	<b>23.3</b>	<b>1.0</b>	<b>1.0</b>	<b>1.8</b>	<b>2.3</b>
<b>Total</b>	<b>15.4</b>	<b>15.6</b>	<b>22.2</b>	<b>32.3</b>	<b>5.2</b>	<b>5.0</b>	<b>5.8</b>	<b>6.8</b>

*S o u r c e: Neftegazovaia vertikal, No. 6, 2007, p. 50.*

The decision on the BTC pipeline left all the countries involved in doubt. None of them expected to load the pipeline single-handedly: they had to look for other oil sources to fulfill their obligations to Russia, preserve the use of Supsa, and keep their own oil refineries working.<sup>15</sup> In 2002, Azerbaijan invited Kazakhstan to join the MEP; Astana made it clear right from the very start that its decision depended on the development of oil production in its sector of the Caspian and on Western investments in an underwater pipeline to Baku. In June 2006, in Astana, the prime ministers of both countries crowned many years of talks and deliberations with an Agreement on Assistance and Support of Oil Transportation from the Republic of Kazakhstan across the Caspian Sea and the Territory of the Republic of Azerbaijan to International Markets via the Baku-Tbilisi-Ceyhan System. In the future, tankers will bring no more than 3 million tons a year to Baku from Aktau at the first stage. Starting in 2008 (or no earlier than 2010, according to certain sources<sup>16</sup>), Kashagan oil would be pumped via the BTC. Kazakhstan probably expected that by that time a decision would be made on the underwater pipeline. According to experts, the underwater Aktau-Baku pipeline will repay itself, if it carries at least 400 thousand barrels a day.<sup>17</sup> Kazakhstan signed the agreement because the four shareholders of the international consortium that operated in Kashagan were also involved in the BTC (TotalFinaElf of France, ConocoPhillips of the United States, INPEX of Japan, and ENI of Italy).<sup>18</sup>

<sup>15</sup> In 2000, Azerbaijan began buying more gas from Russia to lower the amount of oil processed at the local refineries: in 2001, it bought 3.1 billion cu m and planned to buy 4 billion in 2002. This saved up to 2.5 million tons of oil that used to be burned as oil fuel at thermal power stations (see: *Neft i kapital*, No. 12, 2002, p. 53). In 2002, the ABB Lummus Global Inc. (American branch of ABB) was instructed to prepare feasibility studies for the readjustment of both Baku oil refineries to Kazakh and Turkmen oil with due account of the need to modernize the Dubendi sea terminal and to readjust the oil refining technologies based on Azeri oil. Having studied the projects, experts concluded that it would be better either to build a new refinery adjusted to the imported oil or rebuild the existing plant—both options being very expensive. The project was dropped for want of money; the republic continued buying Russian gas. In 2006, Azerbaijan bought 4.5 billion cu m (\$110 per 1,000 cu m). It was at that time that Gazprom invited Azerbaijan to switch in 2007 to the new price of \$235 per 1,000 cu m. Azerbaijan refused and also stopped using the Northern oil route. Today, while Azerbaijan is looking for raw material for its refineries elsewhere, they are underloaded.

<sup>16</sup> See: T. Tagiev, "Baku-Astana: druzia po raschetu," *Neftegazovaia vertikal*, No. 17, 2007, pp. 24-27.

<sup>17</sup> *Neft Rossii*, No. 4, 2006, p. 112.

<sup>18</sup> The following companies are shareholders in the BTC: SOCAR (Azerbaijan) with 25 percent; British Petroleum (the U.K.), 30.1 percent; TPAO (Turkey), 6.53 percent; Unocal (the U.S.), 8.9 percent; Itochu (Japan), 3.4 percent; Amerada Hess (the U.S.), 2.36 percent; ENI (Italy), 5 percent; TotalFinaElf (France), 5 percent; INPEX (Japan), 2.5 percent; and ConocoPhillips, 2.5 percent.

They intended to invest \$4 billion in Kazakhstan's transportation system (including the Caspian Transportation System of Kazakhstan—CTSK). Under the project, the republic was to acquire an 800-km-long oil pipeline from Kashagan to Kuryk, a system of oil terminals and offshore transport, together with a transshipment point for Kazakh oil in Azerbaijan. The CTSK was to be completed by 2010. Some of the foreign companies that work in Kashagan (ExxonMobil of the United States is one of them) intend to use the BTC to move their oil, which would be delivered to Baku by sea. There is an agreement with TengizChevroil on oil deliveries from the Tengiz oilfields starting in 2007 for a total annual amount of up to 6 million tons (previously oil was delivered by means of CTC). These plans can be realized only if organizational, legal, technical, and other problems related to the BTC are resolved. Kazakhstan and Azerbaijan are working on an intergovernmental transit agreement that envisages a reliable Aktau-Baku transportation line. At first the system will receive up to 7.5 million tons, later the figure will reach 20 million tons. These plans are geared to the new Kuryk terminal with a capacity of 20 to 42 million tons; \$50 million have already been invested in the old terminal<sup>19</sup> and the related pipeline system. The consortium of four companies is engaged in the project, but none of them is confident that the project will be soon implemented.

This was indirectly confirmed by the meeting of the presidents of Azerbaijan and Kazakhstan in Astana in August 2007, as well as at the Caspian Summit in Tehran in October 2007.<sup>20</sup> The Agreement on Strategic Cooperation in the Oil and Gas Sphere and the Memorandum on Joint Implementation of the Trans-Caspian Project signed by KazMunaiGaz and SOCAR have not added clarity to the situation, even though they envisage a JV that will be responsible for the project, the Kuryk terminal, and for joining the BTC. According to Kazakhstan, Azerbaijan plans its own terminal in Sangachaly to receive Kazakh oil and pump it into the BTC. Both countries want to set up their own tanker fleet, an intention that will probably interfere with the project.

The GUAM members are obviously willing to sell their services (particularly transit services) in the joint energy and transportation projects at as high a price as possible. Georgia spent a lot of time haggling over the transit rate for the Baku-Supsa project, as it did earlier with respect to the BTC. Azerbaijan is following the same pattern when talking to Kazakhstan, which does not belong to GUAM. Rustem Jangoja, who wrote back in 2000: "International projects that are products of cooperation of the GUAM countries do not merely compete with Russia's energy deliveries to the European markets. There is competition inside and outside the organization as well born by the objective disparities between the members' economic potentials and interests,"<sup>21</sup> was quite right.

For this reason, Kazakhstan's involvement in the BTC does not prevent it from looking for other ways of energy self-assertion (together with the Russian Federation in particular), as well as laying oil pipelines to China and in other directions (Ukraine hopes that Odessa-Brody will be one of them). According to Prime Minister Masimov of Kazakhstan, his country has a good chance of becoming the largest oil and gas producer with a daily production rate of 3.5 million barrels and over 100 billion barrels of reserves.<sup>22</sup> Kazakhstan has successfully completed its talks with Bulgar-

<sup>19</sup> [<http://press.lukoil.ru/news/29745/>].

<sup>20</sup> See: R. Nitsovich, "Igry vokrug Kaspia," *UAenergy*, 24 October, 2007.

<sup>21</sup> R. Jangoja, "Strany GUAM: sotrudnichestvo i konkurentsia." *GUUAM: problemy i perspektivy razvitiya transportno-kommunikatsionnogo koridora: Materaily II Mezhdunarodnoy nauchno-prakticheskoy konferentsii*, Kiev, 2000, p. 206.

<sup>22</sup> In 2006, 64.9 million tons of oil and condensate were produced (105.5 percent compared with 2005); 57.1 million tons (113.7 percent) were exported. Three oil refineries refined 11.7 million tons. In the same year, 27 billion cu m of gas were extracted; it was planned to extract 29 billion cu m in 2007. In 2006, investments in the mineral-raw material sector reached \$14.5 billion; about 80 percent of which went to the oil and gas sector (70 percent of the investments was spent on production; and 21 percent on prospecting). Unfortunately, there were no GUAM companies among the leading foreign companies (see: *Neftegazovaia vertikal*, No. 7, 2007, pp. 3, 9).

ia and Greece (two transit territories for the Burgas-Alexandroupolis pipeline); it has to negotiate the volumes to be moved through the pipeline and the tariffs, which should be equal to those for Russia.

Everybody knows that Transneft of Russia, which as a monopolist limits Kazakhstan's oil exports via the Aktau-Samara line, has already formulated its conditions related to CTC's increased carrying capacity and is prepared to insist on them; there is an agreement on a new oil pipeline along the Caspian eastern coast through Kazakhstan and Russia.<sup>23</sup> This means that Kazakhstan is wisely involved in a multi-vector oil and energy dialog: this is the only road leading to unhampered transit of the steadily increasing volumes of oil production. At the same time, Kazakhstan has demonstrated the ability to maintain conflict-free relations with the Russian Federation. It should be said in this context that late in 2006 Kazakhstan signed a Framework Agreement on Cooperation of the Caspian and Black Sea regions with the EU countries in the energy sphere in Astana; in November 2006, a Memorandum between Azerbaijan and the European Union on Energy Cooperation was signed in Brussels.

In March 2007, the EU Three-Central Asian States Meeting discussed the new EU strategy in energy transportation to the European markets in the INOGATE (Interstate Oil and Gas Transportation to Europe) context designed to finally resolve the problem of oil and gas supplies to Europe.<sup>24</sup> The EU's increased interest in the region is explained by the energy and transportation routes, as well as the Central Asian capacious markets. The document clearly states that the European Union intends to establish close cooperation with its regional partners with a view to consolidating its energy sustainability through changes in the existing and newly built energy infrastructure.<sup>25</sup>

The European Commission plans to develop new trans-Caspian and trans-Black Sea energy corridors—something that the GUAM members badly need. Back on 22 April, 2005, the presidents of the GUUAM member states signed the Declaration "For the Sake of Democracy, Stability, and Development" which emphasized in part that the sides favored execution of the Agreement on a Free Trade Area as promptly as possible to be able to use transit potential for making reliable deliveries of energy resources and ensuring effective and secure transportation corridors. It was expected that this will promote European integration, international security, and trade and economic relations between the East and the West and improve the transportation and communication infrastructure in GUUAM's strategically important region. It was emphasized, in particular, that cooperation in the energy sphere was designed to implement joint commercially profitable programs and projects in the transportation of Caspian energy resources to the European energy market through the territories of the GUUAM member states. In November 2005, at the meeting of the heads of the security councils of the GUAM member states, Ukraine came forward with the Danube Energy Bridge idea as a transportation corridor for oil and gas with the participation of Azerbaijan, Turkey, Rumania, Bulgaria, Kazakhstan, Turkmenistan, Uzbekistan, and Russia. The project is supposed to improve the energy security of Europe and the GUAM members; it envisages energy deliveries to Moldova (hampered because the country receives them via the Transnistria region); later the pipeline will go to Rumania and Bulgaria. The project is still being studied.<sup>26</sup>

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<sup>23</sup> Under certain conditions, these developments might increase the amount of Kazakh oil moved across Ukraine (the present figure of 10 million tons a year might double); the national fuel and energy complex could take part in building the necessary infrastructure for the new transportation route.

<sup>24</sup> The program was supported by all the GUAM countries, as well as Albania, Armenia, Belarus, Bulgaria, Croatia, Greece, Kazakhstan, Kyrgyzstan, Macedonia, Rumania, Serbia, Slovakia, Tajikistan, Turkey, Turkmenistan, and Uzbekistan.

<sup>25</sup> See: *Commission of European Communities. Black Sea Synergy-A new Regional Cooperation Initiative*, Brussels, 11 April, 2007. COM (2007) 160 final, p. 5.

<sup>26</sup> The Cabinet of Ministers of Ukraine endorsed the Conception by its decision of 25 May, 2006, No. 285-r.



The European Union is always ready to encourage new oil and gas transportation projects and develop the existing ones, including those pipelines laid along the Black Sea bed. This obviously warms up the rivalry among the suppliers and users of energy resources; moreover, this could worsen the regional environment, which is already endangered by the so-called frozen conflicts. The transit countries, Ukraine being one of them, will join the race.

The gas issue is one of the priorities of contemporary global energy policy in which GUAM is also involved. Nabucco, a new gas transportation project, has been devised as part of Europe's new global gas-related policy. The GUAM members are also interested in it: Moldova will welcome a high-pressure gas pipeline, Beltsy-Ungeny, to connect its gas transportation system to the Rumanian stretch of Nabucco<sup>27</sup> (under the latest version, it will cross the Rumanian territory at a distance of no less than 600 km from the Moldovan border, which means that Moldova's plans may remain on paper). Today, the republic has no money to fund large-scale projects<sup>28</sup>; at the same time, it obviously needs a reliable transportation line for its imported gas (in 2006 it used 2.6 billion cu m, nearly the entire amount was imported). Today Moldova receives Russian gas that comes from Ukraine via Tiraspol. In 2006, another pipeline was started to connect Kishinev with the main line that moves Russian gas to the Balkans.

In recent years, Ukraine has been frantically looking for a place on Europe's gas and energy scene; it wants a greater transit role to decrease its dependence on Russian gas. In the past, Ukraine discussed the possibility of extending the Iran-Armenia gas pipeline to its territory to diversify supplies and organize gas transit to Europe. There were plans to join Nabucco in Rumania via the Hust-Satu Mare main gas pipeline; however, no relevant documents have been drawn up so far. The GUAM members are pinning the greatest hopes on Azerbaijan as a potential supplier of natural gas via Nabucco and Georgia as the region's main transit state. The planned gas pipeline will be useless without gas from Turkmenistan and/or Iran; Kazakhstan does not rule out its participation either. In May 2006, it supported the idea of the so-called Trans-Caspian gas pipeline, an inalienable component of Nabucco. It is planned to lay the pipeline under water across the Caspian, to reach Azerbaijan, and move gas across Georgia to Turkey.<sup>29</sup> The project has to be approved by the five Caspian states involved in the talks on the Caspian's status. Two of them—Russia and Iran—will gain nothing from the project.

The trans-Caspian idea is a fairly old one: Azerbaijan and Turkmenistan discussed it back in the mid-1990s. Azerbaijan had to agree on gas transit through its territory (the pipeline's carrying capacity was expected to be 30 billion cu m). In 1999, when it finally agreed, large gas deposits were discovered at Shah Deniz to make Azerbaijan a potential gas exporter. Its newly acquired role urged it to demand half of the planned pipeline's carrying capacity for its own needs. Turkmenistan refused to accommodate. In the 1990s, it was not yet considered necessary for all the coastal states to endorse the underwater pipeline. Since that time the project has remained frozen. Today, Azerbaijan is inviting the EU states to buy gas from Turkmenistan to ensure their energy security. The recent events and the EU-Turkmenistan dialog now underway suggest that the republic will seek an independent role on the European gas market; it will be even more determined if the newly discovered huge gas reserves it is talking about are confirmed. In this situation, Azerbaijan will be able to

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<sup>27</sup> See: *Vremia novostey*, 19 March, 2007.

<sup>28</sup> According to [<http://www.batopy.org.pl/doc./pressa>] Moldova owes Russia \$325 million for gas (the debts have accumulated since the early 1990s). The sum includes penalty provision but excludes the debt of Transnistria (which owes Russia \$1.25 billion). Moldova imports about 75-80 percent of primary energy raw material of its total consumption; gas accounts for 45-51 percent.

<sup>29</sup> Part of the gas pipeline Baku-Tbilisi-Erzurum (BTE) often called the South Caucasian line (its Azeri stretch is 442 km long, Georgian stretch being 248 km) is almost complete. It cost \$1.2 billion, but it has not been commissioned because the Turkish stretch (280 km long) is still under construction. According to the project, the pipeline should be commissioned in 2008; its carrying capacity will be 7.8 billion cu m; it can be later increased to 20 billion.

demand that Turkmenistan and Kazakhstan (if it joins the project at all) should pay for the transit of their fuel. The future of the Trans-Caspian gas pipeline is vague; if Iran joins the project, the 2004 alternative will be revived.

The above demonstrates that GUAM has a great role to play in global energy policy in the Caspian-Black Sea region. It may become even more involved if its members agree on and follow a united strategy in this vitally important sphere.

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## GUAM AND THE TRANS-CASPIAN GAS TRANSPORTATION CORRIDOR: IS IT ABOUT POLITICS OR ECONOMICS?

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### I. New Songs to Old Tunes

The question presupposes preliminary inventory auditing of the oil and gas resources of the Caspian shelf and identification (at least within the scope of this article) of the best routes for bringing them to the world markets and which are undoubtedly the most desirable prize of the political and economic rivalry that has been unfolding in the region over the last decade.

In the Caspian-Black Sea Region, the European Union and the United States have concentrated on setting up a reliable logistics chain to connect Central Asia with the European Union via the Central Caucasus and Turkey/Ukraine. The routes form the centerpiece of INOGATE (an integrated communication system along the routes taking hydrocarbon resources to Europe) and TRACECA (the multi-channel Europe-Caucasus-Asia corridor) projects.

The TRACECA transportation and communication routes grew out of the idea of the Great Silk Road (the traditional Eurasian communication channel of antiquity). It included Georgian and Turkish Black Sea ports (Poti, Batumi, and Ceyhan), railways of Georgia and Azerbaijan, the Baku-Tbilisi-Ceyhan oil pipeline, ferry lines that connect Turkmenistan and Kazakhstan with Azerbaijan across the Caspian Sea/Lake (Turkmenbashi-Baku; Aktau-Baku), railways and highways now being built in Turkmenistan, Uzbekistan, Kyrgyzstan, Kazakhstan, and China, as well as Chinese Pacific terminals as strategically and systemically important parts of the mega-corridor.

It was back in 1996 that the U.S. had put forward the idea of a Trans-Caspian gas pipeline, which later took the form of the transnational GUAM project (Georgia, Ukraine, Azerbaijan, and

Moldova). The leaders of Georgia (Eduard Shevardnadze) and Azerbaijan (Heydar Aliiev) at that time both claimed authorship of the project, which generated a stream of publications and many years of discussions.<sup>1</sup>

Under the initial plan, one of the routes of the new strategic gas pipeline (the construction of which was to begin in 2008) was expected to connect Kazakhstan and Turkmenistan before crossing to Azerbaijan, where it was expected to join the Baku-Tbilisi-Erzurum and Nabucco pipelines (it was expected that the latter would be completed by 2010). This means that the gas extracted in the Caspian shelf's eastern zone would have reached Europe bypassing Gazprom, dependence on which has already created fairly serious (not necessarily economic) problems for the Europeans.

Today, the energy independence of Ukraine and the European Union hinges on the new oil and gas pipelines being laid to diversify hydrocarbon supplies.<sup>2</sup> When talking to Kazakhstan Energy Minister Sauat Mynbaev, Adrian van der Meer, who represented the European Commission in Central Asia, pointed out that the Trans-Caspian pipeline would offer much better conditions than the currently used Central Asia-Center route.<sup>3</sup> Russia has already dismissed the project, not without justification, but unilaterally, as a purely political one designed (according to the Russian oil and gas traders) not so much to diversify the export of gas to Europe as to deprive Gazprom of its monopoly on moving hydrocarbons to the European markets.

According to the REGNUM Information Agency,<sup>4</sup> the main volumes of exported oil are moved from Aktau (Kazakhstan) to Baku (Azerbaijan) by sea by Azeri tankers (in recent years the republic renovated and upgraded its tanker fleet). This information was supplied by the press service of Kaspar, the Caspian Steamship Line; the same agency reports that Kazakhstani tankers are less involved in oil traffic than Azeri. The press service added that in 2007 Kazakhstan had cut down the volumes of oil and oil products delivered to Baku somewhat, mainly because of the higher harbor dues in Azerbaijan. REGNUM's analysts, however, remain optimistic: they predict that in 2008 shipping will reach the previous level of over 8 million tons a year. They proceed from the official information supplied by Chevron that in 2008 Azeri tankers would have to move another 2 million tons of crude oil from the Tengiz oil fields (Kazakhstan). Later the same company intends to increase the amount of Kazakh oil moved through Baku to 5 million tons a year.

Today, Kazakhstan exports about 57 million tons of the total amount of 68 million tons of crude oil produced in the country to Russia (along the Atyrau-Samara oil pipeline), Europe, across Russia (the CPC pipeline system), and China, along the Atasu-Alashankou oil pipeline.<sup>5</sup> During the first nine months of 2007, Kazakhstan and Turkmenistan moved nearly 2.4 million tons of oil and oil products across Azerbaijan to Poti and Batumi.

When talking about linking the Central Asian countries to the transit routes leading to Europe (through Azeri terminals), Azeri expert Chinghiz Valiev pointed out: "In actual fact, Central Asia has

<sup>1</sup> For more detail, see: R.N. Jangoja, V.P. Kuz'menko, "Transportno-kommunikatsionnye koridory v Ukraine i perspektivy mezhdunarodnogo sotrudnichestva." The paper appeared in the collection of materials of the international conference *Kaspijsko-Chernomorskiy region: uslovia i perspektivy razvitiya*, Kiev, 1998, pp. 33-40.

<sup>2</sup> Ibidem.

<sup>3</sup> [www.newsazerbaijan.az/analytics/20071126/42037039.html — 21k -].

<sup>4</sup> REGNUM, 9 December, 2007.

<sup>5</sup> It should be specified here that most experts demonstrate different approaches. Malik Isabekov, who represented the NGO Coalition "The Public should Control Oil Incomes" of the Republic of Kazakhstan (a structure that is part of the Extractive Industries Transparency Initiative [EITI]), pointed out in his paper "The Role of Energy and Transport Infrastructure" delivered at the conference "Integration of Central Asia into World Economy" on 12 December, 2007 that: "Well-known international experts Milov and Christoff have said several times today that Kazakhstan sends its oil here and intends to send it there (for example, to the Baku-Tbilisi-Ceyhan pipeline). This is not entirely true: in actual fact it is TengizChevroil (in which Chevron Overseas Company owns 50 percent; ExxonMobil, 25 percent, KazMunaiGaz, 20 percent, and LukArko, 5 percent) that supplies most of the oil under the PSA" (for more detail, see: [http://www.press=uz.info/index.php?title=analitik&nid=16858&my=122007].)

been part of Azerbaijan's transit routes for a long time. We are talking here about the TRACECA transportation corridor initiated by the countries that signed a multilateral agreement in Baku in 1998. The European Union was the project's main donor, which was expected to create a land transportation route for all sorts of goods from the Far Eastern countries via Central Asia and the Central Caucasus to Europe and back. From the very beginning, the route was regarded as an alternative to the Trans-Siberian Mainline of Russia, the only trans-Eurasian transportation corridor. Today, the new route moves larger volumes, but hydrocarbon resources are still moved from Central Asia to Europe by routes totally controlled by Russia. Azerbaijan is one of the key countries that use the corridor across Russia; in 2006, its contribution to goods transportation by all types of transport reached 145 million tons (an increase of 16 percent over 2005), while in the same year TRACECA moved about 45 million tons (an increase of 5.3 percent over 2005). For many years now we have been unable to change the structure of goods transportation: the share of oil and oil products has remained at the 70 percent level. For TRACECA members the tariffs will be cut by 50 percent, something that Kazakhstan finds hard to accept; until recently Turkmenistan merely ignored the talks. So far, the Aktau-Baku route remains the key element of the Trans-Caspian transportation corridor. Turkmenistan plans (and is actually increasing its involvement) to move its oil products along this corridor."<sup>6</sup>

## II. Negotiations: Those Who Know Don't Talk, Those Who Talk Don't Know

In March 2007, when summing up his meeting with the EU representatives and foreign ministers of Germany, Uzbekistan, Tajikistan, Kyrgyzstan, and Turkmenistan, Foreign Minister of Kazakhstan Marat Tajin said: "The expediency of the Trans-Caspian gas pipeline intended to move gas from Central Asia to Europe without Russia's involvement has not been convincingly proven."<sup>7</sup> Immediately after this, the European Union dispatched its representative to Astana to lobby a new route that would bypass Russia.

The European countries and the West as a whole were very concerned about the tripartite meeting of the presidents of Turkmenistan, Kazakhstan, and Russia in May 2007, at which they discussed the idea of the Caspian pipeline. This somewhat dampened the optimism the EU felt about practical implementation of the Trans-Caspian project: their expectations proved to be built on sand—the Central Asian partners had offered no firm guarantees. Indeed, the uncertainty was caused by the fact that the post-Soviet republics do not always act as reliable partners: they have the bad habit of regarding any agreements not as an obligation, but rather as the private property of one of the sides. The examples are numerous, they are registered in protocols and agreements signed by heads of state and directors of all types of departments of the phantom structure called the Commonwealth of Independent States.

The same applies to the Caspian gas pipeline project: contrary to the protocol of intentions, the relevant documents were not ready by the appointed date (1 September, 2007), while President Putin's trip to Ashgabad planned for 12 September, 2007 (intended to discuss the Caspian pipeline project and modernization of the old Central Asia-Center pipeline) did not take place for several reasons.

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<sup>6</sup> [<http://www.newsazerbaijan.ru/oilgas/20070901/41914586.html>].

<sup>7</sup> [[www.ng.ru/cis/2007-04-03/1\\_america.html](http://www.ng.ru/cis/2007-04-03/1_america.html) — 40k].

The events that predated the meeting of the three presidents greatly affected the tactics and strategy of the talks and explain, in the final analysis, the events described above.

- First, the United States was actively lobbying the Trans-Caspian project to deliver its European allies from their energy dependence on Russia.
- Second, President Kaczyński's failed trip to Kazakhstan where he was forced to discuss things outside his competence instead of signing a big agreement between KazMunaiGaz and PKN Orlen of Poland and the way the visit was interpreted in the media. Lithuania, which contrary to the preliminary agreement with Kazakhstan on renting it the Mažeikių Nafta oil refinery, preferred to rent it to Poland, can be described the third, albeit absent, side of the failed visit.
- Third, China's active interference in the discussions of a gas pipeline from Turkmenistan to China across Kazakhstan forced Moscow to claim a share in the project seen as an alternative to the Westward shift discernible in the offices in Astana and Ashgabad.

In this situation, it became necessary to modernize the Central Asia-Center pipeline to bring up its carrying capacity from 4.2 billion cu m to 10.5 billion cu m a year.

Kazakhstan is already working on its stretch, but the new carrying capacity will unlikely be able to cope with the increased volumes anticipated. Both Kazakhstan and Turkmenistan plan to export much larger amounts of energy resources than those Gazprom is offering in exchange for the two countries' promise "not to make friends with the West."

According to the *Novoe russkoe slovo* weekly,<sup>8</sup> in 2008 Uzbekistan will continue developing the Ustiurt plateau in its northwestern corner. Its Uzbek part in the Aral Sea area borders on the Caspian shelf where Kazakhstan and Turkmenistan are neighbors. The area's extreme climate (in the summer the temperature reaches +52°C, while in the winter it drops to -40°C) is responsible for its economically and socially depressed state. Today, the climate and the absence of an adequate socio-economic and transport-communication infrastructure (its area is equal to the territories of the Netherlands, Switzerland, and Slovakia combined) leave no choice but to work in shifts.

In 1999, the British-Dutch consortium Royal Dutch Shell, working under a contract with the Uzbek government, carried out preliminary investigation of the plateau's geological-physical resources. They assessed the supplies at 1.7 trillion cu m of gas and 1.7 billion tons of oil and gas condensate: today the republic produces no more than 7.5-8 million tons of crude oil.

Rivalry over the right to develop the Ustiurt fields went on until 2004 when Gazprom was selected as the main partner. It started working in February 2004 at the Shakhpakhty local gas condensate field with estimated reserves of 8 billion cu m. By 2007, 274 million cu m had been extracted—not bad for starters; the site is the first of twelve large gas fields on the plateau.

Geologists are convinced that the territory bordering on the Aral Sea is equally promising. In August 2006, Uzbekistan and Russia set up a joint consortium to develop the local fields. Large-scale seismic exploration is scheduled for 2008.

Thanks to its considerable hydrocarbon reserves the Uzbek part of Ustiurt is acquiring special importance for the republic and the region as a whole. The plateau has already received the first stretch of an eight-lane transcontinental highway that begins in Beyneu on the Uzbek-Kazakh border (known in the past as a market of smuggled goods). In the mid-term, the highway will become part of the revived Great Silk Road that will connect Europe and China.

The varied and rapidly changing vectors and interests will undoubtedly stir up economic and political problems in this part of the world. Europe and the United States have already joined forces

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<sup>8</sup> See: R. Khabiev, "Uzbeki sidiat na meshkakh s zolotom ... zarytykh v Ustiurte," *Novoe russkoe slovo*, 30 December, 2007.

to lobby the Trans-Caspian gas pipeline; China badly wants a gas pipeline from Turkmenistan. In this highly competitive context, Russia has to put forward varied and increasingly attractive alternatives to persuade the Central Asian countries to use the routes it finds preferable.

In this situation the Caspian pipeline, even if only a partial solution to the problem, looks convincing; it may block the Trans-Caspian project and even slow down the implementation of the Chinese alternative.

Russia has preserved its fairly stable position in the region in the highly competitive context, even though this was not easy.

Until recently Moscow paid little (\$100 per 1 thousand cu m) for the Turkmenian, Uzbek, and Kazakhstani gas moved along the old Central Asia-Center pipeline. Judging by what the gas producers are saying, the price will grow along with world prices. Moscow will have no choice but to pay the price demanded.

Indeed, we can hardly expect the countries that send their gas to Europe at prices lower than the market is prepared to pay to accept Russia's monopoly. Gas sold for \$100 per cu m in Russia fetches at least \$250-260 on the EU markets.

The fact that there are Chinese and European consumers suggests that the leaders of the three countries should ponder on export diversification. They have acquired the very tempting prospect of selling their hydrocarbons on the world markets for the right prices bypassing Gazprom and other Russian traders.

This alternative is not free of problems that defy simple solutions. The Trans-Caspian pipeline as a logical extension of Nabucco has its share of fairly challenging engineering problems, mainly because part of it will be laid along the Caspian seabed.

Even if the technical problems are resolved, the legal problems created by the still unregulated international legal status of the Caspian Sea might block the project. The five Caspian states have so far failed to agree on the issue, and there is no constructive decision acceptable to all the littoral states in sight.

The same can be said of possible gas transportation routes to China: arguments in their favor are vaguer than a casual observer might think. China is prepared to pay \$90 per 1000 cu m of Turkmenian gas; we can expect the exporter to compare this price with world prices.

The eastward route, however, can be used as a serious alternative to both the Caspian and Trans-Caspian pipelines. If the three capitals—Astana, Tashkent, and Ashgabad—gain access to the Chinese energy market, they will acquire a lever of pressure on Gazprom (and on European customers if the Trans-Caspian project is realized at all).

The situation has supplied the leaders of Kazakhstan and Turkmenistan with fairly weighty arguments and good prospects. The strained relations between Uzbekistan, on the one side, and Washington and Brussels, on the other, make the former much more dependent on Moscow and Beijing. Tashkent cannot pursue an independent energy policy, at least while President Karimov, who will turn 70 in 2008, remains in power.

Despite the May 2007 agreements on the Caspian project, the nature of the relations between Turkmenistan and Kazakhstan, on the one side, and Russia, on the other, testifies that the rate of its implementation will depend on numerous factors outside the present format of their economic relations.

Kazakhstan's OSCE chairmanship in 2010 is one such factor: it will force the republic to become more responsive to Western suggestions and probably even accept the West's invitation to join the ODED—GUAM transnational project to leave the door open for Turkmenistan and Uzbekistan, two very desirable partners.

Kazakhgate is another, less prominent factor, of Kazakhstan's flexibility in its relations with the West: an investigation is being postponed of the corruption in the top circles of power, the results of

which will push Astana to one or the other side of the economic front. It would be wrong to say that Kazakhstan and Turkmenistan are deliberately slowing down the modernization of the Caspian pipeline for the reasons described above. They are merely taking time to weigh the “pros” and “cons”—correct tactics in the rapidly changing context.

### III. Problems of Political Linguistics: What is “Caspian” and What is “Trans-Caspian?”

An EU representative started talking about another round of negotiations on the Trans-Caspian pipeline after the United States, the main ideological lever behind the project, began taking practical steps in August 2007. The U.S. State Department paid for the feasibility studies of the stretch between Turkmenistan and Azerbaijan. A grant agreement for \$1.7 million was signed in Baku; Assistant U.S. State Secretary Daniel Sullivan, who attended the ceremony, announced that there was money for feasibility studies of two more projects: the Trans-Caspian gas pipeline that will move gas from Central Asia to Europe and the underwater pipeline that will link Kazakhstan with the Baku-Tbilisi-Ceyhan pipeline.

Two days before, President of Turkmenistan Berdymukhammedov assured Mr. Sullivan that he would stick to diverse routes for transporting energy resources to the world markets,<sup>9</sup> which, translated from the “new Turkmenian,” meant that his republic was prepared to load the Trans-Caspian pipeline. Moscow was very concerned about the fact that it was the United States rather than the European Union (which should have demonstrated more readiness to pay for diversification of gas supplies) that paid for the feasibility studies. Late in August, Russia’s *Kommersant* daily quoted Gazprom spokesman Sergey Kuprianov as saying: “The very fact that the money comes from the United States’ budget says that the Trans-Caspian pipeline is a purely political project.”<sup>10</sup>

He went on to say: “They are accusing Russia of using Gazprom as a political tool while openly paying for the feasibility studies,” and added that the Trans-Caspian main pipeline would not affect his company’s plans. The newspaper, however, doubted that a pipeline bypassing Russia that would carry at least part of the Turkmenian and Kazakhstani gas would not affect Gazprom and its future possibilities.

Russian analysts point out that in 2009 the Turkmenistan-China pipeline will be commissioned to carry about 30 billion cu m of Turkmenian gas across Kazakhstan. Nabucco (expected to be commissioned in 2011), which will connect the Trans-Caspian pipeline and Europe, will carry more or less similar loads. According to *Kommersant*, the agreement under which Gazprom buys gas from Turkmenistan expires in 2011.

“In 2011-2015 Russia will need a new resource base, probably on the Yamal Peninsula (the Polar fields) and in Eastern Siberia (Kovykta fields), because by that time the West Siberian fields will be depleted. To extend the EU contracts, Gazprom will need Central Asian resources. Even if gas production in Central Asia increases, Gazprom will probably need more: after 2011, 60 billion cu m a year may go to the West and the East bypassing Russia.”

The events suggest that the Trans-Caspian pipeline will present Kazakhstan with a choice: either it will become Gazprom’s rival, or it will at least become a strong irritant. In view of the fact

<sup>9</sup> See: [<http://www.kommersant.ua/doc.html?DocID=756269&IssueId=41277>].

<sup>10</sup> [[http://www.ukrnews.info/lenta/news\\_full.php?id=126491](http://www.ukrnews.info/lenta/news_full.php?id=126491)].

that the Russian state holds the controlling interest in the company, any project that bypasses Russia (and any ensuing consequences) will create not only economic, but also political problems for the country.

During his meeting with van der Meer, Kazakhstani Energy Minister Sauat Mynbaev demonstrated a lot of caution when touching upon this sensitive issue.<sup>11</sup> According to the Kazakh minister, his country was guided by economic rather than political considerations; he also hinted that Kazakhstan had at all times remained devoted to the idea of diversification. Translated from “the Kazakh,” this means that if transportation by the Trans-Caspian pipeline proves cheaper (nothing was said about the cost of modernization), it will answer the country’s “economic considerations.” The caution the minister demonstrated when treading on the thin ice of political parlance will make it harder for Moscow to accuse Kazakhstan of supporting the U.S.’s “political interests.” Russia’s refusal to sell gas to Belarus and Ukraine at a price below the market level may serve as an additional argument in favor of the cheaper Trans-Caspian project.

The local experts believe that Kazakhstan needs partners experienced in off-shore production technologies. Money is no problem: the republic can count on a loan from any of the world’s largest banks under its proven and extracted resources. It is not merely necessary to invite a large foreign company—Kazakhstan needs a partner with adequate experience in off-shore production prepared to coordinate its spending with the republic’s government (especially those costs related to the guarantee of the technical and ecological conditions stipulated by the agreement on joint exploitation of the fields). In the final analysis, Kazakhstan alone has the right to settle all the practical issues and select partners from among the members of the international consortium prepared to work together with the national company in the far from easy climate of the Caspian shelf and the far from simple political situation.

## IV. Ukraine: GUAM, How Much is in that Word...<sup>12</sup>

Its highly advantageous geopolitical position is turning Ukraine into one of the most important and active members of the collective project for developing the Caspian off-shore oil and gas fields, as well as the transportation of energy resources to Europe. This predetermines Kiev’s strategic cooperation with all the states involved in the project and means that Kiev needs a climate conducive to the development of the economic infrastructure in the oil and gas fields and transit zones.

Social and political stability is an indispensable condition of sustainable economic growth, in the same way as a balanced and smoothly functioning economy (which ensures social and legal guarantees and adequate living standards) is a *sine qua non* of civil peace and public accord.

We have already seen that assessment of the political climate and public accord varies from country to country according to the local traditions. This is a very subjective process. There are national and state interests that do not always coincide with those of the other members of any interstate structure. National imperatives come to the fore when the dividends of collective efforts in the sphere of exploitation and transportation of energy resources to foreign markets start yielding a rapid finan-

<sup>11</sup> See: [[http://www.ukrnews.info/lenta/news\\_full.php?id=126491](http://www.ukrnews.info/lenta/news_full.php?id=126491)].

<sup>12</sup> The main points in this section appeared in my articles: R. Djangujin, GUUAM: kak mnogo v etom slove...,” *Informatsionno-analiticheskiy byulleten “Novosti Tsentral’noy Azii i Kavkaza,”* No. 31 [<http://ames.kiev.ua/31/>]; idem, “GUUAM—shag za shagom,” *Informatsionno-analiticheskiy byulleten “Novosti Tsentral’noy Azii i Kavkaza,”* No. 36, available at [<http://ames.kiev.ua/36/>].



cial return. This creates the temptation (at times very strong) to violate the collective obligations to promote one's own interests—even if corporate ethics will suffer. This explains why a certain supra-national system of protocol obligations is needed: the countries involved in a collective project and united into an international economic alliance (GUAM in our case) should coordinate their legislations with the demands of such a system. This system of supra-natural regulatory legal framework obligatory for execution by all the entities of the interstate alliance implies not only the effective and smooth functioning of unified and mutually acceptable objective criteria applied to the legal analysis of all sorts of controversial issues but also arbitration court awards in the resolution of contradictions.

The members of any interstate alliance should unify their customs and tax policies, as well as environmental protection regulations of areas adjacent to transport-communication corridors. All the members of joint project should treat the set of technologically reliable protection measures as an absolute priority: fuel transportation corridors attract terrorists of all hues, both domestic and foreign, while any terrorist act on any part of the transportation system may cause large-scale technogenic disasters.

The above means that the members of any alliance will sooner or later conclude that they need a much more rigidly organized supra-national institution with a reliable and balanced collective security system operating across the region. This function could be transferred to the ministries for emergencies, which should acquire wider powers.

The above and an effective corps of international quasi-military structures will cost money and require considerable material and technical resources—something that the GUAM members do not have. This calls for a corporate banking system to accumulate the resources intended to ensure smooth functioning of the emerging security system and modernization of their joint infrastructure. Part of the accumulated resources should be allocated to the reserve funds to cushion the risks inevitable in all large-scale projects.

GUAM has already announced that it will set up an inter-bank coordination committee. According to MOLDPRESS, the suggestion came from Eldar Ismailov, president of the Banking Association of Azerbaijan, during his meeting with Prime Minister of Moldova Vasile Tarlev held within the framework of the bilateral meetings of the Banking Associations of Moldova and Azerbaijan on 12 December, 2007 in Chisinau.<sup>13</sup> This should not be overestimated, however, when Ukraine and Georgia leave their election campaigns behind, the issue raised in Chisinau will come to the fore.

Today, the former skepticism about GUAM is gradually being replaced with more balanced assessments, while the future looks optimistic. In the recent past, it was an informal interstate alliance with vague aims; today the situation is improving. During this period GUAM saw several transformations of organizational nature. All of a sudden Uzbekistan, with no outlets to the emerging routes, joined the alliance only to leave in an atmosphere of mutual disillusionment. Later the members began building up cooperation with the West. Today, they are moving closer to Poland and the Baltic states (which looks promising) and are engaged in a highly complimentary dialog with Kazakhstan, which is confirmed by the Year of Kazakhstan in Ukraine (2007) and the Year of Ukraine in Kazakhstan (2008). Both events could invigorate mutual trade and attract more investments. Ambassador of Kazakhstan to Ukraine Amangeldy Zhumabaev said: "In 2007, Kazakh investments in Ukraine will reach \$500 million, while the mutual trade turnover will exceed \$3 billion." He added that Kazakhstan looked at Ukraine as a very reliable partner as far as trade turnover is concerned and said that he was convinced the trade turnover would increase still more: "Kazakhstan will become Ukraine's main partner in Asia," said he when answering the question of whether his country

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<sup>13</sup> See: *Vlast i pravo* weekly (Ukraine) of 12 December, 2007, as well as [[www.infomarket.md/ru/analitics/](http://www.infomarket.md/ru/analitics/)? Page=1 — 41k].

was prepared to take an active part in the modernization of the Odessa-Brody oil pipeline and extending it to Plock- Gdansk.<sup>14</sup>

In the context of closer and deeper economic relations of GUAM member states with Kazakhstan and Russia, their joint involvement in the construction project of the Eurasia navigation canal between the Caspian and the Black Sea suggested by Kazakhstan in 2007, as well as Russia's initiative of a new Caspian gas pipeline (that will involve Kazakhstan and Turkmenistan), will be seen as a positive signal. This will also add vigor to cooperation within GUAM.

Today, the members have to execute the decisions of the 2007 Vilnius summit on setting up the Sarmatia consortium for the Odessa-Brody-Plock-Gdansk project. It will not only increase the energy security of the GUAM members and Europe but also strengthen the alliance's international position, especially in Europe where the GUAM members will be directly cooperating with the EU members.

The GUAM members believe that the "frozen conflicts" in the Caspian-Black Sea zone (Nagorno-Karabakh, Abkhazia, South Ossetia, and Transnistria), which are interfering with the region's political and economic activities, should be promptly settled. In fact, they regard this as one of their priorities.

To sum up, we can say that ODED/GUAM is following the road that resembles that covered by Europe. It is leading to equal, mutually advantageous, and confidential relations based on the incorporation and harmonization of national interests. In the wider political sense, ODED/GUAM is the best possible model of regional cooperation for the countries of Eastern and Southeastern Europe, the Caucasus, and Central Asia, which is opening up the road to a civilized future.

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<sup>14</sup> See: [e-news.com.ua] 28 December, 2007, as well [http://www.centrasia.ru/newsA.php4?st=1199049720].

**GUAM: AN INSIDE VIEW**

**THE ORGANIZATION  
FOR DEMOCRACY AND  
DEVELOPMENT—GUAM:  
A ROAD MAP TO RELEVANCE?  
(A View from Georgia with  
Certain Personal Reflections and Conclusions)**

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**Preface and  
Some Preliminary Comments  
on the History of GUAM**

Just over ten years ago, in 1996, the Deputy Foreign Ministers of Georgia, Ukraine, Azerbaijan, and Moldova, deeply concerned over excessive Western concessions to the Russian Federation during the tumultuous and prolonged negotiations on the Conventional Forces in Europe (CFE), on the initiation of Araz Azimov, the Deputy Foreign Minister of Azerbaijan, gathered at OSCE Headquarters in Vienna. This meeting became the first informal exchange (later this unofficial discourse was transformed into a formal caucus) related to these countries' common security interests.<sup>1</sup> We can say that the first brick in the foundation of GUAM was laid.

<sup>1</sup> See: T. Kuzio, "Promoting Geopolitical Pluralism in the CIS. GUUAM and Western Foreign Policy," *Problems of Post-Communism*, Vol. 47, No. 3, May/June 2000.

Although the initial steps of activities of this caucus were tense, the issues of the CFE Treaty that prompted those consultations were as much “technical” as strategic; however, these “technicalities” and “numbers on the flanks” mattered a great deal to the independence and sovereignty of those countries.

These were turbulent and tiring nightly plenary sessions and debates concerning the future parameters of the CFE Treaty. Certain common risks and challenges were identified on how to deal not only with the Soviet legacy of conventional arms on the respective national territories in general, but also concrete problems of the CFE flank issues that were supposed to be placed in a so-called quoted regime along the whole perimeter of the former Soviet Union borders, including the sovereign territories of Georgia and Moldova.

One year later, these regular but still informal meetings concerning specific issues were transformed into a more complex and comprehensive package of security problems of mutual interests regarding bilateral (or sub-regional) cooperation, which led the Presidents of Georgia, Ukraine, Azerbaijan and Moldova to transform the existing informal group of experts into an actual and formal Forum with a fancy abbreviation—GUAM.<sup>2</sup>

Thus, the birth date of GUAM—10 November, 1997—was the day of the first presidential summit in Strasbourg when the presidents of Georgia, Ukraine, Azerbaijan, and Moldova met during the summit of the Council of Europe and, after a protracted meeting, issued a Joint Communiqué which emphasized the importance of the four nations cooperating extensively in establishing a Europe-Caucasus-Asia Transportation Corridor (TRACECA).

It also underscored the prospects for strengthening interaction between the GUAM member states, “for the sake of a stable and secure Europe, guided by the principles of respect for the sovereignty, territorial integrity, inviolability of state frontiers, mutual respect, cooperation, democracy, supremacy of law and respect for human rights.”<sup>3</sup>

As Taras Kuzio, a distinguished American political analyst, noted, the formalization of GUAM was the result of three different foreign policy trajectories after the dissolution of the Soviet Union: (1) the inception of the Commonwealth of Independent States (CIS) and coalescing of so-called Russophiles within that Organization; (2) the instant rejection of the three Baltic States to join the CIS format and pursuing, resolutely, their own policies of re-integration into the European and Euro-Atlantic structures; and (3) the formation, within the CIS of a so-called group of Westernizers—Ukraine, Georgia, Azerbaijan, and Moldova. This latter group of countries, notes Professor Kuzio, later becomes a certain core element of GUAM and their leaders—the genuine Founding Fathers of that Organization.<sup>4</sup>

Thus, if we agree that the initial purpose of establishing GUAM was these CFE negotiations—the “birth mother”—then we need to acknowledge that its “foster mother” happened to be NATO. However, a special role in this process belonged to the representatives of the United Government—I would call them GUAM’s “baby-sitter”—who, along with other Euro-Atlantic experts, were engaged in the inception process of GUAM from the very beginning and continue to do so currently (though maybe with less enthusiasm) with one aim: to develop ideas or concepts, certain aspects that are practically viable and attractive, to strengthen the security, stability and capacity of the GUAM member states.

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<sup>2</sup> See: V. Socor, “‘GUAM’ at Ten,” *Eurasia Daily Monitor*, 20 June 2007.

<sup>3</sup> *The Joint Communiqué. Meeting of the Presidents of Georgia, Ukraine, Azerbaijan and Moldova*, Strasbourg 1997.

<sup>4</sup> See: T. Kuzio, “Geopolitical Pluralism in the CIS: The Emergence of GUAM,” *European Security*, Vol. 9, No. 2, Summer 2000, pp. 81-114.

However, I would like to slightly disagree with Professor Kuzio regarding some components of GUAM's history. As Professor Kuzio noted above, the emergence of GUAM was the result of a certain clash of strategic interests between the Russophiles and Westernizers that took place within the CIS, and GUAM itself was a product of disagreements within that Organization.

Being either a long-time "insider" or an up-close observer of the process of inception of almost all the regional organizations within the huge Eurasian land mass—the CIS, BSEC, GUAM, and certain other formats—since the early 1990s, I must emphasize that GUAM appeared on the political landscape not as an internal and dissenting fraction within the CIS (or against the CIS) with the aim to contradict or hamper the Organization's proceedings, procedures, and strategic goals, as certain die-hard critics of GUAM try to maintain today.

GUAM, as noted above, became an Organization in 1997 due to the existence of certain strategic vectors and factors that are interconnected with each other on the vast territory of the former Soviet Union (the FSU) and, for all intents and purposes, due to a certain amount of experience in dealing with the totally ineffective CIS structures, specifically those trying to cope with unresolved conflicts and certain security issues. And more than that: by the time GUAM was transformed into a regional organization, it already had its own ideology, political agenda, and strategic goals and was composed—at least formally and according to certain official declarations and statements—of truly Western-oriented member states.

On the other hand, we need to find an answer to another, and much more important, strategic question: how these noble goals identified in the Joint Communiqué of the first summit of the GUAM member states were supposed to be realized, or how the Organization itself was going to become a presentable, qualitatively viable, productive, and prestigious entity in the eyes of the outside world and the entire international community?

In this article I shall try to analyze certain achievements, obvious and visible setbacks, and some of the perspectives on the earlier and ongoing developments within GUAM, its relations with other international organizations in the Wider Black Sea/Caspian Basin Region and beyond them,<sup>5</sup> as well as the prospects for GUAM's development in the future. Some of those predictions and expectations are real and some of them, in my opinion, are just wishful thinking and exaggerated.

But there is, at least, one solid fact that should be acknowledged: GUAM, which was initially organized, as noted above, with the specific purpose of discussing concrete security issues of mutual interest and finding solutions to them, according to Paul Goble, a distinguished American expert on Post-Soviet issues, has created absolutely new sets and forms of integration within the FSU, marking the final stage in the disintegration of the Soviet Union.<sup>6</sup>

However, we all thought that GUAM would instantly become an active element within the FSU and beyond, creating certain positive dynamics and causing resources to consolidate and accumulate an appropriate amount of synergy among the member states. In the long-term perspective, and according to our judgments, it was to help the newly-born states navigate, more or less safely, through the painful and bumpy post-Soviet transition/transformation phase, making their state-democracy-building process more efficient and effective and thus strengthening their capacity, independence, and sovereignty.

By that time, the GUAM member states were not only emerging from the wreckage of the Soviet Union, but were also at the formulating stages of their own nation-state-building and determining their own democratic and governmental institutions. And specifically now, looking back and analyzing those developments through the prism of those ten tumultuous years, we need to

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<sup>5</sup> GUAM is geographically located within the Wider Black Sea/Caspian Basin Region/Caspian Basin.

<sup>6</sup> See: P. Goble, *The CSIS Conference on the Problems of GUAM*, Washington D.C., 10 July, 2000.

acknowledge that we were all slightly naïve and overcharged with too much uncurbed enthusiasm in this regard.

Ten torturous years passed before GUAM, at last, succeeded in becoming a real institutional (and capacity-building) process with a structural and organizational skeleton and the ability to identify, more or less, a solid strategic agenda on how to make GUAM a functioning entity, efficient and productive enough to become visible and with the capacity to be plugged into the affairs of our “globalized” world.

Of course, there were certain objective or subjective factors and tendencies within and beyond GUAM that hampered its proper development. It usually takes, as the saying goes, a certain amount of time to build a village. Naturally, it takes much more time and energy to build a new organization, specifically an international one, even despite the fact that GUAM, as we said above, was comprised of friendly states and strategic allies.

But with its inception, and despite certain drawbacks and zigzags, GUAM delivered one, in my opinion, very important psychological message to the international community. As certain experts accurately noted, the GUAM member states declared resolutely and loudly that they wanted to be treated like sovereign and independent countries and act independently on the international arena in accordance with their national interests and goals.

As these experts also admitted, the member states agreed in GUAM’s basic documents to negotiate, share information, and join approaches and strategies rather than acting against each other.<sup>7</sup> A strategic goal was identified: to become normal and functioning states, bearing all the elements of sovereignty, and as defined by Kenneth Waltz, an American political scientist, to decide for themselves how they would cope with internal and external problems.<sup>8</sup>

Why do I emphasize those issues?

By the time GUAM was initiated, the international community was used to referring to all post-Soviet countries—with the exception of Russia—as newly independent states, and I need to admit that this clumsy definition is still alive and used frequently and actively today by certain Western experts and analysts.

Naturally, the inception of GUAM did not fully destroy these warped and distorted perceptions or stereotypes of the Cold War legacy, but at least it initiated certain dramatic and turbulent retuning in the mindsets of international policy-making and the expert community; it made them look at the developments within the FSU space not only through a so-called Russian filter, a die-hard habit of the post-Cold War period. If not fully, the inception of GUAM impacted and has shaken certain established visions and patterns of strategic thinking.

Thus if we assume, as certain analysts contend, that “perceptions are reality,” the emergence of GUAM, even in its embryonic and clumsy format, has dramatically, though still on a subconscious level, impacted all these perceptions or misperceptions, either in the West or in the East.<sup>9</sup>

However, now is the time for GUAM itself to turn these perceptions into a new reality. Will it be possible? We shall discuss this issue bellow.

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<sup>7</sup> See: P. Goble, op. cit.

<sup>8</sup> See: K. Waltz, “Theory of International Politics,” *Reading, Ma*, 1979, p. 96.

<sup>9</sup> In my position as Secretary of the National Security Council of Georgia, I had the privilege to meet and deliver certain messages from President Eduard Shevardnadze to some world leaders, including President Heydar Aliev. All of these meetings with President Heydar Aliev were for me lessons in acute strategic vision and statesmanship, as well as in understanding the benefits of regional cooperation to pursue the national interests of the GUAM member states. However, almost every time, President Aliev noted sarcastically, “Tedo, how long do we need to be independent states before your Western friends stop calling us “newly independent?” A resolute and clear-cut question which still resonates strongly in my ears and mind and which still requires an appropriate answer (T. Japaridze, *Notes of My Meetings with H.E. Heydar Aliev, President of the Republic of Azerbaijan*, March-November 2002-2003).

## Reflections of an Eyewitness: Uncurbed Enthusiasm and Tough Reality

When the Soviet Union collapsed and disintegrated in the early 1990s, the prevailing view in the rest of the world in general, and among leading policy-makers in particular, was that nothing could fill the void left by this truly historic development.

I can easily understand this type of intellectual and strategic bewilderment or upset of mind of certain politicians and pundits: the dissolution and then disappearance of one of the most unnatural and ugliest political formations in the history of mankind—which the crumbling of the Soviet Empire has been called—happened to be a truly paradigm shift.

So my hypothetical and critical observations and reflections on what GUAM could have been, or will be in the future, may sound a bit ironic and always resemble an awkward attempt to criticize the past with the benefit of hindsight.

But if we had the capacity to return history to the 1990s when certain policy-makers and experts started exploring certain prospects for GUAM, we must admit that very few believed by that time that any of the smaller political pieces subordinate to Russia (that's how most Western scholars and experts preferred to call the U.S.S.R.), the so-called Soviet Republics, were likely to find any political and economic affiliation, apart from with the former Big Brother. In the early 1990s, the FSU space—and the developments within that space—where still perceived through and adjusted to the ill-defined so-called Russian filter, or encapsulated into a certain political agenda entitled the “Russia first” policy, which was enunciated, pursued, and implemented, for example, by the Clinton Administration since 1992.

Hundreds of times I asked myself and my colleagues questions like: “How will Georgia or other former Soviet Republics survive without Russia?” or “Where else could Georgia and other components of the Soviet Union go?” and “How could Georgia's economy function without Russian input?”

In general, very few people in the West or in the East had sufficient imagination, historical experience, or collective or institutional memory to think beyond the so-called Russian vector. The primary strategic goal for all post-Soviet countries at that time was to retain our hard-born independence, to ensure political sovereignty, and to be engaged in a very painful and tumultuous nation/state- and democracy-building process.

Now many years later, I need to acknowledge that we have embarked on this thorny path without any knowledge or experience of what we are supposed to be accomplishing, but with, as I noted above, overwhelming and uncurbed enthusiasm and a certain naivety of purpose.

So the inception of GUAM for its member states was the closest thing in the post-Soviet space to a true strategic relationship. Perhaps I should rephrase that statement: GUAM was a strategic relationship, even though almost all the members of GUAM were not as adept at the formal construction of strategies as say France, China, or even Russia used to be. But, as I noted above, we all thought we had a good idea of what GUAM was intended to be: a group of states with common problems and threat and risk perceptions, as well as a common vision of the future. That was how we perceived GUAM and its function in the international community.

But there were many more questions about “where” and “what” was GUAM? Was it “in” or “out” of the CIS? Was it “pro-” or “anti-” CIS, or just “against” Russia?

And we were diligently conveying our message that GUAM was beyond the CIS space, but was neither “anti-CIS,” nor “anti-Russian.” As we loved to say, the Organization was “pro-GUAM”—

strategic relations developed due to certain common security problems within the former FSU space among countries—Georgia, Ukraine, Azerbaijan, and Moldova—which share common interests and common threats and risks challenging their independence and sovereignty.

As we noted above, after the end of the Cold War and the dissolution of the Soviet Union, a number of regional organizations were created (the CIS, the Customs Union, the Russia-Belarus Union, the Eurasian Economic Union Treaty, etc.) within that space. But most of these institutions have been established either artificially or under pressure. That is why almost all of these organizations today are almost defunct and/or not really viable. However, we naively thought that there might be one exception on this list: GUAM.

What prompted us to think that way?

The GUAM group did not arise until after its members had already formed strong political and economic relations with states that lie beyond the former boundaries of the U.S.S.R. In Georgia's case, for example, GUAM came after we had developed dynamic relations with our strong neighbor Turkey, with much of Europe, Israel, and, of course, with the United States. The governments of Ukraine, Azerbaijan, and Moldova had also reached out to different parts of the world before they reached inward, toward old friends who shared certain old problems.

Thus, as we thought at the time, GUAM was evidence of our growing sense of confidence in dealing with the unpredictability in our own neighborhood. But it also, again in our slightly naive opinion, represented strong evidence of our growing political maturity in seeking common regional solutions to problems that could not be solved easily from outside our region.

This group of countries—Georgia, Ukraine, Azerbaijan, and Moldova—from the perspective of the mid-1990s was linked politically by their Western orientation, economically by their commitment to projects like an Eurasian transport-economic-energy corridor, ideas incorporated into the New Silk Road Legislation sponsored by U.S. Senator Brownback, and the prospects for commercial activities within the Black Sea Basin, and strategically by rebuffing CIS re-integration.

We thought that through GUAM the advantages of regional and sub-regional cooperation might result in more flexible, transparent, and effective principles and balances that would express the relevant interests of the participant countries.

The north-south link that once defined the Southern Caucasus and Central Asia as separate regional issues was rapidly giving way to the east-west link that triggered the emergence of a wide belt of countries stretching from the Chinese border to the Black Sea Region, countries that share a wide range of strategic interests. Certain experts thought that those new interests might be embodied in the planned east-west trade link, one that was supposed to connect Central Asia to Europe, and the main argument for inviting Uzbekistan to join GUAM, thus making GUAM a sort of centerpiece of the proposed vibrant developments.

Naturally there were certain institutional and organizational problems that led these discussions toward unrealistic conclusions and perceptions. I would like to reflect on one vivid example. For instance, instead of building certain functional units or clusters within GUAM step-by-step, I remember certain "exciting," but absolutely futile, discourses about the creation of a GUAM Free Economic Area (GFEA), an absolutely premature idea at that time and in those difficult circumstances. GUAM first needed to lay a solid basis by pushing forward legal reforms to harmonize the intercommunication of various national services, such as customs and border guards, by exchanging liaison representatives, for example, in order to foster interrelations and implement relatively smaller projects for starters.<sup>10</sup> Had we done this earlier, I am more than convinced that the understanding of our regional

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<sup>10</sup> See: *GUUAM: Genesis and Growth of a Group*, Remarks by H.E. Hafiz Pashaev, Ambassador, Republic of Azerbaijan. The Black Sea Regional Security Program, The John Kennedy School of Government, Harvard University, 31 May, 2001.



responsibilities toward each other and the international community (as well as the latter's awareness about GUAM) would have been rapidly promoted and would have established the foundation at a later stage for more important international configurations, such as GFEA.

These concerted efforts could have withstood the mounting economic expansion of Russia, conceptualized in the idea/concept of the creation of a new Liberal Empire through the introduction and implementation of purely economic means and instruments in order to promote and strengthen Russia's strategic interests within the FSU, including within GUAM.

These changed Russian tactics, from political-military compulsion to the aggressively enforceable energy and commercial strategies, could only have been an effective countermeasure on behalf of the GUAM member states had they established a strong economic identity within the Organization.

This had not happened by that time and it did not happen during the ten years after GUAM was formally incepted.

We could have been more active and resolute in implementing certain specific projects that could have enhanced the interest of certain outside powers in GUAM. For example, the concept of restoring the Great Silk Road undoubtedly gained great importance and could have been transformed into a multi-dimensional and multifunctional mega-project. It could have rehabilitated and expanded highways, railroads, air routes, and air and sea ports; it could have linked the states of this new Silk Road with each other and the outer world via the most modern and sophisticated communications and information technologies, and could have trained a generation of personnel to make it all work in concert.

It was also apparent to experts that projects like the Great Silk Road or Eurasian Transport Corridor, along with a properly functioning GUAM, could have boosted its potential and capacity beyond the transportation and commercial functions.

In effect, this capacity and potential could have become a stabilizing factor among the states of Eurasia and the FSU and could have fostered the creation of a common market and new geostrategic and geo-economic alliances.

Why am I saying this?

The idea of developing this Eurasian Corridor embraced the following three components: the Europe-Caucasus-Asia Transport Corridor (TRACECA), the East-West Strategic Energy Corridor, and the Telecommunications Network. The international community found the TRACECA project the most attractive. It was intended to stimulate rehabilitation of the main component of the transport infrastructure within the area. The diversity of cooperation ensured the elaboration of programs to restructure all means of transport.

The existence of huge energy resources in the Caspian region proved the necessity of diversifying effective links with the world markets. Energy Diplomacy became an important part of the foreign policy of many countries of the region and envisaged the full participation of all the GUAM countries and other regional actors on a commercial and economic basis, which, in the end, could have become the basic guarantors of security equilibrium within the entire GUAM space.

But experts in the individual GUAM member states acknowledged that sustainable transit service and safe transportation of oil and gas required the formation of a modern telecommunications infrastructure. The implementation of new technologies in this field and the carrying out of fiber-optic cable projects were supposed to represent the main activities to be taken in this direction. Modernization of the existing technological systems became one of the priorities in GUAM's plans.

According to the prognosis of experts, all of these projects were designed to strengthen the independence, sovereignty, and, what was (and still is) the most essential, capacity potential of the GUAM member states: to create a new atmosphere of trust and cooperation and improve security-building mechanisms, which in the long run would make the democratic and market-oriented reforms within GUAM irreversible. It eventually—and again according to our naïve collective judg-

ment and predictions—could have led to the development of common understanding, perceptions of unity, and common interests within GUAM (which we still lack today), which could have made this Organization stronger, more viable, and thus more flexible in order to meet the needs of other international formats and forums. However, most of these ideas remained only as plans and statements.

How did we perceive the benefits and advantages of GUAM?

It happened to be the first experimental Forum within the FSU space, an established framework of consultations and consensus-reaching experience which might have served as a solid foundation for building new interregional cooperation. Even some, more than modest, accomplishments of GUAM at its earlier stages could have set a positive example of success and definitely stimulated other countries to participate in the practical implementation of the ideas of regional cooperation.

We calculated that GUAM's mission should have bypassed the formal geographical boundaries of its member states and could have reached out to a larger region. That was the main reason why GUAM made certain modest attempts to redirect its activities from strictly security and political considerations to issues concerning the overall development of an Eurasian corridor.

These exciting goals could have been implemented had the GUAM countries had, for example and as we noted above, a unified communication system intact within the entire space and had the artificial obstacles been removed which existed as a result of inadequate legislatures or unacceptable activities of incompetent officials. That was the main reason why, contrary to logic, most of the cargo traffic from Central Asia was transported to Europe by a substantially longer route through Russia and the Baltic States, instead of going through GUAM.

On the other hand, I do not want to be too critical and ignore the real positive steps taken by the member states to strengthen the institutional capacity of GUAM. In 2001, at the GUAM summit, Ukraine took the initiative to strengthen the institutional capacity of the Organization. That summit adopted a GUAM Charter and called for mandatory meetings of the GUAM foreign ministers at six-month intervals. The summit also created a Committee of National Coordinators which would meet regularly to monitor the implementation of joint programs and established a Permanent Secretariat and an Information Office to be based in Kiev. In 2002, the GUAM member states signed, and subsequently ratified, an agreement on free trade. But as some experts noted correctly, and as it has happened so many times before, all of these measures remained on paper and very few were implemented by 2007.<sup>11</sup>

Too much time has been wasted on huge amounts of paperwork and futile disputes over certain prospective but unrealizable considerations and recommendations. Even the implementation of certain practical and strategically important ideas and projects introduced by certain member states, which could have made GUAM visible as a true international organization, usually took longer than necessary to be implemented or simply just disappeared amidst the never-ending and fruitless elaborations at various GUAM gatherings.

Certain proposals are still awaiting final decisions and are ideas which could have made GUAM a “darling” of the international community and a viable organization itself: establishment of a Coordination Committee of the Chambers of Commerce, creation of an Inter-Parliamentary Group for joint economic projects, simplification of customs procedures and formalities, harmonization of customs-related legislation, inception of a Congress of Entrepreneurs Unions of GUAM and a Joint Bank of GUAM, as well as other joint projects in the transport, insurance, leasing, and tourist sectors.

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<sup>11</sup> See: *Final Communiqué of the Yalta GUUAM Summit*, 6-7 June, 2001; V. Socor, “‘GUAM’ Summit Preview: A New Lease on Life,” The Jamestown Foundation, 20 April, 2005.

The slowness and “political drowsiness” of GUAM has resonated into a certain amount of skepticism and passivity, even among the most ardent supporters of GUAM, particularly the United States Government, which as noted above, has stood firmly beside GUAM since the very first day of its inception, assisting it intellectually and financially. For example, in 2001, the U.S. Congress approved the allocation of \$45 million to fund certain GUAM projects, although the absence of viable, practical, and convincing projects made the decision-makers at the State Department decide to withhold most of this assistance.

Despite the activities and determined attempts of the Ambassadors of Georgia, Ukraine, Azerbaijan, and Moldova in Washington, D.C., efforts that tended to focus on the United States and elevate the awareness of American policy-makers and experts, GUAM’s image was literally “lying on its deathbed.”<sup>12</sup> There were certain reasons for this pessimistic political diagnosis: Georgian President Eduard Shevardnadze’s political decline, Azerbaijan President Heydar Aliiev’s death, and Ukraine’s President Kuchma’s pro-Russian tilt, as well as certain old, but well-known, structural and organizational deficiencies, failures that strongly aggravated, in 2003-2004, the operational capacity of GUAM itself.

But now it appears that GUAM, with new leaders in the member states, and according to the decisions adopted at the last summits, is currently ready for certain resolute political, structural, and intellectual innovations. But keeping in mind GUAM’s past record and no less fascinating and prospective development plans, which have remained on paper year in and year out, GUAM’s “re-awakening” may not happen if its current leaders are not resolute in their intent to follow their own decisions.

## **The Organization that GUAM Has Not Yet Become**

But before I proceed with my reflections and observations, I would like to do what I have done many times when starting to identify, appropriately, certain issues: to begin by looking at what this problem “is not,” before trying to describe what “it actually is.”

That hypothetical quiz or attempt to look at GUAM through the “ten years later” perspective will help us to understand GUAM’s mistakes and miscalculations—failures which came at different phases of its inception—and will identify more adequately its strategic vector and focus, its potential and prospects. This analysis will assist the Member States and the GUAM bureaucrats, analysts, and experts to find ways and means to make the Organization more productive, efficient, effective, and relevant.

I noted above that I have always been engaged, in different capacities during my professional career, as Georgia’s Ambassador to the United States for more than eight years, then as Secretary of Georgia’s National Security Council, and as Foreign Minister, with different levels of involvement in the affairs of GUAM. As a GUAM “insider,” I have been privy to many formal and informal meetings and gatherings, disputes and discussions, some modest achievements and dramatic breakthroughs; I have also witnessed many frustrating setbacks, zigzags, and stalemates.

Thus, in this article, as I said above, I would like not only to share certain personal reflections and observations concerning the past, the current state, and the prospective developments within GUAM and beyond. I would also like to try to place these observations in a new strategic context and

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<sup>12</sup> See: V. Socor, “‘GUAM’ Summit Preview: A New Lease on Life.”

fit that context into the transformed landscape of still turbulent world politics—new trends and developments, including the formation of certain new political or strategic equations and configurations—where different strategic vectors are emerging, intersecting with each other, or passing through and at certain times creating certain new synergies and important dynamics around us.

Maybe these new developments in the outside world, including in the GUAM neighborhood, will produce and inject into GUAM certain absolutely different strategic perspectives or strategic thinking. But these perspectives should be well-calculated and formatted; also certain old ideas or mistakes need to be analyzed and recalibrated in a more than resolute and renovated way.

That is the only way to awaken GUAM from its moribund state of affairs and change our strategic thinking in this regard from the category of wishful thinking (or even false expectations) into realistic, practical, and productive discourse and activities that would strengthen one, almost axiomatic, notion: that security and stability, as well as independence and sovereignty, are interconnected and indivisible components of prosperity and economic development.

Why do I repeat this well-known and, I would add, certainly obvious concept?

How to make people, including those who live in the GUAM region, those who are still burdened by the Cold War mentality and are currently overly disoriented or even disenchanted with some of the “democratization” experiments of the late 1980s and early 1990s, change their habits and, specifically, their psyche or mental behavior or perceptions to believe in these perspectives?

How to make those people understand that the idea of the indivisibility of security and sustainable development will enable them to engage in “win-win” patterns which will prevail over outdated scenarios of the old Big Game and recognize, speaking metaphorically, that in the modern and “globalized” world the quantity and quality of banks and hotels matter more than the quantity and quality of even the very best tanks?

My message in this regard is simple and obvious: a strong economy and sustainable and irreversible development should be a priority element in making any country militarily capable, and not vice versa. It is not ignoring or downgrading the importance of military power in any independent state, including the GUAM member states, but making that power stronger through powerful economic means and development. I think that GUAM needs to elaborate on that strategic way of thinking.

But I should also admit that it is still not easy for certain regional political actors within the FSU and GUAM to comprehend these, as certain experts love to say, obvious hard facts: the entire post-Soviet space is still going, as I noted above, through complex and vibrant and at certain times even cataclysmic geostrategic or geo-economic transition/transformation processes and changes.

A tumultuous psychological transformation and adjustment of mindsets and psyches to these new strategic realities is unfolding around and beyond us, including in the GUAM region. All of these developments are strongly impacting upon the inherent changes at personal and societal levels, including the most tumultuous changes, changes in our “mental map.” It usually takes much time and many generations before this mental transformation settles down and arrives at its final destination.

Perhaps that was one of the main obstacles (naturally among numerous internal and external factors) that hampered GUAM’s appropriate development and caused the ten-year stalemate and dormancy within the Organization?

So, more than ten years later, we can acknowledge that GUAM has not become, as yet, a dynamic and vibrant alternative to any existing regional international organization. Although, as certain experts admit with cautious optimism, it is slowly gaining a certain political momentum, as well as certain political visibility in the outside world, and raising a certain amount of modest awareness within the international community.

But still GUAM cannot be, as yet, and this trend may be prolonged indefinitely in the foreseeable future, a competitor to any other existing format of that kind in the world, even the regional organizations like BSEC, which has been so criticized by outside experts for its slowness and ineptitude regarding the changes in international and regional affairs.

GUAM still needs to prove its practical viability and necessity to its hypothetical international partners. There are still too many declarations and statements, too much paperwork (a great part of which has never been put into practice), a visible lack of appropriate institutionalization and legalization of existing structures by the member states, and a lack of communication with other international organizations in the region and beyond it.

Even with the many lapses and failures that GUAM has experienced since its inception, it could have been perceived as a complementary partner or resource at least, for the European Union (the EU), for example—the closest political entity to GUAM and a center of attraction for all the GUAM member states. The EU still looks at GUAM, mildly speaking and at best, and despite certain recent and more than modest activities in their relations, with certain neutral curiosity, although there are many politicians and policy-makers, mainly in Old Europe, who perceive GUAM as a sort of organizational “enfant terrible,” a “spoiler” within the established political status quo, but mixing these emotional and trivial notions either with a certain amount of political apathy or even disdain and sarcasm toward GUAM.

One may ask why these sentiments are so prevailing within the European community today. Because GUAM has only just, in 2007, become a full-fledged Organization; whether it ever becomes a full-fledged nascent political union as, for example, the EU and other existing international organizations, remains a big question mark.

To counter this skepticism, GUAM needs to start promoting and offering its hypothetical partners some modest, but viable and doable, either strategic or economic, ideas or projects. Only these steps can attract the Europeans in general and, specifically, those who belong to the group of so-called Euro-skeptics.

This group of policy-makers still happens to be sort of politically neurotic after the last EU and NATO enlargements, and they will remain cautious toward any, even more or less formally better than GUAM, established and structured/institutionalized organizations beyond the EU space. For example, it took long years of passive and non-binding discourse before the EU opened a sort of formal interaction dialog with BSEC, identifying certain “clusters” of cooperation as transport, energy, environmental issues, and good governance, and fighting organized crime and terrorism.

Naturally, it is not only certain political instincts that make GUAM, for example, not that welcome within the EU community. The long-term strategic goals and aims of the EU member states are simply too complex, diverse, and contradictory for the new engagements and enlargements, and the economic and political gravitational pull of the EU and the Euro-Atlantic community is too overburdened and diffident.

I realize that such an assessment may appear harsh and pessimistic. But, perhaps, the seeds of the GUAM’s strategy toward the EU can be discerned in it as well since, ultimately, it is events on the ground that will eventually drive and shape the EU’s policy toward GUAM. We need to put GUAM within the EU’s decision-making cycle, and the ensuing GUAM engagement strategy should be built around serving the self-interests of the EU. Perhaps then GUAM will stand the best chance of real relevancy and success.

Certain recent developments within the EU space, the introduction of the so-called ENP policy, may change the dire European perceptions. As Lili di Puppò, a European expert, admits, “the EU has been reluctant to support regional initiatives such as GUAM in the past, indirectly arguing that these initiatives had little substance, provided no added value, and de facto alienated Russia.

However, the prominence of the energy issue on the European agenda in 2006 has pushed the EU to become more pro-active, to claim a more strategic role in the Black Sea, and to claim a 'piece of the pie' from Russia."<sup>13</sup>

Even Uzbekistan's instant and impromptu inclusion in GUAM in 1999, as it appeared later, was more a show of political will than a well-calculated strategic move which, in my opinion, did not resonate particularly positively within the international community, indicating the lack of strategic vision and capacity of the GUAM member states. Although the considerations and prognoses, as far as I remember, happened to be that the involvement of Uzbekistan (with a big "U," as experts defined this development), as a more distant country from the formal GUAM space, would add strategic value to GUAM, thus engaging Uzbekistan, this double-land-locked country, in the budding dynamics and diversity in the post-Soviet space through the emerging Eurasian Transport Corridor, membership in NATO's PfP programs, and affiliation of all the GUAM member states with the Euro-Atlantic Partnership Council.

With the addition of a big "U" to GUAM, certain strategists thought that it could have made GUUAM an ideally placed strategic bridge for different European institutions to the heart of Central Asia, thinking naively that by walking along that two-way corridor toward integration into the Euro and Euro-Atlantic structures, the GUUAM member states would benefit immeasurably and would raise the awareness of NATO and the EU regarding GUUAM, as well as the latter's visibility and mission in the eyes of the international community.

The expanded format of the Organization—GUUAM—happened to be a short-lived innovation and, after a while, when Uzbekistan suspended its membership and then withdrew from it, it returned to its initial abbreviation—GUAM. After the withdrawal of Uzbekistan, GUAM, as Eldar Ismailov, a prominent Azerbaijani analyst, admits, has returned to its natural geographic and political equation.<sup>14</sup>

But this failed experiment proved once more to be an axiomatic strategic truism: in today's world affairs it is not enough to be "anti" or "thorny," as GUAM has been perceived and sometimes even clumsily tried to play that role. Any new organization or format should have a positive agenda and, even having some strategic differences with some of the neighboring countries, be oriented toward cooperation and stability.

Specifically, some strategists envision that either the Eurasian "Heartland" or "Rimland" (GUAM could geographically fit both of these equations) may become a sort of launching pad for "a global anti-Western movement whose goal is the ultimate expulsion of European and Euro-Atlantic influence from Eurasia."<sup>15</sup>

But we need to remember that it is not only the geographic location that might matter for this kind of geostrategic system. The viability of any Organization or country, its functional operability, as admitted above, and its usefulness and attractiveness to the outside world, and specifically the international community, is usually taken into account alongside its place on the global map.

<sup>13</sup> L. de Puppo, *The EU Looks Carefully at the Caucasus and its Energy Potential*, London, 4 June, 2006.

<sup>14</sup> See: E. Ismailov, V. Papava, *The Central Caucasus. Essays On Geopolitical Economy*, CA&CC Press®, Stockholm, 2006, p. 77.

<sup>15</sup> During World War II, Nicholas Spykman, an American strategist, challenged the centrality of the concept of the "Heartland" developed a generation earlier by Halford Mackinder (against Mahan's sea power thesis), and focused instead on what he called the "Rimland," by which he meant essentially continental countries with a maritime façade. Some GUAM member states, Ukraine, Georgia, and partially Azerbaijan have these features, although the Black Sea itself—the main body water, as mentioned above, that lies within the GUAM region—does not have, as acknowledged by most experts, some of the obvious strategic dimensions and happens to be perceived as a sort of "lake" divided between Turkey and Russia (see: Ch.J. Fettweis, "Sir Halford Mackinder, Geopolitics and Policymaking in the 21st Century," *Parameters*, Summer 2000, pp. 58-71; T. Horn. "The Revolution in Transatlantic Affairs. Perils and Promises of a Global NATO," *Policy Review*, August 2007).

There are obvious trends toward deterioration in the relations between Russia, and the West in general, and GUAM: if GUAM wants to be a successful and productive organization, there should not be a “negative charge” in these relations. Just the opposite, it should try to identify resources and specific projects to soothe these tensions and thus prove that security and economic prosperity are two indivisible components of sustainable development. In my opinion, GUAM would benefit much more if it implements such a positive agenda and if its member states are committed to these noble goals.

## The GUAM Summits: Declarations and Reality

As we admitted above, the last GUAM summits have injected a certain amount of new energy and opened up new prospects and expectations among the population of the member states and throughout the international community.

The GUAM summit held in Kiev on 23 May, 2006 took resolute steps to activate the Organization and increase its institutional capacity. That summit expanded its international visibility and was attended by President Valdas Adamkus of Lithuania, in line with his country’s active role in the implementation of the Baltic-Black Sea initiatives.

The summit dramatically recalibrated the existing format and structure of GUAM and declared in its place the establishment of a full-fledged international regional format—the Organization for Democracy and Economic Development—GUAM with its Permanent International Secretariat based in Kiev.<sup>16</sup>

The heads of the GUAM member states retargeted the Organization’s agenda and aimed GUAM’s activities toward the enhancement of democracy, adherence to the rule of law, respect for fundamental human rights and freedoms, sustainable economic development of the member states, and assuring security and stability within the GUAM region and beyond.

The Kiev summit reaffirmed the desire of the GUAM states to deepen European integration and enhance relations with the EU and NATO and emphasized the willingness of GUAM to further develop partnership relations with the United States of America and other countries and organizations, in particular, regarding the implementation of joint economic projects.

The GUAM presidents signed a special protocol in Kiev on the entry into force of the earlier agreement to create a GUAM Free Trade Area. However, as some experts admitted after the Kiev summit, they did not share the optimism of the GUAM leaders, based on certain previous experience regarding the Organization’s “efficiency,” that this decision would be implemented in the foreseeable future.

The summit placed special emphasis on the unresolved, or protracted, conflicts within the GUAM region. The summit acknowledged the necessity of intensifying conflict settlement efforts, and the GUAM heads of state called upon international and regional organizations and institutions to further facilitate, within their competence, the settlement of the “frozen” conflicts in the GUAM region.

The presidents especially emphasized the importance of demilitarizing conflict zones and promoting security regimes in these areas with the help of multinational peacemaking forces deployed

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<sup>16</sup> See: *Kiev Declaration on Establishment of the Organization for Democracy and Economic Development-GUAM*, available at [<http://www.guam.org.ua/226.1087.0.0.1.0.phtml>].

therein under the U.N. or OSCE auspices to provide conditions for the return of the population and the peaceful coexistence of ethnic communities.

The presidents expressed a certain amount of enthusiasm in Kiev that such meetings would help the GUAM countries become part of the democratic world of the civilized system of international relations, and that GUAM might indeed become a case in which such intangible—though real—benefits outweigh the quantifiable—though elusive—ones.

But at the last, follow-up, annual summit of GUAM in Baku, Azerbaijan proved again that there is a lot of work to be done before all these declarations can be put into practice.

The GUAM heads of state were joined in Baku by presidents Traian Basescu of Rumania, Valdas Adamkus of Lithuania, and Lech Kaczyński of Poland, in keeping with the flexible GUAM-Plus formula of cooperation with the group's partner countries and further expanding its international visibility.

But the agenda of the summit was not fully accomplished, since the participants merely focused on the main items and made some declarative decisions on the transportation of Caspian oil and the settlement of the protracted conflicts.

The idea of making GUAM function as an energy bridge between Central Asia and Europe (that idea was supposed to be implemented at the Baku summit) remains on paper, since the realization of this concept inherently depends on the active cooperation and engagement of Kazakhstan and Turkmenistan, along with the EU.

The signals from both directions were negative: Kazakhstan President Nursultan Nazarbaev turned down the invitation to attend the Baku summit (although he offered to send a representative), while Turkmenistan President Gurbanguly Berdimukhammedov simply ignored the invitation of the Azerbaijani Government to attend. The EU's response was also more than cool: Austria's Ministry of Foreign Affairs, invited to represent the lead country of the Nabucco gas transport project at this summit, also declined to attend.

As Vladimir Socor admitted, "such responses may be seen as corollary to these three countries' recent agreements with Russia on energy supplies and transit, which, if implemented, could kill the idea of the trans-Caspian westbound transport projects to Europe via the GUAM countries. Their responses reflect an unraveling of Western policies on Caspian energy. The EU, a putative beneficiary of energy transit projects through GUAM countries and a focus of their reform programs, did not deign to take up the invitation to attend the GUAM summit."<sup>17</sup> But it seems that these are more general trends in the EU energy policy, which has failed to develop a coherent strategy, and the Nabucco project, as many other issues and concepts, remains just that—a project, the subject of studies and reports.<sup>18</sup>

Another item on the Baku summit's agenda—creating a GUAM peacekeeping battalion—was not realized again. As we know, the proposal to create a GUAM peacekeeping battalion dates back several years and was preceded by long and vibrant discussions, since 2000, among the representatives of the member states, including some American and NATO experts.<sup>19</sup>

This idea was last reactivated at GUAM's Kiev summit in 2006 when the Ukrainian side, as a long-time proponent of this proposal, commissioned the Ukrainian Armed Forces' General Staff to draw up plans for such a battalion. The proposal envisaged a 500- to 600-strong unit, including 150 to 200 Ukrainians. A police element was to be added. Each of the four national components would be

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<sup>17</sup> V. Socor, "Summit Takes Stock of GUAM's Projects, Institutional Development," *Eurasia Daily Monitor*, The Jamestown Foundation, Vol. 4, Issue 120, 20 June, 2007.

<sup>18</sup> See: *The Financial Times*, 26 August, 2007.

<sup>19</sup> See: *A Workshop on the Prospects of GUAM*, Stanford University, The Institute for International Studies, 18 November, 2000.



based in their respective countries and could be called up by the chiefs of general staffs for annual exercises in one of the four countries.<sup>20</sup>

As some analysts admitted, this battalion could be used for intervening in the ongoing conflicts, or for the purpose of conflict-prevention, or for humanitarian operations mandated by the United Nations or the OSCE in any location, potentially including the GUAM member states. But some experts on security issues wisely admitted earlier that peacekeeping should not be an end-point of cooperation. It should be a process to improve interoperability among the GUAM member states' military components, and a good example to follow in that direction would be the scope of activities of the Baltic battalion.<sup>21</sup>

Although the idea of a GUAM peacekeeping battalion looks attractive and may have certain practical value, at the Baku summit, Georgia (with two protracted conflicts on its territory) withheld its consent on the creation of that unit at the final stage of institutional development of GUAM, and in general, admitted that at this moment the Georgian Government did not support the idea of placing a GUAM battalion on the territories of its member states.

Meanwhile, Georgia had almost doubled the number of its soldiers in the NATO- and U.S.-led operations in Afghanistan, Iraq, and the Balkans and could hardly spare resources for additional commitments such as a GUAM battalion. For its part, Moldova declined outright to participate in the proposed battalion, citing Moldova's status as "a neutral state."

At the Baku summit, Ukraine alone proposed going ahead with a GUAM peacekeeping battalion or at least returning to the issue later on. The summit's final documents did not mention this subject at all and, as has happened many times with GUAM, some good ideas and intentions that could have made GUAM functionally relevant and operable merely dissipated or crumbled entirely during the discussions.

As has become a bad GUAM bureaucratic habit, certain good ideas and concepts again remain just on paper.

As usual and according to traditional patterns, the EU again, as we mentioned above, remained almost demonstratively aloof from the GUAM Baku summit.

At the same time, despite the EU's visible passiveness or lack of interest in the Organization, the GUAM member states themselves have offered an Action Plan of the Missions of GUAM member states to the EU through their embassies in Brussels.<sup>22</sup> This plan opens a channel of communication between GUAM and the EU and may prompt the establishment of an active partnership dialog between these two Organizations (if implemented accordingly), thus expanding to a broader regional format based on the already established contractual and structured relations each of the GUAM member states has with the EU through relevant Partnership and Cooperation Agreements and ENP Action Plans, which encourage regional cooperation.<sup>23</sup>

According to this Memo, some of the modalities of the dialog with the EU were elaborated and must be built on a truly pragmatic approach held at any level (CNC, heads of missions, experts, and so forth), in any form (GUAM + EU Troika, EU presidency, EC, or EU SG) or format (formal or informal meetings), as well as at the parliamentary (cooperation between the GUAM Parliamentary Assembly and the European Parliament) and nongovernmental levels.

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<sup>20</sup> See: *Interfax-Ukraine*, 15 June, 2007.

<sup>21</sup> See: *Echo*, 16 May, 2007 (see also: *A Workshop on the Prospects of GUAM*).

<sup>22</sup> See: *Developing Partnership and Cooperation between the Organization for Democracy and Economic Development—GUAM and the European Union for 2007-2008*, available at [[http://www.mfa.gov.az/ssi\\_eng/international/organizations/guam/Baku\\_Summit\\_2007/Interaction\\_Plan\\_rus.pdf](http://www.mfa.gov.az/ssi_eng/international/organizations/guam/Baku_Summit_2007/Interaction_Plan_rus.pdf)].

<sup>23</sup> The so-called "clusters" of possible cooperation with the EU have been identified by the member states, particularly: democracy, respect for human rights and good governance, strengthening of security cooperation, border management, resolution of protracted conflicts, energy and transport, environment, trade, agriculture and fisheries, employment and social affairs, regional development and cross-border cooperation, research and education, science and technology.

I need to admit that the introduction of this Memorandum has been one of the most resolute steps by the GUAM member states to deliver a strong message to the entire European community about the regional prospects and potential of the GUAM region. I understand that the implementation of this initiative of the GUAM member states would be a Sisyphean toil and I am not sure about an immediate and instant full-action response from the EU. But I am confident that the existence of this Memo would raise the awareness of the European policy-makers and experts regarding GUAM. We will talk about how GUAM needs to become more active and practical in its relations with the EU and its structures in the concluding paragraph of this article.

However, the Baku summit had another delightful surprise for the member states as well.

Japan has recently been showing a certain amount of interest in launching partnership relations with GUAM. The Japanese government announced this concept in some policy-setting priorities by 2006, which were later published in the government's Blue Book in 2007.

The policy outline envisages Japanese support for the creation of an "Arc of Freedom and Prosperity" stretching from Central Asia to the Caspian and Black Sea basins and on to Ukraine. The Japanese government discussed that initiative with the EU in Brussels, and later it delegated Deputy Minister of Foreign Affairs Mitoji Yabunaka to the GUAM summit in Baku. Thus, a new format of meetings within GUAM, the GUAM-Japan Dialog, was instituted at this summit. This format is due to continue with a focus on Japanese investments in energy production and transport and mutual political support in international organizations.<sup>24</sup>

One of the most positive steps taken at the Baku GUAM summit was the inception of the Sectoral Cooperation Development Strategy—a concrete plan of practical actions the member states should elaborate in different areas of the economy and trade within the GUAM region. That has been the first resolute attempt by the GUAM member states (along with the above-mentioned GUAM-the EU Memo) to move the Organization from virtual concepts and ideas to a geo-economic reality.<sup>25</sup>

The Baku summit also made some organizational decisions: it elected the first Secretary General of GUAM and formalized the existence of the Permanent International Secretariat.

So now the GUAM Organization has its own bureaucracy, designed to run it efficiently and properly on a daily basis, as well as a sectoral plan to make it functionally viable. Now GUAM needs to make these decisions operable as soon as possible. But it still lacks enough political will and sufficient money to implement these decisions in full. As we know, some decisions of the last summits have not yet been ratified by all the member states. And some domestic policies are interfering, as they always have in any international organization, in the activities of GUAM.

## **The Public Pluses and Public Minuses of the GUAM Region and Beyond: Certain Perspectives on Sustainable Development, Security Risks, and Old Dilemmas**

However, it is not only the new energy, strong political will, and vibrant ideas brewing currently within GUAM that may open up certain new prospects and inject new dynamics into the Organization.

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<sup>24</sup> See: *Eurasia Daily Monitor*, 20 June, 2007 (see also: *Joint Press Statement on the GUAM-Japan Meeting*, Baku, 2007).

<sup>25</sup> See: *GUAM Sectoral Cooperation Development Strategy*, The Baku Summit, 2007.

To use a sort of metaphor, while GUAM stood still or just limited its activity for more than ten years, its immediate neighborhood, including the Russian Federation, the Wider Black Sea Region, part of which GUAM happens to be, the EU space itself and, in general, the entire strategic context of the world order has changed dramatically.

What has prompted this strategic and vibrant political/economic shift?

First of all, a dramatic move resulted from the last eastward enlargement of the EU. With the accession of Rumania and Bulgaria to the EU, the Wider Black Sea Region, which naturally includes GUAM, has become the EU's Near Abroad, and the Black Sea (I would add the Caspian Sea Basin to this equation as well) itself has been identified as the EU's body of water. The region has now been transformed (and GUAM has a unique opportunity to become part of these fascinating dynamics) into the southeastern corner of Europe, complicating traditional strategic considerations in the East-West corridor.

There is one more specific strategic point which we need to keep in mind regarding the recent EU enlargement.

As we know, Turkey has been deeply immersed in the EU accession process. There can be no doubt that Turkey's gigantic internal transformation, associated with EU integration, has already impacted and will continue to impact, dramatically and resolutely, the lives of the people within the entire GUAM neighborhood. So it appears that the Turkish-EU integration process will promote additional stability and economic prosperity within the GUAM member states, each of which has good neighborly relations and active trade and commercial interaction with Turkey based on shared values and strategic interests.

As for the broader strategic context, I think that the GUAM member states should become strategically more important in the three "baskets" of Euro-Atlantic interests, specifically within the framework of the dramatically increasing multitude of threats ranging from "softer" to "harder" issues—sovereignty and democracy, energy and trade, and security aspects.

When I say "multitude of new threats," I include, for example, in this comprehensive package some new-born threats as well: ecological and economic challenges and risks which have nothing whatsoever to do with the so-called classical threats that have been discussed in the international community for many years now, including by the GUAM member states.

I hope that we all agree on one almost axiomatic fact, which was alluded to above: the content (and the context) of global security has changed dramatically and we are all, strong and weak countries alike, going through painful adaptation to this new reality and becoming involved in a process that will require a new comprehensive and sophisticated understanding of the concept and notion of security itself.

Just one illustration: if, for example, the climate researchers' reports are to be believed, global warming is a huge medium- and long-term threat, one which could have dramatic consequences on such matters as refugee flows and armed conflicts. The GUAM region, as you all know, has been plagued by these kinds of developments, and those who are involved in the conflict-resolution process need to take into account these elements of the new global security framework.

By all means, the implementation of certain significant energy projects, like the Baku-Tbilisi-Ceyhan (BTC), the South Caucasus gas pipeline (SCP), and the prospects for opening certain new transportation routes, communications, or access through the implementation of projects like the Kars-Akhalkalaki-Baku Railway link, for example, will add an absolutely new dynamic to the regional political and commercial landscape, including to certain parts of the GUAM region.

As we discussed above, the physical/geographic location of the GUAM member states makes them a sort of strategic corridor, and we should not forget the importance and quality of commodities, both welcome and unwelcome, that pass through that space. As noted above and regarding the

so-called public pluses, certain GUAM member states (Azerbaijan and Georgia) are major conduits for the transfer of energy through the BTC and SCP from the Azerbaijan sector of the Caspian Sea.

These projects, without any exaggeration, go far beyond the energy security of only Georgia and Azerbaijan and will dramatically increase and strengthen the sovereignty and independency of all the GUAM member states, if those advantages are accordingly calculated and used. More than that, the proper functioning of the SCP through the 4 Energy Corridor will be one of the basic elements for European energy security, thus making GUAM a guarantor of that security. And in general, both of these projects are mainly about Europe's multiple and diverse approach toward its energy security and energy independence.<sup>26</sup>

Along with energy resources, the region is host to a variety of potential economic and commercial development projects and opportunities that could be extended, for example, within GUAM or beyond it. I hope that the recent developments and some of regional commercial projects presented to the Organization will be truly revolutionary and modernize GUAM itself and make it relevant for sustainable development—first of all, regarding the tumultuous capacity-building process in the Wider Black Sea Region and specifically in the GUAM member states. All of these above-mentioned developments have already had, or will have, a huge strategic impact on the political landscape of the Wider Black Sea Region and are supposed to reactivate and re-energize GUAM.

I need to admit and acknowledge that the GUAM member states are taking certain specific and practical steps to diversify their engagement in these new opportunities, particularly in the energy area. More than that, the GUAM member states are trying to engage representatives from Bulgaria, Italy, Iran, Kazakhstan, Poland, Rumania, Turkey, Turkmenistan, the United States, and the European Commission in this process. As we noted above, these attempts have not been successful yet, but I think that GUAM needs to look for more innovative ways and means in this regard.

As most experts state, the 2006 Russian-Ukrainian gas crisis led the EU to take drastic actions to diversify its energy supply routes. The EU views the Wider Black Sea/Caspian Region and trans-Caspian projects as major components of Europe's diversification policy in the energy sector. From this perspective, GUAM, with Azerbaijan, Georgia and Ukraine, definitely has a unique opportunity not only to become visible, but also to be functionally useful for Europe.

On 16 February, 2007, Benita Ferrero-Waldner, European Commissioner for Foreign Affairs, underlined the importance of energy cooperation between the EU and Azerbaijan during her visit to Baku, admitting that Azerbaijan's access to European markets will "give impetus to the country's European integration process."<sup>27</sup> I hope that this impetus will be applied to the entire GUAM region, since Azeri oil and gas could be transported to European markets either through Turkey (via Georgia) or Ukraine, if the Odessa-Brody pipeline is used accordingly.

The prospects for using the Ukrainian infrastructure to transport Caspian energy assets to the European markets could be hampered by the overly protracted political stalemate in Kiev, which is also hampering the appropriate functioning of GUAM as certain documents have not been yet ratified by the Ukrainian Rada.

The ongoing dispute between Ukrainian and Russian experts regarding relations in the energy area may create certain obstacles for GUAM. Experts admit that the Ukrainian side would be playing this game with a weak hand. Answering my hypothetical question about whether Ukraine would use its potential to be a leader of GUAM, one American analyst sarcastically noted: "We need to wait

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<sup>26</sup> .See: *Emerging Threats to Energy Security and Stability*, NATO Security through Science Series, ed. by H. McPherson, W. Duncan Wood, D. M. Robinson, London, 2004.

<sup>27</sup> *Trend*, 16 February, 2007.

until the winter comes closer, when the Ukrainian Government will think twice about whether to bargain appropriately with the Russian side or be active in GUAM.”<sup>28</sup>

After discussing the public pluses above, I need to also mention some public minuses that pass through the GUAM region, although the problems of illicit trafficking are of a global nature. In this connection, the region happens to also be one of the major conduits for all kinds of illicit trafficking, particularly small arms, ammunition, narcotics, nuclear materials, and human beings, as well as an area fraught with unresolved conflicts and uncontrolled, lawless territories. But the main obstacles to sustainable development within certain GUAM territories are the so-called frozen or protracted conflicts.

If anyone wants to be serious about the sustainable development, stability, and security prospects within the GUAM region, there is no way to accomplish these goals without settling the so-called frozen, or protracted, conflicts, as certain international experts currently prefer to call them. If the world's leading powers continue to narrowly define their interests in the region, or ignore the region altogether, there is the risk that the political reforms carried out since the collapse of communism in 1991 will be reversed and latent regional frozen conflicts will come to a head.

Despite the fact that the current conflicts in the region are currently of the low-intensity variety (Nagorno-Karabakh, Abkhazia, and South Ossetia in particular), the potential sources of escalation are numerous, especially if the policy of neglect and disinterest prevails and if the local “lunacy” becomes dominant. These conflicts weigh heavily on the local as well as the regional psyche.

These conflicts are also a macrocosm of the intertwined and interconnected hard and soft security issues, as well as of commercial and economic issues (in their legal and illegal forms) in general. Certain experts admit that three of the twelve currently existing conflicts in the world, as noted above, are in the GUAM region.

The international community and all the international organizations in particular acknowledge, in their myriad official documents and statements, that these conflicts are in fact brewing, draining resources and energy, and strengthening the existence of uncontrolled and lawless enclaves. These enclaves have become safe havens for terrorists, criminals, and all sorts of illicit trafficking and are significant breeding grounds for international terrorism.

There is one more specific and sensitive element that has just re-emerged and is closely connected with these unresolved conflicts: the current impromptu and harsh discourse and exchange among the representatives of Russia, on the one hand, and NATO and the entire European security community in general, on the other, regarding the current state of implementation of the CFE Treaty. We all recognize that the GUAM countries have run into serious problems in this connection because of the military structures of these unrecognized states in the conflict zones. Experts are still arguing about how the forces should be counted: formally, including in the quotas of Georgia, Armenia or Azerbaijan, or in a certain specific manner? I have not heard an adequate answer in this connection or, what is more important, an adequate lead on how to resolve this problem.

But what I did hear was President Putin's recent statement concerning Russia's prompt decision to withdraw from the CFE Treaty, considering it too out-dated and against Russia's current security challenges and risks, specifically fighting international terrorism within Russia's vicinity.

The reactions from the international expert community to the specifically CFE/GUAM problem have been relatively mute, as though these unresolved issues are only the concern of certain GUAM member states and should not concern anyone outside the region.

These conflicts are not frozen, and I need to admit that the U.N. and OSCE have not come up with a fully satisfactory definition. The conflicts are in fact simmering, draining the resources and

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<sup>28</sup> *A Roundtable on the Situation in Ukraine*, The Wilson Center For International Scholars, The Kennan Institute, January 2007.

energy of certain GUAM countries, and perpetuating the existence of uncontrolled and lawless territories. As was noted above, these enclaves have become safe havens for terrorists, criminals, and all sorts of illicit trafficking, and happen to be breeding grounds for international terrorism.

These de-facto entities are heavily armed, criminalized, and authoritarian and have preserved, intact, the old Soviet era capacity of depots and factories for producing weapons, military equipment, and ammunition, and have the capacity for producing counterfeit currencies. With more than loose or even non-existent border controls and customs mechanisms in the GUAM region, this “strategic corridor” makes an ideal gateway to reach the most distant and secure areas in Europe, America, or even Asia.

As an illustration, I would like to introduce two concrete examples. Some time ago, as a result of two joint operations, the U.S. and Georgian law enforcement agencies arrested a network of well-organized criminals in Baltimore, including individuals from Georgia, the conflict zone in South Ossetia, and Israeli citizens, who were charged with circulating counterfeit \$100 bills in at least four American cities.

Another case that has just recently become public is connected with an attempt to smuggle enriched uranium from Russia via Georgia to unidentified customers in the Wider Black Sea Region. According to the *New York Times* (24 January, 2007), interviews with Georgian and American officials, along with a review of confidential government documents, provide a glimpse into the world of smugglers who slip across poorly policed borders. This latest uranium seizure (an earlier seizure took place in 2003), stated American Ambassador to Georgia, John F. Tefft, “highlights how smuggling and loose border control, associated with Georgia’s separatist conflicts, pose a threat” not just to Georgia, but to the entire international community. The I.A.E.A. listed more than a dozen cases of illicit trade in highly enriched uranium, along with dozens of seizures of highly radioactive material within the Wider Black Sea Region, specifically in the FSU countries, including the GUAM region, and this is evidence of how “globalized” and well-equipped these criminal organizations are.

However, should GUAM, being currently an international Organization, pay special attention only to the sensitive and delicate issues of unresolved conflicts or the fascinating and strategic energy developments—corridors, diverse and multiple routes, certain other technical innovations and devices for the uninterrupted transportation of energy assets?

I think we should always remember that all of these opportunities—corridors and routes, transportation links and access—could be used not only for development but, as I noted above, also by criminal elements. As Geoffrey Simon and Eugene Rumer from the National Defense University have noted, “along with commercial cargo from the littoral states, Black Sea traffic has included weapons, military equipment and ammunition from Cold War-era depots and factories that are still producing hardware that few of the militaries in the region need or can afford to procure.”<sup>29</sup>

Experts say that a big fear among the European and Euro-Atlantic communities is insecurity, and they are convinced more than confident that they are importing insecurity from outside the Euro-Atlantic area—illegal emigration, drugs, trafficking in persons and small arms, smuggling of different nuclear assets and components, and organized crime, which breeds so efficiently and effectively, is well-elaborated, and globally spread over the networks of international terrorism.

Prosperity and security issues, as well as sovereignty and cooperation, are interconnected and interdependent. Economic prosperity is impossible without security. The GUAM member states are becoming more aware of those obvious notions, but we are talking about much more than these prob-

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<sup>29</sup> E. Rumer, G. Simon, *Toward a Euro-Atlantic Strategy for the Black Sea Region*, The Institute for National Strategic Studies, The National Defense University, Washington D.C., April 2006.

lems: we have not taken concrete, practical, comprehensive, and resolute steps in this regard. A certain dilemma still exists: how to make GUAM relevant and adaptable to the new realities in world politics?

## The Organization for Democracy and Economic Development—GUAM: A Road Map to Relevance?

As we noted above, the strategic and regional landscape has radically changed between the time GUAM was initiated and today. In the broadest sense, the Wider Black Sea Region, which through GUAM partially embraces the Caspian Sea Basin, can no longer be considered in isolation from the larger important dynamics emerging around us.

While the Wider Black Sea Region, including the GUAM member states, was once a road to “somewhere else,” today it is a vital crossroads in its own right and a place where things happening elsewhere intersect and impact the lives of tens of millions of people.

As we noted above, due to these changes, the GUAM region has become the European Union’s Near Abroad and the Black Sea has become the EU’s body of water. All the GUAM member states are parties to the European Neighborhood Policy (ENP), and it is obvious that, as these changes take place, interest in GUAM from the EU community, the United States, Japan, and other countries beyond that space cannot be far behind, if it is not in fact already here. On the other hand, GUAM itself needs to diversify that approach beyond its “EU allure” and try to look at the economic and commercial prospects of the emerging and already dominating Pacific markets.<sup>30</sup>

It is obvious that GUAM needs to respond to this new strategic road map in ways that are appropriate to its objectives and the Charter of the Organization, keeping in mind that, upon inception, the member states envisioned (at least on paper) that this institution would become dynamic and within the context of permanent progress and readjustment. Changes and recalibration are the basic and essential elements in the daily activities of any international organization and all the basic GUAM documents that outline its operating framework are intended to serve only these critical objectives.

By all means, GUAM could have matured and developed more rapidly and dynamically into a full-fledged and respected multilateral organization with a unique and important international and regional outlook after its formal inception as an informal caucus in 1996. But still, despite all these setbacks and failures, GUAM has accumulated a certain amount of experience and institutional memory and possesses untapped potential to develop its own vision and visibility with a focus on the execution of realistic issue-oriented activities. The last GUAM summits proved this positive tendency.

However, we admit once again that GUAM could have become more visible to the outside world and raised the awareness of the international community with respect to its activities. We all

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<sup>30</sup> However, it seems that, as experts admit, throughout the 1990s, the infatuation with globalization and “a time-space compression” in the virtual world entrapped many Western countries, including the GUAM member states, and led these countries to ignore the gradual and eventual transfer of the center of gravity of world politics and the global economy from the Atlantic to the Pacific. Analysts, and specifically those within GUAM, which is trying to merge the components of stability: sustainable development and security, need to keep in mind that globalization has significantly increased the importance of the maritime dimension on the commercial side (85 percent of the world trade volume and 60 percent of oil and gas travel by sea) and the emphasis in this regard should be made on maritime security, which all too often is confused with — and reduced to — maritime safety (see: T. Horn, *op. cit.*).

acknowledged a long time ago that GUAM needed a new road map and needed to be fully engaged in the dynamics of regional and world politics. The last GUAM summits have acknowledged this problem and have initiated certain steps (although at a slow pace) in that direction.

However, it appears that it is time for GUAM to focus not only on certain new declarations and documents (we have seen a lot since 1997!), but more on what it could have accomplished but failed to do for certain well-known or, as yet, unclear reasons. We need to focus mainly on how to tune and fit GUAM to these new developments and delineate the obstacles that are hampering the proper functioning of GUAM—obstacles which have accumulated since its establishment, including certain legal, institutional, and structural capacities and attributes, as well as needs which should be utilized in an appropriate manner and according to the prevailing realities and trends of contemporary world affairs.

Perhaps, even within our own GUAM family, some individuals have still been unable to see the relevance of GUAM in the economic and political development of their respective countries and preferred to be engaged in more efficient and effective bilateral frameworks. And, perhaps, some of this pessimism can be traced back to GUAM's reluctance to even discuss many sensitive issues, as happened with the idea to establish a GUAM peacekeeping force, or to take certain really resolute and practical steps (and not only declarations and statements) regarding the persistence of frozen conflicts and disputes within the GUAM region, all of which continue to damage the external perceptions of the Organization, as well as its economic prospects and investment climate.

In today's intensely competitive international environment, the concepts of "development" and "security" are intertwined and can no longer be viewed as separate subjects. Whatever the exact causes, the pessimism was tangible and real. Perhaps that has forced certain people to think, even within GUAM, more seriously about alternative structures and institutions to enhance stability and encourage economic growth.

But there has also been, in my view, a psychological and existential change in how many external actors and observers perceive GUAM as an organization where many issues of mutual interest must be dealt with regionally as well as on a national, bilateral level.

GUAM has a unique opportunity (at least according to its Charter and the decisions of its last summits) to unite the issues of security and sustainable development, which certain regional forums, as the Black Sea Economic Cooperation Organization (BSECO) for example, are reluctant or refuse to do. If GUAM is successful and resolute in this regard, this, in turn, will translate directly and specifically into jobs and lots of opportunities for the people of the GUAM nations and far beyond.

Good politics make good economics, and vice versa, while political stalemate invites economic stagnation.

But how can GUAM contribute? What is appropriate and possible? How can GUAM best leverage its position, potential, and certain modest expertise in a way that significantly advances the Organization's mission without making it unmanageable or embroiling it in intractable political disputes?

We posed these questions above, but we did not find adequate answers. However, there are some ready patterns and models throughout the world that are based on three pillars: sustainable development, security, and good governance (i.e., transparent democratic institutions appropriate to the circumstances, traditions, and cultures of individual states).

In order to resolve these sensitive issues and accomplish GUAM's objectives, we need to find internal resources to redefine and recharge the Organization, reassess its potential, reformulate and reformat its agenda and goals, tuning them, as I mentioned earlier, to the new strategic realities within GUAM and beyond. If GUAM is to adjust and adapt to the changing political landscape, live up to its potential, implement appropriate structural and personnel changes, and engage other international



institutions and bodies in this process, GUAM will, at the very outset, need to reinvent itself once again.

Even as globalization takes root in the region and begins to affect the daily lives of our populations, a countervailing force of unilateralism has emerged. That is perhaps understandable as each of our member states grapples with its relations with the rest of Europe and the wider world. But unilateralism should not prevent the member states from exploiting intra-regional opportunities or benefiting from greater cooperation.

We need to broaden GUAM's vision and focus on areas where it can provide real and tangible results for our populations. As important as they are, and as noted above, we must not let existing practices and legal frameworks hamper GUAM's ability to respond to the changing circumstances or to undermine our ability to implement the positive and inspiring principles upon which GUAM was initially and ultimately based.

It seems to me that the developments within GUAM are often too much in the hands of "experts." But most of those "experts" have never built a business enterprise or met a payroll, for example. Investment bankers are often seen as the storm troopers of globalization. One idea which I would like to share with you on how to recharge our activities (and make them open to the outside world) would be to second, for example, EU-based investment bankers for say three-to-six-month periods to particular regions of individual GUAM member states. There they could evaluate the opportunities for creating businesses with the potential of forming niches on the markets in Europe and report back about their observations and reflections to GUAM's superior bodies.

GUAM needs to use its regional outlook to foster what could be called a high-level globalization "early warning system" and communicate its views as widely as possible. The only limit to our ability to innovate and re-energize the activities of GUAM should be our intellectual capacity, transparent and honest interpretation of our rules, and procedures and interaction to seek sound compromise.

But these goals can be accomplished only with increased political will and the interest of the governments of the GUAM member states in our Organization. Only the member states are able and have the capacity to implement them. An urgent priority is to demonstrate to all the GUAM governments that GUAM is a vital and viable Organization and one that is relevant to their ultimate goals and ambitions.

To progress and move ahead, the Organization needs funding which, by the way, could come from different financial institutions and donors, but only if GUAM itself is reformed and innovated and creates accountable and transparent mechanisms for executing the new programs and initiatives.

We need to demonstrate more creativity and innovation. Areas such as using GUAM's rich legacy and diversity of cultural heritage as a tool of economic change and development must be assessed and acted upon in a timely manner.

We must always remember that GUAM was founded as an Organization to serve the people of our member states through the creation of regional and sub-regional business networks, helping both SMEs and larger enterprises to enhance their efficiency and implement this capacity in our region, thus strengthening the security equation of the GUAM member states.

Advances in the rule of law and good governance would be irreversible guarantees for sustainable economic development within the GUAM region. We have sufficient means and expertise to do this. But we need to remember an elementary point: all of these foreign-made and naturally good ideas, prospects, patterns, and concepts on how to make the GUAM nations prosperous, secure, and stable will recede into the background, or will just become just insignificant, if the member states do not go resolutely through the painful and tumultuous capacity/state- and democracy-building process on a parallel track as opposed to one coming before or after the other, as we are witnessing in almost all the GUAM countries. Although it is also obvious that while building democracy in the GUAM coun-

tries (as anywhere else) certain local traditions, psychologies, and habits need to be taken into account.

If things do not happen this way and if the development of **democracy** is not liberal and **secure**, we may witness the re-emergence of certain habits of “**demokratura**,” the so-called inner circle of “**democratocracy**,” where those closest to the source of power do what they please in the name of and for the sake of that pattern of democracy they created according to their own experience, knowledge, or imagination. We are, to be honest and blunt, already witnessing certain trends of this kind within the GUAM region.

Who will take this burden of moving GUAM ahead and making it relevant?

Ukraine—the largest and the most economically developed and security-wise country?

Can Azerbaijan contribute with its vast energy resources and obvious potential and prospects for dynamic economic development?

Or Georgia and Moldova, which, according to certain experts, have accumulated significant experience of democratic and reformist transformation?

I think that the best results on this fascinatingly interesting reformist journey will be accomplished through joint and collective efforts of all the GUAM member states. Only these joint and concerted efforts will make GUAM a relevant organization.

We all need to jointly overcome certain old Soviet habits, such as inter-elite ties, similar bureaucratic and business cultures, plus the multiplicity of economic linkages and dependencies on certain regional countries (specifically in the energy sector), that may limit our sovereignty and our capacity to exercise independence—which our Russian colleagues call “samostoyatel’nost.” We can be an independent country—which we currently are—but not yet fully “samostoytel’ni,” by standing firmly on our own two feet and making our own sovereign decisions.

GUAM is going through crunch time and I am more than confident that it will come out of this tumultuous transformation strong, resolute, and productive.

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## GUAM: THE GEORGIAN PERSPECTIVE

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### *I n t r o d u c t i o n*

The pursuit of effective mechanisms for developing regional cooperation has become one of the major dimensions of Georgian

foreign policy. A fundamental attribute of such mechanisms should be a responsiveness to the interests of the parties involved and the ability to

contribute to the promotion of stability and development in the respective region. In an effort to boost its European and Euro-Atlantic aspirations, Georgia is more actively looking into the opportunities that emerge from forging viable partnerships with like-minded countries. First of all, this refers to those sharing a common history with Georgia and facing many similar challenges characteristic to the process of post-Soviet transformation. Georgia is gradually distancing itself from the Commonwealth of Independent States (CIS), which has long discredited itself as a worthy international organization. At the same time, strengthening ties with those CIS members that declare adherence to the same democratic values and have a common understanding of the existing geopolitical environment and the role they have to play in it is an important element in Georgia's foreign relations. In many respects, by building strong alliances amongst its regional partners, Georgia will maximize its chances for securing successful integration into the larger European and Euro-Atlantic family.

This paper looks at the opportunities that rise for Georgia from its membership in the Organization for Democracy and Economic Development—GUAM (hereinafter GUAM). Established on 23 May, 2006 as a regional organiza-

tion, GUAM signified a joint effort on the part of the original group of four—Georgia, Ukraine, Azerbaijan, Moldova—to breathe life into a decade-long, but futile, cooperative framework that originally united these countries around the common interest of fostering security and political and economic cooperation.<sup>1</sup> This article seeks to assess the opportunities that revitalized GUAM provides its members, particularly Georgia. In addition, it will attempt to analyze the possibility of GUAM escaping the danger of being merely a “talk shop” and the chances for its development into a valuable forum for building common approaches toward the most crucial issues facing its member countries.

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<sup>1</sup> GUAM as a consultative forum was set up by four countries—Georgia, Ukraine, Azerbaijan, and Moldova—on 10 October, 1997. The meeting of the countries' four presidents took place during the summit of the Council of Europe in Strasbourg and issued a joint communiqué that expressed the willingness of the participating countries to cooperate closer in several strategic directions; namely, (i) development of transportation and communication corridors, (ii) integration into European and Euro-Atlantic institutions, (iii) peaceful settlement of conflicts, and (iv) interaction within regional and international organizations. On 7 June, 2001, the Yalta summit institutionalized GUUAM and laid down its structure, objectives, and principles. In 1999-2005, the group changed its name to GUUAM reflecting Uzbekistan's membership.

## Positioning Georgia in Regional Frameworks of Cooperation

Before addressing the issue of Georgia's membership in GUAM, let us consider the effects of Georgia's participation in a regional cooperative framework in general. What benefits might this bring to a country meant to play a focal role in political, security, economic interactions from the Black to the Caspian seas?

In recent years we have witnessed a growing interest in Georgia toward different formats of cooperation with other like-minded countries as a means of promoting the country's major security and foreign policy goals. The development of strong regional alliances supporting Georgia's European and Euro-Atlantic aspirations is largely perceived as an important element in bringing Georgia closer to NATO and EU membership. Georgia is steadily intensifying the development of its regional identity, bearing in mind the overarching grand interest, which is membership in the above-mentioned institutions.

The most immediate area, which is perceived as a strategically beneficial environment for building this regional identity, is that surrounding the Black Sea and including its neighboring countries, which comprise the territory broadly referred to as the Wider Black Sea Area (WBSA). In an effort to escape its affiliation with the South Caucasus—wherein two of the countries are involved in a conflict which thwarts any hopes for beneficial regional cooperation—Georgia sees more opportunities in moving toward the Black Sea area and beyond and forging partnerships with the countries of the region sharing similar principles and goals.

The accession of Rumania and Bulgaria to NATO and the EU augmented attention toward the region. As a result, we are witnessing a slow but important shift in the attitudes toward the region on the part of these structures. One example of this is the communication of 11 April, 2007 developed by the European Commission entitled “Black Sea Synergy—A New Regional Initiative.” The document states in its first words that the countries around the Black Sea are of immediate concern to the EU. With its focus on ongoing regional cooperation processes, the communication sets a framework for strengthening cooperation with the region as a whole in the common priority areas. Besides the fact that this document indicates the EU’s readiness to develop a clear strategy toward the region, it also sets an important framework for the elaboration of specific initiatives on the part of the countries of the region, which will take advantage of this new reality and will contribute to the strengthening of regional cooperation and EU-Black Sea linkages.

It should be mentioned, however, that notwithstanding the existence of clear regional priorities, there are divergent opinions throughout the region about the practical mechanisms of implementing those priorities. One of the most salient examples is cooperation in the area of security. Strengthening security and stability in the region is the principal concern for all states of the WBSA, which should be the major contributors to making this space free of the many malaises facing the global community in the 21st century.

The practical implementation of a region-wide response to these existing challenges, however, is very often hindered by the absence of a common approach amongst the region’s countries toward the means and mechanisms that should be employed in the process. Regretfully, there is no agreement among the littoral states on security implementation mechanisms existing to date. The complexity of the Black Sea region, stemming from the different interests of the littoral states, makes it difficult to forge an efficient and viable framework for cooperation, particularly in the security area, which would engage all the regional countries. On the other hand, NATO’s further engagement in the region does not provide a clear-cut solution either. Russia’s and Turkey’s resistance to any stepped-up NATO involvement in the Black Sea puts additional strains on the Alliance, which will have to come up with ways of keeping these leading regional powers engaged in any future strategy toward the region that is developed.

As mentioned above, strengthening Georgia’s participation in regional activities, particularly with respect to security issues, is largely seen as a part of Georgia’s further integration into the European and Euro-Atlantic institutions. These aspirations not only guide Georgia’s foreign and security policies, but also set the strategic context for Georgia’s further development. The fact that the last waves of NATO and EU enlargements have brought the Black Sea region into the limelight of the Euro-Atlantic discourse is seen by Georgia as yet another opportunity to position itself as an effective contributor to the security environment in the region. The best means to serve this goal is participation in effective multilateral formats of cooperation in the region. When we look at the existing regional cooperative frameworks, it is evident that whilst the old ones have not lived up to their promises, the new initiatives have yet to prove their right to life. This renders unrealistic the idea of the formation of a Black Sea regional identity in the foreseeable future. The fact that attempts are being made to revive some old formats of cooperation in the region (BSEC, GUAM), which is paralleled, however,

by the development of new initiatives aimed at harmonizing different national interests and policy agendas (the Black Sea Forum for Partnership and Dialog, the Community of Democratic Choice), implies that there is a growing understanding throughout the region about the need for genuinely effective means of cooperation.

The one possibility for Georgia to forge such cooperation in the region is to use the existing mechanisms and, through a value-based approach, engage like-minded countries in a common effort to strengthen security and stability in the region. The commonality of interests and visions is the major driving force of any cooperative effort. The success of such an effort is dependent upon the degree of support and commitment of each participant country. At the end of the day, the future of any regional project depends upon the political will and the choice of each participant country.

## Developing GUAM into a Regional Actor

The evolution of the informal consultative GUAM group into a regional organization was broadly perceived as an attempt to break away from its poor performance record and transform the group into a body capable of setting realistic priorities and fulfilling its goals. This was largely made possible by the changes brought about by the so-called Color Revolutions in Georgia and Ukraine, which revamped the stagnated political systems in both countries. The new Georgian government was looking for opportunities to expand its circle of allies in the region and to build relations with other countries based upon shared values and common strategic choices.

The first opportunity to break an impasse emerged during the Chisinau summit on 22 April, 2005. Against the backdrop of the regime changes in two of the member countries and the pro-Western shift in the Moldovan government's political course, GUAM entered a new stage of its development. The meeting was referred to as a "Revival summit" by some commentators who, nevertheless, argued that it failed to produce tangible results and ended in another symbolic declaration of common commitment toward European integration and the creation of common security, economic, and transport spaces.<sup>2</sup> Indeed, the Chisinau Declaration of the Heads of State "In the Name of Democracy, Stability and Development" reiterated adherence to the principles enshrined in the Yalta Charter. It also included, however, several important elements, such as the establishment of close political-military cooperation and peacekeeping operations. Other notable points expressed the determination to make a joint contribution to the immediate formation of free trade areas (in accordance with the 2002 GUAM Agreement on the Creation of a Free Trade Area), as well as to intensify energy cooperation.<sup>3</sup> The Chisinau summit was followed by a change in the group membership. Uzbekistan officially announced its full exit from the group, explaining its decision by the incompatibility of the new goals and priorities with the interests of Uzbekistan as outlined at the summit.<sup>4</sup> Some analysts, however, call Uzbekistan's withdrawal Moscow's most successful anti-GUAM operation, which succeeded in persuading Uzbekistan to leave the group in return for the favor of Russia's backing in the Andijan events.<sup>5</sup>

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<sup>2</sup> See: V. Socor, "Summit Takes Stock of GUAM's Projects, Institutional Development," *Eurasia Daily Monitor*, The Jamestown Foundation, Vol. 4, Issue 120, 20 June, 2007.

<sup>3</sup> See: *The Chisinau Declaration of the GUUAM Heads of State "In the Name of Democracy, Stability and Development*," available at [www.guam.org.ua].

<sup>4</sup> See: *GUAM Factsheet*, Website of the Ministry of Foreign Affairs of Georgia [www.mfa.gov.ge].

<sup>5</sup> See: I. Makovetskiy, "GUAM: ob'ediniiaia kontinenty," *Analiticheskaia gruppa "Nashe mnenie"*, 11 July, 2007, available at [http://www.nmnby.org/pub/0707/11m.html].

Throughout its ten-year history, GUAM went through periods of great expectations, decline, and ambiguity. This process often reflected shifts in the level of commitment and divergence of the attitudes of its member states coupled with the absence of a realistic mission that would not only respond to the interests of the member states, but also define the practical implementation of the declared objectives. Consequently, GUAM remained a futile forum that hardly managed to convert its declarations into acts. The revival of GUAM and its subsequent transformation into the ODED caught many by surprise, since the prevalent opinion about the future of this “semi-dormant” framework did not leave room for any optimistic forecasts.

Georgia was amongst the four founding members of the group which was created to counter-balance the failing CIS with its heavy reliance upon Russian dominance.<sup>6</sup> The introduction of GUAM as a framework for beneficial cooperation took place against the backdrop of deep disappointment in the CIS as a responsive organization capable of addressing the major concerns of its members. Georgia was provided with an opportunity to engage in cooperative efforts with its like-minded partners hoping to forge an alliance based upon mutual respect and understanding. Most importantly, Georgia saw a chance within GUAM to strengthen its own security through contributing to the regional security hand in hand with other group members which faced the same political and security challenges as Georgia (secessionist conflicts and the presence of foreign troops on their territories).

The rationale for Georgia’s participation in GUAM was largely determined by the need to explore new possible mechanisms which would help Georgia on its road to Europe. For a country that was in the process of building its independent statehood, the existence of regional partners with a similar outlook and aspirations was more than desirable. There was a clear understanding within Georgia that the country’s strategic choice was fixed squarely within integration into the European family of democratic nations. GUAM, therefore, was seen as a new mechanism that would erase Georgia’s post-Soviet identity, protect the country against Russia’s neo-imperialistic policies, and bring it closer to the European system of values. It merits special note that this desire to escape Russian control was the major unifying element of all the group members. In addition, the territorial integrity of Georgia, Azerbaijan, and Moldova was violated and Moscow’s dubious role in the processes of conflict resolution damaged its relations with these countries. As for Ukraine, it needed alternative energy supplies and the opportunity to establish itself as an influential geopolitical player.<sup>7</sup>

One significant element of this alliance was the agreement to cooperate within the framework of various international organizations that would enable group members to harmonize their approaches and speak in one voice with regards to issues of their common concern. This implied regular consultations and the elaboration of common positions among the GUAM countries in international organizations. Experts even dubbed such a concerted stand as “the primordial *raison d’être* of GUAM ... and one of the few tangible manifestations of its viability.”<sup>8</sup> The elaboration of a joint position was most salient within the OSCE (in discussions on the issues related to the CFE Treaty) and the U.N.<sup>9</sup> Most recently, in 2006, despite severe resistance from the Russian Federation, the GUAM members succeeded in placing the issue of “protracted conflicts in the GUAM area and their implications for

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<sup>6</sup> Notably, strong U.S. support of the initiative (both political and financial) was interpreted by many in Russia as an attempt to create an anti-Russian coalition in its own backyard.

<sup>7</sup> See: “GUAM: Test for Ability to Act,” *Ukrainian Monitor, Policy Paper #5*, Center for Peace, Conversion and Foreign Policy of Ukraine, June 2005, available at [<http://cpcfpu.org.ua/en/projects/foreignpolicy/papers/052005/>].

<sup>8</sup> V. Socor, “Energy Insecurity, Frozen Conflicts Preoccupy GUAM Summit in Kyiv,” *Eurasia Daily Monitor*, The Jamestown Foundation, Thursday, Vol. 3, Issue 102, 25 May, 2006.

<sup>9</sup> In 2003, by a Resolution of the 58th Session of the U.N. Assembly /RES/58/85, GUAM was granted observer status in the U.N. General Assembly.

international peace, security and development” on the agenda of the 61st U.N. General Assembly Session.

The GUAM summit in Baku in June 2007<sup>10</sup> laid out the concrete work plans for the member countries regarding interaction in the international structures—the U.N., the OSCE, and the CoE. These plans include the promotion of GUAM’s principles and imply the development of joint statements and initiatives toward issues of common concern. Joint action plans have been elaborated with regards to the EU and NATO. The key tasks for a possible dialog between GUAM and the EU have been identified as follows: 1. the development of balances and the mutually beneficial and result-oriented interaction based upon shared values and common interests, 2. the provision of added value to existing bilateral and multilateral forms of cooperation, 3. the support of European integration of GUAM countries, and 4. the study of potential areas of cooperation between GUAM and EU in the political, economic, security, and other spheres, including those envisaged in the EC regional initiative “Black Sea Synergy.”

Within the GUAM + NATO format, member countries expressed their willingness to engage in a dialog with the Alliance on such issues as energy security, peacekeeping, border management and cross-border activities, combating organized crime and trafficking, fighting terrorism, and civil emergency planning.

GUAM is reaching out to other countries and international organizations as manifested in the Baku Declaration “GUAM Bringing Continents Together.” It affirms GUAM’s intention to undertake active measures to develop the all-European, Transatlantic, Black Sea, Trans-Caspian, and Asian vectors in GUAM’s activity.<sup>11</sup> Notably, some outside countries are already expressing their interest in GUAM. The presidents of Rumania, Lithuania, and Poland attended the last summits as observers, while others (Bulgaria, Estonia, and Latvia) sent their high-ranking officials. The U.S., as a long-time supporter and strategic partner of GUAM (through the GUAM-U.S. Framework Program), is traditionally present at these events. In addition, GUAM launched a dialog with Japan within a GUAM-Japan format during the Baku summit, which reflected Japan’s increased interest in GUAM as originally voiced in 2006 by the country’s foreign minister, Taro Aso, in reference to the Japanese government’s “arc of freedom and prosperity” (stretching from Central Asia through the Black and Caspian Seas to Ukraine) policy initiative.<sup>12</sup> He stressed the importance of fostering Japan’s cooperation with the GUAM countries as a contribution to the “formation of stronger roots for democracy” in the Baltic-Black Sea-Caspian area.<sup>13</sup>

In turn, GUAM is also positioning itself as an organization aspiring to strengthen stability and development across the Baltic-Black-Caspian Sea rim. The transformation of GUAM into a full-fledged regional organization marks a significant stage in the development of the cooperative framework which was once dubbed as “stillborn.” The notion of GUAM serving as a channel through which its members could reach out to Europe resonates through the many statements made by the political leaders of the participating countries. At the Chisinau summit, the president of the Moldovan host country, Vladimir Voronin, spoke of the “irreversible course toward European integration encompassing the GUAM countries,”<sup>14</sup> while Mikhail Saakashvili, the president of Georgia, referred to

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<sup>10</sup> This was the largest GUAM summit in terms of participation. Representatives of 30 states as well as international organizations attended this event.

<sup>11</sup> See: *Baku Declaration “GUAM: Bringing Continents Together,”* issued at the second meeting of the Council of the Heads of State in Baku, Azerbaijan, 19 June, 2007.

<sup>12</sup> See: “Georgia Outlines Priorities at GUAM Summit,” *Civil Ge.*, 18 June, 2007, available at [www.civil.ge].

<sup>13</sup> Speech by Mr Taro Aso, Minister for Foreign Affairs of Japan, on the occasion of the Japan Institute of International Affairs Seminar, “Arc of Freedom and Prosperity: Japan’s Expanding Diplomatic Horizons,” 30 November, 2006. Website of the Ministry of Foreign Affairs of Japan [www.mofa.go.jp].

<sup>14</sup> V. Socor, “GUAM Revival Summit Inconclusive,” *Eurasia Daily Monitor*, The Jamestown Foundation, Vol. 2, Issue 80, 25 April, 2005.

GUAM as a common vehicle for the expression of European aspirations and called for “joining hands and walking toward Europe.” This reaffirmed his earlier statements about GUAM’s mission to play the role of a union of countries aiming for Euro-Atlantic integration and the “re-establishment of the Baltic-Black Sea rim of stability” by means of GUAM.<sup>15</sup> Furthermore, the Kiev Declaration on the Establishment of the ODED—GUAM emphasizes the growing role of regional cooperation in the pan-European processes and reaffirms the endeavor of the GUAM states to deepen European integration and enhance relations with the EU and NATO.<sup>16</sup>

Strengthening GUAM’s role across the whole spectrum of regional issues, ranging from common transportation and communication projects to European and Euro-Atlantic integration, will inevitably bring about the establishment of this organization as a major mechanism in building regional identity.

## Promoting GUAM Principles

GUAM is now going through a testing period. If it manages to establish itself as a real, value-driven alliance, it has a chance to become the primary mechanism for promoting the common interests of its members; namely, stable development and security in the Caspian-Black Sea region and integration into the European and Euro-Atlantic structures.

The GUAM countries identified democracy, economic development, and regional security as the main principles of the organization. Ukrainian President Viktor Yushchenko even referred to them as “the three whales” of GUAM. These are the principles that make up GUAM’s identity and adherence to these principles is continuously restated by all its members.

Clearly, strengthening democracy, ensuring economic development, and promoting security are crucial for the development of every country. By putting these principles into a regional context, however, GUAM is providing an opportunity to draw upon each member’s potential in these areas and synthesize the different experiences in order to maximize the benefits. Regrettably, there is no evidence that would allow us to expect any breakthrough development in any of these directions in practical terms. So far, GUAM has yet to translate the rhetoric of “good intentions” into actions. Nevertheless, these are the principles that brought the GUAM countries together with the desire to create a common regional identity.

The existence of democratic practices in a country is one of the key prerequisites for its integration into the European and Euro-Atlantic institutions. Consequently, the development of democratic institutions should constitute the major policy priority for GUAM states. The fact that GUAM’s new title includes the word “democracy” conveys the message about the member states’ strategic choice to join the European community of democratic nations through sharing the very democratic values to which these countries aspire. Of course, the level of democracy differs throughout the GUAM space, and there is still long way to go in making democratic transformation in these countries irreversible. Attention in this process should be focused on strengthening democratic institutions and ensuring the necessary balance among the different branches of the individual governments. The supremacy of the rule of law and the protection of human rights and freedoms are the principal elements of any dem-

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<sup>15</sup> See: “Saakashvili: GUAM a Vehicle for Baltic-Black Sea Stability, EU Integration,” *Civil Ge.*, 25 March, 2005.

<sup>16</sup> See: *Kiev Declaration on the Establishment of the Organization for Democracy and Economic Development—GUAM*, Website of the Ministry of Foreign Affairs of Georgia [www.mfa.gov.ge].



ocratically functioning country. Notwithstanding the peculiarities of each member state, their commitment to democratization will be judged against their performance record.

The Kiev Declaration reiterates the significance of deeper economic cooperation in the spheres of energy, transport, and trade for the regional development. The implementation of the Agreement on the Establishment of a Free Trade Area is still to be seen. The main prerequisites for its fulfillment are the harmonization of customs and border regulations and tariff policies among the member states. While the benefits of economic cooperation within GUAM have been continuously stressed by the member countries, bilateral interactions have always surpassed multilateral ones in practice. One example is that Georgia has successfully been engaged in trade with Ukraine within the framework of a free trade agreement with this country against the long delayed implementation of free trade areas. The potential for economic cooperation within GUAM, therefore, is hardly being utilized. Some analysts downplay GUAM's potential for economic development, noting that its markets cannot compete with those of Russia, for example, the Ukrainian-Russian trade volume exceeds \$20 billion, while the turnover with the GUAM states is roughly equivalent to \$1 billion.<sup>17</sup>

The GUAM countries still find it difficult to break away from Russian influence in order to live up to the promises of GUAM. This definitely has its objective reasons, since, in many respects, these countries are still dependent upon Russia, most notably in economic terms. GUAM does not offer the potential for competing with Russian markets,<sup>18</sup> while the heavy reliance on Russian energy resources perpetuates this influence.

Some see the opportunity for developing more active cooperation in energy security as GUAM is considering possible new energy transit projects bypassing Russia. This refers particularly to enhancing the transit functions of Ukraine for the transportation of Caspian oil resources further into Europe. Here again, however, there are certain pitfalls that complicate the process. Particularly, the full realization of Ukraine's transport potential depends on the position of Kazakhstan in the transportation of its oil through the Odessa-Brody pipeline,<sup>19</sup> since the largest part of Azerbaijan's oil output is committed to go through the BTC pipeline.<sup>20</sup>

The peaceful resolution of the conflicts and the fight against international terrorism and transnational crime constitute major directions of cooperation in the security area. The commonality of security problems amongst three members of GUAM—Azerbaijan, Georgia, and Moldova—arising from the separatist conflicts on their territories, determines their joint approach to conflict settlement. One important step in this direction is an agreement among the member states to establish GUAM peacekeeping forces and civilian police units which will be involved in ongoing peace operations in the conflict zones under the mandates of the U.N. or the OSCE. In the case of Georgia, this will allow internationalization of the current peacekeeping formats in Abkhazia and South Ossetia and the long-awaited replacement of the Russian peacekeepers. Consultations on this matter are still going on.<sup>21</sup>

A special working group was set up within GUAM aimed at fighting terrorism, trans-border organized crime, and drug trafficking. One of the relevant projects implied the establishment of a

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<sup>17</sup> See: "GUAM Gets New Life, New Identity," *EurasiaNet.Org.*, 24 May, 2006.

<sup>18</sup> One of the most salient examples in support of this argument is the situation concerning the Russian embargo on Georgian wine, mineral water, and agricultural products which left the country without an enormous portion of its export revenue. Georgia continues to struggle to diversify its foreign trade markets.

<sup>19</sup> This refers to a connection to the Baku-Tbilisi-Ceyhan pipeline and a prospective extension eastward to Kazakhstan and westward to the Polish port of Gdansk.

<sup>20</sup> At an energy summit in Vilnius on 10 October, 2007, Georgia, Ukraine, Azerbaijan, Poland, Lithuania, and Kazakhstan signed a joint agreement on setting up a special group to study the technical feasibility of the project.

<sup>21</sup> According to the Georgian Ministry of Defense, the main organizational and legal work on the establishment of a GUAM peacekeeping contingent is coming to an end. Discussions on the composition of the personnel and maintenance of a GUAM peacekeeping contingent are to be completed in the nearest future (source: APA).

GUAM virtual Center and Interstate Information Management System which would aim at promoting cooperation in the field. The national VLEC center (the Virtual Law Enforcement Center) was opened in Georgia in 2005. This was followed in 2006 by the first experiment on exchanging information through coded communication systems. A further development of information exchange among the law enforcement agencies and national centers of the GUAM states is also envisaged. These activities contribute to raising the level of effectiveness in interstate cooperation in counter-terrorism efforts and the fight against transnational crime, which are of particular importance given the region's geographical location at the junction of various transit routes, as well as due to the participation of the GUAM states in the U.S.-led antiterrorism coalition.

Although all these areas of cooperation are of particular and strategic importance for the GUAM member countries, reality shows that multilateral interaction within the group is not fully realized. This often leads some experts to question the commonality of the interests of the GUAM members. Is there substantial evidence to claim that GUAM is truly based upon common interests? Is the quadri-lateral cooperation that GUAM offers more productive than bilateral relations among the countries? As one source suggests, the members' interests did not always coincide, particularly at the earlier stage of its development, which sometimes gave the impression of only a situational union of the former Soviet Republics.<sup>22</sup> Others referred to the absence of a joint perspective of development and the internal weakness of the countries. All these arguments are valid. These were the main reasons for GUAM being only an "empty shell" for so many years.

### *C o n c l u s i o n*

The transformation of an informal cooperative framework into a full-fledged international regional organization marked an important development in the institutionalization of GUAM. Today, the Organization for Democracy and Economic Development—GUAM is positioning itself as an alliance of like-minded countries aiming at strengthening stability and security in the Caspian-Black Sea region. The major driving force of this union is the commitment of its member states to bring their countries into the European community through the process of democratic transformation. The GUAM member states declare their adherence to democratic values and wish to strengthen their prospects for successful European and Euro-Atlantic integration by means of building a union based upon common interests and shared values.

This political dimension of GUAM, in addition to security considerations, is its major unifying element. As we have discussed earlier, notwithstanding the substantial transit potential of the GUAM members states, multilateral interaction within the group in economic, transport, and energy security areas remains marginal at best. It is yet to be seen whether or not GUAM will become a mechanism through which its members will develop a regional identity.

The fact that GUAM is already an institutionalized body with a defined structure places it ahead of the many new regional initiatives of which Georgia is a part. Now it depends upon the member countries—Georgia among them—to demonstrate not only in words, but also in actions that GUAM is moving forward on the road to becoming a true regional alliance with members committed enough to make it work.

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<sup>22</sup> See: "GUAM: Test for Ability to Act."

## UKRAINE IN THE GUAM SYSTEM

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**C**onsolidation of GUAM. *Aims and Tasks.* A political consultative forum of four post-Soviet states (Georgia, Ukraine, Azerbaijan, and Moldova) was set up on 10 October, 1997 in Strasbourg where their presidents attended a summit of the Council of Europe to discuss the Treaty on Conventional Armed Forces in Europe. The Strasbourg declaration signed by the four presidents registered the level of political rapprochement and practical cooperation inside the group and identical positions on the key international issues and processes unfolding in the post-Soviet expanse. They described their common aim as promotion of European stability and security based on respect for sovereignty, territorial integrity, inviolability of frontiers, democracy, the rule of law, and human rights.

Two years later, on 24 April, 1999, Uzbekistan joined the structure at the Washington summit of the Council of Euro-Atlantic Partnership; in 2005, it left it for a number of reasons. Between 1999 and 2005 the alliance was called GUUAM.

Propelled by the shared economic and political interests of the five members, the new structure moved ahead at a fast pace. Indeed, the member states needed alternative routes for Caspian oil and the Euro-Asian transportation corridor; they were looking forward to closer cooperation with the European and Euro-Atlantic structures.

The processes going on in each of the GUAM members are not free of national specifics, however, there are many common features that underlay the shared interests:

- The similar transformation processes unfolding in the socioeconomic and political systems launched by the collapse of socialism and the Soviet regime and moving toward democracy;
- The search for new forms of civilizational and national identity, as well as their own statehood models (not free from the danger of ethno-confessional conflicts);
- The newly independent states' intensive involvement in the world economic processes and information flows, which calls for new foreign policy patterns;
- Regional consolidation stimulated by the geopolitical forces' pronounced interest in its resource and geostrategic potential and their intensive penetration into it in pursuance of their own interests.

As a member of the newly born regional organization, Ukraine became actively involved in its consolidation for political and economic considerations of its own: Kiev badly needed diverse contacts and new forms of international cooperation to promote its influence in the Black Sea region.

The changes of the last decade visible throughout the world demonstrate that states aware of their common interests within regional frameworks tend to boost their cooperation. Indeed, the idea of traditional globalism has been devalued; the conception of the world balance of power and bipolar

confrontation is rapidly growing obsolete, while the nature of the security threats concentrated at the regional level is changing rapidly. In the context of the mounting globalization, which is pushing information and sociocultural forms of cooperation instead of force to the forefront, it is no longer important whether confrontation involves two poles of power (a bipolar world), or the world center and the periphery (a unipolar world dominated by one superpower), or several rivaling economic, political, or civilizational centers. On the international scene traditional geopolitics is being rapidly replaced with regional geopolitics.

For a while the inertia forced the elites of post-Soviet states to look toward Moscow, the traditional dominant force in the post-Soviet expanse. Later, however, the Kremlin's gradually mounting reintegration ambitions and the authoritarian trends in Russia itself forced the post-Soviet states to seek new models of cooperation based on harmonization of national interests. Post-Soviet states developed new foreign policy orientations; they started looking for reliable partners and allies to survive in the rapidly changing world politics. The GUAM states are growing increasingly aware of the security deficit: Moscow no longer looks like a desirable patron, while the international security systems are either ineffective (the U.N. Security Council and OSCE) or not yet ready to fill the security vacuum (NATO and the EC).

The CIS's organizational inefficiency (it still unites some of the former Soviet republics) and its obvious inability to acquire new forms and to provide its members with a mechanism of consultations and cooperation called to life new regional organizations that belong, as a rule, to one of two types. They are either a lever of Moscow's economic and political control in the post-Soviet expanse designed to replace the CIS that failed to justify the hopes placed on it (the Russia-Belarus Union, the Customs Union, EurAsEC, SES, etc.), or the structures of the second type, which are based on equality and serve as a tool of the post-Soviet states' integration into the world economic and political system (the Central Asian Alliance, GUAM, BSECO, etc.).

GUAM/GUUAM can be interpreted as the answer of a group of states resolved to defend their sovereignty in the face of the challenges Russia formulated in its strategic documents and its resolution to perpetuate its domination in the post-Soviet expanse.

The GUAM countries are determined to exploit their geographic advantages, which make them the best transit countries for new transportation and energy routes across Europe, the Caucasus, and Central Asia. This serves as a solid geo-economic foundation for their cooperation designed to promote their interests and realize joint economic projects, which in turn strengthens their cooperation in the security sphere.

The meeting of the heads of the Ukrainian, Georgian, Moldovan, and Azerbaijani delegations in Washington in October 1998 at the annual WB-IMF meeting specified the new group's aims and tasks. It shifted the accents to the Trans-Caucasian transportation corridor as an important mechanism of regional integration and a factor of the members' stronger economic and political sovereignty. In this context, the practical issues of developing the Caspian oil fields and creating a network of pipelines to move oil to the world markets came to the fore. This, in turn, raised the question of security of the transportation corridors.

The GUAM statement adopted in Washington outlined its principles and charted the main directions in which the new structure was ready to move: stronger diverse cooperation with international organizations and forums, including the Euro-Atlantic Partnership Council and NATO's Partnership for Peace Program, cooperation in security and developing cooperation in the Europe-Caucasus-Asia transportation and energy corridors.

The Yalta Charter dated 7 June, 2001 identified the cooperation priorities as closer trade and economic relations; development of the transportation corridor infrastructure and related legal principles; unification of customs tariffs to bring them closer to the world standards; cooperation in the

energy security sphere; and combating international terrorism, organized crime, illegal migration, and drug trafficking.

Speaking at the Chisinau GUUAM summit in 2005, Ukrainian President Yushchenko offered his country's idea about the organization's basic values—democracy, economic development, and security. By promoting democratic values, developing cooperation with the EU, being involved in international projects (particularly in the transport and energy spheres), implementing the Free Trade Agreement, and successfully dealing with unsettled conflicts, international terrorism, extremism, and organized crime, the member states will be able to integrate into European structures.

The GUAM conception perfectly fits the general trends of the European continent's regional development. Lithuanian President Valdas Adamkus has pointed to the parallel processes now underway within the Baltic Three and the Vilnius Ten designed to achieve the common aim of integration into the European and Euro-Atlantic structures. These processes are expected to create a regional Black Sea-Baltic system of cooperation and security, one of the pillars of the European security architecture.

It should be said that this philosophy, which found its way into the alliance's fundamental documents and was accepted by the international community, caused doubts in some Russian political experts. Moscow remains very negative about GUAM as an integration unit: the structure is seen as America-orientated set up to expand the pro-Western sphere of influence in the post-Soviet territory. Sergey Markov, well-known Russian political scientist, is more outspoken than his colleagues: he has described GUAM as an "anti-Russian" coalition set up under the U.S. aegis to isolate the Kremlin from Europe and control Russia's resources.

Those who describe GUAM as an alternative of sorts to Russia's ambitious intention to remain the center of the integration processes and retain control over the security processes in the post-Soviet expanse are quite right. Its military-political presence in the conflict zones allows the Russian Federation to pursue its main aim: political influence and monopoly on the energy resource market of the GUAM states. Indeed, if realized the Trans-Caucasian transportation corridor and transit of Caspian oil across Georgia and Ukraine will significantly undermine the position of Russian oil and gas companies on the world markets. Ukraine badly needs stronger regional ties to achieve diversification of energy sources and decrease its dependence on Moscow.

Perhaps those Moscow politicians who insist that GUAM threatens their country's domination in the post-Soviet expanse are right to a certain extent: a group of independent states determined to defend its interests and security independently of Russia does not fit Russia's general official strategy in relation to the post-Soviet states. Objectively speaking, however, a stronger GUAM perfectly fits Russia's national interests—it preserves security and stability on its southern borders. In fact, regional mechanisms of civilized conflict settlement could somewhat defuse tension in the Northern Caucasus and ensure stable functioning of the transportation corridors in Russia's south. If approached superficially, Russia's tactical interests are threatened by intensive development of the post-Soviet south. Strange as it may seem, in the strategic perspective Russia might gain a lot economically by joining the building of transportation infrastructure and involving its southern areas in the emerging system of worldwide communications.

To accept this, the Russian political elite should abandon some of the old foreign policy stereotypes: domination in the post-Soviet expanse, confrontation with the Euro-Atlantic community, incorrect tactics of seeking trade advantages, etc.

***Institutional development of GUAM.*** It was Ukraine that suggested that the GUAM heads of state should meet at least once a year, as well as at U.N., OSCE, CIS and other summits; the ministers and experts of all the member states should also meet regularly. Later this practice was further developed and registered by the Yalta Charter of 2001, which also described how the GUAM institutions were supposed to function.

The annual Summit of the GUAM Member States is the structure's highest body; in the past the heads of state met within the framework of international summits. Today, they all meet in one of the countries to discuss current affairs. The Foreign Ministers Meeting is the executive structure, while the Committee of National Coordinators appointed by the foreign ministers serves as GUAM's working body. GUAM also has an institution of coordinator country for a sectoral working group. Ukraine is the coordinator country for the energy, economy, and trade working group; Georgia performs the same function in the sphere of transport, Moldova is responsible for tourism, and Azerbaijan deals with combating terrorism, organized crime, and drug trafficking.

The defense and oil and gas ministers also meet regularly, there are consultations at the ambassadorial level and consultations of experts in order to coordinate foreign policy positions and arrive at joint decisions. The information office in Kiev, which opened on the eve of the Yalta summit of 2002, serves as the GUAM secretariat. The 2007 summit adopted the provision on the Council of GUAM Foreign Ministers and passed a decision on the organization's observer status. Cooperation among the parliaments is another important field of cooperation. On 23 September, 2004, the GUAM Interparliamentary Assembly met for its constituent session in Kiev.

The Chisinau summit held on 22 April, 2005 gave a fresh boost to the alliance's institutional development; it was attended by the presidents of Lithuania and Rumania and representatives of the U.S. State Department and the OSCE Secretary General. It was at that summit that GUAM was transformed into a fully-fledged transnational organization (a fact Ukraine and Georgia considered to be of special importance). The summit also produced a declaration called "In the Name of Democracy, Stability, and Development" and a Joint Statement by the GUAM heads of state, as well as by the president of Lithuania and Rumania called "Building Democracy from the Baltics to the Black Sea."

Soon after the Chisinau summit, Uzbekistan, which did not attend anyway, announced that it intended to leave the alliance. Without its second "U," the structure became more stable and compact. It finally shed all the residual features of a post-Soviet situational state alliance and emerged as an international entity. The Uzbek leaders regarded their GUAM membership (which turned the structure into GUUAM) as a trump card in its game against the Kremlin's mounting influence in the post-Soviet expanse for America's support and benevolence. In the wake of 9/11, cooperation between the two countries in the counterterrorist struggle reached a level that made Tashkent's GUUAM membership superfluous. This decision was also suggested by the obviously intensified democratic processes in the GUUAM countries after the Color Revolutions in Georgia and Ukraine, as well as the alliance's predominant orientation toward European and Euro-Atlantic integration: Tashkent tended toward the Islamic world and was closely connected with Russia's interests. In April 2006 Uzbekistan joined the EurAsEC.

The ideas formulated at the Chisinau summit were specified at the Kiev summit: on 23 May, 2006, the members signed a declaration on setting up a qualitatively new international structure called the Organization for Democracy and Economic Development. Since the old name had already become customary in the international relations system, the new structure is usually called ODED—GUAM; its Secretariat is located in Kiev.

The United States supported the initiative and promised to extend its support in the future. In September 2005, the GUAM countries acquired national interdepartmental offices for the Virtual Center and Interstate Information-Analytical System. They also developed a regional structure engaged in operations in the law enforcement sphere. The GUAM member states set up the Secretariat of the Steering Committee on Trade and Transportation Facilitation and intensified cooperation with the project.

The Euro-Atlantic group of advisors set up after the Chisinau summit of 2005 on the American money proved its worth by implementing the U.S. Framework Program. On 22-23 May, 2006, the

GUAM countries and the United States met in Kiev within the 11th session of the Council of Foreign Ministers and the GUAM summit to discuss the future of their dialog and cooperation.

In the ten years of its existence, GUAM developed from an informal club of states into an effective and generally recognized international organization.

The very fact that GUAM was set up under Ukraine's relative leadership and with support of the other members, which are fully aware of the advantages offered by regional structures based on the principles of equality and mutual support, signifies that new and very important integration processes have been launched across the post-Soviet expanse. GUAM is neither an anti-Russian bloc nor a buffer zone between NATO and the Russian Federation. It was set up to exploit more effective and mutually advantageous patterns of regional cooperation in the post-Soviet territory.

GUAM has also made good progress in the international context: the member states are actively cooperating in transnational organizations (particularly the U.N. and OSCE) by holding regular consultations and identifying common positions. In 2003, GUAM acquired an observer status in the U.N. General Assembly, which again can be described as a step forward; it is invariably present at the OSCE-sponsored economic forums, conferences on security, globalization, and regional integration.

The GUAM member states proved to be most active within the OSCE: they not only regularly synchronized their approaches, statements issued by GUAM were also discussed on a weekly basis. The experience is a unique one: out of the many international structures, only the EU practices such procedures.

*Ukraine in GUAM's projects and affairs.* Cooperation within the GUAM structures is unfolding in the following directions:

- Political consultations and coordination of efforts when dealing with common security issues; and political cooperation in international organizations—the U.N., OSCE and NATO, including the Partnership for Peace program;
- Development of the Eurasian transportation corridor, cooperation in oil production and transportation to Europe;
- Stronger multilateral cooperation in the security sphere and combating international terrorism, separatism, and drug trafficking as the main threats of our time;
- Military and military-technical cooperation further developed by setting up a multinational peacekeeping battalion; Ukraine's stronger involvement in peacekeeping activities and settling ethnic conflicts.

The member states' common economic interests are concentrated in the transportation of Caspian energy resources and the new trans-Caucasian transit routes. Ukraine's transport and communication infrastructure and oil-refining capacities make it the key strategic transit country for energy sources for Europe. The route across Ukraine is more than twice as short as the route that connects the Middle East and Europe. The money earned from fuel transit will pay for Ukraine's fuel imports, thus helping it, in turn, to achieve energy security.

Mutual investment activities, joint ventures in processing agricultural products, machine building, energy, and transport are other promising directions of economic cooperation. Some time in the future, GUAM might develop into a self-sufficient zone of regional economic cooperation.

Transport, energy, and internal security have been the three most actively developing spheres of cooperation. In full accordance with the U.S. Framework Program of Trade and Transport Facilitation, Border and Customs Control, Combating Terrorism, Organized Crime and Drug Trafficking, the GUAM countries are working on developing trade and transport communication, as well as on the

project for a virtual center and an interstate information-analytical system in the struggle against international terrorism.

The GUAM countries believe it important to ensure security and stability in the region: each of the countries has its own experience of conflict situations with more or less similar origins (some of them are inspired by outside forces). The common problems call for similar approaches to conflict settlement. Large-scale economic projects call for sub-regional security structures that form the common platform of cooperation in this sphere.

Ukraine is strong enough to shoulder part of the peacekeeping functions in the Caspian-Black Sea region. Its own interests as an extra-bloc state are identical to the regional interests of peace and stability. The republic has everything needed for training peacekeepers: centers, structures, personnel, and methods. It is prepared to cooperate in the peacekeeping operations conducted under the U.N. and OSCE aegis; it is accepted that such operations should involve multinational peacekeepers operating under international staffs.

The progress achieved within the OSCE is a logical outcome of its involvement, which is greater than of any other international structure, in discussions of the frozen conflicts in Azerbaijan, Georgia, and Moldova and regional security—issues of key importance for three out of the four GUAM members.

Ukraine's technical and humanitarian assistance and closer military and military-technical cooperation are two most important issues that promote regional stability and security. Ukraine offers higher military education at its higher military educational establishments for officers of the member states' national armies; and it extends technical assistance indispensable for the development of the national armies, border guards, and navies. It offers its vast industrial potential to the GUAM partners for the maintenance and repair of military equipment, expands military-industrial cooperation, and extends its material and technical support in the event of a direct military threat to any of the member states.

The GUAM members are resolved to maintain peace and security: in January 1999 in Baku the defense ministers of Azerbaijan, Georgia, and Moldova discussed the draft Agreement on Setting up a Joint Peacekeeping Battalion to maintain peace and international security, as well as a draft decision of the measures needed to form such a battalion. If adopted, these and similar decisions will invigorate military cooperation and strengthen regional security.

At the same time, as long as its priorities remain uncoordinated, GUAM is unable to fully tap its potential. Indeed, for some time, Ukraine remained convinced that it belonged to a purely economic organization that resulted in the structure's stable association with the Baku-Supsa-Odessa-Brody pipeline. This deprived the transit states' continued membership of any reason to remain within GUAM. There is a shared understanding that the energy corridors need foreign policy support (GUAM in this particular case): all transportation projects promote both political and economic cooperation. Today, the trans-regional energy projects TRACECA and INOGATE largely depend on effective cooperation among the GUAM member states: the former is related to the Europe-Caucasus-Central Asia corridor; the latter is a program of fuel transportation within which Ukraine and the other member states signed a framework agreement on 22 July, 1999 on the institutional principles of an interstate oil and gas transportation system.

In principle, GUAM was set up, among other things, to promote economic cooperation: the Free Trade Area Agreement signed at the Yalta summit was one of the important steps in this direction. The document serves as the organization's economic cornerstone, on the one hand, and encourages greater trade turnover inside GUAM, on the other.

We all know that the internal instability of any region brimming with contradictions (this fully applies to GUAM) discourages economic growth: it requires the security of each of the members and of the region as a whole before other sub-regional structures that might appear sooner or later move to



the front. Transnistria, Abkhazia, and Nagorno-Karabakh are the worst sub-regional security problems. Ukraine, which dispatches its observers with U.N./OSCE mandates to conflict zones, is better suited than its partners to initiate peacekeeping activities within the GUAM mandate. It is adequately equipped for the role of peacekeeper in the European part of the post-Soviet expanse (the republic has training centers and other structures, and also necessary forces and resources).

Specific forms of Ukraine peacekeeping involvement will be patterned on the nature of each conflict. In Nagorno-Karabakh, it will probably limit itself to mediation, technical consultations, and the military observer function. Azerbaijan can count on international support on the territorial integrity issue. In Georgia, Ukraine might expand its peacekeeping involvement beyond these limits: the Georgian side repeatedly invited Ukraine to deploy its peacekeepers in the conflict zone. Today the talks on a Georgian-Azeri-Ukrainian peacekeeping battalion are underway. Ukraine is prepared to use its contingent for the Abkhazian settlement: it counts on America's support, a country that needs greater security in the Black Sea region. Ukraine has already pledged mediation in the Transnistrian conflict and has guaranteed the sides' security.

Non-proliferation of nuclear weapons and deliveries of weapons of mass destruction to the conflict zones are seen in Ukraine and other GUAM members as major security issues.

After 9/11 security problems acquired global dimensions: the events that followed this tragedy radically changed the international security context; the nature of transnational threats also changed. The more recent events revealed that the world community is not yet ready for adequate countermeasures.

The 2002 Yalta summit adopted the Declaration on Common Efforts to Ensure Stability and Security in the Region. The GUAM presidents announced that they were determined to set up structures to fight transnational terrorism and were prepared to close ranks in the face of this and other threats. They expressed their resolve to implement joint programs and improve the prevention mechanisms of terrorist threats and organized crime, as well as to resort to general measures in these spheres.

At the same summit, Ukraine formulated its initiative on the Transnistria settlement as "Toward a Resolution through Democracy" that confirmed the role of GUAM as the regional security forum. The other heads of state also spoke about fighting separatism and the new challenges to security.

**GUAM's prospects.** No matter how important its economic component in the short- and mid-term perspective, GUAM should concern itself with the regional security issues. Those who object to this failed to take into account two major regional factors: the internal instability and the region's great geostrategic value for foreign geopolitical players such as the United States, Russia, the EU, Turkey, and Iran.

Ukraine has never tired of demonstrating its desire to preserve peace in the Caucasus by promptly settling the Abkhazian conflict. So far, it has no direct contacts with the Abkhazian leaders and therefore is deprived of the political mechanisms needed to put pressure on the sides. Georgia has repeatedly asked Ukraine to send Ukrainian peacekeeping contingents into the conflict zone. Today, Ukraine, Azerbaijan, and Georgia, which have already decided to set up a peacekeeping battalion similar to the Ukrainian-Polish battalion already functioning, are looking into possible cooperation with other friendly states.

Fully aware of the importance of the U.N. peacekeeping mission in Georgia, Ukraine repeatedly demonstrated its readiness to be more actively involved in comprehensive political settlement of the Georgian-Abkhazian conflict. It is prepared to join the U.N. observer mission in Georgia if the conflicting sides agree on its involvement.

The Transnistrian conflict was more or less settled by initialing the Memorandum on Essential Principles for Normalizing Relations between Moldova and Transnistria signed on 8 May, 1997 by the president of Ukraine as one of the mediators. Ukraine acts as guarantor of peace in the breakaway

region; a decision has been made to involve the Ukrainian military in the peacekeeping activities and to incorporate the country into the United Control Commission.

Ukraine remains loyal to the principle of non-interference into domestic affairs of its neighbor, however, it insists, in full accordance with its obligations under the Helsinki Final Act and the international laws, on Moldova's territorial integrity and sovereignty within the borders of the former Moldavian Soviet Socialist Republic. The continued presence of Russia's Operational Military Group in Transnistria (which numbers from 3.5 to 3.7 thousand) is seen as a problem. Ukraine believes that the group should be pulled out as promptly as possible, while the ammunition that remains in Transnistria should be liquidated. Ukraine has already signed a transit agreement on the withdrawal of the 14th Russian military units with the Government of the Russian Federation, which can be described as the first step in the right direction.

**Ukraine's involvement in GUAM.** Ukraine inherited at least some of the Soviet interests, aims, and problems in the Black Sea region and as such is entitled to play a greater role in the building up a new order in this area. Ukraine finds it important to settle the local conflicts and to create models of strategic partnership with the GUAM countries. The republic needs more active multilevel sub-regional cooperation within GUAM, particularly in the transportation of energy sources and the development of trans-Caucasian transportation routes. Greater regional security calls for Ukraine's more prominent role in the region; this can be achieved through consistent support from international organizations (the U.N., OSCE, EU, NATO, and others).

The GUAM members differ in their sociopolitical systems, mentality, and foreign policy orientations. The economic development levels also differ from country to country; the same can be said about the pace of absolutely indispensable social and economic reforms. If the structure receives support from NATO and the EU and if Russia remains neutral, the differences described above will not prevent it from becoming one of the world's key geopolitical centers.

When looking into the future of any project, we should take into account the deeper-embedded realities in the post-Soviet expanse as a whole. Today, geopolitical stratification has already revealed a stable trend toward forming two groups of states: one of them can be conventionally called the Northern Alliance (the CSTO confirmed by the members' involvement in the Customs Union) and the Southern Alliance, alias GUAM.

The former tends toward Russia, the center of economic and political interests of the elites of the Alliance's other member states; there is much greater determination to consolidate and set up joint institutions of coordination and management. The Union of Russia and Belarus has moved further than the other structures within the Northern Alliance, which means that all members prefer an even closer alliance. Russia, which is building up its power component, is contributing to the general trend. The consolidation ideology is usually based on confrontation and the enemy image, "Western imperialism" and the "Islamic threat" in this case.

The Southern group is guided by common economic and security interests. Its consolidation is based on its shared orientation toward the West suggested by its social and economic problems and expectation of Western support in the security sphere. The level of internal organization, however, is much lower than in the Northern Alliance and as such leaves much to be desired. Indeed, in the absence of a dominating center, it is much harder to coordinate the members' interests; external factors too contribute to inadequate consolidation, together with the still surviving hopes that the CIS might get a second lease on life.

The GUAM members have reached a more or less identical stage of socioeconomic transformations; their foreign policy orientations are more or less similar; their economic interests are identical; and they are involved in joint projects. It is highly important, however, to assess the extent to which GUAM membership suits the interests of each of its members; how much they need one another, and whether they will be able to cope with their problems outside GUAM.

In the sociopolitical sphere, there are at least three levels of geopolitically important factors: at the first, civilizational, level the identities are distributed according to the traditions of the Islamic and Orthodox civilizations. The second level contains Soviet identities still alive in the mentalities of the elites and man-in-the-street. The third level connected with the liberal-democratic behavioral and thinking patterns is gradually spreading together with modernization, which is drawing the region into a new economic expanse. The intertwining of trends of all the levels accounts for the situational complexity of regional geopolitics, tension points, and conflicts.

Regional cooperation among the countries with different democratization degrees and different forms of political and traditional cultures is intensifying at a fast pace. At the earlier stages, the Caucasus looked toward Russia—today this orientation clashes with Western or Islamic orientation. Undeveloped internal regional ties and communication systems are responsible for the frequently contradictory trends in each of the countries; this sends up inner tension and leads to conflicts. Different economic interests do nothing to improve the situation and push forward regional integration processes. In the Caucasus, for example, the local players operate side by side with Russia, the West, and the Islamic World.

Ukraine has to cope with separatist trends in some of its corners; under certain conditions they might develop into greater hazards for the country's territorial integrity. This is why Ukraine shares the concerns of the Caucasian region. Potentially, Ukraine might be confronted with the need to use force to protect its sovereignty; therefore it should strengthen its border regime and spend more on internal security.

The general trends across the CIS and, on a wider scale, the relations between Russia and the West make Ukraine's more active involvement in the Caucasus inevitable. In this context, Ukraine would have profited from GUAM's realized potential. The logic of events is pushing the country toward more active discussions of the future system of regional stability. If it stays away from them, the republic might miss the chance of building up its regional impact; at worst it will have to abandon one of its most promising foreign policy vectors.

***The future of GUAM and Ukraine.*** Ukraine's foreign policy ideology perfectly fits the idea of a regional security system. GUAM is a group of equal states operating in the post-Soviet expanse which brings together countries with similar political and economic orientations: they resolutely support the idea of new equal and mutually advantageous cooperation structures. Its mechanisms will give the integrated and consolidated region much more possibility of defending its interests and becoming involved in international cooperation.

At the same time, in view of the new trends in the regional security system, GUAM should somewhat readjust its accents and concentrate on economic cooperation and security. This presupposes Ukraine's involvement in the regional stability system, while GUAM should increase the number of its members and correlate its activities with OSCE, on the other.

Stronger GUAM and regional mechanisms of civilized conflict settlement could have defused the ethnic tension in the Caucasus to some extent and ensure the sustainable functioning of the transportation corridors in the south of the CIS.

At the same time, the present level of interaction inside GUAM falls short of the contemporary demands, while the mechanism of their collective activity needs radical readjustment. In the future, GUAM may develop into a fully-fledged international organization with a Charter and clearly formulated criteria of involvement, obligations, and rights of the member states, as well as of the collective structures at the top, departmental, and parliamentary levels.

If actively promoted, the idea of a free trade area within GUAM might become its economic cornerstone; today it needs adequately functioning mechanisms, a common information expanse, and legal support harmonized with the national legislations. All the members are willing to remove the trade barriers inside the organization.

Stability mechanisms (especially for the safe transportation of energy) created in close cooperation with all the interested transnational structures may develop into an important trend of GUAM's activities. To achieve this, the member states should coordinate their foreign policy efforts and establish stable contacts with other international organizations (the EU, OSCE, BSECO, the CIS Customs Union, OIC, and others). In the future, Armenia, Turkmenistan, Kazakhstan, Poland, and some other countries might find GUAM membership desirable.

Cooperation among the civil structures of the member states should receive a stronger impetus; the same applies to communication and organized exchange at the NGO level. The GUAM members should close their ranks for the sake of fuller realization of their national interests and equal relations within the group.

Closer relations among the GUAM members will help resolve the following tasks:

1. Development of the fuel-and-energy and transportation complexes of related industries of the member states associated with the implementation of the transportation project designed to move Azeri (and Kazakh in the future) oil along the Baku-Supsa-Odessa-Brody-Adamova Zastava-Gdansk route. It is preferred by most of regional states as economically expedient. Much will depend on Ukraine's ability to complete the Yuzhny oil terminal and the Brody oil pipeline. This project will move *large volumes of oil and gas and upgrade the energy security* of a wide range of countries, including the transit countries. Ukraine stands a good chance of finding a worthy place among the latter.
2. The GUAM countries will pool forces to join the international transportation routes that connect Europe, the Caucasus, and Asia by using, among other things, Ukraine's transit advantages. This will result in a regional area of economic cooperation, an inalienable part of international division of the labor system, and a contemporary Silk Road. China, like the Central Asian and the Caucasian states, is also very interested in these projects.
3. The free trade area project looks promising as part of the free trade area of the CIS countries. Ukraine has a good chance of improving its political and economic situation, helping the GUAM members integrate into the world community, gaining more political weight, developing production and trade, expanding perspective markets, etc. by arranging a multilevel system of cooperation with the entities of the Black Sea-Caspian region.
4. Certain sectors of industrial production, transportation communication, scientific-technical potential, wider use of recreational resources, and international tourism look very promising for economic partnership and integration processes. Ukraine can become a factor of stronger confidence in the region and accelerated integration of GUAM in Europe.
5. In view of the unfolding negative trends and processes, regional development calls for a more effective stability system. These trends and processes are slowing down the region's economic development and threatening international and regional security.

In the future, GUAM might become one of the key components of the emerging European and Trans-Atlantic security architecture through a system of military-political agreements between the European and Trans-Atlantic security structures, on the one hand, and GUAM, on the other.

Today, the GUAM countries are still seeking European and Euro-Atlantic integration; they are obviously responsible for the present political regional balance (even though shaky), something that the European and Trans-Atlantic countries badly need in the region. Further transformations in the desired direction call for stronger security maintained by a corresponding regional structure and more active participation of the GUAM members in military-political cooperation. NATO and the European Union need these developments and will hail them: they will acquire a way of channeling the

political preferences of the GUAM states and the other CIS members which will allow them to become more deeply involved in the safe transportation of Caspian energy sources.

At the same time, more active military-political interaction between GUAM and NATO allows the GUAM members to avoid many of the problems connected with formal NATO membership. They are engaged in transformation processes designed to set up a common mechanism of conflict settlement. A well-oiled system of military-political partnership will upgrade the countries' involvement in the military-technical sphere as well.

If transformed into a fully-fledged international structure connected in a logical and intrinsic way with the European security and cooperation system, GUAM will be able to realize its stabilizing potential. This suggests that Ukraine should initiate a transfer to a new level of deeper cooperation, particularly in the military-political sphere.

Time calls for GUAM's expansion: closer involvement of Rumania, Bulgaria, Poland, and Turkey (all of them NATO members) would help to transform the alliance into a key element of regional stability and security. What is needed is an adequate expansion strategy that would preserve the form, while harmonizing national interests. Armenia, as a potential GUAM member, merits special attention—its membership will help to settle its conflict with Azerbaijan.

GUAM may perform another, no less important function: a center where mechanisms of integration in the EU are created and tested, while the GUAM member states work together on a common integration strategy. In fact, the alliance might follow in the footsteps of the Visegrad Group, a highly successful model of regional partnership set up for European integration. It created fairly efficient decision-making and implementation mechanisms in the political and economic spheres, as well as methods for dealing with prominent regional and international issues.

Today, GUAM should concentrate on its main priority: coordination of efforts designed to adjust the political-legal, economic (the free trade area), and social spheres to the EU's requirements. The European Neighborhood Policy, in which Georgia and Azerbaijan are actively involved, may serve as an instrument of European integration. Ukraine, as a state that is proving its complete dedication to democratic values daily, is already moving in the right direction, and has demonstrated its total dedication to the principles of the ENP, stands a good chance of becoming a regional vehicle of democracy and a regional leader.

The interstate relations within GUAM should be placed in the broad European context; bilateral cooperation should be based on the solid foundation of the shared strategic priority, viz. integration in the European Union. To achieve this, GUAM should demonstrate more vigor and broaden its competence with an eye to becoming an economic and military-political structure. It should fully tap its common economic, transport, and energy potential to strengthen economic relations and set up a common market based on EU principles.

On the other hand, these developments might create certain problems for Ukraine, which is determined to join the European Union: its association, as a GUAM member, with countries outside Europe (both geographically and in the minds of the Europeans) might brand it as another non-European state. This is fully understood by some experts in Moldova: its membership in GUAM and the CIS gives the country the image of a non-European state.

In the final analysis, GUAM's success as a regional organization depends on the success of the reforms and changes in each of its individual members and on the cooperation success among each and every one of them. This is especially true of Ukraine: during the next few years, the republic should work toward turning GUAM into a key international structure and the dominating element in the region's political landscape. Success will turn it from an object of European policy into one of the important European actors. Failure will not merely force it out of its present regional position—Ukraine will find it harder to realize its European and Euro-Atlantic ambitions.

In view of the very different sociopolitical systems of the GUAM member states, their vastly different mentalities, foreign policy orientations, economic development levels, and pace of socioeconomic changes, the tasks outlined above cannot be described as easy. The inappropriate attitude of certain countries outside GUAM will make this task even more challenging. If the member states show their goodwill and interested European countries and international organizations give their support, the GUAM project has the great future of an efficient international structure.

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## GUAM AS SEEN FROM AZERBAIJAN

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The 21st century is revealing its new face to the world community: it is unipolar yet strives for multipolarity, raising numerous global and regional issues as it goes. Francis Fukuyama's "end of history" brought up questions previously camouflaged by the political and historical processes, the answers to which should be sought not only in the reality created by the end of the Cold War, but also in the changed social, economic, and political lifestyle manifesting itself across the vast stretches of Eurasia.

The bulwark of socialism (alias the Soviet Union) disappeared, leaving the states of the socialist bloc (particularly the former Soviet republics) to fend for themselves and cope with numerous problems single-handedly. The post-Soviet republics turned to historical archives to restore the memories of their independence to be able to move toward new sovereignties. Few in the newly emerging market and capitalist environment could boast of relevant practical skills and past experience. By the time the Soviet Union disintegrated, the fifteen Soviet republics had been living under approximately equal economic conditions, but had different natural and

human resources; their location on the world's political and geographic map also differed, which explains the different degrees of interest the regional and world powers showed in them. Those newly independent states that attracted the attention of the leading geopolitical actors were guided by their ethnic, linguistic, religious, military-political, economic, and other preferences in their choice of new allies to fill the political and ideological void. At the same time, the centuries-long experience of living in a single political and economic expanse dominated first by czarism and later, in Soviet times, by the C.P.S.U. taught all the republican political elites to rely on the Kremlin when making all decisions. This bad habit did not allow them to carefully analyze the short- and long-term results of the steps they took as leaders of independent states. More than that, by the time the Soviet Union disintegrated, the republics were practically inseparable economically: the death of the common state disrupted the interconnected production cycle and cornered all players in the post-Soviet and some players in the post-socialist expanse.

## GUAM: Prerequisites

Under these conditions, all the former Soviet constituents, which found themselves at sea in the world of capitalism and market relations, obviously needed a quasi Union, a vertical structure able to assuage the pain of the sudden changes. The Russian political establishment which initiated a new structure—the Commonwealth of Independent States (CIS) vaguely resembling the British Commonwealth of Nations—expected much more from its brainchild. It expected the CIS to efficiently promote the former Soviet republics' military-political and economic cooperation, however, as former prime minister of Russia Viktor Chernomyrdin aptly remarked, “we wanted the best, but got the usual.” In the early and mid-1990s, the Russian Federation, which inherited the necessary institutions of state administration and relevant experience of the statehood, remained shattered by the economic collapse, the separatist trends in the Caucasus and elsewhere, the weakened army, and the disappearance of the ideological bonds of communism. The CIS clearly betrayed Moscow's old imperial ambitions, which could not but force the leaders of the former Soviet republics to look for an alternative: the new states could not yet survive separately, but they were unwilling to live under one roof as before. It seems that the leaders of what in 1997 became GUAM were guided by the above. From the very beginning the four states (the first letters of which formed the abbreviation) described their main aims as “development of quadripartite cooperation for the sake of European stability and security based on the principles of respect for sovereignty, territorial integrity and inviolability of state borders, democracy, the rule of law, and respect for human rights.”<sup>1</sup>

An analysis of the new structure's geographic composition (Georgia, Ukraine, Azerbaijan, and Moldova) and the members' economic and political situation makes it possible to identify certain features responsible for the alliance's composition. Three out of four members have armed conflicts on their territories, the keys to which (according to many) are still found in Moscow. Ukraine, with greater industrial and human potential than the other three republics and the obvious intention to shake off Russia's influence, could not but be flattered by the prospect of becoming the driving force behind a structure that some time in future might claim a role similar to that of the CIS. (Though in the latter half of the 1990s, Kiev was not looking that far ahead.)

By 1997 the five Central Asian republics had not yet demonstrated their intention to move way from the former center; the Baltic countries were hastily re-establishing their contacts with the West cut short in the 1940s; Armenia, which completely depended on Russia because of the aggressive war it was waging against Azerbaijan, did not even think of any alternative alliance, while Belarus was still living in the Soviet “euphoria.” It was Georgia, Ukraine, Azerbaijan, and Moldova that were actively looking for an alternative to the former Union not only in the West, but also much closer to home, among themselves. Significantly, the common Internet site of the embassies of the GUUAM members (Uzbekistan joined it in 1999) said: “GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova) Group was formally founded as a political, economic and strategic alliance designed to strengthen the independence and sovereignty of these former Soviet Union republics.”<sup>2</sup> At that time, this was the consolidated and commonly accepted approach shared by the five countries. Their com-

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<sup>1</sup> *Istoria GUAM*, Official Internet site of the Organization for Democracy and Economic Development—GUAM, available at [<http://www.guam.org.ua/history.phtml>], 14 January, 2008.

<sup>2</sup> *The GUUAM Group: History and Principles*, Briefing Paper. Website of the GUUAM Embassies in the USA, available at [<http://guuam.org/general/browse.html>. Created 20.10.2000], 25 January, 2008; “As per its concept, GUAM primarily stands for political and security interests of the member states and then for the economic ones only. It was not a transport or energy project but the security-political one from the very beginning, regardless of using the transport and economical component for backing up the political idea of GUAM project” (“GUAM: Test for Ability to Act,” *Ukrainian*

mon idea of the role of GUUAM fit the situation in which the alliance came into being. The first shoots appeared in “1995-1996 in the form of political consultations within the OCSE, the Council of Europe, and the talks on conventional armed forces in Europe.”<sup>3</sup> This was a time when these states, supported by the European structures and the United States, were very much concerned about their sovereignties. Their economic, communication, energy, and military (in the form of weapon and ammunition supplies) dependence on Russia coupled with the unresolved territorial conflicts created an understanding in GUAM’s corridors of power that dependence on Moscow should be slackened, if not completely liquidated, with the help of new systems of relations among the new sovereign states independent of Big Brother. These ideas, together with other factors, probably forced Uzbekistan (a GUUAM member at the time), Georgia, and Azerbaijan to leave in 1999 the Collective Security Treaty actively lobbied by Moscow. (In 2002, the structure that united most of the former Soviet republics was transformed into the Collective Security Treaty Organization.)<sup>4</sup>

We should not underestimate the fact that the West was resolved to prevent the Soviet Union’s resurrection in the form of the CIS, CSTO, or any other Moscow-sponsored initiative. There is the opinion that GUAM was Washington’s Project designed to undermine Russia’s influence in the former Soviet territory.<sup>5</sup> There is another opinion: “The new structure was set up to trace alternative transportation routes for big Caspian oil, revive the Great Silk Road, create a Eurasian transport corridor, and enter into multilateral cooperation within international organizations and forums, such as the Council of Europe, NATO, etc.”<sup>6</sup>

We have to agree with those who say that the political component and security issues prevailed in the national interests of the GUAM members at the early stage, and later, as they strengthened their sovereignty and acquired the experience of an independent existence, their interests shifted to the economy, transportation, and energy. These issues dominated the agenda of all meetings and discussions. Until 2001, when the structure developed into an international organization in its own right, the alliance showed no impressive practical results. At the same time, it coordinated the processes unfolding within its region. Dependence on Russia for energy supplies<sup>7</sup> pushed the energy issue to the center of the members’ concerns. This made Azerbaijan, the central link of the alternative energy transportation route from the Caspian to Europe, one of the central countries. The GUAM states were too weak economically, they had no money to pay for new transportation routes, while Russia, which wanted to concentrate all the transportation arteries in its territory, or at least control those that bypass it, continued to dominate in this sphere. For these reasons the energy projects were temporarily frozen, but they were never removed from the agenda altogether. In this context, the TRACECA and Silk Road projects advanced the cause of energy security for the GUAM countries and increased the role of Azerbaijan, Georgia, and Ukraine as transit countries.

Uzbekistan joined GUAM (to turn it into GUUAM) in 1999 and thus widened the organization’s energy and transit prospects. Its short-lived, and fairly token, membership (the republic left the structure in 2005 after the Andijan events that claimed many lives) did not add anything at the practical level, however, the other GUUAM members received a strong boost. It was thanks to Tashkent’s

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*Monitor, Policy Paper #5*, Center for Peace, Conversion and Foreign Policy of Ukraine, June 2005, available at [<http://cpcfpu.org.ua/en/projects/foreignpolicy/papers/052005/>], 14 January, 2008).

<sup>3</sup> “Novye perspektivy GUUAM. GUUAM: vsia nadezhda na Zapad,” Information Internet portal Moldova.ru, 22 April, 2005, available at [<http://www.moldova.ru/index.php?tabName=events&owner=27&id=69>], 14 January, 2008.

<sup>4</sup> Roman Petrenko, an expert at the International center of Prospective Studies in Kiev, believes that Azerbaijan, Georgia, and Uzbekistan agreed on leaving the CST (see: “Novye perspektivy GUAM”).

<sup>5</sup> See: “Voskreshenie GUAM,” Informatsionny Internet portal Vovremia.info, 13 May, 2007, available at [<http://www.vovremia.info/?art=35331>], 15 January, 2008.

<sup>6</sup> D. Preiger, I. Maliarchuk, A. Novikova, E. Nizhnik, “GUUAM: Ups and Downs of the Great Silk Road,” *Central Asia and the Caucasus*, No. 3 (9), 2001, p. 14.

<sup>7</sup> Until 2007, even Azerbaijan, itself an exporter of hydrocarbons, bought some of the natural gas it needed for domestic use from Russia for purely economic reasons.



presence in the emerging alliance that the United States doubled its efforts to institutionalize the structure and fund its activities.<sup>8</sup>

Any discussion of GUAM should stress the U.S.'s special role in turning the organization into an efficient mechanism and an active actor on the international scene. It is no wonder that Uzbekistan announced its intention to join GUAM in 1999 in Washington at the NATO summit. It is thought that it was Washington that convinced Uzbekistan to join the structure. America was given the opportunity to draw the Central Asian republic into its political orbit. Under President George W. Bush (who by a whim of fate had to concentrate on his country's foreign policy), America doubled its interest in GUAM as a structure able to play an important role in the post-Soviet expanse.

Washington did not limit itself to moral and political support—it extended financial support as well. Under the Defense and Security Assistance Act of the U.S. Congress of 2000, GUAM and Armenia received considerable financial support “to promote independence and territorial sovereignty.” At a press conference held on 20 September, 2000, Spokesman for the U.S. State Department Richard Boucher said: “And generally, we see this as a positive development of regional cooperation, and certainly we will want to cooperate in any way we can.”<sup>9</sup> On 18 May, 2000, at a seminar in Washington, the ambassadors of the GUAM members described the United States as a “strategic partner in their countries’ efforts to build democratic governments and free market economies.” They announced “their nations’ intention to expand cooperation among themselves and with the United States.”<sup>10</sup> The joint statement of 4 July, 2003, which summarized the results of the GUAM-U.S. consultations at the top level, described the United States not only as an active sponsor, but also as the initiator of several projects, some of them had already been implemented and others were in the process of implementation: in 2003, GUAM was granted an observer status in the U.N. General Assembly; launched interparliamentary cooperation of the GUAM members; created a free trade area; and ensured practical cooperation among the members in the sphere of transportation, science, technology, and other fields.<sup>11</sup> Today, GUAM is closely cooperating with the United States to develop and strengthen its members. The framework GUAM-U.S. program, under which the sides are strengthening regional security and counter-terrorist struggle, is developing successfully.<sup>12</sup>

GUAM has created an equally efficient mechanism of cooperation with the OSCE, another European structure. The GUAM members have managed to achieve a high level of coordination, whereby the sides have shifted from consistent mutual support to daily statements on the issues discussed by their organizations.<sup>13</sup>

## GUAM: Institutionalization

On 6 November, 2000, during the 55th Session of the U.N. General Assembly, the heads of the five member-states met in New York to sign a memorandum that determined the organization's future

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<sup>8</sup> Experts believe that Russia, which sees GUAM as an infringement on its “special role” in the post-Soviet expanse, has done and is doing a lot to interfere with it becoming stronger and possibly enlarging. In this light, Uzbekistan's withdrawal from the organization in 2005, its rejoining the CSTO, removal of the American military base from its territory, and its membership in EurAsEC can be described as Moscow's great success.

<sup>9</sup> *The GUAM Group: History and Principles*.

<sup>10</sup> *Ibidem*.

<sup>11</sup> *Ibidem*. The list of agreements signed by the GUAM members can be found on its official website [<http://www.guam.org.ua/agreement.phtml>].

<sup>12</sup> See: *Istoria GUAM ...*

<sup>13</sup> See: GUAM: “Test for Ability to Act.”

and the mechanism for its functioning. Since 2001, GUAM has been developing from a consultative club into an alliance with a well-organized structure and a program of action. On 7 June, 2001, the GUAM members adopted the Yalta Charter which “became the first step toward GUUAM’s institutionalization and laid the foundation for its transformation into a fully-fledged international organization.”<sup>14</sup>

In 2004, the organization set up its Parliamentary Assembly, thus removing all doubts about the organization’s future. The assembly became a mechanism for unifying the laws of the member countries and harmonizing them with international legal norms. The Color Revolutions in Georgia and Ukraine somewhat slowed down the process, but later they supplied it with even more energy.

On 22 May, 2006, Kiev hosted a regular GUAM summit that passed another important decision. The organization was transformed into an international structure with the new name of Organization for Democracy and Economic Development—GUAM and its headquarters in Kiev. The summit also adopted the Charter and a joint declaration. The Charter does not contain a provision about the need to strengthen the members’ sovereignty, one of the central issues in the Joint Communiqué of the GUAM heads of state of 10 October, 1997.<sup>15</sup>

The GUAM Baku summit held on 18-19 June, 2007 marked another important step forward. Ukraine transferred its chairmanship to Azerbaijan; the heads of state discussed all the urgent regional issues and adopted a program for Azerbaijan’s chairmanship in 2007-2008.<sup>16</sup> The concluding Communiqué said that the Council of Heads of State met in an extended format: the presidents of Azerbaijan, Georgia, and Ukraine and the prime minister of Moldova greeted the heads of Lithuania, Poland, and Rumania, the vice-president of Bulgaria, vice-speaker of the Estonian parliament, minister of economics of Latvia, high officials of the United States, Japan, OSCE, the BSECO, and UNESCO, and the heads of diplomatic missions accredited in Azerbaijan as special guests. GUAM-U.S., GUAM-Japan, and GUAM-Poland meetings were held within the event’s framework.<sup>17</sup> The high level of representation bears witness to the organization’s prominent role on the international scene and its great political weight, which allows GUAM to address many problems of world politics.

The interest Japan, an economic giant by all standards (represented by deputy foreign minister), displayed in GUAM cannot be underestimated: at the first meeting within the framework of the summit, the sides discussed issues of global importance—democracy, human rights, the rule of law, and cooperation priorities in energy and transport (the use of the Europe-Asia corridor with the help of GUAM).<sup>18</sup>

Today GUAM is not striving to replace the CIS in the post-Soviet expanse; just like the CIS and CSTO, it has developed into a regional structure.<sup>19</sup> Political observers believe that the fact none of the members dominates within GUAM makes it doubly attractive and allows it to move ahead.

It should be said that in the ten years of its existence, the structure has somewhat shifted its accent and revised its tasks. After celebrating its 10th anniversary in 2007, the members pointed out:

<sup>14</sup> *Istoria GUAM...*

<sup>15</sup> See: *The Charter of the Organization for Democracy and Economic Development—GUAM*. Website of GUAM information office [<http://www.guam.org.ua/255.612.0.0.1.0.phtml>], 26 January, 2008.

<sup>16</sup> See: “Program of the Republic of Azerbaijan’s Chairmanship for 2007-2008,” *Diplomatiya Aləmi*, No. 17, 2007, pp. 52-55.

<sup>17</sup> See: *Ibidem*. “Communiqué of the Second GUAM Summit,” pp. 62-64.

<sup>18</sup> See: *Joint Statement by the GUAM-Japan Meeting*, *Diplomatiya Aləmi*, No. 17, 2007, p. 57.

<sup>19</sup> In this context, President of Ukraine Viktor Yushchenko said: “When we talk about the CIS, the club of former Soviet republics, we are fully aware of the fact that there is a system of interests that needs coordination... When we talk about the region, we mean somewhat different things and more local and more concrete aims. This international organization is not pursuing vast goals similar to those of the CIS.” 22 May, 2006 (“Ostrov GUAM,” Information Internet portal Lenta.ru [<http://lenta.ru/articles/2006/05/22/guam/>], 25 January, 2008).

“During these 10 years, our Group has transformed into a full-fledged international organization with a distinct identity devoted to democracy and economic development.” We are convinced, stated the members, that we should promote our transit role, ensure our economic and energy security, expand regional cooperation with the aim of integrating to a great extent into the European structures and drawing closer to NATO, confirm democratic values in the sphere of human rights, the antiterrorist struggle, and the struggle against aggressive separatists, etc.<sup>20</sup> To achieve the stated aims, each of the countries should use all the potential at its disposal.<sup>21</sup>

## GUAM: The Role of Azerbaijan

I have already written that for several objective reasons, four out of the fifteen post-Soviet republics (Georgia, Ukraine, Azerbaijan, and Moldova) initiated a new regional structure. At that time, each of the members was torn apart by domestic and foreign policy contradictions which dampened the prospects of the newly born organization. It was thought that the member countries differed in their approaches to many issues, which made the structure’s further functioning doubtful.<sup>22</sup> At that time, Azerbaijan was exerting efforts to break the information blockade around Armenia’s occupation of part of its territory and looking for alternative routes to bring its energy resources to the world market. Georgia and Moldova were convinced that they should reestablish their territorial integrity disrupted by the separatist movements in Abkhazia, South Ossetia (Samchablo), and Transnistria supported (as many believed) by Moscow. Ukraine, in turn, was working hard to reduce its political, economic, and energy dependence on Russia. These countries needed allies to cope with their most urgent problems. At the same time, the four republics were seeking stronger sovereignty and integration into the European family of nations for the sake of faster democratic development.

The decision by President of Azerbaijan Heydar Aliev to make his state one of the founders of a new, second after the CIS, alliance in the post-Soviet expanse was very bold for its time. The events unfolded against the background of intensive talks about the main oil pipeline to move Azeri oil from the Caspian shores to the world markets. The Contract of the Century signed in Baku on 20 September, 1994 was intended to further develop the republic’s oil fields, but it did not specify the routes by which the extracted oil would reach the western markets. The country should tread cautiously toward a new alliance that its “northern neighbor” did not hail. More than that—the republic still carried the weight of many unresolved issues: Armenia’s aggression against Azerbaijan and adequate international assessment of Armenia’s occupation of part of Azerbaijan’s territory; continued Russian military-political support of Armenia and Azerbaijan’s economic dependence on Moscow demanded a careful investigation of the positive and negative (long- and short-term) results of Azerbaijan’s involvement in the new organization. President Aliev discerned great potential in the new structure. It promised to develop into an influential alliance to allow Azerbaijan, together with other post-Soviet republics, to deal with its foreign policy issues as an equal partner of international relations.

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<sup>20</sup> See: *Statement of the GUAM Vilnius Summit*, 10 October, 2007. Official website of the Ministry of Foreign Affairs of the Azerbaijan Republic [[http://www.mfa.gov.az/eng/international/organizations/guam/vilnius\\_statement.shtml](http://www.mfa.gov.az/eng/international/organizations/guam/vilnius_statement.shtml)], 21 January, 2008.

<sup>21</sup> One of the analysts has pointed out: “GUAM has got all it needs to become a key mechanism for vanishing new division lines in Europe, a tool of assisting the post-Soviet countries in the European and Euro-Atlantic integration” (“GUAM: Test for Ability to Act”).

<sup>22</sup> See: “Voskreshenie GUAM;” “GUAM: Test for Ability to Act.”

At that time, a new alliance designed to strengthen the sovereignty of the new states and ensure their energy security was a step into the future. Of the four members only Azerbaijan is rich in energy resources, while the other three members have rich potential as transit countries. Under these conditions, a structure that brought together these states would allow Azerbaijan to address certain foreign policy issues. It was an alliance of states with common problems related to their territorial integrity and a desire to achieve sovereign, good-neighborly, and equal relations with close neighbors and the “far abroad.” The members of the new structure were moving toward a market economy and democracy and were ready to fight aggressive separatism and the global security threats. As distinct from the governments of its three partners, Azerbaijan refrained from using aggressive anti-Moscow rhetoric, even though at that time Russia looked to be the main source of the republics’ problems. While maintaining balanced relations with the leading world powers showing an interest in the region, Azerbaijan pursued an adequately balanced policy in relation to all the regional power poles without unnecessary biases. This helped the country preserve freedom of action outside the Caucasus, which was manifested by Azerbaijan’s membership in GUAM. As a member of most international regional and continental organizations, Azerbaijan never limited its diplomatic horizons and used these structures to make public its position on every vitally important issue.

I have already written that the structure has been developing at the beginning of the 21st century, which produced new threats and challenges: world terrorism and globalization. The GUAM members shifted their position according to the domestic political and economic processes. As distinct from Georgia and Ukraine, where the Color Revolutions stirred up their interest in GUAM and its institutional and structural development, Azerbaijan (an active member of other structures—OIC, CIS, BSECO, and others) never let GUAM out of sight. The republic’s leaders believe that the settlement of the Nagorno-Karabakh conflict and restored territorial integrity are their central foreign policy issues. It was Azerbaijan that put the Karabakh problem within the framework of the “frozen conflicts in the post-Soviet expanse” issue, via GUAM, on the U.N. agenda. Despite Armenia’s and the Armenian lobby’s stiff resistance and thanks to Azerbaijan’s diplomatic efforts and the concerted efforts of the GUAM members, the 61st U.N. General Assembly adopted the draft resolution “Protracted Conflicts in the GUAM Area and Their Implications for International Peace, Security and Development;” Azerbaijan also enlisted the support of several countries.<sup>23</sup> Azerbaijani President Ilham Aliiev made public the position of Azerbaijan and the other GUAM members on this issue: “It is not merely historical contacts, political ideas, and common interests that tie the GUAM members together... The three countries have experienced separatism, ethnic purges, occupation of their territories, and millions of refugees and migrants. For obvious reasons we are convinced that these issues should be resolved within international law. Restored territorial integrity is our main demand.”<sup>24</sup>

As one of the central links in the Europe-Asia transit chain, Azerbaijan is building up its potential by offering its transit infrastructures and using its own products. Today, practically all the GUAM members are pinning their energy security hopes on Azerbaijan. Even though it has several diversified fuel transportation routes, Azerbaijan does not exclude new routes. This was what Ukrainian President Viktor Yushchenko said in one of his interviews: “Ukraine and Azerbaijan will concentrate on a new transportation route for Caspian oil along the Baku-Supsa-Odessa-Brody-Plock line.”<sup>25</sup>

<sup>23</sup> See: “Communiqué of the GUAM Summit,” *Diplomatiya Aləmi*, No. 17, 2007, p. 63.

<sup>24</sup> “Speech of the President of the Republic of Azerbaijan Ilham Aliiev,” *Diplomatiya Aləmi*, No. 17, 2007, p. 15.

<sup>25</sup> “Ukraine Supports the Initiatives of the Azeri Side on the Nagorno-Karabakh Issue—Viktor Yushchenko’s Interview,” Official Internet representation of the President of Ukraine, 7 September, 2007, available at [[http://www.president.gov.ua/ru/news/data/17\\_10161.html](http://www.president.gov.ua/ru/news/data/17_10161.html)], 21 January, 2008.

The expert community has pointed time and again that GUAM is pursuing energy aims. According to Nikolai Gnatiuk, head of the foreign policy programs at the Department of Political Sciences of the Kiev-Mogiliansky Academy: "GUAM is an organization geared to the energy component. All the other spheres are superimposed on the energy issue."<sup>26</sup> Speaking at the Baku summit, the president of Azerbaijan approved of the idea of a new pipeline and pointed out that the GUAM members were extending their political support to the Odessa-Brody-Gdansk project.<sup>27</sup> At his meeting with the Ukrainian minister of fuel and energy, Ambassador of the Republic of Azerbaijan to Ukraine Tاليat Aliev confirmed that these plans would be carried out: he said that his country could operate the Odessa-Brody pipeline in the forward direction and send up to 5 million tons of oil a year to two of the largest oil refineries in Ukraine.<sup>28</sup>

Azerbaijan is rendering practical support to the idea of GUAM's energy and transport components. By late 2007, the republic was supplying Georgia with 70 to 75 percent of its natural gas requirements from its own resources.<sup>29</sup> At the second summit of the Caspian states held in Tehran on 16 September, 2007, the president of Azerbaijan raised the question of free transit for the littoral states with no outlets to the World Ocean.<sup>30</sup> This means that Baku is lobbying a new transit corridor that starts at the borders of Ukraine and Moldova and crosses Georgia and Azerbaijan to reach the Persian Gulf. This project is part of the Program of Chairmanship of the Republic of Azerbaijan for 2007-2008 adopted by the second GUAM summit in Baku in June 2007.<sup>31</sup>

Azerbaijan actively supports the idea of a free trade area for the GUAM members; it was the first to ratify the corresponding agreement in June 2003. So far, trade among the members has not yet become the larger part of their overall trade turnover, but it is fairly prominent. Moldova and Georgia managed to sell some their wine and liquor in Azerbaijan and Ukraine after Russia's Chief Medical Officer Gennadi Onishchenko banned their export to Russia because of their "low quality." In one of his interviews, the Ukrainian president spoke about the wide prospects for cooperation between Kiev and Baku in "aircraft construction, transportation, construction, agriculture, and small and medium business," as well as in all other spheres.<sup>32</sup>

The Baku GUAM summit produced another initiative: Georgia, Ukraine, and Azerbaijan decided to set up their peacekeeping forces. According to the Ukraina-AMI, Head of the General Staff of the Armed Forces of Ukraine Sergey Kirichenko stated that the general staffs of the armed forces of the GUAM members had already created a conception for an international armed unit within the organization.<sup>33</sup> This is undoubtedly a new, higher level of cooperation. Today Azerbaijan has not yet announced how and where it might use the international peacekeepers to restore its territorial integrity, but we cannot exclude the possibility that peacekeeping forces trusted by the country's leaders and people might be used in the future. It is thought that the GUAM peacekeeping forces will bring the members even closer together, increase the organization's efficiency, and add to its regional political weight.<sup>34</sup>

<sup>26</sup> "Voskreshenie GUAM."

<sup>27</sup> See: "Speech of the President of the Republic of Azerbaijan Ilham Aliev," p. 14.

<sup>28</sup> Information Agency Kavkaz-Press (Georgia), *News Bulletin*, No. 13, 25 January, 2008.

<sup>29</sup> See: "Speech of the President of Azerbaijan Ilham Aliev."

<sup>30</sup> See: "Tehran-2007: Baku has Taken the Torch," *Region plus*, No. 21 (41), 1 November, 2007, p. 24.

<sup>31</sup> See: "Program of Chairmanship of the Republic of Azerbaijan for 2007-2008," p. 54.

<sup>32</sup> "Ukraine Supports the Initiatives of the Azeri Side on the Nagorno-Karabakh Issue—Viktor Yushchenko's Interview."

<sup>33</sup> See: "The Conception of the GUAM Peacekeeping Contingent has been Created," Agency of International News Ukraina-AMI, 25 October, 2007, available at [<http://newsukraine.com.ua/news/82564>], 21 January, 2007.

<sup>34</sup> See: "Dalekie-dalekie perspektivy GUAM," Internet newspaper GazetaSNG.ru, 21 June, 2007, available at [<http://www.gazetasng.ru/v-nomere/freeze-frame/?id=6208>], 21 January, 2008.

## Conclusion

GUAM has already demonstrated its potential as an organization with great ambitions and plans, to say nothing of all the necessary prerequisites and possibilities. Today, Azerbaijan and Ukraine are acting as the two driving forces behind the organization; they are using their potential to strengthen and extend the authority of the organization, which is functioning on the principles of unity and mutual respect and takes the interests of all the sides into account. The fact that relations inside it are equal and that none of the sides is trying to dominate allows GUAM to preserve its efficiency and look to the future. Speaking at the Baku summit, Azerbaijani President Ilham Aliyev stated: "We have reached a new stage in GUAM's life." The organization still has much to accomplish, but the past decade has placed it on the right path despite the numerous difficulties. The members have passed the test and emerged from it stronger and more determined than before. Today we can say that in the next five years GUAM will accomplish much more than it has in the previous ten years: it has all the necessary prerequisites for this at its disposal.

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## MOLDOVA-GUAM

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In today's world, where regional cooperation is an inalienable part of interstate relations, associative diplomacy is becoming an increasingly popular and high-priority focus of attention.

This phenomenon took root in the system of international relations during the postwar era, but it was not until transnational regional organizations underwent further multifunctional development that the concept "associative or group diplomacy" was introduced into scientific circulation in the mid-1990s.

This definition can be found in the works of well-known researcher of diplomacy R. Barston, who believes that a special place is occupied in today's diplomacy system by relations both among states within the framework of international regional organizations and among various regional groups and associations, as well as between states, on the one hand, and transnational regional organizations, on the other. In so doing, in the second case, the states should not be members of the international regional organization in question.<sup>1</sup>

R. Barston singles out four traits that make it possible for us to talk about associative diplomacy as a separate form of multilateralization:

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<sup>1</sup> See: R.P. Barston, *Modern Diplomacy*, New York, 1995, p. 108.

- (1) written arrangements (agreements, contracts, cooperation programs);
- (2) periodical meetings between the leaders of partner states (consultations, summits, negotiations, and so on);
- (3) coordinated policy and joint activities;
- (4) drawn-up and officially approved systems and mechanisms of interaction between the sides (granting loans, carrying out commercial exchanges, rendering technical assistance, implementing joint projects, and others).<sup>2</sup>

All of these traits feature in diplomacy within the framework of GUAM, which makes it possible for us to describe this cooperation as group, or associative diplomacy.

In this article, we will look at issues relating to Moldova's participation in the establishment and development of GUAM as a regional association; we will try to show Moldova's role and place in this process; and we will analyze its associative diplomacy from the viewpoint of methods, means, and specific actions. Special attention will be given to the goals and tasks the country sets while cooperating within the framework of the regional organization GUAM.

Today, GUAM is a regional union which was institutionally registered as an international organization in May 2006. This took place at the summit in Kiev, where the structure acquired its official name—Organization for Democracy and Economic Development—GUAM. We will also note that prior to this meeting, Moldova chaired in GUAM and was extremely instrumental in helping this organization to transform into a full-fledged international transnational organization.

It is also important to note that Moldovan President Vladimir Voronin was the first to suggest a name for this structure. He proposed calling it the Commonwealth of European Choice for Democracy and Economic Development, but this proposal was not adequately supported by those gathered at the summit. Nevertheless, this does not mean that the Organization members rejected or reject the idea of European integration, which the Moldovan leadership has been focusing great attention on in the past few years.

The meeting held in May 2006 in Kiev, where the official name of GUAM was assigned, also adopted this Organization's Charter, which is a founding document and sets forth the goals, governing bodies, and cooperation principles of the association. For example, GUAM declares that its main goals are promoting democratic values, ensuring sustainable development, **deepening European integration** for creating a common security sphere, developing the socioeconomic, transport, energy, scientific and technical, and humanitarian potential of the Parties, and others.<sup>3</sup>

According to the Charter, GUAM's main bodies are the Council, which gathers at the level of heads of state, foreign ministers, national coordinators, and permanent representatives, and the Secretariat, which is located in Kiev. The Charter sets forth the operational procedure of these bodies as well as the decision-making regulations in GUAM, and also establishes how the Organization's cooperation with other international structures and states which are not GUAM members will be carried out. Art 13 is devoted to questions of membership in this organization.<sup>4</sup>

Several other documents were also adopted at the meeting—the Protocol on Implementation of the Resolution on a Free Trade Area and the Joint Declaration of the Organization's Heads of State on the Issue of Conflict Settlement.

Valery Chechelashvili—Secretary General of GUAM—notes in his article called "Reciprocal Cooperation:" "GUAM has been created to consolidate the potential of the 'positive' influence of

<sup>2</sup> Ibidem.

<sup>3</sup> See: Charter of the Organization for Democracy and Economic Development—GUAM. Art. 1, available at [<http://www.guam.org.ua/267.0.0.1.0.0.phtml>].

<sup>4</sup> Ibidem.

interdependency among the states in the Black Sea-Caspian Region, strengthen the states' position on the international arena, and, finally, acquire an additional tool for implementing their own diplomatic agenda.”<sup>5</sup>

Although the GUAM Charter was not signed until 2006, this regional organization was founded in October 1997 at a meeting within the framework of the Council of Europe, when the leaders of Ukraine, Azerbaijan, Moldova, and Georgia signed a communiqué on cooperation. They declared their willingness to exert every effort to develop economic and political interaction among their countries and support cooperation with respect to integration into the structures of the European Union.<sup>6</sup> A consultative forum was created, the goals of which were mutually beneficial economic and political partnership and promotion of European integration of the member states. In this way, we can talk about the consistency and succession of the idea of interaction among countries in the political and economic spheres, as well as in European integration.

Six weeks after the mentioned statement, representatives of the foreign ministries of the four sides signed a protocol in Baku on 24-25 November, 1997, in which the creation of GUAM was officially announced.

Let us turn to the reasons leading to the appearance of this structure, which is important both for understanding Moldova's position within the framework of this association and for understanding the goals it is pursuing during its participation in GUAM.

Political and economic reasons can be singled out. The former are comprised of the desire and need to coordinate and unify the positions of the member states in political cooperation (both among themselves and within the OSCE) with respect to NATO, and later with respect to the EU too. The political reasons include the desire to establish cooperation regarding issues relating to fighting separatism, as well as to the settlement of regional conflicts.

The economic reasons include the desire to establish economic and trade interaction, the need to pool efforts and coordination practice when implementing projects to build Eurasian and trans-Caucasian transportation corridors, and several others.

Between 1999 and 2002 (2005), the Organization was called GUUAM. This was because from the time of the Washington meeting of the heads of the GUAM member states, at which Uzbekistan joined the Organization, and until 2002, this republic took direct part in GUAM's activity.<sup>7</sup>

The meeting of 7 June, 2001, which was held in Yalta, is considered the first summit of the GUUAM states. As President Vladimir Voronin stated before he flew to the mentioned meeting, “The Republic of Moldova hopes that GUUAM will become an effective mechanism of economic cooperation among our countries.”<sup>8</sup> During the summit, the Yalta GUUAM Charter, the Agreement on the Establishment of the GUUAM Free Trade Area, and the Convention on Rendering Mutual Assistance in Consular Matters in Emergencies were signed. The Moldovan side evaluated this meeting and the Yalta Charter as very important with respect to institutionalizing this group of states into a regional organization.<sup>9</sup>

The second summit was held in Yalta on 20 July, 2002. At this meeting, Moldova's position underwent certain changes.

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<sup>5</sup> V. Chechelashvili, “Sotrudnichestvo na vstrechnom kurse,” *Kievskiy telegraf*, No. 33, 17-23 August, 2007.

<sup>6</sup> See: Joint Communiqué. Meeting of the Presidents of Azerbaijan, Georgia, Moldova and Ukraine, available at [<http://www.guam.org/doc/browse.html>].

<sup>7</sup> The thing is that Uzbekistan did not officially withdraw from the GUUAM forum until 2005, although it ceased its active participation in the Organization's activity in 2002.

<sup>8</sup> “Tsel' GUUAM—ukrepiť i razvit' SNG,” *Nezavisimaia Moldova*, 7 June, 2001.

<sup>9</sup> See: *Final Communiqué of the Yalta GUUAM Summit*, available at [<http://www.guam.org.ua/226.640.0.0.1.0.phtml>].



At this time, as was noted in the Moldovan press, Moldova had reasons for being apprehensive both about the viability of GUUAM as a structure, and about its own place and role in this organization. In his speech at the plenary session of the GUUAM summit, the Moldovan president emphasized that “the time has come to learn lessons from the first stage of our cooperation and direct our organization’s activity into a more subject-oriented and mutually advantageous channel.”<sup>10</sup>

The proposals of the Moldovan side concerned Moldova’s involvement in GUUAM’s energy projects. As Vladimir Voronin noted, Moldova was essentially excluded from the subsequent stages of these energy projects because the routes of the energy corridors had changed directions. The Moldovan side reminded everyone that when this cooperation began, the republic was part of the mentioned plans, but subsequently it was removed even from the dialog on these issues. According to the president, this attitude placed Moldova “in the position of an observer in GUUAM rather than of a full-fledged and involved participant.”<sup>11</sup>

This question was not raised at the 2002 summit by accident. The thing is that Moldova always put the stakes not only on political and economic cooperation, but also on the energy component of this kind of partnership.

The country’s leadership repeatedly emphasized that GUAM was not created in opposition to any state (as is frequently noted by the forces that oppose the Organization), but as an international organization with historical assignments.

Moldova’s leaders refer to the idea of the Great Silk Road and believe that the GUAM member states should put this idea into practice, but with present-day reality in mind. In other words, they should restore energy corridors, ensure the delivery of energy resources, and create certain energy reserves. What is more, the GUAM members should make arrangements for the free movement of people, goods, and finances across the borders of their states. This, in the opinion of the Moldovan side, is one of GUAM’s main tasks.

During the mentioned summit in 2002, the Moldovan president also drew attention to other spheres of cooperation by indicating the problems and offering several successful and realistic, in our opinion, ways to resolve them. For example, a certain slump has been noted in economic cooperation among the GUAM member states, and proposals were made to develop economic relations to improve the situation (primarily at the bilateral level) by applying legal and diplomatic principles, in so doing passing over the special nature of relations among the states with direct membership in GUUAM.<sup>12</sup>

On the whole, Moldova’s position was defined at that time by its desire to establish full-fledged cooperation in the economic, trade, energy, political, and other spheres. The Moldovan leader called upon his associates to shift from declarations to new forms of specific, equal, and long-term cooperation.<sup>13</sup>

Based on the charter documents, both those that existed during the time of Uzbekistan’s participation and the current ones, as well as on the official statements of the Moldovan leadership (from 1997 until the present), we will try to analyze the republic’s position and achievements in associative/group diplomacy within the framework of GUAM.

We mentioned above that the main goals of Moldova’s participation in GUAM were and are political and economic partnership (including in the energy sphere) and European integration.

Let us look at the political aspects of GUAM’s cooperation, which form some of the fundamental vectors in the Organization’s activity, and designate Moldova’s role and place in this context.

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<sup>10</sup> “Vystuplenie Prezidenta Respubliki Moldova na plenarnom zasedanii Sammita GUUAM,” *Nezavisimaia Moldova*, 23 July, 2002.

<sup>11</sup> *Ibidem*.

<sup>12</sup> *Ibidem*.

<sup>13</sup> See: “Rol’ Moldovy v GUUAM dolzhna byt’ proiasnena,” *Nezavisimaia Moldova*, 23 July, 2002.

Political cooperation in GUAM has several dimensions—discussion of political questions at meetings of different levels, mutual support in political development and democracy, and coordination of positions and actions within the framework of transnational structures (the U.N., OSCE, and CE).

In his speeches to the diplomatic corps accredited in Moldova, President Vladimir Voronin repeatedly noted that one of the priority vectors in the republic's foreign policy is raising the efficiency of activity in international organizations, including GUAM, the U.N., OSCE, CE, and the Stability Pact for Southeastern Europe.<sup>14</sup>

In December 2003, GUAM, as a regional association, acquired the status of observer in the U.N. General Assembly. The GUAM states have begun using this forum recently too in order to demonstrate their coordinated political position. For example, due to the assistance and activity<sup>15</sup> shown by the GUAM members in 2006, an item on the protracted conflicts in the GUAM region and their consequences for international peace, security, and development was included on the agenda of the 61st session of the U.N. General Assembly. The official letter of the Organization's countries addressed to the U.N. General Assembly notes: "The protracted conflicts in the GUAM area, namely in the Republic of Moldova, Georgia and the Republic of Azerbaijan, for more than 15 years have continued to affect the lives of over 16 million people, and for more than 15 years have remained a threat to international peace and security, endangering the sovereignty and territorial integrity of three States Members of the United Nations."<sup>16</sup>

This letter also mentions that the current situation is leading to a loss of control over significant areas of territory of the mentioned independent countries and continuing occupation, thus causing an outpouring of many millions of refugees and forced migrants and preventing economic and social development of the people in the region.<sup>17</sup>

The representatives of the GUAM states in the U.N. moderated the draft of the proposed resolution. This is what Alexei Tulbure, the Moldovan representative to the U.N., has to say about it: "We moved away from issues that certain countries could have put forward at an individual level, for example, unconditional withdrawal of troops from their territories. We are not demanding U.N. peacekeepers. We limited ourselves to declarations that maintain our territorial integrity."<sup>18</sup>

Another important goal Moldova set within the framework of GUAM was coordination of a common political stance and development of institutional cooperation with other countries which are either GUAM's partners, or express the desire or are planning to become such. The last summits of the Organization demonstrate that this structure is open to cooperation with other entities and states.

As early as 2002 (at the summit in Yalta), "attraction of other countries and organizations to various spheres of the GUUAM cooperation"<sup>19</sup> was mentioned as one of the main tasks for the future. For example, representatives from another nine states and four international organizations took part in this meeting.<sup>20</sup>

<sup>14</sup> See, for example: Vladimir Voronin: "Moldova nakhoditsia na etape konkretnykh rezul'tatov." Speech by President of the Republic of Moldova Vladimir Voronin at a meeting with the diplomatic corps accredited in the Republic of Moldova, *Nezavisimaia Moldova*, 21 January, 2005.

<sup>15</sup> In 2005, the GUAM countries suggested putting this particular question on the agenda of the 60th session, but their suggestion was not supported by the members of the General Committee which submits recommendations to the General Assembly concerning confirmation of the agenda. Out of the 28 members of the General Committee, only Azerbaijan, Great Britain, and the U.S. voted for this suggestion, five members of the committee (Russia, Armenia, Angola, Myanmar, and Venezuela) voted against, and the other members abstained.

<sup>16</sup> Document of the U.N. General Assembly No. A/61/195 of 14 August, 2006, available at [<http://daccessdds.un.org/doc/UNDOC/GEN/N06/466/35/PDF/N0646635.pdf?OpenElement>].

<sup>17</sup> Ibidem.

<sup>18</sup> See: "Initsiativa GUAM v miagkom variante," *Nezavisimaia Moldova*, 2 March, 2007.

<sup>19</sup> *Final Communiqué of the GUUAM Summit*, available at [<http://www.guam.org.ua/226.485.0.0.1.0.phtml>].

<sup>20</sup> See: "Rol' Moldovy v GUUAM dolzhna byt proiasnena."

Representatives from the U.S., the leaders of Lithuania and Rumania, delegation head of the EU Commission in Moldova, and the OSCE Secretary General took part in the summit of the GUAM states held in April 2005 in Chisinau as specially invited guests.<sup>21</sup>

In addition to the official GUAM members, representatives of Lithuania, Rumania, and Poland attended the summit in 2006 in Kiev, and about 30 official delegations participated in the Baku summit in 2007, among which representatives of the U.S., Japan, Rumania, Bulgaria, Poland, Kazakhstan, and others were present.

Parliamentary cooperation of the GUAM member states is another vector of political interaction. In September 2004, the parliament heads of Azerbaijan, Georgia, Moldova, and Ukraine signed a declaration on the creation of a GUAM Parliamentary Assembly. At this session, the Rules of Procedure of this formation were adopted.

In May 2005, its structures were formed at the Second Session of the GUAM Parliamentary Assembly. The Assembly approved the members of the committees on political and legal affairs, trade and economic, education, cultural and scientific issues for 2005-2006. The parliamentarians of the member states assumed the obligation to support the decisions of the heads of state aimed at strengthening democracy, stability, and security in the region. They also announced the need to draw up measures for combating international terrorism, aggressive separatism, organized crime, and the unsettled conflicts in the GUAM countries.<sup>22</sup>

The parliamentary speakers of the member states spoke in favor of strengthening cooperation among the GUAM members in the Parliamentary Assemblies of other international and regional organizations (the CE, NATO, OSCE, and others). Chairman of the Moldovan parliament Marian Lupu noted at this session: "...the Moldovan parliamentarians are in favor of further organized and structured strengthening of the GUAM Parliamentary Assembly, of turning it into an efficient mechanism for holding a permanent interparliamentary dialog, of strengthening ties among the executive bodies of our countries, and of promoting rapprochement and mutual understanding among the GUAM member states."<sup>23</sup>

European integration is one of Moldova's foreign policy priorities and it coincides with the priorities and strivings of the Organization's other members. Moldovan President Vladimir Voronin repeatedly states at various summits that the GUAM countries have chosen European integration, or, at least, rapprochement with the European Union, as a priority in their activity. In his opinion, the communities of these states should become a kind of nursery of European standards.<sup>24</sup> During the Kiev summit in 2006, Vladimir Voronin noted that work with the EU countries to create mutually beneficial projects, particularly in energy, transport, and infrastructure should be a very important component of the GUAM Secretariat's activity.

GUAM-EU relations are quite strong, which shows that intensive associative diplomacy is being carried out by members of both regional organizations. For example, Moldova will receive 209 million Euros from the European Union in 2007-2010 for implementing various projects, while the GUAM states as a whole can count on 915 million Euros from the EU (around 1.2 billion dollars).<sup>25</sup> These funds should be used to promote European integration in energy, infrastructure, and

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<sup>21</sup> Evaluation of the participation of the Republic of Moldova in GUAM, 2004-2005. Information presented on the official web page of the Ministry of Foreign Affairs and European Integration of the Republic of Moldova [<http://www.mfa.gov.md/politica-externa/evaluarea-RM-in-guam-2004-2005/>] (in Moldovan).

<sup>22</sup> See: "Moldavskie parlamentarii—za dal'neyshee ukreplenie PA GUAM," *Nezavisimaia Moldova*, 31 May, 2005.

<sup>23</sup> "Vystuplenie predsedatelia Parlamenta Respubliki Moldova Mariana Lupu na vtorom Zasedanii stran-uchastnits PA GUAM (Yalta, 28 May, 2005)," *Nezavisimaia Moldova*, 31 May, 2005.

<sup>24</sup> See: "Za demokratiu i ekonomicheskoe razvitie" (Based on the documents of the press service of the head of state and information agencies), *Nezavisimaia Moldova*, 24 May, 2006.

<sup>25</sup> Strany GUAM v 2007-2010 godakh poluchat ot Evrosoiuza EUR 915.000.000. Internet publication of the South Caucasian countries "Region. Iuzhnyy Kavkaz," available at [<http://newregion.org/news.php?i=13932>].

transport. The EU intends to finance the drawing up of feasibility reports for oil and gas pipelines and projects for producing biodiesel fuel.

Political questions are closely related to the economy, which is given immense significance and just as much attention within the framework of GUAM. The Organization's members have coordinated and are trying to establish contacts and promote projects in the trade and economic and energy spheres, although these relations are primarily bilateral.

It should be noted that 2002 was a significant year for the GUAM countries with respect to defining and specifying economic cooperation. For example, at the summit in Yalta, an agreement was signed on forming a free trade area, which the heads of state pledged themselves to do everything possible and impossible to ratify.<sup>26</sup> In addition, terms were reached on the creation of sectoral working groups, including in transport and energy.<sup>27</sup>

In 2002, a Project on Trade and Transport in GUAM aimed primarily at modernizing the customs services of the Organization's countries was initiated with the support of the U.S. Its main tasks were to bring border and customs legislation into harmony, introduce information systems and technology, develop the infrastructure of check points, simplify border and customs clearance, draw up measures for combating terrorism, smuggling, and customs legislation violations, protect rights to intellectual property, and discuss issues relating to the development of GUAM's transit system.

Implementation of this project was expected to result in an increase in the transit speed of export-import cargo, acceleration of its processing, improvement of transport services, and simplification of customs procedures among the GUAM states.

During the implementation of this project, the member states acted unilaterally (by changing their legislation and taking certain steps to modernize their own customs services), bilaterally (by entering into various agreements with each other and holding mutual consultations), and multilaterally (by holding four-way joint meetings and consultations, involving specialists from third countries, and so on).

For example, on 15 February, 2005, a National Plan for Implementing the Project to Assist Trade and Transportation within GUAM was approved by a resolution of the government of Moldova.<sup>28</sup> According to Deputy Director General of the Moldovan Customs Service Nicolae Batryncă, efforts to implement this plan concentrated on harmonizing legislation and bilateral cooperation with GUAM partners. For example, during this period, an interdepartmental protocol was signed with Ukraine, an intergovernmental agreement on cooperation and mutual assistance in customs affairs with Azerbaijan, and talks were begun with Georgia on these issues.

The development and activity of Moldova and Ukraine with assistance from the EU (the EUBAM mission)<sup>29</sup> occupy a special place in this cooperation. For example, in 2006, three joint operations were carried out with the participation of the Moldovan and Ukrainian law-enforcement and control bodies. As Head of EUBAM Ferenc Banfi stated, the main tasks for 2007 included improving the standards of the customs and border services, supporting the strategy for fighting corruption, improving the structure of risk analysis, and increasing integrated border control.

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<sup>26</sup> See: *Final Communiqué of the GUAM Summit*.

<sup>27</sup> *Ibidem*.

<sup>28</sup> See: Resolution of the Government of Moldova No. 178 of 15 February, 2005 "Ob utverzhdenii Natsional'nogo plana meropriiatii po realizatsii proekta po sodeistviu torgovle i transportirovke v ramkakh GUAM," *Monitorul Oficial*, 25 February, 2005.

<sup>29</sup> The EUBAM Mission, which was planned for approximately two years, began its activity in November 2005. The mission's budget, which was envisaged until November 2007, amounted to 20.2 million Euros (according to the MOLDPRES Information Agency). For more information about the mission and its activity, see the official site of this mission at [<http://www.eubam.org/>].

According to Mr. Banfi, during the last year, the greatest progress on the Moldovan-Ukrainian border was achieved in the fight against illegal crossing of the border, development of a risk analysis system, and improvement of cooperation between the services of the two states.<sup>30</sup>

In February 2006, a meeting was held in Tbilisi to discuss energy issues. The Moldovan delegation spoke in favor of continuing GUAM's participation in the projects and programs already being implemented (for example, the project to lay gas pipelines and partnership in transporting petroleum products).

In the context of developing economic trade cooperation, we will note Moldova's repeated initiatives to create trade houses. For example, during the 2007 Baku summit, Vasile Tarlev stated that Moldova was ready to open its trade houses in Tbilisi, Baku, and Kiev.<sup>31</sup>

Creating the Organization's peacekeeping contingent, the idea for which was discussed at the summit of GUAM states in Baku, was another vector of cooperation. The goals announced at the summit were "to participate in peacekeeping operations not only in the military, but also in the law-enforcement sphere and to increase our contribution to strengthening global energy security."

Let us take a closer look at Moldova's chairmanship in GUAM from April 2005 to May 2006. During this time, Moldova was able to raise the Organization's development to a qualitatively new level.

During this period, Moldova made arrangements for the first time to hold the Session of secretaries of the highest security councils and leaders of information and security services and initiated the holding of an Assembly of Deputy Foreign Ministers in Chisinau and the signing of a joint treaty of the GUAM countries on a witness defense program.<sup>32</sup> Special attention was paid to new areas of cooperation. For example, the second summit of GUAM youth was held in Chisinau, at which a GUAM International Youth Forum was created with its center in Chisinau.<sup>33</sup>

In this context, I would like to recommend that not only the Moldovan side, but the Organization's other participants too, develop specific projects in the future and not worry so much about participating in these kinds of programs in cooperation with other countries and international structures.

As GUAM Secretary General noted at the above-mentioned Baku summit, in 2008 the Organization's activity will be aimed at full-fledged operation of free trade areas within its framework, toughening up the fight against organized crime (including transnational), activating cultural and humanitarian cooperation, implementing regional energy and transport projects, and stepping up working contacts in this respect with partners (primarily with the U.S., Poland, Japan, and the European Union), as well as settling frozen conflicts in the region.<sup>34</sup>

The Moldovan leadership has recently been accused of not giving serious significance to the country's participation in GUAM, and so the Moldovan president did not attend the summit of GUAM in June 2007, and the country was represented by Prime Minister Vasile Tarlev instead. Mention was also made of Moldova's failure to participate in the meetings in Vilnius in October 2007, which was evaluated as a show of disrespect toward the other members of the Organization.

The official Moldovan leadership repeatedly refuted such insinuations: "Moldova is an active participant in GUAM and is not thinking about withdrawing from this organization. Moldova was

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<sup>30</sup> See: "Konsul'tativniy sovet Pogranichnoi missii ES utverdil Plan deiatel'notsti na 2007 god," Internet newspaper *Press-obozrenie*, 20 March, 2007, available at [<http://press.try.md/view.php?id=82656&iiddb=Polit>].

<sup>31</sup> See: "GUAM: ob'ediniiaia kontinenty," *Nezavisimaia Moldova*, 20 June, 2007.

<sup>32</sup> See: GUAM Summit (Chisinau, 22 April, 2005). Information presented on the official web page of the Ministry of Foreign Affairs and European Integration of the Republic of Moldova at [<http://www.mfa.gov.md/politica-externa/summit-guam-chisinau-2005/>] (in Moldovan).

<sup>33</sup> See: "Za demokratiiu i ekonomicheskoe razvitie" (Based on documents of the press service of the head of state and information agencies), *Nezavisimaia Moldova*, 24 May, 2006.

<sup>34</sup> See: "GUAM: ob'ediniiaia kontinenty."

one of the originators of GUAM and is interested in strengthening and developing this organization.”<sup>35</sup>

It is no secret that Moldova is a small state that finds it difficult to play an important role in international relations. In order to defend its national interests and take real part in interstate exchanges and contacts, it must create coalitions and put forward initiatives and proposals jointly with its allies.

Regional associations, including GUAM, are exceptional arenas for coordinating the positions of their member states. The Moldovan leadership understands this very well, knows about this possibility, and is trying to use regional organizations in order to carry its own message to world public opinion.

On the other hand, a distinguishing trait of Moldovan foreign policy in recent years is the authorities' attempt to figure out in advance the benefits and dividends from bilateral and multilateral partnership, including regional, as well as within the framework of the Organization for Democracy and Economic Development—GUAM. And when, after summing up the results of its foreign policy activity, it transpires that there are few results, a domestic conflict ensues because expectations did not meet reality. Moldova's vacillation in foreign policy practice is a direct result of this, as well as the loud statements about what is beneficial for us. We develop cooperation with a particular partner and then it suddenly turns out that it does not suit us, and we refuse to cooperate, do not participate in projects, and withdraw from associations or organizations. But this all happens at the level of declarations.

According to the latest statements by the Moldovan side, Moldova has a serious attitude toward its participation in GUAM and wishes to continue developing specific projects in such spheres as the economy, trade, settling frozen conflicts, European integration, energy (TRACECA), and others.<sup>36</sup>

<sup>35</sup> See: D. Valeriev, “Sammit bez Prezidenta. Pochemu vmesto Vladimira Voronina v Baku otravilsia Vasile Tarlev,” Daily newspaper *Pul's. Politika. Ekonomika. Obshchestvo*, No. 23 (197), 22 June, 2007, available at [http://www.puls.md/article.php?id=162].

<sup>36</sup> See: “GUAM: ob'ediniia kontinenty.”

## GUAM: WILL IT EXPAND TO CENTRAL ASIA?

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### *I n t r o d u c t i o n*

The mini-CIS (EurAsEC, ORI, the Russian-Belorussian Union, CACO, and GUAM) is a central concern among the many other

conceptual and strategic issues the Commonwealth of Independent States is facing today. GUAM stands apart: it is a unique structure that has little in

common with the interstate alliances; it is a post-Soviet organization in the full sense of the word. Its three dimensions—post-imperial, economic, and geopolitical—confirm its specific nature.

## A Symbol of Post-Imperial Reorganization

The very fact of its existence reflects the obvious and latent struggle to change the status quo across the post-Soviet expanse. The sixteen years of post-Soviet development brought two issues to the forefront of all the discussions on the content, form, and nature of the political transformations in the former Soviet republics and in their international relations: their attitude toward Russia and toward democracy. The old order meant that Moscow remained in control and that the non-democratic regimes inherited from the Soviet past survived. According to a theoretical postulate, all the strong powers (and Russia belongs to this category) are mainly status quo states. This means that they prefer to preserve the old order in international relations in order to underpin their high status. The small states, on the contrary, especially the newly independent states (many of which were colonies or dominated by large powers) want to change the order of things for objective reasons. Therefore, they can be described as anti-status quo states.

In the post-Soviet expanse, Russia acts as a status quo state, while the others would like to destroy the old order. Analysts have already pointed out that there is a direct correlation between Russia's neo-imperial post-Soviet geopolitics and the fact that most of the CIS countries have already rejected democracy. The democratic wave was the natural response to the victory over the totalitarian regime. Western support was inevitable. It was this line that separated Russia and the new undemocratic states, on the one hand, and the West, on the other. The Russian Federation and the group of undemocratic states see the situation as black and white: the Western idea of democracy promotion is a Western plot against them.<sup>1</sup> It would be hardly correct to reduce the democratic wave to a Western project from the academic point of view. This approach would have smacked of slighting the nations and the public and political movements, as if they were unable to raise a democratic wave without encouragement from across the ocean.

GUAM, the symbol of the struggle for a new status quo, stands apart in the post-Soviet expanse. Its members—Georgia, Ukraine, Azerbaijan and Moldova—are dedicated, to different extents, to the ideas of democracy and pro-Western orientation. It is no accident that on 23 May, 2006, at the GUAM summit in Kiev, they initiated a new movement for democracy by setting up the Organization for Democracy and Economic Development—GUAM, and adopted its charter, according to which the Council of the Heads of State would meet once a year. Many analysts regard GUAM as an integration model parallel to the CIS.<sup>2</sup>

Is this true? I doubt it: its members are looking toward Europe and are not forming some united and independent region. Three South Caucasian countries—Azerbaijan and Georgia, which belong to GUAM, and Armenia, which is not a member—joined the EU's long-term New Neighborhood Policy Program.

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<sup>1</sup> I have already tried to disprove the theory of Western plots in the guise of proliferation of democracy in: "The Moment of Truth: End of the Transition Period? (On the Democratic Initiative in the Central Asian States)," *Central Asia and the Caucasus*, No. 5 (35), 2005.

<sup>2</sup> See: I. Gelashvili, "Dve modeli integratsii. Baku gotovitsia k sammitu GUAM," available at [www.centrasia.ru], 14 March, 2007 (Source: *Vesti of Russia*).

Today, I can discern two possible integration models—either within the CIS or within the EU; there are different opinions about the integration prospects of the Central Caucasus, where there are two members of GUAM: the Central Caucasus and Central Asia might form Central Eurasia as an independent regional structure. Eldar Ismailov of Azerbaijan believes that this format will boost the importance of the Caucasus and its geo-economic advantages: “since the geo-economic function of the Central Asian region, keeping in mind that it is identical to the geo-economic function of the Central Caucasus, will allow the latter to fully carry it out. Coordinated implementation by the Central Caucasian and Central Asian countries of their geo-economic function is throwing integration opportunities wide open.”<sup>3</sup>

I am still convinced that the initial pro-Western/pro-European bias of the GUAM states will continue to dominate over the GUAM-centrist (in the territorial sense) intentions. This explains why the members will not be able to realize their independent integration program. It seems that Gaiane Novikova, a political scientist from Armenia, was right when she said that even though the South Caucasian countries are included in the common Plan of Action within the European Neighborhood Policy elaborated in the EU to encourage regional cooperation, their motives cannot be described as identical. Indeed, their expectations are different.<sup>4</sup>

Here is how the political processes in the contexts of these countries’ foreign policy look.

### Georgia

It was the last to join the CIS and it intends to be the first to leave it. From time to time it confirms its resolution to join NATO.

Recently the Defense and Security Committee of NATO’s Parliamentary Assembly supported the resolution that offered Georgia NATO’s Membership Action Plan. As soon as the plan is fulfilled the sides will start the membership procedure.

Tbilisi is seeking NATO and EU membership for three reasons: to escape Russia’s pressure; to confirm its position in the Black Sea; and to preserve its territorial integrity.

### Ukraine

This country is considered GUAM’s leader; its resolution to join NATO added geopolitical weight to the Organization as a whole and emphasized its democratic and post-imperial nature. The expert community believes that Ukraine’s membership in GUAM is responsible for the European paradigm of its foreign policy.<sup>5</sup> The republic has already announced that it has switched to NATO standards; its Defense Ministry has established active contacts with NATO in the military and military-technical spheres.

The Ukrainian president believes that the time has come to set up a single expanse within GUAM for producing and transporting energy resources. “This should be based on the Odessa-Brody

<sup>3</sup> E. Ismailov, “New Regionalism in the Caucasus: A Conceptual Approach,” *The Caucasus & Globalization*, Vol. 1 (1), 2006, p. 17.

<sup>4</sup> See: G. Novikova, “Yuzhny Kavkaz-Evropeyskiy Soiuz: ozhidania i realii,” in: *Voprosy regional’noy bezopasnosti: 2006, Sbornik tsentra “Spektrum,”* Amrotz group, Erevan, 2006, pp. 10-18.

<sup>5</sup> See: I. Gelashvili, op. cit.



oil pipeline that will be extended to Poland,” said President Yushchenko. The upcoming Baku summit, like the Kiev summit of 2007, will concentrate on the Odessa-Brody-Plock-Gdansk oil pipeline as an alternative to Russian energy supplies to Europe.<sup>6</sup>

### **Azerbaijan**

Its pro-NATO orientation is clear enough. All the analysts point out that Baku wants to involve the Alliance in the Karabakh settlement. As a Muslim country and an OIC member, Azerbaijan might run up against the same problems as Turkey, if the question of its EU membership is raised at all. Turkey has been on the waiting list for almost fifty years now.

The republic’s European orientation is limited to loading the BTC and other oil pipelines; ensuring its leading role in the Caspian region, and restoring its territorial integrity.

### **Moldova**

This country, which for many years insisted on its neutral status, is now demonstrating pro-NATO and pro-Western biases. Speaking at the 53rd session of NATO’s Parliamentary Assembly that met in October 2007 in Reykjavik, Deputy Chairman of the Moldovan Parliament and leader of the pro-Rumanian Christian-Democratic People’s Party Yuri Roshka said that his country should shed its neutrality for the sake of NATO membership: “It was Moscow that imposed neutrality on Moldova so that it should remain a geopolitical appendage to Russia and would never join the free Western nations.” President Voronin seems to disagree: “Moldova is a neutral state and has no intention of joining any of the military blocs. This is one of our political convictions and the cornerstone of our ideas about national security.”<sup>7</sup>

### **Uzbekistan** **(member of GUUAM from 1999 to 2005)**

Its pro-Western orientation, which survived until 2004, was obvious and geopolitically justified. It could have preserved its course if not for the tragic events that unfolded in Andijan. It comes as no surprise today that there are signs of new rapprochement between Uzbekistan and America; the previous developments were cut short by Western criticism of the way the republic’s leaders responded to the Andijan disturbances. The new course was confirmed, in part, by the visit of head of the U.S. Central Command Admiral William Fallon to Tashkent in February 2008.

This is the only post-Soviet state that meanders on the foreign policy arena in an effort to fit the changing geopolitical contexts, which has not brought any impressive achievements so far.

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<sup>6</sup> See: “Klub na tri bukvy. Moldavia mozhет vyiti iz GUAM,” available at [www.centrasia.ru], 22 June, 2007 (Source: Moskovskie novosti).

<sup>7</sup> A. Matveev, “‘Ostrov GUAM’ pod protektsiey NATO,” *Voенno-promyshlenny kur’er*, No. 40 (206), 17-23 October, 2007.

### Armenia

At first glance, the republic does not belong to any discussion of *GUAM*, however, it does belong to the discussions *around GUAM* and *in connection with GUAM*. Any analysis of the future of *GUAM* cannot ignore this Central Caucasian country; this is all the more important, since the republic's pro-European orientation is beginning to compete with its pro-Russian bias. Tigran Torosian, Deputy Speaker of the National Assembly of Armenia, for example, has the following to say on this score: "As for the three South Caucasian countries, there is no alternative to integration with Europe either from the point of view of their development and qualitative improvement of their living standards or from the point of view of conflict settlement in the region."<sup>8</sup>

Erevan consistently supports the idea of regional cooperation in the Caucasus; it seems to be less mesmerized than its neighbors by the idea that cooperation is impossible because of unresolved conflicts. This is an important and correct approach which suggests that the Caucasian, or wider *GUAM*, development cannot be totally successful without Armenia.

## Central Asian Expansion

*GUAM/GUUAM* has always been an open structure and always wanted to expand its geographic dimensions. Central Asian involvement in *GUAM* would have been instrumental in spreading democratic geopolitical principles.<sup>9</sup> Expansion that will extend the geographical zone of its responsibility will allow Central Asia to become "a window to Europe." It should be said that Europe equally wants to create "a window to Asia" with the help of *GUAM*. The EU's new Central Asian strategy adopted in 2007 and the support previously extended to *GUAM* projects through *TRACECA*, etc. were important steps on this road.

Uzbekistan, which joined *GUAM* in 1999, offered the first link between Central Asia and *GUAM*. The structure is of economic importance to Central Asia with respect to implementing large-scale projects such as *TRACECA* and *INOGATE*. These plans and *GUAM* itself caused geopolitical fears bred not so much by its members' political orientation, but by possible *GUAM* membership for Central Asia. No wonder these fears gave rise to numerous publications about the alleged unsoundness of those projects in which Moscow had no part to play.

V. Khliupin of Russia wrote quite recently: "*TRACECA* is a chimera, the younger sister of *GUUAM*, another chimera." And further: "Access to the North-South corridor is no longer an issue of economic advantage/disadvantage for Uzbekistan, but a matter of life or death."<sup>10</sup> The author turned to geopolitical arguments in his effort to prove that the *TRACECA* and *GUUAM* projects were economically unviable. *GUUAM* suffered its first geopolitical defeat when Uzbekistan left it in 2005.

Today it has become clear that the *BTC* oil pipeline, a target of frantic Russian criticism, is functioning; moreover, Kazakhstan is laying a pipeline to China.

<sup>8</sup> T. Torosian, *Evropeiskaia integratsia—iskliuchitel'ny shans dlia reshenia problem Yuzhnogo Kavkaza—Yuzhny Kavkaz kak chast Bol'shoy Evropy*, *Sbornik tsenra "Spektrum"*, Amrotz group, Erevan, 2005, p. 10.

<sup>9</sup> About how democratic geopolitics differ from the old imperial see: F. Tolipov, "Russia in Central Asia: Retreat, Retention, Or Return?" *Central Asia and the Caucasus*, No. 5 (47), 2007.

<sup>10</sup> V. Khliupin, *Voyna, Islam i geopolitika: Rossiia i Tsentral'naia Azia v XXI veke*, Moscow, 2000.

Kazakhstan's possible involvement in the BTC pipeline is actively discussed; I think that very soon GUAM will acquire another letter—K. The same is true of Turkmenistan. It can be said that the chances of the East-West corridor are no less impressive as those of the North-South corridor. At least the GUAM summits are actively discussing the structure's possible expansion. Vladimir Litvin, former speaker of Ukraine's Supreme Rada, believes that in the future, Russia, Kazakhstan, Turkey, Armenia, and other countries of the Caspian-Black Sea region might join GUAM. He said this at a press conference that concluded the second meeting of the GUAM Parliamentary Assembly in Yalta.<sup>11</sup>

The economic advantages of a transcontinental communication system are obvious; the Second Eurasian Intercontinental Bridge (the shortest route from China to Europe) crosses Central Asia and the Caucasus. The fact that Japan is just as interested in GUAM as Europe and the United States confirms GUAM's global importance. Japan set up the GUAM-Japan Forum along the same line as the Japan-Central Asia Forum. On 4-6 December, 2007, Tokyo hosted the second meeting between Japan and the Organization for Democracy and Economic Development—GUAM. The GUAM-Japan consultations and other events were attended by GUAM Secretary-General Valery Chechelashvili and national coordinators from the GUAM member states; the Japanese side was represented by Deputy Foreign Minister Masakatsu Koike, Special Representative of the Foreign Ministry on GUAM Keiiti Katakami, and other officials.

The participants expressed their satisfaction with the tangible progress achieved since the first meeting in Baku in June 2007 and discussed possible cooperation in trade and investments, tourism, energy, transport, and peaceful conflict settlement based on the resolutions of the U.N. Security Council.<sup>12</sup>

As E. Ismailov correctly pointed out: "It is more than obvious that the real need for cooperation among the Central Caucasian and Central Asian states is to develop and operate transportation routes, form joint security mechanisms, and implement energy projects, including the geopolitical and environmental aspects. What is more, implementation of the Central Caucasus' geo-economic function—ensuring transit trade between the East and West—defined the region's geopolitical destiny and security in the past and should continue to define them in the future."<sup>13</sup> Jannathan Eyvazov, another analyst, described the transportation and communication East-West axis as an important strategic alternative to the North-South axis; if restored the latter may strengthen the continental power's control over the Caucasus and Central Asia.<sup>14</sup>

There is one more dimension, the civilizational one, in the GUAM-Central Asia bond. Turkey is located at its Western end, something which is extremely important for Central Asian countries. Its influence on the neighboring Caucasian states and kindred Central Asian countries is a fact and geopolitical constant from the point of view of international relations in the GUAM-Central Asia group of states.

In fact Turkey is gaining political weight in the world and in Europe. We all know that allied states have an important role to play in dealing with international issues. Turkey, in turn, is such a state for all the Central Asian countries: the new geopolitical paradigm has good potential, from which the Central Asian states in particular will profit.<sup>15</sup>

<sup>11</sup> [<http://www.proua.com/news/2005/05/29/124139.html>].

<sup>12</sup> [<http://www.guam.org.ua/188.987.0.0.1.0.phtml>].

<sup>13</sup> E. Ismailov, *op. cit.*, pp. 18-19.

<sup>14</sup> See: J. Eyvazov, "Geopolitical Lessons of the Post-Soviet Caucasus: Forward to Globalization Or Back to Classical Eurasian Geopolitics?" *The Caucasus & Globalization*, Vol. 1 (1), 2006.

<sup>15</sup> For Turkey's new geopolitics see: G. Bacik, "Turkey's New Geopolitical Narrative," *Central Asia and the Caucasus*, No. 3 (39), 2006.

Nicholas Norling has concluded in his study: “Turkey could become the critical link of Europe’s influence on Central Asia, and cooperation with Turkey in these respects should be doubled.”<sup>16</sup> The four sides (Europe, Turkey, the Central Caucasus, and Central Asia) have no other choice, since the circles of Eurasian regional and continental security (which include Southeast Europe, the Balkans, the Black, Adriatic and the Aegean seas, Eastern Mediterranean, the Middle East, Asia Minor, the Caucasus and Central Asia) all intercept in Turkey.

Among other things, GUAM is one of the ways the Greater Central Asia conception is being implemented, and not merely in the sense the Americans impart to it. In fact, when Uzbekistan joined the SCO in 2001, Central Asia was already Greater Central Asia; in October 2004, when Russia joined the Central Asian Cooperation Organization (CACO), the region became Greater Central Asia for the second time.<sup>17</sup> The CACO has no fewer reasons for existing than the EurAsEC and SCO; this turned Central Asia into Greater Central Asia for the third time. The three projects offer three different alternatives. Finally, if the Central Asian states join GUAM and if Uzbekistan returns to the structure, the region will become geopolitically and geo-economically Greater Central Asia for the fourth time.

Today, there is a lot of skepticism about GUAM’s future. Here is my, maybe a little contradictory, response to the critics and skeptics. The future of GUAM is not that important—the structure is no more efficient than the EurAsEC, ORI, or SCO, which have not yet proved their efficiency either. They are presented as international structures, but much of what is done within them can be described as bilateral rather than multilateral projects and programs. The Asian Development Bank, for example, has pointed out that the Customs Union within the EurAsEC is potentially detrimental to Kazakhstan, Kyrgyzstan, and Tajikistan: its impact on trade outside the region would have deprived Kazakhstan of \$10 billion by the year 2015.<sup>18</sup>

The above suggests that Central Asia has become the market place for multilateral formats, including a market for security services. GUAM is another entity on the same market, which means that Uzbekistan will profit from its restored GUAM membership. After all, it left it for geopolitical rather than economic reasons; it joined EurAsEC for geopolitical rather than economic reasons. The SCO also has a geopolitical dimension. This means that Uzbekistan’s restored GUAM membership will create a certain geopolitical symmetry that will let it contribute to the democratization of post-Soviet geopolitics.

## *C o n c l u s i o n*

Unfortunately, if viewed in the context of the entire post-Soviet expanse, GUAM has introduced a strong centrifugal trend into the potential reintegration of the former Soviet republics.

No matter what is in store for the CIS/EurAsEC and how the GUAM experiment will unfold, the latter can be described as an interesting phenomenon in the context of the transformations taking place in post-Soviet territory and the unfolding transformation and geopolitical processes.

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<sup>16</sup> N. Norling, “EU’s Central Asia Policy: The Adoption of a New Strategy Paper 2007-2013,” *Central Asia and the Caucasus*, No. 3 (45), 2007, p. 15.

<sup>17</sup> The Greater Central Asian conception, formulated by prominent American scholar S. Frederick Starr, Chairman of the Central Asia-Caucasus Institute at Johns Hopkins University’s Paul H. Nitze School of Advanced International Studies, includes Central Asia and Afghanistan (see: F. Starr, “A Partnership for Central Asia,” *Foreign Affairs*, No. 4, July-August 2005).

<sup>18</sup> The figures are quoted in: N. Norling, *op. cit.*

A Russian academic offered an interesting opinion about GUAM: “The elites of the newly independent states have been using similar projects as a means ‘to utilize’ the energy of political confrontation between Moscow and its Euro-Atlantic partners.”<sup>19</sup> He is right and wrong at the same time. He is right because as long as there is political confrontation, the newly independent Central Asian states cannot ignore the chance of utilizing its energy: this is not their choice, but rather the Great Game logic. He is wrong because projects of the GUAM type are being used by the newly independent states to “utilize” the energy of their sovereignties and to acquire the status of international entities.

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<sup>19</sup> N. Silaev, “GUAM and the Smaller Game in the Post-Soviet Expanse,” *Central Asia and the Caucasus*, No. 4 (40), 2006, p. 92.

# GUAM: RELATIONS AMONG REGIONAL AND WORLD POWERS

## RUSSIA AND GUAM

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It would seem expedient to discuss the topic "Russia and GUAM" in the context of the integration unions existing in the post-Soviet space, that is, with respect to the CIS and, to some extent, its alternative organizations. It is very evident that the activity of the CIS, despite the obvious need, in our opinion, for its further existence, at least as a negotiation platform, does not fully meet the functions of an integration structure. There are many different reasons for this, such as the Commonwealth's diversity and the ineptness of its bureaucratic machinery, as well as the outmoded ambitions and phobias that are prevalent in some cases. So it was inevitable that integration organizations emerged that posed as alternatives to the CIS and singled out a few of the stronger nuclei within the Commonwealth. It is another matter that this demand could be and was used by external forces interested in forming all kinds of counterbalances to Russia or simply in weakening Russia as the CIS's only driving force due to its potential. At the same time, Russia's rather bumpy relations with some of the Commonwealth states prompted the latter to step up their participation in these alternative structures. Subsequently, normalization of the relations between the Russian Federation and any given CIS country led, as a rule, to the withdrawal of that state from the alternative integration union. It is worth noting that Uzbekistan, which joined GUAM in 1999, left it in May 2005 after its relations with Russia cardinally improved. Moldova, which has essentially curtailed its participation in GUAM due the normalization of relations between Chisinau and Moscow, is currently heading in the same direction.

Correspondingly, the Russian factor has a way of exerting very tangible pressure both on the emergence and on the further existence of alternative unions. So the vision we offer of the GUAM's past and present will be based on our understanding of Moscow's viewpoint on this issue, as well as on Russia's national interests.

GUAM's formation on 10 October, 1997 was essentially tantamount to an attempt to turn the CIS into a bipolar structure. It was presumed that the GUAM countries, as equal states with similar political and economic interests, would form one pole. While the other pole would consist of the countries in Russia's sphere of influence and members of the Collective Security Treaty, as well as the Customs Union, which was later transformed into the Eurasian Economic Community. The development of relations within GUAM/GUUAM was based on the conception of new regionalism, according to which special partnership relations are built keeping in mind the innate nature of relations between states, common economic interests (primarily energy and transport), and similar interests in regional security and stability. Common economic interests imply joint participation in the transportation of Caspian energy resources and the laying of new transit routes through the Caucasus and the Black Sea. The same political goals predetermined the creation of joint sub-regional security structures. In 1999, the presidents of the GUUAM countries signed a declaration which was to define the main vectors of cooperation within the Organization. The GUUAM member states viewed the creation and existence of this union as a positive alternative to the integration processes in the post-Soviet expanse.

Ukraine and Georgia, which over time became the main poles in this union and largely pursued different goals, were the initiators of this union and the vanguards of relation-building within GUUAM. Ukraine, which claimed the status of GUUAM's leading country, strove to advance those issues (primarily economic) which did not create contradictions among the union members and which could unite these states, leaving political disagreements in the shadows. In contrast to Ukraine, Georgia more actively promoted military-political cooperation within GUUAM. Ukraine and Georgia, in the form of their corresponding bodies, experts of analytical services, and some legislators, regularly put forward different initiatives aimed at expanding the bloc and at stepping up the activity of its members.

As the Georgian authorities openly admitted, GUUAM was created because of the threat they saw Russia posing to the country's security, as well as due to the desire of the founding states to bypass Russia with their transportation routes in order to gain complete economic independence from this country. These reasons, in their words, define the existence of GUUAM, but their significance could change. This broad understanding of the purpose of GUUAM's creation implied that Georgia was striving for maximum enlargement of this organization by inviting countries to join it that are located along the East-West transportation corridor and see a threat coming from Russia. Georgia acted as the main initiator of enlarging GUUAM's membership, orienting itself, in so doing, largely toward states that do not belong to the CIS (Bulgaria, Rumania, and Poland). Reports from Georgia about the possible membership of these countries in GUAM/GUUAM periodically appeared in 1998-2001. GUUAM is not an anti-Russian organization, but it is objectively opposed to Moscow's striving to dominate in the region. Russia's goal in the Caucasus is to retain its military influence, to which end conflicts are fomented. Therefore, Russia's departure from the region would automatically lead to the conflicts being settled, democratization, Europeanization of this area, and its economic growth. According to official Tbilisi, the viability of the CIS is justifiably questioned, and it is presumed that the countries which have joined it are still its members only because they have no wish to irritate Russia. Georgia openly admits that it does not see anything positive for itself in the existence of the CIS. In contrast to the Black Sea Economic Cooperation Organization, Georgia regarded GUUAM as an alternative to the CIS. Correspondingly, the Russian Federation, according to Tbilisi, did every-

thing it could to oppose GUUAM and tried to disrupt the Yalta meeting by organizing a summit of unrecognized states in Tiraspol.

Another member of GUUAM, Moldova, actively came forward from the very beginning against the development of the union's military component, intending to limit itself exclusively to economic projects, particularly the shipment of Caspian oil via the Black Sea. Moldova, which is generally moving closer to Ukraine in its vision of GUUAM's prospects, nevertheless regarded this union as a consultative forum and not as an organization with rigid structures. In the words of former Moldovan president P. Luchinsky (2001), "Moldova could have remained in this organization if it were a consultative body without any institutional structures and military aspects in its activity. We must primarily think about establishing economic relations and not about 'banding together' against Russia." Uzbekistan and Azerbaijan occupied similar positions. For example, Uzbekistan regarded GUUAM only as a means for resolving the republic's transport problems. Moreover, after declaring its withdrawal from GUUAM on 14 June, 2002, Uzbekistan retained its membership in this organization only under pressure from the U.S., and several months later, in September 2002, it took part in a GUUAM-U.S. meeting at the level of its U.N. ambassador. So immediately after this union began taking shape, differences became obvious in the goals of its member states.

The Azerbaijani side considered territorial integrity and non-interference in each other's affairs to be the fundamental principles of GUUAM's activity. The main difference between GUUAM and the CIS, in its opinion, is the absence of the principle of coercion (although it is strange to mention coercion within the framework of the CIS). Official Baku thought it was unrealistic to talk about Russia's membership in this structure, although Azerbaijani high-ranking officials recognized the positive change in Russia's policy toward GUUAM. To be successful, GUUAM needed to execute the decisions adopted within this organization, not accept new members, and not try to develop a universal system of relations. In so doing, this formation was to be further structuralized and permanent interstate institutions created, including a structure for resolving territorial problems (that is, the problems of separatism). At the same time, as Baku believed, GUUAM, although not a military bloc aimed against Russia, was not a purely economic organization either. That is, politics in GUUAM should have gone hand in hand with the economy. Azerbaijan regarded the Baku-Ceyhan, and not the Odessa-Brody project to be a priority in GUUAM (particularly for Ukraine). This pipeline could enhance the relations between Azerbaijan and Georgia, as well as link GUUAM to the Mediterranean. While understanding the lack of prospects of the Baku-Ceyhan project for Moldova and Uzbekistan, on the one hand, and the role of Ukraine in GUUAM, on the other, the Azerbaijan leadership thought it possible to develop relations in the GUA format (Georgia, Ukraine, and Azerbaijan). The need was recognized for ensuring the safe and efficient operation of the transportation corridors within GUUAM. Creating a peacekeeping battalion was considered expedient for this, but it, according to Baku, should be an efficient and flexible structure that does not function on a permanent basis. On the whole, Azerbaijan had a more realistic perception of GUUAM than Georgia, trying to create a flexible system on its basis and considering the acceptance of new members superfluous and even detrimental to the union's future.

The interest of the leading European states cooled off and the Far Eastern countries and ASEAN as a whole showed absolutely no interest in the GUUAM project because the costs were inevitably too high and the domestic political and economic situation in the Organization's member states was instable. It became obvious that GUUAM had no internal resources and depended on foreign financial support. The priority problems were designated as the raw material economy of the GUUAM member states, the different levels of market reform, dumping, and problems with currency convertibility and reciprocal payments. In the end, GUUAM, as an economic project, proved difficult to accomplish.



Trade and economic and transport activity could only be realistically animated in the region within the GUUAM project by means of large investments from the West, particularly from the U.S. GUUAM was perceived as the most European-oriented organization in the post-Soviet expanse and as a sub-group of countries not within the CIS, but within the BSECO. There were plans to simultaneously integrate GUUAM and the BSECO into the European Union structures. In its policy toward GUUAM, Washington initially paid special attention to the development of the military-political component and to the creation of a complementary military infrastructure. In so doing, the economic and energy problems were clearly pushed into the background. Turkey also placed the emphasis on GUUAM's military-political component, which believed that the future in the economic sphere most likely belonged to the BSECO. This position was understandable, if the transportation corridor project was implemented within GUUAM involving Ukraine and Moldova, Turkey would be thus excluded. Several years later it became obvious that this unilateral policy was not yielding positive results, and the tasks being carried out within its framework could be resolved faster and more easily within the framework of bilateral relations. The West began to notice GUUAM's weakness, which was manifested in the absence of a clear position and unified policy with limited results and vague goals. Only realistic steps, small specific initiatives, and clear intentions of the GUUAM member countries could justify assistance in defense questions, in creating a peacekeeping battalion, and in forming a free trade area. With respect to continuing support from the U.S. defense department, the GUUAM states found themselves faced with the need to form a unified position in security and common interests in defense. Due to the economic weakness of the GUUAM member states, they, according to European and American experts, should have concentrated their attention on a limited range of tasks, primarily transport and telecommunications, which Europe should have also been interested in solving.

As a result of the events of the end of 2000-beginning of 2001 in several GUUAM states, the prospects for this organization became even less obvious and the role these countries played in it changed somewhat. The domestic political events in Ukraine and Moldova were the main factors of the change in the situation. In Ukraine, a profound and prolonged political crisis unfolded, which began with the "cassette scandal" and escalated into a standoff between the president and the opposition. It also became more aggravated because of interference by the U.S. and Europe. The political situation in and around Moldova underwent changes after the communists won the parliamentary elections. Moreover, the domestic political and economic situation in Georgia became more complicated, which was related to the split in the ruling elite, the weakening of Eduard Shevardnadze's regime, the aggravation of relations with Russia, and the problem of the Pankisi Gorge.

The formation of the Eurasian Economic Community also had an effect on GUUAM's development. The countries of the union were not ready for real confrontation with this organization and did not even try to place their union in opposition to it.

The main consequence of these events was that the GUUAM member states paid less attention to interrelations within the framework of this structure. The differences between the GUUAM member states and their diversified interests became all the more obvious. We can hardly talk now of a unified coordinated position of this union's states. The only question that did not appear to arouse disagreements in the Organization was the idea of establishing free trade conditions among the GUUAM member states. All the same, the ongoing economic crisis in the GUUAM states and their significant economic dependence on the outside world showed that a productively functioning and complementary system of their economies could not be created within the framework of this Organization in the foreseeable future by joining the resources of the member countries.

The contradictions among the GUUAM member states regarding the military-political component of this union also became more noticeable. The creation of a peacekeeping battalion was postponed indefinitely. In February 2001, a representative of the Ukrainian Foreign Ministry spoke out

against the development of GUUAM's military component and the formation of a joint army contingent. The statements of Ukrainian officials began placing the accent on creating a single all-encompassing regional security system based on the existent institutions. The military-political component within GUUAM was reduced to naught, which was officially confirmed at the Organization's summit held on 6-7 June, 2001 in Yalta. The essentially successful development of the regional security system within the framework of the Collective Security Treaty had some influence on the fact that the military-political component of GUUAM was removed, at least temporarily, from the agenda.

There was an attempt to reanimate the military-political component of GUUAM in 2002, when a session of the Organization's working groups was held in Baku attended by U.S. representatives to discuss the joint resolution of security problems, but the Uzbekistan and Moldovan delegations did not take part in this event. Nor did the other three countries (GUA) manage to reach an agreement on several issues. In particular, the discontent of the Azerbaijani side generated an agreement between the defense ministries of Armenia and Ukraine "On Military Cooperation."

The Eurasian transportation corridor project was the only thing that still kept the GUUAM states together and did not arouse any disagreements. The Ukrainian president emphasized that it was not expedient to talk about the possibility of GUUAM turning into a military bloc, and this union would remain a purely economic structure. In actual fact, Ukraine's and Moldova's participation in GUUAM was justified only by their desire to find alternative sources of energy supply. Now that the impossibility of an alternative energy supply was obvious, after the Odessa-Brody pipeline had been built and stood hopelessly idle, it would be justified for these states to curtail their cooperation within the Organization (something similar happened to some extent in the relations between Moldova and the union, which was stated by the Moldovan president during the GUUAM Yalta summit in 2002). However, we can see that Ukraine continued to show a certain amount of interest in GUUAM. Based on this example, the conclusion can be drawn that economic interests are not primary elements of the integration projects in the CIS territory. As a result, GUUAM's transport-energy component continued to be in effect for only two of its participants—Azerbaijan and Georgia. The attempts of the latter to retain this transport-energy component by offering to accept Bulgaria, Rumania, and even Poland as members of GUUAM, were doomed in advance, since the significance of this component was limited to the oil supplies of the Caspian, which proved to be overestimated from the very beginning.

Ukraine, understanding GUUAM's failure, was trying, as stands to reason, to form some new union in its place in which it would play a leading role. This union would be based on a free trade area. New (the previous ones were signed in 1995) agreements about the creation of the latter were signed between Ukraine and Uzbekistan, as well as discussed by Ukraine and Moldova during the Ukrainian president's visit to Chisinau in November 2007. Discussion of this question with Moldova soon followed after tough talk by President Voronin about the future of the CIS and the Four.

Ukraine no longer perceived GUUAM as an alternative to the CIS, but as one of the complementary structures—the CIS, BSECO, and GUUAM. At the same time, the emphasis was placed on the common Euro-integration intentions of the GUUAM member states. As a result, the Organization became somewhat akin to the Visegrad group, which implied economic integration, the creation of a free trade area, coordination of positions when joining the WTO, the building of a Eurasian transportation corridor, openness of external (European) borders, as well as joint legislative work. In order to emphasize the collective European choice more, Ukraine supported granting third states the status of observer in GUUAM (Bulgaria, Rumania, Hungary, and Slovakia were usually named). In November 2002, a joint GUUAM-OSCE meeting was held in Kiev, for which a joint preparatory committee was created in these organizations. The Ukrainian side also emphasized the Odessa-Brody oil pipeline's orientation toward Europe. The Baku-Ceyhan project was regarded as

complementary with respect to the Odessa-Brody project, but the deadline for implementing it was postponed until 2010.

The Azerbaijani side, which shared Ukraine's view of GUUAM posing as a European-oriented organization, was not at all in agreement with this gradation of oil pipelines. This was shown in particular by the Azerbaijani leadership's statement about the need for regular business forums within the GUUAM-EU format.

The general trend in GUUAM development, keeping in mind the political processes going on in its member states, gave reason to believe that all the more or less important initiatives aimed at strengthening the Organization could most likely be frozen in the near future, although the collapse of the union was very unlikely. GUUAM's enlargement by incorporating new members into it or by other states joining some of the Organization's projects was also considered unlikely. Moreover, Russia and the CIS entities closely associated with it could, if they showed a certain amount of caution, join certain GUUAM projects, thus "erasing" the contours of this Organization. If Russia joined the GUUAM programs they would be deprived of all their meaning. As Georgian President Eduard Shevardnadze openly noted in 1999, "Russia is not asking to join GUUAM, and if it does, it will swallow us."

It would be preferable if Russia did not interact with GUUAM as a whole, but expanded its cooperation as much as possible on a bilateral basis with the Organization's member states in such a way that the latter had as many coinciding interests with the Russian ones as possible and were forced to take Russia's position into account when forming policy within their union. Attention should be paid to GUUAM's weak links—Moldova and Uzbekistan, which reduced their participation in this Organization to a minimum. Under certain circumstances it would be expedient for Moldova to withdraw from GUUAM, but if it was not ready to do this, it could possibly be used as a Trojan Horse for hindering efforts aimed at strengthening GUUAM and for gaining control over the processes occurring in this union. Without officially withdrawing from GUUAM, Moldova and Uzbekistan could ignore its forums or lower the status of their representatives to the minimum, as well as not take part in the Organization's projects.

In the historical perspective, GUUAM can be seen as an integration project aimed not at efficient cooperation, but at opposing a foreign force, in this case, Russia. The failure of this project, which existed more by momentum than based on real interests, confirms the lack of prospects for such forms of integration. In the final analysis, GUUAM existed and actively developed (or created the semblance of development) until Moscow saw it as a threat to itself and tried to fight it. One of the reasons for GUUAM's failure was also the mixing of the economic and military-political components in this project. The failure of one of them essentially discredited the entire project. It is probably impossible to create integration unions based on the economic factor alone, but nor can political factors be allowed to largely define the nature and rates of integration.

The Kazan summit of CIS heads of state held on 26-27 August, 2005 did not yield any positive results and did not give any inkling of a coherent plan for reforming the Commonwealth. The consent of all the heads of state to reformation and the creation of a "high-level group for raising the efficiency of the CIS" did not mean that any of them understood the gist of this reform or had a common vision of ways to restructure the union. Turkmenistan's statement in Kazan about associate membership in the CIS is also significant.

In the months following the summit, ways to reform the Commonwealth were discussed, which boiled down to "optimization of the structure of the CIS bodies" and strengthening of the role of the executive committee. This agenda of the talks could hardly arouse lively interest in Russia's partners in the Commonwealth. It is not surprising that the meeting devoted to reformation of the CIS attended by the foreign ministers of the Commonwealth countries held on 21 April, 2006 was unconstructive.

According to anonymous comments by Russian officials, “a specific program was not drawn up” regarding reformation of the CIS. It appears that Russia did not choose the right tone when putting forward its initiative to hold consultations on reformation of the CIS, since the inevitable absence of agreements undermined belief not only in the future of the Commonwealth, but also in Russia’s ability to lead this organization.

Other integration processes were simultaneously going on in the CIS expanse which hardly corresponded to Moscow’s interests. The idea of creating a new integration union (with the provisional name of Democratic Choice) in the post-Soviet expanse was first voiced by the foreign ministers of Ukraine and Georgia—B. Tarasiuk and S. Zurabishvili—on 31 March, 2005 in Bishkek, whereby Kyrgyzstan was also asked to take part in it. On 22-23 April, 2005, at the summit in Chisinau, GUUAM was reanimated (although Uzbekistan withdrew from it on 5 May), whereby Stephen Mann orchestrated the event. The declaration adopted called “Advance of Democracy: From the Baltic to the Black Sea” designated GUAM’s movement toward replacing the initial economic goals with so-called political intentions. In the Borzhomi Declaration of 12 August, 2005, which was a logical continuation of the Carpathian declaration, Viktor Yushchenko and Mikhail Saakashvili declared their intention to create a community of democracies of the Baltic-Black Sea-Caspian Region. On 18 August, at the meeting (Balto-Black Sea summit) in the Crimea on the occasion of the 80th anniversary of Artek (the International Children’s Center), the presidents of Ukraine, Georgia, Poland, and Lithuania were already talking about creating a Community of Democratic Choice, the purpose of which was “to liberate the member states of the new organization from human rights violations, confrontation, and frozen conflicts.” The idea of creating a Community of Democratic Choice was voiced again on 19 September at a session of the U.N. General Assembly. On 23 November a conference was held in Tbilisi called “The New Wave of European Liberation: Democracy and Transformation,” in which Mikhail Saakashvili, as well as the presidents of Ukraine, Rumania, and Estonia, took part. We will note Saakashvili’s references to Rumania: “Rumania is an example for the democratic processes in our region.”

Finally, on 1-2 December, 2005, at the summit in Kiev, the Community of Democratic Choice (CDC) was created by nine states. The organizers of the event succeeded in gathering a rather impressive showing of guests—the presidents of Ukraine, Georgia, Moldova, Rumania, Macedonia, Slovenia, Lithuania, Latvia, and Estonia (these nine countries became members of the Community), Vice-President of Bulgaria, foreign minister of Azerbaijan, marshal of the Polish Senate, and U.S. Undersecretary of State Paula Dobriansky. Several of the states invited ignored the event (Russia, Armenia, Austria, Turkey, Croatia, Hungary, Serbia and Montenegro, Bosnia and Herzegovina, and Slovakia), and some countries, as we see, were represented not by their leaders, which was also not by accident. Azerbaijan, Bulgaria, Poland, Hungary, the Czech Republic, the U.S., the EU, and the OSCE were granted the status of observers in this organization. Ramaz Sakvarelidze, a Georgian political scientist close to Saakashvili, gave a very exhaustive commentary about the creation of the Community.<sup>1</sup> According to him, the CDC is an alternative to the CIS, and its purpose is to “continue the march of the democratic processes to the East” and create a counterbalance to Russia’s influence in the region. According to Sakvarelidze, “if the new organization has the same problems as GUAM, I don’t think anything will come of it. At one time, the U.S. initiated the creation of GUAM, but then it moved aside. The absence of a driving force is what reduced this Organization to naught.” This driving force could be the EU or the U.S., which should be “tougher toward Russia.” It was also emphasized that, in contrast to GUAM, the CDC is not an economic, but a political organization. In March, an international session called Community of Democratic Choice—Pros-

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<sup>1</sup> Interview with RIA Novosti Information Agency of 29 November, 2005.

pects for the Future was held in Tbilisi with the participation of Mikhail Saakashvili and Deputy Assistant U.S. Secretary of State Matthew Bryza.

The second CDC conference was scheduled for March 2006 in Rumania, the third for May 2006 in Lithuania, and the fourth for the fall of 2006 in Georgia. But at this juncture a certain breakdown occurred. At the end of January 2006, first the foreign ministers and then the president of Rumania announced Bucharest's withdrawal from the CDC as an "insufficiently mature organization." At the same time, they called for the need to keep in mind Moscow's interests: "an attempt to isolate Russia from problems regarding the Black Sea is a political mistake." "Rumania will not be Russia's adversary. Rumania wants to be Russia's partner in the Black Sea region." In our opinion, the pro-Russian statements of the Rumanian leaders should not be overestimated. There were several reasons for Rumania's demarche. First, the aggravated dispute with Ukraine about whom Zmeinyy Island belonged to (as we know, in the spring of 2006, Rumania filed a lawsuit about this, whereas Ukraine sent a counter memorandum to the U.N. International Court in The Hague). Second, there were several disagreements on the problem of the Transnistria, since in this region and in Moldova, Ukraine and Rumania were pursuing not entirely identical goals. It is possible that the problem of gas transit also played its role in the problem. But the main thing, nevertheless, is something else. At the same time as withdrawing from the CDC, Rumania suggested holding a Black Sea Forum for Dialog and Partnership in the spring in Bucharest, thus wishing to create a new regional organization. We are most likely encountering not so much rivalry between the organizations here as between those who would potentially like to orchestrate them. Rumania was not able to become a leader of the CDC and considered it expedient to create an alternative structure. Running ahead, we will note that the Forum in Bucharest was held on 5 June, 2006 and the leaders of Ukraine, Moldova, Georgia, Armenia, Azerbaijan, Bulgaria, Greece, and Turkey took part in it. The goals of the new organization were declared as assisting cooperation between the region's states and the EU, as well as regional interaction in crisis and emergency situations, post-conflict building, and the environmental protection. It is not difficult to note that the goals of the Black Sea Forum, the CDC, and GUAM essentially coincide. The official website of the Ukrainian president says: "The conceptual foundations of the Black Sea Forum for Dialog and Partnership are to a certain extent in harmony with the Community of Democratic Choice, but in the regional dimension."<sup>2</sup> It is difficult to understand the difference, keeping in mind that both organizations are regional and have essentially the same members. The Community's goals were named as "assisting the development of democracy, confirming the supremacy of the law and a liberal market economy, strengthening civil society, protecting human rights, and achieving peaceful settlement of conflicts." That is, the goals of GUAM and this organization also fully coincided.

In this way, the second half of 2005 and the beginning of 2006 were marked by an activation in alternative integration unions in the post-Soviet expanse: instead of just GUAM there were three, and a certain amount of vying began among them. But all of these unions have a stable nucleus consisting of three CIS countries—Georgia, Ukraine, and Moldova. At this stage, these three republics have one thing in common—the relations of each of them with Moscow continued to deteriorate regardless of any dependence on integration projects. For example, throughout 2005 and the beginning of 2006, Russian-Georgian relations steadily deteriorated, Russian-Ukrainian relations clearly, although cyclically, deteriorated and were interspersed with periods of stagnation, and Russian-Moldovan relations were in a state of protracted stagnation. The situation began to change quite abruptly in the spring of 2006.

Russian-Moldovan relations began to deteriorate after the beginning of the 3 March, 2006 Ukrainian-Moldovan blockade of Transnistria (the decision to institute the blockade was made in

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<sup>2</sup> [<http://www.president.gov.ua/ru/news//data/1-8730.html>].

December 2005). In so doing, Russia's position and interests were not taken into account. In response (27 March), the import of Moldovan wine and fruit in the Russian Federation was prohibited, and on 7 April, the Russian Foreign Ministry announced the introduction of regulations under which entry from Moldova into the Russian Federation was possible only with a foreign travel passport. Chisinau perceived this as a threat to introduce visa conditions. At the same time, the gas talks hit a bumpy stretch—on the eve of the price increase on Russian gas promised after 1 April from 110 to, as was earlier suggested, 250 dollars for one thousand cubic meters. In turn, the Moldovan side threatened to foil Russia's acceptance into the WTO and demanded an emergency convocation of the CIS Economic Council. It is illustrative that on 21 April Moldova was represented by its deputy minister at the summit of the foreign ministers of the CIS countries.

Further deterioration of Russian-Ukrainian relations was also caused by Kiev's blockade of Transnistria. Ukraine was also irritated by certain steps the Russian Federation took on the meat products and milk market. Ukrainian Foreign Minister B. Tarasiuk, who arrived in St. Petersburg on 21 April for the summit meeting of CIS foreign ministers and to meet with his Russian colleague, brought with him several initiatives of clearly instantaneous political and anti-Russian (keeping in mind Moscow's status as the U.S.S.R.'s successor) nature. They included the question of recognizing the Holodomor (mass hunger) of 1923-1933 as genocide of the Ukrainians and a call to oppose the "trade wars." The question of the Holodomor was put aside and not included on the agenda, which the Ukrainian representative highly objected to. In his words, "today the CIS has shown its inefficiency, including with respect to executing the decisions of the Council of Heads of State in Kazan on 26 August of last year to strengthen and reform the CIS." For him, the meeting showed the "lack of prospects for the CIS in its current state."<sup>3</sup> It is important that Ukraine, Georgia, Moldova, and Azerbaijan voted for putting the question of the Holodomor on the agenda, while Kazakhstan, Armenia, and Turkmenistan abstained.

The restrictions introduced on 27 March on the import of products from Georgia prompted a new discussion in this republic regarding membership in the CIS. We will note in so doing that as early as the end of 2005, at the CDC summit in Kiev, Saakashvili said: "I am not even considering Georgia's withdrawal from the CIS, I have no such intention." Nevertheless, a large part of the Georgian political elite repeatedly brought up the topic of Georgia's possible withdrawal from the Commonwealth over the next few years. According to a survey conducted in Georgia during the first half of the 2005 by the GORBI sociological service, 42.8% of Georgians think that the country should leave the CIS. On 31 March, K. Bendukidze said in parliament that although he did not see any particular political appeal in Georgia's membership in the CIS, the economic aspects of Georgia's presence in the Commonwealth should not be disregarded." Before leaving the CIS with its specific customs conditions, bilateral agreements should be drawn up on free trade conditions and non-visa conditions with all the members of the Commonwealth. Russia itself unilaterally withdrew from the CIS agreements on free trade and non-visa conditions. This position was voiced again by K. Bendukidze on 2 May, and in his words, the question is being "specifically" discussed. An even more cautious position was voiced by Prime Minister Z. Nogaideli (on 11 April): "The question of Georgia's withdrawal from the CIS is not on the agenda today, although the Georgian side has a critical attitude toward some of the mechanisms within the CIS." In this case, the government (or to be more precise, the representatives of its economic bloc) decided to keep a low profile, essentially refusing to take a serious look at the question of withdrawing from the Commonwealth. At the summit of the foreign ministers of the CIS states held on 21 April in St. Petersburg, Georgia, like Moldova, was represented by its deputy minister.

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<sup>3</sup> *Kommersant*, 22 April, 2006.

On 11 April at the plenary session of the Georgian parliament, speaker N. Burjanadze said: "If Georgia is the only CIS country in relation to which the Russian Federation introduces visa conditions, prohibits the import of citrus fruit, tea, and wine, and tomorrow will most likely prohibit Borzhomi as well, and in the future, as already voiced in certain circles, prohibit the transfer of money from Russia to Georgia, what sense is there for us to be in the CIS?" Moreover, Burjanadze essentially turned to the other Commonwealth countries, calling on them to show solidarity with Georgia (for example, Tajikistan announced its intention to replace Georgian wine on the Russian market with its own, although it later disavowed this statement). The parliamentary opposition supported the idea of the republic's withdrawal from the CIS, promising to cease its boycott of parliamentary sittings for this cause. For example, according to D. Gamkrelidze (the Rightist Opposition), "under the current relations with Russia, our presence in this organization is absolutely unclear, since the CIS represents the ambitions of one country." As Z. Dzidziguri (the Conservatives) believes, "if Georgia leaves this faceless union, only good will come of it." G. Tsagareishvili (the Industrialists) is sure that "Georgia should leave the CIS and as quickly as possible."

But the most radical position was occupied by the representatives of the state's actual leadership (the so-called Politburo). According to G. Bokeria, the unofficial leader of the faction of the ruling party in parliament (28 April), withdrawal from the Commonwealth is a tactical question that is not a central issue for Georgia. The pluses and minuses must be weighed when resolving, whereby the only plus is the economic regime Georgia has with the CIS countries. Moreover, "belonging to the CIS does not theoretically pose any threat." But "there are more than enough reasons for us to take a serious look at this question." Later, on 2 May, Defense Minister I. Okruashvili announced that in a week Georgia would make a decision about its withdrawal from the Commonwealth. Saakashvili announced the date of 2 May in Kutaisi, thus giving the government "from a few weeks to two months" to decide the question of Georgia's membership in the CIS. Said he: "If, as I suspect, there is already practically no benefit from this organization apart from humiliation and insults," we should "continue consultations with our partners" and formulate "a coordinated policy." This is where a very interesting nuance first appeared in the statements of the Georgian leader: the talk turned not to Georgia's isolated withdrawal from the CIS, but to several states making an orchestrated exit en masse from the Commonwealth. It can be presumed that the Georgian president had precisely the GUAM states in mind.

Mikhail Saakashvili went on to designate repeatedly and quite clearly two vectors of Georgia's further actions with respect to the Commonwealth. First, the Georgian government should "figure out what the benefits and advantages are for us if we remain in the CIS." Second, the Georgian government should "understand whether there might be any benefits in the future, hold consultations about this with our partners in the CIS, and clarify their positions."<sup>4</sup> That is, the accent was placed on two key aspects—calculating the pluses and minuses for Georgia if it leaves the CIS, blackmailing Russia with this possibility, and holding talks with several other countries to create a group of states that could play the role of a Trojan Horse in the Commonwealth. In the event the decision is made to leave the CIS, these states will exit en masse, and their exit will essentially bring down the CIS. Judging from everything, Saakashvili, or, to be more precise, his overseas patrons, are very well aware that Georgia's withdrawal from the CIS on its own will not create any particular problems for the Commonwealth.

In his interviews after meeting with Vladimir Putin on 13 June, 2006 in St. Petersburg, Mikhail Saakashvili actually motivated Georgia's membership in the CIS and its entry into NATO by Russia's role in resolving the problem of the country's territorial integrity. In his words, "I do not know for

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<sup>4</sup> M. Saakashvili, "Gruzia popala pod razdachu," *Russian Newsweek*, 29 May-4 June, 2006.

sure if Georgia will leave the CIS and in what specific form it will consequently interact with NATO," although "we, of course, will continue to be part of the Euro-Atlantic space."<sup>5</sup> This placed a slightly different nuance in Tbilisi's course aimed at blackmailing Russia, which of course should not be over-estimated.

Against this background, the forum (within the framework of the Community of Democratic Choice) called Common Vision of a Common Neighborhood held in Vilnius on 4-5 May, 2006 also fueled the discussion on the future of the CIS. This event was not isolated: before it began, a Youth Forum was held in Vilnius (1 May), as well as a Forum of NGOs and Intellectuals. As a result, quite a large number of representatives of the political and intellectual elite of the East European and CIS countries gathered in Vilnius. The resolution adopted by the Forum of Intellectuals placed priority emphasis on the need to overthrow the Belorussian regime, resolve the conflict in the CIS expanse, and assist the development of democracy in the Russian Federation. The resolution of the Forum of Intellectuals focused on a call to enlarge the EU to the East, named Chechnia as one of the frozen conflicts, and mentioned the force of coercion coming from Russia. The text of the resolution itself was of an openly anti-Russian nature. Support of the need to enlarge NATO and empathy for the Community of Democratic Choice were expressed. The level of representation at the Forum is interesting: Lithuania, Latvia, Estonia, Ukraine, Poland, Georgia, Moldova, Bulgaria, and Rumania were represented by their heads of state, Azerbaijan by its prime minister, Sweden by its vice-premier, and Armenia, Great Britain, Germany, and Spain by ministers. Representatives of the U.S. (Dick Cheney) and the EU (Xavier Solana) were also present. The forum was clearly anti-Russian mainly due to the speeches by Dick Cheney and A. Illarionov, as well as the absence of official Russian representatives, but it did bring up the topic of the CIS. This topic was also raised, again, by the presidents of Georgia and Ukraine. According to Mikhail Saakashvili, "The CIS is not encouraging the free movement of people, goods, and services, the union has become closed." "The CIS as a forum has lost its purpose. Hardly anything is discussed at the Commonwealth meetings, there is no rotation of representation, it is impossible to uphold one's viewpoints, and no public statements have even been made lately." So Georgia "is looking for a better alternative" to membership in the CIS and "we understand that withdrawal from the CIS does not mean we will perish." Viktor Yushchenko said that Ukraine is convinced that current CIS policy "will never become successful" and "Ukraine cannot remain in this zone of vagueness." The goals of the CDC were clearly designated by Head of the Georgian Presidential Administration G. Arveladze: "To create an axis of democratic countries that do not want to be in the orbit of Russia's geopolitical interests."

New statements followed the Vilnius forum about the possibility of Ukraine and Georgia leaving the Commonwealth. In so doing, statements from Ukrainian representatives became much harsher than before. On 5 May, K. Timoshenko, the head of the Main Service of Foreign Policy of the Secretariat of the Ukrainian President, made a corresponding statement. In his words, the republic is considering the possibility of withdrawing from the CIS, but this question "is not very urgent on the agenda." On 4 May, after the Russian-Ukrainian consultations on the Black Sea Fleet, First Deputy Foreign Minister of Ukraine V. Ogryzko said that the CIS is increasingly losing its attractiveness; "it is turning from a structure that could accomplish things into a structure that is engaged in socioeconomic problems. We are interested in real things." So Ukraine will continue "to analyze the pluses and minuses of its participation in the CIS." Foreign Minister B. Tarasiuk noted that Ukraine's participation in the Commonwealth is a topic of the consultations, but the CIS is inefficient as an institution. His emphasis was slightly different in an interview on 12 May: "We have no plans to withdraw from the CIS. It is another matter that Ukraine, as many other CIS member states, is dissatisfied with how

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<sup>5</sup> *Izvestia*, 20 June, 2006.



the organization is developing in its current framework. The CIS is essentially churning out decisions that no one is executing. Frankly speaking, we have not seen the CIS as playing any creative role from the very beginning, apart from as a mechanism for alleviating the divorce process and as a mechanism for assisting the establishment of bilateral relations." According to Tarasiuk, "nothing came of the EurAsEC," "Russia is obviously not interested in anything coming of this idea (the EurAsEC)." The words of Ukrainian Security Council Secretary A. Kinakh were rather dissonant in this respect: "Whenever it is possible for heads of state and government leaders to meet, hold a dialog, discuss a problem, this makes some sense, this is positive. Equal bilateral and multilateral cooperation conditions must be formed. Then we are in favor of this kind of CIS." According to Kinakh, Ukraine has no intention of leaving the CIS. At the GUAM summit in May, Viktor Yushchenko limited himself to vague comments about "the great shortage of beneficial action in the CIS."

On 5 May, speaker of the Georgian parliament N. Burjanadze said that the prohibition on the sale of Borzhomi in Russia was another argument in favor of Georgia's withdrawal from the Commonwealth. On 6 May, Georgian Foreign Minister G. Bezhuashvili expressed in no uncertain terms that "there are countries in the CIS with which we have strategic relations. It is clear to everyone that this organization is long inefficient, so we are seriously thinking about withdrawing from the CIS. We are beginning to hold consultations on this question with our partners, and the first such country will be Ukraine." These consultations began on 7 May. Head of the Georgian parliament's international committee K. Gabashvili clarified that efforts to draft bilateral agreements with other CIS states on non-visa conditions had been going on for two months, and they were 90% ready, since "before leaving the CIS, all problems should be reduced to the minimum." G. Targamadze, the head of another parliamentary committee (on defense and security), stated that the decision to leave the CIS would have to be made before July 2006 at the same time as discussion of the question of Russian peacekeepers in Abkhazia (that is, the Russian peacekeepers would automatically be acting outside the law), "would not bring the country additional difficulties," and "the parliament would be unanimous." Another parliamentarian and also Deputy Chairman of the BSEC Parliamentary Assembly committee for economic, trade, technical and environmental issues David Saganelidze believed that "today the CIS is providing Georgia with absolutely nothing and is even blocking the development of relations with European countries."<sup>6</sup> At a meeting with Estonian president Arnold Ruutel, Mikhail Saakashvili noted the importance of the support from Estonia during the transition period "after Georgia announced it was thinking about leaving the CIS." Georgia participated in the Council of Heads of Government of the Commonwealth (Dushanbe, 25 May), but its representative, G. Baramidze, refused to sign the documents stating that "membership in the CIS had lost its meaning for Georgia."

On 11 May, Moldovan Foreign Minister A. Stratan said that "the government would voice its opinion about the deputy initiative regarding the republic's withdrawal from the CIS after it receives the conclusion on this question from the republic's departments." The largest opposition faction, Moldova Noastra (Our Moldova) Alliance (BDM of Serafim Urecheanu), came forward with this initiative. As a result, and after some thought, the country's government did not support the opposition deputies, although at the Kiev GUAM summit (22-23 May), the Moldovan president did not exclude this possibility.

The new activation of forces in favor of the withdrawal of Georgia, Ukraine, and Moldova from the CIS immediately after the Vilnius forum was not accidental. Revitalization of the discussions on this topic was probably rehearsed. It is indicative that several months later the fervency of the debates had essentially fizzled away to nothing.

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<sup>6</sup> Interview with REGNUM Information Agency of 7 June, 2006.

As early as April, preparatory work began in Kiev to arrange a GUAM summit (22-23 May, 2006), for which an organizing committee was created headed by First Vice Premier S. Stashevskiy. In his very first statement he said that Ukraine is GUAM's "unofficial leader." According to B. Tarasiuk,<sup>7</sup> thanks to GUAM and the CDC, "Ukraine is acquiring features of a regional leader." Georgia approves of Ukraine's leading role. According to Foreign Minister G. Bezhuashvili, "Ukraine is of course the regional leader and we are doing everything to ensure that Ukraine remains the leader. We need a strong leader, a leader which, instead of applying levers of pressure, is engaged in realizing its own potential. We, as Ukraine's strategic partners, are doing all we can to ensure that this leadership is successful." Saakashvili played up Ukraine even more directly: "Russia has forgotten that Ukraine is not a village in the woods, but a leading country of the Commonwealth." Through its activity in GUAM and the CDC, Kiev has positioned itself as a regional leader and the advocate of a Euro-Atlantic and European model of integration in the region. What is more, this was important for Yushchenko's regime in light of a very possible new gas war with Russia, which Kiev was preparing for, trying to draw not only the U.S., but also the more cautious European Union onto its side.

At the summit on 22-23 May, GUAM was transformed from a regional into an international organization, after acquiring the name of Organization for Democracy and Economic Development—GUAM. Moldovan President Voronin suggested renaming GUAM the Commonwealth of European Choice. The summit was preceded by meetings of foreign ministers (20 May in Strasbourg) and interior ministers (22 May in Kiev) of the GUAM member states. GUAM's headquarters were moved to Kiev; and Ukraine assumed chairmanship in the organization. Moreover, a decision was made to create a free trade area in GUAM, although it stands to reason that the importance of such an area is not every high (with the exception of Ukrainian-Moldovan relations). The possibility of enlarging GUAM was also discussed, in particular Voronin expressed the hope that Rumania and Bulgaria would join the organization. Rumanian ambassador to Azerbaijan Nicolae Ureke stated the possibility of Rumania joining GUAM several days later.

Ukraine was attracted to GUAM and other similar organizations primarily by the purely economic and, to be more precise, transit-energy aspects. At the June summit in Bucharest, Viktor Yushchenko suggested founding an Energy Dialog of Three Seas within the CDC with the participation of representatives of Central Asia. The sense of this is difficult to fathom other than as an attempt to draw Kazakhstan and Turkmenistan into the CDC and even decrease Ukraine's energy dependence on Russia. Yushchenko's initiative, which he put forward at the same time, to find funds to build the Donuzlav Crimean Sea Transport-Industrial Complex (terminal) with the capacity to handle 60-70 million tons of freight a year appears to be pure daydreaming. At the GUAM summit in Kiev, Yushchenko suggested creating an Energy Council and put forward the conception of a Danube Energy-Transport Bridge, which presumed doing away with reverse use of the Odessa-Brody oil pipeline, building branches from it and extending it to Gdansk, and drawing Kazakhstan into this project. This idea inspired the Poles (Minister of Economy Piotr Woźniak), but could not arouse particular enthusiasm in Ilham Aliev, who was hoping that Kazakhstan would join the Baku-Tbilisi-Ceyhan oil pipeline (which happened on 16 June). The following words by Ilham Aliev hit Yushchenko like a ton of bricks: "There is no talk about any specific new energy projects." A blind eye was turned to Yushchenko's initiative at this stage. In exchange, an economically unpromising idea was offered about the delivery of Ukrainian electric power to the Caucasus.

A trend was also noted toward developing GUAM's military component. On 30 May—in the wake of the decisions of the Kiev GUAM summit—the Georgian and Azerbaijani defense ministers came to an agreement at a meeting in Baku to hold a meeting of the deputy heads of the GUAM states general headquarters in mid-July to discuss the creation of a joint peacekeeping contingent. It is possi-

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<sup>7</sup> Interview with Internet publication *DW-WORLD.DE* of 12 May, 2006.

ble that this topic was brought up due to the talks going on and the probing regarding the peacekeeping operation in Nagorno-Karabakh. (The idea of creating a peacekeeping battalion was discussed again at the GUAM Baku summit in June 2007.)

Later, by the end of 2006, the integration processes relating to the CDC and GUAM had abated to some extent, and the Black Sea Forum for Dialog and Partnership proved to be a still-born organization that gave no signs of life. Between 30 November and 1 December, 2006, another CDC forum was held in Tbilisi, an international conference called the Development of Democracy: Strengthening the Role of Parliamentary Diplomacy, at which the founding of the Community's Parliamentary Assembly was announced. It is worth noting that far from all the nine Community member states were represented at this forum even by deputies. Chairman of the Lithuanian Sejm, speaker of the Polish senate, deputies from Estonia and Holland, and President of the National Democratic Institute (U.S.) Kenneth Wallack participated in it. No breakthrough decisions or vibrant statements were observed at this forum, it proved to be an entirely mediocre event that did not arouse any lively interest among either journalists or politicians.

A certain amount of integration animation was noticed the following spring and was enhanced by the energy summit on 11 May, 2007 in Krakow. The presidents of Ukraine, Poland, Georgia, Azerbaijan, and Lithuania participated in the event and adopted a declaration on the creation of an energy corridor based on the Odessa-Brody pipeline. It is illustrative that the Moldovan and Rumanian leaders failed to show at the summit: the implementation of this project in no way corresponded to their interests, and the transportation routes of energy resources (as in the case with the Burgas-Alexandroupolis oil pipeline) bypassed these countries. On 18-19 June, 2007, another GUAM summit was held in Baku at which Moldova was represented by its prime minister, V. Tarlev. The presidents of Poland, Lithuania, and Rumania, the vice president of Bulgaria, representatives of Latvia, Estonia, Kazakhstan, Turkey, the European Commission, and U.S. State Secretary Advisor D. Kramer took part in the event. The forum participants again focused on the project for launching the Odessa-Brody pipeline and its extension to Plock. The energy problem was a central theme in the speeches of the leaders of all the states, apart from Mikhail Saakashvili who again opposed the CIS and GUAM, stating that the GUAM bloc, in contrast to the CIS, has made impressive achievements. The new energy resource transportation route demanded new suppliers, so it is no accident that immediately after the Baku summit the question was raised again of the possibility of Kazakhstan joining GUAM. It seems that Astana did not refuse outright, but made its consent hinge on its gaining access to oil-refining enterprises. As a result, the main question remained unresolved, and the summit was essentially unconstructive.

The energy topic was discussed again at the Vilnius energy summit on 10-11 October, 2007, at the same time at which the GUAM summit was also held. The presidents of Ukraine, Georgia, Azerbaijan, Poland, Lithuania, Latvia, and Rumania, the prime minister of Estonia, the ministers of energy and mineral resources of Kazakhstan, the energy minister of Turkey, the deputy prime minister of the Czech Republic for European Affairs, and the EU commissioner for energy participated in the forum. It speaks volumes that not only did the Moldovan president fail to show up at this meeting, but no authorized representative from this republic at all attended. It is obvious that Chisinau, which was not interested in implementing energy projects that bypassed Moldova, decided to isolate itself from GUAM. It seems that the GUAM format is beginning to gradually transform: as Moldova distances itself, Poland, the Baltic countries, and to a certain extent Rumania are essentially joining this organization. This format could be used both to resolve the energy security issues of these states in keeping with their lawful interests and to create a kind of "cordon sanitaire" around Russia and Belarus. The second alternative of course does not correspond to Russian interests. For the time being, the energy security dominant that moved to the forefront at the end of 2006-2007 predominates. But what will be the fate of this format if the Odessa-Brody-Plock project proves unfeasible? And this is very likely keeping in mind that at the Vilnius summit Kazakhstan actually refused to participate in this project.

So, in 2005-2006, against the deterioration in relations between Russia and several CIS states, the West (particularly the U.S. and the “New” European countries) rendered significant support to the integration unions that are alternatives to the Commonwealth in the post-Soviet expanse. Thanks to the rivalry among the Central European countries that would like to orchestrate these structures (Rumania, Poland, Lithuania, and Ukraine), in addition to the Organization for Democracy and Economic Development—GUAM, another two unions appeared—the Community of Democratic Choice and the Black Sea Forum for Dialog and Partnership. These formations have essentially identical goals and almost the same member states. Their main functions, in our view, are to create a “cordon sanitaire” along the border with Russia, as well as draw the Central Asian countries (primarily Kazakhstan) onto their side.

Activation of the integration trends created without Russia’s participation in the CIS expanse does not mean that the Commonwealth is about to collapse. Moldova and Ukraine are unlikely to withdraw from the CIS in the near future, particularly since Russian-Moldovan relations have essentially normalized and the political crisis in Ukraine has forced Kiev to turn to its own problems and distracted it from its senseless standoff with Moscow. Ukraine has obviously weighed up the pros and cons of its withdrawal from CIS, but it is not ready to take the risk and deal such a crushing blow to its own economy at the moment. All the same, under certain circumstances, the country might return to a discussion of these issues (continuation and aggravation of the gas wars with Russia, Moscow’s acutely negative reaction and retaliatory measures in the event Ukraine is invited to join NATO, and aggravation of the situation in the Crimea). It is obvious that Ukraine’s overseas patrons are not excluding the possibility of its withdrawal from the CIS along with Kiev’s entry into NATO either. Georgia is the closest to withdrawing from the CIS, but its willingness was quickly undermined by Russia’s abrupt steps, which gave it to understand that Moscow may reconsider its position regarding the republic’s territorial integrity. Moreover, Georgia is not risking withdrawal from the CIS alone and will continue to urge Ukraine and possibly Moldova to make a similar decision in the future. Nevertheless, Georgia’s role in the CIS is definitely disruptive.

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## THE UNITED STATES AND GUAM: FROM TACTIC TO PARTNERSHIP

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**T**he relationship between the United States and GUAM has undergone a remarkable evolution over the decade of that group’s

existence. Prior to the 11 September terrorist attacks, Washington viewed GUAM as a key element in Western efforts to secure access to the oil

and gas of the Caspian basin and the demontage of the post-Soviet world. And GUAM viewed Washington as a key supporter in the efforts of both the organization and its member states to gain effective independence from Moscow.

But in the years since those attacks, both Washington and GUAM have changed their focus. Washington has come to see GUAM less in terms of these two initial goals than as a major player in the war against terrorism, and GUAM has come to view Washington less as its primary source of outside support and more as one resource among many which can help the organization and its member countries achieve their goals.

For both sides at the present time, this relationship is both less important and more than it was, a paradoxical situation that helps to explain why some analysts view GUAM as an organization certain to acquire even greater importance in the future and why others view it as one that arose as a result of the specific conditions of the

collapse of the Soviet Union and that is destined to disappear as the significance of some unified post-Soviet space declines.

Rather than trace the evolution of GUAM itself—there are many useful studies available, including others featured in this issue<sup>1</sup>—the present essay examines the factors at work on both sides in defining the initial relationship between GUAM and its member states and the very different set of factors affecting the United States and GUAM that not only define this bilateral relationship at the present time but which are likely to do so over the next five to ten years.

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<sup>1</sup> For the basic history, see: T. Kuzio, "The Decade of GUAM," available at [[http://www.taraskuzio.net/media/pdf/DECADE\\_OF\\_GUAM.pdf](http://www.taraskuzio.net/media/pdf/DECADE_OF_GUAM.pdf)], and his article "Geopolitical Pluralism in the CIS: The Emergence of GUAM," *European Security*, Vol. 9, No. 2, Summer 2000, pp. 81-114 (cf.: Yu. Kochubei, "GUUAM and Equal Regional Cooperation," *Central Asia and the Caucasus*, No. 2 (14), 2002; P.C. Latawski, "The Limits of Diversity in the Post-Soviet Space: CIS & GUUAM," CSRC, March 2001, available at [<http://www.csrc.ac.uk/pdfs/G93-chap18.pdf>]).

## From a Useful Tactic...

For the United States, GUAM initially represented a unique channel for the construction of a pipelines to carry Caspian basin oil and gas to the West, an organization that could promote the independence and stability of its member states without being so direct a challenge to Moscow that the Russian Federation would be ready to react harshly, and another step in what Kuzio has called "the pluralization" of post-Soviet structures, that is, the creation of multiple cross-cutting rather than unitary and reinforcing institutions, a step that reduced the influence of the Moscow-dominated Commonwealth of Independent States.

These American interests were reflected in the way in which GUAM emerged and operated. Indeed, they so defined the organization that many in Moscow at least viewed that grouping at the time as a U.S. cat's paw directed against Moscow. The presidents of the four GUAM countries first came together at the Vienna CFE meeting in October 1997. They then agreed to cooperate to promote the TRACECA oil and gas pipeline routes westward. And the GUAM leaders actively sought to recruit other CIS states, succeeding at least for a time in attracting Uzbekistan, a member between 1999 and 2005.

Not only did most early GUAM and then GUUAM meetings take place as sidebars to larger Western gatherings like CFE and OSCE, but the organization's key publication was a newsletter put out by the GUAM embassies in Washington, D.C.<sup>2</sup> Moreover, most of the contacts between the U.S.

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<sup>2</sup> For a run of this publication, see: [<http://www.guam.org/general/browse.html>].

and GUAM occurred in these venues rather than at GUAM meetings in the capitals of its member states, an arrangement that led many to view this organization as a tactical tool of the Americans rather than a strategy of the member states.

During this period, observers had even more reason to draw that conclusion given that the interests of the GUAM states generally closely paralleled those of the United States. Like the U.S., they wanted to find a way to export their hydrocarbons in a way that bypassed Russia and thus allowed them to boost their economies without paying a significant political price. Also, the GUAM states believed that involving the United States in their activities was critical to their progress as independent countries. Not only did the Americans welcome this evidence of cooperation, but Washington's focus on the region meant that its involvement with GUAM as a group could only help the member states. And finally, at least some GUAM leaders accepted the idea that their organization could displace the CIS if they succeeded in recruiting enough additional countries from among the former Soviet republics to gain a majority in CIS councils.

Because of these shared visions, because the U.S. had few alternatives economic or political in a region Washington still considered to be central to its foreign policy concerns, and because Moscow in the last years of the Yeltsin presidency was not in a position to challenge these arrangements and efforts, GUAM was able to function but ultimately in ways that won time rather than solidified it as an organization whose goals were broader and more united than those of its member states.

Consequently, by early 2001, many analysts argued that it was unlikely to become a major player in the region, especially since it was not able to attract other countries to become members and because a variety of institutions, private as well as public, had emerged to address the issues of oil and gas transit. Moreover, with the coming to office of Vladimir Putin, Russia appeared to be ready to challenge GUAM more directly, something that made many in the United States rethink Washington's close backing of this regional grouping.

But then 11 September happened, an event that reordered American foreign policy considerations and made Washington's ties with GUAM both very different and in some ways far more important than they had been up to then.

## ...Toward a New Partnership

It has become a commonplace to say that 11 September changed everything, but it is an observation that is fundamentally true. On the one hand, the U.S. shifted its attention away from the post-Soviet space to the Middle East and especially its Arab and Afghan components. The former was simply not as important to Washington as it had been earlier. And on the other, America's relationships with other countries quickly came to be defined not by economic or broad political calculations but by narrower but deeper national security questions of military and intelligence cooperation. Those governments prepared to cooperate became Washington's friends; those not prepared were increasingly left to their own devices.

Not surprisingly, these shifts had an important impact on the U.S.-GUUAM relationship. At the first bilateral meeting after 11 September in New York on 14 November, 2001, the member states plus U.S. Under Secretary of State Marc Grossman redefined the relationship.

They jointly issued a statement saying that “the United States and the GUUAM states stand united against terrorism and together resolutely denounce the barbaric acts of terrorism that were committed against the United States on 11 September, 2001. The attacks represented an attack not only against the United States but on the whole of the international community and on people of all faiths and cultures. These monstrous acts and terrorism in general are a challenge to the fundamental values for which our societies stand.”

“Together,” it continued, “the United States and GUUAM will work to bring the perpetrators of the 11 September attack to justice and to fight terrorism. This conflict is a struggle to defend values common to Muslims and non-Muslims alike. [They] acknowledge that terrorism is not identified with any religion or culture. Together they will work in the coalition to fight terrorism. This effort will be long and sustained and will define a new era in international relations.”

“Already, the individual states of GUUAM are working closely with the U.S. on combating terrorism, and have agreed on the crucial importance of mutual cooperation, especially, in security of transport corridors, preventing drug trafficking, illegal weapon trade and migration. During their meeting, the Foreign Ministers of the GUUAM states and U.S. Under Secretary of State for Political Affairs explored possibilities for increased counter-terrorism cooperation between the United States and GUUAM as an important regional organization.”

Not a word about economic issues or geopolitical competition within the CIS, a pattern that was continued at meetings in Yalta in July 2002, New York in September 2002, and in Tbilisi in May 2003. Indeed, it could be fairly said that GUUAM had joined the American war on terrorism as eager recruits, something that led some commentators to suggest that the organization remained essentially an American institution.

But such suggestions missed two important points. On the one hand, Washington was making expanded use of bilateral ties with each of the states and especially with oil production and transportation infrastructure within them, even as it focused on security questions with GUUAM as an institution. And on the other, U.S. officials, typically at the assistant secretary level or better, now attended GUUAM meetings in the region on a regular basis, rather than simply meeting with GUUAM officials when the latter travelled to international meetings in the West or most often dealing with GUUAM ambassadors in Washington.

In order to solidify this arrangement with GUUAM, the U.S. developed the so-called “framework program,” in order to provide funding and guidance in the development of security-related infrastructure in the member states and regularly dispatched military, intelligence and security officials to discuss the entire panoply of security issues. Indeed, by January 2003, an article in *The New York Times* could describe GUUAM not so much as a political alliance but rather an “anticrime group.”<sup>3</sup>

Moreover, as the security dimension of GUUAM and then GUAM’s cooperation with the United States displaced other matters, officials and observers in its member states, in Moscow and in Washington noted that the grouping was increasingly following the American approach even to the point of renaming itself, in 2006, the Organization for Democracy and Economic Development—GUAM, an echo of the Bush Administration’s recasting of the war against terrorism as a fight for the spread of democratic forms of governance.

For many inside GUAM, of course, there was an additional impetus for taking this step: It allowed them to present themselves as the democratic alternative to the increasingly authoritarian re-

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<sup>3</sup> D. Binder, “U.S. Supports Anticrime Group in the Caucasus and Central Asia,” *The New York Times*, 26 January, 2003.

gimes elsewhere in the CIS and thus attract the support not only of Western powers like the United States but also increasingly important regional ones like Poland.

Despite the presence of American officials at GUAM meetings and the enhanced security cooperation between its members and Washington, ties with Poland and Japan especially since 2005 have proved increasingly important not only because the U.S. was increasingly tied down elsewhere but also because Moscow under President Vladimir Putin was again seeking to block the emergence of any challenge to Russian influence in what he called “the near abroad.”

Part of that Kremlin effort involved warnings to Washington that the use of GUAM against it could be counterproductive, something the U.S. took seriously enough not to be nearly as publically support of the grouping as it had been, and efforts by the Russian government to peel away one or more of its members. That tactic worked with Uzbekistan, and Moscow has pursued it consistently if as yet unsuccessfully in Moldova especially since the election of a communist as president of that country.

Consequently, many in GUAM felt themselves simultaneously under threat and with fewer defenses, and to break out of that situation, they have reached out to regional powers like Poland, Rumania, and Japan via summit meeting invitations like those to Baku in 2007 in the hopes that such ties, not yet formalized in full membership, represented an effective riposte to Moscow—after all these countries were never part of the Soviet Union—and the best means available to them of regaining the initiative given the shift in America’s focus.

## A Bright but Unexpected Future

By 2006-2007, as GUAM marked its 10th anniversary, analysts like RFE/RL’s Claire Bigg and Georgia’s Alexander Rondeli, could describe it as having come of age, as an organization with a sufficient level of activity and history to ensure that it will be in a position to move into the future not as a branch office of American foreign policy or as an anti-Moscow Trojan horse but as a group that in its own right can define its security issues and pursue and advance its growing economic interests.<sup>4</sup> Most strikingly at this point, GUAM leaders are focusing on democratic governance and economic development more than on American-driven security concerns, a return to the organization’s earlier period and one that could for a time make it less central to the thinking of the United States than it was in the early 2000s. However, the economic clout and geopolitical location of these countries ensures that Washington will not be able to ignore them, and consequently, the odds are good that a maturing GUAM will again acquire a significant place in American thinking, albeit one that will take the place of a more balanced partnership than the arrangements that have existed either at the end of the 1990s or the beginning of this decade.

That is clearly the hope and even, given high energy prices and continuing instability in Eurasia, the likelihood. But the last 15 years and especially the 11 September attacks are a reminder that the international situation could change in sudden and dramatic ways, with the certainty that any such shifts would affect both GUAM and its relationship with the United States.

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<sup>4</sup> See: C. Bigg, “GUAM—A Regional Grouping Comes of Age,” *RFE/RL*, 24 May, 2006.



## RELATIONS BETWEEN GUAM AND TURKEY

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Although more than sixteen years have passed since the end of the bipolar system, it is still hard to anticipate and define the fundamental features of the international system that has formed as a result of the developments under consideration. Both the critics and those who have no serious problem with the issue are talking about the current system, but they have been unable to reach a mutual agreement either among or between themselves. On the other hand, a broad definition of today's international system can be made and some approximate assessment of it given.

First of all, it does not seem likely and/or easy to examine the structure of the international system solely in terms of its military-strategic, political, and economic aspects as was possible in the era of the bipolar system. The current international system can be described as a structure in which hierarchical and multipolar relations are connected and function together.

Even though these levels are not isolated, but function together, and affect the foreign policies of the governments existing alongside one another in the real international system, this kind of abstraction enables us to know some features of the system well. On the other hand, the existing international system is a sub-system dominant. In the bipolar system, particularly under those condition when the polarity of the system was strong, the factors that affect and determine the unity of the international system were also the most important inputs of the sub-systems in it. In other words, the sub-systems did not have much opportunity to be autonomous of the main system. But it is not the same in the current system, which is undergoing changes. Today in most sub-systems we can observe the features of the classical power-balance system only when the international system is autonomous of the above-mentioned hierarchical/multipolar-oriented structure.

### **New Turkish Foreign Policy after the U.S.S.R.**

It is commonly believed that the foreign policy of states depends on certain fundamental principles and essentials and these fundamental principles have continuity due to geopolitical location, historical events, and national character/culture. Although Turkey technically has three neighbors in the Caucasus, Russia must also be considered "one of its neighbors which has no direct borders with Turkey." The rivalry between the big neighbor in the north, Russia, which inherited its current position from the former U.S.S.R., which was Turkey's rival in both political/ideological and military/

historical terms, and Turkey has now become more military/strategic in nature. But here more attention should be given to the fact that the West does not support Turkey as unequivocally today as it did when Russia was the “U.S.S.R.” (it was even the Russian Empire for the most part).<sup>1</sup>

The Russian policy of the U.S. and the EU has been fluctuating since 1991. Nevertheless, their policy can be explained by the fact that they want to politically and economically integrate the areas on the western borders of Russia, which used to be under Russian control, into the West and make these areas economically suitable for the West without posing any clear threat to Russia’s political/military patronage over Central Asia. So it stands to reason that Turkey is not enjoying the same amount of support today that the West gave it in the past because of the security threats related to Russia.

The biggest problem in the area is the clash between the Azerbaijanis and Armenians in Nagorno-Karabakh, which started before the collapse of the U.S.S.R. The balance in the area has been shaped by Turkey’s support of Azerbaijan and Russia’s support of Armenia. As one of the actors in the area, Iran openly backed Armenia in the beginning, while toward the end it displayed a more balanced attitude toward the issue.

Turkey, Russia, and Iran are the most salient regional actors in the area outside of Georgia, Azerbaijan, and Armenia located in the region. Russia and Iran share similar ideas about most of the issues concerning the region—the status of the Caspian being a case in point. The U.S. encouraged the Baku-Ceyhan pipeline project, thereby intervening in the politics of the region on the side of Turkey.<sup>2</sup> Later America strived to neutralize some of the radical Islamists in the region and to balance Russia’s influence there by increasing its power in Georgia, with which Turkey has good relations as well as the others. Hence, groups have been forming in the region consisting of Turkey, Azerbaijan, Georgia, and the U.S., on the one hand, and Russia, Iran, and Armenia, on the other. The biggest problem of Turkey’s foreign policy in this region, based on these groups, is Turkish-Armenian affairs. This problem has two aspects: the Karabakh question and Armenia’s claims on Turkey.

## What is the Role of GUAM?

Since the disintegration of the U.S.S.R., both large and small states have been trying to play a role on international arena, which has brought new troubles with it. Firstly, almost all of these newly-established states have become an enemy of the states that are dynamic powers in the region. Secondly, they all also have enmity toward each other, the roots of which go back into the past. Thirdly, since these states are newly established, they have both political and economic problems which handicap domestic order along with stability. All these problems and the matters concerning how these states can be guaranteed have joined into one. This is very important because the mentioned problems hinder regional job opportunities and peace, which relates to Turkey most of all. As we know, Turkey is located near areas where certain changes and developments have been occurring: the Balkans, the Caucasus, and Central Asia.<sup>3</sup>

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<sup>1</sup> See: O.N. Özalp, *Turkish Foreign Policy in Central Asia (1990-2007)*, Heidelberg, 2007.

<sup>2</sup> See: K. Kasım, “The Transportation of Caspian Oil and Regional Stability,” *Journal of Southern Europe and the Balkans*, Vol. 4, No. 1, 2002, pp. 36-45.

<sup>3</sup> See: S.E. Cornell, “Geopolitics and Strategic Alignments,” *Perceptions. Journal of International Affairs*, Vol. IV, No. 2, June-August 1999, available at [<http://www.sam.gov.tr/perceptions/Volume4/June-August1999/cornell.pdf>].

After the disintegration of the U.S.S.R. in 1991, the old members of the single bloc formed new alliances, organizations, and unions. The most important of all of these is, of course, the CIS, the Commonwealth of Independent States. The CIS is still alive; however, it plays no role in any area. Another regional union that was established after the disintegration is called GUAM. It was founded by the heads of Georgia, Ukraine, Azerbaijan, and Moldova in Strasbourg in 1997. When Uzbekistan joined the union two years later, it became a group of five. And its name was changed to GUUAM consisting of the first letters of the names of these states. Later Uzbekistan left the group when it agreed separately on natural gas with Russia. So the union is once more called GUAM.

When it was first established, its aim was to preserve the sovereignty and independence of the members against Russia by strengthening political, economic and security relations and borders. Moreover, it paid special attention to energy security and, having strong relations in this issue, this has become one of its founding aims. Briefly, GUAM was the first union in history to be formed against Russia. Turkey took advantage of this circumstance and signed important projects with the member states, together with the U.S., by enlarging its foreign trade capacity.

The Russian president said that the Commonwealth of Independent States established as a result of the disintegration of the old Soviet republics is being threatened with losing its influence in the region these days due to civil revolutions and the emergence of GUAM on the international scene. Russia follows a policy of disciplining and punishing the disobedient regimes. Hence, Russia is trying to weaken the economy of Moldova, Georgia, and Ukraine, which are becoming close to the West, by imposing an embargo on foodstuff import and raising natural gas prices. The recent Russia-Georgia crisis obviously shows us that Russia is pursuing a policy that opposes the pro-Western Saakashvili government. Russia reacted more harshly toward Georgia than was expected, because the latter arrested some Russian army officers on the charge of espionage. On the basis of this pretext, Russia carried out its own strategy. Russia is also trying to maintain control over the developments in Ukraine after the Orange Revolution.<sup>4</sup> For that reason, in winter 2006 Russia sometimes interrupted the flow of natural gas, thereby preventing Ukraine from having Western support. Furthermore, during the elections in Ukraine, Russia saw to it that pro-Russian Yanukovich's party won and the advocates of the Orange Revolution were in the minority.

## Formation of GUAM and Turkey

It is worth noting here that at the beginning of the 1990s, when the Cold War ended, it is assumed that although Turkey's strategic salience would diminish after the disintegration of the Soviet Union, Turkey would regain its importance in another area after the emergence of the new states in Central Asia, particularly those that were originally Turkish. First of all, it cannot be denied that Turkey has a very important geographic advantage. Turkey's affairs with the former U.S.S.R., which always had great value for Turkey in terms of economic and trade policy, acquired importance when the Russian Federation was established in 1992, which was a very important prerequisite for bringing political and economic stability to the region.<sup>5</sup>

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<sup>4</sup> See: A.W. Sagorskij, "'Reintegration' oder 'Geostrategischer Pluralismus'? Die GUS im Spannungsfeld zwischen Rußland und dem Westen," in: *Rußland und der Westen. Von der "strategischen Partnerschaft" zur "Strategie der Partnerschaft"*, Hg. v. Hans-Joachim Spanger (Studien der Hessischen Stiftung Friedens- und Konfliktforschung 29), Frankfurt am Main, New York, 1998, S. 215.

<sup>5</sup> See: S. Genç, *Das neue "Great game" in Zentralasien um das Erdöl: Eine Region im Fadenkreuz der internationalen Interessen*, Dissertation zur Erlangung des Doktorgrades. Heidelberg, 2006. S. 169.



With the end of the Cold War, the emergence of new independent states in the former Soviet expanse opened up both cultural and economical opportunities for Turkey in Eurasia. Turkey has strategic plans, especially with respect to the region that borders on the Caucasus and the Black Sea. Turkey aimed in this way to create stronger integration with these areas and revitalize their economies, especially by means of numerous projects involving Georgia, Ukraine, Moldova, and Azerbaijan (GUAM).

All these countries wanted to maintain their full independence after the disintegration of the Soviet Union. Russia, which wanted to gather the states in the neighborhood under the roof of the Commonwealth of Independent States in order not to lose its former authority in the region, used various tricks in its relations with Ukraine, Moldova, Georgia, and Azerbaijan. Even though Russia managed to attract them into the CIS, it cannot prevent these states from behaving more independently during the developments. Only Azerbaijan among the four founder states of GUAM has so far avoided open opposition with Russia and remained neutral. Today we have two poles within the CIS: pro-Russian and pro-Western. With its pro-Western policy GUAM is also of great interest to Turkish foreign policy.

Democracy and a free market economy have not taken root in the Caucasus and Central Asia yet. For this reason, Turkey, which is one of the successful states in the region and is presented as a model, wants to make progress by using its historical and cultural bonds with the region. In the beginning, progress, which now goes by "strategic cooperation," was called fraternity. But Turkey does not consider the region just a financial benefit, its striving for progress here includes both economic and political components.

The end of the Cold War led to Turkey, which has the longest coastal line, regarding the region as a bridge between East and North Europe and between the Caucasus and Central Asia. Consequently, Turkey has changed its view of the region. After being rivals with each other in the Black Sea for centuries, Turkish-Russian affairs hit the doldrums during the Cold War. Nonetheless, this rivalry flared up again due to GUAM's efforts to exert its influence on the region after the disintegration of the U.S.S.R. Turkey's GUAM policy after the disintegration was aimed at supporting the independence and territorial integrity of those states.

Turkey has been striving to revitalize the Black Sea Economic Cooperation Organization that was established in 1992 by Turkey in order not to lose its influence on the region and have closer relations with GUAM.<sup>6</sup> The Black Sea Economic Cooperation Organization was established as a multilateral economic and political model to promote cooperation and harmony among the member states and improve neighborhood relations by supporting peace, stability, and prosperity in the Black Sea region. However, there is doubt that the organization has succeeded in achieving these goals in the past 15 years. Turkey, from this point of view, supports the policy of GUAM, which came together to escape from Moscow's influence.<sup>7</sup> GUAM, which has existed since 1997 but seems to have forgotten why it exists and has done nothing serious, is now beginning to be active again as a result of velvet periods unique to the target region. It is thought that this revitalization will show its first and significant signs in the energy field, since the direction of the Odessa-Brody pipeline, which Turkey is very interested in too, has become a current issue in the framework of these new attempts and may be seen as an indication of the neighborhood states' inclination to sign strategic and cooperation projects.

After acting indecisively during the establishment process, GUAM changed its aims and functions, especially after the Rose Revolution and the Orange Revolution. It is very possible that GUAM will begin taking steps in accordance with the founding agreement and start to carry out various significant activities, since it strives to be more functional, to judge by the recent indications. GUAM is an organization that determines the development of democracy in the region after the Soviet Union; therefore, many GUAM governments have close relations with Turkey, which is a "model state" for the GUAM countries with its various achievements.

## Turkish-Georgian Relations

Turkey was the first state to recognize Georgia's independence. After Georgia gained its independence, Turkish-Georgian relations expanded to include military cooperation as well. Developing in every field, relations between Turkey and Georgia, particularly in cooperation in economic, political, and military areas, became an example for other states. Both states, which have mutual agreements in politics, would also like to reach agreements on regional security and peace. Georgia defines Turkey as a strategic ally and a sound and trustworthy state on which it can rely for protection, since it saw the extremely positive role Turkey played during its hard times. Similarly, Turkey wants to see its neighbor, Georgia, toward which it has close and friendly feelings, a strong and stable nation, as

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<sup>6</sup> See: T. Aybak, *Introduction, Politics of the Black Sea; Dynamics of Cooperation and Conflict*, ed. by T. Aybak, Tauris, New York, 2001.

<sup>7</sup> See: S. Genç, *op. cit.*, S. 179.

well as a guarantor of regional peace. In other words, a strong and stable Georgia in a problematic area like the Caucasus means, for Turkey, the maintenance of regional peace.<sup>8</sup>

Likewise, President Mikhail Saakashvili declared that Georgia, which occupies a very strategic position on the way from Turkey to the Caucasus and Central Asia, is paying attention to relations with Turkey, since it sees Turkey's success and integration into Europe as its own achievement as well. Georgia's friendly approach toward Turkey is clearly reciprocal, since the Turkish authorities often declare that the protection of Georgia's sovereignty and territorial integrity and the resolution of all matters in the framework of this fundamental approach are among the priorities of Turkish foreign policy.

As a strategic member of NATO, Turkey wants to have a strategic role in achieving stability in the Caucasus and is rendering Georgia broad support, including training, equipment, and financial assistance to help Georgia's army reach NATO standards. In south Georgia, the Marneuli Military Airport was able to reach NATO standards with the help of the Turkish Armed Forces and so constitutes one of the recent targets of Turkey's support of Georgia.

During the same period, Turkey allotted 7 million 515 thousand dollars to the Georgian Air Forces. Turkey's training support to the Georgian Armed Forces and the opening of Georgia Müsterek Harp School (Joint War School) in 2004-2005 reinforced the military relations between the two states.

## Economic Side of the Relations

The reconciliation between the two states is not limited to only the military and political fields. Since 2003, economic relations between Turkey and Georgia have accelerated, and it is evident that the new cooperation areas, the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline, will reinforce their strategic partnership. The Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline are very important in terms of Georgia's security and independence since they will transport Azeri oil and natural gas through Tbilisi.<sup>9</sup>

When we consider the plans regarding the completion of the Baku-Tbilisi-Ceyhan oil pipeline in 2005 and the launching of the Baku-Tbilisi-Erzurum gas pipeline into operation in 2006, we can see that cooperation on ensuring regional peace and stability is beneficial to both Turkey and Georgia. The Baku-Supsa and Baku-Ceyhan oil pipelines, the Shah Deniz-Turkey gas pipeline, and international rehabilitation projects in energy and communications are priority areas that prove the significance of Turkey-Georgia relations.

Both countries are trying to spread their cooperation to delivering Azeri oil and natural gas to other world markets. Huge cooperative economic enterprises have been beneficial to Georgia's foreign trade, which was badly affected by the disintegration of the U.S.S.R. Turkey and Georgia have agreed to build the Kars-Tbilisi Railway. This railway will give Georgia the opportunity to reach Western Europe and the Mediterranean, since Turkey will have a cheaper and shorter transportation route with the Caucasus and Central Asia.

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<sup>8</sup> See: A. Kotchikian, "Georgian-Armenian Relations: Between Old and New," *Central Asia and the Caucasus*, No. 6 (24), 2003, p. 135.

<sup>9</sup> See: A. Özü, "Black Sea as an Energy Transit Corridor," *Turkish Policy Quarterly*, Summer 2006.

Country	Total Shares in Foreign Investment (%)
The U.S.	30.1
Turkey	23.7
France	20
Israel	11.7
CIS	7.8
Bulgaria	5.1

*S o u r c e:* Turkish Government Statistics Agency.

## Turkish-Ukrainian Affairs

Ukraine declared its independence in 1991 soon after the disintegration of the U.S.S.R. and followed a course aimed at establishing a pluralistic democracy, free market economy, and Western-oriented policy, which accelerated Turkish-Ukrainian relations on a convenient basis.<sup>10</sup> They are mutually important partners for one another because of Ukraine's geographical size and strategic location in terms of regional and European security and stability. They can also benefit mutually from their similar military-defense industrial opportunities and capabilities.

Turkey has an embassy in Kiev and a consulate general in Odessa. Similarly, a Ukrainian embassy and consulate general are operating in Ankara and Istanbul, respectively. Reciprocal high-level visits and approximately 60 treaties signed between the two countries during these visits have assisted in developing their relations.

The two countries' relations have accelerated recently, after Ukraine decided to join NATO, the EU, and WTO. Trade, which increased by just 13% in 2006, became revitalized in 2007 and reached 3.8 billion dollars with a 20% growth rate. Turkey's foreign investments have reached 1.5 billion dollars per state in states as Russia, Kazakhstan, Azerbaijan, and Turkmenistan, whereas in Ukraine they remain at a level of only about 300 million dollars. Investors complain about the complexity of the procedures, the frequent changes in the economic laws, the long bureaucratic process, the insufficient announcements of changes in the companies, and the underdevelopment of the banking system. However, they are gradually paying more attention to the country as it becomes more modernized and developed. A traditional exporter to Russia and CIS, Ukraine began changing its position and oriented one third of its export to European markets.

Ukraine is defined as a strategic country for Turkey and has the difficulties and advantages of being a typical Eurasian country similar to Turkey and Russia. Successful use of the policy of a transit state with respect to problems concerning the increasing energy demands and transportation routes has become a foreign policy goal for Turkey and Ukraine, which is gradually gaining importance. At the beginning of 2007, the energy crisis between Russia and Belarus was a clear indication of the increasing importance of transit states in the energy game in the region.

Ukrainian President Victor Yushchenko proposed the idea of using the Odessa-Brody pipeline to transport energy resources of Hazar. We can make a consortium for energy transportation (with

<sup>10</sup> [<http://www.tika.gov.tr/Dosyalar/Ukrayna.doc>], 3 July, 2006.

Azerbaijan) with the participation of Russia and Kazakhstan, said he. Extending from Black Sea to the Polish borders, the Odessa-Brody pipeline was first built to transport Kazakh and Azeri oil to the European markets, but after it was completed, it could not operate for a long time since Ukraine did not have enough money to buy Hazar oil and the European states had no intention of building pipelines. The EU did not pay attention to the project in the beginning, but after the considerable increase in oil prices in August 2005, they understood the significance of the Odessa-Brody pipeline and decided to support the consortium to be established by European states in order to link the pipeline to the Plock refinery in Poland.<sup>11</sup>

The change of direction in the line had two important results for Turkey, too. Russian oil will not come to Odessa and pass through the straits any more, which will diminish traffic in the straits to some extent. If we consider Turkey's sensitivity over the straits, we can better understand the attention Ankara is paying to the project.

Although they are partially rivals in the energy field, the two states should realize that their foreign policy must not only focus on the U.S., the EU, and Russia, but also be designed to increase regional cooperation in the Black Sea region, the geopolitical significance of which is gradually increasing in the world.<sup>12</sup> A successful example of regional cooperation is the Black Sea Forum for Dialog and Partnership in the context of Black Sea Harmony, which was signed during the Ukrainian president's visit and caused Ukraine to join. The fact that Ukraine supports Turkey's efforts to expand the operational area and give the Black Sea Economic Cooperation Organization (BSECO) celebrating its 15th anniversary a more active structure may give rise to positive outcomes.

Turkey could not define a specific goal other than changing trade and investment relations, although Turkey is striving to develop relations with Ukraine in the framework of establishing close and friendly relations with its neighbors. Unfortunately, Turkey just started paying attention to Ukraine after 2004 when other states increased their interests in Ukraine. Considered as a state in the Russian Federation's shadow, Turkey should also regard Ukraine as an important actor in the Greater Black Sea Region. There are plans to re-examine the relations between Turkey and Ukraine in terms of their geopolitical positions and the development of their cooperation and to restructure Ukraine according to the strategic partner definition given by Turkey.

## Foreign Trade

The trade balance between two states during 1990s was against Turkey. The fact that Ukraine applies high customs and consumption tariffs to imports causes an increase in import prices and diminishes the competitiveness of Turkish products on the Ukrainian markets. Turkey imports raw materials and semi-finished products from Ukraine on a large scale: iron and steel products, mineral fuel, fertilizers, inorganic chemicals, animal and vegetable fats, and so on. According to the data of the Turkish Government Statistics Agency at the end of 2006, Ukraine was 13th among the states Turkey imports from and 18th among the states it exports to. According to the data of the Ukraine Government Customs Bureau in 2006, Turkey was 18th in Ukrainian imports with its 1.14% share, 2nd in Ukrainian exports with its 6.89% share, and 4th after the Russian Federation, Germany, and Turkmenistan in foreign trade with its 4.1% share.

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<sup>11</sup> See: A. Marchetti, "Widening Without Enlarging, The European Neighborhood Policy and South Caucasus," *Turkish Policy Quarterly*, Summer 2006.

<sup>12</sup> See: R. Wilson, "US Policy in the Black Sea Region," *Turkish Policy Quarterly*, Summer 2006, p. 12.



## Turkish-Azerbaijani Affairs

Turkey was the first state to recognize Azerbaijan's independence after the disintegration of the U.S.S.R. After Azerbaijan gained its independence, the two states had many opportunities and privileges and important common demands of their people for developing multifaceted relations. But these relations were prevented from developing independently of foreign factors due to Azerbaijan's very significant geopolitical position and Russia's, Iran's, and Armenia's interests in Azerbaijan. In particular, Russia is striving to keep its leverage on Azerbaijan even after its independence, which overshadows Turkish-Azerbaijani relations.

After the disintegration of the U.S.S.R., the relations between the two states showed gradual improvement. This progress can be seen at two different times. During the first (1991-1994), which is called the sensitive and idealist period, Abulfaz Elchibei and Turgut Özal's idealist approaches prepared the way for the two states to go on to the next stage. However, the fact that Turkey was unable to resolve Azerbaijan's problems and Azerbaijan could not balance its domestic and foreign policy prevented these approaches from being put into practice. During the second (1994-...), which is called the realist period, the friendship between Azeri President Heydar Aliiev and Turkish President Süleyman Demirel has played a great role in implementing the projects.

Despite the periodical differences, Azerbaijani-Turkish relations developed to a great extent during the first 10-year period after Azerbaijan gained its independence. During this period, about 150 agreements, protocols, and other documents were signed between the two states. And those protocols related to the economy, trade, education, culture, and science. A large number of Azeri students study in Turkish schools and diplomats are educated at the Ministry of Turkish Foreign Affairs. Moreover, Turkey prepares books for schools in Azerbaijan that prefer to use the Latin instead of the Cyrillic alphabet now. Turkey helped to build one university, 15 secondary schools, and 11 high schools in Azerbaijan. There are also Turkish students who study in Azeri universities.

In order to benefit from Hazar oil, Turkey developed some projects with Azerbaijan. Azerbaijan is very important to Turkey with respect to oil. TPAO has a partnership in four of the 20 international consortiums related to Azerbaijan's oil and natural gas invested in foreign capital.<sup>13</sup> Recently, Turkish foreign policy focused on the Baku-Ceyhan pipeline. Now in operation, the pipeline is 1,770 km in length and 1,074 km pass through Turkey. Thanks to the pipeline, Caspian oil will be transported to the world markets through Turkey. Besides oil, the agreement signed in 12 March, 2001 on the delivery of Azeri natural gas to Turkey is an important step.<sup>14</sup> According to this agreement, Azeri natural gas will be sold to Turkey from the Shah Deniz field between 2004 and 2018.

As it can be seen, Azerbaijani-Turkish relations developed positively by signing treaties and protocols and entering future-oriented projects after Azerbaijan gained its independence in spite of some drawbacks and interruptions. And it seems impossible for the two states to continue their relations independent of the strategic decisions and actions of other states that have interests in the region.

Turkish investments in Azerbaijan are the first among other foreign investments apart from oil. Turkish entrepreneurs function in almost all departments, such as telecommunications, bank-

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<sup>13</sup> Turkish investments have a share of 6.5% in the 8-billion-project (Azeri-Chirag-Gunashli) which is prepared to operate the Azeri oil resources, 9.0% in the 4-billion-Shah Sea Project, 5% the in Kurdashi area, and 10% in the Araz-Alov-Sharg area. Additionally, our two private companies, Pet Holding and AtillaDoğan, have produced oil in the Mishovdag, Khilli and Babazanan field with joint ventures (JV) formed with the State Oil Company of the Azerbaijan Republic (SOCAR).

<sup>14</sup> See: J. Devdariani, B. Hancilova, "Oil Money Fuels Regional Ties in the South Caucasus," *Central Asia-Caucasus Analyst*, 2007, p. 9.

ing, insurance, leasing, construction and contracting, the mass media, education, health, transportation, the automobile industry, the manufacturing industry, and the oil and service industries. Most Turkish companies performing in different fields are engaged in trade or prefer small or moderate investments. These firms invest in oil, telecommunications, transportation, banking and insurance, the food industry, education, the mass media, the textile and clothing industry, the automobile industry, wood products, iron and steel, materials other than iron, construction supplies, and contracting services.

## Relations between Turkey and Moldova

After living for three centuries under the rule of the Ottoman Empire, since 1538, and being occupied by the Russians since 1812, Moldova gained its independence on 27 August, 1991. Since that time, the country has gone through a period of important institutional reforms within the framework of an action plan signed with the European Union in 2005 aimed at integrating it into European institutions. During this process, Turkey shared its experience in these fields with Moldavia and supported it on both the bilateral and the international arena.<sup>15</sup>

According to the records in 2006, 101 Turkish companies are active in Moldova. Turkish entrepreneurs have invested mainly in the field of transport, construction, catering, agricultural products, nutrition, packaging, and the textile industry. The trade volume between these two countries reached 120 million dollars, almost doubling the volume within a span of three years. It is assumed that the reform efforts exerted by Moldova to improve the investment environment in order to attract foreign investors may give relations in this field another boost.<sup>16</sup>

Moldova is one of the targets for Turkish capital, which is looking for investment opportunities abroad. With its geographical proximity to Turkey, its position within the international transport networks, and its qualified workforce, Moldova is an attractive country for Turkish businessmen. The amount of investments by companies founded with the use of Turkish capital in Moldova approaches the 1 billion dollars mark.

The economic- and trade-related treaties between Turkey and Moldova are the following:

- Treaty on trade and economic cooperation of 14 February, 1994 signed in Ankara.
- Treaty on the mutual support and protection of investments of 14 February, 1994 signed in Ankara.
- Treaty on international road transport of 3 June, 1994 signed in Chisinau.
- Treaty on avoiding double taxation. This treaty was signed during the visit of Turkey's 9th president, Süleyman Demirel, to Moldova, but has not gone into effect yet.
- Treaty on industrial cooperation and treaty on scientific and technological cooperation, May 1996.

Turkish investments have started to grow in recent years. The following factors are facilitating Turkish investments in Moldova:

<sup>15</sup> [<http://www.turksam.org/tr/yazilar.asp?yazi=203&kat=4>].

<sup>16</sup> See: *State Report for Moldova* (Prepared by the Turkish Prime Minister), available at [[http://66.102.9.104/search?q=cache:pNM6ggvbLusJ:bilgiekonomisi.googlepages.com/Moldova\\_UlkeRaporu.pdf+t%C3%BCrkiye+moldova+iliskiler+-goal+-gol+-soccer+-youtube+-hakem+-mac+-maci+filetype:pdf&hl=en&ct=clnk&cd=1&gl=tr](http://66.102.9.104/search?q=cache:pNM6ggvbLusJ:bilgiekonomisi.googlepages.com/Moldova_UlkeRaporu.pdf+t%C3%BCrkiye+moldova+iliskiler+-goal+-gol+-soccer+-youtube+-hakem+-mac+-maci+filetype:pdf&hl=en&ct=clnk&cd=1&gl=tr)].

- Moldova's geographical proximity to Turkey and its advantageous position in the trans-European transport networks.
- Cheap and qualified employees. 97% of the population is literate and the number of university graduates has increased to 50% in the last 10 years.
- Advanced scientific and technological potential.
- Macroeconomic stability in the country.
- Free trade treaties with the Commonwealth of Independent States (CIS) and Rumania.
- Moldova's membership in the WTO and Stability Pact for Southeast Europe.

Although Turkish investments are limited at the moment, their volume is growing due to the above-mentioned advantages.

In addition, there is a population of 160,000 Gagavuz Turks in South Moldova. "Gagavuz Yeri" (Place of Gagavuz) became an autonomous region in the country. This status has been protected by the Moldovan Constitution since 2003. Gagavuz's existence in Moldova is one of the factors which deepens and enriches the relations between Moldova and Turkey.<sup>17</sup>

As was noted, the trade volume between these two countries has almost doubled and reached the 120-million-dollar mark in the last three years. This increase is certainly due to Minister of State Kürşat Tüzmen's visit to Moldova in 2005, the enforcement of mixed economic commission decisions, and the permanent establishment of our Foreign Trade Office in Moldova. The high frequency of tourist and business trips between these two countries in 2005 and 2006 should be considered an indicator of the deepening relations.<sup>18</sup>

Moreover, the air route between Chisinau and Istanbul has become a number one destination for Moldova. There are 14 flights on this route every week. Considering that this constitutes more than double the remaining flights to and from Moldova, the extent of the trade potential between the two countries can easily be seen. We hope that the reform efforts exerted by Moldova to improve the investment environment in order to attract foreign companies will enforce our relations in this field even more.

Several treaties concerning coastal trade, visa exemption, trade and economic cooperation, and cooperation in tourism were signed and came into effect. A treaty on the mutual support and protection of investments was also signed in 1994. Free trade treaties are expected to be the next agreements. Furthermore, the treaty on industrial cooperation and the treaty on scientific and technological cooperation signed in May 2006 offer a basis for subsequent agreements.

The companies in question are active in nutrition, beverages, telecommunications, textiles, confectionary, tourism, construction, ceramics, drugs, catering, school management, and transport. If this dynamic process continues, there is no doubt that Turkish investments in Moldova will extend their operations into other branches.

## *C o n c l u s i o n*

Geopolitical theories define the priorities of the states' foreign policy goals based on geography by categorizing the territories and seas all over the world. The globalization of economic actions,

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<sup>17</sup> See: *Dialogue Avrasya*, available at [<http://www.da.com.tr/dergi/indextr.cfm?menuno=38&textno=244>].

<sup>18</sup> See: *State Report of Deik* (Turkish Foreign Economic Relations Board), available at [<http://66.102.9.104/search?q=cache:B2Lhzp3v1VsJ:www.adana-to.org.tr/TR/UlkeRaporlari/Raporlar/MD.pdf+t%C3%BCrkiye+moldova+iliskiler+deik+goal+gol+soccer+youtube+hakem+mac+maci+filetype:pdf&hl=en&ct=clnk&cd=1&gl=tr>].

discovery of more supplies of oil and natural gas, which are in short supply, and the increasing importance of their delivery to the West are the reasons underlying the states' geopolitical significance. The most important factor directing today's international policy and social, economic, and scientific development, energy is the fundamental dynamics that affects the international system and security to a great extent. The Greater Black Sea Region is the area most affected by energy dynamics after the Cold War. This is an area where the Caucasus, Central Asia, Southeast Asia and Russia are located. In the last ten years, the Greater Black Sea Region has become the most promising region of the world in terms of oil investment and production, while it has also become the focus of intense international rivalry aimed at reaching the regional resources through pipelines. The ethnic tension, political instability, slow development of democracy, and geopolitical rivalry in the region are still worrying the regional states, large powers, and investors. The manufacturers in the Caspian Sea, which has no connection to the high seas, differ from others since they encounter difficulties with transporting their oil and natural gas to the world markets. Regional energy transportation routes were planned and built just to meet the energy needs of the U.S.S.R. Hence all the routes that remain from the Soviet era go through Russia, and the Russian pipeline operators have managed to limit export from the region by claiming various tariff problems and capacity limitations. Other pipeline alternatives will gain importance since they will become transit energy routes for the GUAM states. For that reason, it is vital for the development of Caspian energy resources that the GUAM states reach markets such as the EU states, Turkey, and Eastern Europe.

Setting fighting terrorism as its priority after 9/11, the U.S. sees the solution as democratization of the regional states under the Greater Middle East Project. The U.S. sees the Greater Black Sea Region as a bridge to the Euro-Atlantic community and the Greater Middle East and supports pro-Western movements and the establishment of democratic regimes by means of civil society organizations and multilateral cooperation in the region. These attempts came to fruition in the outbreak of the Rose Revolution in Georgia and the Orange Revolution in Ukraine. Recently, the pro-Western states in the region have become members of multilateral organizations such as the Black Sea Trust, the Community of Democratic Choice (CDC), the Vilnius Group and GUAM with support of the U.S. The U.S. aims to make the region a free, wealthy, peaceful and safe union by setting up democracies and free market economies in the region.

One of the most important obstacles preventing the region from becoming democratized and safe are the unresolved conflicts. They are hindering the regional states' full control over their own borders and domestic clashes are making bribery, smuggling, drug and other crimes, especially international terrorism, easier. Due to these clashes, the regional states cannot carry out the necessary democratic reforms and cannot attract foreign investments. And they need large amounts because of regional security troubles.

The U.S. wants to direct NATO's regional actions toward the Black Sea by means of its new members, Bulgaria and Rumania, in order to resolve the security problems.

Russia is pursuing a harsh policy in order to preserve its position in the region, prevent the spread of external players' influence, be included in the energy consortiums, and be able to protect its monopoly control over the energy pipelines.

Turkey's energy policy is aimed at becoming a transportation corridor between the Caspian Region and the Euro-Atlantic Region. As its energy needs rise, the EU thinks that Turkey should have the role of this strategic state. It is unclear at the moment whether, by giving all the projects the green light for the time being, Turkey, as a transit state, will set Russian projects or Western projects as its priority. Turkey is following a policy aimed at supporting regional stability since its doubts about the increasing influence of foreign powers in the region are not less than Russia's. Turkey also has doubts about America's efforts to activate NATO in the Black Sea since it might revitalize the Montreux Convention regime organizing transit through the straits.

An increasing rapprochement has been noted in Turkish-Russian relations. Western states are worried that they have close relations and that Turkey is becoming more and more dependent on Russia in energy issues. In this respect, Turkey never disregards its cooperation with Moscow during its relations with GUAM. To increase its leverage in the region, Turkey is exerting efforts to revitalize the most institutional and multilateral organization in the region of Black Sea Economic Cooperation, the founder of which is Turkey.

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## GUAM AND THE PRC

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### *I n t r o d u c t i o n*

**T**he GUAM organization was officially founded as a political, economic, and strategic union called upon to strengthen the sovereignty of four former Soviet republics—Georgia, Ukraine, Azerbaijan, and Moldova. In the ten years of its existence, GUAM has become an important structure striving to consolidate regional economic cooperation by developing the Europe-Caucasus-Asia transportation corridor. GUAM has also been a forum for discussing security problems, helping to settle conflicts, and eliminating other risks and threats. In 1996, Georgia, Ukraine, Azerbaijan, and Moldova made a joint statement in Vienna declaring their intention to create a union of these four coun-

tries. In April 1999, Uzbekistan joined it and the organization was named GUUAM (the abbreviation is made up of the first letters of the states involved). At that time, it was still an unofficial structure. In June 2001, the GUUAM countries held a summit in Yalta (Ukraine) and signed the Yalta Charter in which the Organization's acting mechanism was set forth. Since then GUUAM has officially acquired the status of a regional formation.

Today, GUAM is attracting the attention of the world community. Despite the fact that its foreign policy has still not found any clear balance between the "toward the West" and "away from Russia" trends, the structure's actions are

nevertheless trying to find this balance. Whatever the case, the GUAM organization appears to be a product of the fall and rise of two major geopolitical forces (the Russian geopolitical force and the Western geopolitical force led by the U.S.), as well as a result of the four states' desire to represent a new geopolitical actor in the region. As GUAM develops, these two main geopolitical forces will continue to play a key and important role. Uzbekistan's membership in GUAM followed by its withdrawal from it indicate the unstable position of the two leading geopolitical forces and the difficulties of turning the Organization into an effective regional geopolitical force.

Despite the fact that GUAM and the People's Republic of China do not have direct ties, during the ten years of the member states' independence, significant progress has been seen in

the interrelations between them and the PRC. As we know, the GUAM states are located on the arc that passes from China to Europe through Central Asia. They are a bridge across which Chinese goods are exported to Europe, a potential transportation corridor for Eurasian electric power, and a channel of cultural exchange between the East and the West. Consequently, as the PRC's economy continues to develop and the policy of openness becomes more entrenched, the republic will inevitably have to activate its bilateral and multilateral contacts with the GUAM member states individually and with the Organization as a whole. So an analysis of the geopolitical reasons for the formation and actions of GUAM, its development prospects, China's relations with this young structure, and the potential influence of the latter on the PRC's regional policy is of immense interest.

## 1. GUAM—A Product of the Fall and Rise of Two Major Geopolitical Forces

The GUAM states are located on the Caspian and Black seas. From time immemorial, their territories have been arenas where the two main geopolitical forces, the Western countries and Russia, have played and continue to play. After history saw to it that the four countries joined Russia, the countries that now represent GUAM were part of the Russian Empire and then the Soviet Union. At that time, the geopolitical forces of Europe had absolutely no influence on the region.

In the late 1980s, as the Western geopolitical force gained in strength and the Soviet geopolitical force waned, the socialist camp of Eastern Europe fell apart and the Soviet era came to an end. As the republics of the former Union declared their independence, the four GUAM countries also engaged in nation-building. Many events have taken place since the GUAM states acquired their sovereignty, including the creation of the regional organization. All of these processes can be regarded as the product of the clashes and conflicts between the two main geopolitical forces.

Chinese scientists usually believe that since the GUAM states gained their independence, the tense relations between Russia and each of them reflected and continue to reflect the results of the geopolitical games between the U.S. and the Russian Federation. Since the GUAM member states—each of them individually and all of them together—have important geopolitical and strategic resources, they have become competitive platforms for playing out strategic interests, as well as an arena where Washington and Moscow fight and vie with each other.

We all know that the relations between Georgia and Russia have become extremely tense and their clashes rather severe. In January 2004, Mikhail Saakashvili was elected president of Georgia in a landslide victory. Prior to this, a mass movement known as the Rose Revolution unfolded in the

country, after which the previous president—former Soviet Foreign Minister Eduard Shevardnadze—was forced to retire. In his foreign policy, Mikhail Saakashvili is striving to move from a pro-Russian orientation to a pro-European. He has his sights set on the republic becoming a member of NATO. According to U.S. Ambassador Extraordinary and Plenipotentiary to Georgia John F. Tefft, Georgia's joining the Alliance will be beneficial to all the participating sides. Tefft expressed his viewpoint in an interview with *Kviris palitra* ("Palette of the Week") newspaper. During Georgian President Mikhail Saakashvili's visit to the United States, President George Bush clearly stated Washington's viewpoint regarding Georgia joining NATO. Georgia could become a very good member of the Alliance, believes Tefft. He also noted that the U.S. would actively support Georgia during its integration into the North Atlantic Alliance.<sup>1</sup>

In addition to supporting Georgia in its attempt to become a member of NATO, the United States has been rendering Tbilisi significant financial assistance to carry out its democratic reforms. Robert Legvold, who is an expert on Russian affairs at Columbia University, said that the military component is included in the U.S.'s assistance to Georgia. The United States is also continuing to render Tbilisi significant military aid to raise the modernization standards of the republic's army during its entry into NATO.<sup>2</sup> Many of Moscow's officials are viewing Georgia's turn toward the West as a threat to their own interests, since they still think of Tbilisi as being in the sphere of Russia's influence.<sup>3</sup> Ronald Sunil from Chicago University said: "It stands to reason that Russia includes the former Soviet republics in its sphere of influence, perhaps with the exception of the three Baltic states, since these three countries were already very integrated into Europe. But Moscow still has ambitions and strivings with respect to Ukraine, Moldova, Georgia, Armenia, Azerbaijan, and Central Asia. As for Georgia, most important, it has become a contest prize (not a very high one, but important all the same) between the West, particularly the U.S., and Russia. Both sides are trying to influence Georgia, while Georgian President Mikhail Saakashvili is leaning more and more toward the U.S."<sup>4</sup>

Ukraine lies in the heart of Central and Eastern Europe and so Washington regards it as an important trampoline for gaining supremacy over the Eurasian continent. Of all the CIS states, the separation of Ukraine in particular and the declaration of its sovereignty have the most radical and far-reaching consequences for Russia. Without Ukraine, the Russian Federation cannot be considered a truly Eurasian country. Without Ukraine, Russia's strategic border "shrinks" by more than 1,000 km. Just as important is that Ukraine has vast industrial and agricultural potential and is ethnically and religiously characterized by a kindred 52-million-strong population; it is an outlet to the Black Sea, which is of great strategic importance. All of Ukraine's natural resources and industrial potential were considered Russia's advantages and helped it to rise over any other nation. But the appearance of an independent Ukraine not only forced the Russian leaders to reconsider their own political prospects, but also meant serious geopolitical losses for the country, significantly restricting its geostrategic choice. As we know, on 31 October, 2004, the fourth presidential election was held in Ukraine, which was evaluated as the most "sensitive" election of a head of state in Eastern Europe since 1991. The pro-Western candidate, Viktor Yushchenko, and pro-Russian Viktor Yanukovich clashed in fierce battle. The presidential election in Ukraine became more hyped up as it went on, Russia and the Western countries also intervened in this process with increasing fervency. Ukraine's important geopolitical location made it possible for some of the large nations to show what they were capable of in

<sup>1</sup> See: "John Tefft: Prisoedinenie Gruzii k NATO budet polezno dlia vsekh," 15 October, 2007, available at <http://www.newsgeorgia.ru/geo1/20071015/42071526.html>].

<sup>2</sup> See: Phoenix Perspective: "Russia and America for Georgia," 17 October, 2006, available at <http://news.phoenixtv.com/phoenixtv/83931293120724992/20061017/905699.shtml>] (in Chinese).

<sup>3</sup> Ibidem.

<sup>4</sup> Ibidem.

the struggle within and beyond the Ukrainian election. This time, this election was seen not only as Kiev's choice of orientation toward the West or East, but as a political duel between the U.S. and Russia over Ukraine.<sup>5</sup>

Zbigniew Brzezinski regarded Azerbaijan as one of the key states in Eurasian geopolitics. This republic borders on Russia to the north, Iran to the south, and Georgia and Armenia to the west, which makes the country Moscow's only geographical defense barrier from the south. But after the collapse of the Soviet Union, despite the disagreements between Azerbaijan and Russia, Azerbaijan, submitting to Moscow's persuasion, agreed to remain a member of the CIS. At the same time, in October 1997, it, together with Georgia, Ukraine, and Moldova, created the GUAM organization, which tried to alienate itself from Russia and differentiate itself from the Commonwealth. More important is the fact that, in contrast to the other three republics named, Azerbaijan has significant oil and gas resources, and is also situated in the Caspian Sea region, which is rich in these reserves. This prompted some large Western oil companies to say that whoever prevails over the Caspian's strategic resources will prevail on the international energy market of the 21st century. For a long time, Russia acted as a transit country for the oil and natural gas of the Caspian Basin countries on its way to the transnational market, since these states were very dependent on Russia's oil and gas pipelines. It stands to reason that this largely put the clamps on Azerbaijan's diplomatic autonomy. Present-day international policy has entered its "energy" phase and will be characterized by skirmishes among the nations for energy resources. Due to its special geographical location and its rich oil and gas reserves, Azerbaijan will definitely become a center of "Caspian energy rivalry" between the U.S. and Russia. In fact, the struggle between Washington and Moscow over the republic has not ceased since the Soviet Union collapsed. In recent years, particularly after Georgia's Rose Revolution, the competition between the U.S. and Russia for control over Azerbaijan has become even more intense. In order to nip the spread of the Color Revolutions in the bud, in April 2005, Russian President Vladimir Putin suggested that former head of the Russian Federation Boris Yeltsin go to Azerbaijan to defuse the tension. At the end of February 2006, Putin took a large delegation with him to Baku to participate in the opening ceremony of the Year of Russia in Azerbaijan. All of these measures showed that Moscow intended to strengthen its cooperation with Baku in every sphere. But the U.S. is offering Azerbaijan more benefits than Russia. On the one hand, the United States is rendering the republic direct economic assistance, and on the other, it is supporting Azerbaijan's entry into NATO in order to ensure the country's security. At the beginning of February 2005, the Alliance and Azerbaijan officially put forward a special cooperation plan called "Partnership 1+1,"<sup>6</sup> which was an important step toward rapprochement. The temptations coming from the U.S. are prompting Baku to maintain good relations with it. But although Azerbaijan is moving increasingly closer in its policy to the West, it does not want to "upset" Moscow either. In contrast to Georgia, which has made a final turn toward the West, and away from Armenia, which is striving to be Russia's "little friend," Azerbaijan is adhering to a more cautious policy with respect to the two largest players.

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<sup>5</sup> For more on Ukrainian-Russian relations, see: Chen Xiong, "U.S. and Russian Rivalry in the Ukrainian Crisis," *Observations and Reflections*!, 2004; Zhang Jian, "Crisis of Relations between Europe and Russia over Ukraine," *Current International Relations*, No. 12, 2004; Lu Gang, Zhang Yao, "Ukrainian Elections and Geopolitics of Large Countries," *Russian Studies*, No.1, 2005; Li Duanwu, "Ukraine between Russia and the United States—Political Evolutions in the Geopolitical Game," *Russian Studies*, No. 4, 2005; Zhu Fitnes, "The Country is Full of Cracks—Crisis of the Presidential Election in Ukraine. Comprehensive Analysis and Reflections," *Scientific Studies*, Nos. 1-4, 2005; Zhan Kuyili, "The Crimea and Ukraine, Reasons for the Dispute," *Siberian Studies*, No. 4, 2006; Zhao Ming, "Russia and the United States in Ukraine," *International Studies*, No. 6, 2002 (all in Chinese).

<sup>6</sup> See: "The U.S., Russia, and Azerbaijan Aggravate the Question of Russia's Right to Protect Territory," available at [[http://news.xinhuanet.com/world/2005-04/15/content\\_2831861.htm](http://news.xinhuanet.com/world/2005-04/15/content_2831861.htm)] (in Chinese).



Incidentally, in Moldova there are also signs of the fall and rise of the influence of the two geopolitical forces. We know that on 2 September, 1990, the 2nd Special Congress of all levels of deputies of Transnistria held in Tiraspol, based on the results of the referendum, declared the existence of the Transnistrian Moldovan Republic. At the beginning of 1992, armed conflicts broke out between Moldova and Transnistria, in which the 14th group of the Russian army deployed in Transnistria took part. In July of this year, the Moldovan and Russian presidents signed a framework agreement on peaceful settlement of the conflict in Transnistria. After this, the Moldovan authorities announced that only if it were part of "one country" could Transnistria be granted autonomy at a high level, but it insisted on independence. Five hundred peacekeeping soldiers were concentrated in the Dniester Region, while there were 2,000 Russian servicemen in Transnistria keeping an eye on weapon stores left by the former Soviet army. For more than ten years, the sides concerned presented several programs for resolving the problem of Transnistria, but the Moldovan authorities and the latter could not come to an agreement. The legal status of Transnistria remains unsettled to this day. On 17 November, 2003, Russia offered a new program for forming a federal system in Moldova. The Moldovan authorities and Transnistria largely accepted it and intended to hold a signing ceremony, but that very day the Moldovan opposition organized a demonstration to protest the adoption of this document. On 25 November, President Voronin said that the signing of the new program was "premature."<sup>7</sup> Moldova and Washington coordinated their positions once more regarding ratification of the adapted Treaty on Conventional Armed Forces in Europe (CFE Treaty). As a correspondent for the REGNUM Information Agency reported, Assistant U.S. Secretary of State Paula DeSutter announced this on 26 May in Chisinau, noting that the U.S.'s position with respect to the withdrawal of the Russian military contingent from Moldova, as a necessary condition for ratification of the CFE Treaty, remained unchanged. She stressed that NATO also shared the U.S.'s position regarding the withdrawal of the Russian troops.<sup>8</sup> And on 26 May, 2006, President of Transnistria Igor Smirnov commented in Tiraspol on the protocol signed in Moscow on cooperation between Transnistria and the Russian Federation. He noted that Transnistria was grateful to the Russian Federation for its consistent position regarding the fulfillment of its obligations as a guarantor state of the Transnistrian settlement. Igor Smirnov emphasized: "We will carry out the same policy as Russia."<sup>9</sup>

We think that although the GUAM organization is a product of the fall and rise of the influence of the two above-mentioned geopolitical forces, it is much more important that the Organization is a result of the formation and development of its member states as they search for their place on the international arena.

## 2. GUAM—A Result of the Increase by the Regional States of Their Own Geopolitical Potential

Tension and conflicts have repeatedly arisen between the four GUAM states and Moscow due to the striving of each of the former to shake off Russia's control in order to retain the country's unity

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<sup>7</sup> See: "The U.S. Demands the Withdrawal of Russian Troops from Moldova," available at <http://international.northeast.cn/system/2006/05/27/050406386.shtml> (in Chinese).

<sup>8</sup> See: REGNUM Information Agency (on-line): "SShA otkazyvaiutsia ratifitsirovat' DOVSE do vyvoda rossiiskikh voennykh iz Pridnestrovia," available at [<http://is.park.ru/doc.jsp?urn=7374578>].

<sup>9</sup> See: REGNUM Information Agency (on-line): "President Pridnestrovia: my budem provodit' obshchuiu s Rossiei politiku," available at [<http://www.regnum.ru/news/647244.html>].

and its territorial integrity, as well as acknowledge the increase in its own and the region's geopolitical forces. This directly reflects the efforts of the four mentioned states to acquire the right to have their say on the transnational arena. So the creation of GUAM riveted the attention of the international community to it. It can be said that the formation and development of this Organization is a result of the enhancement by the four countries of their own geopolitical forces.

As early as during Shevardnadze's time, Georgia showed signs of its orientation toward the West, often acting against Russia's will. At the end of 2003, with the support of the U.S. and the West, a Color Revolution broke out in Georgia. After Mikhail Saakashvili came to power, he engaged more actively in efforts to distance the country from Moscow and orient it toward Washington. He also began to insist on Georgia joining NATO. This spelled a reduction in Russia's traditional spheres of influence, as well as a threat to its security and interests, which it did not want to permit. Beginning in 2006, several controversies arose between the Russian Federation and Georgia, the so-called "visa dispute" and the "natural gas dispute," followed by the "wine wars" and "spy scandals." This all further aggravated the initial disagreements in bilateral relations. In 2007, an "airplane invasion dispute" flared up between Georgia and Russia. Neither side reached an agreement or made mutual concessions on this question pertaining to violation of Georgia's air space, while tension rose in the relations between the two states. Two points of view that deserve attention developed with respect to the supposed invasion by Russian war planes of Georgia's air space, which incidentally was never proven. The first was that from the very beginning the Georgian Ministry of Foreign Affairs emphasized that this occurrence "not only has an impact on Georgia's security, but also on the whole of Europe's." It immediately asked the U.N. Security Council to convene an urgent sitting to discuss the incident. The second was that the U.S. and its Western allies immediately took Georgia's side by stating in no uncertain terms that they resolutely supported the country in protecting its sovereignty and territorial integrity, and also condemned the incident as an act of aggression on the part of Russia. GUAM's formation in the mid-1990s and its transformation into a regional international organization are a result of Georgia and its three partners striving to strengthen their own geopolitical forces.

We know that Ukraine's geopolitical advantage lies not only in the opportunity it has to become a geopolitical fulcrum, it also creates certain difficulties in its choice of development path. In terms of its territory, population size, economic base, and military might, Ukraine comes second only to Russia in the CIS space. The Orange Revolution that broke out in the republic in 2004 demonstrated that the West's influence on the CIS region has significantly expanded. If Ukraine ultimately distanced itself from Moscow, the CIS would be threatened with collapse. And this in turn would mean that the "single economic zone" consisting of Russia, Ukraine, Belarus, and Kazakhstan could exist only in theory. Well-known American politician Zbigniew Brzezinski said that the West is hoping that "democracy" will spread beyond Ukraine. The West will never give up its plan to "shrink" Russia's strategic space. Of course, Ukraine is not the first CIS country the West and Russia are fighting over, nor will it be the last. Whatever the case, Viktor Yushchenko's seizure of power in Ukraine shows that in the fifteen years since it required its independence, the republic has indeed for the first time rid itself of the Kremlin's dictatorship. In short, it is inevitable that Ukraine will continue to move away from a pro-Russian and move toward a pro-Western policy. The formation and development of the GUAM organization are well-thought components of the balanced policy carried out by Ukraine and a result of the strengthening of its own geopolitical forces.

Azerbaijan is one of the five countries located on the Caspian Sea. It plays a decisive role in the rivalry between the U.S. and Russian energy strategies. Azerbaijan's special geographic location defines its position in world geopolitics. Nor can the policy of "NATO's enlargement to the East" carried out under Washington's supervision ignore its existence. In the 21st century, energy security

policy will become increasingly important and, therefore, the U.S.'s and Russia's skirmish over the energy resources of the Caspian Region not only will not abate, but will evidently become even fiercer. It is natural that the states concerned have their sights set on Azerbaijan, which is located in the geopolitical center of the Transcaucasus. The republic's government is carrying out a multilateral foreign policy aimed at integration into Europe; at the same time, it is paying great attention to preserving and improving friendly relations with Russia. Azerbaijan is very well aware that if it wants to survive in the struggle that has developed between Washington and Moscow regarding geopolitical and energy strategy, it must definitely retain good interrelations with both sides, and that only in this way will it be able to defend its most important interests. In the last eight years, Azerbaijan's overall economic growth has doubled and its minimum wage has increased three-fold. During the first three quarters of 2005, the GDP rose by 21.8% compared with the same period for the previous year, average incomes increased by 25.4%, and the annual economic growth coefficient amounted to 18.7%. Azerbaijan's economic growth rates were the highest among the CIS countries. One Azerbaijani high-ranking government official said that the people had not been planning any Color Revolutions during the 2005 election, because they were very well aware that a Color Revolution would only lead to instability in the state and not add any happiness to life. Whatever the case, the GUAM countries, among which are those where Color Revolutions were held successfully, as well as those where they failed, have the right to form and develop a regional organization in order to achieve national unity, economic development, and social process.

Based on state interests, the Communist Party of Moldova steered a pro-Russian course when establishing its power and constantly emphasized that Moscow was its main strategic partner and the development of Moldovan-Russian relations was of priority importance. After being elected as president of Moldova, Vladimir Voronin chose Russia as the country for his first foreign visit. During this event, he expressed the hope that relations between Moscow and Chisinau would strengthen. He also said that Moldova would like to become part of the Russia-Belarus Union. On 16 April, 2001, Voronin and Putin made a joint statement in which they emphasized the need to expand and further strengthen cooperation between the two countries in the trade and economic, scientific, cultural, and other spheres. Voronin noted that Moldova should first participate as an observer in the integration of the Russia-Belarus Union; and in the future, the republic may join the EU, but he hopes this will happen along with the Russian Federation and Belarus. He also emphasized that Moldova was a "neutral country" and did not intend to join NATO. On 19 November of the same year, the Russian and Moldovan president signed a bilateral Treaty on Friendship and Cooperation, thus laying the legal foundation for developing relations between the states. At the same time, Moldova expressed its willingness to interact with Russia in settling the problem of the Dniester Region, only asking Russia to remove the weapons and hardware, but not demanding the withdrawal of 2,500 Russian servicemen. On 12 July, 2001, the foreign ministers of Moldova, Russia, and Ukraine held talks at which the Moldovan representative said that settlement of the Dniester Region problem was nearing completion, and only the question of its special status remained. What is more, the Moldovan side called for taking Moscow's opinion into account regarding GUAM (Russia criticized this organization due to its centrifugal tendencies). After Voronin became president, he showed indifference toward GUAM and did not take active part in its activity. He emphasized that this organization should not violate the interests of the CIS. But later, due to the significant changes in the foreign and domestic situation, Moldova gradually began to move away from its pro-Russian policy. Rumania, its neighbor in the west, became a member of NATO, and in 2007 it was making preparations to join the EU. Ukraine, which borders on Moldova to the east, south, and north and where a pro-Western regime was established as the result of the Orange Revolution, is trying to join the Alliance and the European Union. This situation had an influence on Chisinau's domestic and foreign policy. Moreover, a crack appeared in the relations between

Moldova and Russia when Chisinau officially asked Moscow to withdraw its troops from the Dniester Region, accusing the Russian servicemen of “illegal occupation” and objecting to their continued deployment. At the same time, the Moldovan authorities moved increasingly closer to the West, wishing to obtain its support. Moldova, which is striving to join the EU as quickly as possible, is also strengthening its relations with Ukraine and Georgia, trying in its own way to add some vigor to GUAM’s activity.

It is very obvious that the formation and development of GUAM are a result of the striving of its members to survive between two large geopolitical forces, as well as of the four countries raising their own geopolitical potential.

### 3. China’s Position with Respect to International Organizations

The transnational strategies of the PRC were formed under the influence of the country’s domestic situation and domestic policy priorities. China’s attitude toward international organizations went through stages ranging from resolutely denying them to completely accepting them, from an indifferent attitude toward them to giving them an important place in foreign policy. This winding path is explained by the priority of domestic policy in the PRC, only after which is attention focused exclusively on foreign policy. This strategy reflects the understanding of world order by several generations of Chinese leaders, as well as their demands on the functions of transnational structures.

To put it in general terms, the leaders of the first generation of the CPC under Mao Zedong practiced minimal participation in international affairs with respect to international organizations. The government was more interested in achieving international recognition of the new regime and setting up as broad a united battle front as possible against imperialism and colonialism. If transnational formations did not meet these requirements, they were usually ignored.<sup>10</sup>

In contrast to Mao Zedong’s ideas, which were formed after people’s power was established in China, the principles of “realism” and “supremacy of national interests” in foreign policy were fully embodied in the theory of Deng Xiaoping. Correspondingly, the leaders of the second generation of the CPC under Deng Xiaoping occupied a confident and business-like position toward international organizations and the transnational system in order to use them for promoting China’s reforms, openness, and development. The frequently cited statement by Deng Xiaoping is well known: “Whether or not we will act efficiently or inefficiently in international affairs depends primarily on our own achievements in economy-building. If our country develops and moreover prospers, our role in international affairs will be great.”<sup>11</sup> Like Mao Zedong, Deng Xiaoping believed that the current transnational political and economic order was unequal and unfair, but the ways of reform he put forward differed from Mao Zedong’s approaches. He emphasized that a new international order should be established based on the criteria of the five principles of peaceful coexistence. In transnational affairs, just as in international organizations, it is necessary to both fight and cooperate. In so doing, relations

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<sup>10</sup> See: “Chairman Mao on Peaceful Revolutions,” International Section of the newspaper *Renmin ribao*, 4 April, 1968 (in Chinese).

<sup>11</sup> *Selected Works of Deng Xiaoping*, Vol. 2, 2nd ed., Peoples’ Publishing House of the PRC, Beijing, 1994, pp. 240-241 (in Chinese).

should oppose, but not break each other, there should be interaction, but each should retain his own voice. It was precisely due to Deng Xiaoping's theory that the number of transnational structures increased during his rule compared with the previous period. The PRC also became a member of them and a party to various international conventions. At the same time, the PRC achieved a breadth and depth of participation in international affairs that could not have been achieved in Mao Zedong's time. By recognizing the existing transnational system, the reliance on Deng Xiaoping's fundamental strategy on international organizations created favorable conditions for the state's economic development.

The third generation of Chinese party leaders headed by Jiang Zemin was guided in resolving questions regarding interrelations with present-day large international organizations by the following precepts: first, comprehensive and complete participation in international affairs and achieving more right to have their say in order to better express the international interests of 1/5 of the planet's population. Second, becoming more actively involved than before in regional relations, particularly in transnational structures, as well as becoming involved in the mechanisms of neighboring international systems right down to showing the initiative for this (for example, expressing itself more actively in the initiative mechanism of the Shanghai Cooperation Organization). Third, adhering to the previous position in the tactics defined by Deng Xiaoping consisting of gradual involvement in affairs with a further increase in activity and efficiency. And remembering that the formation and achievement of multipolarity is a long and winding process.

Globalization is a double-edged sword for developing states, and so they have to work toward the advantages and avoid the hazards, skillfully meeting its challenges and trying not to miss favorable opportunities. While participating in transnational affairs, it is wise to strive for a gradual change in the features of the old international system. The PRC must "uphold the truth, fight for justice, and protect peace and stability throughout the world." At the same time, we must fight "against the Cold War mentality," and comprehensively promote the development of a new type of transnational relations based on the principles of "not joining blocs," "not relying on obstructions," and "not acting against third countries." This will be to the benefit of the world community and the global system of international relations. The nucleus of Jiang Zemin's strategy regarding transnational organizations is, along with guaranteeing its own development and maintaining stability, to create the image of China as a great power with the right to express its own opinion.

Today, with respect to the ongoing development of the spirit of openness in the PRC's foreign policy, the continuous upswing in the Chinese economy, and the people's ever growing confidence in themselves, as well as thanks to the efforts of today's new generation leaders to raise the country's international prestige, the Chinese people's attitude toward transnational structures has radically changed. Compared with the attitude in the past, it has become more active and more positive, which on the whole reflects Chinese society's optimistic view of international organizations. Understanding the meaning of transnational formations means understanding the state of today's international community, which largely promotes an understanding at a higher level of present-day international policy and international affairs. Transnational organizations are becoming barometers of the state of the international community.

Transnational structures have been developing very rapidly in the 21st century. According to the *Yearbook of International Organizations*, there are more than 28,000 transnational formations throughout the world. More than 4,000 of them are intergovernmental international organizations, and more than 23,000 are nongovernmental, whereby 90% of the transnational structures were formed after the end of World War II.

The wide proliferation and development of international organizations is not only an impressive achievement of mankind's activity, but also an indication of the level of its civilization, since these

organizations are not only regulators of the contradictions that arise in a transnational community, but also coordination mechanisms in politics, economics, culture, science, and technology. Every country of the world needs such structures, just as the world community definitely needs them. They are necessary formations and play an important role in creating material benefits and spiritual values. If we consider the place of transnational organizations in the international community, then we can say that over time they will have greater opportunities and room for their activity. More than 4,000 intergovernmental transnational structures have a legal status and are the entities of international law. Although these transnational intergovernmental organizations do not have the four factors necessary for managing state activity, they have countries as their members with structures for this kind of practice, as well as international rights and functions. So they have more room for maneuver with respect to their independent participation in transnational affairs. This in turn has led to a significant increase in the prestige of these entities.

When forecasting the further activity of transnational organizations, it should be said that it is unique and extensive. They are capable of achieving what one country on its own cannot achieve and can play a role that no sovereign state is able to perform. Moreover, they are extremely diverse in type, disseminated all over the planet, and encompass all aspects of human activity in politics, economics, culture, education, public health, finances, trade, and so on. They are present in man's everyday work in the production of clothes and food, which is directly related to the emergence of transnational formations.

Transnational organizations are creating very favorable conditions by means of their own practice, since they have progressive information technology and the ability to precisely define their own powers and obligations, as well as administrative structures with their strictly limited framework of activity. So they can react immediately, make decisions quickly, and get down to work. In actual fact, transnational formations have already become an efficient tool in resolving international political and economic problems and channels of international exchanges. They have become a driving force behind international political democracy and centers for the development of transnational law and the practical application of its resolutions in regulating relations in the international community.<sup>12</sup>

As a great nation and one of the power centers of the transnational community, the PRC should act in harmony with the U.N.'s international organizations and play an active role in transnational structures in order to make its contribution to international cooperation.

## 4. The Vectors of GUAM's Policy and Its Dilemma

In recent years, GUAM's development as a regional organization has not been entirely sustainable, since in 2002 Uzbekistan temporarily suspended its participation in the organization's activity. This was followed by Moldova's and Azerbaijan's skeptical attitude toward GUAM. But as Color Revolutions broke out one after the other in Georgia and Ukraine, GUAM began to change. Ukrainian President Viktor Yushchenko and Georgian President Mikhail Saakashvili supported GUAM's integration and strove to raise its status and role. They made a common choice for the member states to

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<sup>12</sup> See: Wang Yizhou, "The PRC in Relations with International Organizations. The Practice of Research Interpretation," *Working Documents Series* (financed by the Ford Foundation). PRC Academy of Social Sciences. Institute of World Economics and Politics, No. 9, 2006, available at [<http://old.iwep.org.cn/chinese/workingpaper/zgygjzz/1.pdf>] (in Chinese).

integrate into Europe, which alienated GUAM even more from Russia. In 2005, before and after the parliamentary elections, Moldova began to see itself in a union with GUAM. Despite its doubts, Moldova nevertheless attended the summit that year, trying to use GUAM's influence to further preserve its independence and territorial integrity.

On 23 May, 2006, a summit of the leaders of the four GUAM states, Georgia, Ukraine, Azerbaijan and Moldova, was held in Kiev. They decided to raise the role of this unofficial regional organization and turn it into the Organization for Democracy and Economic Development with its permanent office—the Secretariat—in Kiev. As we know, GUAM has been rather a vague structure from the very beginning, a platform for putting pressure on Russia and causing the disintegration of the CIS. Since the organization did not make any waves with its activity at first, the West looked on it with disdain. Some analysts believed that GUAM's promotion as the Organization for Democracy and Economic Development meant that it would continue to distance itself from Russia and move closer to the West.

It is easy to see that each of the four GUAM republics is striving to move toward the West using the “convenient corridor” with which this organization provides them. Ukraine, Georgia, and Moldova are CIS countries trying to free themselves from Russia and join Europe as quickly as possible. Georgia and Ukraine originally wanted to create a Community of Democratic Choice in order to fulfill these wishes. But they subsequently came to the conclusion that it would be more convenient to use GUAM as a bridge to reach the West. GUAM has been an organization with a pro-Western label attached to it from the very beginning. This coincided with U.S. Vice President Dick Cheney's severe criticism of Russia, after which Washington and Moscow became embroiled in a fierce battle. GUAM wanted to take advantage of this golden opportunity to its own end.

GUAM's intention to oppose the CIS is becoming all the more obvious as it transforms from a “flimsy” union into a regional organization. After the Color Revolutions, Georgia and Ukraine spearheaded the Commonwealth's fragmentation. During the March events in Kyrgyzstan, the foreign ministers of the two above-mentioned republics immediately flew to Bishkek to talk the country into creating a Community of Democratic Choice. At the end of 2004, the first forum of this formation was held in Kiev attended by the presidents of nine states, as well as EU and NATO representatives. Once more there were calls urging the dismantling of the CIS. Georgia and Ukraine again expressed their dissatisfaction with the Commonwealth, making it understood that they intended to withdraw from it. At this forum, Moldova joined those who were attacking the CIS. GUAM failed to invite Moscow to two of its summits. If GUAM had been recognized by the international community, it would have been the only regional organization within the former Soviet Union in which Russia did not participate.

It is essentially no accident that the Russian Federation was not included in GUAM. Whether or not this structure had sought other ways to hold a dialog with the CIS or had threatened to leave it, its steps would have been a definite expression of the aggravated relations between the GUAM countries and Russia. By the end of 2004, the Ukrainian-Russian gas dispute worsened the already tense relations between the two sides. Moscow prohibited the import of Georgian wine, which infuriated the Georgian government. Wine is also one of Moldova's important export commodities, so it was dealt a blow when Russia's prohibition to import its wine went into force. This along with the question of the unrecognized government of Transnistria created continuous tension between Moldova and the Russian Federation. During the mentioned summit, the Ukrainians pasted the streets of Kiev with Georgian wine advertisements in order to show Russia how they felt.

All the same, it was not that easy for GUAM to rid itself of the popular opinion about its weakness. Internally, this organization was in no way a monolithic collective. As the Russian mass media noted, the Organization's fate depended on Azerbaijan. The reason for this was simple—Azerbaijan is an Islamic country and maintains close interrelations with Russia (just as it does with Kazakhstan).

It actively supports the unity of the CIS, has common interests with its states, and the oil pipeline running through Baku is in urgent need of Kazakh oil. Looking from the outside, Moscow still holds the economic levers for regulating relations with these countries. Moreover, we still do not know whether the GUAM states can achieve the real advantages they receive from Russia from anyone else. So GUAM has a long road to hoe before it can ultimately withdraw from the CIS and completely integrate with the West.

## 5. GUAM and the PRC

After setting up the Organization, the GUAM states began to successfully establish friendly bilateral relations with China. Georgian Foreign Minister Gela Bezhushvili said that the People's Republic of China was one of the first countries to recognize Georgia's independence, and the latter greatly appreciated this. Establishment of diplomatic relations between Georgia and China laid the foundation for constructive cooperation between the sides, which is opening up a new page in their history. After establishing diplomatic relations, cooperation between the two states, which is being carried out on the basis of mutual respect, mutual understanding, and mutual trust, has been rapidly developing. Relations between Georgia and the PRC became an example of how a large and a small country can cooperate under conditions of equality and mutual benefit. Georgia is thankful to Beijing and highly appraises its consistent position regarding the Georgian state's territorial integrity.<sup>13</sup>

Chinese Foreign Minister Yang Jiechi highly appraised the interrelations between the two countries. He said that since the establishment of diplomatic relations, Chinese-Georgian relations have been developing favorably. The sides, guided by the principles of equality between large and small states, mutual respect, and a genuine approach to partnership, understand and support each other in important problems regarding state independence and territorial integrity. They respect the social structure and path of progress the people of their countries have chosen, do not interfere in each other's internal affairs, and are very attentive to developing their relations on the basis of equality, mutual benefit, and friendly cooperation. The Georgian authorities headed by Mikhail Saakashvili value the traditional friendship between the PRC and Georgia and are exerting efforts to ensure the healthy development of interrelations. The Georgian leadership is strictly observing the principles enforced in the Chinese-Georgian communiqué on the establishment of diplomatic relations regarding the Taiwan question, is resolutely adhering to the "one China" policy, and recognized the PRC government as the only legal government representing the entire nation and Taiwan as an inalienable part of Chinese territory. The Georgian side has been rendering the Chinese side valuable support for many years in such important issues as the Taiwan and Tibet, as well as in the struggle against the terrorist forces of Eastern Turkestan. The PRC leadership highly appreciates this position held by Georgia and is confident that the friendly Georgian people will continue to support Beijing in the future in the great cause of the Homeland's peaceful reunification. The Chinese side respects Georgia's sovereignty and territorial integrity, fully understands the Georgian people's choice of social progress model made in keeping with the republic's realities, and welcomes the efforts of the Georgian side aimed at ensuring stability in the country, as well as growth of the national economy. Beijing will continue to render Georgia as much help as it can in promoting dynamic socioeconomic development.<sup>14</sup>

<sup>13</sup> See: G. Bezhushvili (Georgian Foreign Minister), "Georgia and China in the Past, Present, and Future," available at <http://world.people.com.cn/BIG5/41214/5832725.html> (in Chinese).

<sup>14</sup> See: Yang Jiechi (PRC Foreign Minister), "Traditional Friendship between China and Georgia Will Become Stronger Over the Years—on the 15th Anniversary of the Establishment of Diplomatic Relations between the Two Countries," available at [<http://www.fmprc.gov.cn/eng/wjdt/wsrc/t328735.htm>].



Former PRC foreign minister Li Zhaoxing indicated in an article on Chinese-Azerbaijani relations that in the past 15 years, exchange of visits at the highest level is still going on and political mutual trust is intensifying. In March 2005, Azerbaijani President Ilham Aliev paid a successful visit to the PRC, during which he and Chinese leader Hu Jintao signed a Joint Statement on the Further Development of Friendship and Cooperation between the PRC and Azerbaijan. During this event, the sides once more confirmed their willingness to exert joint efforts to ensure continued intensification of Chinese-Azerbaijani relations for the benefit of the peoples of the two countries. Business cooperation is intensively expanding between both republics in all spheres. China remembers that former president Heydar Aliev made an enormous contribution to the development of Chinese-Azerbaijani relations. Relations between these states will continue to progress in keeping with the plan drawn up by their leaders.<sup>15</sup>

According to the information of the PRC embassy in Ukraine, the establishment of diplomatic contacts between the two countries opened a new era in the development of friendly relations. During the past 15 years, Chinese-Ukrainian relations have risen to new heights. Visits are still being exchanged at the highest level and mutual political trust is becoming constantly stronger. Both sides are supporting each other in the main issues of sovereignty and territorial integrity. When Ukraine declared itself a non-nuclear state in December 1994, the Chinese government made a proposal on its own initiative on granting Kiev security guarantees. Ukraine is adhering to the "one China" policy and decisively supporting the position of the Chinese leadership on the Taiwanese problem. Mutually advantageous partnership between the two countries continues to expand and intensify. More than 90 documents on bilateral cooperation have been signed and an efficient mechanism of cooperation has been created that encompasses the economy, trade, culture, science and technology, and space. In 2006, the aggregate trade turnover volume reached 4,160 million dollars, which constitutes an increase of almost 30-fold since diplomatic relations were established. The trade structures are being optimized and economic and technical cooperation launched. Ukraine will become China's third largest trade partner in the CIS region. The sides are adhering to consultation and cooperation methods in international and regional practice, which is making a positive contribution to the protection of peace and stability on the planet.<sup>16</sup>

PRC Ambassador to Moldova Gong Jianwei noted in his interview with Moldovan National Public Broadcasting that the PRC was the first state to recognize the Republic of Moldova and establish diplomatic relations with it. Bilateral relations, friendship, and cooperation have been steadily and successfully developing for more than ten years. The leaders of the two countries continue to exchange visits, political trust is intensifying, spheres of cooperation are gradually expanding, and relations in various vectors are strengthening. Interrelations between the states are developing normally and steadily on the basis of mutual respect and trust, equality, and mutual support. We highly appreciate and are also thankful for the fact that Moldova has always adhered to the "one China" policy and upholds an unwavering position on the non-establishment of any official ties with Taiwan. The PRC values Moldova's achievements in economic revival and social progress, and supports its European integration efforts. China expresses the hope that Moldova will play a more active role in regional and international affairs.<sup>17</sup>

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<sup>15</sup> See: Li Zhaoxing (PRC Foreign Minister), "A Friendship that Has Hurdled the Great Wall and Caspian Sea." Celebration of the 15th Anniversary of the Establishment of Diplomatic Relations between the PRC and Azerbaijan," available at [<http://www.fmprc.gov.cn/chn/wjb/zzjg/dozys/gjlb/1676/1678/t307633.htm>] (in Chinese).

<sup>16</sup> See: The PRC Embassy in Ukraine, "We Will Strengthen Friendly Relations on Behalf of a Bright Future." In Honor of the 15th Anniversary of the Establishment of Diplomatic Relations between the PRC and Ukraine," available at [<http://ua.china-embassy.org/chn/zwx/t312866.htm>] (in Chinese).

<sup>17</sup> See: Interview by PRC Ambassador Extraordinary and Plenipotentiary to Moldova Mr. Gong Jianwei for Moldovan National Public Broadcasting, *Information Bulletin of the PRC Embassy in Moldova*, available at [<http://www.chinaembassy.md/chn/zmgx/t266042.htm>] (in Chinese).

Despite the fact that the PRC has established friendly and productive bilateral political, economic, and cultural relations with the GUAM states, it still does not have direct relations with the Organization itself. Nevertheless, taking into account China's principled position to be tolerant toward international structures, the PRC respects the GUAM states' freedom and right to create their own regional union. The republic respects GUAM's efforts to strengthen partnership, enhance regional security and stability, and reinforce national political and economic relations, and also values this Organization for its efforts to fight international terrorism, organized crime, and drug smuggling.

Since GUAM hopes to export Azerbaijani and Central Asian oil to Europe, the Organization will take this as a starting point to become a group of countries eager to shake off Russia's control and build European relations independent of it. This could well place the PRC in a somewhat disadvantageous position in its rivalry with Europe over Central Asian oil.

At the same time, since the GUAM member states are increasingly orienting themselves toward the West, Europe's political influence on the CIS countries will increase. This could possibly lead to disintegration of the Commonwealth, which will add new factors of instability around China.

However, it is unlikely that GUAM can have a direct influence on Beijing and will pose any direct threat to the Shanghai Cooperation Organization. At the same time, GUAM's development could create favorable conditions for Chinese business—the PRC will be able to use the Organization to open the Silk Road to Eurasia. This economic channel, which will bypass Russia from the south, will open up opportunities for exporting Chinese goods to the markets of the Black and Caspian sea basins, as well as to Central and Eastern Europe, which is of great strategic importance for economic exchange between China and Europe.

The PRC hopes that GUAM, while increasing its own geopolitical clout, will be able to find a peaceful and balanced approach to the two above-mentioned main geopolitical forces in order to enhance the region's prosperity, which will be of benefit to all the sides.

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## INDIA AND GUAM: A STRATEGIC OUTLOOK

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### *I n t r o d u c t i o n*

Post-Soviet Europe-Asia is reminiscent of an organizational mosaic with many regional groups emerging around Russia, both favoring and challenging its dominance in Eurasia. GUAM (later GUUAM) was one of the early geopolitical formations after the collapse

of the Soviet Union. The four former Soviet states of Georgia, Ukraine, Azerbaijan, and Moldova were encouraged by the 1996 CFE Treaty of the Conference held in Vienna to form an identity opposed to Russia. The geopolitical significance of this was quickly realized by the West, and they saw GUAM as an important player in the Black Sea region, where Russia's strategic access was of vital importance. GUAM was also important due to its location, since it occupied three land-corridors to Mackinder's Heartland. Poland and the Baltic states had already created an arc between Russia and Western Europe. The rise of Ukraine and Moldova against Russia extended this arc from the Baltic Sea to the Black Sea.

Uzbekistan joined GUAM in 1999, turning it into GUUAM. This transformed the arc into a circle around Russia extending to the Caspian and further East toward China. GUAM reminded the global strategists of the new forms of Cold War tactics that had resurfaced and the spread in the Great Game trends, which energy geopolitics only served to aggravate. GUAM has been particularly focused on Russia's influence in the Near Abroad. Its effort to check Russia's energy geopolitics was one of the key features. The Ukraine-Russia conflict over gas pricing is a well known issue. It has also tried to create a plank for NATO's advance into the Caucasus and the Caspian Sea. The Partnership for Peace (PfP) program has been a success in Georgia and Ukraine.

The fate of GUAM has already been overshadowed by wider regional cooperation among the Black Sea countries. This has far more potential for secure economic and political cooperation, unlike GUAM, which has earned a bad reputation for being too geopolitically embroiled with Russia. The U.S. has been a consistent supporter of the GUAM initiatives. GUAM received another setback when Uzbekistan left the organization in 2005, after seeing the portent dangers of the Color Revolution in Kyrgyzstan and the destabilizing Andijan riots. According to Daly, "GUUAM was slowly replacing its economic orientation with increased military-political cooperation, including the formation of joint mili-

tary units. As Uzbekistan does not share a contiguous border with the other GUUAM member states, the shift in emphasis away from commercial interests, combined with Uzbekistan's geographical isolation, led Tashkent to conclude that its participation was no longer in the country's best interests."<sup>1</sup> The democratic initiative of the West went against the interests of the Central Asian elite, who wish to retain power through controlled democratic transition. Another fact that distinguishes them is that most of the Central Asian republics are predominantly Muslim societies, whereas the GUAM states are primarily Orthodox Christian, apart from Azerbaijan.

India has been keeping an eye on the energy geopolitics of Central Asia and the Caucasus as its own growing energy need demands diversify. This obviously brings the Black Sea region (the principal unit of GUAM) into focus. The Black Sea region has become one of the most vital outlets for Russia's foreign energy trade. And it is in hot competition with the Western powers, which plan to bypass its traditional monopoly with the help of Georgia and Turkey. India's relations with GUAM are under strong caveat from the fact that India can hardly afford to associate itself with the groups challenging Russia in its own sphere of influence. India and Russia have successfully resuscitated the legacy of the Moscow-Delhi ties of Soviet times. India is also one of the biggest customers of Russian military hardware. The Indian approach to GUAM has not been that of a regional organization, rather it has tried to forge bilateral relations with each individual country so as to step aside of any regional influence under GUAM. India has preferred to keep itself closely confined to an economic agenda with these countries. There have been wide-ranging cooperation agreements, tracing the essential past of Soviet days. Reciprocal trade has been slowly growing. India's policy is also distinctive in terms of identifying the

<sup>1</sup> J.C. Daly, "Uzbekistan Drops GUUAM from its Eclectic Foreign Policy Menu," available at [[http://www.jamestown.org/edm/article.php?article\\_id=2369726](http://www.jamestown.org/edm/article.php?article_id=2369726)], 26 November, 2007.

political and strategic importance of these individual countries. Ukraine is one of the key countries with which India has been extensively engaged. India has kept a low profile with Moldova and Georgia. India's relations with these countries are influenced by the relations of these countries with Russia. Georgia and Russia have been on adverse terms, since the former has been allowing NATO and the U.S. ample room to maneuver against Russia's economic and strategic interests. Georgia accuses Russia of cornering it and leaving it with no other choice but to join the NATO forces.

Another important factor that concerns India is the ethnonational sectarian tendencies in all of the GUAM members. The worst is the case of Moldova, which is hardly exercising control over its Transnistrian region. Moldova relies on Ukraine to control this territory. This dependence is complicated by the Ukraine's inclination toward the Ukrainian minority living there. There is also the issue of dual citizenship in Moldova. Many Moldovans have also acquired Rumanian citizenship. In fact, they did not need visas before 2001 to travel to Rumania. This has created all kinds of confusion for the state and economic laws of the country, which badly needs to organize its poor and fragile economy. Ukraine's political split was visible during the last election when there was a clear east-west division between the electorates favoring Yushchenko and Yanukovich. There

is no denying that the industrial east of Ukraine has more Russophiles than the western part and this rift has been constantly kept alive with the idea of a greater Slavic Union.<sup>2</sup> The situation in Georgia is already well known with the self-assertion of South Ossetia and Abkhazia, which has led to Russia's presence there. This is also seen as one of the tools of Russian policy in the CIS sphere. Azerbaijan is also typically involved with Armenia over the Nagorno-Karabakh region. The region has been asking for a merger with Armenia. All the GUAM nations reveal ethnonational sectarian tendencies, which Russia uses as a counterweight to rein in the central authority of these states. This is of vital importance to India as it has been dealing with a secessionist movement in Kashmir, since its independence was abated by Pakistan, and the northeastern states of Nagaland and Assam are also ingrained with these ideological groups. Russia is a significant guarantor of the territorial integrity of these countries. India and Russia also share a common perception over religious sectarianism as revealed by the *jihadi-ist* in Chechnia and Afghanistan. Azerbaijan's security is a major concern in this regard as it is the only GUAM state that has a sizable Muslim population.

<sup>2</sup> See: T. Kuzio, "National Identities and Virtual Foreign Policies among the Eastern Slavs," *Nationalities Papers*, Vol. 31, No. 4, 2003, pp. 431-452.

## GUAM in Regional Dynamics

GUAM has been under immense pressure from the superlative identities, which make it difficult to resist the temptation of joining them. Membership in the EU is the primary temptation. This dangling carrot has been played at large to command influence in Eastern Europe. Membership for Ukraine and Moldova is still a distant dream. In fact, it has become clear that the EU wishes to see GUAM as its extended neighborhood rather than seeking any inclusion of it. There is also difficulty in addressing common security and foreign policy with these countries, as is envisaged along the lines of the EU document. The major difficulty is the lack of internal cohesion and the potential danger of annoying Russia, which has almost every opportunity possible as far as its influence in these FSU republics is concerned. There is also the larger overarching EU-Russia strategic partnership that

bypasses the GUAM structure, since the growing economic and energy interests between the two are already constricting GUAM's growth. However, the EU has embarked upon extending its policy space toward the Black Sea region. They have set up country-specific programs for Russia, Belarus, and Ukraine. The U.S. has also shown its involvement by incorporating these countries into individual partnership programs within the NATO framework. In fact, Ukraine has signed a Charter on Distinctive Partnership, which aims at expansion in "economic security, cooperation in conflict prevention, crisis management, military reform, control over the armed forces, non-proliferation, arms control, technology transfers, combating drugs and organized crime, science and the environment."<sup>3</sup> Over 500 Ukrainian scientists have taken part in NATO-funded research projects.

Another aspect of GUAM's political standing is its relations with Russia, which is invariably a caveat to any intense relations with India. India values Russia still as its most fundamental strategic partner. Ukraine's political culture has still to mature in terms of safe-guarding its national interests. The country is essentially divided under the external influence of either Russia or the U.S.-West-led IMF-World Bank nexus. The one-house Rada is a very strong form of the presidential model of governance. Therefore, former presidents Kuchma and Kravchuk had been hobnobbing with Russia and the West as it best suits them. The minds of Russian strategists have been writhing over the altruism shown on the Crimean question, and it took nearly five years (1999-2003) to even delimit the border. The clashes in Tuzla in 2003 showed that territorial ambitions still run high in the minds of the Russians.<sup>4</sup>

Russia is averse to Ukraine's indifference to Eurasian Economic Community compared with its wish to join the EU. The Slavic Union proposed with Belarus has been one of Russia's strategic aims, but Yushchenko's foreign policy made it amply clear that Ukraine has no such intent. This has been declared in terms of an energy price war, since the gas-pricing issue has been a bone of contention between the two. The Soyuz Stream, which was crucial for Russian gas transport to Europe via Ukraine, has now been diversified. Russia wants to get rid of its dependence on Ukraine for its energy supplies to Europe. So it launched the Nord Stream and the South Stream, both circumventing Ukraine. The South Stream project, though one of the costliest, would provide Italy with access to Russian gas.<sup>5</sup> The recent deal cut out through the adroit diplomacy of Russian President Putin with the successful inclusion of Turkmenistan in the Caspian shore overland pipeline called Central Asia-Center-4 has shown Russia's near total control over Central Asian energy resources.<sup>6</sup> The Black Sea region is the major crossing of energy transit corridors, of both the east-west and the north-south-bound movements. Turkey is vying for Russian gas by means of the planned Blue Stream pipeline that passes under the Black Sea from the Russian port of Tuapse to the northern borders of Georgia and on to the Turkish coastal city of Samsun.<sup>7</sup> The BTC pipeline is also a very significant oil outlet for Caspian oil. In fact, it has been the only modest success story for GUAM as far as its influence on regional geopolitics is concerned. Its profitability is doubtful, unless the Kazakh oil supplies are maintained, keeping in view the enormous cost it has incurred.

GUAM essentially belongs to the littoral territory of the Black Sea, but the non-inclusion of Turkey and Bulgaria make it a weak claimant for the regional framework around the Black Sea. This

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<sup>3</sup> T. Kuzio, "Ukraine: NATO Relationship," available at [<http://www.ualberta.ca/~cius/stasiuk/st-articles/an-ukr-nat2.htm>], 26 November, 2007.

<sup>4</sup> See: T. Kuzio, "National Identities and Virtual Foreign Policies among the Eastern Slavs."

<sup>5</sup> See: "Kremlin Launches the South Stream Project," *RIA Novosti*, 22 November 2007, available at [<http://en.rian.ru/analysis/20071122/89192200.html>].

<sup>6</sup> See: "Russia Seals Caspian Deal," *Moscow News*, 17 May 2007, available at [<http://www.mnweekly.ru/business/20070517/55248324.html>].

<sup>7</sup> See: H.K. Ozturk, A. Hepbasli, "Natural Gas Implementation in Turkey," Part 2, "Natural Gas Pipeline Projects," *Energy Sources, Part A: Recovery, Utilization, and Environmental Effects*, Vol. 26, No. 3, 2004, pp. 287-297.

space already been occupied by a larger union called Black Sea Economic Cooperation (BSEC). BSEC has broader footing in regional organizations as “countries that do not have bilateral relations (e.g., Turkey and Armenia, and Armenia and Azerbaijan) are talking to each other and cooperating within the Black Sea Economic Cooperation (BSEC) umbrella.”<sup>8</sup> According to Celac and Manoli, “the BSEC has been viewed as a tool for achieving the goal of integration into the world economy through a regional approach based on interdependence and natural synergies that could maximize the relative strength of individual countries and thus facilitate their common progress towards prosperity.”<sup>9</sup> The overlapping of GUAM and BSEC undermined the wider audience for Ukraine and Georgia within the regional framework to challenge Russia’s hegemony. GUAM alienated itself from the Black Sea community and, after proactive involvement with NATO, it was essentially seen as serving the U.S.’s regional interests. Another important focus missed by GUAM members is the lack of a concerted approach toward the EU. The sheer desire to be part of the European community could not absolve them of the geopolitical realities. Moreover, the GUAM states still have a long road to travel to meet EU standards before any prospects of membership are visible.<sup>10</sup> This utilitarianism is now showing signs of weakening since the political overtones in Ukraine are already more than conciliatory toward Russia.

Figure 1



<sup>8</sup> M. Aydin, “Europe’s New Region: The Black Sea in the Wider European Neighborhood,” *Southeast European and Black Sea Studies*, Vol. 5, No. 2, 2005, p. 263.

<sup>9</sup> S. Celac, P. Manoli, “Towards a New Model of Comprehensive Regionalism in the Black Sea Area,” *Southeast European and Black Sea Studies*, Vol. 6, No. 2, 2006, pp. 193-205.

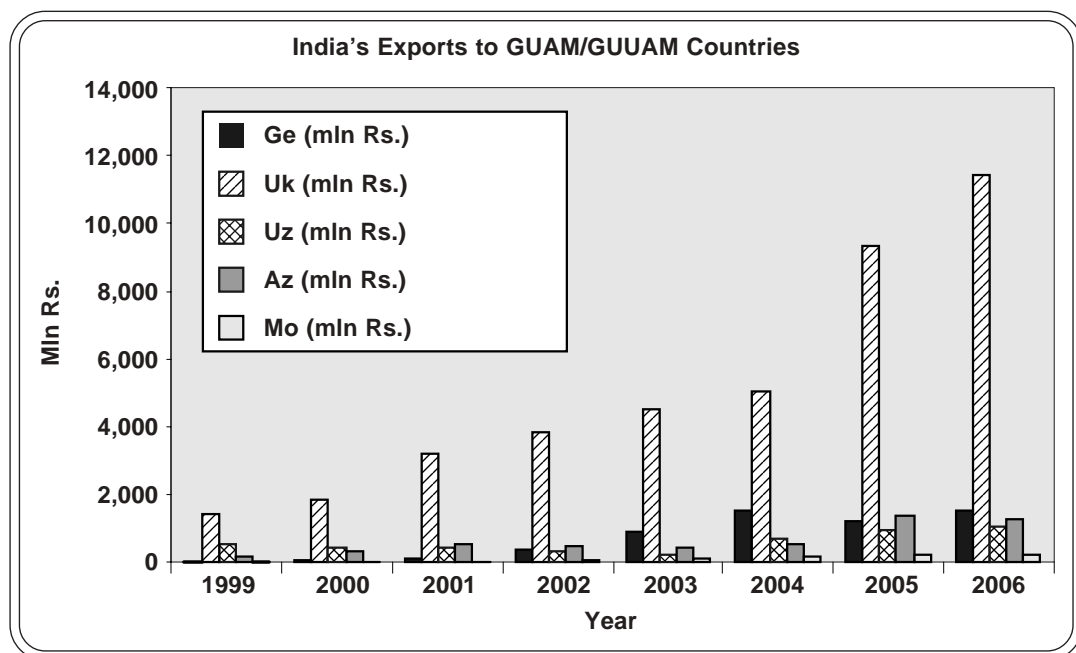
<sup>10</sup> See: M. Aydin, op. cit., p. 261.

## India's Bilateral Relations with the GUAM Countries

The economic potential of the GUAM countries is of significant interest to India. They might not represent the biggest market in terms of the size of their population, but they were some of the most prosperous states in the former Soviet Union. Even today, Ukraine is the manufacturer of T-72 tanks and its spare parts. India has been maintaining bilateral relations with most of the countries. There is a distinct approach toward Ukraine and the rest of the GUAM countries. If we look at the trade patterns, it is also clearly visible that Ukraine enjoys far greater trading volumes in terms of imports and exports than the rest of the GUAM countries (Figs. 2, 3). This also shows the lack of any organizational approach toward GUAM.

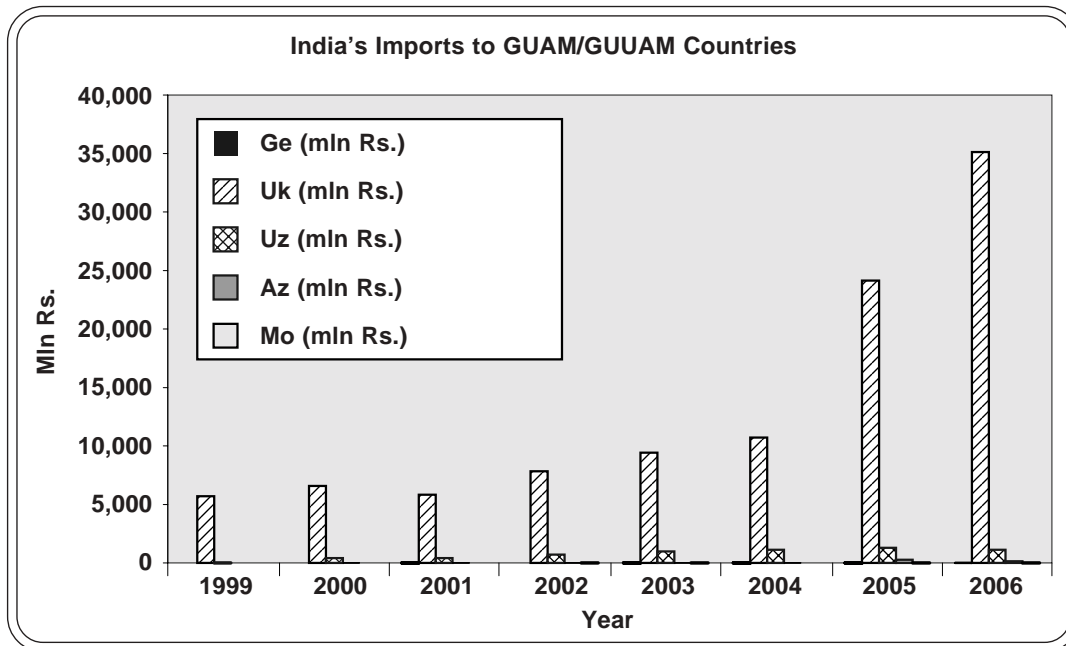
Ukraine has been linked to the Indian subcontinent since ancient times, when the Aryans moved toward South Asia and one of their emigration waves settled in parts of Ukraine. Ukraine is also the breadbasket of Europe and has emerged with significant manufacturing potential in the post-Soviet era. India has always been interested in joining Ukraine in many areas of cooperation, such as metallurgy, science and technology, cultural contacts, etc. Ukraine is participating in India's power sector, in the erection of power transmission lines, and in the coke and metallurgical sectors. It has also offered to supply equipment for the oil pipelines, gas pipeline modernization, roads and road infrastructure etc.<sup>11</sup> Ukraine has also emerged as a significant supplementary of Indo-Russian joint defense programs. It has joined hands in the production of AN-70 advanced transport aircraft. An important joint communiqué issued during the visit of President Leonid Kuchma in October 2002 affirmed Ukraine's support of India in the Kashmir issue, assuring that it be resolved bilaterally under the 1972

Figure 2



<sup>11</sup> See: *India-Ukraine Joint Statement*, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

Figure 3



Shimla Agreement and 1999 Lahore Declaration.<sup>12</sup> India and Ukraine have formed the Indo-Ukrainian Inter-Governmental Commission on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation (IUIGC). It has five Working Groups under the IUIGC: (i) Trade and Economic Cooperation; (ii) Transport; (iii) Power; (iv) Metallurgy; and (v) Science and Technology.<sup>13</sup> Ukraine expressed its desire to create a tripartite treaty between Russia, India, and Ukraine to form a kind of alliance, an idea which could not gain much currency from the Indian policymakers. However, India did have an extradition treaty and one for extending cooperation in merchant shipping.<sup>14</sup>

India and Uzbekistan enjoyed significant growth in their bilateral relations during 1999-2005 when the latter was an active member of GUUAM. Although Uzbekistan left the GUUAM framework, India and Uzbekistan have a wide-ranging agreement on cooperation in economic and technological fields. It includes establishment of an Uzbekistan-India Entrepreneurship Development Center in Tashkent. There is an agreement between the Gas Authority of India Limited (GAIL) and Uzbekneftegaz on the development and exploration of oil and gas fields. The Inter-Governmental Commission on Trade, Economic, Scientific and Technological Cooperation has been actively facilitating new terms of cooperation. India has opened an IT center in Tashkent. The two countries have also actively engaged in Indian Technical and Economic Cooperation (ITEC) which imparts training modules for Uzbek trainees in various Indian institutions. There is also a Mahatma Gandhi Center for Indian Studies at the Tashkent State Institute of Oriental Studies.<sup>15</sup> India and

<sup>12</sup> See: *India-Ukraine Joint Statement*, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>13</sup> See: *President of Ukraine H.E. Mr. Leonid Kuchma Visits India*, Press Release, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>14</sup> See: R. Sabha, "Tripartite Treaty among India, Russia, and Ukraine," Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>15</sup> See: *Joint Statement by Republic of India and Republic of Uzbekistan, Visit of Prime Minister Dr. Manmohan Singh to Uzbekistan*, Press Release, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].



Uzbekistan are strategic partners under the Joint Working Group on Combating International Terrorism. The two sides have been holding regular meetings of state agencies with the aim of coordinating antiterrorist activities. Uzbekistan has also been a supporter of India's aspiration to acquire a permanent seat in the UNSC. Uzbekistan was also very pleased when India was granted the status of observer in the Shanghai Cooperation Organization.<sup>16</sup> Indian Prime Minister Dr. Manmohan Singh founded the Jawaharlal Nehru India-Uzbekistan Center for Information Technology in Tashkent in April 2006.<sup>17</sup>

Uzbekistan is a vital supplier of spare parts for the IL-76 air transport carriers presently employed with the Indian Air Force. Indian tea, pharmaceuticals, and consumer goods are finding an ever-growing market in Uzbekistan.<sup>18</sup> India is also carrying out a project aimed at computerizing Uzbek post-offices. India and Uzbekistan also share an understanding of Afghanistan situation and are inclined not to allow Taliban tendencies to rear their heads again. The situation in Afghanistan is vital not only for guarding against cross-border terrorism, but it is also a vital land link between Central Asia and South Asia. India has adopted the principle of not interfering in the internal affairs of any country or the choice of its political system. It only seeks to better its relations with whoever is the authority in control of the state. The 2005 visit of Indian President Dr. APJ A Kalam saw agreements made on wide-ranging issues. There were several Memorandums of Understanding for exchange between universities, technical institutes, chambers of commerce, and Eximbanks.<sup>19</sup> The 2005 visit by Uzbek President Islam Karimov saw around 12 agreements reached in cooperation in small-scale industries, banking, tourism, education and culture, military technical areas, etc. India's exports to Uzbekistan include pharmaceuticals, tea, surgical items, and plant and machinery, while imports from Uzbekistan cover cotton, raw wool, non-ferrous metals, and machinery items. India provides about 130 scholarships to Uzbek professionals and students every year, which is the highest to any country in Central Asia.<sup>20</sup>

Moldova is one of the poorest countries of Europe. Its 40 percent of the GDP comes from agriculture and its industrial force is no more than 20 percent. Some world class wine is produced in Moldova and it is also known for its sunflower seeds, walnuts, and apples.<sup>21</sup> Moldova has looked toward Rumania for sociocultural aspiration. The Transnistrian region created political instability forcing Russia and Ukraine to intervene to maintain stable order. India and Moldova are yet to establish direct state representation with each other. The Indian Ambassador to Rumania is accredited to Moldovan affairs. Similarly the Moldovan Ambassador to Uzbekistan is accredited to India. India has primarily been sending pharmaceutical goods to Moldova more as humanitarian aid than in trade terms. In fact, the Indian Embassy in Bucharest sponsored the Moldovan Chamber of Commerce and Industry to participate in the 2004 International Trade Fair in New Delhi.<sup>22</sup>

Georgia showed some promise when it gained its independence, since it was one of the relatively well-off Soviet provinces. The Sukhoi aircraft factory and Kutaisi auto plant were signs of Georgia's potential to contribute to advance sectors. But the conflict with Russia and the regional conflict

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<sup>16</sup> Ibidem.

<sup>17</sup> See: *Remarks by Prime Minister Dr. Manmohan Singh at the Inauguration of Jawaharlal Nehru India-Uzbekistan Center for Information Technology*, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>18</sup> See: *Media Briefing by Secretary (East) Shri Rajiv Sikri and Secretary (West) Ms. Shashi U. Tripathi, on Prime Minister's Forthcoming Visit to Germany and Uzbekistan*, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>19</sup> See: *Joint Statement by the Republic of Uzbekistan and the Republic of India*, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>20</sup> See: *State Visit of President of the Republic of Uzbekistan, H.E. Mr. Islam A. Karimov*, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>21</sup> See: "Moldova," Embassy of India—Bucharest, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>22</sup> Ibidem.

in South Ossetia and Abkhazia have severely damaged its political stability and economic prospects. This has resulted in the repository of industrialization of Soviet times being destroyed by the corrupt strata of society and sold at the scrap yards. The lack of state credibility has pulverized Georgia, a once great nation termed as God's Own Land.<sup>23</sup>

India and Georgia signed an agreement on trade and economic cooperation in 1995 and on foreign office consultations in 2000. Indian-Georgian relations have gained greater momentum recently. There have been successful exchanges of visits on trade issues. India has identified rice, sugar, and tea as very popular imports by Georgia. Then there is also talk of introducing the Indian medicine system, the Ayurvedic and homeopathy medicines. The Indian Ministry of Health and Family Welfare sent a delegation to Tbilisi in 2004 with this intention. The Indian Council for Leather Export also explored business possibilities with Georgian businessmen in 2003. India is also willing to extend economic inputs in Georgia's small- and medium-scale industries. Some of Mahindra's Bolero jeeps have already been assembled at the Kutaisi plant as an experiment. Georgia was the only tea-producing Soviet state and now India is offering help in this sector, as well as in sericulture, wheat variety improvement, and dry-land farming.<sup>24</sup>

Georgia had a tradition of strong relations with India during Soviet times. Even today, the Tbilisi Institute of Asia and Africa has a Department of Indology that teaches Hindi and Sanskrit. Georgia's Rose Revolution sent warning signals to the other Caucasian countries and Central Asian states in 2003. But liberalization of a regime with rampant corruption has belied the hopes of transition. Much of Georgian state industry has been privatized with total looting of the state coffers. Georgia is now largely dependent on its agro-food processing industry. Half of its labor force is employed in agriculture and allied sectors. India is looking to extend its business ties through the import of various agro-products, including Georgia's famous wines. India is also looking at Georgia's textile industry. Georgia has been a strong center of yarn production, both synthetic and woolen. It also produced silk cloth of fine quality in Soviet times. This neglected industry is looking for support and investments, which are attractive for Indian investments.<sup>25</sup>

Azerbaijan has historic ties with the Indian sub-continent. Traders from here used to visit Baku, and the Ateshgah hieroglyphs in Devnagari (the Hindi script) are testimony to this.<sup>26</sup> There has been no high level contact between India and Azerbaijan. However, India participated in the 12th Caspian Oil & Gas Conference in 2005. Trade between the two countries has yet to gain momentum. The two countries signed agreements in 1998 on scientific and technological cooperation. Some specific cooperation agreements have been reached between the two countries, such as BHEL's supply of power generators for the Mingachevir Power Plant in Azerbaijan.<sup>27</sup>

## Regional Cooperation Strategy

India values its relation with most of the FSU republics as the legacy of Moscow-Delhi ties. The GUAM countries are geopolitically located at key junctures of land routes, which, if it becomes an intercontinental reality, could increase the present commercial relations manifold with these nations.

<sup>23</sup> See: "Georgia-Basic Facts," Embassy of India—Armenia, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>24</sup> Ibidem.

<sup>25</sup> See: "Textile Industry in Georgia—A Market Survey," Embassy of India—Armenia, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>26</sup> See: "Country Brief on Azerbaijan," Embassy of India—Azerbaijan, Ministry of Foreign Affairs, Govt. of India, available at [<http://www.mea.gov.in/>].

<sup>27</sup> Ibidem.

The feasibility of present economic ties lies particularly in extending India's trade to these countries, mainly for the urban consumption basket. Processed food, medicines, consumer goods, light electrical goods, and light machines could be some of the principal areas.

The Indian Embassy in Erevan, Armenia, did a market feasibility study in 2005 for tea in Georgia. As was noted, Georgia was the traditional producer of tea in Soviet time. Now it is the new importer of Russian, Sri Lankan, Chinese, and English tea. India can increase its investments in the limping plantations as the Georgian government privatizes them. India is also known for tea production for the common masses, since good quality tea is available at affordable prices. The Georgian tea industry can be revived with the help of Indian investments provided there is positive and safe climate for them. Another sector that has good potential is the textile industry. Georgia specialized in cloth and fabric production in the Soviet period. The production of yarn and the processing of raw wool and cotton were done in many of the industries that now run idle. India can look for successful collaboration and investment in this sector. Georgia's textile industry also has the potential of raising the demand for Central Asian cotton, which was traditionally a source for these territorial production complexes (TPCs). Popular European brands, such as Puff, Juki, Savio, Tiss, Texima, Otto Galli, and others have modernized and restructured the Georgian textile industry. Indian companies like Raymonds, Grasim, the Aditya Birla Group, and others can also look for a niche there. India can also look to Georgian wine, which is one of the highly acclaimed products from Georgia. India is already resisting wine imports from EU countries since the latter are preventing Indian textile products from gaining a wider footing. Therefore, as a substitute, Georgia can pitch into this Indian demand. The Indian government recently liberalized the import of foreign liquor.

Azerbaijan's key export is black gold, i.e., oil. Nearly 90 percent of its export merchandise consists of fuels and mining products.<sup>28</sup> The EU (55.8) and Israel (10.7) constitute the biggest market for Azeri exports. India is a lucrative market for Azeri exports as its needs for oil and gas imports are growing more than ever. But oil has become a geopolitical commodity and any exclusive treatment of India-Azerbaijan relations in this regard would ultimately be jinxed as a so-called new Big Game. Azerbaijan is highly dependent on Russia for its imports. It imports almost a fifth of its requirements for manufactured items from Russia. Therefore, it can look to India as another possible source of diversification.

### *C o n c l u s i o n*

Regional dynamics in global geopolitics are vital for any country's international interests. India's stakes are affected by the events going on in the GUAM-Black Sea region. The most important issue is that if energy geopolitics moots an even stronger approach from Russia to wean away resources from the GUAM players, it would obviously be in favor of the European market and India and South Asia would be at a loss. Although Russia is involving India in the Far East, diversification always safeguards against international oil price fluctuations. Another important factor is that the regional security issues raging in the region have the potential to affect Central Asia and the West Asian region, which is also an issue of concern. These destabilizing tendencies may only create new breeding grounds for religious fundamentalism and blood-shedding terrorism. The fact that India is also a large mosaic of ethnocultural diversity makes it more imperative to see the GUAM-Black Sea region as the confluence of diverse cultures, just as some of the greatest rivers meet in its basin.

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<sup>28</sup> See: "Azerbaijan: WTO Country Profile," available at [[http://stat.wto.org/CountryProfiles/AZ\\_e.htm](http://stat.wto.org/CountryProfiles/AZ_e.htm)].

**A NEW PILLAR OF  
JAPANESE FOREIGN POLICY:  
THE ARC OF FREEDOM AND  
PROSPERITY—  
JAPANESE POLICY  
TOWARD THE GUAM ORGANIZATION**

Gursel ISMAYILZADA

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**I. Arc of Freedom and  
Prosperity as a New Pillar of  
Japanese Diplomacy**

On 30 November, 2006, Japanese Minister of Foreign Affairs Taro Aso<sup>1</sup> delivered a policy speech entitled “The Arc of Freedom and Prosperity: Japan’s Expanding Diplomatic Horizons.”<sup>2</sup> The foreign minister later made another speech with this title and clarified the details of his conception on 12 March, 2007.

In his speech, Taro Aso introduced a new vision of Japanese foreign policy and added a new pillar to it. Until recently, Japanese foreign policy was based on three existing pillars: reinforcement of the Japan-U.S. alliance, international cooperation, most notably under the auspices of the United Nations, and relations with neighboring countries, namely China, Russia and the Republic of Korea.

The new pillar of Japanese diplomacy places the emphasis on universal values such as freedom, democracy, the rule of law, fundamental human rights, and the market economy. In his speech, Minister Aso stated that Japan would engage itself to create an Arc of Freedom and Prosperity along the outer rim of the Eurasian continent starting from Northern Europe and the Baltic states, crossing Central and South Eastern Europe, the Caucasus and Central Asia, the Middle East, the Indian continent, and Southeast Asia, and finally reaching Northeast Asia. According to the Minister’s speeches, Japan has been traveling the road to peace and happiness through economic prosperity and democracy and will cooperate with the states of the above-mentioned territories to create a prosperous and stable region. Thus a region of stability and plenty—the Arc of Freedom and Prosperity—with its basic universal values will begin to take shape. As Minister Aso publicly stated in his speech, Japan will serve as an “escort runner”<sup>3</sup> to support the countries of the region that have just entered into this process.

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*This article is based on the author’s personal view and does not reflect any official policy.*

<sup>1</sup> Taro Aso was Japanese foreign minister from October 2005 to September 2007.

<sup>2</sup> The full text of Taro Aso’s speech is available at [<http://www.mofa.gov.jp/announce/fm/aso/speech0611.html>]

<sup>3</sup> Quoted from: T. Aso, “Arc of Freedom and Prosperity.”

Soon after Minister Aso's speech "Arc of Freedom and Prosperity," the Japanese Foreign Ministry clarified in detail how Japan will implement the new pillar of its foreign policy. As one element of its foreign policy, Japan will work to create this Arc of Freedom and Prosperity by facilitating the attainment of universal values. It will pursue this goal by maintaining a balance between political stability and economic prosperity and always taking into full account each country's unique culture, history, and level of development. In specific terms, Japan will be acting in partnership with other nations that shape Japan's fundamental values to jointly bring about a society characterized by both freedom and prosperity. It will accomplish this by cooperating in trade and investment, as well as by making use of official development assistance to provide support for basic human needs, such as health care and education, and enhance infrastructure and legal frameworks. This will be one of the critical building blocks of the Arc of Freedom and Prosperity and, furthermore, will contribute to realizing the human security that Japan has been advocating.<sup>4</sup>

In the East of the Arc, ASEAN (the Association of Southeast Asian Nations) has been developing and making steady progress in democratization and working toward intraregional stability through regional integration. Japan will increase its support of ASEAN and the CLV nations (Cambodia, Laos, and Vietnam joined ASEAN later), so that it can be part of the Arc of Freedom and Prosperity.

In Europe, democracy emerged after the end of the Cold War and the disintegration of the Soviet Union. Japan supports and will continue to actively support the Baltic states and the newly democratic countries participating in organizations such as GUAM (Georgia, Ukraine, Azerbaijan, and Moldova) and the CDC (the Community of Democratic Choice—Ukraine, Georgia, Lithuania, and Rumania) in their efforts both toward democratization and the establishment of market economies.

The countries of Central Asia (Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan) have been gradually making progress toward democratization and market economies since their independence from the Soviet Union. Japan will render support to the Central Asian countries on a bilateral level and within the framework of the "Central Asia plus Japan" Dialog (established in 2004). Japan will also render support by promoting open regional cooperation with a view to possible expanded regional cooperation with Afghanistan and Pakistan to develop transportation and shipping routes that provide these areas with access to the sea.<sup>5</sup>

In creating the Arc of Freedom and Prosperity, Japan will cooperate with the United States, its ally, with whom it has the same values and strategic interests. It is also important that Japan strengthen its relations with other countries and organizations with which it shares the same values, such as Australia, the G-8 countries, other countries of Europe and the European Union (EU), as well as the North Atlantic Treaty Organization (NATO). The basic form of the Arc of Freedom and Prosperity will result from expansions generated from points along the rim of the Eurasian continent.<sup>6</sup>

Japan is already holding policy discussions within various formats with many of the countries along the Arc of Freedom and Prosperity. The CLV-Japan Summit and the Foreign Ministers' Meeting of the CLV and Japan, Central Asia + Japan Dialog, and dialogs with the V4 group of four Central European nations (the Visegrad Four: the Czech Republic, Hungary, Poland, and Slovakia) are among the key meetings that have been convened as of today. Japan considers it critical to establish meetings and dialogs with these and other new groups and hold them on a regular basis. As mentioned in the "Diplomatic Bluebook 2007" of the Japanese Foreign Ministry, in the years to come, Japan will

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<sup>4</sup> See: "Diplomatic Bluebook 2007," Ministry of Foreign Affairs of Japan, p. 3, available at [<http://www.mofa.go.jp/policy/other/bluebook/2007/index.html>].

<sup>5</sup> See: *Central Asia as a Corridor for Peace and Stability*, Speech by Mr. Taro Aso, Minister for Foreign Affairs at the Japan National Press Club, 1 June, 2006, available at [<http://www.mofa.go.jp/region/europe/speech0606.html>].

<sup>6</sup> See: "Diplomatic Bluebook 2007," p. 3.

make an effort to intensify such policy discussions while also establishing dialogs with countries with which discussion forums are lacking or weak, such as the CLV countries, the V4 countries, and the GUAM states.<sup>7</sup>

## II. Japan's New Foreign Policy Objectives

After Foreign Minister Taro Aso delivered his speech on the "Arc of Freedom and Prosperity" and the new vision of Japanese foreign policy was introduced, scholars and experts on Japanese foreign policy started to give their interpretation of why it was necessary to revise Japan's traditional foreign policy course. A number of articles were written to explain and analyze the new vision of Japanese foreign policy introduced in the minister's speech.<sup>8</sup>

As is commonly known, after its defeat in World War II, Japan did not play a prominent role in international affairs. The alliance with the United States was the main pillar of Japanese foreign policy. Within the secure and stable strategic-political framework provided by the Japan-U.S. alliance, the Japanese could focus their activities on the task of economic reconstruction, which resulted in Japan becoming a highly efficient, competitive, industrial economy.<sup>9</sup> While protected by the U.S. security umbrella, Japan has been concentrating its interests on economic affairs and expressing its national interests exclusively through economic power. Its foreign policy has been relying primarily on economic tools of power and influence. These tools include foreign aid and contributions to international organizations, as well as overseas foreign direct investments.

The new course of Japanese foreign policy was produced in the context of the transformation of international relations after the end of the Cold War. In addition, the terrorist attack on the U.S. on 11 September, 2001 in particular and the threat of growing terrorism in general prompted Japanese policy-makers to revive Japan's foreign policy course.

One of the main objectives of Japanese foreign policy is to become a permanent member of the U.N. Security Council and assume responsibility for international security on the global arena. Before the end of the Cold War, Japanese foreign and security policy focused on the Asia Pacific Region. Recently, Japan has started to increase its contribution to stability and peace in some regions. The Japanese government dispatched its Self-Defense Forces to participate in peacekeeping operations in Cambodia, East Timor, and Nepal. Japan also contributed to the reconstruction activities after the wars in the Balkans, Afghanistan, and Iraq. Since 2001, the Japanese Self-Defense Forces have taken part in the international antiterrorist operations in the Indian Ocean.<sup>10</sup> At the same time, the Japanese government is carrying out more active diplomacy on the African continent and in Latin America.<sup>11</sup> The

<sup>7</sup> See: "Diplomatic Bluebook 2007," p. 3.

<sup>8</sup> See: Sh. Mutsushika, *New Trends in the Black Sea Area and Big Power Interests*, Speech presented at the Second Japan-Black Sea Area Conference, Tokyo, 20-21 November, 2007 (see also: Sh. Mutsushika, "The Black Sea Cooperation—Japanese Foreign Policy toward the Black Sea Area and the 'Arc of Freedom and Prosperity' Diplomacy," The Japan Institute of International Affairs, March, 2007), available at [[http://www2.jiia.or.jp/pdf/global\\_issues/h18\\_BSEC/h18\\_BSEC.pdf](http://www2.jiia.or.jp/pdf/global_issues/h18_BSEC/h18_BSEC.pdf)] (in Japanese).

<sup>9</sup> See: M.E. Weinstein, "Japan's Foreign Policy Options: Implications for the United States," in: *Japan's Foreign Policy. After the Cold War: Coping with Change*, ed. by G.L. Curtis, M.E. Sharpe, New York, 1993, pp. 218-219.

<sup>10</sup> The SDF have been deployed in the Indian Ocean to conduct refueling services for allied warships based on the antiterrorism special measures law, which was enacted to support the military operations of U.S. forces in Afghanistan. The Japanese government is seeking permanent legislation that would allow Japan to dispatch its Self-Defense Forces overseas (see: *The Asahi Shimbun*, 21 June, 2006).

<sup>11</sup> It should be indicated that in his speech "Arc of Freedom and Prosperity," as well as in his other speeches and interviews, Foreign Minister Aso also mentioned the importance of activating relations with the African and Latin American continents. There was criticism that compared with other industrialized and developed countries, Japan has fewer em-

Japanese public also started to advocate the necessity for the Japanese government to conduct more active foreign policy in the international arena. A survey carried out by a Japanese newspaper in 2006 showed this tendency. Fifty-seven percent of the respondents agreed that there was a need to review Japanese foreign policy and contribute more to international security, while 55% said that there was a need to revive the Japanese Pacific Constitution.<sup>12</sup> In this sense, new Japanese diplomacy can be understood as Japan's desire to be involved more actively on the international arena.

### III. Japanese Engagement on the Eurasian Continent and in Eurasian Diplomacy

As for the Eurasian continent, the global changes that have occurred since the end of the Cold War in 1989, in particular the disintegration of the Soviet Union, presented Japan with the need and opportunity to adjust and broaden its diplomatic relations with the states of the continent. Many Japanese governmental officials stressed the importance of Eurasia as a region of political and cultural diversity with which Japan should intensify its relations.

However, Japan's response was rather slow. Prime Minister Ryutaro Hashimoto<sup>13</sup> did not declare his so-called Eurasian Diplomacy until 1997.<sup>14</sup> It was aimed at strengthening political and economic relations with the new states in Central Asia and the Southern Caucasus. Hashimoto announced Japan's intention to play a more assertive role across this region: "Positive assistance by Japan for the nation-building efforts of these countries will most certainly be constructive for these newly independent states. I am certain that it will expand the frontier of Japanese foreign policy to the Eurasian region at the dawn of the 21st century."<sup>15</sup>

In his speech, Prime Minister Hashimoto linked his Eurasian Diplomacy to the images of the Silk Road that connected China and Imperial Rome through the Caucasus and Central Asia. This diplomacy became known also as the Silk Road Diplomacy.<sup>16</sup>

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bassies in the countries of both continents and its budget was not enough for foreign policy activity in African and Latin American countries (see, for example: *Speech by Deputy Foreign Minister Yasuhisa Shiozaki at a conference organized the Institute of Central Asia and Caucasus studies on 31 July, 2006*, available at [<http://cari.727.net/>]).

<sup>12</sup> Questions about whether to revise the Constitution in order participate more actively on the international arena, for instance, in peacekeeping operations, have been asked since 1997. The 2006 survey showed a gradual increase since then in the percentage of respondents who support constitutional revision. In 2004, the percentage of the supports of those saying revision was needed exceeded 50 percent for the first time (see: *The Asahi Shimbun*, 4 May, 2006).

<sup>13</sup> Ryutaro Hashimoto was prime minister of Japan from January 1996 to July 1998.

<sup>14</sup> Prime Minister Ryutaro Hashimoto introduced his Eurasian Diplomacy concept in his speech at the Keizai Doyukai, the Japan Association of Cooperate Executives. The full text of Hashimoto's speech is available at [<http://www.kantei.go.jp/foreign/0731douyukai.html>]. Details of the Eurasian Diplomacy and its interpretation are also available in "Diplomatic Bluebook 1998."

<sup>15</sup> It is necessary to note that in his speech, Hashimoto also explained his new policy toward Russia (see: "Diplomatic Bluebook 1998," p. 210).

<sup>16</sup> The concept of the Silk Road as a region with historical and cultural elements has been popular in Japan. There was an extremely popular television documentary series titled *The Silk Road* in Japan in the late 1980s. The 1990s saw a boom in everything related to the Silk Road states. While cooperating with the Silk Road's countries politically and economically, the Japanese government placed particular importance on cultural diplomacy and Japan allotted large cultural grants (see: R. Drifte, "Japan's Eurasian Diplomacy: Power Politics, Resource Diplomacy or Romanticism?" in: *The Caspian: Politics, Energy and Security*, ed. by Sh. Akiner, Routledge Curzon, London, 2004, pp. 281-282). For the Silk Road Diplomacy, among others, see: M.R. Hickok, "The End of the Silk Road: Japan's Eurasian Initiative," *Central Asian Survey*, Vol. 19, No. 1, 2000, pp. 17-39; Yu. Takeshi, *Japan's Multilateral Approach toward Central Asia*, a paper presented at an International Symposium of Slavic Research Center, Hokkaido University, Japan, on 6-7 July, 2006, available at [[http://src-h.slav.hokudai.ac.jp/coe21/publish/no16\\_1\\_ses/04\\_yuasa.pdf](http://src-h.slav.hokudai.ac.jp/coe21/publish/no16_1_ses/04_yuasa.pdf)].

Hashimoto ended his speech with a call for Japanese business to take advantage of the oil and gas resources in the Caucasus and Central Asia. Hashimoto's approach to engaging the region was articulated in the Silk Road Action Plan prepared by the Ministry of Trade and Industry, Ministry of Foreign Affairs and Ministry of Finance of Japan at Hashimoto's directions and released on 7 March, 1998.<sup>17</sup> The Action Plan consisted of three pillars: "strengthening political dialogs, assisting with economic and natural resource development, and cooperation in facilitating democratization and stabilization for peace." It also called on to promote high-level official visits and open new embassies in the Silk Road countries.

The provision of Official Development Assistance (ODA) became the main pillar of Japan's Silk Road Diplomacy. Japan's ODA was aimed at establishing a foundation for sustainable economic development, supporting democratization and the transition to a market economy, and alleviating social problems.

The involvement of Japan's private economic sector in the Silk Road countries has been slow to take shape. In 1998, the share of the eight countries together in Japan's total exports was 0.04 percent, and in Japan's imports it amounted to 0.06 percent. The most important trade partner in 1999 and 2000 was Kazakhstan, followed by Uzbekistan and Azerbaijan.<sup>18</sup>

In 1997, when Prime Minister Hashimoto launched the Eurasian Diplomacy, one of its targets was the Caspian Sea basin. The oil and gas resources of Central Asia and the Southern Caucasus make the region increasingly important for Japan strategically and economically. Japan, as the fourth biggest energy consumer in the world, has a continuing interest in diversifying its energy supply. Since the oil crisis of the 1970s, Japan has tried to shift its oil dependence from the Middle East to other energy resources. At the same time, the emphasis of the Japanese government has been placed on promoting reliable supplies of natural gas. Trying to reduce its dependence on Middle Eastern oil, as well as to meet its promised greenhouse gas emission curbs under the Kyoto Protocol on climate change, Japan has been emphasizing the importance of natural gas in recent years.<sup>19</sup>

Thus, Japanese foreign policy toward the Eurasian continent, particularly in the newly independent states of the former Soviet Union, first manifested itself in the second half of the 1990s. Silk Road Diplomacy can be considered the first conceptualization of Japan's diplomacy toward the newly independent countries. It was Japan's first attempt to become engaged in the Silk Road countries; however, Japan's role in the region was mainly as a development aid provider. The EU was involved more than Japan in the region in helping the Silk Road countries to establish political and governmental institutions, reform legal systems, and deal with similar governmental issues, while Japan considered the role of economic affairs.<sup>20</sup>

The new pillar of Japanese foreign policy, the Arc of Freedom and Prosperity, covers the Eurasian continent. Therefore, it can be argued that there are some conceptual similarities between the Arc of Freedom and Prosperity and Eurasian Diplomacy. Eurasian, or Silk Road, Diplomacy was the first attempt by Japanese foreign policy to become actively engaged on the Eurasian continent, to be followed by the Arc of Freedom and Prosperity diplomacy.

One of the main tasks of the new Japanese foreign policy introduced by Minister Aso has been its contribution to democratization, economic prosperity, and stability in Eurasia. As is mentioned in

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<sup>17</sup> See: M.J. Green, *Japan's Reluctant Realism: Foreign Policy Challenges in an Era of Uncertain Power*, Palgrave, New York, 2003, pp. 162-163.

<sup>18</sup> See: R. Drifte, op. cit., p. 286.

<sup>19</sup> For Japan's energy policy, see, for example: *Rethinking Energy Security in East Asia*, ed. by P.B. Stares, Japan Center for International Exchange, Tokyo, New York, 2000, pp. 59-78; *Energy and Security: Toward a New Foreign Policy Strategy*, ed. by J.H. Kalicki, D.L. Godwin, Woodrow Wilson Center Press, Washington, D.C., 2005, pp. 305-328.

<sup>20</sup> See: R. Drifte, op. cit., pp. 289-291.



a work on the Arc of Freedom and Prosperity concept, Japan's diplomatic horizon has moved from the economic dimension and has reached the dimension of universal values. This is partly because universal values have become more important in current international relations.<sup>21</sup>

#### IV. Japanese Policy Toward the GUAM Organization

In his Arc of Freedom and Prosperity speech, Taro Aso stated that Japan was prepared to cooperate with the new Eurasian organizations, such as the Community of Democratic Choice (CDC), the Visegrad Group of Four Central European Nations (V4), and the Organization for Democracy and Economic Development—GUAM.

As far as the GUAM organization is concerned, the Arc of Freedom and Prosperity diplomacy mentioned the Organization as being very important for Japanese foreign policy objectives and, while having good and productive relations with member countries of the Organization at the bilateral level, it regarded its member states as a united entity.

In his speech on the Arc of Freedom and Prosperity, Foreign Minister Aso mentioned the GUAM organization three times, while also touching upon Azerbaijan, Georgia, and Ukraine separately. Azerbaijan and Georgia, for instance, were considered very important for Japan with respect to natural resources. He emphasized the importance of bringing stability to the GUAM nations, which was the one of the main regions in the minister's Arc of Freedom and Prosperity belt. The foreign minister stated that Japan should foster contacts with the GUAM nations (as well as the countries of the Community of Democratic Choice—CDC, namely Ukraine, Georgia, Lithuania, and Rumania), while voicing some dissatisfaction that there are no satisfactory diplomatic functions within the GUAM states, and stressing the need to increase the number of foreign affairs personnel in those countries.<sup>22</sup> Later, the Japanese Foreign Ministry stated in its report that Japan will make an effort to intensify policy discussions and establish dialogs with the GUAM countries.<sup>23</sup>

In June 2007, Deputy Japanese Foreign Minister Mitoji Yabunaka visited Azerbaijan and met with the foreign ministers of the GUAM countries. It was the first meeting between the Organization for Democracy and Economic Development—GUAM and Japan and was held within the framework of the Organization's second summit in Baku on 18-19 June, 2007.

The participants welcomed the first meeting between GUAM and Japan and expressed their desire to continue and further enhance a dialog between the Organization and Japan. The participants also welcomed the new pillar of Japanese foreign policy—the Arc of Freedom and Prosperity, which emphasizes fundamental values such as democracy, freedom, human rights, the rule of law, and the market economy.

During the meeting, the participants discussed the main topics of the GUAM-Japan political dialog, including initiatives in strengthening democracy, increasing security and stability, and peaceful settlement of conflicts on the basis of the United Nations Security Council resolutions. Cooperation in the economic sphere was also discussed at the first meeting. GUAM members stressed their interest in Japanese investments in energy, transport, particularly the Europe-Asia corridor through GUAM, and the environment.<sup>24</sup>

<sup>21</sup> See: Sh. Mutsushika, *New Trends in the Black Sea Area and Big Power Interests*.

<sup>22</sup> Within the GUAM countries, Japan has embassies in Ukraine and Azerbaijan and has made a decision to open its embassy in Georgia in the 2008 fiscal year.

<sup>23</sup> See: "Diplomatic Bluebook 2007," p. 3.

<sup>24</sup> See: *Joint Press Statement GUAM-Japan Meeting*, Baku, 18 June, 2007, available at [<http://www.mofa.go.jp/region/europe/guam0706.html>].

Further cooperation between GUAM and Japan was discussed at a meeting between Deputy Foreign Minister of the Republic of Azerbaijan Araz Azimov and Japanese Foreign Minister Taro Aso during the Azerbaijani deputy minister's visit to Japan. Minister Aso stressed the importance of the first step of the dialog between GUAM and Japan held in Baku in June, 2007, and Japan's willingness to continue relations with the GUAM organization. Azimov expressed his gratitude that Deputy Foreign Minister Yabunaka attended the first GUAM-Japan meeting and his desire that dialog between the GUAM countries and Japan continue. He stressed that Azerbaijan highly valued Minister Aso's Arc of Freedom and Prosperity concept, as it met the strategic interests of Azerbaijan, which connects Asia with Europe, and fully supported the concept.<sup>25</sup>

The second meeting between GUAM and Japan took place in Tokyo, Japan on 4-5 December, 2007. Before the meeting, the Japanese Foreign Ministry instituted the position of Special Representative for GUAM Affairs and appointed deputy director of the European Affairs Bureau of the Japanese Foreign Ministry to this position. This appointment undoubtedly showed the great importance the Japanese Foreign Ministry attached to the GUAM organization.

The National Coordinators of GUAM had a meeting with Japanese Foreign Minister Masahiko Koumura and held consultations with high-level officials of the Japanese Foreign Ministry. The participants discussed further cooperation in various areas such as trade and investment promotion, tourism promotion, energy, and transport, as well as the peaceful settlement of conflicts on the basis of the United Nations Security Council resolutions. The Japanese side expressed its intention to continue supporting GUAM and its members in their efforts to move toward democracy and a market economy.<sup>26</sup>

During the visit of the National Coordinators of GUAM, a conference dedicated to the 10th anniversary of GUAM's foundation was held at the Japan Institute of International Affairs attended by more than 120 people, including members of the Japanese parliament and government, mass-media, researchers, and business circles. The National Coordinators presented comprehensive information about GUAM, its history, and activity, as well as GUAM-Japan relations and their prospects. The attendance of such a large number of participants from different circles showed Japan's growing interest in GUAM.

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<sup>25</sup> See: "Deputy Foreign Minister of Azerbaijan A. Azimov Pays Courtesy Call on Foreign Minister Taro Aso," 29 June, 2007, available at [[http://www.mofa.go.jp/announce/announce/2007/6/1174277\\_828.html](http://www.mofa.go.jp/announce/announce/2007/6/1174277_828.html)].

<sup>26</sup> See: *Joint Press Release of 2nd «Japan-GUAM» Meeting*, 10 April, 2008, available at [<http://www.mfa.gov.az/eng/international/organizations/guam/GUAM-Japan.shtml>].

# GUAM AND OTHER REGIONAL ORGANIZATIONS

## EU-GUAM: ENGAGEMENT OR ESTRANGEMENT?

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### *I n t r o d u c t i o n*

**T**he wider Black Sea and Caspian Sea regions have so far figured as relatively peripheral concerns for the European Union.

While the enlargement of the EU has created incentives for a stronger commitment to these regions, the motives for a more strategic European

engagement in the Caucasus, Central Asia, and around the Black Sea have always existed. These regions provide access to energy outside the control of OPEC and Russia and provide a transit corridor connecting Europe with the Middle East, South Asia, and East Asia. Remarkable benefits may also accrue the EU if a proactive rather than reactive approach is taken toward the region. These benefits do not only include energy diversification and transit but also relate to the security and stability of Europe's vicinity and, by extension, Europe itself. So far, the EU has, however, showed little interest in working with regional organizations such as BSEC, GUAM, the Black Sea Forum and others but preferred to engage with the states in the region on a bilateral basis.

GUAM belongs to the organizations which Europe has given little or no attention despite the fact that both work, more or less, toward the same goals. These include energy diversification, both in production and transit routes, and a less dominant position of Russia over the energy resources and politics of the region. Conceived as such, it is tempting to conclude that the EU should push for stronger engagement with GUAM (and other similar organizations). However, this article argues that there are few areas in which these two organizations could cooperate fruitfully. This is primarily due to the inefficiency of GUAM, the geopolitics involved, and most importantly, to the fact that EU could favorably pursue its interests in other formats.

## GUAM: A Background

The founding of GUAM in 1997 was intended as an organizational alternative to the Commonwealth of Independent States, aimed at countering Russian influence over its "near abroad." Uzbekistan became a member in 1999 during a meeting of the Council of the Euro-Atlantic Partnership (CEAP) in Washington, but decided to withdraw in 2005 following the deterioration of its relations with the U.S. and Europe. In its previous form, GUAM produced very few concrete results; yet the organization was symbolically important in constituting a cooperative effort among states of the region which was not imposed by any foreign or regional power, but was based on their common interests. However the organization did enjoy significant political and financial support from the U.S.<sup>1</sup>

Moreover, GUAM provided a venue for the coordination of policies of former Soviet republics, seeking to resist Russian attempts to use the CIS as an instrument for exerting influence over the post-Soviet expanse. More specifically, it served as a useful framework for coordinating these four states' interests within the CIS itself. From the Russian perspective, the grouping was perceived to be no more than a vehicle through which the U.S. could create a rift within the CIS and reduce Russian influence over the Soviet successor states. These Russian fears have been exacerbated through claims by senior officials in Ukraine, Georgia and Moldova that discontinuing membership in the CIS was indeed a realistic option for them.<sup>2</sup> The formation of a group in which these states could coordinate such plans was therefore fiercely resisted by Russia.

Although the *raison d'être* of GUAM was initially to serve as a counterweight toward the CIS and Moscow, and thus primarily had security-political concerns as its main drivers, the organization subsequently incorporated other issues onto its agenda as well. With the adoption of the GUUAM Yalta Charter in 2001 the organization put more emphasis on deepening cooperation in the energy and

<sup>1</sup> See: V. Socor, "GUAM at Ten," *Eurasia Daily Monitor*, 20 June, 2007.

<sup>2</sup> See: "Analysis: GUAM—A Regional Grouping Comes of Age," *RFE/RL*, 24 May, 2006.

trade spheres and revitalization of the regional transportation corridors. The introduction of a free trade area and customs union among the members was also floated at this point in time but failed to materialize, primarily due to diverging interests among the member states.

In the past few years, GUAM also has added “European integration” as one of its aims and sees greater cooperation with the EU as a cornerstone in its future role and mission.<sup>3</sup> What spurred this introduction of a stronger Euro-Atlanticist agenda was domestic political transformation in the member countries, along with the NATO- and EU enlargements which provided increasingly realistic perspectives for European and Transatlantic integration.

The peaceful revolutions in Georgia and Ukraine, along with the Moldovan government’s increasingly pro-European stance and the emergence of Azerbaijan as an energy player, also provided new opportunities for revitalizing the grouping. Preparatory discussions were conducted at the GUUAM summit in Chisinau in April 2005, and subsequently the Organization for Democracy and Economic Development—GUAM was formally established at the Kiev summit in May 2006. These measures were aimed at institutionalizing GUAM and providing it with credibility as an international organization, rather than an informal group of former Soviet republics. Measures included adopting a GUAM charter, introducing a secretary general and scheduling regular high-level meetings. The organization also defined its objectives and prioritized the area of energy security along the Caspian-Caucasus-Black Sea axis, as well as the promotion of a free trade area and democratic values among ODED—GUAM member states.<sup>4</sup>

## Black Sea Regional Cooperation Frameworks and an Increasing EU Interest

GUAM has thus lately sought to sustain its function in the Wider Black Sea region. The attempt to revitalize the organization should be viewed within an increasingly decisive commitment to regional cooperation among the smaller regional states. Other cooperation frameworks that have emerged in the region in recent years include the Community of Democratic Choice, the Rumanian initiative Black Sea Forum, and overall increasing linkages between new EU members and the EU’s near abroad. These initiatives signal an increasingly cooperation-oriented environment around the Black Sea. However, enthusiasm for regional cooperation within these frameworks is mainly present among the region’s smaller actors, whereas Turkey and Russia are far less enthusiastic toward frameworks of which they are not part. In this regard, Russia has naturally been skeptical toward GUAM due to the organization’s intended function, and tends to attribute similar functions to other cooperative initiatives not initiated by Russia itself.

The Black Sea Economic Cooperation (BSEC) remains the only institutionalized and all-encompassing cooperation framework in the region, and has since its establishment in 1992 been the region’s primary cooperation body. BSEC’s broad membership indeed provides it with legitimacy and credibility as a coordinating body for cooperation in the region. It is also considered less geopolitically sensitive than other regional initiatives which exclude Russia.<sup>5</sup> Simultaneously, the organi-

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<sup>3</sup> See: “GUAM: Test for Ability to Act,” *Policy Paper #5, Ukrainian Monitor*, Center for Peace, Conversion and Foreign Policy of Ukraine, June 2005.

<sup>4</sup> See: F. Tazzariani, “A Synergy for Black Sea Cooperation: Guidelines for an EU Initiative,” Center for European Policy Studies, Brussels, *CEPS Policy Brief*, No. 105, June 2006, p. 2.

<sup>5</sup> The members of BSEC include Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Rumania, Russia, Serbia, Turkey and Ukraine.

zation has in the past been criticized for a lack of concrete progress on its objectives and a failure to attract significant funding from its members.<sup>6</sup> BSEC's perceived inefficiency for long provided for a reluctant attitude on the part of the EU for engaging in deeper relations with the organization.<sup>7</sup> However, recent efforts of reforming BSEC have apparently yielded results in this regard, and the European Commission applied for and was granted observer status on 25 June, 2007.

This signals an increasing interest on the part of the EU in the regional dimension of its relations with Black Sea states. A significant factor in this regard has been its enlargement with Rumania and Bulgaria, bringing the Union to the shore of the Black Sea. This has produced a gradual realization within the EU of the Wider Black Sea Region's strategic significance for European security, and of the rationale for regional approaches to several of the challenges the regional states and the EU are facing in the region. Previous EU policies toward the regional states have included three strategies: enlargement with Rumania and Bulgaria and prospects for the eventual inclusion of Turkey; the EU's strategic partnership with Russia; and the ENP including Ukraine, Moldova and the three South Caucasian states. These strategies have all been largely bilateral in nature; however the EU's post-enlargement abilities to function as a geopolitical actor in the region have provided the rationale for a set of regional cooperation initiatives on the EU's part, envisioned as "Black Sea Synergy," released on 11 April, 2007. The document outlines the key sectors which will benefit coordinated action on a regional level as energy, transport, environment and security.<sup>8</sup> The document does recognize the significance of BSEC due to its broad membership, and envisions a role for EU-BSEC links in serving "primarily for dialog on a regional level."<sup>9</sup> It also mentions the Black Sea Forum as an important facilitator of "regional partnerships and networks."<sup>10</sup> Other regional cooperation frameworks are not mentioned explicitly; however a role for "Black Sea regional organizations" is envisioned in "developing effective democratic institutions, promoting good governance and the rule of law."<sup>11</sup>

Regional EU initiatives are nevertheless intended as being complementary to existing bilateral cooperation between EU and the regional states. The importance attributed to regional organizations within the EU's regional strategy, partly with the exception of BSEC, are thus envisioned to be quite limited.

## Challenges Facing GUAM

Similar to other regional organizations in the post-Soviet expanse, GUAM has encountered difficulties in consolidating its activities and achieving concrete results. These difficulties are both a consequence of disharmony within the organization and external geopolitical factors affecting the prospects for efficient cooperation negatively. From the EU's perspective, these impediments have also reduced GUAM's appeal as a potential partner at the same time as establishment of contacts between the two organizations have been conceived as problematic. Though many hopes have been

<sup>6</sup> See: M. Emerson, M. Vahl, "Europe and the Black Sea—Model European Regionalism Pret-a-Porter," in: *Europe's Black Sea Dimension*, Center for European Studies/International Center for Black Sea Studies, Brussels/Athens, 2002, p. 31.

<sup>7</sup> Interview, Official, Ministry of Foreign Affairs, Bucharest, July 2006.

<sup>8</sup> See: Communication from the Commission to the Council and the European Parliament, "Black Sea Synergy—A New Regional Cooperation Initiative," Brussels, 11 April, 2007, p. 2.

<sup>9</sup> *Ibid.*, p 9.

<sup>10</sup> *Ibidem.*

<sup>11</sup> *Ibid.*, pp. 3-4.

raised that GUAM may finally get its act together with the formalization of the organization in 2006, there is little evidence today suggesting that any major change has taken place within the organization.

## GUAM Members: Differing Priorities and Diverging Interests

The institutionalization process that was initiated in 2006 has so far displayed little progress and neither the Ukrainian nor the Moldovan parliament has ratified the GUAM charter. Also, the decision taken in Kiev in 2006 to set up a secretariat and appoint a secretary general has not been put into effect as envisaged. The turbulent domestic political situation in Ukraine is a clear factor in the organization's paralysis, with Victor Yanukovich's Party of Regions representing a strongly GUAM-skeptical faction in parliament. Moldova, for its part, seeks to balance its foreign policy orientation between Russia and the West and thus perceives a need to weigh its relationship with Russia against decisive engagement with GUAM. It thus remains unclear whether ODED—GUAM will prove able to implement its ambitious new agenda.

There are also other internal factors and diverging interests among the GUAM members impeding further institutionalization. These are partly ideologically manifested in the pro-Western alignment of Georgia, Ukraine's internal divisions on its foreign policy orientation; Moldova's balancing act and a pro-western, yet cautious position of Azerbaijan. More important, however, is that all members of the group continue to promote national interests which are not fully compatible within the organization's framework, let alone that the members of this group of states are in differing transition-phases from their communist legacy.

The strict pursuit of national interests is also a thread which runs through the history of the organization. At the early stages of GUAM's formation, Azerbaijan focused one-sidedly on settling the conflict with Armenia while Georgia primarily raised the Russian presence in Abkhazia and South Ossetia; Moldova advocated greater emphasis by GUAM on the Transnistrian issue but had few interests going beyond this single issue; Ukraine, for its part, seemed to have European integration as its primary concern although it has also engaged in the Transnistrian conflict; Uzbekistan had few concerns in line with the others and remained passive and skeptical toward further integration.<sup>12</sup> Cooperation within specific sectors has also been hampered as a result of these discrepancies. A "free trade area" is unlikely to be of benefit to Georgia and Moldova who are WTO members while the issue of a GUAM peacekeeping force is met with skepticism among both these countries. At the Baku summit in June 2007, Georgia sought to delay the formation of this battalion to "the final phase of GUAM's institutionalization" and opposed its use on GUAM territory, while Moldova declined to participate in any such activities alluding to its "neutrality."<sup>13</sup> Neither was it popular when Ukraine at the GUAM summit in 2005 unilaterally proposed a solution to Moldova's Transnistrian conflict without consulting the other members beforehand—an action which almost derailed the entire GUAM project. In short, GUAM has faced many of the same problems that other regional groupings have encountered including inefficiency, disparate interests among members, and changing domestic political environments.

<sup>12</sup> See: "GUAM: Test for Ability to Act," p. 1.

<sup>13</sup> V. Socor, V. Socor, "Summit Takes Stock of GUAM's Projects, Institutional Development," *Eurasia Daily Monitor*, The Jamestown Foundation, Vol. 4, Issue 120, 20 June, 2007.

### The Geopolitical Context

From the very beginning, the driving force of GUAM was not energy or trade but security, politics, and integration with the West. But even if GUAM's geopolitical role to a great extent is determined by the member countries prospective integration into Euro-Atlantic institutions, energy and transit have lately emerged as the key components employed by the U.S. to promote this. By giving these countries economic development through options that are outside of Russian control, the U.S. can increase the GUAM countries' independence and subsequently also their freedom to engage with other multilateral structures than CIS. GUAM's Baku Declaration adopted on 19 June, 2007 titled "GUAM: Bringing Continents Together" is indicative to GUAM's newfound role to prioritize these issues and provide this transit corridor. This geostrategic aspect is also something which prevents the EU from any closer relationship with GUAM. Although the EU has an equal interest in developing alternative energy and transit corridors to those controlled by Russia, it is safe to assume that the EU perceive it far too controversial, vis-à-vis Russia, to pursue such issues within U.S.-supported GUAM. However, even if the EU has been reluctant in engaging GUAM, the latter has frequently referred to the value it ascribes to a formal dialog with the EU. Indeed, GUAM's sustainability and institutionalization is largely dependent on the development of its relations with Euro-Atlantic institutions and its integration into their larger strategies for the Wider Black Sea and Caspian Sea regions. Until present, EU support in this regard has failed to materialize and substantial changes do not seem to be forthcoming. The EU was not represented at the Baku summit, or any previous summits for that matter, despite the fact that GUAM's pro-European orientation is closely aligned with the goals set by the EU's regional approach. Similarly, the stated intent of GUAM to act as a transit corridor in energy and goods between Asia and Europe, and specifically between Central Asia and Europe, is dependent on engagement from Turkmenistan and Kazakhstan. These states have however devoted little interest to the organization and have sent neither their heads of state, nor any senior officials to GUAM's annual summits, most recently rejecting invitations to participate at the Baku summit. Austria—whose company OMV is the leader of the Nabucco project—also turned down the invitation.<sup>14</sup> This is not to suggest that Kazakhstan, Turkmenistan, or Austria for that matter, do not have an interest in engaging with the GUAM countries bilaterally. For example, both Turkmenistan and Kazakhstan have initiated discussions with the GUAM members on utilizing their territory as transit states for Kazakh oil delivered via Baku and Supsa or Novorossiisk through the Odessa-Brody pipeline.<sup>15</sup> But with regards to engagement with GUAM as an organization, the reaction has so far been one of disinterest.

The explanation for this disinterest and cautious approach from other actors is partly due to the geopolitics of the organization. The fact that GUAM has been a geopolitical project from its inception has both made the organization sensitive to changing political conditions in the member states and susceptible to pressure from external actors. It also appears evident today that the bilateral relations between the respective GUAM members and Russia will affect the organization's future shape. This pertains particularly to the role of Ukraine and whether the pro-Russian forces in the country will gain popularity. If this happens, it is difficult to see any other development than continued disruption of the organization. Moreover, since GUAM is primarily engaged in sectors of major strategic and geopolitical importance e.g. energy transit and conflict resolution in the Caucasus, this is also bound to affect the way the organization is perceived and received among external powers. This may either act as a trigger for greater engagement with GUAM, as has occurred in the case of the U.S., or function as a repellent, which seems to be the case with the EU. In

<sup>14</sup> See: V. Socor, "Summit Takes Stock of GUAM's Projects, Institutional Development."

<sup>15</sup> See: V. Socor, "GUAM Summit: A New Lease on Life (part 2)," *Eurasia Daily Monitor*, 21 April, 2005.



its designs for regional cooperation, the EU is indeed reluctant to engage in any formats which exclude the region's main players, Turkey and Russia. The EU may have an interest in supporting GUAM's ambitions in less controversial areas, such as democratization, but as long as GUAM pursues geopolitically controversial issues within the framework of the organization, this is bound to have implications for Europe's engagement.

## Prospects and Problems for EU-GUAM Relations

However, although the EU so far has remained skeptical toward dealing with GUAM as a group, and seemingly sees the organization as adding little value to the bilateral relations already in place with these states, this is not to say that this approach is embraced by all EU member states. Especially Rumania, Poland and Lithuania, have all attended GUAM summits with a high-level representation and sought to lobby EU recognition for GUAM as an organization. During the recent summit in Baku, these three countries were represented by Presidents Traian Basescu of Rumania, Valdas Adamkus of Lithuania, and Lech Kaczyński of Poland. The presidents of Lithuania and Rumania both attended the summit in Chisinau in 2005 and Kiev in 2006 as well. Poland's engagement with GUAM has also been formalized in the GUAM-Poland meetings. The first of these was held in Baku coinciding with the GUAM summit in 2007, the second in New York in September the same year, while the third took place in Warsaw two months later. Combined, these three states have pursued GUAM's agenda within the EU and sought to convince EU of the strategic role this organization possesses in pursuing the EU's stated goals for the GUAM region. These goals are similar to those specified in the Black Sea synergy document and primarily relate to energy diversification and transit to the Caspian Sea region and resolution of the secessionist conflicts in line with EU's approach to the region.<sup>16</sup> This backing for an EU-GUAM dialog has now also been formalized within the Group of GUAM Friends in EU, although it remains to be seen if this will achieve any results.<sup>17</sup>

GUAM may have achieved little in way of substantive results and has a proven record which appears dismal and ad hoc, thereby explaining the disinterest the EU has expressed in engaging the organization. Despite the fact that EU's stated ambitions for the region harmonize well with those of the GUAM members and the organization's aim to facilitate energy transit, democratization processes, and resolutions to the frozen conflicts, the EU scarcely mentions the organization in its regional strategy paper as part of its European Neighborhood Policy (ENP). True, beyond recognition from the EU there is probably little the EU and GUAM could accomplish in terms of practical cooperation. Nonetheless there is a tendency to evaluate GUAM for what it has not accomplished rather than what it has accomplished. Ignoring the fact that the member states of this organization have managed, against all odds, to stay together (with the exception of Uzbekistan) is perhaps worth due recognition in itself. Instead, a full explanation for the EU's disinterest in GUAM and overall approach to the region need not only be concerned with organizational efficiency as a yardstick but also with geopolitics.

Of the regional organizations around the Black Sea, the EU has so far only acknowledged BSEC, and to a limited extent the Black Sea Forum as prospective partners for EU engagement in the region. BSEC, encompassing all regional states, is able to function as a platform for regional

<sup>16</sup> See: V. Socor, "GUAM at Ten."

<sup>17</sup> The initiative was launched by Lithuanian President Valdas Adamkus in November 2007 at the conference "The Baltic States and EU Neighborhood Policy" held in Riga.

cooperation based on consensus on the part of these states, which is much to the EU's taste. Russia's membership in BSEC also reduces some of the geopolitical concerns Russia might have over the EU's engagement with the states surrounding the Black and Caspian Seas. GUAM, on the other hand, is perceived by the EU as an organization with a narrow coverage which in large part serves to promote and coordinate the political and security agendas of its members. Formal EU support for GUAM would thus imply an involvement in the region's geopolitics which the EU is not interested in, and potentially taking a stand on certain issues against other regional states including Russia.

This is especially evident regarding the GUAM members discussions on conflicts and peacekeeping. These have largely focused on the members' support for each others' territorial integrity and the need for internationalizing the peacekeeping and negotiation formats in Abkhazia, South Ossetia and Transnistria which since their inception have been dominated by Russia. Nagorno-Karabakh lacks peacekeepers and has a more internationalized negotiation format through the OSCE Minsk group which has, however, failed to produce tangible results. While the EU has begun to envision a need for engaging in these conflict resolution processes, its credibility as a future actor in these lies in its perceived neutrality. Formalized cooperation with GUAM in this regard could easily be interpreted as siding against Armenia in Nagorno-Karabakh, and possibly against Russia in Abkhazia, South Ossetia and Transnistria.

Regarding GUAM's energy agenda, projects pushed by the organization are largely in line with the EU's overall diversification strategy. However, the realism in implementing plans for reversing the oil flow through the Odessa-Brody pipeline and extending it to Gdansk is again highly dependent on Ukraine's future foreign policy orientation. Since Azerbaijani oil has proven insufficient for fueling the pipeline, the project is also dependent on the development of Trans-Caspian pipelines and serious commitment of above all Kazakh oil to this project. In this light, projects aimed at diversifying energy transit proposed by GUAM members largely rely on solving the same issues as other EU-sponsored energy projects. However the promotion of these projects within GUAM as an organization would potentially, from the EU's perspective, fuel the current controversies between EU and Russian designs for provisions of European energy security. Therefore, while the project itself may well attract more EU interest in the future, it is unlikely that the commitment needed from involved states would be secured through GUAM, rather than the EU's own regional diplomacy.

These and other geopolitical implications of EU-GUAM relations provide additional impediments to the prospects for Brussels to establish relations with the organization. It remains to be seen whether new EU members, which largely share the GUAM states' political and security agendas, may help tie the organization closer to EU regional cooperation initiatives.

## *C o n c l u s i o n*

The ten year anniversary of GUAM can be said to mark an important accomplishment in itself, since the organization's members have managed to stick together in spite of serious past and present challenges facing the organization and its members. The revitalization of the organization in 2006 mirrors a set of positive geopolitical developments in the Black Sea region, as well as within the GUAM member states. The closer proximity of the EU to the regional states has provided increasingly realistic hopes for success in sustaining state-building and democratization processes, as well as sustainable economic development. GUAM as an organization does serve to promote these hopes on the part of its members, and provides a platform for coordinating their efforts in achieving their goals.

However, while cooperation and integration with the EU are probably the most efficient means of GUAM member states in achieving these objectives, it is questionable whether GUAM as an organization will play a significant role in this regard. Due to the divergences of interest and frequent lack of cohesion among the member states, one may indeed question what the EU would gain through engaging with GUAM that it is not already achieving through its bilateral cooperation frameworks with its member states. Indeed, considering the geopolitics intertwined with several of the issues on GUAM's agenda, commitment to the organization would in many respects counteract the EU's defined interests in Black Sea regional cooperation. This will not prevent ties between GUAM and individual EU states from developing and flourishing. For the EU as a whole, however, if future engagement with GUAM is established, this will likely circle around non-controversial issues compatible with the EU's larger strategy, and avoid issues that would challenge the interests of other regional players.

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## THE CIS AND GUAM

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From almost the very beginning of the post-Soviet era, the territory the Soviet Union left behind became an arena of tough rivalry and confrontation among several world centers of power. The United States, Russia, China, the European Union, and the Muslim world can be described as the most active players. The latter is represented by individual countries and official organizations, as well as illegal radical structures. Nearly all of the actors mentioned above (with the exception of China, because of its special position) are more or less interested in trimming Russia's influence across the post-Soviet expanse, thus strengthening their own position in the region.

America is especially active in this respect; to achieve its aims it is using both governmental structures and all sorts of NGOs and nonprofit organizations operating in the post-Soviet states. Washington has already spent a lot of money to entice the ruling circles of several of them to its side.

The Commonwealth of Independent States is obviously losing its importance as an interstate integration structure. Today, we can even say that it is falling apart into individual structures, each with foreign policy orientations of its own. The first signs of this were apparent at the very early stage: Ukraine, for example, refused to sign the CIS Charter.

Belarus, Armenia, Kazakhstan, Tajikistan, Kyrgyzstan, and Uzbekistan remain Russia-oriented, partly because of their membership in several regional structures of economic or military-political orientation: the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Community (EurAsEC).

On the other hand, several countries pooled their efforts to squeeze Russia at least out of the most important spheres of interstate relations. Supported by the United States, they set up a regional

organization of their own called GUAM (Georgia, Ukraine, Azerbaijan, and Moldova) as a counterweight to the pro-Russian structures. In the last few years, the pro-Russian political forces in these countries have lost much of their former influence, not only in the foreign policy sphere, but also on the domestic scene. The Georgian leaders, for example, make no secret of their anti-Russian position, which gives Moscow reason to look at them as American puppets.

Despite the fact that GUAM was set up back in 1997, its international status is fairly recent: it dates to 2006 when the members gathered together in Kiev for their first summit.<sup>1</sup> It acquired a new name—the Organization for Democracy and Economic Development—GUAM, a Charter, and headquarters in Kiev.

It should be said that all analyses of GUAM, the CIS, EurAsEC, and CSTO are based on analysts' political biases. If an analyst believes that American and EU influence in the post-Soviet expanse is obviously beneficial, he will spare no compliments when talking about the "post-Soviet democracies." More likely than not, such people tend to ignore the undemocratic developments in these countries. Typically enough, Deputy Foreign Minister of Russia Grigory Karasin offered the following comment on the eve of the Vilnius GUAM summit, which marked the Organization's first decade: "So far it is hard to offer positive comments about an organization that has been working for ten years now. Time will show. It is much more interesting to discuss another aspect: the correlation between the United States (itself not a member) and the GUAM countries."<sup>2</sup> President of Kazakhstan Nursultan Nazarbaev was even more straightforward. In his interview to *El Pais* he said: "GUAM is a purely political structure and I don't believe that its horizons are vast."<sup>3</sup>

Any analyst who wants Russia to preserve its leading role in the post-Soviet expanse will go out of his way to present all Russia-dominated structures as peaks of political and economic efficiency, even if some of Moscow's not totally constructive steps do not fit the "black-and-white" picture.

The media seem to be fascinated with the question of whether the CIS and GUAM are partners or rivals. The shared opinion is that they are the latter rather than the former.

It was for many objective reasons that Central Asia moved to the center of attention of the pro-Russian and anti-Russian structures operating across the post-Soviet territory. Today, it is the scene of permanent and active geopolitical transformations of a revolutionary nature.

It should be said that in the early post-Soviet period Moscow was taking its time (a fairly long time to say the least) to formulate coherent "Central Asian" policies; what was more, the Russian Federation's ideas about what should be done in the region and how were pretty vague. No serious and systemic work was carried out with the elites of the newly independent states. Between 1991 and 1996 the Russian political leaders were mesmerized with their Euro-Atlantic orientation, which seriously crippled Russia's interests in Central Asia. Other forces moved in to pull the region to their side.

Today, Russia has not yet completely formulated its policies in this region of huge geopolitical and geo-economic importance, however, new trends can be discerned.

Recently, the situation has been gradually improving: Russia is acquiring its Central Asian tactics and the skeleton of its strategy, but sometimes Moscow acts impulsively as though trying to keep abreast of the United States and China.

Despite the frantic Western efforts, the region's rich natural resources are still "tied" to Russia by the region's limited access to the world market and the weakly developed communication networks of all kinds. The newly independent states regard Russia as their main trade partner, a transit

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<sup>1</sup> See: I. Alekperova, A. Dubnov, "SShA otkazalis' voyti v GUAM. I budut tol'ko nabludat' za nim," *Vremia novostey*, 19 June, 2007.

<sup>2</sup> A. Matveev, "'Ostrov' GUAM pod protektsiyey NATO," *Voенно-promyshlenny kur'er*, No. 40 (206), 17-23 October, 2007.

<sup>3</sup> P. Bonet, "Occidente tiene un interés malsano en la energía kazaja," *El Pais*, 2 Abril, 2007.

territory for their hydrocarbon and other raw materials, the main supplier of weapons and military equipment, and a training base that produces highly skilled personnel.

Many of Russia's rivals can hardly reconcile themselves to this, which allows the absolute majority of Russian experts to quite rightly regard GUAM as a tool for undermining the Kremlin's influence in Central Asia.

The West is convinced that Moscow's continued domination in the transportation of energy fuels from Central Asia might make Russia the prevailing force there. The local countries will not be able to independently choose transportation routes. At worst, the Russia-Central Asia axis might develop into a "gas OPEC" and an energy club within the SCO. After that, Moscow's monopoly will become practically invincible.

There is no agreement in Europe about what could be described as energy security. This explains why the EU's position is fairly ambiguous: there are too many opinions about the right strategy inside the European Union itself.<sup>4</sup> The EU members, in groups or individually, are looking for an acceptable solution to the problem called "diversification of supplies."

Seen from Vilnius and Warsaw, the Russian-German agreement on the Baltic pipeline looks like the Ribbentrop-Molotov Pact. Poland joined forces with the Baltic countries to obtain fuel resources from Central Asia. For a long time now Warsaw has been trying, single-handedly, to convince Kazakhstan to send its oil via the Odessa-Brody oil pipeline.

This can hardly be done through GUAM: the volume of fuel produced in Azerbaijan is not growing fast enough, while its hydrocarbon reserves are much smaller than those of Kazakhstan and Turkmenistan.

It should be said that many in the Russian expert community are convinced that GUAM counts on Caspian, or rather Azeri, oil. Some analysts tend to describe the Odessa-Brody-Gdansk project as the economic foundation of the "Baltic-Black Sea belt."

Meanwhile, Baku is barely coping with filling the Baku-Tbilisi-Ceyhan pipeline (BTC) to capacity. At first it moved about 10 million tons of oil every year, whereas to achieve its earning capacity the line should move five times more oil. This explains why the West spares no effort to convince Kazakhstan to send more oil to BTC. Back in the summer of 2006, Kazakhstan signed an agreement under which up to 25 million tons of oil from the Kashagan oil fields in the northern Caspian were to be sent to BTC.<sup>5</sup> Very soon, however, it became known that the field would not start operating before 2011-2012.

Even if the West succeeds in attracting Kazakh oil into pipelines alternative to the Russian routes, the BTC will be loaded to only 75-80 percent of its capacity,<sup>6</sup> which means that Azerbaijan will hardly agree to support the Odessa-Brody-Gdansk project at the expense of BTC.

It should be said that if Kazakh oil reaches Ukrainian territory through the Trans-Caspian pipeline and across Azerbaijan, Georgia, and the Black Sea bed, the final cost will be short of prohibitive.

The GUAM members repeated time and again that the Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum pipelines will keep the bloc well supplied and will ensure Europe's energy security. For the same reason GUAM supported the American Nabucco project, which was expected to bring Caspian gas to Turkey and to Europe to compete with the Russian routes from Central Asia. Today, however, Nabucco's future looks uncertain.

Western political blunders and faux pas in Central Asia are obvious to all. In 2005, the White House's course in Uzbekistan aimed at the "regime democratization" failed ignominiously and forced

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<sup>4</sup> See: E. Bakyt, "Evropeyskiy Soiuz i Tsentral'naia Azia: energetika ili demokratia?" 24 kg *Information Agency*, 20 October, 2007.

<sup>5</sup> See: M. Kalishevskiy, "Partner deystvuet iz podpol'ia," *Novoe russkoe slovo*, 21 March, 2007.

<sup>6</sup> See: Z. Karazhanov, "Energeticheskoe GUAMtanamo," *Liter*, 11 May, 2007.

Tashkent to move away from Washington. In Kyrgyzstan, the events that followed the so-called Tulip Revolution demonstrated that the “revolutionary government” that replaced Askar Akaev preferred to follow the old foreign policy course. It is ready to serve anyone who has money and is willing to pay. Polish President Lech Kaczyński’s visit to Kazakhstan in the summer of 2007 failed to accomplish two main aims: he could not convince President Nazarbaev to attend the energy summit in Poland or to join the Odessa-Brody project. More than that: Kazakhstan’s oil fields remained closed to Poland’s top oil refinery, PKN Orlen.<sup>7</sup>

In the wake of his meeting with the Polish president, Nursultan Nazarbaev made an interesting statement to the effect that Moscow should be invited to join the Odessa-Brody-Gdansk project: “We should by all means involve the corresponding Russian structures in the process.” To load the pipeline, said the president of Kazakhstan, we should move the oil across Russia. In the absence of railways, the amount of hydrocarbons will depend on the throughput flow capacity of the North Caspian CPC oil pipeline. “We should treat the issue seriously,” said President Nazarbaev. “If we approach the matter in this way, we shall definitely start moving oil through the pipeline by 2011-2012.”<sup>8</sup>

Compared with the fairly useless trip of the Polish president, President Putin’s visit to Astana was much more productive. In May 2007, the Russian president toured Central Asia in an effort to bury the Trans-Caspian pipeline project (TCP), which could have left Russia out in the cold, and set up a single energy system with Kazakhstan and Turkmenistan. In fact, it was an effort to set up an energy alliance in which Russia could control the routes via which Central Asian resources would reach the world’s markets.

President Putin’s visit showed that Russia was resolved to fight stubbornly and as long as it would take to ensure its continued monopoly on Central Asian fuel transportation routes and scored the first victory. The Agreement was signed on the Caspian Pipeline with a planned capacity of 30 billion cu m; construction works are scheduled for the latter half of 2008. Together with the new project, the sides discussed the task of increasing the carrying capacity of the old gas pipeline Central Asia-Center (CAC).<sup>9</sup> A corresponding agreement was signed by Russia, Kazakhstan, Turkmenistan, and Uzbekistan.

In June 2001, GUUAM acquired the status of an international regional organization, registered by the Yalta Charter signed by the GUUAM heads of state. Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova met in Yalta to lay a new Silk Road from Ukraine to Central Asia across the Black Sea and the Caucasus. ...The five states challenged time—and Putin—to realize the Silk Road idea before Russia, which is rapidly gaining confidence, interfered with this.<sup>10</sup>

In July 2002, the GUUAM presidents met for their regular summit and signed an agreement on a free trade area (which Kiev was actively lobbying) within their organization. This means that another attempt was made on post-Soviet territory to set up a single economic space. However, it remained purely declarative.

GUAM, a regional economic organization set up to strengthen integration ties between Georgia, Ukraine, Azerbaijan, and Moldova, is one of the Great Game instruments. The absence of a Central Asian component is one of the instrument’s most obvious faults. This became even more obvious when Uzbekistan left the structure. It should be said that it joined the organization called GUAM, which was set up in 1997, two years later—in 1999.

For a long time the leaders of Uzbekistan expected that its economic and military-strategic cooperation with the U.S. and the leading supra-national financial and economic institutions would help

<sup>7</sup> See: A. Asrorov, “Tsentral’noaziatskiy pasians. Khitry khod ES,” *Gazeta.kz*, 11 July, 2007.

<sup>8</sup> V. Iakubian, “GUAM protiv Rossii—bakinskiy round,” *Regnum.ru*, 23 June, 2007.

<sup>9</sup> See: S. Smirnov, “Tri kaspiskie truby,” *Ekspert-Kazakhstan*, 3 October, 2007.

<sup>10</sup> See: G. Whittell, “Old Soviet States Defy Russia with Plan to Rebuild Silk Road,” *The Times*, 8 June, 2001.

Tashkent deal with its economic problems without insisting on painful economic and political reforms.

In 1995-1998 Tashkent started moving away from Russia: it was sure of itself. Foreign companies interested in its cotton, gold, and uranium opened their offices in the republic and started joint ventures. The European Union treated Uzbekistan and all the other Central Asian republics benevolently and increased the quotas on their products on its territory. This was done mainly for geopolitical considerations: the West did not want the “younger brothers” to return to the “older brother.”

The Uzbek leaders no longer looked at Russia as the leader or driving force, even though it was still vaguely described as a “strategic partner.” President Karimov pinned his hopes on the United States in the expectation of integrating his country into the world economy while preserving its political system intact, postponing radical changes, and offering no real protection to private property.

After the economic crisis that shook Russia in 1998, Uzbekistan chose to ignore political agreements and rejected the earlier military obligations. It concentrated on bilateral contacts in international relations.

In 1999, Uzbekistan left the Collective Security Treaty, and in April of the same year, it joined GUAM at the meeting of GUAM presidents in Washington, where they all came to celebrate NATO’s 50th anniversary.<sup>11</sup> GUAM became GUUAM, but the practical results of the name change were negligible: from the very beginning Tashkent had its doubts about the Organization’s economic value, even though the latter posed itself as an economic structure. Because of Washington’s support, the prospects looked mainly political.

Time and again the Uzbek president described the Organization as “half-baked,” while its political biases, he argued, reduced its economic development potential.<sup>12</sup>

The year 2003 ushered in a new development stage in Uzbekistan’s relations with Russia. Tashkent, disappointed with the European Bank of Reconstruction and Development (EBRD) and other supra-national structures, received aid from other sources. Russian companies, among others, promised investments in the processing of agricultural products and oil production. In 2004, Russia and Uzbekistan signed not only an agreement on strategic partnership, but also a treaty on the joint use of the Air Force and air defense units.<sup>13</sup>

The rupture between Uzbekistan and GUAM appeared long before the Andijan events and the foreign policy U-turn that followed them. When leaving, Uzbekistan created as much noise as it could: its president refused to attend another regular summit, being occupied, according to his own statement, elsewhere.

On 13 June, 2002, the then Foreign Minister of Uzbekistan Abdulaziz Kamilov informed everyone that his country had left GUUAM and pointed out that its previous involvement had been prompted by the country’s desire to become part of multilateral economic cooperation; no positive results, though, had been registered after four years of membership, the minister concluded.

He summed up that his country left the Organization because of “the lack of progress.” A week later Uzbekistan corrected its previous statement, obviously under Washington’s pressure, by saying that it had merely “suspended its membership.” Indeed, on 16 June, the U.S. State Department issued a statement to the effect that America was convinced that continued GUUAM membership would strengthen Uzbekistan’s status as the regional leader and that Washington hoped that the Uzbek leaders would reconsider their decision.<sup>14</sup> This could not be ignored—Uzbekistan left the Organization only after the Andijan events.

<sup>11</sup> See: E. Kurilenko, “‘Shche ne vmerla’ GUUAM,” *GazetaSNG*, 27 January, 2005.

<sup>12</sup> See: A. Taksanov, “Tsirk uekhal, klouny ostalis’. Komu nuzhno Sodruzhestvo?” *Tribune-uz*, 9 February, 2005.

<sup>13</sup> See: E. Liubarskaia, “Karimov luchshe grazhdanskoy voyny,” *Lenta.Ru*, 28 April, 2005.

<sup>14</sup> See: V. Sergienko, “Nasledniki Timura,” *Kontinent* (Almaty), No. 20 (82), 16-29 October, 2002.

Today, Tashkent's position has de facto developed into a stumbling block on the road toward the aims the GUAM identified as its priorities in Central Asia. Uzbekistan is an important regional player, therefore all the more or less important joint projects require its involvement.

So far the West has failed to regulate its relations with Uzbekistan, a country against which sanctions were instituted. It should be said that its negative experience of cooperation with the United States taught the other Central Asian leaders to seek real investments in their economies rather than counting on statements.

Kazakhstan is another regional economic leader with its own ideas about regional strategies. Even when Astana signed the Caspian Declaration in Tehran in October 2007, or the Agreement on the Caspian Pipeline, it left a certain leeway to be able to deal with the infrastructural aspects of its national energy projects.

After losing Uzbekistan, the West concentrated on Kazakhstan as the regional heavyweight. Russia, in turn, has always regarded this country as its key regional partner.

Their partnership is not free from contradictions, mainly related to the development of the national energy complexes and transport infrastructure on which the fuel and energy complexes of both countries depend.

President Nazarbaev's response to the agreement between Russia, Bulgaria, and Greece on the Burgas-Alexandroupolis oil pipeline illustrated the above: in his interview to Russian TV in March 2007, he said that without Kazakh oil the project is unlikely to be economically viable.<sup>15</sup> So far the Russian companies, the project's main shareholders, have shown no haste in inviting their Kazakh colleagues to join the "Balkan pipeline consortium."

The Russian and Kazakh sides have not yet agreed on the conditions on which gas from the Karachaganak gas-condensate field in Kazakhstan would be supplied to the Orenburg Gas Refinery. The problem of increasing the carrying capacity of the Caspian Pipeline Consortium (CPC) to the planned annual capacity of 67 million tons is pending. The CPC is used to move oil from the Tengiz oilfield in Kazakhstan to Novorossiisk, from where it is brought by tankers through the Black Sea straits to the world markets. In 2005, Moscow promised Astana that it would finally resolve the problem. Later, when Russian managers came to the CPC helm, the problem was pushed aside once more. So far the foreign oil companies have been deriving their oil export profits from the minimal transit payments to Russia. To acquire at least minimum profit, the Russian side was prepared to bankrupt the CPC.<sup>16</sup>

Moscow too has its own reasons for being displeased with Astana, which is rapidly increasing its energy potential: its position on the project to extend the Odessa-Brody pipeline to Plock in Poland remains uncertain; the same can be said about the Trans-Caspian project lobbied by the United States and the European Union, about which Astana has already stated that it intends to study the project further. What is more, Kazakhstan is involved in the BTC pipeline, which brings Caspian oil (albeit relatively small amounts of it) to the European market, bypassing Russia.

Recently, Kazakhstan has become involved in all sorts of economic projects without Russia's participation; Astana is working hard to use the CIS countries in which Moscow is losing its influence in its interests. It seems that the Kazakhstan leaders hope that the Kremlin has, on the whole, reconciled itself to the fact that its ally is stepping up its efforts to move to the forefront in the post-Soviet expanse, even when dealing with alternative export routes.<sup>17</sup>

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<sup>15</sup> See: A. Dubnov, "Rossiisko-kazakhstanskaia prokhlada. Nazarbaev peredelaet GUAM v GUAK," *Vremia novostey*, 20 March, 2007.

<sup>16</sup> See: A. Sopianin, M. Shibusov, "Dozhdiomsia li rossisko-kazakhstanskoy global'noy ekspansii?," *Respublika*, 25 May, 2007.

<sup>17</sup> See: V. Vasil'eva, N. Pulina, "Luchshiy drug Rossii," *Moskovskie novosti*, 19 March, 2007.



For objective reasons Kazakhstan needs less dependence on the Russian transportation routes, particularly the Russian pipelines, even though Astana never fails to assure Russia of its friendship. In any case, Kazakhstan needs diversified fuel transportation routes.

It seems that Russia's "gas war" with Ukraine and Belarus, as well as Russia's sanctions against Georgia and Moldova spurred on Kazakhstan's diversification efforts.

On the one hand, Kazakhstan and Turkmenistan want trans-Caspian pipelines to diversify fuel supplies to Europe, while on the other, neither Astana nor Ashgabad are prepared to pour money into the project: they are permitting the Western partners to move ahead.

Against this background, GUAM is hardly discernible; as distinct from the EU, which is working on its Central Asian strategy, GUAM has produced no documents related to the region so far.

In 2006, the second, after the CIS, geopolitical bloc on the post-Soviet expanse made a more or less important step by transforming itself from "simply GUAM" into the Organization for Democracy and Economic Development—GUAM. So far, it has failed to address any of the outstanding problems.

Its practical activities are limited to regular annual summits and the usual practice of producing heaps of documents.

The decisions of the five summits were never executed, they were mere declarations designed to scare Moscow with alternative fuel transportation routes (primarily from Central Asia). The GUAM leaders expected the "pipelines" laid beyond Russian territory to play a dual role.

First, imperial-minded Moscow was to come forward with more concessions, preferences, written off debts, cheap fuel, etc.

Second, this policy was to attract the attention of the West and its political and financial institutions.

As soon as the Kremlin made its policy on the post-Soviet expanse more pragmatic, the situation changed radically. President of Uzbekistan Karimov seems to be the first to register this.<sup>18</sup>

At first GUAM was planned as an economic structure; its founders announced that their aim was the Europe-Caucasus-Asia transportation corridor laid outside Russia. "Years passed and GUAM continued its sedate existence—the presidents met once a year and the joint commissions continued working and producing mountains of documents with no tangible results. The same can be said about the CIS for that matter. There was no corridor."<sup>19</sup>

GUAM, like the CIS, is not united. Here is an example: President of Georgia Mikhail Saakashvili refused to buy Russian gas at a "politically motivated price" in the hopes that Georgia's friends, Azerbaijan and Turkey, would help. No "diversification" followed, and Georgia continued buying the bulk of the gas it used from Gazprom.

The Georgian leaders pinned great hopes on the 2007 Krakow summit attended by Poland, Lithuania, and Rumania. The president of Kazakhstan engaged elsewhere (he was busy signing the Agreement on the Caspian Pipeline together with President Putin) missed the summit. This made it clear that the Southern (Balkan) and Northern (BTC) routes would catch the GUAM countries in a pincer movement. Georgian experts admitted that the West had lost this battle to Russia and that their country, which wanted to pose as America's reliable ally in the struggle for Caspian and Central Asian energy resources, had failed its patron.<sup>20</sup> Using energy sources as a political instrument, Moscow delivered a heavy blow to the West-East energy corridor on which Georgia had carved itself the role of a transit country.

<sup>18</sup> See: "Sud'ba postsovetского prostranstva ostaetsia neizvestnoy," *Rossiyskie vesti*, 10 November, 2004.

<sup>19</sup> A. Dmitriev, "SNG i GUAM: peredel postsovetского prostranstva," APN, 30 September, 2004.

<sup>20</sup> See: "Est' li v Gruzii ekonomika?" *Eurasia*, No. 65, October 2007.

Georgy Khukhashvili, an expert in economic problems, has written that Moscow is tightening its energy control over Europe. Russia's strategy proved successful; it closed the energy circle, thus making the BTC and Baku-Tbilisi-Erzurum pipelines redundant. The expert is convinced that "Russia has grasped the initiative and nobody can do anything about this."<sup>21</sup>

It seems that this and other similar statements smack of overstatement: the struggle for control over the Caspian and Central Asian resources is just unfurling and the end is nowhere in sight.

Bit by bit, GUAM acquired a military-political component; this is a relatively recent development. Back at the 2003 GUUAM summit, Foreign Minister of Georgia Irakli Menagarisvili announced that the GUUAM members did not intend to set up a military bloc similar to the CSTO, since "it did nothing to ensure their security." At that time, GUUAM declared: "Many of our projects are related to the counterterrorist rather than the military sphere."<sup>22</sup> On the eve of the 2003 Tbilisi summit there was a lot of talk among the Georgian military that GUUAM should strengthen its military component since Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan had just set up CSTO.<sup>23</sup>

The GUAM documents say a lot about the member states joint counterterrorist activities, but so far the Organization is able to pool forces merely on paper: there is no information about practical steps.

The Organization has no consolidated military or any other program either. The GUAM members and the West, however, have one aim in common: many of the GUAM politicians want to bring their countries to NATO. This has been already decided in Georgia; Azerbaijan also has the chance to develop good partner relations with NATO; the idea is also lobbied in Moldova, even though this country time and again has talked about its neutrality. The political process in Ukraine is too vague to speak about NATO membership at the official level. We all know, however, that President Yushchenko and his team, as well as the Bloc of Yulia Timoshenko that came second at the recent parliamentary elections, are actively lobbying the idea. It was announced that the country is ready to switch to NATO standards, while the Ukrainian Defense Ministry has entered into active contacts with NATO about military and military-technical cooperation.

The conflicts in South Ossetia, Abkhazia, and the Transnistria may serve as another unifying factor: the countries may pool forces to fight the "unrecognized states" and to minimize Russia's influence in the post-Soviet expanse. Earlier, Speaker of the Georgian Parliament Nino Burdjanadze openly said this at a presentation of the GUAM Parliamentary Assembly in Kiev. She pointed out that three out of the four GUAM countries faced a common problem called separatism, therefore each of them could help the others and also pool forces to repel the dual standards practiced "by certain countries which are fighting separatism on their own territories yet encouraging separatism in other countries."<sup>24</sup>

So far this idea can hardly be realized. According to Russian political scientist Alexander Krylov, "the idea of a peacekeeping unit within GUAM has been discussed for many years now. Today, the political situation in Ukraine is not conducive to setting up a GUAM peacekeeping battalion. This can be done only if approved by the Supreme Rada, which is at daggers drawn with the president. Most of the deputies would not like to see Ukraine involved in the burning Caucasian developments and dispatch its troops to fight under command of others."<sup>25</sup>

<sup>21</sup> See: "Est' li v Gruzii ekonomika?" *Eurasia*, No. 65, October 2007.

<sup>22</sup> E. Buzulukova, "Prioritet: nepochetnoe chlenstvo v klubakh po interesam," *Gazeta SNG*, 16 February, 2004.

<sup>23</sup> See: M. Vignanskiy, "Virtual'noe sopernichestvo. Deiatel'nost' GUUAM ozhivil strakh," *Vremia MN*, 26 May, 2003.

<sup>24</sup> Quoted from: A. Dmitriev, op. cit.

<sup>25</sup> Quoted from: S. Markedonov, "'Postsovetskie demokratii' vs SNG-2," *Politkom.Ru*, 22 June, 2007.

America will support the idea, but it will not be realized in practice. Moscow's position is not as important as the opposition of the people and the elites of the unrecognized republics.

Today Russia is actively seeking a formula to change the institutions on the post-Soviet expanse that will take into account the geopolitical split inside the CIS and the effectiveness of regional organizations (such as EurAsEC, CSTO and SCO). Today, however, the integration processes in the post-Soviet expanse depend, to a great extent, on the nature of mounting geopolitical rivalry between Russia and America. Success will depend on the balance of forces between the two centers of power. There are too many factors opposing the West's intention to gain access to Central Asia's resources via the Southern Caucasus and the Caspian. In fact, Russia's territory cannot be physically excluded from the oil and gas routes between Asia and Europe, particularly in view of Russia's wider oil and gas interests in Central Asia of the last decade.<sup>26</sup> While China and the European Union are competing over influence in Central Asia, Russia remains the only supplier of Central Asian fuels to Europe.

Central Asia has become one of the key points in this rivalry. This suggests that GUAM's biased approach to Central Asia (oriented toward energy resources and the routes for their transportation alone) should be revised in the near future to become a conception. If this does not happen, we can expect the post-Soviet Asian republics and GUAM to limit their cooperation even more.

<sup>26</sup> See: S. Samoylova, "Postsovetskie instituty: formula reformy," *Polikom.Ru*, 8 October, 2007.

## GUAM AND THE EURASEC: MAIN GOALS AND PROSPECTS

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The GUAM integration organization was created in November 1997 when the foreign ministers of four countries—Georgia, Ukraine, Azerbaijan, and Moldova—signed a Protocol declaring the creation of this new structure.

Uzbekistan officially joined this organization in April 1999. But in 2002, it suspended its participation in this organization.

### Box 1

"Tashkent has never tried to conceal the fact that GUUAM appeals to it from an exclusively 'transport' or 'transport-energy' standpoint and that it is not at all interested in it as a geopolitical group. Uzbekistan explained its decision to withdraw from GUUAM by the fact that it did not feel the need for political or military integration.

**Then, largely under the pressure of the U.S., Uzbekistan halted the withdrawal procedure, although it essentially does not participate in any of the organization's official undertakings."**

*Source:* [<http://www.gazeta.kg/print.php?i=6768>].

At the beginning of May 2005, Uzbekistan made a decision to withdraw from this regional organization. According to many experts, Tashkent was cautioned by the initiative put forward at the GUUAM summit held in Chisinau in 2005 to create a Black Sea-Baltic arc of democracy and stability.<sup>1</sup> It is obvious that Karimov's support of Yushchenko and Saakashvili might have given a new boost to the activity of the Uzbek opposition. In addition, GUUAM was initially pro-American and anti-Russian in orientation. While Uzbekistan's policy focused more on intensifying political and economic cooperation with the Russian Federation, which to a certain extent was related to the events in Andijan. So the Uzbek president's decision to withdraw the republic from GUUAM was understandable. Since then, the organization has received its old name—GUAM.

When this integration group was created, great importance, in addition to geopolitical considerations, was given to the oil factor and communication integration. In particular, *cooperation focuses on drawing up and implementing the TRACECA global European-Caucasian-Asian transport-communication project*, on the basis of which it is hoped to integrate the Central Asian and South Caucasian states into the global economic system and reduce energy dependence on Russia.

The establishment and efficient use of oil transportation routes via the Baku-Tbilisi-Ceyhan and Odessa-Brody pipelines and transit freight delivery along the port Turkmenbashi (Turkmenistan)-Caspian Sea-Baku-Georgian ports-Black Sea-Rumanian and Bulgarian ports corridor form the fulcrum of cooperation within GUAM.

In order to implement the former project, the sides worked to create a corresponding regulatory legal base that determined the conditions for transporting Kazakh oil from Aktau to Baku and on via the Baku-Tbilisi-Ceyhan oil pipeline, as well as via other export routes that begin in Azerbaijan. As we know, the Baku-Tbilisi-Ceyhan pipeline went into operation in May 2006.

As for the latter project, many experts do not believe it is very efficient.

#### **Box 2**

**"A transportation corridor that has to repeatedly reload carriages and containers or simply load freight from rail to sea transport and cross two seas is unlikely to be more advantageous than pure rail routes bypassing the seas from the north (via Russia) and the south (via Iran and Turkey).**

**"It would be much more advantageous for the Caucasian states to restore the once intensively used railroads along the eastern coast of the Black Sea and western coast of the Caspian Sea on the North-South transit route from Eastern Europe and Russia to the Middle East."**

*Source:* N. Isingarín, *10 let CNG. Problemy, poiski, resheniia*, Public Fund "BIS," Almaty, 2001. 400 pages.

<sup>1</sup> See: O. Sidorov, "GUAM-2005: patsient skoree miortv, chem zhiv," available at [<http://www.gazeta.kz/art.asp?aid=63363/>].

*GUAM is distinguished by its active rapprochement with European states and the U.S. In particular, in cooperation with the United States, framework programs on trade and transport assistance, on border and customs control, and on combating terrorism, organized crime, illicit circulation of drugs and weapons was adopted.*

However, it is the U.S.'s own geopolitical interests that are motivating it to support GUAM's activity. These include controlling the energy resources of the Caspian region and the oil and gas transport infrastructure, increasing the export of hydrocarbons to the world markets (primarily to the United States), strengthening the energy security of the Western countries, and reducing Russia's influence on the Caucasus.

Placing exclusive emphasis on intensifying the oil factor in cooperation between America and GUAM will have certain repercussions. It will cause deformations in the economic development of the Caucasian states and lead to their transformation into the West's raw material appendix.

Many experts are criticizing the GUAM states for formulating their policy in keeping with the U.S.'s interests and the implementation of its intentions in the region.

**Box 3**

In his interview with *Nezavisimaia gazeta*, Viacheslav Trubnikov, first deputy foreign minister of the Russian Federation and former head of the Foreign Intelligence Service, called GUUAM an "absolutely artificial organization pumped full of American money," which was formed "only to prevent Russia from being able to manifest its neo-imperial strivings." The United States does indeed render GUUAM all kinds of assistance, including financial (from 2001 to 2004, the U.S. allotted the GUUAM countries approximately two billion dollars). However, it is not a matter of money, but of the fact that GUUAM is being morally and politically encouraged by the West, without which this structure would most likely not have appeared, let alone survived.

Source: [<http://www.gazeta.kg/print.php?i=6768>].

However, the GUAM integration organization has achieved certain progress during its existence:

1. A regulatory legal base of GUAM's activity has been created.

In 2001, the GUUAM Charter was adopted, which registered this formation as an international organization (in particular, it acquired the status of observer in the U.N.). According to its founding document, the organization's goals are promoting the social and economic development of its member states, expanding their trade and economic relations, developing transport-communication routes, strengthening regional security, joining efforts to combat international terrorism, organized crime, and the drug business, and encouraging humanitarian cooperation. The annual summit of the member states is declared GUUAM's highest structure, foreign ministers' meetings (twice a year) is the executive structure, and the committee of national coordinators (it meets once a quarter) is the working structure.

On 20 July, 2002, an Agreement on Creating a Free Trade Area among the GUUAM Member States was adopted to expand the economic trade relations of the GUUAM states, which was signed by the presidents of Azerbaijan, Georgia, Moldova, and Ukraine. In keeping with this document, the GUUAM countries are exempt from the payment of duties, taxes, and fees with equivalent action, as well as from reciprocal trade quotas. Execution of this

Agreement based on GATT/WTO regulations and principles presumes the creation and development of an efficient system of mutual settlements concerning trade and other operations and harmonization of the legislation of the contracting parties to the extent that this is necessary for efficient functioning of the free trade area. In keeping with the decisions adopted at the interstate level, in 2004 there were plans to carry out mutual liberalization of trade conditions and remove the barriers that hinder free movement of goods and services.

*With respect to strengthening security in the GUUAM states, a corresponding Agreement on Combating International Terrorism, Aggressive Separatism, Illicit Circulation of Drugs, and Organized Crime* was adopted, the execution of which will help to stabilize the political situation in the region and create conditions for the sustainable economic development of these countries.

On 23 May, 2006, at the GUAM Kiev summit, this integration organization changed its status to become the Organization for Democracy and Economic Development—GUAM, and its Charter was signed. In addition to promoting democracy and strengthening international and regional security, the organization declared its specific goal to be establishing a dialog in the energy (the transportation of energy resources from the Caspian region to Europe), transport (a bridge between Europe and Asia), and scientific and technical and humanitarian spheres.

2. Measures were undertaken to develop cooperation among the customs and border departments of the GUAM states.

In order to enhance reciprocal trade in the GUAM states and strengthen their security, the governments of these countries reached the following agreements on unifying national legislation in the customs and border spheres and creating a single customs control system. The adoption of the indicated measures will help to develop integration cooperation among the GUAM states in all the spheres of the economy.

3. Implementation of the GUAM-U.S. Framework Program of Trade and Transport Facilitation.

In order to implement this Program, corresponding agreements were reached with the EU European Commission on support of the Eurasian oil transportation corridor project and close ties were established with a cooperation initiative for the Southeast European countries. In keeping with the Ukraine-NATO Target Plan for 2003, the continuous exchange of information on cooperation among the Caucasus' partner states is ensured between Ukraine and the North Atlantic Alliance in peacekeeping activity. In addition, a special NATO project called the Virtual Silk Road has been introduced, which is a satellite system of electronic information exchange for the Caucasian countries and assists them in developing national research and education networks.<sup>2</sup>

4. Organizational structures for strengthening integration cooperation among the GUAM states.

With financial support from the U.S., the GUAM Center of Law Enforcement which unites the police, border, and customs structures of the member states has begun functioning, and a project to create a GUAM Virtual Law Enforcement Center for combating terrorism, organized crime, drug circulation, and other crimes and an Interstate Information-Analytical System is being implemented.

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<sup>2</sup> See: G.G. Rakhmatulina, *Dinamika razvitiia integratsionnykh protsessov v gosudarstvakh SNG i perspektivy formirovaniia Edinogo ekonomicheskogo prostranstva*, ed. by M.S. Ashimbaev. Kazakhstan Institute of Strategic Studies under the President of the Republic of Kazakhstan, Almaty, 2004, p. 119.

A GUAM Secretariat was also created in 2006 to ensure the Organization's efficient functioning, the main task of which is to cooperate with GUAM's administration structures to draw up corresponding documents to be presented at the intergovernmental and interstate level.

5. Questions relating to energy cooperation among the GUAM states are being processed.

At the GUAM summit in Kiev in May 2006, the possibility of creating a fuel and energy council within the framework of this organization was announced. It is presumed that the main task of this Council would be resolving questions relating to the use of energy resources, creating energy-generating capacities, developing transit potential, and implementing a project to pump oil through the Odessa-Brody pipeline.

There can be no doubt that the creation of this Council will enhance energy cooperation among the GUAM states.

However, even though the GUAM states have many interests in common, there are also factors that hinder this organization's activity:

1. The weak mechanism for implementing the decisions adopted.

The GUAM countries have a very weak mechanism for implementing the agreements reached. *In particular, free trade conditions essentially do not function in GUAM (the corresponding Agreement was adopted on 20 July, 2002).* For the moment, the sides are limiting themselves to various intermediate documents that have almost no effect on the efficient development of economic trade cooperation. In particular, the volume of the GUAM member states reciprocal trade turnover remains low. Georgia's and Azerbaijan's share account on average for no more than 2% of the total volume of Moldova's export and import. Ukraine's share in Moldovan export amounts to 6.57% and in import to 24.6%, respectively. By way of comparison, the indices for Russia, with which Moldova traditionally has a positive trade balance, amounted to 35.8% and 12.9%, respectively.

As for the GUAM-U.S. Framework Program of Trade and Transport Facilitation, according to experts, it has been possible to fulfill only 14 of the 70 provisions completely, and 38 partially. It stands to reason that this situation with respect to executing the decisions adopted does not help to develop the integration processes in GUAM and requires political and organizational support in order to solve the designated tasks.

2. The different foreign policy priorities of the GUAM states.

One of the main problems in developing integration within GUAM is the difference in foreign policy priorities of the member states.

**Box 4**

**"Ukraine is still trying to integrate into Europe while retaining its strategic partnership with Russia and the U.S. The South Caucasian countries are looking for cooperation both with the Euro-Atlantic countries and with their geopolitical neighbors—Turkey and Iran. After its presidential election, Moldova has been striving for more active cooperation with Russia and the Eurasian Economic Community."**

*Source:* E. Bagramov, "Postsovetskaia integratsiia—realnost' ili mirazh, *Nezavisimaia gazeta*, 18 March, 2003.

Nor is it entirely clear how GUAM's economic component is being realized. For Ukraine, Georgia, and Moldova, this, as we know, is the transportation and delivery of Cas-

pian oil. But Azerbaijan is playing its own game, and it is not entirely clear whether it will carry out a project designed to deliver oil to Europe (and not to Turkey).

In this way, the GUAM states' different ideas about the foreign policy cooperation priorities are significantly hindering the development of mutually advantageous cooperation among these countries, particularly in the economy.

3. The low level of economic development of the GUAM states.

According to world standards, GUAM represents a union of states with a low human development potential, which is a decisive factor of competitiveness and dynamic development in today's globalizing economic life. According to experts, GUAM holds 89th place in the world in terms of the average human development index, after the Maldives, and 145th in terms of per capita GDP, after Honduras and Guyana.

The rates of economic development of the GUAM states are still low.

For example, in Georgia, the volume of GDP in the 1990s dropped approximately by 60%, and the volume of industrial project by 80%. The per capita GDP is currently approximately 700 USD.

**Box 5**

**"The lag is particularly noticeable in those spheres that have the greatest influence on the level of development. For example, per capita consumption of electric power in Georgia is currently 60% of the world level, whereas with respect to the level of the developed countries, it is 18%. It should be noted that education and public health in Georgia remains at the level of the medium-developed countries, but this is due to past achievements. There are almost no significant investments in education, science, public health, or culture, and the lag in these spheres is having an extremely negative effect on long-term development..."**

**"According to the data for 1991-2001, Georgia exceeds the critical parameters of economic security with respect to all the main indicators and criteria of social life. It is impossible for society to develop normally in such circumstances. The state administration system becomes impotent and leaves everything to be desired with respect to protecting society or individuals from domestic and foreign threats."**

*Source:* M. Kvaratskhelia, "Ekonomicheskaya bezopasnost' i problemy formirovaniya natsional'noi ekonomiki Gruzii," available at [<http://www.shkolny.com/ekonomicheskaya-bezopasnost-i-problemyi-formirovaniya-natsionalnoy-ekonomiki-gruzii/>].

A trend is seen toward an increase in external threats to Georgia's economic security. "In particular, the country is becoming more dependent on the import of many strategic resources, including energy resources and food; foreign countries are implementing an expansive economic policy toward Georgia; the state has a large foreign debt that continues to grow, and, finally, the levers of integrated economic management are being violated as a result of the violation of the country's territorial integrity and the threat of its collapse."<sup>3</sup>

It goes without saying that these factors have a negative effect on this country's sustainable development.

<sup>3</sup> R. Otinashvili, "Gosudarstvennaia strategii ekonomicheskoi bezopasnosti," *Bulletin* No. 73, Center of Strategic Research and Development of Georgia, August 2002; T. Chikvaidze, "Intellektual'naia modernizatsiia: Obiazatelnoe uslovie makroekonomicheskoi bezopasnosti Gruzii," *Ekonomika*, No. 3, 2004.



There are also problems in the Ukrainian economy. Despite the positive GDP growth rates, negative trends are seen in foreign trade. For example, the foreign trade transaction balance is increasingly in the red. During the first quarter of 2007, this index reached 2.2 billion dollars (by way of comparison, in January-March 2006, it was 1.7 billion dollars). The World Bank forecasts a continuing downtrend in current transactions in Ukraine for 2007-2009 to 5.1-5.2% of the GDP (in 2006, it was only 1.7%).

**Box 6**

**“Economic and tax-budget policy have never been priorities of the Yanukovich government, but today’s political turbulence will, in all likelihood, lead to a decrease in the reform ambitions, which are modest anyway. If pre-term elections are indeed held, they will most likely not lead to the formation of a government oriented toward reforms and the market, especially if opposition leader Yulia Timoshenko returns to power. This could accelerate the current gradual increase in the price of gas imported from Russia, which, in turn, will deal a blow to Ukraine’s highly energy-intensive economy.**

**“Ukraine still has a relatively low level of prosperity, which distinguishes it from states with higher credit ratings. The rapidly increasing credit financing of the private sector, as well as the increasing foreign debt of the banking sector (banks are mainly owned by Ukrainian proprietors), are making the Ukrainian economy more vulnerable to unfavorable changes (foreign or political).”**

*S o u r c e:* [[www.kommersant.ua](http://www.kommersant.ua)].

The level of competitiveness of the Ukrainian economy is low. According to many experts, obsolete (by international standards) technological equipment and production account for more than 99% of the Ukrainian economy.

Azerbaijan’s GDP is mainly formed by oil revenue. Azerbaijan’s economy still largely depends on the production of energy resources, and its diversification is a task, which if solved, will ensure its long-term sustainable development. Due to the rapidly growing revenues from oil export and the insufficient monetary instruments at the government’s disposal, control over inflation and preventing the manat from becoming too strong in real terms are becoming the country’s most important tasks.

The level of corruption in Azerbaijan remains high, which is having a negative effect on the country’s business climate.

**Box 7**

**“According to the EBRD, the complicated tax-customs system, bureaucratic red tape, and the high level of corruption are the main obstacles hindering the development of private enterprises in Azerbaijan, particularly in the non-oil related industries. The investors’ trust was also undermined by the expropriation of investments conducted by the country’s government in branches of the economy not related to oil. Even though an anti-corruption law came into force in January 2005, it is slow to be applied. Two state banks still predominate in the country’s banking system—the International Bank of Azerbaijan (IBA) and Kapital-bank. Despite the attempts being made to revive privatization, as of September 2006, no significant results had been attained.”**

*S o u r c e:* [<http://www.day.az/news/politics/15977.html>].

Moldova is currently undergoing an industrial slump. In particular, according to the 2006 results, the drop in industrial production amounted to 5%, which is primarily related to problems of exporting Moldovan wines to Russia. The inflation rates remain high. According to the 2006 results, the consumer price index amounted to 113%.

So the GUAM state economies are still facing serious problems, which is having a negative effect on integration within this regional union.

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*An analysis of GUAM's activity makes it possible to conclude that integration cooperation among the states within this union is still rather feeble.* And the main reasons for this are the lack of coordination among the foreign policy actions of the member states, the essential absence of a mechanism for implementing the decisions adopted, and the difficult political and economic situation in the states involved.

The leaders of the GUAM countries believed that activation of their economic trade relations on the basis of gradual trade liberalization, coordination of principles of structural development of the national economies, and implementation of projects for creating transportation corridors to link the Caspian region with Georgia, Ukraine, and Moldova would make it possible to significantly lower their dependence on Russia (particularly in the sphere of energy). But these projects are still at the discussion and coordination stage. And an important reason for this is the difficult economic situation in the GUAM countries. In particular, the project for transporting Caspian oil via the Odessa-Brody pipeline, which at present is only operating in reverse for the transit of Russian oil, has not been implemented since the sides involved have been unable to reach a coordinated position.

What is more, the Western countries are currently giving more attention to the possibility of transporting Caspian oil via Turkey (the Baku-Tbilisi-Ceyhan project). So Ukraine and Moldova are temporarily excluded from the transit countries, that is, *the main significance of economic cooperation among the GUAM countries—to form and develop a Eurasian oil transportation corridor to cover its own oil needs and deliver supplies to Europe—has been lost.*

Thus, *Uzbekistan*, which regarded GUAM mainly as a way to implement energy transportation projects, was very disappointed in the economic cooperation of the states within this union and left it in 2005, *after evaluating this structure as an organization with dull prospects.*

Georgia, in turn, can also influence GUAM's activity, which is primarily due to the domestic political processes in this state and the risk of intensified separatist moods in Abkhazia and South Ossetia.

Many experts also have doubts about how realistic GUAM's enlargement is. "Since the time this organization was created, trends have been developing not toward its enlargement, but, on the contrary, toward a reduction in the number of member states, since the extreme politicized nature of the bloc does not permit countries that are currently in conflict to join GUAM. The disagreements between Armenia and Azerbaijan, Armenia and Turkey, and Georgia and Russia are making it impossible to expand its activity in the Black Sea-Caspian Region."<sup>4</sup>

So *GUAM cannot be considered a vital factor in the development of integration in the post-Soviet expanse.* The differences in foreign policy priorities of these states and the discrepancies among the sides with respect to strategic issues in the activity of this union, the difficult domestic political situation in these countries, and the different levels of market reform in the economies of these states are quite pronounced.

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<sup>4</sup> O. Sidorov, op. cit.

Today, the Eurasian Economic Community holds the absolute leadership among the regional unions in the post-Soviet space. This organization has achieved the highest level of coordination in its financial and economic policy. Moreover, the states belonging to this integration project are carrying out a common task to form a single economic space. An organizational-legal mechanism has been created in the EurAsEC for implementing the decisions being adopted. This means that if a document is signed, the sides are obligated to exert every effort to execute it.

Kazakhstan's initiatives played an important role in creating the EurAsEC. President Nursultan Nazarbaev repeatedly emphasized the pertinence of developing integration cooperation among the Commonwealth states in all spheres of the economy and particularly in its real sector: "I don't think anyone will disagree that the EurAsEC encompasses the most energy-intensive territory on the planet. In this respect, I think it can only be compared with the Middle East... But in order to activate this enormous potential, it is extremely urgent for us to jointly draw up and consistently carry out an integrated policy that is advantageous to everyone for gaining access to the world markets. ... One of our indisputable advantages is our powerful transit potential, which makes it possible for us to assume the role of an efficient trade agent between Europe and Asia. According to the experts, the flow of freight between these parts of the world is already close to one hundred million tons and will continue to rise. In this sphere, a strong coordinated policy that is advantageous to everyone is needed in order to draw most of this flow in our direction."<sup>5</sup>

The enlargement of the EurAsEC and Uzbekistan's membership in it are making it possible to more efficiently solve the tasks aimed at forming a common energy market and Transport Union, intensifying cooperation in industry and agriculture, and conducting a coordinated social policy.

Uzbekistan's membership in the EurAsEC, in our opinion, will make it possible to comprehensively resolve questions relating to the development of the oil and gas transport infrastructure. In particular, there are greater possibilities for adopting joint measures to modernize the Central Asia-Center and Bukhara-Tashkent-Almaty gas transport systems, which will promote efficient use of the transit potential of the EurAsEC states and cover the need of the southern regions of Kazakhstan and Kyrgyzstan for gas.

Enlargement of the EurAsEC will also help to efficiently resolve questions relating to the rational use of hydropower resources, the creation of new transportation corridors, and the formation of international cotton clusters.

One of the most important tasks facing the Community today is development of the economic component of integration, which will become an important factor in raising the level of competitiveness of the economies of the EurAsEC states, ensuring their security, and opposing the globalization threats.

Implementing the Priority Vectors of EurAsEC Development for 2003-2006 and subsequent years approved by the EurAsEC Interstate Council on 9 February, 2004 is of extreme importance in this respect. This document was drawn up on the basis of Nursultan Nazarbaev's report on the State of Affairs in the Eurasian Economic Community and Proposals for Accelerating Integration Cooperation and the speeches of the government leaders of the EurAsEC states at the First Economic Forum held on 19-20 February, 2003.

The document set forth such priority vectors of EurAsEC development as forming a customs union, carrying out a coordinated economic policy, cooperation in the real sector of the economy, creation of a common market of energy resources and a Transport Union, development of currency integration, and cooperation in the social-humanitarian sphere and migration policy.

Execution of this document will make it possible to accelerate the formation of a Single Economic Space with the use of new and promising forms and mechanisms of cooperation; develop the

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<sup>5</sup> *Pervyy ekonomicheskii forum Evraziyskogo ekonomicheskogo soobshchestva*, Moscow, 2003, pp. 8-9.

Community's common market by uniting the national markets; ensure joint protection from possible economic damage inflicted by third countries; increase the potential for opposing common economic threats due to intensified international competition; and create favorable conditions for the free movement of goods, services, capital, and labor.

Today, active measures are being taken to implement the EurAsEC's priority vectors. In particular, in August 2006, a decision was made at the interstate level to form a Customs Union, which at the initial stage will unite three states—Belarus, Kazakhstan, and Russia. These countries have largely coordinated the customs policy principles and reached sustainable rates of economic growth. Other states (Kyrgyzstan, Tajikistan, and Uzbekistan) will join the Customs Union as their economies reach the necessary level.

At the meeting of the EurAsEC's Interstate Council held in October 2007 in Dushanbe, the heads of state signed the basic documents for forming a single customs space and Customs Union. Formation of the legal base of the Customs Union should be completed by 2010.

In January 2008, agreements were adopted at the intergovernmental level stating that the countries of the Customs Union would carry out a coordinated trade policy. Kazakhstan Prime Minister K. Masimov, who spoke at the meeting of the Interstate Council, emphasized the need for the EurAsEC countries to step up their efforts to form the Customs Union and develop the integration processes: "Kazakhstan has increased its investments in the economies of all the neighboring countries and in the future intends to intensify its investment policy as well as strengthen regional ties. Kazakhstan supports the integration processes and will try to intensify and expand them."<sup>6</sup>

Kazakhstan's initiative set forth in the document on Ten Simple Steps to Accommodate the People is acquiring importance in the social sphere. It focuses on developing social aspects of the Community's states and creating conditions for the citizens of the EurAsEC member states to enjoy free movement throughout their territory, choose their place of permanent or temporary residence, find a job, and obtain an education.

Several documents have been adopted within the Community (the Agreement on Mutual Recognition and Equivalence of Education Certificates, Diplomas, and Titles; the Agreement on the Creation of Favorable Conditions for Broadcasting Television and Radio Programs in the EurAsEC States; the Interstate Program on Coordinated Social Policy of the EurAsEC Member States, and others) to achieve these goals. The execution of these agreements will become an important factor in accelerating integration among the Community's states in the social sphere, ensuring equal social and labor rights of the citizens of the EurAsEC states, and forming a common labor market and single education space within the Community.

"Today it can be stated that the EurAsEC has become an important tool of regional cooperation and a vital element for forming a system that ensures stability in the region and expands economic cooperation."<sup>7</sup>

Therefore, a comparison of GUAM and the EurAsEC indicates beyond a doubt that integration is developing more efficiently within the latter. The states that belong to the EurAsEC have common goals and tasks and are gradually moving toward the formation of a Single Economic Space, which is something that cannot yet be said of GUAM.

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<sup>6</sup> R. Otinashvili, *op. cit.*

<sup>7</sup> T. Mansurov, "EurAsEC: novyy etap integratsii," available at [<http://www.eurasianhome.org/xml/t/expert.xml?lang=ru&nic=expert&pid=1410>].

## GUAM AND THE SCO: A COMPARATIVE ANALYSIS

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Numerous organizations have been born and died on the post-Soviet expanse; the larger part of them left no trace and therefore can be safely forgotten. Two organizations, however, deserve our special attention. I have in mind the Organization for Democracy and Economic Development—GUAM and the Shanghai

Cooperation Organization, not so much because they are rivals of sorts, but because the way they were formed and developed, their response to events, and many other things are similar. Any attempt to compare two international organizations is a thankless task, however, I shall undertake it here.

### The Outside Players

The SCO and GUAM are not mere rivals—each of them is supported by outside players with great geopolitical ambitions. GUAM is backed by the United States joined recently by the European Union; the SCO has China behind it, which has great designs for the post-Soviet expanse. This accounts for their specifics and their attitudes toward Russia, which claims the role of key player on the post-Soviet expanse.

Proof of the above is easily found in the two structures' history, which reveals not merely the reasons for their emergence, but also the interests of the outside players involved.

The SCO's status is clear enough: China is obviously interested in it and is working hard to channel it in the desirable direction. Sometimes it succeeds, sometimes it fails, because so far it is treading cautiously so as not to irritate Russia. In short, it has to bear in mind Russia's interests and ambitions. The expert community, however, agrees that the SCO was set up on China's initiative, which needed a lever of influence in Central Asia.<sup>1</sup>

The Agreement on Confidence-Building Measures in the Military Sphere in Border Areas signed in April 1996 in Shanghai and its component, the Agreement on Mutual Reduction of Armed Forces in the Border Area signed in Moscow in April 1997, laid the foundation of the Shanghai Five; in the late 1990s it was transformed into the "Shanghai Forum," which in June 2001 became the Shanghai Cooperation Organization.

<sup>1</sup> For more detail, see: *Kitai v XXI veke: Globalizatsia interesov bezîpasnosti*, ed. by G.I. Chufrin, IMEMO RAN, Nauka Publishers, Moscow, 2007, pp. 257-287.

From the very beginning, that is, from the mid-1990s, China regarded the new structure as a vehicle of its interests in Central Asia. It was thanks to the Shanghai Five, within which the format of talks was changed in April 1997 from bilateral (China plus four post-Soviet states) to a format that involved five states (each of the states being an independent entity at the talks), that China successfully coped with the most intricate border issue,<sup>2</sup> while leaving all the other border problems open.

It was thanks to this structure that China resolved many important geopolitical problems. It was in Shanghai that China formed a strategic alliance with Russia, which was “able to balance off Western domination,” as RF President Yeltsin mentioned during his visit to Shanghai. He clearly stated that none of the countries should be allowed to impose its will on the world.

During his official visit to Kazakhstan on 4-6 July, 1996, Jiang Zemin pointed out in his address to the parliament of the Republic of Kazakhstan that “the unfair and irrational international economic order” should be changed through closer South-South cooperation in particular. He went into details: “South-South cooperation should be realized in many spheres, at various levels and in different forms, in the economic as well as political, cultural, and social spheres. The South-North dialog and South-South cooperation are two linchpins of the current world-wide developments and international cooperation.” China, which claimed authorship of the idea and which expected much of its future geopolitical situation, offered its services as a coordinator of such cooperation.<sup>3</sup>

The Russian-Chinese Joint Declaration in the Multipolar World and the Establishment of the New International Order signed in April 1997 shocked the world, particularly its Western part. In fact, Jiang Zemin’s Moscow visit showed the world that China and Russia were resolved to actively oppose American domination at the global level. The document’s obvious anti-Americanism confirmed that Russia and China intended to play a greater role in world politics. This triggered talks about a “new bloc confrontation.”

GUAM history is more complicated. The GUAM Consultative Forum was officially set up on 10 October, 1997 within the framework of the Council of Europe summit in Strasbourg. Ukraine suggested the idea of pooling the forces of the four states (Georgia, Ukraine, Azerbaijan, and Moldova) to create Eurasian and trans-Caucasian transportation corridors and enhance friendly and good-neighborly relations and cooperation among them to fully tap the already existing economic potential.<sup>4</sup>

It stands to reason that GUAM is a logical response to the Kremlin’s foreign and domestic policies of the early 1990s. First, by concentrating on drawing closer to the United States and the West, Russia had no strength left to preserve its influence in the post-Soviet expanse. It failed to set up effective instruments of economic, political, and military integration. Second, engrossed in political squabbles over former public property, which created oligarchs and financial-industrial groups, it looked scary to its potential CIS partners, which feared its revived imperial ambitions and continued re-division of property. This was especially true of the states with real or potential territorial disagreements with Russia or “frozen conflicts” on their territories. All the GUAM members belonged to this category.

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<sup>2</sup> The basic border agreement with Russia was signed in November 1997, the additional agreement, in October 2004. The basic border agreement with Kazakhstan was signed in April 1995 and the additional, in September 1997. The basic border agreement with Kyrgyzstan was signed in July 1996 and the additional, in August 1999. The basic agreement with Tajikistan was signed in February 1999 and the additional, in May 2002.

<sup>3</sup> See: *Kazakhstanskaia pravda*, 6 July, 1996.

<sup>4</sup> See: Joint Communiqué Meeting of the Presidents of Azerbaijan, Georgia, Moldova and Ukraine. Strasbourg, 10 October, 1997, available at [<http://www.guam.org.ua/226.469.0.0.1.0.phtml>]. The official site says: “The new organization intends to develop new effective mechanisms of cooperation, restore the considerably weakened economic contacts, and improve the climate of friendly relations for the sake of more harmonized economic development across the post-Soviet territory” (see: [<http://www.guam.org.ua/history.phtml>]).

Russia demonstrated neither enthusiasm<sup>5</sup> nor hostility, probably due to its foreign policy inertia. In any case, until 2001 Russia not only dispatched its observers to the GUAM summits, but also expressed the desire to join it.

The GUAM members are responsible for Russia's changed attitudes: its request was declined, while GUAM stepped up its contacts with the United States, its main financial sponsor; it was obviously looking at the EU and NATO and stated in so many words that economic cooperation should go hand in hand with military cooperation. In April 1999, Uzbekistan joined GUAM, thus indirectly spreading American influence to Central Asia as well. Russia began to suspect that there were hidden currents under the smooth surface.

Western political analysts confirmed Russia's doubts; shortly before GUAM moved onto the scene, Brzezinski published a book on America's strategy in the world and the post-Soviet expanse, which said in particular: "In the short run, it is in America's interest to consolidate and perpetuate the prevailing geopolitical pluralism on the map of Eurasia. That puts a premium on maneuver and manipulation *in order to prevent the emergence of a hostile coalition that could eventually seek to challenge America's primacy...* By the middle term, the foregoing should gradually yield to a greater emphasis on the emergence of increasingly important but strategically compatible partners who, *prompted by American leadership, might help to shape a more co-operative trans-Eurasian security system.* Eventually, in the much longer run still, the foregoing *could phase into a global core of genuinely shared political responsibility*" (italics mine.—K.S.).<sup>6</sup>

It seems that Washington became convinced that despite the far from simple relations inside GUAM it could serve not only as a "regional counterbalance to Russia,"<sup>7</sup> but also as a vehicle of American strategy in Eurasia. The following provides the best illustration of the fact that by the early 2000s GUAM developed from a predominantly economic into a geopolitical bloc through which the U.S. intended to realize its Eurasia strategy: Uzbekistan joined the structure (under Washington's pressure according to certain sources); America worked hard to push Kazakhstan toward it<sup>8</sup>; the U.S. Administration dispatched its representatives to all the summits; it pays for some of the projects, and finally, in 1999, Georgia, Azerbaijan, and Uzbekistan left the Collective Security Treaty (obviously after consultations with their American sponsors).

## Evolution

For obvious reasons Russia could not accept this balance of forces in the Southern Caucasus and Central Asia; it moved ahead, first, to confirm its position in these regions and, second, to downplay America's influence, thereby undermining GUAM, among other things. The situation in the post-Soviet expanse and in Central Asia<sup>9</sup> was conducive to this.

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<sup>5</sup> Russia might have been justifiably concerned about the fact that a new alliance, which could control the Black and Caspian seas, had appeared next to its European part and the troublesome Northern Caucasus.

<sup>6</sup> Z. Brzezinski, *The Grand Chessboard. American Primacy and Its Geostrategic Imperatives*, Basic Books, New York, 1997, p. 198.

<sup>7</sup> See: R. Allison, "Regionalism, Regional Structures and Security Management in Central Asia," *International Affairs*, Vol. 80, No. 3, May 2004, pp. 435-457.

<sup>8</sup> In November 1997, the U.S. and Kazakhstan signed the production sharing agreement for the Kazakhstani part of the Caspian shelf and an agreement on economic and strategic partnership. U.S. President Clinton said that Washington regarded Kazakhstan as the key Central Asian state. In October 1999, Kazakhstan and the other Central Asian states were included in the responsibility zone of the U.S. Central Command (CENTCOM).

<sup>9</sup> For more detail, see: K. Syroezhkin, "Central Asia between the Gravitational Poles of Russia and China," in *Central Asia: The Gathering Storm*, ed. by B. Rumer, M.E. Sharpe, Armonk, New York, London, 2002, pp. 109-207.

Moscow advanced in two directions. First, it transformed the Customs Union into a structure that would bring economic integration of the former Soviet republics closer. On 10 October, 2000, five states (Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan; Armenia formally belonged to the new structure from the very beginning, while Uzbekistan joined later, in January 2006) signed an agreement on the Eurasian Economic Community (EurAsEC) in Astana. On 23 February, 2003, the presidents of Belarus, Kazakhstan, Russia, and Ukraine announced that the “new stage of economic integration” allowed them to form a Single Economic Expanse, thus delivering another blow to GUUAM. So far the two newly formed structures and their economic effectiveness leave much to be desired, but they played their role by diminishing GUUAM’s economic effectiveness and bringing discord into its ranks.

Second, the Shanghai Five was transformed into a fully-fledged regional security structure. All the summits of the Five in 1999 and 2000 concentrated on security issues for the simple reason that the virtual regional threats had developed into real ones and become a destabilizing factor that could send waves across Central Asia and the adjacent regions.

The number of members increased: Uzbekistan, the first to realize that it was running the risk of becoming another Tajikistan, joined the Shanghai Five. It became absolutely clear that the regional powers could and should deal with regional problems without waiting for possible assistance from across the ocean. America’s growing might and influence in the region notwithstanding, it was absolutely clear that its role in Central Asia did not go beyond its mere presence and could vanish without trace in the event of a serious conflict.

At the summit of the Five in Dushanbe on 5 July, 2000,<sup>10</sup> President of Uzbekistan Karimov deliberately flattered China by saying that “under Central Asian conditions the presence of two great powers—Russia and China—with vast potentials not only guarantees peace, but also the region’s sustainable development.” The Uzbek president went on to say: “I believe that understanding between Russia and China in this region is the main factor of further cooperation among the member states of the Shanghai Forum.”<sup>11</sup>

The jubilee summit convened on 14-15 June, 2001 put all the dots on the i’s: Uzbekistan joined the Five, while the Declaration on the Creation of the Shanghai Cooperation Organization laid the foundation of a new international structure.

The Declaration described the SCO aims: “promoting and developing good-neighborly relations, mutual confidence, and friendship among the member states; encouraging effective cooperation between them in the political, trade and economic, scientific and technical, cultural, educational, energy, transportation, environmental, and other spheres; exerting joint efforts to maintain peace, security, and stability in the region and to build a new democratic, just, and rational political and economic international order.” The member states concentrated on the economic side; at the concluding press conference, Zhang Deguang, who represented the Foreign Ministry of China, deemed it necessary to point out: “Both the Shanghai Five and the SCO have nothing to do with the principle of an alliance and will never develop either into a military bloc or into a collective security system.”<sup>12</sup>

No objections followed; the prospect of another regional economic structure was hailed: this tactic allowed the founders not only to take into account the interests of all of them,<sup>13</sup> but also not irritate the other regional players too much, particularly the United States.

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<sup>10</sup> According to the official version, President Karimov arrived at the summit on an invitation from President of Tajikistan E. Rakhmon; there is no doubt, however, that he was invited by Russia or possibly China.

<sup>11</sup> ITAR-TASS, 5 July, 2000.

<sup>12</sup> *Panorama*, 16 June, 2003.

<sup>13</sup> About China’s interests, see: K. Syroezhkin, “China in Central Asia: From Trade to Strategic Partnership,” *Central Asia and the Caucasus*, No. 3 (45), 2007, pp. 44-46.



Russia supported the idea, since the economic bias allowed it to deal with the key point on its Central Asian agenda: enticing Uzbekistan to its side and fitting it into the Russian-controlled structures. China's greater economic involvement looked like a problem of secondary importance. It seems that the Russian leaders remained convinced that, first, much time would elapse before the SCO economic projects were put into practice and, second, in the economic sphere China would run across not so much the foreign companies present in the post-Soviet expanse as the CIS integration structures (CAEC and EurAsEC).

Central Asian and worldwide reality upturned these plans and pushed the economic issues to the back burner. The decision passed by the summit to set up an Antiterrorist Center to oppose terrorism, separatism, and extremism moved to the top of the SCO development agenda.

The St. Petersburg summit convened in June 2002 strengthened the SCO mechanisms. The SCO Charter formalized its members' rights and duties, an inevitable and very important move in the emerging geopolitical situation in Central Asia.

It is no accident that Art 2 of the document says: "prevention of any illegitimate acts directed against SCO interests;" Art 13 talks about adequate measures applied to any of the members "violating the provisions of this Charter and/or systematically failing to perform its obligations under international treaties and instruments concluded within the framework of SCO." These provisions were suggested by the vague positions of some of the SCO members. Officially, none of the member states contradicted the negotiated agreements, but there was discernible coolness among the members.<sup>14</sup>

This is explained not so much by America's presence in the region (not only military, but also economic, political, and cultural), but mainly by the objective contradictions among the SCO members.

The central contradiction was caused by the organization's fairly vast mandate, which made its mission vague and open to biased interpretations. Russia saw it as a chance to restore the "global actor" image it lost in the early 1990s and to keep the Central Asian states within its field of attraction. At the same time, it hoped to use the SCO to expand its military-political<sup>15</sup> and the still fairly modest economic presence. China looked forward to stronger economic and political influence and the chance to localize the region's threats (ethnic separatism, political and religious extremism, Islamism, political and ethno-national uncertainty). China hoped to use the SCO to prevent destructive processes and to limit America's presence in the region, using Russia for this purpose.

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<sup>14</sup> Uzbekistan has its own opinions on most of the issues. Its president called on his colleagues not to press on setting up an antiterrorist structure with headquarters in Bishkek and a secretariat in Beijing. At the St. Petersburg summit, President Karimov addressed the heads of state, primarily Jiang Zemin: "The SCO could develop into a serious factor of world politics if the organization takes the trouble to soberly assess the post-9/11 situation in the world... The world is changing together with the balance of power. The pragmatism demonstrated by the leaders of Russia and the United States, as well as those leaders who signed the Russia-NATO documents stems from a sober assessment and profound understanding of the new situation. We should take this into account." This meant that the Uzbek president warned the summit against any steps uncoordinated with the United States. His behavior and his statements caused bewilderment, even among the journalists. The *Vremia novostey* newspaper asked on 10 June, 2002: "Had the presidents realized that the United States was virtually present at the summit?" President Karimov's position can easily be explained. In March 2002, during his Washington visit, the sides signed a bilateral declaration in which Uzbekistan was called America's key strategic partner in Central Asia. Upon his return to Tashkent, the inspired and encouraged Uzbek president issued the following statement: "The main role in defusing tension on Uzbekistan's southern borders belongs to the United States, its determination, and its perfectly trained armed forces, not to the members of the Collective Security Treaty" (*Kommer-sant*, 16 June, 2002).

<sup>15</sup> See, for example: A.F. Klimenko, "Znachenie Tsentral'no-Aziatskogo regiona. Razvitie strategicheskogo partnerstva mezhdru Rossii i Kitaem v ramkakh ShOS i nekotorye napravleniia sovershenstvovaniia etoy organizatsii," in: *Problemy stanovleniia Shanghaiskoy organizatsii sotrudnichestva i vzaimodeystviia Rossii i Kitaia v Tsentral'noy Azii*, Moscow, 2005, pp. 62-92; A.V. Boliatko, "Strategicheskaiia obstanovka v Tsentral'noy Azii i voenno-politicheskie problemy stanovleniia ShOS," in: *Problemy stanovleniia...*, pp. 122-134.

Uzbekistan hoped to catch up with the process of setting up regional security structures and head this process if possible. It also hoped to use SCO potential to address domestic economic problems and suppress domestic opposition by hoisting the flag of struggle against international terrorism and religious extremism. Kazakhstan, Kyrgyzstan, and Tajikistan demonstrated their loyalty to Russia while flirting on the side with the Americans and Chinese. They used the SCO structures (in particular RATS) to deal with their domestic problems and to obtain access to additional sources their economies could use.

There was another problem: the SCO and other integration alliances in the post-Soviet expanse (CST and EurAsEC) addressed more or less similar problems. China, which suggested that the experience acquired by the CST members should be used when drafting the SCO key documents and setting up its structures,<sup>16</sup> probably tried to convince Moscow to speed up the process of setting up SCO permanent structures. China's interests in Central Asia are much wider than its cooperation in the economic and security spheres: it seeks greater political and cultural influence as well as greater presence as a demographic component. This hardly fits Russia's interests in the region.

The need to specify the nature of the SCO-NATO dialog, as well as the SCO members' positions vis-à-vis the U.S.-led counterterrorist coalition, was the third problem. While dealing with a seemingly isolated problem, namely regional security, the SCO, NATO, and the U.S. were pursuing different aims, which complicated the situation still further.

America's presence in the region created another (fourth) problem not only because certain regional leaders tended "to sit on the fence," but also because the United States wanted, and could, split the SCO.<sup>17</sup> The potential was unlimited, starting with propaganda campaigns in the Western media about "Russia's Euro-Atlantic choice" and "its inevitable drawing closer to the West" and ending with paying money to some of the Central Asian leaders and subjecting them to economic and political pressure.

The above was directly connected with another uncertainty factor. Being fully aware of the threat created by the growing American military presence in Central Asia, China and Russia did not want a direct confrontation with the U.S. A revived anti-Western pole fit badly into Vladimir Putin's policy of Russia drawing closer to NATO and the United States. Some Russian experts believed that the SCO could have served the cornerstone for another organization integrated into Western structures and rooted in open regionalism; such structures could have attracted a wide range of observer states and members.<sup>18</sup> China, however, could not accept this.

The interest Mongolia, Afghanistan, Iran, India, and Pakistan showed in the SCO has created another problem. None of the SCO members objected to their membership, however, certain doubts lingered. Indeed, would wider membership diffuse the SCO's functions and priorities? Could it undermine the efficiency of the regional security mechanism on the brink of failure?

Finally, the organization's declarative nature was another hindrance: first, the United States demonstrated that the problems the SCO outlined as priorities could be resolved much faster and much more effectively. Second, the SCO members have different ideas about what should be described as terrorism, ethnic separatism, and extremism. Third, economic cooperation remained nothing much but words.<sup>19</sup> Fourth, no one knows whether the SCO is ready to guarantee the domestic stability of its members and outline measures the regimes can use in crisis situations.

<sup>16</sup> ITAR-TASS, 15 March, 2002.

<sup>17</sup> In this context President Karimov's St. Petersburg speech sounds even more adequate (see footnote 14).

<sup>18</sup> See: A.F. Klimenko, "Analiz izmeneniy v Tsentral'noy Azii posle 11 sentiabria 2001 goda i ikh vliianiia na deiatel'nost ShOS," in: *Problemy stanovleniia...*, p. 24; S. Luzianin, "Shanghaiskaia shesterka uzhe nikogo ne ustraivaet," *Nezavisimaia gazeta*, 6 June, 2002.

<sup>19</sup> Chinese Foreign Minister Shi Guansheng's proposal "to discuss the possibility of setting up a free trade zone" inside the Six made on 28 May, 2002 at the meeting of foreign ministers of the SCO countries held in Shanghai was not hailed and was not included in the final documents.

Judging by what the West has to say about GUUAM, the Organization failed to justify the hopes it pinned on the new structure. According to Roy Allison, despite the fact that the GUUAM members did look for ways to boost their political, economic, and military potential to be able to neutralize, to a certain extent, Russia's influence in the CIS, the Organization never developed into an "anti-CIS."<sup>20</sup> Its appearance was accompanied by a noisy propaganda campaign, but practical measures left much to be desired. The project set up to create alternative transportation routes for Caspian fuel remained, at least at that time, unrealized. Designed to protect the territorial integrity of its members, GUUAM produced the opposite result: instead of reaching an agreement with the separatist leaders, it was confronted by the Association of Unrecognized States.

GUUAM, however, achieved a lot in its institutional development. On 6 November, 2000, at the 55th Session of the U.N. General Assembly in New York, the presidents of the GUUAM members met to produce a New York Memorandum that made cooperation within the structure multi-layered. It was decided to regularly convene GUUAM summits and meetings of foreign ministers, as well as to set up a Committee of National Coordinators (CNC) as the working structure.

On 7 June, 2001, the GUUAM presidents signed the Yalta GUUAM Charter, which created the GUUAM Alliance. The Charter identified the main goals: "promoting social and economic development; strengthening and expanding trade and economic links; developing and efficiently using the transport and communication arteries, in the interests of the GUUAM states, with their corresponding infrastructure situated on their territories; strengthening regional security in all spheres of activity; developing relations in the field of science and culture and the humanitarian sphere; interacting in the framework of international organizations; and combating international terrorism, organized crime, and drug trafficking."<sup>21</sup> The Charter said nothing about the military side of the collective activities<sup>22</sup>; nor did it mention concerted peacekeeping or regional conflict settlement.

This can be interpreted as a bow to Uzbekistan, which, after withdrawing from the CST, announced its principled position of keeping away from military blocs. The gesture proved futile: on 14 June, 2002, Uzbekistan left GUUAM because of "the absence of progress in its activities." Foreign Minister of Uzbekistan Abdulaziz Kamilov confirmed the decision by saying: "Uzbekistan's involvement in GUUAM was dictated by its desire to integrate into multilateral economic cooperation, but we failed to detect any positive shifts in the right direction in the four years of our membership." The foreign minister went on to say that his country "does not see why it should continue cooperating with GUAAM. It intends, instead, to concentrate on friendly and mutually advantageous bilateral relations with Azerbaijan, Georgia, Ukraine, and Moldavia."<sup>23</sup>

A week later Uzbekistan changed its position and explained that it had been misunderstood: it had not wanted to leave the structure, but merely to suspend its membership. Anyone could detect White House pressure. On 16 June, the U.S. State Department announced that it believed that GUUAM membership would strengthen Uzbekistan's position as regional leader and that it hoped the Uzbek government would retract from its decision.<sup>24</sup> Tashkent could not ignore its strategic partner. It remained a formal GUUAM member, but its president never attended its summits.

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<sup>20</sup> See: R. Allison, "Tsentral'naia Azia i Zakavkaz'e: regional'noe sotrudnichestvo i faktor rossiiskoy politiki," *Carnegie Moscow Center. Working Papers*, No. 10, 2004, pp. 6-7.

<sup>21</sup> [<http://www.guam.org.ua/226.472.0.0.1.0.phtml>].

<sup>22</sup> Earlier this sphere was rapidly developing. In January 1999, the GUAM members agreed on joint maneuvering and military exercises and on cooperation in military education. Three months later, Ukrainian, Georgian, and Azeri officers of the staff and paratroopers carried out the first joint exercises at the Georgian cities of Supsa and Poti designed to raise the level of safety of the oil pipelines and terminals in the region. In September 1998, the border guards of the GUAM countries signed a cooperation treaty (see: R. Allison, "Tsentral'naia Azia i Zakavkaz'e: regional'noe sotrudnichestvo i faktor rossiiskoy politiki," p. 7).

<sup>23</sup> "GUAM s odnoy 'U,'" *Pravda.ru*, 17 June, 2002, available at [<http://www.pravda.ru/>].

<sup>24</sup> Reuters, 16 June, 2002.

Uzbekistan's decision to stay away from the Organization put the security issue back on the agenda. At the Yalta summit on 19-20 July, 2002, Ukraine suggested that a "safety belt" be established along the members' state borders to uproot terrorism and other non-traditional security threats.<sup>25</sup> The summit stressed once more that any efforts to support separatist and extremist forces should be resolutely stemmed; the same applied to all efforts to undermine the sovereignty and territorial integrity of the member states. It was pointed out that the conflicts should be settled in full conformity with international legal norms and principles. The heads of state spoke of the prospects for a Euro-Asian Oil Transportation Corridor within the conception of diversified transportation of Caspian oil to the world markets.<sup>26</sup> The project looked utopian because of the insufficient resources, however, in view of the increased interest in transportation routes from the Caspian to Central and Western Europe, GUUAM could expect international support. Speaking at the summit, William Taylor, the U.S. State Department coordinator of U.S. assistance to Europe and Eurasia, said that his country wanted several more oil pipelines in the region besides the Baku-Ceyhan pipeline and promised America's support if the Organization was prepared to launch the project and create an oil transportation corridor.<sup>27</sup>

There were unpleasant surprises as well, President of Moldova Vladimir Voronin being the author of one of them by saying: "The fact that Uzbekistan suspended its GUUAM membership should be treated as a warning and a sign that we should revise its prospects" and "Moldova has many reasons to be concerned with GUUAM's viability and with our country's place and role in the Organization and the emerging system of relations in it." He went on with more detailed arguments: "Economic integration within GUUAM looks fairly artificial. This is confirmed by the drop in trade turnover within it. We have obviously failed to identify the priorities of our economic cooperation. I think that the entire complex of economic, social, and cultural problems, which GUUAM intends to address have been just as fully and as promisingly developed within the corresponding CIS programs."<sup>28</sup>

The years 2003 and 2004 proved to be trying for GUUAM, which found itself on the brink of disintegration. The Yalta summit on 3-4 July, 2003 was ignored by three presidents: Uzbekistan was represented by State Foreign Policy Advisor of the President of Uzbekistan Abdulaziz Kamilov; Azerbaijan by Prime Minister Artur Rasizade, and Moldova by First Deputy Foreign Minister Andrey Stratan. The large number of foreign guests could obviously not fill the three gaps. Late in July Foreign Minister of Moldova Nicolae Duceu made a statement to the effect that his country doubted its continued GUUAM membership as useful, since "Chisinau was not very sure of the effectiveness of the cooperation mechanisms."<sup>29</sup> The 2004 summit did not take place.

GUUAM remained afloat thanks to American funding and, strange as it may seem, the appearance of the Collective Security Treaty Organization in May 2003, which revived the military aspects of GUUAM. Georgia and Ukraine, at least, agreed to appoint military coordinators.<sup>30</sup>

The sponsors revived their former interest, while the United States made an effort to revive the Organization itself. In December 2004, Richard Armitage met with the ambassadors of the GUUAM members in Washington to discuss the possibility of giving the structure a new lease on life.<sup>31</sup> Later developments revealed that it had been decided to strengthen GUUAM's ideological component to turn it into a mechanism of regime-change in the post-Soviet expanse.

<sup>25</sup> See: R. Allison, "Tsentral'naia Azia i Zakavkaz'e: regional'noe sotrudnichestvo i faktor rossiiskoy politiki," p. 8.

<sup>26</sup> See: Zakliuchitel'noe Kommiunike Sammita GUUAM 2002, Yalta [<http://www.guam.org.ua/181.623.0.0.1.0.phtml>].

<sup>27</sup> See: A. Volk, "GUUAM: temnoe budushchee organizatsii s neiasnym nazvaniem," *Gazeta SNG*, 22 July, 2002.

<sup>28</sup> RIA Novosti, 21 July, 2002.

<sup>29</sup> RIA Novosti, 26 July, 2003.

<sup>30</sup> See: *Vremia novostey*, 5 May, 2003.

<sup>31</sup> RIA Novosti. 27 April, 2005.

## Fight for the Geopolitical Expanse

A first step in the right direction took the form of the Carpathian Declaration President Saakashvili and President Yushchenko signed early in January 2005. It said that their coming to power launched a new liberation wave in Europe, which “will spread the final victory of freedom and democracy across the European continent.”<sup>32</sup> This meant that the two chief “democrats” of the CIS had been given the role of GUUAM revivers on the platform of the Color Revolutions which were expected to engulf the entire post-Soviet territory.

Uzbekistan’s position was more or less clear, therefore the revivers had to tread cautiously so as not to scare away Ilham Aliev with their Color-Revolution ideas, while attracting Vladimir Voronin into their “democratic” company.

The latter turned out to be easy prey: first, late in 2003, Chisinau refused to sign the already agreed upon Kozak Memorandum, which contained Russia’s plan for settling the Transnistrian conflict; this soured the previously friendly relations with Moscow. Second, President Voronin had enough reasons to believe that the opposition might turn the Color-Revolution tide against his regime: he armed himself with liberal slogans, thus pulling the “democrats” supported by the West to his side. In February and March 2005, the three leaders met several times on a bilateral basis before finally reaching a consensus.

Azerbaijan tactfully kept away from the project, but never rejected it: on the eve of elections, the safest place in the country was on the “democratic” side of the barricades. Ilham Aliev continued to regard GUUAM as an economically attractive mechanism designed to expand the pipeline network to move Caspian fuels to the world oil markets.

President Karimov turned the deaf ear to the “revivers:” late in January he warned them that the political biases of Ukraine, Georgia, and Moldova had forced him to revise his attitude toward GUUAM.<sup>33</sup> On 5 May, he sent a letter to the Moldovan president in which he substantiated his decision to leave the structure. It said, among other things, that “due to its geographic location Uzbekistan sees no possibility of realizing its economic and security interests within the new initiatives and projects GUUAM intends to promote and, therefore, is leaving the Organization.”<sup>34</sup>

The Chisinau summit convened on 22 April, 2005 was expected to formalize the new role of the old structure. Not all the expectations came true, however, the Declaration “In the Name of Democracy, Stability, and Development” demonstrated that GUUAM was not only alive, but had also acquired a new role in the post-Soviet expanse.<sup>35</sup> First, it clearly stated that it would export Color Revolutions (to Belarus in particular); second, it described integration into Europe as the final goal of the member states; third, it revived the old idea of an alternative oil and gas production and transportation network designed to leave Russia in the cold; fourth, it bypassed in silence the right of nations to self-determination and described settlement of the “frozen conflicts” as one of the aims to “reintegrate uncontrolled territories into the states, of which they are a part;” to achieve which the members for-

<sup>32</sup> “La declaration des Carpates,” *Le Figaro*, 12 January, 2005.

<sup>33</sup> See: *Ekho*, 29 January, 2005.

<sup>34</sup> RTR-Vesti, 5 May, 2005. It looks as if this step was taken under Russia’s pressure. In any case, Uzbekistan left GUUAM and at the same time denounced the documents related to economic integration and trade and economic cooperation within this structure, namely the 2001 Yalta Charter; the Memorandum of Understanding among the GUUAM Participating States on Trade and Transportation Facilitation, and the Agreement on Mutual Aid and Cooperation in the Customs Sphere between the governments of the GUUAM member states (both documents were dated 2003). This means that Uzbekistan left GUUAM for geopolitical rather than economic reasons.

<sup>35</sup> [<http://www.guam.org.ua/226.489.0.0.1.0.phtml>].

mulated the fifth task as squeezing Russia out of the zones of conflict and replacing the Russian peacekeepers stationed there with peacekeepers from other countries.<sup>36</sup>

On top of this, the two main “revivers” harbored geopolitical ambitions as well. The Declaration made no mention of them, however, they found their way into President Saakashvili’s interview with *La Repubblica*<sup>37</sup> and into the ambitious settlement plan in the Transnistria area President Yushchenko laid on the table at the summit.<sup>38</sup> The attempt to draw some of the East European states into GUAM can be interpreted as another ambitious project. In fact, President of Rumania Trajan Basescu and President of Lithuania Valdas Adamcus attended the summit as guests.

The final goal was absolutely clear: Russia should be separated from “old Europe” by a belt of pro-American regimes to prevent its revival as a superpower and to drive it back into the “outside administration” of the 1990s.

The response was prompt. The 10th SCO summit held in Astana on 5-6 June, 2005 added another dimension to it. First, the number of observers increased from one (Mongolia) to four (Iran, Pakistan, and India), which meant that the organization had rallied nearly half of the globe’s population and that its decisions, therefore, could hardly be ignored.

Second, the member states finally identified their mission. The Conception for Cooperation in the Fight against Terrorism, Separatism, and Extremism the summit adopted said in part: “The member states proceed from the fact that their priority is to fight terrorism, separatism, and extremism using the SCO’s own forces.”<sup>39</sup> According to President Karimov, “it was a vast strategic design, the final aim of which was to change the political and economic balance of power and domination in the Central Asian Region in our interests.”<sup>40</sup>

Third, the summit removed the second vague circumstance created by the foreign military presence in Central Asia. Despite the frantic efforts of the United States and the West as a whole, they failed to drive a wedge between China and Russia, the SCO’s two locomotives, or to detach the Central Asian states from the tandem.

Judging by the summit results and reports in the Western media, the West lost the battle: on the one hand, America’s request for observer status in the SCO was ignored; on the other, the final declaration stated: “Taking into account the completion of the active combat phase of the antiterrorist operation in Afghanistan,” the SCO members deemed it necessary to point out that “the relevant members of the antiterrorist coalition make a decision on the deadlines for the temporary use of the above-mentioned infrastructure facilities and military presence on the territory of the

<sup>36</sup> The initiative belongs to Viktor Yushchenko who complained to the GUAM sponsors that the democratic states “could not get rid” of the Russian peacekeepers. In August 2006, at the Tbilisi meeting of the representatives of the defense departments of the GUAM members, it was decided to set up a peacekeeping battalion, which according to the heads of the Georgian defense ministry “was suggested by the GUAM members for taking part in peacekeeping and humanitarian operations under the U.N., OSCE, NATO, and EU aegis” (*Nezavisimaia gazeta*, 21 August, 2006).

<sup>37</sup> Immediately after the parliamentary elections in Moldova, President Saakashvili said with a great deal of conceit: “Europe is living through a geopolitical revolution no one expected. The balance that the continent achieved when the Berlin Wall fell down has been upset once more. The post-Soviet expanse wants reform, democracy, and freedom. Georgia, Ukraine, and Moldova, together with Rumania, will pull the Black Sea zone into the European Union. President Putin, who thinks that he can stem the process, will soon watch it flooding Moscow” (“Una rivoluzione scuote Europa. Putin non potrà ‘piu’ fermarla,” *La Repubblica*, 2 March, 2005).

<sup>38</sup> The plan may produce one of two results: either an independent state will appear in the Transnistrian area (something that Moldova is not prepared to accept) or the area will develop into a quasi-state dominated by Ukraine and Co. In both cases, the problem formulated by the summit (restored territorial integrity of the states with separatist conflicts) is not being solved. It seems that Taras Chornovil, one of the Ukrainian opposition leaders, was right when he said that the summit would end in a scandal for Ukraine since “Kiev interfered in the Transnistrian conflict without full understanding of how serious the issue was” (*Vremia novostey*, 22 April, 2005).

<sup>39</sup> [<http://www.kremlin.ru/interdocs/2005/07/05>].

<sup>40</sup> *Kazakhstanskaia pravda*, 6 July, 2005.

SCO member states.”<sup>41</sup> In other words, America was asked, on Russia’s initiative, to leave the region.<sup>42</sup>

This was not all. The Declaration pointed to several circumstances in a way the U.S. and the West found unpleasant. First, it stressed the world’s cultural and civilizational diversity and insisted on the obvious right of every nation to choose its own road. This means that the SCO countries rejected all attempts at imposing certain development patterns on them.<sup>43</sup> Second, the member states voiced their conviction that “any efficient and just world order should be based on strengthening mutual trust and good-neighborliness and on the establishment of genuine partnership free from any claims to monopoly or dominance in international affairs.”<sup>44</sup> In other words, the policy of American domination was rejected. It seems that in anticipation of the Color Revolution methods applied in their countries, the local leaders preferred “authoritarian Russia” and no less authoritarian China as their strategic partners. Foreign Minister of Russia Sergey Lavrov confirmed: “The corresponding structures of the CSTO and SCO can cope with the task of localizing and defeating the remnants of the extremist units that are crossing into the region from Afghanistan.”<sup>45</sup>

In the fall of 2005, Russia took a second step. It made energy policy the main instrument of the CIS’s new strategy.<sup>46</sup> It was suggested that energy resources could either be supplied at world prices or at prices much lower than the world ones if the customer agreed to transfer its energy infrastructure to Russian companies.

The “gas conflict” with Ukraine, which in the winter of 2006 nearly undermined gas supplies to Europe, forced the EU to look for new methods of putting pressure on Russia. GUAM was selected as one of the levers. In May 2006, the GUAM summit in Kiev transformed the structures into the Organization for Democracy and Economic Development — GUAM and significantly adjusted its tasks.

The final Kiev Declaration contained, together with the usual set of issues (combating international terrorism, extremism, and aggressive separatism; settling the still smoldering conflicts; continuing the advance toward European integration, etc.), two new interesting points. The first stated: “no economic pressure and monopolization of the energy market can be accepted,”<sup>47</sup> and pointed out that the countries should pool efforts to ensure their energy security through diversification of the supply routes, among other things, from Central Asia and the Caspian to the European market. The second confirmed the GUAM members’ course toward deeper integration with Europe and closer relations with the European Union and NATO.<sup>48</sup>

The joint declaration on conflict settlement was worded in even harsher terms. First, it confirmed a principle according to which the conflicts should be resolved by “reintegrating uncontrolled

<sup>41</sup> Declaration by the Heads of Member States of the Shanghai Cooperation Organization (Astana, 5 July, 2005) [[http://0-russia.shaps.hawaii.edu.pugwash.lib.warwick.ac.uk/fp/russia/2005/20050705\\_sco\\_07.html](http://0-russia.shaps.hawaii.edu.pugwash.lib.warwick.ac.uk/fp/russia/2005/20050705_sco_07.html)].

<sup>42</sup> Several days later in his interview with Russian TV, Kurmanbek Bakiev specified: “Since Vladimir Putin raised the question (the time during which the American military base will remain in Kyrgyzstan.—K.S.) I have to say: yes, the situation has changed” (*Vremia novostey*, 19 July, 2005).

<sup>43</sup> SCO Executive Secretary Zhang Deguang has pointed out: “Export of a ready-made social model will not promote progress; it will create chaos, violate the normal course of political and economic development, and push society backward” (*Kazakhstan Today*, 5 July, 2003).

<sup>44</sup> Declaration by the Heads of Member States of the Shanghai Cooperation Organization.

<sup>45</sup> *Vremia novostey*, 6 July, 2005.

<sup>46</sup> In October 2005, Russia’s foreign minister first raised the subject in a narrow circle. He said that the time had come for Russia to apply the entire set of levers of economic pressure to inadequately loyal CIS neighbors (*Nezavisimaya gazeta*, 13 October, 2005).

<sup>47</sup> American Senator Richard Lugar developed the thought at the Riga NATO summit on 27-28 November, 2006: “It would be irresponsible for NATO to decline involvement in energy security when it is abundantly apparent that the jobs, health, and security of our modern economies and societies depend on the sufficiently and timely availability of diverse energy resources.” The U.S. senator suggested that Art 5 of the NATO Treaty be altered to cover energy security (*Nezavisimoe voennoe obozrenie*, 8 December, 2006).

<sup>48</sup> [<http://www.guam.org.ua/181.611.0.0.1.0.phtml>].

territories into the states, of which they are a part.” Second, it openly stated that security in these zones was “ensured with the help of multi-national peacekeeping forces under the U.N. or OSCE aegis stationed there.”<sup>49</sup> In other words, Russia was indirectly informed that the presence of NATO units on its southern borders was already a settled issue and, if it continued to negatively affect Europe’s energy security, the EU would find the means and ways to make it see differently.

This looked threatening, but judging by the 2007 developments Russia ignored the warnings coming from GUAM and its Western sponsors. It was resolved to upturn these plans and even succeeded to a certain extent.

The initiative of the GUAM members to take the “frozen conflicts” issue in former Soviet republics to the U.N. General Assembly met with Russia’s active opposition. It struck back in 2007 in the form of referendums in support of independence in the breakaway regions, which asked the Russian Federation for associated membership. Let sleeping dogs lie as they say in such cases. Moldova sized up the threat and preferred to steer clear of stirring up any trouble with Russia; it looks as if its GUAM colleagues failed to grasp the situation. The political context in these countries is far from optimistic. In fact they cannot threaten Russia and are not even interesting enough for the EU and NATO.

The situation on the energy security front is far from clear. There is no shortage of projects. Indeed, the Baku-Tbilisi-Ceyhan oil pipeline is already in operation; there is a project for a trans-Caspian pipeline along the Caspian bed; Ukraine’s pet project of the Odessa-Brody-Plock-Gdansk oil pipeline, and the trans-Caspian gas pipeline. There is no shortage of projects, but there is an obvious shortage of oil and gas. Today GUAM has to decide what it can offer to entice the Central Asian countries into its orbit.

The year 2007 demonstrated that the struggle over transportation routes is serious to the extent that it called for the presidents’ personal lobbying. The informal GUAM summit in Krakow held on 11 May, 2007 and attended by Lithuania, Poland, and representative of Kazakhstan produced a communiqué on energy issues related to the construction of the Odessa-Brody-Plock-Gdansk pipeline. The next day, the presidents of Russia, Kazakhstan, and Turkmenistan, who met in Turkmenbashi, signed an agreement on the Caspian gas pipeline and on additional capacities for the Central Asia-Center gas pipeline, which was also signed by Uzbekistan. The central issues of both summits were: Whom will the Central Asian countries befriend? and Which countries will serve as transit territories for the new pipelines?

It seems that Russia has won the first round: President Nazarbaev chose not to attend the Krakow summit; he kept Polish companies away from the oil projects in his country and refused to join the Odessa-Gdansk project without Russia. Without Kazakhstan, the Krakow summit became a discussion club of oil consumers: Azerbaijan did not have enough oil to fill the planned pipeline to capacity—it had to fill its geopolitical rival, the BTC pipeline.

Russia’s victory, however, turned out to be a Pyrrhic one: President Berdymukhammedov began lavishing promises of Turkmenian gas right and left, on Russia, Europe, and China. The transportation routes of Turkmenian gas were suspended once more when late in July Turkmenistan and China signed a treaty on a gas pipeline<sup>50</sup> and when, on 14 August, Assistant U.S. State Secretary for Economic, Energy, and Business Affairs Daniel Sullivan successfully completed his visit to Ashgabad by reaching an understanding on the trans-Caspian gas pipeline.<sup>51</sup>

<sup>49</sup> [<http://www.guam.org.ua/181.610.0.0.1.0.phtml>].

<sup>50</sup> Under the treaty, construction should be completed in 2009; the pipeline will move about 30 billion cu m of Turkmenian gas to China every year for the next 30 years (see: *Kommersant*, 19 July, 2007).

<sup>51</sup> On 16 August, Chief Advisor of the U.S. Trade and Development Agency James Wildetrotter and President of the State Oil Company of Azerbaijan Republic Rovnag Abdullaev signed a \$1.7 million grant agreement in Baku. Daniel Sullivan, who attended the ceremony, announced that the grant was intended for feasibility studies for two projects: the



The Bishkek SCO summit held on 16-17 August, 2007 attended, for the first time, by the president of Turkmenistan as a guest failed to clarify the situation. No agreement on an Energy Club was reached for the very simple reason that, first, the material interests of the supplier and transit countries clashed and, second, because there was much fiercer rivalry over the region's energy sources and China's active involvement in the race.

In the near future, the problem will loom high in the post-Soviet geopolitical expanse. In the past there was a lot of talk about Russia-the West competition and about the West's intention to set up a "cordon sanitaire" of sorts around Russia. Today, the West has to cope with "oil-thirsty" China. This factor will not go away: China will need more and more energy sources to cover its growing energy deficit. This means, on the one hand, that China, Russia, and the West will have to compete for Central Asia's resources and transportation routes. On the other, China's share in the region's oil and gas sector will inevitably increase. There is another aspect: the local countries might be tempted to exploit China's heightened interest in their resources to wrench concessions from Russia and Western companies.

Today, no one can predict the future developments in the context of China's snowballing energy deficit and Russia's resolve to dominate fuel transportation from Central Asia. As long as there is the common aim of keeping American influence in Central Asia in check, the Russian-Chinese tandem will continue to function. The same is true of the SCO, its main institution. No one knows what will happen to either country when the shared aim disappears and China grows stronger.

China will undoubtedly pursue its national interests, which at a certain development stage might clash with Russia's national interests and strategy. China might try to impose on the local countries the dilemma of choosing between its "investment potential" and Russia's "imperial ambitions." So far, the choice of the local elites is hard to predict.

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trans-Caspian gas pipeline through which Central Asian gas would reach Europe and an oil pipeline to be laid along the Caspian bed to connect Kazakhstan with BTC. According to Mr. Sullivan, there was an agreement with the Turkmenian president on the former and with the Kazakh president on the latter achieved during President of Azerbaijan Ilham Aliev's visit to Kazakhstan early in August 2007 (see: *Kommersant*, 21 August, 2007).

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# GUAM AND REGIONAL SECURITY PROBLEMS

## GUAM-NATO COOPERATION: RUSSIAN PERSPECTIVES ON THE STRATEGIC BALANCE IN THE CENTRAL CAUCASUS

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*At the outset of this paper, it should be emphasized that although NATO is taking increased interest in the GUAM (Georgia, Azerbaijan, Ukraine and Moldova) member countries there is no formal relationship or cooperation between NATO and GUAM. The declaration of the GUAM summit held in Baku in*

*June 2007 announced a decision to intensify cooperation between the GUAM members and NATO, aimed at promoting democracy, stability and security and building closer ties with European and Euro-Atlantic structures. The first step aimed at intensifying cooperation involves the production of a series of joint papers by the*

*GUAM missions to NATO. The first of these joint papers, intended to inform the Alliance and its partners on GUAM developments, structure and policies, was recently released and dedicated to the foundation of the Organization for Democracy and Economic Development—GUAM (ODED—GUAM) and the 10th anniversary of GUAM. Georgia has taken the responsibility to coordinate the cooperation among GUAM member country delegations within the NATO Parliamentary Assembly.*

A leading member of the GUAM grouping, Georgia epitomizes the potential for cooperation between NATO and GUAM member states. Committed to gaining membership of the North Atlantic Alliance, it has taken serious steps to reform and develop its armed forces. However, while both are necessary conditions for a healthy relationship with NATO, they remain insufficient. As this article will argue, Georgia's government remain internally divided on the goal to join NATO, as it must contend with a difficult strategic environment and the views and influence of its powerful Russian neighbor. For these reasons, the Alliance's relationship with Russia, in particular as it impacts on the cooperation between the GUAM member states and NATO, is in need of readjustment. Ideally, such a readjustment will necessitate shedding the remnants of Cold War thinking and genuinely engaging with Russia on a new equal footing—recognizing that Russia too has a voice in the activities of the Alliance on its southern periphery.

On 6 and 9 March, 2007 both houses of the U.S. Congress approved the NATO Freedom Consolidation Act of 2007, supporting further NATO enlargement into the Western Balkans and the Commonwealth of Independent States. Washington's interest in promoting NATO membership for two members of GUAM, notably Georgia and Ukraine, increased markedly as a result of the Color Revolutions of 2003-2004. Although the U.S. decision may have influenced the attitude of other NATO member states on further expansion, problems and reservations remained in some key member states, including France and Germany.

Ukraine and Georgia, unlike the three Balkan states seeking NATO membership—Albania, Croatia and Macedonia—lack Stabilization and Association agreements, which are preconditional to any consideration of membership of the EU. NATO membership has proven a stepping stone into the EU throughout post-communist Europe, which is one of the reasons why Ukraine and Georgia are so interested in joining NATO. Internal political developments in Ukraine and Georgia have made the prospect of NATO membership more complex. The three Balkan states had Membership Action Plans with NATO since 2002, which are missing in the case of Ukraine and Georgia, although they have entered the Intensified Dialog on membership in 2005 and 2006, respectively.<sup>1</sup> Ukraine and Georgia are linked to some extent in the calculations of NATO planning staffs, reluctant to extend an invitation into a Membership Action Plan (MAP) only for Georgia, as this may send conflicting signals to both Kiev and Moscow on the position of the Alliance on future membership for Ukraine. These issues are complicated further by the difficulties in relations between the U.S./NATO and Russia, ranging from Moscow's opposition to the U.S. missile defense shield plans with site components close to the Russian border to Russia's withdrawal from the Conventional Forces in Europe (CFE) treaty. Premature action by the Alliance on the issue of NATO enlargement to include Ukraine and Georgia may precipitate further problems emerging within the NATO-Russia Council.

Georgia has made political overtures toward the Alliance, aimed at bolstering its chances of securing membership at an early date, particularly through its commitment to Iraq, increasing its troop deployment there, after Ukraine withdrew its forces in 2005. Georgia's military commitment in Iraq is to the U.S., rather than NATO which has a minimal role, suggesting that by increasing its military role in Iraq, Georgia hoped to influence the U.S. in supporting its bid for NATO membership. Georgia has

<sup>1</sup> See: [<http://www.nato.int/docu/update/2006/12-december/e1214b.htm>].

also reportedly offered support to the U.S. missile defense shield project, as well as promoting a positive image of NATO membership which has widespread public support. However, Georgia's membership plans could be undermined by

the two frozen conflicts in Abkhazia and South Ossetia. Equally, internal political problems, highlighted by the events of November 2007, also pose questions on Georgia's readiness for membership.

## Georgia's Relations with NATO

NATO-Georgia relations began in 1992, with Georgia joining the North Atlantic Cooperation Council (renamed the Euro-Atlantic Partnership Council in 1997), after gaining independence. Cooperation deepened after Georgia joined the Partnership for Peace (PfP) program in 1994 and the PfP Planning and Review Process (PARP) in 1999. However, the Rose Revolution in 2003 served to focus on supporting Georgia's domestic reform process through the development of the Georgia's first Individual Partnership Action Plan (IPAP) with NATO in 2004.<sup>2</sup> In addition to supporting reform, a key objective in NATO's cooperation with Georgia is to help the country's armed forces work together with its NATO counterparts in peacekeeping missions and crisis-management. Georgia has shown interest in such missions by contributing soldiers to the Kosovo Force (KFOR) since 1999 and its political and military support for the International Security Assistance Force (ISAF) in 2004.

At NATO's November 2002 Prague summit, Individual Partnership Action Plans were opened to countries with the political will and ability to deepen their relationship with NATO. These two-year plans agreed between the Alliance and a partner country integrate into a cohesive whole their various cooperation mechanisms while ensuring that the assistance provided suit the domestic needs of the recipients. Each IPAP therefore delineates the cooperation objectives and priorities of a partner country, which are then matched with what NATO can specifically offer to meet them. These objectives cover general categories, including political and security issues; defense, and military issues; public information; science and environment; civil emergency planning; and administrative, protective security and resource issues. On 29 October, 2004, Georgia became the first country to agree an IPAP with NATO. Azerbaijan agreed one on 27 May, 2005, Armenia on 16 December 2005, Kazakhstan on 31 January, 2006, and Moldova on 19 May, 2006.<sup>3</sup>

Georgia's integration with NATO will be granted based on two main components. This involves a so-called performance-based criteria based on the results of the IPAP, while the second is a political decision based on concrete achievements, ranging from progress in civil-military relations (which cannot be objectively measured) to interoperability and progress in democracy (another contentious and difficult yardstick to measure).<sup>4</sup> An IPAP Implementation Assessment visit, scheduled for 28-31 January, 2008 aimed at evaluating the current stage of the reform process in Georgia. In preparation for that visit, recognizing that the decision on extending a MAP to Georgia would be

<sup>2</sup> See: "NATO's Relations with Georgia," available at [<http://www.nato.int/issues/nato-georgia/index.html>].

<sup>3</sup> See: "Individual Partnership Action Plans," 6 December, 2007, available at [<http://www.nato.int/issues/ipap/index.html>]; [<http://www.eu-nato.gov.ge/english/index.php?title=nato>]; S. Cornell, R. McDermott, W. O'Malley, V. Sochor, S. Starr, *Regional Security in the South Caucasus: The Role of NATO*, CACI, Washington D.C., 2004.

<sup>4</sup> See: T. Yakobashvili, "Georgia's Path to NATO," in: *Next Steps for Forging a Euroatlantic Strategy for the Wider Black Sea*, ed. by R. Asmus, Washington, 2006, pp. 186-87.

inherently political, Georgia's defense officials engaged in presenting the positive merits of its armed forces for the benefit of western opinion.

Georgia's First Deputy Defense Minister Batu Kutelia recently confirmed that the armed forces remain a security priority for Georgia. He vociferously opposed any attempt to link the separatist issues facing Kosovo with Abkhazia, which resulted only in silence from President Saakashvili, and declared the right of the Georgian state to defend its territory should any part of Georgia be annexed. Despite the controversial events on 7 November, 2007, which exposed a very different façade of the Georgian government other than being viewed as a model of democracy, including the dispersal of opposition rallies and stopping the broadcasts of an opposition television channel, Kutelia assessed positively the possibility that Georgia would be granted NATO's MAP at the NATO summit in Bucharest, April 2008. In this context, ignoring the mixed progress in the area of democracy, he highlighted the prospect that Georgia's army will switch to service on a contract basis by late 2008, which could please NATO. Despite the concerted efforts of Georgia's government and the military, NATO refused to offer either Georgia or Ukraine MAPs at the NATO summit in Bucharest 2-4 April, 2008.<sup>5</sup>

The development of Georgia's armed forces has been largely facilitated by Washington. United States' security assistance efforts, aimed at bolstering the weak and corrupt Georgian armed forces, were intensified in 2002 with the introduction of the Georgia Train and Equip Program (GTEP). This concentrated on the training of Georgian special forces in connection with their anti-terrorist capabilities, and brought the advantage of being time-phased and systematic. GTEP's comparative success in the context of other U.S. military assistance programs in the Central Caucasus in 2002-2004 precipitated another American initiative, as a follow up. The Georgia Sustain and Stability Operations Program (SSOP) was launched in 2005, with its first 18 months costing \$60 million. It was specifically designed in order to enhance the military capabilities of Georgia's armed forces to support Operation Iraqi Freedom. All training through SSOP was carried out by U.S. Army Special Forces, and the U.S. Marine Corps, for training two infantry battalions for service in Iraq, two logistics battalions, special units for Georgia's 1st Brigade, staff training for the 1st and 2nd Brigades, the Land Forces Command Staff, and the Operations Cell of the Georgian General Staff. Moreover, SSOP was aimed at furnishing Georgia with a cadre of trainers and staff to support additional personnel and peace support units.

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<sup>5</sup> The decision taken at the Bucharest NATO summit to decline the offer of MAPs to Georgia and Ukraine resulted largely from objections raised by Germany, France and Italy among others. Most support for the offer of MAPs came from eastern and Central European members of the Alliance (reminiscent of Rumsfeld's distinction between "new" and "old" Europe) (see: "NATO: No MAP for Georgia or Ukraine, But Alliance Vows Membership," *RFE/RE*, Prague, 3 April, 2008, available at [<http://www.rferl.org/featuresarticle/2008/4/F2301CAB-6E1D-4D3C-BAF5-37F0603F0357.html>]). Some analysts in the West suggested unrealistically that Germany's opposition to the MAPs was motivated by its close relations with Russia. Little objective discussion took place about either the objections of Russia or the strategic problems that could result from continued NATO eastward expansion. Russia's Foreign Minister Sergey Lavrov commented on talks held between Russia and NATO and the bilateral talks with the U.S. in Sochi after the NATO summit in Bucharest. A forthright exchange took place on the most obvious areas in which Moscow and Washington differ, ranging from the missile defense shield to the CFE Treaty and continued controversy about the declaration of independence by Kosovo. Despite this, Russia and NATO signed an agreement on cooperation over Afghanistan, with Moscow agreeing to provide a land transit corridor for humanitarian assistance to ISAF. However, future NATO expansion resulted in an impasse: "But I did not sense a readiness to understand our concerns with regard to NATO expansion. We regard NATO's unrestrained expansion as a serious political mistake. It will not strengthen global security. There are no obstacles to any country, including Ukraine or Georgia, involving its intellectual and other resources in the struggle against real common threats like international terrorism rather than invented ones. You certainly do not have to be a NATO member to do so" ("Russia's Lavrov Speaks to Paper about Russia-NATO-U.S. Summit," *Komsomolskaia pravda*, BBC Monitoring Service, Moscow, 8 April, 2008).

## Tbilisi: Russia's Violations in Abkhazia

Georgia places great emphasis on its volatile relations with Russia, and the tension relating to "frozen conflicts" to advance its argument in favor of NATO membership. In particular, defense officials are keen to focus on "Russian violations" in Abkhazia. Kutelia's following comments are typical of the nature of this tactic:

"Russia has been carrying out a lot of illegal actions on Abkhaz territory for a long time now. We can begin with, if only, the existence of the Gudauta base, military assistance to the Abkhaz de facto government, which, in addition to violating general international and good-neighborly norms, violates the decisions made by the CIS itself. By direct arms assistance, I mean the supply of weapons, including heavy equipment, which is in violation of the principles of the CFE Treaty recently suspended by Russia. Also, expert assistance, training courses that Russia holds for the de facto government. Against the background of all this, the situation with the unplanned rotation is yet another violation. From a military viewpoint, this rotation is not a catastrophe but from a legal viewpoint, it is a major violation which could have quite serious political repercussions. All of this has crossed all boundaries and, naturally, eliminated any degree of legitimacy of the peacekeeping operation that is underway there."<sup>6</sup>

Indeed, Mikhail Saakashvili, during his election campaigning ahead of the presidential election on 5 January, 2008 declared his intention to reunite Georgia "whatever the cost." This implied he may resort to the use of military force. His rhetoric did little to alleviate concerns amongst NATO members on Georgia's commitment to resolve "frozen conflicts" by peaceful means. During his speech broadcast in full on Rustavi-2 TV on 3 January, 2008, he drew a comparison between Ajaria and Abkhazia: "I want to tell our brothers on the other side of the Inguri that at one time we were not allowed to cross the Choloki either. Today the Choloki is a symbol of Georgia's unity. Tomorrow the Inguri will be a symbol of Georgia's unity, no matter what the cost may be for all of us. Today the separatists told the people of Gali on TV: either Georgia or Abkhazia. I tell them: Georgia and Abkhazia within Georgia," Saakashvili said.<sup>7</sup>

## Bombing or "Gift From the Skies"?

After the incident in Tsitelubani, involving the alleged bombing of Georgian territory by a Russian military aircraft on 6 August, 2007, connection to the NATO air defense data exchange system was advanced rapidly by Georgian politicians as a necessity for preventing, dissuading future incidents of the kind. By 23 August, 2007, NATO announced that it was prepared to provide a number of its partners, including Georgia, with access to radar data exchange system. Carmen Romero, a deputy NATO spokesman stated this would only involve non-classified information, adding that this was consistent with agreements on integrating the NATO system with those of a

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<sup>6</sup> "Georgia Deputy Defense Minister on NATO Prospects, Army Development," *24 Saati*, Tbilisi, 13 December, 2007, pp. 1, 4.

<sup>7</sup> "Saakashvili Delivers Pre-Election Speech," Rustavi-2 TV, Tbilisi, 3 January, 2008.

number of partners, Albania, Austria, Finland, Georgia, Macedonia and Ukraine, concluded in 2003. Romero denied any linkage between this initiative and the Georgian allegation, which Russia had strenuously denied.<sup>8</sup>

This process with NATO, which began several years ago, was therefore given a new impetus by the 6 August, 2007 incident. NATO positively assessed the technical capabilities of Georgia in this sphere during a visit in February 2007. However, even though Tbilisi was modernizing existing equipment and purchasing new NATO compatible equipment, it needed to successfully connect with the Turkish side, only then addressing obligatory issues relating to the legal and bureaucratic procedures enabling access to the NATO data exchange system. It was then planned to agree and approve to become a party to the relevant NATO Memorandum of Understanding. The Tsitelubani incident has, in a way, stimulated the process because the need for 26 NATO countries to have information on the air space control was put on the agenda. "Correspondingly, we made a request to our NATO colleagues to speed this up as it would save us from potential incidents in the future and would serve as a kind of restraining factor for Russia. This system has already been set up, and exchange of data is underway. The remaining bureaucratic procedures will be completed before Christmas holidays. NATO countries can already physically see our data but they cannot yet use them legally because this has not been confirmed by a document," Kutelia confirmed.<sup>9</sup>

Georgia's current military reform plans are outlined in its Strategic Defense Review, which envisages planning the process of reform and providing the necessary financial support up to 2015. Of course, although this document exists in its public and secret formats, there is much that indicates the parameters and scope for its military reform and the inherent contradictions involved in Georgian planning. The overarching guiding principle in this process is the goal of NATO membership; for Georgia it is seen as providing the answer to many of its security problems and has the additional advantage that it will bring a financial dividend. Membership of the Alliance will reduce radically the size of Georgia's defense spending, since it calculates that the Alliance will act as guarantor in any internal conflict situation. "This plan was devised against the background of certain political assumptions: we mean the possibility of transition to a higher step in integration with NATO, which will diminish the prevailing threats. Therefore, additional investment in technical equipment or increase in the size of the armed forces will not be required," explained Kutelia. It must reduce its defense expenditure, given the current level of spending which it is impossible to maintain. Kutelia explained in December 2007 that the defense budget for 2008 was planned as the highest in the cycle to 2015. Moreover, the level of spending will have to increase, if NATO membership is delayed. Kutelia suggested that in 2007 defense spending reached \$940 million, or 22 percent of GDP.<sup>10</sup>

Georgia's violent crackdown on political opposition in November 2007 was questioned both within and outside the country, and arguably damaged its credibility internationally.<sup>11</sup> Salome Zurbishvili, a leading member of Georgia's National Council of the united opposition movement, said that the chances of Georgia achieving its goal of NATO accession at the Bucharest summit in April 2008 had been "badly damaged by the unrest that broke out in the country on 7 November and the raid on that day of opposition Imedi TV." She blamed President Saakashvili for this, while noting the level of shock felt in European capitals concerning his actions, which had left many wondering who he was in reality, as the incident had exploded the veneer of democracy around his regime. "Our foreign

<sup>8</sup> See: "NATO to Give Georgia Access to Radar Data—Representative," *RIA Novosti*, Moscow, 23 August, 2007.

<sup>9</sup> "Georgia Deputy Defense Minister on NATO Prospects, Army Development."

<sup>10</sup> *Ibidem*.

<sup>11</sup> "Journalist to Brief News Corps on Georgian Government's Raid of Imedi TV," *Kavkaz-Press*, Tbilisi, 10 November, 2007; "Georgian President Defiant on Calls to Lift State of Emergency," Channel 1, Tbilisi, 10 November, 2007.

partners are shocked at what happened in Georgia. The rose-colored curtain of Georgian democracy has been ripped and they have seen a picture that is incomprehensible to them, a picture of a country that resembles Russia, Putin's Russia, but is not quite Putin's Russia. They do not understand where this country is going or what will happen in the near future," she said. Commenting on reaction within the EU, she explained, "They do not know where Georgia stands or who Saakashvili is at all. It is like when you raise something and it changes before your very eyes and turns into a monster. This is approximately what happened to the West." Significantly, her view of the European perspective was that the EU may have learned not to trust a personality, or one person's team, but to place more confidence in future in institution building; specifically the weak institutions in Georgia such as the judiciary.<sup>12</sup> Saakashvili's re-election on 5 January, 2008, designed to answer critics of Georgia's "democracy," allowed only a short period before the NATO summit in Bucharest, April 2008, to assess whether the events of the raid on IMEDI TV represented a unique isolated incident, or a warning of a deeper malaise within the fledgling "democracy."

Table 1

**Milestones in Georgia's Relations with NATO:  
2004-2006**

<b>7 April, 2004</b>	<b>Georgia-NATO high level representative meeting in the 26+1 format in Brussels, where President Saakashvili handed country's IPAP document to the Secretary General of NATO Jaap de Hoop Scheffer</b>
<b>23-24 April, 2004</b>	<b>EAPS—Atlantic Policy Advisor Group session in Tbilisi, chaired by Under Secretary General of NATO, Policy, Ambassador Günter Altenburgh</b>
<b>7 June, 2004</b>	<b>NATO Headquarters, Brussels NATO Senior Political Committee Reinforced (SPCR) in the 26+1 format met Georgian representatives. Meeting was chaired by Under Secretary General of NATO, Security Issues, Ambassador Günter Altenburgh. The purpose of the meeting was to review—Georgia's IPAP</b>
<b>28-29 June, 2004</b>	<b>NATO Summit in Istanbul: Georgia, Azerbaijan and Uzbekistan officially joined the—Individual Partnership Action Plan—initiative</b>
<b>29 October, 2004</b>	<b>NATO senior layer the North Atlantic Council (NAC) approved Georgia's Individual Partnership Action plan with the so-called Silence Procedure and Georgia transitioned to the second phase of the Euro-Atlantic Integration, the so-called Phase Two</b>
<b>31 December, 2004</b>	<b>Decree # 133 of the Government of Georgia, created the Office of the State Minister on European and Euro-Atlantic Integration in order to deepen cooperation</b>

<sup>12</sup> "Opposition Candidate for PM Says Georgia's NATO Chances Badly Damaged by Unrest," Rustavi-2 TV, Tbilisi, 27 November, 2007.



Table 1 (continued)

	with NATO to facilitate full spectrum of military, political, legal integration with the organization, to efficiently coordinate and monitor the integration process among various government agencies
7-11 March, 2005	NATO Interim Individual Partnership Action plan implementation assessment team visited Tbilisi. On 18 May, 2005 an IPAP Implementation result review was held in Brussels
26-29 September, 2005	IPAP interim assessment team visited Tbilisi to unofficially review the IPAP implementation. On 5 October, 2005 consultations were held with members of the NATO International Department
4 February, 2005	An agreement between Georgia and NATO on PfP Liaison Officer Designation entered into force and a South Caucasus Liaison Officer was designated to Georgia
2 March, 2005	An agreement on Support and Assistance in Transit for NATO Forces and NATO Personnel on the Host Nation Between Georgia and NATO was signed
3 April, 2006	North Atlantic Council session in 26+1 format (26 NATO member states and Georgia) was held in Brussels, where they reviewed the report on the implementation assessment of Georgia's IPAP. During the North Atlantic Council session all NATO countries expressed their support for Georgia's aspiration to join NATO. It was clearly stated that significant progress has been achieved in the country from the standpoint of reforms. Namely, IPAP implementation coordination mechanism was assessed positively, that in itself provides for sustainable integration process and reform implementation
21 September, 2006	During the NATO Ministers of Foreign Affairs meeting in New York, a decision was made concerning transition to the next step, the Intensified Dialog in Georgia-NATO cooperation
<i>S o u r c e:</i> [ <a href="http://www.eu-nato.gov.ge/english/index.php?title=georgianato">http://www.eu-nato.gov.ge/english/index.php?title=georgianato</a> ].	

## Stumbling Blocks in the Path to NATO Accession

- Georgia's decision to increase the size of its armed forces, raising its number of brigades to four and expanding its reserve force, despite western advice to the contrary. According to a

report by the International Security Advisory Board (ISAB) this represented an increase by as much as 30 percent on the figures agreed in the original IPAP.

- Georgia's IPAP pledged to seek a peaceful, not a military, solution to the conflicts with Abkhazia and South Ossetia.
- It remains unclear whether Georgia's armed forces as a whole are meeting NATO standards (that NATO has clear, objective standards are debatable), or just a small number of its special operations or peace support formations.
- Georgia needs to develop an inventory of manpower and equipment, as well as ensuring that funds are efficiently and transparently used.
- IPAP also requires progress and the achievement of recognized standards in domestic politics and human rights.

These factors complicate Tbilisi's efforts to achieve Euro-Atlantic integration. In fact, these points are brought sharply into focus, given the argument that has influenced decision making in Brussels that suggests Georgia would be much less likely to pursue an aggressive resolution of "frozen conflicts" as a NATO member. One thing that the Alliance wants to avoid, at all cost, would be involvement by proxy, in such "frozen conflicts." In this context, a greater understanding is required of the complex nexus of geopolitical considerations, tensions, local balance and the wider context of NATO's post-Cold War relationship with Russia, as well as bilateral relations between Moscow and Tbilisi. In order to appreciate this, Russian perspectives on the Central Caucasus need to be examined.

## **The Outlook for the Strategic Balance of Forces in the Central Caucasus: The Russian Perspective**

### ***Russian Concerns: Attempts to Hasten the Resolution of Outstanding Conflicts***

One of the principal requirements for admission to NATO is that there should be no ongoing armed conflicts in candidate countries or territorial claims to or from neighboring states. As of the start of 2008, neither requirement was met by Georgia, Azerbaijan or Moldova. There are a number of ongoing internal conflicts in the region where Russia almost single-handedly is trying to achieve a peace settlement. At the moment the peace process has stalled with no signs of improvement in the foreseeable future. As for the "smoldering" conflict around Nagorno-Karabakh, it may flare up again, which would destabilize the situation in the entire Caucasus.

A decision on the status of Kosovo may shift the situation either way—for better or for worse. Will the "breakaway" province remain a part of Serbia? If not, what mechanisms should be used for a final settlement and a civilized "divorce"? Since the Ahtisaari plan failed, these issues have been addressed by the Contact Group (Russia-EU-U.S.), which operates on the basis of a U.N. mandate. There is no consensus within the troika. EU-U.S. representatives, citing the "unique" nature of Kosovo's case, are proposing a unilateral path for the province's independence, without taking Serbia's

opinion into account; Russia insists on a consensus based solution, saying that there is a variety of options for Kosovo's final status, and stressing the need for a mutually acceptable compromise between Belgrade and Pristina. Whatever decision the Contact Group may eventually make, it will serve as a kind of model for resolving other conflicts in Eurasia, taking their specifics into account.<sup>13</sup> Russia has more than just once stated that a decision on Kosovo's status will become "a precedent" for the "unrecognized formations" in the post-Soviet area. In the absence of a universal approach toward solving the "self-determination or territorial integrity" dilemma under the auspices of the U.N., the domino principle may come into play not only in the post-Soviet space, but also across the world, which may lead to new outbreaks of armed violence. This is the position adopted by Moscow, which rejects the policy of double standards.<sup>14</sup>

It would seem that this provides a good opportunity for Tbilisi to heal its troubled relationship with Moscow, specifically by adopting a consolidated position at the U.N., not, as proposed by M. Saakashvili (in late 2007), by restarting relations between the two states with "a clean slate." However, that is not happening. Russian experts suggest that Tbilisi is seeking to hasten the resolution of "frozen" conflicts by any means, both on its own and by relying on Western assistance. Suffice it to recall the 2005 events as related by former Defense Minister I. Okruashvili in a live show on Imedi TV in October 2007, when the stage was set for a military operation against South Ossetia, code named Tiger Attack. Or the creation of "a South Ossetian government, as an alternative to Tskhinvali," led by D. Sanakoev, and issuing an ultimatum to "the rebellious territory."<sup>15</sup> Or the Kodori operations (October 2001 and August 2006) in the zone of the Georgian-Abkhaz conflict, aimed at thwarting the Moscow Agreement on the Peacekeeping Operation. That effectively provoked a chain reaction of sovereignty and independence declarations in Abkhazia and South Ossetia. And if the aforementioned examples can be attributed to Georgia's independent action, its calculations for annexing the breakaway territories by relying on Western assistance are arousing concern and even anxiety in Moscow.

Art 7 of the Baku Declaration, adopted at the GUAM summit on 19 June, 2007, reiterates "the need to continue joint action to resolve the long-running conflicts in the region based on the principles of sovereignty, territorial integrity and the inviolability of internationally recognized state borders ... as well as the importance of *enlisting the support of the international community to resolve these conflicts*" (italics ours.—Auth.).<sup>16</sup>

However in reality, GUAM's anti-separatist project remains only on paper: As stated earlier, resolution mechanisms are outside the bounds of their capitals. GUAM members also realize that whatever scheme may be eventually applied, it will be impossible to resolve the conflicts any time soon. Furthermore, considering the ongoing events in the Balkans, in the spite of the efforts by Russia and international organizations, it is likely that the breakaway territories may gain independence. Not surprisingly, of late Georgia has been harshly critical of the Russian peacekeepers. They are being accused of "failing to resolve a single outstanding problem, and impeding a political settlement."<sup>17</sup>

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<sup>13</sup> Thus, each conflict in the GUAM area, compared with the Balkan conflicts, has its own specifics, as well as its own development and resolution schemes. For example, the Karabakh conflict is utterly different from the Transnistrian situation, Abkhazia is much closer to a de facto state than is South Ossetia, and so on.

<sup>14</sup> Russian President V. Putin said: "...it is wrong to use one set of rules in Kosovo and another in the Transnistrian region, Abkhazia or South Ossetia. How does the Kosovo situation differ from the situation in the Transnistrian region? It does not differ in any way" (*Politicheskii zhurnal*, No. 53 (130/131), 23 October, 2006, p. 50, available at [www.politjournal.ru]).

<sup>15</sup> The Georgian president said that at the GUAM summit in Baku in June 2007.

<sup>16</sup> The Baku Declaration (GUAM summit, 19 June, 2007).

<sup>17</sup> In the meantime, Russian peacekeepers are carrying out in good faith their mandate for peacekeeping, disengagement of the conflicting sides, and maintenance of stability in the conflict zones. The Russian peacekeepers' performance has often been highly appraised by the U.N. and other international organizations (see: [http://www.peacekeeper.ru/index.php?mid=801]).

Hence the Georgian parliament's resolutions on the termination of peacekeeping operations and calls for reformatting their status. Georgian officials also insist on reviewing the peacekeepers' mandate. They also expect that "guarantees of peace and stability" in Georgia will be provided by other organizations and centers of power—for example, the EU, NATO, and the United States. The Georgian authorities would like to get rid of Russian mediation completely. That is at the first stage. At the second stage, Tbilisi believes that Russian military servicemen in the area will be replaced by other forces. However, the replacement of Russian peacekeepers is not at all a foregone conclusion.

NATO representatives believe that the decision/request to deploy NATO peacekeeping forces in the Caucasus should be accepted by all parties to the conflict, including representatives of South Ossetia and Abkhazia. Peter Semneby, the EU Special Representative for the Southern Caucasus, also thinks that the replacement of Russian peacekeepers in South Ossetia and Abkhazia should be approached with extreme caution. There are two significant factors here.

The first is a joint statement in support of Russian peacekeepers in the conflict zones that the presidents of the self-proclaimed republics of Abkhazia, South Ossetia, and the Transnistrian region adopted at a "summit of unrecognized republics" in Sukhumi on 13 June, 2006. These leaders believe that "the Russian peacekeeping forces should remain in the conflict zones until a final settlement has been achieved." After all, the withdrawal of the Russian peacekeepers will not turn the Abkhazians or Ossetians into Georgia-philis. Still, if the Russian "blue helmets" have to leave, according to S. Bagapsh, their place will be immediately taken by joint Abkhaz-Ossetian-Transnistrian peacekeeping forces. In this connection, neither Moscow nor Tbilisi nor New York should be expected to recognize or endorse such a move.

The second factor is the response to the demarche by the unrecognized republics from the GUAM member countries. In late September 2006, a meeting of the Organization for Democracy and Economic Development—GUAM foreign ministers reached an agreement on the formation of its own peacekeeping contingent. In October, Ukrainian Foreign Minister A. Gritsenko put forward a proposal in accordance with which a GUAM peacekeeping contingent could replace Russian peacekeepers in Abkhazia, South Ossetia, and the Transnistrian region in the first half of 2007.<sup>18</sup> At the same time, there are some circumstances that complicate its putting into practice.

- First, before such a contingent may be used in a crisis settlement, it should not only materialize and assume a concrete form, but also be legitimized and recognized on the international level. Meanwhile, even the discussion of the sheer possibility of changing the format or the mandate of peacekeeping operations is a big problem today. It is impossible to use GUAM as an organization operating on the basis of an international mandate (from the U.N. or the OSCE) without its appropriate organizational and legal transformation. That is not to mention the fact that its operational capacity will be significantly inferior to that of other peacekeeping arrangements—i.e., the CIS peacekeeping force, the U.N.'s "blue helmets," NATO or EU forces, etc.
- Second, it is not entirely clear how—given the need to comply with standards of international practice—political decisions on the deployment of GUAM peacekeeping contingents would be made. As is known, a key precondition for the granting of a U.N. or OSCE mandate is the consensus as to the impartiality of a peacekeeping force. In the event of "frozen conflicts" in the FSU area, with some qualifications, Ukraine can be considered to be the only impartial GUAM member country.
- Third, Russian peacekeeping forces are deployed in conflict zones in Georgia, and it would be not only extremely difficult but virtually impossible to conduct any operations without

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<sup>18</sup> See: "Smena karaula," *Nezavisimaia gazeta*, 1 November, 2006.

harmonizing such plans with Moscow. Meanwhile, Russia's reaction to these GUAM plans remains skeptical or negative. The Russian defense minister has opined that such "peace-keeping services" by an organization that clearly has its own agenda cannot be regarded with understanding by all parties to the peace process. "Evidently, Russia, which advocates a settlement only by political means, will find appropriate measures to prevent such a scenario from materializing," he said.<sup>19</sup> The Russian Defense Ministry also considers "unlikely" the replacement of Russian peacekeepers deployed in conflict zones by NATO forces. Obviously, Russia, which is a permanent member of the U.N. Security Council, will not allow that. The problem is compounded by the fact that Russia's official relations with some GUAM states, primarily Georgia, are probably at an all time low since the disintegration of the U.S.S.R. That effectively rules out any possibility of Moscow even considering any plans for the deployment of GUAM contingents, especially in the foreseeable future. Furthermore, NATO Secretary General Jaap de Hoop Scheffer has warned Georgia that should the conflict with Russia aggravate, its plans for joining the alliance could be delayed.

At the current stage of the conflict settlement process, both Tbilisi and Baku have "a resentment" of Russia (the same goes for the unrecognized state formations), as they are attempting to sideline Moscow from the peace process and to bring in European and Atlantic forces capable of strengthening the positions of unitary states, which are susceptible to the separatist disease. However, Russia believes that direct military intervention by Western forces (NATO or the EU) in conflict resolution in the Central Caucasus is premature and even dangerous.

- First, for political considerations, neither Washington nor Brussels will evidently want to damage their already cool relations with Moscow any further. Hypothetical military intervention by Western structures in internal conflict resolution will nullify the efforts of the U.N. mission (Abkhazia), the OSCE mission (South Ossetia), the Minsk Group (Nagorno-Karabakh), the CIS (Abkhazia), the Group of Friends of Georgia, and many international nongovernmental organizations whose efforts are currently focused on advancing toward interethnic harmonization and accord between the parties to the conflict.
- Second, compared with the West, Russia has "sensitive" national interests in this subregion, and it is capable of taking decisive action to defend them. However friendly and constructive Russia's relations with both Georgia and Azerbaijan might be in the future, should military operations begin in the Central Caucasus, Moscow, bound by its obligations to Erevan, will render military assistance to its CSTO partner. Furthermore, in accordance with the letter and spirit of the RF Constitution, the National Security Concept and the Military Doctrine of the Russian Federation, Moscow is also obligated to ensure the security of its citizens in the subregion in the event of a threat to their life (at present, the majority of Abkhazians and South Ossetians hold Russian passports).
- Third, as international practice shows, Western countries, and especially their international organizations, via which they act, will not exert forceful pressure on a third party unless there are specific political-diplomatic interests at stake or an apparent threat to their national/bloc-related or international security. It is important to note in this context that there are no hostilities in the zone of the Georgian-South Ossetian or Georgian-Abkhaz conflicts at present and they are unlikely in the future. Economically, the production and transportation of Caspian oil is the only thing that makes the Central Caucasus attractive to the Western community, but neither Abkhazia nor South Ossetia stands in the way of any operating or projected oil

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<sup>19</sup> Ibidem.

pipelines. As for the Baku-Ceyhan pipeline, which bypasses Russia, its capacity is nowhere near the flow of energy from Russia to the West. Incidentally, the construction of pipelines from Russia to the West across the Baltic Sea (via Germany) and the Black Sea (Bulgaria and Greece<sup>20</sup>), circumventing the “problem” transit countries, renders effectively meaningless the sheer idea of creating GUAM as an oil and natural gas supplier to the West, alternative to Russia.

- Fourth, even assuming that hostilities break out in the Central Caucasus again, they will acquire the form of a civil war with mainly insurgent and guerrilla action, where both regular armed formations (peacekeeping forces) and the existing methods of military (peacekeeping) operations are ineffective. Suffice it to look, for example, at the map of Georgia/South Ossetia. About one-third of settlements (around 130) are populated by ethnic Georgians and two-thirds by Ossetians. The majority of Georgian villages are located to the north, southwest and southeast of Tskhinvali.<sup>21</sup> Ossetian (sometimes mixed) settlements are located next to the Georgian population centers. In the Akhalkgori area, where most of the villages are Georgian, Ossetian settlements form closed enclaves. Therefore, amid such an ethnic “patchwork,” military operations by the sides involved will greatly differ from the traditional methods of warfare, and it will be extremely difficult to find not only dividing lines, but also targets for effective engagement. Furthermore, both the Georgians and the Ossetians will show belligerence, self-sacrifice, confidence, commitment, austerity, a peculiar understanding of the code of warfare, an excellent knowledge of local terrain, languages, customs, traditions, and so on—in short, everything that peacekeepers from third countries do not have. A similar situation will prevail in case military action starts in Abkhazia or over Nagorno-Karabakh.
- Fifth and finally, as is known, Western mentality is rather sensitive to its own losses (it is enough to remember the U.S.’s hasty withdrawal from Somalia, when 11 U.S. servicemen were killed there at once). The parliaments and governments of Western countries need very strong argumentation (which is lacking and is unlikely to appear in the foreseeable future) to make the decision to send military contingents to zones of frozen conflicts to conduct peace enforcement operations. Therefore, the prospect of Western organizations or alliances forming peacekeeping forces and sending them to the Central Caucasus without parliamentary approval or a U.N. Security Council or OSCE mandate is, rather, wishful thinking on the part of Tbilisi. Especially considering that Western military units are closely involved in the Balkans, in Iraq and Afghanistan, sustaining substantial losses, which arouses well justified criticism within the Western community.

In the long term, it is impossible to predict whether there will be “lasting peace” in the Central Caucasus in the 21st century or whether, as in previous centuries, it is destined to see more military upheavals. However, one thing is evident: already now, it is expedient to restructure the existing peace and stability mechanisms at the regional level. Without certain practical steps both by ODED—GUAM, the CIS, and Russia, on the one hand, and Georgia, on the other, all attempts to ensure territorial integrity and security at the regional level will go nowhere. It is also clear that the path of political compromise is indispensable if tangible results are to be achieved, so Tbilisi, Tskhinvali and Sukhumi should abandon their ambitions and meet each other half way. Furthermore, psychological barriers can be removed and a path to reconciliation cleared only by forgoing the use of force as a

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<sup>20</sup> The relevant pipeline construction agreements were signed in 2007.

<sup>21</sup> Georgia’s most problem-ridden enclave, comprising nine large ethnic Georgian villages to the north of Tskhinvali.

means of dealing with any disputes. It is necessary to resolve the problems of refugees and economic rehabilitation in the former conflict zone. It is essential to clarify confidence building measures and guarantees for the non-resumption of hostilities. At the same time, all bilateral and multilateral agreements and accords should be observed. All of this requires the political will of the parties to the conflicts; a concurrence of interests of states, organizations and alliances in a common geopolitical space; the elimination of threats to these interests through joint efforts; harmony between peacekeeping practice and the situation on the ground in conflict areas, and finally, a universal approach toward resolving, under U.N. auspices, of the "self-determination or territorial integrity" dilemma. However, each step toward consolidating the efforts by the conflicting sides, Russia, and regional organizations (alliances) in dealing with long-running conflicts will become a significant contribution to global and regional security, as well as to countering common challenges and threats through joint efforts.

***The Balance of Forces  
in the Central Caucasus.  
NATO's Further Eastward Expansion***

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It should be borne in mind that compared with Western Europe, where there is a coherent regional (EU-NATO) security system in place, appropriate security structures in the post-Soviet areas as a whole and in its Central Caucasian subregion have yet to evolve. Two main stages in the development of these processes can be singled out: First, from 1991 until the late 1990s, which was marked by the evolution of the Commonwealth of Independent States (CIS), following the breakup of the U.S.S.R. Second, since 1999 to date, characterized by the development of subregional security institutions and a gradual scaling down of activities by the CIS as a mechanism of ensuring security in the FSU area. Furthermore, analysis of the ongoing processes within the CIS shows that the goal of creating a unified economic and military-political space has not been achieved. The chances of the CIS' evolution along these lines are slim in the foreseeable future.<sup>22</sup> Evidently, the eventual disintegration of the CIS is historically inevitable. The place of the gradually disappearing organization is already being taken by new subregional security institutions: EurAsEC, ODED—GUAM, the CSTO, and the SCO.

Within the bounds of these associations, states oftentimes pursue antagonistic interests. Some countries link the vector of their development with Russia. Other states are seeking to join European structures (the EU and NATO). This is an objective process, given that interstate disagreements in the post-Soviet area are still quite pronounced. This is why the level of trust that is necessary for the unification of the CIS countries with the objective of creating some supra-state body ensuring the security of all CIS states<sup>23</sup> has never been achieved. The experience of the 1990s, in spite of some successes within the CIS, also points to failures and miscalculations by the member states' political leadership in its foreign policy with respect to other countries, the manifestation of "isolationism" and "neo-imperial" aspirations, the lack of clear-cut objectives and priorities, and the replacement of a coherent, focused policy with contrived administrative schemes, formal rituals and hundreds of unfeasible decisions and agreements within the framework of the CIS.<sup>24</sup> There have also been a number of sub-

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<sup>22</sup> See: "Novye vyzovy bezopasnosti i Rossia," *Sovet po vneshney i oboronomoy politike*, 2002, p. 6.

<sup>23</sup> Initially, the CIS planned to create joint armed forces and command and control agencies to ensure the CIS countries' security and their protection against external aggression.

<sup>24</sup> See: *Strategiia Rossii: povestka dnia dlia Prezidenta*, Moscow, 2000, p. 74.

jective and objective, internal and external factors in military-political cooperation between the CIS member states, affecting its scale, character, and essence.

- First, there has been a real threat of some CIS states moving away from the declared principles of integration. The cooperation potential, which was accumulated at the end of the 20th century, is visibly declining. The involvement of the CIS states in globalization processes and the growing diversity of their foreign economic and foreign political ties are objectively affecting the entire system of interstate relations that have emerged in the CIS area.<sup>25</sup>
- Second, there are increasing indications of international competition for access to the CIS countries' energy resources, especially in the Caspian Region and Central Asia. The desire by a number of leading states in the West, as well as China, Japan, and the Islamic world, to ensure their participation in major projects for the production and transportation of raw materials has up to a certain degree impacted on the military-political sphere of their interaction.
- Third, in the early 21st century, an essentially new situation has emerged in the collective security sphere. It manifested itself primarily in the position that a number of CIS states took on the prolongation of the Collective Security Treaty (15 May, 1992).<sup>26</sup> The late 1990s can be regarded as a starting point in the CIS's de facto split over Russia and foreign policy reorientation in a number of countries following the review of the "Russian factor," its assessment and general perception. By that time, having concentrated its efforts on minimizing the negative fallout from the breakup of the U.S.S.R., the CIS proved unable to act as an effective integration vehicle, among others, in the security sphere. It is noteworthy that during the entire period of "civilized divorce" with the FSU republics, Russia's policy with respect to its CIS partners was, rather, two faced. The Kremlin, absorbed in the problem of consolidating power at home, lacked sufficient clout to rally the "near abroad". Any attempts to transform the CIS into a military-political association, especially with Russia's dominant role, provoked resistance by political elites in a number of CIS states. Cooperation in the security sphere was effectively taken out of the CIS format.<sup>27</sup>

Eventually, groups of states evolved in the post-Soviet area, which could conveniently be described as follows. There are three main models of regional security institutions. On the one hand, there are institutions oriented toward European and trans-Atlantic security structures, primarily ODED—GUAM; on the other, the CSTO and the SCO, offering independent approaches and mechanisms for dealing with security challenges, although not completely closing the door to cooperation with Western institutions.<sup>28</sup> The third group includes states adhering to a policy of neutrality on military security (for example, Turkmenistan).

The creation of GUAM, with active support from Washington, was the reaction by its member states to the ineffectiveness of the CIS, which lacked substantial international influence and was increasingly turning from a political cooperation project into a battleground of conflicting interests. Initially, GUAM was not conceived as a security institution. First, it was oriented toward euro-Atlan-

<sup>25</sup> That was discussed by the CIS presidents at a CIS heads of state meeting in Astana, on 16 September, 2004.

<sup>26</sup> The protocol extending the Treaty was signed in 1999 by Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. These states also became members of the CSTO, signing the CSTO Charter and the Agreement on the Legal Status of the CSTO on 7 October, 2002 in Chisinau. Azerbaijan, Georgia, and Uzbekistan suspended their participation in the Treaty in 1999.

<sup>27</sup> The only exception is the CIS joint air defense system, but under that system, Russia is effectively building a complex of regional air defense systems on the basis of bilateral agreements with its partners.

<sup>28</sup> The CSTO has also said that it is prepared to cooperate and even build joint institutions with the EU and NATO, whereas the SCO is more oriented toward regional projects and cooperation in Asia rather than in the West.



tic integration, including in the military-political sphere, not toward the search for an independent regional security cooperation project. Second, there were simply no resources available for that—economic, political or military. Third and finally, any military-political “claim” on the part of GUAM would have transformed its member countries from Russia’s political and economic (in the energy sphere) competitors into its direct opponents in the security sphere.

Considering that GUAM was conceived as a structure designed to “strengthen regional security in all areas of activity,”<sup>29</sup> its transformation into a viable regional security organization seems to be rather problematic. Apart from the aforementioned reasons, this is connected with the difficulties of defining the “regional security” sphere. For example, the Central Caucasus, which has its own specifics, can hardly be put in the same league with Ukraine and Moldova, while Uzbekistan, which was a member of the organization from 1999 through 2005, eroded that hypothetical regional community. At the same time, the latest events give cause to believe that GUAM continues to consider possibilities for developing military-political cooperation to enable the organization eventually to become a viable security institution. It is pondering the idea of creating a GUAM peacekeeping force and civilian police units.<sup>30</sup> However, these are only the components of a military structure, and it needs time to form a viable military organization. The armed forces of the GUAM member countries are in different stages of military reform. If Ukraine and partly Georgia have seen some progress and accumulated some experience of participation in international peacekeeping operations in recent years, the direction and standards of military organization and development in Azerbaijan and a formally neutral Moldova differ substantially from the modernization of the military establishment in their partner countries.

Today, the CSTO is the only organization in the post-Soviet area that was created precisely as a security institution with priority being given to military cooperation between the member countries. In effect, the CSTO has evolved as a military-political dimension of the CIS, which it proved impossible to forge within the CIS format.<sup>31</sup> The CSTO provided a framework for regional collective security subsystems in the Caucasus, the west, and Central Asia. Its core elements were the Russian-Armenian coalition force (created in 1996), the Russian-Belarusian coalition force (1999) and the rapid deployment force of the Central Asian region (2001). This means that the CSTO is well positioned to respond to military threats coming from different directions. Western military engagement with the Central Asian members of the CSTO often concentrates on the forces which are earmarked for use within the CSTO; in Kazakhstan, for example, the Airmobile forces are the backbone of Kazakhstan’s peacekeeping battalion (KAZBAT) as well as representing those formations most suited to the rapid reaction potential of the CSTO.

It should also be noted that in assessing the strategic balance of forces, for example, in the Central Caucasus, the procedure where the national capabilities of each particular country are assessed separately is becoming a thing of the past. Today, the correlation of forces is assessed by the strategic (operational-strategic) sectors of coalition forces (troops) of states bound by allied obligations within the framework of existing military-political treaties. Thus, in the present circumstances, taking into account the numerical strength, assets and equipment of the Armenian Armed Forces, Russia’s North Caucasus Military District, the Russian Black Sea Fleet and the Russian Caspian Flotilla, as well as RF military bases in the Trans Caucasus, supremacy in the strategic correlation of

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<sup>29</sup> See: The GUUAM Yalta Charter, 7 June, 2001, available at [<http://www.guam.org.ua/180.536.0.0.1.0.phtml>].

<sup>30</sup> The decision was made at a meeting of the organization’s foreign ministers on 25 September, 2006 in New York.

<sup>31</sup> Adopted in 1995, the Collective Security Concept is based on the member countries’ striving for cooperation in the military and military-political sphere. The organization’s area of responsibility includes the territory of its member states, while the Collective Security Treaty declares their right to collective defense in conformity with Art 51 of the U.N. Charter, establishing the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the Organization/Treaty.

forces in many operational-strategic sectors of the Central Caucasus, as well as in airspace and outer space, on land and at sea belongs the CSTO member countries.

However, the situation could change sharply if Georgia and then Azerbaijan are admitted to NATO. In that event the strategic pendulum in the balance of forces will swing: NATO will have an overwhelming superiority in the region. The Caucasus will become an area witnessing an intensifying clash of interests of world and regional powers with a growing shortage of security, since in response to yet another round of NATO eastward expansion,<sup>32</sup> Russia will take appropriate measures to protect its national interest as well as the interests of its CSTO allies. In the end, everyone will suffer—Russia, Central Caucasian states, and NATO.

Russia will have to increase the burden of military spending, strengthen its forces (troops) in the Caucasus strategic sector, and review its underlying obligations both in the bilateral and international (multilateral) format. The blame for that in part rests with the country's former military-political leadership. Only the political shortsightedness and incompetence of the country's leadership during the Gorbachev and Yeltsin era is responsible for the absence of written guarantees to Russia from the North Atlantic alliance about the non-expansion of NATO's military structure toward the RF state borders. The solemn pledges that the leadership of the alliance provided upon the reunification of Germany<sup>33</sup> in reality turned out to be pure diplomatic demagoguery. We are seeing the admission of the first wave of East European states to NATO and subsequently also the Baltic States, as well as considering the plans to deploy missile defense systems in Poland and the Czech Republic and the possible admission to NATO of a number of FSU states. This point was made by Vladimir Putin, with deep sadness, in his 2007 Munich speech.

For example, to Georgia, NATO membership will mean a scaling down of relations with Russia in many areas, the provision of Russian goods and services at world prices, a toughening of Russia's immigration policy, a scaling down of investment projects, and so on and so forth. Nevertheless, in spite of the country's economic plight now, Georgia's military budget and military might are being built up on an unprecedented scale.<sup>34</sup> According to a report by the Stockholm International Peace Research Institute (SIPRI), Georgia's military spending in 2005 was 143 percent higher than in 2004—the highest growth rate in the world. Twenty-two percent of GDP for military needs is an onerous burden even for developed nations (to compare, Russia's military budget is a little over 2.5 percent of GDP). Furthermore, Jane's Sentinel Security Assessment—Russia and the CIS says a part of funds to enhance Georgia's defense capability have come from the United States, among others. One-fifth (21 percent) of the entire U.S. military aid to FSU republics goes to Georgia. The second largest financial sponsor is Turkey. Other NATO member countries and NATO partners are also making a substantial contribution. In many instances, this contribution is "gratuitous" for Georgia.<sup>35</sup> Of late, Georgia has been building up its military capability by buying or receiving weapons and armor from Bulgaria, the Czech Republic, Ukraine, the United States, Turkey, Macedonia, Latvia, Lithuania, Israel, and some other states (see Table 2).

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<sup>32</sup> In accordance with the current National Security Concept and the Military Doctrine of the Russian Federation, possible threats to Russia's national interests include NATO's strengthening and eastward expansion, and the deployment of foreign military bases and forces in close proximity to the Russian borders.

<sup>33</sup> Speaking in Brussels on 17 May, 1990, NATO Secretary General Verner said: The sheer fact that we are prepared not to deploy NATO troops outside the FRG borders gives the Soviet Union firm security guarantees.

<sup>34</sup> In accordance with the Law on the Georgian Armed Forces, the country had 31,878 servicemen in 2006. Of them the Georgian Defense Ministry had 26,000.

<sup>35</sup> For example, Georgia's Navy almost entirely consists of donated vessels: the *Grif* class patrol craft and the *Konotop* missile carrying ship from Ukraine, a patrol boat from Bulgaria, and two patrol boats and a missile carrying ship from Greece. The United States granted over \$20 million for the Navy's modernization as well as five patrol boats. Lithuania is to hand Georgia two frigates—the *Zhemaitis* and the *Aukstaitis*.

Obviously, Georgia's military preparations are aimed neither against Russia or Armenia, its next door neighbors, but are designed to exert forceful pressure on the unrecognized republics of Abkhazia and South Ossetia and, if necessary, to reopen "frozen" conflicts.

Table 2

**Deliveries of Arms and Military Equipment to Georgia  
in 2005-2006**

Types of Arms and Military Equipment	2005	2006 (first eight months)	Supplier Countries
T-72 tanks	31	40	U.S. Turkey Bulgaria Czech Republic Ukraine Macedonia Rumania Serbia Bosnia Egypt Israel Hungary
BMP-2 (infantry fighting vehicles)	40	10	
BTR 70, BTR 80 (APCs)	15	10	
Artillery systems	34	35	
Su-25 fighter planes	2	4	
Mi-24 helicopters	2	4	
Mi-8 helicopters	4	12	
Antitank guided missiles	230	450	
Small arms and light weapons (SALW)	15,000	104,000	
SALW ammunition	Over 2.2 million rounds	1.5 million rounds	

Russia has repeatedly expressed its concern over the growing arms supplies to Georgia. Russia's concern is shared by the international public. Thus, Benita Ferrero-Waldner, the European commissioner for external relations and European neighborhood policy, subjected Georgia to harsh criticism over its growing defense spending and called for a cut.<sup>36</sup>

As for the NATO member countries, the admission of Georgia and Azerbaijan to the alliance will obviously weaken the positive potential that has been accumulated within the framework of the Russia-NATO Council. All of that will be compounded by the "freezing" of dialog between Moscow and Brussels/Washington on global problems, primarily military-political. Meanwhile, the preservation of such a mechanism is an objective necessity, if Russia-West relations are to be maintained at least on the level of a "cool" partnership. Instead of Russia, a new wave of unqualified migrant guest workers (Gastarbeiter) from Georgia and Azerbaijan should be expected to flow into Western countries.

The new military-strategic circumstances will also confront Russia with the need to pay close attention to ensuring national security in the Central Caucasus, primarily in the military realm, as well as to preserve its allies and acquire new ones. This objectively requires a review and adjustment of the

<sup>36</sup> At international security conference in Ljubljana on 29 August, 2006.

policy pursued by the Russian state leadership with respect to NATO. Obviously, the vector of military-political and economic development will be reoriented mainly to the east. While analyzing the evolution of relations between GUAM/NATO and Russia/CSTO, one cannot rule out a scenario where a number of antagonistic states could emerge in the Central Caucasus within the framework of regional associations, which would hardly be conducive to regional stability and security.

### *In Place of Conclusion:* **Opposition or Cooperation**

The differing interests, the foreign policy and regional guidelines of the GUAM and CSTO member countries, and the drastic differences in their socioeconomic systems and political regimes, as well as their military capabilities, are significant factors in the relative instability of the emerging security structures, which erodes their role and weakens their viability. Neither GUAM, in which Russia is not involved, nor the CSTO is so far able to become credible collective security systems in the Central Caucasus within a coordinated strategy and politico-diplomatic dialog and cooperation. The absence of coordinated positions among the member countries of these two organizations and a shortage of resources result in the duplication of their structures, initiatives and projects within each organization.

In present day conditions, there is virtually no dialog between the CSTO and GUAM although objectively, there is a field for cooperation between the two organizations. For example, cooperation in the fight against terrorism, drug trafficking, illegal migration, and trafficking in human beings is feasible and necessary. By now, the CSTO has accumulated extensive practical experience in this sphere, which the organization could well share with its neighbors. At the same time, more effective action by GUAM in this area could be conducive to the general stabilization of the situation in the Central Caucasus and the resolution of outstanding problems there.

That said, the relative weakness of these institutions, their different foreign policy priorities, the acute political competition between them, and the absence of a coordinated security strategy, including on the institutional level, enable Western countries and organizations (NATO, the EU) to intensify their activities in the post-Soviet area, especially in the Central Caucasus. However, that does not mean that the struggle for leadership between Russia and the alliance will necessarily acquire extreme forms, let alone turn into a confrontation.

If the member states pursued a more flexible policy, Russia could, on the one hand, assume the role of coordinator for CSTO-SCO initiatives and on the other, intensify and diversify dialog with Western security institutions, with the two organizations *sharing responsibility, not only competing for influence*. This will require priority in cooperation to be given to countering common external security threats and ensuring active policy coordination both within each organization and on the inter-institutional level. To Moscow, such cooperation is essential, and it is increasingly prioritizing this line toward the "division of labor" within the framework of Russian-Western partnership. Thus, addressing a CIS and Baltic media forum in Moscow in December 2006, then Defense Minister Sergey Ivanov said: "The next logical step toward strengthening international security could be the formulation of a mechanism for interaction between NATO and the CSTO with the subsequent clear-cut division of areas of responsibility."<sup>37</sup> As a follow-up to that, Nikolai Bordiuzha, secretary general of the CSTO, sent a proposal to the NATO secretary general on setting up contacts both on general matters of threat assessment and on specific cooperation in countering the drug threat from Afghani-

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<sup>37</sup> See: "Novyy razdel Yevrazii," *Nezavisimaia gazeta*, 4 December, 2006.

stan.<sup>38</sup> The CSTO follows a similar line with respect to the EU. According to the CSTO Secretariat, “the development of relations between CSTO member states and the EU on the bilateral level has approached a stage where the question about relations between the CSTO and the EU on the multilateral level should be put on the agenda.”<sup>39</sup>

With greater political coordination between the countries, as well as in the various spheres of the organizations’ activity and with political will for dialog, the search for compromise and harmonization of positions both on the part of the GUAM states and their Western partners, on the one hand, and Russia and the CSTO on the other, their cooperation can make a positive contribution to conflict resolution in the post-Soviet area. Thus, the peace process could be expedited by adjusting the mechanism of peacekeeping operations. In one conflict resolution scenario, the ongoing Russian/CIS operations could be transformed into integrated, multidimensional operations under the auspices of the U.N./OSCE with a broad participation of military, police and civilian personnel from other states. Evidently, the transformation of the existing peacekeeping mandates to multinational peacekeeping missions under a U.N./OSCE mandate could provide a vital impetus to the settlement of the majority of crises by political means. Priority in future operations should be given to ensuring guarantees for the implementation of military-political and economic agreements achieved by the parties concerned and ensuring the successful realization of peacekeeping and policing functions in security zones.

Such operations make it possible, without changing Russia’s military component and with the existing U.N. and OSCE missions to Georgia, to tap NATO’s experience in rebuilding the subregion’s military infrastructure, destroyed by the war, along the lines of civil-military cooperation, or CIMIC (similar to the use of Provincial Reconstruction Teams, or PRTs, in the course of the ISAF operation in Afghanistan), as well as restoring democratic power bodies and the rights and freedoms of the indigenous population (the experience of OSCE peacekeepers). Such approaches are in conformity with the rules of employing U.N. peacekeeping contingents in the final stages of peace building in conflict zones. Especially considering that the Georgian authorities, as well as other parties involved in resolving “frozen” conflicts, agree that the OSCE and NATO should become more closely involved in conflict resolution. If *all parties* concerned reach a consensus, other peacekeeping forces, in addition to the Russian peacekeepers, could eventually appear in the post-Soviet area. The shifting of emphasis from peacekeeping to peace building will make it possible to use the accumulated cooperation potential for implementing more effective measures to ensure the organized return of refugees and internally displaced people, and the economic rehabilitation of war-ravaged areas. Furthermore, the NATO and Russian heads of state and government have agreed on cooperation in crisis management.<sup>40</sup> The decision was also made to formulate and develop a basic concept for joint Russian-NATO peacekeeping operations.<sup>41</sup> The first such document was drafted by a working group of the Russia-NATO Council in 2002,<sup>42</sup> which could be used as a basis for developing similar documents on Russia’s cooperation with other regional organizations.

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<sup>38</sup> See: Interview of Russian Deputy Foreign Minister G. Karasin with the Interfax news agency on 8 November, 2005, available at [<http://www.mid.ru/ns-rsng.nsf/3a813e35eb116963432569ee0048fdbe/432569d800221466c32570b3002f4f3f?OpenDocument>].

<sup>39</sup> Highlights of a report by the CSTO Secretariat at an international conference, *A Strategy for Russia/CSTO Dialog with the European Union on Security Matters*, Moscow, 18-19 March, 2005.

<sup>40</sup> The agreement was achieved at a meeting in Rome on 28 May, 2002.

<sup>41</sup> The decision was based on the Founding Act on Mutual Relations, Cooperation and Security between the Russian Federation and the North Atlantic Treaty Organization (1997), stating that “once consensus has been reached in the course of consultation, the Permanent Joint Council will engage in making joint decisions and taking joint action on a case by case basis, including participation, on an equitable basis, in the planning and preparation of joint operations, including peacekeeping operations under the authority of the U.N. Security Council or the responsibility of the OSCE.”

<sup>42</sup> See: *Political Aspects of a Generic Concept of Joint NATO-Russia Peacekeeping Operations*, Annex 1.

Unfortunately, it has to be admitted that at the present time, neither the GUAM countries nor Moscow are showing any interest or readiness for constructive dialog. NATO and the EU also avoid a multi-format dialog, traditionally focusing their efforts on bilateral relations with the GUAM and CSTO member states. For its part, the United States continues to play an independent role and is not interested—either for political or pragmatic considerations—in establishing GUAM-Russia/CSTO dialog in the search for solutions to “frozen conflicts.” Meanwhile, external security threats, which have a transborder character and objectively pose a threat to all countries in the Caucasus, at the current stage in the evolution of post-Soviet institutions, are treated as “secondary” with respect to the so-called Russian factor. That comes through in specific political steps taken by the leadership of the organizations’ member countries, determining the directions for the development of these organizations, as well as the practical projects that they undertake.

Nevertheless, the present authors count on the political wisdom of state leaders in the Caucasus and the West, as well as the leadership of the existing regional organizations and alliances. By acting in the interest of their citizens and the international community as a whole, they should not permit the appearance of new dividing lines in the Central Caucasus or a new Cold War in the post-Soviet space. This requires political will on both sides and the ability to meet each other halfway. There is cautious optimism in that respect: The West European security system took almost half a century to evolve, while subregional security structures in the post-Soviet area have yet to mark their 10th anniversary. Obviously, they need time to realize that joint efforts are the only path to meeting the existing challenges and threats to regional stability and security.

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## THE CSTO, GUAM: TRANSFORMATION OF THE POST-SOVIET AREA

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It is impossible to understand the structure of the Collective Security Treaty Organization (CSTO) or GUAM (a regional organization comprising Georgia, Ukraine, Azerbaijan and Moldova) outside the framework of the Commonwealth of Independent States (CIS) and its evolution. On the one hand, since the breakup of the Soviet Union, the political elites of the newly independent states did not have a clear idea of how the CIS should develop. CIS documents only made general declarations about the need to get rid of the Soviet past and build relations on a new, “civilized” basis. On the other hand, the political elites in those states sought, as far as possible, to limit any interference in their domestic policies, which were aimed mainly at creating their own independent institutions of governance and administration.

Political elites in those states where serious internal civil conflicts had erupted before the formal disintegration of the U.S.S.R. were inclined to attribute their failures to “Russian interference” or to “Moscow’s recurring imperial aspirations.” They extended their assessments to new integration projects with Russia’s participation. Indeed, conflicts in Abkhazia, South Ossetia Nagorno-Karabakh, the Transnistrian region, and Tajikistan in the early 1990s stimulated the search for new structures to deal with security problems. However, at that time security was understood in a broad context, including the neutralization of an external military threat. To Russia, a former superpower, that appeared to be a consideration of the utmost importance.

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The CSTO is a successor to a structure that was formed soon after the split-up of the U.S.S.R., which led to the disintegration of a unified defense area. The U.S.S.R.’s defense infrastructure historically evolved on the territory of an entire state, as a single whole, and on a sound technical basis. It is important to note that a substantial part of Soviet defense elements were positioned in border areas (including in the Union republics). By deploying defense infrastructure in the periphery, the central authorities effectively pushed the hypothetical battlefields as far away as possible from Moscow. For example, missile attack early warning systems were based in Belorussia (Belarus), the Baltic republics, Ukraine, Azerbaijan, and Tajikistan. Submarine and surface ship bases were deployed in the Baltic republics, Ukraine, and Georgia. Nuclear weapons were concentrated in Russia, Belorussia, Kazakhstan, and Ukraine. At first, each of the said republics even tried to claim a nuclear status.

Following the breakup of the U.S.S.R., each post-Soviet state started building its own armed forces. Except for the Russian Federation, no other country sought to include its forces into some joint system. Furthermore, there was a group of countries that pointedly ignored collective defense activities. Ukraine followed a special policy. For example, Kiev included a provision in the Armed Forces and Border Troops Agreement (30 December, 1991) stipulating that Ukraine would start creating its own armed forces on 3 January, 1992. Moldova and Turkmenistan announced their course toward neutrality. Georgia was rocked by an internal civil conflict as President Gamsakhurdia’s regime was about to fall. Not surprisingly, Tbilisi would not even hear anything about any joint security projects. It should be recalled that Georgia only joined the CIS on 9 December, 1993.<sup>1</sup> As for its principal document—the CIS Charter, including Section III, on collective security and military-political cooperation—it had yet to be adopted. Nevertheless, in other CIS documents, the member states assumed certain obligations, in particular, to maintain joint command of the unified military-strategic area, including control over nuclear weapons, and guarantee the necessary conditions for the deployment, operation, maintenance, and financial and social support for their strategic armed forces.

On the official level, over the first one and a half to two years after the disintegration of the U.S.S.R., it might seem that the CIS was forging ahead with a collective defense and security system, adopting an array of interstate documents. Thus, on 30 December, 1991, the CIS heads of state signed an agreement on strategic forces, making provisions for the establishment of a joint command. The term “strategic” was applied to formations, units, agencies, and training establishments of the Strategic Missile Forces, the Air Force, the Navy, the Air Defense Forces, the office of the chief of space assets, the Airborne Troops, strategic and operational intelligence agencies, as well as forces, assets,

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<sup>1</sup> It is important to note in this context that Georgia joined the CIS not as a former Union republic but as a newly independent state with a different population and different state borders.

and other military installations and facilities designed to exercise command and control of FSU forces. On 14 February, 1992, an agreement on the status of strategic forces was signed, but soon after that, those documents were forgotten.

It seems that a significant factor in such behavior was the lack (or perceived lack) of direct military threat in the early 1990s, common to all post-Soviet states. As is known, such a threat acts as a key incentive in the formation of stable military-political associations. Furthermore, the new pro-West generation of politicians in many of the newly independent states (including Russia) embraced the theory of conflict-free international relations.

In actual fact, the new generation of politicians of the CIS countries was little concerned with filling the vacuum left by the disappeared balance of forces that had been maintaining peace throughout the post-World War II period. The new political elites in the CIS were more concerned with the new possibilities for redistributing property and power in their own interests.

This is the perspective from which one should view the Collective Security Treaty (CST), which was signed on 15 May, 1992 in Tashkent (also known as the Tashkent Treaty) for a five-year term with the possibility of extension. The treaty was signed by Armenia, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. Belarus joined it a little later (on 31 December, 1993). Therefore, four CIS states (Ukraine, Azerbaijan, Moldova, and Turkmenistan) opted out of the treaty. At the time, two of those countries were being rocked by internal armed conflicts (the Transnistrian conflict in Moldova and the Nagorno-Karabakh conflict in Azerbaijan). Obviously, that affected the positions of Chisinau and Baku.

It should be noted in this context that GUAM member states as a whole never joined the CST. That can hardly be a simple coincidence. Rather, it reflected the group's general reluctance to develop its relations within the CIS on the basis of integration, as well as its intention to limit ties with Russia as far as possible. Azerbaijan's decision to join the CST does not contradict this assumption: After all, in 1992, politicians at the National Front of Azerbaijan, led by Abulfaz Elchibei, dominated the Baku scene. It was not until the summer of 1993, when Elchibei, who was losing popularity, had to cede control of the Azerbaijani parliament to Heydar Aliiev, that old foreign policy approaches were reviewed.

It seems that to many political elites, the CIS originally served as "a front" for their own agendas and plans. Consider, for example, that the overwhelming majority of multilateral treaties and agreements within the framework of the CIS, which were subject to ratification or special approval procedure, never went into effect after they were signed. Thus, Ukraine, one of the largest CIS states, never inked the CIS Charter. Furthermore, it even ratified the Agreement on the Creation of the CIS (8 December, 1991) with a number of provisos and qualifications that substantially changed its essence.

On the same day that the Tashkent Treaty was signed, yet another notable event took place: In Tashkent Russia, Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Moldova, and Ukraine signed an agreement on principles and procedure of implementation of the Treaty on Conventional Armed Forces in Europe. Below, we will analyze the CFE Treaty and its impact on the CSTO and GUAM. But at this point it should be noted that the said agreement was designed to distribute the FSU's rights and obligations under the CFE Treaty between Russia and the seven other signatories. The Russian Federation ratified the document in 1992, but it did not come into force. Azerbaijan and Georgia did not ratify it. Latvia, Lithuania, and Estonia refused to join the CFE Treaty.

In accordance with the Tashkent Treaty, the CST signatories pledged not to join military alliances or any groups of states aimed against another CST member country. They undertook to consult one another on international security matters affecting their interests, and to harmonize their positions on those matters.



In case of a threat to the security, territorial integrity or sovereignty of one or several CST member states or a threat to international peace and security, the member states pledged to use without delay a mechanism of joint consultations to coordinate their positions and implement measures to eliminate such a threat. The treaty made provisions for the formation of the Collective Security Council.

Therefore, the CST was not a classic military alliance. As for the provision concerning the use of the consultation mechanism, it subsequently aroused considerable criticism due to its ineffectiveness. The treaty was open to accession by other countries sharing its purposes and principles. The treaty was ratified by all of its signatories. It entered into force on 20 April, 1994 and was registered at the U.N. Secretariat on 1 November, 1995.

As a follow-up to the CST, on 6 July, 1992, a statute on the Collective Security Council was approved. The Council as a coordinating body was to meet in session at least twice a year. Emergency sessions could be called at the demand of at least two CST members. All Council members had equal rights in the decision making process.

Nevertheless, little, if any, progress was made in CST related activities. Russia's attempts to invigorate military cooperation invariably met with guarded reaction from its CST partners. The activity of the CST, as well as CIS bodies as a whole, eventually acquired mainly a formal/bureaucratic nature. Six months after the Tashkent meeting, by late 1993, the idea of preserving unified armed forces in the post-Soviet space was effectively forgotten.

A unified area for defense and common military infrastructure disintegrated for all intents and purposes without a new arrangement replacing it. Since the division of property, arms, and equipment was based on the principle of their territorial location, the member states subsequently ended up with a hodgepodge of defense assets. For example, Tajikistan received very little, even though the country was in the middle of a civil war, compounded by raids and incursions across the border from Afghanistan.

Formally, the CST continued to exist as an organizational structure. By the mid-1990s, internal armed conflicts in the CIS were effectively frozen. That enabled Azerbaijan and Georgia to join the CST (on 24 September and 9 December, 1993, respectively). In addition, attempts were made to invigorate the military-political cooperation within the CIS.

In 1995, the Collective Security Council approved the CST Collective Security Concept. The document presented the member states' views on the elimination of the threat to peace, collective defense against aggression, and ensuring sovereignty and territorial integrity. In a certain sense, the Concept was an attempt to flesh out and develop the general provisions of the Tashkent Treaty. That could have been the reason why the approach failed to receive unanimous approval from all CST member states (Azerbaijan did not sign the Concept, while Belarus signed it with some provisos).

The Concept included basic principles of military and collective security policy, as well as the main lines and stages in the creation of a collective security system. The document identified the following main lines in building a collective security system: harmonization of the basic defense and security provisions on the legislative level; regular consultations on military organization and training, and elaboration of common approaches on military matters. The collective security system was to be built on a stage by stage basis, taking into account the development of the military-political situation in the world.

- Stage 1: completing the organizational development of the member states' armed forces; developing a military-technical cooperation program and starting its implementation; and working out and adopting laws regulating the operation of the collective security system.

- Stage 2: forming coalition (joint) forces (troops) to repulse possible aggression and planning their employment; putting in place a joint (collective) air defense system; and considering the matter of creating unified armed forces.
- Stage 3: completing the formation of the CST collective security system.

On the same day as the CST Concept, an agreement on the creation of a unified air defense system and an agreement on the main lines of advancing military cooperation between the CST member states were adopted. It is noteworthy that the air defense agreement was open to accession not only by CST member countries, but also other CIS states. At the time, however, Azerbaijan and Moldova did not sign the document, while Belarus, Turkmenistan, and Ukraine signed it with provisos.

Those plans never materialized. The statements by CIS leaders about their readiness to put in place a collective security system were not backed up by practical action. Amid an acute socioeconomic crisis in almost all CIS countries, their governments were looking for any financial assistance from other states. The U.S. and West European countries, while periodically providing such assistance, typically accompanied it by tacit demands of a political nature, including a "recommendation" to newly independent states not to become too actively involved in creating interstate structures, which could clash with Western interests. Furthermore, "the revival of Russia's imperial ambitions" had become a widespread cliché.

As for Russia, during Boris Yeltsin's presidency, it failed to make any significant achievements in pursuing economic reform that could have helped it to bring its CIS partners closer. The ineffectiveness of CIS structures was becoming increasingly evident, and over time, dissatisfaction with the CIS's performance started to be openly expressed in the course of the organization's meetings, in particular, during the Chisinau summit in 1997. That intensified the pressure to create alternative structures. Not surprisingly, GUAM was created in 1997.

Therefore, there were two main factors in the CST's crisis and the formation of GUAM—i.e., the ineffectiveness of the CIS and the focused activity by foreign centers of influence to prevent the creation of an effective security system in the post-Soviet area.

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GUAM as an interstate organization, originally an informal consultative forum, was created on 10 October, 1997 by Georgia, Ukraine, Azerbaijan, and Moldova at a summit of the Council of Europe in Strasbourg, named after the initial letters of each of those countries. It would probably not be quite fair to suggest that the GUAM founders "betrayed" the idea of cooperation within the framework of the CIS. After all, during the same period Russia was working hard to form subregional organizations (for example, on a bilateral basis, with Belarus), but the approaches used by the GUAM states and Russia differed considerably. GUAM was originally proclaimed as an association oriented toward cooperation outside the framework of the CIS, relying on assistance from European and international structures. Unlike the CST, GUAM focused on cooperation not in ensuring collective security, but mainly in the political and economic sphere. That was another reason for the lack of contacts between the two organizations. True, it should not be forgotten, however, that for one and a half years, Azerbaijan and Georgia continued to operate within the framework of both GUAM and the CST.

Obviously, apart from its formally declared priorities, GUAM's goals included the lessening of its member states' economic (primarily energy) dependence on Russia, as well as ensuring energy transit along the Caspian-Caucasus-Ukraine-Moldova-Europe route, bypassing RF territory. That alone was enough to antagonize Russia and the CST, since it was quite obvious to them that

amid the ongoing internal armed conflicts, the GUAM member states would be unlikely to ensure security throughout the extent of the said route with their own resources. That increased the danger of GUAM seeking assistance from other external centers of power, which did not sit well with Moscow.

Needless to say, the differences in positions were also linked to other military-political issues. Moldova and Georgia were pushing for the withdrawal of Russian troops from the Transnistrian region and the Southern Caucasus, respectively. Just as its other GUAM partners, Ukraine, which had managed at great cost to sign a series of agreements with Russia on the Black Sea Fleet and other facilities (in 1997), suspected that Moscow had the intention to review the flank limits (treaty limited equipment, or TLE) under the CFE Treaty, signed in Paris on 19 November, 1990. On the Soviet part, that document was a major concession to the West, since it related to heavy military hardware and equipment—tanks, infantry fighting vehicles, artillery systems, combat aircraft, and helicopter gunships.<sup>2</sup> On some of those weapon systems the U.S.S.R. had superiority over the North Atlantic alliance, and reducing them to TLE levels could be regarded as a concession. Following the split-up of the U.S.S.R. and the Warsaw Pact, CFE provisions were obviously getting out of touch with reality, Russia, the CST's leading nation, being affected the most. Russia was under constraint in redeploying its troops even on its own soil. It was in 1997 that military and diplomatic experts started working on adapting the CFE Treaty to new reality. However, the West was clearly not interested to take Russia's concerns into account, but quite the contrary, insisted on disarmament in the so-called flank zones, even despite the fact that at the time Moscow was conducting military operations in Chechnia. Not surprisingly, the CST leadership viewed that as an attempt to exert humiliating pressure on Russia, and it regarded the new structure (GUAM) as leverage that the West might try to use to that end. On the other hand, Kiev, Chisinau, Tbilisi, and Baku presumably expected that in the context of such confrontation, Moscow could attempt to get the West to agree, in response, to the presence of Russian military contingents in Georgia, Moldova, and Ukraine. From a legal perspective, said forces had nothing to do with Russia's CFE obligations, but, as the subsequent course of events showed, Western countries had a different opinion on that issue. It is noteworthy that before long, the ruling elites in Chisinau and Tbilisi started airing that opinion.

There is no sufficient and conclusive evidence to prove that CFE related issues were a decisive or even significant factor in the lack of constructive cooperation between the CST and GUAM. However, from our perspective, there is a strong connection between the CFE Treaty and the status of the two regional structures. After all, the CST and GUAM's "numerical" transformation coincided with the adoption of the Agreement on Adaptation of the CFE Treaty (1999).<sup>3</sup> However, other factors also were at work. At any rate, Russia for a long time complied with the CFE requirements in effect on a unilateral basis. As for Western states, in addition to constantly setting new demands to Moscow, they apparently created additional leverage to exert pressure on the RF in that regard—i.e., GUAM.

In accordance with the accords reached at the Istanbul summit (1999), Russia's quota was set at 6,350 tanks, 11,280 armored vehicles, 6,315 artillery systems, 3,416 aircraft, and 855 helicopters. Flank quotas for the Russian Federation (within the general quota) were increased to 1,300 tanks, 2,140 armored vehicles, and 1,680 artillery systems. However, initially, NATO's aggregate quota was 19,096 tanks, 31,787 armored vehicles, 19,529 artillery systems, 7,273 aircraft, and 2,282 helicopters. Skipping ahead, it should be pointed out that by mid-2007, Russia "froze" its participation in the CFE Treaty, while NATO's overall quota (including the newly admitted members) was 22,424 tanks, 36,570 armored vehicles, 23,137 artillery systems, 8,038 aircraft, and 2,509 helicop-

<sup>2</sup> The CFE Treaty does not apply to the navy, strategic aviation, and nuclear weapons.

<sup>3</sup> The agreement was signed in Istanbul on 19 November, 1999.

ters. In other words, the North Atlantic alliance secured its threefold superiority of forces over Russia. That real threat could not be neutralized by any minor concessions to the RF, such as, for example, the reduction of flank limits.

Taking into account the aforementioned link between GUAM and the CFE Treaty, it turns out that the CFE Treaty (considering the breakup of the U.S.S.R. and the Warsaw Pact) legitimized Russia's obviously unequal status on conventional forces in relation to NATO. At the time of its signing (1990), the CFE Treaty was based on the premise that there were "Eastern" and "Western" groups of states in Europe. However, after the adaptation of the CFE Treaty, such countries as Ukraine, Moldova, and Georgia could not be unequivocally regarded as Russia's allies in the event of a hypothetical conflict between Moscow and NATO. Formally, following the treaty's adaptation in 1999, a transition was to have been made from the treaty's bloc-to-bloc structure to national and territorial levels of arms and equipment with regard to each member state. The adapted treaty was to be open to accession by any OSCE member state. However, the adapted treaty was only ratified by four countries: Russia, Belarus, Kazakhstan, and Ukraine. Georgia and Moldova refused to ratify it, demanding the pullout of Russian troops in accordance with the Istanbul agreements, which had been signed alongside the Agreement on Adaptation of the CFE Treaty.

When the Tashkent Treaty's five year term expired, a number of states chose not to sign a protocol on its extension, thus quitting the CST. That included Georgia, Azerbaijan, and Uzbekistan. As for Azerbaijan, at the time it had started receiving substantial financial resources, in particular, in the form of foreign investment in projects to develop Caspian oil fields, and so Baku's expectation was that once it became economically stronger due to those programs, the country, with U.S. and Turkish aid, would have the capability to solve its security problems. The Georgian government under E. Shevardnadze was gradually drawn into the orbit of U.S. policies. As far as Uzbekistan was concerned, its authorities were unhappy, among other things, with the fact that after the Taliban came to power in neighboring Afghanistan, Russian officials failed to respond to Tashkent's plea for help in the form of arms and ammunition supplies. Furthermore, at the time, Tashkent was also being courted by the U.S. Whatever the case, when it pulled out of the CST, Uzbekistan pointedly—in Washington, within the framework of a NATO summit, timed to coincide with the North Atlantic alliance's 50th anniversary—on 24 April, 1999, joined GUAM, as a result of which the organization was renamed GUUAM.<sup>4</sup>

Meanwhile, in the second half of the 1990s, new threats and challenges to the security of the CIS states appeared, primarily those linked to the rise in international terrorism, drug trafficking, organized crime, gun running, and illegal immigration.

A session of the Collective Security Council, which took place on 2 April, 1999 in Moscow, saw the signing of a protocol on the extension of the Collective Security Treaty. It was ratified by Russia, Kazakhstan, Belarus, Armenia, Kyrgyzstan, and Tajikistan. The document made provisions for the treaty's automatic extension for the following five-year periods. The decision to transform the CST was yet another attempt to invigorate military-political cooperation.

On 7 October, 2002, the presidents of the CST signatory states signed in Chisinau the CST Charter and an agreement on the CST's legal status. On 18 September, 2003, those documents went into effect. On 2 December, 2004, the U.N. General Assembly passed a resolution granting the Collective Security Treaty Organization observer status at the U.N. General Assembly, but the text of the 1992 treaty had not been substantially amended. It contains some fundamentally important provi-

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<sup>4</sup> Uzbekistan suspended its participation in GUAM activities in 2002. Officially, President Islam Karimov only announced the country's withdrawal from GUAM in May 2005. A formal cause for that was "a substantial change in the Organization's original purposes and goals." On 29 December, 2005, Uzbekistan officially terminated the documents signed within the framework of GUUAM.

sions. Thus, Art 4 states that “if an armed attack occurs against a Member State, all other Member States shall provide it the necessary assistance, including military assistance, with the means at their disposal in exercise of the inherent right to collective defense in accordance with Art 51 of the U.N. Charter.”

The CSTO member countries adhere to a purely defensive military policy and constantly declare the priority of political means in preventing and eliminating armed conflicts. They do not regard anyone as an adversary and are for mutually beneficial cooperation with all states. The CSTO’s goal is, through concerted efforts, to avert, and if necessary, to neutralize a military threat to the sovereignty and territorial integrity of its member states. The member states agreed to invigorate their activity in that area to counter new challenges and threats to national, regional and international security by taking decisive action to fight international terrorism.

However, CSTO member countries cannot but be concerned over the changes that have occurred in the security system over the past several years. Although GUAM as a structure is not a form of military cooperation among its member states, there are high risks of U.S. and allied troops being deployed in a number of these countries. For example, on 21 March, 2003, the Georgian parliament ratified a defense cooperation agreement with the United States. It not only enables U.S. servicemen to enter Georgia without a visa but also permit the deployment on the republic’s soil of arms and military equipment with no restrictions placed on their movement. U.S. servicemen have in effect been granted the privileges and immunities that are enjoyed by administrative officers at the U.S. diplomatic mission in Georgia.

Moscow also regards the plans by some GUAM member states to join NATO as a basically new level of threats to Russia’s national security. CSTO General Secretary Nikolai Bordiuzha said: “Should Georgia join NATO, the CSTO will have to react to such serious changes in the geostrategic situation in the region.” Bordiuzha is convinced that “Georgia’s membership of NATO would mean the further advancement of the alliance’s military infrastructure to CSTO borders and enhancing the level of military activity near the external boundaries of the organization’s area of responsibility.”<sup>5</sup>

CSTO leaders have stated on many occasions that thus far it has proved impossible to achieve the necessary level of mutual understanding between NATO and the CSTO with both Bordiuzha and Russia’s permanent representative to NATO Totskiy saying that the North Atlantic alliance is reluctant to cooperate with the CSTO.<sup>6</sup>

This cannot but worry the organization’s leadership in Moscow, which believes that military risks on the CSTO’s borders are increasing. The substantial increase in the length of the CSTO-NATO border is regarded as a disturbing factor. Just as the CSTO, the North Atlantic alliance keeps making official statements about strengthening the political component of NATO’s activity. However, facts on the ground compel the CST member countries to doubt them. After all, NATO’s military component not only prevails, but also tends to expand. Thus before NATO enlargement (16 states), it comprised 20 army corps, 35 divisions, 100 brigades, 1.5 million personnel, 4,500 combat aircraft, 2,000 combat helicopters, 500 warships, 14,000 tanks, and 23,00 artillery guns.

When Hungary, Poland and the Czech Republic joined NATO in 1999, the alliance expanded by five divisions and 10 brigades with a total numerical strength of 200,000 servicemen, as well as 500 combat aircraft, 500 combat helicopters, 50 warships, 3,500 tanks, and 5,500 artillery guns. Following the admission of seven new member state in 2004—Estonia, Latvia, Lithuania, Bulgaria, Rumania, Slovakia, and Slovenia—NATO troops enlarged by another 45 brigades (300,000 personnel), 500 combat aircraft, 50 warships, and 4,500 tanks. As a result of NATO expansion, the territories of

<sup>5</sup> *Nezavisimoe voemoe obozrenie*, 1 February, 2008.

<sup>6</sup> See: *Vremia novostey*, 20 December, 2006.

CSTO member countries—from Murmansk to the Caspian—ended up within the effective range even of NATO tactical aviation.

Revisiting the aforementioned connection between GUAM and the CFE Treaty, it should be stressed once again that the CFE turned from a treaty designed to ensure stability in Europe into a factor in a future armed conflict, a tool in the hands of forces hatching plans to take forceful action against Russian interests. After all, instead of eliminating surprise attack capability, the CFE Treaty has, in effect, become a lawful means of building up such capability.

Although the CSTO is often compared with the Warsaw Pact (1955), that comparison is not quite appropriate. This is evident when one looks at the CSTO structure. The Warsaw Pact was mostly a military alliance, a counterweight to NATO. Therefore, at the time, the main political goal was to maintain parity in relations between the two opposing organizations and the arms race. The CSTO has given priority to political means of strengthening security. The security space has also shrunk, acquiring a regional rather than global nature. The CSTO abandoned that diversified system of military coordination agencies that was used in the Warsaw Pact. The ideological component also disappeared, as did domination by just one member country. Today it is impossible to impose one's will on other CSTO member states. For example, while being a CSTO member, Kazakhstan participates in operations conducted by the United States and its allies in Iraq, even though Russia, as is known, takes a negative view of allied operations in Iraq. A special purpose unit of Kazakh army engineers has been based in Iraq since 2003.

The CSTO has an appropriate command and control structure, including the Collective Security Council, the Foreign Ministers Council, the Defense Ministers Council, the Committee of Security Council Secretaries, the CSTO general secretary, the CSTO Secretariat, and the CSTO Joint Staff. On 16 November, 2006, the decision was made (in St. Petersburg) to create a CSTO parliamentary assembly.

The GUAM structure comprises the Heads of State Council, the Foreign Ministers, National Coordinators and Permanent Representatives Council, the Secretariat, a number of working and auxiliary agencies, and the general secretary.

It is beyond the scope of the present article to compare all parameters of CSTO and GUAM activity, including their military capabilities. The CSTO and GUAM are not opposing military blocs. GUAM is only marginally concerned with security problems (terrorism, drug trafficking, and organized crime). The GUAM structure includes a special working group on fighting terrorism, organized crime and drug trafficking, but thus far this activity is, rather, in the conceptual stage than part of large-scale concrete projects.

Nevertheless, it is essential to make a few comments in this context. Thus, the different approaches that the GUAM member countries take toward ensuring their security, in particular, the fact that there is a wide disparity in military spending by Moldova (\$12.6 million in 2008, or 0.3 percent of GDP) and Georgia (\$600 million, or 4.95 percent of GDP),<sup>7</sup> suggest that GUAM sees the resolution of security problems not so much in their own efforts as with the help of some external "actor," presumably the North Atlantic alliance. GUAM documents contained fairly unequivocal provisions bearing out this conclusion. Here is what the Kiev Declaration on the Establishment of the Organization for Democracy and Economic Development—GUAM (23 May, 2006) says in part: GUAM member states "10) Reaffirm GUAM's course toward deeper European integration and closer relations with the European Union and NATO. 11) Stress GUAM Members' interest in further developing partner relations with the United States of America and other countries and organizations, in particular, in implementing joint projects."

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<sup>7</sup> See: *Voenno-promyshlenniy kurier*, No. 1, 2008.

In October 2005, Georgia adopted a national security concept, identifying the U.S., Ukraine, Turkey, and the EU as the republic's strategic partners. Georgia officially announced its intention to become a NATO member in November 2002 at the Prague summit—that is to say, at a time when President E. Shevardnadze was still in office. Almost at the same time, the Georgian parliament unanimously passed a resolution on starting the country's NATO membership procedure. Analysis of the situation suggests that the alliance could even make an exception for Georgia and close its eyes to the ongoing conflicts in Abkhazia and South Ossetia.

Yet another GUAM member state is also striving to join NATO. Thus, the Ukrainian president issued a decree proclaiming NATO membership as a priority back on 8 July, 2002.<sup>8</sup> A year later, the Law on the Basic Principles of Ukraine's National Security was adopted, NATO membership being proclaimed as one of the principal lines of state policy.

This conclusion is also borne out by the practical steps that the GUAM countries have taken. For example, in 2006, Moldova pointedly hosted a NATO exercise, Cooperative Longbow/Lancer 2006, at a time when a referendum was being conducted in the Transnistrian region on Moldova's relations with the breakaway region and with Russia. It is noteworthy that according to its Defense Minister, V. Pleshka, Moldova, whose Constitution proclaims its neutrality, spent around \$750,000 on the exercise. Moldova's example is rather indicative. The fact is that its neutral status, enshrined in Art 11 of its Constitution, is gradually becoming a mere declaration. Chisinau already has a well established system of interaction with NATO. According to various estimates, between 200,000 and 250,000 Moldovan citizens have acquired Rumanian passports, Rumania being a NATO member state. Moldova's top officials from time to time inadvertently reveal their plans.<sup>9</sup> For example, in October 2006, Moldova's Parliament Speaker M. Lupu said that "the Republic of Moldova is firmly committed to becoming an element of the NATO area." He called for the country's gradual rapprochement with the alliance "with the prospect of joining this Euro-Atlantic structure."<sup>10</sup>

From our perspective, in this respect, the CSTO better meets its declared goal—i.e., as a regional structure, to promote and facilitate the pooling of its member states' efforts in the security sphere. The CST and the CSTO had a pronounced regional vector. The principles and forms of cooperation, formally declared in establishing the CST, as well as its positions, opened the way for it to become part of a general and comprehensive security system in Europe and Asia. "If a collective security system is formed in Europe and Asia," Art 1 of the Tashkent Treaty says, "and if appropriate collective security treaties are signed—something to which the contracting parties have committed themselves—the member states will immediately open consultations with the aim of making necessary amendments to the present Treaty." That fundamental point was confirmed in the CST's subsequent documents. "Having committed themselves to joining their efforts in the collective security sphere, the Member States regard the collective security system that they are creating as a component of the all-European security system, as well as part of an Asian security system," said the Declaration of the CST Member States on 10 February, 1995. Point 3 of the said declaration is also indicative in terms of the CSTO's evolution: "The Member States are convinced that coordination of their defense efforts will respond to the goal of reducing the level of military spending, taking into account the existing military infrastructure, the interoperability of arms and military equipment in their armed forces, traditional ties between defense industry enterprises, and their scientific, research, and military training facilities."

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<sup>8</sup> That was preceded by a number of other acts. In particular, a charter on special partnership, adopted in Madrid on 9 July, 1999, and a program of expanding Ukraine-NATO cooperation through 2001, approved by the Ukrainian president on 4 November, 1998.

<sup>9</sup> However, the Moldovan president repeatedly stated that "Chisinau is not aspiring for NATO membership" (NewsInfo, 29 August, 2006).

<sup>10</sup> According to the Regnum news agency.

Another aspect that could be considered in this context is concerned with the assessment of the effectiveness of the CSTO and GUAM's performance. Since it is difficult to make such an assessment due to the obvious differences in their areas of activity, our conclusions may not be to everyone's liking. However, evidently, the GUAM countries have not achieved much success even in the sphere of economic cooperation. Yes, a free trade area has been created,<sup>11</sup> and GUAM has indeed recorded a growth of trade. Nevertheless, trade within GUAM is considerably behind trade within the CSTO and even trade between GUAM and CSTO member states both in absolute and relative terms (see the table).

By contrast, the CSTO has demonstrated unequivocal success in its area of activity. It has been highly instrumental in building national armed forces in its member states, also ensuring a favorable environment (to the degree possible) for effective force development in the CIS countries.

One could cite numerous examples demonstrating the practical value of the Tashkent Treaty. It is especially important to stress this in connection with frequent criticism from political elites in GUAM member states over the ongoing conflicts in the Transnistrian region, Abkhazia, South Ossetia, and Nagorno-Karabakh. Oftentimes Russia is blamed for the situation: The keys to a peaceful settlement of those conflicts, they say, are in Moscow, while Moscow purportedly is not really interested in achieving a settlement, but would like such confrontation to continue so as to use it as leverage to exert pressure on Chisinau, Tbilisi, and Baku. With regard to the aforementioned conflicts, attempts are being made to force Russia to unequivocally back only one of the conflicting sides—moreover, one that is a GUAM member state. On the other hand, some GUAM members would evidently like forceful pressure to be exerted on one of the sides to an internal conflict by the new “boss”—i.e., the North Atlantic alliance. On the official level, GUAM issues nicely worded declarations on the need to resolve ongoing conflicts—for example, a joint declaration by the GUAM heads of state on conflict resolution, which was adopted on 23 May, 2006.

Previously, one acute conflict in the CIS area took a far heavier toll than those in the Transnistrian region, Nagorno-Karabakh, or Georgia—namely, a civil war in Tajikistan. The CST played a crucial role in resolving that conflict. National reconciliation in Tajikistan was achieved by taking into account the interests of all parties involved. The bloody civil war (1992-1997) was brought to an end not least through military and diplomatic assistance that had been provided to the Tajik government by CST member states—Russia, Uzbekistan, Kazakhstan, and Kyrgyzstan. To that end, CST multilateral forces were brought into Tajikistan, in particular to protect its borders against raids by militants from Afghanistan.

The CST capability was effectively used in 1999 and 2000, during the period of the so-called Batken wars—i.e., neutralization of attempts by armed groups of radical Islamic terrorists to get across the border in the south of Kyrgyzstan.

Crisis phenomena in 1997-1999 did not halt the development of the CST's military component. For example, in 2001, the CST created collective rapid deployment forces of the Central Asian region, which were comprised of four battalions from Russia, Kazakhstan, Kyrgyzstan, and Tajikistan each with a total strength of 1,500 servicemen, as well as a command and control agency.

Taking into account new reality, including the member states' positions, in May 2002, the CST was reformed: The transformation of the Collective Security Treaty into an international/regional organization was officially necessitated by the need to adapt the CST to “regional and international security dynamics” and to counter new threats and challenges. The new organization's main goals were to coordinate and deepen military-political cooperation, develop multilateral cooperation structures and mechanisms designed to ensure the national security of its member states on a collective

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<sup>11</sup> See: *Rossiiskaia gazeta*, 24 May, 2006.



Table

**GUAM, CSTO's Share in Trade with Regional Countries in 2006**  
(as a percentage of the overall volume of trade with the CIS countries)<sup>12</sup>

State*	With GUAM Countries	With CSTO Countries
<b>Exports</b>		
Azerbaijan	34.8	63.3
Armenia	36.7	60.9
Belarus	16	83.1
Georgia	37.9	43.3
Kazakhstan	16.7	76.1
Kyrgyzstan	2	90
Moldova	32.5	66.9
Russia	41.6	55.3
Tajikistan	6.6	57.3
Ukraine	11.1	86.2
<b>Imports</b>		
Azerbaijan	17.6	63.4
Armenia	28.9	69.1
Belarus	9	90.8
Georgia	45.8	46.6
Kazakhstan	9.8	86.2
Kyrgyzstan	5.1	88.2
Moldova	50.8	48.8
Russia	44.2	49.8
Tajikistan	18.7	59.8
Ukraine	1.2	79.4
* Excluding Uzbekistan, which became a CSTO member in the summer of 2006.		

basis, and provide necessary assistance, including military assistance, to a member state that has been attacked.

<sup>12</sup> The Table is based on data from *Vneshniaia torgovlia stran Sodruzhestva Nezavisimykh Gosudarstv 2006*, Moscow, 2007, pp. 54-57.

Following the CST's May 2002 decision to establish the Collective Security Treaty Organization (CSTO), on 7 October, 2002, the CSTO heads of state signed a charter and an agreement on the structure's legal status. The CSTO Charter included a provision to the effect that one of the Organization's principal goals and areas of activity is coordination and joining its member states' efforts in the fight against international terrorism and other unconventional security threats. It recorded the member states' obligation to coordinate and harmonize their foreign policy positions on international and regional security issues.

A number of CSTO structures have emerged as not only consultative but also executive bodies. The CSTO Permanent Council (it comprises permanent representatives appointed by the member states) is entrusted with coordinating cooperation between the member states in carrying out decisions made within the framework of the Organization. It should be noted that the CSTO Charter makes the fulfillment of such decisions binding on the member states and provides for sanctions for failure to fulfill them (which, however, are not used in practice). In the interest of invigorating the Organization's military component, a military staff agency has been formed—the CSTO Joint Staff. Countries or international organizations may be granted observer status at the CSTO.

All CSTO member states pledged to follow a coordinated, unified military-political and military-technical policy line. In particular, they are dealing with the problem of applying unified standards in developing, manufacturing and modernizing military equipment in service with the member countries' armed forces. Such military equipment is sold to CSTO member states not at world prices but at domestic Russian or preferential prices.

Analysis of the past several years shows that the CSTO has indeed invigorated its activity in a number of areas of cooperation. Thus, intensive efforts were made to draw up lists of terrorist organizations based in the CSTO member states. According to CSTO General Secretary Nikolai Bordiuzha, these lists are unique documents on terrorist and extremist structures, which have no counterpart in the world. Several large-scale operations were conducted within the framework of the CSTO to fight drug trafficking from Afghanistan, with the participation, apart from the CSTO member states, of China, Pakistan, Ukraine, and Azerbaijan. In some operations, even the United States became involved as an observer. At present, this work proceeds, in particular, within the framework of the CSTO plan to counter trafficking in narcotic substances, psychotropic substances and their precursors (for 2008-2011).<sup>13</sup> Last year, in the course of the first two stages of Operation Channel 2007 alone, approximately 30 metric tons of various illicit drugs were seized and thousands of firearms confiscated.<sup>14</sup> According to N. Bordiuzha, similar operations were conducted in the area of immigration and financial monitoring.

The CSTO is an observer organization at the U.N. General Assembly. Another important development was Uzbekistan's decision to return to the organization. Uzbekistan issued a formal statement to that effect in June 2006, while two months later, on 16 August, 2006, a relevant protocol was signed. In 2007, Uzbekistan acceded to 80 percent of CSTO documents.

Russia is building up its military presence under the auspices of the CSTO also in Kyrgyzstan (the Kant military base). The Kant air base is the only military installation that the RF has created in the post-Soviet period. Work is underway to form joint collective security forces of the Central Asian region. Their principal goal is to localize and neutralize possible conflicts near Central Asian borders, as well as to eliminate enemy groups. In accordance with the CSTO's new vision of its mission, auxiliary coordinating bodies and cooperation mechanisms are being created in the Organization—for example, the Counterterrorism Committee, comprised of interior ministers and directors of security, intelligence and border services.<sup>15</sup>

<sup>13</sup> See: *RIA Novosti*, 29 January, 2008.

<sup>14</sup> See: *Nezavisimoe voennoe obozrenie*, 18 January, 2008.

<sup>15</sup> See: *Krasnaia zvezda*, 16 May, 2007.

The CSTO is prepared to start building joint peacekeeping forces. Back in June 2004, at their summit in Astana, the leaders of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan approved the Concept for the Formation and Operation of a Peacekeeping Mechanism of the Collective Security Treaty Organization. A set of four documents was worked out: the Agreement on CSTO Peacekeeping Activity; the Statute on CSTO Collective Peacekeeping Forces; the Statute on the Working Group for the Preparation of CSTO Peacekeeping Operations, and the Statute on the Head of the CSTO Peacekeeping Mission. The underlying assumption is that any “trouble spot” in the world can become an area of the CSTO’s peacekeeping activity. If a peacekeeping operation is to be conducted on the territory of CSTO member states, the decision will be made by the Collective Security Council (with the U.N. being informed immediately). Proceeding from the situation, the scale of a conflict and its possible impact on the situation in the region, the Collective Security Council will even be able to ask for relevant powers (mandate) from the U.N. Security Council. A peacekeeping operation outside the CSTO area of responsibility may only be conducted on the basis of a U.N. mandate. To conduct an operation, collective peacekeeping forces are created. CSTO member states contribute specially trained units and subunits from their own peacekeeping contingents. Today, almost all CSTO member states have such contingents. Russia, for example, has a special division, while Kazakhstan has a special brigade.<sup>16</sup>

On 6 October, 2007, the CSTO member states signed the relevant documents and are currently in the process of ratifying them in their national parliaments, after which a peacekeeping contingent will be created in short order.<sup>17</sup>

According to military experts, the CSTO peacekeeping force will be comprised of: 1) motorized infantry, airborne, and mountain rifle units; 2) engineer units; 3) CBR units; 4) signal units; 5) medical units; 6) a group of military observers; 7) a police contingent with investigating officers; 8) technical and logistic assets; and 9) an aviation component (helicopter unit).<sup>18</sup> The CSTO peacekeeping force can vary between an estimated 4,000 and 5,000 servicemen.<sup>19</sup>

Therefore, the CSTO has advanced much further down this line than GUAM has. There is no doubt that the West has been actively prodding the latter to create its own “blue helmet” units, but GUAM member states are still divided on the issue.

The idea of GUAM’s military component has been opposed not just by neutral Moldova, but even by the largest state of the association and its informal leader—Ukraine.

In late May 2006, the CSTO general secretary expressed the intention to expand the organization’s area of activity, namely, to create a universal international security system within the CSTO’s zone of responsibility—in other words, to turn the CSTO into a “more multifunctional system.” In this connection, Bordiuzha said in an interview: “Taking into account the fact that many CIS structures today are unviable, the CSTO is taking over some of their functions and is prepared to continue doing that in the future.” He added that a direct armed conflict between CSTO member states and their neighbors today is unlikely. The most pressing problems are terrorism, religious extremism, and drug trafficking. Therefore, the CSTO intends to make a transition from a military-political bloc to a multifunctional international organization, which would possess the ability to respond to new challenges, primarily those not involving the use of military force, in a timely and effective manner. Proceeding from that, the CSTO is working to create an organization with an appropriate set of charter mandated agencies that will have collective forces to neutralize the effects of natural and man-made disasters, fight illegal immigration, and conduct peacekeeping operations. Early in

<sup>16</sup> See: *RIA Novosti*, 8 October 2007.

<sup>17</sup> See: *Regnum*, 11 January, 2008.

<sup>18</sup> See: *Voенно-promyshlenniy kurier*, No. 46, 2007.

<sup>19</sup> See: *Krasnaia zvezda*, 6 December, 2007.

2008 it became known that the CSTO plans to create a committee of heads of special services and security agencies.<sup>20</sup>

The political component of the CSTO's activity is receiving additional incentives for development. It would be appropriate in this connection to recall a provision from Art 3 of the CSTO Charter: "The Organization's goals are to strengthen peace, international and regional security, and protect, on a collective basis, the territorial integrity and sovereignty of its Member States, which give priority to political means of achieving these goals."

By contrast, the success of the GUAM member countries in advancing multilateral cooperation has been far more modest.

<sup>20</sup> See: *Kommersant*, 6 February, 2008.

## GUAM AND THE REGIONAL SECURITY SYSTEM IN THE POST-SOVIET SPACE

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### *I n t r o d u c t i o n*

The Soviet Union left behind what is now called the post-Soviet space—a political picture that radically differs from the one of the previous period. Fifteen new independent states destroyed the rigidly hierarchical system dominated by one actor to introduce a regional anarchically-organized system. Although this structural change did indeed create a system that functioned as a regional complex<sup>1</sup> of interde-

pendent central security interests of the newly independent states, it nevertheless displayed certain specific features.

Its dimensions and structural-political specifics make the system different from what is regarded as the classical standard Regional Security Complex (RSC), in which the closely interconnected security interests of all states are based on their geographic proximity<sup>2</sup> and where "the security dynamics of the region are

<sup>1</sup> On the theory of regional security complexes (RSC), see: B. Buzan, *People, States and Fear. An Agenda for International Security Studies in the Post-Cold War Era*, Second Edition, Lynne Rienner Publishers Boulder, Colorado, 1991, p. 190; B. Buzan, O. Weaver, J. De Wilde,

*Security. A New Framework for Analysis*, Rienner Publishers Boulder, London, 1998, pp. 10-19.

<sup>2</sup> See: B. Buzan, *op. cit.*, pp. 188, 189, 191, 195.

not determined by the unipolar power at its center.”<sup>3</sup> B. Buzan and O. Weaver have described the regional system of the post-Soviet space as a “centered great power regional security complex.”<sup>4</sup>

At the same time, having detached themselves from the metropolitan country, the newly independent states formed local interstate systems—regional security sub-complexes. Such are the Baltic sub-complex, which includes Latvia, Lithuania, and Estonia, the East European (Ukraine, Belarus, and Moldova), the Central Caucasian (Azerbaijan, Armenia, and Georgia), and the Central Asian (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan). The newly formed sub-systems remain more or less autonomous, while Russia has preserved the function of the “center” that brings them together into a single “web” of interdependence of the post-Soviet security macro-complex (PSM).

Russia is the only geopolitical actor in this structure able to consistently spread its influence

<sup>3</sup> B. Buzan, O. Weaver, *Regions and Powers. The Structure of International Security*, Cambridge University Press, Cambridge, 2003, p. 55.

<sup>4</sup> *Ibid.*, pp. 55, 62, 343.

on a regional scale; by the same token, it is the key security factor for all the newly independent states in all the sub-systems described above. This means that the development of the local complexes, the dynamics of the security relations among all the states involved, and their ties with the outside centers of power are all products not only of endogenous factors, but also of their dependence on Russia’s geopolitical activity.

The very fact that four of the post-Soviet states (Georgia, Ukraine, Azerbaijan, and Moldova) formed an alliance (GUAM) and it underwent subsequent development confirmed the specific features of the security system in the post-Soviet space described above. On the one hand, GUAM is the natural result of the development of the security sphere in the PSM “immature anarchical”<sup>5</sup> and unbalanced political structure. On the other, it is the result of the geopolitical rivalry between Russia and outside centers of power. This means that GUAM’s future is part and parcel of the PSM’s internal development and its relations with the outside world.

<sup>5</sup> For more information about “mature” and “immature” anarchy, see: B. Buzan, *op. cit.*, pp. 175-181.

## Development of the Regional Sub-Systems and Institutionalization Vectors

Development of the regional PSM sub-systems revealed both the specific features of securitization in each of the states and different dynamics of the security relations among them. Some regions achieved “maturity,” moderation, and a peaceful disposition relatively promptly (this happened in the Baltics), while others experienced less obvious breakthroughs toward a “pluralistic security-community”<sup>6</sup> (the Central Caucasus, Central Asia, and Eastern Europe). The different dynamics of the inner regional security processes described above are explained by the specifics of domestic sociopolitical and economic development and, to a great extent, by exogenous geopolitical factors.

<sup>6</sup> The “pluralistic security-community” is normally understood as a group of political units (states), the relations among which are determined by the “dependable expectations of peaceful change” and “the real assurance that the members of that community will not fight each other physically, but will settle their disputes in some other (peaceful.—J.E.) way.” Karl Deutsch and his co-authors explain the trend toward “dependable expectations of peaceful change” by the emerging ties of confidence and mutual respect among societies and a “sense of community” (for more detail, see: K. Deutsch, *et al.*, *Political Community and the North Atlantic Area*, Princeton University Press, Princeton, New Jersey, 1957, pp. 5, 36).

The way the primary geopolitical orientations in these regions were formed (they are the product of the ideas the societies of the states involved had about themselves as parts of certain political spaces) affects their political behavior.<sup>7</sup>

From the very beginning, the Baltic states were determined to integrate into the European community and NATO; they chose and, as later events demonstrated, successfully realized<sup>8</sup> this sociopolitical and economic transformation alternative. These countries stayed away from the reintegration projects in the post-Soviet space, even though from the very beginning they offered moderate forms and did not exclude the efforts of European and Euro-Atlantic integration.

The three Baltic states shared an important security imperative that pushed aside their differences. I have in mind their drifting away from the post-Soviet political identity and historically justified fears to become involved in Moscow-dominated post-Soviet reintegration. The three countries developed the “sense of community” that comes into play every time they address regional security problems or their integration into the European and Euro-Atlantic structures.

Three other post-Soviet regions—Eastern Europe, the Central Caucasus, and Central Asia—failed to achieve a “sense of community” when identifying their development and security vectors. This explains why the process of drifting away from their post-Soviet identity was much less consistent and much more pluralistic. From the very beginning the political elites of some states tried to move toward integration into the Euro-Atlantic space (Ukraine, Georgia, Moldova, and Azerbaijan), while others preferred moderate integration within the post-Soviet space (Belarus, Armenia, and Tajikistan). In most cases, however, the state failed to clearly identify the development vector and was torn apart by its own desire to join all the integration projects. The shifts, sometimes considerable, can be still observed: they are created by political changes on the domestic scene. We have already grown accustomed to the divergencies between the official political declarations and the real political activities.

The states of the three regions (including those which from the very beginning insisted on their Euro-Atlantic vector) joined the CIS, at different times and for different reasons. Most are involved in organizations operating in various spheres of the post-Soviet reintegration vector dominated by Russia: they are the Collective Security Treaty Organization (CSTO), which unites Belarus, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan; the Eurasian Economic Community (EurAsEC)—Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan; and the Shanghai Cooperation Organization (SCO)—Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Some of the countries were in two minds about their membership in these structures. We all know that Azerbaijan and Georgia joined the CIS much later, in 1993; Moldova followed in their footsteps in 1994 for objective geopolitical considerations: they were involved in armed ethnopolitical conflicts in which Russia played a certain role.<sup>9</sup> Moldova, Ukraine, and Turkmenistan did not ratify the CIS Charter; the latter went even farther: in 2005 it left the CIS and accepted an observer status.

<sup>7</sup> For more foreign policy priorities of the newly independent states, see: T. Kuzio, “Geopolitical Pluralism in the CIS: The Emergence of GUUAM,” *European Security*, Vol. 9, No. 2, Summer 2000, pp. 81-114.

<sup>8</sup> In 2004 Latvia, Lithuania, and Estonia joined NATO and the European Union.

<sup>9</sup> I have in mind the unofficial support Russia extends to the separatist movements on the republics’ territories (Nagorno-Karabakh, South Ossetia, Abkhazia, and Transnistria) in the hope of keeping them within its orbit. For more detail, see: B. Coppieters, “The Politicisation and Securitisation of Ethnicity: The Case of the Southern Caucasus,” *Civil Wars*, Vol. 4, No. 4, 2001, pp. 74-75; A. Malashenko, “Postsovetskie gosudarstva Iuga i interesy Moskvy,” *Pro et Contra*, Vol. 5, No. 3, 2000, pp. 42-43; S.E. Cornell, R.N. McDermott, W.D. O’Malley, V. Socor, F.S. Starr, *Regional Security in the South Caucasus: The Role of NATO*, Central Asia-Caucasus Institute, Washington D.C., 2004, p. 16; S.E. Cornell, “Undeclared War: The Nagorno-Karabakh Conflict Reconsidered,” *Journal of South Asian and Middle Eastern Studies*, Vol. XX, No. 4, Summer 1997, p. 12; A.I. Utkin, *Mirovoy poriadok XXI veka*, Algoritm Publishers, Moscow, 2002, pp. 400-401; A. Mörike, “The Military as a Political Actor in Russia: The Cases of Moldova and Georgia,” *The International Spectator*, Vol. XXXIII, No. 3, July-September 1998, available at [[http://www.ciaonet.org/olj/iai/iai\\_98moa01.html](http://www.ciaonet.org/olj/iai/iai_98moa01.html)], 13 December, 2007.

The CSTO and EurAsEC, two key structures within the post-Soviet reintegration vector, experienced even stronger fluctuations. Here is an example: in 1999 Azerbaijan, Georgia and Uzbekistan left the CST.<sup>10</sup> In the same year Uzbekistan joined GUAM, an alternative, pro-Western structure of interstate consolidation set up two years before that by Georgia, Ukraine, Azerbaijan and Moldova.

Membership of the states in all the above structures is mainly determined by individual geopolitical biases (some of them deeply rooted in domestic developments) rather than by generally accepted supra-state security concerns. Here is another example: Uzbekistan's membership in GUUAM and its absence from the CSTO were short-lived. Under the pressure of sharp criticism of its political regime and the Uzbek leaders' suppression of the riots in Andijan in May 2005 from the United States and the EU, Uzbekistan performed a geopolitical U-turn and moved toward Russia.<sup>11</sup> It left GUUAM,<sup>12</sup> signed an agreement on allied relations with Russia,<sup>13</sup> restored its CSTO membership,<sup>14</sup> and joined the EurAsEC.<sup>15</sup>

The states involved in the post-Soviet reintegration movement are also involved, to different degrees, in integration into the Euro-Atlantic space. Between 1994 and 2002, all of them, neutral Turkmenistan and Russia included, joined NATO's Partnership for Peace framework program, while Georgia in 2004, Azerbaijan and Armenia in 2005, Moldova in 2006, and Kazakhstan in 2006 signed the Individual Partnership Action Plan (IPAP) with NATO and have been cooperating with the North Atlantic Alliance.<sup>16</sup>

Theoretically, Armenia's and Kazakhstan's involvement in the CSTO and the NATO partnership programs is quite acceptable. Practically, however, this ensures regional security only if the relations between the two centers of power of both structures (Russia and the United States) remain stable and moderate. Otherwise (this is happening before our eyes), this dual involvement may prove useful in the short-term perspective as a lever for playing on the two power centers' contradictions. At the regional and macro-regional level, this will not create effective collective security systems.

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<sup>10</sup> Azerbaijan, in particular, left the CST for several reasons, including possible stationing of Russia's armed forces on its territory and the treaty's inefficiency in settling the conflict with Armenia, during the course of which Azerbaijan's security and territorial integrity were violated (see: G.G. Tishchenko, "Voenno-politicheskiy kurs i vooruzhennyye sily Azerbaidzhana," *Nezavisimyy Azerbaidzhan: Novyye orientiry*, Vol. I, Russian Institute of Strategic Studies, Moscow, 2000, p. 240).

<sup>11</sup> For more detail, see: M. Laumulin, "Multi-Vector Foreign Policies in Central Asia," in: *Central Asia and South Caucasus Affairs: 2006*, ed. by B. Rumer, L.S. Yee, Sasakawa Peace Foundation, Tokyo, 2007, pp. 38-45; M. Laumulin, "U.S. Strategy and Policy in Central Asia," *Central Asia and the Caucasus*, No. 4 (46), 2007, p. 55; F. Tolipov, "Russia in Central Asia: Retreat, Retention, or Return?" *Central Asia and the Caucasus*, No. 5 (47), 2007, p. 30; A. Kniyazev, "Russia in Central Asia: Return," *Central Asia and the Caucasus*, No. 5 (47), 2007, p. 34; N. Norling, "EU's Central Asia Policy: The Adoption of a New Strategy Paper 2007-2013," *Central Asia and the Caucasus*, No. 3 (45), 2007, p. 13.

<sup>12</sup> The official letter about Uzbekistan's discontinued GUUAM membership was dated 5 May, 2005. President Islam Karimov explained this decision: "The political orientation of Ukraine, Georgia, and Moldova is compelling Uzbekistan to reconsider its attitude toward GUAAM" (see: A. Kamilov, "Uzbekistan: International Affairs," in: *Central Eurasia 2005, Analytical Annual*, CA&CC® Press, Sweden, 2006, p. 308).

<sup>13</sup> Signed in Moscow on 14 November, 2005 (see: *Dogovor o soiuznicheskikh otnosheniakh mezhdru Rossiyskoy Federatsiyey i Respublikoy Uzbekistan*, available at [[http://www.government.gov.ru/archiv/data/news\\_text.htmlhe\\_id\\_103\\_news\\_id\\_19385.htm](http://www.government.gov.ru/archiv/data/news_text.htmlhe_id_103_news_id_19385.htm)], 14 December, 2007).

<sup>14</sup> The decision on restoring Uzbekistan's CSTO membership was passed in Sochi on 16 August, 2006 at the meeting of the Inter-state EurAsEC Council.

<sup>15</sup> The corresponding protocol was signed on 25 January, 2006 (see: *Protokol o prisoedinenii Respubliki Uzbekistan k Dogovoru ob uchrezhdenii Evraziyskogo ekonomicheskogo soobshchestva ot 10 oktiabria 2000 goda*, available at [<http://www.evrazes.com/ru/main/documentpage/149/>], 14 December, 2007).

<sup>16</sup> Ukraine since 2005 and Georgia since 2006 have been involved in the "Intensified Dialogue" with NATO (see: *NATO Launches 'Intensified Dialogue' with Ukraine*, available at [<http://www.nato.int/docu/update/2005/04-april/e0421b.htm>]; *NATO Offers Intensified Dialogue to Georgia*, available at [<http://www.nato.int/docu/update/2006/09-september/e0921c.htm>], 18 February, 2008).

## GUAM: Is It about Economics and Democracy or Geopolitics?

GUAM, the regional interstate structure formed by Georgia, Ukraine, Azerbaijan, and Moldova, was a response, to a certain extent, to the unstable vector of post-Soviet reintegration described above.

On the one hand, the “institutional split” in the political space of the Commonwealth of Independent States was inevitable because of its obvious inability to address its members’ key security concerns. On the other, the legal successor of the Soviet Union tried to regulate other members’ contacts with the outside world in the spirit of classical geopolitics.

The CIS failed to offer more or less effective means to cope with the far from simple ethnopolitical context in which the newly independent states emerged and developed. Its peaceful initiatives did nothing to settle the armed conflicts—they froze them, thus opening even more ways to exploit the vulnerability of all sides involved. The attempt to set up a collective security system made in Tashkent in 1992, when a corresponding treaty was signed, failed to take into account the security interests of all the post-Soviet states.

Russia, in turn, tried to monopolize the post-Soviet space by exploiting, in particular, the real and potential ethnopolitical conflicts. This brought no positive results: the societies exposed to aggression and separatism rejected the idea of post-Soviet reintegration. The unfolding securitization processes not only pointed to the “formal” aggressors and separatist movements as the main threat, by also to Russia’s informal support of them. For this reason, the integration initiatives Russia suggested were also treated negatively.<sup>17</sup>

By acting in this manner, the Kremlin only partially tied the post-Soviet space to Russia. On the whole, the former metropolitan state and its international structures were rapidly devalued as efficient security mechanisms acceptable to all the newly independent states. As the Soviet Union was moving toward its end, the Kremlin, for obvious reasons, exploited ethnopolitical conflicts.<sup>18</sup> This logic suggested that it should identify its favorites among the newly independent states and present them with opportunities to win. The losers moved away from the pro-Russian institutionalization vector with no intention of regaining it in haste. The CIS became a competitive, rather than cooperating, political space complete with an entire set of features typical of the anarchic macro-regional security system—the amity/enmity vectors, exploitation of conflicting interests, the balancing policy, etc.

The position and policy of the West (particularly the U.S.) largely contributed to the “institutional split.” The United States could not accept Russia’s long-term monopoly in the post-Soviet space; after its victory in the Cold War, it could at best accept “geopolitical pluralism” in Eurasia. Zbigniew Brzezinski has offered the best formula: “In the short run, it is in America’s interest to consolidate and perpetuate the prevailing geopolitical pluralism on the map of Eurasia. That puts a premi-

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<sup>17</sup> This social trend was most obvious in Georgia, Azerbaijan, Moldova, and Ukraine, the political elites of which, when dealing with Russia’s ever promising initiatives, had to take into account the generally negative attitude toward Russia as a source of the security threats.

<sup>18</sup> Amid the economic ruins and ideological crisis that predated the downfall of the Soviet Union and survived into the first years of the Russian Federation, the Kremlin regarded the classical methods of preserving its domination in the former Soviet republics: direct military intervention: Tbilisi (1989), Baku (1990), Vilnius (1991); when the republics became independent *de jure*, the Kremlin moved its attention and latent support to the breakaway regions—Nagorno-Karabakh (Azerbaijan), Abkhazia, and South Ossetia (Georgia), the Transnistria Region (Moldova), and the Crimea (Ukraine).



um on maneuver and manipulation in order to prevent the emergence of a hostile coalition that could eventually seek to challenge America's primacy, not to mention the remote possibility of any one particular state seeking to do so. By the middle term, the foregoing should gradually yield to a greater emphasis on the emergence of increasingly important but strategically compatible partners who, prompted by American leadership, might help to shape a more cooperative trans-Eurasian security system. Eventually, in the much longer run still, the foregoing could phase into a global core of genuinely shared political responsibility."<sup>19</sup>

This pluralism called at least for conditions conducive to de facto independence of the countries that detached themselves from the metropolitan state. Their democratization and market economy<sup>20</sup> were the two most general theses. In practical terms, they should have been given the opportunity to develop their economy, domestic policies, and military sphere independent of Russia. This could have been achieved by opening transportation and energy corridors beyond the Kremlin's control that would connect these states with the EU markets, more intensive cooperation with NATO, and modernization of the armed forces.

Since, for objective reasons, Russia remained stronger than the newly independent state, the relatively stable geopolitical pluralism within the post-Soviet space called for interstate alliances alternative to the CIS and closely connected with and consistently supported by the West. This, in turn, called at the initial stage for the consolidation of the most anti-Kremlin states. This structure could later be enlarged and institutionalized.

In fact, the GUAM members united to address their most painful issues, while escaping the fate of finding themselves in a limited space living according to the rules established by the former metropolitan country. The United States, in turn, regarded GUAM as a mechanism that would create favorable geopolitical conditions in the post-Soviet space. The security interests of the GUAM members fully corresponded to what America saw as its interests in Eurasia—this accounts for the viability of the newly born structure. The member states likewise had many things in common: they sought integration into the European and trans-Atlantic structures, they had to beat off separatism, cooperate in the economic and energy spheres, contribute to the emergence of trans-regional energy and transportation corridors, and, finally, they wanted to be less dependent on Russia.<sup>21</sup> This made them America's natural allies: if realized the above aims would have contributed to geopolitical pluralism, the U.S.'s main lever of influence in Eurasia.

The Russian establishment was not overjoyed to see a new structure—America displayed a too obvious interest in it and extended too much support to this initiative. "GUAM caused a lot of concern in Russia where many of the political observers started talking about a West-inspired 'sanitary belt'."<sup>22</sup> In 1999, when Uzbekistan, a "Central Asian segment," joined GUAM, Russia's concern became even more pronounced.

Even though much was said about economic development and democratization, the Kremlin's forebodings were caused by GUUAM's geopolitical component. The West preferred not to say much about the "sanitary belt," however, the geopolitical situation that gradually emerged in the post-Soviet space throughout the latter half of the 1990s (when the Organization came forward on the political scene) gave food for thought.

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<sup>19</sup> Z. Brzezinski, *The Grand Chessboard. American Supremacy and Its Geostrategic Imperatives*, Basic Books, New York, p. 198.

<sup>20</sup> This was outlined in A National Security Strategy for a New Century created by the Clinton Administration (see: *A National Security Strategy for a New Century*, The White House, May 1997, p. 22).

<sup>21</sup> See: T. Kuzio, op. cit., pp. 85-86; F. Splidsboel-Hansen, "GUUAM and the Future of CIS Military Cooperation," *European Security*, Vol. 9, No. 4, Winter 2000, p. 96; B. Parakhonskiy, "The Formation of Regional Cooperation Models in GUUAM," *Central Asia and the Caucasus*, No. 2, 2000, p. 73.

<sup>22</sup> N. Silaev, "GUAM and the Smaller Game in the Post-Soviet Expanse," *Central Asia and the Caucasus*, No. 4 (40), 2006, pp. 91-92.

Due to the “Central Asian segment,” the geopolitical configuration of the post-Soviet space became even more resistant to Kremlin-dominated reintegration. All four post-Soviet regional sub-systems acquired their own centers of alternative influence—the Baltics (the three Baltic states), Eastern Europe—Ukraine and Moldova; the Central Caucasus—Azerbaijan and Georgia, and Central Asia—Uzbekistan. At that time, the NATO and EU memberships of the three Baltic states were just around the corner.<sup>23</sup> This means that consolidation in the GUUAM vector generated the emergence of a West-controlled geopolitical buffer in all the regions of the former Soviet Union enumerated above.

Russia naturally could not accept this course of events: first, it intensified economic and technical integration under the Kremlin aegis within the CIS (EurAsEC, SES, CSTO) and in a wider format (SCO); second, it stepped up its diplomatic activities designed to undermine the functionality of the GUUAM consolidation vector by inviting its members to join the structures enumerated above. This formalized the CIS, which developed from a single integration field into a space of geopolitical and institutional rivalry. On the whole, the Kremlin’s efforts proved successful.

The processes that took place in GUUAM in 2001-2005 can be described as a crisis: “It (GUUAM.—*J.E.*) failed to achieve practical results, while the statuses of those who represented the member states at the GUUAM meetings were steadily declining. In 2002, Uzbekistan ‘suspended’ its membership.”<sup>24</sup> Seen in the international political context, the approaches that describe GUUAM as primarily exogenously stimulated alliance deprived of all internal resources appear very convincing. Nikolai Silaev has offered the following assessment: “It is unlikely that there was a connection between better relations between Russia and the West and GUUAM’s stagnation, yet there is the feeling that the elites of the newly independent states were using similar projects as a means ‘to utilize’ the energy of political confrontation between Moscow and its Euro-Atlantic partners.”<sup>25</sup>

It would be no exaggeration to say that the “international political context” of GUUAM’s stagnation coincided with America’s counterterrorist operation in Afghanistan, which made the Kremlin’s support a priority. The compromise between Washington and Moscow about the U.S. military operation and American bases in Central Asia<sup>26</sup> did not presuppose, to say the least, worsened bilateral relations over GUUAM. After stationing its military bases in Central Asia, the United States acquired the direct possibility of influencing the geopolitical processes in the key regional segment of the post-Soviet space. For obvious reasons, this was not in Russia’s long-term interests; however, on the whole Russia profited from elimination of the potential threat to its southern borders from the Taliban. O. Barabanov has pointed out: “In case of stepped up Islamist activities, the Americans will be the first to rebuff the attack and will, in this way, actually protect Russia’s national interests. This served the main argument in favor of America’s military presence in the South of the CIS.”<sup>27</sup>

After the crisis, GUAM continued developing within the “international political context,” which remained a key factor in its progress.<sup>28</sup> First, with the Taliban regime out of the way, the threat to Russia’s interests in the south was neutralized, which meant that America’s military presence in the region was no longer needed. More than that: concerned about the situation, the Kremlin spared no efforts to remove the American bases from Central Asia. Second, seen from the other side of the

<sup>23</sup> They joined NATO and the EU in 2004.

<sup>24</sup> N. Silaev, *op. cit.*, p. 92.

<sup>25</sup> *Ibidem.*

<sup>26</sup> See: Sh. Igitiev, A. Karimova, “Central Asian and Caucasian Strategy: Several Models of Interrelations among the U.S., China, and Russia,” *Central Asia and the Caucasus*, No. 2 (44), 2007, pp. 43-44.

<sup>27</sup> O.N. Barabanov, “Politika SShA v Tsentral’noy Azii i Zakavkazie,” pp. 13-14, available at [<http://www.riss.ru/library/US-SRAZ.pdf>], 11 February, 2008.

<sup>28</sup> The year 2005 can be described as the year of its revival.

Atlantic, President Putin's centralization of power looked very much like authoritarian trends: "The U.S. criticizes Vladimir Putin for 'curtailing the democratic reforms, for exercising state control over the mass media, and for appointing governors instead of holding direct elections'."<sup>29</sup> Different approaches to the Iraqi, Iranian, and North Korean issues, as well as Russia's arms sales to China, Syria, and Venezuela worsened the relations between the two countries still further.<sup>30</sup> The United States was obviously displeased with the Kremlin's efforts to use the economy to gain a tighter grip in the newly independent states.<sup>31</sup>

The crisis in the two countries' bilateral relations cropped up in two interconnected geopolitical processes in the post-Soviet space, which revived GUAM. I have in mind, first, the Color Revolutions: the regime changes (particularly in Georgia in 2003 and in Ukraine in 2004) were Washington-supported to say the least. There is every reason to believe that they were caused by the Kremlin's too hasty and too obvious attempts to acquire more political influence in these countries.<sup>32</sup> Institutionalization under the banner of democracy and fighting authoritarianism was the second factor. In 2005, the so-called Community of Democratic Choice ("community of the democracies of the Baltic-Black Sea-Caspian region") initiated by Georgia and Ukraine appeared on the crest of the Color Revolution wave.<sup>33</sup> This was, in fact, an attempt to set up a belt of democratic states around Russia, which "was slipping toward authoritarianism," in particular by promoting "revolutionary" transformations in the post-Soviet states.

A similar "ideological argument" was used to take GUUAM out of the prolonged crisis. In April 2005, Chisinau hosted a summit that adopted the declaration "In the Name of Democracy, Stability, and Development" and a joint statement "Building Democracy from the Baltics to the Black Sea."<sup>34</sup> The Kiev summit of May 2006 consolidated the ideological foundation with the alliance's new title: "Organization for Democracy and Economic Development—GUAM."<sup>35</sup>

On the whole, the developments that took place in the organization in 2005-2007 can be described as consolidation; even without Uzbekistan the structure retained its functionality. In fact, with Uzbekistan out of the way the members found it easier to close ranks on the basis of common interests, which resulted in adequately-coordinated political behavior. At the same time, exogenous stimulation remained GUAM's main driving force, while its activities were clearly motivated by its member states' common interests. This allowed the members to become actively involved in all the key international issues: the conflicts on their territories and the trans-regional energy and transportation projects.

The fact that the 61st and 62nd U.N. General Assemblies discussed the draft resolution Protracted Conflicts in the GUAM Area and their Implications for International Peace, Security and Development as part of their agenda was a result of the members' consolidated activities. This was done to

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<sup>29</sup> Quoted from: Sh. Igitiev, A. Karimova, op. cit., p. 44.

<sup>30</sup> Ibidem.

<sup>31</sup> The Liberal Empire conception should be regarded in this context: Russia should restore its influence in the newly independent states by expanding into their economies (see: A. Chubays, "Missia Rossii v XXI veke," *Nezavisimaya gazeta*, 1 October, 2003). It was realized in Armenia where its economic entities were sold to Russia to pay off the debts, in Georgia where there were attempts to put its energy system under Russia's control, etc. (for more detail, see: V. Papaeva, F. Starr, "In the Caucasus, a 'Neo-Imperial' Russian Revival," *The Daily Star*, 20 January, 2006).

<sup>32</sup> In Georgia, by buying the key energy facilities; in Ukraine, by helping pro-Russian presidential candidate Viktor Yanukovich come to power.

<sup>33</sup> This structure united Georgia, Ukraine, Moldova, the Baltic states, Poland, Rumania, Macedonia, and Slovenia. Much was done to involve "post-revolutionary" Kyrgyzstan.

<sup>34</sup> The summit was attended by the GUUAM heads of state (with the exception of the president of Uzbekistan), as well as the presidents of Rumania and Lithuania, the OSCE chairman, and Steven Mann, special negotiator for Nagorno-Karabakh and Eurasian conflicts who represented the United States.

<sup>35</sup> See: Kiev Declaration on Establishment of the Organization for Democracy and Economic Development—GUAM, available at [[http://www.mfa.gov.ge/index.php?lang\\_id=ENG&sec\\_id=130&info\\_id=1490](http://www.mfa.gov.ge/index.php?lang_id=ENG&sec_id=130&info_id=1490)], 23 May, 2006.

demonstrate to the world that the Russian peacekeepers in the zones of the Transnistrian, Abkhazian, and South Ossetian conflicts were inefficient. The GUAM members decided to set up peacekeeping forces of their own to replace the Russian contingents.<sup>36</sup>

The GUAM members also pooled their forces to achieve secure energy supplies.<sup>37</sup> In fact, this was another issue discussed at the summits that was no less painful than the conflicts and peacekeeping. The 7th and 8th items of the Kiev declaration said about “inadmissibility of the economic pressure and monopolization of energy market” and emphasized “the need to activate efforts to ensure energy security, including by means of diversifying routes of transportation of energy resources from the Central Asian and Caspian regions to the European market.” The members supported the idea of using “the international transit capacity of the GUAM States to ensure also sustainable supply of energy resources.”<sup>38</sup> In October 2007, the Vilnius summit discussed the same issues.<sup>39</sup>

In the post-crisis period, the original exogenous geopolitical stimulators of GUAM’s development were complemented with democratic and economic stimulators; the member states have acquired internal motivations for their consolidated activities. Can we say today that the internally motivated economic and democratic trends, rather than the geopolitical situation in the post-Soviet space, are pushing GUAM forward?

In the absence of exogenous stimulation, it is too early to regard the alliance as functionally solvent. The practice of the Color Revolutions demonstrated that the democratic slogans are all fairly “geopolitical;” at least they are regarded as such in most of the newly independent states, Russia included. This will keep the issue within the geopolitical context and give rise to adequate countermeasures. The GUAM states themselves have only begun their move toward sustainable functional democracies and are still far removed from the role of democratic leader in the post-Soviet territory.

GUAM is taking its first steps as a single economic structure; the agreement on the free trade area signed in Yalta in 2002 has not yet increased trade turnover among the members. Trade turnover with external actors remains larger than within the alliance.<sup>40</sup> On a regional scale, GUAM will have to compete with much stronger projects patronized by the Kremlin, especially the EurAsEC. The efficiency of cooperation in the energy sphere, in particular, via the Baku-Supsa-Odessa Brody-Plock pipeline with an estimated annual carrying capacity of 14.5 million tons, looks doubtful. So far, Azerbaijan is the only oil-rich member that sends the bulk of its oil to the BTC pipeline (annual carrying capacity 50 million tons). With its carrying capacity increased to the planned 60 million tons a year, there will hardly be enough oil to move along the GUAM energy corridor.<sup>41</sup>

<sup>36</sup> The agreements on the GUAM peacekeeping contingent were reached in Baku at the sitting of the Council of Foreign Ministers of member states in June 2007 (see: “Strany GUAM sozdaiut svoi mirotvorcheskiy contingent,” NEWSru.com, Monday, 18 June, 2007, available at [[http://www.newsru.com/world/18jun2007/baku\\_guam.html](http://www.newsru.com/world/18jun2007/baku_guam.html)], 4 February, 2008).

<sup>37</sup> This question was raised in connection with the problems of energy supplies from Russia to Georgia and Ukraine in 2005 and 2006; this can be described as the Kremlin’s attempt to use its “energy domination” to put political pressure on these countries.

<sup>38</sup> See: Kiev Declaration on Establishment of the Organization for Democracy and Economic Development—GUAM.

<sup>39</sup> The summit in particular reached agreements on the Baku-Supsa-Odessa-Brody-Plock project (see: “Prezident Ukrainy na summite GUAM prizval sdelat upor na edinoy energeticheskoy strategii,” available at [<http://www.newsru.com/world/10oct2007/guamm.html>], 4 February, 2008; “Kazakhskuiu neft razvernul na Pol’shu: Konsortium dlia prodlenia truboprovoda Odessa-Brody rasshiraetsia,” *Kommersant*, No. 138 (4754), 1 October, 2007, available at [<http://www.kommersant.ru/doc-rss.aspx?DocsID=809878>], 4 February 2008).

<sup>40</sup> For more detail, see: N. Muzaffarli (Imanov), “Politico-Economic Complementarity and Compatibility between GUAM Member States” (see: present edition, pp. 14-34).

<sup>41</sup> See: I. Tomberg, “Energy Policy and Energy Projects in Central Eurasia,” *Central Asia and the Caucasus*, No. 6 (48), 2007, p. 44.

This means that in the short- and, probably, mid-term perspective the alliance will preserve its geopolitical image. This will also determine its influence on the security sphere in the post-Soviet territory.

## Development of GUAM and Changes in the PSM

Today, GUAM is propelled mostly by the dynamics of the Russia-the West geopolitical rivalry. It is too early to describe the alliance as an entity capable of sustainable and independent geopolitical activity. This means that within the PSM it will remain, for the time being, an object or a mechanism for realizing the stronger power poles' security interests. At the same time, actual transformation of GUAM into an economic project (suggested by its title) holds promise. This will depend on the dynamics in the security sphere at the system's macro-levels—the relations between Russia and the West and between Russia and other newly independent states.

Today, the dynamics within the former duad are determined by the priority of military and political interests when the "security dilemma" typical of all competing international political systems comes to the fore.<sup>42</sup> Even in the economic sphere and in the struggle against trans-national threats, the relations within the duad are coming back to the "zero sum game"—the half forgotten Cold War realia.

In many respects, the relations between Russia and the other newly independent states resemble the relations within the first duad. These relations, however, are not merely dominated by the relations with the West, but also display regional specifics based, in particular, on the much lower polarization level and the much more pronounced power disbalances. "Russia and the other newly independent states" formula is highly conventional since there is only one "pole of power" in the PSM, namely Russia, while the other newly independent states cannot be described as an alternative power pole. More than that, the aggregate indices of the national power of the RF and the other newly independent states are vastly different.

These specificities, together with others, contributed to the regional system's instability at the earliest stage of its progress from "immature" to "mature" anarchy. The military and political threats found at the very top of the agenda of the PSM states explain why they present stronger military and political positions as their priorities. The aggregate power indices of the newly independent states are very different for objective reasons, therefore none of them could address the task independently by tapping inner resources. The logic of political realism forces them to seek "outside sources." In this situation, Russia, the only "power pole," has failed to serve as a source of adequate military and political solutions for all the newly independent states for the simple reason that some of them regard one another as objects of confrontation (Azerbaijan and Armenia), while others see Russia as such an object (Georgia, Ukraine, and the Baltic states). More than that, a bloc with the former metropolitan country threatens the potential partner with loss of sovereignty: any state seeking "external protection" risks being swallowed by Russia because of its obvious predominance able to upturn any alliance. Under these conditions, to stabilize the "maturing" process, Russia should avoid a de facto alliance with some of the newly independent states against the others, and stop exploiting the ethnopolitical conflicts in its interests. Russia did not do this, and

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<sup>42</sup> For more detail, see: K.N. Waltz, *Theory of International Politics*, McGraw-Hill, Boston, 1979, p. 186.

could not do this, for reasons stemming from the system of the security relations at the supra-regional level.<sup>43</sup>

This means that the political structure of the PSM itself, coupled with the system's objective instability, presupposed that it would not be easy to create common inter-state security mechanisms. The structural specifics do not presuppose that any state can achieve relative stability by developing the system on its own and using the mechanisms of balance of power. The wide gap between the aggregate indices of national power that separates Russia from the other newly independent states is too obvious even if all of them close ranks to form another pole.

Theoretically, if the conditions described above retain their functionality one can discern, at the level of both duads, two possible stabilization scenarios within PSM: either the newly independent states will be swallowed by the only power pole<sup>44</sup> or the newly independent states will pool forces with the "outside" center of power to create a pole alternative to Russia.

In both cases, the space will emerge, with very different implications for the supra-regional level, out of the object of rivalry of different security interests. Under the first scenario, the PSM will disappear leaving Russia to spread its influence and concentrate its activity at the supra-regional level. This might revive the atmosphere of Cold War confrontation with the obvious implications for global security. The second scenario will create a more or less balanced security system at the regional level and decrease confrontation at the supra-regional level.

I have already written that these scenarios are both possible as products of the conditions at the Russia-the West level of security relations. If the conditions change, different stabilization scenarios might move to the fore. For example, the military and political threats might become de-securitized; the economic development and the struggle against the trans-national threats might replace geopolitical with social hues. This will launch alternative security scenarios in the PSM: the stress will be shifted from balancing to cooperation. So far, the situation in the region does not suggest that these changes are around the corner. This allows us to speak about GUAM's future functions and its impact on the processes within the PSM.

In the context of the current macro-factors of security, GUAM might preserve its balancing function (the outside actors intended to impart this role to GUAM from the very beginning) and objectively stems from the need to keep the members' independence. The distribution of power potential in the PSM's political structure suggests that the efficiency of this function and, consequently, stability and moderation of the security relations will depend, first, on consolidation of the GUAM members and, second, on support from the outside power pole.

The desired aim can be achieved only if both conditions are fulfilled—even though this is far from simple. The still persisting vagueness of the foreign policy aim of the GUAM members and their geopolitical orientation create a problem. The alliance was a pretty amorphous structure because the members had no common approaches, in particular toward the alliance's main aim. This is the key endogenous factor: each of the members regarded GUAM as a mechanism through which it could address its problems (reintegration of the lost territories, legitimate status of the regional leader, diverse energy sources, etc.). Other no less important issues related to the common geopolitical landmarks remained mere declarations. Each of the members preferred individual relations with Russia and the United States; at times these relations looked more like playing on the contradictions between the centers of power, without bothering to clearly identify their own geopolitical identity. Together with GUAM's devaluation as a consolidated structure, this extended Russia's manipulation chances; the West could not decide how it should support the alliance as a real counterbalance to Russia's re-

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<sup>43</sup> There are apprehensions caused by possible strengthening in the "free from Russia" space of external power centers with potential threats.

<sup>44</sup> The theory of the RSC looks at overlay as one of the stabilization models (for more detail, see: B. Buzan, *op. cit.*, pp. 219-221).

integration policies.<sup>45</sup> Today, the alliance has stepped up its activities and demonstrated clear signs of consolidation, but the problem persists.

The West's position was equally vague: it tried to meander between the interests of the newly independent states (including the GUAM members) to pull some of the pro-Russian states (Armenia) to its side while ignoring the effects on the other states (Azerbaijan). On the other hand, the West tried to approach Russia; in the early 1990s, Washington was guided by the Russia-first principle to realize certain security interests within the Russia-West duad.<sup>46</sup> In the PSM framework, this approach restored the Kremlin's idea about this territory as an area of its natural domination; the newly independent states, in turn, began to have doubts about the West's intention to support their independence. This increased their pro-Russian geopolitical orientation and made it harder for the West to create a sustainable alternative.<sup>47</sup>

In the context of the stable obtainable macro-factors, *definiteness* and *consistency* are two indispensable conditions of at least "maturity" and hence relative stability of the PSM anarchic structure.

- *Definiteness* and *consistency* of geopolitical orientations and the GUAM states' security policy—forming a pluralist security community orientated toward Euro-Atlantic structures, including placing the stakes on collective approaches to the security issues and abandoning the practice of maneuvering between the interests of the power poles.
- *Definiteness* and *consistency* of Western policies in relation to the alliance as a whole and its individual member states, in particular—sustainable military-political, economic, and organizational-technical assistance to GUAM as the developing regional security community and to its stronger balancing function, as well as unwavering support in dealing with the key security problems of the member states.
- *Definiteness* and *consistency* in relation to Russia means that the West and GUAM should clearly identify and demonstrate their level and goals of cooperation with Russia in the common regional security sphere.

### *In Lieu of a Conclusion*

In view of the current specific features of the security relations in the PSM and the geopolitical processes around it, it is too early to talk about the possibility of turning it into a single pluralist security community. Any discussion of this process should be applied to the sub-regional segments (which remained on their own when the Baltic countries integrated into NATO and the EU) with certain qualifications. The following issues should primarily be discussed: should this process be limited to the existing geographic and functionally localized regional sub-complexes (Eastern Europe, the Central Caucasus and Central Asia) or is there still the chance of setting up a security community that would include individual states patterned on GUAM's transregional interstate consolidation? Second, what can become the "initiating and stimulating" core area? In his conception, Karl Deutsch described the United States as the core area of the North Atlantic security community.<sup>48</sup>

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<sup>45</sup> Predominantly individualist approaches were obvious in the relations between the GUAM members and the European and Euro-Atlantic structures.

<sup>46</sup> In 1991-1994, the United States concentrated on making a democratic state with a functional market economy out of Russia and preventing proliferation of nuclear weapons. Russia, Belarus, Ukraine, and Kazakhstan inherited from the Soviet Union (see: S.E. Cornell, *Small Nations and Great Powers. A Study of Ethnopolitical Conflict in the Caucasus*, Curzon Press, 2001, p. 367).

<sup>47</sup> To confirm this, we can go back to the macro-factors of the GUAM crisis discussed in the previous section.

<sup>48</sup> See: K. Deutsch, *et al.*, *op. cit.*, p. 138.

Within the political space described in this article, this function can, conditionally, belong to (1) Russia; (2) certain states of the regional sub-complexes with adequate economic and political potential; and (3) an interested outside center of power. The first and the third alternatives look much more plausible; however, a combination of the second and the third cannot be excluded.

Any discussion of the development of trans-regional security communities in the PSM can predict the formation of two pluralist communities: (1) orientated toward Russia and Eurasian values; and (2) orientated toward the West and Euro-Atlantic values, in which GUAM could serve as the foundation; we cannot exclude its expansion into Central Asia in particular. Their further amalgamation cannot be excluded: they could blend into a single political actor. The former scenario presupposed reintegration with Russia's dominating role; the latter, either integration into NATO and the EU or, which is less plausible, its internal integration and transformation into an independent amalgamated security community within the PSM.

The above can be realized only if security relations reach "maturity" within the PSM and around it, in particular through sustainable internal strengthening of the newly independent states and *definiteness* and *consistency* in their security policy and in their relations with Russia and the outside centers of power.



# GUAM AND ITS MEMBER STATES' TERRITORIAL INTEGRITY

## CERTAIN ASPECTS OF ETHNOCONFESSIONAL REALITY IN THE AUTONOMOUS REPUBLIC OF CRIMEA

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Implementation of the GUAM transnational energy transportation and communication project calls for a discussion of a vast range of issues related not merely to the political-legal, economic, and engineering spheres, which are indispensable for the project's adequate functioning, but also to other problems found far beyond the project's confines. I have in mind political stability, civil peace, and interfaith relations.

The Autonomous Republic of Crimea is a strategically important part of the GUAM corridor, which makes civil peace and stable interfaith relations a linchpin for the successful realization of GUAM's political and economic tasks.

Ukraine's independence created a qualitatively new social context in which millions of people acquired new ideas about the world, moral and ethical values, spirituality, and religion.

At all times religion has played an important role in people's lives; at all times the church has been seen as a force conducive to society's moral revival.

The Ukrainian Constitution and the country's legal system proclaim the principle of equal rights and opportunities and are designed to prevent all encroachments on the "right to freedom of personal philosophy and religion," the latter constituting the ideological, moral and ethical, and social basis of a civil society. "This right includes the freedom to profess or not to profess any religion" (Art 35).

Under Ukrainian legislation, “the violation of citizen equality regardless of religious convictions” (Art 161 of the Criminal Code of Ukraine) and “illegal prevention of performing religious rituals” (Art 180) are punishable by law.

Even though the processes going on in the religious sphere remain complicated and highly ambiguous, Ukrainian society has realized that there is no alternative to the commonly accepted norms of freedom of conscience. This is confirmed by the fact that Ukraine has accepted the main principles of human rights, ratified the corresponding international documents, and brought domestic legislation into harmony with them.

Today, it can be said that each believer, religious community, and Ukrainian society are sitting a freedom test. The Autonomous Republic of Crimea is no exception in this respect.

The Crimea, together with the rest of the country, is living through a religious revival that sometimes breaks out in storms. All the ethnic groups on the peninsula are reviving their spirituality and their religious and national self-awareness. The number of religious educational establishments is growing together with the number of religious communities; the clergy is developing into a social group; religious centers are busy establishing contacts with co-religionists abroad. Bit by bit religion is gaining a broader foothold in social life (the family, relations between the sexes, social relations, national holidays, etc.). It has become part of the individual’s spiritual freedom and is contributing to the development of civil society.

According to the 2001 population census, there are over 120 ethnic groups living on the peninsula. According to the republican committee for religious affairs, by 1 January, 2008, there were 1,339 religious organizations in the Crimea, 48 confessions, trends and persuasions; 1,306 registered religious communities, 2 religious centers, 6 religious administrations, 6 monasteries and missions; 4 religious fraternities, and 9 spiritual educational establishments. According to the same source, there are 674 unregistered religious communities, most of them (612) Muslim.

There are 46 religious communities based on ethnic affiliation: besides 386 Muslim communities, there are 46 communities that belong to other confessions: 9 German Evangelical Lutheran Church communities; 13 Jewish, 7 Armenian Apostolic Church communities; 9 Karaim; 1 Crymchak; 5 Orthodox Greek, and 2 Korean Baptist Church communities.

Table 1

**Ethnoconfessional Communities of  
the Crimea**

	Registered	Unregistered	Total
<b>Muslim</b>	<b>386</b>	<b>612</b>	<b>998</b>
<b>Other ethnoconfessional communities: Armenian Apostolic Church, German Evangelical Lutheran Church, Jewish, Karaim, Crymchak, Orthodox Greek</b>	<b>46</b>		<b>46</b>
<b>Total</b>	<b>432</b>	<b>612</b>	<b>1,044</b>

This means that there are 1,044 religious communities based on ethnic affiliation, or 50 percent of all the religious communities on the peninsula. This can be described as the Crimea’s specific feature.

Islam as an ethnic confession has the largest number of followers: 998 communities account for over 14 percent of the Crimea’s total population.

Today, the general ethnoconfessional climate on the peninsula is determined by the relations between Orthodoxy (497 communities) and Islam.

Politicians, academics, journalists, and the ordinary people agree that the relations between them are fairly strained.

The Crimean Tartars, all of them Muslims, returned to their historical homeland, which previously (before the 1990s) had been the home of the predominantly Slavic population. This created a new religious landscape with the Tartars rapidly turning Islam into an influential force.

The Crimean Tartars, who formed the Muslim minority, were not seeking political or cultural clashes with the Orthodox Christian majority. Yuri Babanov has the following to say on this score: "The Crimean Muslims are prone to religious tolerance and are demonstrating their intention to live in peace with all neighbors."<sup>1</sup>

At first, the Muslim and Orthodox confessions displayed mutual tolerance. Mufti of the Crimean Muslims Seitjelil Ibragimov and Archbishop Lazar of Simferopol and the Crimea co-chaired the Interfaith Council "Peace the Gift of Gods" set up in November 1992 for the purpose of "*coordinating an interfaith dialog in the Crimea.*"

Over time, the religious issue acquired political hues. Late in 2000, the Simferopol and Crimean dioceses raised road crosses at the entrances to settlements and on prominent high places and adorned the main highroads with huge posters "The Crimea is the Cradle of Christian Orthodoxy" to celebrate the 2000th anniversary of the Nativity of Christ. The Muslims predictably took the zeal for a sign that the Orthodox Church was asserting its domination in the republic.

Done without consultations and outside the dialog between confessions, this stirred up trouble on the peninsula.

V. Grigoriants, a prominent local academic, has pointed out: "This was followed by what in the Crimea was called 'bringing down the crosses' and worsened relations between the Slavic Orthodox and Crimean Tartar-Muslim communities... In an effort to settle the confessional conflict by legal means, the government of the Crimea took an important step: it passed a special decision that changed the standards regarding construction or placing buildings and other structures in the Crimea. From that time on, cultic objects could only be placed outside cultic buildings, veneration sites, the grounds of religious organizations, cemeteries, burial places, crematoriums, and private houses on a decision by district administrations and executive committees of the city councils after consultations with the Interfaith Council of the Crimea."<sup>2</sup> The author refers to Decision of the Council of Ministers of the Autonomous Republic of Crimea No. 33 of 13 February, 2001, On Certain Measures for Stabilizing Interfaith Relations in the Autonomous Republic of Crimea.

The Interfaith Council "Peace the Gift of God" was expected to promote a dialog between the Muslims and the Orthodox believers. Time showed, however, that those who raised the crosses did nothing to follow the provision "coordinating the interfaith dialog in the Crimea" registered in the Council's Charter. Instead, they fanned new conflicts between the Muslims and the Orthodox Christians.

Svetlana Chervonnaia has written on that score: "To register his protest, Mufti of the Crimea Aji Emir-Ali Ablaev suspended the Spiritual Administration of the Muslims of the Crimea's membership in the Interfaith Council 'Peace the Gift of God' headed by Archbishop Lazar of Simferopol and the Crimea who ignored the interests of the Muslim citizens."<sup>3</sup>

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<sup>1</sup> S. Chervonnaia, "Islam and Christianity in the Crimea: a Dialogue or 'Clash of Civilizations'," *Avdet*, No. 5, 4 February, 2008.

<sup>2</sup> V.E. Grigoriants, "K voprosu o gosudarstvenno-konfessional'nykh otnosheniakh v Ukraine i ARK," Supplement to the *Krymskiy arkhiv* journal, Simferopol, 2004.

<sup>3</sup> S. Chervonnaia, *op. cit.*

Today, however, it has become clear that this was not a suspension. The Spiritual Administration has been absent from the Council for over seven years, which means that the relations between the Orthodox Christians and Muslims are in crisis. Table 2 shows the dynamics of the largest conflicts between the confessions.

Table 2

## Largest Ethnoconfessional Conflicts in the Crimea since 2000

No.	Date	Description	Settlement
1.	October 2000	Road cross raised on Mount Kamatra in the village of Morskoe (city of Sudak) is removed by Muslims	Incident caused copycat acts
2.	October 2000	Road cross raised at Inkerman (in Sevastopol) is removed by Muslims	Incident caused copycat acts
3.	November 2000	Road cross raised in the Kirovskoe settlement is removed by Muslims	Incident developed into a latent conflict
4.	November 2000	Road cross raised in the village of Mazanka (Simferopol District) is removed by Muslims	Incident developed into a latent conflict
5.	April 2001	The Muslim community of the town of Saki demands that no road crosses be raised at the entrance to the town	Conflict settled
6.	July 2001	Clashes between the local Muslims and law enforcement bodies at the Monastery of the Holy Dormition and the Zynjyrly madrasah: the Muslims wanted to cross the monastery's territory (earlier 47 hectares of land were transferred to the monastery under an official act) to reach the Gazy Mansur Muslim burial place.	Incident developed into a latent conflict
7.	June 2005	Numerous complaints by Muslims of the town of Armiansk about the road cross raised at the entrance to the town	Conflict unsettled
8.	August 2005	Numerous complaints by the dwellers (all of them Muslims) of a high-rise on Marshal Zhukov St. about the building of an Orthodox Church in the courtyard of their apartment block	Conflict settled

Table 2 (continued)

No.	Date	Description	Settlement
9.	November 2005	Conflict in the village of Golubinka (Bakhchisarai District) stirred up by the intention of the local Orthodox community to build a church on Kilse-Bair Hill where a church destroyed in the 18th century once stood	Conflict settled
10.	November 2005	City authorities of Feodosia pass a decision to raise a 8-meter high cross dedicated to St. Andrew the First Called on one of the streets under an agreement of the Interfaith Council "Peace the Gift of God"	Conflict settled
11.	Since 2006	Conflict in Bakhchisarai caused by the intention of the heads of the Monastery of the Holy Dormition to erect Holy Gates on the lower site in front of the entrance to grounds where Muslim and Karaim shrines are also found	Conflict unsettled

The table clearly demonstrates that on no occasion did Muslims initiate the conflicts.

An analysis of the copycat acts suggests that the conflicts were planned and deliberately fanned. The trouble appeared out of nothing and followed a recurring chain of events: a religious incident is brought to boiling point, which attracts fairly politicized groups (members of regional Mejlises, Cossacks, politicians, journalists, and others); and the conflict is settled after prolonged negotiations by leaders of the autonomous republic and heads of the power-related structures.

A more detailed analysis of the tabulated conflicts reveals that all of them were planned well in advance.

1. One of the Christian Orthodox communities of the Simferopol and Crimean diocese selected a land plot for its church in the direct proximity of a high-rise on Marshal Zhukov Street built for deported Crimean Tartars even though there was enough vacant land in a residential area in the Simferopol outskirts. Republican officials, well aware of the issue's conflict potential, not merely allowed the Orthodox community to use the land, but actively insisted on their decision despite the Muslims' vehement protests. Contrary to above-mentioned Decision No. 33 of 13 February 2001, the project was not brought to the Interfaith Council. The conflict was stemmed after numerous protests addressed to the administration and the media.
2. In March 2001, a conflict over the local Orthodox community's intention to build a church on Kilse-Bair Hill (the site of a medieval Christian church that disappeared in the 18th century) was stirred up in the village of Golubinka (former Foti-Sala, the Bakhchisarai District).

Azizler, an organization of the Crimean Tartars earlier headed by a now deceased veteran of the movement of Crimean Tartars, Idris Asanin, informed the administration of the

town of Bakhchisarai that the “medieval church which stood on that site belonged to the Constantinople Patriarchate and had nothing to do with the Moscow Patriarchate.” Tension gradually rose, until it reached its climax in the summer of 2006; the confrontation between the local Crimean Tartars and Slavs became even more obvious, while the local Cossacks also moved in. The conflict was settled by the personal efforts of Speaker of the Supreme Rada of the Crimean Autonomy A. Gritsenko and Chairman of the Mejlis of the Crimean Tartars M. Jemilev.

3. Another conflict in Bakhchisarai was caused by the intention of the Abbot of the Monastery of the Holy Dormition to fence off the territory the monastery believed to be its property and build Holy Gates on it. The monastery received rights on the lower site with a parking lot and souvenir stalls under an official act of 2001. The site is the starting place for those heading for the Zynjirly madrasah, a shrine of the Crimean Tartars, or for another Muslim shrine, the Aziz Gazy Mansur cemetery, and leading to the Chufut-Kale cave town and the sacred Karaim Balta Tiymez cemetery. The Muslims object to the Holy Gates because those wishing to visit the Muslim shrines will have to go under a Christian symbol. The conflict is still going on: the Muslims are determined to bury the project, while construction materials are being delivered to the future construction site.
4. An attempt of the administration of the city of Feodosia to erect a monument to St. Andrew the First Called on one of the streets. Strange as it may seem, the initiative belonged to the Feodosiagorstroy communal service. Indeed, why should a communal (that is, secular) organization lobby a religious Christian monument at the entrance to a city inhabited by people of varied confessions? This situation obviously called for interference by the Interfaith Council “Peace the Gift of God.” It met to approve the initiative and stipulated that the monument should be erected after 20 May (probably to remove this action as far as possible from 18 May, the date of deportation of the Crimean Tartars in 1944).

Meanwhile Crimean Tartars started picketing the site and demanded that the oak cross and pedestal be removed. The city fathers, who at first were belligerent enough, acted under the slogan “power should not betray weaknesses.” As time went on, the conflict gathered momentum: Slavic and Cossack units joined in. At the height of the confrontation, when the picketers began demolition of the cross and pedestal, Cossacks from the Russian Federation arrived. The local conflict could develop into an international issue.

After a while, reason prevailed: the monument would be erected on the territory of one of the Orthodox churches.

This, however, is not the end of the story: conflicts of this kind might repeat themselves because on 16 May, 2006 the Feodosia City Council lodged an administrative complaint with the Economic Court of the Autonomous Republic of the Crimea against Point 3 of Government Decision No. 33 and won the case.

This means that interfaith relations on the peninsula will be prone to destabilization.

It was not the officials of the Feodosia City Council who initiated the monument or lodged the complaint: they merely acted on the instructions of Church hierarchs.

The above initiatives built up a vast potential of religious confrontation in the Crimea along Orthodoxy-Islam lines, which leads to ethnic confrontation between the Slavic and Crimean-Tartar population.

The religious incidents contributed to xenophobia and anti-Islamic feelings heated by the media brimming with distorted ideas about Islam that present it as a radical and aggressive religion. Anti-Tartar and anti-Slavic slogans are very popular with the republican media; this results in insulting graffiti and acts of vandalism in Muslim cemeteries. Intended to wound the most sensitive of human feelings, acts of vandalism are multiplying and threaten to upset the situation on the peninsula.

Table 3

## Dynamics of Ethnic Incidents and Acts of Vandalism in the Crimea

No.	Date	Description	Settlement
1.	August 2001	Protests of the Muslim community of Evpatoria against selling the territory of the old Muslim cemetery for a construction project	Conflict settled
2.	August 2001	Protests of the Muslim community of Gaspra against the project for laying a road across an old Muslim cemetery	Conflict settled
3.	August 2001	Act of vandalism in relation to the memorial plaque in honor of twice Hero of the Soviet Union Ametkhan Sultan in Simferopol	Incident caused copycat acts
4.	August 2001	Act of vandalism in relation to the monument to Crimean-Tartar poet and writer Bekir Choban Zade	Incident caused copycat acts
5.	Since October 2001	Numerous addresses of Muslim communities and the SAMC to the authorities of the Crimea and Ukraine with a request to return the cultic object Aziz Salgir Baba in Simferopol	Conflict unsettled
6.	Since August 2002	Rallies and pickets of the Muslims of Alushta caused by the city council rejecting a request to give land to a new mosque at the Storm cinema	Conflict settled
7.	December 2002	Muslim community seizes a club (former mosque) in the village of Dachnoe (in Sudak) because it took too long to transfer it to the Muslim community	Conflict settled
8.	February 2003	Act of vandalism in relation to the monument to the victims of deportation in Evpatoria	Incident caused copycat acts
9.	Since September 2003	Numerous complaints by the SAMC to the authorities of Simferopol, Crimea, and Ukraine with a request to allocate a landed plot in Simferopol for the main mosque in Salgirka Park	Conflict unsettled
10.	September 2003	Act of vandalism in relation to the monument to the victims of deportation in Simferopol	Incident caused copycat acts

Table 3 (continued)

No.	Date	Description	Settlement
11.	September 2003	Numerous addresses to the authorities of Ukraine, Crimea, and Simferopol caused by rejection of the request to allocate land for a mosque in the village of Beloglinka (Simferopol District)	Conflict settled
12.	Since October 2003	Numerous addresses to the authorities of Ukraine and Crimea by the villagers of the former village of Cherkez-Kermen (Bakhchisarai District) in connection with the transfer of 7.2 hectares of land to a private person (part of the transferred land belonged to a protected zone where the monuments of Eski-Kermen and Kyz-Kule are located)	Conflict unsettled
13.	November 2003	Conflict of the Muslim community of Feodosia with the local authorities caused by the sale of a former mosque to a community of Seventh-day Adventists	Conflict unsettled
14.	Since December 2003	Members of the Ana Yurt Muslim community of the Nikita settlement (Yalta) seize the building of the former madrasah-mosque. Later the building was auctioned by its owner Yuzhekogeotsentr	Incident caused copycat acts
15.	January 2004	Conflict between the Muslim and Orthodox communities of Jankoy over the road cross raised at the entrance to Novostepnoe village (Jankoy District)	Conflict settled
16.	March 2004	Act of vandalism in relation to the monument to Crimean-Tartar poet and writer Bekir Choban Zade	Incident caused copycat acts
17.	March 2004	Protests of the Muslim community of Saki against the decision of the Saki city council to allocate a plot of land occupied in the past by azizes to a fill-up station	Conflict settled
18.	Since April 2004	Protests of the Muslim community of Evpatoria (addresses, pickets, and	Conflict unsettled



Table 3 (continued)

No.	Date	Description	Settlement
		rallies) caused by the delay in transferring the courtyard of the Khan Jami mosque to the community	
19.	May 2004	Act of vandalism in relation to the monument to the victims of deportation in the village of Zua (Belogorsk District)	Incident caused copycat acts
20.	Since August 2004	Protests of the Muslims of Bakhchisarai caused by delayed removal of the market from the site of the old Eski-lurt settlement with 4 durbe mausoleums of the 15th-17th cc.	Conflict settled
21.	August 2004	Mosque in the Lugovoe district of Simferopol is defiled by insulting graffiti	Incident caused copycat acts
22.	August 2004	Vandals destroy 2 tombstones in the Muslim cemetery of Belogorsk	Incident caused copycat acts
23.	August 2004	Act of vandalism in relation to the monument to the victims of Stalinism and Nazism in the village of Zaprudnoe at Alushta	Incident caused copycat acts
24.	July 2005	Repeated act of vandalism in relation to the monument to the victims of Stalinism and Nazism in the village of Zaprudnoe at Alushta	
25.	September 2005	Act of vandalism at the Muslim cemetery in the village of Chernomorskoe—7 tombstones ruined	Incident developed into a latent conflict
26.	December 2005	Act of vandalism at the Muslim cemetery of the village of Yarkoe Pole, Saki District—4 tombstones ruined	Incident caused copycat acts
27.	April 2007	Act of vandalism at the Muslim cemetery—over 30 tombstones ruined—in the village of Sofievka, Simferopol District	Incident caused copycat acts
28.	June 2007	One more act of vandalism in relation to the monument to Crimean-Tatar poet and writer Bekir Choban Zade in Belogorsk	Incident caused copycat acts

Table 3 (continued)

No.	Date	Description	Settlement
29.	August 2007	Act of vandalism at the Muslim cemetery of the village of Krym-Roza, Belogorsk District—4 tombstones ruined	Incident caused copycat acts
30.	August 2007	Act of vandalism at the ancient Muslim cemetery of the village of Pionerskoe, Simferopol District	Incident caused copycat acts
31.	20 January 2008	Act of vandalism at the Muslim and Orthodox cemeteries of the village of Marfovka, Lenin District—10 tombstones defiled	Criminals apprehended, incident caused copycat acts
32.	23 January 2008	Picketing at 22, Yaltinskaia St. in Simferopol by members of the Muslim communities of the Crimea because of the Simferopol city council's refusal to allocate this plot of land to the main mosque	Incident caused copycat acts
33.	9 February 2008	Act of vandalism at the Muslim cemetery of the village of Uvarovka, Nizhegorsk District—270 tombstones ruined	Incident caused copycat acts

Lenur Unusov, journalist of *Ekonomicheskie izvestia* newspaper, reported on the act of vandalism at the cemetery of the village of Uvarovka: in small hours of 10 February unknown criminals performed an unprecedented act of vandalism, ruining nearly all the tombstones in the Muslim cemetery. They defiled over 270 gravesites with insulting graffiti, and 220 tombstones were ruined. The vandals ruined part of the fence and killed the watchdog (the district budget had no money to pay for guards). Task force officials who arrived at the cemetery established that the vandals “used a heavy object well suited to destroy monuments such as a sledge hammer.”

The Crimean Muslims of the Nizhegorsk District are convinced that the action was planned in advance, since a crime of this dimension could not be perpetrated by a couple of people. Chairman of the Nizhegorsk Mejlis of the Crimean Tartars Mustafa Salmanov said: “Such things are not done in everyday life. This was a planned action.” Lenur Memedliaev, head of the department of inter-ethnic relations of the Nizhegorsk District Administration, was convinced that this act was intended to fan religious strife in the district, one of the calmest in the region. He said to the journalist of *Ekonomicheskie izvestia*: “Look for yourself—here is the ruined Muslim cemetery and there is an untouched Christian one. It seems that those who ‘ordered’ the crime expected the Crimean Tartars to rush to the Christian cemetery, thus igniting a conflict. I’ve just come from there. The scene is heartbreaking: people are weeping and crying. This is a tragedy.”

Tables 2 and 3 show that the number of unpleasant incidents in the religious sphere is gradually growing together with instances of xenophobia and Islamophobia. Contrary to the laws and legislation acts that regulate the confessional relations in the state, as well as the Presidential Decree on the Urgent Measures for the Final Liquidation of the Negative Repercussions of Totalitarian Policies of the Former Union of the Soviet Socialist Republics in Relation to Religion and Restoration of the

Violated Rights of the Churches and Religious Organizations of 21 March, 2002, the Crimean Peninsula became an arena of confrontation along “state officials-Muslim communities” lines. Strange as it may seem, it is officialdom that is guilty of erecting artificial barriers against the Muslim communities that ask for land to build mosques and for return of the cultic buildings and other religious property that belonged to them in the past. This is especially true of Simferopol, the Crimean capital, and the littoral cities. Here are some examples.

1. Since 2004 the Sabur Muslim community has been campaigning for a landed plot needed for a mosque in the Petrovskaia Balka District (Simferopol) with a Muslim population of over 3 thousand.
2. For eight years, deputies of the Alushta city council refused to allocate land for restoration of the historic Asha-Jami mosque. The deputies retreated after a series of mass rallies and the threat of a hunger strike in a tent camp.
3. For a long time now the Muslim Khan Jami community of Evpatoria has been campaigning for the territory of the former courtyard at the magnificent Khan Jami mosque that marked its 450th anniversary in 2002; currently the land that belongs to the city is occupied by a private car-repair shop. The Muslims have already tried all forms of protest (picketing of the city council included) with no tangible results.
4. In 2000, in Feodosia, the local Muslim Keefe community applied for the transfer of the former mosque used as a shop to the Muslim community. Its request was ignored: the building (city property) was sold through the Fund of Communal Property to a structure called Globus, which in turn sold it to a community of Seventh-day Adventists. This suggested religious confrontation. The Muslim community went to a court; so far there has been no court ruling.
5. In the 1990s, the Crimean muftiat first raised the question of building a main mosque in Simferopol and asked the city authorities to allocate land for this purpose. In 2004, after many different scenarios and deliberations, the Spiritual Administration of the Muslims of the Crimea finally acquired 2.7 hectares of land at 22, Yaltinskaia St. The decision took many years of document drafting (a far from cheap process), however, guided by political considerations, the deputies of the Simferopol City Council rejected the earlier decision of the city executive structures. Since 23 January, 2008, the Crimean Muslims have been protesting against the Council’s decisions. All the Crimean TV channels allowed the picketers to express their indignation over the deputies’ cynicism; people of all ages pointed out that Orthodox churches were “mushrooming:” in the past few years the Orthodox Church has received at least 10 landed plots in the best places. The decision of the city deputies, which was interpreted as discrimination of the Muslims, started a perpetual protest action on the initially allocated site and caused a negative response from the Slavic population: after several days of picketing, the site was showered with anti-Tartar and anti-Muslim leaflets.

There is the opinion that the Crimean authorities should interfere to quench the passions and work toward a consensus among the religious, national, and political elites. So far this prospect looks dim. In the absence of preventive measures in the ethnic and religious spheres, no stable peace among the confessions is possible: the current practice of ad hoc response to the crises is hardly acceptable. If this trend continues, if the number of religious conflicts and acts of vandalism in relation to Muslim and Tartar objects grows, and if the officialdom-Muslim communities confrontation continues, the situation will surely become aggravated. So far, the state authorities have shown no interest in conducting objective and systemic studies of the processes underway in the ethnoconfessional sphere; they have refused to study the nature of the conflicts initiated by religious organizations and have done nothing to set up effective preventive measures. S. Kunitsyn, Chairman of the Sevastopol City

Administration, who for over six years headed the government of the Crimea, has pointed out: “The central authorities in Kiev should realize that there is no clear-cut conception of ethnic policy in the Crimea, even though the situation there is very complicated.”<sup>4</sup> The state alone can help all the ethnoses and religions to live peacefully side by side on the peninsula: it should coordinate the efforts of all interested state, public, and religious institutions.

The unique ethnoconfessional situation in the Crimea and the far from simple processes unfolding in this sphere mean that the peninsula needs a state monitoring center staffed with locally respected academics specializing in religious studies, history, culturology, politics, law, and education.

The Center should supply the authorities with systemic analyses of the main trends and specific developments observed in the local religions and draw practical recommendations designed to prevent conflicts and lower the level of confessional and ethnic tension.

The government of the Crimea should set up a consultative structure in the form of an efficient interfaith body with full representation of all confessions. It should pool forces with the state to achieve a consistent dialog among the religions for the sake of religious tolerance, mutual understanding, and interfaith harmony.

The state and the interfaith body should address the key tasks, such as development and preservation of high moral qualities, moral education of the younger generation, and religious tolerance on the peninsula.

<sup>4</sup> “Shtormovoe preduprezhdenie,” *Krymskiy obozrevatel*, No. 48, 27 November, 2007.

## GUAM AND CONFLICT SETTLEMENT IN GEORGIA

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On 22 April, 2005, the GUUAM members (Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova), who met in Chisinau to mark the organization’s eighth anniversary, finally crossed the Rubicon. On that day the heads of the member states made public GUUAM’s political ambitions. This ended the period of “infantile disorder” and the Big Brother syndrome. The fact that Uzbekistan rejected the new policy and left the structure meant that a new international political organization appeared. President of Uzbekistan Karimov first declined to attend

the summit and then denounced all the treaties the country signed when his country joined the Organization. This and other signs testify that the sluggishly developing quasi-alliance became a hyper-active political structure. In other words, GUUAM became GUAM!

The Chisinau summit abounded in bold and fairly unexpected political statements, nevertheless, the members’ vehement criticism of Russia’s role and policy in the conflict zones in Abkhazia, the former South Ossetian Autonomous Region, Nagorno-Karabakh, and Transnis-

tria sounded louder than the others. GUAM, which brought together the countries with frozen conflicts on their territories, finally acquired the self-confidence needed to put an end to the conflicts in the post-Soviet expanse. Since that time, the GUAM members have been trying to convince the international community that they should be involved in the decision-making. There are too many so-called operators and actors whose status obliges them to deal with the conflicts in the Central Caucasus and the Black Sea region.

To find a niche of its own and to contribute to the still absent dynamics in the settlement process, GUAM should study the menu the international organizations compiled, either on a permanent basis or sporadically, for the conflict settlement they have been following for the last 15 years. In Georgia the situation is fairly complicated: only a careful investigation will allow GUAM to identify its own conflict settlement potential.

There are two smoldering ethno-territorial conflicts in Georgia, the military stages of which have become frozen. Today the conflicts can be described as stagnating. I have in mind the conflict in Abkhazia where armed confrontation ended in the fall of 1993 and in the former South Ossetian Autonomous Region where fighting stopped in the summer of 1992. Since the cease-fire, relations between Tbilisi and Sukhumi and Tbilisi and Tskhinvali can be described as “fragile stagnation.” The negotiating sides regularly found themselves at a dead end; from time to time the talks were cut short because of another flare-up (this happened in May 1998 and October 2001 in Abkhazia; in July 2004 a bout of armed disorder in the former South Ossetian Autonomous Region nearly escalated into full-scale fighting). The sides signed several agreements none of them faithfully followed and accused each other of violating them. Today, the talks have been indefinitely suspended and there are no signs of their resumption.

## What Should These Conflicts be Called?

The names of the conflicts and definitions of the sides have already caused misunderstandings. On 15 March, 2007, in his annual address to the Georgian parliament, President Saakashvili lamented the terms “Georgian-Abkhaz conflict” and “Georgian-Ossetian conflict.” He said: “The terms were invented by stupid people, misinformed people. We should realize once and for all that this is merely another lie of the imperial ideologists and spin doctors.” That day the president repeated what he had said a year earlier, on 14 February, 2006.

All the authors and those who speak about the conflicts are using two phrases—either the “Georgian-Abkhaz conflict” or the “conflict in Abkhazia, Georgia.” The first version normally appears in documents signed by both sides—Statement on Measures for the Political Settlement of the Georgian-Abkhaz Conflict<sup>1</sup> initialed in Moscow on 4 April, 1994. This term is also used in some of the documents issued by the Commonwealth of Independent States, such as the Statement of the Council of the CIS Heads of State on Carrying out a Peacekeeping Operation in the Zone of the Georgian-Abkhaz Conflict Adopted in Moscow on 15 April, 1994.<sup>2</sup>

The second version, “conflict in Abkhazia, Georgia,” appears in documents drawn up and signed by entities of international law (to which Abkhazia does not belong). All the resolutions of the

<sup>1</sup> [<http://www.un.org/russian/peace/pko/unomig/94-397.pdf>].

<sup>2</sup> See: [<http://www.un.org/russian/peace/pko/unomig/94-476.pdf>] or *Postanovlenie Soveta ministrov Pravitel'stva Rossiiskoy Federatsii "O dal'neyshikh merakh po uregulirovaniyu gruzino-abkhazskogo konflikta" ot 13 sentiabria 1993 goda (Sobranie aktov Prezidenta i Pravitel'stva Rossiiskoy Federatsii ot 13 sentiabria 1993 g., No. 39, p. 4042).*

U.N. Security Council speak of the “conflict in Abkhazia, Georgia.”<sup>3</sup> Resolution 1615 (2005) of 29 July, 2005 says in part: “Stressing that the continued lack of progress on key issues of a comprehensive settlement of the conflict in Abkhazia, Georgia...” After the presidential address of 14 February, 2006, in which President Saakashvili described the terms “Georgian-Abkhaz and Georgian-Ossetian conflicts” as “incompetent and invented by Georgia’s ill-wishers,” all the later resolutions of the U.N. Security Council described the conflict as “Georgian-Abkhaz.” This means that the U.N. SC disagreed with the president of Georgia. Resolution 1666 (2006) of the U.N. SC of 31 March, 2006 says: “...supports all efforts by the United Nations and the group of Friends of the Secretary General which are guided by their determination to promote a settlement of the Georgia-Abkhaz conflict...”<sup>4</sup> Resolution 1716 (2006) of the U.N. SC of 13 October, 2006 says: “Regretting the continued lack of progress on key issues of a comprehensive settlement of the Georgian-Abkhaz conflict,” the U.N. SC “1. Supports all efforts by the United Nations and the Group of Friends of the Secretary General which are guided by their determination to promote a settlement of the Georgian-Abkhaz conflict;... 7. ...Acknowledges the important role of the CIS peacekeeping force and of UNOMIG in the Georgian-Abkhaz conflict zone.”<sup>5</sup>

The description of the conflict in the former South Ossetian Autonomous Region is equally vague. The fundamental document related to the settlement of this conflict signed in Sochi on 24 June, 1992 is entitled Treaty on the Principles of Settlement of the Georgian-Ossetian Conflict.<sup>6</sup> Later the confrontation was referred to as “Georgian-Ossetian.” The Agreement between the Government of the Russian Federation and the Government of the Republic of Georgia on Economic Rehabilitation of the Areas in the Zone of the Georgian-Ossetian Conflict. 14 September, 1993<sup>7</sup> is one of the examples. The term is still used. This is confirmed by the protocols of the Joint Control Commission (JCC) drawn up since the fall of 1994. Such are, for example, the Agreement on Further Development of the Peaceful Settlement of the Georgian-Ossetian Conflict and on the Joint Control Commission. 31 October, 1994 and the Statement on the Results of the Meeting between Z. Zhvania and E. Kokoity drawn up in Sochi on 5 November, 2003: “...The sides, having exchanged opinions on the issues related to the settlement of the Georgian-Ossetian conflict, announced that they remained dedicated to the fundamental documents signed within the framework of the settlement of the Georgian-Ossetian conflict and which supply a firm basis for the talks on the entire range of political settlement of the Georgian-Ossetian conflict,” and so on. The Peace Plan elaborated and scheduled by the government of Georgia presented at the meeting of the OSCE foreign ministers in Ljubljana late in 2005 was entitled “Georgian-South Ossetian Peace Plan developed by the Government of Georgia”<sup>8</sup> The document submitted to the Batumi conference in July 2005 is called “Initiative of the Government of Georgia with Respect to the Peaceful Settlement of the South Ossetian Conflict.”<sup>9</sup>

## Legal Expanses and Institutions

Institutions obligated to monitor the conflicts and transform them through peaceful means were set up under the agreements of 1993 and 1994.

<sup>3</sup> [<http://daccessdds.un.org/doc/UNDOC/GEN/N05/446/18/PDF/N0544618.pdf?OpenElement>].

<sup>4</sup> [<http://daccessdds.un.org/doc/UNDOC/GEN/N06/293/33/PDF/N0629333.pdf?OpenElement>].

<sup>5</sup> [<http://daccessdds.un.org/doc/UNDOC/GEN/N06/570/52/PDF/N0657052.pdf?OpenElement>].

<sup>6</sup> See: *Svobodnaia Gruzia*, 27 June, 1992.

<sup>7</sup> See: *Diplomaticheskii vestnik*, No. 23-24, 1993, p. 44.

<sup>8</sup> [<http://daccessdds.un.org/doc/UNDOC/GEN/N05/593/85/PDF/N0559385.pdf?OpenElement>].

<sup>9</sup> [<http://www.president.gov.ge/?l=G&m=0&sm=5>].

The Agreement on the Principles of Settlement of the Georgian-Ossetian Conflict<sup>10</sup> signed on 24 June, 1992 in Sochi by the Republic of Georgia and the Russian Federation serves as the political and legal foundation for the settlement of the Georgian-Ossetian conflict. The document led to the final and still observed ceasefire throughout the entire territory of the former South Ossetian Autonomous Region. A Joint Control Commission set up under the agreement is a quadripartite body that involves the Georgian, South Ossetian, Russian, and North Ossetian sides. In June 1992, the document served as the foundation of the united tripartite 1,500-strong peacekeeping contingent with a Joint Command. On 6 November, 1992, the Conference on Security and Cooperation in Europe (later Organization for Security and Cooperation in Europe—OSCE) passed a decision to become directly involved in the settlement.

The Statement on the Measures for Political Settlement of the Georgian-Abkhaz Conflict<sup>11</sup> of 4 April, 1994 serves as the settlement's political-legal foundation. The same can be said about the Quadripartite Agreement on the Voluntary Return of Refugees and Displaced Persons<sup>12</sup> and the Agreement on Ceasefire and Separation of Forces<sup>13</sup> of 14 May, 1994.

The United Nations Observer Mission in Georgia (UNOMIG) was set up on 24 August, 1993 by Resolution No. 858 (1993) of the U.N. Security Council;<sup>14</sup> its mandate described by Resolution No. 937 (1994) of 21 July, 1994 of the U.N. Security Council consisted of the following:

- “(a) to monitor and verify implementation by the parties of the Agreement on a Cease-fire and Separation of Forces signed in Moscow on 14 May, 1994;
- (b) to observe the operation of the CIS peace-keeping force within the framework of the implementation of the Agreement;
- (c) to verify, through observation and patrolling, that the troops of the parties do not remain in or re-enter the security zone and that heavy military equipment does not remain or is not reintroduced into the security zone or the restricted weapons zone;
- (d) to monitor the storage areas for heavy military equipment withdrawn from the security zone and the restricted weapons zone in cooperation with the CIS peace-keeping force as appropriate;
- (e) to monitor the withdrawal of troops of the Republic of Georgia from the Kodori valley to places beyond the boundaries of Abkhazia, Republic of Georgia;
- (f) to patrol regularly the Kodori valley;
- (g) to investigate, at the request of either party or the CIS peace-keeping force or on its own initiative, reported or alleged violations of the Agreement and to attempt to resolve or contribute to the resolution of such incidents;
- (h) to report regularly to the Secretary-General within its mandate, in particular on the implementation of the Agreement, any violations and their investigation by UNOMIG, as well as other relevant developments;
- (i) to maintain close contacts with both parties to the conflict and to cooperate with the CIS peace-keeping force and, by its presence in the area, to contribute to conditions conducive to the safe and orderly return of refugees and displaced persons.”<sup>15</sup>

<sup>10</sup> See: *Svobodnaia Gruzia*, 27 June, 1992.

<sup>11</sup> See: *Svobodnaia Gruzia*, 4 April, 1994.

<sup>12</sup> See: *Svobodnaia Gruzia*, 6 April, 1994.

<sup>13</sup> See: *Svobodnaia Gruzia*, 17 May, 1994.

<sup>14</sup> [<http://www.reliefweb.int/rw/RWB.NSF/db900SID/MHII-68UB4U?OpenDocument>].

<sup>15</sup> [<http://www.reliefweb.int/rw/RWB.NSF/db900SID/MHII-65G7RP?OpenDocument>].

On 22 August, 1994, the Council of the Heads of State of the Commonwealth of Independent States passed a decision on the use of the Collective Peacekeeping Force in the zone of the Georgian-Abkhaz conflict. The council responded to the requests of the Abkhaz side of 15 May, 1994 and the Georgian side of 16 May, 1994 in which the sides almost unanimously asked the CIS leaders to introduce peacekeepers as promptly as possible to maintain peace in the conflict zone. The CIS heads of state decided to dispatch Russian peacekeepers who were expected to (a) monitor implementation of the ceasefire, maintain peace, and prevent resumed hostilities in the conflict zone by separation of the conflicting sides' armed forces; (b) create conditions for the safe and dignified return of the people who left the conflict zone to their places of permanent residence and observe the other provisions of the Quadripartite Agreement on the Voluntary Return of Refugees and Displaced Persons of 4 April, 1994.<sup>16</sup>

The statement on the measures of political settlement of the Georgian-Abkhaz conflict of 4 April, 1994 opened the way to the so-called Geneva process intended to keep the Georgian-Abkhaz peace talks going. On 17-19 November, 1997, at their regular meeting in Geneva, the sides agreed to establish a Coordinating Council and, within its framework, working groups in the following areas:

- Issues related to lasting non-resumption of the hostilities and security problems;
- Refugees and internally displaced persons;
- Economic and social problems.<sup>17</sup>

The same meeting set up the Group of Friends of the Secretary General which was “to participate in meetings and make statements and proposals on various aspects of the peace process, including political settlement.” The Group was not party “to the negotiations and shall not be invited to sign documents agreed upon during the negotiations by the parties.” The Group consisted of the United States, Russia, Great Britain, Germany, and France.

The so-called Boden Document<sup>18</sup> reflected the international community's general idea about the principles applied to settlement of the Georgian-Abkhaz conflict. Despite the document's generally accepted content, the conflicting sides were not completely satisfied with it. Abkhazia was worried by the prospect of reintegration into the Georgian state, while the Georgian side equally feared Abkhazia's confirmed sovereignty. Can this contradiction be resolved? If the document's key principles acquire specific legal and political democratic mechanisms and guarantees, the sides are expected to accept the prospect of settlement. They alone can determine the settlement conditions, since neither the U.N. nor the international community is able to independently determine the mutually acceptable degree of sovereignty.

The above-mentioned institutions and the prolonged experience of conflict transformation and settlement, as well as the numerous agreements and treaties have proven useless: after 15 years, the sides still insist on their radical and irreconcilable positions. The Abkhaz and Ossetian leaders claim that they want independence from Georgia recognized by the international community. The Georgian side has not yet described its idea about the future arrangement; it is still unclear what mechanisms will guarantee the sovereignty of Abkhazia and former South Ossetian Autonomous Region within Georgia and the extent to which the two structures will be sovereign. So far, there are no joint positions on these issues.

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<sup>16</sup> See: *Sbonik dokumentov, kasaiushchikhsia voprosa uregulirovania konflikta v Abkhazii, Gruzia, priniatykh v period s 1992 po 1999 god*, compiled by G. Uridia, Tbilisi, 1999, pp. 40-42.

<sup>17</sup> See: *Svobodnaia Gruzia*, 20 November, 1997.

<sup>18</sup> The document Basic Principles for the Distribution of Competencies between Tbilisi and Sukhumi drawn by special representative of the U.N. Secretary General Dieter Boden with participation of the U.N. Secretary General's Group of Friends, 20 November, 2001.



This explains why settlement remains entrusted to outside forces represented by the U.N., Russia, the U.S., the Group of Friends, the OSCE, the EU, and GUAM. In the absence of a clear official position on the status and guarantees for the breakaway regions within the Georgian state, the friendly countries and institutions find themselves in a difficult situation: they are unable to convince the Abkhaz and Ossetian sides to reincorporate into Georgia.

## Dynamics of the Georgian-Ossetian Conflict

The years 2004 and 2006 proved to be the most turbulent in the 15 years of the Georgian-Ossetian conflict. This was when Georgia radically changed its attitude toward Russia's role in the conflict settlement. The armed clashes in June-July 2004 around Tskhinvali invited negative dynamics.

Later, when Eduard Shevardnadze and Aslan Abashidze, leader of the Ajarian Autonomy, were painlessly and effectively removed from the political scene the new Georgian leaders imagined that all the other problems could be resolved as painlessly and effectively. In their haste the euphoric leaders demonstrated more aggressiveness than wisdom: their ill-considered strategy, which ignored the interests of the local Ossets and ignited armed clashes, cost the sides human lives. This suspended all socioeconomic projects, deprived the country of Western support and widened the gap between the Ossets and Georgians. In short, the result was the opposite of what was expected.

This somewhat sobered the leaders: in September 2005 at a meeting of the U.N. General Assembly, President Mikhail Saakashvili offered his plan of consistent conflict resolution. On 26 January, 2005, he presented, with great success, the new Initiative of the Georgian Government with Respect to Peaceful Settlement of the Conflict in South Ossetia.<sup>19</sup> In December 2005, Georgia familiarized the OSCE ministerial meeting in Ljubljana with the peace plan for South Ossetia drawn up by the Georgian Cabinet.<sup>20</sup> These interesting and promising initiatives remained on paper; the short-term results outweighed the long-term prospects. Today, no one remembers any of these documents.

The approaches were revised once more: today a different project occupies the Georgian leaders' minds: it was decided to separate the Ossets living in the territory of the former South Ossetian Autonomous Region by setting up an "alternative government of South Ossetia" with Dmitri Sanakoev (who fought against Georgia in 1990-1992 and changed sides in 2006) as its head. He was appointed to the post of the head of the Provisional Administration of South Ossetia on 1 August, 2007. Today he is engaged in monitoring self-administrations within the administrative-territorial unit called South Ossetia on the strength of a decision by the government of Georgia of 27 July, 2007.

Georgia insists that the negotiation format that has exhausted itself or is merely ineffective should be changed. The Joint Control Commission has not met since the summer of 2006: the Georgian side refuses to be involved with this useless structure. It is convinced that the de facto Tskhinvali authorities and Sanakoev, who heads the Provisional Administration, should talk to one another. On 29 February, 2008, State Minister for Reintegration Temuri Iakobashvili suggested that the JCC format be a new 2 + 2 + 2 format made up of Georgia and Dmitry Sanakoev's government; Russia and the de facto South Ossetian administration; the OSCE and EU. On 4 March, Minister Iakobashvili announced that Tbilisi refused to discuss the South Ossetian conflict resolution within the JCC.<sup>21</sup> Russia, in turn, prefers to save the Joint Control Commission.

<sup>19</sup> [<http://www.president.gov.ge/others/initru.htm>].

<sup>20</sup> [<http://daccessdds.un.org/doc/UNDOC/GEN/N05/593/85/PDF/N0559385.pdf?OpenElement>].

<sup>21</sup> [<http://www.civil.ge/eng/article.php?id=17257>].

## The Georgian-Abkhaz Conflict

The conflict in Abkhazia does not demonstrate the dynamics typical of the former South Ossetian Autonomous Region. Abkhazia can be described as an economically impotent and mostly uncontrolled area. Moscow, which pays lip service to Georgia's territorial integrity, has already engulfed (in the economic sense) the breakaway region. On 6 March, 2008, the Foreign Ministry of Russia announced that Moscow had unilaterally withdrawn from the 1996 CIS Agreement that introduced economic sanctions against Abkhazia.<sup>22</sup> This turned Abkhazia, almost the entire population of which carries Russian passports, into another dependent Caucasian region; to a great extent its domestic developments are Kremlin-controlled. The Georgians who comprise about one-third of the total population of Abkhazia use their native tongue restrictively; there are no Georgian schools where they can learn the language; today it is essentially secretly taught in Russian schools functioning in Abkhazia.

### “Key to the Future”

The Key to the Future document occupies a special place among the numerous documents related to the Georgian-Abkhaz conflict. Created by the Abkhaz side, it describes an alternative approach to the settlement or transformation of the protracted conflict. Its weak arguments are all too easy to criticize: some of them are obviously unacceptable, while others can be discussed. The document says nothing about Russia's “positive” role in the settlement process, but describes Georgia's efforts to “squeeze” Russia out of the peace process counterproductive. At the same time, the document says a lot about Abkhazia's intention to begin integration in the Black Sea and European expanses. There is another highly interesting point: the document suggests that Georgia should accompany its democratic changes with voluntary revision of the past errors and an apology to the Abkhaz for the state policy of assimilation, wars, and isolation in order to upgrade the level of mutual trust.

To usher in a new stage of conflict settlement, Georgia should lift the political and economic pressure on Abkhazia together with the economic and information blockade. The document holds Georgia responsible for the war of 1992-1993.

Confidence-building measures should be strengthened to bring the process to a new, higher level. Abkhazia's current concerns with Georgia's intensive militarization, which are totally justified, can be relieved only through reliable measures that will rule out armed clashes. Adequate moves should be prompt: today the country's militarization fans belligerency in the Georgian political class and the public which is spreading far and wide and making the Abkhaz even more suspicious.

## GUAM and Conflict Settlement

The above has clearly demonstrated that GUAM will have to work hard to find a point from which it can steadily move toward peaceful settlement. The Chisinau summit bred justified ambitions in the GUAM members, allowing them to influence the conflict settlement according to their interests. Since that time on, GUAM became deeply involved in setting up a peacekeeping battalion. On 18-19 June, 2007 Baku hosted a regular summit of the Organization for Democracy and Economic Development—GUAM, which clarified the issue. The summit “confirmed that active and concerted

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<sup>22</sup> [[http://www.mid.ru/brp\\_4.nsf/sps/648830C5AF867590C32574040046B653](http://www.mid.ru/brp_4.nsf/sps/648830C5AF867590C32574040046B653)].

efforts should continue to settle the conflict according to the principles of sovereignty, territorial integrity, and inviolability of the states' borders recognized by the international community."<sup>23</sup>

From the very beginning, since May 1996 when the GUAM principles were first formulated, the organization has been propelled forward by the idea of a Eurasian transportation corridor and its secure exploitation. The new structure, which appeared, among other things, for military-political reasons, did not concern itself with specific military-political issues. At the Yalta summit, for example, which took place on 6-7 June, 2001, the members rejected a military-political future for their organization and pointed out that confrontation with Russia and the CIS was unacceptable.<sup>24</sup> At the same time, S. Pirozhkov and B. Parakhonskiy pointed out in their joint report entitled "Building a Regional Cooperation Model in the GUUAM System:" "The meeting of the defense ministers of Azerbaijan, Georgia, and Moldova held in January 1999 in Baku discussed the draft Agreement on Setting up a Joint Peacekeeping Unit to maintain and establish peace and international security."<sup>25</sup> Even "sluggishly developing" GUAM was not alien to military-political ideas; it was the structure's too "diverse" composition that interfered with movement in this direction. It seems that the budding ideas of a military alliance inside GUUAM scared Uzbekistan away. President of Uzbekistan Karimov wrote in his letter that his country was not quite satisfied with "the organization's accent on settling the frozen conflicts, setting up joint armed blocs, and revising the functioning security systems."<sup>26</sup>

After the Color Revolutions in Georgia and Ukraine, movement toward a joint military unit accelerated. Today Georgia and especially Ukraine have accumulated enough experience of peacekeeping operations in Iraq, Afghanistan, and Kosovo, which means they will find it easier to set up a similar structure at home. In August 2006, representatives of the defense ministries and general staffs of the armed forces of Georgia, Ukraine, and Azerbaijan arrived in Tbilisi to outline the contours of a joint military unit that will comprise of military contingents from each of the member countries. Defense Minister of Ukraine Anatoli Gritsenko, who attended the meeting, said: "If it is set up, the GUAM peacekeeping contingent will carry out tasks under U.N. or OSCE mandates."<sup>27</sup> In February 2007, Secretary General of the ODED—GUAM Valery Chechelashvili pointed out: "Today we are working on a draft treaty of the GUAM member states for setting up a joint peacekeeping military-and civilian-political structure. The treaty will allow GUAM to use its joint military and police forces in humanitarian and peacekeeping operations under the aegis of international organizations."<sup>28</sup> The treaty was signed at the GUAM summit held in Baku on 18-19 June, 2007. It was decided that the peacekeeping battalion would consist of mechanized platoons with support services for communication and control. According to Defense Minister of Ukraine Gritsenko, the GUAM peacekeeping unit will be about 530-strong.<sup>29</sup>

So far the talks about the peacekeeping units have not been translated into practical steps: the summits are merely discussing the issue; and the initial drive is petering out. President of Ukraine Viktor Yushchenko offered the following comment after the Baku summit: "There are partners that do not reject the issue but merely have different ideas about it."<sup>30</sup> This means that some of our partners remain in two minds about a joint peacekeeping contingent within GUAM. The president refused to specify. Koba Liklakadze, a Georgian military expert, was more outspoken: "Moldova's position is not quite clear. Under its Constitution, it is a neutral country, which makes its potential involvement

<sup>23</sup> [<http://www.guam.org.ua/274.748.0.0.1.0.phtml>].

<sup>24</sup> TURAN, 19 April, 2005.

<sup>25</sup> [[http://www.niurr.gov.ua/ru/conference/sevastopol\\_conf/pirozhkov\\_parahonsky.htm](http://www.niurr.gov.ua/ru/conference/sevastopol_conf/pirozhkov_parahonsky.htm)]

<sup>26</sup> *Ekho* (Baku), 7 May, 2005.

<sup>27</sup> [<http://www.regnum.ru/news/690326.html>].

<sup>28</sup> [<http://www.legal.az/content/view/1617/55/>].

<sup>29</sup> [<http://www.day.az/print/news/politics/83498.html>].

<sup>30</sup> [<http://www.civil.ge/rus/article.php?id=13788>].

in the peacekeeping battalion doubtful. Azerbaijan is also in a difficult situation: its president is between two fires. On the one hand, he would like to carry on what his father began. GUAM can be described as the brainchild of Heydar Aliev and Eduard Shevardnadze. On the other, he does not want unnecessary tension with Russia.<sup>31</sup> In June 2008, Tbilisi will host another summit, but the approaches to the GUAM Peacekeeping Battalion remain vague. None of the member countries ratified the Baku decision on the peacekeeping battalion. We know, however, that the unit will not be concentrated in one single place: its national parts will be stationed in the corresponding countries. The headquarters will take shape when the national units have been finally formed.<sup>32</sup> If the situation is still the same by the Tbilisi summit, the GUAM peacekeeping battalion will be incorporated into other international peacekeeping forces.

Even on paper the idea draws negative responses from Russia and the Georgian breakaway regions. Russian Defense Minister Sergey Ivanov said the following: "These 'peacekeeping services' offered by an obviously biased structure cannot invite adequate responses from the sides involved in the conflict resolution. It is only natural that Russia insists on political methods of conflict settlement and adequately responds to these developments."<sup>33</sup> By "adequate responses" Sergey Ivanov probably meant the absolutely unacceptable position of Georgia's separatist regions that objects to any changes in the peacekeeping format. International rules forbid replacement of the peacekeeping contingent or its mixing with other forces without the consent or at the request of all sides involved in the conflict. The Abkhaz and Ossetian sides insist that the Russian peacekeepers are coping with the mandate and resolutely object to their replacement. President of the self-proclaimed Republic of Abkhazia Sergey Bagapsh said: "Our position remains the same: despite the demands of Georgia or the international community, Abkhazia will stand firm: the Russian peacekeepers should remain on its territory."<sup>34</sup> Here is what Foreign Minister of the self-proclaimed Republic of Abkhazia Sergey Shamba has to say on the issue: "Any interference into the already functioning format of the Georgian-Abkhaz settlement might destroy the rather fragile negotiation process. The implications could be grave... When Georgia tried to alter the format of the peacekeeping operation we found ourselves in an impasse and the negotiation process ground to a standstill."<sup>35</sup>

Negative statements and unacceptable positions are not Russia's only weapon. It has other levers of influence and control. In April 2005, for example, the leaders of the three unrecognized republics—Abkhazia, South Ossetia, and Transnistria—met in Sukhumi. The meeting was timed to coincide with the Chisinau GUUAM summit. On the summit's eve large-scale military training exercises were launched in Abkhazia involving all the forces and services (aviation, tanks, and the navy). This means that the GUAM members should not merely build up their military component; they should set up a security and development system alternative to the Russian offering better conditions for the separatist regions.

UNOMIG is one of the structures that guarantee support of the CIS Peacekeeping Forces and positively assesses their presence in the resolutions and reports to the U.N. This means that if GUAM wants to replace these forces or mix them with other structures it should lay convincing arguments on the table in favor of the idea and demonstrate that the GUAM peacekeepers will be more effective than the CIS forces.

GUAM can also promote conflict settlement in Georgia at the international level. The draft resolution of the 61st Session of the U.N. General Assembly on Protracted Conflicts in the GUAM Area and their Implications for International Peace, Security and Development is one of the positive exam-

<sup>31</sup> [[http://www.1news.az/articles.php?item\\_id=20070627050421428&sec\\_id=7](http://www.1news.az/articles.php?item_id=20070627050421428&sec_id=7)].

<sup>32</sup> [<http://www.day.az/print/news/politics/88511.html>].

<sup>33</sup> [[www.regnum.ru/news/710566.html](http://www.regnum.ru/news/710566.html)].

<sup>34</sup> [<http://www.newsgeorgia.ru/geo1/20070301/41890958.html>].

<sup>35</sup> [<http://www.newsgeorgia.ru/geo1/20070301/41890327.html>].

ples of this sort of international involvement that should be tapped to the full. If adopted, the resolution will allow the GUAM members to raise the conflict issue to a qualitatively new level. Russia habitually dismisses this sort of action as counterproductive and destructive, yet such steps lead to new, more constructive and much more up-to-date models of cooperation in conflict management. So far the draft has not been adopted; much is being done to convince the General Assembly to support the resolution on the frozen conflicts. These efforts will be transferred to PACE.

The Tbilisi summit of June 2008 will probably discuss the extent to which the GUAM members are unanimous in their approaches to the conflict settlement, or should collective efforts be balanced out with individual involvement?

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## SOME STATE LEGAL PROBLEMS IN THE ARMENIAN-AZERBAIJANI, NAGORNO-KARABAKH CONFLICT

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The Kosovo Precedent, which at first posed an enigma for the world community, showed, as events unfolded and they were subsequently understood, what can happen when the settlement of territorial conflicts falls outside the law, the regulations of international law adopted by the world community are ignored, and the law of force takes priority over the force of law (the events in Tibet, the aggravation of the situation in Abkhazia and South Ossetia, and the attempts by the Armenian armed forces to violate the ceasefire regime in Nagorno-Karabakh and on the border with Azerbaijan).

This calls for the powers of reason to exert every effort to ensure that Kosovo does not become a precedent and that the regulations of international law established by the members of the international community themselves remain the precedent in international relations. The world community is faced today with a vitally important task, the price of which is peace on Earth. This task is to ensure that the world is not redivided and that borders are not redrawn. The onset of the first stage in this process goes back to the beginning of the Nagorno-Karabakh conflict, the beginning of Armenia's aggression against Azerbaijan. The second stage began with the recognition of Kosovo's independence. This task can only be solved by returning conflict settlement to the scope of the law, in so doing, restoring genuine respect for the regulations of international law established by the world community. This is what the GUAM Baku Declaration of 19 June, 2007 called for, after foreseeing this possible turn in events, by confirming the "need to continue active joint action to settle the protracted conflicts in the GUAM region by observing the principles of sovereignty, territorial integrity, and inviolability

of the states' internationally recognized borders and in compliance with the provisions of the Joint Declaration of the GUAM Heads of State on Conflict Settlement, as well as the importance of mobilizing the support of the international community to settle these conflicts."

We are making this modest attempt to shed light on some of the state legal problems arising in this most notorious territorial conflict in order to attract the attention of the forces capable of settling it to the obvious facts.

Some banal thoughts on **"the legitimacy of unrecognized states in the post-Soviet space."** The legal system of any state is based on its legitimacy. The legitimate process of forming the people's expression of will and the legislation process based on it are the necessary and determinative prerequisites of state-building. This is essential for declaring a state legitimate. Let us take a deeper look into the "legal system" of the unrecognized states in the post-Soviet space. We will show that neither the law, nor a legal system function in them today and, correspondingly, their "legitimacy" is only a myth.

In order to justify the **first thesis**, we must turn to the spirit of law in general. In Ancient Greece and Ancient Rome, the maintenance of human rights was related to ancient polis, which made it possible to draw up and then pass on to the next generations the state's immense spiritual wealth and ideas of citizenship and democracy.<sup>1</sup> Law in general, as well as the rights of individuals, the members of the polis, can be traced back, according to the ideas of antiquity, not to force, but to the divine order of justice.

Both law in general and the rights of individuals in particular are impossible without common standards of behavior, which express what is permissible and what is forbidden equally for everyone, as well as determine an equal measure of freedom. Where there is no equal measure (common standards, single scale), there can be no law.<sup>2</sup>

Solon (circa 638—559 B.C.), a famous state official and legislator, one of the Seven Wise Men of Ancient Greece, understood law (and its rule) as a combination of "right" and "might." Along with the distinction between right and law, this framework also included an understanding of polis law as a universal form and generally valid measure of official recognition and expression of the rights of polis members. This universality of the law is expressed in the demand for legal equality: all citizens are equally protected by the law and are subordinate to its rules, which are obligatory for all.<sup>3</sup>

What are we seeing in the so-called NKR (Nagorno-Karabakh Republic), for example? An Armenian community of 120,000 people, out of the population of 180,000 in the Nagorno-Karabakh Autonomous Region, which is part of the Azerbaijani Republic, refused to obey the laws of a state recognized by the world community—the Azerbaijan Republic; with the help of Armenia's armed forces that invaded the Azerbaijan Republic, the Azeri community of 60,000 people was driven from the NKAR, other territory contiguous to Nagorno-Karabakh was seized, hundreds of thousands of Azeris were driven from it, after which the Armenian community set about building a "democratic" state with a "democratic legal and election system!?" What is the essence of this legal system that applies to territory from which most of the indigenous population has been expelled? Incidentally, the number of those expelled is six-fold larger than the Armenian community remaining in these territories. As we see, **"formation of law" in the "NKR" violates the basic principles of law: justice, equality, and freedom, without which it is impossible to form a democratic legal system.**

Now let us take a look at the **second thesis**. Every law student learns from the very start that law cannot exist without a state, and a state cannot exist without law. It stands to reason that in order for

<sup>1</sup> See: S. Utchenko, *Politicheskie ucheniia Drevnego Rima*, Moscow, 1977, p. 41.

<sup>2</sup> See: *Prava cheloveka v mezhdunarodnom i vnutrigosudarstvennom prave* (Ed.-in-chief, Professor R. Valeev), Kazan State University, Kazan, 2004, p. 9.

<sup>3</sup> See: Aristotel, *Afinskaia politika*, Moscow, 1996, pp. 17-18.

the standards regulating vital activity in unrecognized states to be recognized as legal, these “formations” themselves must first be recognized as states. There is a multitude of studies on the origin and nature of the state in the theory and history of the state and law. Among this multitude of studies, contemporary science singles out two main and most popular theories: the natural law theory (in the literature it is also called the contractual theory or the theory of **contractual origin** of the state and law) and the theory of coercion, which sees the main reason for the emergence of a state in **conquests, violence and subjugation by others.**<sup>4</sup> We will emphasize that a historical-legal analysis makes it possible to convince ourselves of the strength of arguments the advocates of both theories advance.

The emergence of new states in today’s world is a phenomenon the world community does not encourage, so it very rarely takes place. Something like this happened in the first half of the 1990s, when the Soviet Union fell apart into 15 independent states, new states were formed instead of the Socialist Federal Republic of Yugoslavia and the Czechoslovak Socialist Republic, and the unification of Germany took place. Despite the dramatic effect of the events that accompanied these processes, the formation of the newly independent states was based on a **legal contract** (in some legitimate form), that is, agreements on the creation of these states which were recognized by the world community. This made it possible to shift in a civilized way from state formations created by the force of arms, by means of coercion, conquering, and enslavement (the U.S.S.R., the S.F.R.Y., and the C.S.S.R.), to independent states created on the basis of a voluntary contract and so recognized by other democratic states.

Other events also took place at this time. Certain forces, using democratic processes in the above-mentioned territories, tried to create new states (Nagorno-Karabakh in Azerbaijan, Abkhazia and South Ossetia in Georgia, Transnistria in Moldova, and Chechnia in Russia) by coercive means (under the guise of democratic and nationalistic slogans). But there is no legal contract in any of these cases that is recognized by the world community. The reason is obvious: **today’s world community does not regard violence or coercion as a way or means for creating a new state. The creation of a new state in today’s democratic world is only possible with a legal contract, when all the sides concerned come to a voluntary agreement.** A contract cannot have legal force if one of the sides coerces the other by force of arms; this kind of contract is legally non-existent, or will sooner or later be violated and abolished. It will constantly be a potential source of instability in a particular region. **International recognition of a state created by one state occupying the territory of another state might be regarded in the world as a precedent and entail unpredictable consequences for the world community.** It is no accident that not one of the above-mentioned formations has been recognized by a single state in the world, including the Republic of Armenia.

Since it is generally known that law is created by state bodies authorized for that purpose, it inevitably follows from the aforesaid that the regulations applied in the unrecognized illegal formations are not in essence legal and so cannot form a legal system, along with other factors. Accordingly, the power bodies in these formations are not legitimate.

**Armenian speculations about the “1991 referendum in the NKAR.”** Essentially all Armenian sources that justify the legitimacy of “NKR’s independence” base their arguments on the referendum held in the NKAR on withdrawal (secession) from the Azerbaijan Republic in compliance with the U.S.S.R. Law on the Procedure for Resolving Issues Relating to the Withdrawal of a Union Republic from the U.S.S.R. of the 3 April, 1990.<sup>5</sup> Almost all the arguments of the Armenian side on the legitimacy and independence of the “NKR” are substantiated by the referendum held and references

<sup>4</sup> See: for example: *Teoriia gosudarstva i prava. Lecture Course*, ed. by M.N. Marchenko, Zertsalo, TEIS, Moscow, 1996, pp. 23-39; *Osnovy teorii gosudarstva i prava. Textbook* (Ed.-in-chief S.S. Alexeev), Iuridicheskaiia literatura Publishers, Moscow, 1971, pp. 38-41.

<sup>5</sup> See: *Gazette of the Supreme Soviet of the U.S.S.R.*, No. 15, 1990, Items 252 and 253.

to this Soviet document. The illegality and unlawfulness of this referendum, as well as the absurdity of the references to the aforesaid U.S.S.R. law become obvious even upon fleeting acquaintance with the content of this Law.

- We will primarily draw attention to the name of the Law, which talks about the withdrawal of a Union republic from the U.S.S.R., but (attention!) in no way implies an autonomous region or even an autonomous republic. This is also directly mentioned in Art 1 of this Law.
- Second, the mentioned Law envisages the possibility of holding a separate referendum for each autonomy in the Union republics holding a referendum on withdrawal from the U.S.S.R. and having constituent autonomous republics, autonomous regions, and autonomous areas. In this case, the autonomous republics and autonomous formations retain the right (1) to independently decide whether they remain in the Union of S.S.R. or (2) remain in the Union republic that is withdrawing, as well as to (3) **raise the question of their own state legal status** (see Art 3 of this Law). This is far from what happened in the NKAR at the 1991 referendum and from what Armenian Defense Minister Serge Sarkisian said at the parliamentary hearings on the Nagorno-Karabakh problem on 30 November, 2005<sup>6</sup> for the reasons given below:
  1. The right to “constitute themselves as independent entities of the Union Federation, including secession from the Union republics they belonged to (if such Union republics raise the question of withdrawing from the U.S.S.R.),” as Serge Sarkisian said, could be accrued in compliance with the Law of 3 April, 1990 not from the time “the Union republics raise the question of withdrawing from the U.S.S.R.,” but at the time a Union republic holds a referendum on withdrawal from the U.S.S.R. (again see Art 3 of this Law).
  2. In compliance with Art 4 of the Law of 3 April, 1990, “the Supreme Soviet of a Union republic shall form a commission of representatives from among members of all the sides concerned, including the autonomies, in order to organize a referendum on withdrawal from the U.S.S.R. and set the time for holding the referendum and summing up its results.” As we know, this did not happen.
  3. A referendum on the withdrawal of a Union republic from the U.S.S.R., in compliance with Art 2 of the U.S.S.R. Law of 3 April, 1990, shall be held no sooner than six and no later than nine months after the decision was adopted to raise the question of a Union republic’s withdrawal from the U.S.S.R. The Supreme Soviet of the Azerbaijan Republic adopted the Constitutional Act on State Independence on 18 October, 1991 and, consequently, in compliance with the law to which Armenian sources refer, the referendum could not be held earlier than 18 April, 1992 or later than 18 July, 1992. This means that in compliance with the Law of 3 April, 1999, the NKAR did not accrue the right and could not have accrued the right to hold a referendum on self-determination. Theoretically speaking, such right, in compliance with the U.S.S.R. Law of 3 April, 1990, could have arisen only in the period between 18 April and 18 July, 1992 when the Azerbaijan Republic itself was holding a referendum.
  4. And, finally, nowhere in the Law of 3 April, 1990, can a single word be found about the right of an autonomous region to independently hold a referendum.

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<sup>6</sup> See: Full text of the report of the Armenian defense minister at the parliamentary hearings on the Nagorno-Karabakh problem is available at [<http://www.regnum.ru/news/437271.html>].



- Third, let us turn again to Art 3 of the Law, the first part of which says, as noted above, that at the holding of a referendum on secession from the U.S.S.R. by a Union republic, its constituent autonomous entity retains the right **“to raise the question of its state-legal status.”** Note: not the right to self-determination and withdrawal from the U.S.S.R., but only the right “to raise the question,” making a decision on which, in compliance with the Law of 3 April, 1999, lay within the competence of the Union of S.S.R. (see Arts 3-12 of this Law). This regulation was included in the Law for the one sole purpose of having a legal mechanism for retaining autonomous republics and autonomous formations in the U.S.S.R. in the event a Union republic attempted to withdraw from the U.S.S.R. It would be naïve and unprofessional to presume that, following the withdrawal of a Union republic from the federation, the Union of S.S.R. would create favorable conditions for the withdrawal of autonomous formations as well. **The only and main purpose for adopting the above-mentioned Law was not to streamline the withdrawal of Union republics (and according to the Armenian version, autonomous formations as well) from the Union of S.S.R., but, on the contrary, to hinder free exercising of the right to free withdrawal of Union republics from the U.S.S.R. envisaged in Art 72 of the last U.S.S.R. Constitution.**
- Fourth, in compliance with the Law of 3 April, 1990, the results of a referendum on the withdrawal of a Union republic, and autonomous formations along with it, from the U.S.S.R. did not automatically provide grounds for withdrawal from the federation. In order to acquire legal force, a long and complicated procedure had to be tackled that ended in the results being considered by the U.S.S.R. Supreme Soviet and the U.S.S.R. Congress of People’s Deputies (for more detail, see Art 7 of the Law of 3 April, 1990), which, naturally, never happened.
- Fifth, while plans were being made to hold a referendum in Nagorno-Karabakh in December 1991, the NKAR itself, as an autonomous formation, no longer existed: the Nagorno-Karabakh Autonomous Region was abolished by the Law of the Azerbaijan Republic of 26 November, 1991, in compliance with the Constitution of the Azerbaijan Republic and the Constitutional Act on State Independence.<sup>7</sup> Consequently, the provisions of Art 3 of the U.S.S.R. Law of 3 April, 1990 no longer applied to the territory of the Azerbaijani Republic.
- Sixth, by the time the liquidated NKAR held its referendum, the Union of S.S.R. had also ceased to exist as an entity of international law and geopolitical reality as a result of the Belovezh Agreement on the Creation of the Commonwealth of Independent States among the Russian Federation, Ukraine, and Belarus of 8 December, 1991.<sup>8</sup> Consequently, in this case, even reference to the laws of a state that does not exist is incorrect.

So the myth about the formation of two equal independent states on the territory of the Azerbaijan Republic after the collapse of the U.S.S.R., the second of which is the “NKR”, and the myth about the legitimacy of the “NKR’s independence” are nothing more than falsifications propagated by the Armenian separatists.

**“The possibility of recognizing the ‘NKR’s’ independence.”** Some forces and their sources are trying to present a whole series of reasons that are supposedly sufficient for recognizing the “NKR’s” independence and its withdrawal from the Azerbaijan Republic. The main argument in this

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<sup>7</sup> See: On the Abolishment of the Nagorno-Karabakh Autonomous Region of the Azerbaijan Republic. Law of the Azerbaijan Republic of 26 November, 1991, *Gazette of the Supreme Soviet of the Azerbaijan Republic*, No. 24, 1991, Art 448.

<sup>8</sup> See: *Collection of Documents of the Commonwealth of Independent States*, No. 1, 1991, Art 6.

issue is the thesis that the “NKR,” according to its founders, is a “more democratic formation” than the Azerbaijan Republic, and that these “democrats” need more “freedom and independence.”

We will not compare the democratic situation in the Azerbaijan Republic and the Nagorno-Karabakh region that has withdrawn from its subordination. We will simply look at how “democratic” the self-proclaimed “NKR” is.

For lawyers, diplomats, political scientists, historians, and many others, we will not be saying anything new if we note that the literature on international law has long used a concept of “state” that comprises three main components: sovereign power, the population, and a specific territory. Consequently, in order to recognize the so-called NKR as being capable and worthy of existing as an independent democratic state, the world community must be convinced that it has all three of these components. After turning a blind eye to the will of the Azerbaijan Republic and its people on this issue, we will take a deeper look into each of these components.

- First, **sovereign power**. It stands to reason that this power derives from a “people.” We have already shown in previous publications that the population of Nagorno-Karabakh is not a “people.” Let us briefly reiterate. Nagorno-Karabakh is a region of Azerbaijan where two communities, Armenian and Azeri, lived until the Armenians carried out ethnic cleansing. These two communities comprise the population of Nagorno-Karabakh, but they can in no way be described as a “people.” The term “people” is a political category, and peoples in this context are “Armenians” and “Azeris,” which have already realized their right to self-determination within the framework of the Republic of Armenia and the Azerbaijan Republic, respectively. The term “people” cannot be applied to the population of Nagorno-Karabakh of the Azerbaijan Republic. Sovereign power should be independent. It seems to us that not one self-respecting politician, lawyer, diplomat, political scientist, or historian would take it upon himself to prove the independence or sovereignty of the power of the so-called NKR, at least as far as its dependence on the Republic of Armenia is concerned.
- Second, **population**. Who populates the “NKR” today? We touched on this subject above. Since the beginning of occupation of Azerbaijani territory by the Republic of Armenia, the whole of the Azeri population, consisting at the time of approximately one third of the entire population of the NKAR (more than 60,000 people), left the territory of the former NKAR at gunpoint. In addition to this, since it did not wish to participate in the hostilities and unlawfulness in Nagorno-Karabakh, part of the Armenian population (approximately 25-30,000 people) also left it. If we take into account the instances of people settling illegally on the Azerbaijani territory occupied by the Republic of Armenia, the population of the so-called NKR comprises at most 100,000 people. It is difficult to understand the extent to which the above-mentioned fits into the framework of a democratic process. What about the Azeri population of Nagorno-Karabakh when “recognizing the independence of the NKR?” What about their rights? What “democrat” can answer these questions?
- Third, **territory**. What territory are we talking about when we define the territory of the “NKR”? The former territory of the former Nagorno-Karabakh Autonomous Region of the Azerbaijan S.S.R.? Or the entire territory occupied by the armed forces of the Republic of Armenia, including, in addition to the territory of the former NKAR, seven other administrative regions of the Azerbaijan Republic? If we are talking only about the territory of the former NKAR, what about the rights of the part of the population expelled from it? If we mean the territory of the NKAR + seven administrative regions of Azerbaijan, what about the rights of the more than 700,000 Azeri citizens driven from their land for the sake of the security of 100,000 Armenians? Sorry, I forgot we are talking here about democracy!

We have shown that when talking about the “NKR” and about “parliamentary or other elections in the NKR,” no one even thinks about their legitimacy. All of these concepts do not have anything in common with the law, international regulations and customs, or even with moral standards. **This is because the essential principles of law: justice, equality, and freedom, without which, as we said above, it is impossible to form a democratic legal system, are being violated.** The unrecognized “NKR”, as well as its institutions are based on the force of arms, aggression, and occupation, which contradicts the convictions of today’s world community regarding the fact that **the creation of a new state is only possible with a legal contract, when all the sides concerned come to a voluntary agreement and strive for peace and prosperity.**

It is gratifying that David Shakhnazarian, one of the leaders of the Armenian National Movement party, former minister of national security of the Republic of Armenia, ambassador extraordinary and plenipotentiary, and currently chairman of the Center of Political and Legal Research Concord, openly admitted the following in one of his interviews: “The Caucasus will be able to develop and prosper only as a united region and market... Georgia and Azerbaijan are trying to ensure their own national security by joining the Euro-Atlantic structures and NATO. The Armenian leaders stated that the country’s national security will be ensured by Russian armed forces and Russia’s protection. I do not think that in the 21st century, armed forces, particularly foreign armed forces, can form the basis of national security for any country... Today there is the great danger that by carrying out such a policy Armenia could become a serious destabilizing factor for the entire region.”

This insight does not need any comment. But I can add that the Republic of Armenia has long become a serious destabilizing factor, and not only for the Central Caucasian region.

All of the above makes it possible for us to conclude that **the attempts by the Republic of Armenia to imitate (including by means of “elections”) the creation of an “independent democratic Nagorno-Karabakh state” on occupied Azerbaijani territory are leading to its isolation not only in the Central Caucasus, but also in the democratic world.**

**Settlement of this international territorial conflict** will only be possible when the world community gives it *an objective political legal assessment*. Only on the basis of comprehensive, complete, and exhaustive study of the reasons and roots of the conflict, as well as an assessment of the situation that has developed at the time the decision is made will it be possible 1) for the sides (with the participation of mediators) to make a fair decision; 2) for generally accepted international legal regulations to be applied correctly and effectively; and 3) for stable, long-term peace guaranteed by the world community to be ensured.

As we know, such prestigious international organizations as the U.N., OSCE, European Union, Council of Europe, NATO, and others are being called upon to speak on behalf of the world community, the direct obligations of which are to maintain and restore peace and stability both throughout the world as a whole and in its separate parts, and impose sanctions against the aggressor country.

The adoption by the Parliamentary Assembly of the Council of Europe on 25 January, 2005 of Resolution 1416 (2005) “The Conflict over the Nagorno-Karabakh Region dealt with by the OSCE Minsk Conference” (rapporteur David Atkinson), which acknowledges the occupation of a significant part of the territory of Azerbaijan by Armenian troops and reiterates that “the occupation of foreign territory by a member state constitutes a grave violation of that state’s obligations as a member of the Council of Europe,”<sup>9</sup> was albeit a tardy, but not the final step in this direction. The adoption in mid-March 2008 at the 62nd session of the U.N. General Assembly of the Resolution on the Situation in the Occupied Territories of Azerbaijan, which essentially presents a political legal assessment of the Nagorno-Karabakh conflict, should serve as an impetus for other international organizations, pri-

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<sup>9</sup> See: [<http://assembly.coe.int/Documents/AdoptedText/ta05/ERES1416.htm>].

marily the OSCE, within the framework of which the Minsk negotiation process is going on without much success, to make similar decisions.

In so doing, it is worth reminding the co-chairing states of the OSCE Minsk Group that the Azerbaijan Republic and the Republic of Armenia signed the Helsinki Final Act, thus recognizing, in compliance with their constitutions:

- 1) the higher juridical force of the regulations of this Act both in domestic and in foreign legal relations;
- 2) the principles of inviolability of the frontiers and territorial integrity of the participating states.<sup>10</sup>

If the world community assumes an objective stance, this might make it possible to withdraw the armed forces from the conflict zone and settle the conflict peacefully without armed pressure and on the basis of the principles of international law.

Questions about the *form of state structure* are arising all the more frequently in light of the need to settle the conflict. The doctrine of constitutional and international law is rather conservative in its definitions. So for many decades, scholars have been trying to fit all the examples of state formations existing in practice into the concepts of “confederation,” “federation,” and “unitary state.” At the same time, a political and legal empirical analysis makes it possible to convince ourselves that these categories essentially do not exist in pure form, their elements are so mutually integrated that we can talk about the creation of certain hybrid forms. For example, there are generally accepted federative states in the world, the constituents of which nevertheless have the right to enter international legal contracts (the Austrian Lands, the territorial constituents of Bosnia and Herzegovina).

At the same time, inductive methods for studying these problems give rise to certain definitive generalizations. In our opinion, when studying the diverse ways to build interstate relations, the conclusion can be drawn that, depending on the existing interrelations between the state and its constituent parts, the following general forms of state structure can be distinguished today: confederation, federation, unitary regional state, and unitary state with a special autonomous status for certain individual territories. It seems to us that a blind approach to the traditional conceptions, definitions, and classifications often has the opposite effect. An attempt to fit the existing reality into a definitive framework could lead to simplification, or, even worse, to distortion of the diversity taking place in the current constitutions, and become a hindrance and obstacle during conflict settlement. So *when settling an ethnoterritorial or ethnopolitical conflict, we should keep in mind the doctrinal conceptions and definitions of constitutional and international law and the constitutional and international law realities existing in the world, while states should be willing to adopt non-standard and non-routine decisions that make it possible to settle a specific conflict.*

The significance of the **study of the legal aspects for settling ethnoterritorial and ethnopolitical conflicts** both in Europe, and in other regions of the world lies in the fact that, first, they have existed (the Åland Islands in Finland, Flanders in Belgium) and continue to exist (the Basque country in Spain, Northern Ireland in Great Britain, Corsica in France) for many decades, and sometimes centuries; second, that throughout human history such conflicts have often been settled with the help of specific legal decisions, and, third, attempts to resolve these conflicts outside the law could lead to unpredictable and far-reaching consequences (which we are seeing with Kosovo in Serbia). So international law and national legal systems should be the basis for settling all the existing conflicts, regardless of their special features. The distribution of powers among different departments, between

<sup>10</sup> See: *Final Act of the Conference on Security and Cooperation in Europe* (Helsinki, 1 August, 1975), available at [<http://www.hri.org/docs/Helsinki75.html>].

the center and the region, between the state and the autonomy, between the federation and its constituent should be a key issue in the decisions being made. Theoretically, the range of distribution of these powers lies between “full sovereignty” and “full anarchy.” It goes without saying that it is unrealistic to imagine that a conflict can be settled by maintaining just one of these categories; therefore, in practice, the fair settlement of a conflict (at a specific stage) should lie somewhere in the middle of the said range.

In so doing, when approaching this study, we are keeping in mind that the circumstances in Nagorno-Karabakh of Azerbaijan differ from the situation in Finland, Belgium, Spain, Great Britain, or in any other country or region.

When showing the difference between the unitary and federative state structure, we point to the fact that the constituent parts of a federation usually have their own constitutions, like the states in the United States of America, for example, the Lands in Germany, the republics in the Russian Federation, or they have fundamental laws which are not called constitutions, for example, the charters of the regions, territories, and an autonomy region of the Russian Federation. This establishes a system of state power bodies of the federation constituents, their powers, etc. It fully confirms the thought expressed by Doctor Conrad Hesse, a professor of Freiburg University, to the effect that “despite the communality of the structural principles, each federative state is a specific and historical identity.”<sup>11</sup>

The system of power bodies of the administrative-territorial units in a unitary state and their competence are set forth in the constitution and laws of the state.

Federation constituents, in contrast to the constituents of a unitary state, have broad political independence and state autonomy. But it would be a mistake to think that the country’s administration is centralized in all unitary states, while decentralization and precise distribution of powers between the center and regions are characteristic of federative states. Each unitary and each federative state has its own special features, which are sometimes very significant. For example, in such unitary countries as Spain and Italy, the autonomous units have a degree of state autonomy that the constituents of some federative states do not have.

The status of the individual constituents in unitary and federative states rarely differs from the status of other constituent parts of the same state. In this respect, the state-territorial structure can both simple (symmetrical) and complex (asymmetrical).

A simple (symmetrical) state structure is characterized by the fact that all of its constituent parts have the same status. For example, the Austrian and German Lands, *voyevodstvos* in Poland, and regions in Belarus are equal.

In a complex (asymmetrical) state-territorial structure, the constituent parts of the state have a different status. For example, the unitary composition of Ukraine includes the Crimean Autonomous Republic, which has a special status, in addition to regions that have the same status. Sicily, Sardinia, Friuli-Venezia Giulia, and other regions of Italy have, in compliance with the constitution of this country, special forms and conditions of autonomy in keeping with special statuses established by constitutional laws. The Basque country, Catalonia, Galicia, Andalusia, and other provinces of Spain have autonomy. In each of these self-governing regions, there is an assembly elected by the people which issues the laws in effect in the province. Great Britain, as a unitary state, consists, as we know, of historically developed parts—England, Scotland, Wales, and Northern Ireland. The administrative-territorial division of these parts differs: in England and Wales they are counties, Northern Ireland is divided into districts, and Scotland into council areas. Greater London is an independent administrative-territorial unit.

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<sup>11</sup> See: K. Hesse, *Grundzüge des Verfassungsrechts der Bundesrepublik Deutschland*, 20th edition, Müller, Heidelberg, 1999.

As already noted above, the scope of a territorial autonomy can differ, and two of its forms are singled out depending on the indicated scope—state (legislative) and local (administrative). The state form of territorial autonomy is characterized by the fact that its bearer has the outer attributes of a state—a parliament, government, sometimes a constitution, citizenship, whereby the state's general constitution usually sets forth the sphere of legislative competence of the autonomous parliament.

A local form of autonomy does not have these attributes, and the range of autonomous rights of territorial units is usually defined by ordinary law. In most cases, constitutions and laws envisage that autonomous units draw up (sometimes they also adopt them themselves) fundamental regulatory acts defining their internal structure (constitutions, charters, regulations, charters of self-government, and so on).

Sometimes territorial units with a large foreign population distinguished by different lifestyles or the isolated, for instance island, status of a territory are given a special autonomous status which is characterized in the relevant cases as national-territorial. For example, the Åland Islands in Finland populated by Swedes, the islands and border areas of Italy, the autonomous regions of China populated by non-Han minorities, the island of Greenland in Denmark populated by Eskimos, Zanzibar in Tanzania, and others enjoy this autonomy.

In particular, the Åland Islands, which are a region of Finland, are guaranteed their territorial integrity; they have their own parliament and their own government with its guaranteed powers, their own citizenship (citizens of the Ålands automatically acquire Finnish citizenship). Incidentally, the president of Finland has the right to veto Åland laws. The law on autonomy of the Ålands is adopted by the Finnish parliament by two thirds of the votes and is approved by the same majority in the Åland parliament.

The territorial structure system in the United Republic of Tanzania, which is usually described as a federation in the literature, is similar in many ways to the Finnish and Danish systems. In reality, there are no grounds for this characterization, despite the contractual origin of this united state. The mainland part of the country—Tanganyika—does not have its own special power bodies that could act along with the general state bodies and, in essence, Tanzania is a unitary state with the autonomy of Zanzibar.

The autonomy of Scotland within Great Britain is also very unusual. Scotland does not have its own legislative and executive bodies, but, in compliance with the Act of Union of 1707, it is recognized as having the right to have its own legal and judicial system, its own (Presbyterian) church, and special representation in the House of Lords (in the House of Commons, Scotland is represented in accordance with the usual procedure).

Territorial or national autonomy, as well as self-government, can be either very broad or very narrow. Switzerland, the U.S., and to some extent England are examples of broad self-government. The Swiss republic consists of separate states, or cantons. Each of them enjoys complete autonomy and has its own elected government. There is no need to ask for the permission or approval of the central government to resolve canton affairs.

**Distribution of powers between the state and the autonomy** is the key to eliminating disagreements between the sides in a conflict. In our opinion, it requires defining the following:

- 1) the exclusive powers of the central authorities;
- 2) the exclusive powers of the autonomy;
- 3) the possibility of granting residual powers either to the central authorities, or to the autonomy;
- 4) the possibility of adopting such a legislative technique as “concurrent powers” without granting residual powers either to the central authorities or to the autonomy;
- 5) the possibility of the central authorities adopting framework laws specifying the law-making powers of the autonomy.

The principle of “concurrency” without granting residual powers to the central authorities or to the autonomy was adopted during resolution of the Åland Islands question. Nevertheless, in our opinion, it is technically difficult to carry out and could subsequently lead to certain complications: in practice it is very difficult to compile an exhaustive list of powers and then distribute them between the state and the autonomy.

At the same time, it was legislative and executive powers that were distributed between Finland and the Åland Islands. Questions of judicial power were not included in the agreement on self-government and so the use of the Åland Islands’ legislation was referred to the competence of the Finnish courts, the system of which is headed by the Supreme Court and Supreme Administrative Court of Finland.

We believe that the division of legislative powers between a state and its autonomies should be based on a clear delimitation of the exclusive powers of the state and the autonomy. In all other spheres, several routes can be taken: 1) by creating competing (competitive) powers—this is when the autonomies adopt legislative acts on issues that are not regulated by the relevant laws of the state; 2) by adopting framework laws; 3) by delegating, with mutual consent under an authorizing law, several legislative or administrative powers of the state to the autonomous region.

International practice shows that such as foreign policy, defense, monetary system, customs services, intellectual property, bankruptcy, weights and measures, and several others should remain within the jurisdiction of the state (central authorities).

The adoption by the central authorities of framework laws specifying the law-making powers of the autonomy consists in the central authorities establishing certain limits for the functioning of autonomous authorities. In this framework, the central authorities cannot interfere in the activity of the autonomy. Beyond these limits, all power belongs to the center.

During the activity of the OSCE Minsk Group much is being said about mutual **compromises and concessions**. We will stipulate that “concessions” imply making demands of the occupant and, if rejected, the regulations of international law are applied in order to ensure that the occupant agrees to these concessions. Only after this can the aggrieved side be appealed to with respect to compromises, which are expressed in not blaming and punishing the occupant. We believe that such compromises and concessions could look as follows:

On the part of the Republic of Armenia:

- (1) an end to the occupation and a withdrawal of its armed forces from the territory of the Azerbaijan Republic;
- (2) disbandment and disarmament of the armed formations of Nagorno-Karabakh.

On the part of the Azerbaijan Republic:

- (1) granting of the highest autonomy status to Nagorno-Karabakh;
- (2) renunciation of claims to the Republic of Armenia at the International Court of Justice for the rehabilitation of areas destroyed during the war or for payment of compensation for the more than thirteen years of forced expulsion of their inhabitants, for the inflicted economic and moral damage;
- (3) consent to the temporary stationing of U.N. peacekeeping forces in Nagorno-Karabakh; and
- (4) consent to the establishment of horizontal relations between the center and the Nagorno-Karabakh autonomy with clear division of powers under one of the aforesaid variants.

## TRANSNISTRIAN CONFLICT: FROZEN, YET SOLVABLE

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After the Soviet Union's break-up, a series of frozen conflicts emerged in the newly established independent states, specifically in the Republic of Moldova (Transnistria), Azerbaijan (Nagorno-Karabakh), Georgia (Abkhazia and South Ossetia), Russia (Chechnia), etc. Although the Transnistrian conflict lacks any ethnical and religious divergences, the conflict still remains intractable (frozen) due to the lack of political will from leaders of the Transnistrian region to constructively negotiate a viable and durable solution to the conflict. Political elites from the Transnistrian region hope that an eventual recognition of Kosovo's independence will grant them additional leverages in negotiating a similar status with the Republic of Moldova. Currently, the world media and international community carefully analyze the results of presidential elections in Serbia and negotiations around the Kosovo problem. Definitely, the Kosovo status will have a major impact on the negotiation process of the Transnistrian conflict. The Transnistrian administration

and several Russian politicians attempt to draw some parallelisms between Kosovo and Transnistria using artificial and naive arguments; however, the international community explicitly expressed their full support for a settlement formula that preserves Moldova's sovereignty and territorial integrity. Kosovo cannot represent a precedent for the Transnistrian conflict because the problem with the Transnistrian region is an artificial one. Nevertheless, the Transnistrian conflict can become a successful precedent of the European Union (EU) and Russia joint cooperation in conflict resolution in the former Soviet Union republics. The EU and Russia—together with the Organization for Security and Cooperation in Europe (OSCE), Ukraine and the United States (U.S.)—can successfully assist Moldova and Transnistria in finding a peaceful and workable solution to the conflict. This report will provide a short historical background of the conflict, analyze the nature of the Transnistrian regime, and evaluate possible future steps in the settlement process.

### Transnistrian Conflict: A Brief Overview of the Conflict

Transnistria, a quasi-independent state, is located in the eastern part of the Republic of Moldova on the left bank of the Nistru River, and according to the 2004 census, Transnistria has a population of 555,000, including 32% Moldovan/Romanian, 30% Russian, and 29% Ukrainian.<sup>1</sup> The Transnis-

*The present paper represents the personal opinion of the author and does not reflect the position of the institution.*

<sup>1</sup> See: "Moldova's Uncertain Future," International Crisis Group, 17 August, 2006, available at [<http://www.crisisgroup.org>], 4 February, 2007.



trian conflict emerged during the last years of the Soviet Union when an anti-constitutional regime was established in the eastern districts of Moldavia and on 2 September, 1990 declared its independence from the Republic of Moldova. Previously, on 19 August, 1990 the Gagauz minority from the southern part of the country proclaimed its independence from Moldova too. The central government from Chisinau condemned both declarations and soon undertook a series of measures to restore the sovereignty and territorial integrity of the country. In 1994 the Republic of Moldova granted autonomy to the Gagauz minority, a decision highly applauded and supported by the international community.<sup>2</sup>

While the Gagauz minority took a pragmatical approach, political leaders from Tiraspol have been obstructing the negotiation process of the Transnistrian conflict. After 17 years since the Declaration of Independence (27 August, 1991), the Republic of Moldova still lacks control over its eastern districts because an anti-constitutional regime took power in Tiraspol and claims independence from the central government in Chisinau.

The Republic of Moldova and international community advanced several proposals to solve the Transnistrian problem; however, the conflict still remains intractable. According to the definition provided by the United States Institute for Peace, “intractable conflicts are conflicts that have persisted over time and refused to yield to efforts—through either direct negotiations by the parties or mediation with third-party assistance—to arrive at a political settlement.”<sup>3</sup>

The Republic of Moldova and leaders of the Transnistrian region attempted to negotiate a possible solution to conflict, but parties failed, yet, to reach a final agreement. The international community, specifically the OSCE, has been trying to mediate the settlement process and proposed several projects which unfortunately did not materialize into a real solution. Initially, parties attempted to solve the conflict in the five-sided negotiation format (Republic of Moldova, Transnistria, OSCE, Russia and Ukraine) which was the architecture of the Russian diplomat Evgeni Primakov, but later the Republic of Moldova insisted to invite the European Union and United States in the negotiation process. On 27-28 October, 2005 a new negotiation format 5+2 was established with the European Union and the U.S. having the observer status.

The most recent proposals came from Ukraine and the Russian Federation. At the GUUAM summit (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova) of 22 April, 2005 the newly elected President of Ukraine Viktor Yushchenko advanced his “seven steps” proposal to solve the Transnistrian conflict. Later, on 16-17 May, 2005 the Ukraine presented—during the five-side consultation format in Vinitsa—its “Plan for Settlement of the Transnistrian conflict” based on “the seven steps” approach. An important issue for disagreements was Art 3, Chapter II of the plan, which called for “early free, transparent and democratic election to the Supreme Council of Transnistria, under international control, as an essential element for Moldova’s recognition of the Supreme Council as a legitimate representative authority of the Transnistrian region of the Republic of Moldova.”<sup>4</sup> In order to conduct free and transparent elections, it is necessary to establish a period of transition to democracy, since under the current regime in Tiraspol, political opposition and independent media are seriously oppressed. Not surprisingly, the Rumanian President Traian Basescu (participant at the GUUAM summit) categorically opposed the proposal to conduct such elections in the Transnistrian region. In this regard, Oazu Nantoi argued that the Vinitsa Plan “will legalize the Transnistrian Supreme Council in the context of the international community, without granting any guarantee that Moldavian state

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<sup>2</sup> See: “Trouble Brewing in Moldova’s Gagauz Autonomy,” The Jamestown Foundation, 14 March, 2002, available at [[http://www.jamestown.org/publications\\_details.php?volume\\_id=25&issue\\_id=2217&article\\_id=19239](http://www.jamestown.org/publications_details.php?volume_id=25&issue_id=2217&article_id=19239)], 3 February, 2008.

<sup>3</sup> Ch. Crocker, F.O. Hampson, P. Aall, *Grasping the Nettle: Analyzing Cases of Intractable Conflict*, United States Institute of Peace Press, Washington D.C., 2005, p. 5.

<sup>4</sup> O. Nantoi, “The Ukrainian Plan of Transnistria: Pros and Cons,” *EuroJournal.org*, June 2005, available at [<http://eurojournal.org/files/nantoi1.pdf>], 1 February, 2008.

will afterwards be reunified.”<sup>5</sup> The Republic of Moldova promised to carefully analyze the document and suggested to implement the “3D Strategy” prior to elections in governmental institutions of Transnistria. The “3D Strategy” stands for democratization, decriminalization and demilitarization of the Transnistrian region.

A much more debatable proposal to solve the Transnistrian conflict was the “Kozak Memorandum” drafted by the Russian Special Envoy to Transnistria, Dmitri Kozak. Initially, Moldova agreed to sign the Kozak Memorandum, but after consultations with Javier Solana, the EU High Representative for the Common Foreign and Security Policy, the President of Moldova Vladimir Voronin refused to sign the specified document. In his speech of 25 November, 2003 President Voronin stated, “the plan proposed by the Russian Federation is a response to a true compromise between the sides. ...However the document is of such strategic importance that it cannot be adopted against the resistance of one or another side. ...Obviously, Moldova’s European integration option requires the support of the European organizations, in particular of the OSCE, for this settlement plan. ...Under these conditions Moldova’s leadership describes the signing of this memorandum as premature before the coordination of its text with the European organizations.”<sup>6</sup>

President Voronin’s statement underlines an important element of the Republic of Moldova diplomacy: accession to the European Union remains the strategic priority of the country. Therefore, one may assume that political leadership from Chisinau will not undertake any steps that might jeopardize Moldova’s prospects for accession to the European Union. Furthermore, prior to adopting a decision on the final status of Transnistria, the Republic of Moldova will consult the European Union, the United States and the Organization for Security and Cooperation in Europe.

The Kozak Memorandum had several vulnerable points that could have seriously jeopardize Moldova’s statehood. When Russia presented the Kozak Memorandum for Moldova’s federalization, the leader of the Transnistrian region Igor Smirnov demanded that the 14th Russian Army remains in Moldova for a period of 30 years.<sup>7</sup> The final version of the Kozak Memorandum shrunk the period of Russian Army’s stay in Moldova to 20 years. Nevertheless, maintaining the Russian Army in the Transnistrian region, even for such a period, can seriously change the dynamics of Moldova’s cooperation with Brussels and its prospects for European integration.

Furthermore, the presence of the Russian army in the Transnistrian region violates Moldova’s Constitution which explicitly highlights country’s neutrality status. In addition, the Russian Federation committed at the Istanbul summit in November 1999 to withdraw its army and munitions from the Republic of Moldova until 2002.<sup>8</sup> Six years have passed since the deadline and the Russian Federation still fails to comply with its commitments from Istanbul summit. The Kremlin conditions the withdrawal of its army on the political settlement of the conflict, while Chisinau insists on full and unconditional withdrawal of the Russian Army and munitions from Moldova. Although Moscow attempts to argue that the Russian army has only an international peacekeeping mandate in Moldova, on 8 July, 2004 the European Court for Human Rights adopted the following resolution: “in 1992 Russia had committed an act of aggression against Moldova and up to recent the eastern area of the Republic of Moldova is under Russian occupation.”<sup>9</sup>

<sup>5</sup> O. Nantoi, “The Ukrainian Plan of Transnistria: Pros and Cons,” *EuroJournal.org*, June 2005, available at [<http://eurojournal.org/files/nantoi1.pdf>], 1 February, 2008.

<sup>6</sup> M. Emerson, “Should the Transnistrian Tail Wag the Bessarabian dog?” Center for European Policy Studies, 11 January, 2005, available at [[http://www.ceps.be/Article.php?article\\_id=133](http://www.ceps.be/Article.php?article_id=133)], 31 January, 2008.

<sup>7</sup> See: M. Vahl, M. Emerson, “Moldova and the Transnistrian Conflict,” Center for European Policy Studies, Retrieved from the European Center for Minority Issues, available at [<http://www.ecmi.de/jemie/download/1-2004Chapter4.pdf>], 31 January, 2008, p. 16.

<sup>8</sup> See: “Istanbul Document 1999,” Organization for Security and Cooperation in Europe, January 2000, p. 50, available at [[http://www.osce.org/documents/mcs/1999/11/4050\\_en.pdf](http://www.osce.org/documents/mcs/1999/11/4050_en.pdf)], 30 January, 2008.

<sup>9</sup> O. Nantoi, *op. cit.*

Previously, the ratification of the Treaty of Conventional Forces in Europe was an important “carrot” that Washington and Brussels could bargain with Moscow in exchange for Russia’s engagement to comply with its commitments from the Istanbul summit. In this regard, the United States stressed, “ratification by NATO Allies of the Adapted Treaty is awaiting Russia’s compliance with adapted CFE flank provisions and continued fulfillment of its Istanbul summit commitments regarding withdrawals of Russian forces from Georgia and Moldova.”<sup>10</sup> However, the recent decision of the Russian Federation of 12 December, 2007 to suspend the implementation of its obligations under the CFE Treaty seriously undermines prospects of withdrawing the Russian army and munitions from Moldova.

According to the former OSCE Ambassador to Moldova William Hill, Russia retains 1,500 troops and approximately 21,000 tons of munitions in Transnistria.<sup>11</sup> Ceslav Ciobanu, a Senior Fellow at the U.S. Institute for Peace and the former Moldovan Ambassador to the U.S. argued that “the withdrawal of Russian troops, whose presence on our territory is against our Constitution, would undoubtedly create more favorable conditions for the final settlement of the Transnistrian conflict, as well as it would contribute to consolidation of peace and security in the region.”<sup>12</sup> Therefore, the Republic of Moldova and international community should focus on identifying serious leverages that could interest the Russian Federation to withdraw its army from the Transnistrian region. Although Russia suspended its participation from the CFE Treaty, NATO and the European Union, most probably, will continue the current approach to condition the ratification of the CFE Treaty by the NATO Allies on the withdrawal of the Russian Army and munitions from Moldova and Georgia. The presence of the Russian army in the Transnistrian region provides a vital support to the anti-constitutional regime of Tiraspol in strengthening and consolidating its illegal institutions.

## The Transnistrian Regime

In a recent interview of 14 December, 2007 for the Euronews, the Moldovan President Vladimir Voronin stated that the Transnistrian region is led by a group of “Mafiosi/criminals which transferred Transnistria into private hands and they’ve been developing a separatist regime for nearly 16 years.”<sup>13</sup> The President of Moldova is not the first person to qualify the separatist regime in the Transnistrian region as a criminal one. Previously, Oazu Nantoi has also labeled the Transnistrian regime as anti-constitutional and totalitarian.<sup>14</sup> Definitely, the separatist leaders from Tiraspol attempt to qualify their regime as a democratically elected one, pointing to the seven undemocratic referendums conducted in the Transnistrian region. The Republic of Moldova, supported by the international community, has never recognized the results of these referendums because the minimum democratic standards lack in the Transnistrian region. The present anti-constitutional regime of Tiraspol oppresses any kind of political opposition and independent mass-media as well as obstructs the development of civil society in the region, etc.

<sup>10</sup> “Conventional Armed Forces in Europe Treaty,” U.S. Department of State, 18 June, 2002, available at [<http://www.state.gov/t/ac/rls/fs/11243.htm>], 3 February, 2008.

<sup>11</sup> See: W. Hill, “Moldova and Europe: Bridging Gap,” Organization for Security and Cooperation in Europe, 26 April, 2005, available at [[http://www.osce.org/documents/mm/2005/04/14079\\_en.pdf](http://www.osce.org/documents/mm/2005/04/14079_en.pdf)], 29 January, 2008.

<sup>12</sup> C. Ciobanu, “Moldova and the ‘Frozen and Forgotten’ Conflicts in Post-Soviet States,” United States Institute of Peace, 22 July, 2004, Retrieved from the Institute for Public Policy, available at [<http://www.ipp.md/public/biblioteca/74/en/Report%20July%2025,%20revised.doc>], 5 January, 2008.

<sup>13</sup> “Moldova’s Balancing Act between Russia and Europe,” *Euronews*, 14 December, 2007, available at [<http://www.euronews.net/index.php?page=interview&article=459585&lng=1>], 3 February, 2008.

<sup>14</sup> See: O. Nantoi, “About the Situation in the Eastern Districts of the Republic of Moldova (1992-2000),” Institute for Public Policy, Chisinau.

Because the Republic of Moldova lacks control over the Transnistrian territory, the specialized literature often points to the shadow economy as the main source of revenue in the Transnistrian budget. The main mechanism of the shadow economy is smuggling in goods, trafficking in human beings and trafficking in weapons. According to the International Crisis Group report, Transnistria became a major route for trafficking in human beings to Russia and Arab countries.<sup>15</sup> Transnistrian leaders such as Vadim Antyufeyev were wanted by the Interpol for crimes committed in Riga in 1990-1991.<sup>16</sup> In addition, Ceslav Ciobanu estimates that approximately 40% of Moscow's prostitutes came from Transnistria.<sup>17</sup> Along with trafficking in human beings, Transnistria has often been accused of trafficking in illegal weapons. According to a Russian News Agency, the Moldovan leadership emphasized in 2005 that Transnistria supported the Saddam Hussein regime by supplying—illegally—military munitions to Iraq.<sup>18</sup> Furthermore, based on the Alexander Busygin's evidence, the Moldovan Prime Minister Vasile Tarlev stressed that Transnistria supplied military weapons to Chechnia and during the Beslan school tragedy of September 2004 Chechen terrorists used weapons manufactured in Transnistria.<sup>19</sup> Lately, on 27 March, 2007 the Moldovan News Agency "Infotag" cited an Italian reporter, Paolo Tessadri, who argues that Transnistria provides al-Qa'eda, Hamas Movement, The Grey Wolves, The Kurdistan Workers' Party, and Hezbollah with weapons.<sup>20</sup>

Willing to promote a better dialog with leaders from the Transnistrian region, the Republic of Moldova agreed on a series of compromises to advance the settlement process. In 1996 the Republic of Moldova agreed to grant Transnistria the right to use Moldova's customs stamp without requiring Transnistrian economic agents to register with the Moldovan State Registration Chamber. In addition, the Republic of Moldova agreed not to collect taxes and duties on goods bound for Transnistria at the Moldovan customs office. Chisinau expected that political leadership from Tiraspol will adopt a constructive approach in the negotiation process, but leaders from the Transnistrian region used this opportunity to engage in re-export schemes which brought them enormous revenue. According to the International Crisis Group the re-export schemes was the following: "goods arrive at the nearby Ukrainian ports of Odessa and Illichevsk marked with Transnistria as their final destination, thereby avoiding Ukrainian customs duties. They are shipped to Transnistria by road or rail but soon after arrival are re-exported to Ukraine or across the internal border to Moldova."<sup>21</sup>

Furthermore, the present ICG report indicates that only in the first seven months of the European Union Border Assistance Mission (EUBAM) activity on the Moldovan-Ukrainian border (December 2005-June 2006), smuggling of frozen chicken could potentially cost the Ukrainian government approximately €35 million. Thus, Transnistria has strong interests in maintaining the status-quo in the conflict settlement because this brings enormous illegal revenue to Transnistrian leaders. For example, "the annual turnover of the biggest company in Transnistria, Sheriff, is around \$2 billion, which is 5 times bigger than the budget of Moldova."<sup>22</sup> Furthermore, Ceslav Ciobanu estimates that "contraband and smuggling of weapons, alcohol, oil, drugs, pharmaceuticals, tobacco and other goods on

<sup>15</sup> See: "Moldova: No Quick Fix," International Crisis Group, 12 August, 2003, available at [<http://www.crisisgroup.org/home/index.cfm>], 28 November, 2005.

<sup>16</sup> See: "Moldova: No Quick Fix," International Crisis Group, available at [<http://www.crisisgroup.org/home/index.cfm>], 10 March, 2007.

<sup>17</sup> See: C. Ciobanu, op. cit., p. 30.

<sup>18</sup> See: "Voronin obvinil Pridnestrovie v pomoshchi rezhimu Husseina," *Lenta. Ru*, 29 October, 2005, available at [<http://lenta.ru/news/2005/10/29/moldova/>], 4 February, 2005.

<sup>19</sup> See: A. Busygin, "Chechenskie boeviki dobyvaiut oruzhie v Pridnestrovie," *UTRO.RU*, 27 October, 2005, available at [<http://www.utro.ru/articles/2005/10/27/490006.shtml>], 4 February, 2008.

<sup>20</sup> See: "Il Venerdì Italian Daily: Transnistria is Weapons Supermarket on Last Plot of USSR," *Moldova Azi*, 27 March, 2007, available at [<http://www.azi.md/news?ID=43763>], 5 January, 2008.

<sup>21</sup> "Moldova's Uncertain Future."

<sup>22</sup> C. Ciobanu, op. cit.

Tiraspol-Odessa line are bringing these \$2 billion a year to Smirnov's regime, whose budget has amounted to a total of \$85 million."<sup>23</sup>

In order to stop the illegal activity in the Transnistrian region, the Republic of Moldova undertook a series of measures by re-establishing on 3 March, 2006 the customs regime agreed previously by the Moldovan and Ukrainian Customs Services on 15 May, 2003. According to the current customs regime, Transnistrian economic agents willing to engage in export-import operations have to register, temporarily or permanently, with the Moldova State Registration Chamber. Transnistrian leaders immediately started to speak of an "economic blockade" and "humanitarian crisis." The Transnistrian arguments lack any substantial rationale and are easily refuted because there is not any economic blockade. While Transnistrian leaders speak about an economic blockade, the export of goods from the Transnistrian region increased in 2007 with approximately 67% comparatively to the year of 2006.<sup>24</sup> Furthermore, by registering with the Moldovan State Registration Chamber, economic agents from the Transnistrian region enjoy commercial preferences in the framework of the Autonomous Trade Preferences (ATP) granted to Moldova by the European Union on 21 January, 2008. The Republic of Moldova is the only country from the CIS enjoying such preferences in trade cooperation with the European Union. Based on the granted ATP, economic agents can export goods manufactured in Moldova to the European Union markets on a reduced or zero customs rate. If economic agents had not register with the Moldovan State Registration Chamber, they would not have been able to take advantage of commercial preferences while exporting local goods to the European Union markets as well as to CEFTA member states. Therefore, the so-called "economic blockade" implied by the Transnistrian leaders is nothing else than a fiction. The present customs regime on the Moldovan-Ukrainian border is another constructive step of the Moldovan authorities to provide a legal framework for economic agents from the Transnistrian region and to offer them commercial benefits on exports to the EU and CEFTA member states. In addition, the present customs regime allows the Moldovan authorities to control the export and import across its borders. This policy aims, also, to establish a stronger and more efficient control on the state border and thus decrease smuggling in goods, trafficking in human beings and illegal weapons.

Another positive step to curtail smuggling in goods from the Transnistrian region is the EU decision from 21 September, 2005 to launch a border monitoring mission on the Moldovan-Ukrainian border. Initially, the EUBAM had a mandate for two years, but recently its mandate was extended for another two years until 2009. The main goal of the EUBAM is to assist Moldovan and Ukrainian authorities in firm control of the Transnistrian section of the Moldovan-Ukrainian border. The EUBAM became an important tool in reducing illegal revenue of Transnistrian leaders and thus advancing the settlement of the Transnistrian conflict as well as increasing the EU credibility and enhancing stability in the region.

## The Transnistrian Puzzle: What's Next?

The main puzzle with the Transnistrian conflict is that the problem remains unsettled despite the lack of any ethnical and religious divergences that exist in many other contemporary "frozen" conflicts. Population from the Transnistrian region is not different from population from the right bank of

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<sup>23</sup> Ibidem.

<sup>24</sup> See: *Moldova News*, 14 December, 2007, available at [[http://newsmoldova.md/news.html?nws\\_id=664839&date=2007-12-14](http://newsmoldova.md/news.html?nws_id=664839&date=2007-12-14)], 4 February, 2008 (in Moldovan).

the Nistru River. Therefore, any attempts to label the conflict as “interethnic” have no rational background because according to the 2004 national censuses, Moldovans represent the largest ethnic group on both banks of the Nistru River. The Transnistrian region has a population of 555,000, while the Republic of Moldova’s population is approximately 3.4 million inhabitants, of whom 78% are Moldovan/Rumanian, 8% Ukrainian, and 6% Russian. The present data shows that more Russians live in Moldova than in Transnistria; therefore, the Transnistrian conflict is not an interethnic conflict, but rather an artificial one initiated and maintained by the anti-constitutional regime from Tiraspol.

In this regard, it is impossible to trace any parallel lines between the Kosovo problem and the Transnistrian conflict. In the Kosovo case, the demand for independence is based, also, on the ethnical composition of the province. Ethnic Albanians represent the major ethnic group in Kosovo (of approximately 2 million inhabitants, over 90 percent are ethnic Albanians),<sup>25</sup> while the population from the eastern districts of Moldova is not different from the population on the right bank of the Nistru River. In Kosovo, the former Serbian President Slobodan Milosevic conducted a massive ethnic cleansing campaign against ethnic Albanians from the Kosovo province. On the other side, the international community has been highly applauding the Moldovan government policies toward national minorities, which enjoy large cultural and linguistic privileges. As Oazu Nantoi points in his paper, nearly “160 thousand in the total number of 580 thousand people of the Transnistrian area, have become citizens of the Republic of Moldova. They are categorically against granting a “special legal status” to the region under the control of the separatist regime.”<sup>26</sup> Therefore, the population from the Transnistrian region is not different from population of the right bank of the Nistru River. Speaking in terms of the Moldovan President Vladimir Voronin, the conflict is an artificial one, created and maintained by the local regime from the Transnistrian region.

In addition, Transnistrian’s claims for self-determination—based on local referendums—have no legal grounds. For example, in the Montenegro’s case, the referendum was part of negotiation with the Serbian government, while in the Transnistrian problem referendum was never an issue on the agenda. Furthermore, the referendum in Montenegro complied with international standards and norms, while referendums in Transnistria have never been recognized by the international community.

In the official statement of the U.S. Department of State of 18 September, 2006 regarding the last referendum held in the Transnistrian region, it is stated, “the international community has made clear, Transnistria is a part of Moldova, and yesterday’s efforts [17 September, 2006] by the Transnistrian regime should not be recognized as anything other than an attempt to destabilize Moldova.”<sup>27</sup> Therefore, the Transnistrian region has not legal ground to become an independent state entity or/and apply the possible Kosovo precedent as a universal model.

Since the conflict is an artificial one and easier to solve, one may ask: why the conflict still remains frozen? The Transnistrian conflict definitely can become tractable if parties—specifically, the Transnistrian regime—will show more political will and desire in searching a viable solution to the conflict. In the specified interview for the Euronews, President Voronin stated, “since the collapse of the U.S.S.R. the ‘key’ has been, and still is, in the hands of the Russian Federation’s authorities.”<sup>28</sup> The present statement emphasizes the essential role played by the Russian Federation in the settlement process of the Transnistrian conflict. Russia has the necessary economic and political tools to control and influence the local regime in the Transnistrian region. One may argue that without the support of Russia, the Transnistrian regime has limited opportunities to manage with economic and

<sup>25</sup> See: J. Hooper, “Kosovo: America’s Balkan Problem,” *Current History*, Vol. 98, No. 627, 1999, p. 159.

<sup>26</sup> O. Nantoi, “The Ukrainian Plan of Transnistria: Pros and Cons.”

<sup>27</sup> “Rejecting the Independence Referendum in Moldova’s Transnistria Region,” U.S. Department of State, 18 September, 2006, available at [<http://www.state.gov/r/pa/prs/ps/2006/72413.htm>], 4 February, 2008.

<sup>28</sup> “Moldova’s Balancing Act between Russia and Europe.”

financial problems of the region. Recently, on 20 December, 2007 the Russian government agreed to provide financial assistance to the Transnistrian region worth of 675 million rubles, thus satisfying Mr. Evgeni Shevchuk's (speaker of the so-called Transnistrian Supreme Soviet) request.<sup>29</sup> Because Moscow refused to provide such financial assistance to the Transnistrian leader Igor Smirnov, many scholars began to speak about a possible successor of Mr. Smirnov in Transnistria. Thus, the Russian newspaper *Kommersant* underlined that Moscow might shift its support in favor of Mr. Evgeni Shevchuk. According to *Kommersant*, Mr. Smirnov made a strategic mistake during the parliamentary elections to the Russian Duma of 2 December, 2007 by not supporting the Unified Russia party, while Mr. Shevchuk called local population to vote for this party.<sup>30</sup>

Researchers studying the Transnistrian problems are interested to find out if Mr. Shevchuk may conduct a more pragmatical approach in negotiating a possible solution to the conflict. During a recent visit to Moscow, Mr. Shevchuk made an important statement which may determine the future course of the Transnistrian regime in negotiations with Moldova. As a local newspaper states, the speaker of the Transnistrian Supreme Council said, "anything is possible, including the option of a common state with Moldova at some point in the future."<sup>31</sup> Previously, Mr. Shevchuk excluded possibilities for a common state with the Republic of Moldova. Interestingly, but the present statement was made in the aftermath of the last meeting from 22 January, 2008 between the Moldovan President Vladimir Voronin and the Russian President Vladimir Putin. Considering that this meeting—most probably—was the last one between the two incumbent presidents, many scholars expect a serious progress in the settlement process of the Transnistrian conflict. The Russian media covered in deep the visit of President Voronin to Moscow. The *Kommersant* newspaper stated that Russia is preparing to present a new plan for the settlement of the Transnistrian conflict. According to the Interlic News Agency, the plan would propose a solution formula based on a federal state. Furthermore, the agency argues that the Russian Federation may insist on signing an international treaty with the European Union and United States which would validate Moldova's permanent neutrality status.<sup>32</sup> The issue of neutrality should not provide any disagreements because the Republic of Moldova is already a neutral state and insists on international recognition of its neutrality. However, possible disagreement may arise on the issue of maintaining the Russian army in the Transnistrian region. The Republic of Moldova still insists that Russia complies with its commitments undertaken at the OSCE Istanbul summit in 1999 to withdraw the army from the Transnistrian region.

Although Russia has the "key" to the settlement of the Transnistrian conflict, the solution should be searched and reached in the present 5+2 negotiating format with the European Union and the United States having a decisive say. If the Russian Federation propose a second "Kozak Memorandum," it is not difficult to predict the position of Moldova and mediators involved in the negotiation process. The solution to the Transnistrian conflict must consider interests of all parties involved in the settlement process. Whatever solution will be advanced (federation, confederation, unitary state, etc.), the Republic of Moldova should consult the European Union and the OSCE to ensure that the settlement formula does not undermine Moldova's prospects for future accession to the European Union.

The European Union and the U.S. has succeeded once to stop Moldova from signing a document that could undermine Moldova's statehood. Participating in the negotiation process, Brussels and Washington will become key players in solving the Transnistrian conflict and removing a potential source of instability and insecurity in the expanding EU and NATO.

<sup>29</sup> See: "Mockva vydelit Pridnestroviiu 675 mln rublei po prosbe 'Edinoi Rossii,'" Newsru.com, 20 December, 2007, available at [<http://www.newsru.com/russia/20dec2007/money.html>], 4 February, 2008.

<sup>30</sup> See: "Lider Pridnestrovia idet protiv techeniia," *Kommersant*, 28 January, 2008, available at [<http://www.kommersant.ru/doc.aspx?docsid=846356>], 4 February, 2008.

<sup>31</sup> "Pridnestrovie Parliamentary Speaker Keeps All Options Open with Moldova," *The Tiraspol Times*, 1 February, 2008.

<sup>32</sup> See: "Voronin-Putin's Meeting: A New Attempt to Solve the Transnistrian Conflict?" Interlic News Agency, 22 January, 2008.

## *C o n c l u s i o n*

In order to advance the settlement process, it is vital to promote confidence and security measures on the both banks of the Nistru River. In this regard, the international community highly supported the recent initiatives on confidence and security building measures proposed by the Moldovan President Vladimir Voronin. In his interview for *Komsomolskaia pravda* in Moldova (local newspaper), President Voronin put forward a series of practical measures aiming to bolster the settlement process. The Moldovan leadership proposed to enforce the free movement of people and goods on both banks of the Nistru River; to improve infrastructure that connects Moldova with its eastern districts, including transportation corridors Leuseni-Chisinau-Dubasari and Chisinau-Tiraspol-Odessa; to create a joint TV broadcasting company, etc. These measures can establish an environment of trust and confidence, which later will set the necessary background for a successful reintegration of the country. Most importantly, local people living on the right and left banks of the Nistru River will benefit from such activities. Moldovan President's initiatives are very attractive to the Transnistrian regions—especially roads infrastructure—and political leadership from Tiraspol can accept these proposals or reject them and deprive local people from better living conditions. Instead of imposing migration taxes on entrance to the Transnistrian region, political leaders from Tiraspol could take a more constructive approach and abolish such taxes and ensure a free movement of people and goods on both banks of the Nistru River. A single economic, customs, financial and monetary system will benefit all parties involved in the negotiation process, especially the Transnistrian region; therefore, leaders from Tiraspol should refrain from steps that can destabilize the situation and impede the free movement of people and goods. The Republic of Moldova has made the first step to improve confidence and security between people, and leaders of the Transnistrian region should accept this step and engage constructively in implementing joint projects to provide better living conditions on both banks of the Nistru River. The settlement is possible: it is necessary to show a real political will and take a constructive approach in the negotiation process to reach a peaceful and workable solution to the Transnistrian conflict.

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