



# Russia in the South Caucasus: Losing, Adapting, Overcoming

- *Outlining Russia's Future in the South Caucasus - An Armenian Perspective by Sergei Melkonian*
- *Russia in the South Caucasus: A Wounded Hegemon by Mahammad Mammadov & Murad Muradov*
- *The Goals and Tools of Russia's Policy in the South Caucasus – A View from Georgia by Giorgi Badridze*

Edited by Hugo von Essen  
2 February 2024

## Introduction

**Against the backdrop of Russia's full-scale invasion of Ukraine in February 2022, Moscow's power and influence in the South Caucasus have declined.** This is evident in all three countries in the region, as Moscow's increasingly diminished resources reduce its leverage. Georgia is continuing its path to membership of the European Union; Azerbaijan's room for manoeuvre is increasing; and Armenia is trying to find new partners. Thus, the regional power balance has shifted away from Russia and towards others, notably Türkiye, Azerbaijan and the EU. Given its lack of options and increasing dependence on other regional actors to counter its isolation, Moscow must revise its strategies and priorities.

**Nonetheless, various factors indicate that Russia will remain entrenched in the region.** While its soft and political power may have declined, many of Moscow's instruments of control, influence and subversion remain. These include continuing economic and military leverage in all three countries, various forms of hybrid threats and significant potential to destabilize. Despite their desire for a reduced Russian presence, all three countries continue to depend on Moscow in many areas, and to play Moscow, the West and others off against each other to maximize their own gains. Moreover, Georgia is arguably at greater risk of renewed Russian military action either as compensation for failures in Ukraine or because successes in Ukraine free up military resources.

**Furthermore, whether Russia's reduced influence represents a lasting shift or simply a brief interruption is a difficult question to answer.** Russia's recent actions in the region suggest that Moscow is repositioning rather than retreating. It is managing its declining sway by balancing relations, cooperation and competition with other regional powers such as Türkiye and Iran, and by altering its tactics, for example by increasing its stakes in transport and connectivity. Much depends on developments in the war against Ukraine. Moreover, as ties between the West and both Georgia and Azerbaijan remain complicated, Russia's goal of minimizing the West's regional presence remains achievable.

**How, then, are Russia's goals, means and opportunities in the South Caucasus evolving?** Three analyses of this question are presented below, one from each of the three countries in the region.

**Sergei Melkonian** of the *Applied Policy Research Institute of Armenia (APRI Armenia)*, writing from an Armenian perspective, discusses Russia's reactive approach as it attempts to keep the West out by various means. These include greater involvement of Iran and Türkiye, engaging in connectivity, economic cooperation with the region's states and maintaining its military presence.

**Mahammad Mammadov** and **Murad Muradov** of the *Topchubashov Center*, elaborating on the outlook from Azerbaijan, explain how Russia's regional influence has been overrated, its tools misunderstood and its potential to remain in the region underestimated. As a weakened Moscow redefines its strategic interests, the presence of other regional actors increases, as does geopolitical uncertainty.

**Giorgi Badridze** of the *Georgian Foundation for Strategic and International Studies (GFSIS)*, offering a view from Georgia, analyses how Russia's regional influence is developing in an uneven and unexpected manner. It is declining in Azerbaijan and Armenia – where Moscow has historically been strongest – and increasing in Georgia, despite the country's ongoing progress towards EU membership.

Together, these three guest commentaries paint a detailed and complex picture of a Russia that is adapting to its declining influence by readjusting its role, strategies and aims in the South Caucasus. The West should have no illusions about Moscow withdrawing or being excluded from the region in the foreseeable future.

**Disclaimer: Each author is solely responsible for the content of their own text, and opinions expressed may contradict one another.**

# Outlining Russia's Future in the South Caucasus - An Armenian Perspective

Sergei Melkonian

## Executive Summary

Following the break-up of the Soviet Union, Russia positioned itself to control the balance of power in the South Caucasus. It took a leading role in local economies and was the main security provider, maintaining the key to conflict resolution. These factors ensured it a dominant position in the region. Today, however, Russia is not the only power determining the regional balance and mediating conflicts. The famous Russian mantra on the post-Soviet states, “they are not going anywhere”, has never been less relevant.

## Changes in Russia's Approach to the South Caucasus

For many years, Russia viewed the South Caucasus as part of its post-Soviet space. It adopted a uniform approach to the region, using economic, military, and other tools of domination. Today's uncertain environment has led to a revision of its regional priorities. Armenia and the Nagorno-Karabakh conflict have become secondary, and Russia now views its South Caucasus agenda through the prism of its confrontation with the West. Moscow no longer has a clear strategy in the region. The Kremlin's 2016 Foreign Policy Concept references the Nagorno-Karabakh settlement but the current version, published in 2023, makes no mention of Russia's approach to Nagorno-Karabakh.

A lack of a strategic vision, together with limited resources due to the war in Ukraine, has led Moscow to take a reactive approach in the region, as illustrated by its failure to fulfil its security guarantees to Armenia during the Azerbaijani attacks of May 2021 and September 2022, and the absence of any reaction either during or following Baku's military assault on Nagorno-Karabakh in September 2023. This led to ethnic cleansing and the death of some Russian peacekeepers in the process. Growing dependence on Türkiye and Azerbaijan has created a situation in which the above events are at least partially beyond Russia's control.

Russia's main condition for accepting these changes is the exclusion of any Western presence. Keeping Brussels and Washington away from engaging in the South Caucasus will not only ensure that Russia's local interests are met but also guarantee it a dominant position, alone or with non-Western actors, in the post-Ukraine war order.



## How Will Russia Protect its Position in the Region?

The signing of a peace agreement between Armenia and Azerbaijan through European or US facilitation will signal the loss of Russia's position as the main peace broker and mediator in the post-conflict phase, in favour of the West. For Russia, this must be avoided.

Politically, Russia has tried to maintain its leadership position by involving Iran and Türkiye in the region. During the 2022 Nagorno-Karabakh war, Moscow resisted attempts by Tehran and Ankara to engage in the negotiation process. Turkey's direct involvement in the conflict on the side of Azerbaijan led it subsequently to formalise its presence on the ground through the joint Russian-Turkish Monitoring Centre. Iran had remained outside of the process, but this all changed in 2023. Russia now supports the "3+3" format – the conflict negotiation platform involving the three Caucasian countries (Armenia, Georgia, and Azerbaijan) and the three regional powers (Russia, Iran, and Turkey), thereby setting the stage for the direct participation of Tehran and Ankara in determining the future of the region.

Russia sees maintaining the trilateral negotiating platform (Armenia-Azerbaijan-Russia) as an added tool for preserving its position. Some agreements were reached in the European and US formats but since September 2023, Azerbaijan appears to have rejected the EU's, and possibly the US's, invitations to negotiate, stated its preference for holding the negotiations on a bilateral basis or with regional powers. Azerbaijan refused to participate in the meeting on the margins of the European Policy Community meeting in Granada in October 2023. It had agreed to a gathering of foreign affairs ministers in Washington, DC, in January 2024, but then refused to invite US State Department Senior Advisor Louis Bono to Baku, making the prospects for reactivating the US platform none too promising.

Russia's second instrument for maintaining its pre-eminence in the region is its long-term involvement in connectivity, one area being Armenian-Azerbaijani communications. The Trilatera Statement of 10 November 2020 states that "control over transport communications between Azerbaijan and its exclave [Nakhijevan/Nakhchivan] through the territory of Armenia shall be exercised by the Border Guard Service bodies of the FSS/FSB [Federal Security Service] of Russia". Similarly, control of the Lachin corridor connecting Nagorno-Karabakh and Armenia was maintained by Russian peacekeepers. Yerevan's proposed Crossroads for Peace announced in October 2023, advocates unblocking communications based on the principle of sovereignty, which excludes Russian control. This is because the 2020 Statement is now irrelevant in the wake of Azerbaijan's takeover of all of Nagorno-Karabakh, making the Lachin corridor void, and Russia's inaction during the military assault on the Armenians of Nagorno-Karabagh. If the negotiation process between Armenia and Azerbaijan continues on the Russian platform, as Russia and Azerbaijan prefer, Russia is more likely to secure control over the communications routes between Armenia and Azerbaijan.

On Azerbaijan's position on the route between its main territory and enclave – the so-called Zangezur Corridor, Russia does not officially support the demands of control-free passage between Azerbaijan and its enclave. This was stated by Special Envoy Alexey Overchuk in September 2022, repeated by Ambassador Sergey Kopyrkin in February 2023, and reiterated by Minister for Foreign Affairs Sergey Lavrov in January 2024. However, Moscow looks positively at the opening of this route, based on the 2020 Trilateral Statement, and given that it will bring stability to the region.

Russia has tried to put the issue of railway communications with Armenia through Georgia on the agenda to counter the West's plans to isolate it through sanctions. However, this was immediately disavowed by Tbilisi. Given Russia's interest in open communications with Georgia, Armenia's approach to unblocking all communications in the region through the Crossroads of Peace project might be supported by Russia. There are currently no substantive negotiations on this issue.

The third instrument – and the most attractive to Russia – is economic. Georgia serves as an example for Moscow of how – despite the political crisis between the two governments – economic cooperation has a positive impact on relations. Foreign direct investment from Russia to Georgia in 2022 was a record US \$108 million; trade turnover increased by 48 percent from US\$1.47 billion before the war in Ukraine to US\$2.19 billion by the end of 2023. Today, Russia is Georgia's second-largest trading partner.

Similar economic dynamics can be observed in Armenia-Russia relations, although the level of Armenia's dependency on Russia blurs the picture. Moscow is Yerevan's largest trading partner. Trade turnover between the countries in January–October 2023 increased by more than 40 percent to US\$5.4 billion. In the first half of 2023, Armenia had a trade surplus with Russia for the first time in 20 years. Russia accounts for 52 percent of Armenian exports and about 50 percent of its tourists. These indicators have contributed to boosting Armenia's gross domestic product (by 14.2 percent in 2022). At the same time, while Armenia is seeking to diversify its sources of trade, energy, and investment, it remains heavily dependent on Russia.

Russia's greatest interest in the field of economics and communications is Azerbaijan. One of the North–South routes most important to Russia runs through Azerbaijan. In 2023, Russia and Iran signed an agreement on the construction of a railway between Resht and Astara. This project will provide Russia with direct access to the Persian Gulf through Azerbaijan and Iran, with subsequent access to India and other Asian countries. In addition, Moscow has traditionally tried to involve Azerbaijan in its international organisations. The new Russian ambassador to Azerbaijan was the head of the First Commonwealth of Independent States (CIS) Department in the Foreign Ministry for 12 years, responsible for integration in the Eurasian space (the CIS, the Collective Security Treaty Organisation [CSTO] and the Eurasian Economic Union [EAEU]). Taken together, the free trade zone agreement between Iran and the EAEU, as well as the finalisation of the North-South railway route will increase Azerbaijan's geo-economic importance to Russia. The Declaration on Allied Interaction signed the day before the launch of the invasion of Ukraine in 2022, will serve as a basis for this. This prospect is separate from the increased energy relation between Russia and Azerbaijan, triggered by Azerbaijan's limited ability to meet its gas export obligations under the memorandum of understanding signed with the EU in July 2022.

Finally, although weakened, Russia's military is still relevant as a tool for securing its interests in the region. Moscow is not currently capable of acting as an exclusive security provider. The Russian deterrent is less important as a factor in Armenian security architecture against Azerbaijan and Turkey. Moscow is also unable to maintain its presence in Armenia through its military-technical cooperation. The war in Ukraine means that armaments ordered and paid for by Armenia have not been delivered by Russia. (A small number of weapons were delivered in January 2024.) For the past two years, Armenia has been intensifying its security-related diplomatic efforts for new security partners. India and France have emerged as Armenia's

key partners in military-technical and military cooperation. The EU civilian mission on the border with Azerbaijan has been expanded. In November 2022, Armenia did not accept the CSTO's offer to dispatch a mission and opted to ask the EU instead. Moscow appears to be slowly accepting a configuration change, as new non-regional actors emerge to influence the balance of power in the South Caucasus. Russia will probably feel comfortable as long as the three pillars of its security architecture in Armenia are maintained: the 102nd military base, border troops, and Armenia's CSTO membership.

## Conclusion

Since September 2023, Russia has reduced its presence on the ground in the South Caucasus, while engagement by the EU, Turkey, Iran, India, and France has intensified. In the long term, Russia will focus on economic cooperation as a means of maintaining its local leadership. Its experience in Georgia can serve as a successful model for cooperation with Armenia and Azerbaijan. At the same time, Moscow will try to maintain the "3+3" negotiating platform, to become the main peace broker between Armenia and Azerbaijan, and a strong drive to participate in the implementation of peace agreements.

# Russia in the South Caucasus: A Wounded Hegemon

Mahammad Mammadov & Murad Muradov

## Executive Summary

Russia's influence in the South Caucasus has been in steady decline since its full-scale invasion of Ukraine in February 2022. From Azerbaijan's military success in Karabakh to Armenia's search for reliable allies, Moscow has found it increasingly challenging to impose its will on a region it has long considered its privileged sphere of interest. For the past two years, the Kremlin's strategy has been to manage this decline in its regional stature by engaging with regional major powers in mutually beneficial economic and security partnerships, even at the expense of conceding them greater geopolitical space in order to keep the West out of the region. Russia expects that military success in Ukraine will afford it the ability to restore its regional hegemony in the short to medium term. For now, a weaker Russia in the South Caucasus means a wider margin for error for Armenia, Azerbaijan and Georgia in their relations with Moscow, a greater third-power presence in the region and greater geopolitical uncertainty, which has the potential to unravel already fragile regional stability.

## Current Positioning in the Region

Following the military victory by Azerbaijan in 2020, Russia had to adapt to the new status quo in the region. The war dramatically boosted Turkish credentials as a regional power, as its support was crucial to Baku's success. This found its ultimate confirmation in the Shusha declaration signed by Baku and Ankara in June 2021. Moscow faced the need to find a new balance of its interests with Türkiye. Amid its growing confrontation with the West, however, Russian policymakers seem to consider this the lesser evil, and to believe that since Ankara's policy towards the South Caucasus is independent of – and on many occasions contradictory to – the Western approach, it is more convenient to compromise with Erdogan, even at the expense of withdrawal from certain previous positions.

The state of Russian influence in the region can generally be characterised as managed decline. Moscow's capacity to directly influence the states of the South Caucasus has decreased, but not exclusively due to the effects of the war in Ukraine. Russia might have concluded that the costs of trying to extract everything it wants from Baku, Yerevan or Tbilisi greatly outweigh the benefits – and the costs here include not only material expenditure linked to projecting force, but also the inevitable deterioration in its relations with regional actors, primarily Türkiye and Iran.

Another important variable is the position of Georgia. Unlike the Saakashvili government, the current ruling elite has increasingly been trying to accommodate Moscow. Since the start of

the war in Ukraine, Tbilisi has not expressed solidarity with the West, refused to implement sanctions and allegedly participated in sanctions evasion mechanisms that assist Russia. Talk of Georgia's NATO ambitions has been muted for some time. Russia therefore does not currently feel ultimately challenged in the South Caucasus.

Recent experience has also shown that some aspects of Russian influence in the South Caucasus has been widely misinterpreted. In fact, the role of Moscow's armed presence is usually overestimated, as Azerbaijan proved in September 2023 when it effectively neutralised Russian peacekeepers during its lightning-speed operation in Karabakh. Similarly, the Russian soft power card is not as effective as is often believed. Baku's experience suggests that retaining space for Russian cultural and educational influence provides certain leverage for influencing Russian elites and securing a more favourable attitude from Moscow. By contrast, Russian economic influence tends to be underappreciated. It still provides Moscow with serious leverage over Georgia and Armenia. It is illustrative that Azerbaijan, the country in the South Caucasus least economically dependent on Russia, tends to pursue the most independent and daring foreign policy.

Even with Russia's sway in decline, Moscow is still the regional actor with the biggest power projection capabilities in the neighbourhood. Russia's blunders in Ukraine have made it a more unpredictable player to deal with, which to a certain extent explains the restraint in the South Caucasus republics' balancing against their northern neighbour. In the past two years, Armenia has gone a long way to diversify and reduce its military dependence on Russia. However, Yerevan is careful not to deinstitutionalise its linkages with Russia, as this would have serious repercussions for its survival as an independent entity. The Azerbaijani leadership did its best to keep Russia on side, or at least not push it into the opposite camp, when it carried out the military takeover of Karabakh. The declaration on allied interaction signed with Moscow in February 2022, two days before the start of the invasion of Ukraine, attests to Baku's attempts to keep channels open with an increasingly recalcitrant and unpredictable Kremlin.

The Georgian government's "second front" narratives about the possibility of a spillover of the conflict to Georgian territory may have the domestic audience in mind. Nonetheless, Tbilisi has reasonable cause to be alert in the face of Western unwillingness to throw its full military support behind Ukraine against an aggressive Russia.

## **Shrinking Geopolitical Toolbox**

Azerbaijan's restoration of full control over the Lachin Corridor and eventually over the Karabakh region in September 2023 deprived Russia of crucial leverage over Baku. However, the erosion of Moscow's military presence in Karabakh was not the only sphere in which Russia's capacity to shape Baku's behaviour was reduced. Traditionally, Russia has relied on ethnic minority issues, the Azerbaijani diaspora, pro-Russia media resources and elite groups in Azerbaijan to coax Baku to toe its line in regional affairs.

After the Second Karabakh War, either these tools lost their attractiveness to the Kremlin in pursuing its regional designs, or their use generated a harsh response from Baku, thereby damaging Moscow's already weakened image in the country. Major figures in the pro-Russia old guard in the Azerbaijani government, such as former head of the presidential administration Ramiz Mehdiyev or the chief of staff of the Azerbaijani armed forces, Colonel



General Najmaddin Sadigov, had been dismissed in the wake of the 44-day war in 2020. Since then, the Turkish presence in the country has seen a steady rise. Local attitudes to Russia also took a hit after the Russian attack on Ukraine, as the majority of the population sympathised with Kyiv in its struggle to restore its territorial integrity – associating it with Azerbaijan's three-decade long efforts to end Armenian occupation.

Russian media outlets, an essential component of the Kremlin's soft power projection in Azerbaijan, especially since some major Western institutions began to leave the country in 2014, drew the government's ire when by publishing information questioning the territorial integrity of Azerbaijan. In 2022, Russian state news agencies RIA Novosti and Sputnik were blocked in Azerbaijan for a short time, providing a reminder that they cannot depart from the government line on nationally sensitive issues. Baku also reacted boldly to Russian attempts to use the separatism card to tame its assertiveness on the Karabakh front.

Among the risks Azerbaijan is likely to face is Russia's increasing interdependence with Iran. For many years, Baku has leveraged its ties with Moscow to forestall Tehran's encroachment, since greater Iranian influence in the region did not fit Russian interests either. During a particularly sharp Azerbaijani-Iranian stand-off in October 2022, for example, Russian Minister for Foreign Affairs Sergey Lavrov reportedly warned his Iranian colleague to de-escalate. However, if the further polarisation with the West continues to cement this alliance of "rogue powers", Moscow might become more receptive to Iranian ambitions for a greater role in the South Caucasus, something with which Azerbaijan would not be happy.

## **Russia's Position in the South Caucasus in the Short to Medium Term**

As in other geopolitical theatres where Russia is present, its influence in the South Caucasus will strongly hinge on developments in Ukraine. Prolongation of the status quo with minor modifications, which is a highly likely scenario, will continue to sap Russia's energy, hampering its ability to dominate the region. Consolidation of Moscow's gains in Ukraine, however, especially if it pushes the latter to accept a ceasefire agreement, will open certain avenues for Moscow to reimpose its writ on the region. As the old system is dead and the new one is yet to be born, Azerbaijan and Georgia will have to calibrate their Russia policy with Russia-West rapprochements in the post-2008 and post-2014 periods in mind. The sustainability of Armenia's pro-Western pivot will to a great extent depend on Prime Minister Pashinyan's hold on power and the seriousness of western commitments to move Yerevan out of Moscow's shadow, while helping it to normalise relations with Türkiye and Azerbaijan. However, Yerevan has few options for meaningfully scaling down its economic and military dependence on Russia in the short to medium term, which in the absence of institutionalised normalisation with Baku will give Moscow leverage to maintain "managed instability" in the region.

Baku, in turn, will continue to use the growing complexity of regional politics to limit Russian influence. Its recent active resort to the so-called 3+3 format in the South Caucasus (the three republics plus Russia, Turkey and Iran) is aimed at neutralising Moscow's adamant opposition to the western presence, sending Moscow a signal that it shares its commitment to reducing the influence of "extra-regional powers". At the same time, given the complexity of the Moscow-Ankara-Tehran triangle, building a stable framework looks next to impossible. Azerbaijan therefore believes that it will be able to retain considerable flexibility in its international alignments, albeit at a slightly lower level than in previous decades.

## Conclusions

The experience of Azerbaijan leads to the conclusion that both extremes adopted in assessments of Russian influence in the South Caucasus are incorrect. Moscow is not an omnipotent power broker but must make serious calculations regarding the agency of the three republics and the interests of other big players. Nonetheless, it is wrong to assume that Russia will be squeezed out of the region any time soon. Its confrontation with the West and the increased activity of non-western actors have led to a redefinition of strategic interests, which is often underappreciated outside the region, while the significance of various influencing tools is also often misinterpreted.

# **The Goals and Tools of Russia's Policy in the South Caucasus: A View from Georgia**

Giorgi Badridze

## **Executive Summary**

Russian policy has seen mixed results in the South Caucasus in recent years. Its influence has diminished unexpectedly where it was once most prominent and increased where it was weakest. Armenia, its traditional ally, is reconsidering ties and exploring alternatives. Azerbaijan has consolidated its position and does not need close cooperation. Paradoxically, Russia has been regaining influence in Georgia, previously the region's only pro-Western state.

## **What Does Russia Want in the South Caucasus?**

The best way to understand Russia's policies in the South Caucasus is to compare them with the European Union Eastern Partnership (EaP) initiative. The idea behind the EaP is to facilitate stability and prosperity in the EU's eastern neighbourhood by supporting democratic processes there. Those countries which showed an interest in closer partnership were given an opportunity to sign an Association Agreement and establish a Deep and Comprehensive Free Trade Area (DCFTA), and more recently were granted candidate status for EU membership. Russia's goal has been the exact opposite – to prevent the formation of stable and sovereign democracies using hard power combined with the instigation of conflicts in order to maintain political, military and economic control. Whether because of its economic constraints (especially in the 1990s) or long-standing imperial traditions, Russia mostly relied on its destructive abilities rather than soft power.

## **Conflict as the Tool of Choice**

Therefore, Russia's number one tool in trying to prevent a strengthening of independence in Armenia, Azerbaijan and Georgia was the instigation and perpetuation of the conflict between the former two (over Nagorno-Karabakh) and internal conflicts within the latter (the 1991 coup, Abkhazia, South Ossetia).

Ironically, Russia pretended to be a peace broker in all these conflicts for many years, and was subcontracted in this role by the United Nations and the Organisation for Security and Co-operation in Europe, while ensuring that Armenians and Azerbaijanis, or Georgians and Abkhaz would never be able to reach agreement on anything. There was a joke about the Russian peacekeepers in Georgia that "they were here not to keep peace but the pieces of the Soviet Union". There was another one about their role in Karabakh that "in the conflict

between Armenia and Azerbaijan, Russia was on the side of... the conflict". President Putin inherited this strategy but continued to rely on it, even after Russia recovered from the economic collapse of the 1990s and gained more resources for conducting its policies.

## Russia is Losing Armenia

On the surface, this policy had been working, particularly in Armenia, which had traded a large degree of its political and economic sovereignty in exchange for what Armenians thought were security guarantees covering Armenian-controlled Karabakh and the surrounding seven districts. This helped Russia to secure its largest military base in the South Caucasus (Gyumri), made Armenia part of the Russia-led political, economic and military organisations from their outset, and forced it to reject an offer of closer cooperation with the EU through an Association Agreement or DCFTA.

Things changed after the second Karabakh war and the operations through which Azerbaijan retook control of its entire internationally recognised territory. The immediate effect for Russia was a tactical victory – a Russian peacekeeping force on Azerbaijani soil – but the price was a huge strategic loss. Today, many Armenians consider Russia's inaction during the Azerbaijani offensive a betrayal, and do not see any rationale for maintaining their traditional dependence. It will be very difficult, but finding a new regional role and establishing ties with other partners is not impossible. The groundwork for peace has been laid by in principle recognition of Azerbaijan's territorial integrity. A comprehensive peace deal with Azerbaijan could pave the way for reconciliation and will make it possible to establish normal relations with Türkiye. This in turn would create opportunities to compensate for economic losses, as Armenia remains economically dependent on Russia. Furthermore, Armenia now has every reason to seek closer economic, political and security ties with the West.

Russia's most important remaining assets in Armenia are its military base; the Russia-connected business and political elites, "the old Karabakh group"; and its economic leverage. However, a balanced and just peace treaty with Azerbaijan would neutralise most of these risks and present Armenia with great political and economic opportunities. *This makes the derailment of a peace deal between Armenia and Azerbaijan Russia's number one priority for the foreseeable future*, which could be achieved by provoking new border conflicts or by enticing Russian assets in Armenia to destabilise Pashinyan's government.

## Little Love for Russia in Azerbaijan

The case of Azerbaijan has been a simple one since the early 1990s as Russia played a crucial role in Azerbaijan's defeat in the first Karabakh war. As a result, Azerbaijan became the first South Caucasus country to expel its Russian military presence. By engaging in grand international energy projects that bypassed Russia, as well as new political and military alliances, it managed to accumulate enough economic and military capabilities to dramatically change the balance of power and retake its territories by force.

The implications for Russian influence in the region are profound. The introduction of the peacekeeping force was hardly compensation for its huge strategic loss. Furthermore, those forces were significantly depleted, as Russia had had to move most of them to Ukraine. Following the tragic exodus of Armenians from Karabakh, which once again proved the Russians were never genuine peacekeepers, there is no reason for them to stay.

Azerbaijan's consolidated position both domestically and internationally makes it almost immune to Russia's manipulations. (Azerbaijan keeps its land border with Russia shut since 2020.) *Russia might be tempted to provoke new military confrontation between Armenia and Azerbaijan and will try to obstruct the peace treaty between the two.* It will only be happy to see a deterioration in Azerbaijan's already strained relations with the West. Azerbaijan should be watching developments in Georgia closely, as it is its main land bridge to Turkey and international markets.

## The Curious Case of Georgia

Historically, Russia has considered Georgia to be the key to the entire Caucasus. It made Georgia the target of particularly aggressive treatment for two main reasons: Georgia's geopolitical role as a gateway to the landlocked Azerbaijan and Armenia, and potentially the Central Asian countries; and its choice of pro-Western policies since the early 2000s. It should be emphasised that Russia actively provoked conflicts and supported separatism in Georgia long before Georgia declared its NATO and EU ambitions, which Russia often quotes as a pretext for its hostility. Georgia presents a confusing picture. Public support for EU and NATO membership has been overwhelming, and the country signed the Association Agreement/DCFTA in 2014 and recently gained EU candidate status. At the same time, Russia has probably not had as much influence in Georgia as it has now since the 1990s.

In 2012, when the Georgian Dream (GD) coalition took office, the country was in the best position since independence to rapidly advance on the path to Western integration. The EU and the US were pleased with the democratic transition and the assurances of the new government that it would address the deficiencies in the democratic system. By then, the country had learned to live without Russian energy and reduced its dependency on Russian markets for its main export goods. Oddly, however, almost immediately after signing the Association Agreement and the DCFTA it became clear that instead of taking these opportunities, it was Russia that rose in the ranks of Georgia's trading partners. It recently reached number one in what amounts to a level of critical dependence in some areas. (For instance, Georgia now imports 100 per cent of its wheat flour from Russia.)

This has already had political ramifications – the government that encouraged or at least allowed the economic dependency to reoccur now claims that it cannot join with the international sanctions because the country is economically vulnerable. Moreover, Russian officials have admitted that Georgia has become its main land bridge to foreign markets.

This approach reflects the dual personality of the GD government – it occasionally proclaims its loyalty to the western path and celebrates its candidacy status, but more regularly chimes with Russian propaganda and accuses the West of wanting to embroil Georgia in the war in Ukraine by opening a “second front”. Interestingly, no one cares to explain why the GD is continuing to pursue an EU integration policy if the EU is trying to do the country such harm.

Against this backdrop, Russia's most effective tool is its military presence in Georgia's occupied territories and the constant threat of the use of force. This is combined with some relatively soft power methods: robust anti-West disinformation, the promotion of pseudo-conservative ideas, economic dependency (mixed with corruption) and the mass migration of Russians to Georgia. If anyone doubts that the latter is the case, they should ask why Putin's authoritarian regime has not stopped even draft dodgers moving to Georgia, and



reintroduced flights between the two countries which had been banned by Russia since 2019. Thus, the region's only pro-western country can be considered the only place where Russia can claim certain successes. Russia, which considers the GD to be its asset, will try to affect the upcoming parliamentary elections, as these will determine not just who will run the country for the next four years, but Georgia's fate possibly for a generation.

All of the above makes 2024 a year of huge opportunity and high risk for all three South Caucasus countries. Russia's future actions in the region will largely depend on its success or failure in Ukraine. Armenia, Azerbaijan and Georgia should grasp every opportunity to ensure that when eventually Russia can afford to dedicate more resources to its goals in the region, there will be fewer opportunities for its misconduct.

**Giorgi Badridze**

Senior Fellow at Georgian Foundation for Strategic and International Studies.

**Mahammad Mammadov**

Research Fellow at the Topchubashov Center.

**Sergei Melkonian**

Research fellow at APRI Armenia.

**Murad Muradov**

Deputy Director of the Topchubashov Center.

**About SCEEUS**

The Stockholm Centre for Eastern European Studies (SCEEUS) at the Swedish Institute of International Affairs (UI) is an independent Centre, funded by the Swedish Government, established in 2021. The Centre conducts policy relevant analysis on Russia and Eastern Europe and serves as a platform and meeting place for national and international discussions and exchanges on Russia and Eastern Europe. Any views expressed in this publication are those of the author.

© 2024 Stockholm Centre for Eastern European Studies

Cover image: ESstock/Shutterstock

**Previous SCEEUS Publications:**

**Russia and Africa's Middle Powers: Influence beyond the Wagner Group by Ivan U. Klyszcz**

*SCEEUS Guest Report No. 1, 2024*

**Strengthening Resilience in Moldova Following Russia's Invasion of Ukraine by Jakob Hedenskog**

*SCEEUS Report No. 19, 2023*