



Georgia in European Discourses: An Austrian Perspective

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For the past several years, Georgia has been a ‘model student’ of EU integration. The country's firm pro-European stance contributed to the signing of the Association Agreement (AA) with the EU in 2014. However, Georgia's European aspirations are not always adequately reflected within the EU. This has created a gap between EU member states' perceptions about Georgia's EU integration and the domestic discourse in Georgia. In an effort to bridge this gap, this policy memo identifies the preferences and perceptions in Austria that determine its position towards Eastern Partnership (EaP) countries. It raises the question whether Austria should be seen as an advocate or a sceptic of Georgia's EU membership aspirations. The first section uses a historical-institutionalist lens to explore Austria's position towards European security architecture in general. The second section discusses Austria's position within the EU with regards to the EaP as well as bilateral relations between Austria and Georgia. The third section offers a glimpse of Austria's domestic politics after the parliamentary elections (2017) and evaluates their impact on the country's foreign policy towards the neighbourhood.

Austria in Europe's security architecture

As a permanently neutral state Austria is one of six EU members that are not members of the North Atlantic Treaty Organization (NATO). Austria's neutrality is rooted in the aftermath of the Second World War, when its territory was occupied by France, Great Britain, the US and the Soviet Union. The Soviet Union demanded that Austria declare itself a permanently neutral state in exchange for full sovereignty, and that condition was included in the 1955 Austrian State Treaty. This legacy shapes Austria's foreign policy preferences and accounts for its unique position within the EU.

In particular, there are two main implications of Austria's neutral state legacy.

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First, Austria perceives itself as a 'mediator' and 'bridge-builder' between the West and the East. Its engagement with the Soviet Union and its mediating role during the Cold War may be seen as the Austrian version of German *Ostpolitik* under German Chancellor Willy Brandt.² Given this strategic tradition, Austria's conception of a functioning European security architecture is rooted more on dialogue with the Russian Federation and the Organization for Security and Co-operation in Europe (OSCE) as an overarching multilateral organization than deterrence and the prominent role of NATO in Europe. The self-perception as a mediator remains a guiding principle of Austria's foreign policy, which was recently illustrated by Austria's OSCE chairmanship in 2017.³ At a time when relations between Russia and its neighbouring states were seriously damaged by the Ukraine crisis, Austria's OSCE chairmanship was able to finally implement the so-called 'Hamburg mandate'⁴ and launch the 'structured dialog' that was initiated under the German OSCE chairmanship. While no substantial progress has been made so far, Austria remains a strong supporter of the OSCE-mediated dialog.⁵

Second, the focus of Austria's political discourse on civilian and economic matters contributes to its relatively positive position towards Russia, compared to other EU member states. This stance was, for example, expressed in the negotiations around the sanctions imposed against Russia after the Ukraine crisis in 2014. While many member states, such as Poland, the Baltic States, Sweden and Great Britain, favoured a determined response against Russia's intervention in Ukraine and far-reaching sanctions, Austria, along with Hungary and Greece, was rather reluctant to agree. Germany and France held the middle ground in this debate.⁶ The strongest resistance to the sanctions came from the business sector and the Austrian Freedom Party (FPÖ). Economic interests and the strategically important relations with the Russian Federation stood against the government's argument that such a profound breach of international law could not be tolerated. Christoph Leitl, the chairman of the Austria's Federal Economic Chamber (WKO), has frequently argued that economic sanctions against Russia are not the correct way to solve the political crisis and, on top of that, harm Austria's business interests.⁷

² Graf, Maximilian. 2016. "Österreichs ‚Ostpolitik‘ im Kalten Krieg. Eine doppeldeutsche Sicht." In *Österreich im Kalten Krieg. Neue Forschungen im internationalen Kontext*, edited by Graf, Maximilian; Meisinger, Agnes. Göttingen: Vienna University Press.

³Nünlist, Christian. 2017. "Bridgebuilding without Foundations: Reflections on the Austrian OSCE Chairmanship." Center for Security Studies ETH Zürich Blog Network. online: <https://isnblog.ethz.ch/international-relations/bridgebuilding-without-foundations-reflections-on-the-austrian-osce-chairmanship-in-2017>

⁴OSCE Ministerial Council. 2016. "From Lisbon to Hamburg: Declaration on the twentieth anniversary of the OSCE framework for arms control." online: <https://www.osce.org/cio/289496>

⁵ While serious debates about NATO membership started in Sweden and Finland after the Ukraine crisis, neutrality still enjoys wide support from politicians of different parties and the public in Austria. The current government programme even emphasises neutrality as an essential pillar of Austria's foreign policy. "As a historical link between the West and the East, Austria should be a place for dialogue and promote a policy of détente between the West and Russia." (Regierungsprogramm 2017-2022. 2017. "Zusammen. Für unser Österreich." p. 22, translated by the author. online: <https://www.oevp.at/download/Regierungsprogramm.pdf>)

⁶Sjursen, Helene; Rosén, Guri. 2017. "Arguing Sanctions. On the EU's Response to the Crisis in Ukraine." *Journal of Common Market Studies* 55 (1):20-36.

⁷see for example: <https://derstandard.at/2000058867673/Leitl-fordert-Entspannung-statt-Sanktionspolitik-gegenueber-Russland> and <https://www.reuters.com/article/us-ukraine-crisis-austria/austrian-business-grits-teeth-would-back-russia-sanctions-idUSKBN0FY1OI20140729>

The Austrian perspective towards the EaP and Georgia

Given its strong economic interests and historically close ties to East and south-east Europe, Austria not only advocates the EU's enlargement process in the Balkans but also supports the EaP countries' gradual EU integration process.⁸ Austria has strongly supported Croatia's EU membership and advocates the "full European integration" of the other Western Balkan countries on the basis of a "national reform process".⁹ In addition to the Western Balkans, the Danube Region and the Black Sea Region are given a higher priority in Austria's foreign policy compared to other regions in Europe.¹⁰ Since the early 2000s the Black Sea Region, including the South Caucasus, has gained increasing economic importance for Austria, where it holds a relatively high market share and strong trade relations compared to other EU countries.¹¹

In the 1990s and early 2000s, Austrian enterprises and banks moved quickly to successfully expand eastward, taking advantage of Vienna's favourable geographic position. For some of Austria's largest companies, both Russia and other East European countries are very important markets and investment destinations. Those companies are, for example, Austria's largest oil and gas supplier Austrian Mineral Oil Administration (OMV), which cooperates with Russia's Gazprom on various large-scale projects.¹² The Austrian municipality Baumgartenberg is known as an important gas hub where natural gas from Russia arrives via the North Stream Pipeline to be further distributed to central and west European countries. OMV and Austrian diplomacy have also been the driving force behind the Nabucco pipeline project, which was supposed to transport gas from Azerbaijan to Austria's Baumgartenberg via Georgia. However, the Nabucco project was cancelled after Azerbaijan decided to use the Trans Adriatic Pipeline to export gas to the EU. Furthermore, Austria's largest banks (e.g. Raiffeisen International, Erste Bank and Bank Austria) as well as Austria's largest construction companies (e.g. Strabag and Porr) are widely present in East and South-East Europe and also have strong branches in Russia. These large companies' interests carry significant weight in Austria's domestic discourse. Thus, on the one hand, Austria's economic interests could be perceived as strong arguments for the EaP countries' enhanced integration into the EU's economic sphere. On the other hand, Austria's business interests in Russia, and especially the two countries' close cooperation in the energy sector, are prominent arguments to maintain good relations with Russia.

⁸This statement mainly refers to Austria's official position. Unfortunately representative public opinion data is not available. This issue would merit further research.

⁹see: <https://www.bmeia.gv.at/en/european-foreign-policy/foreign-policy/europe/western-balkans/>

¹⁰ Austrian Ministry of Foreign Affairs. 2015. "Aussen- und Europapolitischer Bericht 2015." online: <https://www.bmeia.gv.at/das-ministerium/aussen-und-europapolitischer-bericht/>

¹¹Ederer, Stefan; Sieber, Susanne. 2011. "The Black Sea Region - Economic Trends and Role for Austria's External Sector." *Austrian Economic Quarterly*. No 2.

¹² see OMV's investor news from 2015 and 2016: <http://www.omv.com/portal/generic-list/display?lang=en&contentId=12557731972531102> and <http://www.omv.com/portal/generic-list/display?lang=en&contentId=1255767167279782>

As Figure 1 shows, trade volume between the three neighbourhood countries which recently signed the DCFTA (Moldova, Ukraine and Georgia) and Austria still lag behind the trade volume between Austria and the Russian Federation. From the perspective of trade, good relations with Russia may carry more weight in Austria's considerations than relations with the EaP countries.

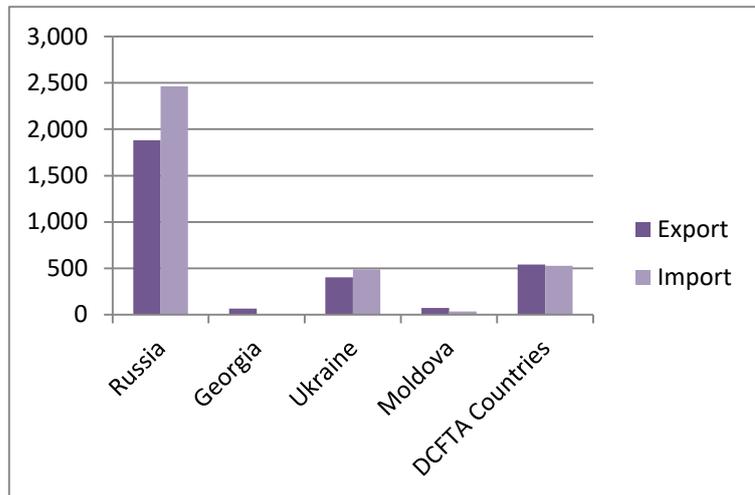


Figure 1: Austria's export to and imports from selected East European countries in 2016 (in million EUR), graphics by the author, source: Federal Chamber of Commerce (www.wko.at)

However, the potential benefits of enhanced economic cooperation with the South Caucasus region is widely recognized by Austria's business sector and political elites, which is demonstrated by the opening of Austrian embassies and offices of the Federal Chamber of Commerce (called Advantage Austria) in Baku in 2010 and in Tbilisi in 2016¹³.

Georgia and other neighbourhood countries suffer from relatively low media coverage and low public interest in Austria.¹⁴ With regards to the EU-internal debates surrounding the EaP, Austria keeps a relatively low profile and often follows Brussels' lead. However, against the background of the deteriorating EU-Russia relations and the Ukraine crisis the former Foreign Minister Sebastian Kurz called for a revision to the EaP. Kurz, who is now Chancellor, has made public statements in opposition to the 'either-or-logic' of EU-Russian relations and has urged a more flexible approach to the EaP.¹⁵ The EaP countries should not have to choose between the West and the East, and the EU should not go on a collision course with Russia. What is needed, he claimed in 2015, is a policy that allows "our neighbours to move closer to the EU but at the same time keep a reasonable relationship with Russia".¹⁶

Bilateral diplomatic relations between Austria and Georgia have been stable and friendly for many years. On a bilateral level, Austrian diplomacy efforts towards Georgia have mainly focused on economic relations and development policies. Trade relations are developing well but remain relatively low – Austria's exports to Georgia increased from 10 to 66 million Euro and imports from Georgia grew from 1 to 3 million Euro between 2000 and 2016.¹⁷ Georgia is a priority country for the Austrian Development Cooperation (ADA), which currently runs 12 projects with a contracted budget of more than 7 million Euros.¹⁸ Within multilateral organizations (i.e. EU and OSCE) Austria remains committed to contributing to regional

¹³ see: <https://www.bmeia.gv.at/en/the-ministry/press/announcements/2016/09/opening-of-the-new-austrian-embassy-in-tbilisi/>

¹⁴ Akbulut, Hakan. 2010. "Austrian perspectives on EU enlargement and the European Neighbourhood Policy." EU 27 Watch. No 9. online: <http://eu-28watch.org/issues/issue-no-9/austrian-perspectives-on-eu-enlargement-and-the-european-neighbourhood-policy/>

¹⁵ see for example the following statement in the course of a visit to Armenia: <https://kurier.at/politik/ausland/kurz-oestliche-partnerschaft-ueberarbeiten/84.445.004>

¹⁶ Austrian Ministry of Foreign Affairs. 2015. "Aussen- und Europapolitischer Bericht 2015." p.324. online: <https://www.bmeia.gv.at/das-ministerium/aussen-und-europapolitischer-bericht/>

¹⁷ see: <http://wko.at/statistik/laenderprofile/lp-georgien.pdf>

¹⁸ see: <http://www.entwicklung.at/en/countries/black-sea-region-south-caucasus/georgia/>

stability and the solution of the domestic conflicts in Georgia. Since 2008, five Austrian military observers and police officers have been part of the EU Monitoring Mission in Georgia (EUMM). In the aftermath of the Ukraine crisis and the ongoing tensions between Europe and Russia, Austria decided to open embassies in Georgia, Moldova and Belarus while it closed embassies in several EU member states that were considered less important due to mutual EU membership. This clearly indicates that Austria pays considerable attention to the neighbourhood countries and strongly engages with developments in Europe's wider neighbourhood. However, it does so to avoid the creation of new dividing lines in Europe rather than to foster the Western integration of eastern neighbours.

Domestic politics – continuity or change in Austria's foreign policy?

Regarding the future priorities for Austria's foreign policy, attention has to be paid to domestic political developments, particularly the rise of right-wing populist and Eurosceptic actors. Austria's Freedom Party (FPÖ), for example, is at times xenophobic, promotes conservative values, and is highly critical towards the EU. Such actors are suspected of being supported by Moscow and instrumentalized to undermine the EU. Indeed, Austria's Freedom Party recently signed a cooperation agreement with Russia's ruling party United Russia.¹⁹ There have been no reports of substantial cooperation between the two parties, the financial support of other domestic actors or further attempts by Russia to influence domestic politics, however.

After the 2017 parliamentary elections, Austria's People's Party (ÖVP) entered into a coalition with the Freedom Party (FPÖ), which has brought a slightly more Eurosceptic point of view to the government. However, no radical shifts in Austria's foreign policy are expected since the traditionally pro-European ÖVP has successfully contained the strong Euroscepticism of the FPÖ in coalition negotiations. Furthermore, former Foreign Minister Sebastian Kurz became Chancellor after the election and retained some of his foreign policy responsibilities, especially those related to the EU agenda. The Austrian government programme (2017-2022) does not mention the EaP but emphasises the importance of mitigating tensions between the West and Russia following the Ukraine crisis. Furthermore, the programme remains committed to EU enlargement in the Western Balkans on the basis of the individual progress of candidate countries and continues to support the suspension of enlargement negotiations with Turkey due to the ongoing political developments in the country. As long as the current coalition stays in power, business interests will remain a strong factor in foreign policy decision-making since the Federal Chamber of Commerce (WKO) is very influential within the Austrian People's Party.

Given the fact that the European Neighbourhood Policy rarely enters public debates in Austria, there is the risk that EU external action can be unintentionally conflated with general Euroscepticism. An example is the case of the Netherlands, where the government initially refused to ratify the EU-Ukraine Association Agreement due to domestic pressure from

¹⁹see: <https://diepresse.com/home/politik/innenpolitik/5136136/FPoE-schliesst-FuenfjahresVertrag-mit-KremlPartei>

Eurosceptic political actors. From this perspective, there is a risk that increasing Euroscepticism may affect Austria's position towards the neighbourhood within the EU.

Conclusion and recommendations

EaP countries appear in Austria's domestic discourse either as trading partners whose potential is to be exploited or as countries suffering from geopolitical instability and Russia's aggressive behaviour. Three intertwined factors play a large role in determining Austria's stance towards the EaP and Georgia: The self-perception as a 'mediator' between the West and Russia and the relatively positive experience with its own neutrality; business interests in the region spanning from South-East Europe to Russia; and the current domestic political situation, which is likely to reinforce the current position rather than change it. Thus, Austria is neither championing nor spoiling Georgia's EU aspirations. However, Austria's position is opposed to geopolitical power struggles, meaning that Austria's support for further integration is linked to regional stability in Eastern Europe and Eurasia, which would allow Austria to pursue its economic interests in the region.

From an Austrian perspective, a strong case in favour of Georgia's EU integration could be made if Georgia was to enhance cooperation with its counterparts from the EaP region (e.g. Ukraine, Moldova and Armenia) in order to develop cross-regional solutions for the East-West divide. Since a membership perspective is unlikely to be granted in the near future, the government of Georgia could focus more on non-membership solutions or alternative frameworks of cooperation with the EU rather than hang the country's future solely on EU membership. At the same time, Georgia could continue exploring the potential benefits of a dual foreign policy vector (EU and Russia). Although the context is different, the case of Austria shows that pragmatic economic relations with Russia do not contradict a firmly rooted European identity.

Georgian Institute of Politics (GIP) is a Tbilisi-based non-profit, non-partisan, research and analysis organization. GIP works to strengthen the organizational backbone of democratic institutions and promote good governance and development through policy research and advocacy in Georgia.

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